**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**



* **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2022**

**or**

* **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_\_\_\_\_\_\_\_ to**

**Commission file number: 001-11015**



**Viad Corp**

**(Exact name of registrant as specified in its charter)**



|  |  |  |
| --- | --- | --- |
| **Delaware** | **36-1169950** |  |
| (State or other jurisdiction of | (I.R.S. Employer |  |
| incorporation or organization) | Identification No.) |  |
| **7000 East 1st Avenue** | **85251-4304** |  |
| **Scottsdale, Arizona** |  |
| (Address of principal executive offices) | (Zip Code) |  |

**(602) 207-1000**

(Registrant’s telephone number, including area code)

**Not Applicable**

(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

|  |  |  |
| --- | --- | --- |
| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
| **Common Stock, $1.50 Par Value** | **VVI** | **New York Stock Exchange** |
| **Preferred Stock Purchase Rights** | **--** | **New York Stock Exchange** |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐



Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes ☒ No ☐

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

|  |  |  |  |
| --- | --- | --- | --- |
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ |  |  |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒ As of November 1, 2022, there were 20,670,196 shares of Common Stock ($1.50 par value) outstanding.



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
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In this report, for periods presented, “we,” “us,” “our,” “the Company,” and “Viad Corp” refer to Viad Corp and its subsidiaries.



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**PART I - FINANCIAL INFORMATION**

**Item 1. FINANCIAL STATEMENTS**

**VIAD CORP**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**(Unaudited)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **September 30,** | |  | **December 31,** | |
| *(in thousands, except share data)* |  | **2022** |  |  | **2021** |  |
| **Assets** |  |  |  |  |  |  |
| **Current assets** |  |  |  |  |  |  |
| Cash and cash equivalents | $ | 79,151 |  | $ | 61,600 |  |
| Accounts receivable, net of allowances for doubtful accounts of $3,248 and $1,808, |  |  |  |  |  |  |
| respectively |  | 150,281 |  |  | 91,966 |  |
| Inventories |  | 11,212 |  |  | 8,581 |  |
| Current contract costs |  | 25,114 |  |  | 11,105 |  |
| Prepaid insurance |  | 11,535 |  |  | 10,284 |  |
| Other current assets |  | 20,345 |  |  | 14,080 |  |
| **Total current assets** |  | 297,638 |  |  | 197,616 |  |
| Property and equipment, net |  | 543,498 |  |  | 549,108 |  |
| Other investments and assets |  | 16,606 |  |  | 16,718 |  |
| Operating lease right-of-use assets |  | 107,442 |  |  | 95,915 |  |
| Deferred income taxes |  | 866 |  |  | 1,006 |  |
| Goodwill |  | 119,416 |  |  | 112,078 |  |
| Other intangible assets, net |  | 59,167 |  |  | 65,189 |  |
| **Total Assets** | $ | 1,144,633 |  | $ | 1,037,630 |  |
|  |  |  |  |  |  |  |
| **Liabilities, Mezzanine Equity, and Stockholders’ Equity** |  |  |  |  |  |  |
| **Current liabilities** |  |  |  |  |  |  |
| Accounts payable | $ | 99,428 |  | $ | 69,657 |  |
| Contract liabilities |  | 62,146 |  |  | 39,141 |  |
| Accrued compensation |  | 25,996 |  |  | 12,788 |  |
| Operating lease obligations |  | 13,958 |  |  | 12,451 |  |
| Other current liabilities |  | 48,249 |  |  | 28,289 |  |
| Current portion of debt and finance obligations |  | 16,614 |  |  | 12,800 |  |
| **Total current liabilities** |  | 266,391 |  |  | 175,126 |  |
| Long-term debt and finance obligations |  | 450,085 |  |  | 446,580 |  |
| Pension and postretirement benefits |  | 22,881 |  |  | 23,692 |  |
| Long-term operating lease obligations |  | 105,740 |  |  | 93,406 |  |
| Other deferred items and liabilities |  | 70,300 |  |  | 68,953 |  |
| **Total liabilities** |  | 915,397 |  |  | 807,757 |  |
| Commitments and contingencies |  |  |  |  |  |  |
| **Convertible Series A Preferred Stock, $0.01 par value, 180,000 shares authorized,** |  |  |  |  |  |  |
| **135,000 shares issued and outstanding** |  | 132,591 |  |  | 132,591 |  |
| **Redeemable noncontrolling interest** |  | 5,257 |  |  | 5,444 |  |
| **Stockholders’ equity** |  |  |  |  |  |  |
| Viad Corp stockholders’ equity: |  |  |  |  |  |  |
| Common stock, $1.50 par value, 200,000,000 shares authorized, 24,934,981 shares |  |  |  |  |  |  |
| issued and outstanding |  | 37,402 |  |  | 37,402 |  |
| Additional capital |  | 570,913 |  |  | 566,741 |  |
| Accumulated deficit |  | (324,587 ) | |  | (349,720 ) | |
| Accumulated other comprehensive loss |  | (61,010 ) | |  | (27,429 ) | |
| Common stock in treasury, at cost, 4,272,936 and 4,381,606 shares, respectively |  | (214,959 ) | |  | (220,712 ) | |
| **Total Viad stockholders’ equity** |  | 7,759 |  |  | 6,282 |  |
| **Non-redeemable noncontrolling interest** |  | 83,629 |  |  | 85,556 |  |
| **Total stockholders’ equity** |  | 91,388 |  |  | 91,838 |  |
| **Total Liabilities, Mezzanine Equity, and Stockholders’ Equity** | $ | 1,144,633 |  | $ | 1,037,630 |  |
|  |  |  |  |  |  |  |



Refer to Notes to Condensed Consolidated Financial Statements.

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**VIAD CORP**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**(Unaudited)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | | |  | **Nine Months Ended** | | | | |  |
|  |  | **September 30,** | | |  |  |  | **September 30,** | | |  |  |  |
| *(in thousands, except per share data)* |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |  |
| **Revenue:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Services | $ | 306,199 |  | $ | 182,964 |  | $ | 711,468 |  | $ | 254,170 |  |  |
| Products |  | 76,522 |  |  | 50,635 |  |  | 167,816 |  |  | 69,597 |  |  |
| **Total revenue** |  | 382,721 |  |  | 233,599 |  |  | 879,284 |  |  | 323,767 |  |  |
| **Costs and expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Costs of services |  | 246,472 |  |  | 150,983 |  |  | 641,603 |  |  | 283,403 |  |  |
| Costs of products |  | 64,932 |  |  | 42,497 |  |  | 152,431 |  |  | 73,429 |  |  |
| Corporate activities |  | 3,768 |  |  | 3,093 |  |  | 9,881 |  |  | 8,104 |  |  |
| Interest expense, net |  | 10,252 |  |  | 9,518 |  |  | 23,890 |  |  | 20,168 |  |  |
| Other expense, net |  | 280 |  |  | 466 |  |  | 1,530 |  |  | 1,563 |  |  |
| Restructuring charges |  | 1,387 |  |  | 2,186 |  |  | 3,467 |  |  | 5,799 |  |  |
| Impairment charges |  | — | |  | — | |  | 583 |  |  | — | |  |
| **Total costs and expenses** |  | 327,091 |  |  | 208,743 |  |  | 833,385 |  |  | 392,466 |  |  |
| **Income (loss) from continuing operations before income taxes** |  | 55,630 |  |  | 24,856 |  |  | 45,899 |  |  | (68,699 ) | |  |
| Income tax expense |  | 9,802 |  |  | 5,329 |  |  | 10,579 |  |  | 118 |  |  |
| **Income (loss) from continuing operations** |  | 45,828 |  |  | 19,527 |  |  | 35,320 |  |  | (68,817 ) | |  |
| Income (loss) from discontinued operations |  | (42 ) | |  | 248 |  |  | 285 |  |  | 534 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net income (loss)** |  | 45,786 |  |  | 19,775 |  |  | 35,605 |  |  | (68,283 ) | |  |
| Net income attributable to non-redeemable noncontrolling |  |  |  |  |  |  |  |  |  |  |  |  |  |
| interest |  | (5,729 ) | |  | (5,004 ) | |  | (4,976 ) | |  | (3,049 ) | |  |
| Net loss attributable to redeemable noncontrolling interest |  | 88 |  |  | 296 |  |  | 354 |  |  | 1,221 |  |  |
| **Net income (loss) attributable to Viad** | $ | 40,145 |  | $ | 15,067 |  | $ | 30,983 |  | $ | (70,111 | ) |  |
| **Diluted income (loss) per common share:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Continuing operations attributable to Viad common stockholders | $ | 1.38 |  | $ | 0.45 |  | $ | 0.88 |  | $ | (3.80 ) | |  |
| Discontinued operations attributable to Viad common stockholders |  | — | |  | 0.01 |  |  | 0.01 |  |  | 0.03 |  |  |
| **Net income (loss) attributable to Viad common stockholders** | $ | 1.38 |  | $ | 0.46 |  | $ | 0.89 |  | $ | (3.77 | ) |  |
| Weighted-average outstanding and potentially dilutive common |  | 20,889 |  |  | 20,742 |  |  | 20,781 |  |  | 20,396 |  |  |
| shares |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Basic income (loss) per common share:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Continuing operations attributable to Viad common stockholders | $ | 1.40 |  | $ | 0.45 |  | $ | 0.88 |  | $ | (3.80 ) | |  |
| Discontinued operations attributable to Viad common stockholders |  | — |  |  | 0.01 |  |  | 0.01 |  |  | 0.03 |  |  |
| **Net income (loss) attributable to Viad common stockholders** | $ | 1.40 |  | $ | 0.46 |  | $ | 0.89 |  | $ | (3.77 ) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted-average outstanding common shares |  | 20,612 |  |  | 20,420 |  |  | 20,567 |  |  | 20,396 |  |  |
| **Amounts attributable to Viad** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from continuing operations | $ | 40,187 |  | $ | 14,819 |  | $ | 30,698 |  | $ | (70,645 ) | |  |
| Income (loss) from discontinued operations |  | (42 ) | |  | 248 |  |  | 285 |  |  | 534 |  |  |
| **Net income (loss)** | $ | 40,145 |  | $ | 15,067 |  | $ | 30,983 |  | $ | (70,111 | ) |  |



Refer to Notes to Condensed Consolidated Financial Statements.

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**VIAD CORP**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

**(Unaudited)**

*(in thousands)*

**Net income (loss)**

**Other comprehensive income (loss):**

Unrealized foreign currency translation adjustments

Change in net actuarial loss, net of tax (1)

Change in prior service cost, net of tax (1)

**Comprehensive income (loss)**

**Non-redeemable noncontrolling interest:**

Comprehensive income attributable to non-redeemable noncontrolling interest

Unrealized foreign currency translation adjustments

**Redeemable noncontrolling interest:**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three Months Ended** | | | | |  | **Nine Months Ended** | | | | |
|  | **September 30,** | | |  |  |  | **September 30,** | | |  |  |
|  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| $ | 45,786 |  | $ | 19,775 |  | $ | 35,605 |  | $ | (68,283 | ) |
|  | (26,427 ) | |  | (8,634 ) | |  | (34,558 ) | |  | (980 ) | |
|  | 444 |  |  | 83 |  |  | 910 |  |  | 261 |  |
|  | 67 |  |  | — | |  | 67 |  |  | (56 ) | |
|  | 19,870 |  |  | 11,224 |  |  | 2,024 |  |  | (69,058 | ) |
|  | (5,729 ) | |  | (5,004 ) | |  | (4,976 ) | |  | (3,049 ) | |
|  | (5,056 ) | |  | (1,960 ) | |  | (6,333 ) | |  | (141 ) | |



|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Comprehensive loss attributable to redeemable noncontrolling interest |  | 88 |  |  | 296 |  |  | 354 |  |  | 1,221 |  |
| **Comprehensive income (loss) attributable to Viad** | $ | 9,173 | $ | | 4,556 | $ | | (8,931 ) $ | | | (71,027 ) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |



1. The tax effect on other comprehensive income (loss) is not significant.

Refer to Notes to Condensed Consolidated Financial Statements.

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**VIAD CORP**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY AND MEZZANINE EQUITY**

**(Unaudited)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Mezzanine Equity** | | | |  |  |
|  |  |  |  |  |  |  |  |  |  | **Accumulate** | | |  |  |  |  |  |  |  | **Non-** | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | **d** | |  |  |  |  |  |  | **Redeemab** | | |  |  |  |  | **Redeema** | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | **Other** | |  |  |  |  |  |  |  | **le** | |  |  |  |  |  | **ble** | |  |  |  |  |
|  | **Commo** | |  |  |  |  | **Accumulate** | | | **Comprehens** | | | **Commo** | | |  | **Total** | |  | **Non-** | |  | **Total** | |  |  | **Non-** | | **Convertible** | |  |  |
|  |  |  |  |  |  | **ive** | |  | **n** | |  | **Controllin** | | | **Stockholde** | | |  | **Controlli** | | |  | **Series A** |  |  |
|  |  | **n** |  | **Additional** | | |  | **d** | |  | **Income** | | **Stock in** | | |  | **Viad** | |  | **g** | |  | **rs’** | |  |  | **ng** | |  | **Preferred** |  |  |
| *(in thousands)* |  | **Stock** |  |  | **Capital** |  |  | **Deficit** |  |  | **(Loss)** |  | **Treasury** | |  | **Equity** | |  |  | **Interest** |  |  | **Equity** |  |  |  | **Interest** |  |  | **Stock** |  |  |
| **Balance, December 31, 2021** | $ | 37,402 | $ | | 566,741 |  | $ | (349,720 ) | | $ | (27,429 ) | | $ | (220,71 |  | $ | 6,282 |  | $ | 85,556 |  | $ | 91,838 |  |  | $ | 5,444 |  | $ | 132,591 |  |  |
|  | 2 ) | |  |  |  |  |  |  |  |
| Net loss |  | — |  |  | — | |  | (29,001 ) | |  | — | |  | — | |  | (29,00 |  |  | (1,204 ) | |  | (30,205 ) | |  |  | (138 ) | |  | — |  |  |
|  |  |  |  |  |  |  | 1 ) | |  |  |  |  |  |  |  |
| Dividends on convertible preferred stock |  | — |  |  | — | |  | (1,950 ) | |  | — | |  | — | |  | (1,950 ) | |  | — | |  | (1,950 ) | |  |  | — | |  | — |  |  |
| Payment of payroll taxes on stock-based |  | — |  |  | — | |  | — | |  | — | |  | (349 ) | |  | (349 ) | |  | — | |  | (349 ) | |  |  | — | |  | — |  |  |
| compensation through shares withheld |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Employee benefit plans |  | — |  |  | (1,286 ) | |  | — | |  | — | |  | 1,972 |  |  | 686 |  |  | — | |  | 686 |  |  |  | — | |  | — |  |  |
| Share-based compensation - equity awards |  | — |  |  | 2,385 |  |  | — | |  | — | |  | — | |  | 2,385 |  |  | — | |  | 2,385 |  |  |  | — | |  | — |  |  |
| Unrealized foreign currency translation |  | — |  |  | — | |  | — | |  | 3,412 |  |  | — | |  | 3,412 |  |  | 737 |  |  | 4,149 |  |  |  | 49 |  |  | — |  |  |
| adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of net actuarial loss, net of |  | — |  |  | — | |  | — | |  | 407 |  |  | — | |  | 407 |  |  | — | |  | 407 |  |  |  | — | |  | — |  |  |
| tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other, net |  | — |  |  | (41 ) | |  | — | |  | — | |  | — | |  | (41 ) | |  | — | |  | (41 ) | |  |  | 351 |  |  | — |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | (219,08 |  |  | (18,16 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, March 31, 2022** | $ | 37,402 | $ | | 567,799 |  | $ | (380,671 ) | | $ | (23,610 ) | | $ | 9 ) | | $ | 9 ) | | $ | 85,089 |  | $ | 66,920 |  |  | $ | 5,706 |  | $ | 132,591 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | — |  |  | — | |  | 19,839 |  |  | — | |  | — | |  | 19,83 |  |  | 451 |  |  | 20,290 |  |  |  | (128 ) | |  | — |  |  |
|  |  |  |  |  |  |  |  | 9 |  |  |  |  |  |  |  |  |  |  |
| Dividends on convertible preferred stock |  | — |  |  | — | |  | (1,950 ) | |  | — | |  | — | |  | (1,950 ) | |  | — | |  | (1,950 ) | |  |  | — | |  | — |  |  |
| Distributions from noncontrolling interest |  | — |  |  | — | |  | — | |  | — | |  | — | |  | — | |  | (570 ) | |  | (570 ) | |  |  | — | |  | — |  |  |
| Payment of payroll taxes on stock-based |  | — |  |  | — | |  | — | |  | — | |  | (5 ) | |  | (5 ) | |  | — | |  | (5 ) | |  |  | — | |  | — |  |  |
| compensation through shares withheld |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Employee benefit plans |  | — |  |  | (648 ) | |  | — | |  | — | |  | 1,481 |  |  | 833 |  |  | — | |  | 833 |  |  |  | — | |  | — |  |  |
| Share-based compensation - equity awards |  | — |  |  | 3,370 |  |  | — | |  | — | |  | — | |  | 3,370 |  |  | — | |  | 3,370 |  |  |  | — | |  | — |  |  |
| Unrealized foreign currency translation |  | — |  |  | — | |  | — | |  | (11,543 ) | |  | — | |  | (11,54 |  |  | (2,014 ) | |  | (13,557 ) | |  |  | (167 ) | |  | — |  |  |
| adjustment |  |  |  |  |  |  |  | 3 ) | |  |  |  |  |  |  |  |
| Amortization of net actuarial loss, net of |  | — |  |  | — | |  | — | |  | 59 |  |  | — | |  | 59 |  |  | — | |  | 59 |  |  |  | — | |  | — |  |  |
| tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other, net |  | — |  |  | (25 ) | |  | — | |  | — | |  | — | |  | (25 ) | |  | — | |  | (25 ) | |  |  | 412 |  |  | — |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | (217,61 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, June 30, 2022** | $ | 37,402 | $ | | 570,496 |  | $ | (362,782 ) | | $ | (35,094 ) | | $ | 3 ) | | $ | (7,591 ) | | $ | 82,956 |  | $ | 75,365 |  |  | $ | 5,823 |  | $ | 132,591 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | — |  |  | — | |  | 40,145 |  |  | — | |  | — | |  | 40,14 |  |  | 5,729 |  |  | 45,874 |  |  |  | (88 ) | |  | — |  |  |
|  |  |  |  |  |  |  |  | 5 |  |  |  |  |  |  |  |  |  |  |
| Dividends on convertible preferred stock |  | — |  |  | — | |  | (1,950 ) | |  | — | |  | — | |  | (1,950 ) | |  | — | |  | (1,950 ) | |  |  | — | |  | — |  |  |
| Employee benefit plans |  | — |  |  | (2,079 ) | |  | — | |  | — | |  | 2,655 |  |  | 576 |  |  | — | |  | 576 |  |  |  | — | |  | — |  |  |
| Share-based compensation - equity awards |  | — |  |  | 2,492 |  |  | — | |  | — | |  | — | |  | 2,492 |  |  | — | |  | 2,492 |  |  |  | — | |  | — |  |  |
| Unrealized foreign currency translation |  | — |  |  | — | |  | — | |  | (26,427 ) | |  | — | |  | (26,42 |  |  | (5,056 ) | |  | (31,483 ) | |  |  | (478 ) | |  | — |  |  |
| adjustment |  |  |  |  |  |  |  | 7 ) | |  |  |  |  |  |  |  |
| Amortization of net actuarial loss, net of |  | — |  |  | — | |  | — | |  | 444 |  |  | — | |  | 444 |  |  | — | |  | 444 |  |  |  | — | |  | — |  |  |
| tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of prior service cost, net of |  | — |  |  | — | |  | — | |  | 67 |  |  | — | |  | 67 |  |  | — | |  | 67 |  |  |  | — | |  | — |  |  |
| tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other, net |  | — |  |  | 4 |  |  | — | |  | — | |  | (1 ) | |  | 3 |  |  | — | |  | 3 |  |  |  | — | |  | — |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | (214,95 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, September 30, 2022** | $ | 37,402 |  | $ | 570,913 |  | $ | (324,587 ) | | $ | (61,010 ) | | $ | 9 ) | | $ | 7,759 |  | $ | 83,629 |  | $ | 91,388 |  |  | $ | 5,257 |  | $ | 132,591 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



Refer to Notes to Condensed Consolidated Financial Statements.

4



**VIAD CORP**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY AND MEZZANINE EQUITY (Continued)**

**(Unaudited)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Mezzanine Equity** | | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Non-** | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  | **Accumulated** | | |  |  |  |  |  |  | **Redeemab** | | |  |  |  |  | **Redeema** | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | **Other** | |  |  |  |  |  |  |  | **le** | |  |  |  |  |  | **ble** | |  |  |  |  |
|  | **Commo** | |  |  |  |  | **Accumulate** | | | **Comprehens** | | | **Commo** | | |  | **Total** | |  | **Non-** | |  | **Total** | |  |  | **Non-** | | **Convertible** | |  |  |
|  |  |  |  |  |  | **ive** | |  | **n** | |  | **Controllin** | | | **Stockholde** | | |  | **Controlli** | | |  | **Series A** |  |  |
|  |  | **n** |  | **Additional** | | |  | **d** | |  | **Income** | | **Stock in** | | |  | **Viad** | |  | **g** | |  | **rs’** | |  |  | **ng** | |  | **Preferred** |  |  |
| *(in thousands)* |  | **Stock** |  |  | **Capital** |  |  | **Deficit** |  |  | **(Loss)** |  | **Treasury** | |  | **Equity** | |  |  | **Interest** |  |  | **Equity** |  |  |  | **Interest** |  |  | **Stock** |  |  |
| **Balance, December 31, 2020** | $ | 37,402 | $ | | 568,100 |  | $ | (253,164 ) | | $ | (30,641 ) | | $ | (225,74 |  | $ | 95,95 |  | $ | 78,144 |  | $ | 174,099 |  |  | $ | 5,225 |  | $ | 128,769 |  |  |
|  | 2 ) | | 5 |  |  |  |  |  |  |  |
| Net loss |  | — |  |  | — | |  | (43,152 ) | |  | — | |  | — | |  | (43,15 |  |  | (1,445 ) | |  | (44,597 ) | |  |  | (494 ) | |  | — |  |  |
|  |  |  |  |  |  |  | 2 ) | |  |  |  |  |  |  |  |
| Dividends on convertible preferred stock |  | — |  |  | (1,898 ) | |  | — | |  | — | |  | — | |  | (1,898 ) | |  | — | |  | (1,898 ) | |  |  | — | |  | 1,898 |  |  |
| Capital contribution (distributions) to |  | — |  |  | — | |  | — | |  | — | |  | — | |  | — | |  | (951 ) | |  | (951 ) | |  |  | 142 |  |  | — |  |  |
| (from) noncontrolling interest |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Payment of payroll taxes on stock-based |  | — |  |  | — | |  | — | |  | — | |  | (519 ) | |  | (519 ) | |  | — | |  | (519 ) | |  |  | — | |  | — |  |  |
| compensation through shares withheld |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Employee benefit plans |  | — |  |  | (1,198 ) | |  | — | |  | — | |  | 1,578 |  |  | 380 |  |  | — | |  | 380 |  |  |  | — | |  | — |  |  |
| Share-based compensation - equity awards |  | — |  |  | 1,626 |  |  | — | |  | — | |  | — | |  | 1,626 |  |  | — | |  | 1,626 |  |  |  | — | |  | — |  |  |
| Unrealized foreign currency translation |  | — |  |  | — | |  | — | |  | 3,977 |  |  | — | |  | 3,977 |  |  | 750 |  |  | 4,727 |  |  |  | 77 |  |  | — |  |  |
| adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of net actuarial loss, net of |  | — |  |  | — | |  | — | |  | 177 |  |  | — | |  | 177 |  |  | — | |  | 177 |  |  |  | — | |  | — |  |  |
| tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of prior service cost, net of |  | — |  |  | — | |  | — | |  | (56 ) | |  | — | |  | (56 ) | |  | — | |  | (56 ) | |  |  | — | |  | — |  |  |
| tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Acquisitions |  | — |  |  | — | |  | — | |  | — | |  | — | |  | — | |  | 6,759 |  |  | 6,759 |  |  |  | — | |  | — |  |  |
| Other, net |  | — |  |  | 13 |  |  | (1 ) | |  | — | |  | — | |  | 12 |  |  | — | |  | 12 |  |  |  | 56 |  |  | — |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | (224,68 |  |  | 56,50 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, March 31, 2021** | $ | 37,402 |  | $ | 566,643 |  | $ | (296,317 ) | | $ | (26,543 ) | | $ | 3 ) | | $ | 2 |  | $ | 83,257 |  | $ | 139,759 |  |  | $ | 5,006 |  | $ | 130,667 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net loss |  | — |  |  | — |  |  | (42,026 ) | |  | — | |  | — | |  | (42,02 |  |  | (510 ) | |  | (42,536 ) | |  |  | (431 ) | |  | — |  |  |
|  |  |  |  |  |  |  | 6 ) | |  |  |  |  |  |  |  |
| Dividends on convertible preferred stock |  | — |  |  | (1,923 ) | |  | — | |  | — | |  | — | |  | (1,923 ) | |  | — | |  | (1,923 ) | |  |  | — | |  | 1,923 |  |  |
| Capital contribution to noncontrolling |  | — |  |  | — | |  | — | |  | — | |  | — | |  | — | |  | 7 |  |  | 7 |  |  |  | 124 |  |  | — |  |  |
| interest |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Payment of payroll taxes on stock-based |  | — |  |  | — | |  | — | |  | — | |  | (82 ) | |  | (82 ) | |  | — | |  | (82 ) | |  |  | — | |  | — |  |  |
| compensation through shares withheld |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Employee benefit plans |  | — |  |  | (143 ) | |  | — | |  | — | |  | 641 |  |  | 498 |  |  | — | |  | 498 |  |  |  | — | |  | — |  |  |
| Share-based compensation - equity awards |  | — |  |  | 2,071 |  |  | — | |  | — | |  | — | |  | 2,071 |  |  | — | |  | 2,071 |  |  |  | — | |  | — |  |  |
| Unrealized foreign currency translation |  | — |  |  | — | |  | — | |  | 3,677 |  |  | — | |  | 3,677 |  |  | 1,069 |  |  | 4,746 |  |  |  | 79 |  |  | — |  |  |
| adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of net actuarial loss, net of |  | — |  |  | — | |  | — | |  | 1 |  |  | — | |  | 1 |  |  | — | |  | 1 |  |  |  | — | |  | — |  |  |
| tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other, net |  | — |  |  | 10 |  |  | — | |  | — | |  | 23 |  |  | 33 |  |  | (7 ) | |  | 26 |  |  |  | 547 |  |  | 1 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | (224,10 |  |  | 18,75 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, June 30, 2021** | $ | 37,402 |  | $ | 566,658 |  | $ | (338,343 ) | | $ | (22,865 ) | | $ | 1 ) | | $ | 1 |  | $ | 83,816 |  | $ | 102,567 |  |  | $ | 5,325 |  | $ | 132,591 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income (loss) |  | — |  |  | — |  |  | 15,067 |  |  | — |  |  | — |  |  | 15,06 |  |  | 5,004 |  |  | 20,071 |  |  |  | (296 ) | |  | — |  |  |
|  |  |  |  |  |  |  |  | 7 |  |  |  |  |  |  |  |  |  |  |
| Dividends on convertible preferred stock |  | — |  |  | — | |  | (1,950 ) | |  | — | |  | — | |  | (1,950 ) | |  | — | |  | (1,950 ) | |  |  | — | |  | — |  |  |
| Capital contributions (distributions) to |  | — |  |  | — | |  | — | |  | — | |  | — | |  | - |  |  | (216 ) | |  | (216 ) | |  |  | 16 |  |  | — |  |  |
| (from) noncontrolling interest |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Payment of payroll taxes on stock-based |  | — |  |  | — | |  | — | |  | — | |  | (29 ) | |  | (29 ) | |  | — | |  | (29 ) | |  |  | — | |  | — |  |  |
| compensation through shares withheld |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Employee benefit plans |  | — |  |  | (1,751 ) | |  | — | |  | — | |  | 1,950 |  |  | 199 |  |  | — | |  | 199 |  |  |  | — | |  | — |  |  |
| Share-based compensation - equity awards |  | — |  |  | 2,163 |  |  | — | |  | — | |  | — | |  | 2,163 |  |  | — | |  | 2,163 |  |  |  | — | |  | — |  |  |
| Unrealized foreign currency translation |  | — |  |  | — | |  | — | |  | (8,634 ) | |  | — | |  | (8,634 ) | |  | (1,960 ) | |  | (10,594 ) | |  |  | (282 ) | |  | — |  |  |
| adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of net actuarial loss, net of |  | — |  |  | — | |  | — | |  | 83 |  |  | — | |  | 83 |  |  | — | |  | 83 |  |  |  | — | |  | — |  |  |
| tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other, net |  | — |  |  | (19 ) | |  | - |  |  | — | |  | (23 ) | |  | (42 ) | |  | 7 |  |  | (35 ) | |  |  | 488 |  |  | — |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | (222,20 |  |  | 25,60 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance, September 30, 2021** | $ | 37,402 |  | $ | 567,051 |  | $ | (325,226 ) | | $ | (31,416 ) | | $ | 3 ) | | $ | 8 |  | $ | 86,651 |  | $ | 112,259 |  |  | $ | 5,251 |  | $ | 132,591 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



Refer to Notes to Condensed Consolidated Financial Statements.

5



**VIAD CORP**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Unaudited)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Nine Months Ended** | | |  |  |
|  |  | **September 30,** | | |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |
| **Cash flows from operating activities** |  |  |  |  |  |  |
| Net income (loss) | $ | 35,605 |  | $ | (68,283 ) | |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: |  |  |  |  |  |  |
| Depreciation and amortization |  | 39,442 |  |  | 39,986 |  |
| Deferred income taxes |  | 346 |  |  | (131 ) | |
| Income from discontinued operations |  | (285 ) | |  | (534 ) | |
| Restructuring charges |  | 3,467 |  |  | 5,799 |  |
| Impairment charges |  | 583 |  |  | — | |
| Gains on dispositions of property and other assets |  | (209 ) | |  | (9,345 ) | |
| Share-based compensation expense |  | 7,998 |  |  | 5,960 |  |
| Multi-employer pension plan withdrawal |  | — | |  | 57 |  |
| Other non-cash items, net |  | 6,933 |  |  | 4,642 |  |
| Change in operating assets and liabilities: |  |  |  |  |  |  |
| Receivables |  | (62,503 ) | |  | (53,998 ) | |
| Inventories |  | (3,125 ) | |  | (68 ) | |
| Current contract costs |  | (15,333 ) | |  | (10,123 ) | |
| Accounts payable |  | 34,939 |  |  | 39,204 |  |
| Restructuring liabilities |  | (2,442 ) | |  | (4,413 ) | |
| Accrued compensation |  | 11,093 |  |  | 7,611 |  |
| Contract liabilities |  | 24,174 |  |  | 26,386 |  |
| Income taxes payable |  | 8,538 |  |  | (181 ) | |
| Other assets and liabilities, net |  | 16,264 |  |  | 14,718 |  |
| **Net cash provided by (used in) operating activities** |  | 105,485 |  |  | (2,713 | ) |
| **Cash flows from investing activities** |  |  |  |  |  |  |
| Capital expenditures |  | (54,770 ) | |  | (45,187 ) | |
| Cash paid for acquisitions, net |  | (25,494 ) | |  | (7,704 ) | |
| Proceeds from dispositions of property and other assets |  | 237 |  |  | 14,292 |  |
| **Net cash used in investing activities** |  | (80,027 ) | |  | (38,599 ) | |
| **Cash flows from financing activities** |  |  |  |  |  |  |
| Proceeds from borrowings |  | 94,849 |  |  | 451,350 |  |
| Payments on debt and finance obligations |  | (86,643 ) | |  | (335,665 ) | |
| Dividends paid on preferred stock |  | (5,850 ) | |  | (1,950 ) | |
| Distributions to noncontrolling interest, net of contributions from noncontrolling interest |  | (570 ) | |  | (798 ) | |
| Payments of debt issuance costs |  | (418 ) | |  | (1,767 ) | |
| Payment of payroll taxes on stock-based compensation through shares withheld or repurchased |  | (940 ) | |  | (1,119 ) | |
| **Net cash provided by financing activities** |  | 428 |  |  | 110,051 |  |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash |  | (5,989 | ) |  | 2,551 |  |
| **Net change in cash, cash equivalents, and restricted cash** |  | 19,897 |  |  | 71,290 |  |
| **Cash, cash equivalents, and restricted cash, beginning of year** |  | 64,303 |  |  | 41,971 |  |
| **Cash, cash equivalents, and restricted cash, end of period** | $ | 84,200 |  | $ | 113,261 |  |
|  |  |  |  |  |  |  |



Refer to Notes to Condensed Consolidated Financial Statements.

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**VIAD CORP**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**Note 1. Overview and Basis of Presentation**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these financial statements do not include all of the information required by GAAP or United States Securities and Exchange Commission (“SEC”) rules and regulations for complete financial statements. These financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 25, 2022 (“2021 Form 10-K”).

The condensed consolidated financial statements include the accounts of Viad and its subsidiaries. We have eliminated all significant intercompany account balances and transactions in consolidation.

**Nature of Business**

We are a leading global provider of extraordinary experiences, including hospitality and leisure activities, experiential marketing, and live events. During the first quarter of 2022, we rebranded GES’ brand experiences business and introduced Spiro to the market to accelerate our growth by servicing the changing needs of today’s brand marketers across a broader spectrum of their experiential marketing needs.

We operate through three reportable segments: Pursuit, Spiro, and GES Exhibitions as further described below. The Spiro and GES Exhibitions reportable segments are both live event businesses, and are collectively referred to as “GES.”

***Pursuit***

Pursuit is a collection of inspiring and unforgettable travel experiences that includes recreational attractions, unique hotels and lodges, food and beverage, retail, sightseeing, and ground transportation services. Pursuit comprises the Banff Jasper Collection, the Alaska Collection, the Glacier Park Collection, FlyOver, and Sky Lagoon.

***Spiro***

Spiro is an experiential marketing agency that partners with leading brands around the world to manage and elevate their global experiential marketing activities. Spiro builds immersive experiences with its clients starting with the strategic plan, creating the content and design, and finishing with the delivery and execution. Spiro delivers a broad range of unique and impactful experiences for its clients, including meetings and events, exhibition and program management, environments and permanent installations, brand and product activations, and marketing and measurement.

***GES Exhibitions***

GES Exhibitions is a global exhibition services company with a legacy spanning over 90 years and teams throughout North America, Europe, and the Middle East. GES Exhibitions partners with leading exhibition and conference organizers as a full-service provider of strategic and logistics solutions to manage the complexity of their shows, including strategy, creative & design, registration & engagement, accommodations, logistics & management, material handling, overhead sign hanging, graphics and other rental and labor services. GES Exhibitions also serves as an in-house or preferred provider of electrical and other event services within event venues, including convention centers and conference hotels.

**Reclassifications**

During the first quarter of 2022, we changed our segment reporting as a result of operational changes and how our chief operating decision maker (“CODM”) reviews the financial performance of GES and makes decisions regarding the allocation of resources. As a result, we changed the presentation of certain items in GES’ disaggregation of revenue and reportable segments. Refer to Note 2 – *Revenue and Related Contract Costs and Contract* *Liabilities* and Note 23 – *Segment Information* for additional information. We also

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reclassified certain prior-year amounts to conform to current-period presentation. Such reclassifications had no impact on our results of operations or cash flows.

**Impact of COVID-19 and Macroeconomic Factors**

The COVID-19 pandemic continues to impact the economies of countries in which we operate, including supply chain and labor challenges, and the ability of guests to travel from certain countries. However, during 2022 international tourism and live event activity have continued to improve and demand for our products and services remained strong. It is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, therefore no assurance can be given that an extended period of global economic disruption would not have a material adverse impact on our business, financial condition and results of operations in future periods.

During 2022, changes in macroeconomic facts and circumstances, particularly high inflation and the resulting rise in interest rates has increased our interest expense. The additional impacts of these macroeconomic developments on our operations cannot be predicted with certainty, but could have adverse effects on our business, financial condition, and results of operations in future periods.

**Impact of Recent Accounting Pronouncements**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| The following table provides a brief description of recent accounting pronouncements: | | | | |  |  |  |
| **Standard** |  | **Description** |  | **Date of** |  | **Effect on the financial statements** |  |
|  |  | **adoption** |  |  |
| **Standards Not Yet Adopted** | | |  |  |  |  |  |
| Accounting Standards |  | Amendment relates to the application of Topic 805, | 1/1/2023 | |  | We are currently evaluating the potential impact of the adoption of this |  |
| Update (**“ASU”) 2021-08**, |  | Business Combinations, to contracts with a customer |  |  |  | new guidance on our consolidated financial statements. We do not |  |
| *Business Combinations* |  | acquired in a business combination after the acquirer |  |  |  | expect this new guidance will have a material impact on our |  |
| *(Topic 805) Accounting* |  | has adopted Topic 606. ASU 2021-08 requires |  |  |  | consolidated financial statements. |  |
| *for Contract Assets and* |  | contract assets and contract liabilities to be accounted |  |  |  |  |  |
| *Contract Liabilities* |  | for as if they (the acquirer) entered into the original |  |  |  |  |  |
| *from Contracts with* |  | contract at the same time and same date as the |  |  |  |  |  |
| *Customers* |  | acquiree. |  |  |  |  |  |
| **ASU 2022-04**,*Liabilities -* |  | Amendment requires that a buyer in a supplier | 1/1/2023 | |  | This new guidance will expand our disclosures within the scope of this |  |
| *Supplier Finance* |  | finance program disclose key terms about the |  |  |  | new standard that are reflected in the financial statements as of the |  |
| *Programs (Subtopic 405-* |  | program in connection with the purchase of goods |  |  |  | adoption date. It does not affect the recognition, measurement, or |  |
| *50) Disclosure of Supplier* |  | and services along with information about their |  |  |  | financial statement presentation of obligations covered by supplier |  |
| *Finance Program* |  | obligations under these programs, including a |  |  |  | finance programs. We do not expect this new standard to have a |  |
| *Obligations* |  | rollforward of those obligations. |  |  |  | material impact on our related disclosures. |  |



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Standard** |  | **Description** |  | **Date of** |  | **Effect on the financial statements** |  |
|  |  | **adoption** |  |  |
| **Standards Recently Adopted** | | |  |  |  |  |  |
| **ASU 2020-06**,*Debt -* |  | The amendment simplified the accounting for | 1/1/2022 | |  | The adoption of this new standard on January 1, 2022 did not have a |  |
| *Debt with Conversion and* |  | convertible instruments by reducing the number of |  |  |  | material impact on our consolidated financial statements. |  |
| *Other Options (Subtopic* |  | accounting models available for convertible debt |  |  |  |  |  |
| *470-20) and Derivatives* |  | instruments and convertible preferred stock. The |  |  |  |  |  |
| *and Hedging - Contracts* |  | amendment also required expanded disclosures about |  |  |  |  |  |
| *in Entity's Own Equity* |  | the terms and features of convertible instruments. |  |  |  |  |  |
| **ASU 2021-10**, |  | Amendment improves the transparency of disclosures |  | 1/1/2022 |  | We adopted this new standard on a prospective basis. This new |  |
| *Government Assistance* |  | about government assistance received by business |  |  |  | guidance will be effective for our Annual Report on Form 10-K for the |  |
| *(Topic 832) Disclosures by* |  | entities by requiring annual disclosure of: (1) the |  |  |  | year ending December 31, 2022, whereby we will expand our |  |
| *Business Entities about* |  | types of government assistance received; (2) the |  |  |  | disclosures within the scope of this new standard that are reflected in |  |
| *Government Assistance* |  | accounting for such assistance; and (3) the effect of |  |  |  | the financial statements as of the adoption date. We do not expect this |  |
|  |  | the assistance on a business entity’s financial |  |  |  | new standard to have a material impact our consolidated financial |  |
|  |  | statements. |  |  |  | statements or related disclosures. |  |
|  |  |  | 8 | |  |  |  |
|  |  |  |  |  |  |  |  |



**Significant Accounting Policies**

***Use of Estimates***

The preparation of financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates and assumptions are used in accounting for, among other things: impairment testing of recorded goodwill and intangible assets and long-lived assets; allowances for uncollectible accounts receivable; sales reserve allowances; provisions for income taxes, including uncertain tax positions; valuation allowances related to deferred tax assets; liabilities for losses related to self-insured liability claims; liabilities for losses related to environmental remediation obligations; sublease income associated with restructuring liabilities; pension and postretirement benefit costs and obligations; share-based compensation costs; the discount rates used to value lease obligations; the redemption value of redeemable noncontrolling interests; and the allocation of purchase price of acquired businesses. Actual results could differ from these and other estimates.

***Cash, Cash Equivalents, and Restricted Cash***

Cash equivalents are highly-liquid investments with remaining maturities when purchased of three months or less. Cash and cash equivalents consist of cash and bank demand deposits and money market funds. Investments in money market funds are classified as available-for-sale and carried at fair value. Restricted cash represents collateral required for surety bonds, bank guarantees, letters of credit, and corporate credit cards.

Cash, cash equivalents, and restricted cash balances presented in the Condensed Consolidated Statements of Cash Flows consisted of the following:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **September 30,** |  |  | **December 31,** |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |
| Cash and cash equivalents | $ | 79,151 |  | $ | 61,600 |  |
| Restricted cash included in other current assets |  | 5,049 |  |  | 2,703 |  |
| **Cash, cash equivalents, and restricted cash shown in the statement of cash flows** | $ | 84,200 |  | $ | 64,303 |  |



***Revenue Recognition***

Revenue is measured based on a specified amount of consideration in a contract with a customer, net of commissions paid to customers and amounts collected on behalf of third parties. We recognize revenue when a performance obligation is satisfied by transferring control of a product or delivering the service to a customer.

Pursuit’s service revenue is derived through its admissions, accommodations, and transportation services. Product revenue is derived through food and beverage and retail sales. Revenue is recognized at the time services are performed or upon delivery of the product. Pursuit’s service revenue is recognized over time as the customer simultaneously receives and consumes the benefits, and product revenue is recognized at a point in time.

GES’ service revenue is primarily derived through its comprehensive range of marketing, event production, and other related services to event organizers and corporate brand marketers. GES’ service revenue is earned over time over the duration of the live event, which generally lasts one to three days. Revenue for goods and services provided for which we do not have control of the goods or services before that good or service is transferred to a customer is recorded on a net basis to reflect only the fees received for arranging these services. GES’ product revenue is derived from the build of exhibits, environments, and graphics and is recognized at a point in time upon delivery of the product.

***Noncontrolling Interests – Non-redeemable and Redeemable***

Non-redeemable noncontrolling interest represents the portion of equity in a subsidiary that is not attributable, directly or indirectly, to us. We report non-redeemable noncontrolling interest within stockholders’ equity in the Condensed Consolidated Balance Sheets. The amount of consolidated net income or loss attributable to Viad and the non-redeemable noncontrolling interest is presented in the Condensed Consolidated Statements of Operations.

We consider noncontrolling interests with redemption features that are not solely within our control to be redeemable noncontrolling interests. Our redeemable noncontrolling interest relates to our 56.4% equity ownership interest in Esja Attractions ehf. (“Esja”), which owns the FlyOver Iceland attraction. The Esja shareholders agreement contains a put option that gives the minority Esja shareholders the right to sell (or “put”) their Esja shares to us based on a calculated formula within a predefined term. This redeemable noncontrolling interest is considered mezzanine equity and we report it between liabilities and stockholders’ equity in the Condensed Consolidated Balance Sheets. The amount of the net income or loss attributable to redeemable noncontrolling interests is recorded in the Condensed Consolidated Statements of Operations and the accretion of the redemption value is recorded as an adjustment to accumulated deficit

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and is included in our income (loss) per share. Refer to Note 22 – *Noncontrolling Interests – Redeemable and Non-redeemable* for additional information.

***Convertible Preferred Stock***

We record shares of convertible preferred stock based on proceeds received net of costs on the date of issuance. Dividends paid-in-kind increase the redemption value of the preferred stock. Redeemable preferred stock (including preferred stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as mezzanine equity and is reported between liabilities and stockholders’ equity in the Condensed Consolidated Balance Sheets.

***Leases***

We recognize a right-of-use (“ROU”) asset and lease liability on the balance sheet and classify leases as either finance or operating leases. The classification of the lease determines whether we recognize the lease expense on an effective interest method basis (finance lease) or on a straight-line basis (operating lease) over the lease term. In determining whether an agreement contains a lease, we consider if we have a right to control the use of the underlying asset during the lease term in exchange for an obligation to make lease payments arising from the lease. We recognize ROU assets and lease liabilities at commencement date, which is when the underlying asset is available for use to a lessee, based on the present value of lease payments over the lease term.

Our operating and finance leases are primarily facility, equipment, and land leases. Our facility leases comprise mainly manufacturing facilities, sales and design facilities, offices, storage and/or warehouses, and truck marshaling yards for our GES business. These facility leases have lease terms ranging up to 24 years. Our equipment leases comprise mainly vehicles, hardware, and office equipment, each with various lease terms. Our land leases comprise mainly leases in Canada and Iceland on which our Pursuit hotels or attractions are located and have lease terms ranging up to 46 years.

If a lease contains a renewal option that is reasonably certain to be exercised, then the lease term includes the optional periods in measuring a ROU asset and lease liability. We evaluate the reasonably certain threshold at lease commencement, and it is typically met if we identify substantial economic incentives or termination penalties. We do not include variable leases and variable non-lease components in the calculation of the ROU asset and corresponding lease liability. For facility leases, variable lease costs include the costs of common area maintenance, taxes, and insurance for which we pay our lessors an estimate that is adjusted to actual expense on a quarterly or annual basis depending on the underlying contract terms. We expense these variable lease payments as incurred. Our lease agreements do not contain any significant residual value guarantees or restrictive covenants.

Substantially all of our lease agreements do not specify an implicit borrowing rate, and as such, we utilize an incremental borrowing rate based on lease term and country in order to calculate the present value of our future lease payments. The discount rate represents a risk-adjusted rate on a collateralized basis and is the expected rate at which we would borrow funds to satisfy the scheduled lease liability payment streams commensurate with the lease term and the country.

We are also a lessor to third party tenants who either lease certain portions of facilities that we own or sublease certain portions of facilities that we lease. We record lease income from owned facilities as rental income and we record sublease income from leased facilities as an offset to lease expense in the Condensed Consolidated Statements of Operations. We classify all of our leases for which we are the lessor as operating leases.

**Note 2. Revenue and Related Contract Costs and Contract Liabilities**

Pursuit’s performance obligations are short-term in nature. They include the provision of a hotel room, an attraction admission, a chartered or ticketed bus or van ride, and/or the sale of food, beverage, or retail products. We recognize revenue when the service has been provided or the product has been delivered. When we extend credit, payment terms are generally within 30 days and contain no significant financing components.

GES’ performance obligations consist of services or product(s) outlined in a contract. While we often sign multi-year contracts for recurring events, the obligations for each occurrence are well defined and conclude upon the occurrence of each event. The obligations are typically the provision of services and/or sale of a product in connection with a live event. Revenue for goods and services provided for which we do not have control of the goods or services before that good or service is transferred to a customer is recorded on a net basis to reflect only the fees received for arranging these services. We recognize revenue for services generally at the close of the live event. We recognize revenue for products either upon delivery to the customer’s location, upon delivery to an event that we are serving,

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or when we have the right to invoice. In circumstances where a customer cancels a contract, we generally have the right to bill the customer for costs incurred to date. Payment terms are generally within 30-60 days and contain no significant financing components.

**Contract Liabilities**

Pursuit and GES typically receive customer deposits prior to transferring the related product or service to the customer. We record these deposits as a contract liability, which are recognized as revenue upon satisfaction of the related contract performance obligation(s). GES also provides customer rebates and volume discounts to certain event organizers that we recognize as a reduction of revenue. We include these amounts in “Contract liabilities” and “Other deferred items and liabilities” in the Condensed Consolidated Balance Sheets.

|  |  |  |  |
| --- | --- | --- | --- |
| Changes to contract liabilities are as follows: |  |  |  |
| *(in thousands)* |  |  |  |
| **Balance at December 31, 2021** | $ | 39,662 |  |
| Cash additions |  | 134,090 |  |
| Revenue recognized |  | (107,479 ) | |
| Foreign exchange translation adjustment |  | (3,093 ) | |
| **Balance at September 30, 2022** | $ | 63,180 |  |



**Contract Costs**

GES capitalizes certain incremental costs incurred in obtaining and fulfilling contracts. Capitalized costs principally relate to direct costs of materials and services incurred in fulfilling services of future live events, and also include up-front incentives and commissions incurred upon contract signing. We expense costs associated with preliminary contract activities (i.e. proposal activities) as incurred. Capitalized contract costs are expensed upon the transfer of the related goods or services and are included in “Costs of services” or “Costs of products” as applicable. We include the deferred incremental costs of obtaining and fulfilling contracts in “Current contract costs” and “Other investments and assets” in the Condensed Consolidated Balance Sheets.

|  |  |  |  |
| --- | --- | --- | --- |
| Changes to contract costs are as follows: |  |  |  |
| *(in thousands)* |  |  |  |
| **Balance at December 31, 2021** | $ | 13,790 |  |
| Additions |  | 51,930 |  |
| Expenses |  | (36,448 ) | |
| Foreign exchange translation adjustment |  | (1,089 ) | |
| **Balance at September 30, 2022** | $ | 28,183 |  |



As of September 30, 2022, capitalized contract costs consisted of $0.3 million to obtain contracts and $27.9 million to fulfill contracts. We did not recognize an impairment loss with respect to capitalized contract costs during the three and nine months ended September 30, 2022 or 2021.

**Disaggregation of Revenue**

The following tables disaggregate Pursuit and GES revenue by major service and product lines, timing of revenue recognition, and markets served:

**Pursuit**

During the first quarter of 2022, we reallocated certain ancillary revenue presented in Pursuit’s services revenue to better align with how we analyze revenue and depict the nature of revenue. All prior periods have been reclassified to conform to this new presentation.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | |  |  | **Nine Months Ended** | | | |  |
|  |  | **September 30,** | | |  |  |  | **September 30,** | | |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| **Services:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Ticket revenue | $ | 60,825 | $ | | 39,480 | $ | | 99,364 | $ | | 51,069 |  |
| Rooms revenue |  | 42,453 |  |  | 35,413 |  |  | 69,915 |  |  | 51,552 |  |
| Transportation |  | 6,251 |  |  | 3,453 |  |  | 11,185 |  |  | 4,913 |  |
| Other |  | 7,581 |  |  | 3,753 |  |  | 11,968 |  |  | 7,395 |  |
| Total services revenue |  | 117,110 |  |  | 82,099 |  |  | 192,432 |  |  | 114,929 |  |
| **Products:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Food and beverage |  | 25,105 |  |  | 18,029 |  |  | 41,369 |  |  | 25,152 |  |
| Retail operations |  | 21,581 |  |  | 17,427 |  |  | 31,378 |  |  | 23,577 |  |
| Total products revenue |  | 46,686 |  |  | 35,456 |  |  | 72,747 |  |  | 48,729 |  |
| **Total revenue** | $ | 163,796 |  | $ | 117,555 |  | $ | 265,179 |  | $ | 163,658 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Timing of revenue recognition:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Services transferred over time | $ | 117,110 | $ | | 82,099 | $ | | 192,432 | $ | | 114,929 |  |
| Products transferred at a point in time |  | 46,686 |  |  | 35,456 |  |  | 72,747 |  |  | 48,729 |  |
| **Total revenue** | $ | 163,796 | $ | | 117,555 | $ | | 265,179 | $ | | 163,658 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Markets:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Banff Jasper Collection | $ | 80,829 | $ | | 52,602 | $ | | 134,121 | $ | | 71,720 |  |
| Alaska Collection |  | 25,591 |  |  | 25,932 |  |  | 39,407 |  |  | 37,279 |  |
| Glacier Park Collection |  | 41,080 |  |  | 32,081 |  |  | 55,670 |  |  | 43,627 |  |
| FlyOver |  | 8,276 |  |  | 2,296 |  |  | 18,285 |  |  | 3,494 |  |
| Sky Lagoon |  | 8,020 |  |  | 4,644 |  |  | 17,696 |  |  | 7,538 |  |
| **Total revenue** | $ | 163,796 | $ | | 117,555 | $ | | 265,179 | $ | | 163,658 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |



**GES**

During the first quarter of 2022, we changed our segment reporting as a result of operational changes and how our CODM reviews the financial performance of GES and makes decisions regarding the allocation of resources. Accordingly, GES’ new reportable segments are Spiro and GES Exhibitions. As a result, we changed certain items in the following disaggregation of revenue table. All prior periods have been reclassified to conform to the new reporting structure.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | | |  | **Nine Months Ended** | | | | |
|  |  | **September 30,** | | |  |  |  | **September 30,** | | |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| **Service lines:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Spiro | $ | 73,277 |  | $ | 37,866 |  | $ | 205,518 |  | $ | 61,869 |  |
| GES Exhibitions |  | 147,872 |  |  | 81,138 |  |  | 414,303 |  |  | 101,347 |  |
| Intersegment eliminations |  | (2,224 ) | |  | (2,960 ) | |  | (5,716 ) | |  | (3,107 ) | |
| **Total revenue** | $ | 218,925 |  | $ | 116,044 |  | $ | 614,105 |  | $ | 160,109 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Timing of revenue recognition:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Services transferred over time | $ | 189,089 |  | $ | 100,865 |  | $ | 519,036 |  | $ | 139,241 |  |
| Products transferred over time(1) |  | 11,231 |  |  | 6,509 |  |  | 35,194 |  |  | 7,659 |  |
| Products transferred at a point in time |  | 18,605 |  |  | 8,670 |  |  | 59,875 |  |  | 13,209 |  |
| **Total revenue** | $ | 218,925 |  | $ | 116,044 |  | $ | 614,105 |  | $ | 160,109 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Geographical markets:** |  |  |  |  |  |  |  |  |  |  |  |  |
| North America | $ | 186,787 |  | $ | 92,648 |  | $ | 505,484 |  | $ | 127,978 |  |
| EMEA |  | 43,088 |  |  | 24,084 |  |  | 127,435 |  |  | 34,061 |  |
| Intersegment eliminations |  | (10,950 ) | |  | (688 ) | |  | (18,814 ) | |  | (1,930 ) | |
| **Total revenue** | $ | 218,925 |  | $ | 116,044 |  | $ | 614,105 |  | $ | 160,109 |  |



1. GES’ graphics product revenue is earned over time over the duration of an event as it is considered a part of the single performance obligation satisfied over time.

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**Note 3. Share-Based Compensation**

We grant share-based compensation awards to our officers, directors, and certain key employees pursuant to the 2017 Viad Corp Omnibus Incentive Plan, as amended, (the “2017 Plan”). The 2017 Plan has a 10-year term and provides for the following types of awards: (a) incentive and non-qualified stock options; (b) restricted stock awards and restricted stock units; (c) performance units or performance shares; (d) stock appreciation rights; (e) cash-based awards; and (f) certain other stock-based awards. In June 2017, we reserved 1,750,000 shares of common stock for issuance under the 2017 Plan. On May 24, 2022, we amended and restated the 2017 Plan, which among other things, increased the number of shares reserved for issuance under the 2017 Plan by 840,000 shares, thus bringing the total number of reserved shares to 2,590,000. As of September 30, 2022, there were 1,187,392 shares available for future grant under the 2017 Plan.

The following table summarizes share-based compensation expense:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three Months Ended** | | | |  |  |  | **Nine Months Ended** | | | | |
|  |  | **September 30,** | | |  |  |  | **September 30,** | | |  |  |
| *(in thousands)* | **2022** |  |  | **2021** |  |  |  | **2022** |  |  | **2021** |  |
| Performance-based restricted stock units | $ | 16 |  | $ | (118 | ) | $ | 735 |  | $ | 488 |  |
| Restricted stock awards and restricted stock units |  | 1,705 |  |  | 1,284 |  |  | 5,054 |  |  | 3,964 |  |
| Stock options |  | 808 |  |  | 578 |  |  | 2,209 |  |  | 1,508 |  |
| **Share-based compensation expense before income tax** |  | 2,529 |  |  | 1,744 |  |  | 7,998 |  |  | 5,960 |  |
| Income tax benefit(1) |  | (31 ) | |  | (21 ) | |  | (78 ) | |  | (76 ) | |
| **Share-based compensation expense, net of income tax** | $ | 2,498 |  | $ | 1,723 |  | $ | 7,920 |  | $ | 5,884 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |



1. The 2022 and 2021 income tax benefit amount primarily reflects the tax benefit associated with our Canadian-based employees.

**Note 4. Acquisitions**

***2022 Acquisition***

*Glacier Raft Company*

On April 6, 2022, we acquired the Glacier Raft Company, which provides guided river rafting trips operating in Pursuit’s West Glacier, Montana operations. The Glacier Raft Company also owns 13 log cabins, a lodge, and a wedding venue located on 50 acres with views into Glacier National Park. The purchase price was $26.5 million in cash. This acquisition was funded via cash on hand of approximately $11.5 million and borrowings under our revolving credit facility of $15.0 million.

The following table summarizes the preliminary allocation of the fair value of the assets acquired and liabilities assumed at the date of acquisition. Due to the recent timing of the acquisition, the purchase price allocation is not yet finalized and is subject to change within the measurement period (up to one year from the acquisition date).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *(in thousands)* |  |  |  |  |
| Purchase price paid as: |  |  |  |  |
| Cash | $ | 26,507 |  |  |
| Working capital adjustment |  | (961 ) | |  |
| Purchase price adjustment |  | 125 |  |  |
| Cash acquired |  | (177 ) | |  |
| **Purchase price, net of cash acquired** |  | 25,494 |  |  |
|  |  |  |  |  |
| Fair value of net assets acquired: |  |  |  |  |
| Inventory |  | 370 |  |  |
| Prepaid expenses and other |  | 57 |  |  |
| Property and equipment |  | 6,487 |  |  |
| Intangible assets |  | 3,400 |  |  |
| **Total assets acquired** |  | 10,314 |  |  |
| Customer deposits |  | 1,575 |  |  |
| Other current liabilities |  | 32 |  |  |
| **Total liabilities assumed** |  | 1,607 |  |  |
| **Total fair value of net assets acquired** |  | 8,707 |  |  |
| **Excess purchase price over fair value of net assets acquired (“goodwill”)** | $ | 16,787 |  |  |
| 13 |  |  |  |  |
|  |  |  |  |
|  |  |  |  |  |



Under the acquisition method of accounting, the purchase price is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess purchase price over the fair value of net assets acquired was recorded as “Goodwill.” Goodwill is included in the Pursuit reportable segment. The primary factor that contributed to the purchase price resulting in the recognition of goodwill related to future growth opportunities when combined with our other businesses. Goodwill is deductible for tax purposes. We included these assets in the Condensed Consolidated Balance Sheets from the date of acquisition.

Following are details of the purchase price allocated to the intangible assets acquired for the Glacier Raft Company:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *(in thousands)* |  | **Amount** |  | **Weighted Average Life** |
| Customer relationships | $ | 1,800 |  | 12 years |
| Operating licenses |  | 1,300 |  | 17 years |
| Trade name |  | 300 |  | 8 years |
| Total | $ | 3,400 |  | 14 years |
|  |  |  |  |  |



Transaction costs associated with the acquisition were $0.1 million during 2022, which are included in “Costs of services” in the Condensed Consolidated Statements of Operations.

***2021 Acquisition***

*Golden Skybridge*

On March 18, 2021, we acquired a 60% controlling interest in the Golden Skybridge attraction for total cash consideration of $15 million Canadian dollars (approximately $12 million U.S. dollars), of which $6 million Canadian dollars (approximately $4.8 million U.S. dollars) were primarily used to fund additional experiences. The Golden Skybridge opened in June 2021.

The fair value of net assets acquired as of the acquisition date included $2.2 million U.S. dollars in property and equipment and $6.8 million U.S. dollars in noncontrolling interest. Under the acquisition method of accounting, the purchase price is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess purchase price over the fair value of net assets acquired of $11.8 million U.S. dollars was recorded as “Goodwill.” Goodwill is included in the Pursuit reportable segment. The primary factor that contributed to the purchase price resulting in the recognition of goodwill related to future growth opportunities when combined with our other businesses. Goodwill is not deductible for tax purposes. We included these assets in the Condensed Consolidated Balance Sheets from the date of acquisition.

Transaction costs associated with the acquisition were $0.4 million U.S. dollars during 2021, which are included in “Costs of services” in the Condensed Consolidated Statements of Operations.

**Note 5. Inventories**

We state inventories, which consist primarily of exhibit design and construction materials and supplies, as well as retail inventory, at the lower of cost (first-in, first-out and specific identification methods) or net realizable value.

The components of inventories consisted of the following:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **September 30,** |  |  | **December 31,** |  |
| *(in thousands)* |  |  | **2022** |  |  | **2021** |  |
| Raw materials |  | $ | 1,487 |  | $ | 2,350 |  |
| Finished goods |  |  | 9,725 |  |  | 6,231 |  |
| **Inventories** |  | $ | 11,212 |  | $ | 8,581 |  |
|  | 14 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |



**Note 6. Other Current Assets**

Other current assets consisted of the following:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **September 30,** | | |  | **December 31,** | |
| *(in thousands)* | | |  | **2022** |  |  |  | **2021** |  |
| Restricted cash | | | $ | 5,049 |  |  | $ | 2,703 |  |
| Prepaid software maintenance | | |  | 4,390 |  |  |  | 4,154 |  |
| Prepaid project deposit | | |  | 3,543 |  |  |  | — | |
| Prepaid vendor payments | | |  | 2,093 |  |  |  | 1,604 |  |
| Prepaid taxes | | |  | 846 | |  |  | 456 |  |
| Income tax receivable | | |  | 521 | |  |  | 1,901 |  |
| Prepaid other | | |  | 1,772 |  |  |  | 1,165 |  |
| Other | | |  | 2,131 |  |  |  | 2,097 |  |
| **Other current assets** | | | $ | 20,345 | |  | $ | 14,080 |  |
| **Note 7. Property and Equipment** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Property and equipment consisted of the following: | | |  |  |  |  |  |  |  |
|  |  |  |  | **September 30,** | | |  | **December 31,** | |
| *(in thousands)* | | |  | **2022** |  |  |  | **2021** |  |
| Land and land interests | | | $ | 31,579 |  |  | $ | 30,532 |  |
| Buildings and leasehold improvements | | |  | 388,928 |  |  |  | 407,930 |  |
| Equipment and other | | |  | 443,317 |  |  |  | 413,684 |  |
| **Gross property and equipment** | | |  | 863,824 |  |  |  | 852,146 |  |
| Accumulated depreciation | | |  | (377,542 ) | | |  | (364,060 ) | |
| **Property and equipment, net (excluding finance leases)** | | |  | 486,282 |  |  |  | 488,086 |  |
| Finance lease ROU assets, net | | |  | 57,216 |  |  |  | 61,022 |  |
| **Property and equipment, net** | | | $ | 543,498 |  |  | $ | 549,108 |  |
|  |  |  |  |  |  |  |  |  |  |



Depreciation expense was $10.5 million for the three months ended September 30, 2022 and $32.3 million for the nine months ended September 30, 2022.

Depreciation expense was $10.8 million for the three months ended September 30, 2021 and $32.3 million for the nine months ended September 30, 2021.

Property and equipment purchased through accounts payable and accrued liabilities decreased $2.1 million during the nine months ended September 30, 2022 and decreased $0.3 million during the nine months ended September 30, 2021. Capitalized interest was $0.1 million for the three months ended September 30, 2022 and $2.7 million for the nine months ended September 30, 2022, which was primarily related to the development of Pursuit’s FlyOver attractions.

**Note 8. Other Investments and Assets**

Other investments and assets consisted of the following:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **September 30,** |  |  | **December 31,** |  |
| *(in thousands)* |  |  | **2022** |  |  | **2021** |  |
| Self-insured liability receivable |  | $ | 6,847 |  | $ | 6,847 |  |
| Other mutual funds |  |  | 3,254 |  |  | 4,057 |  |
| Contract costs |  |  | 3,069 |  |  | 2,685 |  |
| Other |  |  | 3,436 |  |  | 3,129 |  |
| **Other investments and assets** |  | $ | 16,606 |  | $ | 16,718 |  |
|  | 15 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |



**Note 9. Goodwill and Other Intangible Assets**

The changes in the carrying amount of goodwill are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| *(in thousands)* |  | **Pursuit** | |
| **Balance at December 31, 2021** | $ | 112,078 |  |
| Business acquisition |  | 16,787 |  |
| Foreign currency translation adjustments |  | (9,449 ) | |
| **Balance at September 30, 2022** | $ | 119,416 |  |
|  |  |  |  |



Goodwill is tested for impairment at the reporting unit level on an annual basis as of October 31, and between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying value. We use a discounted expected future cash flow methodology (income approach) to estimate the fair value of our reporting units for purposes of goodwill impairment testing.

In the third quarter of 2022, changes in macroeconomic facts and circumstances, particularly high inflation and the resulting rise in interest rates, has resulted in reduced expectations of fair value. We considered these circumstances and the potential long-term impact on our reporting units and determined that an indicator of possible impairment existed within our FlyOver reporting unit due to slower than anticipated visitation ramp up. Accordingly, we performed a quantitative impairment analysis to determine the fair value of this reporting unit as of September 30, 2022, resulting in a fair value that exceeded the carrying amount by approximately 10%. Accordingly, no impairment charge was recorded. The carrying amount of goodwill for the FlyOver reporting unit was $38.3 million as of September 30, 2022.

We will continue to closely monitor actual results versus expectations as well as whether and to what extent any significant changes in current events or conditions result in corresponding changes to our expectations about future estimated cash flows and discount rates. If our adjusted expectations of the operating results of FlyOver do not materialize, or the discount rate increases (based on increases in interest rates, market rates of return or market volatility), it is possible that we may be required to record goodwill impairment charges in the future, which may be material.

Other intangible assets consisted of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **September 30, 2022** | | | | |  |  |  |  |  |  |  | **December 31, 2021** | | | | |  |  |  |
|  |  |  |  | **Gross** |  |  |  |  |  |  | **Net** |  |  |  | **Gross** |  |  |  |  |  |  |  | **Net** |  |
|  | **Useful Life** | |  | **Carrying** |  | **Accumulated** | | | |  | **Carrying** |  |  | **Carrying** | |  |  | **Accumulated** | | | |  | **Carrying** |  |
| *(in thousands)* | **(Years)** | |  | **Value** |  | **Amortization** | | | |  | **Value** |  |  |  | **Value** |  |  | **Amortization** | | | |  | **Value** |  |
| Intangible assets subject to amortization: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Customer contracts and relationships | 7.2 |  | $ | 36,879 | $ | | (29,120 ) | |  | $ | 7,759 | $ | | | 36,848 | $ | | | (28,372 ) | |  | $ | 8,476 |  |
| Operating contracts and licenses | 34.4 |  |  | 38,285 |  |  | (3,250 ) | |  |  | 35,035 |  |  |  | 40,927 |  |  |  | (2,660 ) | |  |  | 38,267 |  |
| In-place lease | 34.0 |  |  | 14,133 |  |  | (1,283 ) | |  |  | 12,850 |  |  |  | 15,464 |  |  |  | (1,084 ) | |  |  | 14,380 |  |
| Tradenames | 4.2 |  |  | 5,441 |  |  | (3,085 ) | |  |  | 2,356 |  |  |  | 5,626 |  |  |  | (2,819 ) | |  |  | 2,807 |  |
| Other | 5.4 |  |  | 754 |  |  | (151 ) | |  |  | 603 |  |  |  | 824 |  |  |  | (139 ) | |  |  | 685 |  |
| **Total amortized intangible assets** |  |  |  | 95,492 |  |  | (36,889 | ) |  |  | 58,603 |  |  |  | 99,689 |  |  |  | (35,074 | ) |  |  | 64,615 |  |
| Indefinite-lived intangible assets: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Business licenses |  |  |  | 564 |  |  | — |  | |  | 564 |  |  |  | 574 |  |  |  | — |  | |  | 574 |  |
| **Other intangible assets, net** |  |  | $ | 96,056 | $ | | (36,889 ) | |  | $ | 59,167 | $ | | | 100,263 | $ | | | (35,074 ) | |  | $ | 65,189 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



Intangible asset amortization expense (excluding amortization expense of ROU assets) was $1.4 million for the three months ended September 30, 2022 and $4.0 million for the nine months ended September 30, 2022. Intangible assets amortization expense was $1.6 million for the three months ended September 30, 2021 and $4.4 million for the nine months ended September 30, 2021.

At September 30, 2022, the estimated future amortization expense related to intangible assets subject to amortization is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| *(in thousands)* |  |  |  |  |  |
| **Year ending December 31,** |  |  |  |  |  |
| Remainder of 2022 | $ | | 1,177 |  |  |
| 2023 |  |  | 4,515 |  |  |
| 2024 |  |  | 3,576 |  |  |
| 2025 |  |  | 2,281 |  |  |
| 2026 |  |  | 2,248 |  |  |
| Thereafter |  |  | 44,806 |  |  |
| **Total** | $ | | 58,603 |  |  |
|  | 16 |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |  |



**Note 10. Other Current Liabilities**

Other current liabilities consisted of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **September 30,** | |  |  |  | **December 31,** |  |
| *(in thousands)* | | |  |  |  | **2022** |  |  |  |  | **2021** |  |
| Continuing operations: | | |  |  |  |  |  |  |  |  |  |  |
| Foreign income taxes payable | | | $ | | | 9,452 |  | $ | | | 965 |  |
| Accrued sales and use taxes | | |  |  |  | 8,871 |  |  |  |  | 3,428 |  |
| Self-insured liability | | |  |  |  | 4,696 |  |  |  |  | 4,815 |  |
| Commissions payable | | |  |  |  | 4,638 |  |  |  |  | 4,119 |  |
| Accrued employee benefit costs | | |  |  |  | 4,629 |  |  |  |  | 4,164 |  |
| Accrued concession fees | | |  |  |  | 4,567 |  |  |  |  | 964 |  |
| Current portion of pension and postretirement liabilities | | |  |  |  | 1,457 |  |  |  |  | 1,637 |  |
| Accommodation service deposits | | |  |  |  | 1,416 |  |  |  |  | 892 |  |
| Accrued professional fees | | |  |  |  | 1,227 |  |  |  |  | 1,671 |  |
| Accrued restructuring | | |  |  |  | 766 | |  |  |  | 864 |  |
| Accrued interest payable | | |  |  |  | 270 | |  |  |  | 228 |  |
| Other taxes | | |  |  |  | 1,431 |  |  |  |  | 1,042 |  |
| Other | | |  |  |  | 4,521 |  |  |  |  | 3,034 |  |
| **Total continuing operations** | | |  |  |  | 47,941 | |  |  |  | 27,823 |  |
| Discontinued operations: | | |  |  |  |  |  |  |  |  |  |  |
| Self-insured liability | | |  |  |  | 168 | |  |  |  | 312 |  |
| Environmental remediation liabilities | | |  |  |  | 46 |  |  |  |  | 60 |  |
| Other | | |  |  |  | 94 |  |  |  |  | 94 |  |
| **Total discontinued operations** | | |  |  |  | 308 | |  |  |  | 466 |  |
| **Total other current liabilities** | | |  |  | $ | 48,249 | |  |  | $ | 28,289 |  |
| **Note 11. Other Deferred Items and Liabilities** | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other deferred items and liabilities consisted of the following: | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **September 30,** | |  |  |  | **December 31,** |  |
| *(in thousands)* | | |  |  |  | **2022** |  |  |  |  | **2021** |  |
| Continuing operations: | | |  |  |  |  |  |  |  |  |  |  |
| Foreign deferred tax liability | | | $ | | | 27,298 |  | $ | | | 27,748 |  |
| Multi-employer pension plan withdrawal liability | | |  |  |  | 13,929 |  |  |  |  | 14,260 |  |
| Self-insured excess liability | | |  |  |  | 6,847 |  |  |  |  | 6,847 |  |
| Self-insured liability | | |  |  |  | 6,243 |  |  |  |  | 5,119 |  |
| Accrued compensation | | |  |  |  | 4,644 |  |  |  |  | 5,696 |  |
| Accrued restructuring | | |  |  |  | 3,320 |  |  |  |  | 2,571 |  |
| Other | | |  |  |  | 3,993 |  |  |  |  | 2,758 |  |
| **Total continuing operations** | | |  |  |  | 66,274 |  |  |  |  | 64,999 |  |
| Discontinued operations: | | |  |  |  |  |  |  |  |  |  |  |
| Environmental remediation liabilities | | |  |  |  | 2,178 |  |  |  |  | 2,168 |  |
| Self-insured liability | | |  |  |  | 1,598 |  |  |  |  | 1,535 |  |
| Other | | |  |  |  | 250 |  |  |  |  | 251 |  |
| **Total discontinued operations** | | |  |  |  | 4,026 |  |  |  |  | 3,954 |  |
| **Total other deferred items and liabilities** | | |  | $ | | 70,300 |  |  | $ | | 68,953 |  |
|  |  |  | 17 |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |



**Note 12. Debt and Finance Obligations**

The components of debt and finance obligations consisted of the following:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **September 30,** | |  | **December 31,** | |
| *(in thousands, except interest rates)* |  | **2022** |  |  | **2021** |  |
| 2021 Credit Facility - Term Loan B, 8.1% interest rate at September 30, 2022 and 5.5% at December 31, |  |  |  |  |  |  |
| 2021, due through 2028(1) | $ | 397,000 |  | $ | 399,000 |  |
| Forest Park Hotel Construction Loan Facility, 4.8% interest rate at September 30, 2022, due through |  |  |  |  |  |  |
| 2027(1) |  | 10,020 |  |  | — | |
| FlyOver Iceland Credit Facility, 4.9% interest rate at September 30, 2022 and December 31, 2021, due |  |  |  |  |  |  |
| through 2027(1) |  | 4,772 |  |  | 5,566 |  |
| FlyOver Iceland Term Loans, 9.5% weighted-average interest rate at September 30, 2022 and 3.8% at |  |  |  |  |  |  |
| December 31, 2021, due through 2024(1) |  | 607 |  |  | 689 |  |
| Less unamortized debt issuance costs |  | (12,679 ) | |  | (14,804 ) | |
| **Total debt** |  | 399,720 |  |  | 390,451 |  |
| Finance lease obligations, 9.1% weighted-average interest rate at September 30, 2022 and December 31, |  |  |  |  |  |  |
| 2021, due through 2067 |  | 59,996 |  |  | 63,401 |  |
| Financing arrangements |  | 6,983 |  |  | 5,528 |  |
| **Total debt and finance obligations (2)(3)** |  | 466,699 |  |  | 459,380 |  |
| Current portion |  | (16,614 ) | |  | (12,800 ) | |
| **Long-term debt and finance obligations** | $ | 450,085 |  | $ | 446,580 |  |



1. Represents the weighted-average interest rate in effect as of the end of the respective period, including any applicable margin. The interest rates do not include amortization of debt issuance costs or commitment fees.
2. The estimated fair value of total debt and finance leases was $322.2 million as of September 30, 2022 and $328.9 million as of December 31, 2021. The fair value of debt was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity, which is a Level 2 measurement. Refer to Note 13 – *Fair Value Measurements*.
3. Cash paid for interest on debt was $23.7 million during the nine months ended September 30, 2022 and $14.9 million during the nine months ended September 30, 2021.

***2021 Credit Facility***

Effective July 30, 2021, we entered into a new $500 million credit facility (the “2021 Credit Facility”). The 2021 Credit Facility provides for a $400 million Term Loan B with a maturity date of July 30, 2028 and a $100 million revolving credit facility with a maturity date of July 30, 2026. The proceeds will be used to provide for financial flexibility to fund future acquisitions and growth initiatives and for general corporate purposes.

On March 23, 2022, we entered into an amendment to the 2021 Credit Facility, which modified the revolving credit facility’s financial covenants as detailed below.

*Term Loan B*

The $400 million Term Loan B proceeds were offset in part by $14.8 million in related fees. The proceeds from the Term Loan B were used to repay the $327 million outstanding balance under our then outstanding $450 million revolving credit facility. The interest rate on the Term Loan B is London Interbank Offered Rate (“LIBOR”) plus 5.00%, with a LIBOR floor of 0.50%. There are no financial covenants under the Term Loan B.

*Revolving Credit Facility*

The following are significant terms under the revolving credit facility, as amended:

* Maintain minimum liquidity of $75 million until the compliance certificate and financial statements for the quarter ended September 30, 2022 are received by the administrative agent (before and until this event, the “liquidity period” and after this event, the “leverage test period”, with liquidity defined as unrestricted cash and available capacity on our revolving credit facility;
* Financial covenants (as first tested as of September 30, 2022) are described below:

oMaintain a total net leverage ratio of not greater than 5.25 to 1.00 at September 30, 2022 with a step-down to 4.75 to 1.00 at December 31, 2022, 4.50 to 1.00 at March 31, 2023, and 4.00 to 1.00 at June 30, 2023 and thereafter; and

oMaintain an interest coverage ratio of not less than 2.00 to 1.00 at September 30, 2022, with a step-up to 2.50 to 1.00 on December 31, 2022 and thereafter.

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* Interest rate during minimum liquidity period was LIBOR plus 3.50% and a 0.50% commitment fee; and
* Interest rates during the leverage test period are based on the net leverage ratio and range from LIBOR plus 2.50% with an undrawn fee of 0.30% to LIBOR plus 3.50% with an undrawn fee of 0.50%.

As of September 30, 2022, the net leverage ratio was 3.10 to 1.00 and the interest coverage ratio was 3.89 to 1.00, and we were in compliance with all covenants under the revolving credit facility.

As of September 30, 2022, capacity remaining under the Revolving Credit Facility was $86.6 million, reflecting $100.0 million total facility size, less $13.4 million in outstanding letters of credit.

***Forest Park Hotel Construction Loan Facility***

Effective May 17, 2022, Pursuit, through a 60% owned subsidiary, entered into a construction loan facility for borrowings up to $17.0 million Canadian dollars (approximately $13.3 million U.S. dollars) for the development and construction of the Forest Park Hotel in Jasper National Park. The construction loan facility requires interest only payments through November 2023 at Canada Prime plus 2.35% per annum. After November 2023, the construction loan will be converted to a term loan and the interest rate will be at Canada Prime plus 1.50% per annum. The construction loan facility matures on May 17, 2027. As of September 30, 2022, funds of $3.1 million Canadian dollars (approximately $2.3 million U.S. dollars) were available for borrowing under the facility. Construction of the Forest Park Hotel was completed in August 2022.

***FlyOver Iceland Credit Facility***

Effective February 15, 2019, FlyOver Iceland ehf., (“FlyOver Iceland”) a wholly-owned subsidiary of Esja, entered into a credit agreement with a €5.0 million (approximately $5.6 million U.S. dollars) credit facility (the “FlyOver Iceland Credit Facility”) with an original maturity date of March 1, 2022. The loan proceeds were used to complete the development of the FlyOver Iceland attraction.

We entered into an addendum effective December 1, 2021 wherein the principal payments were deferred for twelve months beginning December 1, 2021, with the first payment due December 1, 2022. The addendum extended the maturity date to March 1, 2025, which was further extended to September 1, 2027 by way of an option as permitted in the addendum, and provided for a semi-annual waiver of certain covenants through June 30, 2022 with the first testing date as of December 31, 2022. Conditions to the addendum included securing additional capital of ISK 75.0 million (approximately $0.6 million) in January 2022, which was completed, in order to strengthen FlyOver Iceland’s liquidity position. There were no other changes to the terms of the FlyOver Iceland Credit Facility. We expect to be unable to meet our financial covenants under the FlyOver Iceland Credit Facility beginning with the first testing date as of December 31, 2022. Effective November 2, 2022, FlyOver Iceland received a waiver for the 2022 through 2023 financial covenants.

***FlyOver Iceland Term Loans***

During 2020, FlyOver Iceland entered into three term loans totaling ISK 90.0 million (approximately $0.7 million U.S. dollars) (the “FlyOver Iceland Term Loans”). The first term loan for ISK 10.0 million was entered into effective October 15, 2020 with a maturity date of April 1, 2023 and bears interest on a seven-day term deposit at the Central Bank of Iceland. The second term loan for ISK 30.0 million was entered into effective October 15, 2020 with a maturity date of October 1, 2024 and bears interest on a seven-day term deposit at the Central Bank of Iceland plus 3.07%. The third term loan for ISK 50.0 million was entered into effective December 29, 2020 with a maturity date of February 1, 2023 and bears interest at one-month Reykjavik InterBank Offered Rate (“REIBOR”) plus 4.99%. The Icelandic State Treasury guarantees supplemental loans provided by credit institutions to companies impacted by the COVID-19 pandemic. Accordingly, the Icelandic State Treasury guaranteed the repayment of up to 85% of the principal and interest on the ISK 10.0 million and ISK 30.0 million term loans and 70% of the principal amount on the ISK 50.0 million term loan. Loan proceeds were used to fund FlyOver Iceland operations.

***Financing arrangements***

We have insurance premium financing arrangements in order to finance certain of our insurance premium payments. The financing arrangements are payable within the next 12 months and bear a weighted average interest rate of 4.7%.

**Note 13. Fair Value Measurements**

The fair value of an asset or liability is defined as the price that would be received by selling an asset or paying to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value guidance requires an entity to maximize the use of quoted prices and other observable inputs and minimize the use of unobservable inputs when measuring fair value, and also establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

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Level 2 - Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value.

Money market mutual funds and certain other mutual fund investments are measured at fair value on a recurring basis using Level 1 inputs. The fair value information related to these assets is summarized in the following tables:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | **Fair Value Measurements at Reporting Date Using** | | | | | | | | | | |  |  |
|  |  |  |  |  |  |  | **Quoted Prices** | | |  |  |  | **Significant** | |  |  |  | **Significant** |  |  |
|  |  |  |  |  |  |  |  |  |  | **Other** | |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **in Active** | |  |  |  | **Observable** | |  |  |  | **Unobservable** |  |  |
|  |  |  |  |  |  |  |  | **Markets** | |  |  |  | **Inputs** | |  |  |  | **Inputs** |  |  |
| *(in thousands)* | **September 30, 2022** | | | | |  |  | **(Level 1)** | |  |  |  | **(Level 2)** | |  |  |  | **(Level 3)** |  |  |
| Assets: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Money market funds (1) | $ | | — | | | $ | | — | | $ | | | — | | $ | | | — |  |  |
| Other mutual funds (2) |  |  | 3,254 |  |  |  |  | 3,254 | |  |  |  | — | |  |  |  | — |  |  |
| **Total assets at fair value on a recurring basis** | $ | | 3,254 |  |  | $ | | 3,254 | |  | | $ | — | |  | | $ | — |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |  | |  |  |
|  |  |  |  |  |  |  |  | **Fair Value Measurements at Reporting Date Using** | | | | | | | | | | |  |  |
|  |  |  |  |  |  |  | **Quoted Prices** | | |  |  |  | **Significant** | |  |  |  | **Significant** |  |  |
|  |  |  |  |  |  |  |  |  |  | **Other** | |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **in Active** | |  |  |  | **Observable** | |  |  |  | **Unobservable** |  |  |
|  |  |  |  |  |  |  |  | **Markets** | |  |  |  | **Inputs** | |  |  |  | **Inputs** |  |  |
| *(in thousands)* |  | **December 31, 2021** | | | |  |  | **(Level 1)** | |  |  |  | **(Level 2)** | |  |  |  | **(Level 3)** |  |  |
| Assets: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Money market funds (1) | $ | | 11,003 | |  | $ | | 11,003 |  | $ | | | — | | $ | | | — |  |  |
| Other mutual funds (2) |  |  | 4,057 | |  |  |  | 4,057 |  |  |  |  | — |  |  |  |  | — |  |  |
| **Total assets at fair value on a recurring basis** | $ | | 15,060 | |  | $ | | 15,060 |  | $ | | | — | | $ | | | — |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



1. We include money market funds in “Cash and cash equivalents” in the Condensed Consolidated Balance Sheets. We classify these investments as available-for-sale and record them at fair value. There have been no realized gains or losses related to these investments and we have not experienced any redemption restrictions with respect to any of the money market mutual funds.
2. We include other mutual funds in “Other investments and assets” in the Condensed Consolidated Balance Sheets.

The carrying values of cash and cash equivalents, receivables, and accounts payable approximate fair value due to the short-term nature of these instruments. Refer to Note 12 ***–*** *Debt and Finance Obligations* for the estimated fair value of debt obligations.

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**Note 14. Income (Loss) Per Share**

The components of basic and diluted loss per share are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | | |  | **Nine Months Ended** | | | | |
|  |  | **September 30,** | | |  |  |  | **September 30,** | | |  |  |
| *(in thousands, except per share data)* |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| **Net income (loss) attributable to Viad** | $ | 40,145 |  | $ | 15,067 |  | $ | 30,983 |  | $ | (70,111 | ) |
| Less: Allocation to participating securities |  | (9,368 ) | |  | (3,141 ) | |  | (5,991 ) | |  | — | |
| Convertible preferred stock dividends paid in cash |  | (1,950 ) | |  | (1,950 ) | |  | (5,850 ) | |  | (1,950 ) | |
| Convertible preferred stock dividends paid in kind |  | — | |  | — | |  | — | |  | (3,821 ) | |
| Adjustment to the redemption value of redeemable noncontrolling interest |  | — |  |  | (488 ) | |  | (763 ) | |  | (1,091 ) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net income (loss) allocated to Viad common stockholders (basic)** | $ | 28,827 |  | $ | 9,488 |  | $ | 18,379 |  | $ | (76,973 ) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Add: Allocation to participating securities |  | 94 |  |  | 36 |  |  | 46 |  |  | — |  |
| **Net income (loss) allocated to Viad common stockholders (diluted)** | $ | 28,921 |  | $ | 9,524 |  | $ | 18,425 |  | $ | (76,973 ) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Basic weighted-average outstanding common shares** |  | 20,612 |  |  | 20,420 |  |  | 20,567 |  |  | 20,396 |  |
| Additional dilutive shares related to share-based compensation |  | 277 |  |  | 322 |  |  | 214 |  |  | — | |
| **Diluted weighted-average outstanding shares** |  | 20,889 |  |  | 20,742 |  |  | 20,781 |  |  | 20,396 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income (loss) per share:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic income (loss) attributable to Viad common stockholders | $ | 1.40 |  | $ | 0.46 |  | $ | 0.89 |  | $ | (3.77 ) | |
| Diluted income (loss) attributable to Viad common stockholders(1) | $ | 1.38 |  | $ | 0.46 |  | $ | 0.89 |  | $ | (3.77 ) | |



(1) Diluted loss per share amount cannot exceed basic loss per share.

Diluted loss per common share is calculated using the more dilutive of the two-class method or if-converted method. The two-class method uses net income (loss) available to common stockholders and assumes conversion of all potential shares other than the participating securities. The if-converted method uses net income (loss) available to common stockholders and assumes conversion of all potential shares including the participating securities. Dilutive potential common shares include outstanding stock options, unvested restricted share units and convertible preferred stock. We apply the two-class method in calculating income (loss) per common share as unvested share-based payment awards that contain nonforfeitable rights to dividends and preferred stock are considered participating securities. Accordingly, such securities are included in the earnings allocation in calculating income (loss) per share. The adjustment to the carrying value of the redeemable noncontrolling interest is reflected in income (loss) per common share.

We excluded the following weighted-average potential common shares from the calculations of diluted net income (loss) per common share during the applicable periods because their inclusion would have been anti-dilutive:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | |  | **Nine Months Ended** | | | |  |
|  |  | **September 30,** | | |  |  | **September 30,** | | |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  | **2022** |  |  | **2021** |  |
| Convertible preferred stock |  | — |  |  | — |  | — |  |  | 6,584 |  |
| Unvested restricted share-based awards | 2 | |  |  | 3 | 29 | |  |  | 173 |  |
| Unvested performance share-based awards |  | — | | | — | 11 | |  |  | 28 |  |
| Stock options | 138 | |  |  | 138 | 216 | |  |  | 219 |  |
|  | 21 |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |



**Note 15. Common and Preferred Stock**

**Convertible Series A Preferred Stock**

On August 5, 2020, we entered into an investment agreement with funds managed by private equity firm Crestview Partners (the “Investment Agreement”), relating to the issuance of 135,000 shares of newly issued Convertible Series A Preferred Stock, par value $0.01 per share (the “Convertible Preferred Stock”), for an aggregate purchase price of $135 million or $1,000 per share. The $135 million issuance was offset in part by $9.2 million of expenses related to the capital raise. We have classified the Convertible Preferred Stock as mezzanine equity in the Condensed Consolidated Balance Sheet due to the existence of certain change in control provisions that are not solely within our control.

The Convertible Series A Preferred Stock carries a 5.5% cumulative quarterly dividend, which is payable in cash or in-kind at Viad’s option and is convertible at the option of the holders into shares of our common stock at a conversion price of $21.25 per share. Dividends paid-in-kind increase the redemption value of the preferred stock. The redemption value of the preferred stock was $141.8 million as of September 30, 2022 and September 30, 2021. Upon the occurrence of a change in control event, the holders have a right to require Viad to repurchase such preferred stock. During the nine months ended September 30, 2022, $5.9 million of dividends were declared, all of which were paid in cash. We intend to pay preferred stock dividends in cash for the foreseeable future.

Holders of the Convertible Series A Preferred Stock are entitled to vote with holders of Viad’s common stock on an as-converted basis.

**Common Stock Repurchases**

Our Board of Directors previously authorized us to repurchase shares of our common stock from time to time at prevailing market prices. Effective February 7, 2019, our Board of Directors authorized the repurchase of an additional 500,000 shares. In March 2020, our Board of Directors suspended our share repurchase program. As of September 30, 2022, 546,283 shares remain available for repurchase. Additionally, we repurchase shares related to tax withholding requirements on vested restricted stock awards. Refer to Note 3 – *Share-Based Compensation*.

**Note 16. Accumulated Other Comprehensive Income (Loss)**

Changes in accumulated other comprehensive income (loss) (“AOCI”) by component are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Cumulative** | | |  |  | **Unrecognized Net** | | |  |  | **Accumulated** | |
|  |  |  | **Foreign Currency** | | |  |  | **Actuarial Loss and** | | |  |  | **Other** | |
|  |  |  | **Translation** | | |  | **Prior Service Credit,** | | | |  |  | **Comprehensive** | |
| *(in thousands)* |  |  | **Adjustments** | | |  |  | **Net** | | |  |  | **Income (Loss)** | |
| **Balance at December 31, 2021** |  | $ | (16,162 | | ) |  | $ | (11,267 | | ) |  | $ | (27,429 | ) |
| Other comprehensive income (loss) before reclassifications |  |  | (34,558 ) | | |  |  | — | | |  |  | (34,558 ) | |
| Amounts reclassified from AOCI, net of tax |  |  | — | |  |  |  | 977 | |  |  |  | 977 |  |
| **Net other comprehensive income (loss)** |  |  | (34,558 ) | | |  |  | 977 | |  |  |  | (33,581 ) | |
| **Balance at September 30, 2022** |  | $ | (50,720 | | ) |  | $ | (10,290 | | ) |  | $ | (61,010 | ) |
|  |  |  | **Cumulative** | | |  |  | **Unrecognized Net** | | |  |  | **Accumulated** | |
|  |  | **Foreign Currency** | | | |  | **Actuarial Loss and** | | | |  |  | **Other** | |
|  |  |  | **Translation** | | |  | **Prior Service Credit,** | | | |  |  | **Comprehensive** | |
| *(in thousands)* |  |  | **Adjustments** | | |  |  | **Net** | | |  |  | **Income (Loss)** | |
| **Balance at December 31, 2020** | $ | | (16,686 | ) | | $ | | (13,955 | ) | | $ | | (30,641 | ) |
| Other comprehensive income (loss) before reclassifications |  |  | (980 ) | | |  |  | — | | |  |  | (980 ) | |
| Amounts reclassified from AOCI, net of tax |  |  | — |  | |  |  | 205 |  |  |  |  | 205 |  |
| **Net other comprehensive income (loss)** |  |  | (980 ) | | |  |  | 205 |  |  |  |  | (775 ) | |
| **Balance at September 30, 2021** | $ | | (17,666 | ) | | $ | | (13,750 | ) | | $ | | (31,416 | ) |



Amounts reclassified that relate to our defined benefit pension and postretirement plans include the amortization of prior service costs and actuarial net losses recognized during each period presented. We recorded these costs as components of net periodic cost for each period presented. Refer to Note 18 –

*Pension and Postretirement Benefits* for additional information.

**Note 17. Income Taxes**

The effective tax rate was 17.6% for the three months ended September 30, 2022 and 23.0% for the nine months ended September 30, 2022. The effective tax rate was 21.4% for the three months ended September 30, 2021 and a negative 0.2% for the nine months ended September 30, 2021.

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The income tax provision for 2022 was computed based on our estimated Annualized Effective Tax Rate (“AETR”) and the full-year forecasted income or loss plus the tax impact of unusual, infrequent, or nonrecurring significant items during the period. The amount and change of pre-tax income and loss recognized between jurisdictions impacted the reported effective tax rate for the three months and nine months ended September 30, 2022 as we do not recognize the tax benefit on losses or the tax expense on income earned in the United States, United Kingdom, and other European countries where we have a valuation allowance. The rate was lower than the 21% federal rate for the three months ended 2022 and was higher than 21% for the nine months ended September 30, 2022 due to the mix of income in jurisdictions without a valuation allowance.

During the three and nine months ended September 30, 2021, we did not use the AETR to compute the income tax benefit or expense. Instead, the income tax benefit or expense was computed using the actual year-to-date tax rate as the AETR became highly sensitive due to the amount of aggregate projected tax benefit on the projected losses in Canada, the United Arab Emirates, the Netherlands, and immaterial European operations were marginally positive. As the full year projected tax benefit was expected to be marginally positive in these operations, the actual effective tax rate was a better estimate of the quarter and year-to-date tax benefit than the amount computed using the AETR.

The effective rate of 21.4% for the three months ended September 30, 2021 was the result of the taxes on the pre-tax income earned in jurisdictions with no valuation allowance during the quarter with no benefit on the losses recognized in jurisdictions where we had a valuation allowance. The negative 0.2% effective rate for the nine months ended September 30, 2021 was due to the minimal pre-tax income earned in jurisdictions with no valuation allowance.

We received net cash refunds of $2.1 million during the three months ended September 30, 2022 and $1.3 million during the nine months ended September 30, 2022. We received cash refunds of $3.6 million during the three months ended September 30, 2021 and $3.2 million during the nine months ended September 30, 2021.

**Note 18. Pension and Postretirement Benefits**

The components of net periodic benefit cost (income) of our pension and postretirement benefit plans for the three months ended September 30, 2022 and

2021 consist of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Domestic Plans** | | | | |  |  |  |  |  |  |  |  |  |
|  |  | **Pension Plans** | | | | |  | **Postretirement Benefit Plans** | | | | |  | **Foreign Pension Plans** | | | | |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| Service cost | $ | — |  | $ | — |  | $ | 5 |  | $ | 24 |  | $ | 75 |  | $ | 113 |  |
| Interest cost |  | 109 |  |  | 110 |  |  | 26 |  |  | 41 |  |  | 78 |  |  | 77 |  |
| Expected return on plan assets |  | 21 |  |  | (20 ) | |  | — | |  | — | |  | (97 ) | |  | (127 ) | |
| Amortization of prior service credit |  | — |  |  | — | |  | 23 |  |  | (1 ) | |  | — | |  | — | |
| Recognized net actuarial loss (gain) |  | 65 |  |  | 157 |  |  | (160 ) | |  | (12 ) | |  | 34 |  |  | 49 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net periodic benefit cost (income) | $ | 195 |  | $ | 247 |  | $ | (106 ) | | $ | 52 |  | $ | 90 |  | $ | 112 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



The components of net periodic benefit cost of our pension and postretirement benefit plans for the nine months ended September 30, 2022 and 2021 consist of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Domestic Plans** | | | | | |  |  |  |  |  |  |  |  |  |
|  |  | **Pension Plans** | | |  |  |  | **Postretirement Benefit Plans** | | | | |  | **Foreign Pension Plans** | | | | |
| *(in thousands)* |  | **2022** | **2021** | |  |  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| Service cost | $ | — |  | $ | — |  | $ | 25 |  | $ | 52 |  | $ | 236 |  | $ | 343 |  |
| Interest cost |  | 359 |  |  | 315 |  |  | 134 |  |  | 136 |  |  | 245 |  |  | 233 |  |
| Expected return on plan assets |  | 70 |  |  | (35 ) | |  | — | |  | — | |  | (320 ) | |  | (382 ) | |
| Amortization of prior service credit |  | — |  |  | — | |  | 67 |  |  | (4 ) | |  | — | |  | — | |
| Recognized net actuarial loss (gain) |  | 333 |  |  | 467 |  |  | (114 ) | |  | 86 |  |  | 105 |  |  | 148 |  |
| Net periodic benefit cost | $ | 762 |  | $ | 747 |  | $ | 112 |  | $ | 270 |  | $ | 266 |  | $ | 342 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Settlement cost |  | 115 |  |  | — |  |  | — |  |  | — |  |  | 533 |  |  | — |  |
| Total expenses | $ | 877 | $ | | 747 |  | $ | 112 |  | $ | 270 |  | $ | 799 |  | $ | 342 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



We expect to contribute $0.8 million to our funded pension plans, $0.8 million to our unfunded pension plans, and $0.8 million to our postretirement benefit plans in 2022. During the nine months ended September 30, 2022, we contributed $0.6 million to our funded pension plans, $0.5 million to our unfunded pension plans, and $0.5 million to our postretirement benefit plans.

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**Note 19. Restructuring Charges**

**GES**

As part of our efforts to drive efficiencies and simplify our business operations, we took certain restructuring actions designed to simplify and transform GES for greater profitability. In response to the COVID-19 pandemic, in 2020, we accelerated our transformation and streamlining efforts at GES to significantly reduce costs and create a lower and more flexible cost structure focused on servicing our more profitable market segments. These initiatives resulted in restructuring charges related to the elimination of certain positions and continuing to reduce our facility footprint at GES.

**Other Restructurings**

We recorded restructuring charges in connection with the consolidation of certain support functions at our corporate headquarters. These charges primarily consist of severance and related benefits due to headcount reductions.

Changes to the restructuring liability by major restructuring activity are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **GES** | |  |  |  | **Other Restructurings** | | |  |  |  |
|  |  | **Severance &** | |  |  |  |  | **Severance &** |  |  |  |  |
|  |  | **Employee** | |  |  |  |  | **Employee** | |  |  |  |
| *(in thousands)* |  | **Benefits** | |  | **Facilities** | |  | **Benefits** | |  | **Total** | |
| **Balance at December 31, 2021** | $ | 1,976 |  | $ | 1,433 |  | $ | 26 |  | $ | 3,435 |  |
| Restructuring charges |  | 463 |  |  | 2,974 |  |  | 30 |  |  | 3,467 |  |
| Cash payments |  | (869 ) | |  | (689 ) | |  | (83 ) | |  | (1,641 ) | |
| Non-cash items(1) |  | — | |  | (1,167 ) | |  | — | |  | (1,167 ) | |
| Adjustment to liability |  | (3 ) | |  | (44 ) | |  | 39 |  |  | (8 ) | |
| **Balance at September 30, 2022** | $ | 1,567 |  | $ | 2,507 |  | $ | 12 |  | $ | 4,086 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |



1. Represents non-cash adjustments related to a write-down of certain ROU assets and leasehold improvements as a result of vacating certain facilities prior to the lease term.

As of September 30, 2022, $1.5 million of the liabilities related to severance and employee benefits will remain unpaid by the end of 2022. The liabilities related to facilities primarily include non-lease expenses that will be paid over the remaining lease terms. Refer to Note 23 ***–*** *Segment Information* for information regarding restructuring charges by segment.

**Note 20. Leases and Other**

The balance sheet presentation of our operating and finance leases is as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **September 30,** | |  | **December 31,** | |  |
| *(in thousands)* | **Classification on the Condensed Consolidated Balance Sheet** |  |  | **2022** |  |  | **2021** |  |
| **Assets:** |  |  |  |  |  |  |  |  |
| Operating lease assets | Operating lease ROU assets | $ | | 107,442 | $ | | 95,915 |  |
| Finance lease assets | Property and equipment, net |  |  | 57,216 |  |  | 61,022 |  |
| **Total lease assets** |  | $ | | 164,658 | $ | | 156,937 |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Liabilities:** |  |  |  |  |  |  |  |  |
| Current: |  |  |  |  |  |  |  |  |
| Operating lease obligations | Operating lease obligations | $ | | 13,958 | $ | | 12,451 |  |
| Finance lease obligations | Current portion of debt and finance obligations |  |  | 3,206 |  |  | 2,928 |  |
| Noncurrent: |  |  |  |  |  |  |  |  |
| Operating lease obligations | Long-term operating lease obligations |  |  | 105,740 |  |  | 93,406 |  |
| Finance lease obligations | Long-term debt and finance obligations |  |  | 56,790 |  |  | 60,473 |  |
| **Total lease liabilities** |  |  | $ | 179,694 |  | $ | 169,258 |  |
|  | 24 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |



The components of lease expense consisted of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | | | | |  |  |  | **Nine Months Ended** | | | | | | | |
|  |  |  | **September 30,** | | | | |  |  |  |  |  | **September 30,** | | | | | | | |
| *(in thousands)* |  |  | **2022** |  |  |  |  | **2021** |  |  |  |  | **2022** |  |  |  |  | **2021** |  |  |
| Finance lease cost: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization of ROU assets | $ | | 1,060 | | $ | | | 1,093 | |  |  | $ | 3,156 | |  | $ | | 3,231 |  |  |
| Interest on lease liabilities |  |  | 1,478 | |  |  |  | 1,405 | |  |  |  | 4,380 | |  |  |  | 4,193 |  |  |
| Operating lease cost |  |  | 6,426 | |  |  |  | 5,165 | |  |  |  | 18,452 | |  |  |  | 17,328 |  |  |
| Short-term lease cost |  |  | 968 | |  |  |  | 394 | |  |  |  | 2,081 | |  |  |  | 853 |  |  |
| Variable lease cost |  |  | 1,420 | |  |  |  | 1,059 | |  |  |  | 3,966 | |  |  |  | 3,093 |  |  |
| **Total lease cost, net** |  | $ | 11,352 | |  |  | $ | 9,116 | |  |  | $ | 32,035 | |  |  | $ | 28,698 |  |  |
| Other information related to operating and finance leases are as follows: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Three Months Ended** | | | | | | |  |  |  | **Nine Months Ended** | | | | | | | |
|  |  |  | **September 30,** | | | | |  |  |  |  |  | **September 30,** | | | | | | | |
| *(in thousands)* |  |  | **2022** |  |  |  |  | **2021** |  |  |  |  | **2022** |  |  |  |  | **2021** |  |  |
| Cash paid for amounts included in the measurement of lease liabilities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating cash flows from operating leases | $ | | 5,480 |  | $ | | | 5,140 |  | $ | |  | 17,347 |  |  | $ | | 17,753 |  |  |
| Operating cash flows from finance leases | $ | | 1,551 |  | $ | | | 4,748 |  | $ | |  | 4,517 |  |  | $ | | 5,955 |  |  |
| Financing cash flows from finance leases | $ | | 854 |  | $ | | | 656 |  | $ | |  | 2,451 |  |  | $ | | 2,050 |  |  |
| ROU assets obtained in exchange for lease obligations: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating leases | $ | | 8,095 |  | $ | | | 8,033 |  | $ | |  | 18,806 |  |  | $ | | 26,968 |  |  |
| Finance leases | $ | | 805 |  | $ | | | 1,073 |  | $ | |  | 5,129 |  |  | $ | | 42,782 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  | **September 30,** | | | |  |  | **December 31,** | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  | **2022** |  |  |  |  | **2021** |  |  |
| Weighted-average remaining lease term (years): |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating leases |  |  |  |  |  |  |  |  |  |  |  |  | 8.61 |  |  |  |  | 8.54 |  |  |
| Finance leases |  |  |  |  |  |  |  |  |  |  |  |  | 34.04 |  |  |  |  | 34.95 |  |  |
| Weighted-average discount rate: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating leases |  |  |  |  |  |  |  |  |  |  |  |  | 7.11 % | | |  |  | 6.86 % | | |
| Finance leases |  |  |  |  |  |  |  |  |  |  |  |  | 9.10 % | | |  |  | 9.06 % | | |



As of September 30, 2022, the estimated future minimum lease payments under non-cancellable leases, excluding variable leases and variable non-lease components, are as follows:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *(in thousands)* |  |  | **Operating Leases** | |  | **Finance Leases** | |  | **Total** | |
| Remainder of 2022 |  | $ | 6,232 |  | $ | 2,283 |  | $ | 8,515 |  |
| 2023 |  |  | 23,507 |  |  | 8,684 |  |  | 32,191 |  |
| 2024 |  |  | 20,973 |  |  | 7,627 |  |  | 28,600 |  |
| 2025 |  |  | 19,792 |  |  | 6,802 |  |  | 26,594 |  |
| 2026 |  |  | 19,369 |  |  | 6,400 |  |  | 25,769 |  |
| Thereafter |  |  | 77,373 |  |  | 180,596 |  |  | 257,969 |  |
| **Total future lease payments** |  |  | 167,246 |  |  | 212,392 |  |  | 379,638 |  |
| Less: Amount representing interest |  |  | (47,548 ) | |  | (152,396 ) | |  | (199,944 ) | |
| **Present value of minimum lease payments** |  |  | 119,698 |  |  | 59,996 |  |  | 179,694 |  |
| Current portion |  |  | 13,958 |  |  | 3,206 |  |  | 17,164 |  |
| **Long-term portion** |  | $ | 105,740 |  | $ | 56,790 |  | $ | 162,530 |  |
|  | 25 |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |



As of September 30, 2022, the estimated future minimum rental income under non-cancellable leases, which includes rental income from facilities that we own, are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| *(in thousands)* |  |  |  |
| Remainder of 2022 | $ | 472 |  |
| 2023 |  | 1,455 |  |
| 2024 |  | 1,206 |  |
| 2025 |  | 984 |  |
| 2026 |  | 737 |  |
| Thereafter |  | 995 |  |
| **Total minimum rents** | $ | 5,849 |  |



***Lease Not Yet Commenced***

As of September 30, 2022, we had executed a facility lease for which we did not have control of the underlying assets. Accordingly, we did not record the lease liability and ROU asset on our Condensed Consolidated Balance Sheets. This lease is for the new FlyOver attraction, FlyOver Canada Toronto. We expect the lease commencement date to begin in early 2023 with a lease term of 20 years.

**Note 21. Litigation, Claims, Contingencies, and Other**

We are plaintiffs or defendants in various actions, proceedings, and pending claims, some of which involve, or may involve, compensatory, punitive, or other damages. Litigation is subject to many uncertainties and it is possible that some of the legal actions, proceedings, or claims could be decided against us. Although the amount of liability as of September 30, 2022 with respect to unresolved legal matters is not ascertainable, we believe that any resulting liability, after taking into consideration amounts already provided for and insurance coverage, will not have a material effect on our business, financial position, or results of operations.

On July 18, 2020, an off-road Ice Explorer operated by our Pursuit business was involved in an accident while enroute to the Athabasca Glacier, resulting in three fatalities and multiple other serious injuries. We continue to support the victims and their families. We immediately reported the accident to our relevant insurance carriers, who are also supporting the investigation and subsequent claims. In May 2022, we received charges from the Canadian office of Occupational Health and Safety in relation to this accident. We continue to cooperate fully with regulatory agencies regarding this accident. In addition, we believe that our reserves and, subject to customary deductibles, our insurance coverage is sufficient to cover potential claims and regulatory fines related to this accident.

We are subject to various United States federal, state, and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which we have or had operations. If we fail to comply with these environmental laws and regulations, civil and criminal penalties could be imposed, and we could become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. As is the case with many companies, we also face exposure to actual or potential claims and lawsuits involving environmental matters relating to our past operations. As of September 30, 2022, we had recorded environmental remediation liabilities of $2.2 million related to previously sold operations. Although we are a party to certain environmental disputes, we believe that any resulting liabilities, after taking into consideration amounts already provided for and insurance coverage, will not have a material effect on our financial position or results of operations.

As of September 30, 2022, on behalf of our subsidiaries, we had certain obligations under guarantees to third parties. These guarantees are not subject to liability recognition in the condensed consolidated financial statements and relate to leased facilities and equipment leases entered into by our subsidiary operations. We would generally be required to make payments to the respective third parties under these guarantees in the event that the related subsidiary could not meet its own payment obligations. The maximum potential amount of future payments that we would be required to make under all guarantees existing as of September 30, 2022 would be $90.8 million. These guarantees relate to our leased equipment and facilities through January 2040. There are no recourse provisions that would enable us to recover from third parties any payments made under the guarantees. Furthermore, there are no collateral or similar arrangements pursuant to which we could recover payments.

A significant number of our employees are unionized and we are a party to approximately 100 collective-bargaining agreements, with approximately one-third requiring renegotiation each year. If we are unable to reach an agreement with a union during the collective-bargaining process, the union may call for a strike or work stoppage, which may, under certain circumstances, adversely impact our business and results of operations. We believe that relations with our employees are satisfactory and that collective-bargaining agreements expiring in 2022 will be renegotiated in the ordinary course of business. Although our labor relations are currently stable, disruptions could occur, with the possibility of an adverse impact on the operating results of GES.

We are self-insured up to certain limits for workers’ compensation and general liabilities, which includes automobile, product general liability, and client property loss claims. The aggregate amount of insurance liabilities (up to our retention limit) related to our continuing operations was $10.9 million as of September 30, 2022, which includes $6.0 million related to workers’ compensation liabilities, and

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$4.9 million related to general liability claims. We have also retained and provided for certain workers’ compensation insurance liabilities in conjunction with previously sold businesses of $1.8 million as of September 30, 2022. We are also self-insured for certain employee health benefits and the estimated employee health benefit claims incurred but not yet reported was $1.2 million as of September 30, 2022. Provisions for losses for claims incurred, including actuarially derived estimated claims incurred but not yet reported, are made based on our historical experience, claims frequency, and other factors. A change in the assumptions used could result in an adjustment to recorded liabilities. We have purchased insurance for amounts in excess of the self-insured levels, which generally range from $0.2 million to $0.5 million on a per claim basis. We do not maintain a self-insured retention pool fund as claims are paid from current cash resources at the time of settlement. Our net cash payments in connection with these insurance liabilities were $0.9 million for the three months ended September 30, 2022 and $3.5 million for the nine months ended September 30, 2022, and $1.0 million for the three months ended September 30, 2021 and $2.1 million for the nine months ended September 30, 2021.

In addition, as of September 30, 2022, we have recorded insurance liabilities of $6.8 million related to continuing operations, which represents the amount for which we remain the primary obligor after self-insured insurance limits, without taking into consideration the above-referenced insurance coverage. Of this total, $6.7 million is related to workers’ compensation liabilities and $0.1 million is related to general/auto liability claims, which is recorded in “Other deferred items and liabilities” in the Condensed Consolidated Balance Sheets with a corresponding receivable in “Other investments and assets.”

**Note 22. Noncontrolling Interests – Redeemable and Non-redeemable**

*Redeemable noncontrolling interest*

On November 3, 2017, we acquired the controlling interest (54.5% of the common stock) in Esja, a private corporation in Reykjavik, Iceland. Subsequent to additional capital contributions, our equity ownership increased to 56.4% as of September 30, 2022. Through Esja and its wholly-owned subsidiary, we are operating the FlyOver Iceland attraction.

The minority Esja shareholders have the right to sell (or “put”) their Esja shares to us based on a multiple of 5.0x EBITDA as calculated on the trailing 12 months from the most recently completed quarter before the put option exercise. The put option is only exercisable after August 2022 (the “Reference Date”), and in the event the FlyOver Iceland attraction has earned a minimum of €3.25 million in unadjusted EBITDA during the most recent fiscal year and during the trailing 12-month period prior to exercise (the “Put Option Condition”). The put option is exercisable during a period of 12 months following the Reference Date (the “Option Period”) if the Put Option Condition has been met. If the Put Option Condition has not been met during the first Option Period, the Reference Date will be extended for an additional 12 months up to three times. If after 72 months, the FlyOver Iceland attraction has not achieved the Put Option Condition, the put option expires. If the Put Option Condition is met during any of the Option Periods, yet the shares are not exercised prior to the end of the 12-month Option Period, the put option will expire.

The noncontrolling interest’s carrying value is determined by the fair value of the noncontrolling interest as of the acquisition date and the noncontrolling interest’s share of the subsequent net income or loss. This value is benchmarked against the redemption value of the sellers’ put option. The carrying value is adjusted to the redemption value, provided that it does not fall below the initial carrying value, as determined by the purchase price allocation. We have made a policy election to reflect any changes caused by such an adjustment to retained earnings (accumulated deficit), rather than to current earnings (loss).

Changes in the redeemable noncontrolling interest are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| *(in thousands)* |  |  |  |
| **Balance at December 31, 2021** | $ | 5,444 |  |
| Net loss attributable to redeemable noncontrolling interest |  | (354 ) | |
| Adjustment to the redemption value |  | 763 |  |
| Foreign currency translation adjustment |  | (596 ) | |
| **Balance at September 30, 2022** | $ | 5,257 |  |



*Non-redeemable noncontrolling interest*

Non-redeemable noncontrolling interest represents the portion of equity in a subsidiary that is not attributable, directly or indirectly, to us. Our non-redeemable noncontrolling interest relates to the equity ownership interest that we do not own.

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Changes in the non-redeemable noncontrolling interest are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *(in thousands)* | **Glacier Park Inc.** | | |  | **Brewster (1)** | |  | **Sky Lagoon** | |  | **Total** | |
| **Balance at December 31, 2021** | $ | 15,315 |  | $ | 58,601 |  | $ | 11,640 |  | $ | 85,556 |  |
| Net income attributable to non-redeemable noncontrolling interest |  | 2,092 |  |  | 2,329 |  |  | 555 |  |  | 4,976 |  |
| Distributions to non-controlling interests |  | — | |  | (570 ) | |  | — | |  | (570 ) | |
| Foreign currency translation adjustments |  | (27 ) | |  | (5,128 ) | |  | (1,178 ) | |  | (6,333 ) | |
| **Balance at September 30, 2022** | $ | 17,380 |  | $ | 55,232 |  | $ | 11,017 |  | $ | 83,629 |  |
| Equity ownership interest that we do not own |  | 20 % | |  | 40 % | |  | 49 % | |  |  |  |



1. Includes Mountain Park Lodges and the Golden Skybridge at Brewster, part of the Banff Jasper Collection. 28



**Note 23. Segment Information**

An operating segment is defined as a component of an enterprise that engages in business activities for which discrete financial information is available and regularly reviewed by the CODM in deciding how to allocate resources and assess performance. Our CODM is our Chief Executive Officer.

During the first quarter of 2022, we changed our segment reporting as a result of operational changes and how our CODM reviews the financial performance of GES and makes decisions regarding the allocation of resources. Accordingly, GES’ new reportable segments are Spiro and GES Exhibitions. We made no changes to the Pursuit reportable segment.

We measure the profit and performance of our operations on the basis of segment operating income (loss) which excludes restructuring charges, impairment charges, and certain other corporate expenses (including multi-employer pension plan withdrawals) that are not allocated to the reportable segments. Intersegment sales are eliminated in consolidation and intersegment transfers are not significant. Corporate activities include expenses not allocated to operations.

Our reportable segments, with reconciliations to consolidated totals, are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | | |  | **Nine Months Ended** | | | | |
|  |  | **September 30,** | | |  |  |  | **September 30,** | | |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| **Revenue:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Pursuit | $ | 163,796 |  | $ | 117,555 |  | $ | 265,179 |  | $ | 163,658 |  |
| GES: |  |  |  |  |  |  |  |  |  |  |  |  |
| Spiro |  | 73,277 |  |  | 37,866 |  |  | 205,518 |  |  | 61,869 |  |
| GES Exhibitions |  | 147,872 |  |  | 81,138 |  |  | 414,303 |  |  | 101,347 |  |
| GES intersegment eliminations |  | (2,224 ) | |  | (2,960 ) | |  | (5,716 ) | |  | (3,107 ) | |
| Total GES |  | 218,925 |  |  | 116,044 |  |  | 614,105 |  |  | 160,109 |  |
| **Total revenue** | $ | 382,721 |  | $ | 233,599 |  | $ | 879,284 |  | $ | 323,767 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Segment operating income (loss):** |  |  |  |  |  |  |  |  |  |  |  |  |
| Pursuit | $ | 64,710 |  | $ | 49,601 |  | $ | 49,083 |  | $ | 23,183 |  |
| GES: |  |  |  |  |  |  |  |  |  |  |  |  |
| Spiro |  | 3,720 |  |  | (399 ) | |  | 18,328 |  |  | (14,779 ) | |
| GES Exhibitions |  | 2,870 |  |  | (9,100 ) | |  | 17,788 |  |  | (41,521 ) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total GES |  | 6,590 |  |  | (9,499 ) | |  | 36,116 |  |  | (56,300 ) | |
| **Segment operating income (loss)** |  | 71,300 |  |  | 40,102 |  |  | 85,199 |  |  | (33,117 | ) |
| Corporate eliminations (1) |  | 17 |  |  | 17 |  |  | 51 |  |  | 52 |  |
| Corporate activities |  | (3,768 ) | |  | (3,093 ) | |  | (9,881 ) | |  | (8,104 ) | |
| Interest expense, net |  | (10,252 ) | |  | (9,518 ) | |  | (23,890 ) | |  | (20,168 ) | |
| Other expense, net |  | (280 ) | |  | (466 ) | |  | (1,530 ) | |  | (1,563 ) | |
| **Restructuring charges:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Pursuit |  | — | |  | (32 ) | |  | — | |  | (55 ) | |
| Spiro |  | (71 ) | |  | (422 ) | |  | (1,297 ) | |  | (598 ) | |
| GES Exhibitions |  | (1,316 ) | |  | (1,707 ) | |  | (2,140 ) | |  | (5,101 ) | |
| Corporate |  | — | |  | (25 ) | |  | (30 ) | |  | (45 ) | |
| **Impairment charges:** |  |  |  |  |  |  |  |  |  |  |  |  |
| GES Exhibitions |  | — | |  | — | |  | (583 ) | |  | — | |
| **Income (loss) from continuing operations before income taxes** | $ | 55,630 |  | $ | 24,856 |  | $ | 45,899 |  | $ | (68,699 | ) |



1. Corporate eliminations represent the elimination of depreciation expense recorded by Pursuit associated with previously eliminated intercompany profit realized by GES for renovations to Pursuit’s Banff Gondola.

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Additional information of our reportable segments is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | |  |  | **Nine Months Ended September 30,** | | | |  |
|  |  | **September 30,** | | |  |  |  | **September 30,** | | |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| Depreciation: |  |  |  |  |  |  |  |  |  |  |  |  |
| Pursuit | $ | 7,501 | $ | | 6,734 | $ | | 23,149 | $ | | 19,737 |  |
| Spiro |  | 912 |  |  | 1,158 |  |  | 2,693 |  |  | 3,687 |  |
| GES Exhibitions |  | 2,058 |  |  | 2,866 |  |  | 6,419 |  |  | 8,886 |  |
| Corporate |  | 9 |  |  | 6 |  |  | 27 |  |  | 30 |  |
|  | $ | 10,480 | $ | | 10,764 | $ | | 32,288 | $ | | 32,340 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amortization: |  |  |  |  |  |  |  |  |  |  |  |  |
| Pursuit | $ | 1,351 | $ | | 1,462 | $ | | 3,846 | $ | | 3,931 |  |
| Spiro |  | 57 |  |  | 131 |  |  | 160 |  |  | 383 |  |
| GES Exhibitions |  | 1,068 |  |  | 1,119 |  |  | 3,148 |  |  | 3,332 |  |
|  | $ | 2,476 |  | $ | 2,712 |  | $ | 7,154 |  | $ | 7,646 |  |
| Capital expenditures: |  |  |  |  |  |  |  |  |  |  |  |  |
| Pursuit | $ | 20,178 | $ | | 19,121 | $ | | 48,888 | $ | | 42,740 |  |
| Spiro |  | 1,042 |  |  | 107 |  |  | 1,628 |  |  | 401 |  |
| GES Exhibitions |  | 1,898 |  |  | 1,059 |  |  | 4,146 |  |  | 1,761 |  |
| Corporate and other |  | 13 |  |  | 137 |  |  | 108 |  |  | 285 |  |
|  | $ | 23,131 |  | $ | 20,424 |  | $ | 54,770 |  | $ | 45,187 |  |



No asset information has been provided for our reportable segments as our CODM does not review asset information by reportable segment.

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**Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Forward-Looking Statements**

This Quarterly Report on Form 10-Q (this “Form 10-Q”) contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words, and variations of words, such as “aim,” “anticipate,” “believe,” “could,” “deliver,” “estimate,” “expect,” “intend,” “may,” “might,” “outlook,” “plan,” “potential,” “seek,” “target,” “will,” and similar expressions are intended to identify our forward-looking statements. Similarly, statements that describe our business strategy, outlook, objectives, plans, initiatives, intentions, or goals also are forward-looking statements. These forward-looking statements are not historical facts and are subject to a host of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those in the forward-looking statements contained in this Form 10-Q. Such risks, uncertainties and other important factors include, among others: the factors set forth under “*Risk Factors*” (Part I, Item 1A) of this Form 10-Q and “*Management’s Discussion and* *Analysis of Financial Condition and Results of Operations*” (Part II, Item 7) in our 2021 Form 10-K filed with the SEC, as may be updated elsewhere inthis report; and the information set forth in other Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we will file with the SEC. Such risks, uncertainties, and other important factors include, among others: the rising inflation and resulting interest rate increases; the short- and longer-term effects of the COVID-19 pandemic, including the demand for travel, event business and travel experiences, and levels of consumer confidence; actions that governments, businesses, and individuals take in response to the COVID-19 pandemic or any future resurgence, including limiting or banning travel; the impact of the COVID-19 pandemic, or any future resurgence, on global and regional economies, travel, and economic activity, including the duration and magnitude of its impact on unemployment rates and consumer discretionary spending; and the pace of recovery following the COVID-19 pandemic or any future resurgence. We disclaim and do not undertake any obligation to update or revise any forward-looking statement except as required by applicable law or regulation.

The following Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with our 2021 Form 10-K and the condensed consolidated financial statements and related notes included in this Form 10-Q. The MD&A is intended to assist in understanding our financial condition and results of operations.

**Overview**

We are a leading global provider of extraordinary experiences, including hospitality and leisure activities, experiential marketing, and live events. During the first quarter of 2022, we rebranded GES’ brand experiences business and introduced Spiro to the market to accelerate our growth by servicing the changing needs of today’s brand marketers across a broader spectrum of their experiential marketing needs.

We operate through three reportable segments: Pursuit, Spiro, and GES Exhibitions. The Spiro and GES Exhibitions reportable segments are both live event businesses, and are collectively referred to as “GES.”

**COVID-19 Pandemic and Macroeconomic Factors**

The COVID-19 pandemic continues to impact the economies of countries in which we operate, including supply chain and labor challenges, and the ability of guests to travel from certain countries. However, during 2022 international tourism and live event activity have continued to improve and demand for our products and services remained strong. It is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, therefore no assurance can be given that an extended period of global economic disruption would not have a material adverse impact on our business, financial condition and results of operations in future periods. For a discussion of COVID-19 related risks and uncertainties that may affect our business, refer to *“Risk Factors”* (Part I, Item 1A of this Form 10-Q).

During 2022, changes in macroeconomic facts and circumstances, particularly high inflation and the resulting rise in interest rates has increased our interest expense. The additional impacts of these macroeconomic developments on our operations cannot be predicted with certainty, but could have adverse effects on our business, financial condition, and results of operations in future periods.

**Seasonality**

Pursuit’s peak activity occurs during the summer months. During 2021, 82% of Pursuit’s revenue was earned in the second and third quarters.

GES’ live event activity can vary significantly from quarter to quarter and year to year depending on the frequency and timing of shows. Some shows are not held annually and some shift between quarters. Show rotation refers to shows that occur less frequently than annually, as well as annual shows that shift quarters from one year to the next. During 2022, we are seeing an acceleration in the recovery of in-person trade shows as event organizers began to hold larger-scale face-to-face live events amid the COVID-19 pandemic.

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**Results of Operations**

**Financial Highlights**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | |  |  |  |  | **Nine Months Ended** | | | | |  |
|  |  | **September 30,** | | | |  |  |  |  | **September 30,** | | | | |  |
|  |  |  |  |  |  | **%** | |  |  |  |  |  |  |  | **%** |
| ***(in thousands, except per share data)*** |  | **2022** |  |  | **2021** |  | **Change** | |  | **2022** |  |  | **2021** |  | **Change** |
| Total revenue | $ | 382,721 |  | $ | 233,599 |  | 63.8% |  | $ | 879,284 |  | $ | 323,767 |  | \*\* |
| Net income (loss) attributable to Viad | $ | 40,145 | $ | | 15,067 | \*\* | |  | $ | 30,983 | $ | | (70,111 ) | | \*\* |
| Segment operating income (loss)(1) | $ | 71,300 | $ | | 40,102 | 77.8% | |  | $ | 85,199 | $ | | (33,117 ) | | \*\* |
| Diluted income (loss) per common share from continuing |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| operations attributable to Viad common stockholders | $ | 1.38 | $ | | 0.45 | \*\* | |  | $ | 0.88 | $ | | (3.80 ) | | \*\* |

\*\* Change is greater than +/- 100%

1. Refer to Note 23 ***–*** *Segment Information* of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for a reconciliation of the non-GAAP financial measure, segment operating income (loss), to the most directly comparable GAAP measure.

***Three months ended September 30, 2022 compared with the three months ended September 30, 2021***

* **Total revenue** increased $149.1 million during the three months ended September 30, 2022 due to continued growth at GES and Pursuit. Liveevent activity at GES improved with the resumption of in-person and large-scale events that began in the third quarter of 2021. Pursuit experienced stronger leisure travel demand as international tourism continued to recover.
* **Net income attributable to Viad** increased $25.1 million during the three months ended September 30, 2022, primarily reflecting higherrevenue during the 2022 period.
* **Total segment operating income** increased $31.2 million during the three months ended September 30, 2022, primarily due to higher revenue atGES and Pursuit.

***Nine months ended September 30, 2022 compared with the nine months ended September 30, 2021***

* **Total revenue** increased $555.5 million during the nine months ended September 30, 2022 as in-person event activity at GES continued toimprove and as certain previously cancelled shows in 2021 took place during 2022, although at reduced capacities from pre-COVID-19 levels. Pursuit experienced increased visitation at our Canadian attractions during the nine months ended September 30, 2022, which were adversely impacted in 2021 by border restrictions.
* **Net income attributable to Viad** improved $101.1 million during the nine months ended September 30, 2022 from a net loss in the prior yearperiod, primarily reflecting higher revenue during the 2022 period.
* **Total segment operating income** improved $118.3 million during the nine months ended September 30, 2022 from a operating loss in the prioryear period, primarily due to higher revenue at GES and Pursuit, offset in part by a $9.1 million gain on sale of a GES warehouse in Orlando in the 2021 period.

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**Analysis of Revenue and Operating Results by Reportable Segment**

**Pursuit**

The following table presents a comparison of Pursuit’s reported revenue and segment operating income (loss) for the three and nine months ended

September 30, 2022 and 2021:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | | |  |  |  |  | **Nine Months Ended** | | | | |  |  |  |  |  |
|  |  | **September 30,** | | | |  |  |  |  |  | **September 30,** | | | | |  |  |  |  |  |
|  |  |  |  |  |  |  | **%** | |  |  |  |  |  |  |  | **%** | |  |  |  |
| *(in thousands)* |  | **2022** |  |  |  | **2021** |  | **Change** | | | **2022** |  |  |  | **2021** |  | **Change** | | |  |
| **Revenue(1):** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pursuit: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Attractions | $ | 81,330 | $ | | | 49,614 | 63.9 % $ | | | | 132,927 | $ | | | 64,799 | \*\* | |  |  |  |
| Hospitality |  | 75,327 |  |  |  | 63,151 | 19.3 % | | |  | 118,843 |  |  |  | 91,971 | 29.2 % | | | |  |
| Transportation |  | 6,173 |  |  |  | 3,468 | 78.0 % | | |  | 11,298 |  |  |  | 4,975 | \*\* | |  |  |  |
| Other |  | 966 |  |  |  | 1,322 |  | (26.9 )% | | | 2,111 |  |  |  | 1,913 | 10.4 % | | | |  |
| Total Pursuit |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 163,796 |  | | $ | 117,555 |  | 39.3 % $ | | | 265,179 | $ | | | 163,658 | 62.0 % | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Segment operating income (loss)(2):** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Pursuit | $ | 64,710 |  | | $ | 49,601 |  | 30.5 % $ | | | 49,083 | $ | | | 23,183 | \*\* | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



\*\* Change is greater than +/- 100%

1. Revenue by line of business does not agree to Note 2 – *Revenue and Related Contract Costs and Contract Liabilities* of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) as the amounts in the above table include product revenue from food and beverage and retail operations within each line of business.
2. Refer to Note 23 ***–*** *Segment Information* of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for a reconciliation of the non-GAAP financial measure, segment operating income (loss), to the most directly comparable GAAP measure.

***Three months ended September 30, 2022 compared with the three months ended September 30, 2021***

**Pursuit revenue** increased $46.2 million from the prior year period primarily due to favorable visitation at our Canadian attractions. Pursuit’s newexperiences that were opened or acquired after January 1, 2021, including the Sky Lagoon, the Glacier Raft Company, the Golden Skybridge, FlyOver Las Vegas, and the Forest Park Hotel, contributed revenue of $18.7 million during the three months ended September 30, 2022 as compared to $7.4 million during the three months ended September 30, 2021.

**Pursuit segment operating income** increased $15.1 million from the prior year period primarily due to the increase in revenue, offset in part by increasedoperating costs as all of Pursuit’s properties were operating but at less than full capacity during the third quarter of 2022 and due to a $4.3 million prior year benefit from the Canadian government’s emergency wage subsidy program that did not exist in 2022.

***Nine months ended September 30, 2022 compared with the nine months ended September 30, 2021***

**Pursuit revenue** increased $101.5 million from the prior year period, which reflects the continued strengthening of leisure travel demand as internationalvisitation volume continued to recover. The growth in revenue was largely the result of stronger visitation at our Canadian attractions, which were impacted in 2021 by border restrictions, and temporary government mandated closures at FlyOver Canada and FlyOver Iceland. Pursuit’s new experiences that were opened or acquired after January 1, 2021, including the Sky Lagoon, the Glacier Raft Company, FlyOver Las Vegas, the Golden Skybridge, and the Forest Park Hotel, contributed revenue of $33.2 million during the nine months ended September 30, 2022 as compared to $10.5 million during the nine months ended September 30, 2021.

**Pursuit segment operating income** increased $25.9 million from the prior year period primarily due to the increase in revenue offset in part by theincrease in operating costs as all of Pursuit’s year-round and seasonal properties were operating but at less than full capacity during the nine months ended September 30, 2022 and due to a $10.8 million prior year benefit from the Canadian government’s emergency wage subsidy program that did not exist in 2022.

**Performance Measures**

We use the following key business metrics to evaluate the performance of Pursuit’s attractions business:

* **Number of visitors**. The number of visitors allows us to assess the volume of tickets sold at each attraction during the period.33



* **Revenue per attraction visitor**. Revenue per attraction visitor is calculated as total attractions revenue divided by the total number of visitors atall Pursuit attractions during the period. Total attractions revenue includes ticket sales and ancillary revenue generated by attractions, such as food and beverage and retail revenue. Total revenue per attraction visitor measures the total spend per visitor that attraction properties are able to capture, which is important to the profitability of the attractions business.
* **Effective ticket price**. Effective ticket price is calculated as revenue from the sale of attraction tickets divided by the total number of visitors atall comparable Pursuit attractions during the period.

We use the following key business metrics, common in the hospitality industry, to evaluate Pursuit’s hospitality business:

* **Revenue per Available Room.** RevPAR is calculated as total rooms revenue divided by the total number of room nights available for allcomparable Pursuit hospitality properties during the period. Total rooms revenue does not include non-rooms revenue, which consists of ancillary revenue generated by hospitality properties, such as food and beverage and retail revenue. RevPAR measures the period-over-period change in rooms revenue per available room for comparable hospitality properties. RevPAR is affected by average daily rate and occupancy, which have different implications on profitability.
* **Average Daily Rate.** ADR is calculated as total rooms revenue divided by the total number of room nights sold for all comparable Pursuithospitality properties during the period. ADR is used to assess the pricing levels that the hospitality properties are able to realize. Increases in ADR lead to increases in rooms revenue with no substantial effect on variable costs, therefore having a greater impact on margins than increases in occupancy.
* **Occupancy.** Occupancy is calculated as the total number of room nights sold divided by the total number of room nights available for allcomparable Pursuit hospitality properties during the period. Occupancy measures the utilization of the available capacity at the hospitality properties. Increases in occupancy result in increases in rooms revenue and additional variable operating costs (including housekeeping services, utilities, and room amenity costs), as well as increases in ancillary non-rooms revenue (including food and beverage and retail revenue).

The following table provides Pursuit’s key performance indicators.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Three Months Ended** | | | | | | |  |  |  |  |  |  |  |  |  |  | **Three Months Ended** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **September 30, 2022** | | | | | |  |  |  |  |  |  |  |  |  |  | **September 30, 2021** | | | | | | | |  |  |  |  |  | **% Change** | | |  | |  |
|  |  |  | **As** | | |  |  |  | **New** | | |  |  |  |  |  |  |  | **As** | |  | **New** | | |  |  | **FX** | | |  |  | **Same-** | | | **As** | |  |  |  |  |
|  |  |  |  |  |  |  | **Same-Store(2)** | | | | |  | **Experience** | | | |  |  |  |  | **Same-Store(2)** | | |  |
|  |  |  | **Reported** | | |  |  | **Experiences(1)** | | | |  |  | **Reported** | |  | **s(1)** | | |  | **Impact(3)** | | | |  |  | **Store(2)** | | | **Reported** | |  |
| **Attractions Key Performance Indicators:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Number of visitors |  |  | 1,450,559 | |  |  |  |  | 295,632 | |  |  |  | 1,154,927 | |  |  |  | 935,616 |  |  | 163,097 |  |  |  |  | — | | |  |  | 772,519 |  |  | 55.0 % | | 49.5 % | |  |  |
| Ticket revenue *(in thousands)* | $ | | 60,825 | |  | $ | | | 12,868 | |  | $ | | 47,957 | |  |  | $ | 39,480 |  | $ | 5,897 |  |  | $ | | 838 |  |  | $ | | 32,745 |  |  | 54.1 % | | 46.5 % | |  |  |
| Effective ticket price | $ | | 41.93 | |  | $ | | | 43.53 | |  | $ | | 41.53 | |  |  | $ | 42.20 |  | $ | 36.16 |  |  | $ | | — | | | $ | | 42.39 |  |  | (0.6 )% | | (2.0 )% | | |  |
| Attractions revenue *(in thousands)* | $ | | 81,330 | |  | $ | | | 17,275 | |  | $ | | 64,055 | |  |  | $ | 49,614 |  | $ | 7,377 |  |  | $ | | 1,145 |  |  | $ | | 41,092 |  |  | 63.9 % | | 55.9 % | |  |  |
| Revenue per attraction visitor | $ | | 56.07 | |  | $ | | | 58.43 | |  | $ | | 55.46 | |  |  | $ | 53.03 |  | $ | 45.23 |  |  | $ | | — | | | $ | | 53.19 |  |  | 5.7 % | | 4.3 % | |  |  |
| **Hospitality Key Performance Indicators:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Room nights available |  |  | 197,065 | |  |  |  |  | 7,484 | |  |  |  | 189,581 | |  |  |  | 195,903 |  |  | — | | |  |  | — | | |  |  | 195,903 |  |  | 0.6 % | | (3.2 )% | | |  |
| Rooms revenue *(in thousands)* | $ | | 42,453 | |  | $ | | | 1,152 | |  | $ | | 41,301 | |  |  | $ | 35,413 |  | $ | — | | | $ | | 553 |  |  | $ | | 34,860 |  |  | 19.9 % | | 18.5 % | |  |  |
| RevPAR | $ | | 215.43 | |  | $ | | | 153.93 | |  | $ | | 217.86 | |  |  | $ | 180.77 |  | $ | — | | | $ | | — | | | $ | | 177.95 |  |  | 19.2 % | | 22.4 % | |  |  |
| Occupancy |  |  | 85.3 % | | |  |  |  | 39.5 % | | |  |  | 87.1 % | | |  |  | 74.9 % | |  | — | | |  |  | — | | |  |  | 74.9 % | | | 13.9 % | | 16.3 % | |  |  |
| ADR | $ | | 252.62 | |  | $ | | | 389.38 | |  | $ | | 250.21 | |  |  | $ | 241.27 |  | $ | — | | | $ | | — | | | $ | | 237.50 |  |  | 4.7 % | | 5.4 % | |  |  |
| Hospitality revenue *(in thousands)* | $ | | 75,327 | |  | $ | | | 1,456 | |  | $ | | 73,871 | |  |  | $ | 63,151 |  | $ | — | | | $ | | 683 |  |  | $ | | 62,468 |  |  | 19.3 % | | 18.3 % | |  |  |
|  |  |  |  |  | **Nine Months Ended** | | | | | | |  |  |  |  |  |  |  |  |  |  | **Nine Months Ended** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **September 30, 2022** | | | | | | |  |  |  |  |  |  |  |  |  |  | **September 30, 2021** | | | | | | | |  |  |  |  |  | **% Change** | | |  | |  |
|  |  |  | **As** | | |  |  |  | **New** | | |  |  |  |  |  |  |  | **As** | |  | **New** | | |  |  | **FX** | | |  |  | **Same-** | | | **As** | |  |  |  |  |
|  |  |  |  |  |  |  | **Same-Store(2)** | | | | |  | **Experience** | | | |  |  |  |  | **Same-Store(2)** | | |  |
|  |  | **Reported** | | | |  | **Experiences(1)** | | | | |  |  | **Reported** | |  | **s(1)** | | |  | **Impact(3)** | | | |  |  | **Store(2)** | | | **Reported** | |  |
| **Attractions Key Performance Indicators:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Number of visitors |  |  | 2,485,057 |  |  |  |  |  | 571,171 |  |  |  |  | 1,913,886 |  |  |  |  | 1,197,388 |  |  | 212,175 | |  |  |  | — | | |  |  | 985,213 |  |  | \*\* |  | 94.3 % | |  |  |
| Ticket revenue *(in thousands)* | $ | | 99,364 |  |  | $ | | | 24,112 |  |  | $ | | 75,252 |  |  |  | $ | 51,069 |  | $ | 8,302 | |  | $ | | 984 | |  | $ | | 41,783 | |  | 94.6 % | | 80.1 % | |  |  |
| Effective ticket price | $ | | 39.98 |  |  | $ | | | 42.22 |  |  | $ | | 39.32 |  |  |  | $ | 42.65 |  | $ | 39.13 | |  | $ | | — | | | $ | | 42.41 |  |  | (6.3 )% | | (7.3 )% | | |  |
| Attractions revenue *(in thousands)* | $ | | 132,927 |  |  | $ | | | 31,334 |  |  | $ | | 101,593 |  |  |  | $ | 64,799 |  | $ | 10,504 | |  | $ | | 1,369 | |  | $ | | 52,926 | |  | \*\* |  | 92.0 % | |  |  |
| Revenue per attraction visitor | $ | | 53.49 |  |  | $ | | | 54.86 |  |  | $ | | 53.08 |  |  |  | $ | 54.12 |  | $ | 49.51 | |  | $ | | — | | | $ | | 53.72 |  |  | (1.2 )% | | (1.2 )% | | |  |
| **Hospitality Key Performance Indicators:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Room nights available |  |  | 465,307 |  |  |  |  |  | 8,887 |  |  |  |  | 456,420 |  |  |  |  | 456,971 |  |  | — | | |  |  | — | | |  |  | 456,971 |  |  | 1.8 % | | (0.1 )% | | |  |
| Rooms revenue *(in thousands)* | $ | | 69,915 |  |  | $ | | | 1,469 |  |  | $ | | 68,446 |  |  |  | $ | 51,552 |  | $ | — | | | $ | | 736 | |  | $ | | 50,816 | |  | 35.6 % | | 34.7 % | |  |  |
| RevPAR | $ | | 150.25 |  |  | $ | | | 165.30 |  |  | $ | | 149.96 |  |  |  | $ | 112.81 |  | $ | — | | | $ | | — | | | $ | | 111.20 | |  | 33.2 % | | 34.9 % | |  |  |
| Occupancy |  |  | 71.8 % | | |  |  |  | 43.0 % | | |  |  | 72.4 % | | |  |  | 55.8 % | |  | — | | |  |  | — | | |  |  | 55.8 % | | | 28.7 % | | 29.7 % | |  |  |
| ADR | $ | | 209.20 |  |  | $ | | | 384.30 |  |  | $ | | 207.17 |  |  |  | $ | 202.03 |  | $ | — | | | $ | | — | | | $ | | 199.14 | |  | 3.5 % | | 4.0 % | |  |  |
| Hospitality revenue *(in thousands)* | $ | | 118,843 |  |  | $ | | | 1,885 |  |  | $ | | 116,958 |  |  |  | $ | 91,971 |  | $ | — | | | $ | | 920 | |  | $ | | 91,051 | |  | 29.2 % | | 28.5 % | |  |  |

\*\* Change is greater than +/- 100%

1. New experiences comprises the following attractions that were opened or acquired after January 1, 2021: Sky Lagoon (opened May 2021), the Golden Skybridge (acquired March 2021 and opened June 2021), FlyOver Las Vegas (opened September 2021), the Glacier Raft Company (acquired April 2022), and Forest Park Hotel (opened August 2022).

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1. Same-Store metrics include only attractions and lodging properties that Pursuit operated at full capacity, considering seasonal closures, for the entirety of both periods presented. For experiences located outside the United States, financial metric comparisons to the prior year are expressed on a constant U.S. dollar basis.
2. Foreign exchange rate variance effects (or “FX Impact”) represents the adjustments necessary to express prior financial metrics on a constant U.S. dollar basis, using the current year quarterly average exchange rates for previous periods to eliminate the impact of changes in exchange rates for same-store Pursuit experiences located outside of the United States.

**Attractions**. The increase in same-store visitors during 2022 was driven by higher visitation during 2022, as visitation was impacted in 2021 by borderclosures and travel restrictions as a result of the COVID-19 pandemic in addition to the temporary government mandated closures at FlyOver Canada and FlyOver Iceland. The increase in same-store revenue per attraction visitor during the three months ended September 2022 was due to increased visitation to attractions with higher effective ticket prices. The decrease in same-store revenue per attraction visitor during the nine months ended September 30, 2022 was due to increased visitation to attractions with lower ticket prices, which caused our weighted-average effective ticket price to go down.

**Hospitality**. Room nights available increased primarily as a result of the addition of the Forest Park Hotel and Glacier Raft Company during 2022. Theincrease in RevPAR was primarily driven by higher occupancy and to a lesser extent by higher ADR driven by revenue management efforts.

**GES**

During the first quarter of 2022, we changed our segment reporting as a result of operational changes and how our CODM reviews the financial performance of GES and makes decisions regarding the allocation of resources. Accordingly, GES’ new reportable segments are Spiro and GES Exhibitions. We reclassified prior periods to conform to the current-period presentation.

The following table presents a comparison of GES’ reported revenue and segment operating income (loss) for the three and nine months ended September 30, 2022 and 2021:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | | |  |  |  |  | **Nine Months Ended** | | | | |  |  |  |  |
|  |  | **September 30,** | | |  |  |  |  |  |  | **September 30,** | | |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **%** |  |  |  |  |  |  |  |  | **%** |  |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  | **Change** |  |  |  | **2022** |  |  | **2021** |  | **Change** | | |  |
| **Revenue:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| GES: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Spiro | $ | 73,277 |  | $ | 37,866 |  |  | 93.5 % $ | | | 205,518 |  | $ | 61,869 |  | \*\* |  |  |  |
| GES Exhibitions |  | 147,872 |  |  | 81,138 |  |  | 82.2 % | |  | 414,303 |  |  | 101,347 |  | \*\* |  |  |  |
| Intersegment eliminations |  | (2,224 ) | |  | (2,960 ) | |  | 24.9 % | |  | (5,716 ) | |  | (3,107 ) | | (84.0 )% | | |  |
| Total GES |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 218,925 |  | $ | 116,044 |  |  | 88.7 % $ | | | 614,105 |  | $ | 160,109 |  | \*\* |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Segment operating income (loss)(1):** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| GES: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Spiro | $ | 3,720 |  | $ | (399 ) | |  | \*\* |  | $ | 18,328 |  | $ | (14,779 ) | | \*\* |  |  |  |
| GES Exhibitions |  | 2,870 |  |  | (9,100 ) | |  | \*\* |  |  | 17,788 |  |  | (41,521 ) | | \*\* |  |  |  |
| Total GES | $ | 6,590 |  | $ | (9,499 | ) |  | \*\* |  | $ | 36,116 |  | $ | (56,300 | ) | \*\* |  |  |  |



\*\* Change is greater than +/- 100%

1. Refer to Note 23 ***–*** *Segment Information* of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for a reconciliation of the non-GAAP financial measure, segment operating income (loss), to the most directly comparable GAAP measure.

***Three months ended September 30, 2022 compared with the three months ended September 30, 2021***

**Spiro and GES Exhibitions revenue** increased $35.4 million and $66.7 million, respectively, as in-person event activity continued to improve due to theresumption of live event activity and the return of large-scale events. Spiro continued to win new clients and benefit from increased client spend, and GES Exhibitions’ same-show revenue continued to improve.

**Spiro and GES Exhibitions segment operating income** improved $4.1 million and $12.0 million, respectively, from operating losses in the prior yearperiod primarily due to higher revenue and the continued focus on managing discretionary costs.

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***Nine months ended September 30, 2022 compared with the nine months ended September 30, 2021***

**Spiro and GES Exhibitions revenue** increased $143.6 million and $313.0 million, respectively, as in-person event activity continued to improve due to theresumption of live event activity and the return of large-scale events that were canceled or postponed into the first half of 2021.

**Spiro and GES Exhibitions segment operating income** improved $33.1 million and $59.3 million, respectively, from operating losses in the prior yearperiod primarily due to higher revenue and the continued focus on managing discretionary costs. GES Exhibitions segment operating loss during the nine months ended September 30, 2021 included a $9.1 million gain on sale of a GES warehouse in Orlando.

**Other Expenses**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended** | | | |  |  |  |  | **Nine Months Ended** | | | |  |  |  |  |
|  |  | **September 30,** | | |  |  |  |  |  | **September 30,** | | |  |  |  |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  | **% Change** | |  | **2022** |  |  | **2021** |  | **% Change** | | |
| Corporate activities | $ | 3,768 |  | $ | 3,093 |  | 21.8 | % | $ | 9,881 |  | $ | 8,104 |  | 21.9 | % | |
| Interest expense, net | $ | 10,252 |  | $ | 9,518 | 7.7 % | | | $ | 23,890 | $ | | 20,168 | 18.5 % | | | |
| Other expense, net | $ | 280 |  | $ | 466 | (39.9 )% $ | | | | 1,530 | $ | | 1,563 | (2.1 )% | | | |
| Restructuring charges | $ | 1,387 |  | $ | 2,186 | (36.6 )% $ | | | | 3,467 | $ | | 5,799 | (40.2 )% | | | |
| Impairment charges | $ | — | | $ | — | \*\* | |  | $ | 583 | $ | | — | \*\* | |  |  |
| Income tax expense | $ | 9,802 |  | $ | 5,329 | 83.9 % | | | $ | 10,579 | $ | | 118 | \*\* | |  |  |
| Income (loss) from discontinued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| operations | $ | (42 ) | | $ | 248 | \*\* | |  | $ | 285 | $ | | 534 | (46.6 )% | | | |



\*\* Change is greater than +/- 100%

**Corporate Activities –** The increase in corporate activities expense during the three and nine months ended September 30, 2022 was primarily due tohigher performance-based compensation expense.

**Interest Expense, net –** The increase in interest expense during the three and nine months ended September 30, 2022 was primarily due to higher interestrates and higher debt balances in 2022, offset in part by $0.1 million in capitalized interest recorded during the three months ended September 30, 2022 and $2.7 million during the nine months ended September 30, 2022.

**Restructuring Charges –** Restructuring charges during the three and nine months ended September 30, 2022 and 2021 were primarily related to facilityclosures and severance at GES. In response to the COVID-19 pandemic, we accelerated our transformation and streamlining efforts at GES to significantly reduce costs and create a lower and more flexible cost structure focused on servicing our more profitable market segments.

**Income Tax Expense –** The effective tax rate was 17.6% for the three months ended September 30, 2022 and 21.4% for the three months ended September30, 2021. The effective tax rate was 23.0% for the nine months ended September 30, 2022 and a negative 0.2% for nine months ended September 30, 2021. The effective tax rates differed from the blended statutory rate primarily as a result of excluding the tax expense or benefit in jurisdictions where we have a valuation allowance. The minimal tax expense recorded for the nine months ended September 30, 2021 on a pre-tax loss was due to the minimal pre-tax income earned in jurisdictions with no valuation allowance.

**Liquidity and Capital Resources**

Cash, cash equivalents, and restricted cash were $84.2 million as of September 30, 2022, as compared to $64.3 million as of December 31, 2021. Our total available liquidity was $165.8 million, including the available capacity on our revolving credit facility of $86.6 million ($100.0 million total facility size less $13.4 million in outstanding letters of credit) and unrestricted cash of $79.2 million. During the nine months ended September 30, 2022, net cash provided by operating activities was $105.5 million.

Effective July 30, 2021, we entered into the new $500 million 2021 Credit Facility. The 2021 Credit Facility provides for a $400 million Term Loan B with a maturity date of July 30, 2028 and a $100 million revolving credit facility with a maturity date of July 30, 2026. The $400 million in Term Loan B proceeds were offset in part by $14.8 million in related fees. The proceeds from the Term Loan B were used to repay the $327 million outstanding balance under our then $450 million revolving credit facility. The $100 million revolving credit facility and the remaining proceeds from the Term Loan B have been and will be used to provide for financial flexibility to fund future acquisitions and growth initiatives and for general corporate purposes. On March 23, 2022, we entered into an amendment to the 2021 Credit Facility, which modified the revolving credit facility’s financial covenants. The amended 2021 Credit Facility requires us to maintain liquidity of $75 million under the revolving credit facility until financials and a compliance certificate for the quarter

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ended September 30, 2022 are provided to the banks, with liquidity defined as unrestricted cash and available capacity on our revolving credit facility. We were in compliance with all covenants under the revolving credit facility as of September 30, 2022. Refer to Note 12 – *Debt and Finance Obligations* of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for additional information.

As of September 30, 2022, we held approximately $52.6 million of our cash and cash equivalents outside of the United States, consisting of $27.2 million in Canada, $8.7 million in Iceland, $6.4 million in the Netherlands, $5.2 million in the United Kingdom, $3.0 million in Germany, and $2.1 million in certain other countries.

We believe that our existing sources of liquidity will be sufficient to fund operations and projected capital outlays, including approximately $100 million in capital expenditures for at least the next 12 months.

**Cash Flows**

***Operating Activities***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Nine Months Ended** | | |  |  |
|  |  | **September 30,** | | |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |
| Net income (loss) | $ | 35,605 |  | $ | (68,283 | ) |
| Depreciation and amortization |  | 39,442 |  |  | 39,986 |  |
| Deferred income taxes |  | 346 |  |  | (131 ) | |
| Income from discontinued operations |  | (285 ) | |  | (534 ) | |
| Restructuring charges |  | 3,467 |  |  | 5,799 |  |
| Impairment charges |  | 583 |  |  | — | |
| Gains on dispositions of property and other assets |  | (209 ) | |  | (9,345 ) | |
| Share-based compensation expense |  | 7,998 |  |  | 5,960 |  |
| Multi-employer pension plan withdrawal |  | — | |  | 57 |  |
| Other non-cash items, net |  | 6,933 |  |  | 4,642 |  |
| Changes in operating assets and liabilities |  | 11,605 |  |  | 19,136 |  |
| **Net cash provided by (used in) operating activities** | $ | 105,485 |  | $ | (2,713 ) | |
|  |  |  |  |  |  |  |



The change in net cash provided by (used in) operating activities of $108.2 million was primarily due to improved operating results at GES and Pursuit, offset in part by an unfavorable change in working capital.

***Investing Activities***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Nine Months Ended** | | |  |  |
|  |  | **September 30,** | | |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |
| Capital expenditures | $ | (54,770 | ) | $ | (45,187 | ) |
| Cash paid for acquisitions, net |  | (25,494 ) | |  | (7,704 ) | |
| Proceeds from dispositions of property and other assets |  | 237 |  |  | 14,292 |  |
| **Net cash used in investing activities** | $ | (80,027 ) | | $ | (38,599 ) | |
|  |  |  |  |  |  |  |



The increase in net cash used in investing activities of $41.4 million was primarily due to the Glacier Raft Company acquisition and an increase in capital expenditures in the 2022 period, whereas in the 2021 period we received proceeds of $14.3 million from the dispositions of property and other assets, primarily from the sale of a GES warehouse in Orlando, offset in part by cash paid for the acquisition of the Golden Skybridge in 2021.

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***Financing Activities***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Nine Months Ended** | | |  |  |
|  |  | **September 30,** | | |  |  |
| *(in thousands)* |  | **2022** |  |  | **2021** |  |
| Proceeds from borrowings | $ | 94,849 |  | $ | 451,350 |  |
| Payments on debt and finance obligations |  | (86,643 ) | |  | (335,665 ) | |
| Dividends paid on preferred stock |  | (5,850 ) | |  | (1,950 ) | |
| Distributions to noncontrolling interest, net of contributions from noncontrolling interest |  | (570 ) | |  | (798 ) | |
| Payments of debt issuance costs |  | (418 ) | |  | (1,767 ) | |
| Payment of payroll taxes on stock-based compensation through shares withheld or repurchased |  | (940 ) | |  | (1,119 ) | |
| **Net cash provided by financing activities** | $ | 428 |  | $ | 110,051 |  |



The decrease in net cash provided by financing activities of $109.6 million was primarily due to net debt proceeds of $8.2 million during the nine months ended September 30, 2022 compared to $115.7 million during the nine months ended September 30, 2021.

**Debt and Finance Obligations**

Refer to Note 12 – *Debt and Finance Obligations* of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for further discussion, all of which is incorporated by reference herein.

***Share Repurchases***

Our Board of Directors previously authorized us to repurchase shares of our common stock from time to time at prevailing market prices. Effective February 7, 2019, our Board of Directors authorized the repurchase of an additional 500,000 shares. In March 2020, our Board of Directors suspended our share repurchase program for the foreseeable future. As of September 30, 2022, 546,283 shares remained available for repurchase. The Board of Directors’ authorization does not have an expiration date.

During both the 2022 and 2021 periods, we repurchased shares related to tax withholding requirements on vested restricted share-based awards.

**Critical Accounting Policies and Estimates**

Refer to “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” (Part II, Item 7) of our 2021 Form 10-K for a discussion of our critical accounting policies and estimates.

**Impact of Recent Accounting Pronouncements**

Refer to Note 1 – *Overview and Basis of Presentation* of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for further information.

**Non-GAAP Measure**

In addition to disclosing financial results that are determined in accordance with United States generally accepted accounting principles (“GAAP”), we also disclose segment operating income (loss). Our use of segment operating income (loss) is supplemental to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP. As not all companies use identical calculations, segment operating income (loss) may not be comparable to similarly titled measures used by other companies. We believe that our use of segment operating income (loss) provides useful information to investors regarding our results of operations for trending, analyzing, and benchmarking our performance and the value of our business.

**“Segment operating income (loss)”** is net income (loss) attributable to Viad before income (loss) from discontinued operations, corporate activities,interest expense and interest income, income taxes, restructuring charges, impairment charges, and certain other corporate expenses (including multi-employer pension plan withdrawal) that are not allocated to the reportable segments and the reduction for income (loss) attributable to noncontrolling interests. Segment operating income (loss) is used to measure the profit and performance of our operating segments to facilitate period-to-period comparisons. Refer to Note 23 – *Segment Information* of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for a reconciliation of segment operating income (loss) to income (loss) from continuing operations before income taxes.

We believe segment operating income (loss) is a useful operating metric as it eliminates potential variations arising from taxes, debt service costs, impairment charges, restructuring charges, the reduction of income (loss) attributable to non-controlling interests, and the effects of discontinued operations, resulting in an additional measure considered to be indicative of our ongoing operations and segment

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performance. Although we use segment operating income (loss) to assess the performance of our business, the use of this measure is limited because this measure does not consider material costs, expenses, and other items necessary to operate our business. As segment operating income (loss) does not consider these items, net income (loss) attributable to Viad should be considered as an important measure of financial performance because it provides a more complete measure of our performance.

**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our market risk exposure relates to fluctuations in foreign exchange rates and interest rates. Foreign exchange risk is the risk that fluctuating exchange rates will adversely affect our financial condition or results of operations. Interest rate risk is the risk that changing interest rates will adversely affect our financial position or results of operations.

Our foreign operations are primarily in Canada, the United Kingdom, Iceland, the Netherlands, and Germany. The functional currency of our foreign subsidiaries is their local currency. Accordingly, for purposes of consolidation, we translate the assets and liabilities of our foreign subsidiaries into U.S. dollars at the foreign exchange rates in effect at the balance sheet date. The unrealized gains or losses resulting from the translation of these foreign denominated assets and liabilities are included as a component of accumulated other comprehensive income (loss) in the Condensed Consolidated Balance Sheets. As a result, significant fluctuations in foreign exchange rates relative to the U.S. dollar may result in material changes to our net equity position reported in the Condensed Consolidated Balance Sheets. We do not currently hedge our equity risk arising from the translation of foreign denominated assets and liabilities. We recorded cumulative unrealized foreign currency translation losses in stockholders’ equity of $50.7 million as of September 30, 2022 and $16.2 million as of December 31, 2021. We recorded unrealized foreign currency translation losses in other comprehensive income (loss) of $34.6 million during the nine months ended September 30, 2022 and a loss of $1.0 million during the nine months ended September 30, 2021.

For purposes of consolidation, revenue, expenses, gains, and losses related to our foreign operations are translated into U.S. dollars at the average foreign exchange rates for the period. As a result, our consolidated results of operations are exposed to fluctuations in foreign exchange rates as revenue and segment operating income (loss) of our foreign operations, when translated, may vary from period to period, even when the functional currency amounts have not changed. Such fluctuations may adversely impact overall expected profitability and historical period-to-period comparisons. We do not currently hedge our net earnings exposure arising from the translation of our foreign revenue and segment operating income (loss).

We are exposed to foreign exchange transaction risk, as our foreign subsidiaries have certain revenue transactions and loans denominated in currencies other than the functional currency of the respective subsidiary. As of September 30, 2022 and December 31, 2021, we did not have any outstanding foreign currency forward contracts.

We are exposed to short-term and long-term interest rate risk on certain of our debt obligations.

We do not currently use derivative financial instruments to hedge cash flows for such obligations.

**Item 4. CONTROLS AND PROCEDURES**

We have established disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosure. Management, together with our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2022. Based on this evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2022.

There were no changes in our internal control over financial reporting during the three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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**PART II - OTHER INFORMATION**

**Item 1. LEGAL PROCEEDINGS**

Refer to Note 21 – *Litigation, Claims, Contingencies, and Other* of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) for information regarding legal proceedings in which we are involved, which information is incorporated by reference herein.

**Item 1A. RISK FACTORS**

Our operations and financial results are subject to known and unknown risks. As a result, past financial performance and historical trends may not be reliable indicators of our future performance.

**Macroeconomic Risks**

***We are vulnerable to deterioration in general economic conditions.*** Our business is particularly sensitive to fluctuations in general economic conditions inthe United States and other global markets in which we operate. A decline in global or regional economic conditions, or consumers’ fears that economic conditions will decline due to COVID-19, the war in Ukraine, inflation, rising interest rates and other economic uncertainty could cause declining consumer confidence, unemployment, fluctuations in stock markets and interest rates, contraction of credit availability, or other dynamic factors affecting economic conditions generally. For example, in response to rising inflation, the United States Federal Reserve began to raise interest rates in March 2022 and continued to increase interest rates throughout 2022. This has increased our interest expense. The additional impacts of these macroeconomic developments on our operations cannot be predicted with certainty. The success of our GES business largely depends on the number of exhibitions or other live events held, the size of marketing expenditures at those events, and on the strength of particular industries that support those events. The number and size of exhibitions generally decrease when the economy weakens, which our business has experienced due to the economic impact of the COVID-19 pandemic. We also could suffer from reduced spending for our services because many live event marketing budgets are partly discretionary and are frequently among the first expenditures reduced when economic conditions deteriorate. In addition, revenue from our Pursuit operations depends largely on the amount of disposable income that consumers have available for travel and vacations, which decreases during periods of weak general economic conditions. As a result, any deterioration in general economic conditions could further materially and adversely affect our business, financial condition, and results of operations.

***Travel industry disruptions, particularly those affecting the hotel and airline industries, could adversely affect our business.*** Our business depends

largely on the ability and willingness of people, whether exhibitors, event attendees, tourists, or others, to travel. Factors adversely affecting the travel industry, and particularly the airline and hotel industries, generally also adversely affect our business and results of operations. Factors that could adversely affect the travel industry include high or rising fuel prices, increased security and passport requirements, weather conditions, health epidemics, pandemics and endemics, airline accidents, acts of terrorism, and international political instability and hostilities. For example, the COVID-19 pandemic and social distancing orders resulted in severe global travel restrictions, reduction in capacity of event venues, hotels, attractions and other operations, and reluctance of customers to travel. These circumstances had severe effects on our businesses. The occurrence of additional disruptions, continued or new government restrictions on travel, or a spike or resurgence in cases of COVID-19 or other such illnesses, or other unexpected events that affect the availability and pricing of air travel and accommodations, could further materially and adversely affect our business and results of operations.

***The COVID-19 pandemic and related responsive actions have adversely affected our financial condition, liquidity, and cash flow, and may continue to do so in the future.*** The COVID-19 pandemic forced the cancellation of many of our events and the temporary closure of substantially all of our

attractions, hotels, and other operations. The substantial reduction in our operations resulted in significant losses and negative cash flow from operations in 2020 and 2021.

The COVID-19 pandemic has been and continues to be a complex and evolving situation, with governments, public institutions, and other organizations imposing or recommending, and businesses and individuals implementing, at various times and to varying degrees, restrictions on various activities or other actions to combat its spread, such as restrictions and bans on travel or transportation; limitations on the size of in-person gatherings; closures of, or occupancy or other operating limitations on, work facilities, lodging facilities, food and beverage establishments, schools, public buildings, and businesses; cancellation of events, including exhibitions, sporting events, conferences and meetings; and quarantines and lock-downs. COVID-19 and its consequences also dramatically reduced travel and demand for travel related services, which has and may continue to impact our business, operations, and financial results. Although many of these restrictions, bans, limitations, closures and mandates have eased or been lifted, they have been reinstituted from time to time in varying degrees by various jurisdictions as resurgences and variants have emerged and then subsided. The extent to which COVID-19 impacts our business, operations, and financial results will depend on the factors described above and numerous other evolving factors that we may not be able to accurately predict or assess, including the duration and scope of COVID-19; COVID-19’s impact on global and regional economies and economic activity, its short and longer-term impact on the demand for travel, transient and group business,

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and levels of consumer confidence; and how quickly economies, travel activity, and demand for lodging recovers after the pandemic subsides.

Our GES business depends on exhibitions, conferences, and other live events and the size of marketing expenditures relating to those events. Existing or future government orders prohibiting large group gatherings would significantly and adversely affect our revenue and results of operations. Even though exhibitions and live events have increased as compared to 2020, we have experienced and continue to experience reduced spending for our services. Additionally, when exhibitions and live events have occurred, we have experienced reduced attendance as compared to exhibitions and live events that occurred pre-pandemic.

Further, the current circumstances are dynamic and the impacts of COVID-19 on our business operations, including the duration and impact on overall customer demand, are ongoing and uncertain (for example, since travel restrictions have been lifted, some guests have chosen to not travel or visit attractions and hospitality operations within our Pursuit business as a result of health concerns, which adversely affects our profitability and cash flow). Future revenue from our Pursuit operations will depend on any further spread of the virus, or variants of the virus, our ability to keep our operations open, the willingness of people to travel to our locations, and the amount of disposable income that consumers have available for travel and vacations, which decreases during periods of weak general economic conditions. Both our Pursuit and GES businesses have also experienced increased costs as a result of labor shortages and supply chain interruptions, as well as supplying our customers or guests with personal protection equipment, conducting comprehensive cleaning regimens, and in taking other measures that we have determined are in the best interests of our employees, customers, guests, and/or event participants. The potential adverse COVID-19 impacts to our businesses could have a correspondingly negative effect on our overall liquidity. Our senior secured credit facility has financial covenants that began September 30, 2022. If we are unable to maintain compliance with these covenants, our lenders may exercise remedies against us, including the acceleration of any outstanding indebtedness on our revolving credit facility. A resurgence in cases of COVID-19 or another pandemic could further materially and adversely affect our business, financial condition, and results of operations.

***Our businesses will face new challenges presented by the ramifications of the COVID-19 pandemic.*** In addition to the direct economic impacts of theCOVID-19 pandemic, it is clear that as our businesses have begun to recover, they are operating in new environments in light of societal, regulatory, and industry changes that have occurred since March 2020. Our ability to continue to adjust to these changes and deliver expected business results may be hampered by ongoing uncertainty presented by the COVID-19 pandemic in terms of proper safety protocols, social norms, labor shortages, supply chain interruptions, and a potential of uneven demand for our services. In addition, our ability to deliver such services and otherwise execute against our recovery and growth strategies may be impacted by the extreme reduction of our workforce over the past two years and the resulting loss of knowledge of and experience in our businesses. Moreover, our go-forward strategy includes a heightened use of temporary employees in the delivery of our services, and while those employees will likely include those who were previously employed by us on a full-time basis, the level of execution may not be consistent with previous performance. Taken together, our ability to anticipate and adjust to these ongoing changes and new conditions may lead to additional costs, which may materially and adversely impact our business and results of operations.

***Transportation disruptions and increases in transportation costs could adversely affect our business and results of operations.*** GES relies onindependent transportation carriers to send materials and exhibits to and from exhibition, warehouse, and customer facilities. If our customers and suppliers are unable to secure the services of those independent transportation carriers at favorable rates, it could materially and adversely affect our business and results of operations. In addition, disruption of transportation services due to shortage of supply chain labor, including CDL truck drivers; shipping capacity constraints, including shortages of related equipment; weather-related problems; labor strikes; lockouts; or other events could adversely affect our ability to supply services to customers and could cause the cancellation of exhibitions, which could materially and adversely affect our business and results of operations.

***Natural disasters, weather conditions, accidents, and other catastrophic events could negatively affect our business.*** The occurrence of catastrophic

events ranging from natural disasters (such as hurricanes, fires, floods, and earthquakes), acts of war or terrorism, accidents involving our travel offerings or experiences, the effects of climate change, including any impact of global warming, or the prospect of these events could disrupt our business. Changes in climates may increase the frequency and intensity of adverse weather patterns and make certain destinations less desirable.

Such catastrophic events have, and could have, an adverse impact on Pursuit, which is heavily dependent on the ability and willingness of its guests to travel and/or visit our attractions. Pursuit guests tend to delay or postpone vacations if natural conditions differ from those that typically prevail at competing lodges, resorts, and attractions, and catastrophic events and heightened travel security measures instituted in response to such events could impede the guests’ ability to travel, and interrupt our business operations, including damaging our properties. For example, the accident on July 18, 2020, at Pursuit’s Glacier Adventure attraction, which involved one of our off-road Ice Explorers and resulted in three fatalities and other serious injuries, may have a negative impact on our reputation and traveler willingness to visit that attraction in the future.

Such catastrophic events could also have a negative impact on GES, causing a cancellation of exhibitions and other events held in public venues or disrupt the services we provide to our customers at convention centers, exhibition halls, hotels, and other public venues. Such events could also have a negative impact on GES’ production facilities, preventing us from timely completing exhibit fabrication and

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other projects for customers. In addition, unfavorable media attention, or negative publicity, in the wake of any catastrophic event or accident could damage our reputation or reduce the demand for our services. If the conditions arising from such events persist or worsen, they could materially and adversely affect our results of operations and financial condition.

**Strategic, Business, and Operational Risks**

***The seasonality of our business makes us particularly sensitive to adverse events during peak periods.*** The peak activity for our Pursuit business is duringthe summer months, as the vast majority of Pursuit’s revenue is earned in the second and third quarters. Our GES exhibition and event activity varies significantly because it is based on the frequency and timing of shows, many of which are not held each year, and which may shift between quarters. If adverse events or conditions occur during these peak periods, such as the COVID-19 pandemic or natural disasters such as forest fires, our results of operations could be materially and adversely affected.

***New capital projects may not be commercially successful*.**From time to time, we pursue capital projects in order to enhance and expand our business, suchas FlyOver, which includes FlyOver Canada in Vancouver, FlyOver Iceland, FlyOver Las Vegas, and the current development of FlyOver Chicago and FlyOver Canada Toronto, as well as other efforts to upgrade some of our Pursuit offerings. Capital projects are subject to a number of risks, including the failure to achieve established financial and strategic goals. For example, our FlyOver attractions are all considered one reporting unit and goodwill is assigned to, and tested at, the reporting unit level. Significant reductions in FlyOver’s expected future revenue, operating income, or cash flow forecasts and projections, or changes in macroeconomic facts and circumstances, particularly high inflation and the resulting rise in interest rates, may result in impairment charges in the future. Capital projects are also subject to unanticipated delays and cost overruns as well as additional project-specific risks. For example, we had to delay FlyOver Canada Toronto due to poor market conditions as a result of the COVID-19 pandemic and a need to preserve capital. Although FlyOver Canada Toronto’s opening is planned for 2024, this attraction may be further delayed by market conditions as a result of the COVID-19 pandemic or other poor conditions. A prolonged delay in these capital projects, or our failure to accurately predict the revenue or profit that will be generated from these projects, could prevent them from performing in accordance with our commercial expectations and could materially and adversely affect our future success, business, and results of operations.

***We operate in highly competitive and dynamic industries.*** Competition in the live events markets is driven by price and service quality, among otherfactors. To the extent competitors seek to gain or retain market presence through aggressive underpricing strategies, we may be required to lower our prices and rates to avoid the loss of related business. Moreover, customer consolidations and other actions within the industry have caused downward pricing pressure for our products and services and could affect our ability to negotiate favorable terms with our customers. If we are unable to anticipate and respond as effectively as our competitors to changing business conditions, including new technologies and business models, we could lose market share. Our inability to meet the challenges presented by the competitive and dynamic environment of our industry could materially and adversely affect our results of operations.

***We depend on our large exhibition event clients to renew their service contracts and on our exclusive right to provide those services.*** GES has a numberof large exhibition event organizers and large customer accounts. If any of these large clients do not renew their service contracts, our results of operations could be materially and adversely affected.

Moreover, when event organizers hire GES as the official services contractor, they usually also grant GES an exclusive right to perform material handling, electrical, rigging, and other services at the exhibition facility. However, some exhibition facilities have taken certain steps to in-source certain event services (either by performing the services themselves or by hiring a separate service provider) as a result of conditions generally affecting their industry, such as an increased supply of or reduced demand for exhibition space. If exhibition facilities choose to in-source certain event services, GES will lose the ability to provide certain event services, and our results of operations could be materially and adversely affected.

***Show rotation affects our profitability and makes comparisons between periods difficult.*** GES results are largely dependent upon the frequency, timing,and location of exhibitions and events. Some large exhibitions are not held annually (they may be held once every two, three, or four years) or may be held at different times of the year from when they were previously held. In addition, the same exhibition may change locations from year to year resulting in lower margins if the exhibition shifts to a higher-cost location. Any of these factors could cause our results of operations to fluctuate significantly from quarter to quarter or from year to year, making periodic comparisons difficult.

***Completed acquisitions may not perform as anticipated or be integrated as planned.*** We regularly evaluate and pursue opportunities to acquire businessesthat complement, enhance, or expand our current business, or offer growth opportunities. Our acquired businesses might not meet our financial and non-financial expectations or yield anticipated benefits. Our success depends, in part, on our ability to conform controls, policies and procedures, and business cultures; consolidate and streamline operations and infrastructures; identify and eliminate redundant and underperforming operations and assets; manage inefficiencies associated with the integration of operations; and retain the acquired business’s key personnel and customers. Moreover, our acquisition activity may subject us to new regulatory requirements, distract our senior management and employees, and expose us to unknown liabilities or contingencies that we may fail to identify prior to closing. If we are forced to make changes to our business strategy or if external conditions adversely affect our business operations, such as unfavorable macroeconomic conditions (particularly high inflation and the resulting rise in interest rates) and the

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impact of COVID-19, it may be difficult for us to accurately forecast revenue, operating income, or cash flow, and we may be required to record impairment charges in the future. Additionally, we may borrow funds to finance strategic acquisitions. Debt leverage resulting from future acquisitions would reduce our debt capacity, increase our interest expense, and limit our ability to capitalize on future business opportunities. Such borrowings may also be subject to fluctuations in interest rates. Any of these risks could materially and adversely affect our business, product and service sales, financial condition, and results of operations.

***We are subject to currency exchange rate fluctuations.*** We have operations outside of the United States primarily in Canada, the United Kingdom,Iceland, the Netherlands, and Germany. During 2021 and 2020, our international operations accounted for approximately 38% and 30% of our consolidated revenue, respectively, and 19% and 36% of our segment operating loss, respectively. Consequently, a significant portion of our business is exposed to currency exchange rate fluctuations. We do not currently hedge equity risk arising from the translation of non-United States denominated assets and liabilities. Our financial results and capital ratios are sensitive to movements in currency exchange rates because a large portion of our assets, liabilities, revenue, and expenses must be translated into U.S. dollars for reporting purposes. The unrealized gains or losses resulting from the currency translation are included as a component of accumulated other comprehensive income (loss) in our Consolidated Balance Sheets. We also have certain loans in currencies other than the entity’s functional currency, which results in gains or losses as exchange rates fluctuate. As a result, significant fluctuations in currency exchange rates could result in material changes to the net equity position we report in our Consolidated Balance Sheets and could adversely affect our results of operations.

***Liabilities relating to prior and discontinued operations may adversely affect our results of operations.*** We and our predecessors have a corporate historyspanning decades and involving diverse businesses. Some of those businesses owned properties and used raw materials that have been, and may continue to be, subject to litigation. Moreover, some of the raw materials used and the waste produced by those businesses have been and are the subject of United States federal and state environmental regulations, including laws enacted under the Comprehensive Environmental Response, Compensation and Liability Act, or its state law counterparts. In addition, we may incur other liabilities resulting from indemnification claims involving previously sold properties and subsidiaries, or obligations under defined benefit plans or other employee plans, as well as claims from past operations of predecessors or their subsidiaries. Although we believe we have adequate reserves and sufficient insurance coverage to cover those potential liabilities, future events or proceedings could render our reserves or insurance protections inadequate, any of which could materially and adversely affect our business and results of operations.

**Labor and Employment Risks**

***Our business has been and may continue to be adversely affected by labor shortages, turnover, and labor cost increases*.**We rely heavily on our globalworkforce, including many seasonal and temporary employees. Several factors, including factors related to the COVID-19 pandemic, have resulted and may continue to result in labor shortages, turnover, and increased labor costs, including high employment levels and demand for employees; unemployment subsidies; the freezing of visa programs; increased wages offered by other employers; vaccine mandates and other government regulations and our responses thereto. Any of these factors could materially and adversely affect our ability to hire qualified team members and, therefore negatively impact our business and results of operations.

***Our business is relationship driven.*** Our GES business is heavily focused on client relationships, and, specifically, on having close collaboration andinteraction with our clients. To be successful, our account teams must be able to understand clients’ desires and expectations in order to provide top-quality service. If we are unable to maintain our client relationships, including due to the loss of key members of our account teams, we could also lose customers and our results of operations could be materially and adversely affected.

***If we lose any of our key personnel, our ability to manage our business and continue our growth could be negatively impacted.*** Our success, at least inpart, depends on the continued contributions of our executive team and key personnel. If one or more of our key personnel were to resign or otherwise terminate employment with us, we could experience operational disruptions. In addition, we do not maintain key person insurance on any of our executive employees or key personnel.

As previously disclosed, David Barry, the President of Pursuit, recently began a medical leave of absence for surgical treatment of a medical condition. If Mr. Barry becomes unable to continue working due to health reasons, we could experience operational disruptions and/or our growth could be negatively impacted.

***Union-represented labor increases our risk of higher labor costs and work stoppages.*** Significant portions of our employees are unionized. We haveapproximately 100 collective bargaining agreements, and we are required to renegotiate approximately one-third of those each year. If we increase wages or benefits as a result of labor negotiations, either our operating margins will suffer, or we could increase the cost of our services to our customers, which could lead those customers to turn to other vendors with lower prices. Either event could materially and adversely affect our business and results of operations.

Additionally, if we are unable to reach an agreement with a union during the collective bargaining process, the union may strike or carry out other types of work stoppages. If this were to occur, we might be unable to find substitute workers with the necessary skills to

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perform many of the services, or we may incur additional costs to do so, both of which could materially and adversely affect our business and results of operations.

***Our participation in multi-employer pension plans could substantially increase our pension costs.*** We sponsor a number of defined benefit plans for ourUnited States and Canada-based employees. In addition, we are obligated to contribute to multi-employer pension plans under collective bargaining agreements covering our union-represented employees. We contributed $7.1 million in 2021, $8.6 million in 2020, and $27.3 million in 2019 to those multi-employer pension plans. Third-party boards of trustees manage these multi-employer plans. Based upon the information we receive from plan administrators, we believe that several of those multi-employer plans are underfunded. The Pension Protection Act of 2006 requires us to reduce the underfunded status over defined time periods. Moreover, we would be required to make additional payments of our proportionate share of a plan’s unfunded vested liabilities if a plan terminates, or other contributing employers withdraw, due to insolvency or other reasons, or if we voluntarily withdraw from a plan. In 2019, we withdrew from the underfunded Central States Pension Plan and accordingly, we recorded a charge of $15.5 million, which represented the estimated present value of future contributions we will be required to make as a result of the union’s withdrawal. At this time, we do not anticipate triggering any significant withdrawal from any other multi-employer pension plan to which we currently contribute. However, significant plan contribution increases could materially and adversely affect our consolidated financial condition, results of operations, and cash flows. Refer to Note 18 – Pension and Postretirement Benefits of the Notes to Consolidated Financial Statements (Part II, Item 8 of our 2021 Form 10-K) for further information.

**Cybersecurity and Data Privacy Risks**

***We are vulnerable to cybersecurity attacks and threats.*** Our devices, servers, cloud-based solutions, computer systems, and business systems arevulnerable to cybersecurity risk, including cyberattacks, or we may be the target of email scams that attempt to acquire personal information and company assets. As a result of the COVID-19 pandemic, many of our employees switched to working remotely, which magnifies the importance of integrity of our remote access security measures. Despite our efforts to protect ourselves with insurance, and create security barriers to such threats, including regularly reviewing our systems for vulnerabilities and continually updating our protections, we might not be able to entirely mitigate these risks. Our failure to effectively prevent, detect, and recover from the increasing number and sophistication of information security threats could lead to business interruptions, delays or loss of critical data, misuse, modification, or destruction of information, including trade secrets and confidential business information, reputational damage, and third-party claims, any of which could materially and adversely affect our results of operations. Moreover, the cost of protecting against cybersecurity attacks and threats is expensive and expected to increase going forward.

***Laws and regulations relating to the handling of personal data are evolving and could result in increased costs, legal claims, or fines.*** We store andprocess the personally identifiable information of our customers, employees, and third parties with whom we have business relationships. The legal requirements restricting the way we store, collect, handle, and transfer personal data continue to evolve, and there are an increasing number of authorities issuing privacy laws and regulations. These data privacy laws and regulations are subject to differing interpretations, creating uncertainty and inconsistency across jurisdictions. Our compliance with these myriad requirements could involve making changes in our services, business practices, or internal systems, any of which could increase our costs, lower revenue, or reduce efficiency. Our failure to comply with existing or new rules could result in significant penalties or orders to stop the alleged noncompliant activity, litigation, adverse publicity, or could cause our customers to lose trust in our services. In addition, if the third parties we work with violate applicable laws, contractual obligations, or suffer a security breach, those violations could also put us in breach of our obligations under privacy laws and regulations. In addition, the costs of maintaining adequate protection, including insurance protection against such threats, as they develop in the future (or as legal requirements related to data security increase) are expected to increase and could be material. Any of these risks could materially and adversely affect our business and results of operations.

**Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The following table summarizes the total number of shares of our common stock that were repurchased during the three months ended September 30, 2022 pursuant to publicly announced plans or programs, as well as certain previously owned shares of common stock that were surrendered by employees, former employees, and non-employee directors for tax withholding requirements on vested share-based awards.

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**ISSUER PURCHASES OF EQUITY SECURITIES**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | **Total Number of** |  |  | **Maximum Number** |  |  |
|  |  |  |  |  |  |  | **Shares** |  |  | **of Shares** |  |  |
|  |  |  |  | **Average Price** | |  | **Purchased as Part of** |  |  | **That May Yet Be** |  |  |
|  | **Total Number of** |  |  |  | **Publicly** |  |  | **Purchased** |  |  |
|  |  |  | **Paid** |  |  | **Announced Plans or** |  |  | **Under the Plans** |  |  |
| **Period** | **Shares Purchased** |  |  | **Per Share** |  |  | **Programs** |  |  | **or Programs** |  |  |
| July 1, 2022 - July 31, 2022 |  | 29 |  | $ | 27.61 |  |  | — |  | 546,283 |  |  |
| August 1, 2022 - August 31, 2022 |  | — | $ | | — |  |  | — | 546,283 | |  |  |
| September 1, 2022 - September 30, 2022 |  | — |  | $ | — |  |  | — |  | 546,283 |  |  |
| Total |  | 29 | $ | | 27.61 |  |  | — | 546,283 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |



Pursuant to previously announced authorizations, our Board of Directors authorized us to repurchase shares of our common stock from time to time at prevailing market prices. Effective February 7, 2019, our Board of Directors authorized the repurchase of an additional 500,000 shares. In March 2020, our Board of Directors suspended future dividend payments and our share repurchase program for the foreseeable future. The Board of Directors’ authorization does not have an expiration date. During the second quarter of 2022, certain previously owned shares of common stock were surrendered by employees, former employees, and non-employee directors for tax withholding requirements on vested share-based awards.

**Item 6. EXHIBITS**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Exhibit** |  |  |  |  |  |  |  |  |  |  |  |  | **Incorporated by Reference** | | | | |  |  |
|  |  | **Exhibit Description** | | | | | | |  | **Form** |  | **Period** |  | **Exhibit** |  |  | **Filing Date** |  |
| **Number** |  |  |  | **Ending** |  |  |
| 31.1 | \* |  | Certification of Chief Executive Officer of Viad Corp pursuant to Section | | | | | | | |  |  |  |  |  |  |  |  |  |
|  | 302 of the Sarbanes-Oxley Act of 2002. | | | |  |  |  | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | |  |  | |  |  |  |  |  |  |  |  |  |
| 31.2 | \* |  | Certification of Chief Financial Officer of Viad Corp pursuant to Section 302 | | | | | | | |  |  |  |  |  |  |  |  |  |
|  | of the Sarbanes-Oxley Act of 2002. | | | | | |  | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  | |  | | |  |  |  |  |  |  |  |  |  |
| 32.1 | \*\* |  | Certifications of Chief Executive Officer and Chief Financial Officer of Viad | | | | | | | |  |  |  |  |  |  |  |  |  |
|  | Corp pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | |  | |  | | |  |  |  |  |  |  |  |  |  |
| 101.INS | \*\*\* |  | Inline XBRL Instance Document | | | | | | | |  |  |  |  |  |  |  |  |  |
| 101.SCH | \*\*\*\* |  | Inline XBRL Taxonomy Extension Schema Document. | | | | | | | |  |  |  |  |  |  |  |  |  |
| 101.CAL | \*\*\*\* |  | Inline XBRL Taxonomy Extension Calculation Linkbase Document. | | | | | | | |  |  |  |  |  |  |  |  |  |
| 101.LAB | \*\*\*\* |  | Inline XBRL Taxonomy Extension Label Linkbase Document. | | | | | | | |  |  |  |  |  |  |  |  |  |
| 101.PRE | \*\*\*\* |  | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | | | | |  |  |  |  |  |  |  |  |  |
| 101.DEF | \*\*\*\* |  | Inline XBRL Taxonomy Extension Definition Linkbase Document. | | | | | | | |  |  |  |  |  |  |  |  |  |
| 104 | \*\*\* |  | Cover Page Interactive Data File | | | | | | | |  |  |  |  |  |  |  |  |  |
|  |  | 45 | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



* Filed herewith.
* Furnished herewith.
* The Inline XBRL Instance Document and Cover Page Interactive Data File do not appear in the Interactive Data File because their XBRL tags are embedded within the Inline XBRL document.
* Submitted electronically herewith.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **VIAD CORP** | |  |
|  |  | (Registrant) | |  |
|  | November 4, 2022 | By: /s/ Leslie S. Striedel | |  |
|  | (Date) |  | Leslie S. Striedel |  |
|  |  |  | Chief Accounting Officer and Duly Authorized Officer |  |
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|  |  |  |  |  |



**Exhibit 31.1**

**CERTIFICATION**

I, Steven W. Moster, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viad Corp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   3. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   1. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2022 By: /s/ Steven W. Moster



Steven W. Moster

President and Chief Executive Officer



**Exhibit 31.2**

**CERTIFICATION**

I, Ellen M. Ingersoll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viad Corp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   3. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   1. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2022 By: /s/ Ellen M. Ingersoll



Ellen M. Ingersoll

Chief Financial Officer



**Exhibit 32.1**

**Certifications of**

**Chief Executive Officer and Chief Financial Officer**

**Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the**

**Sarbanes-Oxley Act of 2002**

I, Steven W. Moster, Chief Executive Officer of Viad Corp, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Viad Corp’s Quarterly Report on Form 10-Q for the three months ended September 30, 2022, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in Viad Corp’s Quarterly Report on Form 10-Q fairly presents, in all material respects, Viad Corp’s financial condition and results of operations.

Date: November 4, 2022 By: /s/ Steven W. Moster



Steven W. Moster

President and Chief Executive Officer

I, Ellen M. Ingersoll, Chief Financial Officer of Viad Corp, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that Viad Corp’s Quarterly Report on Form 10-Q for the three months ended September 30, 2022, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in Viad Corp’s Quarterly Report on Form 10-Q fairly presents, in all material respects, Viad Corp’s financial condition and results of operations.

Date: November 4, 2022 By: /s/ Ellen M. Ingersoll



Ellen M. Ingersoll

Chief Financial Officer

