

LATE APEX PARTNERS, LLC

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Vail Resorts, Inc.
390 Interlocken Crescent
Broomfield, Colorado, 80021

Dear Members of the Board:

We are writing you on behalf of funds managed by Late Apex Partners, LLC (“LAP”, “we”) whose funds currently own shares in Vail Resorts, Inc. (“Vail” or the “Company”). Our investment in Vail is our single largest position, reflecting our significant conviction in the future of the Company.

We believe Vail has world-class assets, a world-class heritage, and world-class financial potential. However, over the past five years, Vail’s performance has been unacceptable. We believe Vail is fixable, but the Board must act now to hold management accountable.

In our attached presentation, we identify Vail’s numerous failures across both operations and capital allocation, and identify a plan of action that we believe will allow Vail, to delight its customers, employees, partners, stakeholders – and ultimately – investors once again. We see a clear path to a valuation of \$400 per share, or 140% equity upside, through identifiable changes across the Company’s operations, management & governance, and capital allocation.

The Problems:

- 1. Vail’s KPIs and insider compensation incentives are not aligned with value creation.** Incentive compensation cites performance judged by “Resort Reported EBITDA” yet this contrived metric bears no resemblance to free cash flow (“FCF”). From 2019 to 2024, “Resort Reported EBITDA” has increased 18% yet FCF has declined -15%.¹ Insiders have been paid \$47M (CEO Lynch has made \$19M) in the last three years while shareholders have lost 47%.² Management have no skin in the game, signaling zero conviction in Vail’s future: Since becoming CEO, Lynch has not once purchased MTN shares, while CFO Korch owns less than \$0.5M in stock.
- 2. Vail’s capital allocation is incoherent.** Management’s capital allocation is disconnected from any discernible strategy, and has destroyed value over time. Since 2019, Vail has invested \$2B in Capex and M&A – yet FCF has declined by \$67 million or -15% over the same period and guest experience has deteriorated. This reactionary approach to capital allocation points to playing defense to Alterra’s aggressive ascent. Vail needs to return to leading the industry in innovation.
- 3. Vail’s has mismanaged the balance sheet.** The excessive dividend (~90% of FCF) has reduced the Company’s ability to reinvest into high-return initiatives and its key asset: customer experience & goodwill. Vail has virtually endless opportunities to reinvest into the business, grow its competitive advantages, and grow the sport. Competitors are eating Vail’s lunch, and management is asleep at the wheel.
- 4. Vail is the “Evil Empire.”** The core skiing community has labeled Vail the “Evil Empire.” Vail’s marketing reductions, and decision to centralize marketing under CEO Lynch has created

¹ Free Cash Flow (“FCF”) defined as Operating Cash Flow less Capital Expenditures (“Capex”)

² Total Shareholder Return data from Bloomberg as of closing price \$166.70 on January 24, 2025

significant gaps, been inauthentic, and cut out the heart of each mountain. Management's incredibly short-sighted actions have led to lost opportunities and destroyed brand value.

The Path Forward:

1. **Vail must replace both CEO Lynch and CFO Korch.** Lynch and Korch are principally responsible for recent value destruction. Having demonstrated zero control over the business, their names have become toxic to employees, guests, and investors. Since Lynch assumed the CEO role in November 2021, Vail has lowered (and missed) guidance three times. Today's FY2025 EBITDA guide is now \$70M *below* the midpoint of Lynch's original 2023 guide.
2. **Vail must reset the Board, and Chairman Katz must resign.** We have nothing but the utmost respect for Katz's historical track record in building Vail into a juggernaut. The Company is not here today without him. However, Katz's continued role as Executive Chairman is now a hinderance, not a help, to Vail's future. Katz has already sold over 80% of his holdings, and we believe now is the time to step down to avoid the risk of destroying his legacy.
3. **Vail must cut the dividend – we propose by 80% – and fix the balance sheet.** Roughly 90% of Vail's FCF is paid out to shareholders through dividends. Instead, we believe that prioritizing internal reinvestment, fixing the balance sheet, and opportunistically buying back shares is a path to both immediately unlocking value, and growing Vail's franchise value over the long-term.
4. **Vail must hire a proven CEO.** We believe Vail must recruit a proven CEO with a verifiable track record of leadership on innovation to reset the path forward. We strongly encourage the Board to approach the CEO search thoughtfully, and work collaboratively with us to identify and secure the best possible leader.
5. **Vail must grow Epic partnerships.** We believe there is a massive opportunity to grow the Epic partnership network. A partnership-first focus will enable significant growth without M&A, and make the business less capital intensive.

Vail must clearly identify go-forward strategic priorities, create objective measures of success tied to per-share FCF & long-term value creation, and align both insider compensation and employees to those goals. Ultimately, this is about Vail returning to its mission – to create the experience of a lifetime for employees and guests. Our attached presentation outlines numerous opportunities for Vail to both deliver that experience to its guests, while also delivering exceptional returns for investors.

We hope this letter conveys our shared commitment to Vail's success. We are releasing this letter publicly in order to facilitate an immediate conversation with you and Vail's shareholders. Our full presentation is available publicly at www.lateapexpartners.com/VailAdAlta. We are available to discuss our views further, in person, at the Board's earliest convenience. Vail has exceptional potential, and we wish to work constructively with the Board to see it fully realized.

Sincerely,
Taylor G. Schmidt
Per ardua ad alta (“Through difficulties, to the heights”)