UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report
(Date of earliest
event reported): September 11, 2020

THE MARCUS CORPORATION
(Exact name of registrant as specified in its charter)

Wisconsin	1-12604	39-1139844
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

100 East Wisconsin Avenue, Suite 1900, Milwaukee, Wisconsin 53202-4125
(Address of principal executive offices, including zip code)

(414) 905-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17-CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17-CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $1.00 par value	MCS	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 1.01. Entry into a Material Definitive Agreement.

Second Amendment to Credit Agreement

On September 15, 2020, The Marcus Corporation (the "Company") entered into a Second Amendment (the "Amendment") to its Credit Agreement, dated as of January 9, 2020, among the Company, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (as previously amended, the "Credit Agreement" and, as amended by the Amendment, the "Closing Credit Agreement"), which provides for a revolving credit facility that matures on January 9, 2025, with an initial maximum aggregate amount of availability of $225 million. Upon the effective date of the Amendment, the Amendment amends the Credit Agreement to, among other things: (i) increase the specified margin for the revolving loans and the initial tranche of term loans by 0.25%; (ii) decrease the revolving commitments by the lesser of (y) 50% of the net proceeds of certain convertible notes in excess of $83 million or (z) $25 million; (iii) increase the minimum benchmark rate in the event of a LIBOR replacement and the minimum interpolated rate between LIBO screen rates for the longest and shortest available periods to 1.0% from zero; (iv) permit the issuance and sale of certain convertible notes , the related transactions (including hedging transactions) and other similar transactions involving convertible securities (as defined in the Closing Credit Agreement) of the Company (such other similar transactions not to exceed an outstanding aggregate principal amount of $50 million) thereunder; (v) exclude costs, fees and expenses of the convertible notes and other convertible securities and related capped call transactions from calculation of consolidated EBITDA and net proceeds; (vi) reduce from $125 million to $75 million the amount of unrestricted cash on hand (as defined in the Closing Credit Agreement) in excess of which the Company must prepay the revolving loans; (vii) eliminate for the fiscal quarter ending June 30, 2022 and each prior fiscal quarter the requirement that the consolidated fixed charge coverage ratio not be less than 3.0 to 1.0 as of the end of any fiscal quarter (subject to suspension of such covenant until September 29, 2022 unless earlier reinstated by the Company); (viii) eliminate prior to the fiscal quarter ending September 30, 2021 the requirement to maintain a specified minimum amount of consolidated EBITDA and modify the Company's required minimum consolidated EBITDA to be (w) $0 as of September 30, 2021 for the fiscal quarter then ending, (x) $20 million as of December 30, 2021 for the two consecutive fiscal quarters then ending, (y) $35 million as of March 31, 2022 for the three consecutive fiscal quarters then ending and (z) $60 million as of June 30, 2022 for the four consecutive fiscal quarters then ending; (ix) reduce the Company's required minimum consolidated liquidity to (x) $125 million as of September 24, 2020 and December 31, 2020, (y) $100 million as of April 1, 2021 and July 1, 2021 and (z) $50 million as of the end of any fiscal quarter thereafter, provided, that the foregoing minimum consolidated liquidity requirements will be $50 million for each testing date as of which the initial tranche of term loans is paid in full; and (x) extend the maturity date of the Company's term loan facility from April 28, 2021 to one year after the effective date of the Amendment.

Borrowings under the Credit Agreement bear interest at a variable rate equal to (i) LIBOR, subject to a 1% floor, plus a specified margin, or (ii) the base rate (which is the highest of (a) the prime rate, (b) the greater of the federal funds rate and the overnight bank funding rate plus 0.50% or (c) the sum of 1% plus one-month LIBOR), subject to a 1% floor, plus a specified margin based upon the Company's consolidated debt to capitalization ratio as of the most recent determination date; provided, however, as of the effective date of the Amendment, (y) in respect of revolving loans, the applicable margin shall be 2.35% for LIBOR borrowings and 1.35% for ABR borrowings, and will remain in effect until the end of the first fiscal quarter ending after the end of the Specified Period (as defined in the Closing Credit Agreement); and (z) in respect of term loans, the applicable margin shall be 2.75% for LIBOR borrowings and 1.75% for ABR borrowings, in each case at all times.

Pursuant to the Closing Credit Agreement, the Company is required to apply net cash proceeds received from certain events, including certain asset dispositions, casualty losses, condemnations, equity issuances, capital contributions, and the incurrence of certain debt, to prepay outstanding term loans. Moreover, if at any time during the Specified Period, the Company's and certain of its subsidiaries' aggregate unrestricted cash on hand exceeds $75 million, the Closing Credit Agreement requires the Company to prepay revolving loans under the Closing Credit Agreement by the amount of such excess, without a corresponding reduction in the revolving commitments under the Closing Credit Agreement.

In connection with the Closing Credit Agreement, (i) the Company and certain of its subsidiaries have pledged, subject to certain exceptions, security interests and liens in and on (a) substantially all of their respective personal property assets and (b) certain of their respective real property assets, in each case to secure the Closing Credit Agreement and related obligations; and (ii) certain subsidiaries of the Company have guaranteed the Company's obligations under the Closing Credit Agreement. The foregoing security interests, liens and guaranties will remain in effect until the Collateral Release Date (as defined in the Closing Credit Agreement).

Third Amendments to Note Purchase Agreements

On September 15, 2020, the Company and certain purchasers entered into an amendment to: (i) the Note Purchase Agreement, dated December 21, 2016, pursuant to which the Company agreed to issue and sell $50 million in aggregate principal amount of the Company's 4.32% Senior Notes due February 22, 2027, and (ii) the Note Purchase Agreement, dated June 27, 2013, pursuant to which the Company agreed to issue and sell $50 million in aggregate principal amount of the Company's 4.02% Senior Notes due August 14, 2025 (collectively, the "Note Amendments" and such Note Purchase Agreements, as previously amended and as amended by the Note Amendments, the "Closing NPAs"). Upon the effective date of the Note Amendments, the Note Amendments provide for amendments, in each Note Purchase Agreement, to certain covenants and other terms, including to (i) increase the specified period fee by 0.25% per annum; (ii) permit the issuance and sale of certain convertible notes, the related transactions (including hedging transactions) and other similar transactions involving convertible securities (as defined in the Closing NPAs) of the Company (such other similar transactions not to exceed an outstanding aggregate principal amount of $50 million) thereunder; (iii) exclude costs, fees and expenses of the notes and other convertible securities and related capped call transactions from the calculation of consolidated EBITDA; (iv) eliminate for the fiscal quarter ending June 30, 2022 and each prior fiscal quarter the requirement that the consolidated fixed charge coverage ratio not be less than 2.5 to 1.0 as of the end of any fiscal quarter (subject to suspension of such covenant until September 29, 2022 unless earlier reinstated by the Company); (v) eliminate prior to the fiscal quarter ending September 30, 2021 the requirement to maintain a specified minimum amount of consolidated EBITDA and modify the Company's required minimum consolidated EBITDA to be (a) $0 as of September 30, 2021 for the fiscal quarter then ending, (b) $20 million as of December 30, 2021 for the two consecutive fiscal quarters then ending, (c) $35 million as of March 31, 2022 for the three consecutive fiscal quarters then ending, and (d) $60 million as of June 30, 2022 for the four consecutive fiscal quarters then ending; and (vi) reduce the Company's required minimum consolidated liquidity to (i) $125 million as of September 24, 2020 and December 31, 2020, (ii) $100 million as of April 1, 2021 and July 1, 2021 and (iii) $50 million as of the end of any fiscal quarter thereafter, provided, that the foregoing minimum consolidated liquidity requirements will be $50 million for each testing date as of which the initial tranche of term loans is paid in full. Customary fees were payable in connection with the closing of the Note Amendments.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 of this Current Report on Form 8-K (the "Report") is hereby incorporated by reference into this Item 2.03.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On September 11, 2020, the Board of Directors of the Company approved an amendment to the by-laws of the Company (as amended, the "By-laws"). The amendment amends Section 3.12 of the By-Laws to lower the minimum number of directors required to serve on a committee of the Board of Directors from two members to one.

The foregoing description of the amendment to the By-laws does not purport to be complete and is qualified in its entirety by reference to the full text of the amendment to the By-laws, which is filed as Exhibit 3.1 to this Report and is incorporated herein by reference.

Item 8.01. Other Events.

Announcement of Convertible Notes Offering

On September 17, 2020, the Company issued a press release made pursuant to Rule 135c under the Securities Act of 1933, as amended (the "Securities Act"), announcing the commencement of a private offering (the "Offering"), subject to market conditions and other factors, $87 million aggregate principal amount of convertible senior notes due 2025 (the "Notes") to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. The Company also intends to grant the initial purchasers of the Notes an option to purchase, within a thirteen-day period beginning on, and including, the date the Company first issues the Notes, up to an additional approximately $13 million aggregate principal amount of the Notes. In connection with the offering of the Notes, the Company expects to enter into privately negotiated capped call transactions with certain of the initial purchasers and/or their respective affiliates and/or other financial institutions. The capped call transactions are expected generally to reduce the potential dilution to the Company's common stock upon any conversion of Notes and/or offset any potential cash payments the Company is required to make in excess of the principal amount of such converted Notes, as the case may be, with such reduction and/or offset subject to a cap.

The press release announcing the Offering was issued in accordance with Rule 135c under the Securities Act. The full text of the press release is attached as Exhibit 99.3 hereto and incorporated by reference herein.

The Company intends to use a portion of the net proceeds of the Offering to pay the cost of the capped call transactions. If the initial purchasers exercise their option to purchase additional Notes, the Company intends to use a portion of the net proceeds from the sale of the additional Notes to pay the cost of entering into additional capped call transactions. The Company intends to use the remaining net proceeds from the Offering to repay amounts under its revolving credit facility to the extent the net proceeds from the Offering exceed certain repayment covenant thresholds under its Closing Credit Agreement and for general corporate purposes, which may include repaying additional amounts under the Company's revolving credit facility.

This Report (including the exhibits attached hereto) does not constitute an offer to sell or the solicitation of an offer to buy the Notes or the common stock into which the Notes may be convertible or any other securities, nor shall it constitute an offer to sell, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful. Any offers of the Notes would be made only by means of a confidential offering memorandum.

Updates for Recent Developments and Risk Factors

The Company is providing as Exhibit 99.1 to this Report, which is incorporated by reference to this Item 8.01, updates regarding recent developments and as Exhibit 99.2 to this Report, which is incorporated by reference to this Item 8.01, updates to the risk factors described in (i) Part I, Item 1A of the Company Annual Report on Form 10-K for the year ended December 26, 2019 (the "Form 10-K") and (ii) Part II, Item 1A of the Company's Quarterly Reports for the quarterly periods ended March 26, 2020 and June 25, 2020.

Item 9.01. Financial Statements and Exhibits.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits. The following exhibits are being filed herewith:

Exhibit Number	
(3.1)	Amendment to By-laws
(99.1)	Updates Regarding Recent Developments
(99.2)	Risk Factors
(99.3)	Press Release of The Marcus Corporation, dated September 17, 2020, regarding the launch of the Offering
(104)	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Forward-looking Statements

Certain matters discussed in this Report are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements concerning the proposed terms of the Notes and the capped call transactions, the completion, timing and size of the proposed Offering and capped call and the anticipated use of proceeds from the Offering. Forward-looking statements may generally be identified as such because the context of such statements include words such as we "believe," "anticipate," "expect" or words of similar import. These statements involve risks and uncertainties that could cause actual results to differ materially from those that we expect. For information about other potential factors that could affect the Company's business and financial results, please review the "Risk Factors" described in Exhibit 99.2 to this Report and in the Company's other filings with the SEC. The forward-looking statements made herein are made only as of the date hereof and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances, except as required by law.

SIGNATURES

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

THE MARCUS CORPORATION

Date: September 17, 2020

By: /s/ Douglas A. Neis
Douglas A. Neis
Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 3.1

THE MARCUS CORPORATION

AMENDMENT TO BY-LAWS

Section 3.12 of Article III of The Marcus Corporation's By-Laws has been amended to read in its entirety as follows (deletions are indicated with strikethroughs; additions are indicated by underlining):

3.12 Committees. The Board of Directors by resolution adopted by the affirmative vote of a majority of all of the directors then in office may create one or more committees, appoint members of the Board of Directors to serve on the committees and designate other members of the Board of Directors to serve as alternates. Each committee shall have ~~two~~ one or more members who shall, unless otherwise provided by the Board of Directors, serve at the pleasure of the Board of Directors. A committee may be authorized to exercise the authority of the Board of Directors, except that a committee may not do any of the following: (a) authorize distributions; (b) approve or propose to shareholders action that the Wisconsin Business Corporation Law requires to be approved by shareholders; (c) fill vacancies on the Board of Directors or, unless the Board of Directors provides by resolution that vacancies on a committee shall be filled by the affirmative vote of the remaining committee members, on any Board committee; (d) amend the corporation's articles of incorporation; (e) adopt, amend or repeal bylaws; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; and (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee to do so within limits prescribed by the Board of Directors. Unless otherwise provided by the Board of Directors in creating the committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of its authority.

Exhibit 99.1

Recent developments

Except as otherwise specified or indicated by the context, references to “we,” “us,” “our” or the “company” are to The Marcus Corporation and its wholly owned subsidiaries.

Impact of the COVID-19 pandemic

The COVID-19 pandemic has had an unprecedented impact on the world and both of our business segments. The situation continues to be volatile and the social and economic effects are widespread. As an operator of movie theatres, hotels and resorts, restaurants and bars, each of which consists of spaces where customers and guests gather in close proximity, our businesses are significantly impacted by protective actions that federal, state and local governments have taken to control the spread of the pandemic, and our customers’ reactions or responses to such actions. These actions have included, among other things, declaring national and state emergencies, encouraging social distancing, restricting freedom of movement and congregation, mandating non-essential business closures, issuing curfews, limiting business capacity, mandating mask-wearing and issuing shelter-in-place, quarantine and stay-at-home orders.

As a result of these measures, we temporarily closed all of our theatres on March 17, 2020, and did not generate any significant revenues from our theatre operations during our fiscal 2020 second quarter (other than revenues from six theatres opened on a very limited basis in June 2020 primarily to test new operating protocols, five parking lot cinemas, and some limited online and curbside sales of popcorn, pizza and other assorted food and beverage items). As of August 28, 2020, we had reopened approximately 80% of our theatres, although seating capacity at our reopened theatres has been reduced in response to COVID-19.

We also temporarily closed all of our hotel division restaurants and bars at approximately the same time and closed five of our eight company-owned hotels and resorts on March 24, 2020 due to a significant reduction in occupancy at those hotels. We closed our remaining three company-owned hotels in early April 2020. We re-opened four of our company-owned hotels and several of our restaurants and bars during June 2020, which together are generating significantly reduced revenues as compared to prior years. We reopened three of our four remaining company-owned hotels during our fiscal 2020 third quarter. As such, as of September 3, 2020, we had reopened seven of our eight company-owned hotels and most of our managed hotels.

Maintaining a strong balance sheet has always been a core philosophy of The Marcus Corporation during our 85-year history. As a result, we believe we entered the global COVID-19 crisis with a strong financial position. At the end of fiscal 2019, our debt-to-capitalization ratio was 26%. Despite all of our theatres and hotels being closed during most of the second quarter of fiscal 2020, we believe our financial position remains strong. As of June 25, 2020, our debt-to-capitalization ratio was 38%, and our net debt-to-capitalization ratio (debt, net of cash) was 32%.

Despite our strong financial position, the COVID-19 pandemic has had and is expected to continue to have adverse effects on our business, results of operations, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness. In light of the COVID-19 pandemic, we have been working to preserve cash and ensure sufficient liquidity to endure the impacts of the global crisis, even if prolonged. On April 29, 2020, we entered into the First Amendment to Credit Agreement (the “First Amendment”) which amended our existing credit agreement dated January 9, 2020 (the “Credit Agreement”). The First Amendment provided a new $90.8 million 364-day Senior Term Loan A (the “Term Loan A”) to further support our balance sheet. We used the proceeds from the Term Loan A to repay borrowings under the Credit Agreement, to pay costs and expenses related to the First Amendment and for general corporate purposes. This additional financing further enhanced our liquidity and we believe it positions us to continue to sustain our operations well into fiscal 2021, even in the scenario that our properties continue to generate significantly reduced revenues. As of June 25, 2020, we had a cash balance of $79.6 million and $89.8 million of availability under our $225 million revolving credit facility. On July 22, 2020, we repaid $55 million of borrowings under our revolving credit facility.

Since the COVID-19 crisis began, we have been working proactively to preserve cash. In addition to temporarily suspending our quarterly dividend payments as required by the First Amendment, additional measures we have taken to enhance our liquidity include:

- discontinuing all non-essential operating and capital expenditures;
- temporarily laying off the majority of our hourly theatre and hotel associates, in addition to temporarily reducing property management and corporate office staff levels;
- temporarily reducing the salary of our chairman and our president and chief executive officer by 50%, as well as temporarily reducing the salary of all other executives and remaining divisional/corporate staff;
- temporarily eliminating all board of directors cash compensation;
- actively working with landlords and major suppliers to modify the timing and terms of certain contractual payments;
- evaluating the provisions of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act") and utilizing the benefits, relief and resources under those provisions as appropriate; and
- evaluating the provisions of any subsequent federal or state legislation enacted as a response to the COVID-19 pandemic.

After reviewing certain provisions of the CARES Act, we filed income tax refund claims of $37.4 million in the third quarter of fiscal 2020, with the primary benefit derived from several accounting method changes and new rules for qualified improvement property and net operating loss carrybacks. We also expect to apply a significant portion of our anticipated tax loss to be incurred in fiscal 2020 to prior year income, which may also result in a refund that we expect may approximate $21.0 million in fiscal 2021 when our fiscal 2020 tax return is filed (with possible tax loss carryforwards that may be used in future years).

In addition, 11 of our subsidiaries successfully applied for and received a cumulative total of approximately $13.5 million in funds under the CARES Act Paycheck Protection Program ("PPP") that allowed our subsidiaries to rehire many of our hotel associates for eight weeks during the second quarter of fiscal 2020, as well as fund certain other qualifying expenses. Approximately $10.3 million of these funds were used by our subsidiaries to fund qualifying expenses. As of June 25, 2020, approximately $3.2 million of the cumulative PPP loan proceeds had not been used. We believe the portion of the PPP loan proceeds used by our subsidiaries for qualifying expenses will qualify to be forgiven under the current terms of the CARES Act.

It is also important to note our significant real estate ownership. In addition to our owned hotels, unlike most of our peers, we own the underlying real estate for the majority of our theatres (representing over 60% of our screens), thereby reducing our monthly fixed lease payments. We believe this real estate ownership is a significant advantage for us relative to our peers, as it enables us to quickly react to changing theatre trends without requiring landlord approval for necessary changes and keeps our monthly fixed lease payments low and provides significant underlying credit support for our balance sheet. We also own surplus real estate that may be monetized in future periods if opportunities arise.

State and local governmental restrictions have been lifted or relaxed in the vast majority of the markets in which we operate theatres, allowing movie theatres to reopen. On June 11, 2020, we announced a phased reopening plan that began with the opening on June 19, 2020 of six of our theatres in multiple markets on a limited basis, with a primary goal of testing new operating protocols in accordance with local health and safety guidelines, and designed to prioritize the safety and well-being of our associates and guests. As of August 28, 2020, we had completed the majority of our structured phased reopening and had reopened approximately 80% of our theatres with the remaining theatres to be reopened on a case by case basis.

As part of our reopening experience in our theatres, we have introduced our "*Movie STAR*" approach, which incorporates new health and safety measures and is in alignment with Centers for Disease Control ("CDC") guidelines. Everyone can be a Movie STAR and play a role in creating a safe environment with social distancing (S); thorough cleaning (T); app and website ordering of tickets, food and concessions for no-to-low contact interactions (A); and respecting each other by following these new protocols (R). Specific measures we are implementing in conjunction with the reopening of theatres include, but are not limited to:

- initially reducing each theatre auditorium's capacity by 50% and implementing a checkerboard seating pattern that will allow guests to reserve seats together with two empty seats between groups to allow for proper social distancing in accordance with CDC guidelines;

- staggering showtimes to limit the number of people in common areas of the theatre and allowing extra time between shows for thorough cleanings;
- requiring masks to be worn by guests except for when they are eating or drinking in the auditoriums;
- conducting associate wellness checks and requiring the use of face masks, as well as gloves as appropriate, during the associate's shift;
- increasing frequency of cleaning (especially high-touch surfaces), providing hand sanitizer throughout the theatre and introducing signage to encourage proper social distancing;
- encouraging guests to purchase their tickets online or via the Marcus Theatres app; and
- encouraging low-contact food ordering through the Marcus Theatres app and website, with food orders picked up at a designated area within the theatre.

We expect policies and guidelines will continue to evolve with time and will be assessed and updated on an ongoing basis. We opened our initial six theatres with reduced operating days (Fridays, Saturdays, Sundays and Tuesdays) and reduced operating hours. While we were showing older library film product, admission to every movie was only $5, with no upcharges. As new movies are released, we currently expect to return to standard operating days, hours and pricing, although with reduced seating capacity.

A reduction in capacity does not necessarily translate to an equal reduction in potential revenues. Reduced capacity may potentially impact attendance on $5 Tuesdays and on opening weekends of major new film releases, but other showings may be relatively unaffected given normal attendance counts, and based upon our past experience, we believe that customers impacted on those $5 Tuesdays and opening weekends may adapt to reduced seat availability by shifting their attendance to different days and times of day. In addition, as new films are first released, we anticipate dedicating a larger number of auditoriums to the blockbuster films to increase seating capacity for those movies.

We believe that the film exhibition industry has historically fared well during recessions, and we remain optimistic that the industry will rebound and benefit from pent-up social demand as home sheltering subsides and people seek togetherness with a return to normalcy. A return to "normalcy" may span multiple months driven by staggered theatre openings due to government limits, reduced operating hours, lingering social distancing requirements and a gradual ramp-up of consumer comfort with public gatherings. A significant number of films originally scheduled to be released in March through July 2020 have been delayed until later in fiscal 2020 or fiscal 2021, further increasing the quality and quantity of films expected to be available during those future time periods.

There has been some speculation that the COVID-19 pandemic may result in a change in how film studios distribute their product in the future, including accelerating the release of films on alternate distribution channels such as premium video-on-demand ("PVOD") and streaming services. In a few cases, films that were scheduled to be released to theatres have instead been released directly to these alternate channels. We believe that these instances are isolated and were a response to the immediate circumstances of nearly 100% of movie theatres being closed worldwide and do not reflect a change in permanent distribution plans of these studios. Other films with greater expected box office potential from these same studios were delayed rather than released early and comments from the film community in general have been very supportive of the importance of the theatrical experience. We also believe that a recently announced arrangement between a single film studio and a lone large exhibitor that would purportedly allow select films from that studio to be released on PVOD after 17 days of theatrical exhibition does not currently reflect a change in the theatrical window for all exhibitors and all film studios. Specific release models are negotiated with distributors and exhibitors individually and we believe any changes to the existing financial model between exhibitors and film studios would likely only become a workable industry-wide model with the support of many exhibitors and distributors after each group evaluates the potential risks and benefits appropriately. The exhibition industry is an $11-$12 billion industry in the U.S. and approximately $40 billion worldwide, and film studios derive a significant portion of their return on investment in film content from theatrical distribution. We believe distributing films in a movie theatre will continue to be an important component of their business model.

When we closed our hotels, it was not because of any governmental requirements to close. Our restaurants and bars within our hotels were required to close, but the hotels themselves were considered “essential businesses” under most definitions. We closed our hotels due to a significant drop in demand that made it financially prudent for us to close rather than stay open. As a result, the timing of reopening our hotels and resorts has been driven by demand, as individual and business travelers begin to travel more freely once again. The economic environment in place as this reopening happens will have a significant impact on the pace of our return to “normal” hotel operations. After past events such as 9/11 and the 2008 financial crisis, hotel demand softened for a period of time, particularly among business transient and group business travelers as travel budgets tightened in uncertain economic times. Whether the return to more normal demand is relatively rapid, as it was after 9/11, or occurs over the course of one or more years, as it was after the 2008 financial crisis, is unknown at this time.

Late in our fiscal 2020 second quarter, we reopened several of our hotels (including several of our restaurants and bars), beginning with the Pfister Hotel on June 8, followed by the Grand Geneva Resort & Spa, the Hilton Madison Monona Terrace and the Skirvin Hilton hotel in subsequent weeks in June. We reopened three of our four remaining company-owned hotels during our fiscal 2020 third quarter. As expected, the primary initial customer for hotels has come from the “drive-to leisure” market, as air travel remains significantly reduced and the number of transient and group business customers will likely remain limited in the near term. We currently have reopened seven of our eight company-owned hotels and most of our managed hotels. We will continue to monitor market demand and adjust our operating plans as appropriate.

Overall hotel occupancy in the U.S. has slowly increased since the initial onset of the COVID-19 pandemic in March. Similar to our limited experience during the second quarter, most current demand has come from the drive-to leisure segment. Many organizations have implemented travel bans and are only now starting to allow some essential travel, which will likely limit business travel in the near term. Our company-owned hotels have experienced a significant decrease in group bookings for the remainder of fiscal 2020 compared to the same period last year. However, as of August 4, 2020, the date of our most recent Form 10-Q filing, our group room revenue bookings for fiscal 2021 - commonly referred to in the hotels and resorts industry as “group pace” - was running only slightly behind where we were last year at that time for fiscal 2020, and we believe the majority of that decline is because last year’s group bookings included bookings in anticipation of Milwaukee hosting the Democratic National Convention (“DNC”) in July 2020. As of August 4, 2020, the date of our most recent Form 10-Q filing, banquet and catering revenue pace for fiscal 2021 was ahead of where we were last year at that time for fiscal 2020. Another positive development is the fact that the majority of our cancelled group bookings due to COVID-19 are re-booking for future dates, excluding one-time events that couldn’t rebook for future dates such as those connected to the DNC. However, we cannot predict to what extent any of our hotel bookings will be canceled or rescheduled due to COVID-19 or otherwise.

Like our theatres, in response to the COVID-19 pandemic, we are reopening our hotels with new operating protocols. This includes the introduction of our *CleanCare Pledge* that incorporates best industry practices and protocols for operating our hotels, resorts, spas, golf courses and restaurants with an enhanced focus on cleanliness, sanitization and safety. Key elements and examples of the *CleanCare Pledge* include:

- introducing new processes and easy-to-use technology to create a low-to-no contact experience;
- incorporating social distancing into processes and various spaces;
- outfitting associates with masks and gloves, and making masks available for guests; and
- enhanced cleaning and sanitization protocols that go beyond leading hospitality industry standards and CDC guidelines.

We cannot assure you that the impact of the COVID-19 pandemic will not continue to have a material adverse effect on both our theatre and hotels and resorts businesses, results of operations, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness.

Exhibit 99.2

Risk factors

Except as otherwise specified or indicated by the context, references to "we," "us," "our" or the "company" are to The Marcus Corporation and its wholly owned subsidiaries.

The COVID-19 pandemic has had and will continue to have material adverse effects on our theatre and hotels and resorts businesses, results of operations, liquidity, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness.

The COVID-19 pandemic has had an unprecedented impact on the world and both of our business segments. The situation continues to be volatile and the social and economic effects are widespread. As an operator of movie theatres, hotels and resorts, restaurants and bars, each of which consists of spaces where customers and guests gather in close proximity, our businesses are significantly impacted by protective actions that federal, state and local governments have taken to control the spread of the pandemic. These actions include, among other things, declaring national and state emergencies, encouraging social distancing, restricting freedom of movement and congregation, mandating non-essential business closures and/or capacity restrictions and issuing shelter-in-place, quarantine and stay-at-home orders.

As a result of these measures, we temporarily closed all of our theatres on March 17, 2020. As of August 28, 2020, we had reopened approximately 80% of our theatres, but seating capacity at our reopened theatres has been reduced in response to COVID-19, and we currently are generating significantly reduced revenues from our theatre operations. We also temporarily closed all of our hotel division restaurants and bars at approximately the same time and closed five of our eight company-owned hotels and resorts on March 24, 2020 due to a significant reduction in occupancy at those hotels. We announced the closing of our remaining three company-owned hotels on April 8, 2020. We re-opened four of our company-owned hotels (including several restaurants and bars) during June 2020 and reopened three of our four remaining company-owned hotels during our fiscal 2020 third quarter. As a result, as of September 3, 2020, we had reopened seven of our eight company-owned hotels and most of our managed hotels, though these properties are currently generating significantly reduced revenues.

Although we believe the remaining closure of our theatres and hotels is temporary, we cannot predict when the effects of the COVID-19 pandemic will subside or when our businesses will return to normal levels. The longer and more severe the pandemic, including repeat or cyclical outbreaks beyond the one we are currently experiencing, the more severe the adverse effects will be on our businesses, results of operations, liquidity, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness.

Even when the COVID-19 pandemic subsides, we cannot guarantee that we will recover as rapidly as other industries. For example, it is unclear how quickly patrons will return to our theatres and hotels, which may be a function of continued concerns over safety and/or depressed consumer sentiment and discretionary income due to adverse economic conditions, including job losses, among other things. If customers do not perceive our response to the pandemic to be adequate, we could suffer damage to our reputation, which could adversely affect our businesses.

Furthermore, the effects of the pandemic on our businesses could be long-lasting and could continue to have material adverse effects on our businesses, results of operations, liquidity, cash flows and financial condition, and may materially adversely impact our ability to operate our businesses on the same terms as we conducted business prior to the pandemic. Significant impacts on our businesses caused by the COVID-19 pandemic may include, among others:

- lack of availability of films in the short- or long-term, including as a result of (i) major film distributors releasing scheduled films on alternative channels or (ii) disruptions of film production;
- decreased attendance at our theatres after they reopen, including due to (i) continued safety and health concerns or (ii) a change in consumer behavior in favor of alternative forms of entertainment;
- reduced travel from our various leisure, business transient and group business customers;
- cancellation of major events that were expected to benefit our hotels and resorts division;
- our inability to negotiate favorable rent payment terms with our landlords in respect of those properties we lease;
- unavailability of employees and/or their inability or unwillingness to conduct work under any revised work environment protocols;
- increased risks related to employee matters, including increased employment litigation and claims relating to terminations or furloughs caused by theatre and hotel closures;
- reductions, suspensions and delays to planned operating and capital expenditures which could result in difficulty obtaining certain growth objectives determined prior to COVID-19;
- our temporary curtailment of certain investments and growth opportunities;
- potential impairment charges;

- our inability to generate significant cash flow from operations if our theatres and/or hotels and resorts continue to experience demand at levels significantly lower than historical levels, which could lead to a substantial increase in indebtedness and negatively impact our ability to comply with the financial covenants, if applicable, in our debt agreements;

- our inability to access lending, capital markets and other sources of liquidity, if needed, on reasonable terms, or at all, or obtain amendments, extensions and waivers;

- our inability to effectively meet our short- and long-term obligations; and

- our inability to service our existing and future indebtedness.

Additionally, although we have sought and obtained, and intend to continue to seek, available benefits under the CARES Act, or any subsequent governmental relief bills, we cannot predict the manner in which any additional benefits under the CARES Act, or any subsequent governmental relief bills, will be allocated or administered and we cannot assure you that we will be able to access such benefits in a timely manner or at all. Accessing these benefits and our response to the COVID-19 pandemic have required our management team to devote extensive resources and are likely to continue to do so in the near future, which negatively affects our ability to implement our business plan and respond to opportunities.

The duration of the COVID-19 pandemic and related shelter-in-place and social distancing requirements and the level of customer demand following the relaxation of such requirements may materially adversely affect our financial results and condition.

As noted above, due to the COVID-19 pandemic, our operations at our theatres and hotels and resorts have been significantly restricted or suspended temporarily, and there is uncertainty as to when reopening our remaining closed facilities will be permitted and/or financially viable. Because we operate in several different jurisdictions, we may be able to reopen some, but not all, of our theatres and hotels and resorts within a certain timeframe. As we reopen our theatres, we are opening to capacity limitations. A reduction in capacity does not necessarily translate to an equal reduction in potential revenues as customers may shift their attendance to different days and times and we may increase seating capacity for certain blockbuster films by dedicating more auditoriums to that particular film. Fears and concerns regarding the COVID-19 pandemic could cause our customers to avoid assembling in public spaces for some time despite the relaxation of shelter-in-place and social distancing measures. In the event that any of our now re-opened properties were required to close once again, we would have no control over and cannot predict the length of the closure of or restrictions on our theatres and hotels and resorts due to the COVID-19 pandemic. If we are unable to generate revenues due to a prolonged period of closure or experience significant declines in our businesses volumes upon reopening, this would negatively impact our ability to remain in compliance with our debt covenants and meet our payment obligations. In such an event, we would either seek covenant waivers or attempt to amend our covenants, though there is no certainty that we would be successful in such efforts. If we are not successful in such efforts, our lenders could declare a default and require immediate repayment of amounts owing under our Closing Credit Agreement and senior notes, which would have a material adverse effect on our ability to operate our business. Additionally, we could seek additional liquidity through the issuance of new debt. Our ability to obtain additional financing and the terms of any such additional financing would depend in part on factors outside of our control, and we may be unable to obtain such additional financing on acceptable terms or at all.

The lack of both the quantity and audience appeal of motion pictures may adversely affect our financial results.

The financial results of our movie theatre business and the motion picture industry in general are heavily dependent on the general audience appeal of available films, together with studio marketing, advertising and support campaigns, factors over which we have no control. The relative success of our movie theatre business will continue to be largely dependent upon the quantity and audience appeal of films made available by the movie studios and other producers. Poor performance of films, a disruption in the production of films due to events such as a strike by actors, writers or directors, or a reduction in the marketing efforts of the film distributors to promote their films could have an adverse impact on our business and results of operations. Also, our quarterly results of operations are significantly dependent on the quantity and audience appeal of films that we exhibit during each quarter. As a result, our quarterly results may be unpredictable and somewhat volatile.

Our financial results may be adversely impacted by unique factors affecting the theatre exhibition industry, such as the shrinking video release window, the increasing piracy of feature films and the increasing use of alternative film distribution channels and other competing forms of entertainment.

Over the last decade, the average video release window, which represents the time that elapses from the date of a film's theatrical release to the date a film is released to other channels, including streaming services, video on-demand ("VOD") and DVD, has decreased from approximately six months to, in some cases, less than three months and in some more limited instances, films have been immediately released to such alternative channels without any theatrical release. In the past, more than one studio has discussed their interest in creating a new, shorter premium VOD window. We can provide no assurance that these release windows, which are determined by the film studios, will not shrink further, which could have an adverse impact on our movie theatre business and results of operations.

Piracy of motion pictures is prevalent in many parts of the world. Technological advances allowing the unauthorized dissemination of motion pictures increase the threat of piracy by making it easier to create, transmit and distribute high quality unauthorized copies of such motion pictures. The proliferation of unauthorized copies and piracy of motion pictures may have an adverse effect on our movie theatre business and results of operations.

We face competition for movie theatre patrons from a number of alternative motion picture distribution channels, such as DVD, network, cable and satellite television, video on-demand, pay-per-view television, digital downloads and streaming services. The number of streaming services has been increasing and, in some cases, streaming services are producing theatrical-quality original content that is bypassing the theatrical release window entirely. Periodically, internet ticketing intermediaries introduce services and products with the stated intention of increasing movie-going frequency. The actual impact these services and products may have on our relationship with the customer and our results of operations is unknown at this time. We also compete with other forms of entertainment competing for our patrons' leisure time and disposable income such as concerts, amusement parks, sporting events, home entertainment systems, video games and portable entertainment devices such as MP3 players, tablet computers and smart phones. An increase in popularity of these alternative film distribution channels and competing forms of entertainment may have an adverse effect on our movie theatre business and results of operations.

A deterioration in relationships with film distributors could adversely affect our ability to obtain commercially successful films or increase our costs to obtain such films.

We rely on the film distributors for the motion pictures shown in our theatres. Our business depends to a significant degree on maintaining good relationships with these distributors. Deterioration in our relationships with any of the major film distributors could adversely affect our access to commercially successful films or increase our costs to obtain such films and adversely affect our business and results of operations. Because the distribution of motion pictures is in large part regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases and consent decrees, we cannot ensure a supply of motion pictures by entering into long-term arrangements with major distributors. Rather, we must compete for licenses on a film-by-film and theatre-by-theatre basis and are required to negotiate licenses for each film and for each theatre individually. We are periodically subject to audits on behalf of the film distributors to ensure that we are complying with the applicable license agreements.

The relative industry supply of available rooms at comparable lodging facilities may adversely affect our financial results.

Historically, a material increase in the supply of new hotel rooms in a market can destabilize that market and cause existing hotels to experience decreasing occupancy, room rates and profitability. If such over-supply occurs in one or more of our major markets, we may experience an adverse effect on our hotels and resorts business and results of operations.

Adverse economic conditions in our markets may adversely affect our financial results.

Downturns or adverse economic conditions affecting the United States economy generally, and particularly downturns or adverse economic conditions in the Midwest and in our other markets, adversely affect our results of operations, particularly with respect to our hotels and resorts division. Poor economic conditions, including those resulting from the COVID-19 pandemic, can significantly adversely affect the demand of business and group travel customers, which are the largest customer segments for our hotels and resorts division. Specific economic conditions that may directly impact travel, including financial instability of air carriers and increases in gas and other fuel prices, may adversely affect our results of operations. Additionally, although our theatre business has historically performed well during economic downturns as consumers seek less expensive forms of out-of-home entertainment, a significant reduction in consumer confidence or disposable income in general may temporarily affect the demand for motion pictures or severely impact the motion picture production industry, which, in turn, may adversely affect our results of operations.

If the amount of sales made through third-party internet travel intermediaries increases significantly, consumer loyalty to our hotels could decrease and our revenues could fall.

We expect to derive most of our business from traditional channels of distribution. However, consumers now use internet travel intermediaries regularly. Some of these intermediaries are attempting to increase the importance of price and general indicators of quality (such as "four-star downtown hotel") at the expense of brand/hotel identification. These agencies hope that consumers will eventually develop brand loyalties to their reservation system rather than to our hotels. If the amount of sales made through internet travel intermediaries increases significantly and consumers develop stronger loyalties to these intermediaries rather than to our hotels, we may experience an adverse effect on our hotels and resorts business and results of operations.

Each of our business segments and properties experience ongoing intense competition.

In each of our businesses we experience intense competition from national, regional and local chain and franchise operations, some of which have substantially greater financial and marketing resources than we have. Most of our facilities are located in close proximity to other facilities which compete directly with ours. The motion picture exhibition industry is fragmented and highly competitive with no significant barriers to entry. Theatres operated by national and regional circuits and by small independent exhibitors compete with our theatres, particularly with respect to film licensing, attracting patrons and developing new theatre sites. Moviegoers are generally not brand conscious and often choose a theatre based on its location, its selection of films and its amenities. With respect to our hotels and resorts division, our ability to remain competitive and to attract and retain business and leisure travelers depends on our success in distinguishing the quality, value and efficiency of our lodging products and services from those offered by others. If we are unable to compete successfully in either of our divisions, this could adversely affect our results of operations.

We may not achieve the expected benefits and performance of our strategic initiatives and acquisitions.

Our key strategic initiatives in our theatre and hotels and resorts divisions often require significant capital expenditures to implement. We expect to benefit from revenue enhancements and/or cost savings as a result of these initiatives. However, there can be no assurance that we will be able to generate sufficient cash flow from these initiatives to provide the return on investment we anticipated from the required capital expenditures.

There also can be no assurance that we will be able to generate sufficient cash flow to realize anticipated benefits from any strategic acquisitions that we may enter into, including our acquisition of the Movie Tavern business. Although we have a history of successfully integrating acquisitions into our existing theatre and hotels and resorts businesses, any acquisition may involve operating risks, such as (1) the difficulty of assimilating and integrating the acquired operations and personnel into our current business; (2) the potential disruption of our ongoing business; (3) the diversion of management's attention and other resources; (4) the possible inability of management to maintain uniform standards, controls, policies and procedures; (5) the risks of entering markets in which we have little or no expertise; (6) the potential impairment of relationships with employees; (7) the possibility that any liabilities we may incur or assume may prove to be more burdensome than anticipated; and (8) the possibility the acquired property or properties do not perform as expected.

Our businesses are heavily capital intensive and preopening and start-up costs, increasing depreciation expenses and impairment charges may adversely affect our financial results.

Both our movie theatre and hotels and resorts businesses are heavily capital intensive. Purchasing properties and buildings, constructing buildings, renovating and remodeling buildings and investing in joint venture projects all require substantial upfront cash investments before these properties, facilities and joint ventures can generate sufficient revenues to pay for the upfront costs and positively contribute to our profitability. In addition, many growth opportunities, particularly for our hotels and resorts division, require lengthy development periods during which significant capital is committed and preopening costs and early start-up losses are incurred. We expense these preopening and start-up costs as incurred. As a result, our results of operations may be adversely affected by our significant levels of capital investments. Additionally, to the extent we capitalize our capital expenditures, our depreciation expenses may increase, thereby adversely affecting our results of operations. Several of our hotels are scheduled for reinvestment in the next two to three years.

We periodically consider whether indicators of impairment of long-lived assets held for use are present. Demographic changes, economic conditions and competitive pressures may cause some of our properties to become unprofitable. Deterioration in the performance of our properties could require us to recognize impairment losses, thereby adversely affecting our results of operations.

Our ability to identify suitable properties to acquire, develop and manage will directly impact our ability to achieve certain of our growth objectives.

A portion of our ability to successfully achieve our growth objectives in both our theatre and hotels and resorts divisions is dependent upon our ability to successfully identify suitable properties to acquire, develop and manage. Failure to successfully identify, acquire and develop suitable and successful locations for new lodging properties and theatres will substantially limit our ability to achieve these important growth objectives.

Our ability to identify suitable joint venture partners or raise investment funds to acquire, develop and manage hotels and resorts will directly impact our ability to achieve certain of our growth objectives.

In addition to acquiring or developing hotels and resorts or entering into management contracts to operate hotels and resorts for other owners, we have from time to time invested, and expect to continue to invest, in such projects as a joint venture partner. We have also indicated that we may act as an investment fund sponsor in order to acquire additional hotel properties. A portion of our ability to successfully achieve our growth objectives in our hotels and resorts division is dependent upon our ability to successfully identify suitable joint venture partners or raise investments funds to acquire, develop and manage hotels and resorts. Failure to successfully identify suitable joint venture partners or raise equity for an investment fund will substantially limit our ability to achieve these growth objectives.

Adverse economic conditions, including disruptions in the financial markets, may adversely affect our ability to obtain financing on reasonable and acceptable terms, if at all, and impact our ability to achieve certain of our growth objectives.

We expect that we will require additional financing over time, the amount of which will depend upon a number of factors, including the number of theatres and hotels and resorts we acquire and/or develop, the amount of capital required to refurbish and improve existing properties, the amount of existing indebtedness that requires repayment in a given year and the cash flow generated by our businesses. Downturns or adverse economic conditions affecting the United States economy generally, and the United States equity and credit markets specifically, may adversely impact our ability to obtain additional short-term and long-term financing on reasonable terms or at all, which would negatively impact our liquidity and financial condition. As a result, a prolonged downturn in the equity or credit markets would also limit our ability to achieve our growth objectives.

Investing through partnerships or joint ventures decreases our ability to manage risk.

Joint venture partners may have shared control or disproportionate control over the operation of our joint venture assets. Therefore, our joint venture investments may involve risks such as the possibility that our joint venture partner in an investment might become bankrupt or not have the financial resources to meet its obligations, or have economic or business interests or goals that are inconsistent with our business interests or goals, or be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives. Consequently, actions by our joint venture partners might subject hotels and resorts owned by the joint venture to additional risk. Further, we may be unable to take action without the approval of our joint venture partners. Alternatively, our joint venture partners could take actions binding on the joint venture without our consent.

Our properties are subject to risks relating to acts of God, terrorist activity and war and any such event may adversely affect our financial results.

Acts of God, natural disasters, war (including the potential for war), terrorist activity (including threats of terrorist activity), incidents of violence in public venues such as hotels and movie theatres, epidemics (such as COVID-19, SARs, bird flu and swine flu), travel-related accidents, as well as political unrest and other forms of civil strife and geopolitical uncertainty may adversely affect the lodging and movie exhibition industries and our results of operations. Terrorism or other similar incidents may significantly impact business and leisure travel or consumer choices regarding out-of-home entertainment options and consequently demand for hotel rooms or movie theatre attendance may suffer. In addition, inadequate preparedness, contingency planning, insurance coverage or recovery capability in relation to a major incident or crisis may prevent operational continuity and consequently impact the reputation of our businesses.

We rely on our information systems to conduct our business, and any failure to protect our information systems and other confidential information against cyber attacks or other information security breaches or any failure or interruption to the availability of our information systems could have a material adverse effect on our business.

The operation of our business depends on the efficient and uninterrupted operation of our and our service providers' information technology systems. Our information technology systems, and those of our service providers, may become unavailable or may fail to perform as anticipated, for any reason, including cyber attacks, loss of power, or human error. Information security risks have generally increased in recent years because of the proliferation of new technologies and the increased sophistication and activities of perpetrators of cyber attacks. Our and our service providers' information technology systems have experienced, and may experience in the future, cyber attacks and other security incidents, and any significant interruption in or failure of our information systems, or those of our service providers, or any breach of our or their information systems or other confidential information could disrupt our business, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, expose us to litigation, increase our costs or cause losses. As cyber and other information security threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures or to investigate and remediate any information security vulnerabilities.

Additionally, the legal and regulatory environment surrounding information security and privacy in the United States is constantly evolving. Violation or non-compliance with any of these laws or regulations, contractual requirements relating to data security and privacy, or with our own privacy and security policies, either intentionally or unintentionally, or through the acts of intermediaries could have a material adverse effect on our brands, reputation, business, financial condition and results of operations, as well as subject us to significant fines, litigation, losses, third-party damages and other liabilities.

Recalls of food products and associated costs could adversely affect our reputation and financial condition.

We may be found liable if the consumption of any of the food products we sell in our theatres or hotels causes illness or injury. We are also subject to recalls by product manufacturers or if food products become contaminated. Recalls could result in losses due to the cost of the recall, the destruction of the product and lost sales due to the unavailability of the product for a period of time.

We are subject to substantial government regulation, which could entail significant cost.

We are subject to various federal, state and local laws, regulations and administrative practices affecting our business, and we must comply with provisions regulating health and sanitation standards, equal employment, environmental, and licensing for the sale of food and alcoholic beverages. Our properties must also comply with Title III of the Americans with Disabilities Act of 1990 (the "ADA"). Compliance with the ADA requires that public accommodations "reasonably accommodate" individuals with disabilities and that new construction or alterations made to "commercial facilities" conform to accessibility guidelines unless "structurally impracticable" for new construction or technically infeasible for alterations. Non-compliance with the ADA could result in the imposition of injunctive relief, fines or an award of damages to private litigants or additional capital expenditures to remedy such noncompliance. Changes in existing laws or implementation of new laws, regulations and practices could also have a significant impact on our business. For example, a significant portion of our staff level employees are part time workers who are paid at or near the applicable minimum wage in the relevant jurisdiction. Increases in the minimum wage and implementation of reforms requiring the provision of additional benefits would increase our labor costs.

We are subject to complex taxation and could be subject to changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

We are subject to different forms of taxation in the federal, state and local jurisdictions where we operate. Current economic and political conditions make tax rates in any jurisdiction subject to significant change. Our future effective tax rate could be affected by changes in the mix of earnings in jurisdictions with differing tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. In addition, the tax authorities may not agree with the determinations we have made and such disagreements could result in lengthy legal disputes and, ultimately, in the payment of additional amounts for tax, interest and penalties. If our effective tax rate were to increase, or if the ultimate determination of our taxes owed in the U.S. or any of our jurisdictions is for an amount in excess of amounts previously accrued, our operating results, cash flows and financial condition could be adversely affected.

Our business and operations could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of our business strategy and impact our stock price.

While we are currently not subject to any securities litigation or shareholder activism, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of securities litigation or shareholder activism. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and divert the attention of our management and board of directors and resources from our business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation or activist shareholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation or shareholder activism.

Adverse weather conditions, particularly during the winter in the Midwest and in our other markets, may adversely affect our financial results.

Poor weather conditions adversely affect business and leisure travel plans, which directly impacts our hotels and resorts division. In addition, theatre attendance on any given day may be negatively impacted by adverse weather conditions. In particular, adverse weather during peak movie-going weekends or holiday periods may negatively affect our results of operations. Adverse winter weather conditions may also increase our snow removal and other maintenance costs in both of our divisions.

Our results are seasonal, resulting in unpredictable and varied quarterly results.

Our first fiscal quarter typically produces the weakest operating results in our hotels and resorts division due primarily to the effects of reduced travel during the winter months. Our second and third fiscal quarters often produce our strongest operating results because these periods coincide with the typical summer seasonality of the movie theatre industry and the summer strength of the lodging business. Due to the fact that the week between Christmas and New Year’s Eve is historically one of the strongest weeks of the year for our theatre division, the specific timing of the last Thursday in December has an impact on the results of our fiscal first and fourth quarters in that division, particularly when we have a 53-week year.

NEWS RELEASE

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FOR IMMEDIATE RELEASE

THE MARCUS CORPORATION ANNOUNCES LAUNCH OF $87 MILLION CONVERTIBLE SENIOR NOTES OFFERING

Milwaukee, September 17, 2020 … The Marcus Corporation (NYSE: MCS) (the "Company") announced today that it intends to offer (the "Offering"), subject to market conditions and other factors, $87 million aggregate principal amount of convertible senior notes due 2025 (the "Notes") to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The Company also intends to grant the initial purchasers of the Notes an option to purchase, within a thirteen-day period beginning on, and including, the date the Company first issues the Notes, up to an additional approximately $13 million aggregate principal amount of the Notes.

The Notes will be senior unsecured obligations of the Company and will accrue interest payable semiannually in arrears. The Notes will mature on September 15, 2025, unless earlier repurchased or converted. Prior to March 15, 2025, the Notes will be convertible at the option of the holders only during certain periods and upon satisfaction of certain conditions. On or after March 15, 2025, the Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the Notes may be settled, at the Company's election, in cash, shares of the Company's common stock or a combination thereof. The interest rate, conversion rate and other terms of the Notes will be determined at the time of pricing of the Notes.

The Company intends to use a portion of the net proceeds of the Offering to pay the cost of the capped call transactions described below. If the initial purchasers exercise their option to purchase additional Notes, the Company intends to use a portion of the net proceeds from the sale of the additional Notes to pay the cost of entering into additional capped call transactions. The Company intends to use the remaining net proceeds from the Offering to repay amounts under its revolving credit facility to the extent the net proceeds from the Offering exceed certain repayment covenant thresholds under its credit agreement and for general corporate purposes, which may include repaying additional amounts under the Company's revolving credit facility.

In connection with the pricing of the Notes, the Company expects to enter into privately negotiated capped call transactions with certain of the initial purchasers and/or their respective affiliates and/or other financial institutions (the “capped call counterparties”). The capped call transactions are expected generally to reduce the potential dilution to the Company’s common stock upon any conversion of Notes and/or offset any potential cash payments the Company is required to make in excess of the principal amount of such converted Notes, as the case may be, with such reduction and/or offset subject to a cap. The strike price and cap price of the capped call transactions and the premium paid will be determined at the time of pricing of the Notes. If the initial purchasers exercise their option to purchase additional Notes, the Company expects to enter into additional capped call transactions with the capped call counterparties.

In connection with establishing their initial hedges of the capped call transactions, the capped call counterparties have advised the Company that they and/or their respective affiliates expect to enter into various derivative transactions with respect to the Company’s common stock and/or purchase shares of the Company’s common stock concurrently with or shortly after the pricing of the Notes. This activity could increase (or reduce the size of any decrease in) the market price of the Company’s common stock or the Notes concurrently with, or shortly after, the pricing of the Notes.

In addition, the capped call counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to the Company’s common stock and/or purchasing or selling the Company’s common stock or other securities of the Company in secondary market transactions following the pricing of the Notes and prior to the maturity of the Notes. This activity could also cause or avoid an increase or a decrease in the market price of the Company’s common stock or the Notes, which could affect the ability of noteholders to convert the Notes, and, to the extent the activity occurs following conversion or during any observation period related to a conversion of the Notes, it could affect the number of shares of the Company’s common stock and value of the consideration that noteholders will receive upon conversion of the Notes.

The Notes and any shares of the Company's common stock issuable upon conversion of the Notes have not been, and will not be, registered under the Securities Act, or any state securities laws and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the rules promulgated thereunder and applicable state securities laws. The Notes will be offered only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act.

This press release does not and shall not constitute an offer to sell or the solicitation of an offer to buy any Notes or shares of the Company's common stock, nor shall there be any offer, solicitation or sale of notes or such common stock in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The Offering may be made only by means of an offering memorandum.

About The Marcus Corporation

Headquartered in Milwaukee, The Marcus Corporation is a leader in the lodging and entertainment industries, with significant company-owned real estate assets. The Marcus Corporation's theatre division, Marcus Theatres®, is the fourth largest theatre circuit in the U.S. and currently owns or operates 1,110 screens at 91 locations in 17 states under the Marcus Theatres, Movie Tavern® by Marcus and Bistro*Plex*® brands. The Company's lodging division, Marcus® Hotels & Resorts, owns and/or manages 18 hotels, resorts and other properties in eight states.

Certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements concerning the proposed terms of the Notes and the capped call transactions, the completion, timing and size of the proposed Offering and capped call and the anticipated use of proceeds from the Offering. Forward-looking statements may generally be identified as such because the context of such statements include words such as we "believe," "anticipate," "expect" or words of similar import. These statements involve risks and uncertainties that could cause actual results to differ materially from those that we expect. For information about other potential factors that could affect the Company's business and financial results, please review the "Risk Factors" described in the Company's Annual Report on Form 10-K for the year ended December 26, 2019 and the Company's Quarterly Report on Form 10-Q for the quarter ended June 25, 2020 filed with the Securities and Exchange Commission (the "SEC") and in the Company's other filings with the SEC.. The forward-looking statements made herein are made only as of the date of this press release and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances, except as required by law.