

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, 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

United Parks & Resorts Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	27-1220297 (I.R.S. Employer Identification No.)
6240 Sea Harbor Drive Orlando, Florida (Address of principal executive offices)	32821 (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	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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 55,003,510 shares of Common Stock, par value \$0.01 per share as of November 1, 2024.

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, 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:

- 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 retain and/or 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 negative 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 evolving 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 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 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;
- 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 their 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," or "Company" in this Quarterly Report on Form 10-Q mean United Parks & Resorts Inc., its subsidiaries and affiliates.

Website and Social Media Disclosure

We use our websites (www.unitedparks.com and www.unitedparksinvestors.com) and at times our 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 the Company when you enroll your e-mail address by visiting the "E-mail Alerts" section of our website at 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

UNITED PARKS & RESORTS INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 76,835	\$ 246,922
Accounts receivable, net	86,633	73,845
Inventories	50,900	49,236
Prepaid expenses and other current assets	41,751	20,179
Total current assets	256,119	390,182
Property and equipment, at cost	3,945,234	3,814,799
Accumulated depreciation	(2,041,227)	(1,972,861)
Property and equipment, net	1,904,007	1,841,938
Goodwill	66,278	66,278
Trade names/trademarks, net	157,846	157,771
Right of use assets-operating leases	130,937	127,379
Deferred tax assets, net	15,864	8,019
Other assets, net	48,588	33,479
Total assets	\$ 2,579,639	\$ 2,625,046
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	\$ 144,390	\$ 160,611
Current maturities of long-term debt	15,540	12,000
Operating lease liabilities	3,983	3,380
Accrued salaries, wages and benefits	16,894	21,204
Deferred revenue	155,724	155,614
Other accrued liabilities	61,873	58,106
Total current liabilities	398,404	410,915
Long-term debt, net	2,234,839	2,093,190
Long-term operating lease liabilities	116,130	112,724
Deferred tax liabilities, net	226,149	164,949
Other liabilities	59,975	51,484
Total liabilities	3,035,497	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, 2024 and December 31, 2023	—	—
Common stock, \$0.01 par value—authorized, 1,000,000,000 shares; 97,058,799 and 96,660,357 shares issued at September 30, 2024 and December 31, 2023, respectively	971	967
Additional paid-in capital	725,523	723,260
Retained earnings	609,699	410,099
Treasury stock, at cost (41,298,407 and 32,690,289 shares at September 30, 2024 and December 31, 2023, respectively)	(1,792,051)	(1,342,542)
Total stockholders' deficit	(455,858)	(208,216)
Total liabilities and stockholders' deficit	\$ 2,579,639	\$ 2,625,046

See accompanying notes to unaudited condensed consolidated financial statements.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues:				
Admissions	\$ 296,954	\$ 299,785	\$ 726,766	\$ 733,542
Food, merchandise and other	248,947	248,462	614,151	604,080
Total revenues	545,901	548,247	1,340,917	1,337,622
Costs and expenses:				
Cost of food, merchandise and other revenues	40,629	40,431	102,321	101,862
Operating expenses (exclusive of depreciation and amortization shown separately below)	207,336	205,808	562,418	574,210
Selling, general and administrative expenses	55,361	59,705	167,026	176,152
Severance and other separation costs	(12)	(139)	577	521
Depreciation and amortization	41,577	39,171	121,040	114,396
Total costs and expenses	344,891	344,976	953,382	967,141
Operating income	201,010	203,271	387,535	370,481
Other expense (income), net	54	(21)	87	20
Interest expense	39,682	37,052	117,845	110,407
Loss on early extinguishment of debt and write-off of debt issuance costs and discounts	—	—	2,452	—
Income before income taxes	161,274	166,240	267,151	260,054
Provision for income taxes	41,597	42,685	67,551	65,911
Net income	<u>\$ 119,677</u>	<u>\$ 123,555</u>	<u>\$ 199,600</u>	<u>\$ 194,143</u>
Earnings per share:				
Earnings per share, basic	\$ 2.09	\$ 1.93	\$ 3.27	\$ 3.04
Earnings per share, diluted	\$ 2.08	\$ 1.92	\$ 3.24	\$ 3.01
Weighted average common shares outstanding:				
Basic	57,292	63,954	61,052	63,955
Diluted	57,663	64,319	61,532	64,425

See accompanying notes to unaudited condensed consolidated financial statements.

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 Stockholder s' Deficit
Balance at December 31, 2023	96,660,357	\$ 967	\$ 723,260	\$ 410,099	(1,342,542)	\$ (208,216)
Equity-based compensation	—	—	3,520	—	—	3,520
Vesting of restricted shares	425,904	4	(4)	—	—	—
Shares withheld for tax withholdings	(142,136)	(1)	(7,459)	—	—	(7,460)
Exercise of stock options	17,611	—	455	—	—	455
Repurchase of 375,000 shares of treasury stock, at cost	—	—	—	—	(20,162)	(20,162)
Net loss	—	—	—	(11,201)	—	(11,201)
Balance at March 31, 2024	96,961,736	970	719,772	398,898	(1,362,704)	(243,064)
Equity-based compensation	—	—	2,848	—	—	2,848
Vesting of restricted shares	69,257	1	(1)	—	—	—
Shares withheld for tax withholdings	(17,627)	(1)	(936)	—	—	(937)
Exercise of stock options	18,232	—	664	—	—	664
Repurchase of 4,105,110 shares of treasury stock, at cost	—	—	—	—	(215,575)	(215,575)
Net income	—	—	—	91,124	—	91,124
Balance at June 30, 2024	<u>97,031,598</u>	<u>\$ 970</u>	<u>\$ 722,347</u>	<u>\$ 490,022</u>	<u>(1,578,279)</u>	<u>\$ (364,940)</u>
Equity-based compensation	—	—	3,190	—	—	3,190
Vesting of restricted shares	23,565	—	—	—	—	—
Shares withheld for tax withholdings	(5,140)	—	(245)	—	—	(245)
Exercise of stock options	8,776	1	231	—	—	232
Repurchase of 4,128,008 shares of treasury stock, at cost	—	—	—	—	(213,772)	(213,772)
Net income	—	—	—	119,677	—	119,677
Balance at September 30, 2024	<u>97,058,799</u>	<u>\$ 971</u>	<u>\$ 725,523</u>	<u>\$ 609,699</u>	<u>(1,792,051)</u>	<u>\$ (455,858)</u>

	Shares of Common Stock Issued	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock, at Cost	Total Stockholder s' Deficit
Balance at December 31, 2022	96,287,771	\$ 963	\$ 710,151	\$ 175,903	(1,324,681)	\$ (437,664)
Equity-based compensation	—	—	4,482	—	—	4,482
Vesting of restricted shares	273,134	3	(3)	—	—	—
Shares withheld for tax withholdings	(86,914)	(1)	(5,568)	—	—	(5,569)
Exercise of stock options	22,793	—	565	—	—	565
Net loss	—	—	—	(16,467)	—	(16,467)
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)

See accompanying notes to unaudited condensed consolidated financial statements.

UNITED PARKS & RESORTS INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Nine Months Ended September 30,	
	2024	2023
Cash Flows From Operating Activities:		
Net income	\$ 199,600	\$ 194,143
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	121,040	114,396
Amortization of debt issuance costs and discounts	3,826	4,608
Loss on early extinguishment and modification of debt and write-off of debt issuance costs and discounts	3,406	—
Deferred income tax provision	53,354	62,139
Equity-based compensation	9,558	12,809
Other, including loss on sale or disposal of assets, net	12,463	22,236
Changes in assets and liabilities:		
Accounts receivable	(20,943)	(13,181)
Inventories	(1,614)	413
Prepaid expenses and other current assets	(20,578)	3,699
Accounts payable and accrued expenses	7,872	(6,823)
Accrued salaries, wages and benefits	(4,310)	6,989
Deferred revenue	7,951	(4,383)
Other accrued liabilities	(1,708)	9,095
Right-of-use assets and operating lease liabilities	451	329
Other assets and liabilities	(2,697)	(8,012)
Net cash provided by operating activities	367,671	398,457
Cash Flows From Investing Activities:		
Capital expenditures	(222,207)	(234,218)
Other investing activities, net	(75)	—
Net cash used in investing activities	(222,282)	(234,218)
Cash Flows From Financing Activities:		
Repayments of long-term debt	(238,202)	(9,000)
Proceeds from the issuance of debt, net	379,295	—
Proceeds from draws on revolving credit facility	—	20,000
Repayments of revolving credit facility	—	(20,000)
Purchase of treasury stock	(445,265)	(17,861)
Payment of tax withholdings on equity-based compensation through shares withheld	(8,642)	(6,561)
Exercise of stock options	1,351	2,738
Debt issuance costs	(3,136)	—
Other financing activities	(877)	(649)
Net cash used in financing activities	(315,476)	(31,333)
Change in Cash and Cash Equivalents, including Restricted Cash	(170,087)	132,906
Cash and Cash Equivalents, including Restricted Cash—Beginning of period	246,922	82,320
Cash and Cash Equivalents, including Restricted Cash—End of period	\$ 76,835	\$ 215,226
Supplemental Information:		
Capital expenditures in accounts payable	\$ 26,576	\$ 34,466
Right-of-use assets obtained in exchange for financing lease obligations	\$ 1,553	\$ 2,900
Cash paid for income taxes, net	\$ 11,127	\$ 4,351

See accompanying notes to unaudited condensed consolidated financial statements.

UNITED PARKS & RESORTS 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; 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, 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, 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, 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.

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.

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, 2024 and December 31, 2023 is reflected within stockholders' deficit. See further discussion of the Company's share repurchase programs in Note 10—Stockholders' Deficit.

UNITED PARKS & RESORTS INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 Accounting Standards Codification ("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, 2024 and 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, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	<i>(In thousands)</i>	
Deferred revenue, including long-term portion	\$ 170,473	\$ 169,967
Less: Deferred revenue, long-term portion, included in other liabilities	14,749	14,353
Deferred revenue, short-term portion	<u>\$ 155,724</u>	<u>\$ 155,614</u>

The Company estimates approximately \$143.8 million of the deferred revenue, short term portion, balance outstanding as of December 31, 2023 was recognized as revenue during the nine months ended September 30, 2024. For certain admission products, the Company estimated timing of redemption using average historical redemption rates.

International Agreements

In May 2023, SeaWorld Abu Dhabi, the first SeaWorld branded park outside the United States, opened on Yas Island in the United Arab Emirates (the "Middle East 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 opened in May 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 Services Agreements were recognized upon completion of the respective performance obligations and have no further obligations as of December 31, 2023.

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2. RECENT ACCOUNTING PRONOUNCEMENTS

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

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 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 be effective starting January 1, 2026. The Company is currently evaluating the rule to determine the impact on its consolidated financial statements 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 PER SHARE

Earnings per share is computed as follows:

	For the Three Months Ended September 30,					
	2024			2023		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
	<i>(In thousands, except per share amounts)</i>					
Basic earnings per share	\$ 119,677	57,292	\$ 2.09	\$ 123,555	63,954	\$ 1.93
Effect of dilutive incentive-based awards		371			365	
Diluted earnings per share	<u>\$ 119,677</u>	<u>57,663</u>	<u>\$ 2.08</u>	<u>\$ 123,555</u>	<u>64,319</u>	<u>\$ 1.92</u>

	For the Nine Months Ended September 30,					
	2024			2023		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
	<i>(In thousands, except per share amounts)</i>					
Basic earnings per share	\$ 199,600	61,052	\$ 3.27	\$ 194,143	63,955	\$ 3.04
Effect of dilutive incentive-based awards		480			470	
Diluted earnings per share	<u>\$ 199,600</u>	<u>61,532</u>	<u>\$ 3.24</u>	<u>\$ 194,143</u>	<u>64,425</u>	<u>\$ 3.01</u>

Basic earnings per share is computed by dividing net income 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 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.

UNITED PARKS & RESORTS INC. AND SUBSIDIARIES
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Diluted earnings per share is determined using the treasury stock method based on the dilutive effect of 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, 2024, there were approximately 482,000 and 503,000 anti-dilutive shares excluded from the computation of diluted earnings per share, respectively. During the three and nine months ended September 30, 2023, there were approximately 491,000 and 424,000 anti-dilutive shares excluded from the computation of diluted earnings per share, respectively. The Company's outstanding performance-vesting restricted awards of approximately 601,000 and 912,000 as of September 30, 2024 and 2023, respectively, are considered contingently issuable shares and are excluded from the calculation of diluted earnings 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, 2024 was 25.8% and 25.3%, respectively, and for the three and nine months ended September 30, 2023 was 25.7% and 25.3%, respectively. The Company's effective tax rates over these periods differ from the effective statutory federal income tax rate of 21.0% primarily due to state income taxes and limits on certain compensation deductibility, 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, 2024 and December 31, 2023, the Company's valuation allowance consisted of approximately \$5.0 million, 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 accrued approximately \$4.2 million for an expected excise tax related to shares repurchases made during the nine months ended September 30, 2024, which is included in other accrued liabilities in the accompanying unaudited condensed consolidated balance sheets as of September 30, 2024.

5. OTHER ACCRUED LIABILITIES

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

	September 30, 2024	December 31, 2023
	<i>(In thousands)</i>	
Accrued interest	\$ 5,185	\$ 18,480
Accrued taxes	18,719	4,169
Self-insurance reserve	14,134	13,218
Other	23,835	22,239
Total other accrued liabilities	\$ 61,873	\$ 58,106

As of September 30, 2024 and December 31, 2023, other accrued liabilities above includes approximately \$16.8 million and \$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 September 30, 2024 and December 31, 2023, accrued interest above primarily relates to interest associated with the Company's senior notes issued in August 2021, for which interest is paid bi-annually in February and August. As of December 31, 2023, accrued interest above also includes interest associated with the Company's first-priority senior secured notes issued in April 2020, which were fully redeemed in May 2024, for which interest was paid bi-annually in November and May. See further discussion in Note 6—Long-Term Debt.

UNITED PARKS & RESORTS INC. AND SUBSIDIARIES
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6. LONG-TERM DEBT

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

	September 30, 2024	December 31, 2023
	<i>(In thousands)</i>	
Term B-2 Loans (effective interest rate of 7.35% at September 30, 2024)	\$ 1,542,298	\$ —
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
Total long-term debt	2,267,298	2,125,500
Less: unamortized debt issuance costs and discounts	(16,919)	(20,310)
Less: current maturities	(15,540)	(12,000)
Total long-term debt, net	<u>\$ 2,234,839</u>	<u>\$ 2,093,190</u>

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 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 June 12, 2023, SEA further 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.

On January 22, 2024, SEA further amended the Amended and Restated Credit Agreement to incur an aggregate principal amount of approximately \$1,173 million of Term B-2 Loans under the Amended and Restated Credit Agreement (the "Initial Term B-2 Loans") to refinance the first lien term loan facility (the "Term Loan Facility" and the loans thereunder, the "Term B Loans"). Borrowings under the Initial 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 Initial 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 Initial Term B-2 Loans be less than 0.50%) plus an applicable margin equal to 2.50%.

On May 2, 2024, 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 Initial Term 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 Initial Term B-2 Loans and the Incremental Term B-2 Loans (collectively, the "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.

On August 23, 2024, SEA further amended the Amended and Restated Credit Agreement to, among other things, increase the "Revolving Credit Facility" from \$390.0 million to \$700.0 million and extend the maturity thereof from August 25, 2026 to the earlier of (x) August 23, 2029 and (y) May 26, 2028, if at least \$225,000,000 of Term Loans (or any debt refinancing, refunding or replacing any Term Loans that mature on or prior to November 22, 2029) are outstanding on the date that is 91 days prior to the Term Facility Maturity Date of August 25, 2028 (as such date may be extended consistent with the terms of the Credit Agreement).

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As of September 30, 2024, the Amended and Restated Credit Agreement provides for senior secured financing of up to \$2,242.3 million, consisting of:

- (i) the "Term B-2 Loans", in an aggregate principal amount of \$1,542.3 million which are fully drawn. The Term 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 Term Loan Facility, the "Senior Secured Credit Facilities"), in an aggregate committed principal amount of \$700.0 million, including both a letter of credit sub-facility and a swingline loan sub-facility. The Revolving Credit Facility will mature on the earlier of (x) August 23, 2029 and (y) May 26, 2028, if at least \$225,000,000 of Term B-2 Loans (or any debt refinancing, refunding or replacing any Term B-2 Loans that mature on or prior to November 22, 2029) are outstanding on the date that is 91 days prior to the Term B-2 Loans maturity date of August 25, 2028.

Debt Issuance Costs and Discounts

In connection with the recent Refinancing Transactions, SEA recorded debt issuance costs of \$3.1 million, of which \$1.9 million were paid directly to lenders, during the nine months ended September 30, 2024. Additionally, SEA wrote-off debt issuance costs and discounts of \$2.5 million which is included in loss on early extinguishment of debt and write-off of debt issuance costs and discounts in the accompanying consolidated statement of income for the nine months ended September 30, 2024.

Senior Secured Credit Facilities

Borrowings under the Term 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-2 Loans be less than 1.50% per annum) ("ABR"), in each case, plus an applicable margin of 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 B-2 Loans be less than 0.50% per annum) plus an applicable margin of 2.50%.

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 1.25% 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 2.25%. 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 under the Senior Secured Credit Facilities, the Company is required to pay a commitment fee equal to 0.20% 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-2 Loans, payable quarterly, with the balance to be paid at maturity.

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) 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.

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.

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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, 2024, SEA had approximately \$17.5 million of outstanding letters of credit, leaving approximately \$682.5 million available under the Revolving Credit Facility, which was not drawn upon as of September 30, 2024.

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) 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 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

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 had interest payment dates of May 1 and November 1. See additional discussion regarding the full redemption of the First-Priority Senior Secured Notes in the 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.

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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, 2024, the net total leverage ratio as calculated under the Debt Agreements was 2.98 to 1.00.

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

Years Ending December 31:	(In thousands)
Remainder of 2024	\$ 3,885
2025	15,540
2026	15,540
2027	15,540
2028	1,491,793
2029	725,000
Total	\$ 2,267,298

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 \$128.3 million and \$113.7 million in the nine months ended September 30, 2024 and 2023, respectively.

7. FAIR VALUE MEASUREMENTS

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

Of the Company's long-term obligations as of September 30, 2024 and December 31, 2023, the Term B-2 Loans and Term B Loans are classified in Level 2 of the fair value hierarchy, and the Senior Notes and the First-Priority Senior Secured 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 Senior Notes and the First-Priority Senior Secured 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, 2024 and 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 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, 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, 2024
	(In thousands)			
Long-term obligations ^(a)	\$ 699,625	\$ 1,542,298	\$ —	\$ 2,241,923

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(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 \$15.5 million and long-term debt, net, of \$2.235 billion as of September 30, 2024.

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, 2023:

	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 December 31, 2023
	<i>(In thousands)</i>			
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 \$2.093 billion as of December 31, 2023.

8. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

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 during the year ended 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 sheets as of September 30, 2024 and December 31, 2023, however, the Company is challenging the decision of the arbitration panel. On August 7, 2023, Sesame Workshop filed a Petition to Confirm Arbitration Award in the United States District Court for the Middle District of Florida, and in response, the Company filed a Cross Motion to Vacate. On August 27, 2024, the Court confirmed the arbitration award and entered final judgment on such award on September 30, 2024. At this time, the Company does not anticipate any exposure to loss in excess of amounts accrued to be material..

Other Lawsuits

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 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' 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 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. 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

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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 aware of certain questionable conduct by one of the plaintiffs. The Court informed counsel for the Company of such conduct and, as a result, the Company moved for a mistrial which the Court granted. The Court also severed from the main case the lawsuit brought by the plaintiff whose alleged conduct led to the request for a mistrial. The main case was reset for trial which commenced on September 9, 2024 and on September 17, 2024 the jury returned a verdict in favor of the Company on all counts. Plaintiffs filed a motion for a new trial on October 16, 2024 which is pending. On September 4, 2024, the Company filed a motion for sanctions against Plaintiffs' counsel to recover the excess costs and attorneys' fees caused by the mistrial. The Court denied that motion on September 24, 2024, and the Company filed a notice of appeal seeking review of that order on October 21, 2024. The Company intends to defend these cases vigorously. While there can be no assurance regarding the ultimate outcome of the 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 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").

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

License Commitments

Pursuant to the License 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 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, 2024, the Company estimates the combined remaining liabilities and obligations for the License Agreement commitments could be up to approximately \$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 connection with such theme parks. Under the license, the Company is required to indemnify ABI against losses related to the use of the marks.

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9. EQUITY-BASED COMPENSATION

The Company measures the cost of employee services rendered in exchange for share-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 income as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	<i>(In thousands)</i>			
Equity compensation expense included in operating expenses	\$ 317	\$ 671	\$ 943	\$ 1,215
Equity compensation expense included in selling, general and administrative expenses	2,873	3,931	8,615	11,594
Total equity compensation expense	\$ 3,190	\$ 4,602	\$ 9,558	\$ 12,809

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 6.6 million shares are available for future issuance as of September 30, 2024.

Bonus Performance Restricted Units

During the nine months ended September 30, 2024, the Company granted approximately 133,000 performance-vesting restricted units (the "Bonus Performance Restricted Units") in accordance with its annual bonus plan for 2024 (the "2024 Bonus Plan"). The 2024 Bonus Plan provides for bonus awards 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 2024 Bonus Plan, with respect to the year ended December 31, 2024 ("Fiscal 2024"). The total number of units eligible to vest into shares of stock is based on the level of achievement of the targets for Fiscal 2024 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, 2023 ("Fiscal 2023"), 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 2023. Based on the Company's actual Fiscal 2023 results, a portion of these Bonus Performance Restricted Units vested and were converted into approximately 16,000 shares in the nine months ended September 30, 2024 and the remaining unvested units forfeited in accordance with their terms.

Long-term Incentive Performance Restricted Awards

During the nine months ended September 30, 2024, the Company granted long-term incentive plan awards for 2024 (the "2024 Long-Term Incentive Grant") which were comprised of approximately 58,000 nonqualified stock options (the "Long-Term Incentive Options") and approximately 181,000 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 method. Upon stock option exercises, authorized but unissued shares will be issued by the Company.

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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, 2024 and ending on December 31, 2026 (or, extended through December 31, 2027, 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 months ended September 30, 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 2023 results. The remainder of the 2021 Long-Term Incentive Plan awards were forfeited in accordance with their terms.

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

10. STOCKHOLDERS' DEFICIT

As of September 30, 2024, 97,058,799 shares of common stock were issued in the accompanying unaudited condensed consolidated balance sheet, which includes 41,298,407 shares of treasury stock held by the Company (see Share Repurchase Programs discussion which follows) but excludes 1,206,449 unvested restricted stock awards held by certain participants in the Company's equity compensation plans or members of the Board (see Note 9—Equity-Based Compensation).

Share Repurchase Programs

In August 2022, the Board approved a new \$250.0 million share repurchase program (the "Former Share Repurchase Program") of which approximately \$38.5 million remained available as of December 31, 2023. During the nine months ended September 30, 2024, the Company repurchased 375,000 shares for an aggregate total of approximately \$20.2 million, leaving approximately \$18.3 million remaining under the Former Share Repurchase Program as of September 30, 2024.

In March 2024, the Company announced that its Stockholders and Board of Directors approved a new \$500.0 million share repurchase program (the "Share Repurchase Program"). During the nine months ended September 30, 2024, the Company repurchased 8,233,118 shares for an aggregate total of approximately \$425.1 million. Subsequent to September 30, 2024 through November 6, 2024, the Company repurchased 756,882 shares for an aggregate total of approximately \$37.7 million, leaving approximately \$37.2 million remaining under the Share Repurchase Program as of November 6, 2024.

Collectively, under the 2022 Former Share Repurchase Program and 2024 Share Repurchase Program, the Company repurchased 8,608,118 shares for an aggregate total of approximately \$445.3 million during the nine months ended September 30, 2024.

Under the Former Share Repurchase Program and Share Repurchase Program, the Company is authorized to repurchase shares through open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. The Former Share Repurchase Program and Share Repurchase Program has no time limit and may be suspended or discontinued completely at any time. The number of shares to be purchased and the timing of purchases will be based on the Company's trading windows and available liquidity, general business and market conditions, and other factors, including legal requirements, share ownership thresholds, debt covenant restrictions, future tax implications and alternative investment opportunities.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References to our "theme parks" or "parks" in the discussion that follows includes all of our separately gated parks. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs and involve numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of our Annual Report on Form 10-K, as such risk factors may be updated from time to time in our periodic filings with the SEC. Actual results may differ materially from those contained in any forward-looking statements. You should carefully read "Special Note Regarding Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q.

Introduction

The following discussion and analysis is intended to facilitate an understanding of our business and results of operations and should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. This discussion should also be read in conjunction with our consolidated financial statements and related notes thereto, and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K for the year ended December 31, 2023.

Business Overview

We are a leading theme park and entertainment company providing experiences that matter and inspiring guests to protect animals and the wild wonders of our world. We own or license a portfolio of recognized brands, including SeaWorld, Busch Gardens, Aquatica, Discovery Cove and Sesame Place. Over our more than 60-year history, we have developed a diversified portfolio of 13 differentiated theme parks that are grouped in key markets across the United States and in the United Arab Emirates. Many of our theme parks showcase our one-of-a-kind zoological collection and feature a diverse array of both thrill and family-friendly rides, educational presentations, shows and/or other attractions with broad demographic appeal which deliver memorable experiences and a strong value proposition for our guests.

Recent Developments

Current Operating Environment

Our Board has formed a number of committees and holds certain meetings and operational review sessions on a frequent basis designed to provide further assistance from Board members with expertise in certain areas by providing enhanced oversight over the operations of the Company. As a result, in the current operating environment, certain members of our Board, including our Chairman of the Board, are actively involved in overseeing certain key operating activities and decisions.

While conditions have improved in some markets and for various positions, the current condition of the overall labor market and the challenging current operating environment have led to turnover and hiring challenges for some positions and/or markets which could impact operations and the guest experience.

Principal Factors and Trends Affecting Our Results of Operations

Revenues

Our revenues are driven primarily by attendance in our theme parks and the level of per capita spending for admission and per capita spending for food and beverage, merchandise and other in-park products. We define attendance as the number of guest visits. Attendance drives admissions revenue as well as total in-park spending. Admissions revenue primarily consists of single-day tickets, annual passes (which generally expire after a 12-month term), season passes (including our fun card products and, collectively with annual passes, referred to as "passes" or "season passes") or other multi-day or multi-park admission products. Revenue from these admissions products are generally recognized based on attendance. Certain pass products are purchased through monthly installment arrangements which allow guests to pay over the product's initial commitment period. Once the initial commitment period is reached, some of these products transition to a month-to-month basis providing these guests access to specific parks on a monthly basis with related revenue recognized monthly, while others can renew for a full commitment period.

Total revenue per capita, defined as total revenue divided by total attendance, consists of admission per capita and in-park per capita spending:

• **Admission Per Capita.** We calculate admission per capita as total admissions revenue divided by total attendance. Admission per capita is primarily driven by ticket pricing, the admissions product mix (including the impact of pass visitation rates), and the park attendance mix, among other factors. The admissions product mix, also referred to as the attendance or visitation mix, is defined as the mix of attendance by ticket category such as single day, multi-day, annual/season passes or complimentary tickets/passes and can be impacted by the mix of guests, as domestic and international guests generally purchase higher admission per capita ticket products than local guests. A higher mix of attendance from complimentary tickets/passes will lower admissions per capita. Pass visitation rates are the number of visits per pass. A higher number of visits per pass, including complimentary passes, would yield a lower admissions per capita as the revenue is recognized over more visits. The park attendance mix is defined as the mix of theme parks visited and can impact admission per capita based on the theme park's respective pricing which, on average, is lower for our water parks compared to our other theme parks.

• **In-Park Per Capita Spending.** We calculate in-park per capita spending as total food, merchandise and other revenue divided by total attendance. Food, merchandise and other revenue primarily consists of food and beverage, merchandise, retail, parking, other in-park products and service fees, and other miscellaneous revenue, including online transaction fees and revenue from our international agreements, not necessarily generated in our parks, which is not significant in the periods presented. In-park per capita spending is primarily driven by pricing, product offerings, the mix of guests (as domestic and international guests typically generate higher in-park per capita spending than local guests or pass holders), guest penetration levels (percentage of guests purchasing) and the mix of in-park spending, among other factors.

Total revenue per capita, admissions per capita and in-park per capita spending are key performance metrics that we use to assess the operating performance of our parks on a per attendee basis and to make strategic operating decisions. We believe the presentation of these performance metrics is useful and relevant for investors as it provides investors the ability to review operating performance in the same manner as our management and provides investors with a consistent methodology to analyze revenue between periods on a per attendee basis. In addition, investors, lenders, financial analysts and rating agencies have historically used similar per-capita related performance metrics to evaluate companies in the industry.

See further discussion in the "Results of Operations" section which follows and in Note 1—Description of the Business and Basis of Presentation to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Attendance

The level of attendance in our theme parks is generally a function of many factors, including affordability, the opening of new attractions and shows, competitive offerings, weather, marketing and sales efforts, awareness and type of ticket and park offerings, travel patterns of both our domestic and international guests, fluctuations in foreign exchange rates and global and regional economic conditions, consumer confidence, the external perceptions of our brands and reputation, industry best practices and perceptions as to safety. The external perceptions of our brands and reputation have at times impacted relationships with some of our business partners, including certain ticket resellers that have terminated relationships with us and other zoological-themed attractions.

Costs and Expenses

Historically, the principal costs of our operations are employee wages and benefits, driven partly by staffing levels, advertising, maintenance, animal care, utilities, property taxes and insurance. Factors that affect our costs and expenses include fixed operating costs, competitive wage pressures including minimum wage legislation, commodity prices, costs for construction, repairs and maintenance, park operating hours, new parks and/or incremental operating days, new and/or enhanced events, attendance levels, supply chain issues, and inflationary pressures, among other factors. The mix of products sold compared to the prior year period can also impact our costs as retail products generally have a higher cost of sales component than our food and beverage or other in-park offerings.

We have a dedicated team of employees and consultants focused on reducing costs and improving operating margins and streamlining our labor structure to better align with our strategic business objectives. We have spent significant time reviewing our operations and have identified meaningful cost savings opportunities, including technology initiatives, which we believe will further strengthen our business and, in some instances, improve guest experiences.

See the "Current Operating Environment" section for further details. For other factors affecting our costs and expenses, see the "Risk Factors" section of our Annual Report on Form 10-K, as such risk factors may be updated from time to time in our periodic filings with the SEC.

Seasonality

The theme park industry is seasonal in nature. Historically, we generate the highest revenues in the second and third quarters of each year, in part because four of our theme parks were historically only open for a portion of the year. As a result, approximately two-thirds of our attendance and revenues were historically generated in the second and third quarters of the year and we generally incurred a net loss in the first quarter. The percent mix of revenues by quarter is relatively constant each year, but revenues can shift between the first and second quarters due to the timing of Easter and spring break holidays and between the first and fourth quarters due to the timing of holiday breaks around Christmas and New Year. Even for our eight theme parks which have historically been open year-round, attendance patterns have significant seasonality, driven by holidays, school vacations and weather conditions. Changes in school calendars that impact traditional school vacation breaks and/or start dates could also impact attendance patterns. Any changes to the operating schedule of a park such as increasing operating days for our historically seasonal parks, could change the impact of seasonality in the future.

See “Risk Factors” section of our Annual Report on Form 10-K, as such risk factors may be updated from time to time in our periodic filings with the SEC.

Results of Operations

The following discussion provides an analysis of our operating results for the three months ended September 30, 2024 and 2023. The following data should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

Comparison of the Three Months Ended September 30, 2024 to the Three Months Ended September 30, 2023

The following table presents key operating and financial information for the three months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,		Variance	
	2024	2023	#	%
Summary Financial Data:				
Net revenues:				
Admissions	\$ 296,954	\$ 299,785	\$ (2,831)	(0.9%)
Food, merchandise and other	248,947	248,462	485	0.2%
Total revenues	545,901	548,247	(2,346)	(0.4%)
Costs and expenses:				
Cost of food, merchandise and other revenues	40,629	40,431	198	0.5%
Operating expenses (exclusive of depreciation and amortization shown separately below)	207,336	205,808	1,528	0.7%
Selling, general and administrative expenses	55,361	59,705	(4,344)	(7.3%)
Severance and other separation costs	(12)	(139)	127	91.4%
Depreciation and amortization	41,577	39,171	2,406	6.1%
Total costs and expenses	344,891	344,976	(85)	(0.0%)
Operating income	201,010	203,271	(2,261)	(1.1%)
Other expense (income), net	54	(21)	75	NM
Interest expense	39,682	37,052	2,630	7.1%
Income before income taxes	161,274	166,240	(4,966)	(3.0%)
Provision for income taxes	41,597	42,685	(1,088)	(2.5%)
Net income	\$ 119,677	\$ 123,555	\$ (3,878)	(3.1%)
Other data:				
Attendance	7,029	7,129	(100)	(1.4%)
Total revenue per capita	\$ 77.66	\$ 76.90	\$ 0.76	1.0%
Admission per capita	\$ 42.24	\$ 42.05	\$ 0.19	0.5%
In-park per capita spending	\$ 35.42	\$ 34.85	\$ 0.57	1.6%

NM-Not Meaningful.

Admissions revenue. Admissions revenue for the three months ended September 30, 2024 decreased \$2.8 million, or 0.9%, to \$297.0 million as compared to \$299.8 million for the three months ended September 30, 2023. The decline was a result of a decrease in attendance, partially offset by an increase in admission per capita. Total attendance for the third quarter of 2024 decreased by approximately 100 thousand guests, or 1.4%, compared to the prior year quarter. The decrease in attendance was primarily due to a negative calendar shift and meaningfully worse weather, including related to Hurricanes Debby and Helene, during peak visitation periods, compared to the prior year quarter. Admission per capita increased by \$0.19 to \$42.24 for the third quarter of 2024 compared to \$42.05 in the prior year quarter, primarily due to the net impact of the park mix, partially offset by lower pricing on certain promotional admission products compared to the prior year quarter.

Food, merchandise and other revenue. Food, merchandise and other revenue for the three months ended September 30, 2024 increased \$0.5 million, or 0.2%, to \$248.9 million as compared to \$248.5 million for the three months ended September 30, 2023, as a result of an increase in in-park per capita spending, partially offset by a decrease in attendance, as discussed above. In-park per capita spending increased by 1.6% to \$35.42 in the third quarter of 2024 compared to \$34.85 in the third quarter of 2023. In park per capita spending improved primarily due to pricing initiatives compared to the third quarter of 2023.

Costs of food, merchandise and other revenues. Costs of food, merchandise and other revenues for the three months ended September 30, 2024 increased \$0.2 million, or 0.5%, to \$40.6 million as compared to \$40.4 million for the three months ended September 30, 2023.

Operating expenses. Operating expenses for the three months ended September 30, 2024 increased \$1.5 million, or 0.7%, to \$207.3 million as compared to \$205.8 million for the three months ended September 30, 2023. The increase in operating expenses is primarily due to an increase in labor-related costs and a \$2.6 million increase in third-party consulting costs associated with nonrecurring strategic initiatives, partially offset by a decrease in non-cash fixed asset write-offs compared to the third quarter of 2023.

Selling, general and administrative expenses. Selling, general and administrative expenses for the three months ended September 30, 2024 decreased \$4.3 million, or 7.3%, to \$55.4 million as compared to \$59.7 million for the three months ended September 30, 2023. The decrease in selling, general and administrative expenses is primarily due to a \$6.6 million decrease in third-party consulting costs, including approximately \$4.2 million of nonrecurring costs for strategic initiatives, partially offset by an increase in marketing related costs compared to the third quarter of 2023.

Depreciation and amortization. Depreciation and amortization expense for the three months ended September 30, 2024 increased \$2.4 million, or 6.1%, to \$41.6 million as compared to \$39.2 million for the three months ended September 30, 2023. The increase primarily relates to new asset additions, partially offset by the impact of asset retirements and fully depreciated assets.

Interest expense. Interest expense for the three months ended September 30, 2024 increased \$2.6 million, or 7.1%, to \$39.7 million as compared to \$37.1 million for the three months ended September 30, 2023. The increase primarily relates to the net impact of the Refinancing Transactions which included a higher average outstanding balance on our variable debt, partially offset by a lower average outstanding balance on our fixed debt. See Note 6—Long-Term Debt to our unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q for further details.

Provision for income taxes. Provision for income taxes in the three months ended September 30, 2024 was \$41.6 million compared to \$42.7 million for the three months ended September 30, 2023. Our consolidated effective tax rate was 25.8% for the three months ended September 30, 2024 compared to 25.7% for the three months ended September 30, 2023. The effective tax rate for the three months ended September 30, 2024 and 2023 was primarily impacted due to state income taxes and limits on certain compensation deductibility.

Comparison of the Nine Months Ended September 30, 2024 and 2023

The following table presents key operating and financial information for the nine months ended September 30, 2024 and 2023:

	For the Nine Months Ended September 30,		Variance	
	2024	2023	#	%
Summary Financial Data:				
Net revenues:				
Admissions	\$ 726,766	\$ 733,542	\$ (6,776)	(0.9%)
Food, merchandise and other	614,151	604,080	10,071	1.7%
Total revenues	1,340,917	1,337,622	3,295	0.2%
Costs and expenses:				
Cost of food, merchandise and other revenues	102,321	101,862	459	0.5%
Operating expenses (exclusive of depreciation and amortization shown separately below)	562,418	574,210	(11,792)	(2.1%)
Selling, general and administrative expenses	167,026	176,152	(9,126)	(5.2%)
Severance and other separation costs	577	521	56	10.7%
Depreciation and amortization	121,040	114,396	6,644	5.8%
Total costs and expenses	953,382	967,141	(13,759)	(1.4%)
Operating income	387,535	370,481	17,054	4.6%
Other expense, net	87	20	67	NM
Interest expense	117,845	110,407	7,438	6.7%
Loss on early extinguishment of debt and write-off of debt issuance costs and discounts	2,452	—	2,452	NM
Income before income taxes	267,151	260,054	7,097	2.7%
Provision for income taxes	67,551	65,911	1,640	2.5%
Net income	\$ 199,600	\$ 194,143	\$ 5,457	2.8%
Other data:				
Attendance	16,666	16,646	20	0.1%
Total revenue per capita	\$ 80.46	\$ 80.36	\$ 0.10	0.1%
Admission per capita	\$ 43.61	\$ 44.07	\$ (0.46)	(1.0%)
In-park per capita spending	\$ 36.85	\$ 36.29	\$ 0.56	1.5%

NM-Not Meaningful.

Admissions revenue. Admissions revenue for the nine months ended September 30, 2024 decreased \$6.8 million, or 0.9%, to \$726.8 million as compared to \$733.5 million for the nine months ended September 30, 2023. The decline was a result of a decrease in admissions per capita, partially offset by an increase in attendance. Total attendance for the first nine months of 2024 increased by approximately 20 thousand guests, or 0.1%, compared to the first nine months of 2023. The increase in attendance was primarily due to an increase in demand, partially offset by the impact of significantly worse weather and hurricanes, particularly at our Florida parks, including during peak visitation periods compared to the first nine months of 2023. Admission per capita decreased by 1.0% to \$43.61 for the nine months ended September 30, 2024 compared to \$44.07 for the nine months ended September 30, 2023, primarily due to lower pricing on certain promotional admission products compared to the first nine months of 2023.

Food, merchandise and other revenue. Food, merchandise and other revenue for the nine months ended September 30, 2024 increased \$10.1 million, or 1.7%, to \$614.2 million as compared to \$604.1 million for the nine months ended September 30, 2023 as a result of an increase in in-park per capita spending and an increase in attendance, as discussed above. In-park per capita spending increased by 1.5% to \$36.85 for the nine months ended September 30, 2024 compared to \$36.29 for the nine months ended September 30, 2023. In park per capita spending improved primarily due to pricing initiatives compared to the first nine months of 2023.

Costs of food, merchandise and other revenues. Costs of food, merchandise and other revenues for the nine months ended September 30, 2024 increased \$0.5 million, or 0.5%, to \$102.3 million as compared to \$101.9 million for the nine months ended September 30, 2023.

Operating expenses. Operating expenses for the nine months ended September 30, 2024 decreased by \$11.8 million, or 2.1%, to \$562.4 million as compared to \$574.2 million for the nine months ended September 30, 2023. The decrease in operating expenses is primarily due to a decrease in non-cash fixed asset write-offs and a decrease in nonrecurring legal costs and contractual liabilities resulting from the previously disclosed temporary COVID-19 park closures compared to the first nine months of 2023.

Selling, general and administrative expenses. Selling, general and administrative expenses for the nine months ended September 30, 2024 decreased \$9.1 million, or 5.2%, to \$167.0 million as compared to \$176.2 million for the nine months ended September 30, 2023. The decrease in selling, general and administrative expenses is primarily due to a \$17.9 million decrease in third-party consulting costs, including approximately \$14.3 million of nonrecurring costs for strategic initiatives, and a decrease in labor-related costs, partially offset by an increase in marketing related costs compared to the first nine months of 2023.

Depreciation and amortization. Depreciation and amortization expense for the nine months ended September 30, 2024 increased \$6.6 million, or 5.8%, to \$121.0 million as compared to \$114.4 million for the nine months ended September 30, 2023. The increase primarily relates to new asset additions, partially offset by the impact of asset retirements and fully depreciated assets.

Interest expense. Interest expense for the nine months ended September 30, 2024 increased \$7.4 million, or 6.7%, to \$117.8 million as compared to \$110.4 million for the nine months ended September 30, 2023. The increase primarily relates to the net impact of the Refinancing Transactions which included a higher average outstanding balance on our variable debt and write-offs of discounts and debt issuance costs, partially offset by a lower average outstanding balance on our fixed debt. See Note 6—Long-Term Debt to our unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q for further details.

Loss on early extinguishment of debt and write-off of debt issuance costs and discounts. Loss on early extinguishment of debt and write-off of debt issuance costs and discounts for the nine months ended September 30, 2024 primarily relate to a write-off of debt issuance costs and discounts resulting from the Refinancing Transactions during the nine months ended September 30, 2024. See Note 6—Long-Term Debt to our unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q for further details.

Provision for income taxes. Provision for income taxes for the nine months ended September 30, 2024 was \$67.6 million compared to \$65.9 million for the nine months ended September 30, 2023. Our consolidated effective tax rate was 25.3% for the nine months ended September 30, 2024 and 2023. The effective tax rate in the nine months ended September 30, 2024 and 2023 was primarily impacted by state income taxes and limits on certain compensation deductibility, partially offset by a tax benefit related to equity-based compensation which vested during the period. See Note 4—Income Taxes in our notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details.

Liquidity and Capital Resources

Overview

Generally, our principal sources of liquidity are cash generated from operations, funds from borrowings under our revolving credit facility and existing cash on hand. Our principal uses of cash typically include the funding of working capital obligations, debt service, investments in theme parks (including capital projects), share repurchases and/or other return of capital to stockholders, when permitted. As of September 30, 2024, we had a working capital ratio (defined as current assets divided by current liabilities) of 0.6. We typically have operated with a working capital ratio of near 1.0 due to a significant deferred revenue balance from revenues paid in advance for our theme park admissions products and high turnover of in-park products that result in limited inventory balances. We believe our cash flow from operations, along with our revolving credit facility, will allow us to meet our liquidity needs.

As market conditions warrant and subject to our contractual restrictions and liquidity position, we or our affiliates, may from time to time purchase our outstanding equity and/or debt securities, including our outstanding bank loans in privately negotiated or open market transactions, by tender offer or otherwise. Any such purchases may be funded by incurring new debt, including additional borrowings under our Senior Secured Credit Facilities. Any new debt may also be secured debt. We may also use available cash on our balance sheet. The amounts involved in any such transactions, individually or in the aggregate, may be material. Further, since some of our debt may trade at a discount to the face amount among current or future syndicate members, any such purchases may result in our acquiring and retiring a substantial amount of any particular series, with the attendant reduction in the trading liquidity of any such series. Depending on conditions in the credit and capital markets and other factors, we will, from time to time, consider other financing transactions, the proceeds of which could be used to refinance our indebtedness or for other purposes.

Share Repurchases

See Note 10—Stockholders' Deficit in our notes to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further information on our share repurchase programs.

Other

We believe that existing cash and cash equivalents, cash flow from operations, and available borrowings under our revolving credit facility will be adequate to meet the capital expenditures, debt service obligations and working capital requirements of our operations for at least the next 12 months.

The following table presents a summary of our cash flows (used in) provided by operating, investing, and financing activities for the periods indicated:

	For the Nine Months Ended September 30,	
	2024	2023
	(Unaudited, in thousands)	
Net cash provided by operating activities	\$ 367,671	\$ 398,457
Net cash used in investing activities	(222,282)	(234,218)
Net cash used in financing activities	(315,476)	(31,333)
Net (decrease) increase in cash and cash equivalents, including restricted cash	<u>\$ (170,087)</u>	<u>\$ 132,906</u>

Cash Flows from Operating Activities

Net cash provided by operating activities was \$367.7 million during the nine months ended September 30, 2024 as compared to \$398.5 million during the nine months ended September 30, 2023. The change in net cash provided by operating activities was primarily impacted by an increase in cash paid for interest and income taxes.

Cash Flows from Investing Activities

Investing activities consist principally of capital investments we make in our theme parks for future attractions and infrastructure. Net cash used in investing activities during the nine months ended September 30, 2024 consisted primarily of capital expenditures of \$222.2 million largely related to future attractions. Net cash used in investing activities during the nine months ended September 30, 2023 consisted of \$234.2 million of capital expenditures.

The following table presents detail of our capital expenditures for the periods indicated. Certain amounts relating to prior period results were reclassified to conform to current period presentation. These reclassifications have not changed the results of operations of the prior period.

	For the Nine Months Ended September 30,	
	2024	2023
	(Unaudited, in thousands)	
Capital Expenditures:		
Core ^(a)	\$ 155,384	\$ 179,776
Expansion/ROI projects ^(b)	66,823	54,442
Capital expenditures, total	<u>\$ 222,207</u>	<u>\$ 234,218</u>

^(a) Reflects capital expenditures for park rides, attractions and maintenance activities.

^(b) Reflects capital expenditures for park expansion, new properties, and revenue and/or expense return on investment ("ROI") projects.

The amount of our capital expenditures may be affected by general economic and financial conditions, among other things, including restrictions imposed by our borrowing arrangements. Historically, we generally expect to fund our capital expenditures through our operating cash flow.

Cash Flows from Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2024 primarily results from \$445.3 million used to repurchase shares, repayments of \$238.2 million on long-term debt and \$8.6 million for payments of tax withholdings on equity-based compensation through shares withheld, partially offset by \$379.3 million of net proceeds from the issuance of debt. Net cash used in financing activities during the nine months ended September 30, 2023 results primarily from share repurchases of \$17.9 million, repayments of \$9.0 million on our long-term debt, and payment of tax withholdings on equity-based compensation through shares withheld of \$6.6 million.

Our Indebtedness

We are a holding company and conduct our operations through our subsidiaries, which have incurred or guaranteed indebtedness as described below. As of September 30, 2024, our indebtedness consisted of senior secured credit facilities and 5.25% senior notes (the "Senior Notes").

Senior Secured Credit Facilities

SeaWorld Parks & Entertainment, Inc. ("SEA") is the borrower under the senior secured credit facilities, as amended and restated pursuant to a credit agreement (the "Amended and Restated Credit Agreement") dated August 25, 2021 (the "Senior Secured Credit Facilities").

As of September 30, 2024, our Senior Secured Credit Facilities consisted of \$1.542 billion in Term B-2 Loans which will mature in August 2028, along with a \$700.0 million Revolving Credit Facility, which had no amounts outstanding as of September 30, 2024 and will mature on the earlier of (x) August 23, 2029 and (y) May 26, 2028, if at least \$225,000,000 of Term B-2 Loans (or any debt refinancing, refunding or replacing any Term B-2 Loans that mature on or prior to November 22, 2029) are outstanding on the date that is 91 days prior to the Term B-2 Loans maturity date of August 25, 2028. As of September 30, 2024, SEA had approximately \$17.5 million of outstanding letters of credit, leaving approximately \$682.5 million available for borrowing under the Revolving Credit Facility.

Senior Notes

As of September 30, 2024, SEA had outstanding \$725.0 million in aggregate principal amount of Senior Notes due on August 15, 2029.

Covenant Compliance

As of September 30, 2024, we were in compliance with all covenants in our credit agreement governing the Senior Secured Credit Facilities and the indentures governing our Senior Notes.

See Note 6—Long-Term Debt to our unaudited condensed consolidated financial statements for further details related to our long-term debt and restrictive covenants.

Adjusted EBITDA

We define Adjusted EBITDA as net income plus (i) income tax provision, (ii) loss on extinguishment of debt, (iii) interest expense, consent fees and similar financing costs, (iv) depreciation and amortization, (v) equity-based compensation expense, (vi) certain non-cash charges/credits including those related to asset disposals and self-insurance reserve adjustments, (vii) certain business optimization, development and strategic initiative costs, (viii) merger, acquisition, integration and certain investment costs, and (ix) other nonrecurring costs including incremental costs associated with the COVID-19 pandemic or similar unusual events.

Under the credit agreement governing the Senior Secured Credit Facilities and the indentures governing our Senior Notes and First-Priority Senior Secured Notes (collectively, the "Debt Agreements"), our ability to engage in activities such as incurring additional indebtedness, making investments, refinancing certain indebtedness, paying dividends and entering into certain merger transactions is governed, in part, by our ability to satisfy tests based on Covenant Adjusted EBITDA as defined in the Debt Agreements ("Covenant Adjusted EBITDA").

Covenant Adjusted EBITDA is defined as Adjusted EBITDA plus certain other items as defined in the Debt Agreements, including estimated cost savings among other adjustments. Cost savings represent annualized estimated savings expected to be realized over the following 24 month period related to certain specified actions including restructurings and cost savings initiatives, net of actual benefits realized during the last twelve months. Other adjustments include (i) recruiting and retention costs, (ii) public company compliance costs, (iii) litigation and arbitration costs, and (iv) other costs and adjustments as permitted by the Debt Agreements.

We believe that the presentation of Adjusted EBITDA is appropriate as it eliminates the effect of certain non-cash and other items not necessarily indicative of a company's underlying operating performance. We use Adjusted EBITDA in connection with certain components of our executive compensation program. In addition, investors, lenders, financial analysts and rating agencies have historically used EBITDA related measures in our industry, along with other measures, to estimate the value of a company, to make informed investment decisions and to evaluate companies in the industry. In addition, we believe the presentation of Covenant Adjusted EBITDA for the last twelve months is appropriate as it provides additional information to investors about the calculation of, and compliance with, certain financial covenants in the Debt Agreements. See Note 6—Long-Term Debt to our unaudited condensed consolidated financial statements for further details relating to our restrictive covenants.

Adjusted EBITDA and Covenant Adjusted EBITDA are not recognized terms under U.S. generally accepted accounting principles ("GAAP"), should not be considered in isolation or as a substitute for a measure of our financial performance prepared in accordance with GAAP and are not indicative of income or loss from operations as determined under GAAP. Adjusted EBITDA, Covenant Adjusted EBITDA and other non-GAAP financial measures have limitations which should be considered before using these measures to evaluate our financial performance. Adjusted EBITDA and Covenant Adjusted EBITDA as presented by us, may not be comparable to similarly titled measures of other companies due to varying methods of calculation.

The following table reconciles Adjusted EBITDA and Covenant Adjusted EBITDA to net income for the periods indicated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		Last Twelve Months Ended September 30,
	2024	2023	2024	2023	2024
	(Unaudited, in thousands)				
Net income	\$ 119,677	\$ 123,555	\$ 199,600	\$ 194,143	\$ 239,653
Provision for income taxes	41,597	42,685	67,551	65,911	80,551
Interest expense	39,682	37,052	117,845	110,407	154,104
Loss on early extinguishment of debt and write-off of debt issuance costs and discounts ^(a)	—	—	2,452	—	2,452
Depreciation and amortization	41,577	39,171	121,040	114,396	160,852
Equity-based compensation expense ^(b)	3,208	4,644	10,478	13,715	14,724
Loss on impairment or disposal of assets and certain non-cash expenses ^(c)	4,850	8,723	12,733	22,985	21,384
Business optimization, development and strategic initiative costs ^(d)	5,655	6,662	13,309	28,191	19,021
Certain investment costs and other taxes ^(e)	(564)	1,147	3,575	1,309	3,977
COVID-19 related incremental costs ^(f)	662	1,092	2,523	8,760	2,839
Other adjusting items ^(g)	2,069	1,666	4,614	3,239	6,598
Adjusted EBITDA ^(h)	<u>\$ 258,413</u>	<u>\$ 266,397</u>	<u>\$ 555,720</u>	<u>\$ 563,056</u>	<u>\$ 706,155</u>
<i>Items added back to Covenant Adjusted EBITDA as defined in the Debt Agreements:</i>					
Estimated cost savings ⁽ⁱ⁾					20,700
Other adjustments as defined in the Debt Agreements ^(j)					7,864
Covenant Adjusted EBITDA ^(k)					<u>\$ 734,719</u>

- (a) Reflects a loss on early extinguishment of debt and write-off of debt issuance costs and discounts associated with the Refinancing Transactions. See Note 6—Long-Term Debt to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details.
- (b) Reflects non-cash equity compensation expenses and related payroll taxes associated with the grants of equity-based compensation. See Note 9—Equity-Based Compensation in our notes to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details.
- (c) Reflects primarily non-cash self-insurance reserve adjustments of: (i) approximately \$4.1 million for the three months ended September 30, 2024; (ii) approximately \$8.7 million for the nine and twelve months ended September 30, 2024; and (iii) approximately \$4.8 million and \$11.8 million for the three and nine months ended September 30, 2023, respectively. Also includes non-cash expenses related to miscellaneous fixed asset disposals including asset write-offs and costs related to certain rides and equipment which were removed from service.
- (d) For the three, nine, and twelve months ended September 30, 2024, reflects business optimization, development and other strategic initiative costs primarily related to: (i) \$4.4 million, \$7.4 million, and \$7.2 million, respectively, of third-party consulting costs and (ii) \$1.3 million, \$5.3 million, and \$10.8 million, respectively, of other business optimization costs and strategic initiative costs. Reflects business optimization, development and other strategic initiative costs primarily related to: (i) \$3.1 million and \$17.1 million of third-party consulting costs for the three and nine months ended September 30, 2023, respectively, and (ii) \$3.6 million and \$9.7 million of other business optimization costs and strategic initiative costs for the three and nine months ended September 30, 2023, respectively.
- (e) For the nine and twelve months ended September 30, 2024, primarily relates to expenses associated with a stockholders' agreement amendment proposal and a share repurchase proposal.
- (f) Primarily reflects costs associated with nonrecurring contractual liabilities and certain legal matters related to the previously disclosed temporary COVID-19 park closures.
- (g) Reflects the impact of expenses, net of insurance recoveries and adjustments, incurred primarily related to certain matters, which we are permitted to exclude under the credit agreement governing our Senior Secured Credit Facilities due to the unusual nature of the items.

- (h) Adjusted EBITDA is defined as net income (loss) before income tax expense, interest expense, depreciation and amortization, as further adjusted to exclude certain non-cash, and other items as described above.
- (i) Our Debt Agreements permit the calculation of certain covenants to be based on Covenant Adjusted EBITDA, as defined above, for the last twelve-month period further adjusted for net annualized estimated savings we expect to realize over the following 24-month period related to certain specified actions, including restructurings and cost savings initiatives. These estimated savings are calculated net of the amount of actual benefits realized during such period. These estimated savings are a non-GAAP Adjusted EBITDA add-back item only as defined in the Debt Agreements and does not impact our reported GAAP net income.
- (j) The Debt Agreements permit our calculation of certain covenants to be based on Covenant Adjusted EBITDA as defined above, for the last twelve-month period further adjusted for certain costs as permitted by the Debt Agreements including recruiting and retention expenses, public company compliance costs and litigation and arbitration costs, if any.
- (k) Covenant Adjusted EBITDA is defined in the Debt Agreements as Adjusted EBITDA for the last twelve-month period further adjusted for net annualized estimated savings among other adjustments as described in footnotes (i) and (j) above.

Contractual Obligations

There have been no material changes to our contractual obligations as of September 30, 2024 from those previously disclosed in our Annual Report on Form 10-K other than the debt and interest obligations pursuant to the Refinancing Transactions (see Note 6—Long-Term Debt to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details). As a result, our total long-term debt obligations as of September 30, 2024, not including any possible prepayments, are as follows for the remainder of 2024, 2025-2026, 2027-2028, and thereafter, respectively (in thousands): \$3,885; \$31,080; \$1,507,333; and \$725,000. Our estimated future interest payments based on interest rates in effect at September 30, 2024 are as follows for the remainder of 2024, 2025-2026, 2027-2028, and thereafter, respectively (in thousands): \$38,975; \$308,027; \$266,657; and \$26,894. Includes amounts attributable to the Senior Secured Credit Facilities and Senior Notes calculated as of September 30, 2024 using certain assumptions and excluding any possible principal prepayments.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, revenues and expenses, and disclosure of contingencies during the reporting period. Significant estimates and assumptions include the valuation and useful lives of long-lived assets, the accounting for income taxes, the accounting for self-insurance and revenue recognition. Actual results could differ from those estimates. The critical accounting estimates associated with these policies are described in our Annual Report on Form 10-K under "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*" There have been no material changes to our significant accounting policies as compared to the significant accounting policies described in our Annual Report on Form 10-K, filed on February 29, 2024.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements as of September 30, 2024.

Recently Issued Financial Accounting Standards

Refer to Note 2—Recent Accounting Pronouncements in our notes to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Inflation

The impact of inflation has affected, and will continue to affect, our operations significantly. The costs of food, merchandise and other revenues are influenced by inflation and fluctuations in global commodity prices. In addition, other costs, such as the costs of fuel, construction, repairs and maintenance, labor, freight, utilities and insurance are all subject to inflationary pressures. For further discussion, see the "*Risk Factors*" section of our Annual Report on Form 10-K, as such risk factors may be updated from time to time in our periodic filings with the SEC.

Interest Rate Risk

We are exposed to market risks from fluctuations in interest rates, and to a lesser extent on currency exchange rates, from time to time, on imported rides and equipment. The objective of our financial risk management is to reduce the potential negative impact of interest rate and foreign currency exchange rate fluctuations to acceptable levels. We do not acquire market risk sensitive instruments for trading purposes.

Prior to 2021, we previously managed interest rate risk through the use of a combination of fixed-rate long-term debt and interest rate swaps that fixed a portion of our variable-rate long-term debt. We have no interest rate swap agreements outstanding as of September 30, 2024. We presently manage interest rate risk primarily by managing the amount, sources and duration of our debt funding. At September 30, 2024, approximately \$1.5 billion of our outstanding long-term debt represents variable-rate debt. Assuming an average balance on our revolving credit borrowings of approximately \$700.0 million, a hypothetical 100 bps increase in Adjusted Term SOFR would increase our annual interest expense by approximately \$22.4 million. Assuming no revolving credit borrowings, a hypothetical 100 bps increase in Adjusted Term SOFR would increase our annual interest expense by approximately \$15.4 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), require public companies, including us, to maintain "disclosure controls and procedures," which are defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act to mean a company's controls and other procedures that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required or necessary disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. Our principal executive officer and principal financial officer have concluded, based on the evaluation of the effectiveness of the disclosure controls and procedures by our management as of the end of the fiscal quarter covered by this Quarterly Report, that our disclosure controls and procedures were effective to accomplish their objectives at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

Regulations under the Exchange Act require public companies, including our Company, to evaluate any change in our "internal control over financial reporting" as such term is defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act. There have been no changes in our internal control over financial reporting that occurred during the most recent quarter ended September 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

See Note 8—Commitments and Contingencies under the caption “*Legal Proceedings*” in our notes to the unaudited condensed consolidated financial statements for further details concerning our other legal proceedings.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in Item 1A.to Part I of our Annual Report on Form 10-K, as filed on February 29, 2024, except to the extent factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors, which is incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the third quarter of 2024. The following table sets forth information with respect to shares of our common stock purchased by us during the periods indicated:

Period Beginning	Period Ended	Total Number of Shares Purchased ⁽¹⁾⁽²⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
July 1, 2024	July 31, 2024	1,608,920	\$ 55.41	1,608,920	\$ 215,764,550
August 1, 2024	August 31, 2024	2,039,259	\$ 47.89	2,034,134	118,348,995
September 1, 2024	September 30, 2024	484,969	\$ 51.76	484,954	93,246,099
		<u>4,133,148</u>		<u>4,128,008</u>	\$ 93,246,099

(1)Except for the 4,128,008 shares of our common stock repurchased as described in footnote (2), all other purchases were made pursuant to our Omnibus Incentive Plan, under which participants may satisfy tax withholding obligations incurred upon the vesting of restricted stock by requesting that we withhold shares with a value equal to the amount of the withholding obligation.

(2)In August 2022, our Board of Directors approved a \$250.0 million share repurchase program (the “Former Share Repurchase Program”) of which approximately \$38.5 million remained available as of December 31, 2023. During the nine months ended September 30, 2024, we repurchased 375,000 shares for an aggregate total of approximately \$20.2 million, leaving approximately \$18.3 million remaining under the Former Share Repurchase Program as of September 30, 2024.

In March 2024, we announced that our Stockholders and Board of Directors approved a new \$500.0 million share repurchase program (the “Share Repurchase Program”). During the nine months ended September 30, 2024, we repurchased 8,233,118 shares for an aggregate total of approximately \$425.1 million. Subsequent to September 30, 2024 through November 6, 2024, we repurchased 756,882 shares for an aggregate total of approximately \$37.7 million, leaving approximately \$37.2 million remaining under the Share Repurchase Program as of November 6, 2024.

Collectively, under the 2022 Former Share Repurchase Program and 2024 Share Repurchase Program, we repurchased 8,606,118 shares for an aggregate total of approximately \$445.3 million during the nine months ended September 30, 2024.

Under the Former Share Repurchase Program and Share Repurchase Program, we are authorized to repurchase shares through open market purchases, privately-negotiated transactions or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Exchange Act. All of the common stock is held as treasury shares as of September 30, 2024. The number of shares to be purchased and the timing of purchases will be based on our trading windows and available liquidity, general business and market conditions and other factors, including legal requirements and alternative opportunities. See Note 10—Stockholders’ Deficit in the notes to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (within the meaning of Item 408 of Regulation S-K) during the Company's fiscal quarter ended September 30, 2024.

Item 6. Exhibits

The following is a list of all exhibits filed or furnished as part of this report:

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Amendment No. 4, dated as of August 23, 2024, to the Amended and Restated Credit Agreement, dated as of August 25, 2021, by and among SeaWorld Parks & Entertainment, Inc., United Parks & Resorts Inc., the subsidiary guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent and as Collateral Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed August 26, 2024 (File No. 001-35883)).</u>
10.2*†	<u>Amended and Restated Outside Director Compensation Policy, effective January 1, 2024.</u>
31.1*	<u>Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1*	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2*	<u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS*	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL

* Filed herewith

† Identifies exhibits that consist of a management contract or compensatory plan or arrangement

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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 thereunto duly authorized.

UNITED PARKS & RESORTS INC.

(Registrant)

Date: November 8, 2024

By: /s/ James W. Forrester, Jr.
James W. Forrester, Jr.
Interim Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 8, 2024

By: /s/ Bill Myers
Bill Myers
Chief Accounting Officer
(Principal Accounting Officer)

UNITED PARKS & RESORTS INC.

AMENDED AND RESTATED OUTSIDE DIRECTOR COMPENSATION POLICY

Effective January 1, 2024

United Parks & Resorts Inc. (the "Company") believes that the granting of equity and cash compensation to its members of the Board of Directors (the "Board," and members of the Board, "Directors") represents a powerful tool to attract, retain and reward Directors who are not employees of the Company ("Outside Directors"). This Outside Director Compensation Policy (this "Policy") is intended to formalize the Company's policy regarding cash compensation and grants of equity to its Outside Directors. The cash compensation and equity grants described in this Policy will be paid or made, as applicable, automatically and without further action of the Board, to each Outside Director. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given such terms in the Company's 2017 Omnibus Incentive Plan (the "Plan"). Outside Directors will be solely responsible for any tax obligations they incur as a result of the equity and cash payments received under this Policy.

I.CASH COMPENSATION.

A. Annual Fee. The Company will pay each Outside Director an annual fee of \$110,000 for serving on the Board (the "Annual Fee"). The Annual Fee will be paid, in arrears, in four equal installments on a quarterly basis with each quarterly payment paid on the last day of the applicable quarter.

B. Annual Board Chairperson Fee. In addition to the Annual Fee, the Company will pay the Outside Director who serves as the Chairperson of the Board an annual fee of \$135,000 for such service (the "Annual Board Chairperson Fee"). The Annual Board Chairperson Fee will be paid, in arrears, in four equal installments on a quarterly basis with each quarterly payment paid on the last day of the applicable quarter.

C. Annual Lead Director Fee. In addition to the Annual Fee, the Company will pay any Outside Director who serves as the Lead Director (as defined in the Company's Corporate Governance Guidelines) an annual fee of \$110,000 for such service (the "Annual Lead Director Fee"). The Lead Director Fee will be paid, in arrears, in four equal installments on a quarterly basis with each quarterly payment paid on the last day of the applicable quarter.

D. Annual Committee Chairperson Fee. In addition to the Annual Fee, the Annual Board Chairperson Fee and the Annual Lead Director Fee, as applicable, the Company will pay each Outside Director who serves as the Chairperson of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, Regulatory & Governmental Affairs Committee, Revenue Committee or Special/Ad Hoc Committee of the Board the applicable annual fee set forth in the table below for such service (the "Annual Committee Chairperson Fee"). The Annual

Committee Chairperson Fee will be paid, in arrears, in four equal installments on a quarterly basis with each quarterly payment paid on the last day of the applicable quarter. Subject to Section G below and the following sentence, the Annual Committee Chairperson Fee will not be prorated unless otherwise determined by the Board (upon a recommendation by the Compensation Committee) for any Committee that is in existence for less than a full calendar year; provided that the balance due of the Annual Committee Chairperson Fee will be paid upon the termination of the Committee (or at the next quarterly payment date). If such a Committee is formed in the first quarter of the calendar year, its members shall be eligible for a quarterly fee at the end of each quarter (i.e., four quarterly fees), in arrears, during the calendar year; if formed in the second quarter, eligible for three quarterly fees; if formed in the third quarter, eligible for two quarterly fees; and if formed in the fourth quarterly, eligible for one quarterly fee.

<u>Committee</u>	<u>Annual Committee Chairperson Fee*</u>
Audit Committee	\$35,000
Compensation Committee	\$30,000
Nominating and Corporate Governance	\$30,000
Revenue Committee	\$30,000
Special/Ad Hoc Committee	\$35,000**

* The Annual Chairperson Fee shall be pro-rated for any Chairperson that serves on the Committee (as defined below) for less than the full year of any Committee or existence of the Special/Ad Hoc Committee, prorated based on the number of quarters (whether full or partial) that the Chairperson provided partial service during the applicable year. If a Committee member serves as a Chairperson for less than the full year of any Committee or existence of the Special/Ad Hoc Committee then such Committee member's Annual Committee Chairperson Fee and Annual Committee Member Fee (as defined below) shall be pro-rated between the two fees, as applicable, based on the number of days served in each position.

** Or such other amounts as may be determined by the Board of Directors upon establishment of the Special/Ad Hoc Committee, including a pro-rated amount for a Chairperson if such Chairperson was appointed following the establishment of the Special/Ad Hoc Committee or left prior to its termination.

E. Committee Members. In addition to the Annual Fee, the Annual Board Chairperson Fee and the Annual Lead Director Fee, as applicable, the Company will pay each Outside Director who serves as a non-Chairperson member of Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, Regulatory & Governmental Affairs Committee, Revenue Committee or Special/Ad Hoc Committee of the Board (collectively, the "Committees") the applicable annual fee set forth in the table below for such service (the "Annual Committee Member Fee"). At the election of the Outside Director, the Annual Committee Member Fee will be paid, in arrears, either (a) in twelve equal installments on a monthly basis with each monthly payment paid on the last day of the applicable month or (b) in four equal installments on a quarterly basis with each quarterly payment paid on the last day of the applicable quarter. Subject to Section G below and the

following sentence, the Annual Committee Member Fee will not be prorated unless otherwise determined by the Board (upon a recommendation by the Compensation Committee) for any Committee that is in existence for less than a full calendar year; provided that the balance due of the Annual Committee Member Fee will be paid upon the termination of the Committee (or at the next quarterly payment date). If such a Committee is formed in the first quarter of the calendar year, its members shall be eligible for a quarterly fee at the end of each quarter (i.e., four quarterly fees), in arrears, during the calendar year; if formed in the second quarter, eligible for three quarterly fees; if formed in the third quarter, eligible for two quarterly fees; and if formed in the fourth quarterly, eligible for one quarterly fee.

<u>Committee</u>	<u>Annual Committee Member Fee*</u>
Audit Committee	\$25,000
Compensation Committee	\$20,000
Nominating and Corporate Governance	\$20,000
Revenue Committee	\$20,000
Special/Ad Hoc Committee	\$25,000**

* The Annual Committee Member Fee shall be pro-rated for any Committee member that serves on the Committee for less than the full year of any Committee or existence of the Special/Ad Hoc Committee, prorated based on the number of quarters (whether full or partial) that the Outside Director provided partial service during the applicable year.

** Or such other amounts as may be determined by the Board of Directors upon establishment of the Special/Ad Hoc Committee, including a pro-rated amount for a Committee member if such Committee member joined following the establishment of the Special/Ad Hoc Committee or left prior to its termination.

F.Meetings of the Board or Committees. There are no per meeting attendance fees for attending Board meetings or meetings of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, Regulatory & Governmental Affairs Committee, Revenue Committee or Special/Ad Hoc Committee of the Board, unless otherwise approved by the Board of Directors; provided that each Outside Director shall receive \$3,000 for each full Board meeting attended in excess of twelve (12) full Board meetings attended per calendar year.

G.Newly Elected or Appointed Outside Director: Ceasing Board Service. The Company will pay each individual who is first elected or appointed as an Outside Director after the effective date of this Policy a prorated portion of the applicable annual fees set forth in this Section I based on the number of days that the Outside Director provided partial service during the year of election or appointment. If any Outside Director ceases to serve on the Board for any reason, the Company will pay such

Outside Director a prorated portion of quarterly installment due to such Outside Director under this Section I based on the number of days that such Outside Director provided partial service during the applicable quarter. Subject to Section I.I. below, after payment of the aforementioned prorated quarterly installment to any Outside Director that ceases to serve on the Board (and any Annual Committee Chairperson Fees and Annual Committee Member Fees, in each case, as described above), the Company will have no further obligations to such Outside Director under this Section I.

H.Reimbursement of Expenses. The Company will reimburse each Outside Director for (i) all reasonable and documented travel and lodging expenses associated with attendance at Board and committee meetings and (ii) subject to approval by the Nominating and Corporate Governance Committee, all reasonable and documented registration, travel and lodging expenses associated with attendance at director continuing education programs in accordance with the Company's then current policies. The Company will provide complimentary and discount tickets and passes for Outside Directors and guests to visit the Company's parks in accordance with the Company's then current policies.

I.Special Compensation. The Board may provide additional compensation to members of the Board from time to time for "Extraordinary Board Service" (such fees, "Special Compensation"). "Extraordinary Board Service" shall mean services provided outside of the services typically required and/or expected of members of the Board or the Committees related to events or circumstances that are unusual or infrequent in nature. The Special Compensation payable with respect to such Extraordinary Board Service shall be determined and paid retroactively after the applicable Extraordinary Board Services are completed (intermittently or in a lump sum) but shall be determined based on a variety of factors, including, but not limited to, (i) length of special services, (ii) number of meetings attended outside general Board or Committee meetings, (iii) time demands in between meetings, (iv) travel commitments and (v) anything else the Board determines to be relevant. The Special Compensation shall be determined by the Board based on the Board's internal comparisons to the various time commitment and obligations of the other Committees. Consistent with Section F of the Policy, per meeting fees will generally not be paid; provided, that, in some instances, fixed per diem rates may be appropriate based on the nature of the Extraordinary Board Service.

J. Equity in Lieu of Cash Compensation. Once per calendar year, each Outside Director may timely elect, prior to the annual deadline, to receive any or all of the above referenced cash compensation in the form of fully vested shares of Common Stock of the Company (or deferred notional units of Common Stock) in lieu of cash. The number of shares received will be calculated using the closing price of a share of Common Stock of the Company on the date immediately prior to the date the cash payment would have otherwise been made. If no election is made by the Outside Director prior to the annual deadline, the above cash compensation shall be paid in cash.

II.EQUITY COMPENSATION.

Outside Directors will be entitled to receive all types of Awards (except Incentive Stock Options) under the Plan, including discretionary Awards not covered under this Policy. All grants of Awards to Outside Directors pursuant to this Section II will be automatic and will be made in accordance with the following provisions:

A.Initial Award. Each individual who is first elected or appointed as an Outside Director after the effective date of this Policy, will automatically be granted, on the date of such initial election or appointment, an Award ("**Initial Award**") of (i) deferred stock units payable in shares of Common Stock of the Company upon settlement (i.e. the earliest to occur of a Change in Control or (a) for awards granted prior to the 2019 Annual Stockholders meeting, one year following an Outside Director's termination of services from the Board or (b) for awards granted after the 2019 Annual Stockholders meeting, three months following an Outside Directors termination of services from the Board or six months following termination of services from the Board if such director is considered a specified employee under 409A of the Internal Revenue Code (each such deferred stock unit, a "**Deferred Stock Unit**") or (ii) if timely elected, restricted stock units payable in shares of Common Stock of the Company upon settlement (i.e. the earliest to occur of a Change in Control or vesting) (each such unit, a "**Restricted Stock Unit**") with an aggregate Fair Market Value of \$220,000 pro-rated based on the Date of Grant by multiplying \$220,000 by (365-number of days since Annual Stockholders meeting)/365.

B.Annual Award. On the date of each Annual Stockholders Meeting of the Company, but after any stockholder votes are taken on such date, each Outside Director who is to continue to serve as such will automatically be granted an Award ("**Annual Award**") of (i) Deferred Stock Units or (ii) if timely elected, Restricted Stock Units with an aggregate Fair Market Value of \$220,000.

C.Vesting. Each Initial Award will vest on the day before the next Annual Stockholders Meeting of the Company occurring after the date of grant, subject to the Outside Director's continued service on the Board through the vesting date. Each Initial Award and Annual Award will become fully vested upon the occurrence of a Change in Control (as defined in the Plan) provided that the Outside Director serves on the Board through the date of such Change in Control.

D.Award Agreement. Each Initial Award and Annual Award granted pursuant to this Policy will be made solely by and subject to the terms set forth in a written agreement in a form, consistent with the terms of the Plan, approved by the Board (or the Compensation Committee of the Board) and duly executed by an executive officer of the Company.

III.AMENDMENT, MODIFICATION AND TERMINATION.

This policy was adopted March 4, 2014, and amended and restated as of April 3, 2014, March 3, 2015, April 13, 2016, April 12, 2017, October 11, 2017, April 11, 2018, June 12, 2019,

December 22, 2020 (effective January 1, 2021), December 31, 2021 (effective December 31, 2021), January 1, 2022, January 1, 2023 and August 22, 2024. This Policy may be amended, modified or terminated by the Board in the future at its sole discretion.

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Marc G. Swanson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 of United Parks & Resorts Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024

Signature: /s/ Marc G. Swanson
Marc G. Swanson
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, James W. Forrester, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 of United Parks & Resorts Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024

Signature: /s/ James W. Forrester, Jr.
James W. Forrester, Jr.
Interim Chief Financial Officer and Treasurer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of United Parks & Resorts Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marc G. Swanson, Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 8, 2024

/s/ Marc G. Swanson

Marc G. Swanson
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of United Parks & Resorts Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James W. Forrester, Jr., Interim Chief Financial Officer and Treasurer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 8, 2024

/s/ James W. Forrester, Jr.

James W. Forrester, Jr.

Interim Chief Financial Officer and Treasurer
(Principal Financial Officer)
