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DELTA REPORT

10-Q

PRKS - SEAWORLD ENTERTAINMENT, I

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1486
CHANGES	246
DELETIONS	923
ADDITIONS	317

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, March 31, 2023 2024

or

☐**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-35883

SeaWorld Entertainment, United Parks & Resorts Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-1220297**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6240 Sea Harbor Drive Orlando, Florida	**32821**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (407) 226-5011

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SEAS PRKS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had outstanding 63,944,033 62,490,845 shares of Common Stock, par value $0.01 per share as of November 3, 2023 May 3, 2024.

SEAWORLD ENTERTAINMENT, UNITED PARKS & RESORTS INC. AND SUBSIDIARIES

FORM 10-Q

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q may contain "forward-looking statements" within the meaning of the federal securities laws. All statements, other than statements of historical facts, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, our results of operations, financial position and our business outlook, business trends and other information, may be forward-looking statements. Words such as "might," "will," "may," "should," "estimates," "expects," "continues," "contemplates," "anticipates," "projects," "plans," "potential," "predicts," "intends," "believes," "forecasts," "future," "targeted," "goal" and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts, and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs, estimates and projections will result or be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. Such risks, uncertainties and other important factors that could cause actual results to differ materially include, among others, the risks, uncertainties and factors set forth under "Part I, Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "Annual Report on Form 10-K"), filed with the Securities and Exchange Commission (the "SEC"), and under "Part II, Item 1A., Risk Factors" in this Quarterly Report on Form 10-Q, as such risk factors may be updated from time to time in our periodic filings with the SEC, including this report, and are accessible on the SEC's website at *www.sec.gov,* including the following:

- a decline in discretionary consumer spending or consumer confidence, including any unfavorable impacts from Federal Reserve interest rate actions and inflation whic may influence discretionary spending, unemployment or the overall economy;
- various factors beyond our control adversely affecting attendance and guest spending at our theme parks, including, but not limited to, weather, natural disasters, labor shortages, inflationary pressures, supply chain delays or shortages, foreign exchange rates, consumer confidence, the potential spread of travel-related health concerns including pandemics and epidemics, travel related concerns, adverse general economic related factors including increasing interest rates, economic uncertainty, and recent geopolitical events outside of the United States, and governmental actions;
- failure to hire retain and/or retain hire employees;
- a decline in discretionary consumer spending or consumer confidence, including any unfavorable impacts from Federal Reserve interest rate actions and inflation which may influence discretionary spending, unemployment or the overall economy;
- the ability of Hill Path Capital LP and its affiliates to significantly influence our decisions and their interests may conflict with ours or yours in the future;
- increased labor costs, including minimum wage increases, and employee health and welfare benefit costs;
- complex federal and state regulations governing the treatment of animals, which can change, and claims and lawsuits by activist groups before government regulators and in the courts;
- activist and other third-party groups and/or media can pressure governmental agencies, vendors, partners, guests and/or regulators, bring action in the courts or create negati publicity about us;
- incidents or adverse publicity concerning our theme parks, the theme park industry and/or zoological facilities;
- a significant portion of our revenues have historically been generated in the States of Florida, California and Virginia, and any risks affecting such markets, such as natural disasters, closures due to pandemics, severe weather and travel-related disruptions or incidents;
- technology interruptions or failures that impair access to our websites and/or information technology systems;
- cyber security risks to us or our third-party service providers, failure to maintain or protect the integrity of internal, employee or guest data, and/or failure to abide by the evolvir cyber security regulatory environment;
- inability to compete effectively in the highly competitive theme park industry;
- interactions between animals and our employees and our guests at attractions at our theme parks;
- animal exposure to infectious disease;
- high fixed cost structure of theme park operations;
- seasonal fluctuations in operating results;
- changing consumer tastes and preferences;
- inability to remediate an identified material weakness on a timely basis;
- inability to grow our business or fund theme park capital expenditures;

- inability to realize the benefits of developments, restructurings, acquisitions or other strategic initiatives, and the impact of the costs associated with such activities;

- the effects of the global Coronavirus ("COVID-19") pandemic, or any related mutations of the virus public health events on our business and the economy in general;
- adverse litigation judgments or settlements;
- inability to protect our intellectual property or the infringement on intellectual property rights of others;
- the loss of licenses and permits required to exhibit animals or the violation of laws and regulations;
- unionization activities and/or labor disputes;
- inability to maintain certain commercial licenses;
- restrictions in our debt agreements limiting flexibility in operating our business;
- inability to retain our current credit ratings;
- our leverage and interest rate risk;
- the ability of Hill Path Capital LP and its affiliates to significantly influence our decisions and their interests may conflict with ours or yours in the future;
  - inadequate insurance coverage;
- inability to purchase or contract with third party manufacturers for rides and attractions, construction delays or impacts of supply chain disruptions on existing or new rides and attractions;
- environmental regulations, expenditures and liabilities;
- suspension or termination of any of our business licenses, including by legislation at federal, state or local levels;
- delays, restrictions or inability to obtain or maintain permits;
- inability to remediate an identified material weakness;
- financial distress of strategic partners or other counterparties;
- tariffs or other trade restrictions;
- actions of activist stockholders;
- the policies of the U.S. President and his administration or any changes to tax laws;
- changes or declines in our stock price, as well as the risk that securities analysts could downgrade our stock or our sector; and
- risks associated with our capital allocation plans and share repurchases, including the risk that our share repurchase program could increase volatility and fail to enhance stockholder value.

We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this Quarterly Report on Form 10-Q apply only as of the date of this Quarterly Report on Form 10-Q or as of the date they were made or as otherwise specified herein and, except as required by applicable law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise.

All references to "we," "us," "our," "Company" or "SeaWorld" "Company" in this Quarterly Report on Form 10-Q mean SeaWorld Entertainment, United Parks & Resorts Inc., its subsidiaries and affiliates.

Website and Social Media Disclosure

We use our websites (*www.seaworldentertainment.com* *www.unitedparks.com* and *www.seaworldinvestors.com* *www.unitedparksinvestors.com*) and at times our corporate Twitter account *(@SeaWorld)* as park and brand specific social media channels of distribution of Company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about SeaWorld the Company when you enroll your e-mail address by visiting the "E-mail Alerts" section of our website at *www.seaworldinvestors.com* *www.unitedparksinvestors.com*. The contents of our website and social media channels are not, however, a part of this Quarterly Report on Form 10-Q.

Trademarks, Service Marks and Trade Names

We own or have rights to use a number of registered and common law trademarks, service marks and trade names in connection with our business in the United States and in certain foreign jurisdictions, including United Parks & Resorts, SeaWorld Entertainment, SeaWorld Parks & Entertainment, SeaWorld®, Shamu®, Busch Gardens®, Aquatica®, Discovery Cove®, Sea Rescue® and other names and marks that identify our theme parks, characters, rides, attractions and other businesses. In addition, we have certain rights to use Sesame Street® marks, characters and related indicia through a license agreement with Sesame Workshop.

Solely for convenience, the trademarks, service marks, and trade names referred to hereafter in this Quarterly Report on Form 10-Q are without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks, and trade names. This Quarterly Report on Form 10-Q may contain additional trademarks, service marks and trade names of others, which are the property of their respective owners. All trademarks, service marks and trade names appearing in this Quarterly Report on Form 10-Q are, to our knowledge, the property of their respective owners.

PART I — FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

SEAWORLD ENTERTAINMENT, UNITED PARKS & RESORTS INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	$ 215,226	$ 79,196	$ 203,712	$ 246,922
Accounts receivable, net	80,098	71,050	80,429	73,845
Inventories	54,623	55,190	51,043	49,236
Prepaid expenses and other current assets	25,888	28,260	41,707	20,179
Total current assets	375,835	233,696	376,891	390,182
Property and equipment, at cost	3,766,620	3,576,092	3,870,671	3,814,799
Accumulated depreciation	(1,958,429)	(1,869,413)	(1,976,668)	(1,972,861)
Property and equipment, net	1,808,191	1,706,679	1,894,003	1,841,938
Goodwill	66,278	66,278	66,278	66,278
Trade names/trademarks, net	157,000	157,000	157,845	157,771
Right of use assets-operating leases	127,814	130,479	129,589	127,379
Deferred tax assets, net	11,274	12,332	8,617	8,019

Other assets, net	29,150	19,323	35,932	33,479
Total assets	$ 2,575,542	$ 2,325,787	$ 2,669,155	$ 2,625,046
Liabilities and Stockholders' Deficit				
Current liabilities:				
Accounts payable and accrued expenses	$ 146,719	$ 159,947	$ 181,078	$ 160,611
Current maturities of long-term debt	12,000	12,000	11,730	12,000
Operating lease liabilities	3,371	3,387	3,644	3,380
Accrued salaries, wages and benefits	24,412	17,423	24,762	21,204
Deferred revenue	161,082	169,535	209,933	155,614
Other accrued liabilities	58,892	46,914	58,743	58,106
Total current liabilities	406,476	409,206	489,890	410,915
Long-term debt, net	2,094,667	2,099,059	2,092,371	2,093,190
Long-term operating lease liabilities	113,057	115,396	114,791	112,724
Deferred tax liabilities, net	157,708	96,627	159,708	164,949
Other liabilities	56,030	43,163	55,459	51,484
Total liabilities	2,827,938	2,763,451	2,912,219	2,833,262
Commitments and contingencies (Note 8)				
Stockholders' Deficit:				
Preferred stock, $0.01 par value—authorized, 100,000,000 shares, no shares issued or outstanding at September 30, 2023 and December 31, 2022	—	—		
Common stock, $0.01 par value—authorized, 1,000,000,000 shares; 96,634,322 and 96,287,771 shares issued at September 30, 2023 and December 31, 2022, respectively	966	963		
Preferred stock, $0.01 par value—authorized, 100,000,000 shares, no shares issued or outstanding at March 31, 2024 and December 31, 2023			—	—
Common stock, $0.01 par value—authorized, 1,000,000,000 shares; 96,961,736 and 96,660,357 shares issued at March 31, 2024 and December 31, 2023, respectively			970	967
Additional paid-in capital	719,134	710,151	719,772	723,260
Retained earnings	370,046	175,903	398,898	410,099
Treasury stock, at cost (32,690,289 and 32,376,539 shares at September 30, 2023 and December 31, 2022, respectively)	(1,342,542)	(1,324,681)		
Treasury stock, at cost (33,065,289 and 32,690,289 shares at March 31, 2024 and December 31, 2023)			(1,362,704)	(1,342,542)
Total stockholders' deficit	(252,396)	(437,664)	(243,064)	(208,216)
Total liabilities and stockholders' deficit	$ 2,575,542	$ 2,325,787	$ 2,669,155	$ 2,625,046

See accompanying notes to unaudited condensed consolidated financial statements.

SEAWORLD ENTERTAINMENT, UNITED PARKS & RESORTS INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Net revenues:						
Admissions	$ 299,785	$ 313,574	$ 733,542	$ 739,941	$ 165,809	$ 163,863
Food, merchandise and other	248,462	251,633	604,080	600,776	131,614	129,483
Total revenues	548,247	565,207	1,337,622	1,340,717	297,423	293,346
Costs and expenses:						
Cost of food, merchandise and other revenues	40,431	41,385	101,862	105,943	23,047	23,221
Operating expenses (exclusive of depreciation and amortization shown separately below)	205,808	215,899	574,210	559,320	164,883	172,674
Selling, general and administrative expenses	59,705	53,082	176,152	155,299	47,877	48,281
Severance and other separation costs	(139)	—	521	113	293	4
Depreciation and amortization	39,171	37,216	114,396	114,379	39,182	37,394
Total costs and expenses	344,976	347,582	967,141	935,054	275,282	281,574
Operating income	203,271	217,625	370,481	405,663	22,141	11,772
Other (income) expense, net	(21)	(66)	20	(110)		
Other expense, net					180	46
Interest expense	37,052	30,556	110,407	82,736	38,777	36,401
Income before income taxes	166,240	187,135	260,054	323,037		
Provision for income taxes	42,685	52,578	65,911	80,857		
Net income	$ 123,555	$ 134,557	$ 194,143	$ 242,180		
Earnings per share:						
Earnings per share, basic	$ 1.93	$ 2.00	$ 3.04	$ 3.39		
Earnings per share, diluted	$ 1.92	$ 1.99	$ 3.01	$ 3.36		
Loss before income taxes					(16,816)	(24,675)
Benefit from income taxes					(5,615)	(8,208)
Net loss					$ (11,201)	$ (16,467)

Loss per share:						
Net loss per share, basic					$ (0.17)	$ (0.26)
Net loss per share, diluted					$ (0.17)	$ (0.26)
Weighted average common shares outstanding:						
Basic	63,954	67,176	63,955	71,450	64,016	63,978
Diluted	64,319	67,569	64,425	72,130	64,016	63,978

See accompanying notes to unaudited condensed consolidated financial statements.

SEAWORLD ENTERTAINMENT, UNITED PARKS & RESORTS INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' DEFICIT
(In thousands, except share amounts)

	Shares of Common Stock Issued	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock, at Cost	Total Stockholders' Deficit	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock, at Cost	Total Stockholders' Deficit
Balance at December 31, 2022	96,287,771	$ 963	$ 710,151	$ 175,903	$ (1,324,681)	$ (437,664)						
Balance at December 31, 2023							96,660,357	$ 967	$ 723,260	$ 410,099	$ (1,342,542)	$ (208,216)
Equity-based compensation	—	—	4,482	—	—	4,482	—	—	3,520	—	—	3,520
Vesting of restricted shares	273,134	3	(3)	—	—	—	425,904	4	(4)	—	—	—
Shares withheld for tax withholdings	(86,914)	(1)	(5,568)	—	—	(5,569)	(142,136)	(1)	(7,459)	—	—	(7,460)
Exercise of stock options	22,793	—	565	—	—	565	17,611	—	455	—	—	455
Repurchase of 375,000 shares of treasury stock, at cost							—	—	—	—	(20,162)	(20,162)
Net loss	—	—	—	(16,467)	—	(16,467)	—	—	—	(11,201)	—	(11,201)
Balance at March 31, 2023	96,496,784	965	709,627	159,436	(1,324,681)	(454,653)						
Equity-based compensation	—	—	3,725	—	—	3,725						

Vesting of restricted shares	53,735	—	—	—	—	—						
Shares withheld for tax withholdings	(13,118)	—	(771)	—	—	(771)						
Exercise of stock options	45,248	1	1,078	—	—	1,079						
Repurchase of 235,000 shares of treasury stock, at cost	—	—	—	—	(13,947)	(13,947)						
Net income	—	—	—	87,055	—	87,055						
Balance at June 30, 2023	96,582,649	966	713,659	246,491	(1,338,628)	(377,512)						
Equity-based compensation	—	—	4,602	—	—	4,602						
Vesting of restricted shares	20,986	—	—	—	—	—						
Shares withheld for tax withholdings	(4,289)	—	(221)	—	—	(221)						
Exercise of stock options	34,976	—	1,094	—	—	1,094						
Repurchase of 78,750 shares of treasury stock, at cost	—	—	—	—	(3,914)	(3,914)						
Net income	—	—	—	123,555	—	123,555						
Balance at September 30, 2023	96,634,322	$ 966	$ 719,134	$ 370,046	$ (1,342,542)	$ (252,396)						
Balance at March 31, 2024							96,961,736	$ 970	$ 719,772	$ 398,898	$ (1,362,704)	$ (243,064)

	Shares of Common Stock Issued	Common Stock	Additional Paid-In Capital	(Accumulated Deficit) Retained Earnings	Treasury Stock, at Cost	Total Stockholders' Deficit	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock, at Cost	Total Stockholders' Deficit
Balance at December 31, 2021	95,541,992	$ 955	$ 711,474	$ (115,287)	$ (631,058)	$ (33,916)						
Balance at December 31, 2022							96,287,771	$ 963	$ 710,151	$ 175,903	$ (1,324,681)	$ (437,664)
Equity-based compensation	—	—	6,982	—	—	6,982	—	—	4,482	—	—	4,482
Vesting of restricted shares	361,403	4	(4)	—	—	—	273,134	3	(3)	—	—	—
Shares withheld for tax withholdings	(111,865)	(1)	(7,737)	—	—	(7,738)	(86,914)	(1)	(5,568)	—	—	(5,569)

Exercise of stock options	46,503	—	1,127	—	—	1,127	22,793	—	565	—	—	565
Repurchase of 1,535,427 shares of treasury stock, at cost	—	—	—	—	(109,905)	(109,905)						
Net loss	—	—	—	(8,987)	—	(8,987)	—	—	—	(16,467)	—	(16,467)
Balance at March 31, 2022	95,838,033	958	711,842	(124,274)	(740,963)	(152,437)						
Equity-based compensation	—	—	2,549	—	—	2,549						
Vesting of restricted shares	545,819	6	(6)	—	—	—						
Shares withheld for tax withholdings	(201,442)	(2)	(14,327)	—	—	(14,329)						
Exercise of stock options	29,783	—	808	—	—	808						
Repurchase of 6,341,755 shares of treasury stock, at cost	—	—	—	—	(354,652)	(354,652)						
Net income	—	—	—	116,610	—	116,610						
Balance at June 30, 2022	96,212,193	962	700,866	(7,664)	(1,095,615)	(401,451)						
Equity-based compensation	—	—	4,444	—	—	4,444						
Vesting of restricted shares	13,432	—	—	—	—	—						
Shares withheld for tax withholdings	(2,183)	—	(115)	—	—	(115)						
Exercise of stock options	32,401	1	759	—	—	760						
Repurchase of 3,163,547 shares of treasury stock, at cost	—	—	—	—	(158,497)	(158,497)						
Net income	—	—	—	134,557	—	134,557						
Balance at September 30, 2022	96,255,843	$ 963	$ 705,954	$ 126,893	$ (1,254,112)	$ (420,302)						
Balance at March 31, 2023							96,496,784	$ 965	$ 709,627	$ 159,436	$ (1,324,681)	$ (454,653)

See accompanying notes to unaudited condensed consolidated financial statements.

SEAWORLD ENTERTAINMENT, UNITED PARKS & RESORTS INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the Nine Months Ended September 30,		For the Three Months Ended March 31,	
	2023	2022	2024	2023
Cash Flows From Operating Activities:				
Net income	$ 194,143	$ 242,180		
Adjustments to reconcile net income to net cash provided by operating activities:				
Net loss			$ (11,201)	$ (16,467)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	114,396	114,379	39,182	37,394
Amortization of debt issuance costs and discounts	4,608	4,685	1,481	1,542
Deferred income tax provision	62,139	78,056		
Loss on early extinguishment and modification of debt			542	—
Deferred income tax benefit			(5,840)	(8,417)
Equity-based compensation	12,809	13,975	3,520	4,482
Other, including loss on sale or disposal of assets, net	22,236	11,906	5,594	3,221
Changes in assets and liabilities:				
Accounts receivable	(13,181)	1,160	(8,453)	(1,361)
Inventories	413	(30,739)	(1,844)	(3,936)
Prepaid expenses and other current assets	3,699	(4,401)	(21,320)	(6,863)
Accounts payable and accrued expenses	(6,823)	11,176	13,473	(345)
Accrued salaries, wages and benefits	6,989	(2,996)	3,558	5,377
Deferred revenue	(4,383)	17,815	55,913	42,072
Other accrued liabilities	9,095	7,779	(2,641)	(1,276)
Right-of-use assets and operating lease liabilities	329	469		
Right of use assets and operating lease liabilities			121	104
Other assets and liabilities	(8,012)	3,430	(639)	(5,231)
Net cash provided by operating activities	398,457	468,874	71,446	50,296
Cash Flows From Investing Activities:				
Capital expenditures	(234,218)	(150,729)	(87,286)	(69,758)
Other investing activities			(74)	—
Net cash used in investing activities	(234,218)	(150,729)	(87,360)	(69,758)
Cash Flows From Financing Activities:				
Repayments of long-term debt	(9,000)	(9,000)	(2,933)	(3,000)
Proceeds from draws on revolving credit facility	20,000	—	—	20,000
Repayments of revolving credit facility	(20,000)	—	—	(20,000)
Purchase of treasury stock	(17,861)	(617,756)	(16,898)	—
Payment of tax withholdings on equity-based compensation through shares withheld	(6,561)	(22,182)	(7,460)	(5,569)
Exercise of stock options	2,738	2,695	455	565
Debt issuance costs	—	(469)	(179)	—
Other financing activities	(649)	(427)	(281)	(93)
Net cash used in financing activities	(31,333)	(647,139)	(27,296)	(8,097)
Change in Cash and Cash Equivalents, including Restricted Cash	132,906	(328,994)	(43,210)	(27,559)
Cash and Cash Equivalents, including Restricted Cash—Beginning of period	82,320	444,486	246,922	82,320

Cash and Cash Equivalents, including Restricted Cash—End of period	$ 215,226	$ 115,492	$ 203,712	$ 54,761
Supplemental Disclosure of Noncash Investing and Financing Activities:				
Supplemental Disclosure of Noncash Investing and Financing Activities				
Capital expenditures in accounts payable	$ 34,466	$ 32,671	$ 57,556	$ 45,548
Right-of-use assets obtained in exchange for financing lease obligations	$ 2,900	$ 5,298		
Treasury stock purchases not yet settled in other accrued liabilities			$ 3,264	$ —

See accompanying notes to unaudited condensed consolidated financial statements.

SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION

Description of the Business

United Parks & Resorts Inc., previously SeaWorld Entertainment, Inc., through its wholly-owned subsidiary, SeaWorld Parks & Entertainment, Inc. ("SEA") (collectively, the "Company"), owns and operates twelve theme parks within the United States. The Company operates and/or licenses SeaWorld theme parks in Orlando, Florida; San Antonio, Texas; and San Diego, California; and Abu Dhabi, United Arab Emirates and Busch Gardens theme parks in Tampa, Florida and Williamsburg, Virginia. The Company operates water park attractions in Orlando, Florida (Aquatica); San Antonio, Texas (Aquatica); Tampa, Florida (Adventure Island); and Williamsburg, Virginia (Water Country USA). The Company also operates a reservations-only theme park in Orlando, Florida (Discovery Cove) and Sesame Place theme parks in Langhorne, Pennsylvania and Chula Vista, California.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 2022 December 31, 2023 included in the Company's Annual Report on Form 10-K filed with the SEC. The unaudited condensed consolidated balance sheet as of December 31, 2022 December 31, 2023 was derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K.

In the opinion of management, such unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods, but are not necessarily indicative of the results of operations for the year ending December 31, 2023 December 31, 2024 or any future period due in part to the seasonal nature of the Company's operations. Based upon historical results, the Company typically generates its highest revenues in the second and third quarters of each year and incurs a net loss in the first quarter, in part because four of its theme parks were historically only open for a portion of the year. In the year ended December 31, 2022, we opened our Sesame Place San Diego park which has been, and is expected to continue to be, open more operating days than the Aquatica San Diego park it replaced, particularly in the first and fourth quarters of the year.

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, including SEA. All intercompany accounts have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions include, but are not limited to, the accounting for self-insurance reserves, income taxes, revenue recognition and reviews for potential impairment of long-lived assets. Estimates are based on various factors including current and historical trends, as well as other pertinent company and industry data. The Company regularly evaluates this information to determine if it is necessary to update the basis for its estimates and to adjust for known changes. Actual results could differ from those estimates.

Segment Reporting

The Company maintains discrete financial information for each of its twelve theme parks, which is used by the Chief Operating Decision Maker ("CODM"), as a basis for allocating resources and assessing performance. Each theme park has been identified as an operating segment and meets the criteria for aggregation due to similar economic characteristics.

In addition, all of the Company's theme parks provide similar products and services and share similar processes for delivering services. The theme parks have a high degree of similarity in the workforces and target similar consumer groups. Accordingly, based on these economic and operational similarities and the way the CODM monitors and makes decisions affecting the operations, the Company has concluded that its operating segments may be aggregated and that it has one reportable segment.

Restricted Cash

Restricted cash is recorded in prepaid expenses and other current assets in the accompanying unaudited condensed consolidated balance sheets. Restricted cash as of December 31, 2022 consists primarily of advanced funds for which costs had yet to be incurred related to the Company's international services agreements, as discussed in the "International Agreements" section which follows.

	September 30, 2023	December 31, 2022
	(In thousands)	
Cash and cash equivalents	$ 215,226	$ 79,196
Restricted cash, included in prepaid expenses and other current assets	—	3,124
Total cash, cash equivalents and restricted cash	$ 215,226	$ 82,320

Share Repurchase Programs and Treasury Stock

From time to time, the Company's Board of Directors (the "Board") may authorize share repurchases of common stock. Shares repurchased under Board authorizations are currently held in treasury for general corporate purposes. The Company accounts for treasury stock on the trade date under the cost method. Treasury stock at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is reflected within stockholders' deficit. See further discussion of the Company's share repurchase programs in Note 10–Stockholders' Deficit.

Revenue Recognition

Admissions revenue primarily consists of single-day tickets, annual or season passes or other multi-day or multi-park admission products. Admission products with similar characteristics are analyzed using a portfolio approach for each separate park as the Company expects that the effects on the consolidated financial statements of applying ASC 606 to the portfolio does not differ materially from applying the guidance to individual contracts within the portfolio. For single-day tickets, the Company recognizes revenue at a point in time, upon admission to the park. Annual passes, season passes, or other multi-day or multi-park passes allow guests access to specific parks over a specified time period. For these pass and multi-use products, revenue is deferred and recognized over the terms of the admission product based on estimated redemption rates for similar products and is adjusted periodically. The Company estimates redemption rates using historical and forecasted attendance trends by park for similar products. Attendance trends factor in seasonality and are adjusted based on actual trends periodically. These estimated redemption rates impact the timing of when revenue is recognized on these products. Actual results could materially differ from these estimates based on actual attendance patterns. Revenue is recognized on a pro-rata basis based on the estimated allocated selling price of the admission product. For pass products purchased on an installment plan that have met their initial commitment period and have transitioned to a month-to-month basis, monthly charges are recognized as revenue as payments are received each month. For certain multi-day admission products, revenue is allocated based on the number of visits included in the pass and recognized ratably based on each admission into the theme park.

Food, merchandise and other revenue primarily consists of food and beverage, retail, merchandise, parking, other in-park products and service fees, and other miscellaneous revenue, including online transaction fees and revenue from the Company's international agreements, not necessarily generated in our parks, which is not significant in the periods presented. The Company recognizes revenue for food and beverage, merchandise and other in-park products when the related products or services are received by the guests.

Deferred revenue primarily includes revenue associated with pass products, admission or in-park products or services with a future intended use date and contract liability balances related to licensing and international agreements collected in advance of the Company satisfying its performance obligations and is expected to be recognized in future periods. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the long-term portion of deferred revenue included in other liabilities in the accompanying unaudited condensed consolidated balance sheets primarily relates to the Company's international agreements, as discussed in the following section.

The following table reflects the Company's deferred revenue balance as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023

	(In thousands)		(In thousands)	
Deferred revenue, including long-term portion	$ 177,025	$ 183,772	$ 224,007	$ 169,967
Less: Deferred revenue, long-term portion, included in other liabilities	15,943	14,237	14,074	14,353
Deferred revenue, short-term portion	$ 161,082	$ 169,535	$ 209,933	$ 155,614

The Company estimates approximately $164.2 65.1 million of the deferred revenue, short term portion, balance outstanding as of December 31, 2022 December 31, 2023 was recognized as revenue during the nine three months ended September 30, 2023 March 31, 2024. For certain admission products, the Company estimated timing of redemption using average historical redemption rates.

International Agreements

The Company has previously received $10.0 million in deferred revenue which is recorded in other liabilities related to a nonrefundable payment received from a partner in connection with a project In May 2023, SeaWorld Abu Dhabi, the first SeaWorld branded park outside the United States, opened on Yas Island in the Middle United Arab Emirates (the "Middle East to provide Project"). The first-of-its-kind marine life themed park was built through a partnership with Miral Asset Management LLC. As part of this partnership, the Company receives sales based royalties, certain incentive fees and other service based payments. Additionally, the Company provided certain services pertaining to the planning and design of the Middle East Project, with funding received from our partner in the Middle East expected to offset our internal expenses. Revenue and expenses associated with the above items (collectively the “Middle East Agreements”) began to be recognized when substantially all the services had been performed which occurred when SeaWorld Abu Dhabi a marine life theme park on Yas Island which opened in May 2023 (the “Middle East Project”), with funding received expected to offset internal expenses. 2023.

The Company also received additional funds, some of which were advanced, from its partner related to agreed-upon services and reimbursements of costs incurred by the Company on behalf of the Middle East Project (the “Middle East Services Agreements”).

Revenue and expenses associated with the Middle East Project began to be recognized when substantially all the services were complete which occurred when SeaWorld Abu Dhabi opened. Revenue and expenses associated with the Middle East Services Agreements will be were recognized upon completion of the respective performance obligations.

As a result of the Middle East Project, approximately $0.6 million obligations and $0.5 million of costs incurred by the Company are recorded in prepaid expenses and other current assets have no further obligations as of September 30, 2023 and December 31, 2022, respectively, and approximately $12.1 million and $11.2 million of other related costs incurred are recorded in other assets in the accompanying unaudited condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022, respectively. Separately, deferred revenue of approximately $0.8 million and $0.6 million is recorded in deferred revenue as of September 30, 2023 and December 31, 2022, respectively, and approximately $14.4 million and $14.2 million of long-term deferred revenue is recorded in other liabilities in the accompanying unaudited condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022, respectively, related to the Middle East Project, which includes the $10.0 million nonrefundable payment previously discussed for each period.

As a result of the Middle East Services Agreements, approximately $2.0 million of costs incurred by the Company are recorded in prepaid expenses and other current assets in the accompanying unaudited condensed consolidated balance sheets as of December 31, 2022. Separately, deferred revenue of approximately $5.1 million is recorded in deferred revenue in the accompanying unaudited condensed consolidated balance sheets as of December 31, 2022 December 31, 2023.

2. RECENT ACCOUNTING PRONOUNCEMENTS

The Company reviews new accounting pronouncements as they are issued or proposed by the Financial Accounting Standards Board (“FASB”). There

Recently Issued Accounting Standards

In March 2024, the SEC issued its final rule on the enhancement and standardization of climate-related disclosures for investors. These wide-ranging disclosures require annual disclosure of material greenhouse gas emissions as well as disclosure of governance, risk management and strategy related to material climate-related risks. Within the notes to financial statements, the final rule requires disclosure of expenditures recognized, subject to certain thresholds, attributable to severe weather. Outside of the financial statements, the final rule requires qualitative and quantitative disclosures about material scope 1 and scope 2 greenhouse gas emissions. Also required is disclosure of the risk management process and the oversight practices of the Board of Directors and management related to climate-related risks.

In April 2024, the SEC voluntarily stayed the new rules as a result of pending legal challenges. The new rules, absent the results of pending legal challenges, are no recent accounting pronouncements or recently implemented accounting standards that currently expected to be effective beginning with the Company’s fiscal year starting January 1, 2025, except for those relating to greenhouse gas emissions, which are expected to have a material be effective starting January 1, 2026. The Company is currently evaluating the rule to determine the impact on the Company’s unaudited condensed its consolidated financial statements or and disclosures.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures* that requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the effect of adopting this new accounting guidance.

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures* to enhance disclosures about significant segment expenses. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the effect of adopting this new accounting guidance.

3. EARNINGS LOSS PER SHARE

Earnings Loss per share is computed as follows:

	For the Three Months Ended September 30,					
	2023			2022		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
	(In thousands, except per share amounts)					
Basic earnings per share	$ 123,555	63,954	$ 1.93	$ 134,557	67,176	$ 2.00
Effect of dilutive incentive-based awards		365			393	
Diluted earnings per share	$ 123,555	64,319	$ 1.92	$ 134,557	67,569	$ 1.99

	For the Three Months Ended March 31,					
	2024			2023		
	Net Loss	Shares	Per Share Amount	Net Loss	Shares	Per Share Amount
	(In thousands, except per share amounts)					
Basic loss per share	$ (11,201)	64,016	$ (0.17)	$ (16,467)	63,978	$ (0.26)
Effect of dilutive incentive-based awards		—			—	
Diluted loss per share	$ (11,201)	64,016	$ (0.17)	$ (16,467)	63,978	$ (0.26)

	For the Nine Months Ended September 30,					
	2023			2022		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
	(In thousands, except per share amounts)					
Basic earnings per share	$ 194,143	63,955	$ 3.04	$ 242,180	71,450	$ 3.39
Effect of dilutive incentive-based awards		470			680	
Diluted earnings per share	$ 194,143	64,425	$ 3.01	$ 242,180	72,130	$ 3.36

In accordance with the *Earnings Per Share* Topic of the Accounting Standards Codification ("ASC"), basic earnings loss per share is computed by dividing net income loss by the weighted average number of shares of common stock outstanding during the period (excluding treasury stock and unvested restricted stock awards). Unvested restricted stock awards are eligible to receive dividends, if any; however, dividend rights will be forfeited if the award does not vest. Accordingly, only vested shares of formerly restricted stock are included in the calculation of basic earnings loss per share. The weighted average number of repurchased shares during the period, if any, which are held as treasury stock, are excluded from shares of common stock outstanding.

Diluted earnings loss per share is determined using the treasury stock method based on the dilutive effect of certain unvested restricted stock awards and certain shares of common stock that are issuable upon exercise of stock options. During the three and nine months ended September 30, 2023, there There were approximately 491,000 1,325,000 and 424,000 1,225,000 anti-dilutive potentially dilutive shares excluded from the computation of diluted earnings loss per share respectively. During during the three and nine months ended September 30, 2022, there were approximately March 31, 2024 and 2023, respectively, as their effect would have been anti-dilutive due to the Company's net loss in those periods. Approximately 328,000 385,000 and 246,000 610,000 anti-dilutive shares excluded from of the computation of diluted earnings per share, respectively. The Company's outstanding performance-vesting restricted stock awards of approximately 912,000 and 1,015,000 as of September 30, 2023 March 31, 2024 and 2022, 2023, respectively, are considered contingently issuable shares and are excluded from the calculation of diluted earnings loss per share until the performance measure criteria is met as of the end of the reporting period.

4. INCOME TAXES

Income tax expense or benefit and the Company's effective tax rate is based upon the tax rate expected for the full calendar year applied to the year-to-date pretax income or loss of the interim period, plus the tax effect of any year-to-date discrete tax items. The Company's consolidated effective tax rate for the three and nine months ended September 30, 2023 March 31, 2024 and 2023 was 25.7 33.4% and 25.3 33.3%, respectively, and for the three and nine months ended September 30, 2022 was 28.1% and 25.0%, respectively. The Company's effective tax rates over these periods differ differs from the effective statutory federal income tax rate of 21.0% primarily due to state income taxes and other compensation related items, partially offset by a tax benefit related to equity-based compensation which vested during the period.

Due to the uncertainty of realizing the benefit from deferred tax assets, tax positions are reviewed at least quarterly by assessing future expected taxable income from all sources. Realization of deferred tax assets, primarily arising from net operating loss carryforwards and charitable contribution carryforwards, is dependent upon generating sufficient taxable income prior to expiration of the carryforwards. Based on its analysis, the Company believes that some of its deferred tax assets may not be realized. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company's valuation allowance consisted of approximately $4.8 5.0 million, and $4.6 million, respectively, net of federal tax benefit, on the deferred tax assets related to state net operating loss carryforwards.

The Company has determined that there are no positions currently taken that would rise to a level requiring an amount to be recorded or disclosed as an unrecognized tax benefit. If such positions do arise, it is the Company's intent that any interest or penalty amount related to such positions will be recorded as a component of the income tax provision (benefit) in the applicable period.

The Inflation Reduction Act ("IRA") of 2022 was signed into law on August 16, 2022. This legislation includes a 15% corporate alternative minimum tax and a 1% excise tax on stock repurchases among its key tax provisions effective for years beginning after December 31, 2022. The Company does not anticipate a material impact for either of these provisions.

5. OTHER ACCRUED LIABILITIES

Other accrued liabilities at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, consisted of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(In thousands)		*(In thousands)*	
Accrued interest	$ 13,663	$ 18,483	$ 13,963	$ 18,480
Accrued taxes	12,893	3,284	8,846	4,169
Self-insurance reserve	10,537	8,608	13,218	13,218
Other	21,799	16,539	22,716	22,239
Total other accrued liabilities	$ 58,892	$ 46,914	$ 58,743	$ 58,106

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, other accrued liabilities above includes approximately $15.1 16.0 million and $10.9 15.6 million, respectively related to certain legal matters, contractual liabilities and respective assessments arising from the previously disclosed temporary COVID-19 park closures. As of March 31, 2024, other accrued liabilities above also includes approximately $

million related to share repurchases not yet settled. See further discussion of the Company's share repurchase programs in Note 10–Stockholders' Deficit.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, accrued interest above primarily relates to interest associated with the Company's first-priority senior secured notes issued in April 2020, for which interest is paid bi-annually in November and May and the senior notes issued in August 2021, for which interest is paid bi-annually in February and August. See further discussion in Note 6–Long-Term Debt.

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6. LONG-TERM DEBT

Long-term debt, net, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 consisted of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(In thousands)		(In thousands)	
Term B Loans (effective interest rate of 8.43% and 7.44% at September 30, 2023 and December 31, 2022, respectively)	$ 1,176,000	$ 1,185,000		
Senior Notes due 2029 (interest rate of 5.25%)	725,000	725,000		
First-Priority Senior Secured Notes due 2025 (interest rate of 8.75%)	227,500	227,500		
Term B-2 Loans (effective interest rate of 7.83% at March 31, 2024)			$ 1,170,068	$ —
Term B Loans (effective interest rate of 8.47% at December 31, 2023)			—	1,173,000
Senior Notes due 2029 (interest rate of 5.25%)			725,000	725,000
First-Priority Senior Secured Notes due 2025 (interest rate of 8.75%)			227,500	227,500
Total long-term debt	2,128,500	2,137,500	2,122,568	2,125,500
Less: unamortized discounts and debt issuance costs	(21,833)	(26,441)	(18,467)	(20,310)
Less: current maturities	(12,000)	(12,000)	(11,730)	(12,000)
Total long-term debt, net	$ 2,094,667	$ 2,099,059	$ 2,092,371	$ 2,093,190

Refinancing Transactions

On August 25, 2021, SEA entered into a Restatement Agreement (the "Restatement Agreement") pursuant to which SEA amended and restated its existing senior secured credit agreement dated as of December 1, 2009 (as amended, restated, supplemented or otherwise modified from time to time, and the senior secured credit facilities thereunder (the "Existing Secured Credit Facilities"), and, as amended and restated by the Restatement Agreement and certain amendments (the "Amended and Restated Credit Agreement").

On June 12, 2023, the Company SEA amended the Amended and Restated Credit Agreement to replace the LIBOR-based benchmark rates with Term SOFR-based benchmark rates plus credit spread adjustments of 0.11448%, 0.26161% and 0.42826% for interest periods of one, three and six months, respectively, due to reference rate reform ("Adjusted Term SOFR"). The Term SOFR-based benchmark rate became effective as of July 1, 2023. There were no changes to any material terms of the Amended and Restated Credit Agreement that were unrelated to the replacement of the LIBOR-based benchmark rates.

The

On January 22, 2024, SEA further amended the Amended and Restated Credit Agreement provides for senior secured financing to incur an aggregate principal amount of up to approximately $1,585.0 1,173 million consisting of:

(i) a of Term B-2 Loans under the Amended and Restated Credit Agreement (the "Term B-2 Loans") to refinance the first lien

7. FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement, not an entity-specific

8. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED

9. EQUITY-BASED COMPENSATION

In accordance with ASC 718, *Compensation-Stock Compensation*, the Company measures the cost of employee services rendered in exchange for share-

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10. STOCKH

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term loan facility (the "Term Loan Facility" and the loans thereunder, the "Term B Loans"). Borrowings under the Term B-2 Loans bear interest at a fluctuating rate per annum equal to, at SEA's option, (i) ABR (provided that in no event shall such ABR rate with respect to the Term B-2 Loans be less than 1.50% per annum) plus an applicable margin equal to 1.50% or (ii) Adjusted Term SOFR (provided that in no event shall such Adjusted Term SOFR rate with respect to the Term B-2 Loans be less than 0.50%) plus an applicable margin equal to 2.50%.

On May 2, 2024, the SEA further amended the Amended and Restated Credit Agreement to incur an aggregate principal amount of $380.0 million of Incremental Term B-2 Loans under the Credit Agreement (the "Incremental Term B-2 Loans") to finance the redemption of the First-Priority Senior Secured Notes (as defined below) and for general corporate purposes. The Incremental Term B-2 Loans will be subject to the same affirmative and negative covenants and events of default as the existing Term B-2 Loans. The

measurement. Therefore, a fair value measurement is required to be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Sesame Workshop Arbitration

On February 4, 2022, Sesame Workshop delivered notice asserting that the Company failed to pay an additional royalty payment for 2021 under its licensing agreement with the Company (the "Licensing Agreement"). The Company had previously accrued for the additional amount claimed in other accrued liabilities in the accompanying unaudited condensed consolidated balance sheet as of December 31, 2022. On June 27, 2022, pursuant to the License Agreement, Sesame Workshop initiated arbitration seeking a finding that its calculation of the amount of the 2021 royalty payment was correct. Sesame Workshop did not seek any modification or termination of the Licensing Agreement in the arbitration. The arbitration panel made an award on May 22, 2023 to Sesame Workshop for royalties, interest on the award, arbitration fees and expenses, which amounts are accrued for in other accrued liabilities in the accompanying unaudited condensed consolidated balance sheet as of September 30, 2023, however, the Company is challenging the

FINANCIAL STATEMENTS

based compensation based upon the grant date fair market value. The cost is recognized over the requisite service period, which is generally the vesting period unless service or performance conditions require otherwise. The Company recognizes the impact of forfeitures as they occur.

Equity compensation expense is included in operating expenses and in selling, general and administrative expenses in the accompanying unaudited condensed consolidated statements of operations as follows:

For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended March 31,	
2023	2022	2023	2022	2024	2023
(In thousands)				*(In thousands)*	

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B-2 Loans. The Amendment requires scheduled amortization payments on the term loans in quarterly amounts equal to 0.25062656641604% of the original principal amount of the existing Term B-2 Loans and the Incremental Term B-2 Loans, payable quarterly, with the balance to be paid at maturity on August 25, 2028. Also on May 2, 2024, SEA completed the redemption for all of the $227.5 million aggregate principal amount of the First-Priority Senior Secured Notes.

As of March 31, 2024, the Amended and Restated Credit Agreement provides for senior secured financing of up to $1,563.0 million, consisting of:

(i) the "Term B-2 Loans", in an aggregate principal amount of $1,200.0 1,173.0 million which was fully drawn on August 25, 2021. The Term Loan Facility B-2 Loans will mature on August 25, 2028; and

(ii) a first lien revolving credit facility (the "Revolving Credit Facility" (and the loans thereunder, the "Revolving Loans") and, together with the

Of the Company's long-term obligations as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Term B-2 Loans and Term B Loans are classified in Level 2 of the fair value hierarchy and the First-Priority Senior Secured Notes and the Senior Notes are classified in Level 1 of the fair value hierarchy. The fair value of the Term B-2 Loans and Term B Loans approximates their carrying value, excluding unamortized debt issuance costs and discounts, due to the variable nature of the underlying interest rates and the frequent intervals at which such interest rates are reset. The fair value of the First-Priority Senior Secured Notes and Senior Notes was determined using quoted prices in active markets for identical instruments. See Note 6–Long-Term Debt for further details.

The Company did not have any assets measured on a recurring basis at fair value at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The Company maintains its long-term liabilities at carrying value, net of unamortized debt issuance costs and discounts in the unaudited condensed

decision of the arbitration panel. On August 7, 2023, Sesame Workshop filed a Petition to Confirm Arbitration Award, and in response, the Company filed a Cross Motion to Vacate. At this time, the Company does not anticipate any exposure to loss in excess of amounts accrued to be material.

Other Lawsuits

In October 2018, the Company received a demand letter from attorneys representing certain former employees who claim that the terms of their respective separation agreements entitle them to certain favorable modifications made to certain performance-vesting restricted shares (the "Tranche 3 Shares") issued under the Company's 2013 Omnibus Incentive Plan (the "Plan").

In November 2020, the Company filed in the Court of Chancery of the State of Delaware an action for declaratory judgment seeking a determination that the threatened claims of the former employees are time-barred and without merit. In response, the defendant former employees filed a motion to dismiss or in the alternative to stay and compel arbitration. After an arbitration process agreed to by

Equity compensation expense included in operating expenses	67$1	96$1	1,21$5	3,61$5	$ 243	$ 534
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together with the Term Loan Facility, the “Senior Secured Credit Facilities”), in an aggregate committed principal amount of $385.0 million, including both a letter of credit sub-facility and a swingline loan sub-facility. The Revolving Credit Facility will mature on August 25, 2026. On June 9, 2022, SEA entered into an incremental amendment to the Amended and Restated Credit Agreement to increase the revolving facility commitments under the Revolving Credit Facility by $5.0 million bringing the aggregate committed principal amount to $390.0 million as of such date.

On August 1, 2023, the Company launched an opportunistic repricing amendment for the Term Loan Facility under that certain Amended and Restated Credit Agreement, dated as of August 25, 2021 (and as amended on June 9, 2022 and June 12, 2023), among the Company, SEA, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, to, among other things, reprice the

consolidated balance sheet.

The following table presents the Company’s estimated fair value measurements and related classifications for liabilities measured on a recurring basis as of September 30, 2023 March 31, 2024.

Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2023
(In thousands)			

the parties determined that the claims were not subject to arbitration. On August 10, 2022, the defendant former employees filed answers, affirmative defenses and counterclaims. On October 10, 2022, the Company filed motions for judgment on the pleadings and to dismiss the counterclaims. The defendant former employees opposed the motions and oral arguments for the parties’ motions and counterclaims were held before the Court of Chancery, on March 29, 2023. On May 26, 2023, the Court of Chancery granted the Company’s motion for judgment on the pleadings and dismissed with prejudice the defendant former employees’ counterclaims. The defendant former employees filed a notice of appeal before the Delaware Supreme Court, on June 21, 2023. In terms of potential exposure, Oral arguments were held on February 14, 2024. On February 15, 2024, the value of Delaware Supreme Court affirmed the total shares at issue for these certain former employees depends largely upon Chancery Court’s judgment that granted the Company’s current share price, which fluctuates daily. Approximately motion for judgment on the

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existing Term Loan Facility thereunder. The Company subsequently canceled the opportunistic repricing due to unfavorable market conditions unrelated to the Company. 13

Long-term obligations (a)	$ 867,184	$ 1,176,000	$ —	$ 2,043,184
Quoted Prices in Active Markets for Identical Assets and	Significant Other Observable	Significant Unobservable	Balance at	

pleadings and its motion to dismiss counterclaims. On March 5, 2024, the Delaware Supreme Court issued a mandate to the clerk of court to close the file. This claim will be removed from the next quarterly report on Form 10-Q.

300,000 17

shares are at issue. The Company believes that the former employees' claims are without merit and intends to defend vigorously its positions. While there can be no assurance regarding the ultimate outcome of this matter, the Company believes that any potential loss would not be material.

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Senior Secured Credit Facilities

Borrowings under the Term B B-2 Loans bear interest at a fluctuating rate per annum equal to, at the Company's option, (i) a base rate equal to the higher of (a) the federal funds rate plus 1/2 of 1%, (b) the rate of interest quoted in the print edition of the Wall Street Journal Money Rates Section as the prime rate as in effect from time to time and (c) one-month Adjusted Term SOFR plus 1% per annum (provided that in no event shall such ABR rate with respect to the Term B B-2 Loans be less than 1.50% per annum) ("ABR"), in each case, plus an applicable margin of 2.00% 1.50% or (ii) an Adjusted Term SOFR rate for the applicable interest period (provided that in no event shall such Adjusted Term SOFR rate with respect to the Term

On July 27, 2022, a purported class action was filed in the United States District Court for the Eastern District of Pennsylvania against the Company captioned Quinton Burns individually and Next Friend of K.B., a minor

expenses	—	—	—	—	—	—
Total equity compensation expense	$ 24,604	$ 44,404	$ 912,180	$ 513,197	$ 3,520	$ 4,482

Omnibus Incentive Plan

The Company has reserved 15.0 million shares of common stock for issuance under its Omnibus Incentive Plan (the "Omnibus Incentive Plan"), of which approximately 6.9 6.7 million shares are available for future issuance as of September 30, 2023 March 31, 2024.

Bonus Performance Restricted Units

During the nine months ended September 30, 2023, the Company granted approximately 140,000 performance-vesting restricted units (the "Bonus Performance Restricted Units") in accordance with its annual bonus plan for 2023 (the "2023 Bonus Plan"). The 2023 Bonus Plan provides for bonus awards payable 50% in cash and 50% in

may be su discontinu completely time. The shares to purchased timing of p will be bas Company' windows a liquidity, g business a conditions factors, in requireme ownership debt cove restriction implicatio alternative opportunit

B B-2 Loans be less than 0.50% per annum) plus an applicable margin of 3.00% 2.50%.

SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Borrowings under the Revolving Loans bear interest at a fluctuating rate per annum equal to, at the Company's option, (i) ABR (provided that in no event shall such ABR rate with respect to the Revolving Loans be less than 1.00% per annum) plus an applicable margin equal to 1.75% or (ii) Adjusted Term SOFR (provided that in no event shall such Adjusted Term SOFR rate with respect to the Revolving Loans be less than 0.00%) plus an applicable margin of 2.75%. The applicable margin for borrowings of Revolving Loans are subject to one 25 basis point step-down upon achievement by the Company of certain corporate credit ratings.

In addition to paying interest on the outstanding principal

	Liabilities (Level 1)	Inputs (Level 2)	Inputs (Level 3)	March 31, 2024
Liabilities:		*(In thousands)*		
Long-term obligations (a)	$ 904,200	$ 1,170,068	$ —	$ 2,074,268

(a) Reflected at carrying value, net of unamortized debt issuance costs and discounts, in the unaudited condensed consolidated balance sheet as current maturities of long-term debt of $12.0 11.7 million and long-term debt, net, of $2.095 2.092 billion as of September 30, 2023 March 31, 2024.

Friend of K.B., a minor v. SeaWorld Parks & Entertainment, Inc. and SeaWorld Parks & Entertainment LLC, Civil Case No. 2:22-cv-09941. The complaint states the putative class consists of Quinton Burns and K.B. Burns and similarly situated Black people. Plaintiffs then filed an amended complaint adding an additional seven adult and seven minor class representative plaintiffs in which they allege the class consists of themselves and similarly situated minority persons and also disclosed an additional 89 families and 125 children represented by Plaintiffs' plaintiffs' counsel who are allegedly members of the purported class (the "First Amended Complaint"). The First Amended Complaint alleges the Company engaged in disparate treatment of class members based on their race and in so doing violated the Civil Rights Act of 1866 and Pennsylvania common law. The First Amended Complaint seeks compensatory and punitive damages and attorneys' fees and costs as well declarative and injunctive relief. The Company filed a motion to dismiss all counts and a motion to strike certification of the class. The Court granted the motion to dismiss with prejudice

payable 50% in cash and 50% in performance-vesting restricted units (the "Bonus Performance Restricted Units") and is based upon the Company's achievement of specified performance goals, as defined by the 2023 Bonus Plan, with respect to the year ended December 31, 2023 ("Fiscal 2023"). The total number of units eligible to vest into shares of stock is based on the level of achievement of the targets for Fiscal 2023 which ranges from 0% (if below threshold performance), to 100% (if at target performance) with opportunities to earn above 100% when achievement is above the target performance for certain metrics.

The Company had an annual bonus plan for the fiscal year ended December 31, 2022 ("Fiscal 2022"), under which certain employees were eligible to vest in Bonus Performance Restricted Units based upon the Company's achievement of certain performance goals with respect to Fiscal 2022. Based on the Company's actual Fiscal 2022 results, a portion of these Bonus Performance Restricted Units vested and were converted into approximately 20,000 shares in the nine months ended September 30, 2023 and the remaining unvested units forfeited in accordance with their terms.

Long-term Incentive Performance Restricted Awards

During the nine months ended September 30, 2023, the Company granted long-term incentive plan awards for 2023 (the "2023 Long-Term Incentive Grant") which were comprised of approximately 65,000 nonqualified stock options (the "Long-Term Incentive Options") and approximately 260,000 performance-vesting restricted units (the "Long-Term Incentive Performance Restricted Units") (collectively, the "Long-Term Incentive Awards").

Long-Term Incentive Options

The Long-Term Incentive Options vest over three years, with one-third vesting on each anniversary of the date of grant, subject to continued employment through the applicable vesting date. Equity compensation expense for these options is recognized for each tranche over the vesting period using the straight-line outstanding principal under the Senior Secured Credit Facilities, the Company is required to pay a commitment fee equal to 0.50% per annum to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder. The Company will also be required to pay customary agency fees as well as letter of credit participation fees computed at a rate per annum equal to the applicable margin for Adjusted Term SOFR rate borrowings on the dollar equivalent of the daily stated amount of outstanding letters of credit, plus such letter of credit issuer's customary documentary and processing fees and charges and a fronting fee computed at a rate equal to 0.125% per annum on the daily stated amount of each letter of credit.

The Senior Secured Credit Facilities require scheduled amortization payments on the term loans in quarterly amounts equal to 0.25% of the original principal amount of the Term B B-2 Loans, payable quarterly, with the balance to be paid at maturity.

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The following table presents the Company's estimated fair value measurements and related classifications for liabilities measured on a recurring basis as of December 31, 2022 December 31, 2023:

Assets and Liabilities	Quoted Prices in Active Markets for Identical Inputs	Significant Other Observable Inputs	Significant Unobservable Inputs	Balance at December 31,

as to the negligent training and hiring claims, without prejudice as to the negligent supervising claim, and denied the motion as to the 42 USC 1981 and negligence per se claims. Regarding The plaintiffs sought certification of their class and to amend the operative complaint to reassert the negligent supervising claim. The Company filed a motion to strike class certification and a motion for summary judgment as to all claims. The court denied plaintiffs' motion for class certification and granted the Company's motion for summary judgment in part. In particular, while the court allowed the plaintiffs to reassert their negligent supervising claims, the court granted summary judgment with regard to all eight individual plaintiffs as to those claims. As to the alleged violations of the Civil Rights Act of 1866, the court has granted summary judgment against two of the eight plaintiffs, leaving six individual plaintiffs with such claims. A jury trial of these cases commenced on May 6, 2024. On May 8, 2024, counsel for the Plaintiffs made the Court denied aware of certain questionable conduct by one of the motion on plaintiffs. The Court informed counsel for

method. Upon stock option exercises, authorized but unissued shares will be issued by the Company.

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Long-Term Incentive Performance Restricted Units

The Long-Term Incentive Performance Restricted Units are eligible to vest during the three-year performance period beginning on January 1, 2023 and ending on December 31, 2025 (or, extended through December 31, 2026, as applicable) (the "Performance Period") based upon the Company's achievement of specified performance goals during the Performance Period. The total number of Long-Term Incentive Performance Restricted Units eligible to vest will be based on the level of achievement of the performance goals and ranges from 0% (if below threshold performance) up to 150% (for maximum performance). Upon achievement of at least the threshold performance goals, 50% of the award for a given level of performance will vest, with the remaining 50% subject to a one-year performance test period. Performance for the test period must meet or exceed the prior year's performance before up to the remaining 50% of the units can be earned.

Other

During the nine three months ended September 30, 2023 March 31, 2024, a portion of the previously granted long-term incentive performance restricted units under the 2019 Long-Term Incentive Plan and 2021 Long-Term Incentive Plan vested based on the Company's actual Fiscal 2022 2023 results. The remainder of the 2019 2021 Long-Term Incentive Plan awards are eligible to vest were forfeited in 2024. accordance with their terms.

The Company recognizes equity compensation expense for its performance-vesting restricted awards ratably over the related performance

In addition, the Senior Secured Credit Facilities require the Company to prepay outstanding term loan borrowings, subject to certain exceptions, with:

- -50% (which percentage will be reduced to 25% and 0% if the Company satisfies certain net first lien leverage ratios) of annual excess cash flow, as defined under the Senior Secured Credit Facilities;
- -100% (which percentage will be reduced to 50% and 0% if the Company satisfies certain net first lien leverage ratios) ratios of the net cash proceeds of all non-ordinary course asset sales or other non-ordinary course dispositions of property, in each case subject to certain exceptions and reinvestment rights;
- -100% of the net cash proceeds of any issuance or incurrence of debt, other than proceeds from debt permitted under the Senior Secured Credit Facilities.

The Company may voluntarily repay outstanding loans under the Senior Secured Credit Facilities at any time, without prepayment premium or penalty, subject to customary “breakage” costs with respect to Adjusted Term SOFR rate loans.

	(Level 1)	(Level 2)	(Level 3)	2022
	(In thousands)			
Long-term obligations (a)	$ 873,675	$ 1,185,000	$ —	$ 2,058,675

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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the grounds it is premature. Company of such conduct and, as a result, the Company moved for a mistrial which the Court granted and reset the case for trial in September. The Company intends to refile the motion to strike class certification if and when the Plaintiffs file a motion to certify the class. The Company believes that the lawsuit is without merit and intends to defend it these cases vigorously. While there can be no assurance regarding the ultimate outcome of the litigation, trial, the Company believes a potential loss, if any, would not be material.

Other Matters

The Company is a party to various other claims and legal proceedings arising in the normal course of business. In addition, from time to time the Company is subject to audits, inspections and investigations by, or receives requests for information from, various federal and state regulatory agencies, including, but not limited to, the U.S. Department of Agriculture’s Animal and Plant Health Inspection Service (“APHIS”), the U.S. Department of Labor’s Occupational Safety and Health Administration (“OSHA”), the California Occupational

period, if the performance condition is probable of being achieved. If the probability of vesting changes for performance-vesting restricted awards in a subsequent period, all equity compensation expense related to those awards that would have been recorded, if any, over the requisite service period had the new percentage been applied from inception, will be recorded as a cumulative catch-up or reduction at such subsequent date.

All borrowings under the Revolving Credit Facility are subject to the satisfaction of customary conditions, including the absence of a default or event of default and the accuracy of representations and warranties in all material respects.

All obligations under the Senior Secured Credit Facilities are unconditionally guaranteed by the Company on a limited-recourse basis and each of SEA's existing and future direct and indirect wholly owned material domestic subsidiaries, subject to certain exceptions. The obligations are secured by a pledge of SEA's capital stock directly held by the Company and substantially all of SEA's assets and those of each guarantor (other than the Company), including a pledge of the capital stock of all entities directly held by SEA or the guarantors, in each case subject to exceptions. Such security interests consist of a first-priority lien with respect to the collateral.

As of September 30, 2023 March 31, 2024, SEA had approximately $18.4 17.5 million of outstanding letters of

	Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2023
Liabilities:		*(In thousands)*		

Safety and Health Administration ("Cal-OSHA"), the Florida Fish & Wildlife Commission ("FWC"), the Equal Employment Opportunity Commission ("EEOC"), the Internal Revenue Service ("IRS") the U.S. Department of Justice ("DOJ") and the Securities and Exchange Commission ("SEC").

In addition to the Other than those matters discussed above, from time to time, various parties also bring other lawsuits against the Company. Matters where an unfavorable outcome to the Company is probable and which can be reasonably estimated are accrued. Such accruals, which are not material for any period presented, are based on information known about the matters, the Company's estimate of the outcomes of such matters, and the Company's experience in contesting, litigating and settling similar matters. Matters that are considered reasonably possible to result in a material loss are not accrued for, but an estimate of the possible loss or range of loss is disclosed, if such amount or range can be determined. At this time, management does not expect any such known claims, legal proceedings or regulatory matters to have a material credit, leaving approximately $371.6 372.5 million available under the Revolving Credit Facility, which was not drawn upon as of September 30, 2023 March 31, 2024.

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Long-term obligations (a)	$ 904,025	$ 1,173,000	$ —	$ 2,077,025

(a) Reflected at carrying value, net of unamortized debt issuance costs and discounts, in the unaudited condensed consolidated balance sheet as current maturities of long-term debt of $12.0 million and long-term debt, net, of $2.099 2.093 billion as of December 31, 2022 December 31, 2023.

Senior Notes

On August 25, 2021, SEA completed a private offering of $725.0 million aggregate principal amount of 5.250% senior notes which mature on August 15, 2029 (the “Senior Notes”). The Senior Notes will mature on August 15, 2029. Interest on the Senior Notes accrues at 5.250% per annum and is paid semi-annually, in arrears on February 15 and August 15 of each year.

On or after August 15, 2024, SEA may redeem the Senior Notes, in whole at any time or in part from time to time, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, if redeemed during the 12-month period commencing on August 15 of the years as follows: (i)

adverse effect on the Company’s consolidated financial position, results of operations or cash flows.

License Commitments

Pursuant to the a license agreement (“License Agreement Agreement”) with Sesame Workshop, the Company pays a specified annual license fee, as well as a specified royalty based on revenues earned in connection with sales of licensed products, all food and beverage items utilizing the licensed elements and any events utilizing such elements if a separate fee is paid for such event. The Company’s principal commitments pursuant to the License Agreement include, among other items, the opening of a second standalone park (“Standalone Park”) (the Company opened the Standalone Park in San Diego on March 26, 2022) and minimum annual capital and marketing thresholds. After the opening of the second Standalone Park (counting the existing Sesame Place Standalone Park in Langhorne, Pennsylvania), SEA has the option to build additional Standalone Parks in the Sesame Territory within agreed upon timelines. The License Agreement has in 2024 at 102.625%; (ii) in 2025 at 101.313%; and (iii) in 2026 and thereafter at 100%. In addition, prior to August 15, 2024, SEA may redeem the Senior Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed, plus the “Applicable Premium” and accrued and unpaid interest, if any, to, but excluding, the redemption date. Notwithstanding the foregoing, subject to the provisions set forth in the Indenture, at any time and from time to time on or prior to August 15, 2024, SEA may redeem in the aggregate up to 40% of the original aggregate principal amount of the Senior Notes (calculated after giving effect to any issuance of additional Senior Notes) in an aggregate amount equal to the net cash proceeds of one or more equity offerings at a redemption price equal to 105.250%, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Additionally, upon the occurrence of specified change of control events, each holder will have the

an initial term through December 31, 2031, with an automatic additional 15-year extension plus a five-year option added to the term of the License Agreement from December 31st of the year of each new Standalone Park opening. As of September 30, 2023 March 31, 2024, the Company estimates the combined remaining liabilities and obligations for the License Agreement commitments could be up to approximately $25.0 20.0 million over the remaining term of the agreement. See further discussion concerning royalty payments for the year 2021 in the "Sesame Workshop Arbitration" section above.

Anheuser-Busch, Incorporated ("ABI") has granted the Company a perpetual, exclusive, worldwide, royalty-free license to use the Busch Gardens trademark and certain related domain names in connection with the operation, marketing, promotion and advertising of certain of the Company’s theme parks, as well as in connection with the production, use, distribution and sale of merchandise sold in right to require SEA to repurchase all or any part of such holder’s notes at a purchase price in cash equal to 101%.

SEA’s obligations under the Senior Notes and related indenture are guaranteed, jointly and severally, on a senior secured basis, by the Guarantors, as defined, in accordance with the provisions of the indenture.

First-Priority Senior Secured Notes

The On April 30, 2020, SEA completed a private offering of $227.5 million aggregate principal amount of 8.750% first-priority senior secured notes (the “First-Priority Senior Secured Notes”). The First-Priority Senior Secured Notes were scheduled to mature on May 1, 2025 and have had interest payment dates of May 1 and November 1. SEA may redeem See additional discussion regarding the First-Priority Senior

connection with such theme parks. Under the license, the Company is required to indemnify ABI against losses related to the use of the marks.

Secured Notes at its option, in whole at any time or in part from time to time, plus accrued and unpaid interest, if any, to, but excluding, the full redemption date, if redeemed during the 12-month period commencing on May 1 of the years as follows: (i) in 2022 at 104.375%; (ii) in 2023 at 102.188%; and (iii) in 2024 and thereafter at 100%. SEA may also redeem in the aggregate (at a redemption price expressed as a percentage of principal amount thereof): (i) 100% of the First-Priority Senior Secured Notes after certain events constituting a change of control at a redemption price of 101%, plus accrued and unpaid interest, if any, to, but excluding, in the redemption date and (ii) up to 40% of the original aggregate principal amount of the First-Priority Senior Secured Notes with amounts equal to the net cash proceeds of certain equity offerings at a redemption price of 108.750%, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The First-Priority Senior Secured Notes are fully and unconditionally guaranteed by the Company, any subsidiary of the Company that directly or indirectly owns 100% of the issued and outstanding equity interests of SEA, and subject to certain exceptions, each of SEA's subsidiaries that guarantees SEA's existing senior secured credit facilities.

On August 1, 2023, SEA issued a conditional notice of redemption (the "Redemption Notice") for all of the $227.5 million aggregate principal amount of the First-Priority Senior Secured Notes. Due to unfavorable market conditions unrelated to SEA, the Redemption Notice was subsequently withdrawn. preceding Refinancing Transactions section.

Restrictive Covenants

The Amended and Restated Credit Agreement governing the Senior Secured Credit Facilities and the indentures governing the Senior Notes and First-Priority Senior Secured Notes (collectively, the "Debt Agreements"), contain covenants that limit the ability of the Company, SEA and its restricted subsidiaries to, among other things:

(i) incur additional indebtedness or issue certain preferred shares; (ii) make dividend payments on or make other distributions in respect of their capital stock or make other restricted payments; (iii) make certain investments; (iv) sell certain assets; (v) create or permit to exist dividend and/or payment restrictions affecting their restricted subsidiaries; (vi) create liens on assets; (vii) consolidate, merge, sell or otherwise dispose of all or substantially all of their assets; and (viii) enter into certain transactions with their affiliates. These covenants are subject to a number of important limitations and exceptions and are based, in part on the Company's ability to satisfy certain tests and engage in certain transactions based on Covenant Adjusted EBITDA. Covenant Adjusted EBITDA differs from Adjusted EBITDA due to certain adjustments permitted under the relevant agreements, including but not limited to estimated cost savings, recruiting and retention costs, public company compliance costs, litigation and arbitration costs and other costs and adjustments as permitted under the Debt Agreements.

The Debt Agreements contain certain customary events of default, including relating to a change of control. If an event of default occurs, the lenders under the Debt Agreements will be entitled to take various actions, including the acceleration of amounts due under the Debt Agreements and all actions permitted to be taken by a secured creditor in respect of the collateral securing the Debt Agreements.

The Revolving Credit Facility requires that the Company, subject to a testing threshold, comply on a quarterly basis with a maximum net first lien leverage ratio of 6.25 to 1.00. The testing threshold will be satisfied (and therefore the covenant must be complied with at the end of such quarter) if the aggregate amount of funded loans and issued letters of credit (excluding up to $30.0 million of undrawn letters of credit under the Revolving Credit Facility and letters of credit that are cash collateralized) under the Revolving Credit Facility on such date exceeds an amount equal to 35% of the then-outstanding commitments under the Revolving Credit Facility.

The Debt Agreements permit an unlimited capacity for restricted payments if the net total leverage ratio on a pro forma basis does not exceed 4.25 to 1.00 after giving effect to the payment of any such restricted payment. As of September 30, 2023 March 31, 2024, the net total leverage ratio as calculated under the Debt Agreements was 2.56 2.57 to 1.00.

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Long-term debt at September 30, 2023 March 31, 2024 is repayable as follows and does not include the impact of any future voluntary prepayments:

Years Ending December 31:	(In thousands)
Remainder of 2023	$ 3,000

2024	12,000
2025	239,500
2026	12,000
2027	12,000
Thereafter	1,850,000
Total	$ 2,128,500

SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Years Ending December 31,	***(In thousands)***
Remainder of 2024	$ 8,798
2025	239,230
2026	11,730
2027	11,730

2028	1,126,080
2029	725,000
Total	$ 2,122,568

Cash paid for interest relating to the Senior Secured Credit Facilities the Senior Notes, and the First-Priority Senior Secured Notes, net of amounts capitalized, as applicable, was $113.7 41.5 million and $82.4 40.0 million in the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.