



Event Recap


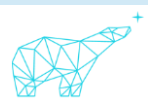






2023 Presidents' Summit

August 2023

EVENT RECAP: 2023 PRESIDENTS' SUMMIT

On July 26th and 27th, Arctos Sports Partners held its second annual **Presidents' Summit**, a gathering of team presidents, chief executives, and senior leaders from across Arctos' portfolio of teams, hosted at the AT&T Park, the home of the San Francisco Giants, and the Chase Center, the home of the Golden State Warriors. The Summit featured sessions with Arctos Operating Advisors and industry experts covering a variety of topics, including the changing media rights landscape, digital fan engagement, venue renovation, and recent trends in betting, ticketing, and sustainability. In total, 23 executives from 18 teams and platforms across 8 leagues and representing nearly \$6 billion in annual revenue.

Our invited guests included:

 Arctos Operating Advisor	Jeff Krolik Former CEO, FOX RSNs	Discussed the local media rights landscape and the outlook for digital and linear rights fees
 Arctos Operating Partner	TJ Adeshola Former Head of Global Content Partnerships, Twitter	Discussed trends and strategies in digital fan engagement
	Ben Gumpert Chief Strategy Officer	Drew Bryant Chief Creative Officer
	Suzy Deering CMO (Ford, eBay)	Discussed sports sponsorship from the perspective of a Chief Marketing Officer, including measuring ROI, collaborating with franchises, and aligning with brands
	John Shea CMO (White Claw, Jimmy John's)	Discussed sports sponsorship from the perspective of a Chief Marketing Officer, including measuring ROI, collaborating with franchises, and aligning with brands
	Fred Studer CMO (TIBCO, PowerSchool)	Discussed sports sponsorship from the perspective of a Chief Marketing Officer, including measuring ROI, collaborating with franchises, and aligning with brands
 Arctos Operating Advisors	Chris Grove Founder of Eilers & Krejcik Gaming	Discussed the sports betting landscape and the outlook for fast-growing, gaming-adjacent categories
	Jonathan Marks Chief Business Officer, Elevate Marketplace	Discussed the ticketing market and secondary ticketing distribution
	Kristen Fulmer Sustainability Director	Discussed venue sustainability and the GOAL program

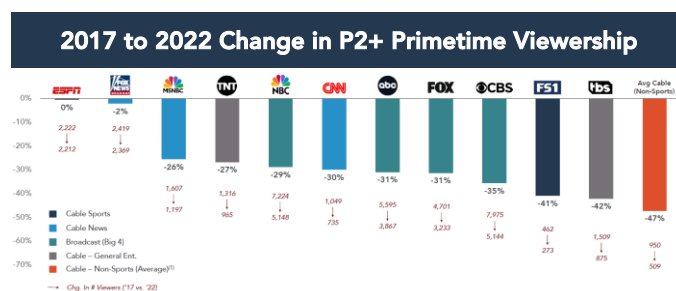
In addition, Brandon Schneider, President and COO of the Warriors, and his team led our group on a tour of the Chase Center, including a walk-through of player-only areas and several premium spaces, while describing the construction and continuous renovations to one of the most technologically advanced arenas in the world.

Key Takeaways

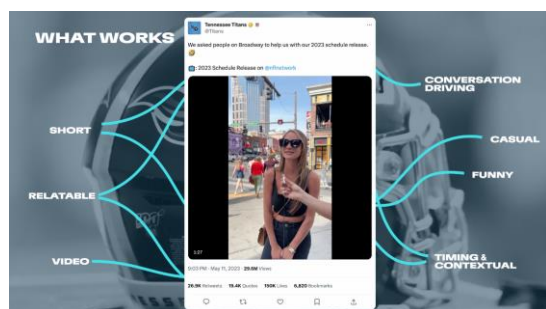
Below we share our favorite highlights from each session:

The End is Nigh: Discussion on The Evolving Local Media Rights Landscape:

Arctos Operating Advisor Jeff Krolik and Zachary Baran discussed recent trends in the media ecosystem – both locally and nationally. They highlighted secular trends in media, including declining subscriber penetration and erosion of distributor profit margins. Zach emphasized that although streaming consolidation may slow sports rights inflation eventually, sports – at the premium end – continue to perform well and premium sports rights remain modest as percent of total media revenue and a fraction of Big Tech’s spend of subscriber revenue. The group debated whether the NBA may be the last “traditional” media deal and how AI may impact the media landscape. Jeff discussed some of the key issues facing RSNs – the high carriage expense for distributors, increasing subscriber loss and disaffiliation, and the weak financial health of certain RSNs due to declining revenues and escalating rights fees. Jeff believes that while eventually this disruption would lead to consolidation, in the interim the right approach varies by team and situation, and it makes sense for franchises to “go short” and leave their options open.



Maximizing Digital Content, Fan Engagement and Partnerships:



TJ Adeshola, current Arctos Operating Partner, covered three pillars – reach, revenue, and innovation – which work as a flywheel to elevate all aspects of a franchise’s digital and social strategy. During the conversation, TJ examined recent trends in social media engagement; innovation in content creation; fragmentation of social apps; how franchises are managing content partnerships with content creators and new monetization techniques; and the impact of artificial and generative intelligence. One of the major challenges facing teams, and debated by the group, was how to authentically involve players and capture player-related content – which is uniquely important for Gen Z audiences. While some leagues (e.g., EJ Aguado / MLB) have provided support, it remains a challenge for most franchises. Going forward, TJ is willing to help Arctos Franchises by providing strategic support and tactical guidance on their digital and social presence.

Venue Redesign & High ROI Renovations: We reviewed best-in-class examples of venue renovations that enhance revenue generation and the fan experience including the Sacramento Kings Row 1 Club and the Los Angeles Dodgers Centerfield Plaza. In addition: Ben and Drew discussed how they have helped clients redesign and further monetize their venues. First, Ben discussed the various analyses – stakeholder surveys, segmented fan surveys, behavioral analyses, and pro forma analyses – that together inform Return on Investment (“ROI”). A key takeaway, and one that was echoed by Brandon the next day, was to ‘always be renovating.’ Next, Drew walked the group through the creative process

and conducted several exercises (e.g., Love-Hate, Moonshot) to help franchises re-imagine how franchises can increase access, convenience, exclusivity, and magic.

Chase Center Tour: Brandon and his team escorted us around the Chase Center highlighting how they hoped to create a ‘concierge’ experience for every fan. One such example was the main plaza entrance,



which separated security located outside the arena, and a box office with no glass walls between ticket buyer and seller located inside. The team also showed us a few of the 130+ theater boxes, courtside lounges and club suites and provided insight into their process of segmenting, pricing, and packaging. An interesting nugget was that everyone, even Warriors co-owners, pay full price for tickets and access to suites.

Sponsorship: The CMO Perspective: We had three CMOs from different backgrounds discuss their views on sponsorship and how sports franchise and league partnerships have shifted over time:

- Suzy emphasized how important it is for CROs to understand the biggest challenges and business objectives of their partners. Any sponsorship must address these challenges, which means discussing these directly with the principal – and potentially avoiding a brand’s agency.
- Fred highlighted how crucial it is for a CMO to demonstrate a clear ROI to the CEO and Board who want to understand how marketing spend contributes to business outcomes. To calculate ROI effectively, he recommended investing in analytics and benchmarking against the right industry standards and previous performance.
- John discussed how his role has shifted within the industry all while guided by the ‘RED’ marketing framework: Relevance, Ease, and Distinctiveness. At Gatorade, a brand which already had a great deal of exposure, his focus on sports partnerships was driving engagement, and as a result he used athletes as story tellers. At White Claw, he leaned into the creator community to fuel the brand’s storytelling.

The trio left our group with specific advice:

- Franchises typically sell sponsorship as a media vehicle, but if you can provide access and share data, you can build value for your partner.
- Understand who your sponsor is trying to sell to and help them succeed by creating the best experience for them to activate around.
- If you bring lifestyle and culture to a brand, you make it feel authentic – not only for your sponsor’s brand, but your brand also.

Gaming Is the New Betting: We were joined by Arctos Operating Advisor Chris Grove who provided an overview of the sports betting market. He reviewed how the U.S. sports betting revenue continues to grow with a slow march towards legalization, but how market share is highly concentrated between FanDuel and DraftKings. He then pivoted to discussing where sports betting



marketing spend is contracting, and the partnership opportunities franchises can explore across other gaming-adjacent categories such as social casino, sweepstakes, fantasy sports, lottery couriers and skill-based gaming.

Primary and Secondary Ticketing Strategies: We first reviewed Arctos' perspective on the ticketing market. Next, Jonathan discussed trends in the secondary market, including increasing marketing expenses, growing volume, and shifting market share. Then, he provided an overview of ticketing partnerships with distribution partners, including the opportunities and risks in secondary distribution deals. His most important takeaway for was that any secondary distribution partner must be aligned with franchises across several vectors – upfront certainty vs. shared upside, data sharing, pricing, pace of sale, and inventory allocation.

The Role of ESG in Managing Sports Properties: Lastly, we heard from Kristen on how she advises franchises to maximize revenue and reduce cost through sustainability. She discussed the GOAL initiative, which counts among its members several Arctos portfolio franchises (i.e., Boston Red Sox, Pittsburgh Penguins, the New Jersey Devils, and the Minnesota Wild). Lastly, she explained how GOAL can provide support to members on their sustainability journey.

Acknowledgements

Special thanks to our friends, advisors, and partners for their time and perspectives and to the San Francisco Giants and the Golden State Warriors for their hospitality in hosting this event.

About Arctos Sports Partners

Arctos Sports Partners is an investment platform focused on acquiring passive minority stakes in professional sports franchises as well as providing thoughtful liquidity and structured growth capital solutions to sports franchise control owners and governors. The management team has significant experience and expertise across the media, sports, technology, and alternative asset industries. Arctos is a U.S.-based firm with offices in New York and Dallas. For more information, visit www.arctospartners.com.

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