

Risk Factors Comparison 2025-04-03 to 2024-04-29 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

You should carefully consider the following risk factors in addition to the other information included in this Annual Report, including matters addressed in the section entitled “ Cautionary Statement Regarding Forward- Looking Statements and Risk Factor Summary. ” We may face additional risks and uncertainties that are not presently known to us, or that we currently deem immaterial, which may also impair our business, prospects, financial condition or operating results. The following discussion should be read in conjunction with our financial statements and notes to the financial statements included herein. Business and Business Development Risks We may not be able to sustain our growth, effectively manage our anticipated future growth, implement our business strategies or achieve the results we anticipate. We have a limited operating history and have experienced substantial growth over the last three years due, in large part, to the combination of Falcon’ s Treehouse, LLC and its subsidiaries and Falcon’ s Treehouse National, LLC with Katmandu Group, LLC and Fun Stuff, S. L. in April of 2021, the Business Combination with FAST Acquisition Corp. II in October 2023, which resulted in the Company becoming a public company with its securities traded on Nasdaq, and the Strategic Investment by **Qiddiya Investment Company (“ QIC ”)**. However, recent growth rates may not be indicative of our future performance due to our limited operating history as a combined company and the rapid evolution of our business model. We may not be able to achieve similar results or accelerate growth at the same rate as we have organically or in connection with the completion of the Business Combination, and we may not achieve our expected results, all of which may have a material and adverse impact on our financial condition and results of operations. **14** In addition, our growth and expansion have placed, and will continue to place, significant strain on our management and resources. This level of growth may not be sustainable or achievable in the future. We believe that our continued growth will depend on many factors, including our ability to develop new sources of revenue, diversify monetization methods including by direct to consumer offerings, vertically- integrated retail and third -party marketplaces, attract and retain creative contributors and business partners, increase customer engagement, continue developing innovative technologies, experiences and attractions in response to shifting demand in leisure and entertainment preferences, increase brand awareness and licensing, increase our ~~hospitality~~ expertise, expand into new markets, raise capital and continue to execute our legacy business. Furthermore, our franchise execution model (see “ Business — FBB: Falcon’ s Beyond Brands ”) is dependent upon each of our divisions working together to deploy our intellectual property across a broad range of ~~vectors~~ **sectors** nearly simultaneously (e. g., physical theme parks, media content and consumer merchandise) . **We intend to offer our customers a fully- integrated service, from master planning immersive experiences to designing, sourcing, and installing rides to content development and optimization, all on our platform** . To do so successfully will depend not only on the availability of our management and resources, but also on the adoption of our intellectual property by consumers in a number of forms. We cannot assure you that we will **have the personnel, expertise, or resources to** achieve any of the above, **or that our growth and expansion strategies, including our franchise execution model and our platform model, will be attractive to our customers,** and our failure to ~~do so~~ **sustain or increase our growth** may materially and adversely affect our business and results of operations. The impairments of our intangible assets and equity method investment in our joint ventures ~~may~~ have materially and adversely impacted our business and results of operations and may do so again in the future. Under accounting principles generally accepted in the United States, we review certain assets for impairment annually in the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate the carrying value may not be recoverable. Further, we review our equity- method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. We recognize an impairment of an equity- method investment if the fair value of the investment as a whole, and not the underlying assets, has declined and the decline is other than temporary. The outcome of such testing previously has resulted in, and in the future could result in, impairments of our assets, including our property, plant, and equipment, intangible assets, goodwill and / or our equity method investment in our joint ventures. Our Sierra Parima segment experienced losses in 2023 as a result of financial, operational, infrastructure challenges encountered at the Katmandu Park DR following its opening in March 2023. Sierra Parima performed an evaluation of its long- lived fixed assets in accordance with ASC 360 to determine whether their fair value is less than carrying value. As a result of this analysis, Sierra Parima recorded a fixed asset impairment of \$ 46. 7 million **as of December 31, 2023** . Based on the estimated sale or liquidation proceeds from Sierra Parima, and Sierra Parima’ s outstanding debts remaining to be settled, the fair value of the Company’ s investment in Sierra Parima was determined to be zero. The Company’ s fifty percent share of the impairment recognized by Sierra Parima and the additional impairment of \$ 14. 1 million recognized by the Company are included within Share of ~~gain~~ ~~(loss)~~ from equity method investments in the Consolidated Statements of Operations for the year ended December 31, 2023. The impairment is the result of management’ s estimates and assumptions regarding the likelihood of certain outcomes related to various liquidation and sale scenarios and pending legal matters, the timing of which remains uncertain. These estimates were determined primarily using significant unobservable inputs (Level 3). The estimates that the Company makes with respect to its equity method investment are based upon assumptions that management believes are reasonable, and the impact of variations in these estimates or the underlying assumptions could be material. **There are no other liquidity arrangements, guarantees or other financial commitments between the Company and Sierra Parima. The Company is not committed to provide any additional funding as of December 31, 2024. Any future capital fundings will be discretionary.** For more information about the impairment charge with respect to Sierra Parima, see “ Item 7. Management’ s Discussion and Analysis of Financial Condition and Results of Operation ” and Note 8 “ Investments and advances to equity

method investments” to our audited consolidated financial statements contained in Item 8 of this Annual Report. The accounting estimates related to impairments are susceptible to change, including estimating fair value which requires considerable judgment. For goodwill, management’s estimate of a reporting unit’s future financial results is sensitive to changes in assumptions, such as changes in stock prices, weighted- average cost of capital, terminal growth rates and industry multiples. Similarly, cash flow estimates utilized for purposes of evaluating long- lived assets and equity method investments (such as in our joint venture with Sierra Parima) require us to make projections and assumptions for many years into the future for pricing, demand, competition, operating costs, timing of operations, and other factors. We evaluate long- lived assets and equity method investments for impairment when events or changes in circumstances indicate, in management’s judgment, that the carrying value of such assets may not be recoverable (meaning, in the case of its equity method investment, that such investment has suffered other- than- temporary declines in value under ASC 323, Investments: Equity Method Investments and Joint Ventures (ASC 323)). When a quantitative assessment is performed, we use estimates and assumptions in estimating our reporting units’, our long- lived assets’ and our equity method investment’s fair values that we believe are reasonable and appropriate at that time; however assumptions and estimates are inherently subject to significant business, economic, **15** competitive and other risks that could materially affect the calculated fair values and the resulting conclusions regarding impairments, which could materially affect our results of operations and financial position. We cannot guarantee that in future periods we will not be required to recognize additional impairment charges, whether in our other equity method investments, to the extent it is regained in the future, or other intangible assets, nor that we will be able to avoid a significant charge to earnings in our consolidated financial statements during the period in which an impairment is determined to exist. Impairments to our equity method investment in our joint venture with Sierra Parima have materially and adversely affected our results of operations in the past, and could again in the future, as could reductions in the carrying value of any intangible assets or our other equity method investments. Our current liquidity resources raise substantial doubt about our ability to continue as a going concern and holders of our securities could suffer a total loss of their investment. For the year ended December 31, **2023-2024**, we incurred a loss from operations of \$ **57-15. 0-9** million and negative cash flows from operating activities of \$ **23-12. 4-6** million. Management has concluded, and the report of our auditors included in this Annual Report reflect, that there is substantial doubt about our ability to continue as a going concern ~~within 12 months after the date of this filing~~. Since our inception, we have funded our operations ~~since inception~~ primarily through financing transactions such as related party and third - party loans and the Strategic Investment and have incurred recurring net losses and negative cash flows. We will require additional capital in order to fund currently anticipated expenditures and to meet our obligations as they come due. See “ — We will require additional capital, which additional financing may result in restrictions on our operations or substantial dilution to our stockholders, to support the growth of our business, and this capital might not be available on acceptable terms, if at all ” below for additional information related to the risks of obtaining additional capital. Substantial doubt exists about our ability to continue as a going concern ~~within one year after the date that the financial statements are available to be issued~~. The reaction of investors to the inclusion of a going concern statement by management and our auditors and our potential inability to continue as a going concern may materially adversely affect the price of our publicly traded securities and our ability to raise new capital or enter into partnerships or strategic collaborations. If we are unable to continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our financial statements, and it is likely that investors will lose all or part of their investment. Further, the perception that we may be unable to continue as a going concern may impede our ability to pursue strategic opportunities or operate our business due to concerns regarding our ability to fulfill our contractual obligations. In addition, if there remains substantial doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding to us on commercially reasonable terms, or at all. We will continue efforts to remedy the conditions or events that raise this substantial doubt, however, as some components of these plans are outside of management’s control, we cannot offer any assurances they will be effectively implemented. We also cannot offer any assurance that any additional financing will be available on acceptable terms or at all. Our consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realization of assets and the settlement of liabilities in the ordinary course of business. We will require additional capital, which additional financing may result in restrictions on our operations or substantial dilution to our stockholders, to support the growth of our business, and this capital might not be available on acceptable terms, if at all. We have funded our operations since inception primarily through financing transactions such as related party and third - party loans and the Strategic Investment. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. Prior to the deployment of our asset- efficient strategy in our FBD business, we had ~~previously~~ engaged in expanding our physical operations through our equity method investments . ~~We , and we~~ are continuing to develop new product offerings and hire additional personnel , **to expand using our franchise execution model within our FBB business, and to offer a fully integrated service on our platform in order to create seamless, large- scale projects with greater creative control and operational efficiency, offering a unique, turnkey experience to our customers** . As a result, we incurred a loss from operations of \$ **57-15. 0-9** million for the year ended December 31, **2023-2024** , **had an** accumulated deficit attributable to common stockholders of \$ **69-46. 9-5** million as of December 31, **2023-2024** , and **had** negative cash flows from operating activities of \$ **23-12. 4-6** million for the year ended December 31, **2023-2024** . We intend to continue to make investments to support our business, which may require us to engage in equity or debt financings to secure additional funds. In addition, as of December 31, **2023-2024** , **we the Company has accrued material amounts of expenses in relation to its external advisors, accountants and legal costs in relation to the Business Combination and other things. The Company had a working capital deficiency of \$ (31. 3) million, which excludes debt that is maturing in the next 12 months as of December 31, 2024. Additionally, as of December 31, 2024, the Company has \$ 10. 2 million in debt that is maturing in the next 12 months and** have unfunded commitments to its unconsolidated joint venture Carnival of \$ 2. 4 million (HKD 18. 7 million).

The Company does However, we do not currently have the **sufficient cash or** liquidity to **fund such amounts** **pay liabilities that are owed or are maturing at this time** and the ability to do so in the future is contingent upon securing additional financing or capital raises. **16** Additional financing may not be available on terms favorable to us, if at all, or the cost of additional financing may be exceedingly high. In particular, the ongoing invasion of Ukraine by Russia and **the** Israel- Hamas war have caused disruption in the global financial markets, which may reduce our ability to access capital and negatively affect our liquidity in the future. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities or to implement our strategy, particularly with respect to our FBD and FBB divisions, which could harm our business, operating results, and financial condition. If we incur additional debt, the debt holders would have rights senior to holders of ~~common~~ **Common stock** ~~Stock~~ to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay **future** dividends to holders of our ~~common~~ **Common stock** ~~Stock~~. If we undertake ~~discretionary~~ financing by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, preferred stock, convertible securities or other equity securities in one or more transactions at a price per share that is less than the price per share paid by current stockholders. If we sell common stock, preferred stock, convertible securities, or other equity securities in more than one transaction, stockholders may be further diluted by subsequent sales. Additionally, future equity financings may result in new investors receiving rights superior to our existing stockholders. Because our decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuances of debt or equity securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our ~~common~~ **Common stock** ~~Stock~~ and diluting their interests. Following the closure of Katmandu Park DR, our FBD business is in transition, and the repositioning and rebranding of FBD projects will be subject to timing, budgeting and other risks which could have a material adverse effect on us. In addition, the ongoing need for capital expenditures to develop our FBD business could have a material adverse effect on us, including our financial condition, liquidity and results of operations. In our FBD business, we may encounter difficulties in adapting our asset- efficient strategy or in developing and maintaining effective joint partnerships with our existing JV partners, Meliá and Raging Power, and / or with new joint venture partnerships. We expect our asset- efficient strategy to reduce our capital expenditures by harnessing the strengths and resources of current and future strategic partners, allowing us to focus on our core competencies of bringing incredible experiences to people. However, we may not be able to execute on such strategy effectively. For example, we may not be able to negotiate agreements with our existing joint venture partners or with new joint venture partners on terms that are acceptable to us or at all, and our ability to successfully operate an asset- efficient model exposes us to different risks than we face with an asset- heavy model, as we will be increasingly subject to the risks inherent in third- party infrastructure over which we would have limited control. Further, our efforts to reduce our existing capital expenditures may not be successful. For example, while we believe the ~~recent~~ closure of Katmandu Park DR to visitors was in the best interest of the Sierra Parima joint venture with Meliá because the closure eliminates potential ongoing operational losses at the Katmandu Park DR, there may be unexpected consequences of the closure that negatively impact our business or that of our joint venture partner, whereby such unexpected consequences could be the basis for a dispute with our joint venture partner. Further, even with an asset- efficient business model, our FBD business may still be subject to traditional risks associated with resort and theme park development, acquisition, expansion, repositioning and rebranding, including, among others: ● **construction delays or cost overruns that may increase project costs;** ● **receipt of zoning and other required governmental permits and authorizations;** ● **increased costs due to competition for labor, including employees and subcontractors, skilled in emerging technology;** ● **strikes or other labor issues;** ● **restrictions or delays in transportation and import- export procedures;** ● **delays or cost inflation in the supply chain and third- party vendors required to develop the resorts and parks;** ● **development costs incurred for projects that are not pursued to completion;** ● **investment of substantial capital without, in the case of developed or repositioned resorts, immediate corresponding income;** ● **results that may not achieve our desired revenue or profit goals;** ● **acts of nature such as earthquakes, wildfires, hurricanes, volcanic eruptions, floods or fires that could adversely impact a resort;** ● **ability to raise capital, including construction or acquisition financing; and** ● **governmental restrictions on the nature or size of a project.** **17** In addition, in the future, certain of our construction timelines may be lengthened and / or require increased development costs due to competition for skilled construction labor and employees with relevant technical expertise, disruption in the supply chain for materials, increased costs for raw materials and supplies, **labor relations and construction practices in foreign markets,** rising inflation, the conflict between Russia and Ukraine and ; ~~more recently,~~ the Israel- Hamas war; and these circumstances could continue or worsen in the future. As a result of the foregoing, we cannot assure you that any of our development, acquisition, expansion, repositioning and rebranding projects will be completed on time or within budget or that the ultimate rates of investment return will be as we forecasted at the time the project was commenced. If we are unable to complete a project on time or within budget, the resort and / or theme park' s projected operating results may be adversely affected, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. The FBD properties, including the resorts owned and operated by our PDP joint venture with Meliá, also have an ongoing need for renovations, rebranding and other capital improvements and expenditures, including to replace furniture, fixtures and equipment from time to time as the need arises. While we believe the ~~recent~~ closure of Katmandu Park DR to visitors should help reduce our ongoing capital expenditures, particularly with respect to our Sierra Parima joint venture, we still **have own significant** assets through our PDP joint venture, including a hotel in Tenerife, Spain and a hotel and theme park in Mallorca, Spain. In addition, because a principal competitive factor for a theme park or other attraction is the uniqueness and perceived quality of its rides and experiential technologies, we must make significant up- front and continued capital investments, from the initial construction of the theme parks through maintenance and potentially the addition of new rides, attractions and technologies. These up- front and continued capital investments may not ever result in net income. In addition to liquidity risks, these capital expenditures may result in declines in revenues while hotels and parks are in

initial construction, while rooms, restaurants, rides or attractions are out of service for rebranding or maintenance, and while areas of our properties are closed due to capital improvement projects. We expect our costs will increase over time, and our losses may continue, as we expect to continue to invest additional funds in expanding our business and sales and marketing activities. We also expect to incur additional general and administrative expenses as a result of our growth and expect our costs to continue increase to support our operations as a public company. Historically, our costs have increased over the years due to these factors, and we expect to continue to incur increasing costs to support our anticipated future growth. For example, following the opening of our Katmandu Park DR in March 2023, we experienced various financial, operational, and infrastructure challenges that led to lower than planned open days and attendance at the park. As a result, in March 2024, we closed Katmandu Park DR to visitors. For more information about the closure of the Katmandu Park DR, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation” and Note 8 “Investments and advances to equity method investments” to our audited consolidated financial statements contained in Item 8 of this Annual Report. The costs of capital improvements, expenditures or any of the above noted factors, or if we are unable to generate adequate revenue growth and manage our expenses, could have a material adverse effect on us, including our financial condition, liquidity and results of operations. There is also a risk that our estimates of the cost of such capital improvements will not be accurate, causing us to seek additional financing and creating construction delays. In addition, any construction delays or ride downtime can adversely affect attendance at our hotels, theme parks and other interactive attractions and our ability to realize revenue growth. Our growth plans in FCG may take longer than anticipated or may not be successful. Developing FCG requires ongoing investment in personnel and infrastructure. We recently **In 2024 we** acquired and moved into a larger building in Orlando to meet the space requirement of **our approximately 210** ~~the nearly 200 new~~ **employees and our expected growth** ~~that we intend to hire to support FCG~~. Our growth plans for FCG place significant demands on our management and operating personnel, and we may not be able to hire, train, and retain the appropriate personnel to manage and grow these services. Depending upon the timing and level of revenues generated from FCG, including through the Consultancy Services Agreement with QIC and other initiatives, the related results of operations and cash flows we anticipate from FCG may not be achieved. If we are unable to manage our growth effectively, our business, results of operations, and financial condition may be adversely affected. Our ability to execute on our strategy and business model is dependent on the quality of our services, and our failure to offer high quality services could have a material adverse effect on its sales and results of operations. FCG offers extensive master planning, attractions and experiential entertainment design and digital media services and our experiential technologies to customers, including FBD, seeking to create themed experiences based on their own intellectual property. FBB’s business model is to deploy, expand and monetize proprietary and partner brands and intellectual property across multiple media and experiential channels. As such, increasingly, our intellectual property and technologies will be deployed in large-scale, complex technology environments, and we believe our future success will depend **on** our ability **to provide our customers with a comprehensive solution to their experiential entertainment needs, and** to increase sales of our intellectual property and technologies for use in such deployments. **18** FCG’s ability to provide effective ongoing services, or to provide such services in a timely, efficient, or scalable manner, may depend in part on its customers’ environments and their abilities to effectively integrate FCG’s technologies in their existing facilities. In addition, FCG’s ability to provide effective services is largely dependent on our ability to attract, train, and retain qualified personnel, independent contractors and subcontractors, with experience in supporting customers in the use of tools and technologies such as ours. As the number of FCG’s customers grows, that growth may put additional pressure on FCG’s services teams, and FCG may be unable to respond quickly enough to accommodate short-term increases in customer demand for its services. FCG may also be unable to modify the future scope and delivery of its services to compete with changes in the services provided by its competitors. Increased customer demand for support, without corresponding revenue, could increase costs and negatively affect our business and results of operations. In addition, as FCG continues to grow its operations and expand its global customer base, FCG needs to be able to provide efficient services that meet its customers’ needs globally at scale, and its services teams may face additional challenges, including those associated with operating the platforms and delivering support, training, and documentation in languages other than English and providing services across expanded time-zones. If FCG is unable to provide efficient services globally at scale, our ability to grow FCG’s operations may be harmed, and FCG may need to hire additional services personnel, which could negatively impact our business, financial condition, and results of operations. FCG’s customers typically need training in the proper use of our technologies. If FCG does not effectively deploy our technologies, if we fail to update or upgrade our technologies, or if FCG fails to help customers quickly resolve post-deployment issues and provide effective ongoing services, our ability to sell additional intellectual property, technologies and services to existing customers could be adversely affected, we may face negative publicity, and our reputation with potential customers could be damaged. As a result, FCG’s failure to maintain high quality services may have a material adverse effect on our business, financial condition, results of operations, and growth prospects. FCG provides inter-company services to a variety of FBD entertainment experiences, including LBE, dining and retail. Therefore, delays or impairments in the quality of FCG services will likely impact the development of FBD products, in turn adversely impacting FBD’s business, financial condition and results of operations. Further, FBB’s ability to provide effective services and execute on its business strategy depends upon its ability to effectively deploy our and third-party brands’ intellectual property across multiple media and experiential channels, such as animation, movies, music, licensing and ~~merchandizing~~ **merchandising**, gaming, streaming, and ride and technology sales. This means that FBB’s success depends disproportionately on its ability to successfully develop proprietary and third-party brands across disparate consumer bases, technologies and geographies and to maintain and extend the reach and relevance of these brands to global consumers in a wide array of markets. This strategy will require us to acquire, build, invest in and develop our competencies in disparate areas, which will require significant effort, time and money, with no assurance of success. The success of FBB’s franchise execution model also requires significant alignment and integration among our business divisions and between FBB and third-party brands. If

FBB is unable to successfully develop, maintain and expand key proprietary and third-party brands as planned, our business performance could suffer. Further, if the consumer market does not broadly adopt our intellectual property, FBB's franchise execution model would be impacted and we would be unable to implement our current business strategy. Anticipated synergies across our three business lines may not create the diversified revenue streams that we believe they will. We may encounter difficulties in developing and maintaining mutually beneficial and synergistic relationships among our three business divisions. While we believe that the FBD, FCG, and FBB businesses mutually reinforce each other in a variety of ways, achieving such anticipated benefits and synergies is subject to a number of uncertainties. It is possible that operations across three distinct business lines may result in higher than anticipated costs and lower than anticipated revenue and / or decreases in the amount of expected net income, all of which would adversely affect our business, financial condition, and operating results. A significant portion of FCG's and our revenue is derived from one large client of FCG and any loss of, or decrease in services to, that client could harm FCG's and our results of operations. A limited number of industry customers have contributed a significant portion of FCG's and our revenues in the past and are projected to do so in the future. In particular, FCG has had one major customer, QIC, which represents approximately 81% with revenue greater than 10% and 93% of the total revenue for the year ended December 31, 2024 of 99% of FCG's revenue for the years ended December 31, 2023-2024. We and 2022, respectively, and we expect QIC to represent a significant majority of FCG's and the Company's revenue for the year ended December 31, 2024-2025. We are likely to continue to experience ongoing customer concentration. It is possible that revenue from QIC may not reach or exceed historical levels in any future period. Each of the agreements that we have entered into with QIC contains the scope of services and completion milestone requirements applicable to each particular entertainment asset or services to which the agreement relates. Because our work for Qiddiya-QIC is not subject to a master services agreement, our and QIC's rights and obligations and our time to complete a specific task may vary from agreement to agreement and the terms and conditions of each agreement is generally tailored to the specific project or services covered by the applicable agreement. In some instances, QIC may have a contractual obligation under separate agreements with unaffiliated third-party intellectual owners to obtain approval of our work prior to acceptance of our work whereby we are not in privity of contract with such third-party intellectual property owners. As of April 26-3, 2024-2025, we have 11-9 active agreements with QIC, each of which may be terminated at will by either FCG, after providing 14 days' notice to QIC, upon a further notice of 42 days or QIC upon 14 days' notice to FCG. Further, there are no cross-termination or cross-default provisions in these agreements, as they relate to discrete services or projects that are not dependent on each other. Although we believe that we have a strong relationship with QIC, if QIC moves their business elsewhere it would have an adverse effect on our profitability, particularly the profitability of FCG. Following the completion of the Strategic Investment, the Company, Falcon's Opco and FCG LLC are subject to contractual restrictions that may affect our ability to access the public markets and expand our business. In connection with the Strategic Investment, Falcon's Opco, FCG LLC and QIC entered into a third amended and restated limited liability company agreement of FCG LLC, as amended on March 18, 2024 (the "FCG A & R LLCA"), which grants certain consent, preemptive and priority rights to QIC with respect to FCG LLC and its subsidiaries, and in some instances, the Company and Falcon's Opco. The FCG A & R LLCA was amended on March 18, 2024 to provide QIC with additional consent rights over incentive bonuses. Under the FCG A & R LLCA, for so long as QIC holds at least 25% of the preferred units in FCG LLC it subscribed for in connection with the Strategic Investment: QIC's consent is required to approve certain of FCG LLC's and its subsidiaries' activities, including, but not limited to: the issuance of equity securities; the payment or declaration of dividends; the approval of a project that, individually or in the aggregate, would interfere with the QIC Priority Commitment (as defined below); entering into affiliate transactions; the granting of any exclusive license to material intellectual property or the abandonment or allowing the lapse of any material intellectual property; any amendment to the FCG A & R LLCA; changing in a material way FCG LLC's or any of its subsidiaries' business strategy, including entering into a new line of business or discontinuing any material line of business; effecting any investment, acquisition, joint venture, strategic partnership or similar arrangement, in each case, in which such transaction or series of related transactions has an aggregate transaction value in excess of \$ 1.0 million over the course of any calendar year; changing materially the remuneration (including equity awards) of, or terminating (other than for cause), any executive or the head of any organizational division of FCG LLC or its subsidiaries; the purchase or redemption of any units or other equity securities of FCG LLC or its subsidiaries, except for units issued in connection with an employee equity incentive plan or in accordance with the redemption provisions of the FCG A & R LLCA; the sale of any division or other material assets of FCG LLC or its subsidiaries in excess of \$ 1.0 million per transaction or series of related transactions; entering into any merger, consolidation, share exchange, restructuring, recapitalization, reorganization, or other business combination or Change of Control (as defined below) transaction (except a change of control transaction, liquidity event, sale of all or substantially all the assets or similar transaction involving the Company); granting any benefits (other than health and welfare benefits consistent with past practices), payments or equity-based compensation to any employee or other service provider that provides services primarily for the benefit of FCG LLC or its subsidiaries with the exception of the equity awards granted by Falcon's Opco in the fourth quarter of 2023; the incurrence of any indebtedness for borrowed money in excess of \$ 1.0 million; the approval, amendment or deviation from or alteration of the budget and business plan of FCG LLC, in each case, unless approved by the board of FCG LLC (including the QIC Manager (as defined below)); the exercise of termination rights, entering into any amendment or statement of work, or granting of any consent or approval that would reasonably be expected to modify the scope of services provided or price under the Intercompany Services Agreement (as defined below); the commencement of or the agreement to commence an initial public offering provided, however, that this provision does not apply to Falcon's Opco or prevent Falcon's Opco or its affiliates (other than FCG LLC and its subsidiaries) from effectuating an initial public offering or a transaction with a special purpose acquisition company; the termination (other than for cause) or material change to the service relationship of any service provider in a manner that is, or could be reasonably expected to,

interfere with or adversely affect the QIC Priority Commitment; (B) the creation, or the authorization of the creation, of any class or series of units or other equity of FCG LLC (including by re- authorization, reclassification, alteration or amendment of any existing securities of FCG LLC or otherwise) that are senior or pari passu to the preferred units or that provide any unique governance rights relative to that of the common units, including any security or debt convertible into or exercisable for any equity security of FCG LLC; (C) entering into any agreement under which any of FCG LLC or its subsidiaries agrees not to (x) compete in any material product or service line or territory or (y) assert any material intellectual property rights, including by entering into any covenant not to sue or any co- existence, settlement or similar agreement; (D) (A) the commencement of a voluntary case under any applicable bankruptcy, insolvency or similar law; (B) consenting to the entry of any order for relief in an involuntary case under any such law; (C) consenting to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of any substantial part of its property or assets of FCG LLC; (D) making a general assignment for the benefit of creditors; or (E) winding down, dissolving or liquidating FCG LLC; (F) increasing or decreasing the number of managers on the board of managers of FCG LLC; and (G) the adoption or modification of any tax election or tax or accounting practice or policy that would have a material and disproportionate impact on QIC as compared to the Company. (H) Falcon' s Opco shall not, and shall cause the Company not to, without QIC' s consent, issue any equity securities (or securities or debt convertible into or exercisable for equity securities) of Falcon' s Opco or the Company to any Restricted Person (as defined below) other than in a bona fide, broadly distributed underwritten offering, " at- the- market offering " or a " block trade "; establish or amend any equity incentive plan of Falcon' s Opco or the Company under which the service providers that provide services primarily for the benefit of FCG LLC and its subsidiaries participate; grant equity or equity based compensation with a vesting period of less than three years to any C- Suite level executive of Falcon' s Opco or the Company that provides services to FCG LLC or its subsidiaries; exercise termination rights, enter into any amendment or statement of work, or grant any consent or approval that would reasonably be expected to modify the scope of services provided or price under the Intercompany Services Agreement; or terminate (other than for cause) or make any material change to the service relationship of any service provider in a manner that is, or could be reasonably expected to, interfere with or adversely affect the QIC Priority Commitment. A " Restricted Person " is a person that (1) (x) is not a permitted transferee of QIC or the Company (i. e., an affiliate) and (y) directly or indirectly engages in a business that is competitive with any business of FCG LLC or its subsidiaries, (2) derives at least 10 % of its revenue from, or is primarily identified with, (i) the manufacture, distribution or sale of tobacco, pork products or alcohol fit for human consumption and / or (ii) Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, Turkey, United Arab Emirates and Yemen, or (3) derives any of its revenue from, or is primarily identified with, the operation of gambling establishments (not including any person providing software and / or data services to any person engaged in the operation of gambling establishments), the manufacturing of gambling machines, the manufacturing, distribution or sale of weapons or armaments or the production or distribution of pornography; and (I) each of Falcon' s Opco and FCG LLC shall, and shall cause their respective affiliates to prioritize any projects, products and purchase orders submitted by QIC to FCG LLC and its subsidiaries relative to (and ahead of) any commitments of the Company, FCG LLC or their affiliates to other persons (including affiliates of FCG LLC and the Company), including with respect to the allocation (i) by FCG LLC and its subsidiaries of supplies, labor, management and overall design and manufacturing capacity to QIC versus other persons and (ii) to FCG LLC and its subsidiaries of sufficient supplies, labor, management and other resources (the " QIC Priority Commitment "). QIC, as the holder of the preferred units, has priority with respect to any distributions by FCG LLC, to the extent there is cash available. Under the FCG A & R LLCA, such distributions are payable (i) first, to the holders of preferred units until the holders' Preferred Return (as defined below) is reduced to zero, (ii) second, to the holders of preferred units until the Investment Amount (as defined below) is reduced to zero, (iii) third, to the holders of common units until each holder, with respect to each common unit owned by each such holder, has received an amount equal to the amount paid to the holders of preferred units, with respect to each preferred unit owned by each such holder, and (iv) fourth, to the holders of preferred units and common units on a pro-rata basis. Furthermore, without the prior written consent of QIC, until after the five- year anniversary of the Strategic Investment, (i) FCG LLC may not make any distributions (except for tax distributions) to any member and (ii) FCG LLC will reinvest all of its available cash to support the growth and capacity of FCG LLC and its subsidiaries for any projects, products and purchase orders submitted by QIC to FCG LLC and its subsidiaries. " Preferred Return " means an amount necessary to result in a rate of return of 9 % per annum, compounding annually on the outstanding preferred units' Investment Amount and accruing from the date of the agreement, as adjusted from time to time to take into account any distribution, return of capital or other payments; and " Investment Amount " means the initial investment amount of \$ 30, 000, 000, as reduced from time to time to take into account any distributions, redemptions, return of capital or other permitted payments (other than distributions pursuant to the Preferred Return). These limitations in the use of available cash restrict FCG LLC' s ability to distribute cash to Falcon' s Opco and, in turn, Falcon Opco' s ability to distribute cash to the Company, which could have an adverse impact on the Company' s ability to pay dividends to its shareholders. The FCG A & R LLCA also provides for preemptive rights for the benefit of Falcon' s Opco and QIC with respect to any issuance of any unit or other equity interest of, and options, warrants, or other convertible securities exercisable for or convertible into units of, FCG LLC or its subsidiaries, subject to customary exceptions, including, among others, issuances of such securities (1) pursuant to an equity incentive plan, reorganization, recapitalization or similar transaction, or an acquisition approved by the board of managers of FCG LLC, or (2) in connection with any equity split, reverse equity split, dividend or distribution or equivalent action by FCG LLC, or upon the exercise or conversion or exchange of options, warrants or other convertible or exchangeable securities, (together, the " excluded securities "). In addition, QIC also has the right to purchase its pro- rata share of any equity securities issued by Falcon' s Opco, the Company or any other FCG LLC parent entity, other than securities issued (1) pursuant to an equity incentive plan, reorganization, recapitalization or similar transaction, or an acquisition approved by the Board, (2) in connection with any equity

split, reverse equity split, dividend or distribution or equivalent action by Falcon's Opco, the Company or any other FCG LLC parent entity, or upon the exercise or conversion or exchange of options, warrants or other convertible or exchangeable securities of FCG LLC, (3) pursuant to broadly distributed underwritten public offerings, "at the market" offering or a "block trade", (4) to banks, equipment lessors, financial institutions, or real property lessors pursuant to a debt financing, equipment leasing or real property leasing agreement approved by the board of managers, or to suppliers or third-party service providers in connection with the provision of goods or services, or to strategic partners pursuant to transactions approved by the Board, (5) pursuant to a business combination transaction with a special purpose acquisition company, and (6) securities of Falcon's Opco issued by Falcon's Opco to the Company (together, the "FCG parent entity excluded securities"). These preemptive rights may limit our ability to raise money through a PIPE or other private transaction. QIC may have interests that conflict with our interests and may exercise the consent and QIC Priority Commitment rights described above in ways that could materially restrict the current and future operations of our FCG division or delay, defer or prevent the expansion of our FBD and FBB divisions. Further, the QIC Priority Commitment may mean that we may not be able to pursue other projects and business because of FCG LLC's and the Company's requirement to prioritize QIC work. Additionally, QIC's distribution, consent and preemptive rights may limit our ability to access cash to develop our business and to raise capital privately or in the public markets, which may make it more difficult for us to execute our business strategy, invest in the growth of our FBD and FBB divisions and compete with companies that are not subject to such restrictions. QIC has board designation rights in certain circumstances, which could limit public shareholders' ability to influence the election of Falcon's Board and Falcon's governance. In connection with the Strategic Investment, the FCG A & R LLCA provides QIC with board designation rights at the Falcon's Board level in certain limited circumstances. For so long as QIC owns at least 25 % of the preferred units it owned as of the effective date of the FCG A & R LLCA, if Scott Demerau, Cecil D. Magpuri and Infinite Acquisitions, collectively, cease to hold of record or beneficially at least 35 % of the equity securities or voting power of Falcon's, calculated on a fully diluted basis (a "Pubco Board Right Trigger Event"), then, no later than 30 days after such occurrence, Falcon's Opco is required to take all action necessary under the governing documents of Falcon's and applicable law to provide QIC the right to nominate two directors to the board of directors of Falcon's (the "Pubco Board Right"). In the event that the Pubco Board Right is not permissible under applicable law or the rules of the principal national securities exchange on which Falcon's is listed, Falcon's Opco is required to use reasonable best efforts to obtain all necessary approvals and satisfy other requirements under such laws and rules to provide the Pubco Board Right and, if despite using such reasonable best efforts, such laws or rules prohibit the provision of the Pubco Board Right, then Falcon's Opco must reasonably cooperate with QIC to provide QIC with alternative rights that comply with such law and rules and that are as comparable to the Pubco Board Right as may be reasonably practicable. Following a Pubco Board Right Trigger Event, at QIC's request, Falcon's Opco will cause Falcon's to enter into a stockholders or similar agreement with QIC on customary terms memorializing QIC's nomination right. As a result of the Pubco Board Right, if it is permissible under applicable law or stock exchange rules, QIC would have the right to nominate two out of the seven members of Falcon's Board. Such right, together with the QIC Priority Commitment and QIC's consent rights described in the preceding risk factor, would have the effect of strengthening QIC's control over our business. Our development of new sources of revenue depends on development activities that expose us to project cost and completion risks. Our development of new sources of revenue relies on FCG's customers, on FBD's asset efficient model, and on FBB's deployment and monetization of our intellectual property and intellectual property we license from third parties. This presents a number of risks, including: ● weakness in the capital markets limiting FCG's customers' abilities to raise capital for completion of projects or for development of future properties; ● weakness in the commercial banking market, limiting our ability to raise debt finance for each project as planned; ● in FBD, construction delays, zoning and other local, state or federal governmental approvals, cost overruns, lender financial defaults, or natural or man-made disasters, such as earthquakes, tsunamis, wildfires, hurricanes, floods, fires, volcanic eruptions and oil spills, increasing overall project costs, affecting timing of project completion or resulting in project cancellations; ● any liability or alleged liability or resultant delays associated with latent defects in design or construction of projects we have developed for our businesses or that FCG or FBD may construct in the future adversely affecting our business, financial condition and reputation; and ● the delay or failure by third-party contractors to perform for any reason, exposing us to operational, reputational and financial harm. FCG and its clients also source supplies and materials from third parties that are exposed to such risks, and the occurrence of any of these risks with respect to those third parties could have a material adverse effect on FCG's and its client's access to the supplies and materials sourced from these third parties. In addition, the conflict that began between **ongoing invasion of Ukraine by** Russia and **Ukraine in late February 2022 and, more recently,** the Israel- Hamas war, may significantly amplify already existing disruptions to FCG clients' and FBD's supply-chains and logistics. We are subject to numerous other risks associated with acquisitions, business combinations, or joint ventures. As part of our growth strategy, we regularly engage in discussions with respect to possible acquisitions, sale of assets, business combinations, and joint ventures intended to complement or expand our business, some of which may be significant transactions for us. Regardless of whether we consummate any such transaction, the negotiation of a potential transaction could require us to incur significant costs, including as a result of professional fees and due diligence efforts, and cause diversion of management's time and resources. In addition, we may be unable to identify suitable acquisition or strategic investment opportunities, or may be unable to obtain any required financing or regulatory approvals, and therefore may be unable to complete such acquisitions or strategic investments on favorable terms, if at all. We may decide to pursue acquisitions with which our investors may not agree and we cannot assure investors that any acquisition or investment will be successful or otherwise provide a favorable return on investment. In addition, acquisitions and the integration thereof require significant time and resources and place significant demands on our management, as well as on our operational and financial infrastructure. If we fail to successfully close transactions or integrate new teams, or integrate the products and technologies associated with these acquisitions into our company, our business could be seriously harmed. In addition, acquisitions may expose us to operational

challenges and risks, including: ● the ability to profitably manage acquired businesses or successfully integrate the acquired businesses' operations, personnel, financial reporting, accounting and internal controls, technologies and products into the Company' s business; ● increased indebtedness and the expense of integrating acquired businesses, including significant administrative, operational, economic, geographic or cultural challenges in managing and integrating the expanded or combined operations; ● 23 ● entry into jurisdictions or acquisition of products or technologies with which we have limited or no prior experience, and the potential of increased competition with new or existing competitors as a result of such acquisitions; ● diversion of management' s attention and the over- extension of our operating infrastructure and our management systems, information technology systems, and internal controls and procedures, which may be inadequate to support growth; ● the ability to fund our capital needs and any cash flow shortages that may occur if anticipated revenue is not realized or is delayed, whether by general economic or market conditions, or unforeseen internal difficulties; and ● the ability to retain or hire qualified personnel required for expanded operations. Our acquisition strategy may not succeed if we are unable to remain attractive to target companies or expeditiously close transactions. Issuing securities to fund an acquisition would cause economic dilution to existing shareholders. If we develop a reputation for being a difficult acquirer or target companies view our shares unfavorably, we may be unable to consummate key acquisition transactions essential to our corporate strategy and our business may be seriously harmed. In addition, integrating any business that we acquire may be distracting to our management and disruptive to our business and may result in significant costs to us. We could face several challenges in the consolidation and integration of information technology, accounting systems, personnel and operations. Any such transaction could also result in impairment of goodwill and other intangibles, development write- offs and other related expenses. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. The significance of our operations and partnerships outside of the United States makes us susceptible to the risks of doing business internationally, which could lower our revenues, increase our costs, reduce our profits, disrupt our business, or damage our reputation. Our FCG division is frequently contracted by international customers to provide its master planning and design services in locations outside the United States. For example, we have been contracted to provide full service master planning for five theme park projects, as well as the potential additional expansion work, for third- party clients in the Kingdom of Saudi Arabia. Further, all of the operations of our joint venture businesses are conducted outside of the United States and its territories, currently in the European Union (the " EU ") and China Hong Kong. For instance, we are a 50 % shareholder in Karnival, which is developing LBE experiences in China, the first of which is in Hong Kong, and we are a 50 % shareholder in PDP, which owns and operates the Sol Katmandu Park & Resort in Mallorca, Spain, and the Sol Tenerife hotel in Tenerife, Spain. These joint ventures and other direct and indirect international operations expose us to certain challenges and risks, many of which are outside of our control, and which could materially reduce our revenues or profits, materially increase our costs, result in significant liabilities or sanctions, significantly disrupt our businesses, or significantly damage our reputation. These challenges and risks include: (1) compliance with complex and changing laws, regulations, and government policies, including sanctions (such as economic sanctions administered by those-- the recently imposed in connection with the conflict between Russia U. S. Treasury Department' s Office of Foreign Assets Control, which prohibit certain activities and Ukraine transactions involving U. S. sanctioned countries and persons), that could have a material negative impact on our operations (and in the case U. S. sanctions, result in criminal or civil liability where violated), harm our ability to pursue creative and development opportunities, cause reputational damage, or otherwise affect us; (2) the difficulties involved in jointly managing an organization doing business in different countries; (3) uncertainties regarding the interpretation of local laws and the enforceability of contract and intellectual property rights under local laws; (4) rapid changes in government policy, political or civil unrest, acts of terrorism, war, pandemics or other health emergencies, border control measures or other travel restrictions, or the threat of international boycotts or U. S. anti- boycott legislation; and (5) monitoring fluctuations in foreign currency exchange rates. We are exposed to risks related to operating in the Kingdom of Saudi Arabia. A significant portion of FCG' s planned theme park projects are concentrated in the Kingdom of Saudi Arabia. FCG is supporting the creative development of multiple entertainment experiences within Qiddiya City, a planned tourism destination in Saudi Arabia, including master planning a water theme park, supporting the development for a gaming and esports district, and acting as the master planner, attraction designer and creative guardian of the first- ever Dragon Ball theme park. We have collaborated with QIC over the past six years and we expect this collaboration to continue. Risks inherent in operating in the Kingdom of Saudi Arabia include: ● complying with, and managing changes to, and developments in, Saudi Arabian laws and regulations, including price regulations and data privacy, changes in environmental regulations, forced divestment of assets, expropriation of property, cancellation or forced renegotiation of contract rights; ● 24 ● protecting and defending intellectual property rights, as proceedings to enforce patent rights could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us, see " — Risks Related to our Intellectual Property — Theft of our intellectual property, including unauthorized exhibition of our content, may decrease our licensing, franchising and programming revenue which may adversely affect our business and profitability "; ● complying with the Saudi Arabian tax regime, including the possible imposition of new or increased withholding or other taxes or royalties on FCG' s earnings; ● the imposition of new, or changes to existing, transfer pricing regulations or the imposition of new restrictions on foreign trade or investment; ● complying with applicable anti- bribery, anti- corruption, economic sanctions, export control, anti- terrorism and anti- money laundering laws, see " — Risks Related to Regulatory, Tax, Legal and Compliance Matters — We could be exposed to liabilities under the FCPA and other anti- corruption laws and regulations, including non- U. S. laws, which could have a material adverse impact on us "; ● adverse changes in economic and trade sanctions, export controls and national security measures resulting in business disruptions, including delays or denials of import or export licenses or blocked or rejected financial transactions; ● regional conflicts and escalating geopolitical tensions in the Middle East, including with Iran and armed groups supported by the Iranian

government, and the potential future involvement of the Kingdom of Saudi Arabia in such conflicts; ● geopolitical instability and uncertainty in the Kingdom of Saudi Arabia, resulting from government or military regime change, civil unrest or terrorism, including the failure to negotiate a cease fire and withdrawal from Yemen; ● changes in the Kingdom of Saudi Arabia's policy of pegging the Saudi Riyal (" SAR ") to the U. S. dollar; ● difficulties in managing and staffing international operations; and ● conducting business through a number of subsidiaries, joint operations and joint ventures and challenges implementing the Company's policies and procedures in such entities. Operating in the Kingdom of Saudi Arabia requires significant management attention and resources. The occurrence of any of these risks may be burdensome and could have a material adverse effect on our business, financial position, results of operations and reputation. Damage to our reputation or brands may negatively impact our company. Our reputation and brands are integral to the success of our businesses. Because our brands engage consumers across our businesses, damage to our reputation or brands in one business may have an impact on our other businesses. Because some of our brands are recognized internationally, brand damage may not be locally contained. In addition, our hotels in Tenerife and Mallorca are co-branded with Meliá hotels. Maintenance of the reputation of our Company and brands depends on many factors, including the quality of our offerings, maintenance of trust with our customers and our ability to successfully innovate. Significant negative claims or publicity regarding the Company or its operations, products, management, employees, practices, business partners, business decisions, social responsibility and culture may damage our brands or reputation, even if such claims are untrue. Damage to our reputation or brands could impact our sales, business opportunities, profitability, and ability to recruit high quality employees. There is a risk of accidents occurring at our FBD resorts and parks or competing parks which may reduce attendance and negatively impact our operations. Our brand and reputation are among our most important assets. Our ability to attract and retain customers for our FBD business depends, in part, upon how the public perceives our business, the quality and safety of our theme park, rides and attractions, and our corporate and management integrity. While we carefully maintain the safety of our FBD rides and resorts, there are inherent risks involved with these attractions and facilities. An accident or an injury (including water- or air- borne illnesses) at our FBD theme park or at parks operated by competitors, particularly an accident or injury involving the safety of guests and employees, that receives media attention, could negatively impact our brand or reputation, cause loss of consumer confidence in the Company, reduce attendance at our theme park, and negatively impact our results of operations. An accident or injury at any of our FBD resorts (including falls in or around the resorts' facilities or sickness from food or beverages consumed at the resorts) or at resorts owned by our competitors could similarly 25 adversely impact our brand and reputation, in turn adversely impact our results of operations. The considerable expansion in the use of social media over recent years has compounded the impact of negative publicity. If any such incident occurs during a time of high seasonal demand, the effect could impact our results of operations for the year disproportionately. Our indebtedness and liabilities could limit the cash flow available for our operations, which may adversely affect our financial condition and future financial results. The principal, premium, if any, and interest payment obligations of such debt may restrict our future operations and impair our ability to invest in our businesses. Our current indebtedness, and our future levels of indebtedness, may adversely affect our financial condition and financial results. For instance, higher levels of indebtedness could: ● make it more difficult for us to satisfy our financial obligations; ● require us to dedicate a substantial portion of any cash flow from operations to service our indebtedness, which would reduce funds available for other business purposes, including capital expenditures and acquisitions; ● increase our vulnerability to adverse changes in general business, industry and economic conditions and to competitive pressures; ● limit our flexibility in planning for, or reacting to, changes in our business, competitive conditions or our industries; ● impair our ability to make investments or acquisitions, dispose of assets, pay cash dividends or redeem or repurchase shares; and / or ● limit our ability to refinance existing debt or to obtain additional financing required to fund working capital and other business needs, including capital requirements and acquisitions. Our ability to service any future financial obligations will depend on our ability to generate significant cash flow from operations, which is partially subject to general economic, financial, competitive, legislative, regulatory and other factors beyond our control, and we cannot assure you that our business will generate cash flow from operations, or that we will be able to complete any necessary financings or refinancings, in amounts sufficient to enable us to fund our operations, engage in acquisitions, capital improvements or other development activities, pay our debts and other obligations and fund our other liquidity needs. If we incur significant additional indebtedness and we are not able to generate sufficient cash flow from operations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. Additional debt or equity financing may not be available in sufficient amounts, at times or on terms acceptable to us, or at all, and any additional debt financing we do obtain may significantly increase our leverage on unfavorable terms. If we are unable to implement one or more of these alternatives, we may not be able to service such future debt or other obligations, which could result in us being in default thereon, in which case our lenders could cease making loans to us, lenders or other holders of our debt could accelerate and declare due all outstanding obligations under the respective agreements and secured lenders could foreclose on their collateral, any of which could have a material adverse effect on us. The growth of our business depends upon our ability to source projects with new and existing customers and take such projects to completion. Our FCG business depends in large part on our ability to secure the projects contemplated by the service agreements with our existing customers. Our services agreements typically require us to submit bids and proposals for all scopes of work that are contemplated under such service agreement. Winning a bid on a certain portion of a project does not guarantee that we will be awarded all scopes of work contemplated by the service agreement. Bids, contract proposals and negotiations are complex and frequently involve lengthy discussions and challenging selection processes, all of which are affected by a number of factors. These factors include market conditions, us being successful in demonstrating to our customers that our services work for them, satisfying technical and economic requirements and securing financing arrangements. In addition, our projects are frequently awarded only after competitive bidding processes, which are often protracted. In the event that we are unable to secure contracts covering a substantial majority of the contemplated scope of work in our existing service agreements, our

business, results of operations and financial condition could be materially impacted. We may expand into new lines of business in our FBB division and may face risks associated with such expansion. Our future growth will, in part, depend on our ability to expand FBB into new business lines as we seek to utilize our proprietary and third-party brands in consumer markets, such as film and video, music, licensing and merchandising and gaming, in which we have no or limited direct prior experience. The new business lines that we pursue for FBB may not perform as well as expected, may not achieve profitability, may incur significant or unexpected time and expense, and may expose us to additional liability, which may result in financial or reputational harm to our or third-party brands. Such expansion activities may involve some or all of the following risks: the risk of entering business lines or products in domestic or foreign markets, in which we have little or no experience; the difficulty of competing for growth opportunities with companies having materially greater financial resources than us; the inability to realize anticipated synergies or other expected benefits; the difficulty of integrating new or acquired operations and personnel into our existing operations, while maintaining our culture; the potential disruption of ongoing operations; and the diversion of financial resources or management attention to new operations or lines of business. The expansion into new lines of business might be required for us to remain competitive, but we may not be able to complete any such expansions on favorable terms or obtain financing, if necessary. Future expansions may not improve our competitive position and business prospects as anticipated, and if they do not, our business, results of operations and financial condition could be materially impacted.

~~The Earnout Shares are accounted for as liabilities and the changes in value of these shares could have a material effect on our financial results. At the closing of the Business Combination, pursuant to the Merger Agreement, certain holders were entitled to receive contingent earnout shares (“ Earnout Shares ”) in the form of Class A Common Stock and Class B Common Stock of the Company, respectively. The Earnout Shares were deposited into escrow at the closing of the Business Combination and are to be earned, released and delivered upon satisfaction of, or forfeited and canceled up on the failure of, certain milestones We account for the potential Earnout Shares as liabilities in accordance with the guidance in ASC Topic 480, Distinguishing Liabilities from Equity, and ASC Topic 815- 40, Derivatives and Hedging- Contracts on an Entity’ s Own Equity, which provide for the remeasurement of the fair value of such shares at each balance sheet date and changes in fair value are recognized in our consolidated statements of operations. As a result of the recurring fair value measurement, our financial statements and results of operations may materially fluctuate quarterly, based on factors which are outside of our control. Due to the recurring fair value measurement, we expect to recognize non- cash gains or losses each reporting period and the amount of such gains or losses could be material and variable. Our Warrants are accounted for as liabilities and the changes in value of our Warrants could have a material effect on our financial results and/ or the market price of our common stock. We classify our Warrants, which were assumed in connection with the Business Combination, as derivative liabilities measured at fair value, with changes in fair value each period reported in earnings. ASC 815, Derivatives and Hedging, provides for the remeasurement of the fair value of such derivatives at each balance sheet date, with a resulting non- cash gain or loss related to the change in the fair value being recognized in earnings in the statement of operations. As a result of the recurring fair value measurement, our financial statements and results of operations may fluctuate quarterly, based on factors, which are outside of our control. Due to the recurring fair value measurement, we expect that we will recognize non- cash gains or losses on our Warrants each reporting period and that the amount of such gains or losses could be material. The impact of changes in fair value on earning may have a material adverse effect on the market price of our securities.~~

Risks Related to our Joint Ventures The failure to satisfy the requirements imposed by our joint venture partners and disagreements with our joint venture partners could have a material adverse effect on us. Under the terms of our joint venture agreements with Meliá and Raging Power, and any joint venture agreements we may enter with future joint venture partners, we may be required to contribute certain funds and assets to our joint venture entities, obtain or provide certain permits, licenses or other authorizations, provide certain fiscal indemnification to our joint venture entities and meet various other terms and conditions. If we fail to comply with the terms and conditions of the applicable joint venture agreement, we may incur liabilities to our joint venture partners under the applicable joint venture agreement. In that situation, the damages we would be subject to would be quantified either by the applicable courts or, in the case that we are required to transfer our shares in the joint ventures to the non- breaching counterparties, by third-party valuation firms. If one or more of these joint venture agreements is terminated, the underlying value and performance of our FBD resorts, experiential entertainment attractions, or other assets could decline significantly. In addition, our joint venture partners, as well as any future partners, may have interests that are different from our interests that may result in conflicting views as to the conduct of the business or future direction of the joint venture. In the event that we have a disagreement with a joint venture partner with respect to a particular issue to come before the joint venture, or as to the management or conduct of the business of the joint venture, we may not be able to resolve such disagreement in our favor. Any such disagreement could have a material adverse effect on our interest in the joint venture, the business of the joint venture or our relationship with such joint venture partner. We have entered and expect to continue to enter into joint venture, strategic collaborations, teaming and other business arrangements, and these activities involve risks and uncertainties. A failure of any such relationship could have a material adverse effect on our business and results of operations. We have entered into, and expect to continue to enter into, significant joint venture, strategic collaboration, teaming and other arrangements, including our FBD joint ventures with Meliá and Raging Power and our FBB collaborations with certain brands featured on PBS Kids, Hershey, and our letter of intent for an expected collaboration with Tanseisha, and our non- binding letter of intent to operate OES. These activities involve risks and uncertainties, including the risk of a joint venture partner or other party to a business arrangement failing to satisfy its obligations, which may result in certain liabilities to us for any related commitments, the uncertainty created by challenges in achieving strategic objectives and expected benefits of the business arrangement, the risk of conflicts arising between us and the other parties to our business collaborations and the difficulty of managing and resolving such conflicts, and the difficulty of managing or otherwise monitoring such business arrangements. In addition, in these joint ventures, strategic collaborations and alliances, we may have certain overlapping control with our joint venture or brand partners over the operation of the assets,

businesses or brands. As a result, such joint ventures, strategic collaborations and alliances may involve risks such as the possibility that a counterparty in a business arrangement might become bankrupt, be unable to meet its contractual obligations, have economic or business interests or goals that are inconsistent with our business interests or goals, or take actions that are contrary to our instructions or to applicable laws and regulations. In addition, we may be unable to take action without the approval of our business partners, or our partners could take binding actions without our consent. Consequently, actions by a partner or other third party could expose us to claims for damages, financial penalties, and reputational harm, any of which could have an adverse effect on our business, financial condition, and results of operations. Further, we cannot control the actions of Meliá, Raging Power, or our other future joint venture partners, including any non-performance or default under our joint venture agreements. If Meliá or Raging Power or our other future joint venture partners were to fail to timely remit revenues to us from our various joint venture businesses, or if we dispute the amount of revenue remitted, such event could materially adversely affect our results of operations. Our FBD joint ventures with Meliá leverage Meliá's operational expertise, management services, infrastructure, local knowledge and corporate priorities. As such, any damage to Meliá's financial condition or change in its corporate priorities could negatively **27** impact the Company. Our participation in the joint ventures with Meliá also exposes us to liability and reputational harm resulting from improper actions of Meliá. The success of projects held under joint ventures that are not operated by the Company is substantially dependent on the joint venture partner, over which we have limited or no control. Our FBD Mallorca and Tenerife hotels and theme park are joint ventures with Meliá. Control of the existing joint venture entities that own and operate these properties is split equally between us and Meliá. Although our current FBD joint venture agreements provide certain voting rights and provisions for the resolution of deadlocks, Meliá is primarily responsible for the management of the hotels held by our joint venture entities and controls most ordinary course business and operational decisions, including, among other things, with respect to sales and marketing of the hotels and determining annual and long-term objectives for occupancy, rates, revenues, clientele structure, sales terms and methods. Consequently, we are highly dependent on the operational expertise of Meliá, and likely will be similarly dependent on our future joint venture partners, as well as their corporate priorities. Further, while control and ownership of our existing joint ventures with Meliá is split equally between the Company and Meliá, our control or ownership of future joint ventures with other partners may be in a different proportion. Therefore, our results are subject to the additional risks associated with the financial condition and corporate priorities of our joint venture partners, which could have a material adverse effect on our financial position or results of operations. Our partnership or joint venture investments could be adversely affected by our lack of sole decision-making authority. For our FBD division, we have co-invested with third parties and may in the future co-invest with other third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in, or sharing responsibility for managing the affairs of, a property, partnership, joint venture or other entity. We participate in such joint ventures to further expand our opportunities, share risks and gain access to new markets. Due to the nature of joint venture arrangements, we do not unilaterally control the operating, strategic and financial policies of these business ventures. Decisions are often made on a collective basis, including the purchase and sale of assets, contract negotiation with counterparties and management of cash, including cash distributions to partners. In addition, joint ventures can often require unanimous approval of the parties to the joint venture or their representatives for certain fundamental decisions, which could lead to deadlock in the operations or strategies with respect to the joint venture or partnership. Decisions made by the managers or the governing bodies of these entities may not always be the decisions that are most beneficial to us as one of the equity holders of the entity, may be contrary to our objectives, or may limit our ability to transfer our interest. Under certain of our FBD joint venture arrangements, pursuant to which neither venture partner has the power to control the venture, an impasse could be reached, which might have a negative influence on the joint venture and decrease potential returns to our stockholders. For example, certain actions by the joint venture entity may require unanimous approval by us and our joint venture partner. An impasse between us and our joint venture partner could result in a "deadlock event." In such event, if not resolved, we and our respective partners or co-venturers may each have the right to trigger a buy-sell right or forced sale arrangement, which could cause us to sell our interest, or acquire our partners' or co-venturers' interest, or to sell the underlying asset, either on unfavorable terms or at a time when we otherwise would not have initiated such a transaction. In addition, a sale or transfer by us to a third party of our interests in the partnership or joint venture may be subject to consent rights or rights of first refusal in favor of our partners or co-venturers, which would in each case restrict our ability to dispose of our interest in the partnership or joint venture. Investments in joint ventures involve these and other risks that would not be present were a third party not involved, including the possibility that the co-venture partners might become bankrupt or fail to fund their share of required capital or asset contributions. In addition, partners or co-venturers may have economic or other business interests or goals that are inconsistent with our business interests or goals and may be in a position to take action or withhold consent contrary to our policies or objectives. In some instances, partners or co-venturers may have competing interests in our FBD markets that could create conflict of interest issues. For example, Meliá may own hotels that compete with our joint venture hotel for tourists. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting assets owned by the partnership or joint venture, and to the extent of any guarantee our assets, to additional risk. In addition, we may, in certain circumstances, be liable for the actions of our third-party partners or co-venturers. Our FBD joint venture entities may also be subject to debt and the refinancing of such debt, and we may be required to provide certain guarantees or be responsible for the full amount of the debt, beyond the amount of our equity investment, in certain circumstances in the event of a default. Our joint venture partners may take actions that are inconsistent with the interests of the joint venture or in violation of the financing arrangements and trigger our guaranty, which may expose us to substantial financial obligations and commitments that are beyond our ability to fund. Any or all of the factors described above could adversely affect the value of our investment, our ability to exit, sell or dispose of our investment at times that are beneficial to

us, or our financial commitment to maintaining our interest in the joint ventures. Further, any failure of our joint venture partners to meet their obligations to us, the joint venture entity or to third parties, or any disputes with respect **28** to the parties' respective rights and obligations, could have a material adverse effect on the joint ventures or their properties and, in turn, could have a material adverse effect on our business, financial position, results of operations, cash flows and prospects. The operating season at some of our hotels and our theme park is of limited duration, which can magnify the impact of adverse conditions or events occurring within that operating season. Our operations in the hospitality industry, such as our FBD hotels, theme park, and other attractions, and joint venture properties are normally subject to seasonal variations and generally operate during limited periods and / or have fluctuations in anticipated market tourism and spending based on the time of year. As a result, revenues in our FBD division fluctuate with changes in hotel and theme park attendance and occupancy resulting from the seasonal nature of vacation travel and leisure activities and seasonal consumer purchasing behavior, which generally results in increased revenues during the Company' s second and third quarters. For example, our Katmandu Park in Mallorca, Spain has limited open hours from March to mid- June and mid- September to November, extended open hours from mid- June to mid- September, and is closed from November to March. Likewise, the Sol Katmandu Resort operates on a seasonal basis, from April through October each year. As a result, nearly all of our revenues from the Mallorca operations are generated during a 230- to 245- day operating season. Consequently, when adverse conditions or events occur during the operating season, particularly during the peak vacation months of July and August or the important fall season, there is only a limited period of time during which the impact of those conditions or events can be mitigated. Accordingly, the timing of such conditions or events may have a disproportionate adverse effect upon our revenues. For example, new hotel and resort room supply is an important factor that can affect FBD' s performance, and over- building in the markets where we are located has the potential to decrease demand for our offerings. Because our operating season is short, a decline in lodging demand, or increase in lodging supply, could result in returns for our FBD division that are substantially below expectations, or result in losses, which could have a material adverse effect on us, including our business, financial condition, liquidity, results of operations and prospects. Further, the costs of running a resort tend to be more fixed than variable. As a result, in an environment of declining revenue, the rate of decline in earnings is likely to be higher than the rate of decline in revenue. In certain jurisdictions into which we are currently contemplating expanding, we will rely on strategic relationships with local partners in order to be able to offer and market our products and services. If we cannot establish and maintain these relationships, our business, financial condition and results of operations could be adversely affected. In certain jurisdictions into which we are currently contemplating expanding to offer our FBD products and services, we plan to leverage the strengths of strategic partnerships with local partners. This may require us to enter into collaboration, joint venture or license agreements with local partners with respect to certain of our products and services. Such arrangements may require us to restrict our use of certain of our products and services or grant licenses on terms that ultimately may prove to be unfavorable to us. We cannot provide assurance that these arrangements will be successful or that our relationships with our partners will continue to be mutually beneficial. Moreover, our ability to expand in other jurisdictions may be limited by local law. If we cannot establish or maintain our relationships with these local entities, our relationships could terminate and we would not be allowed to operate in those jurisdictions until we enter into new ones. As a result, our business, financial condition and results of operations could be adversely affected.

Operational Risks and Risks Related to Our Industries Increased competitive pressures may reduce our revenues or increase our costs. We face substantial competition in each of our operating divisions from alternative providers of the technologies, attractions, entertainment experiences and services we offer and from other forms of entertainment, lodging, tourism and recreational activities. This includes, among other types, competition for human resources, content and other resources we require in operating our businesses. For example:

- **FBB** competes in the digital entertainment content, consumer merchandising markets and theme park ride and technology sales. All feature a wide range of competitors. In the consumer merchandising and entertainment content sectors, market leaders include The Walt Disney Company, Warner Bros. Discovery, Paramount and Moonbug. Within the attractions systems and technologies markets, FBB competes with Triotech, Dynamic Entertainment, Simtec, Simworx, and DOF Robotics.
- **FCG** offers an extremely wide range of services to its outside clients and also works on internal development projects. Our broad services offerings include master planning, attractions and experiential entertainment design, and content, interactives and software production. Design studios doing work for outside clients with which we compete include FORREC Ltd., ITEC Entertainment, Jack Rouse Associates (JRA), PGAV Destinations, and Thinkwell Group. Media production studios doing work for outside clients with which we compete include Mack, Pixomundo, Super 78, and Weta Workshop. Design studios working on exclusively internal development include Merlin Magic Making Ltd., Universal Creative, and Walt Disney Imagineering.
- **29** • **FBD** competes in the leisure and entertainment industry, which includes theme parks, LBEs, and hospitality. Market leaders include Merlin Entertainments, Meow Wolf, Legends, Andretti' s, Dave & Busters, Legoland Resorts, and Disney Resorts. Competition in each of these areas may increase as a result of technological developments and changes in market structure, including consolidation of suppliers of resources and distribution channels. Increased competition may divert consumers from our creative, design, licensing, entertainment or other products, or to other products or other forms of entertainment, which could reduce our revenue or increase our marketing costs. Competition for the acquisition of resources can increase the cost of developing our properties, products and services, deprive us of talent necessary to produce high quality creative material or increase the cost of compensation for our employees. Such competition may also reduce, or limit growth in, prices for our products and services, including attraction design and master planning services, theme park and resort admissions, room rates and ticket sales, brand expansion service fees, prices for consumer products from which we derive license revenues, and revenues from our direct- to- consumer or retail offerings. Misalignment with public and consumer tastes and preferences for entertainment, travel and consumer products, and failure to keep pace with developments in technology, could negatively impact demand for our entertainment offerings and products and adversely affect the profitability of any of our business divisions. Each of our operating divisions seeks to offer products or services for three potential high growth business opportunities: content, technology, and

experiences. Our success depends substantially on consumer tastes and preferences that change in often unpredictable ways. Consumer tastes and preferences impact, among other items, revenues from affiliate fees, licensing fees and royalties, critical and commercial success of our planned animation, movies, and music offerings, theme park admissions, hotel room charges and merchandise, sales of licensed consumer products or sales of our other consumer products and services. The success of our businesses depends on our ability to consistently create marketable content and services, which may be distributed, among other ways, through social media, interactive media, broadcast, cable, internet or cellular technology, print media, theme parks and other entertainment attractions, hotels and resort facilities, travel experiences and consumer products. Such distributions and deployments must meet the changing preferences of the broad consumer market and respond to competition from an expanding array of choices facilitated by technological developments in the delivery of content. Consumer acceptance of entertainment content is also affected by outside factors, such as critical reviews, promotions, the quality and acceptance of entertainment content released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure activities, general economic conditions and public tastes, all of which could change rapidly and most of which are beyond our control. There can be no assurance that the content and customer activations we seek to create in our FBB division will obtain favorable reviews or ratings, be popular with consumers, or perform well in our distribution channels. In addition, the success of our experiential entertainment offerings in our FBD division depends on demand for public or out-of-home entertainment experiences. The amusement park and experiential entertainment industries demand the use of sophisticated technology and systems for the design, construction and operation of attractions, theme parks, water parks, ticket sales and management, and labor and inventory management. Information technology systems continue to evolve and, in order to remain competitive, we must implement new technologies and systems in a timely and efficient manner. The development and maintenance of these technologies may require significant investment by us and we may not achieve the anticipated benefits from such new developments or upgrades. New technologies also affect the demand for FCG master planning, designs and creation of attractions and experiential entertainment, and content, the manner in which FCG products and services are distributed to consumers, the ways we charge for and receive revenue for all our products and services, and the stability of those revenue streams, the sources and nature of competing content offerings, the time and manner in which consumers acquire and view some of our entertainment products and the options available to advertisers for reaching their desired audiences. The overall effect that technological development and new digital distribution platforms have on the revenue and profits we derive from our entertainment content in our FCG and FBB divisions, and the additional costs associated with changing markets, media platforms and technologies, is unpredictable. If we fail to accurately assess and effectively respond to changes in technology and consumer behavior in the entertainment industry, our business may be harmed. The success of our businesses depends in large part on acceptance of our offerings and products by consumers outside the United States, and our success therefore depends on our ability to accurately predict and adapt to changing consumer tastes and preferences outside as well as inside the United States. Moreover, we must often invest substantial amounts in digital content, intellectual property creation and experiential entertainment design and creation, and other facilities or customer-facing platforms before we know the extent to which these products will earn consumer acceptance. If our entertainment offerings and products, as well as our methods to make our offerings and products available to consumers, do not achieve sufficient consumer acceptance, our revenues may decline, decline further or fail to grow to the extent we anticipate when making investment decisions and as a result further adversely affect the profitability of one or more of our businesses. **30** Increased costs of labor and employee health and welfare benefits may impact our results of operations. Labor is a primary component in the cost of operating our businesses. Increased labor costs, due to competition, inflationary pressures, increased federal, state, local or foreign minimum wage requirements and increased employee benefit costs, including health care costs and social security benefits, could adversely impact our operating expenses. Because payroll costs are a major component of the operating expenses at our FBD resorts, a shortage of skilled labor could require higher wages that would increase labor costs, which could adversely affect results of operations and cash flows at our FBD properties. All of the Spanish joint venture employees are subject to collective bargaining agreements governed by the Workers' Statute of Spain. At the beginning of 2023, there was a pre-agreement announced for a 5.0% wage increase in 2023 and 3.3% in 2024 (applying only to the positions that are being remunerated with the collective bargain agreement). Outside of Spain, continued increases to both market wage rates and the statutory minimum wage rates could also materially impact our future seasonal labor rates. Additionally, staffing shortages in places where our FBD theme park and resort are located also could hinder our ability to grow and expand our businesses and could restrict our ability to operate our resort, theme parks, restaurants and other attractions. As of December 31, **2023-2024**, our FBD joint venture entities with Meliá directly and indirectly employed approximately **297-179** year-round, full-time employees worldwide at both their corporate offices and on-site at their resorts, restaurants and theme parks, and an additional **361-225** full-time and partial-time employees working all or part of the operating season in our joint venture properties in Spain. If we are unable to attract, retain, train, manage, and engage skilled employees, its ability to manage and staff its resorts could be impaired, which could reduce guest satisfaction. If we are unable to hire, retain, train and motivate qualified personnel and senior management for our businesses and deploy our personnel and resources to meet customer demand around the world, our business could suffer. Our success has depended, and continues to depend, on the efforts and talents of our senior management team and key employees, including our FCG content and intellectual property creators, engineers, product managers, sales and marketing personnel and professional services personnel. Our future success will also depend upon our continued ability to identify, hire and retain additional skilled and highly qualified personnel, independent contractors and subcontractors, which will require significant time, expense and attention. Competition for such highly skilled personnel is intense, and we may need to invest significant amounts of cash and equity to attract and retain new employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, or if we lose one or more members of our senior management team, our business, operating results and prospects could be adversely affected. If we are unable to attract and retain skilled employees, our ability to design

innovative, immersive, compelling guest experiences and media content would be at risk. Additionally, our reputation in the entertainment destination and intellectual property expansion space could be jeopardized. FCG operates best when all employees physically work together in the same building. We have maintained an in-office strategy post pandemic that has been integral to our success. Since the pandemic, many people in myriad industries have been able to work from home, and some employees and employers even prefer that structure; however remote working is detrimental to a company like ours. Staffing shortages at FCG because of our employees deciding not to return to the office could hinder our ability to properly execute internal projects and external third-party contracted efforts. Inadequate staffing could compromise opening dates, lead to reductions in scope, and create less than ideal situations where we pivot to secondary solutions. We are evaluating several strategies to combat staff shortages post pandemic, such as hiring vendors or consultants that often must be directed remotely, which may impair efficiency and impact the quality of our products and services. Furthermore, we employ skilled technology personnel that bring creative, design and engineering expertise and experience that cannot be easily replaced. These individuals are critical to our business operations. There can be no assurance that these individuals will remain with us. If we fail to retain key individuals, our operations could be adversely affected. We are dependent on the continued contributions of our senior management and other key employees, and the loss of any of whom could adversely affect our business, operating results, and financial condition. Our future performance depends on the continued contributions of our senior management, including our Executive Chairman, Scott Demerau, our co-Founder and Chief Executive Officer, Cecil D. Magpuri, our President, Simon Philips, and other key employees to execute on our business plan, develop new products and enter into new partnerships. In addition, our success, in part, depends on our ability to attract and retain qualified persons to serve on our board of directors and our board committees. The failure to properly manage succession plans or the loss of services of senior management, other key employees or members of our board of directors could significantly delay or prevent the achievement of our strategic objectives. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. We do not currently maintain key person life insurance policies on any of our employees. The loss of the services of one or more of our senior management or other key employees for any reason could adversely affect our business, financial condition, and operating results, and require significant **31** amounts of time, training, and resources to recruit suitable replacements and integrate them within our business, and could affect our corporate culture. Labor disputes may disrupt our operations and adversely affect the profitability of any of our businesses. A significant number of employees of our FBD joint venture entities are covered by collective bargaining agreements, including employees at our FBD Mallorca and Tenerife resort properties. In addition, the employees of licensees who manufacture and retailers who sell our consumer products, employees of our FCG master planning and design customers, and employees of distributors of our FBB programming content may be covered by labor agreements with their employers. In general, a labor dispute involving our employees or the employees of our licensees, customers, retailers or distributors may disrupt our operations and reduce our revenues. Resolution of disputes or negotiation of rate increases may increase our costs. The severe increase in cost inflation in products and services for domestic consumption such as energy, food and fuel significantly increased living costs for staff during 2022, with the consequence of creating pressure for wage increases to be demanded in the collective bargaining negotiations **scheduled for that occurred in** the beginning of 2023. As a result, at the start of 2023, there was a pre-agreement announced for a 5.0% wage increase in 2023 and 3.3% in 2024 (applying only to the positions that are being remunerated with the collective bargain agreement), and wages could be increased further in the future. A variety of events beyond our control may reduce demand for or consumption of our products and services, impair our ability to provide our products and services or increase the cost or reduce the profitability of providing our products and services. Demand for and consumption of our products and services, particularly our FBD experiential entertainment and FCG's attraction master planning and design services, is highly dependent on the general environment for travel, tourism, leisure and entertainment. The environment for travel and tourism, as well as demand for and consumption of leisure and entertainment products, can be significantly adversely affected as a result of a variety of factors beyond our control, including: health concerns (including those related to COVID-19 and potential future pandemics); adverse weather conditions arising from short-term weather patterns or long-term climate change, catastrophic events or natural disasters (such as excessive heat or rain, wildfires, hurricanes, typhoons, floods, tsunamis, earthquakes, volcano eruptions and oil spills); international, political or military developments (including the **current war between ongoing invasion of Ukraine by** Russia ~~and Ukraine~~ and the Israel-Hamas **conflict war**); a decline in economic activity; rising inflation; and terrorist attacks. These events and others, such as fluctuations in travel and energy costs or widespread computing or telecommunications failures, may also impede our ability to provide our products and services or impede our ability to obtain insurance coverage with respect to some of these events. For example, we saw a material impact on our businesses and net cash flow in 2020 and 2021 as a result of worldwide restrictions on travel, construction, and public gatherings due to the COVID-19 pandemic. Actual or threatened war, terrorist activity, political unrest, civil strife, and other geopolitical uncertainty could have a similar effect on our financial condition or our growth strategy. Future health concerns or other macroeconomic changes like the ones listed above may impact our business in ways that we cannot predict. Any one or more of these events may reduce the overall demand for hotel rooms at our joint venture properties or limit the prices we can obtain for them, or reduce attendance at our experiential entertainment offerings, which could adversely affect our profits and financial results. Further, any incident that directly affects a property held by one of our FBD joint ventures, or that directly affects the property or facilities of one of our FCG customers, would have a direct impact on our ability to provide goods and services relating to such properties or customers and could have an extended effect of discouraging consumers from patronizing FBD's hotels, theme park and attractions or the parks or attractions of our FCG customers. Moreover, the costs of protecting against such incidents, reduces the profitability of our operations. In addition, we will derive affiliate fees and royalties from licensing our intellectual property and technologies to third parties, and we are therefore dependent upon the successes of those third parties for that portion of our revenue. A wide variety of factors could influence the success of those third parties and if negative factors significantly impacted a sufficient

number of those third parties, the profitability of one or more of our businesses could be adversely affected. Given the coastal locations of our resorts and theme parks, we are particularly vulnerable to natural disasters, such as hurricanes, tsunamis, and earthquakes, some of which may increase in frequency and severity as a result of climate change and adversely affect our business. Our properties have been and may continue to be adversely impacted by the consequences of climate change, such as increases in the frequency, duration and severity of extreme weather events and changes in precipitation and temperature, which have resulted and may continue to result in physical damage to or a decrease in demand regarding our properties, all of which are located in coastal beach locations that are vulnerable to significant property damage from hurricanes, tropical storms and flooding. Although a majority of such expenses have historically been offset by insurance proceeds, there is no assurance that, given the increasing burdens on insurance companies from extreme weather events, our joint venture entities will be able to continue to obtain adequate insurance against these types of losses, or that their insurers will in the future be in a position to satisfy such claims. In addition, the cost of insurance against these types of events has increased in recent years. **32** In addition, changes in applicable legislation and regulation on climate change could result in increased capital expenditures, such as a result of changes in building codes or requirements to improve the energy efficiency of the properties. Our joint venture partner, Meliá, has carried out an analysis of the risks that the effects of climate change could cause to its global operations. The analysis distinguishes whether these risks are driven by regulatory transition changes, physical changes caused by the climate or other aspects related to climate. The analysis identified several short, medium and long- term risks resulting from the direct effects of climate change (physical risks) or from regulations and other expected changes (transition risks): Physical risks: ● increases in the severity of extreme climate events; ● changes in the rainfall patterns and extreme variability in the climate patterns; ● temperature changes; and ● rising of the sea levels. Transition risks: ● increases in the price of greenhouse gas emissions; ● regulations surrounding current products or services; ● increases in emissions reporting obligations; ● potential lawsuits due to environmental infringements; ● substitution of current products and services pursuant to low- carbon options; ● unsuccessful investments in new technologies; ● transitional costs related to new low- carbon technologies; ● changes in customer behavior and preferences; ● uncertainty in market signals; ● increases in the costs related to raw materials; ● sector stigmatization; and ● increased negative feedback of interest groups. Climate change also presents additional risks beyond our control that could adversely impact demand for hospitality products and services, our operations, and our financial results. For example, most of our properties are located at or around sea level, and are therefore vulnerable to rising sea levels and erosion. Climate change- related impacts may also result in a scarcity of resources, such as water and energy, at some or all of the regions in which our properties are located. Furthermore, increasing awareness around sustainability, the impact of air travel on climate change and the impact of over- tourism may contribute to a reduction in demand from certain guests visiting our resorts. Failures in, material damage to, or interruptions in our information technology systems, software or websites, and difficulties in updating our systems or software or implementing new systems or software could adversely affect our businesses or operations. We rely extensively on information technology systems in the operation of each of our business divisions. We utilize both commercial and open source software, tools, and other technology systems, as well as our own proprietary technology to, among other things, design and plan attraction systems, create FCG media and entertainment content, sell tickets and admit guests to our FBD theme park, check- in and check- out guests at our FBD hotels, sell food, beverages and other products at our FBD hotels and theme park, manage our workforce, manage the inventory for our three business divisions, and monitor and manage each business division on a day- to- day basis. We also leverage mobile devices, social networking and other communication platforms to connect with our employees, business partners and customers. The foregoing technology systems and our usages thereof are vulnerable to damage and disruption from **33** circumstances beyond our control, including fire, natural disasters, power outages, system and equipment failures, global or regional outages, viruses, software supplier chain dependency vulnerabilities, malicious attacks, security breaches, theft, and inadvertent release of information. Damage or disruption to these technology systems may require significant investment in order to update, remediate or replace such systems with alternate systems, and we may suffer disruptions in our operations as a result. Many of the commercial software and hardware that we utilize incorporate open- source software and technology, as well as embedded subsystems which are potentially susceptible to exploits. We are unable to fix such software ourselves and rely on our relationships with our vendors to identify and provide the appropriate fixes and updates. We rely heavily on third parties for the performance of a significant portion of our information technology functions, and also rely on certain third- party hardware, software, network infrastructure, storage systems and vendors to maintain and upgrade many of our critical systems on an ongoing basis in order to support our business operations and to keep pace with technology developments in the entertainment and hospitality industries. In particular, our FBD hotel booking and theme park ticket sales systems rely on public internet data communications, as well as other technology systems and software that are provided by third parties. We require each third- party service provider to certify that it has the ability to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected breach of its security measures that may affect our Company. Accordingly, the success of our businesses depends in part on maintaining our relationships with such third parties and their ability to continue to provide the foregoing tools and services with minimal downtime and strict service- level agreements. If we experience a loss of service or an outage of any of the foregoing tools or services at no fault of our own, or an agreed upon service- level agreements are breached, or we face a disruption in the provision of any of the foregoing key services or tools, we may have difficulty in finding alternate providers on terms as favorable to us in a timely manner (or at all) and our businesses could be adversely affected. Additionally, as we implement our strategy to pursue new initiatives that improve our operations and cost structure, we are also expanding, optimizing, evaluating, and strengthening our information technology infrastructure. Potential problems and disruptions associated with the implementation of new tools and technology, migrations that continue to support legacy systems, and planned maintenance for upgrading existing key systems and technology infrastructure could also disrupt or reduce the efficiency of our operations. Any

material interruptions or failures in our systems, including those that may result from our failure to adequately develop, implement, support, and maintain a robust disaster recovery and business continuity plan could severely affect our ability to conduct normal business operations and, as a result, could adversely affect our business operations and financial performance. Protection of electronically stored data and other cybersecurity is costly, and if our data or systems are materially compromised in spite of this protection, we may incur additional costs, lost opportunities, damage to our reputation, disruption of services or theft of our assets. We maintain information necessary to conduct our businesses, including confidential and proprietary information as well as personal information regarding our customers and employees, in digital form. We also use computer systems to deliver our products and services and operate our businesses. We may use third- party service providers to assist in providing, configuring, or maintaining these systems. Data maintained in digital form is subject to the risk of unauthorized access, modification, exfiltration, destruction or denial of access and our computer systems are subject to cyberattacks that may result in disruptions in service. We use many third- party systems and software, which are also subject to supply chain and other cyberattacks. We are in the process of establishing information security programs to identify and mitigate cyber risks but the development and maintenance of these programs is costly and requires ongoing monitoring and updating as technology changes and efforts to overcome security measures become more sophisticated. Accordingly, despite our efforts, the risk of unauthorized access, modification, exfiltration, destruction or denial of access with respect to data or systems and other cybersecurity attacks cannot be eliminated entirely, and the risks associated with a potentially material incident remain. In addition, we provide some confidential, proprietary and personal information to third parties in certain cases when it is necessary to pursue business objectives. While we obtain assurances that these third parties will protect this information and, where we believe appropriate, monitor the protections employed by these third parties, there is a risk the confidentiality of data held by third parties may be compromised. If our information or cyber security systems or data are compromised in a material way, our ability to conduct our businesses may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished and, as described above, we may lose revenue as a result of unlicensed use of our intellectual property. If personal information of our customers or employees is misappropriated, our reputation with our customers and employees may be damaged, resulting in loss of business or morale, and we may incur costs to remediate possible harm to our customers and employees or damages arising from litigation and / or to pay fines or take other action with respect to judicial or regulatory actions arising out of the incident. Insurance we obtain may not cover losses or damages associated with such attacks or events. 34 Cyber- attacks could have a disruptive effect on our business. Implementing our strategies to pursue new initiatives that improve our operations and cost structure will result in a larger technological presence and corresponding exposure to cybersecurity risk. Failure to adequately assess and identify cybersecurity risks associated with new initiatives would increase our vulnerability to such risks. Even if we and our third- party service providers are fully compliant with legal standards and contractual or other requirements, we still may not be able to prevent security breaches involving sensitive data. We are in the process of establishing processes for assessing, identifying, and managing material risks from potential unauthorized occurrences on or through our electronic information systems that could adversely affect the confidentiality, integrity, or availability of our information systems or the information residing on those systems, and we require each third- party service provider to certify that it has the ability to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected breach of its security measures that may affect our Company. However, the actions and controls we have implemented and continue to implement, or which we seek to cause or have caused third- party service providers to implement, may be insufficient to protect our systems, information or other intellectual property. In addition, the sophistication of efforts by hackers to gain unauthorized access to information technology systems has continued to increase in recent years. Therefore, it may be difficult to detect any such intrusions, breaches, or other efforts to obtain unauthorized access or interfere with systems for long periods of time, and we may be unable to anticipate these techniques, fully ascertain the scope of any such breaches, intrusions, or other efforts, or to implement adequate preventive measures. Breaches, thefts, losses or fraudulent uses of customer, employee or company data could cause customers to lose confidence in the security of our websites, mobile applications, point of sale systems and other information technology systems and choose not to purchase from us. Such security breaches also could expose us to risks of data loss, business disruption, litigation and other costs or liabilities, any of which could adversely affect our business. For example, in May 2023, we experienced a network intrusion in which an unauthorized third- party accessed and exfiltrated certain information from specific systems. In response to this incident, we secured our digital assets within our computer systems, promptly temporarily shut down our financial reporting systems, and commenced an investigation with assistance from an outside cybersecurity firm. In connection with this incident, we have incurred certain incremental one- time costs of \$ 0. 3 million related to consultants, experts and data recovery efforts, and expect to incur additional costs related to cybersecurity protections in the future. Although we have not been the subject of any legal proceedings involving these incidents, it is possible that we could be the subject of claims from persons alleging that they suffered damages from these incidents. We have implemented a variety of measures to further enhance our cybersecurity protections and minimize the impact of any future attack, including (i) by requiring that all external vendors who need to access any internal / cloud resources utilize secure encrypted tunnels or be physically internal and utilize authorized terminals with provided credentials, (ii) conducting security awareness training for our staff and (iii) requiring longer log retention for all tracking telemetry information. However, cybersecurity threats are constantly evolving, and there can be no guarantee that a future cybersecurity event will not occur. In addition, the implementation, maintenance, segregation and improvement of these systems requires significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving, expanding and updating current systems, including the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot

be sure that the systems upon which we rely, including those of our third- party service providers or those configured by our third- party service providers, will be effectively implemented, maintained or expanded as planned. If we, or they on our behalf, do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. The potential consequences of a future material cybersecurity attack on us or our third- party service providers could include: business disruption; disruption to systems; theft, destruction, loss, corruption, misappropriation or unauthorized release of sensitive and / or confidential information (including personal information in violation of one or more privacy laws) or intellectual property; reputational and brand damage; and potential liability, including litigation or other legal actions against us or the imposition by governmental authorities of penalties, fines, fees or liabilities, which, in turn, could cause us to incur significantly increased cybersecurity protection and remediation costs and the loss of customers. Our insurance may not be adequate to cover the potential losses, liabilities and damages of our FBD division, the cost of insurance may continue to increase materially, including as a result of natural disasters, some of which may be related to climate change, and we may not be able to secure insurance to cover all of our risks, all of which could have a material adverse effect on us. The business of owning and managing hotels and theme parks, particularly those located on coastal properties, is subject to a number of risks, hazards, adverse environmental conditions, labor disputes, changes in the regulatory environment and natural phenomena such as **35** floods, hurricanes, wildfires, earthquakes and earth movements. Such occurrences could result in damage or impairment to, or destruction of, our FBD hotels or theme parks, personal injury or death, environmental damage, business interruption, monetary losses and legal liability. While insurance is not commonly available for all these risks, our FBD joint venture entities maintain customary insurance against risks that we and our joint venture partners believe to be typical and reasonably insurable in the hospitality, amusement and recreation industries and in amounts that we and our joint venture partners believe to be reasonable but that contain limits, deductibles, exclusions and endorsements. However, we and our joint venture partners may decide not to insure against certain risks because of high premiums compared to the benefit offered by such insurance or for other reasons. In the event that costs or losses exceed our available insurance or additional liability is imposed on our FBD joint venture entities for which they are not insured or are otherwise unable to seek reimbursement, we could be materially and adversely affected, including our financial results. Our FBD joint venture entities may not be able to continue to procure adequate insurance coverage at commercially reasonable rates in the future or at all, and some claims may not be paid. There can be no assurance that the coverage and amounts of such insurance will be sufficient for the needs of our FBD joint venture entities. Our FBD joint venture entities obtain insurance against the risk of losses relating to some of these events, generally including physical damage to their properties and resulting business interruptions, certain injuries occurring on their properties and some liabilities for alleged breach of legal responsibilities. When insurance is obtained it is subject to deductibles, exclusions, terms, conditions and limits of liability. The types and levels of coverage we obtain vary from time to time depending on our and our joint venture partner' s view of the likelihood of specific types and levels of loss in relation to the cost of obtaining coverage for such types and levels of loss, and our FBD joint venture entities may experience material losses not covered by insurance. For example, most losses related to impacts of COVID- 19 were not and will not be covered by insurance. Exchange rate fluctuations could result in significant foreign currency gains and losses and may adversely affect our business and operating results and financial conditions. We are exposed to currency translation risk in our Carnival **and PDP** joint venture ventures, and we may be exposed to currency translation risk of our FCG international customers, who use home currencies that are different than our functional currency, the U. S. dollar. As a result, changes in foreign exchange rates would affect the amounts we record for our assets, liabilities, revenues and expenses with respect to Carnival, **PDP**, and such potential FCG international customers, and could have a negative effect on our financial results. Further, we expect that a significant portion of FCG' s revenues from certain major customers will be paid in Saudi Riyals. The SAR is currently pegged to the U. S. dollar, but if the Kingdom of Saudi Arabia changes its policy of pegging the SAR to the U. S. dollar, such a change could have a negative effect on our financial results. We currently do not enter into hedging arrangements to minimize the impact of foreign currency fluctuations. We expect that our exposure to foreign currency exchange rate fluctuations will increase as FCG' s international operations grow. Risks Related to Our Intellectual Property Theft of our intellectual property, including unauthorized exhibition of our content, may decrease our licensing, franchising and programming revenue which may adversely affect our business and profitability. The success of our business depends in part on our ability to maintain and enforce the intellectual property rights **underlying in** our technology, entertainment content, and other intellectual property. Developing content is a significant feature of our businesses and leaking portions of or piracy of our content (including digital content), brands, and other intellectual property has the potential to significantly and adversely affect our business. Piracy is particularly prevalent in parts of the world that do not effectively enforce intellectual property rights and laws. Furthermore, intellectual property and confidentiality protections in China, where we have a joint venture partnership with Raging Power, or the Kingdom of Saudi Arabia, where we have a significant customer concentration, may not be as effective as in the United States or Europe. These uncertainties could limit the legal protections available to us to protect our intellectual property. We rely on the intellectual property laws of the United States and other relevant jurisdictions, as well as third- party policies and procedures governing **internet** / domain name registrations, licensing agreements, confidentiality and non- disclosure agreements, and other contractual protections to safeguard our intellectual property assets. However, even in territories like the United States, such legal frameworks may be insufficient to address modern realities. Furthermore, the lack of effective technological prevention and enforcement measures may further impede our enforcement efforts. Therefore, the success of such measures cannot be guaranteed, particularly in countries with less robust intellectual property laws. Our enforcement activities depend in part on third parties, including technology and platform providers, whose cooperation and effectiveness cannot be assured. Additionally, technological advances have enabled quick unauthorized copying and downloading of content into digital formats without any degradation of quality from the original content, which has facilitated the rapid creation, **36** transmission, and sharing of high-

quality unauthorized copies **of copyrighted material**. Unauthorized distribution of copyrighted material on the internet is a threat to the value of copyright owners' intellectual property as it impedes their ability to maintain the exclusive control over their copyrighted material. The proliferation of unauthorized use of our content may have an adverse effect on our business and profitability, particularly our FBB division's operations, as it may reduce the revenue that we could receive from the legitimate sale and distribution of our content. We may need to expend significant amounts of our capital to strengthen our technological platform security and enforcement activities, including **through** litigation, in order to protect our intellectual property rights. We own patents and patent applications for certain of our proprietary technology and attraction systems, however, filing, prosecuting, and maintaining patents and patent applications in every territory worldwide is prohibitively expensive **and**, ~~therefore~~ **Therefore**, we protect such patents and patent applications selectively, on a country- by- country basis, and may choose not to seek patent protection **in certain jurisdictions or** ~~at all in certain jurisdictions~~. Our competitors may produce products that include our unpatented technology (or the patents we own may not be sufficiently broad enough to exclude our competitors' use of such technology) and we are unable to provide any assurances that any of our patents or patent applications will include claims that are sufficiently broad to protect our technology from competitors. Additionally, our patents can be challenged as invalid or unenforceable, or circumvented by competitors. No assurance can be given that, if challenged, our patents would be declared valid or enforceable, or that even if found valid and enforceable, a competitor's technology or product would be found to be infringing our patents. Furthermore, our patent applications may not be granted. Third parties may own patents or there could be other prior art that may hinder our ability to obtain patent protection for our technology. We also cannot be certain that we are the first to file any patent application related to our technology because patent applications in the United States and other countries are confidential for a period of time after filing. Additionally, an interference proceeding may be initiated by a third- party or the United States Patent and Trademark Office (~~"USPTO"~~) to determine who was the first to invent any invention covered by our U. S. patents and patent applications that have a filing date pre- dating March 16, 2013 (the date when U. S. patent law changed from a first- to- invent to a first- to- file system). We cannot be certain that we are the first to invent the inventions covered by our pending patent applications and, if we are not, we may be subject to priority disputes. We also own trademark applications and registrations. Our trademark applications may be denied or opposed and our registered trademarks may be challenged as invalid or unenforceable by competitors or other third parties. If our trademarks are successfully challenged in any jurisdiction, we could be forced to rebrand our products in such jurisdiction (s), which could result in the loss of brand recognition and require us to devote significant resources to advertising and marketing new brands. Furthermore, trademark registration does not guarantee **its our trademarks'** validity or our right to use such ~~trademark~~ **trademarks**. In order to protect our proprietary technology, we rely in part on confidentiality **undertakings** and other agreements with our employees, independent contractors, and other third parties. Such agreements may not prevent, or provide an adequate remedy for, the unauthorized use or disclosure of our confidential information. Third parties may independently discover or reverse engineer our trade secrets and proprietary information. Asserting a claim that a party illegally obtained and is using our trade secrets can be difficult, expensive, and time consuming, and the outcome is unpredictable. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights and **our** failure to obtain or maintain trade secret protection could adversely affect our competitive business position. We may be unable to prevent the misappropriation, infringement or violation of our intellectual property rights, breach of any **third party' s** contractual obligations to us, or independent development of intellectual property that is similar to ours, any of which could reduce or eliminate any competitive advantage we have developed and can adversely affect our revenues or otherwise harm our business. Any impairment of our intellectual property rights, including due to changes in U. S. or foreign intellectual property laws (or the absence of effective legal protections or enforcement measures) could materially adversely impact our businesses, financial condition, and results of operations. Third parties may allege that our products or services infringe their patents and other intellectual property rights, which could result in the payment of royalties, **damages, and other fees and fines** that may negatively affect our profits, subject us to costly and time- consuming litigation, or cause us to lose the ability to provide the related products or services. To the extent that **any third party has patented any interventions that** we need ~~licenses to use~~ **third- party patents** in the future to manufacture, use, or sell our products or services, we would need to obtain such licenses to avoid infringement. For products or services that utilize the intellectual property of strategic collaborators, brand partners or other suppliers, such suppliers may have an obligation to secure the licenses to such patents at their own cost, and if not, we ~~would~~ **may** be responsible for the cost of such licenses. Royalty payments and other fees due under such licenses would erode our profits from the sales of such products and services. Moreover, we may be unable to obtain such licenses on acceptable terms (or at all). If we fail to obtain a required patent license or are unable to alter the design of the product to avoid infringing a third- party patent, we would be unable to continue to manufacture or sell such products or provide related services **without infringing such patent**. If a third -party commences an infringement action against us, we may incur significant costs to defend such action and our management' s attention could be diverted from our day- to- day business operations, whether or not the action has merit. An adverse judgment or **37** settlement resulting from such action could require us to pay substantial amounts in damages for infringement ~~or to~~ **to** obtain a license to continue to use the intellectual property that is the subject of the infringement claim ~~or~~ **Such adverse judgment or settlement** could **also** result in injunctive relief limiting our ability to develop, manufacture, or sell our products or provide our services, or could require us to redesign our products to avoid infringement. Lastly, we may need to indemnify our customers, licensees, commercialization partners, and **/or** distributors if our technology or products infringe the intellectual property rights of any third parties. Such third -party claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, licensees, commercialization partners, **and /or** distributors, regardless of the merits of these claims. If any ~~of~~ such claims succeed or settle, we may be forced to pay damages or settlement payments on behalf of our customers, licensees, commercialization partners, **and /or** distributors, and may be required to obtain licenses for such technology or products. If we cannot obtain all necessary licenses on commercially

reasonable terms, our customers, licensees, commercialization partners, ~~and /~~ or distributors may be forced to stop using or selling our products or technology. ~~Risks Related to Regulatory, Tax, Legal and Compliance Matters~~ Changes in regulations applicable to our businesses may impair the profitability of our businesses, and our failure to comply with applicable laws and regulations may increase our costs, reduce our earnings or limit our growth. We may be required to incur costs to comply with regulatory requirements, such as those relating to employment practices, environmental requirements, and other regulatory matters, and the costs of compliance, investigation, remediation, litigation, and resolution of regulatory matters could be substantial. We are subject to extensive federal and state employment laws and regulations, including wage and hour laws and other pay practices and employee record-keeping requirements. We may periodically have to defend against lawsuits asserting non-compliance. Such lawsuits can be costly, time consuming and distract management, and adverse rulings in these types of claims could negatively affect our businesses, financial condition or results. We, the hotels and theme parks that we co-own, and the facilities and attractions of our FCG customers, are subject to a variety of laws and regulations around the globe, including, among others, laws related to: employment practices; marketing and advertising efforts; trade and economic sanctions; anti-bribery and anti-corruption; cybersecurity, data privacy, data localization and the handling of personally identifiable information; competition; the environment; health and safety; liquor sales; and the offer and sale of franchises. The compliance programs, internal controls, and policies we maintain and enforce to promote compliance with laws and regulations may not prevent our associates, contractors, or agents from materially violating these laws and regulations. The failure to meet the requirements of applicable laws or regulations, or publicity resulting from actual or alleged failures, could have a significant adverse effect on our results of operations or reputation. In addition, programming services like the episodic series and feature films we have in development for our FBB business, are regulated by U. S. federal laws and regulations as well as by state and local governments, in ways that will affect the daily conduct of FBB video content operations. These obligations and regulations, among other things, require closed captioning of programming for the hearing impaired, require certain content providers to make available audio descriptions of programming for the visually impaired, limit the amount and content of commercial matter that may be shown during programming aimed primarily at an audience of children aged 12 and under, and require the identification of (or the maintenance of lists of) sponsors of political advertising. We, our joint ventures with Meliá, our FCG customers and our suppliers also are subject to foreign, federal, state and local environmental laws and regulations such as those relating to water resources, discharges to air, water and land, the handling and disposal of solid and hazardous waste, and the cleanup of properties affected by regulated materials. Under these laws and regulations, we may be required to investigate and clean up hazardous or toxic substances or chemical releases from current or formerly owned or operated facilities or to mitigate potential environmental risks. Environmental laws typically impose cleanup responsibility and liability without regard to whether the relevant entity knew of or caused the presence of the contaminants. The costs of investigation, remediation or removal of regulated materials may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use, transfer or obtain financing regarding our FBD properties or impair our FGC customers' abilities to finance our services. In addition, the Company is subject to audit or review by federal or state regulatory authorities as a result of applying for and obtaining a Paycheck Protection Program loan pursuant to the Coronavirus Aid, Relief and Economic Security Act (the " CARES Act "), and for obtaining forgiveness of the loan. If we were to be audited or reviewed and receive an adverse determination or finding in such audit or review, we could be required to return or repay the full amount of the applicable loan and could be subject to fines or penalties, which could reduce our liquidity and adversely affect our business, financial condition and results of operations. Changes in any of these regulations or regulator activities in any of these areas, or others, may require us to spend additional amounts to comply with the regulations, or may restrict our ability to offer products and services in ways that are profitable. See " — United States or international environmental laws and regulations may cause us to incur substantial costs or subject us to potential liabilities. " **38** Our operations outside the United States may be adversely affected by the operation of laws in those jurisdictions. FBD' s joint venture operations in the EU and **China Hong Kong** are subject to the laws of such jurisdictions rather than U. S. law. Additionally, FCG frequently provides services to customers located in countries across the world, including in the Kingdom of Saudi Arabia. Laws in some jurisdictions differ in significant respects from those in the United States. These differences can affect our ability to react to changes in our businesses, and our rights or ability to enforce rights may be different than would be expected under U. S. law. For example, in Spain and the EU, the climate change- related laws and regulations are more extensive and onerous than those of the United States. Moreover, enforcement of laws in some jurisdictions outside the United States can be inconsistent and unpredictable, which can affect both our ability to enforce our rights and to undertake activities that we believe are beneficial to our businesses. In addition, the business and political climate in some jurisdictions may encourage corruption, which could reduce our ability to compete successfully in those jurisdictions while remaining in compliance with local laws or U. S. anti-corruption laws applicable to our businesses. As a result, our ability to generate revenue and our expenses in non- U. S. jurisdictions may differ from what would be expected if U. S. law governed these operations. Data privacy regulations and the costs to comply with such regulations could adversely impact our businesses. We are subject to laws that regulate the collection, use, retention, security, and transfer of customer, guest, brand partner and employee data. Our privacy policies and practices concerning the collection, use and disclosure of user data are available on our website. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or orders or other privacy or consumer protection-related laws and regulations could result in proceedings or actions against us by governmental entities or others (e. g., class action privacy litigation), subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and adversely affect our businesses. Data collection, privacy and security have become the subject of increasing public concern. If internet and mobile users were to reduce their use of our websites, mobile platforms, products, and services because of these concerns, our businesses could be harmed. We could be exposed to liabilities under the Foreign Corrupt Practices Act and other anti- corruption laws and regulations, including non- U. S. laws, which could have a material

adverse impact on us. We have international operations, and as a result are subject to compliance with various laws and regulations, including the Foreign Corrupt Practices Act (the “FCPA”), and other anti-corruption laws in the jurisdictions in which we do business, which generally prohibit companies and their intermediaries or agents from engaging in bribery or making improper payments to foreign officials or their agents or other entities. The FCPA also requires companies to make and keep books and records and accounts that reflect their transactions in reasonable detail, including the disposition of their assets. Despite existing safeguards and any future improvements to our policies and training, we will be exposed to risks from deliberate, reckless or negligent acts committed by our employees or agents for which we might be held responsible. A violation of any of the FCPA or any other anti-corruption laws or regulations could lead to criminal and civil penalties and other legal and regulatory liabilities and require us to undertake remedial measures, any of which could have a material adverse impact on us, including our businesses, financial condition, liquidity, results of operations and prospects. We are a holding company and our only material ~~asset-assets is~~ **are** our interest in Falcon’s Opco ~~and~~ **our other equity method investments**. ~~Accordingly, we will~~ **are** generally ~~be~~ dependent upon distributions from Falcon’s Opco ~~and our other equity method investments~~ to pay taxes, make payments under the Tax Receivable Agreement and pay dividends. We are a holding company with no material assets other than ~~its~~ **our** ownership ~~interests~~ **interests** in Falcon’s Opco ~~and our other equity method investments~~. As such, we have no independent means of generating revenue or cash flow, and our ability to pay taxes and operating expenses or declare and pay dividends in the future is dependent upon the financial results and cash flows of ~~the~~ Falcon’s Opco and its subsidiaries, and ~~our other equity method investments, and~~ distributions ~~we the Company receives~~ **receive** from ~~the~~ Falcon’s Opco ~~and our other equity method investments~~. Deterioration in the financial condition, earnings or cash flow of Falcon’s Opco and its subsidiaries ~~, and / or our other equity method investments,~~ for any reason could limit or impair ~~Falcon such entities’~~ **such entities’** ~~s Opco’s~~ ability to pay such distributions to ~~us the Company~~. Additionally, to the extent that ~~we the Company needs~~ **need** funds and Falcon’s Opco is restricted from making such distributions to ~~us the Company~~ under applicable law or regulation or under applicable contractual restrictions, including the terms of any applicable financing arrangements, or Falcon’s Opco’s subsidiaries ~~or our other equity method investments~~ are otherwise unable to provide such funds to ~~us~~ **Falcon’s Opco** for distribution, it could materially adversely affect ~~the our~~ liquidity and financial condition ~~of the Company~~. Subject to the discussion in this Annual Report, Falcon’s Opco will continue to be treated as a partnership for U. S. federal income tax purposes and, as such, generally will not be subject to any entity-level U. S. federal income tax. Instead, taxable income will be allocated to the holders of the ~~New~~ Falcon’s Opco Units, including the Company, following the Closing. Accordingly, the Company will incur income taxes on its allocable share of any net taxable income of Falcon’s Opco. Under the terms of the A & R Operating Agreement, Falcon’s Opco is obligated, subject to various limitations and restrictions, including with respect to any debt agreements, to make tax distributions ~~39~~ to holders of ~~New~~ Falcon’s Opco Units following the Closing, including the Company. In addition to tax expenses, the Company will also incur expenses related to its operations, including payments under the Tax Receivable Agreement, which could be substantial. The Company intends, as its sole manager, to cause Falcon’s Opco to make distributions to the holders of ~~New~~ Falcon’s Opco Units ~~following the Closing~~ in an amount sufficient to (i) fund all or part of such owners’ tax obligations in respect of taxable income allocated to such owners and (ii) cover the Company’s operating expenses, including payments under the Tax Receivable Agreement. However, Falcon’s Opco’s ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions under contracts or agreements to which Falcon’s Opco is then a party, including debt agreements, or any applicable law or regulation, or that would have the effect of rendering Falcon’s Opco insolvent. If the Company does not have sufficient funds to pay tax or other obligations or to fund its operations, it may have to borrow funds, which could materially adversely affect its liquidity and financial condition and subject it to various restrictions imposed by any such lenders. To the extent that the Company is unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. The failure of the Company to make any payment required under the Tax Receivable Agreement (including any accrued and unpaid interest) within 90 days of the date on which the payment is required to be made will constitute a material breach of a material obligation under the Tax Receivable Agreement, which will terminate the Tax Receivable Agreement and accelerate future payments thereunder, unless the applicable payment is not made because Falcon’s Opco (i) is prohibited from making such payment under the terms governing certain of its indebtedness or under applicable law and Falcon’s Opco cannot obtain sufficient funds to make such payment after taking commercially reasonable actions or (ii) would become insolvent as a result of making such payment. In addition, if Falcon’s Opco does not have sufficient funds to make distributions, the Company’s ability to declare and pay cash dividends will also be restricted or impaired. Under the A & R Operating Agreement, Falcon’s Opco will, from time to time, make distributions in cash to its equityholders (including the Company) in amounts at least sufficient to cover the taxes on their allocable share of taxable income of Falcon’s Opco. As a result of (i) potential differences in the amount of net taxable income allocable to the Company and to Falcon’s Opco’s other equityholders, (ii) the lower tax rates currently applicable to corporations as opposed to individuals, and (iii) the favorable tax benefits that the Company anticipates from any redemptions or exchanges of ~~New~~ Falcon’s Opco Units for Class A Common Stock or cash pursuant to the A & R Operating Agreement in the future, tax distributions payable to the Company may be in amounts that exceed its actual tax liabilities with respect to the relevant taxable year, including its obligations under the Tax Receivable Agreement. The Board will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, the payment of other expenses or dividends on the Company’s stock, although the Company will have no obligation to distribute such cash (or other available cash) to its stockholders. To the extent the Company does not distribute such excess cash as dividends on its stock, it may take other actions with respect to such excess cash — for example, holding such excess cash or lending it (or a portion thereof) to Falcon’s Opco, which may result in shares of its stock increasing in value relative to the value of the ~~New~~ Falcon’s Opco Units. The holders of ~~New~~ Falcon’s Opco Units may benefit from any value attributable to such cash balances if they acquire shares of Class A Common Stock in exchange for their ~~New~~ Falcon’s Opco

Units, notwithstanding that such holders may previously have participated as holders of ~~New-Falcon~~'s Opco Units in distributions by Falcon's Opco that resulted in such excess cash balances. Under the Tax Receivable Agreement, the Company is required to make payments to the Company's **initial or current** unitholders for certain tax benefits to which the Company may become entitled, and those payments may be substantial. The Company is a party to the Tax Receivable Agreement with the Company's unitholders and Falcon's Opco. Under the Tax Receivable Agreement, the Company generally are required to make cash payments to the Company's unitholders equal to 85 % of the tax benefits, if any, that the Company actually realizes, or in certain circumstances is deemed to realize, as a result of (1) the increases in the tax basis of assets of Falcon's Opco resulting from any future redemptions or exchanges of ~~New-Falcon~~'s Opco Units for Class A Common Stock or cash by the Company's unitholders pursuant to the A & R Operating Agreement and (2) certain other tax benefits arising from payments under the Tax Receivable Agreement. No such payments will be made to any holders of Class A Common Stock unless such holders **were initial unitholders or** are also unitholders. **On October 24, 2024, Company and Exchange TRA Holders entered into an Amendment to the Tax Receivable Agreement to clarify the rights of a TRA Holder that transfers units but does not assign the transferee its rights under the TRA Agreement with respect to such transferred units**. The amount of the cash payments that the Company will be required to make under the Tax Receivable Agreement may be substantial. Any payments made by the Company to the Company's unitholders under the Tax Receivable Agreement will not be available for reinvestment in the business and will generally reduce the amount of cash that might have otherwise been available to the Company, Falcon's Opco and its subsidiaries. To the extent the Company is unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Furthermore, the Company's future obligations to make payments under the Tax Receivable Agreement could make the Company, Falcon's Opco and its subsidiaries a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the Tax Receivable Agreement. Payments under the Tax Receivable Agreement are not conditioned on the unitholders' continued ownership of ~~New-Falcon~~'s Opco Units, Class A Common Stock or Class B Common Stock. **40** The actual amount and timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors, including the timing of redemptions or exchanges by the Company's unitholders, the price of shares of Class A Common Stock at the time of any exchange or redemption, the extent to which such exchanges or redemptions are taxable, the amount of gain recognized by the Company's unitholders, the amount and timing of the taxable income Falcon's Opco generates in the future, and the tax rates and laws then applicable. In certain cases, payments under the Tax Receivable Agreement may be accelerated and / or significantly exceed the actual benefits the Company realizes in respect of the tax attributes subject to the Tax Receivable Agreement. Payments under the Tax Receivable Agreement will be based on the tax reporting positions that the Company determines, and the U. S. Internal Revenue Service (the " IRS ") or another taxing authority may challenge all or any part of the tax basis increases, as well as other tax positions that the Company takes, and a court may sustain such a challenge. In the event that any tax benefits initially claimed by the Company are disallowed, the recipients of the payments under the Tax Receivable Agreement will not be required to reimburse the Company for any excess payments that may have previously been made under the Tax Receivable Agreement, for example, due to adjustments resulting from examinations by taxing authorities. As a result, in certain circumstances the Company could make payments under the Tax Receivable Agreement in excess of the Company's actual tax savings, which could materially impair the Company's financial condition. Moreover, the Tax Receivable Agreement provides that, in certain events, including among other things, a change of control or the Company's exercise of early termination rights, the Company's obligations, or its successor's obligations, under the Tax Receivable Agreement to make payments thereunder would accelerate and become due and payable, based on certain assumptions, including an assumption that the Company would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement, and an assumption that, as of the effective date of the acceleration, any unitholder that has ~~New-Falcon~~'s Opco Units not yet exchanged shall be deemed to have exchanged such ~~New-Falcon~~'s Opco Units on such date, even if the Company does not receive (if at all) the corresponding tax benefits until a later date when the ~~New-Falcon~~'s Opco Units are actually exchanged. As a result of the foregoing, the Company would be required to make an immediate cash payment equal to the estimated present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, based on certain assumptions, which payment may be made significantly in advance of the actual realization, if any, of those future tax benefits and, therefore, the Company could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual tax benefits it ultimately realizes. ~~If the Company were to elect to terminate the Tax Receivable Agreement as of April 12, 2024, based on an assumed value of \$ 10.13 per share of Class A Common Stock and a discount rate equal to the lesser of (i) 6.50 % per annum, compounded annually, and (ii) SOFR plus 100 basis points and taking into account the Earnout Shares and Earnout Units, the Company estimates that it would be required to pay \$ 158.0 million in the aggregate under the Tax Receivable Agreement.~~ The Company's obligations under the Tax Receivable Agreement could have a substantial negative impact on the Company's liquidity and could have the effect of delaying, deferring, or preventing certain mergers, asset sales, other forms of business combinations, or other changes of control. If Falcon's Opco were to become a publicly traded partnership taxable as a corporation for U. S. federal income tax purposes, the Company and Falcon's Opco might be subject to potentially significant tax inefficiencies, and the Company would not be able to recover payments previously made by it under the Tax Receivable Agreement even if the corresponding tax benefits were subsequently determined to have been unavailable due to such status. A number of aspects of **our corporate** ~~the post-Closing~~ structure depend on the classification of Falcon's Opco as a partnership for U. S. federal income tax purposes, and the Company and Falcon's Opco intend to operate such that Falcon's Opco does not become a publicly traded partnership taxable as a corporation for U. S. federal income tax purposes. A " publicly traded partnership " is a partnership the interests of which are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Under certain circumstances, exchanges or other transfers of ~~New~~

Falcon's Opco Units could cause Falcon's Opco to be treated as a publicly traded partnership. Applicable U. S. Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and the Company and Falcon's Opco intend to operate such that exchanges or other transfers of New Falcon's Opco Units qualify for one or more such safe harbors. If Falcon's Opco were to become a publicly traded partnership taxable as a corporation for U. S. federal income tax purposes, significant tax inefficiencies might result for the Company and Falcon's Opco, including as a result of the Company's inability to file a consolidated U. S. federal income tax return with Falcon's Opco. In addition, the Company may not be able to realize tax benefits covered under the Tax Receivable Agreement, and the Company would not be able to recover any payments previously made by it under the Tax Receivable Agreement, even if the corresponding tax benefits (including any claimed increase in the tax basis of Falcon's Opco's assets) were subsequently determined to have been unavailable. See " — **In certain cases, payments under the Tax Receivable Agreement may be accelerated and / or significantly exceed the actual benefits the Company realizes in respect of the tax attributes subject to the Tax Receivable Agreement. " 41**

Changes in applicable tax laws, interpretations of existing tax laws, loss of tax incentives, or adverse determinations by tax authorities could increase our tax burden or otherwise adversely affect our financial condition or results of operations. We are subject to taxation at the federal, state and local levels in the United States and various other countries and jurisdictions. Our future effective tax rate could be affected by changes in the composition of earnings in jurisdictions with differing tax rates, changes in statutory rates and other legislative changes, changes in the valuation of our deferred tax assets and liabilities, or changes in determinations regarding the jurisdictions in which we are subject to tax. From time to time, the U. S. federal, state and local and foreign governments make substantive changes to tax rules and their application, which could result in materially higher taxes than would be incurred under existing tax laws and could adversely affect our financial condition or results of operations. For example, the U. S. tax legislation enacted on December 22, 2017 represented a significant overhaul of the U. S. federal tax code, including, among many other things, a reduction to the U. S. federal corporate income tax rate, a partial limitation on the deductibility of business interest expense, a limitation on the deductibility of certain director and officer compensation expense, limitations on net operating loss carrybacks and carryovers and changes relating to the scope and timing of U. S. taxation on earnings from international business operations. In addition, the Inflation Reduction Act of 2022 enacted on August 16, 2022, among other provisions, imposes a 15 % minimum tax on the adjusted financial statement income of certain large corporations, as well as a 1 % excise tax on corporate stock repurchases by **domestic** publicly traded companies. This act, as well as any other changes to tax laws that are enacted, could adversely affect our tax liability. There can be no assurance that changes in tax laws or regulations, both within the United States and the other jurisdictions in which we operate, will not materially and adversely affect our effective tax rate, tax payments, financial condition and results of operations. Similarly, changes in tax laws and regulations that impact our customers and counterparties, or the economy generally may also impact our financial condition and results of operations. Tax laws and regulations are complex and subject to varying interpretations and any significant failure to comply with applicable tax laws and regulations in all relevant jurisdictions could give rise to substantial penalties and liabilities. Any changes in enacted tax laws, rules or regulatory or judicial interpretations or any change in the pronouncements relating to accounting for income taxes could materially and adversely impact our effective tax rate, tax payments, financial condition and results of operations. In addition, we may be subject to tax audits and disputes in U. S. federal and various state, local and foreign jurisdictions. An unfavorable outcome from any tax audit could result in higher tax costs, penalties and interest, and could materially and adversely affect our financial condition or results of operations. We are subject to certain compliance costs and potential liabilities under various international, national, regional and local environmental, health and safety laws and regulations. These laws and regulations govern actions including air emissions, the use, storage and disposal of hazardous and toxic substances, and wastewater disposal. Our failure to comply with such laws, including any required permits or licenses, could result in substantial fines, penalties, litigation or possible revocation of our authority to conduct some of our operations. We could also be liable under such laws for the costs of investigation, removal or remediation of hazardous or toxic substances at our currently or formerly owned real property or at third- party locations in connection with our waste disposal operations, regardless of whether or not we knew of, or caused, the presence or release of such substances. From time to time, we may be required to remediate such substances or remove, abate or manage asbestos, mold, radon gas, lead or other hazardous conditions at our properties. The presence or release of such toxic or hazardous substances could result in third- party claims for personal injury, property or natural resource damages, business interruption or other losses. Such claims and the need to investigate, remediate or otherwise address hazardous, toxic or unsafe conditions could adversely affect our operations, the value of any affected real property, or our ability to sell, lease or assign our rights in any such property, or could otherwise harm our businesses or reputation. Environmental, health and safety requirements have also become increasingly stringent, and our costs may increase as a result. Further, some U. S. states and various countries are considering or have undertaken actions to regulate and reduce greenhouse gas emissions. New or revised laws and regulations, or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of the properties we manage or result in significant additional expense and operating restrictions on us. The cost of such legislation, regulation or new interpretations would depend upon the specific requirements enacted and cannot be determined at this time. Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could adversely affect our financial condition or results of operations. We are subject to allegations, claims and legal actions arising in the ordinary course of our businesses, which may include claims by third parties, including guests who visit our FBD hotels or experiential entertainment offerings, our FCG customers or subcontractors, our FBB brand partners, any of our employees or regulators **including the Guggenheim Complaint, as more fully described in Note 14 42 " Commitments and contingencies " to our audited consolidated financial statements contained in Item 8 of this Annual Report** . The outcome of ~~these~~ **the Guggenheim Complaint and any other** proceedings cannot be predicted. If any of these proceedings is determined adversely to us, or if we receive a judgment, a fine or a settlement involving a payment of a material sum of money, or injunctive relief is

issued against us, our businesses, financial condition and results of operations could be materially adversely affected. Litigation can also be expensive, lengthy and disruptive to normal business operations, including to our management due, to the increased time and resources required to respond to and address the litigation. Risks Related to Operating as a Public Company Our senior management team has limited experience managing a public company, and regulatory compliance obligations may divert its attention from the day- to- day management of our businesses. The individuals who ~~now~~ constitute our senior management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our senior management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day- to- day management of our businesses, which could adversely affect our businesses. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company, which will increase our operating costs in future periods. As a public reporting company, we are subject to rules and regulations established from time to time by the SEC and Public Company Accounting Oversight Board regarding our internal control over financial reporting. If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results or report them in a timely manner. Upon completion of the Business Combination, we became a public reporting company subject to the rules and regulations established from time to time by the SEC and the Public Company Accounting Oversight Board. These rules and regulations require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes, and controls, as well as on our personnel. In addition, as a public company we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act of 2002 (the “ Sarbanes- Oxley Act ”) so that our management can certify as to the effectiveness of our internal control over financial reporting by the time our second annual report is filed with the SEC and thereafter, which requires us to document and make significant changes to our internal control over financial reporting. Likewise, our independent registered public accounting firm will be required to provide an attestation report on the effectiveness of our internal control over financial reporting at such time as we cease to be an “ emerging growth company, ” as defined in the JOBS Act, and we become an accelerated or large accelerated filer, although we could potentially qualify as a “ smaller reporting company. ” We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting, which includes hiring additional accounting and financial personnel to implement such processes and controls. We expect to incur costs related to implementing an internal audit and compliance function in the upcoming years to further improve our internal control environment. If we identify future deficiencies in our internal control over financial reporting or if we are unable to comply with the demands that will be placed upon us as a public company, including the requirements of Section 404 of the Sarbanes- Oxley Act, in a timely manner, we may be unable to accurately report our financial results, or report them within the timeframes required by the SEC. We also could become subject to sanctions or investigations by the SEC or other regulatory authorities. In addition, if we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting when required, investors may lose confidence in the accuracy and completeness of our financial reports, we may face restricted access to the capital markets and our stock price may be adversely affected. Our current controls and any new controls that we develop may also become inadequate because of changes in our business, and weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could cause us to fail to meet our reporting obligations, result in a restatement of our financial statements for prior periods, undermine investor confidence in us, 43 and adversely affect the trading price of our Class A Common Stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on **Nasdaq an Approved Exchange**. We have identified material weaknesses in our internal controls over financial reporting. If we are unable to remediate these material weaknesses, if management identifies additional material weaknesses in the future or if we otherwise fail to maintain effective internal controls over financial reporting, we may not be able to accurately or timely report our financial position or results of operations, which may adversely affect our business and stock price or cause our access to the capital markets to be impaired. We have identified material weaknesses in our internal controls over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In connection with the preparation and audit of the **2023-2024** consolidated financial statements, we identified the following material weaknesses in the Company’ s internal control over financial reporting: Risk Assessment – We did not design and implement an effective risk assessment based on the criteria established in the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) identifying, assessing, and communicating appropriate objectives, (ii) identifying and analyzing risks to achieve these objectives, (iii) contemplating fraud risks, and (iv) identifying and assessing changes in the business that could impact our system of internal controls. Control Activities – We did not design and implement effective control activities based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the control activities component of the COSO framework. Specifically, these control deficiencies constitute

material weaknesses, either individually or in the aggregate, relating to: (i) selecting and developing control activities and information technology that contribute to the mitigation of risks and support achievement of objectives; and (ii) deploying control activities through policies that establish what is expected and procedures that put policies into action. The following deficiencies, individually and in the aggregate, contributed to material weaknesses in control activities, including: ● ~~We did not have an adequate segregation of duties or appropriate level of review that is needed to comply with financial reporting requirements.~~ ● ~~We did not design or maintain controls over period end close procedures.~~ ● ~~We did not design or maintain effective controls over the period end financial reporting process and preparation of financial statements. Specifically, we did not design and implement a sufficient level of formal accounting policies and procedures that define how transactions across the business cycles should be initiated, recorded, processed and reported and appropriately authorized and approved.~~ ● ~~We did not design or maintain controls or document segregation of duties over information technology systems used to create or maintain financial reporting records.~~ Monitoring – We did not design and implement effective monitoring activities based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the monitoring component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) selecting, developing, and performing ongoing evaluation to ascertain whether the components of internal controls are present and functioning; and (ii) evaluating and communicating internal control deficiencies in a timely manner to those parties responsible for taking corrective action. Control Environment – We did not maintain an effective control environment based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the control environment of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) appropriate organizational structure, reporting lines, and authority and responsibilities in pursuit of objectives; **and** (ii) ~~our commitment to attract, develop, train, and retain an appropriate complement of accounting employees;~~ and (iii) ~~establishing a control environment and holding individuals accountable for their internal control related responsibilities.~~ We did not design or maintain an effective control environment to enable the identification and mitigation of risks of accounting errors based on the contributing factors to material weaknesses in the control environment, including: ● ~~The Company did not create the proper environment for effective internal control over financial reporting and to ensure that: (i) there were adequate processes for oversight; (ii) there was accountability for the performance of internal control over financial reporting responsibilities; (iii) personnel with key positions had the appropriate training and capacity to carry out their responsibilities.~~ ● ~~The Company did not maintain a sufficient complement of management, accounting, financial reporting personnel who had appropriate levels of knowledge, experience, and training in accounting and internal control matters commensurate with the nature, growth and complexity of our business. The lack of sufficient appropriately skilled and trained personnel contributed to our failure to: (i) adequately identify potential risks; (ii) include in the scope of our internal controls framework certain systems relevant to financial reporting and the preparation of our consolidated financial statements; and (iii) design and implement certain risk-mitigating internal controls.~~ Information and Communication – We did not generate or provide adequate quality supporting information and communication based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the information and communication component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) obtaining, generating, and using relevant quality information to support the function of internal control; and (ii) communicating accurate information internally and externally, including providing information pursuant to objectives, responsibilities, and functions of internal control. Our plan to remediate such material weaknesses includes: ● ~~Designing and implementing a risk assessment process supporting the identification of risks.~~ ● ~~Implementing systems and controls to enhance our review of significant accounting transactions and other new technical accounting and financial reporting issues and preparing and reviewing accounting memoranda addressing these issues.~~ ● ~~Assessing staffing levels and hiring additional experienced accounting, financial reporting and internal control personnel and changing roles and responsibilities of our personnel as we are required to comply with Section 404- 44 of the Sarbanes-Oxley Act. We have hired additional resources and have engaged with a third-party consulting firm to assist us with our formal internal control plan and to provide accounting services related complex accounting transactions.~~ ● ~~Implementing controls to enable an effective and timely review period end close procedures.~~ ● ~~Implementing controls to enable an accurate and timely review of accounting records that support our accounting processes and maintain documents for internal accounting reviews.~~ We cannot assure you that these measures will significantly improve or remediate the material weaknesses described above. The implementation of these remediation measures is **progressing** in the early stages and will require validation and testing of the design and operating effectiveness of our internal controls over a sustained period of financial reporting cycles and, as a result, the timing of when we will be able to fully remediate the material weaknesses is uncertain. If the steps we take do not remediate the material weaknesses in a timely manner, there could be a reasonable possibility that these control deficiencies or others may result in a material misstatement of our annual or interim financial statements that would not be prevented or detected on a timely basis. This, in turn, could jeopardize our ability to comply with our reporting obligations, limit our ability to access the capital markets and adversely impact our stock price. **Our** ~~We and our~~ independent registered public accounting firm ~~were was~~ not required to perform an **audit of our** evaluation of our internal control over financial reporting as of December 31, ~~2023-2024~~ **2023 and 2022** in accordance with the provisions of the Sarbanes-Oxley Act. ~~Accordingly, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal control over financial reporting as required by reporting requirements under Section 404 after the completion of the Business Combination.~~ Implementing any appropriate changes to our internal controls may distract our officers and employees, entail substantial costs to modify our existing processes and take significant time to complete. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our

operating costs and harm our business. In addition, investors' perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements on a timely basis may harm our stock price and make it more difficult for us to effectively market and sell our products and services to new and existing customers. We are an "emerging growth company" and a "smaller reporting company" within the meaning of the Securities Act, and we intend to take advantage of certain exemptions from disclosure requirements available to emerging growth companies and / or smaller reporting companies, which could make our securities less attractive to investors and may make it more difficult to compare our performance with that of other public companies. We are an "emerging growth company," as defined in Section 2 (a) of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in their periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Further, Section 102 (b) (1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a registration statement under the Securities Act declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non- emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparability of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. We will remain an emerging growth company until the earlier of: (1) the last day of the fiscal year (a) following the fifth anniversary of the effectiveness of our registration statement on Form S- 4 in connection with the Business Combination, (b) in which we have total annual revenue of at least \$ 1, 235, 000, 000, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common equity that is held by non- affiliates exceeds \$ 700 million as of the end of the prior fiscal year' s second fiscal quarter; and (2) the date on which we have issued more than \$ 1. 00 billion in non- convertible debt securities during the prior three- year period. Additionally, we are a "smaller reporting company" as defined in Item 10 (f) (1) of Regulation S- K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of the shares of Class A Common Stock held by non- affiliates exceeds \$ 250 million as of the prior June 30, and (ii) our annual revenue exceeded \$ 100 million during such completed fiscal year or the market value of the shares of Class A Common Stock held by non- affiliates exceeds \$ 700 million as of the prior June 30. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible. We have incurred, and will continue to incur, significant costs as a result of operating as a public company. ~~We are~~ **Upon closing of the Business Combination, we became** subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of Nasdaq and other applicable securities laws and regulations. ~~The expenses incurred by public companies generally for reporting and corporate governance purposes are greater than those for private companies.~~ For example, the Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business, financial **45** condition, and results of operations. We have incurred, and will continue to incur, significant legal, financial and other expenses as a result of compliance with these rules and regulations and will continue to increase demand on our systems, particularly after we are no longer an emerging growth company. In addition, as a public company, we may be subject to stockholder activism, which can lead to additional substantial costs, distract management, and impact the manner in which we operate our business in ways we cannot currently anticipate. As a result of disclosure of information in this Annual Report and in **our other Exchange Act reports, proxy statements, and other public** filings ~~required of a public company~~, our business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors. These rules and regulations have increased our legal and financial compliance costs and made some activities more difficult, time- consuming, and costly. In addition, as a public company our costs related to directors and officers liability insurance have increased, and, in the future, we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. We may be required to expand our employee base and hire additional employees to support our operations as a public company, which would increase our operating costs in future periods. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our **Class A common Common stock Stock and / or our Warrants**, fines, sanctions, and other regulatory action and potentially civil litigation. These factors may therefore strain our resources, divert management' s attention, and affect our ability to attract and retain qualified board members and executive officers. **This Annual Report Risks Related to Ownership of Our Securities The Demerau Family is expected the first annual report in which we are required to include a management report on the effectiveness of the internal control over our financial reporting. As later discussed in this Annual Report, our management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2024. For more information on the risks associated with the compliance cost of remediating the material weaknesses in, and establishing and maintaining, effective internal control over financial reporting, as well as other related risks, see " — We** have significant influence **identified material**

weaknesses in our internal controls over stockholder decisions **financial reporting**. If we are unable to remediate these material weaknesses, if management identifies additional material weaknesses in the future or if we otherwise fail to maintain effective internal controls over financial reporting, we may not be able to accurately or timely report our financial position or results of operations, which may adversely affect our business and stock price or ~~because~~ **cause** of its ~~our~~ access to the capital markets to be impaired. " If in the future, we ~~share~~ **are** ownership. Holders **unable to record**, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC, our ability to meet these additional requirements in a timely manner will be adversely affected. This failure could negatively affect the market price and trading liquidity of our ~~Class A Common Stock~~, **restrict our access** and ~~Class B Common Stock are entitled to~~ **the capital markets, cause investors** ~~east one vote per share of on all matters to be voted on by stockholders.~~ **lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and** ~~Generally generally materially~~, holders of all classes of Common Stock vote together as a single class. As of the date of this Annual Report, Infinite Acquisitions holds approximately 44.8% of the voting power of the Common Stock and **adversely impact** therefore has the ability to significantly influence..... **exert significant influence over the direction of** our business. Cecil D. Magpuri, our Chief Executive Officer, has voting and **financial condition** investment control over approximately 24.3% of the shares of Common Stock, by virtue of his beneficial ownership **Ownership of Our** ~~CilMar Ventures, LLC, Series~~ **Securities** A. As our Chief Executive Officer, Mr. Magpuri has significant control over the day-to-day management and the implementation of major strategic decisions of the Company, subject to authorization and oversight by the Board including our Executive Chairman, Scott Demerau. As a board member and officer, Mr. Magpuri owes a fiduciary duty to our stockholders and must act in good faith and in a manner reasonably believed to be in the best interests of stockholders. However, he **The price of our securities** will still be entitled to vote the shares over which he has voting control, which may be **volatile** in a manner that other stockholders do..... **conflicts of interest may exist or arise**. The exercise **market price** of our Warrants for Class A Common Stock would increase the number of shares eligible for sale in the public market and result in dilution to our stockholders. Outstanding Warrants to purchase **has previously** **an and** aggregate of 5,380,360 shares of Class A Common Stock are exercisable in accordance with the terms of the Warrant Agreement governing those ~~the future~~ securities. Each Warrant entitles the registered holder to purchase 1.034999 shares of Class A Common Stock at an exercise price of \$ 11.50, subject to adjustment. On April 25, 2024, the closing price for our Class A Common Stock was \$ 9.56. We believe the likelihood that the holders will exercise their Warrants is dependent upon the trading price of our Class A Common Stock. If the trading price of our Class A Common Stock is less than \$ 11.50, we believe the holders are unlikely to exercise their Warrants. Conversely, the holders are more likely to exercise their Warrants, the higher the price of our Class A Common Stock is above \$ 11.50. To the extent the Warrants are exercised, additional shares of Class A Common Stock will be issued, which will result in dilution to the holders of Class A Common Stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such Warrants may **continue** be exercised could adversely affect the market price of our Class A Common Stock. Your unexpired Warrants may be redeemed prior to their exercise at a time that may be disadvantageous to you, thereby making your Warrants worthless. The Company has the ability to redeem outstanding Warrants at any time prior to their expiration, at a price of \$ 0.01 per Warrant, provided that the last reported sales price of Class A Common Stock equals or exceeds \$ 18.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) on each of 20 trading days within any 30 trading day period commencing after the Warrants become exercisable and ending on the third trading day prior to the date on which notice of redemption is given and provided that there is an effective registration statement covering the shares of Class A Common Stock, as applicable, issuable upon exercise of the Warrants, and a current prospectus relating thereto, available throughout the 30 day redemption or the Company has elected to require the exercise of the Warrants on a cashless basis. If and when the Warrants become redeemable, the Company, as applicable, may not exercise such redemption right if the issuance of shares of Class A Common Stock, as applicable, upon exercise of the Warrants is not exempt from registration or qualification under applicable state blue sky laws or the Company is unable to effect such registration or qualification. In addition, the Company has the ability to redeem the outstanding Warrants at any time prior to their expiration, at a price of \$ 0.10 per Warrant, provided that holders will be able to exercise their Warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table set forth in the Warrant Agreement, if the closing price of Class A Common Stock equals or exceeds \$ 10.00 per public share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within the 30 trading day period ending three trading days before we send the notice of redemption to the Warrant holders. Redemption of the outstanding Warrants could force you to: (i) exercise your Warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so; (ii) sell your Warrants at the then current market price when you might otherwise wish to hold your Warrants; or (iii) accept the nominal redemption price which, at the time the outstanding Warrants are called for redemption, is likely to be substantially less than the market value of your Warrants. The price of our securities may be volatile. The market price of Class A Common Stock and Warrants may fluctuate significantly, depending on many factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results due to factors related to our business;
- failure to meet or exceed financial estimates and projections of the investment community or that we to the public;
- the failure of securities analysts to cover, or maintain coverage of, the Class A Common Stock;
- issuance of new or updated research or reports by securities analysts or changed recommendations for the industry in general;
- operating and share price performance of other companies in the industry or related markets;
- the timing and magnitude of investments in the growth of the business;
- success or failure of our business strategies;
- our ability to obtain financing as needed;
- announcements by us or our competitors of significant acquisitions, dispositions or strategic investments;
- additions or departures of key the Company or Falcon's Opco management or other personnel;
- sales of substantial amounts of Class A

Common Stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; ● **46** ● changes in capital structure, including future issuances of securities or the incurrence of debt; ● changes in accounting standards, policies, guidance, interpretations or principles; ● investor perception of the Company, Falcon' s Opco and our industry; ● overall market fluctuations; ● results from any material litigation or government investigation; ● changes in laws and regulations (including tax laws and regulations) affecting our business; ● changes in capital gains taxes and taxes on dividends affecting stockholders; and ● general economic conditions and other external factors. Low trading volume for and **public float of our** Class A Common Stock, ~~which and Warrants~~ may occur if an active trading market is not sustained, among other reasons, would amplify the effect of the above factors on our stock securities' price volatility. Stock markets in general can experience volatility that is unrelated to the operating performance of a particular company. These broad market fluctuations could adversely affect the trading price of the Class A Common Stock and Warrants. **There can be no assurance that..... may be unable to sell their shares.** If analysts do not publish research about our business or if they publish inaccurate or unfavorable research, the price and trading volume of the Company' s securities could decline. The trading market for the Company' s securities will depend in part on the research and reports that analysts publish about our business. We will not have any control over these analysts, and the analysts who publish information about us may have relatively little experience with the Company or its industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. If few or no securities or industry analysts cover us, if one or more of the analysts who cover us ceases coverage of us or fails to publish reports on us regularly, the trading price for the Company' s securities would be negatively impacted. If one or more of the analysts who cover us downgrades the Company' s securities or publishes inaccurate or unfavorable research about our business, the price of the Class A Common Stock would likely decline. ~~We do not intend to pay cash dividends for the foreseeable future. The timing, declaration, amount and payment of future dividends to stockholders falls within the discretion of the Board. The Board' s decisions regarding the amount and payment of future dividends will depend on many factors, including our financial condition, earnings, capital requirements of our business and covenants associated with debt obligations, as well as legal requirements including QIC' s consent rights under the FCG A & R LLCA, regulatory constraints, industry practice and other factors that the Board deems relevant.~~ **There can be no assurance that we will be able to comply with the continued listing standards of Nasdaq. Our continued eligibility for listing on Nasdaq depends on our ability to continue to** meet Nasdaq' s listing standards, including the Company having a minimum bid price, level of **shareholders' equity** publicly held shares, and market value. If Nasdaq delists our securities from trading on its exchange for failure to meet the listing standards, the Company and its stockholders could face significant material adverse consequences including: ● a limited availability of market quotations for our securities; ● a determination that our Class A Common Stock ~~is are~~ a " penny stock," which will require brokers trading in our Class A Common Stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our Class A Common Stock; ● a limited amount of analyst coverage; and ● a decreased ability to issue additional securities or obtain additional financing in the future. ~~The Warrant Exchange~~ **An active trading market for our Class A Common Stock** may result in the delisting of the Warrants from Nasdaq. As a result of the ~~Warrant Agreement Amendment, the Warrants are not exercisable~~ **be sustained,** and you may the holders of the Warrants have ~~no not be able~~ further rights except to receive ~~resell your Class A Common Stock at the time when you want.~~ **Although our Class A Common Stock is listed on Nasdaq, an active trading market for our securities may not be sustained. In the absence of an active trading market for our Class A Common Stock, investors may be unable to sell their** shares of Class A Common Stock at the Exchange Ratio on the Exchange Date. Nasdaq may take the position that the Warrants are no longer Warrants because they no longer bear the characteristics of warrants and instead are rights to receive shares of Class A Common Stock. Accordingly, we may be required to meet the initial listing requirements for rights on Nasdaq, which, pay any dividend in a manner that other stockholders do not support. Mr. Magpuri' s ownership, together with the significant ownership of Infinite Acquisitions and Katmandu Ventures, LLC described above, represents a high concentration of stock in a limited number of stockholders, and together they will have the ability to control any corporate action requiring stockholder approval, even if the outcome sought by such stockholders is not in the interest of our other stockholders. In addition, the significant concentration of stock ownership may adversely affect the value of our common stock due to a resulting lack of liquidity or a perception among investors that conflicts of interest may exist or arise in the future ~~have the effect of rendering more difficult, delaying or preventing an acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares.~~ These provisions could also limit the price that investors might be willing to pay in the future for shares of Class A Common Stock, and therefore depress the trading price. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the incumbent members of the Board or taking other corporate actions, including effecting changes in our management. Among other things, the Charter and Bylaws include provisions that: ● provide for a classified board of directors with staggered, three- year terms; ● permit the Board to issue shares of preferred stock, including " blank check " preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquire; ● prohibit cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; ● limit the liability of, and provide for the indemnification of, our directors and officers; ● permit the Board to amend the Bylaws, which may allow the Board to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the Bylaws to facilitate an unsolicited takeover attempt; ● require a supermajority vote of stockholders to amend certain provisions of the Charter and a supermajority vote of stockholders in order to amend the Bylaws; ● limit our ability to engage in business combinations with certain interested stockholders without certain approvals; ● permit only the Board, the chief executive officer of the Company or the chairperson of the Board

to call special stockholder meetings; provided, that for so long as the holders of Class B Common Stock beneficially own, directly or indirectly, a majority of the total voting power of stock entitled to vote generally in election of directors, special meetings of stockholders may also be called by or at the request of our stockholders holding shares of capital stock of the Company representing a majority of the total voting power of stock entitled to vote generally in election of directors; and • mandate advance notice procedures with which stockholders must comply in order to nominate candidates to the Board or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in the Board and also may discourage or deter a potential acquirer **from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in the Board or management**. The provisions of the Charter requiring exclusive forum in the Court of Chancery of the State of Delaware and the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers. The Charter requires, to the fullest extent permitted by law, that derivative actions brought in our name, actions against directors, officers and employees for breach of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware (the "Chancery Court") and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to the personal jurisdiction of the Chancery Court and having service of process made upon such stockholder in any such action on such stockholder's counsel. Any person or entity purchasing or otherwise acquiring any interest in shares of the Company's capital stock shall be deemed to have notice of and consented to the forum provisions in its certificate of incorporation. Notwithstanding the foregoing, the Charter ~~will provide~~ **provides** that the exclusive forum provision will not apply to suits brought to enforce a duty or liability created by the Exchange Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Additionally, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act against us or any of our directors, officers, other employees or agents. However, there is uncertainty as to whether a court would enforce the exclusive forum provisions relating to causes of actions arising under the Securities Act. **49** Although we believe this exclusive forum provision ~~will benefit~~ **benefit** us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, it may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or any of its directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in the Charter to be inapplicable or unenforceable in an action, the Company may incur additional costs associated with resolving such action in other jurisdictions, which could harm its business, operating results and financial condition. **Delaware law and the Charter and Bylaws..... changes in the Board or management.** The Company may be subject to securities class action litigation, which may harm its business and operating results. Companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. ~~the~~ **The** Company may be the target of this type of litigation in the future. Securities litigation against the Company could result in substantial costs and damages and divert the Company's management's attention from other business concerns, which could seriously harm the Company's business, results of operations, financial condition or cash flows. The Company may also be called on to defend itself against lawsuits relating to its business operations. Some of these claims may seek significant damages amounts. Due to the inherent uncertainties of litigation, the ultimate outcome of any such proceedings cannot be accurately predicted. A future unfavorable outcome in a legal proceeding could have an adverse impact on the Company's business, financial condition and results of operations. In addition, current and future litigation, regardless of its merits, could result in substantial legal fees, settlements or judgment costs and a diversion of the Company management's attention and resources that are needed to successfully run the Company's business. The Warrant Agreement designates the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of our Warrants, which could limit the ability of Warrant holders to obtain a favorable judicial forum for disputes with our ~~company~~ **Company**. The Warrant Agreement provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the ~~Warrant warrant Agreement agreement~~, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction shall be the exclusive forum for any such action, proceeding or claim. We will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Notwithstanding the foregoing, these provisions of the Warrant Agreement will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of our Warrants shall be deemed to have notice of and to have consented to the forum provisions in our Warrant Agreement. If any action, the subject matter of which is within the scope of the forum provisions of the Warrant Agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a "foreign action") in the name of any holder of our Warrants, such holder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an "enforcement action"), and (y) having service of process made upon such Warrant holder in any such enforcement action by service upon such Warrant holder's counsel in the foreign action as agent for such Warrant holder. This choice- of- forum provision may limit a Warrant holder's ability to bring a claim in a judicial forum that it finds favorable for disputes with our ~~company~~ **Company**, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our Warrant Agreement inapplicable or unenforceable with respect to one or more of the specified types of

actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors. ~~Holders of the Warrants may have to pay taxes if the Company adjusts the conversion rate of the Warrants in certain circumstances, even though such holders would not receive any cash. Upon certain adjustments to (or certain failures to make adjustments to) the conversion rate of the Warrants, holders of the Warrants may be deemed to have received a distribution from the Company, resulting in taxable income to them for U. S. federal income tax purposes, even though holders would not receive any cash in connection with such adjustment to (or failure to adjust) the conversion rate. If you are a non-U. S. holder of the Warrants, any deemed dividend may be subject to U. S. federal withholding tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty. Please consult your tax advisor regarding the U. S. federal income tax consequences of an adjustment to the conversion rate of the Warrants. Item 1B. Unresolved Staff Comments~~