Late Apex Partners: Vail Resorts (NYSE: MTN)

Per ardua ad alta ("Through difficulties, to the heights")

January 2025

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Vail Mountain Trail Map

Source:www.vailresorts.com

OFFICIAL PARTNERS OF VAIL MOUNTAIN

LATE APEX PARTNERS

Section I

Executive Summary: Introduction & Why Vail?

Late Apex Partners "LAP" Introduction

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- LAP is a best ideas fund founded in 2024 by Taylor G. Schmidt, a private investor. LAP is concentrated in the Fund's best ideas. We believe in placing all of our eggs in one basket, then monitoring that basket closely.

- LAP invests with an operating mindset. Our key consideration is: what is management doing today, to make this business meaningfully more valuable in 5+ years?

Operating Experience

- Cadence – PE-backed industrial distribution roll-up
- Kraft Heinz – Central finance team (FP&A / ZBB)
- VF Corporation – Finance & Corporate Strategy

Investment Experience

TEMPUR SEALY

F1

VF

upwork

Shark | NINJA

Investment Philosophy

- In motorsports racing, there is a saying about taking the turn, which is, "To come out fast you need to enter slowly." The apex of a corner is the point at which the tires clip past the edge of the track. Racers who take a *late apex* line are initially slower through the corner but can accelerate earlier. The earlier you accelerate, the faster you break down the straightaway.

- This provides a helpful analogy for investors. Like taking a corner slowly in order to exit faster, analytical rigor combined with patient, honest intellectual inquiry are necessary to have the conviction to truly invest for the long-term. Patience and rigorous diligence, guided by math and logic, are required to generate exceptional returns over the long-term.

- Drawing on our experiences across public equities, private companies, and inside operating businesses, we believe the most effective avenue for compounding is to concentrate our capital in only our best ideas and own businesses for long periods of time. The companies we invest in possess durable competitive positions, long runways to reinvest, management teams (preferably owner-operators) who can clearly drive intrinsic value growth. In these situations, the business' outcomes are predictable, the incentives are clear, and we can reasonably handicap the business' range of outcomes.

Complete LAP Investment Principles Memo Available Upon Request

Executive Summary: Vail Resorts (NYSE: MTN)

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Vail has Massive Potential: World Class Assets in a Structurally Attractive Industry	• Vail's resorts – including Vail, Whistler Blackcomb, Beaver Creek, Park City, and Breckenridge – are irreplicable properties with franchise quality in an industry with virtually zero new supply. Collectively, Vail is the single largest ski resort operator in the world, with 42 resorts driving 20% of North America ("N.A.") skier visits. • Skier visits have proved remarkably consistent over the past 50+ years, while technological improvements in snowmaking, Vail's consolidation (early to late 2000's), the multi-resort pass model, and the COVID-19-induced shift to remote work *should have* made Vail into an even better business: highly stable and cash generative.

Yet, Current Management is Ineffective, Undisciplined, and Value-Destructive	• However, Vail's early success has led the Company to become complacent. We view Vail's core failure as its total loss of focus on its north star: delighting the customer. Moreover, Vail has alienated virtually all meaningful stakeholders: skiers, employees, local towns, potential partners, and investors.
	    • Vail's current second-rate customer offering risks permanently damaging its storied brands. Vail operates 5 of the top 6 most widely-known mountains in North America, and yet in 2024, zero Vail-owned resorts were featured in Ski Magazine's Top 10 resorts.
	    • Vail's initial focus on "data-driven" decision-making under CEO Lynch has led to micro-management and adverse outcomes, e.g., despite continual complaints of long lines, Vail is replacing one lift in North America in CY 2025. Former employees say management didn't view lifts as an attractive investment opportunity.
	    • Vail's shift to centralized marketing focused seemingly exclusively on selling more Epic Passes misses the opportunity to showcase the unique, storied nature of the resort portfolio, e.g., the legendary Vail Mountain "Back Bowls."
	    • Vail's reluctance to invest at the resort-level leaves missed opportunities to delight customers: e.g., ramen, night-skiing, influencer partnerships, and high-profile events.
	    • Vail's DEI-related histrionics have led to missed opportunities to truly expand the sport by winning over the next generation of skiers via local/regional resort investments.
	    • Vail's failure to prevent scaled competitive entrants (i.e., Alterra) and continued unwillingness to partner with more resorts is a massive error. Since the 2018/19 season, Vail has added zero net new resorts, while Alterra has nearly doubled its network from 36 to 71 resorts.
	    • **Vail's recent Ski Patrol strike at Park City represents a boiling point. Management must go.**
	• Vail's capital allocation has similarly been directionless and value-destructive. International M&A reeks of empire building, lacks demonstrable ROI, and has distracted an overwhelmed management team from mounting issues across North America resorts. Vail's dividend policy also lacks any rationale given opportunities to both reinvest and fix the balance sheet.

Governance is in Shambles: No One is Being Held Accountable	• Since CEO Lynch's November 2021 appointment, Vail has issued, then lowered annual EBITDA guidance three times. 2025 EBITDA guidance is now $70M ***below*** original 2023 EBITDA guidance, despite $660M in cumulative capex and M&A spending. Over this same period, MTN shareholder return has declined -47% as compared to +39% for the S&P 500. **This is inexcusable.** • Management points investors towards growth in "Resort Reported EBITDA" as a measure of success, yet it bears no resemblance to value creation. Since 2019, EBITDA has grown +18%, while FCF per share declined -15%. Tellingly, Vail's C-suite long-term incentive compensation policies are tied *entirely* to this nonsensical metric, allowing insiders to be rewarded despite horrific underlying performance. • In the last 3 years, CEO Lynch has reaped $19M in total compensation yet has purchased zero stock. Similarly, CFO Angela Korch has spent 12+ years at Vail, but owns less than $0.5M in stock. Chairman Rob Katz has sold 82% of his shares since 2016.
LAP Plan to Double Equity Value	• Make clear the Company's return to its longstanding mission: creating the experience of a lifetime for guests and employees by (a) incentivizing, tracking, and publishing NPS scores, (b) shifting focus from "empire building" international M&A to building out pass partnership network, (c) prioritizing investment in the resorts themselves, and (d) revitalizing local, regional ski resorts to drive "up-flow" to flagship destination resorts. • Fix balance sheet (targeting 1.5-2x TNLR by FYE27) by reducing dividend 80% (target 1% yield vs. 5% today) and allocating excess cash to paydown debt. • Report "Core Earnings" FCF-based metric, and tie both short- and long-term incentive bonuses to per-share equity value creation. • Install new leadership who are focused on creating incredible guest experiences, building a 4-season business, and able to deploy pass partnership model

Company Overview: Vail Resorts (NYSE: MTN)

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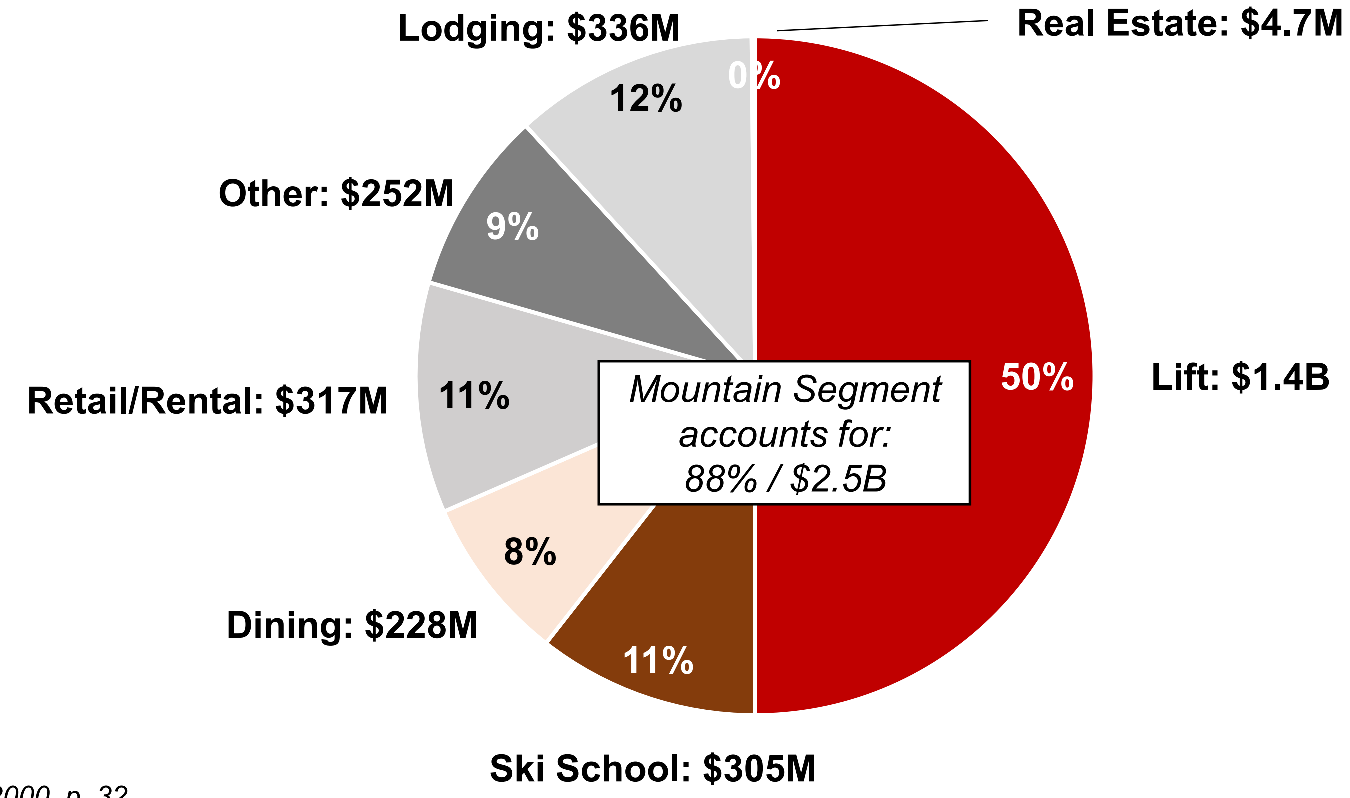
VAIL RESORTS

Ticker / Share Price	**“MTN” / $166.70**
Enterprise Value	**$9.1B**
Market Capitalization	**$6.2B**
Dividend Yield	**5.3%**
FYE Jul 2024 Financials:	
Revenue	**$2.9B**
EBITDA	**$827M**
EPS	**$6.07**

“We had seen nothing like this. Beneath the brilliant blue sky, we slowly turned in a circle and saw perfect ski terrain no matter which direction we faced… We looked at each other and realized what we both knew for certain: This was it!”

–Peter Seibert (Vail Founder) on discovering Vail in March 1957[1]

Sales by Segment – FYE July 2024



Note: Data as of market close 1/24/25
Source: MTN Public Company Filings
1. Peter W. Seibert, “Vail: Triumph of a Dream.” Mountain Sports Press, 2000, p. 32.

Why Vail? (1 of 2)

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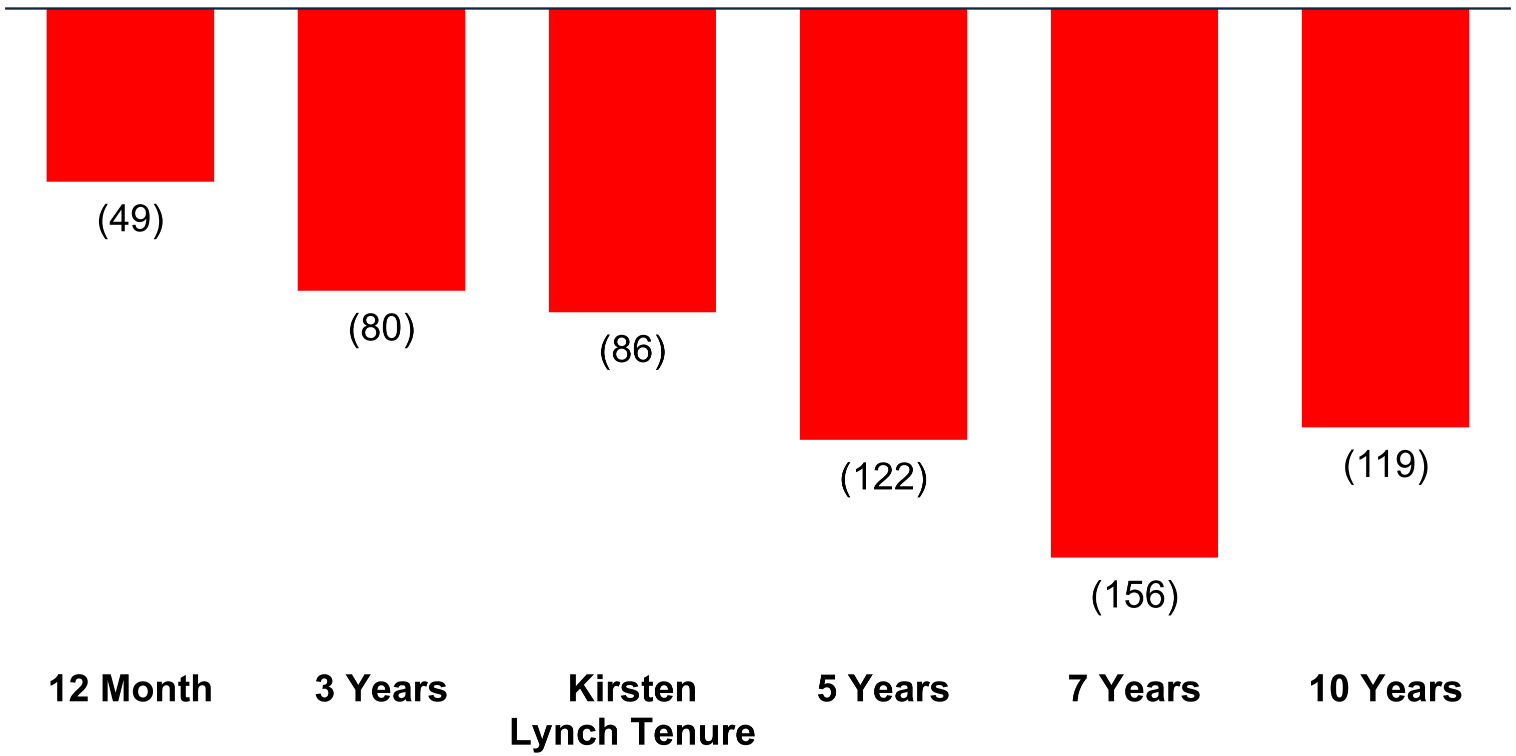
Vail has significantly underperformed the S&P500 for 10 years

TSR vs. S&P 500 Index (percentage points)



Source: Bloomberg; data as of 1/24/25; Kirsten Lynch Tenure as of 11/1/2021

Why Vail? (2 of 2)

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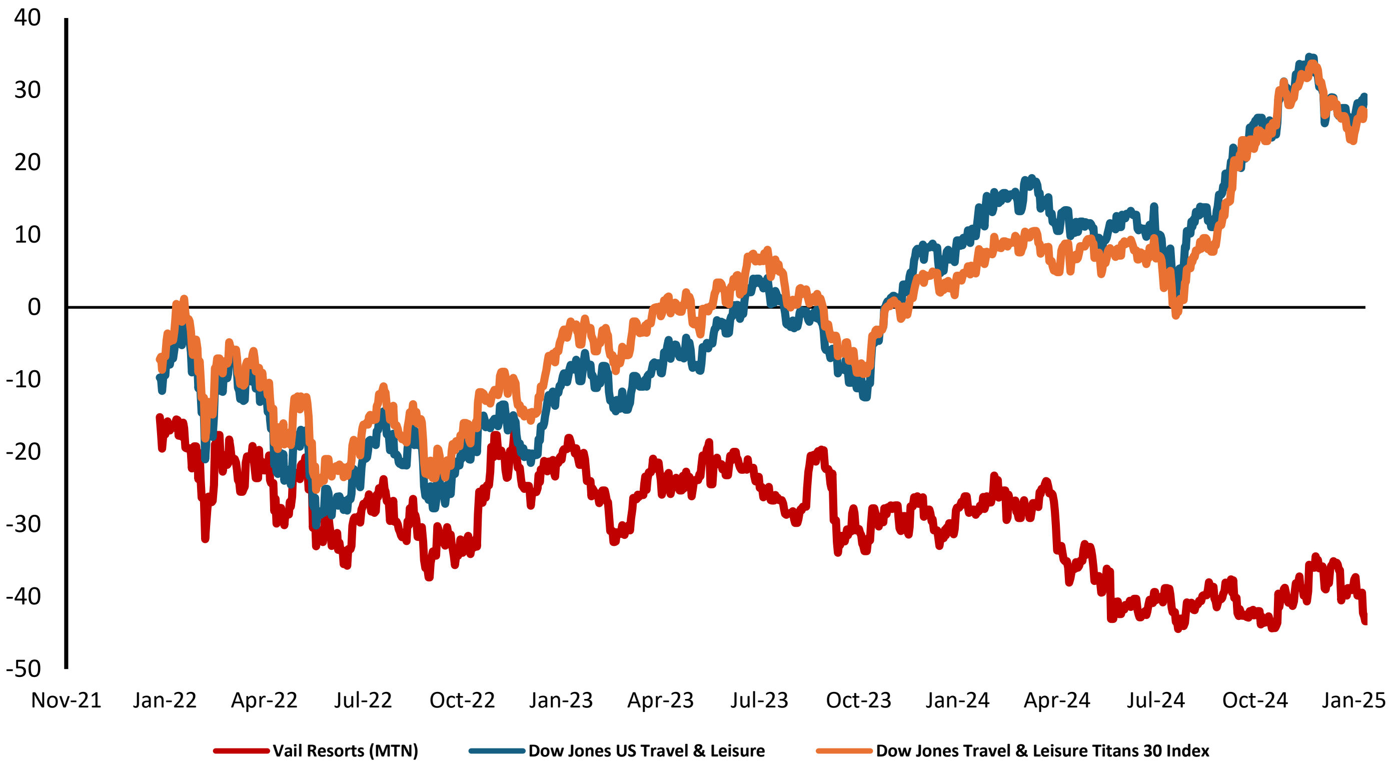
TSR since 11/1/2021 (Kirsten Lynch CEO Tenure)



TSR (MTN & S&P500)

	Vail Resorts Inc	S&P 500 INDEX	vs. S&P500
12 Month	(23%)	26%	(49%)
3 Years	(33%)	47%	(80%)
Kirsten Lynch Tenure	(47%)	39%	(86%)
5 Years	(22%)	100%	(122%)
7 Years	(14%)	142%	(156%)
10 Years	137%	256%	(119%)

Since Kirsten Lynch became CEO in Nov 2021, Vail's TSR is -47% despite S&P 500 +39% (underperformance of 86pp)

Source: Bloomberg; data as of 1/24/25; Kirsten Lynch Tenure as of 11/1/2021

Based On Our Conversations, We Believe Investors Won't Invest in Vail Today for the Following Reasons:

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- ☒ **Current Management**
- ☒ **Bad Capital Allocation**
- ☒ **Compromised Guest Experience**
- ☒ **Misaligned Incentives**

Our plan solves these problems

Source: LAP Research

Whistler Blackcomb Trail Map

Source:www.vailresorts.com

Section II

Why Do We Like the Business?: Vail is Simple & Predictable, With Durable Demand Drivers that are Underappreciated by Investors Today

Why Do We Like the Business?

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1 **Durable business model underpinned by predictable visits and season pass purchases**

- Vail makes money from skiers visiting its mountain resorts (e.g. lift tickets, hotel bookings, F&B)
- Skier visits are predictable: over the past 50 years, U.S. averaged 57M visits p.a.
- Epic Pass & industry consolidation have created durable and predictable cash flows

2 **Vail holds a leading market position in an attractive market structure**

- Demand outstrips supply
- North America Ski Pass oligopoly among Epic (Vail), Ikon (Alterra), and Independent Pass

3 **Vail controls irreplicable assets in an industry with virtually zero new supply**

- Virtually impossible to build a new resort, and Vail's resorts provide unique irreplicable experiences

4 **Vail exhibits franchise quality, holds numerous opportunities to reinvest for growth, and generates 20% normalized FCF margins**

- Skiing is a highly desirable past-time, Vail's resorts have limited substitutes, and no price regulation

"Skiing succeeds whenever and wherever it sustains the primal experience that has forever attracted its lovers: rising-up a mountain into the sky, gliding through a spruce forest hushed by snow, thrilling at the fast descent, floating through an ocean of weightless powder and looking back at the tracings etched on the snow… stored remembrances of a passage through time and space." –John Fry (The Story of Modern Skiing)

Skier Visits are Resilient and Predictable

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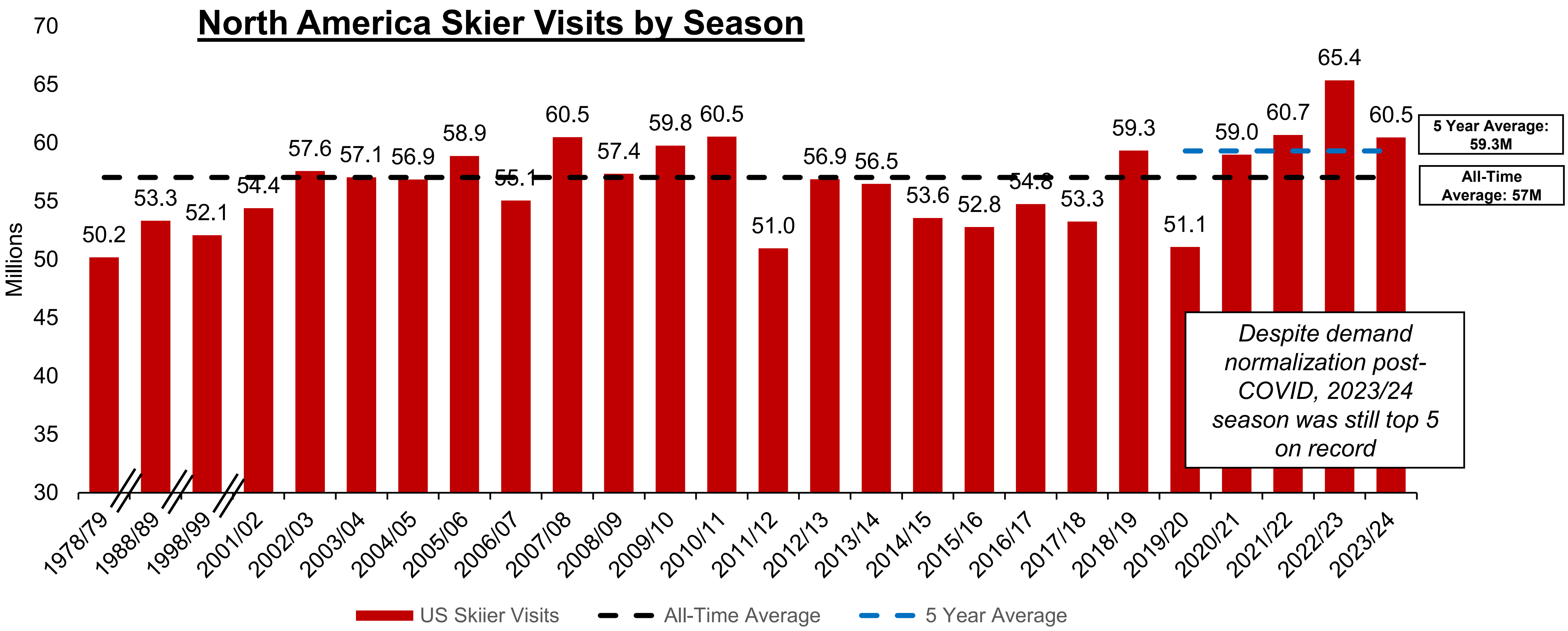

Source: National Ski Areas Association (NSAA)

Vail Leads in an Attractive Market Structure

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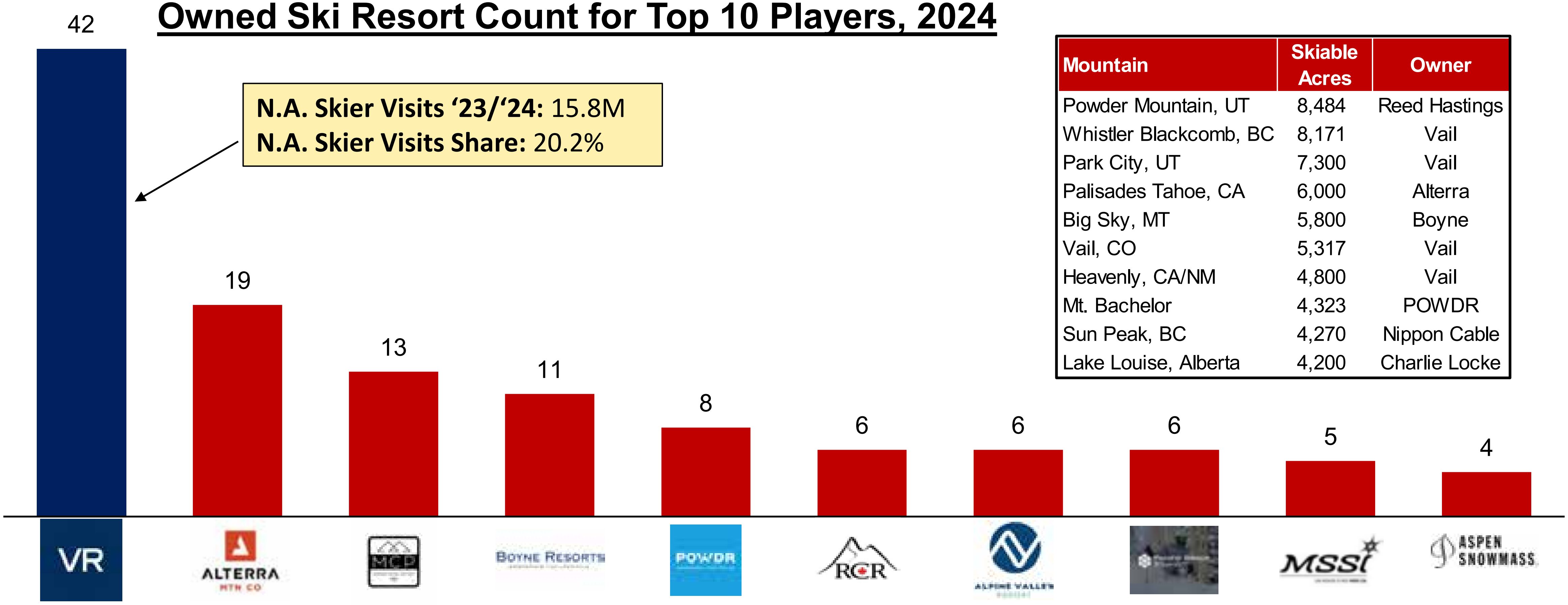
Ski resorts operate as local monopolies within an oligopolistic market with virtually no new supply; Vail's #1 share of owned resorts is >2x the #2 player and >5x the average of remaining top 10

Owned Ski Resort Count for Top 10 Players, 2024



N.A. Skier Visits '23/'24: 15.8M
N.A. Skier Visits Share: 20.2%

Mountain	Skiable Acres	Owner
Powder Mountain, UT	8,484	Reed Hastings
Whistler Blackcomb, BC	8,171	Vail
Park City, UT	7,300	Vail
Palisades Tahoe, CA	6,000	Alterra
Big Sky, MT	5,800	Boyne
Vail, CO	5,317	Vail
Heavenly, CA/NM	4,800	Vail
Mt. Bachelor	4,323	POWDR
Sun Peak, BC	4,270	Nippon Cable
Lake Louise, Alberta	4,200	Charlie Locke

Source: National Ski Areas Association (NSAA); Company websites; Storm Skiing Journal & Podcast (www.stormskiing.com)

Vail Owns Incredible Assets with High Brand Awareness and Lead in Skier Visits Across North America

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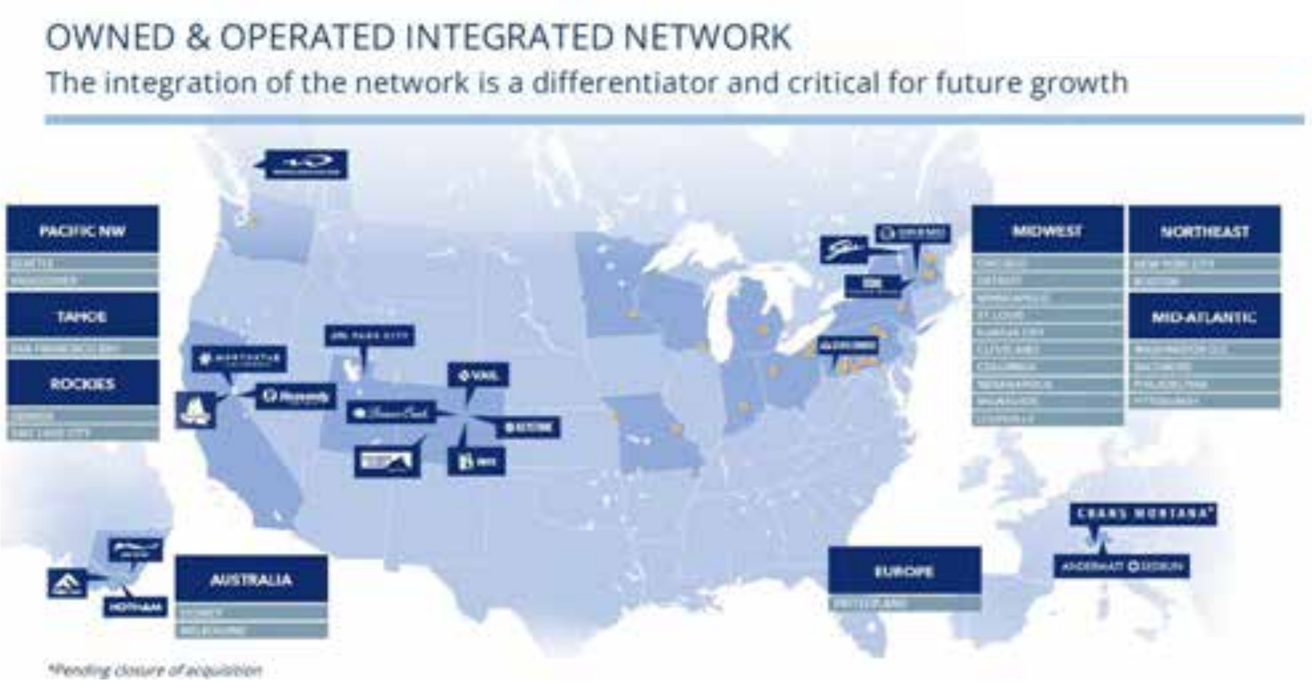
Vail's owned-resort leading position is underpinned by an unmatched portfolio of N.A. resorts including Vail, Whistler Blackcomb, Beaver Creek, Breckenridge, Park City and others

Resort	North American Industry Skier Visits [1]	Brand Awareness [2]
VAIL. Beaver Creek.	#1	#1
WHISTLER BLACKCOMB	#2	#6
BRECK	#3	#2
PARK CITY	#4	#4
KEYSTONE	#10	#6



Unfortunately, Vail's focus on "brand awareness" gives management too much credit. Awareness is a historical artifact, while the present-day consumer experience has deteriorated significantly. <u>This is fixable.</u>

Source: MTN Public Company Filings

Case Study: 10-Year Deer Valley, Utah Expansion Showcases Barriers to Entry (Gary Barnett / Extell)

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First Ski Resort to be built in over 40 years is estimated to cost $2 billion over 10+ years

Alterra Mountain Company Announces Major Expansion of Deer Valley Resort

Utah resort will double its skiable terrain while adding premier hospitality via a new village and portal.

DENVER, CO, August 24, 2023 – Alterra Mountain Company, the world's premier mountain operating company, has announced a major terrain expansion of Deer Valley Resort that will add 3,700 acres of terrain to its world-renowned, ski-only destination located in the Wasatch Mountains in Park City, Utah. In addition, the development of a new village and portal will dramatically improve access to the resort while adding world-class lodging, dining, and retail amenities in partnership with Extell Development Company.

The expansion will more than double Deer Valley's skiable terrain, adding 16 new lifts and a new 10-passenger gondola, affirming the resort's commitment to delivering exceptional guest services and a ski-only experience with limited daily skier counts. The diverse terrain will also be supported by a new cutting-edge snowmaking system and feature precise snow grooming that adheres to Deer Valley's existing standards. The last time Deer Valley saw a significant terrain expansion was for the 2007/2008 winter season, with the addition of 200 acres of skiing on Lady Morgan Mountain.

The complete project will unfold over the next three seasons, with a significant portion of the new lifts and trails set to open as early as the 25/26 winter season. When completed, Deer Valley will offer 5,726 acres of ski-only terrain spread across 10 mountains.

The Deer Valley investment is in addition to the $500 million capital program announced by Alterra earlier this year to enhance the guest and employee experience across its portfolio of 17 destinations.

Replacement Cost EV/Skiable Acre ~$540K (vs. Vail at ~$175K today)

- Project launched in 2014
- Initial access December 2024, with projected completion 2025/26 season
- Doubles Skiable terrain at Deer Valley
- 16 new lifts and new 10-passenger gondola
- Four Seasons partnerships for private residences & resort

At 10+ years and $540K per skiable acre, the Deer Valley <u>expansion</u> provides a helpful benchmark for A/A+ resort "replacement cost". <u>Vail trades at just $175K per skiable acre today.</u>

Source: LAP Research; Expanded Excellence at Deer Valley (https://expandedexcellence.deervalley.com/)

Vail's 2008 Invention of the Epic Pass Transformed the Industry, but Vail Has Since Forfeited Leadership to Alterra's IKON Pass

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Despite a 10-year head start, Vail's Epic Pass is now #2 behind Alterra's Ikon Pass according to most industry experts, and we believe it continues to lose ground each season as Alterra grows

epic Pass Transformed the Ski Industry

"The Epic Pass is the cornerstone of modern lift-served skiing: Vail Resorts, under Rob Katz' leadership, has done more to make skiing affordable for frequent skiers than any other entity in the history of lift-served skiing. […] the Epic Pass brought stability where once there was chaos."

–Stuart Winchester (Storm Skiing, 6/4/22)

- **Epic Pass brought accessibility & multi-resort access to the ski industry**
  - Before the Epic Pass: Season passes were prohibitively expensive for most skiers, typically priced in the thousands to access only one resort.
  - Epic Pass Innovation: Vail introduced the Epic Pass at a groundbreaking price point of $579, offering unlimited access to all its resorts (e.g., Vail, Beaver Creek, Breckenridge, and Keystone) with one pass.
- **Revenue stability through pre-sales**
  - Epic Pass acts as a toll-booth & created predictable, upfront revenue, reducing the company's dependence on variable factors like snowfall and weather conditions. This approach provided financial stability and allowed for strategic investments in infrastructure.
- **Consolidation and economies of scale to a formerly localized business**
  - Scale now provided a material advantage for a pass network as consumers would purchase a pass based on the resort portfolio
  - Sparked industry-wide consolidation to (1) build pass network and (2) increase total addressable customers

IKON PASS Pass Turned Ski World Upside Down

"[…] as we enter season seven [2024/25], the [Ikon] pass, which has never lost a partner, stands as the king of mega ski passes, offering the greatest mountain roster ever assembled."

–Stuart Winchester (Storm Skiing, 12/20/24)

- **IKON Pass created a viable competitor to the Epic Pass**
  - By immediately assembling a world-class roster of "iconic" resorts, Alterra put forward an alternative to Vail's dominance with Epic
- **Kicked off the "Pass Wars" and sparked an M&A explosion**
  - Alterra's formation caught Vail completely off-guard; Vail reacted by completing significant M&A with dubious returns
- **Unlike Vail's focus on owned resorts, Ikon featured both owned resorts and partner resorts, creating an attractive portfolio of scale quickly**
  - Its inclusion of non-Alterra partner resorts (e.g. Aspen and Jackson Hole) gave skiers access to prestigious and bucket-list destinations, distinguishing it from the Epic Pass.
  - Alterra's collaborative/partnership approach allowed them to scale Ikon quickly by avoiding capital-intensive & time intensive M&A
- **Alterra prioritized maintaining the unique identity of each resort**
  - "Alterra has thrived as the anti-Vail […]." –Stuart Winchester
  - Maintaining the local heritage of ski resorts deeply resonated with core skiers

Source: LAP Research; Storm Skiing Journal & Podcast (www.stormskiing.com)

Vail's 2008 Epic Pass Launch Catalyzed 10-years of Durable FCF Growth, but Since Ikon's 2017 Launch, FCF Growth & Margins Have Collapsed

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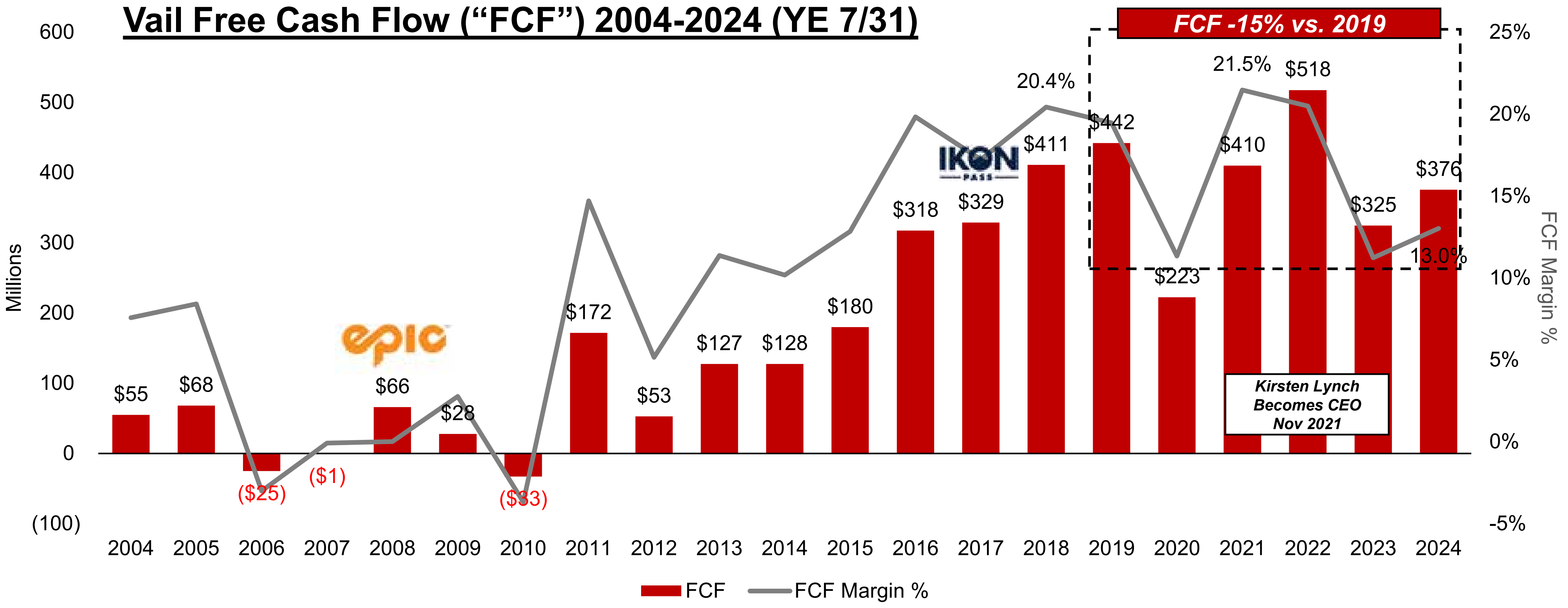

Vail's invention of the Epic Pass made skiing a structurally attractive business. However, since 2018, free cash flow has stagnated, and margins have collapsed. We believe this is fixable

Source: MTN Public Company Filings; LAP Research; FCF defined Operating Cash Flow less Capital Expenditures

Operationally, Vail's Strategic Priorities Are Unclear and Clear Mistakes are Being Made by Management

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Today, Investors have no benchmark to measure success for Vail

- **Zero 3 or 5-year financial or strategic targets**
- **Unclear how management prioritizes trade-offs or ROI**
- **What is the north star to gauge success?**
  - Customer experience, growth, scale, EPIC pass sales?

"Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline."

–Jim Collins

It is clear to us why the share price has languished

Without clearly-defined strategic priorities, management has flailed about, while investors have nothing to look forward to. Why would we not expect further underperformance?

Source: LAP Research

Management has Shown Zero Control Over What Ought to be a Highly Predictable Business

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CEO Lynch inherited a juggernaut, but has demonstrated continual lack of control over the business through repeatedly lowering and missing guidance

Date	EBITDA Target	Target Timing	Actual
Sep 2021	$785 - $835M	Fiscal 2022	$837M
Nov 2021	Kirsten Lynch Assumes CEO Role		
Sep 2022	$893 - $974M	Fiscal 2023	$835M
Nov 2022	$893 - $974M	Reaffirmed	
Dec 2022	Angela Korch Assumes CFO Role		
Mar 2023	$831 - $859M	Lowered	
Jun 2023	$837 - $853M	Increased	
Sep 2023	$912 - $968M	Fiscal 2024	$825M
Mar 2024	$849 - $885M	Lowered	
Jun 2024	$825 - $843M	Lowered	
Sep 2024	**$838 - $894M**	**Fiscal 2025**	**TBD**

*FYE25 guidance is **~$70M below** midpoint of original FYE23 EBITDA guidance under CEO Lynch's tenure*

*"We do see other cost impacts, though, directly related to the severe weather disruptions in the East as well as in Tahoe because the impact of the severe weather. […] **We always budget for normal**. And I would say the East and Tahoe have been dramatically abnormal."*

CEO Kirsten Lynch, Mar 9, 2023

*"But nothing structurally that is concerning about our past sales. I actually feel like **we're in a great spot** given we see incredibly strong loyalty and renewals, and that's really driving the growth where we are right now, **growth across all the geographies and growth across all of the product segments.**"*

CEO Kirsten Lynch, Sep 28, 2023

*"As compared to fiscal 2024, fiscal 2025 guidance includes the **assumed benefit of a return to normal weather conditions** after the challenging conditions in fiscal 2024, **more than offset by a return to normal operating costs** and the impact of the continued industry normalization impacting demand."*

CFO Angela Korch, Sep 26, 2024

Source: MTN Public Company Filings and Earnings Calls Transcripts

We Believe Vail has Many Characteristics Warren Buffett Looks For in an "Economic Franchise"

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" An economic franchise arises from a product or service that: (1) is needed or desired; (2) is thought by its customers to have no close substitute and; (3) is not subject to price regulation. The existence of all three conditions will be demonstrated by a company's ability to regularly price its product or service aggressively and thereby to earn high rates of return on capital. Moreover, ***franchises can tolerate mis-management. Inept managers may diminish a franchise's profitability, but they cannot inflict mortal damage****."*

–Warren Buffett, 1991 Berkshire Hathaway Letter to Shareholders

Vail Possesses Franchise Quality, but Poor Management Decisions have Materially Damaged Investor Perception

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We believe Vail holds trophy assets with franchise potential. Unfortunately, Vail's operational and capital allocation decisions have destroyed value. Change must happen, now.

Vail's Perception Today

Competitive, low brand loyalty, high capital intensity, low ROIC

What we believe Vail Can Be

Trophy assets with high quality franchise heritage that generate high ROIC

Source: LAP Research; Company websites

We Believe the Opportunity to Return Vail To Greatness Matches the Pattern of Other Successful Turnarounds

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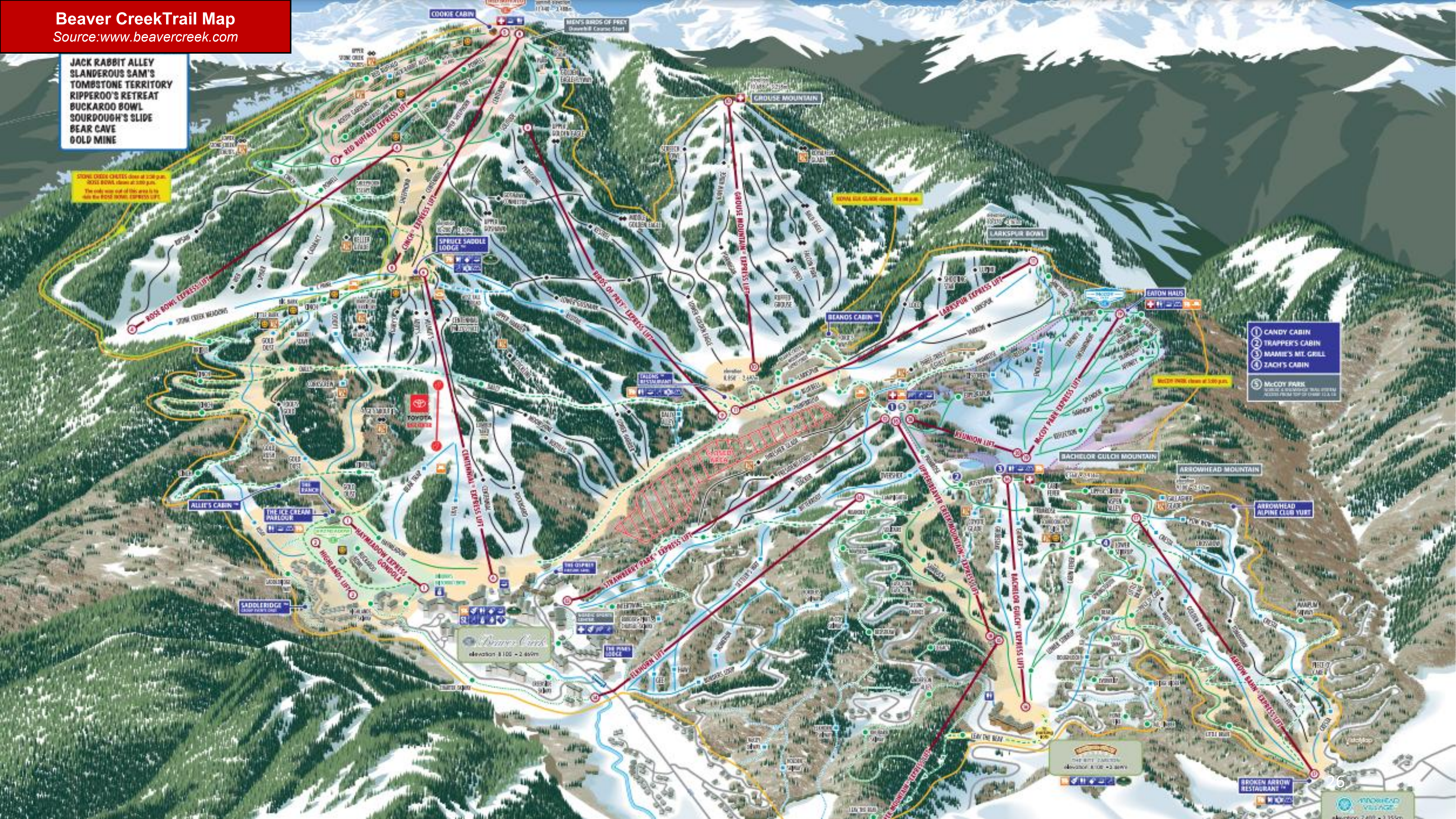
Date	Company	Crisis	Turnaround	Stock Performance
2009	Six Flags	Filed for bankruptcy in 2009 due to declining attendance and poor customer experience.	Invested in park infrastructure, improved cleanliness, and launched new attractions.	Stock rose from ~$4 in 2010 to ~$50 by 2015 before facing pandemic-related setbacks.
2009	Domino's Pizza	Negative customer feedback about product quality and a viral scandal damaged brand reputation.	Acknowledged criticism, reformulated pizza recipe, and launched a transparent marketing campaign.	Stock price soared from ~$5 in 2009 to over ~$400 by 2023, one of the best-performing stocks of the era.
2012	Carnival Cruises	Suffered from bad PR due to the 2012 Costa Concordia disaster and the 'Poop Cruise.'	Upgraded safety measures, enhanced amenities, and introduced innovative onboard experiences.	Stock recovered from ~$30 in 2012 to ~$70 by 2018, though it dropped significantly during the pandemic.
2013	Madison Square Garden	Faced irrelevance due to competition from more modern venues.	Underwent a $1 billion renovation, improved amenities, and invested in premium fan experiences.	MSG stock rose from ~$50 in 2013 to ~$300 by 2018, supported by strong entertainment demand.
2013	Best Buy	Struggled with declining sales, showrooming, and competition from Amazon.	Focused on price-matching, improved in-store experiences, and expanded e-commerce presence.	Stock price rose from ~$20 in 2013 to ~$90 in 2023, with strong recovery during the pandemic.
2013	Adidas	Lagged behind Nike in North America and struggled globally.	Partnered with influencers, embraced streetwear trends, and launched popular products like Yeezy and UltraBoost.	Stock price grew from ~$60 in 2013 to ~$200 by 2018 before stabilizing.
2015	Chipotle	Severe E. coli and norovirus outbreaks damaged trust and sales.	Implemented food safety protocols, revamped menu, and embraced digital orders under new leadership.	Stock price recovered from ~$400 in 2015 to over ~$2,000 by 2023.
2015	McDonald's	Faced criticism over unhealthy food, declining sales, and poor service.	Introduced all-day breakfast, simplified menu, emphasized ingredient quality, and digital ordering.	Stock price rose from ~$100 in 2015 to ~$270 by 2023, significantly outperforming the S&P 500.
2017	Formula 1	Declining viewership and failure to attract younger fans.	Introduced *Drive to Survive* on Netflix, improved fan engagement, and revamped race formats.	Liberty Media (owner of F1) stock rose from ~$30 in 2017 to ~$70 by 2023.

Source: LAP Research

Beaver CreekTrail Map

Source:www.beavercreek.com



LATE APEX PARTNERS

Section III.a (Capital Allocation Problems)

Problems Today: Management have Overseen Value Destruction from Poor Capital Allocation & Deterioration in Guest Experience

Management Have Destroyed Value Through Poor Operational and Capital Allocation Decisions: We Are At A Crossroads

LATE APEX PARTNERS

Poor capital allocation with zero ROI has compromised Vail's competitive position

- M&A / capex / investments have generated zero ROI: since 2019, $2B spent, -$67M incremental FCF
- Strategic priorities are a moving target and unclear to investors
- Management directing to "Resort Reported EBITDA" totally divorced from underlying economic performance
- Excessive dividend has reduced ability to buy-back stock at record low prices
- Balance sheet's leverage >7x Net Debt/FCF hamstrings future strategic flexibility & opportunistic M&A

Management have lost focus and "Empire Building" has destroyed value

- Alterra's bold strategy to challenge Vail has up-ended Vail's comfortable leading position. Vail is no longer an innovator, but a follower.
- Vail has been unwilling to adapt, leading to Alterra surpassing them in number of networked resorts (71 vs. 65)

Vail have failed their guests—especially the core skiers

- Core skiers abhor Vail's corporate ethos, and key stakeholders view Vail as having become the "Evil Empire"
- Park City Ski Patrol strike underscores management's willingness to penalize guests for their own failures
- Marketing is inauthentic: Vail has missed opportunities to grow the sport, and walked away from its roots
- In efforts to cut costs, Vail have walked away from partnerships, alienated the ski community, and destroyed consumer equity

We believe these unforced errors are fixable, but a sense-of-urgency, and cooperation from the Board is required to prevent permanent damage

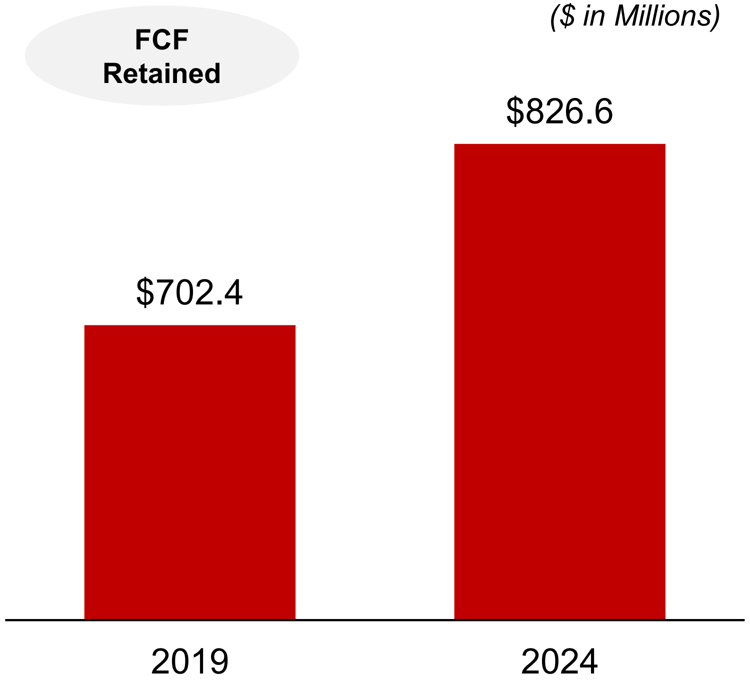
Source: MTN Public Company Filings; LAP research

Vail's Current KPI's ≠ Value Creation

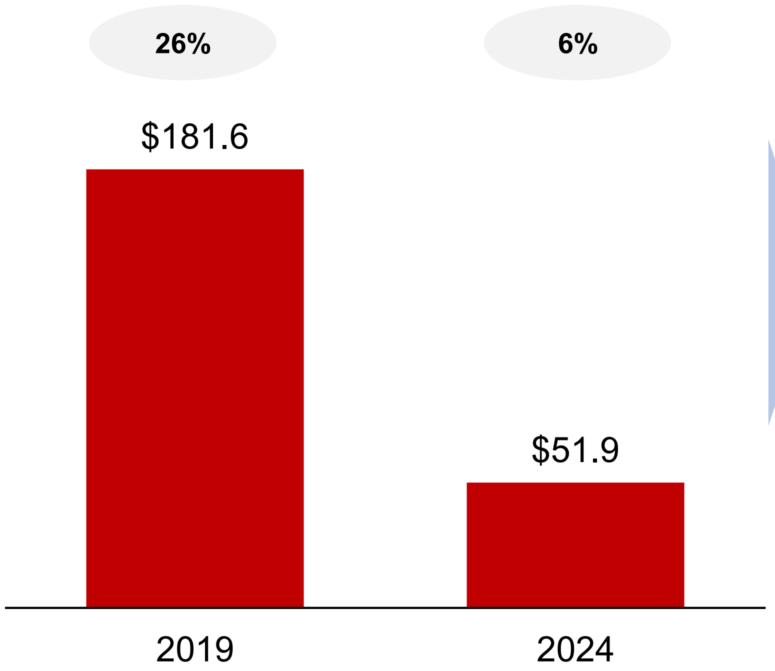
Company defined EBITDA does not show underlying erosion in cash conversion and masks the fact Vail is retaining virtually zero FCF to the equity (FYE2024: $52M after Dividends paid)

Company Defined EBITDA

($ in Millions)

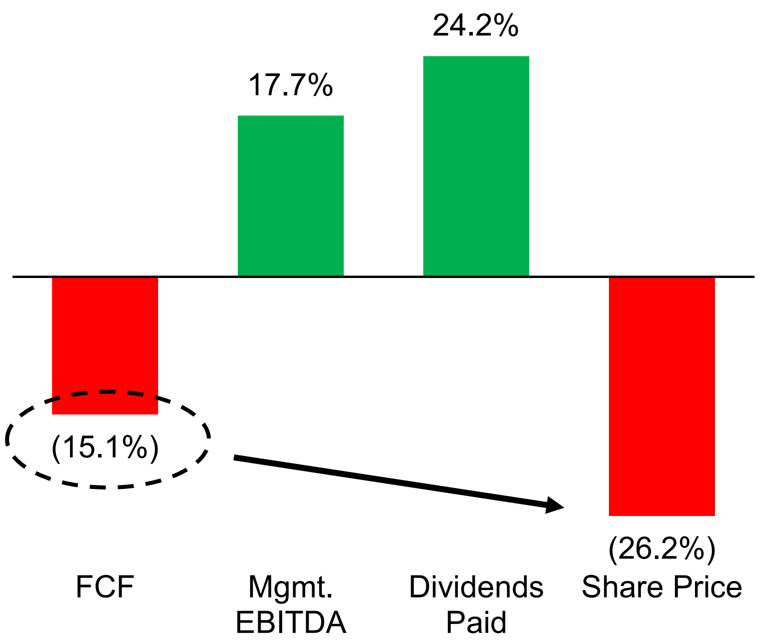


FCF Retained to MTN[1]



2024 vs. 2019[2]

FCF drives share price performance



Source: MTN Public Filings; Bloomberg

1. *'FCF Retained to MTN' defined: Operating Cash Flow less Capital Expenditures less Dividends Paid*
2. *FYE19 & FYE24 compared; FCF defined: Operating Cash Flow less Capital Expenditures; Share price measured as of close 7/31/19 and 7/31/24*

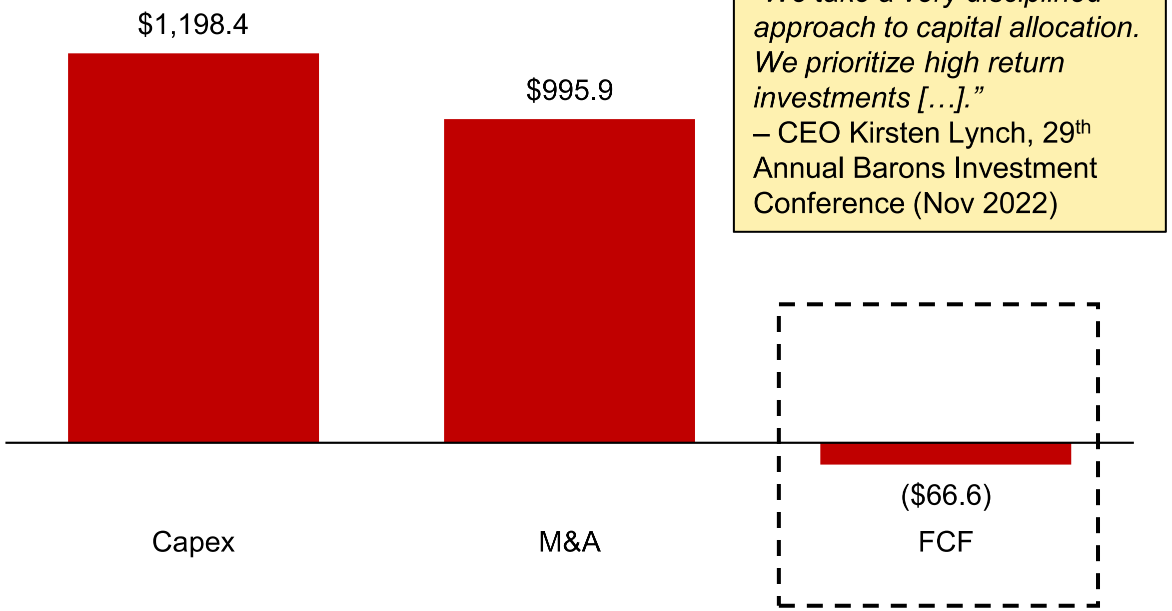
$2 Billion in Spending Has Resulted in Zero FCF Growth: Vail's Capital Allocation Policies are Deeply Broken

LATE APEX PARTNERS

Vail has invested ~$2B (M&A/Capex) since 2019, yet FCF has declined -$67M / -15% demonstrating to investors that ROI is not a priority in capital deployment decisions

Usage of Capital: 2019-2024[1]

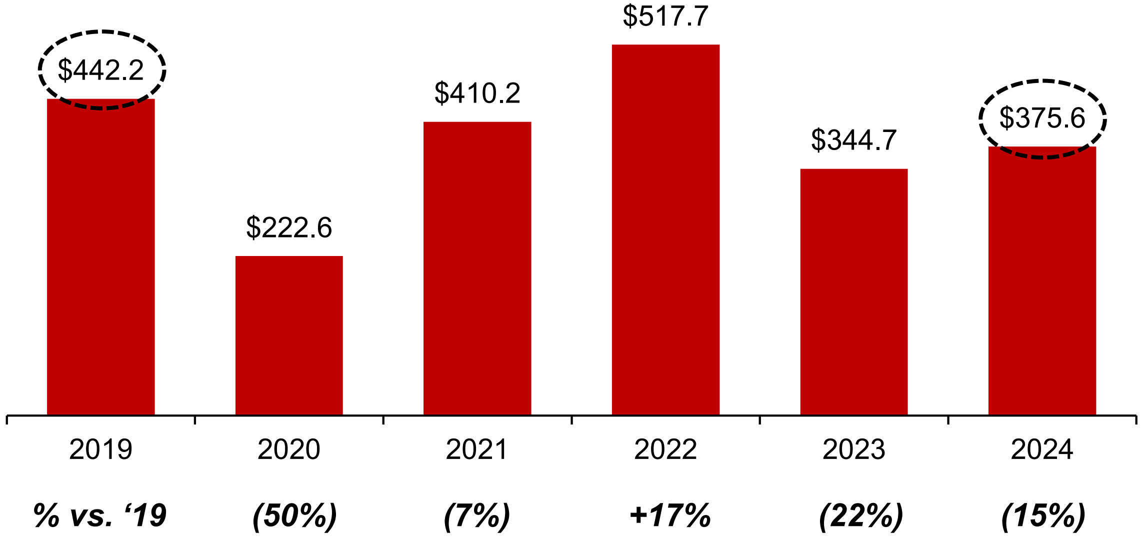
($ in Millions)



"We take a very disciplined approach to capital allocation. We prioritize high return investments […]."
– CEO Kirsten Lynch, 29th Annual Barons Investment Conference (Nov 2022)

Zero Demonstrable Increase in FCF 2019-2024

($ in Millions)



Source: MTN Public Company Filings
1. Free cash flow ("FCF") defined as Operating Cash Flow less Capex

M&A Strategy Has Been Incoherent

LATE APEX PARTNERS

Recent European M&A reflects "Empire Building" mentality: (1) limited strategic rationale, (2) no demonstrable ROI, and (3) distracting from core N.A. business

M&A 2019-2024[1]

Resort	Region	Date	Resort Count	Purchase Price ($M)	Effective PP	PF EBITDA ($M)	PF Multiple	EBITDA ROI
Crans-Montana	Switzerland	May-24	1	$106.8	$140.7	$5.0	28.1x	3.6%
Andermatt-Sedrun	Switzerland	Aug-22	1	$155.4	$155.4	$2.6	59.8x	1.7%
Seven Springs	Pennsylvania	Dec-21	3	$116.5	$119.5	$15.0	8.0x	12.6%
Peak Resorts	Northeast	Sep-19	17	$265.0	$280.0	$60.0	4.7x	21.4%
Triple Peaks	Vermont	Sep-19	3	$229.1	$240.8	$11.7	20.6x	4.8%
Falls Creek & Hotham	Australia	Apr-19	2	$127.4	$131.4	$13.0	10.1x	9.9%

- European acquisitions are a clear shift in focus & price discipline
  - Not possible to earn cost of capital on these European acquisitions
  - We estimate Vail shareholders will lose ~$180M of equity value from these two deals alone (60% of the deal)
- Only 3 of last 5 acquisitions have made strategic sense
  - Overpaid on Triple Peaks, but there is clear benefit in owning those resorts
  - Falls Creek has potential to generate decent ROI at the price paid
- European M&A signaling to N.A. resorts & guests they are not important

M&A Contribution Analysis

$ in Millions	2019	2020	2021	2022	2023	2024	'19 vs. '24
Mountain Sales	$1,956.2	$1,710.4	$1,689.9	$2,213.1	$2,540.9	$2,544.4	$588.2
Loding Sales	$314.7	$248.4	$218.1	$312.1	$340.4	$336.1	$21.5
Total Report Sales	**$4,289.9**	**$3,978.9**	**$3,928.9**	**$4,547.2**	**$4,904.3**	**$4,904.5**	**$614.6**
Change y/y $		*($311.0)*	*($49.9)*	*$618.3*	*$357.1*	*$0.2*	
Change y/y %		*(7.2%)*	*(1.3%)*	*15.7%*	*7.9%*	*0.0%*	*14.3%*
Mountain EBITDA	$678.6	$500.1	$550.4	$811.2	$822.6	$802.1	$123.5
Loding EBITDA	$28.1	$3.3	($5.7)	$25.7	$12.3	$23.0	($5.1)
Resort Reported EBITDA	**$706.7**	**$503.3**	**$544.7**	**$836.9**	**$834.8**	**$825.1**	**$118.4**
Change y/y $		*($203.3)*	*$41.3*	*$292.3*	*($2.1)*	*($9.7)*	
Change y/y %		*(28.8%)*	*8.2%*	*53.7%*	*(0.2%)*	*(1.2%)*	*16.8%*
Incremental EBITDA	Date						
Andermatt-Sedrun	Aug-22	-	-	-	$2.6	$2.6	$2.6
Seven Springs	Dec-21	-	-	$7.5	$15.0	$15.0	$15.0
Peak Resorts	Sep-19	$60.0	$60.0	$60.0	$60.0	$60.0	$60.0
Triple Peaks	Sep-19	$11.7	$11.7	$11.7	$11.7	$11.7	$11.7
Falls Creek & Hotham	Apr-19	$13.0	$13.0	$13.0	$13.0	$13.0	$13.0
Total M&A Contribution		**$84.7**	**$84.7**	**$92.2**	**$102.3**	**$102.3**	**$102.3**
Incremental M&A Contribution		*$84.7*	*$0.0*	*$7.5*	*$10.1*	*$0.0*	
Growth Tracker							
Resort Reported EBITDA	**$706.7**	**$503.3**	**$544.7**	**$836.9**	**$834.8**	**$825.1**	**$118.4**
Growth y/y		*($203.3)*	*$41.3*	*$292.3*	*($2.1)*	*($9.7)*	
Est. M&A Contribution		**$84.7**	**$0.0**	**$7.5**	**$10.1**	**$0.0**	**$102.3**
Implied Org. Growth $		***($288.0)***	***$41.3***	***$284.8***	***($12.2)***	***($9.7)***	***$16.1***
Implied Org. Growth %		***(40.8%)***	***8.2%***	***52.3%***	***(1.5%)***	***(1.2%)***	***2.3%***

Either organic growth is much worse than mgmt. acknowledges (masked by M&A contribution), or ROIs are negligible.

We bet on the latter.

Source: MTN Public Company Filings

1. Effective Purchase Price (PP) includes reported one-time capex post-close

Vail's Capital Allocation has Been Undisciplined Resulting in Use of ~$900M Debt to Fund Excessive Dividend Policy

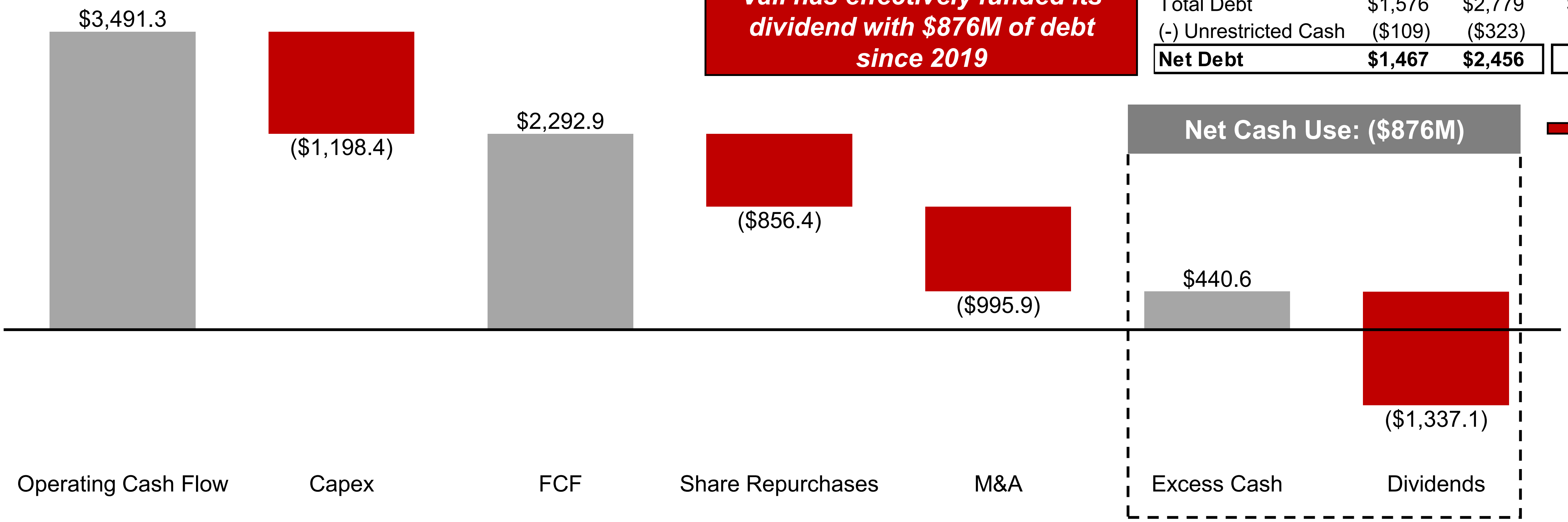
LATE APEX PARTNERS

Five Year Cash Use Bridge (FYE19 – FYE24)

($ in Millions)

Vail has effectively funded its dividend with $876M of debt since 2019

$ in Millions	2019	2024	Δ
Total Debt	$1,576	$2,779	$1,202
(-) Unrestricted Cash	($109)	($323)	($214)
Net Debt	**$1,467**	**$2,456**	**$989**

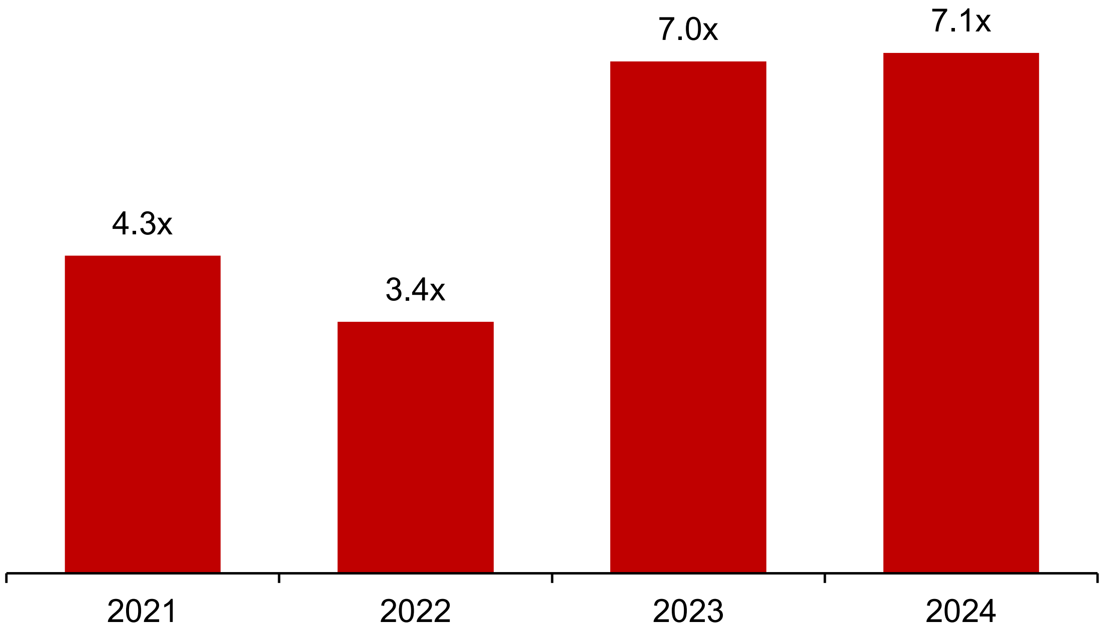


Source: MTN Public Company Filings

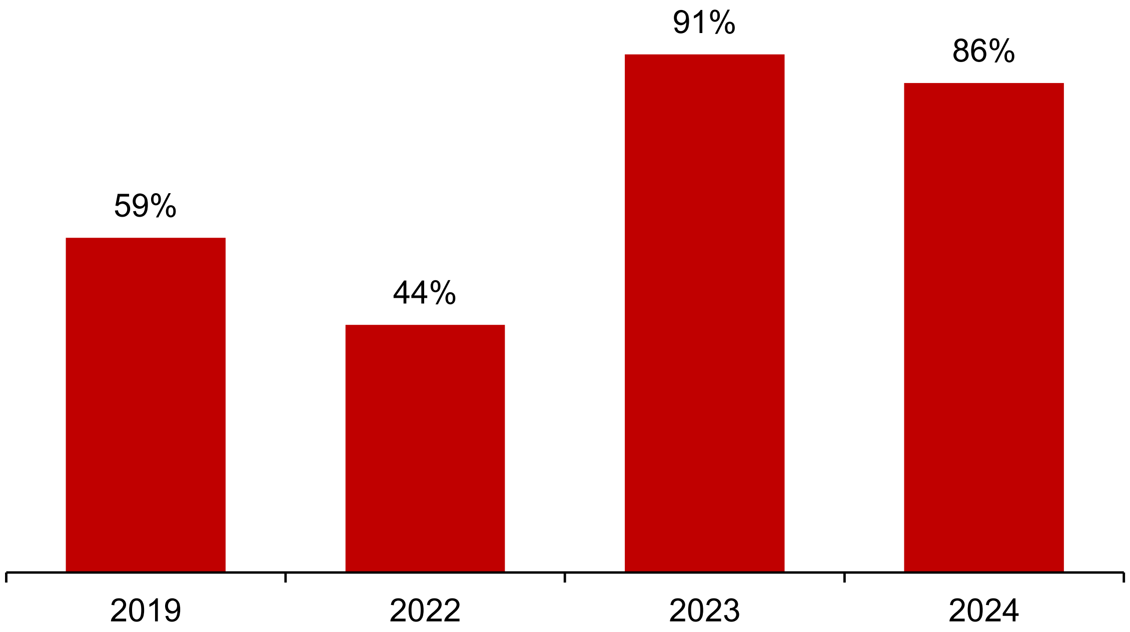
Balance Sheet Lacks Flexibility to Be Aggressive

LATE APEX PARTNERS

Net Debt / FCF[1]



Dividends % of FCF[2]



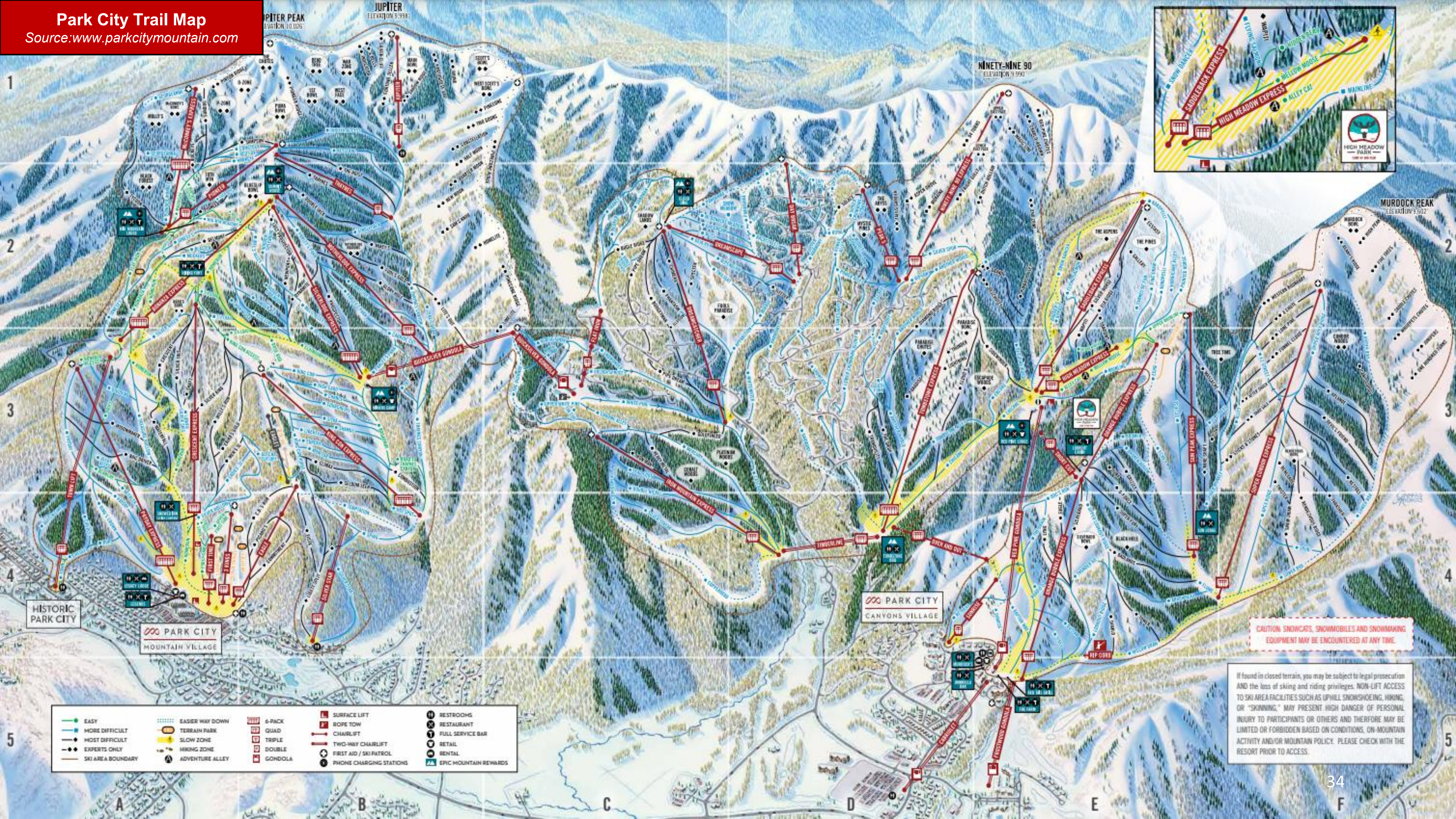
We believe a forced dividend cut is imminent; A lack of focus on optimal levels of debt are creating long-term problems for aggressive future growth

Source: MTN Public Company Filings

1. *FCF defined: Operating Cash Flow less Capex; we believe this is a better way to get a sense for debt payback ability vs. TNLR*
2. *Dividends paid / FCF (Operating Cash Flow less Capex); 2020-21 excluded due to COVID impact & not paying dividends*

Park City Trail Map

Source:www.parkcitymountain.com



LATE APEX PARTNERS

Section III.b (Operating Problems)

<u>Problems Today</u>: Management have Overseen Value Destruction from Poor Capital Allocation & Deterioration in Guest Experience

Vail Failed to Prevent At-Scale Competitive Entrants

LATE APEX PARTNERS

Alterra's 2017 formation put Vail on the defensive; Alterra's Feb 2024 capitalization gives the Vail competitor $3B of dry powder to cement their lead. Vail, by contrast, is complacent

VailDaily

"$1.5 billion deal rocks ski industry as Aspen skico, KSL buy Intrawest" **April 11, 2017[1]**

AXIOS

"Alterra raised $3 billion as ski industry stares down climate change" **Feb 13, 2024[2]**

"Ikon has taken a partner-heavy approach, whereas Epic has taken a very light approach to partnerships and actually has lost a couple of partnerships […] by Ikon partnering with strategic resorts, the highest-level brands like Aspen and Jackson Hole, they were able to make inroads very fast and get to scale very fast. And I think that will continue."

–Former Executive at Aspen

Epic vs. IKON GTM Strategy

Strategy	Epic (Vail)	Ikon (Alterra)
Partner Count	65	71
Philosophy	Owned-first	Partnership-first
Resort Targets	Local to Destination	Iconic-only
Decisions/Culture	Centralized	Local Mountain

Alterra's Feb 2024 valuation is reportedly ~$7B Enterprise Value[3] (vs. MTN ~$10B) despite only owning 19 mountains (vs. MTN at 42)

Sources: LAP Research, The Storm Skiing Journal and Podcast (www.stormskiing.com)

1. https://www.vaildaily.com/news/1-5-billion-deal-rocks-ski-industry-as-aspen-skico-ksl-buy-intrawest/
2. https://www.axios.com/local/salt-lake-city/2024/02/13/alterra-ski-deer-valley-solitude-ksl-investment-climate-change
3. https://www.pehub.com/ksl-capital-sees-strong-growth-ahead-after-alterra-single-asset-deal/

Vail's Epic Pass Offering is Not Differentiated Today vs. Alterra's Ikon Pass and Lags in "Value" for Price Paid

LATE APEX PARTNERS

Alterra recognized that driving robust "on-pass" network effects would delight consumers and generate pricing power. Vail lost partners to IKON and now shifts resources to non-N.A. resorts, risking further value destruction

"From a pure roster point of view, Ikon crushes Epic by most measures."

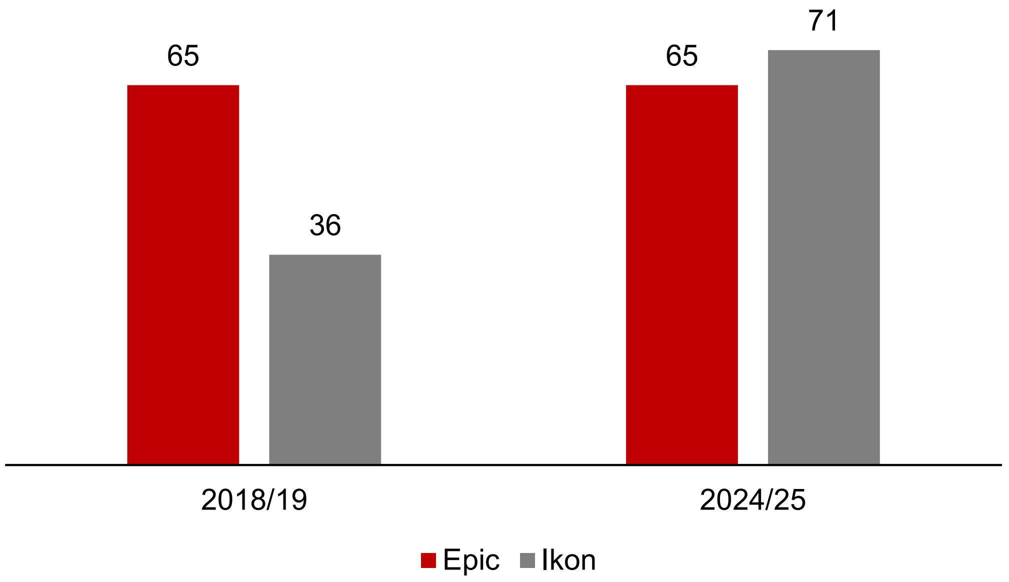
–Stuart Winchester (Storm Skiing, 5/30/24)

"We are at the front end of our pricing and product-packaging journey as an industry and I think we are going to get much smarter at that over time."

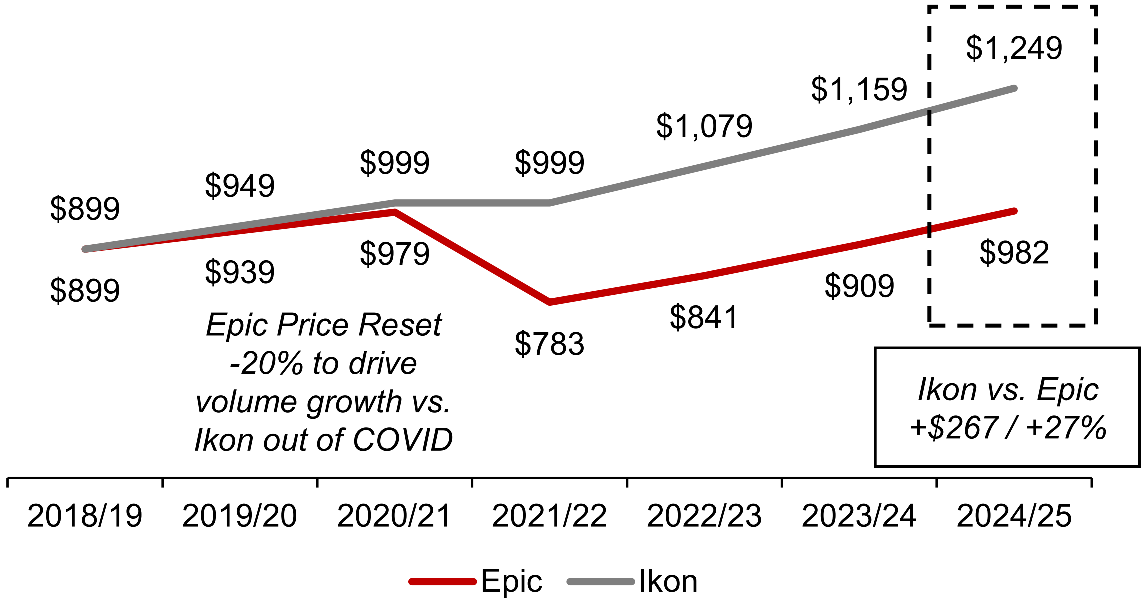
–Jared Smith (CEO Alterra, former CEO Ticketmaster, 7/27/23)

Epic vs. Ikon Network (Owned & Partner)

Ikon has nearly doubled its network while Epic stagnated



Epic vs. Ikon Pass Pricing (Early Bird)



Sources: LAP Research, The Storm Skiing Journal and Podcast (www.stormskiing.com)
Note: Indy Pass not included, but Indy has grown its network from 34 in 2019/20 to ~230 for the 2024/25 ski season

To Make Matters Worse, Alterra is Investing Double That of Vail in the Guest Experience via Capital Deployed

LATE APEX PARTNERS

Vail's 2025 Capex Plan

$198-203 N.A. / $249-254M incl. Europe

For calendar year 2025, the Company plans to invest approximately $198 million to $203 million in core capital, before $45 million of growth capital investments at its European resorts, including $41 million at Andermatt-Sedrun and $4 million at Crans-Montana, and $6 million of real estate related capital projects to complete multi-year transformational investments at the key base area portals of Breckenridge Peak 8 and Keystone River Run, and planning investments to support the development of the West Lionshead area into a fourth base village at Vail Mountain.

Including European growth capital investments, and real estate related capital, the Company plans to invest approximately $249 million to $254 million in calendar year 2025.

Alterra's Capex Announcements

N.A.: $500M in 2023[1] and $300M in 2024[2]

In [2023], Alterra will invest almost $400 million for lifts, snowmaking, summer adventures, additional guest amenities, and resort infrastructure; $50 million dedicated to employee housing; and $40 million for technology upgrades to better connect and streamline the guest experience.

[For 2024], Alterra Mountain Company, the world's premier mountain operating company, announces a capital investment program of over $300 million, focused on on-mountain improvements to enhance the guest experience across its portfolio of North American destinations.

Sources: LAP Research; MTN Public Company Filings

1. https://www.businesswire.com/news/home/20230321005680/en/Alterra-Mountain-Company-Plans-to-Invest-Nearly-Half-a-Billion-Dollars-in-Transformational-Changes-in-the-Year-Ahead
2. https://www.alterramtn.co/news/alterra-mountain-company-to-invest-over-300-million-in-additional-capital-to-improve-the-guest-experience

Guest Experience Is Not Vail's Primary Focus Today

LATE APEX PARTNERS

Vail has fallen from consensus #1 to ZERO resorts listed among the Best in the U.S. by Ski Reader Survey. We worry that consumers no longer believe Vail offers the "Experience of a Lifetime™"

*"Our mission is to create the **Experience of a Lifetime for our employees**, so they, in turn, can create the **Experience of a Lifetime for our guests**."*
-Vail 2024 Annual Report

Our research has uncovered:

- Vail has become complacent towards the core skier
- Reduced marketing significantly to cut costs
- Walked away from sports sponsorships and alienated core snow-sports consumers
- Serious quality declines at smaller regional resorts

Ski Magazine's 2024 Survey: Best Resorts in the US[1]

#	Resort	Owner
1	Powder Mountain, UT	Summit Powder Mountain
2	Mad River Glen, VT	Mad River Glen Cooperative
3	Snowbasin Resort, UT	Grand America Hotels & Resorts
4	Sugarloaf Reosrt, ME	Boyne Resorts
5	Sun Valley, ID	Grand America Hotels & Resorts
6	Bretton Woods, NH	Omni Hotels & Resorts
7	Aspen Snowmass, CO	Aspen Skiing Company
8	Killington Resort, VT	Powdr Corporation
9	Taos Ski Valley, NM	Louis Bacon
10	Sunday River, ME	Boyne Resorts

Zero Vail-owned resorts featured in Top 10

Management has lost focus on creating "the experience of a lifetime" for guests and employees

Source: Vail's website; MTN Public Company Filings

1. *Ski Magazine: https://www.skimag.com/ski-resort-life/best-ski-resorts-in-the-us-2024/*

Recent Case Study: Disastrous Park City Ski Patrol Strike Christmas/New Years 2024/25 (1 of 2)

LATE APEX PARTNERS

"Intended to ski x3 days on this trip. Ending trip a day early on what should be a powder day because most of the mountain is closed. […] getting gaslit by their social media team who keeps blaming "winds and snowfall" for the situation only adds insult to injury for customers like myself who ***will be switching over to Ikon next year after what will go down as my worst experience at a ski resort in 23 years****."* — *X user* @brandontigges, December 30, 2024

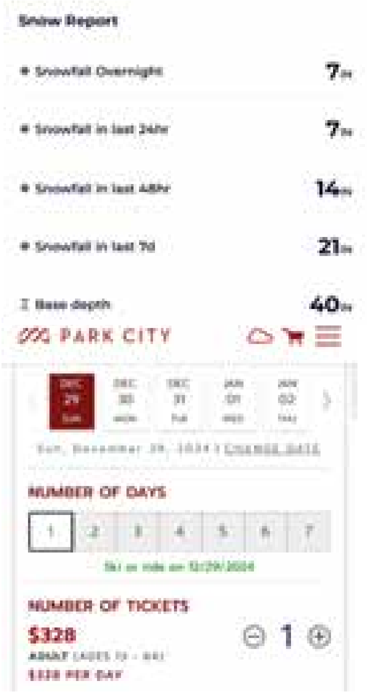
"Not sure what @VailResorts is thinking, but they need to resolve their dispute with their ski patrol at Park City Mtn. The combination of a weak snow year with the ski patrol strike is ***leaving every guest on the mountain pissed off and feeling ripped off.*** *Exceedingly long lines and limited terrain is evidence of their master class in poor planning and lack of customer success."* —X user @munves, December 28, 2024

Ski Patrol Strike Timeline

- Park City Mountain Resort (PCMR) and Park City Professional Ski Patrol Association (PCPSPA) worked on negotiating pay increases for 2024/25 season – negotiations reportedly have been ongoing for 9 months
  - Reportedly a $2/hour pay increase
  - Other negotiating items are unclear, but rumor is the Union also wanted year-round medical benefits which was a sticking point for Vail management
- 12/27/24 – Ski patrol goes on strike
- 12/28/24 – 17% of terrain open & Management blames weather
- 12/29/24 – 14in of snowfall over last 48 hours; only 17% of terrain is open and day passes reach $328
- 12/30/24 – PCMR further reduces open terrain and announces there will be no lift ticket sales for the day
  - Mgmt. still blame weather conditions; Completely removed terrain tracking
- 12/28-1/3 – Lift lines between 1-2 hours at PCMR despite snowpack >95% of average; social media outrage from people at the resort

The situation was a disaster for PCMR & Vail on busiest weeks of the year; LAP counted thousands of comments on social media/reddit and >50 then-current PCMR guests who stated that they would be switching to IKON.

This time last year, Park City snowpack was materially worse, yet Vail had twice as many trails open. Management's continual excuses have become patently absurd.

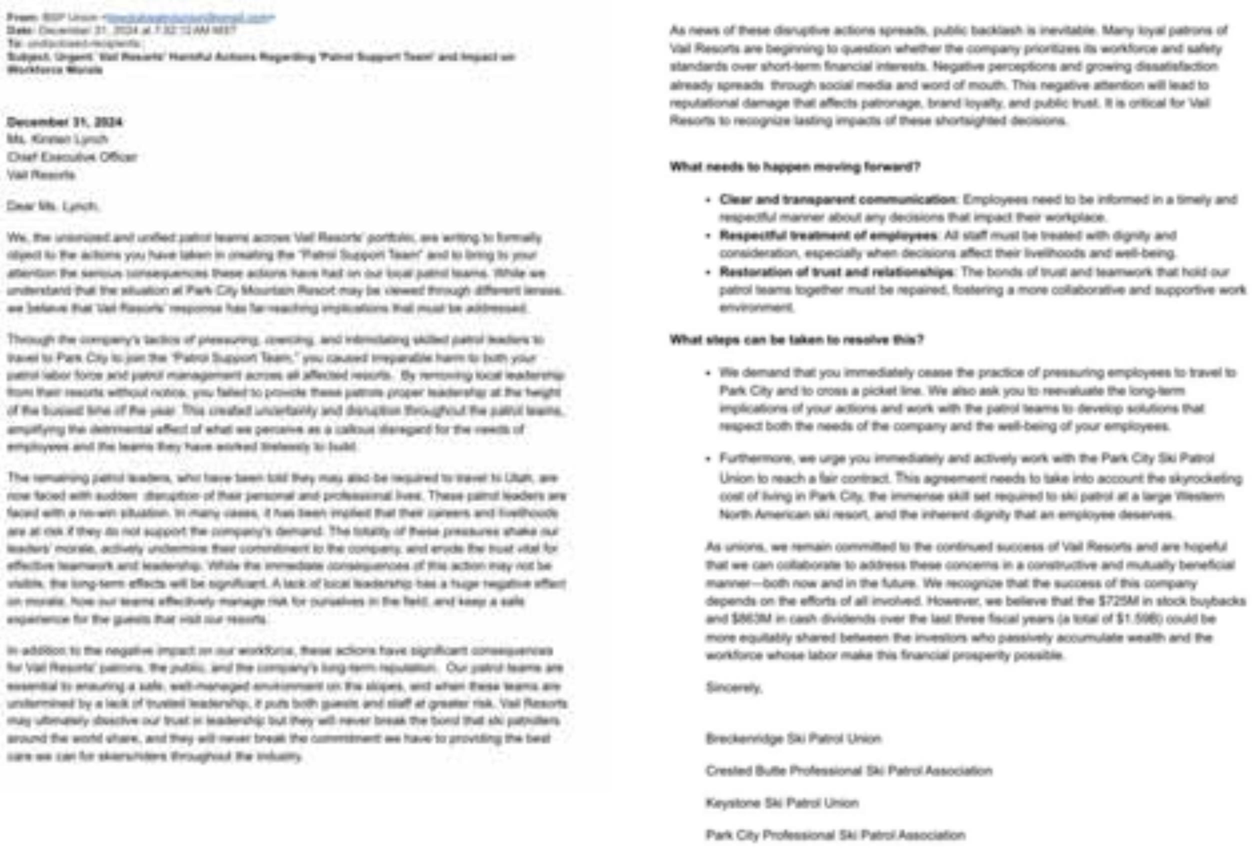


Source: LAP Research; images taken from parkcitymountain.com 12/29/24 and 12/30/24

Recent Case Study: Disastrous Park City Ski Patrol Strike Christmas/New Years 2024/25 (2 of 2)

LATE APEX PARTNERS

On 12/31 Vail's Ski Patrol Unions (PCMR, Breckenridge, Crested Butte, Keystone) published a letter to CEO Lynch outlining demands and risking contagion of further retaliatory labor actions at other Vail owned-resorts



From: BSP Union <[illegible]>
Date: December 31, 2024 at 7:32:12 AM MST
To: undisclosed-recipients:;
Subject: Urgent: Vail Resorts' Harmful Actions Regarding 'Patrol Support Team' and Impact on Workforce Morale

December 31, 2024
Ms. Kirsten Lynch
Chief Executive Officer
Vail Resorts

Dear Ms. Lynch,

We, the unionized and unified patrol teams across Vail Resorts' portfolio, are writing to formally object to the actions you have taken in creating the "Patrol Support Team" and to bring to your attention the serious consequences these actions have had on our local patrol teams. While we understand that the situation at Park City Mountain Resort may be viewed through different lenses, we believe that Vail Resorts' response has far-reaching implications that must be addressed.

Through the company's tactics of pressuring, coercing, and intimidating skilled patrol leaders to travel to Park City to join the "Patrol Support Team," you caused irreparable harm to both your patrol labor force and patrol management across all affected resorts. By removing local leadership from their resorts without notice, you failed to provide these patrols proper leadership at the height of the busiest time of the year. This created uncertainty and disruption throughout the patrol teams, amplifying the detrimental effect of what we perceive as a callous disregard for the needs of employees and the teams they have worked tirelessly to build.

The remaining patrol leaders, who have been told they may also be required to travel to Utah, are now faced with sudden disruption of their personal and professional lives. These patrol leaders are faced with a no-win situation. In many cases, it has been implied that their careers and livelihoods are at risk if they do not support the company's demand. The totality of these pressures shake our leaders' morale, actively undermine their commitment to the company, and erode the trust vital for effective teamwork and leadership. While the immediate consequences of this action may not be visible, the long-term effects will be significant. A lack of local leadership has a huge negative effect on morale, how our teams effectively manage risk for ourselves in the field, and keep a safe experience for the guests that visit our resorts.

In addition to the negative impact on our workforce, these actions have significant consequences for Vail Resorts' patrons, the public, and the company's long-term reputation. Our patrol teams are essential to ensuring a safe, well-managed environment on the slopes, and when these teams are undermined by a lack of trusted leadership, it puts both guests and staff at greater risk. Vail Resorts may ultimately dissolve our trust in leadership but they will never break the bond that ski patrollers around the world share, and they will never break the commitment we have to providing the best care we can for skiers/riders throughout the industry.

As news of these disruptive actions spreads, public backlash is inevitable. Many loyal patrons of Vail Resorts are beginning to question whether the company prioritizes its workforce and safety standards over short-term financial interests. Negative perceptions and growing dissatisfaction already spreads through social media and word of mouth. This negative attention will lead to reputational damage that affects patronage, brand loyalty, and public trust. It is critical for Vail Resorts to recognize lasting impacts of these shortsighted decisions.

What needs to happen moving forward?

- **Clear and transparent communication**: Employees need to be informed in a timely and respectful manner about any decisions that impact their workplace.
- **Respectful treatment of employees**: All staff must be treated with dignity and consideration, especially when decisions affect their livelihoods and well-being.
- **Restoration of trust and relationships**: The bonds of trust and teamwork that hold our patrol teams together must be repaired, fostering a more collaborative and supportive work environment.

What steps can be taken to resolve this?

- We demand that you immediately cease the practice of pressuring employees to travel to Park City and to cross a picket line. We also ask you to reevaluate the long-term implications of your actions and work with the patrol teams to develop solutions that respect both the needs of the company and the well-being of your employees.
- Furthermore, we urge you immediately and actively work with the Park City Ski Patrol Union to reach a fair contract. This agreement needs to take into account the skyrocketing cost of living in Park City, the immense skill set required to ski patrol at a large Western North American ski resort, and the inherent dignity that an employee deserves.

As unions, we remain committed to the continued success of Vail Resorts and are hopeful that we can collaborate to address these concerns in a constructive and mutually beneficial manner—both now and in the future. We recognize that the success of this company depends on the efforts of all involved. However, we believe that the $725M in stock buybacks and $863M in cash dividends over the last three fiscal years (a total of $1.59B) could be more equitably shared between the investors who passively accumulate wealth and the workforce whose labor make this financial prosperity possible.

Sincerely,

Breckenridge Ski Patrol Union

Crested Butte Professional Ski Patrol Association

Keystone Ski Patrol Union

Park City Professional Ski Patrol Association

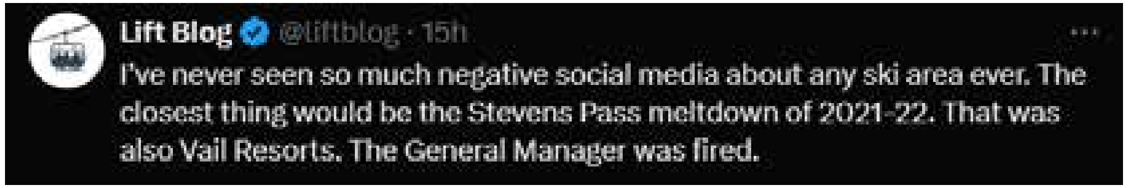
"We demand that you immediately cease the practice of pressuring employees to travel to Park City and to cross a picket line. We also ask you to reevaluate the long-term implications of your actions and work with the patrol teams to develop solutions that respect both the needs of the company and the well-being of your employees. Furthermore, we urge you immediately and actively work with the Park City Ski Patrol Union to reach a fair contract."
–Ski Patrol Union's Letter to Vail CEO Lynch

On 1/3-1/6, the issues at PCMR began making national news (e.g. ABC World News, CNN, CNBC, Fortune, NY Times)

The New York Times

Striking Patrollers Disrupt Season at Largest Ski Resort in U.S.

Long lift lines, limited terrain and frustration among skiers and snowboarders are downstream impacts of a wage dispute between union workers at Park City Mountain in Utah and its owner, Vail Resorts.



Lift Blog @liftblog · 15h

I've never seen so much negative social media about any ski area ever. The closest thing would be the Stevens Pass meltdown of 2021-22. That was also Vail Resorts. The General Manager was fired.

Source: LAP Research; image from @liftblog on www.x.com 1/3/2025

Core Skiing Community Hates Vail Resorts

LATE APEX PARTNERS

We have been shocked to uncover that the (1) pro skiing and (2) core skier communities almost unanimously despise Vail as a company. This is unacceptable, and we believe anathema to Vail's founding legacy.

Vail Has a Massive Credibility Problem

- In our dozens of conversations with pro skiers and skiing influencers, we were astonished to find that Vail's reputation emits vitriol and hatred from the exact people Vail should be adored by.

This needs to be the company's highest priority to fix immediately. Something is broken.

FAIL RESORTS™

*"[…] **within the core ski community, Vail has quite an unfavorable reputation**, so partnering with them would have to take something quite unique and positively constructive for my audience, which is primarily the core ski community. So while it's something I'd potentially entertain, there would have to be quite a lot of parameters to be met in order to have the personal desire for partnership along with creating an effective messaging campaign that connects with my audience in an impactful way. [Talk with Vail] knowing that **utilizing pro skiers and the core ski community for marketing Vail/Epic could be an uphill battle**."*

—Pro Skier to LAP

Source: LAP Research; photo courtesy of @failresorts a satire account that mocks Vail Resorts on social media

Vail Has Become the Evil Empire

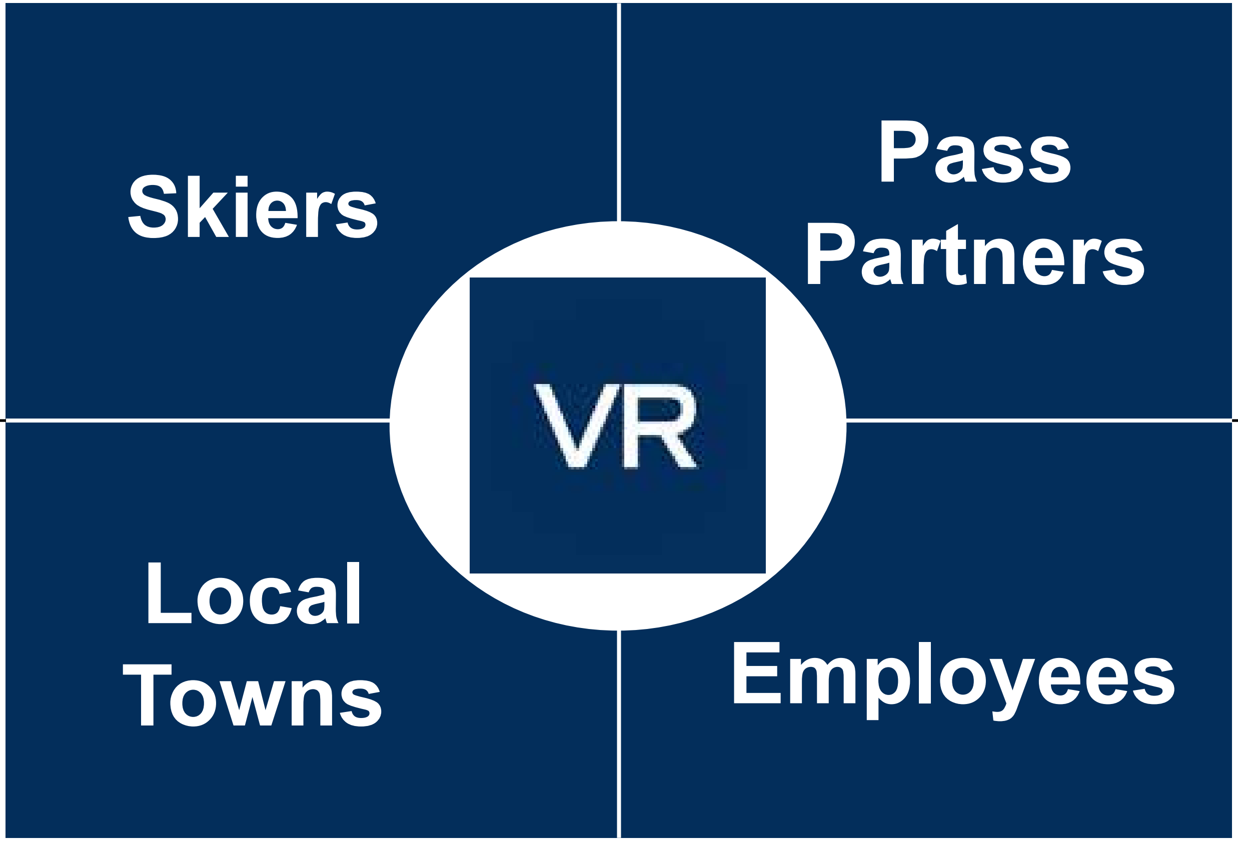
LATE APEX PARTNERS

*"Overall, to most diehard skiers, to locals that choose to work for low pay in the name of skiing their whole life, to those that love this sport more than almost anything else…**Vail is seen as the Evil Empire**. That view point is reinforced by numerous meme accounts, bumper stickers and internet threads. That view point is often even more reinforced when it's a two hour drive to go a couple miles to have to pay for parking and wait in line more than ski. That view point is reinforced by marketing efforts that don't build ski culture, ski content and ski history but is entirely centered around a ski pass and a price next to it.*

—Pro Skier to LAP

Bloomberg
How Vail Resorts Sparked the Great Northeast Ski Revolt

SKI
What Vail Needs to Fix If It Wants To Retain Skiers And Their Respect



THE COLORADO SUN
What really led A-Basin to quit the Epic Pass cash cow? "Parking is our pinch point."

TownLift PARK CITY NEWS
Snowbasin and Sun Valley leave Epic Pass for Ikon and Mountain Collective

THE DENVER POST
Colorado ski company to pay after accidentally dumping hazardous snowmaking water into creeks

VICE
This Town Was Paradise, Then Everyone Started Working From Home

UNOFFICIAL NETWORKS
Stowe Locals Detail Their Frustrations with Vail Resorts

BUSINESS INSIDER
Inside Vail's Workforce Housing Crisis

The Salt Lake Tribune
Park City patrollers authorize strike, could affect holiday skiing

THE DENVER POST
Broomfield-based Vail Resorts to cut 14% of corporate workers

Source: LAP Research

Vail is Inclusive of Everyone Except the Core Skier

LATE APEX PARTNERS

Vail's hyper-fixation on being perceived as 'inclusive' has alienated the single most important stakeholder: skiers

Letter from Vail Resorts CEO: We Are Part of the Problem[1]

"[…] we need to acknowledge that there are parts of the culture of our sport that are clearly not inviting. Maybe the image we have created of the mountain lifestyle needs to be more varied. Maybe, as a fairly close-knit and passionate group of skiers and riders, our community carries a deep implicit bias. It would not be a stretch to call us a clique."

Vail's self-flagellation is an insult to employees, customers, partners, and the many others who have sought to create memorable experiences for millions of skiers over the years.

"There was a time when if you were a hot shot skier, that was how you got a job, and we have tried to shift that […] How do we make sure that when we talk about who we are hiring we aren't focusing on who has skied the most resorts."

—Rob Katz on Storm Skiing Podcast #71[2] (Jan 25, 2022)

It's similarly mind boggling that Katz publicly denigrated Vail's core constituents by suggesting the Company is uninterested in hiring those passionate about the sport.

We believe management need to re-focus on the reality that the people of Vail are inputs to the customer experience (output).

Attracting, hiring, and retaining the best possible ski patrol, trainers, ski lift operators, food hall people, etc. is **the only way to have a sustainable competitive advantage** and truly create the experience of a lifetime.

If you lose focus on having the best people, you lose it all.

Source: LAP Research; MTN Public Company Materials

1. *https://news.vailresorts.com/2020-06-03-Letter-from-Vail-Resorts-CEO-We-Are-Part-of-the-Problem*
2. *https://www.stormskiing.com/p/podcast-71-vail-resorts-executive*

Vail Pays Lip Service to “Inclusion” But Has Missed the Opportunity to Grow the Sport via Local/Regional Resorts

LATE APEX PARTNERS

Many local mountains shut down for non-fundamental reasons; Vail partnerships can drive increased visits and create actual inclusion. Vail must act before the next generations become engrained with IKON.

Vail’s Words	Vail’s Reality
“Local and regional ski areas in the East are a big part of how the passion for this sport begins.” - Kirsten Lynch to Bloomberg[1]	How Vail Resorts Sparked the Great Northeast Ski Revolt
“Including European growth capital investments and real estate-related capital, the company plans to invest approximately $249 million to $254 million in calendar year 2025.” - Kirsten Lynch Q1 2025 Earnings Call	Zero lifts set to be replaced at any Local or Regional Resort in calendar 2025 (only 1 total in N.A.)
“Most of those first time people to the sport are not getting on a plane and flying to Vail Mountain to try the sport, they're trying it at their local ski resort. […] that portfolio strategy when we started buying those local resorts that were outside of major metropolitan areas, that is a huge focus for us on how we bring people in, move them from local resorts to the regional resorts, and ultimately, through a life cycle, they come visit our destination resorts.” - Kirsten Lynch Q4 2024 Earnings Call	Vail’s two most recent acquisitions were in Switzerland, while the Company’s March 2024 investor day listed North America third after Europe and Asia as priorities for acquiring new resorts

“And I know firsthand, so many people go and take their kids to ski to learn at the small regional resorts and then once they've got a little bit more confidence, you have the natural transition, it was possible, how many people started coming out West because they had more awareness. They were already skiing locally.
And then there was a deal, maybe if you buy the Epic four day then you get four days for free at your local resort, which isn't a lot of money to begin with, but it just helps remove perhaps that barrier just on your Saturday enrollment.”
-Former Finance Executive at Vail

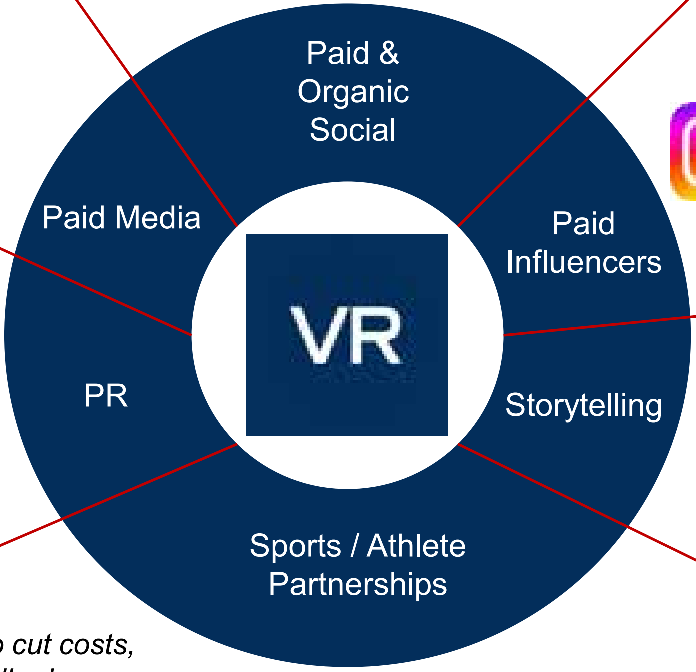
Source: LAP Research

1. *“How Vail Resorts Sparked the GreatNortheast Ski Revolt.” Bloomberg News, Feb 1, 2024,* https://www.bloomberg.com/features/2024-vail-resorts-epic-pass-revolt/

Vail's Marketing is Superficial and Missing Opportunities to Connect with Core Consumers in Authentic Ways

LATE APEX PARTNERS

We identified clear gaps in Vail's 360 marketing efforts; most problematic were (1) little attention given to high-ROI influencer marketing, and (2) negligible attempts at leveraging resort heritage in storytelling



- NYC Bus Stops
- Billboards

Bloomberg
How Vail Resorts Sparked the Great Northeast Ski Revolt

VICE
This Town Was Paradise, Then Everyone Started Working From Home

The New York Times
36 Hours in Stowe, VT

In attempts to cut costs, Vail have walked away from athlete partnerships and certain events

We spoke with dozens of the highest reach skiing content creators and none were partnered with Epic/Vail; Ikon did have established partnerships with a few

Our research indicated Vail has partnered with commoditized travel influencers where Snowsports is non-core

Excluding Whistler, we found limited attempts to leverage the storied heritage of Vail's resort portfolio to create stories that resonate with consumers (e.g. Vail's iconic "back bowls" or replicating Netflix's wildly successful "F1 Drive to Survive" or "Full Swing" docuseries). For example, Vail Mountain's account only has 8k YT subscribers with average ~500 views per video

Whistler Blackcomb

"[Vail has] never reached out to work with me. I've tried to team up with them, but they've rejected me...

*It always makes me laugh since I've driven hundreds of millions of views and more positive viewership to [Vail Resort X] than anyone on the internet over the past 5 years. (leaps and bounds more than their marketing efforts)." –*Content Creator to LAP

Day 1 Influencer Opportunities

1. **Lucas Catania** (100k+ followers); skier focused today on Utah ski resorts with super high engagement & excellent production quality
2. **Cody Townsend** (500k+ followers); skier who focuses on skiing adventure trips
3. **Bruce Oldham** (100k+ followers); pro-skier with highly engaged action sports following
4. **James Pavelick** (100k+ followers); BC based skier with Whistler-focused content
5. **Spencer Whiting** (300k+ followers); follow-cam snowboarder/surfer with large action sports following
6. **Casey Whiting** (200k+ followers); snowboarder & action sports with highly engaged vlog following

Source: LAP Research

While CMO, Lynch eliminated Resort-Based Marketing and PR Resources, Cutting Out the Heart of Each Mountain

LATE APEX PARTNERS

In contrast to Alterra, Vail centralized marketing and PR functions under Lynch's leadership as CMO. Not only did this remove boots on-the-ground but reduced the ability to connect with consumers at various resorts.

*"As a part of this restructuring, **resort brand strategy will be centralized** in our corporate offices in Broomfield, Colorado, and our resort marketing activation staff will combine with our resort communications teams based locally,"* said EVP and chief marketing officer Kirsten Lynch (Vail Press Release 10/1/2020)

Function	VR	ALTERRA MTN CO	LAP Proposal
Resort Marketing	Centralized in Broomfield HQ	Resort-Based	Regional Resources for Local Resorts & Resort-Based for all Destination Resorts
PR/Comms	Centralized & Part-Time Resort-Based	Centralized & Resort-Based	

Cutting marketing costs in a consumer-facing business is not a way to be guest-focused long-term.

Lynch's failure in judgment is entirely evident during a crisis. The appropriate resources are not available to calm the storm (e.g. Park City Ski Patrol Strike).

The Salt Lake Tribune

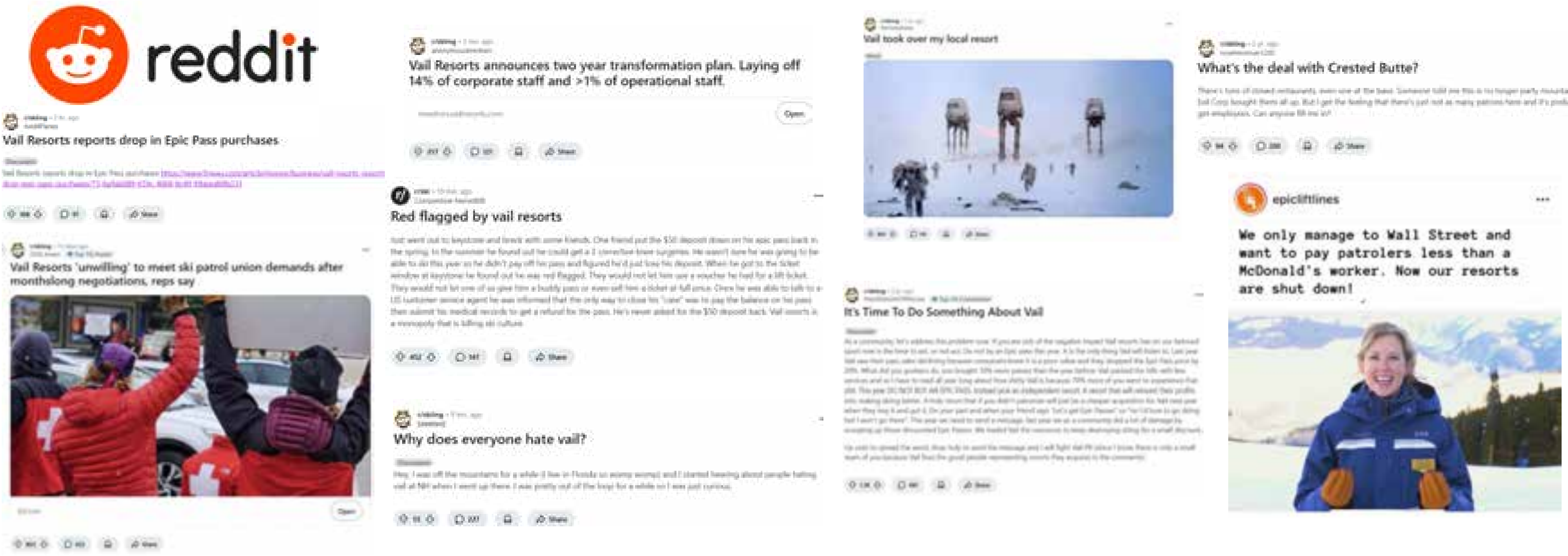
'They've lost control of the mountain': At Park City Mountain, stock prices fall…

Source: LAP Research; MTN Public Company Filings

Vail is Missing Clear Opportunities to Interact with Consumers on ‘Online PR’ Platforms (e.g. Reddit, YouTube)

LATE APEX PARTNERS

We spent hundreds of hours reading social media, YouTube comments, Reddit, and online blogs, yet found no evidence of Vail’s marketing/communications or genuine customer interactions



Source: LAP Research, Reddit

Vail's Decision to Walk Away from Burton's US Open and Lack of High-Profile Athlete Partnerships is Astonishing

LATE APEX PARTNERS

In 2018, Mikaela Shiffrin – Vail native and the winningest skier in history – signed to be the face of the Ikon pass. In 2021, Vail walked out on the Burton US Open Snowboarding Championships, alienating millions overnight

ALTERRA MOUNTAIN COMPANY

MIKAELA SHIFFRIN: THE NEW FACE OF THE IKON PASS

Photo Courtesy of Alterra Mountain Company Ambassadors

DENVER, CO, January 26, 2018 - We are proud to announce that U.S. Ski Team's Mikaela Shiffrin has joined forces with Alterra Mountain Company as an investor and is helping launch the Ikon Pass as an Ambassador. The Ikon Pass is North America's premier pass for Winter 2018-2019 that offers skiers and riders access to 23 iconic destinations, and a like-minded community with a passion for the mountains.

VailDaily

"Is Vail's Burton US Open competition gone for good?" October 15, 2021[1]

"Burton officials Tuesday announced a new snowboard event series: The Burton Mystery Series. But to Vail locals, the bigger mystery is what's going to happen to the Burton US Open Snowboarding Championships, which has been hosted in Vail since 2013.

The short answer is the annual celebration of snowboarding won't return to Vail in 2022. ***In fact, the US Open format looks to be a thing of the past.****"*

"[Industry growth via snowboarding/cross country skiing] arose out of the sport's heart, and in some cases the 'industry' didn't initially respond well to them. ***In the long run, the ski industry exists because of the sport, and not the other way around."*** –John Fry (quoted by Chris Diamond in Ski Inc. 2020)

Source: MTN Public Company Filings

1. https://www.alterramtn.co/news/mikaela-shiffrin-the-new-face-of-the-ikon-pass
2. https://www.vaildaily.com/news/is-vails-burton-us-open-competition-gone-for-good/

Breckenridge Trail Map

Source:www.skyrun.com

Section IV

Accountability: Management Need to be Held Accountable, and the Board Needs a Reset to Enable Long-Term Value Creation

Management Have Alienated Almost All Stakeholders, Have Not Been Held Accountable, Have Zero Skin in the Game and Must Go

LATE APEX PARTNERS

Management have irreparably damaged Vail's perception among stakeholders (Customers, Partners, Employees, and Investors) and there is no accountability

- Over the last 3 years, insiders have been paid $47M while the stock price has declined -53% (TSR -47%)
- Incentive compensation is totally divorced from real measures of value creation

Management have no skin in the game, signaling zero conviction in Vail's future

- Since becoming CEO, Lynch has not bought Vail stock once (despite $19M in total compensation L3Y)
- Despite spending >12 cumulative years at Vail, CFO Korch owns only ~$400K in stock
- Chairman (Former CEO) Katz has sold ~82% of his holdings
- In the past 5 years, not a single board member has purchased a single share of Vail.

CEO Lynch and CFO Korch need to be removed immediately to restore investor confidence

- Today, Vail's board is failing as a fiduciary by not holding management accountable for bad performance
- We believe current leadership must be removed immediately to (1) pivot current strategy, and (2) restore investor confidence in Vail's future growth prospects
- Despite Chairman Katz incredible 30-year legacy, we believe now is the time for him to resign, and for a board reset
- We question the independence of the current board if immediate action is not taken

The Vail Board must take accountability immediately and request the resignation of CEO Lynch, CFO Korch, and begin succession process

Source: MTN Public Company Filings; LAP research; Bloomberg; Stock price as of market close 1/24/25

The Board's Incentive Compensation Practices are Unacceptable and Must Be Addressed Immediately to Unlock Long-Term Value Creation

LATE APEX PARTNERS

Vail gives lip service to aligning interests, but Resort Reported EBITDA ≠ value creation, and long-term incentive metrics are completely missing

Annual Incentive Compensation[1]

*"**The Compensation Committee selected Resort Reported EBITDA** (earnings before interest, taxes, depreciation, and amortization, as reported for our Mountain and Lodging segments combined) **as the primary performance metric for the MIP**. The NEOs' annual cash incentive fluctuates with our performance and the achievement of our annual goals as established by the Compensation Committee."*

Long-Term Incentive Compensation[2]

*"**The Compensation Committee bases awards of long-term equity compensation on a number of factors**, including competitive market practices as determined by our peer group analysis, the information provided by our independent compensation consultant, the amount of cash compensation that is currently paid to each NEO, each NEO's level of responsibility, our retention objectives, and our pay-for-performance philosophy. In general, the Compensation Committee makes long-term equity award determinations for executive officers in September of each year and typically consults with our CEO in determining the size of grants to each NEO, other than herself, although the Compensation Committee makes all final determinations."*

"The primary objective of our executive compensation program is to emphasize pay-for-performance by incentivizing our executive officers and senior management to drive superior results and generate stockholder value." –2024 Definitive Proxy Statement

*L3Y **insiders have been paid $47M** in total compensation while the **stock price has declined 53%***

Director	Tenure	L3Y Total Comp.
D. Bruce Sewell	2013	$1,136,634
John F. Sorte	1993	$1,078,740
Peter A. Vaughn	2013	$1,002,191
Michele Romanow	2016	$943,217
Susan L. Decker	2015	$934,013
Nadia N. Rawlinson	2019	$954,326
John T. Redmond	2008	$928,581
Hilary A. Schneider	2010	$930,352
Iris Knobloch	2024	$192,053
Reginald Chambers	2024	$162,020
Total Board		**$8,262,127**
Kirsten Lynch (CEO)	2021	$19,093,516
Robert Katz (Chairman)	1996	$3,137,997
All Other NEOs		$16,552,898
Total NEOs		**$38,784,411**
Total Insider Compensation		**$47,046,538**

Source: MTN Public Filings; Stock price as of 1/24/25
1. *Annual Incentive Compensation per 2024 Form 14A (Definitive Proxy Statement)*
2. *Long-term Incentive Compensation per 2024 Form 14A (Definitive Proxy Statement)*

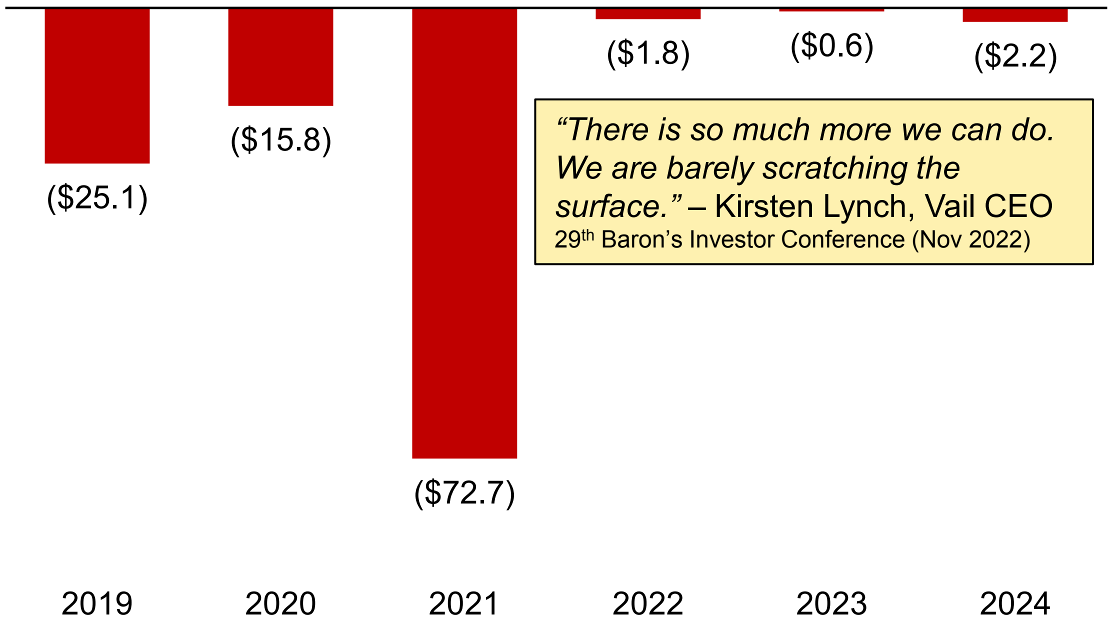
Insiders Lack Conviction in Vail's Future

LATE APEX PARTNERS

Insiders have sold $119M in stock since 2019; zero purchases by CEO Lynch, who has reaped $19M in total compensation L3Y despite total shareholder return of -47%

Insider Net Selling 2019-Present

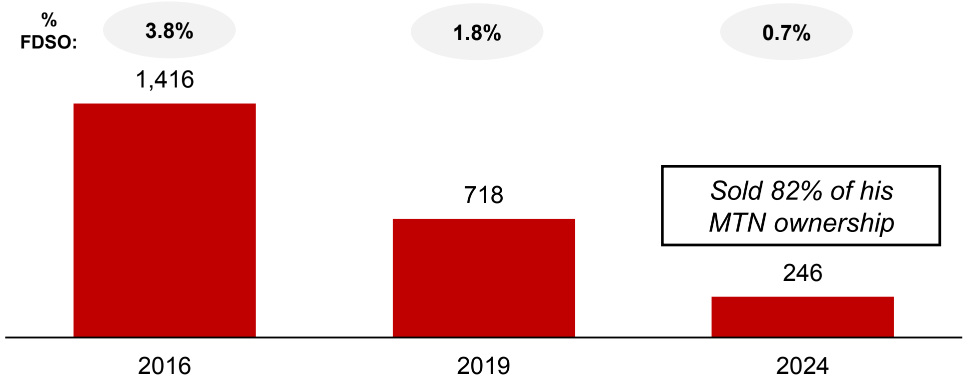
($ in Millions)



"There is so much more we can do. We are barely scratching the surface." – Kirsten Lynch, Vail CEO
29th Baron's Investor Conference (Nov 2022)

Chairman Rob Katz Stock Ownership

(Thousands)



CEO Kirsten Lynch Total Compensation

	2022	2023	2024	L3Y
Salary	885,999	1,050,769	1,086,908	3,023,676
Stock Awards	2,249,991	2,384,820	2,456,356	7,091,167
Option Awards	2,249,981	2,384,996	2,456,542	7,091,519
Bonus	1,188,300	331,250	259,193	1,778,743
All Other	35,357	43,467	29,587	108,411
Total	**$6,609,628**	**$6,195,302**	**$6,288,586**	**$19,093,516**

Source: MTN Public Company Filings; Data as of 1/24/25 and 2024 Definitive Proxy Statement (Form 14A)

Kirsten Lynch is Unfit for the CEO Role and Must Go

LATE APEX PARTNERS

Lynch prioritizes "marketing" over actual customer experience, fails to inspire, hires "yes women" – her name is now synonymous with toxic culture & poor customer experience – even prior to the Park City strike

CEO Lynch Track Record

- Stock price has declined -53% and FCF has declined -28% since becoming CEO
- Acquired zero MTN stock despite TC of $19M over L3Y as CEO
- Acquired European assets at significantly inflated multiples (28x & 60x of EBITDA) of historical Vail acquisition multiples
- Demonstrated inability to meet EBITDA guidance despite top-5 skier visit years
- No strategy & overseen first-ever decline of Epic passes in 2024/25 season
- Based on conversations with former employees, Lynch has overseen and enabled a toxic work culture where performance is less valued than in the past

Top Google Results when you search "Kirsten Lynch" are about Vail's toxic culture under her leadership

Vail Resorts
https://investors.vailresorts.com › board-directors › kirste...
Kirsten Lynch | Board of Directors | Vail Resorts, Inc.
Biography. << Back. Kirsten A. Lynch. Chief Executive Officer. Vail Resorts, Inc. Kirsten is was appointed Chief Executive Officer and a director of Vail ...

northstarsucks.com
https://northstarsucks.com › tag › kirsten-lynch
Kirsten Lynch – NorthStar California Sucks | VailEpicFail
"As Chief Executive Officer at VAIL RESORTS INC, Kirsten A. Lynch made $6,609,628 in total compensation. Of this total $885,999 was received as a salary, ...

Paragon Intel
https://paragonintel.com › mtceos › ceo-lynchs-toxic-cult...
CEO Lynch's Toxic Culture Will Constrain Vail's Ability to ...
Kirsten Lynch's tenure as CEO sees Vail's shares drop (36%) amidst a toxic culture, contrasting her success boosting Epic Pass sales as CMO.

"I didn't love the leadership at Vail Resorts, so I'll just say that honestly."

*"I'm speaking broadly of every colleague that I worked with and that has left the company has all shared the same sentiment that **<u>many of them have left because of Kirsten's leadership</u>** and just super micromanage-y, can be super nasty to people, doesn't empower her team, doesn't want to listen to really smart people giving pitches and proposals [...] I've worked for many leaders, and she was not someone that I really looked up to and admire to be like."*

- Former Marketing Executive at Vail

"I think it was more through fear of messing up and not being in the good graces as opposed to inspiring them [subordinates] [...]."

<u>"With any other public company in the country right now, she might already be out."</u>

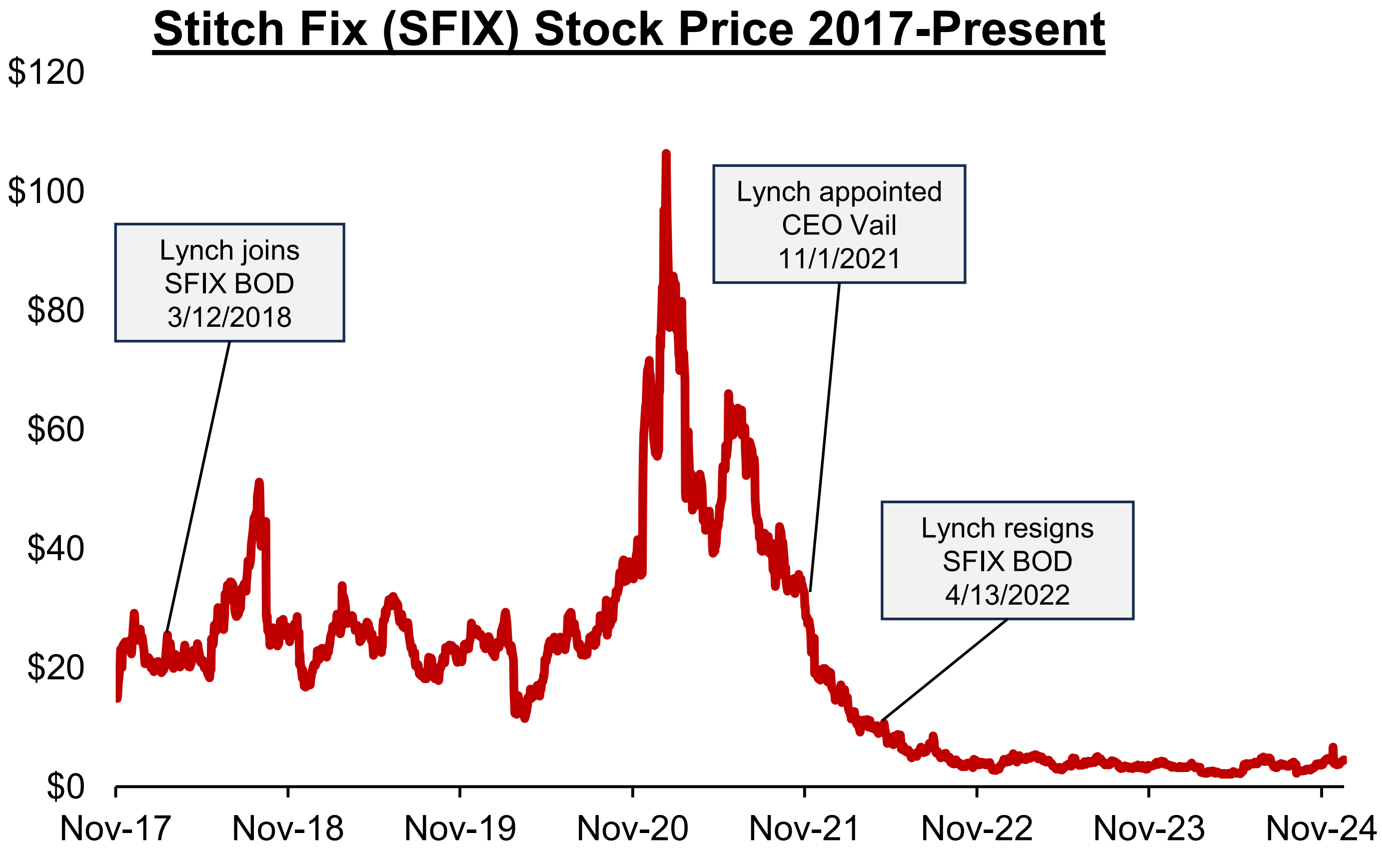
- Former Senior Director at Vail on CEO Lynch

Source: LAP Research; search results on 12/15/24; stock price as of 1/24/25

Lynch's Role on Stitch Fix's Board and Subsequent Demise Raise Questions About Her Judgement as a Fiduciary

LATE APEX PARTNERS

CEO Lynch joined Stitch Fix (NASDAQ:SFIX) Board as Independent Director in Mar 2018 (Named Vail CEO in Nov 2021) and subsequently leaves Apr 2022 after the stock price declines ~60% while serving as a board member (~90% from peak in 2021)



"So I think that what [Kirsten] has begun to do is try and fill it with folks that she is most comfortable around.

I think she also and this is not going to sound great. ***<u>I feel like she periodically like will over-index on having female leaders in roles</u>****. And I think in some cases, she had maybe in some of the hiring decisions, equal, if not better candidates, but she wanted to be seen as being forward progressive and having female leaders and Vail Resorts has a lot of absolutely fantastic female leaders, particularly on the Mountain operations side. But I think even when she was in that chief marketing role, like that was an over-index factor that she may have not all -- may have blinded her better decisions periodically."*

—Former Executive at Vail

Source: LAP Research; Bloomberg

CFO Korch Owns Virtually No Stock, Has Demonstrated an Inability to Meet EBITDA Guidance, and Must Go

LATE APEX PARTNERS

Despite 12 years at Vail, CFO Korch has lowered and missed guidance repeatedly since becoming CFO, has seemingly zero control over PnL drivers, has burned all investor goodwill, and owns very little stock herself

> *"We will continue to be disciplined stewards of our shareholders' capital, prioritizing investments in our guest and employee experience, high-return capital projects, strategic acquisition opportunities and returning capital to our shareholders. The company has a strong balance sheet and remains focused on returning capital to shareholders while always prioritizing the long-term value of our shares."*
>
> –Angela Korch, CFO 2025 Q1 Earnings Call

- Korch's words do not equal her actions: Korch speaks to 'discipline' and 'priorities', but Vail's actual capital allocation has been an unfocused mess
- Serial failures: missed, and repeatedly lowered, last two years of annual guidance – the entirety of tenure as CFO. Astonishingly, guided FYE23 higher during Q4 earnings, then missed guidance just a single quarter later
- Oversaw and enabled value-destructive acquisitions in Europe
- Lack of thoughtfulness around capital allocation priorities have caused balance sheet problems and created serious confidence issues with investors
- Owns second-least amount of stock of any Vail insider (~$400k) despite 12 cumulative years of Vail tenure

Stock price has declined -31% since becoming CFO

Source: LAP Research; MTN Public Company Filings; Stock price as of 1/24/25

Despite an Incredible 30-Year Legacy Leading Vail, We Believe Now is the Time for Rob Katz to Step Down, and a Board Reset

LATE APEX PARTNERS

Rob Katz transformed the skiing industry through his leadership and innovating thinking, but we believe Vail needs a fresh start to challenge the status quo, and capitalize on it's future potential

Rob Katz Legacy & Exec Chair Issues

Now is time for Rob Katz to Resign
- Rob Katz drove industry transformation, and his legacy will be forever imprinted on snowsports—we have nothing but respect for his leadership & legacy
- However, with Katz having sold the majority of his stock holdings in Vail (>80%), now is the time to pass the baton to the next generation of leadership

Executive Chairman Role Presents Governance Issues at Vail
- Given Katz's longstanding leadership imprinted on the culture, we question who is the "real boss" at Vail: Katz or Lynch?
- In our view, it is easy for an Exec Chair to blame a CEO as the scapegoat if performance flounders, despite remaining the key decision maker
- Katz remaining as Exec Chair will prevent any future leader from being able to challenge the status quo
- Stock price has declined -53% since Katz transition to the Exec Chair role

New Leadership Enables Fresh Start with Ski Industry
- From our research, a clear hurdle to LAP's value creation proposal of a partnership-first model going forward is industry-wide distrust of Katz / existing Vail Leadership
- Katz resignation "wipes the slate clean," and puts Vail in an excellent position to rebuild trust with the industry and other resort leaders across North America.

Now is the Time for Board Changes

Vail's Board Needs a Refresh
- Currently 6 board members with tenure >9 years (5 Independent).
  - John Sorte (31 Years)
  - Rob Katz (28 Years)—Non-Independent Exec Chair
  - John Redmond (16 Years)
  - Hilary Schneider (14 Years)
  - D. Bruce Sewell (11 Years)
  - Peter Vaughn (11 Years)
- ISS believes independence is questionable for board members with tenure >9 years.[1]
- Given the significant share price decline over the last 5 years and lack of clear accountability, we believe the board's independence has been compromised.

A New Board Should Hire a CEO with Demonstrated Value Creation Experience
- We believe Vail must recruit a proven CEO with a verifiable track record of value creation. We urge the Board not to act hastily, and should engage with us to recruit the best leader.

Reconstituted Board Should Make Clear NEO Incentive Compensation Changes
- In time, with the right leadership, and correct incentives, we believe Vail can reclaim its status as industry leader.

Source: LAP Research; MTN Public Company Filings
1. https://www.jonesday.com/en/insights/2014/06/director-tenure-the-new-frontier-in-board-independence

Vail's "Silent Creep of Doom"

LATE APEX PARTNERS

1 *Hubris Born of Success*

epic

- After launching the Epic Pass, Vail had tremendous success with minimal at-scale competition
- Epic created an organic growth boom for skiing
- Vail experienced significant growth with FCF growing from $66M in 2008 to $329M in 2017
- Vail did not prepare for significant competitive threats and completed limited acquisitions

2008 - 2017

2 *Undisciplined Pursuit of More*

M&A

- Alterra rocked the industry and caught Vail off-guard
- Ikon began rapidly taking share as a formidable competitor to the Epic pass
- Vail began rapidly acquiring new resorts to expand the Epic offering
- As domestic M&A became more sparse & Vail was no longer the acquiror of choice, riskier deals were pursued internationally

2017 - 2024

3 *Denial of Risk & Peril*

IKON PASS

- Vail has lost its #1 position
- Epic has been overtaken by Ikon in the pass wars
- Vail's FCF is eaten up by a bad balance sheet and excessive dividend commitment
- L5Y M&A and Capex has shown zero ROI
- Restructurings, high turnover, and low employee morale are the new normal

Where we sit today

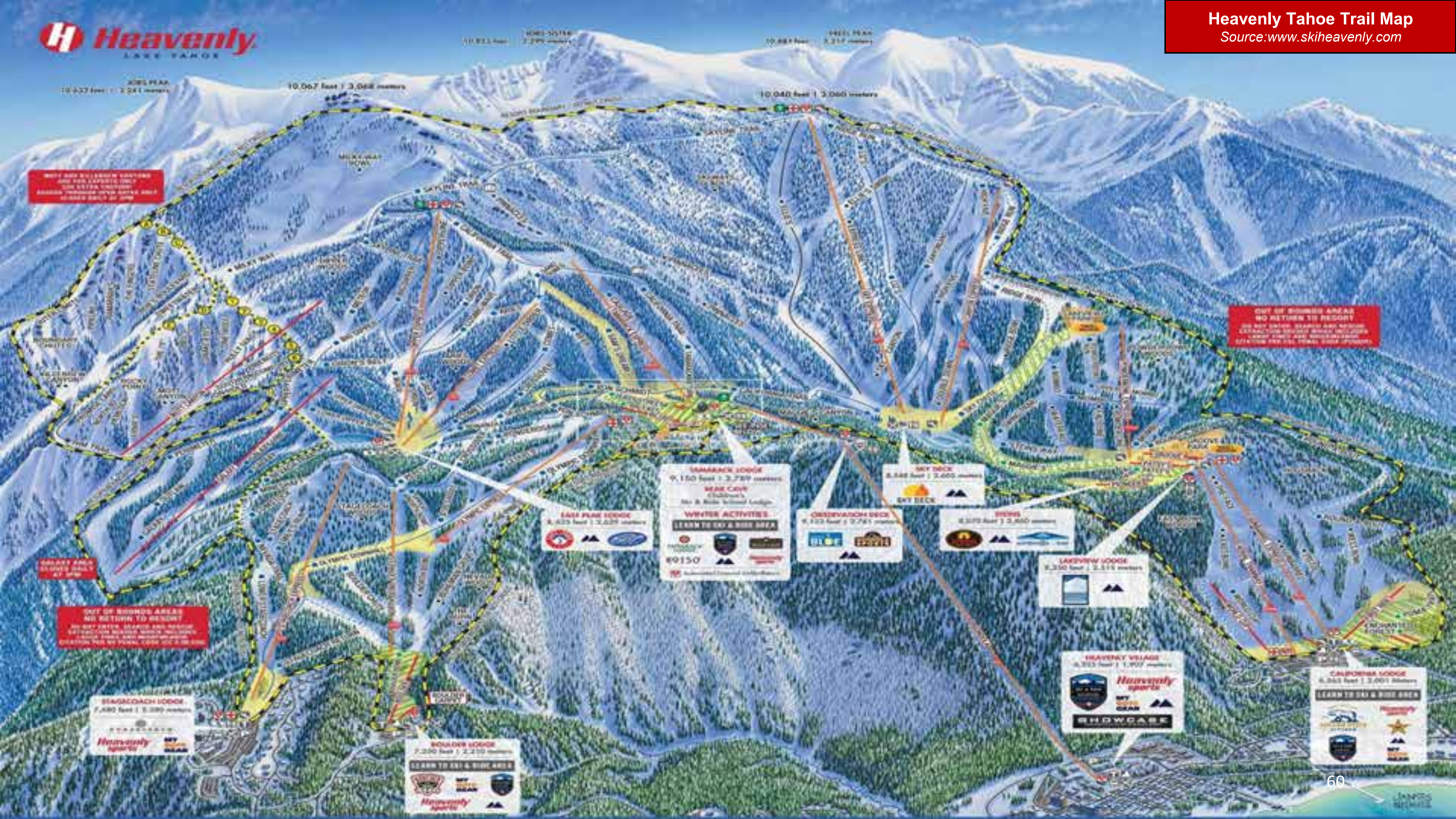
4 *Grasping for Salvation*

5 *Capitulation into Irrelevance or Death*

PREVENTABLE

Source: LAP Research; Jim Collins, "How the Mighty Fall." https://www.jimcollins.com/books/how-the-mighty-fall.html

Heavenly Tahoe Trail Map
Source:www.skiheavenly.com



LATE APEX PARTNERS

Section V.a (Operating Plan)

Value Creation Opportunity: We Believe that by Focusing on Partnership-First Growth, Shares can Double Over the Next Three Years

Vail's Competitive Position is Compromised, but We Believe There are Clear Opportunities to Create Value

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Opportunity Today

Status	KPI	Commentary
Yellow	Innovation Leader	Historically, Vail set the tone for the industry with consumer-focus, innovation, investment, and vision (everyone else "fast followed"). Alterra's continued Ikon pass growth indicate this advantage is largely gone.
Green	Owned/Operated Resorts	With 42 resorts, Vail has the largest portfolio in the world and leads in 'Skier Visits', the critical market-share KPI in the industry.
Red	Pass Network	Ikon has recently surpassed Epic in network pass partnerships; various ski experts (e.g. Stuart Winchester) believe Ikon provides the better value despite the higher price vs. Epic.
Red	M&A "Dry Powder"	Vail's current leverage (~7x FCF/Net Debt) inhibits opportunistic M&A, while Alterra recently re-capitalized with $3B in incremental funding.
Yellow	Acquiror of Choice	Vail's historical treatment of guests and partners (e.g. PCMR from POWDR) have alienated independent operators.

Source: LAP Research

Path to Accelerate Value Creation

LATE APEX PARTNERS

1 Create objective targets for Customer and Employee Engagement

- Make Net Promoter Score “NPS” the north-star customer engagement metric to measure success

2 Cut dividend ~80% and use next two-years cash flow to pay down debt

- Dividend reduction frees up ~$270M p.a. in cash to reduce debt (target 1% yield vs. 5% today)
- Allocate excess cash flow to reduce leverage to targeted TNLR range of ~1.5-2x by EOY FYE2027

3 Publicly commit to 3 to 5-year financial targets and capital allocation discipline

- Develop disciplined capital allocation framework with priorities for FCF, TNLR, and ROI hurdles for M&A
- No international M&A until balance sheet is within targeted Total Net Leverage Ratio (“TNLR”) range
- Compensate management based on new KPI (“Core Earnings”) and aspirational medium-term targets

4 Re-ignite growth through “Dream Big” platform focused on growing partner network

- Launch global partnership effort to recruit highest quality ski resorts onto EPIC platform
- Leverage Epic brand and passholder base to build a partnership-first model

We believe executing against these four priorities creates a path for MTN equity to double over the next 3 years

Source: MTN Public Company Filings; LAP Estimates

Vail’s Success Is Measured By the Guests

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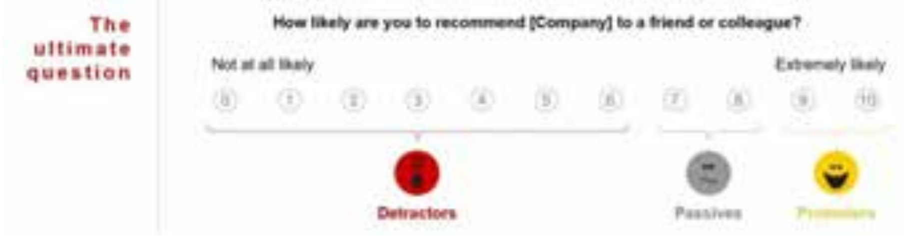
Focus the entire organization on Net Promoter Score “NPS” to benchmark customer success

"You’ve got to start with the customer experience and work backward […].” –Steve Jobs

Net Promoter Score “NPS”

- Developed in 2003 by Bain & Co., NPS is now the gold standard in customer satisfaction
- *Focuses an organization on the ultimate question:* *"How likely are you to recommend us to a friend or colleague?"* scored on a 1-10 scale
- NPS enables benchmarking across all industries and peer sets



Track & Publish Vail’s “NPS”

- Benchmark each area of the the organization against best-in-class NPS targets
- Track NPS & Employee engagement as a key KPI for shareholders / stakeholders
- Make NPS key component of FTE incentive compensation
- Opportunities to create industry-wide targets and drive higher customer satisfaction

Create an “all in it together” industry attitude to drive higher skier visits; *Customer satisfaction is not zero-sum*

Source: Net Promoter System by Bain: https://www.netpromotersystem.com/about/measuring-your-net-promoter-score/

Vail's Success Is Delivered By the Employees

LATE APEX PARTNERS

"Others still saw employees as a cost. "That's just an accounting mirage," I told them. "The books may show that employees represent the largest share of expense. They don't show that they also earn the largest share of revenue. Or that the long-term service employees are storehouses of customer knowledge, role models for new hires, and advisers for systems improvements—all in all, our best source of faded value. ***If employees are really doing their job, they're not a cost, they're an asset, our primary asset****."""*

–Isadore Sharp, Four Seasons: The Story of a Business Philosophy

Vail must return to a service-first—not EBITDA-first—mindset to elevate the resort experience

Immediate Action is Needed to Transform Vail's Capital Allocation Priorities

LATE APEX PARTNERS

1 Reduce Dividend

- Reduce dividend 80% to targeted 1% yield for equity holders[1]
- Future dividend increases on pause, and to align with FCF growth

2 Clean Balance Sheet

- Commit to reducing leverage to ~1.5-2x in medium-term
- Outline go-forward targeted leverage levels (including rationale for targets)

3 "Core" Earnings

- Introduce an Adjusted EPS KPI for investors such as "Core EPS"
- Management compensation determined by achieving Core Earnings & Core EPS medium-term targets (not EBITDA)

4 Focus on Per-Share

- Go-forward investments focused on delivering per-share value
- Incentive compensation to be partially determined by per-share metric

5 Outline Strategy

- Clear Good/Better/Best choices
- M&A vs. Partnership
- Accelerate developing partner network
- Leverage Epic brand to create partnerships

6 Clear ROI Hurdle Rates

- Establish clear ROI hurdle rates for potential investments (Capex / M&A)
- Clarify why International (instead of domestic tuck-in, etc.) is the correct M&A strategy for Vail

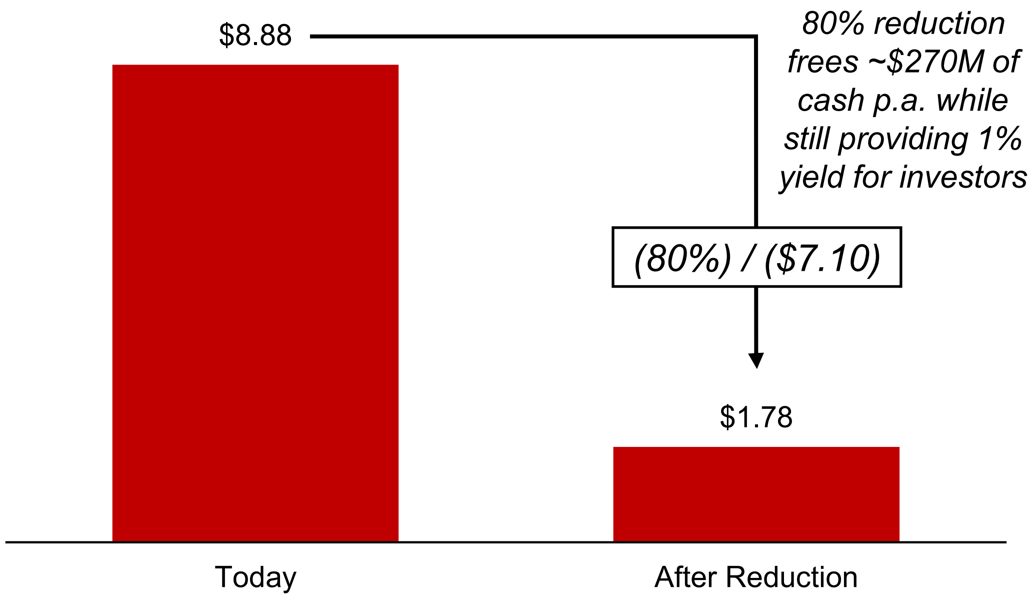
"Over time, the skill with which a company's managers allocate capital has an enormous impact on the enterprise's value." –Warren Buffett (Berkshire Hathaway 1994 Shareholder Letter)

Source: MTN Public Company Filings

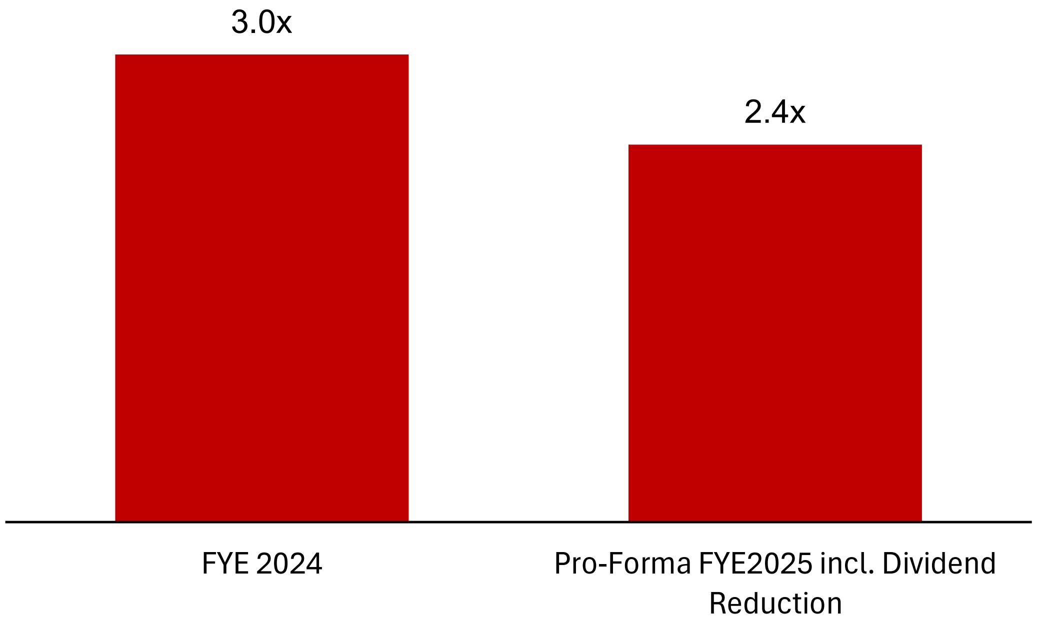
1. As of MTN share price $166.70 on 1/24/25

Reduce Dividend 80% and Pay Down Debt

Our Proposed Dividend Reduction



TNLR Scenario Analysis[1]



Reducing the dividend is an immediate path to unlocking equity value; Any decline in shares on dividend cut should be viewed as an opportunity to buy back more

Source: MTN Public Company Filings

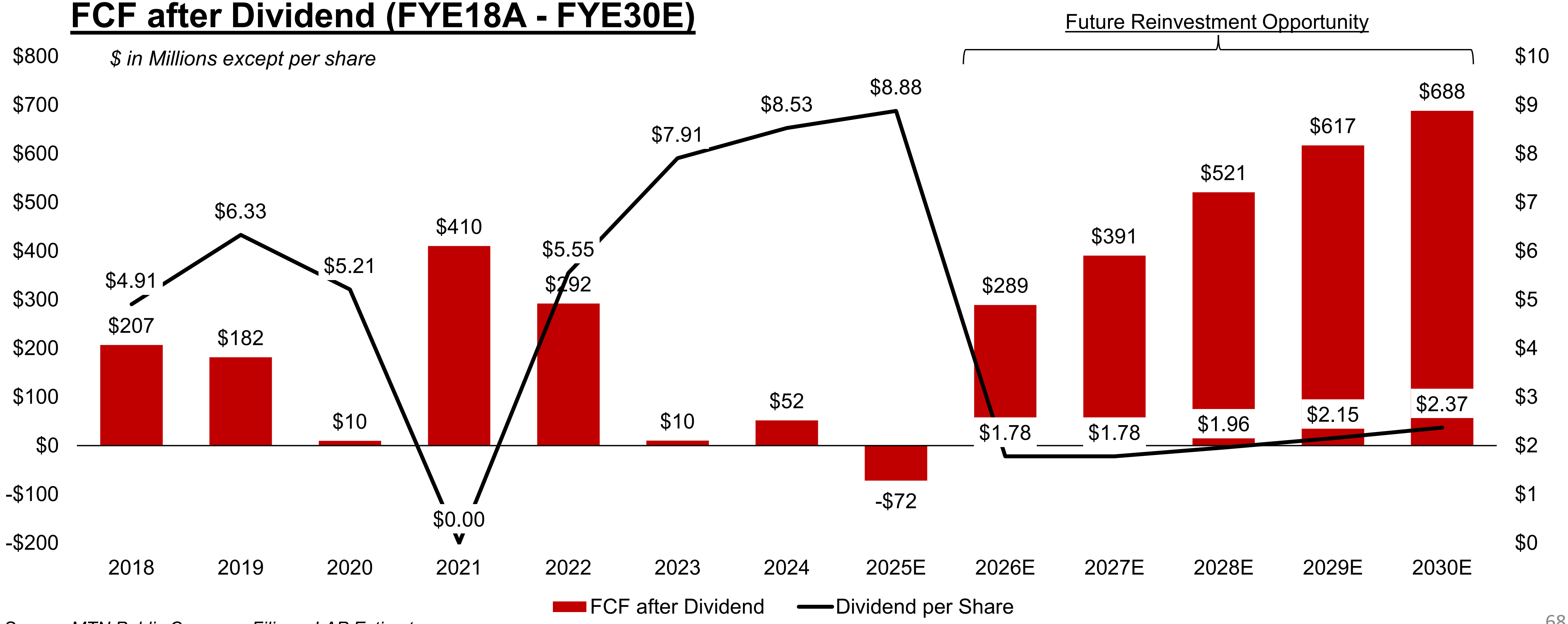
1. "Total Net Leverage Ratio"; PF incl. Dividend Reduction assumes debt paydown of $270M and incremental $15M of interest rate savings at 5.8% blended rate

Dividend Reduction Underpins Opportunity to Reinvest in Guest Experience Significantly Over the Next 5 Years

LATE APEX PARTNERS

Dividend payouts of ~90% in 2023 & 2024 have materially impaired Vail's ability to (1) invest in the guest experience, and (2) buy-back stock

FCF after Dividend (FYE18A - FYE30E)



Source: MTN Public Company Filings; LAP Estimates

Our Plan Focuses on Reinvesting in the Guest Experience and Growing Vail's Competitive Advantages

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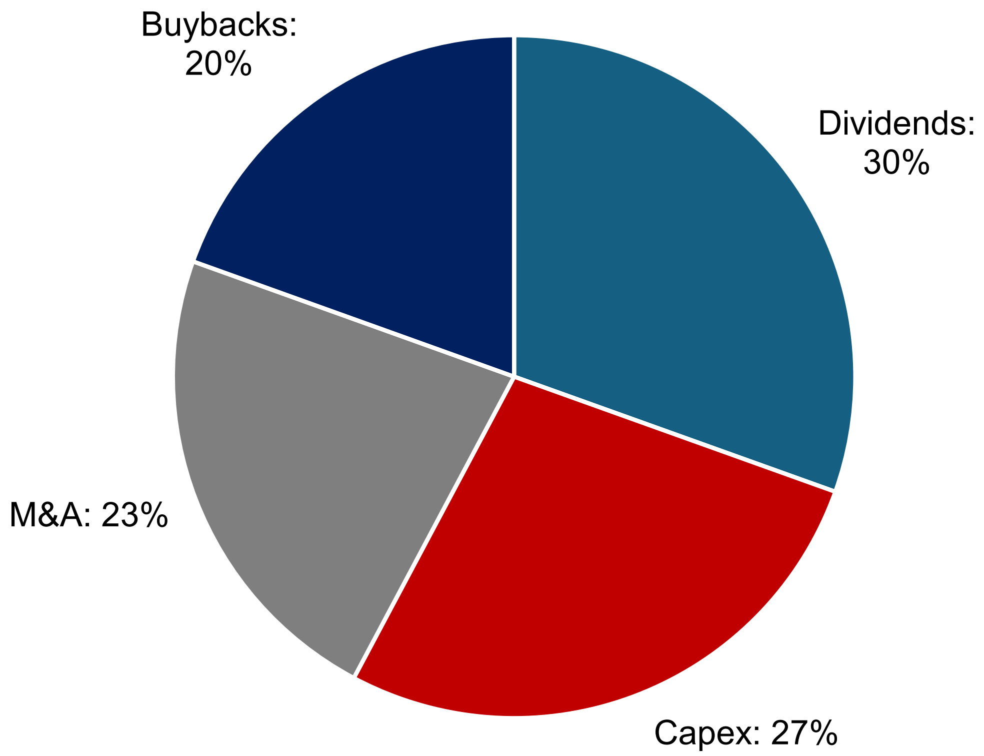
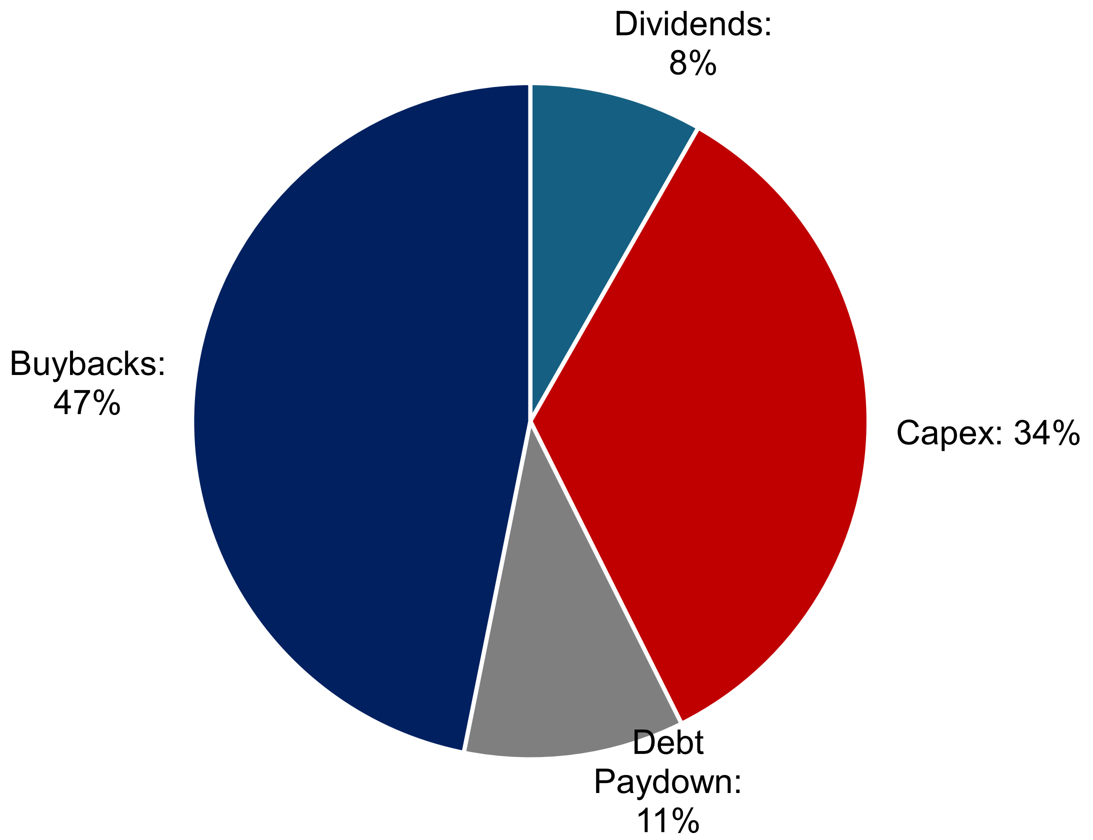
Historical Capital Allocation (2019-2024)



Future Capital Allocation Mix (2026-2030E)



Source: MTN Public Company Filings; LAP Estimates

Align Earnings KPI With Intrinsic Value of Business

LATE APEX PARTNERS

While EBITDA provides helpful segmental disclosure, we believe our proposal of "Core Earnings" is a better metric to align Vail mgmt. & Shareholder incentives, driving per-share intrinsic value growth

Reported EBITDA to "Core EPS" Bridge

	2019	2020	2021	2022	2023	2024
Total Reported EBITDA	**702.4**	**499.2**	**540.1**	**833.0**	**833.1**	**826.6**
Less: Depreciation and amortization	(218.1)	(249.6)	(252.6)	(252.4)	(268.5)	(276.5)
Less: Interest Expense	(79.5)	(106.7)	(151.4)	(148.2)	(153.0)	(161.8)
Less: Provision for Tax Expense	(75.5)	(7.4)	(0.7)	(88.8)	(88.4)	(98.8)
Core Earnings	**329.3**	**135.6**	**135.4**	**343.6**	**323.2**	**289.4**
% change y/y	*(19.9%)*	*(58.8%)*	*(0.1%)*	*153.8%*	*(5.9%)*	*(10.4%)*
Core EPS	**$8.00**	**$3.32**	**$3.32**	**$8.44**	**$8.13**	**$7.62**
% change y/y	*(19.0%)*	*(58.5%)*	*(0.1%)*	*154.7%*	*(3.7%)*	*(6.2%)*
GAAP EPS	$7.32	$2.42	$3.13	$8.55	$6.74	$6.07
FCF/Share	$10.74	$5.45	$10.05	$12.72	$8.67	$9.89
Δ vs. GAAP EPS	*$0.68*	*$0.90*	*$0.19*	*($0.11)*	*$1.39*	*$1.55*
Δ vs. FCF/Share	*($2.74)*	*($2.13)*	*($6.73)*	*($4.28)*	*($0.54)*	*($2.27)*

"Core EPS" provides shareholders with a view of Vail's normalized earnings per-share while avoiding problematic incentive disconnects between shareholders/management

Our Guiding Principles

- Align shareholder / management incentives
- Account for capital intensity via Depreciation
  - D&A *is* a cash expense (the cash has already been paid)
- Bad balance sheet is penalized via interest expense
- Mitigate the risk of short-term capex reductions to hit targets if FCF/share is used
- Enable continued use of EBITDA as segmental target

Recommended Actions

- Annual total company performance target aligned to Core Earnings and Core EPS
- LTIP based on aspirational Core Earnings target (e.g. "Project 600")
- Reinvigorate "per-share" focus among leadership / board

Source: MTN Public Company Filings; LAP Research

To Restore Investor Confidence, Vail Needs to Clarify Go-Forward Strategic Priorities with Clear Financial Targets

LATE APEX PARTNERS

Reset current "Empire Building" culture through (1) a focused strategy, (2) alignment with stretch goals, and (3) clear communication to all stakeholders

t — FYE25 (July 2025) — FYE26 (July 2026) — FYE27 (July 2027) — FYE28 (July 2028)

LAP Recommendation

Develop & Deploy Strategic Plan & Targets	• **Focus:** Develop clear Where to Play / How to Win strategic plan that starts with the employee & guest experience • **Stretch Goals:** Stretch goals that create value for shareholders and are easily understood by all employees (e.g. "Project 600") • **Communication:** Develop objective measurement of guest experience to align organization (e.g. NPS)	**Deploy 3-year (FYE28) medium-term strategic plan with stretch goals at FYE25**
Reinvigorate the Core Business	• Cut Dividend, and pay down debt • New "Core Earnings" KPI to focus all stakeholders on intrinsic value growth • Clear alignment of portfolio segmentation, M&A, and Epic pass strategy • Re-invest $100M in marketing and NPS-focused initiatives (e.g. FTE NPS incentive plan) culminating in 2026 Winter Olympics • Partnership-first focus to enable a re-capture of share in the pass partnership network • Focus capital planning on best-in-class N.A. resort ski experience prioritizing lift upgrades • Deliver guest-focused enhancements to existing portfolio (e.g. Ramen/night-skiing)	**Immediate focus on regaining and cementing pole position in North America**
Execute Against "Dream Big" Aspirational Plan	• Develop and execute key priorities to deliver $500M of "Core Earnings" by FYE2028 • #1 NPS score in the industry & align incentive compensation • Grow Epic into largest pass network globally • Apologize to core skiing community and announce marketing / capital support program to grow local resorts in Epic network • Re-connect with consumers in new and unique ways (e.g. Vail sponsored skiing tournament across N.A.) leading up to 2026 Winter Olympics • ~1-1.5x TNLR • RETURN TO GREATNESS	**Successfully deliver "Aspirational Plan" to unlock PRSUs**

LAP Example "Project 600"

- Must achieve $600M of Core Earnings by FYE28[1]
- Extremely challenging task requiring earnings growth of 2x from current levels (~30% EBITDA growth vs. 2025)
- One-time PRSU grant, which would create significant wealth for employees
- If target is hit by FYE28, 100% is awarded, if hit by FYE29 1/3 is awarded (0% if after FYE28)
- NPS Achievement Hurdle Component

Source: MTN Public Company Filings; LAP Research

1. Core Earnings defined as Total Reported EBITDA less Depreciation and Amortization, Interest Expense, and Taxes

Use Segmentation to Pursue Strategic Choices Across Pricing, Epic Partnership, and M&A

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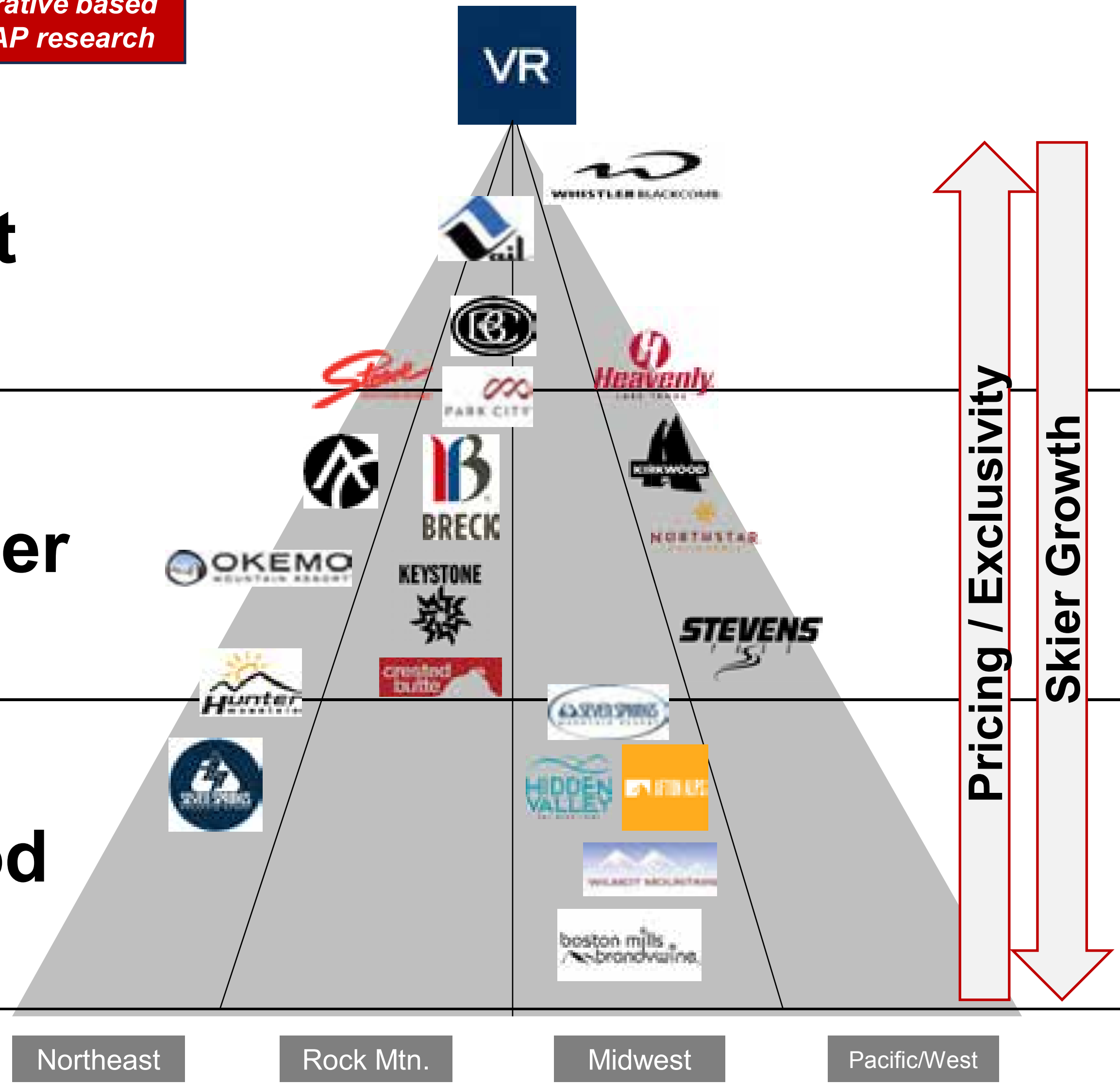
Illustrative based on LAP research



	epic	M&A *M&A should compliment EPIC/portfolio choices*
Best	• "Bucket List" resorts • These resorts "sell" the core customer on purchasing the annual pass • 'Must have' in network • Partnership focus International • Blackouts & Restrictions	• Rare and opportunistic (e.g. Mt. Bachelor) • Trophy assets • Owning is advantageous, but must generate adequate ROI
Better	• Biggest growth opportunity today to expand network here • Epic should be the dominant pass provider here regardless of ownership • Critical to have the right asset mix geographically	• Vail has an advantage owning these assets, but must generate adequate return • More competitive bid process • Should fill gaps in existing network • Highest executional risk
Good	• Training ground for future skiers & growth engine of the sport • Need high geographic mix to bring in wide range of consumers • Consistently good skiing experience most important • Make attractive to partner with Epic	• Harder to operate because capital improvements can eat up return • Owning these assets should only be emphasized in N.A. today

We Believe Vail Can Dramatically Grow Partner Network and Generate Incremental $150-$300M of Sales by 2028

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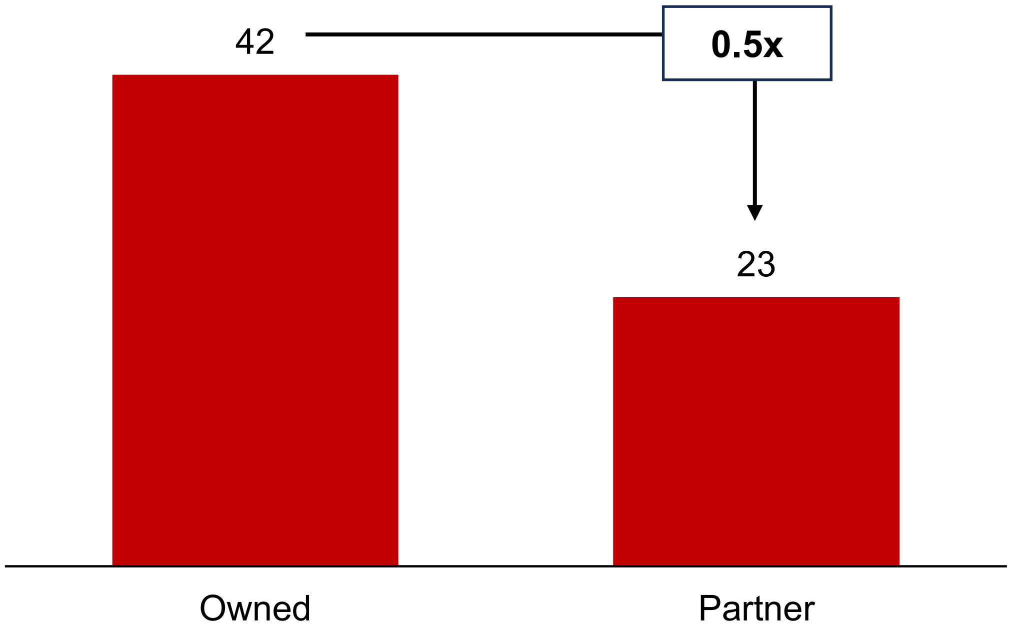
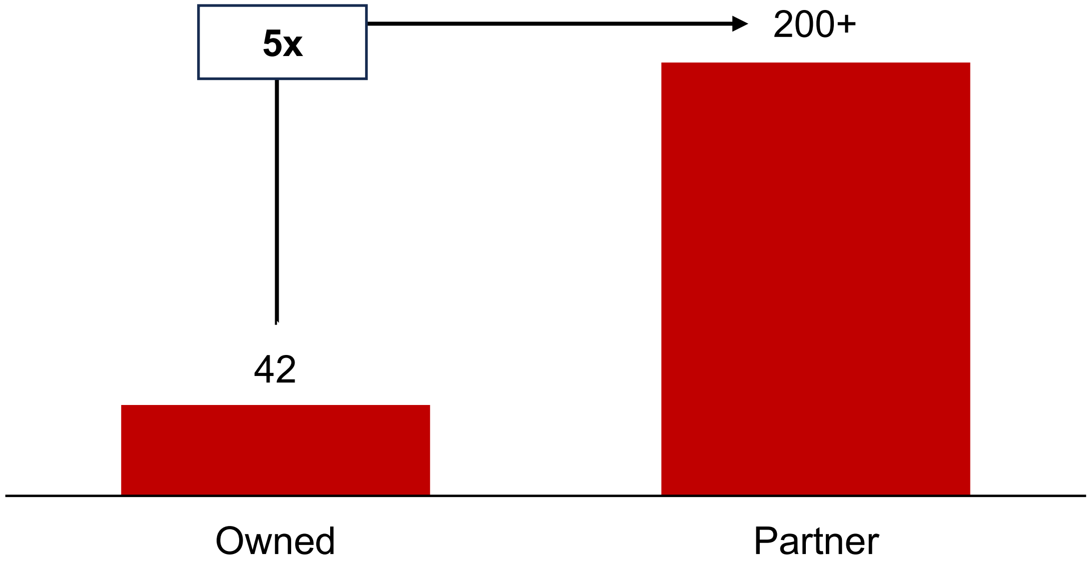
Today



Our Plan by 2030

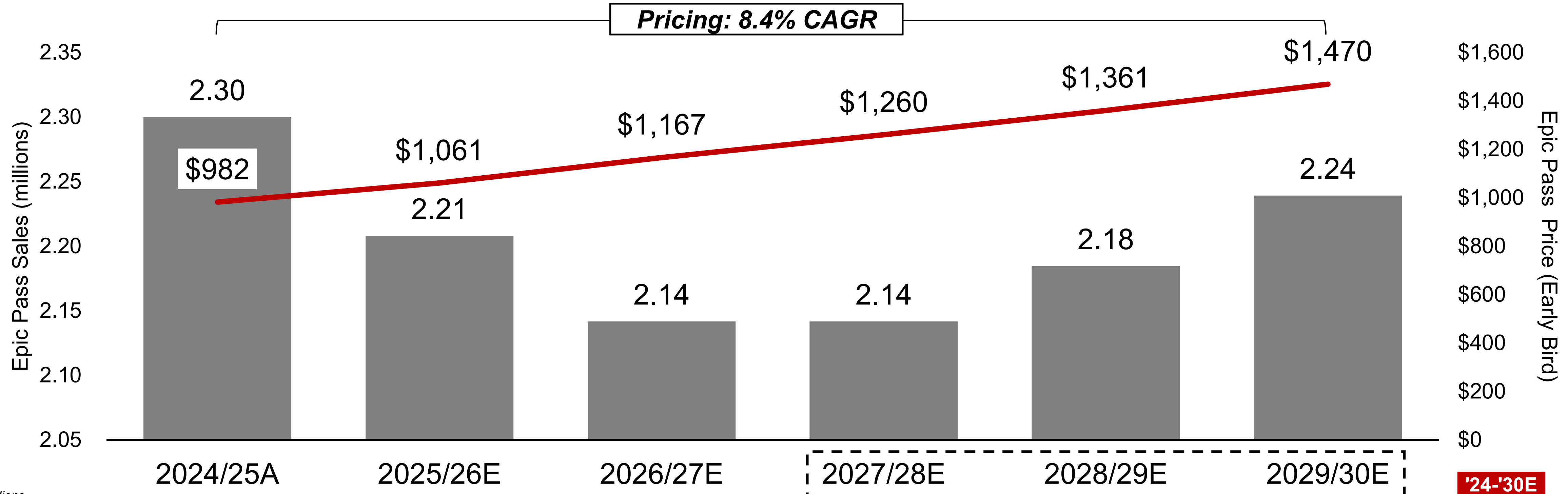


Source: LAP Research

Pass Partner Flywheel Underpins Pricing Power; Consumers Have Demonstrated Willingness to Pay More, if There's Value

LATE APEX PARTNERS

Epic Pass Price / Volume Estimates (24/25 – 29/30 Season)



$ in Millions	2024/25A	2025/26E	2026/27E	2027/28E	2028/29E	2029/30E	'24-'30E
Epic Pass Sales	**$975**	**$1,014**	**$1,075**	**$1,161**	**$1,277**	**$1,411**	***7.7%***
$ chg y/y		*$39*	*$61*	*$86*	*$116*	*$134*	**$436**
% chg y/y	*4.0%*	*4.0%*	*6.0%*	*8.0%*	*10.0%*	*10.5%*	*42.5%*
Price	*8.0%*	*8.0%*	*10.0%*	*8.0%*	*8.0%*	*8.0%*	*50.0%*
Volume	*(2.0%)*	*(4.0%)*	*(3.0%)*	*0.0%*	*2.0%*	*2.5%*	*(4.5%)*
Mix	*(2.0%)*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*(2.0%)*

Partnership growth drives clear inflection in elasticity

Source: LAP Estimates

Benefits of Growing Partnership Network

LATE APEX PARTNERS

We believe Vail should pivot from M&A focused growth to "Network Partnership" focused growth

- ☑ Make the business less capital intensive
- ☑ Growth without M&A
- ☑ Reduce pricing elasticity
- ☑ Accelerate Epic Pass member growth & network effect
- ☑ Allow management to focus on strategic issues and capital allocation

Source: LAP Research

Kick-Off One-Year Marketing Blitz Alongside Partnership Push Culminating in the 2026 Winter Olympics

LATE APEX PARTNERS

Transform Vail marketing: (1) Apologize to the skiing community for Vail's failure to support the sport, (2) support skiing growth (e.g. N.A. open-skiing competitions), and (3) reinvest $100M into NPS/marketing

1 Win with Core

Prioritize winning back the love of core skiers

- Apology campaign targeting core skiers with clear actions being taken to win them back for the long-term
- Halo effect from core influencers critical to long-term brand equity of Vail
- Make Vail base villages cool again
- Best-in-class regional resort quality
- Recruit core group of influencers / content creators
  - Opportunities for "on the ground" views from core skiers and guidance on what resonates today

Opportunity to create lifelong fans from former enemies by authentically hitting the mark

2 Events & Excitement

Opportunity to drive excitement through fostering more events across Vail resorts

- Drive inclusion through Vail Amateur Skiing Championships
  - Opportunity to host local skiing sporting events for amateurs to compete
  - Winners at local Vail level would compete in N.A. Championship at Beaver Creek
  - Opportunity to unearth talent who wouldn't otherwise have opportunity
- Lean into off-season events

Time for Vail to think different about what is possible at the resorts (especially off-season)

3 Champion the Sport

Champion local resorts & grow the sport

- Beginning with Winter 2026 Olympics, present constructive ways Vail will promote growth of Snowsports globally across portfolio / consumers
- Partnerships with top athletes supporting preparation for Olympics
- Make Vail's network resorts go-to watch sites for 2026 Winter Olympics
- Kick-off thought leadership around skiing/snowsports national ad campaigns

Aspirational Goal: Someone watching 2026 Olympics at a Vail resort is skiing in 2034 at SLC

Return to exemplar leadership role in the sport

Source: LAP Research

Dream Big: To the Heights (*Ad Alta*)

LATE APEX PARTNERS

We believe Vail can return to clear pole position with a simple strategy: Dream big, set ambitious goals, and deliver world-class results for all stakeholders

1. **#1 NPS score in the industry**
2. **Lead N.A. in Resort Rankings**
   1. **Both destination resorts and local day resorts**
3. **Largest pass partnership network in the world**
4. **All 4 Season Business**
5. **~1.5-2x TNLR by FYE2027**
6. **Aspirational target of $600M in Core Earnings by FYE2028**

"No one comes without being beckoned by a skier." –John Fry (Ski Inc. 2020 by Chris Diamond)

LATE APEX PARTNERS

Section V.a (Financial Performance)

Value Creation Opportunity: We Believe that by Focusing on Partnership-First Growth, Shares can Double Over the Next Three Years

The Market is Valuing Vail at a Fraction of Replacement Value

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How do you value something irreplicable like Aspen mountain, or Vail, or Whistler Blackcomb if it were for sale on the private market today?

Mountain	Lift-Served Skiiable Acres
Whistler	8,171
Park City	7,300
Vail Mountain	5,317
Heavenly	4,800
All Others	25,924
Total	**51,512**

KPI	Deer Valley Expansion	ALTERRA MTN CO	VR
Skiable Acres	3,700	31,598	51,512 (ex. Europe)
Valuation / Cost	$2B	$7B	$9B
$ / Skiable Acre	$540K	$220K	$175K

If Vail were to trade at "replacement value" as measured by Deer Valley expansion, the equity is a double

Source: LAP Research; Storm Skiing Journal and Podcast (www.stormskiing.com)
Note: Vail's European skiable acres are not disclosed

Vail is Trading at Trough Levels of 10x EV/EBITDA

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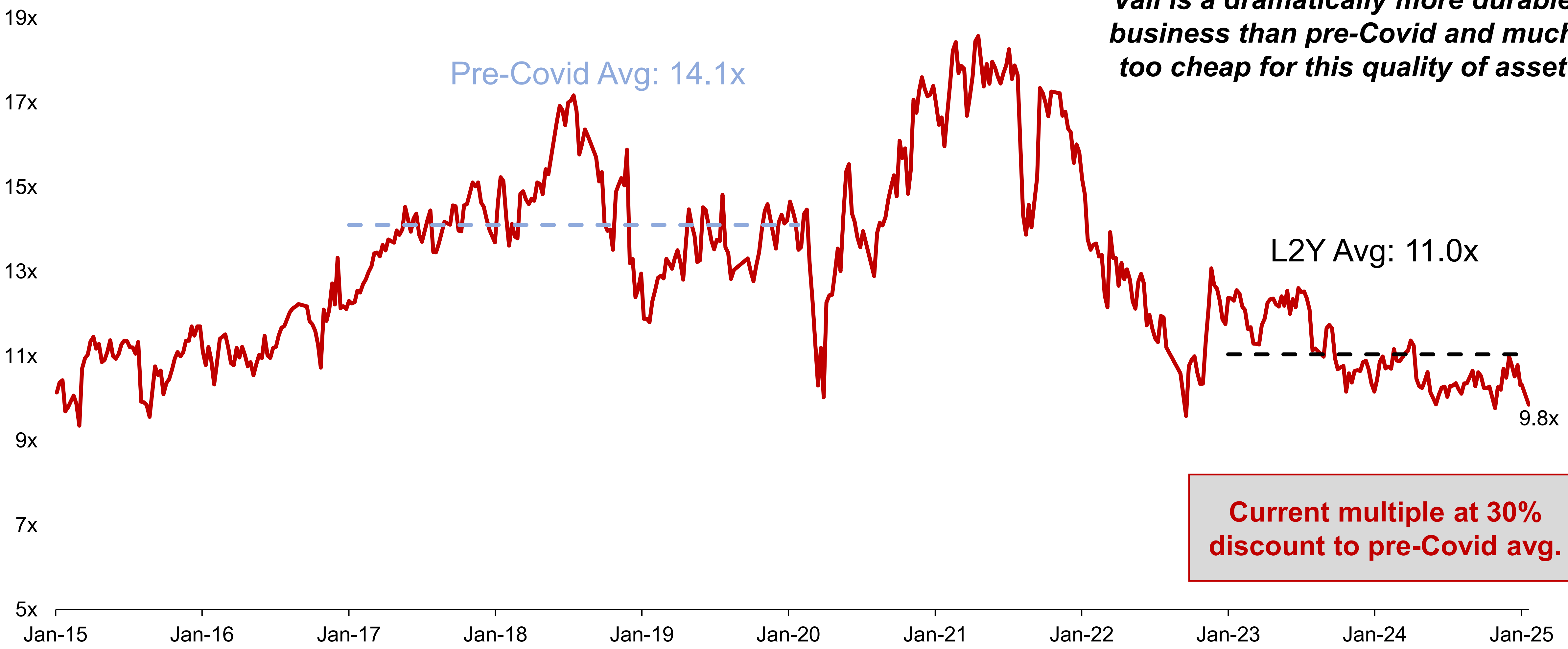
EV / NFY EBITDA Valuation – Last 10 Years



Vail is a dramatically more durable business than pre-Covid and much too cheap for this quality of asset

Current multiple at 30% discount to pre-Covid avg.

Source: Bloomberg; data as of 1/24/25

Vail Should Be Valued as a High-Quality Franchise

LATE APEX PARTNERS

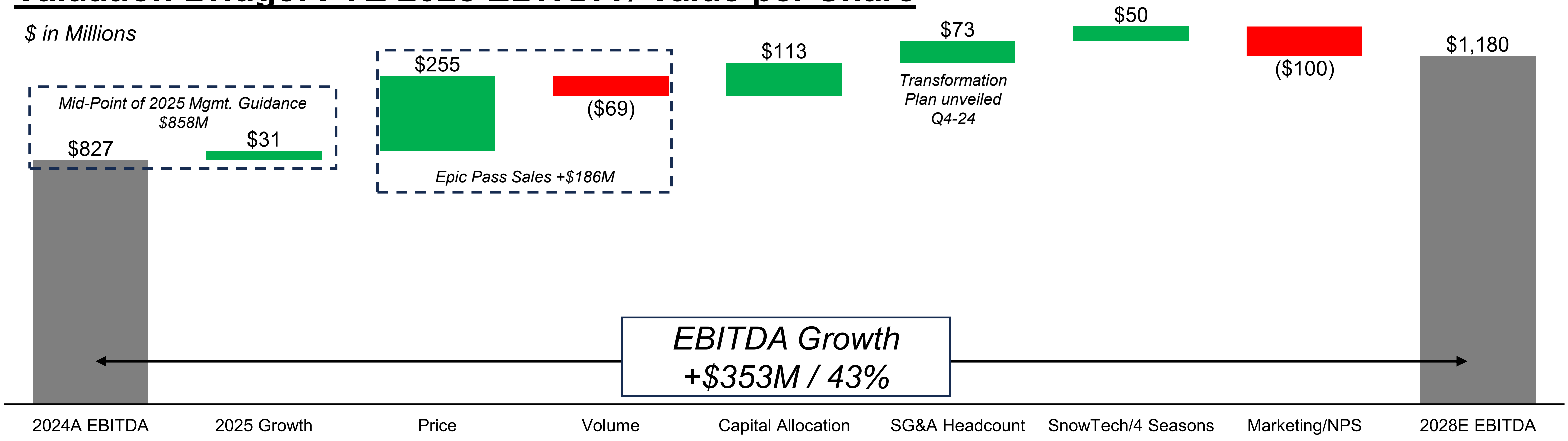
Company	EV	NTM EBITDA	NTM EV/EBITDA Multiple
Manchester United (NYSE: MANU)	$3.7B	$218.5M	17.0x
Live Nation (NYSE: LYV)	$37.1B	$2.3B	15.9x
Formula One (NASDAQ: FWONK)	$22.4B	$882.5M	25.4x
Ferrari (NYSE:RACE)	$80.4B	$2.9B	27.9x
Vail (Consensus)	$9.1B	$864M	10.6x
Vail (2028E)	$7.6B	$1.2B	8.5x
Upside at Franchise Valuation (2028E)	$25.4B	$1.2B	21.5x
IRR to Equity			~55%

Source: Bloomberg; Data as of 1/17/25

We See Clear EBITDA Drivers to Double MTN Share Price Over the Next Three Years

LATE APEX PARTNERS

Valuation Bridge: FYE 2028 EBITDA / Value per Share



	Today	Historical Avg.	Blue-Sky Scenario
(x) EV/EBITDA Multiple	10x	14x	20x
Potential Share Price	$295	$413	$610
3-Year IRR vs. Today's $167 per share	21%	35%	54%

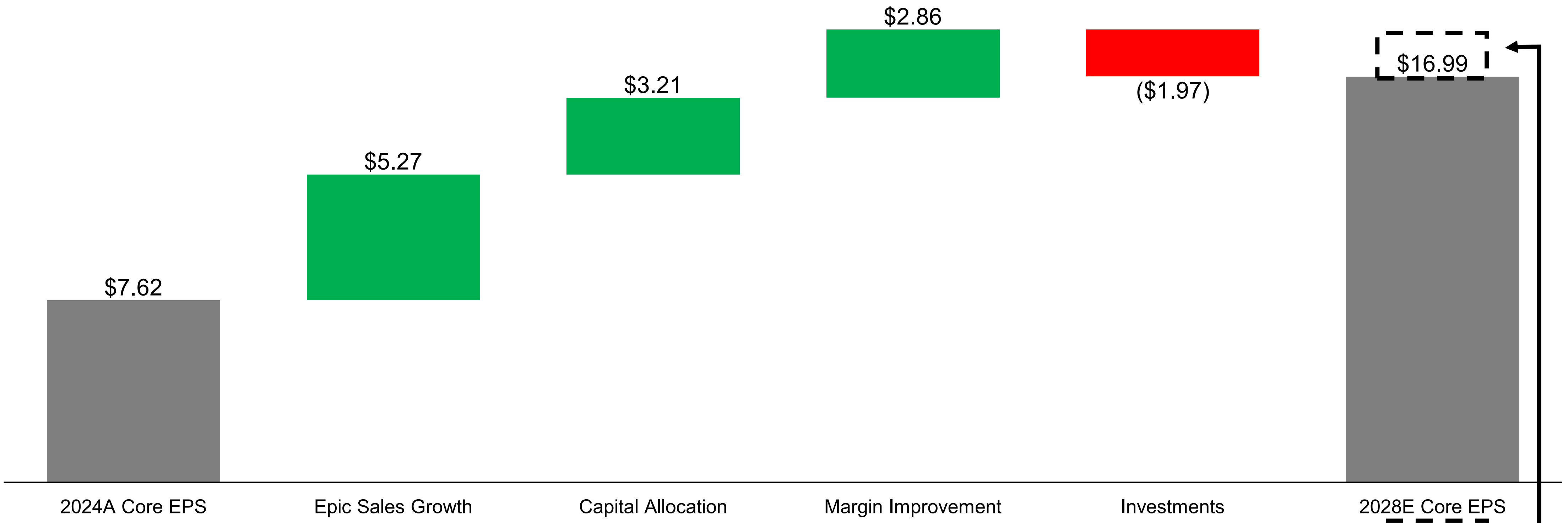
We believe (1) cutting the dividend, (2) bringing in new management, and (3) unlocking Vail's growth potential through a partnership-first focus has the potential to generate IRRs >30% with minimal downside risk

Source: All projections derived from public information and LAP estimates; Share price as of 1/24/25

Our Plan Can Deliver a Share Price of $400 by FYE 2028, Which Represents a 2.4x Increase from Current Share Price

LATE APEX PARTNERS

Core EPS Bridge: FYE 2028 Adj. EPS / Value per Share



Earnings per Share	$16.99
(x) P/E Multiple (Trailing 2024A Core EPS P/E)	23.5x
Potential Share Price	$400

Clear path for Vail's EPS to double and for Vail's stock to be worth more than double today's price by the end of 2028

Source: All projections derived from public information and LAP estimates; "Core EPS" is LAP's proposed Adjusted EPS metric

Our 2027 EPS Target is ~50% Higher than Today's Consensus EPS Estimates

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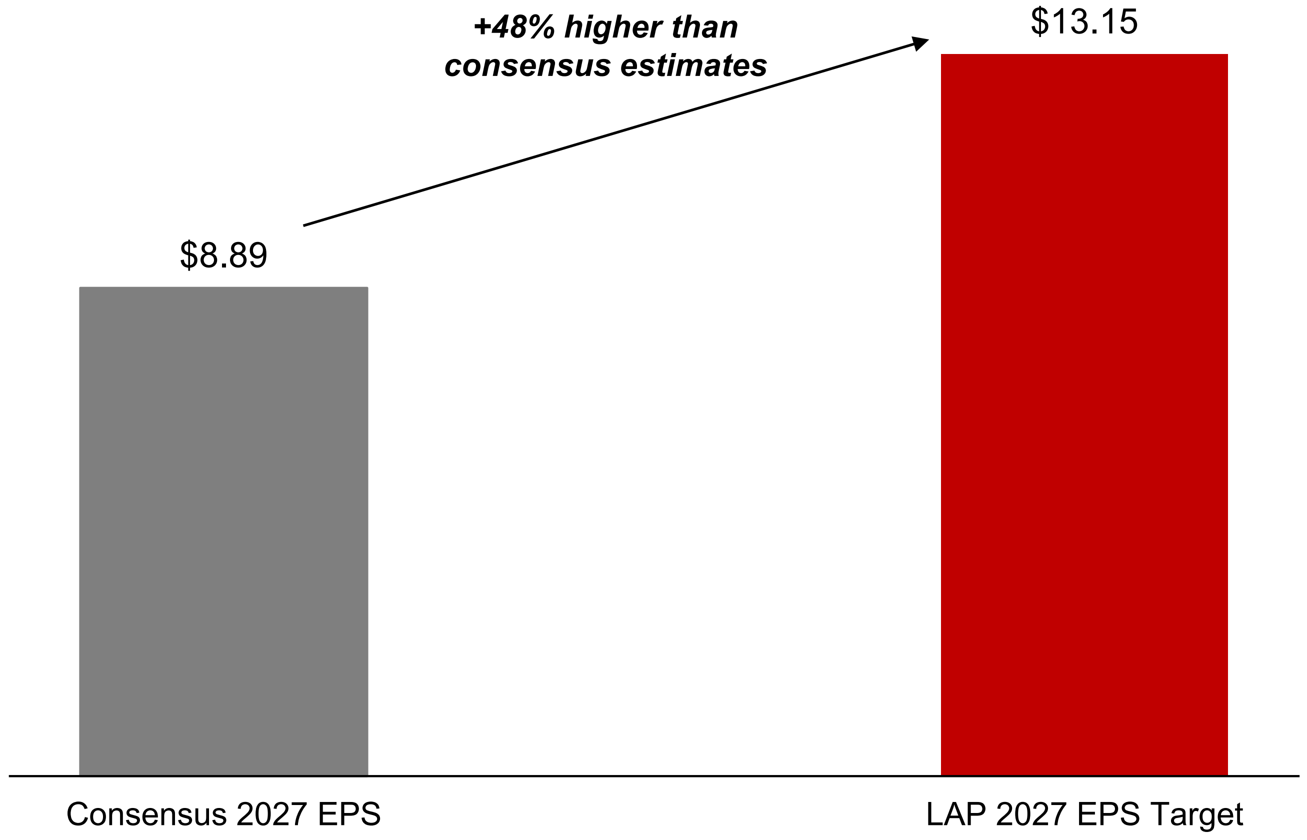
Vail's 2027E EPS (LAP vs. Consensus)



On a 3 to 5-year view (2028+), we believe our EPS estimates are >2x consensus

Source: Bloomberg (2027 latest year with consensus); All projections derived from public information and LAP estimates

LAP's Proposals Deliver Durable Financial Performance, and >20% Annual EPS Growth Through 2030

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	LAP Operating Plan								'24-'30 Growth	
$ millions, except per share	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	CAGR	Total
EBITDA	833	827	866	953	1,048	1,180	1,286	1,376	8.9%	66.5%
Core Earnings	323	289	314	395	480	600	684	743	17.0%	156.6%
% chg. y/y	*(5.9%)*	*(10.4%)*	*8.4%*	*25.8%*	*21.8%*	*24.9%*	*14.0%*	*8.5%*		
Core EPS	**$8.13**	**$7.62**	**$8.37**	**$10.59**	**$13.15**	**$16.99**	**$20.08**	**$22.80**	**20.0%**	**199.0%**
% chg. y/y	*(3.7%)*	*(6.2%)*	*9.8%*	*26.6%*	*24.1%*	*29.2%*	*18.2%*	*13.5%*		
Operating Cash Flow	640	587	561	656	757	892	993	1,069		
Capex	(315)	(211)	(300)	(300)	(300)	(300)	(300)	(300)		
Free Cash Flow	**325**	**376**	**261**	**356**	**457**	**592**	**693**	**769**	**12.7%**	**104.7%**
Share Buybacks	(500)	(150)	(20)	(51)	(200)	(431)	(540)	(823)		
Dividends	(314)	(324)	(333)	(67)	(66)	(72)	(76)	(81)		
Net Leverage	2.7x	3.0x	2.9x	2.4x	2.0x	1.7x	1.5x	1.5x		
Diluted Shares Outstanding	39.8	38.0	37.5	37.2	36.5	35.3	34.1	32.6	(2.5%)	(14.2%)
% chg. y/y	*(2.3%)*	*(4.5%)*	*(1.3%)*	*(0.6%)*	*(1.9%)*	*(3.4%)*	*(3.5%)*	*(4.4%)*		
Memo:										
FCF per Share	$8.17	$9.89	$6.95	$9.56	$12.50	$16.77	$20.34	$23.60	15.6%	138.5%
Dividend per Share	$7.91	$8.53	$8.88	$1.79	$1.81	$2.03	$2.23	$2.48		

1. Grow EBITDA through partnership-focused growth and Epic Pass pricing efforts
2. Increase Core Earnings and EPS through debt reduction, and share buybacks
3. Maintain conservative leverage between 1.5-2x, modest dividend growth, and focused capex plan at record levels to enhance guest experience

2025 estimates assumes current management guidance achieved with minimal upside; 2026+ based on LAP proposals being implemented immediately

On very conservative assumptions, we believe our plan can deliver >3x EPS growth

Source: All projections derived from public information and LAP estimates

LAP's Operating Plan Will Send Vail to New Heights: *Ad Alta*

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	LAP's Operating Plan	Status Quo
Strategic Priorities	Simple & Focused	Unfocused with Value Destructive Investments
Capital Allocation	Guest Experience and Share Buybacks	Status Quo
EBITDA Target	$1,180M by FY2028 (+43%)	None
Core Earnings Target	$600M by FY2028 (2x vs. 2024)	None
EPS Target	$16.99 (2.2x vs. 2024)	None
Stock Price Target	>$400 by end of FY2028 (2.4x increase)	None

Our plan is simple, focused, and will deliver significant results for employees, guests, and shareholders

Source: LAP Estimates

Contact

info@lateapexpartners.com

"I ski like I live; I point my skis downhill and just go for it"

–Sam Zell

Stowe Trail Map

Source:www.stowe.com