SeaWorld Entertainment, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

6240 Sea Harbor Drive
Orlando, Florida
(Address of principal executive offices)

27-1220297
(I.R.S. Employer Identification No.)

32821
(Zip Code)

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

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

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

Securities registered pursuant to Section 12(g) of the Act: None

Auditor Firm Id: 34
Auditor Name: Deloitte & Touche LLP
Auditor Location: Tampa, FL
# SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES
# ANNUAL REPORT ON FORM 10-K
# FOR THE YEAR ENDED DECEMBER 31, 2021

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PART I.</strong></td>
<td>3</td>
</tr>
<tr>
<td>Item 1. Business</td>
<td>3</td>
</tr>
<tr>
<td>Item 1A. Risk Factors</td>
<td>19</td>
</tr>
<tr>
<td>Item 1B. Unresolved Staff Comments</td>
<td>39</td>
</tr>
<tr>
<td>Item 2. Properties</td>
<td>39</td>
</tr>
<tr>
<td>Item 3. Legal Proceedings</td>
<td>39</td>
</tr>
<tr>
<td>Item 4. Mine Safety Disclosures</td>
<td>39</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>PART II.</strong></th>
<th>40</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</td>
<td>40</td>
</tr>
<tr>
<td>Item 6. [Reserved]</td>
<td>41</td>
</tr>
<tr>
<td>Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</td>
<td>42</td>
</tr>
<tr>
<td>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</td>
<td>55</td>
</tr>
<tr>
<td>Item 8. Financial Statements and Supplementary Data</td>
<td>55</td>
</tr>
<tr>
<td>Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</td>
<td>55</td>
</tr>
<tr>
<td>Item 9A. Controls and Procedures</td>
<td>55</td>
</tr>
<tr>
<td>Item 9B. Other Information</td>
<td>57</td>
</tr>
<tr>
<td>Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</td>
<td>57</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>PART III.</strong></th>
<th>57</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 10. Directors, Executive Officers and Corporate Governance</td>
<td>57</td>
</tr>
<tr>
<td>Item 11. Executive Compensation</td>
<td>57</td>
</tr>
<tr>
<td>Item 13. Certain Relationships and Related Transactions, and Director Independence</td>
<td>58</td>
</tr>
<tr>
<td>Item 14. Principal Accountant Fees and Services</td>
<td>58</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>PART IV.</strong></th>
<th>59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 15. Exhibits and Financial Statement Schedules</td>
<td>59</td>
</tr>
<tr>
<td>Item 16. Form 10-K Summary</td>
<td>64</td>
</tr>
</tbody>
</table>

| Signatures                                   | 65 |
Unless otherwise noted or the context otherwise requires, (i) references to the “Company,” “SeaWorld,” “we,” “our” or “us” in this Annual Report on Form 10-K refer to SeaWorld Entertainment, Inc. and its consolidated subsidiaries; (ii) references to “guests” refer to our theme park visitors; (iii) references to “customers” refer to any consumer of our products and services, including guests of our theme parks; (iv) references to our “theme parks” or “parks” include all of our separately gated parks; (v) references to the “TEA/AECOM 2019 Report” refer to the 2019 Theme Index: The Global Attractions Attendance Report, TEA/AECOM, 2020; and (vi) references to the “Amusement Today, 2021” refer to the Amusement Today 2021 Golden Ticket Awards, Vol. 25, issue 6.2 dated September 2021. Unless otherwise noted, attendance rankings included in this Annual Report on Form 10-K are based on the TEA/AECOM 2019 Report, which are not independently validated by the Company.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual Report on Form 10-K 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 Annual Report on Form 10-K. 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 “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K, including the following:

- the effects of the global Coronavirus (“COVID-19”) pandemic, or any related mutations of the virus on our business and the economy in general
- failure to hire and/or retain employees;
- various factors beyond our control adversely affecting attendance and guest spending at our theme parks, including, but not limited to, weather, natural disasters, foreign exchange rates, consumer confidence, the potential spread of travel-related health concerns including pandemics and epidemics, travel related concerns, and governmental actions;
- 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, 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 decline in discretionary consumer spending or consumer confidence;
- 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;
- seasonal fluctuations in operating results;
- 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;
- changing consumer tastes and preferences;
- cyber security risks and failure to maintain the integrity of internal or guest data;
- technology interruptions or failures that impair access to our websites and/or information technology systems;
- increased labor costs, including minimum wage increases, and employee health and welfare benefits;
- 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;
• inability to remediate an identified material weakness on a timely basis;
• 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;
• inadequate insurance coverage;
• inability to purchase or contract with third party manufacturers for rides and attractions or construction delays;
• 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;
• financial distress of strategic partners or other counterparties;
• tariffs or other trade restrictions;
• actions of activist stockholders;
• the ability of Hill Path Capital LP and its affiliates to significantly influence our decisions;
• the policies of the U.S. President and his administration or any changes to tax laws;
• changes in the method for determining LIBOR and the potential replacement of LIBOR may affect our cost of capital;
• mandates related to COVID-19 vaccinations for employees;
• changes or declines in our stock price, as well as the risk that securities analysts could downgrade our stock or our sector;
• 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; and
• other factors described in “Item 1A. Risk Factors” included elsewhere in this Annual Report on Form 10-K.

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 Annual Report on Form 10-K apply only as of the date of this Annual Report on Form 10-K or as 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.

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 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K are, to our knowledge, the property of their respective owners.
PART I.

Item 1. Business

Company 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 12 differentiated theme parks that are grouped in key markets across the United States. 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.

We generate revenue primarily from selling admission to our theme parks and from purchases of food, merchandise and other items, primarily within our theme parks. For more information concerning our results from operations, see the “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” section included elsewhere in this Annual Report on Form 10-K.

As one of the world’s foremost zoological organizations and a global leader in animal welfare, training, husbandry, veterinary care and marine animal rescue, we are committed to helping protect and preserve the oceans, environment and the natural world. For more information, see the “Our Culture and Social Responsibility” section included elsewhere in this Annual Report on Form 10-K.

Recent Developments

Impact of Global COVID-19 Pandemic

Our results of operations for 2020 and 2021 were impacted by the global COVID-19 pandemic due in part to the following factors: (i) capacity limitations, modified/limited operations and/or temporary park closures which were in place for portions of the respective periods; (ii) decreased demand due to public concerns associated with the pandemic; (iii) restrictions on international travel; and (iv) a decline in both international and group-related attendance. In response to the COVID-19 pandemic, and in compliance with government restrictions, we temporarily closed all of our theme parks effective March 16, 2020. Beginning in June 2020, we began the phased reopening of some of our parks with enhanced health, safety and cleaning measures, capacity limitations and/or modified/limited operations, which at times included reduced hours and/or reduced operating days. By the end of August 2020, we had reopened 10 of our 12 parks on a limited basis. We did not open our Aquatica water park in California or our Water Country USA water park in Virginia for the 2020 operating season but opened both parks for their 2021 operating season.

At the start of 2021, seven of our 12 parks were open but were operating with capacity limitations or modified/limited operations. By the end of the second quarter of 2021, all of our 12 parks were open, and operating without COVID-19 related capacity limitations. We continue to monitor guidance from, and engage with, federal, state and local authorities and may adjust our plans accordingly.

The COVID-19 pandemic has had, and may continue to have, a material impact on our financial results. See further discussion in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the “Risk Factors” sections included elsewhere in this Annual Report on Form 10-K.

Current Operating Environment

Our Board has formed a number of committees 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.

The current condition of the overall labor market, the challenging current operating environment and COVID-19 related factors has led to increased turnover and challenges in meeting our staffing goals. These staffing challenges have also led to wage pressures in 2021. Staffing challenges and inflationary pressures in general could continue in this environment; however, we continue our efforts to recruit and retain talent and identify cost reduction and efficiency opportunities as well as incremental revenue opportunities to help offset cost pressures.

For further discussion relating to strategic measures we have taken to operate in the current environment, see Note 1–Description of the Business in the notes in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. For other factors concerning the current operating environment and the COVID-19 pandemic, see the “Risk Factors” section of this Annual Report on Form 10-K, including “The COVID-19 pandemic has disrupted our business and could adversely affect our results of operations and/or various other factors beyond our control could materially adversely affect our financial condition and results of operations” and “If we fail to hire and/or retain employees, our business may be adversely affected”.

3
During 2021, we began year-round operations at SeaWorld San Antonio and began to operate on select days on a year-round basis at both Busch Gardens Williamsburg and Sesame Place in Pennsylvania. These parks are open primarily on weekends and holidays during the winter season, weather permitting.

Our Competitive Strengths

- **Brands That Consumers Know and Love.** We believe our brands attract and appeal to guests from around the world. We use our brands, intellectual property and the work we do to care for animals to increase awareness of our theme parks, drive attendance to our theme parks and create “out-of-park” experiences for our guests as a way to connect with them before they visit our theme parks and to stay connected with them after their visit. Such experiences include various consumer product offerings, including toys, books, apparel, educational tools and technology accessories as well as our websites and advertisements.

- **Differentiated Theme Parks.** We own and operate 12 theme parks which deliver high-quality educational experiences, entertainment offerings, aesthetic appeal, and shopping and dining experiences. Our portfolio includes theme parks ranked among the most highly attended in the industry, including three of the top 20 theme parks and four of the top 10 water parks in North America, as measured by attendance (TEA/AECOM 2019 Report). Our combined theme park portfolio has over 650 attractions that appeal to guests of all ages, including 79 animal habitats, 121 programs and 190 rides. In addition, we have over 350 restaurants, photo and specialty retail shops. Our theme parks appeal to the entire family and offer a broad range of experiences, ranging from educational animal encounters and presentations, to thrilling rides and exciting shows. In fact, we have won numerous awards and recognition. See further details in our theme park portfolio table located in the *Our Theme Parks* section which follows.

- **Diversified Business Portfolio.** Our portfolio of theme parks is diversified in a number of important respects. Our theme parks are located in geographic clusters across the United States, which at times can help protect us from the impact of localized events. Many of our theme parks showcase a different mix of thrill-oriented and family-friendly attractions including rides, educational presentations and/or shows. This varied portfolio of offerings attracts guests from a broad range of demographics and geographies. Our portfolio of theme parks appeal to both regional and destination guests, which provide us with a diversified attendance base.

- **One of the World’s Largest Zoological Collections.** We provide care for what we believe is one of the world’s largest zoological collections. We believe we are attractively positioned in the industry due to our highly unique zoological collection and ability to present our animals in a differentiated, interactive and educational manner. Through opportunities to explore and interact with these amazing animals in our parks, each year we educate millions of guests with the goal of inspiring them to care and protect animals and their habitats in the wild. Our commitment to these animals includes applying world-class standards of care while striving to provide habitats that promote their health. We also lead, partner with and/or sponsor research efforts that have provided and will continue to provide essential information and tools to help protect and sustain species in their natural habitats around the world. See the “—Conservation & Community Relations” section included elsewhere in this Annual Report on Form 10-K.

- **Strong Competitive Position.** Our competitive position is enhanced by the combination of our powerful brands, extensive zoological collection and expertise and attractive in-park assets located on valuable real estate. Our zoological collection and expertise, which have evolved over our six decades of caring for animals, would be extremely difficult and expensive to replicate. We have made extensive investments in new attractions and infrastructure and we believe that our theme parks are well capitalized (see the “—Capital Improvements” section included elsewhere in this Annual Report on Form 10-K for a discussion of our new rides and attractions). We believe that the limited supply of real estate suitable for theme park development in the United States coupled with high initial capital investment, long development lead-times and zoning and other land use restrictions constrain the number of large theme parks that can be constructed.

- **Proven and Experienced Management Team and Employees with Specialized Animal Expertise.** Our senior management team, led by Marc Swanson, our Chief Executive Officer, has an average tenure of approximately 14 years in relevant industries. The management team is comprised of highly skilled and dedicated professionals with wide ranging experience in theme park operations, zoological operations, product and business development, hospitality, finance and accounting. Additionally, our animal care team is among the most experienced and qualified in the world, making us a global leader in animal welfare, husbandry, enrichment, and veterinary care.
• **Proximity of Complementary Theme Parks.** Our theme parks are grouped in key locations near large population centers and/or tourism destinations across the United States, which allows us to realize revenue and operating expense efficiencies. Having complementary theme parks located within close proximity to each other also enables us to cross market and offer bundled ticket and vacation packages. In addition, closely located theme parks provide operating efficiencies including sales, marketing, procurement and administrative synergies as overhead expenses are shared among the theme parks within each region.

• **Significant Cash Flow Generation.** We believe that our disciplined approach to capital expenditures, cost management and working capital management historically has enabled us to generate significant annual operating cash flow, even in years of declining performance. In addition, some of our parks are open year-round, which has helped reduce seasonal cash flow volatility. Due to the temporary park closures and limited reopenings, as a result of the COVID-19 pandemic, our cash flow in 2020 was materially impacted. See the seasonality discussion in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section included elsewhere in this Annual Report on Form 10-K.

• **Care for Our Community and the Natural World.** We are committed to the communities in which our theme parks are located and focus our philanthropic efforts in three areas: animal preservation and stewardship; youth development and education; and community initiatives that address environmental sustainability. Our theme parks inspire and educate children and guests of all ages through experiences that are educational, fun and meaningful. Additionally, our Sesame Place park was the first theme park in the world to have achieved the designation of Certified Autism Center from the International Board of Credentialing and Continuing Education Standards (the “IBCCES”).

In 2020, in response to the COVID-19 pandemic, we provided complimentary distance learning resources for students, teachers and parents to use as schools shifted to virtual classrooms. These resources included standards-aligned classroom activities, teacher’s guides, videos, and animal information books. By providing these distance learning resources, we were able to help families explore, discover, and stay connected virtually in a fun and inspiring environment even while our parks were temporarily closed.

We also partner with charities across the country whose values and missions are aligned with our own by providing financial support, in-kind resources, strategic guidance, and/or hands-on volunteer work. For example, we are one of the primary supporters and a corporate member of the SeaWorld & Busch Gardens Conservation Fund, a non-profit conservation foundation, which makes grants to wildlife research and conservation projects that protect wildlife and wild places worldwide. In addition, we operate one of the world’s most respected rescue programs for ill and injured marine animals, in collaboration with federal, state and local governments, and other members of accredited stranding networks, among others, with the goal of rehabilitating and returning them to the wild. Over our history, our animal experts have helped almost 39,900 ill, injured, orphaned and abandoned wild animals. We are committed to animal rescue, conservation research and education and invest millions annually in these efforts.

**Our Theme Parks**

Our legacy started in 1959 with the opening of our first Busch Gardens theme park in Tampa, Florida. Since then, we have grown our portfolio of strong brands and strategically expanded across five states on approximately 2,000 acres of owned land and 190 acres of leased property in San Diego. Our theme parks offer guests a variety of exhilarating experiences, from animal encounters that invite exploration and appreciation of the natural world, to both thrilling and family-friendly rides, educational presentations and spectacular shows. Our theme parks also provide guests special events and concerts throughout the year, including our Seven Seas Food Festivals, Food & Wine Festivals, Sesame Street Kids’ Weekends, Viva La Musica music celebration, and Craft Beer Festivals as well as special seasonal events such as our Halloween Spooktacular, Howl-O-Scream and Christmas events. Our theme parks are consistently recognized among the top theme parks in the world and rank among the most highly attended in the industry. See further discussion of our recent awards and recognition in the theme park portfolio table which follows. Also see a discussion of our new rides and attractions under the Capital Improvements section.

We generally locate our theme parks in geographic clusters, which we believe improves our ability to serve guests by providing them with a varied, comprehensive vacation experience and valuable multi-park pricing packages, as well as improving our operating efficiency through shared overhead costs. Our portfolio of branded theme parks includes the following names (see the theme park portfolio table which follows for more details on each of these parks):

• **SeaWorld.** SeaWorld is widely recognized as the leading marine-life theme park brand in the world. Our SeaWorld theme parks rank among the most highly attended theme parks in the industry and offer up-close interactive experiences, educational presentations, special dining experiences, thrilling attractions and a variety of educational and entertainment offerings that immerse guests in the marine-life theme. We also offer our guests numerous animal encounters, including the opportunity to work with trainers and feed marine animals, as well as themed thrill and family-friendly rides and entertainment that creatively incorporate our one-of-a-kind zoological collection. We currently own and operate the following SeaWorld-branded theme parks:
• **SeaWorld San Diego** is the original SeaWorld theme park and was founded in 1964 by four graduates from the University of California, Los Angeles (UCLA). SeaWorld San Diego spans 190 acres of waterfront property on Mission Bay in San Diego, California, is open year-round and is one of the most visited paid attractions in San Diego. SeaWorld San Diego is home to a number of attractions, including *Tidal Twister*, a first-of-its-kind dueling roller coaster, and *Electric Eel*, a triple-launch steel roller coaster. SeaWorld San Diego is ranked among the top 20 theme parks in North America, as measured by attendance (TEA/AECOM 2019 Report).

• **SeaWorld Orlando** is a 279-acre theme park in Orlando, Florida, the world’s largest theme park destination, and is open year-round. In 2019, SeaWorld Orlando opened *Sesame Street Land*, an immersive new land which includes kids wet and dry play areas, interactive experiences, fun family rides and a Sesame parade. SeaWorld Orlando is also home to a number of thrilling and family-friendly rides including *Infinity Falls*, a river rapid ride, and *Mako*, a high-speed hyper coaster. SeaWorld Orlando is ranked among the top 10 theme parks in North America, as measured by attendance (TEA/AECOM 2019 Report).

• **SeaWorld San Antonio** is one of the world’s largest marine-life theme parks, encompassing 397 acres in San Antonio, Texas. In 2020, prior to the temporary park closure, SeaWorld San Antonio opened *Texas StingRay*, the tallest, fastest and longest wooden coaster in Texas, and in 2019 opened *Turtle Reef*, a one-of-a-kind sea turtle attraction, *Sea Swinger*, a thrilling swing ride, and *Riptide Rescue*, a family-friendly spinner ride.

• **Busch Gardens**. Our Busch Gardens theme parks are family-oriented destinations designed to immerse guests in international geographic settings. They are renowned for their thrill ride offerings as well as their beauty and cleanliness with award-winning landscaping and gardens. Our Busch Gardens theme parks allow our guests to discover the natural side of fun by offering a variety of attractions, roller coasters, educational experiences and high-energy theatrical productions that appeal to all ages. We currently own and operate the following Busch Gardens theme parks:

  • **Busch Gardens Tampa Bay** is open year-round and features exotic animals, shows and both thrill and family-friendly rides on 306 acres of lush natural landscape. The zoological collection is a popular attraction for families, and the portfolio of rides broaden the theme park’s appeal to teens and thrill seekers of all ages. In 2019, Busch Gardens Tampa Bay opened *Tigris*, a triple launch steel coaster that catapults riders forward and backward. Busch Gardens Tampa Bay is ranked among the top 20 theme parks in North America, as measured by attendance (TEA/AECOM 2019 Report).

  • **Busch Gardens Williamsburg**, a 422-acre theme park, is regularly recognized as one of the highest quality theme parks in the world, capturing dozens of awards over its history for attraction and show quality, design, landscaping, culinary operations and theming. Busch Gardens Williamsburg is home to a number of thrilling roller coasters and attractions including *Finnegan’s Flyer* which opened in 2019.

• **Aquatica**. Our Aquatica-branded water parks are premium, family-oriented destinations in a South Seas-themed tropical setting. Aquatica water parks build on the aquatic theme of our SeaWorld brand and feature high-energy rides, water attractions, white-sand beaches and an innovative presentation of marine animals. We position our Aquatica water parks as companions to our SeaWorld theme parks and currently own and operate the following separately gated Aquatica branded theme parks:

  • **Aquatica Orlando** is an 81-acre South Seas-themed water park adjacent to SeaWorld Orlando that is open year-round. The water park features state-of-the-art attractions for guests of all ages and swimming abilities, including some that pass by or through animal habitats. In 2021, Aquatica Orlando opened *Riptide Race*, a dueling pipeline slide and in 2019 the park opened *KareKare Curl*, a family tube water ride. Aquatica Orlando is ranked #4 most attended water park in North America and #8 worldwide (TEA/AECOM 2019 Report) and was the first water park in the world to be designated a Certified Autism Center (IBCCES, 2019).

  • **Aquatica San Antonio** is an 18-acre water park located adjacent to SeaWorld San Antonio. The water park features a variety of waterslides, rivers, lagoons, a large beach area and private cabanas. In 2020, prior to the temporary park closure, Aquatica San Antonio opened *Tonga Twister*, a high energy body slide, and in 2019, the park opened *Ihu’s Breakaway Falls*, a multi-drop tower slide. Aquatica San Antonio is ranked #8 most attended water park in North America (TEA/AECOM 2019 Report).

  • **Aquatica San Diego** is a 66-acre water park located in Chula Vista, California, near our SeaWorld San Diego theme park. The water park features a variety of waterslides, a lazy river, a wave pool with a large beach area and private cabanas. We are converting Aquatica San Diego into a Sesame Place standalone park which we expect to open in March 2022. Sesame Place San Diego will be the second Sesame Place in the country and the first located on the West Coast. The park will feature an interactive Sesame Street Neighborhood, where kids can play with immersive physical and digital character experiences. Guests will also have exciting ways to engage with Sesame Street characters, including a live character show, a daily parade and one-of-a-kind photo opportunities. In addition to ongoing park offerings, the park will open with a full lineup of exciting family-friendly events and seasonal celebrations throughout the year.
• **Discovery Cove.** Located next to SeaWorld Orlando, Discovery Cove is a 58-acre, reservations only, all-inclusive marine life theme park that is open year-round and features premium culinary offerings. The theme park restricts its attendance in order to assure a more intimate experience. Discovery Cove provides guests with a full day of activities, including the opportunity to interact with dolphins and sharks, snorkel with thousands of tropical fish, wade in a lush lagoon with stingrays and hand-feed birds in a free flight aviary. Discovery Cove was the first all-inclusive day resort and animal interaction park in the U.S. to be designated a Certified Autism Center *(IBCCES, 2019).*

• **Sesame Place.** Located on 55 acres near Philadelphia, Sesame Place is currently the only theme park in the United States entirely dedicated to the award-winning television show, Sesame Street, and its spirit of imagination. The theme park shares SeaWorld’s “education and learning through entertainment” philosophy and allows parents and children to experience Sesame Street together through whirling rides, water slides, colorful shows and furry friends. See additional discussion concerning the license agreement with Sesame Workshop in the “—Intellectual Property” section included elsewhere in this Annual Report on Form 10-K. Sesame Place is the first theme park in the world to be designated as a Certified Autism Center *(IBCCES, 2018).*

• **Water Country USA.** Located on 222 acres, Virginia’s largest family water park, Water Country USA, features state-of-the-art water rides and attractions, all set to a 1950s and 1960s surf theme. Water Country USA is located near Busch Gardens Williamsburg and in 2019 opened *Cutback Water Coaster*, Virginia’s first hybrid water coaster. Water Country USA is ranked #6 most attended water park in North America *(TEA/AECOM 2019 Report).*

• **Adventure Island.** Located adjacent to Busch Gardens Tampa Bay, Adventure Island is a 56-acre water park which features water rides, dining and other attractions that incorporate a Key West theme. Adventure Island is ranked #7 most attended water park in North America *(TEA/AECOM 2019 Report).* In 2020, prior to the temporary park closure, Adventure Island opened *Solar Vortex*, the first dual tailspin waterslide in North America.

The table which follows represents our theme park portfolio in 2021 and some of our recent awards and recognition.
<table>
<thead>
<tr>
<th>Location</th>
<th>Theme Park</th>
<th>Year Opened</th>
<th>Awards/Recognition</th>
<th>Animal Habitats(d)</th>
<th>Rides(c)</th>
<th>Programs(b)</th>
<th>Other(g)</th>
<th>Total(h)</th>
</tr>
</thead>
</table>
| Orlando, FL       | SeaWorld            | 1973        | • Voted #1 Nation’s Best Amusement Park in 2021 (USA Today, 2021) and voted Orlando’s Best Theme Park from 2016 through 2019 (Orlando Sentinel, 2016-2019)  
• Ranked #1 Best Marine Life/Wildlife Park since the award’s inception in 2006 (Amusement Today, 2006-2019, 2021)  
• Ranked among top 10 amusement park in the U.S. and the world (TripAdvisor, 2019)  
• Features Mako which ranked #1 Best Roller Coaster (USA Today, 2021) and #17 top steel roller coaster in the world (Amusement Today, 2021), Sesame Street Land which was awarded the Best New Amusement Park attraction for 2019 (USA Today, 2020) and SeaWorld Christmas which ranked #4 Best Christmas Event of 2020 (Amusement Today, 2021)  
• Awarded two international Association of Amusement Parks and Attractions (“IAAPA”) 2021 Brass Ring Awards (IAAPA)  
• Awarded IBCCES Certified Autism Center.  | 17       | 13       | 26       | 48       | 275     |
• Voted Best Theme Park and Best Romantic Thing to Do in Orlando (USA Today, 2021)  
• Voted Best Marine Mammal Park (Global Brands Magazine, 2020)  
• Voted #1 for Nation’s Best Outdoor Waterpark in 2021 and 2018 and among top 5 in 2019 and 2020 (USA Today, 2018-2021)  
• Voted Orlando’s Best Waterpark from 2016 through 2019 (Orlando Sentinel 2016-2019)  
• Ranked among the top 25 water parks in the U.S. (TripAdvisor, 2019)  
• Features Rip tide Race, ranked #2 Best New Water Park Ride of 2021 (Amusement Today, 2021)  
• Voted #4 Best in Orlando Amusement Park (USA Today, 2021)  | 5        | 3        | 0        | 10       | 10      |
| Tampa, FL         | Busch Gardens       | 1959        | • Ranked #6 for the Nation’s Best Amusement Park for 2021 and features Falcon’s Fury which ranked #1 Best Non-Roller Coaster ride for 2020, Manta which ranked in the top 10 for Best Roller Coaster for 2021 and 2020, Tigris which ranked #3 Best New Amusement Park Attraction for 2019, Turn It Up! Show which ranked among top 5 Best Amusement Park Entertainment from 2019-2021 and Howl-O-Scream which ranked #3 Best Theme Park Halloween Event in 2021 (USA Today, 2019-2021)  
• Ranked #2 Best Marine Life/Wildlife Park of 2021 and features 2 of the world’s top 50 steel roller coasters (Amusement Today, 2021)  
• Ranked among top 25 amusement parks in the U.S. (TripAdvisor, 2019-2020)  
• Awarded three IAAPA 2018 Brass Ring Awards and one in 2017 (IAAPA)  | 14       | 27       | 15       | 39       | 44      |
|                   | Aquatica            | 1980        | • Ranked #8 for the Nation’s Best Outdoor Waterpark in 2021 and 2020 (USA Today, 2020-2021)  
• Voted #4 Best New Water Park in 2021 (Amusement Today, 2021)  
• Voted Best New Family Attraction of 2019 (USA Today, 2020)  
• Voted Best Amusement Park Attraction for 2019 (USA Today, 2020)  | 0        | 11       | 0        | 6        | 15      |
• Features Tidal Twister which ranked #4 Best New Family Attraction of 2019 (Amusement Today, 2019) and #10 Best New Amusement Park Attraction for 2019 (USA Today, 2020)  | 0        | 16       | 14       | 26       | 26      |
| San Antonio, TX   | SeaWorld            | 1988        | • Features Texas Stingray which was ranked #4 Best New Roller Coaster of 2021 (Amusement Today, 2021) and #5 Best New Amusement Park Attraction for 2020 and Turtle Reef which was ranked #6 Best New Amusement Park Attraction for 2019 (USA Today, 2020-2021)  
• Ranked among top four Best Marine Life Parks from 2006 through 2018 (Amusement Today, 2006-2018)  | 0        | 8        | 0        | 4        | 8       |
|                   | Aquatica            | 2016(b)     | • Ranked among top 15 water parks in the U.S. (TripAdvisor 2019)  | 3        | 13       | 0        | 7        | 15      |
| Williamsburg, VA  | Busch Gardens       | 1975        | • Ranked #4 for the Nation’s Best Amusement Park for 2021 and features the Celtic Fyre show which was awarded the Best Amusement Park Entertainment for 2018 through 2021, Howl-O-Scream which ranked #2 Best Theme Park Halloween Event in 2021 and Christmas Town which ranked #5 Best Theme Park Holiday Event in 2021 (USA Today, 2018-2021)  
• Named the World’s Most Beautiful Amusement Park for 31 consecutive years (National Amusement Park Historical Association, 2021)  
• Awarded #3 for the Most Beautiful Park/Best Landscaping in 2021 and #1 for 2020 and each prior year since the category’s inception in 1998 and features one of the world’s top 50 wood roller coasters, Invadr, and two of the world’s top 50 steel roller coasters, led by Apollo’s Chariot, the #11 rated steel roller coaster in the world (Amusement Today, 1996-2019, 2021)  
• Ranked #4 and #5 for the Nation’s Best Outdoor Waterpark for 2021 and 2020, respectively (USA Today, 2020, 2021)  
• Ranked among top 25 water parks in the U.S. (TripAdvisor 2019-2020)  
• Features the Cuskaway Water Coaster ride which was awarded the Best New Water Park Ride of 2019 (Amusement Today, 2019)  | 5        | 35       | 15       | 34       | 34      |
|                   | Water Country       | 1984        | • Ranked #4 and #5 for the Nation’s Best Outdoor Waterpark for 2021 and 2020, respectively (USA Today, 2021, 2020)  
• Ranked among top 25 water parks in the U.S. (TripAdvisor 2019-2020)  
• Features the Cuskaway Water Coaster ride which was awarded the Best New Water Park Ride of 2019 (Amusement Today, 2019)  | 0        | 15       | 0        | 5        | 15      |
| Langhorne, PA     | SeaWorld            | 1980        | • Ranked #5 Best Family Park of 2021 and #2 in 2019 (Amusement Today, 2021, 2019) and features Oscar’s Wacky Taxi, ranked among the top 5 Best New Rides of 2018 (Amusement Today, 2018)  
• First theme park in the world to be designated as a Certified Autism Center (IBCCES, 2018)  | 0        | 23       | 17       | 44       | 44      |
| Total(b)          |                     |             | 79        | 190       | 121       | 274     | 274     |
This water park was acquired, renovated, rebranded, and relaunched as Aquatica San Diego in June 2013. We are converting this park into a Sesame Place standalone park which we expect to open in March 2022.

Prior to 2016, Aquatica San Antonio was included in admission for SeaWorld San Antonio and did not have a separate gate. In 2016, Aquatica San Antonio was converted into a stand-alone, separate admission park that guests can access through an independent gate.

The 2021 theme park portfolio represents animal habitats, rides, shows and other offerings which were available to guests in 2021.

Represents animal habitats without a ride or show element, often adjacent to a similarly themed attraction.

Represents mechanical dry rides, water rides and water slides (including wave pools and lazy rivers) which may include educational and/or conservation-related elements. Does not include certain rides which were not available for 2021 in part due to modified and/or limited operations as a result of COVID-19 related impacts.

Represents annual and seasonal educational presentations, programs or shows with either animals, characters, live entertainment and/or 3-D or 4-D experiences.

Represents our 2021 portfolio for events, distinctive experiences and play areas, which collectively may include educational and/or conservation-related elements and may include special limited time events; distinctive experiences often limited to small groups and individuals and/or requiring a supplemental fee (such as educational tours, immersive dining experiences and interactions with animals); and pure play areas, typically designed for children or seasonal special events, often without a queue (such as water splash areas or Halloween mazes).

The total number of animal habitats, rides, shows, presentations, events, distinctive experiences and play areas in our theme park portfolio varies seasonally.

**Capital Improvements**

We make annual targeted investments to support our existing theme park facilities and attractions, as well as enable the development of new theme park attractions and infrastructure. Maintaining and improving our theme parks, as well as opening new attractions, is critical to remain competitive, grow revenue and increase our guests’ length of stay.

In order to manage costs and expenditures and to maximize liquidity in response to the temporary park closures and limited reopenings related to the onset of the COVID-19 pandemic in 2020, we substantially reduced or deferred all capital expenditures starting in March 2020 (other than minimal essential capital expenditures) when the parks were closed and postponed the opening of certain rides that were still under construction and originally scheduled to open in 2020. We were able to open certain new attractions in 2020 prior to the park closures including our award-winning Texas Stingray coaster at SeaWorld San Antonio. In 2021, we opened Riptide Race at Aquatica Orlando. Our strong lineup of attractions scheduled to open in 2022 includes 4 of the 9 most anticipated roller coasters of 2022 (USA Today, 2021). We expect to open the following new rides and attractions in our parks in 2022:

- **Ice Breaker (SeaWorld Orlando):** A quadruple launch coaster, featuring four airtime filled launches, both backwards and forwards, culminating in a reverse launch up a 93-foot vertical spike leading to the steepest beyond vertical drop in Florida.
- **Iron Gwazi (Busch Gardens Tampa Bay):** The tallest hybrid coaster in North America and the world’s fastest and steepest hybrid coaster, with the world’s tallest drop. Riders will climb more than 200 feet before plunging into a beyond vertical drop, reaching speeds of 76 miles per hour, and experiencing a dozen airtime moments.
- **Emperor (SeaWorld San Diego):** The tallest, fastest, longest and first floorless dive coaster on the West Coast. After climbing more than 150 feet, riders will dangle at a 90-degree angle before plunging into a 143-foot vertical drop that will accelerate riders to more than 60 miles per hour.
- **Tidal Surge (SeaWorld San Antonio):** The world’s tallest and fastest Screaming Swing will take riders up 135 feet at speeds reaching 68 miles per hour.
- **Pantheon (Busch Gardens Williamsburg):** The world’s fastest multi-launch coaster, will accelerate riders to a speed of 73 miles per hour and will include a 180-foot drop at 95-degrees, four launches, two inversions, and 15 air-time moments.
- **Reef Plunge (Aquatica Orlando):** A new water slide experience that will take riders through over 330 feet of translucent cutouts and rings all while sliding past a dynamic new underwater habitat home to Commerson’s dolphins and leopard sharks.
- **Riptide Race (Aquatica San Antonio):** A dueling pipeline slide that will send riders through over 500 feet of slide all while navigating high-speed tunnels and tight turns alongside their opponents.
• **Rapids Racer and Wahoo Remix (Adventure Island):** Rapids Racer is a dueling pipeline slide that will send riders racing through nearly 600 feet of slide all while navigating tight turns and accelerations alongside their opponents. Wahoo Remix (formerly Wahoo Run) will re-open as a family raft ride sending riders along a more than 600-foot slide complete with synchronized light and sound elements and a glow-light tunnel.

• **Aquazoid Amped (Water Country USA):** This new water slide experience includes an all-new special effects show, music and dynamic lighting effects. Riders will plunge down over 800 feet of fully enclosed twisting tube at speeds of around 20 feet per second.

• **Big Bird’s Tour Bus (Sesame Place):** The whole family will enjoy a ride on this oversized, red double-decker bus with Big Bird and some of his furry friends. The bus goes around and around with a Sesame Street-inspired cityscape as the backdrop.

• **Sesame Place San Diego (formerly Aquatica San Diego):** The 17-acre theme park is expected to open in March 2022 at the former site of Aquatica San Diego. It will boast seven themed dry rides and an interactive musical play area. This is in addition to 11 water attractions including a 500,000-gallon wave pool, as well as an interactive Sesame Street Neighborhood.

**Ride Conservation Partnerships**

We are pleased to announce partnerships with the following conservation organizations in conjunction with our new and planned rides, including: the Alaska SeaLife Center on our new Ice Breaker ride which will highlight animal rescue and climate change in the Arctic region; Penguins International on our new Emperor ride which will focus on penguin awareness and conservation; and the Wilderness Foundation Africa on our new Iron Gwazi ride which will highlight the plight of endangered African wildlife.

**Safety, Maintenance and Inspection**

Safety is of utmost importance to us. Maintenance at our theme parks is a key component of safety and guest service and includes two areas of focus: (i) facilities and infrastructure and (ii) rides and attractions. Facilities and infrastructure maintenance consists of all functions associated with upkeep, repair, preventative maintenance, code compliance and improvement of theme park infrastructure. This area is staffed with a combination of external contractors/suppliers and our employees.

Rides and attractions maintenance represents all functions dedicated to the inspection, upkeep, repair and testing of guest experiences, particularly rides. Rides and attractions maintenance is also staffed with a combination of external suppliers, inspectors, and our employees, who work to assure that ride experiences are operating within, and that maintenance is conducted according to, the manufacturer’s criteria, internal standards, industry best practices and standards (such as ASTM International, formerly known as the American Society for Testing and Materials), state or jurisdictional requirements, as well as the ride designer or manufacturer’s specifications. All ride maintenance personnel are trained to perform their duties according to internal training processes, in addition to recognized industry certification programs for maintenance leadership. Every ride at our theme parks is inspected regularly, according to daily, weekly, monthly, and annual schedules, by both park maintenance experts and external consultants. Additionally, all rides are inspected daily by maintenance personnel before use by guests to ensure proper and safe operation.

A networked enterprise software system is used to plan and track various maintenance activities, in order to schedule and request work, track completion progress and manage costs of parts and materials.

In addition to our day-to-day maintenance and inspection practices for the existing rides in our parks, before new rides are introduced to our guests, an extensive review of the ride, from design through installation, is conducted by the ride manufacturer, internal technical and operational experts, local authorities, as well as competent third party inspectors and engineers. Additionally, all new rides are analyzed according to a standardized, internal evaluation and acceptance process, which reviews, among other things, that the new ride operates safely and as intended, that the associated site and facility requirements for the ride operation are met, that the appropriate training of our employees is conducted, and that operational and maintenance procedures are documented.

**Environmental and Social Responsibility**

As a purpose-driven company, our culture is built on our mission to provide experiences that matter for our guests and, in many of our parks, inspiring our guests to protect animals and the wild wonders of our world. Our management team and our employees, often referred to as ambassadors, are committed to social responsibility and strive to connect people to nature and animals and to do so in a socially responsible manner. We create an environment in our theme parks, where each guest can explore a diverse range of experiences meant to inspire and motivate them to join us in protecting animals and our planet. Our purpose and focus on creating experiences that matter for our guests are integral to our organization and the cornerstone of our success.
Animal Care and Rescue

We provide care for one of the largest zoological collections in the world. Our commitment to these animals includes applying world-class standards of care, while striving to provide habitats that promote the health of the animals. During our temporary park closures due to the COVID-19 pandemic in 2020, essential personnel, including our animal care experts, continued to provide for the health, safety, and nutritional needs of all of the animals in our care. Our animal care team is among the most experienced and qualified in the world, making SeaWorld a global leader in animal welfare, husbandry, enrichment, and veterinary care.

The zoological programs of all three SeaWorld parks, Discovery Cove and Busch Gardens Tampa Bay are validated by several professional zoological assessing organizations. Our parks are accredited members of the Association of Zoos and Aquariums (“AZA”), one of the foremost professional zoological organizations in the world. In addition, our three SeaWorld parks and Discovery Cove are accredited by the Alliance of Marine Mammal Parks and Aquariums (“AMMPA”), an association specifically focused on the care of marine mammals. SeaWorld’s facilities have also received accreditation from the International Marine Animal Trainers’ Association (“IMATA”), whose Animal Trainer Development Program was developed to recognize those facilities that have exceptional systems for training animal care givers in the science and art of animal training, while utilizing positive reinforcement. And lastly, all three SeaWorld parks, Aquatica Orlando, Discovery Cove and Busch Gardens Tampa Bay are Certified Humane by Humane Conservation, an animal welfare certification standard developed by the independent third-party organization American Humane.

We take a comprehensive approach to ensuring the health and welfare of the animals in our care that focuses on physical, behavioral and population health. Our animal care team includes board-certified veterinarians, technicians, and animal care experts, and we have onsite animal hospitals at each SeaWorld park and a guest-facing, state-of-the-art Animal Care Center at our Busch Gardens park in Tampa, Florida. We have also been at the forefront of advancing understanding and best practice-related behavioral health in animals.

We are committed to caring for each individual animal, and to being responsible stewards of our animal populations, including ensuring that we maintain the genetic diversity needed for healthy and self-sustaining populations. We have invested significantly in developing leading-edge reproductive health expertise, technologies, and capabilities. Our focus on population health is also driven by our goal of helping to support, and our participation in, Species Survival Plans, which are ultimately aimed at preserving species in the wild.

We apply high quality and comprehensive animal care standards, and actively work to advance knowledge and improve standards. We do this by contributing to research and sharing our insights with other zoological organizations around the world. For example, our continued work to define the clinically normal, healthy ranges for key measures in marine animals in our parks has helped to establish and refine the standards used by many veterinarians to assess both wild and managed marine species. This ongoing research also includes defining the basic biology and physiology of animals in our population. The combined results of these continued research efforts have provided and will continue to provide essential information and tools to help formulate plans to protect species in their natural habitats.

We are a leader in animal rescue. Working in partnership with state, local and federal agencies, our rescue teams are on call 24 hours a day, seven days a week, 365 days a year, including during our temporary park closures due to the COVID-19 pandemic. Consistent with our mission to protect animals and their ecosystems, our rescue teams mobilize and often travel hundreds of miles to help ill, injured, orphaned or abandoned wild animals in need of our expert care, with the goal of returning them to their natural habitat. Over our history, we have helped almost 39,900 animals across a number of species including bottlenose dolphins, manatees, sea lions, seals, sea turtles, sharks, birds and more. For example, we work closely with Florida Fish and Wildlife Commission (the “FWC”) and in the past five years have helped over 250 manatees as human caused pressures increase. We have one of the largest manatee rescue operations in the world and operate one of only five manatee critical care facilities in the U.S.

Our commitment to animals also extends beyond our theme parks and throughout the world. We actively participate in species conservation and rescue efforts as discussed in the “Conservation & Community Relations” section which follows.

Conservation and Community Relations

Our purpose is to inspire people to protect animals and the wild wonders of the world, and a critical way we deliver on this is by providing our guests opportunities to explore and interact with the animals in our parks. Through our up-close animal encounters, educational exhibits, “Inside Look” events, educational presentations, and innovative entertainment, we strive to inspire each guest to take action to care for and conserve the natural world. Some of the animals in our care serve as ambassadors for their species through public appearances that educate the public and raise awareness for issues facing wildlife and wild places. We also partner with and support leading research, education and conservation organizations that help protect species of animals at risk in the wild, as well as the habitats that are home to many vulnerable species. For example, we are working alongside various resource management agencies, including the FWC, National Oceanic and Atmospheric Administration Fisheries, the Fish and Wildlife Foundation of Florida, and other zoological facilities, to save Florida’s endangered coral reef by contributing resources and expertise to the Florida Coral Rescue Center (the “FCRC”). The FCRC is an environmental conservation effort located in Orlando, Florida that aims to provide a safe and
We have supported conservation efforts such as the Killer Whale Research and Conservation Program, in partnership with the National Fish and Wildlife Foundation, to study and protect endangered killer whales in the wild, with a particular focus on the Southern Resident killer whale population found off the coast of Washington. Another example is a partnership with marine wildlife artist and conservationist Guy Harvey focused on ocean health and the plight of sharks in the wild. We also continue to support the Hubbs-SeaWorld Research Institute, which was started over 55 years ago by one of SeaWorld’s founders and remains a world-renowned scientific research organization committed to conserving and renewing marine life to ensure a healthier planet.

Alongside our conservation work, we are committed to giving back to the communities in which our theme parks are located. We focus our philanthropic efforts in three areas: animal preservation and stewardship; youth development and education; and community initiatives that address environmental sustainability. We partner with charities across the country whose values and missions are aligned with our own by providing financial support, in-kind resources, strategic guidance and/or hands-on volunteer work. Additionally, our ambassadors are actively involved in volunteer activities, such as beach and river cleanup efforts, fun run charity fundraisers, local food bank distributions and more. We also provide complimentary tickets and discounts to educators as well as active and former military and their families.

Sustainable Operations

Environmental conservation is implicit in our purpose. To thrive, animals need vibrant ecosystems and healthy habitats. We understand the adverse effects of human behavior and climate change on ecosystems and the animals who call them home; therefore, we are constantly working to minimize the footprint of our operations. As a part of our commitment to conservation, we have invested in numerous projects to reduce our energy and water use and the amount of waste we generate. For example, in 2019, the first full year of the elevated solar panel project at Aquatica San Diego, the panels generated nearly 100% of the park’s annual energy use.

We believe our parks have some of the most advanced and efficient water purification systems in the world, which provide the optimum environment for our marine life. We leverage this knowledge to reclaim and recycle wastewater for reuse, thereby decreasing our consumption of fresh water. We have also implemented a range of other water conservation efforts across our parks, including a natural biofiltration system in 2019 at SeaWorld San Antonio, which is the first of its kind in a zoological setting. Many of our water conservation efforts incorporate lessons from our facilities in San Diego and San Antonio, which, driven in part by drought conditions, have found innovative opportunities to harvest rainwater, reuse water for cooling buildings, and adapt landscaping to require less water. We continually look for new ways to reduce water use in our parks and to support water conservation projects elsewhere.

We see the impacts of marine debris and litter along shorelines and in coastal waters, estuaries, and oceans – a visible reminder of the need to reduce waste. We have implemented programs to generate less waste in our parks and to increase our recycling efforts. For example, in 2019, we replaced polystyrene foam dinnerware products with products made from 100% recycled materials at all of our parks. We also have removed all single use plastic drinking straws and shopping bags, have an extensive recycling infrastructure in place in all our parks and actively encourage our guests to recycle. Several of our parks have been externally recognized for their recycling programs. For example, SeaWorld San Diego has received the City of San Diego’s Environmental Services Department as a “Recycler of the Year” 20 times over the award’s history. We raise awareness with our employees and guests about the need for all of us to do our part to address this global challenge.

Responsible Sourcing

Corporate responsibility extends to how we source the goods and services needed to operate our parks and to serve our guests. We have established a Responsible Food Sourcing Policy, which outlines our commitment to partner with food suppliers that deliver products that meet or exceed sustainable, healthy and humane food standards. For example, our parks have converted to 100% cage-free eggs. We have also made a variety of commitments related to the sourcing of particular products. We have also set a goal of purchasing from suppliers that have announced a commitment and published targets to convert to group-housed humane farming. In response to growing guest demand, we have also taken steps to expand the number of plant-based food offerings on our menus across our parks. As part of these efforts, in 2019, we added a sustainable, plant-based burger to our menus at all of our parks. We have also taken additional steps, where possible, to identify and partner with brands and products in our parks which share our commitment to giving back to communities, animals, and/or our broader environment.

Human Capital Management

We have a diverse and mission-driven team of employee ambassadors. Our team makes it possible each day to provide our guests with experiences that matter and to inspire them to protect animals and the wild wonders of our world. As of December 31, 2021, we employed approximately 2,800 full-time employees and approximately 11,400 part-time and seasonal employees. During our peak operating season in 2021, we employed additional part-time and seasonal employees, including high school and college students. None of our employees are covered by a collective bargaining agreement.
Our focus on recruiting and developing diverse talent has resulted in a management team that is approximately 49% female and 42% of a minority ethnicity. Similarly, our overall workforce is 52% women and 54% of a minority ethnicity. We don’t simply view diversity as a target, but rather a continual commitment to focus on creating the best and most inclusive workplace possible by recognizing and celebrating our unique backgrounds.

We strive to provide our ambassadors with a competitive compensation package using market data including comprehensive benefits. We provide benefits including health, dental, vision, disability, life insurance, retirement, paid time-off, complimentary tickets and various other benefits.

In response to the unprecedented COVID-19 pandemic and for the safety of our ambassadors, we implemented new procedures which included remote work places when possible, social distancing, COVID-19 specific training and contact tracing to help protect our employees from the spread of the virus.

Safety is not just important as it relates to the COVID-19 pandemic. We provide training and require certifications for certain positions. We routinely review all procedures and safety requirements to promote a safe working environment for our ambassadors, guests and animals.

We believe that working for our Company is more than a job – it is a commitment to the protection of animals and the wild wonders of our world, while also providing a fun and meaningful experience for our guests that will be remembered long after they leave our parks. We create memories that matter. Our human capital programs, policies, and initiatives will continue to reinforce this belief in the years ahead.

Our Products and Services

Admission Tickets
We generate most of our revenue from selling admission to our theme parks. We engage with travel agents, ticket resellers and travel agencies, and directly with our guests through our websites and social media, to promote advanced ticket sales and provide guest convenience and ease of entry.

Guests who visit our theme parks have the option of purchasing multiple types of admission tickets, from single and multi-day tickets to season or annual passes. In addition, visitors can purchase vacation packages with preferred hotels, behind-the-scenes tours and educational animal encounters, specialty dining packages, and front of the line “Quick Queue” access to enhance their experience.

We actively use pricing and promotions to manage capacity and maximize revenue. We utilize demand-based pricing for select peak time periods at some of our parks, advance purchase discounts to encourage early commitment, and seasonal pricing models to drive demand in non-peak time periods.

In-Park Offerings
We generate revenue from the sale of in-park products and services, primarily consisting of food, beverage and merchandise items.

Food and Beverage Offerings
We strive to deliver a variety of high quality, creative and memorable food and beverage experiences for our guests. Our culinary team focuses on providing creative menu offerings and ways to deliver those offerings that appeal to our diverse guest base. We also offer a variety of dining programs that provide quality food and great value to our guests and drive incremental revenues. While our menu offerings have broad appeal, they also cater to guests who desire healthy options and those with special allergy-related needs. Our all-day-dining program delivers convenience and value to our guests with numerous restaurant choices for one price for the entirety of their day visit to the park. We also offer creative immersive dining experiences that allow guests to dine up-close with our animals and characters. Our commitment to care for the natural world extends to the food that we serve. Some of our menus feature sustainable, organic, seasonal, and locally grown ingredients that aim to minimize environmental impacts to animals and their habitats. In addition, through our ongoing culinary supply chain management initiatives, we believe we are well-positioned to take advantage of changing economic and market conditions.

Merchandise and Other In-Park Service Offerings
We offer guests the opportunity to capture memories through our products and services, including through traditional retail shops, game venues and customized photos. We make a focused effort to leverage the emotional connection of the theme park experiences, capitalize on trends, and optimize brand alignment with our merchandise product offerings. In-park games are designed with the goal of creating positive family experiences for guests of every age. Our merchandise teams also focus on making a visit to our theme parks easy, convenient, and comfortable. This includes offering quick queue passes for front of the line access to popular attraction, reserved seating, cabana rentals and other guest conveniences like lockers or service vehicle rentals such as strollers, electric personal carts and wheelchairs.
**Consumer Products and Licensing**

To capitalize on our popular brands, we leverage content through licensing and consumer product arrangements. We developed licensed consumer products to drive consumer sales through retail channels beyond our theme parks and continue to look for this channel to grow. While currently these licensed consumer products do not represent a significant percentage of our total revenue, we believe by leveraging our brands and our intellectual property through consumer products, we will create new revenue streams and enhance the value of our brands through greater brand visibility, consumer awareness and increased consumer loyalty. In addition, we have expanded our brand appeal through strategic alliances with well-known external brands, including Sesame Street and Build-A-Bear. We have also incorporated Rudolph the Red-Nosed Reindeer™ and other well-known characters into five of our park holiday programs under a license agreement with Character Arts, LLC, which currently runs through January 2024.

**Group Events**

At times we host a variety of different group events and meetings at our theme parks, both during the day and at night. Our parks provide a wide variety of unique venues, backdrops and products for groups and include venues such as the icy walls of Antarctica, concert ready stadiums, outdoor pavilions, animal habitats and fully air-conditioned ballrooms. Our special group ticket packages and offerings appeal to specialty markets such as youth, sports, social (e.g. family reunions) and fraternal groups, as well as corporate groups seeking to recognize and reward their employees.

Park buy-outs have historically allowed groups to enjoy exclusive itineraries, including meetings, educational presentations and shows, up-close encounters with animals and behind-the-scenes tours. Our group facilities are available year-round and fully customizable as they can be built around any of the park’s special events, educational presentations, inspirational shows, or one-of-a-kind attractions. Each of our theme parks offers attractive venues, such as SeaWorld Orlando’s Ports of Call, a 70,000 square foot dedicated special events complex and banquet facility that includes a ballroom, a collection of four outdoor pavilions and a courtyard in Orlando, or a fully enclosed and air-conditioned pavilion in Tampa.

As a result of the COVID-19 pandemic and the related impacts on the travel industry, group events in 2021 and 2020 were impacted. See the “Impact of Global COVID-19 Pandemic” and “Risk Factors” sections included elsewhere in this Annual Report on Form 10-K for further discussion of the adverse impacts of the COVID-19 pandemic on our business and financial performance.

**Corporate Sponsorships and Strategic Alliances**

We seek to secure long-term corporate sponsorships and strategic alliances with leading companies and brands that share our core values, deliver significant brand value, and influence and drive mutual business gains. We identify prospective corporate sponsors based on their industry and industry-leading position, and we select them based on their ability to deliver impactful value to our theme parks and our brands, as well as to consumer products and various entertainment platforms. Our corporate sponsors contribute to us in a multitude of ways, such as through direct marketing, advertising, media exposure and licensing opportunities. Some of our corporate sponsors, such as our partners at Coca-Cola, also join us in making an impact on conservation efforts through contributions to the non-profit SeaWorld & Busch Gardens Conservation Fund. Also see additional discussion concerning our conservation partnerships, such as Guy Harvey, in the “Conservation and Community Relations” section included elsewhere in this Annual Report on Form 10-K.

**Seasonality**

See the seasonality discussion in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section included elsewhere in this Annual Report on Form 10-K.

**Our Markets, Guests and Customers**

Our theme parks are entertainment venues with broad demographic appeal and are located near a number of large metropolitan areas, including 6 of the 10 most populous metropolitan areas in the United States and 7 of the top 25 Best Destinations in the United States (U.S. Census, 2021; TripAdvisor, 2021). Additionally, because our theme parks are divided between regional and destination theme parks, historically our guests have included local visitors, non-local domestic visitors and international visitors. As a result of the COVID-19 pandemic and the related impacts, travel from domestic and international markets were impacted in 2020 and 2021. See the “Impact of Global COVID-19 Pandemic” and “Risk Factors” sections included elsewhere in this Annual Report on Form 10-K for further discussion.

**Intellectual Property**

Our business is affected by our ability to protect against infringement of our intellectual property, including our trademarks, service marks, domain names, copyrights, and other proprietary rights. Important intellectual property includes rights in names, logos, character likenesses, theme park attractions and systems related to the study and care of certain of our animals. In addition, we are party to key license agreements as licensee, including our agreements with Anheuser-Busch, Incorporated (“ABI”) and Sesame Workshop (“Sesame”) as discussed below.
Our subsidiary, SeaWorld Parks & Entertainment LLC, is a party to a trademark license agreement with ABI, which governs our use of the Busch Gardens name and logo. Under the license agreement, ABI granted to us 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 our theme parks, as well as in connection with the production, use, distribution and sale of merchandise sold in connection with such theme parks.

The license extends to our Busch Gardens theme parks located in Williamsburg, Virginia and Tampa, Florida, and may also include any amusement or theme park anywhere in the world that we acquire, build or rebrand with the Busch Gardens name in the future, subject to certain conditions. ABI may not assign, transfer or sell the Busch Gardens mark without first granting us a reasonable right of first refusal to purchase such mark.

We have agreed to indemnify ABI from and against third party claims and losses arising out of or in connection with the operation of the theme parks and the related marketing or promotion thereof, any merchandise branded with the licensed marks and the infringement of a third party’s intellectual property. We are required to carry certain insurance coverage throughout the term of the license.

The license agreement can be terminated by ABI under certain limited circumstances, including in connection with certain types of change of control of SeaWorld Parks & Entertainment LLC.

Our wholly-owned subsidiary, SeaWorld Parks & Entertainment, Inc. (“SEA”), is a party to a license agreement with Sesame, a New York not-for-profit corporation. The License Agreement extends SEA’s status as Sesame’s exclusive theme park partner in the United States, Puerto Rico, and the U.S. Virgin Islands (the “Sesame Territory”), with a second Sesame Places theme park scheduled to open in 2022. We plan to open our second Sesame Place theme park at the site of the current Aquatica San Diego in March 2022. After the opening of Sesame Place San Diego, we will have the option to build additional Sesame Place theme parks in the Sesame Territory.

Under the terms of the license agreement, including the requirement for certain subsequent approvals from Sesame, Sesame granted SEA the right to use the Sesame Street Elements (as defined below) (a) in connection with the design, building, installation, theming, promotion, and operation of SEA’s existing Sesame Place theme park, located in Langhorne, Pennsylvania (the “Langhorne Sesame Place”) and additional Sesame Place theme parks in the United States, including Sesame Place San Diego (collectively, the “Standalone Parks”); (b) in connection with the design, building, installation, theming, promotion, and operation of SEA’s existing Sesame Lands (currently known as Sesame Streets Land at SeaWorld Orlando, which opened in spring of 2019, Sesame Street Bay of Play at SeaWorld San Antonio, Sesame Street Bay of Play at SeaWorld San Diego, Sesame Street Safari of Fun at Busch Gardens Tampa Bay, and Sesame Street Forest of Fun at Busch Gardens Williamsburg) and additional Sesame Lands, (collectively, the “Sesame Lands”); (c) in connection with the Licensed Products (as defined below); (d) in marketing and promotional activities related to the Standalone Parks and Sesame Lands, including without limitation, marketing, advertising and promotion, character appearances and live presentations (both in park and in off-site promotional activities such as schools, parades, conventions, etc.), and the Licensed Products; and/or (e) to seek and to enter into sponsorship agreements for specific sponsorships of Sesame Street-themed attractions.

In addition, SEA has been granted a license to (i) develop and manufacture or have developed and manufactured products that utilize the Sesame Street Elements or to purchase products that utilize the Sesame Street Elements from Sesame’s third party licensees (collectively, the “Licensed Products”), (ii) to market, promote, advertise, distribute and sell the Licensed Products within each of SEA’s theme parks and through online stores on SEA’s websites and targeted primarily to consumers in the United States and (iii) to contract with third party vendors to promote, distribute and sell the Licensed Products within the United States.

The term “Sesame Street Elements” means all current and hereafter developed or owned titles, marks, names, characters (including any new Sesame Street characters shown on Sesame Street and owned in whole or controlled by Sesame), images, likenesses, audio, video, audiovisual, logos, themes, symbols, copyrights, trademarks, service marks, visual representations and designs, and other intellectual property (whether in two- or three-dimensional form and including animated and mechanical representations) owned or controlled by Sesame (or its affiliates), and associated with the “Sesame Street” television property, whether previously (unless retired) or currently on “Sesame Street” or whether hereafter developed or owned and the names and marks “Sesame Place” and “Sesame Land,” but expressly excluding “Kermit the Frog.”

Sesame has reserved rights to build family entertainment centers using the Sesame Street Elements subject to certain territorial restrictions surrounding SEA’s Sesame Place Standalone Parks and Sesame Lands within the Sesame Territory. The license agreement has an initial term through December 31, 2031, with an automatic additional 15 year extension plus a 5 year option added from each new Standalone Park opening. Pursuant to the license agreement, SEA pays specified annual license fees, as well as a schedule of royalties based on revenues earned in connection with admissions, 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.

Busch Gardens License Agreement

SeaWorld’s Sesame Street® theme park scheduled to open in 2022. We plan to open our second Sesame Place theme park at the site of the current Aquatica San Diego in March 2022. After the opening of Sesame Place San Diego, we will have the option to build additional Sesame Place theme parks in the Sesame Territory.

Sesame has reserved rights to build family entertainment centers using the Sesame Street Elements subject to certain territorial restrictions surrounding SEA’s Sesame Place Standalone Parks and Sesame Lands within the Sesame Territory. The license agreement has an initial term through December 31, 2031, with an automatic additional 15 year extension plus a 5 year option added from each new Standalone Park opening. Pursuant to the license agreement, SEA pays specified annual license fees, as well as a schedule of royalties based on revenues earned in connection with admissions, 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.

Busch Gardens License Agreement

Our subsidiary, SeaWorld Parks & Entertainment LLC, is a party to a trademark license agreement with ABI, which governs our use of the Busch Gardens name and logo. Under the license agreement, ABI granted to us 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 our theme parks, as well as in connection with the production, use, distribution and sale of merchandise sold in connection with such theme parks.

The license extends to our Busch Gardens theme parks located in Williamsburg, Virginia and Tampa, Florida, and may also include any amusement or theme park anywhere in the world that we acquire, build or rebrand with the Busch Gardens name in the future, subject to certain conditions. ABI may not assign, transfer or sell the Busch Gardens mark without first granting us a reasonable right of first refusal to purchase such mark.

We have agreed to indemnify ABI from and against third party claims and losses arising out of or in connection with the operation of the theme parks and the related marketing or promotion thereof, any merchandise branded with the licensed marks and the infringement of a third party’s intellectual property. We are required to carry certain insurance coverage throughout the term of the license.

The license agreement can be terminated by ABI under certain limited circumstances, including in connection with certain types of change of control of SeaWorld Parks & Entertainment LLC.

Sesame License Agreement

Our wholly-owned subsidiary, SeaWorld Parks & Entertainment, Inc. (“SEA”), is a party to a license agreement with Sesame, a New York not-for-profit corporation. The License Agreement extends SEA’s status as Sesame’s exclusive theme park partner in the United States, Puerto Rico, and the U.S. Virgin Islands (the “Sesame Territory”), with a second Sesame Places theme park scheduled to open in 2022. We plan to open our second Sesame Place theme park at the site of the current Aquatica San Diego in March 2022. After the opening of Sesame Place San Diego, we will have the option to build additional Sesame Place theme parks in the Sesame Territory.

Under the terms of the license agreement, including the requirement for certain subsequent approvals from Sesame, Sesame granted SEA the right to use the Sesame Street Elements (as defined below) (a) in connection with the design, building, installation, theming, promotion, and operation of SEA’s existing Sesame Place theme park, located in Langhorne, Pennsylvania (the “Langhorne Sesame Place”) and additional Sesame Place theme parks in the United States, including Sesame Place San Diego (collectively, the “Standalone Parks”); (b) in connection with the design, building, installation, theming, promotion, and operation of SEA’s existing Sesame Lands (currently known as Sesame Streets Land at SeaWorld Orlando, which opened in spring of 2019, Sesame Street Bay of Play at SeaWorld San Antonio, Sesame Street Bay of Play at SeaWorld San Diego, Sesame Street Safari of Fun at Busch Gardens Tampa Bay, and Sesame Street Forest of Fun at Busch Gardens Williamsburg) and additional Sesame Lands, (collectively, the “Sesame Lands”); (c) in connection with the Licensed Products (as defined below); (d) in marketing and promotional activities related to the Standalone Parks and Sesame Lands, including without limitation, marketing, advertising and promotion, character appearances and live presentations (both in park and in off-site promotional activities such as schools, parades, conventions, etc.), and the Licensed Products; and/or (e) to seek and to enter into sponsorship agreements for specific sponsorships of Sesame Street-themed attractions.

In addition, SEA has been granted a license to (i) develop and manufacture or have developed and manufactured products that utilize the Sesame Street Elements or to purchase products that utilize the Sesame Street Elements from Sesame’s third party licensees (collectively, the “Licensed Products”), (ii) to market, promote, advertise, distribute and sell the Licensed Products within each of SEA’s theme parks and through online stores on SEA’s websites and targeted primarily to consumers in the United States and (iii) to contract with third party vendors to promote, distribute and sell the Licensed Products within the United States.

The term “Sesame Street Elements” means all current and hereafter developed or owned titles, marks, names, characters (including any new Sesame Street characters shown on Sesame Street and owned in whole or controlled by Sesame), images, likenesses, audio, video, audiovisual, logos, themes, symbols, copyrights, trademarks, service marks, visual representations and designs, and other intellectual property (whether in two- or three-dimensional form and including animated and mechanical representations) owned or controlled by Sesame (or its affiliates), and associated with the “Sesame Street” television property, whether previously (unless retired) or currently on “Sesame Street” or whether hereafter developed or owned and the names and marks “Sesame Place” and “Sesame Land,” but expressly excluding “Kermit the Frog.”

Sesame has reserved rights to build family entertainment centers using the Sesame Street Elements subject to certain territorial restrictions surrounding SEA’s Sesame Place Standalone Parks and Sesame Lands within the Sesame Territory. The license agreement has an initial term through December 31, 2031, with an automatic additional 15 year extension plus a 5 year option added from each new Standalone Park opening. Pursuant to the license agreement, SEA pays specified annual license fees, as well as a schedule of royalties based on revenues earned in connection with admissions, 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.
International Development Strategy

We believe that in addition to the growth potential that exists domestically, our brands can also have significant appeal in certain international markets. We continue to make progress in our partnership with Miral Asset Management LLC to develop SeaWorld Abu Dhabi, a first-of-its-kind marine life themed park on Yas Island (the “Middle East Project”). As part of this partnership, we are providing 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. Construction for the Middle East Project is on track and scheduled to be completed by the end of 2022. For a discussion of certain risks associated with our international development strategy, including the Middle East Project, see the “Risk Factors” section included elsewhere in this Annual Report on Form 10-K, including “Risks Related to Our Business and Our Industry—We may not realize the benefits of developments, restructurings, acquisitions or other strategic initiatives.”

Our Industry

In 2020, the COVID-19 pandemic severely impacted the theme park industry causing complete shutdowns or extended periods of closure. Some theme parks chose to partially reopen with capacity limitations and enhanced safety protocols, which allowed them to resume operations but with lower levels of attendance. With the widespread introduction and reception of vaccines to fight COVID-19 in 2021, the operating environment and attendance levels have generally improved; however, COVID-19 related factors continue to impact domestic and international travel, group-related attendance and events, public opinion concerning social gatherings and consumer behavior. We believe the industry will eventually return to its pre-COVID-19 levels and mix of attendance. We believe that the theme park industry is an attractive sector characterized by a proven business model that over the long-term generates significant cash flow and has avenues for growth. Theme parks offer a strong consumer value proposition, particularly when compared to other forms of out-of-home entertainment such as concerts, sporting events, cruises and movies. As a result, theme parks attract a broad range of guests and generally exhibit strong operating margin across regions, operators, park types and macroeconomic conditions.

Competition

Our theme parks and other product and entertainment offerings compete directly for discretionary spending with other destination and regional theme parks and water and amusement parks and indirectly with other types of recreational facilities and forms of entertainment, including movies, home entertainment options, sports attractions, restaurants and vacation travel. Principal direct competitors of our theme parks include theme parks operated by The Walt Disney Company, Universal Parks and Resorts, Six Flags Entertainment Corporation, Cedar Fair, L.P., Merlin Entertainments Ltd., and Hershey Entertainment and Resorts Company. Our highly differentiated products provide a value proposition and a complementary experience to those offered by fantasy-themed Disney and Universal parks. In addition, we benefit from the significant capital investments made in developing the tourism industry in the Orlando area. The Orlando theme park market is extremely competitive, with a high concentration of theme parks operated by several companies.

Competition is based on multiple factors including location, price, the originality and perceived quality of the rides and attractions, the atmosphere and cleanliness of the theme park, the quality of food and entertainment, weather conditions, ease of travel to the theme park (including direct flights by major airlines), availability and cost of transportation to a theme park, industry best practices and perceptions as to safety. As a result of the COVID-19 pandemic, we believe the level of attendance at theme parks has been and will continue to be impacted by public concerns over the COVID-19 pandemic, the number of reported local cases of COVID-19, travel restrictions, federal, state and local regulations related to public places, limits on social gatherings and overall public safety sentiment.

We believe we can compete effectively, due to our strong brand recognition, unique and extensive zoological collection, diversity of product offerings and locations, targeted capital investments, guest sentiment related to our rescue and conservation efforts, and valuable real estate. Additionally, we believe that our theme parks feature a sufficient quality and variety of rides and attractions, educational and interactive experiences, merchandise locations, restaurants and family orientation to make them highly competitive with other destination and regional theme parks, as well as other forms of entertainment.

Regulatory

Our operations are subject to a variety of federal, state and local laws, regulations and ordinances including, but not limited to, those regulating the environment, display, possession and care of our animals, amusement park rides, building and construction, health and safety, labor and employment, workplace safety, zoning and land use and alcoholic beverage and food service. As a result of the COVID-19 pandemic, we have also had to comply with rapidly changing local, state and federal rules, orders and regulations. Key statutes and treaties relating to the display, possession and care of our zoological collection include the Endangered Species Act, Marine Mammal Protection Act, Animal Welfare Act, Convention on International Trade in Endangered Species and Fauna Protection Act and the Lacey Act. We must also comply with the Migratory Bird Treaty Act, Bald and Golden Eagle Protection Act, Wild Bird Conservation Act and National Environmental Policy Act, among other laws and regulations. We believe that we are in compliance with applicable laws, regulations and ordinances; however, such requirements may change over time, and there can be no assurance.
that new requirements, changes in enforcement policies or newly discovered conditions relating to our properties or operations will not require significant expenditures in the future.

Recent Regulatory Developments

The U.S. Department of Agriculture’s Animal and Plant Health Inspection Service (“APHIS”) released a proposed rule on February 3, 2016 to amend the Animal Welfare Act regulations concerning the humane handling, care and treatment of marine mammals in captivity (the “Proposed APHIS Regulations”). The Proposed APHIS Regulations were subject to public comment which ended on May 4, 2016. We submitted a comment letter to APHIS expressing our views on the Proposed APHIS Regulations. The full impact of the Proposed APHIS Regulations on our business will not be known until the Proposed APHIS Regulations are finalized. These Proposed APHIS Regulations were not listed as a priority for APHIS with the release in July 2021 of the Department of Agriculture’s latest Semiannual Unified Agenda of Federal Regulatory and Deregulatory Actions for Fall 2021 (the “Fall 2021 Unified Agenda”) indicating that the agency did not plan any further action at that time on the matter. However, there can be no assurance that APHIS will not propose or enact regulations that could materially impact the Company in the future.

APHIS did include in the Fall 2021 Unified Agenda a notice that it planned to issue a Notice of Proposed Rulemaking to extend its enforcement of the Animal Welfare Act (the “AWA”) to birds, other than birds bred for use in research. APHIS says this would help ensure the humane care and treatment of such birds. The full impact of these regulations will not be known until the Proposed APHIS Regulations are published.

On December 3, 2021, APHIS released a Final Rule related to contingency plans for the handling of animals. This rulemaking, which became effective on January 3, 2022, amends AWA regulations to add requirements for contingency planning and training of personnel by research facilities and by dealers, exhibitors, intermediate handlers, and carriers. APHIS says this action will heighten the awareness of licensees and registrants regarding their responsibilities and help ensure a timely and appropriate response should an emergency or disaster occur.

For a discussion of certain risks associated with federal and state regulations governing the treatment of animals, see the “Risk Factors” section included elsewhere in this Annual Report on Form 10-K, including “Risks Related to Our Business and Our Industry—We are subject to complex federal and state regulations governing the treatment of animals, which can change, and to claims and lawsuits by activist groups before government regulators and in the courts.”

We face a rapidly changing regulatory environment across our business, including responses to COVID-19, wages and hour regulations, employee health and benefit requirement and the policy agenda of the U.S. President and his administration to name a few. For more detailed discussion, see the “Impact of Global COVID-19 Pandemic” section and the following under the “Risk Factors” section included elsewhere in this Annual Report on Form 10-K, “The COVID-19 pandemic has disrupted our business and could adversely affect our results of operations and/or various other factors beyond our control could materially adversely affect our financial condition and results of operations; Increased labor costs and employee health and welfare benefits may negatively impact our operations; and The policies of the U.S. President and his administration or any changes to tax laws may result in a material adverse effect on our business, cash flow, results of operations or financial condition and may impact our ability to use our net operating loss carryforwards.”

Insurance

We maintain insurance of the type and in the amounts that we believe to be commercially reasonable for businesses in our industry. We maintain primary and excess casualty coverage of up to $100.0 million. As part of this coverage, we retain deductible/self-insured retention exposures consistent with our normal expected losses related to general liability claims, automobile liability and workers’ compensation claims. We maintain employers’ liability and all coverage required by law in the states in which we operate. Defense costs are included in the insurance coverage we obtain against losses in these areas. Based upon our historical experience of reported claims and an estimate for incurred-but-not-reported claims, we accrue a liability for our deductible/self-insured retention contingencies regarding general liability, automobile liability and workers’ compensation exposures. We maintain additional forms of special casualty coverage which we believe is appropriate for our business. We also maintain commercial property coverage against fire, natural perils, so-called “extended coverage” perils such as civil commotion, business interruption and terrorism exposures for protection of our real and personal properties (other than land). We generally renegotiate our insurance policies on an annual basis. We cannot predict the amounts of premium cost that we may be required to pay for future insurance coverage, the level of any deductibles/self-insured retentions or co-insurance we may retain applicable thereto, the level of aggregate excess coverage available, the availability of coverage for special or specific risks or whether the amount of insurance will be sufficient to cover all actual perils that may occur. For example, our losses in 2020 related to the impacts of the COVID-19 pandemic were not covered by insurance available to us.
Corporate History

Our legacy started in 1959 with the opening of our first Busch Gardens theme park in Tampa, Florida. Since then, we have grown our portfolio of strong brands and strategically expanded across five states. On December 1, 2009, investment funds affiliated with The Blackstone Group L.P. and certain co-investors, through SeaWorld Entertainment, Inc. and its wholly owned subsidiary, SeaWorld Parks & Entertainment, Inc. (“SEA”), acquired 100% of the equity interests of Sea World LLC (f/k/a Sea World, Inc.) and SeaWorld Parks & Entertainment LLC (f/k/a Busch Entertainment Corporation) from certain subsidiaries of Anheuser-Busch Companies, Inc. We refer to this acquisition and related financing transactions as the “2009 Transactions.” SeaWorld Entertainment, Inc. was incorporated in Delaware on October 2, 2009 in connection with the 2009 Transactions and changed its name from SW Holdco, Inc. to SeaWorld Entertainment, Inc. in December 2012. We completed our initial public offering (the “IPO”) in April 2013 and our common stock is listed on the New York Stock Exchange under the symbol “SEAS”.

On May 8, 2017, an affiliate of ZHG Group, Sun Wise (UK) Co., LTD. (“ZHG”) acquired approximately 21% of the then outstanding shares of our common stock from certain affiliates of Blackstone (the “Seller”), pursuant to a Stock Purchase Agreement between ZHG and the Seller (the “Stock Purchase Agreement”). ZHG pledged such shares in connection with certain loan obligations of ZHG (the “Pledged Shares”). ZHG subsequently defaulted on such loan obligations and, as a result, certain lenders (the “Lenders”) foreclosed on the Pledged Shares and, accordingly, the Pledged Shares were transferred to a security agent for the Lenders (the “Security Agent”), on May 3, 2019. On May 27, 2019, the Security Agent entered into a share repurchase agreement with us pursuant to which the Security Agent agreed to sell and we agreed to purchase 5,615,874 of the Pledged Shares held by the Security Agent (the “SEAS Repurchase”). On May 27, 2019, the Security Agent also entered into a stock purchase agreement with Hill Path Capital LP (“Hill Path”) and certain of its affiliates pursuant to which the Security Agent agreed to sell and certain affiliates of Hill Path agreed to purchase, in the aggregate, 13,214,000 of the Pledged Shares held by the Security Agent. The purchase closed on May 30, 2019. As of December 31, 2021, Hill Path owned approximately 36.0% of our total outstanding common stock.

See further discussion in Note 17–Related-Party Transactions in our notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Available Information

Our website is http://www.seaworldentertainment.com. Information contained on our website is not incorporated by reference herein and is not a part of this Annual Report on Form 10-K. We make available free of charge, on or through the “Investor Relations” section of our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, if any, or other filings filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after electronically filing or furnishing these reports with the Securities and Exchange Commission (“SEC”). We have adopted a Code of Business Conduct and Ethics applicable to our directors, officers and employees including principal executive, financial and accounting officers, and it is available free of charge, on or through the “Investor Relations” section of our website along with our Corporate Governance Guidelines, and the charters of our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Revenue Committee. We will disclose within four business days any substantive changes in, or waivers of, the Code of Business Conduct and Ethics granted to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website as set forth above rather than by filing a Form 8-K.

The SEC maintains a website at http://www.sec.gov that contains our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, if any, or other filings filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, and our proxy and information statements.

Website and Social Media Disclosure

We use our websites (www.seaworldentertainment.com and www.seaworldinvestors.com) and at times our corporate Twitter account (@SeaWorld) as well as other park specific social media channels to distribute company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about SeaWorld when you enroll your e-mail address by visiting the “E-mail Alerts” section of our website at www.seaworldinvestors.com. The contents of our website and social media channels are not, however, a part of this Annual Report on Form 10-K.
Item 1A. Risk Factors

Risk Factor Summary

We are providing the following summary of the risk factors contained in our Form 10-K to enhance the readability and accessibility of our risk factor disclosures. We encourage our stockholders to carefully review the full risk factors contained in this Form 10-K in their entirety for additional information regarding the risks and uncertainties that could cause our actual results to vary materially from recent results or from our anticipated future results.

Risks Related to Our Business and Our Industry

- The COVID-19 pandemic has disrupted our business and could adversely affect our results of operations, and/or various other factors beyond our control could materially adversely affect our financial condition and results of operations.
- If we fail to hire and/or retain employees, our business may be adversely affected.
- Various factors beyond our control could adversely affect attendance and guest spending patterns at our theme parks.
- We are subject to complex federal and state regulations governing the treatment of animals, which can change, and to claims and lawsuits by activist groups before government regulators and in the courts.
- We are subject to scrutiny by activist and other third-party groups and/or media who can pressure governmental agencies, vendors, partners, 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 or zoological facilities generally could harm our brands or reputation as well as negatively impact our revenues and profitability.
- We could be adversely affected by a decline in discretionary consumer spending or consumer confidence.
- A significant portion of our revenues are historically generated in the States of Florida, California and Virginia. Any risks affecting such markets, such as natural disasters, severe weather and travel-related disruptions or incidents, may materially adversely affect our business, financial condition and results of operations.
- Our operating results are subject to seasonal fluctuations.
- Because we operate in a competitive industry, our revenues, profits or market share could be harmed if we are unable to compete effectively.
- Featuring animals at our theme parks involves risks.
- Animals in our care are important to our theme parks, and they could be exposed to infectious diseases.
- The high fixed cost structure of theme park operations can result in significantly lower margins if revenues decline or we are unable to offset price increases.
- Changes in consumer tastes and preferences for entertainment and consumer products could reduce demand for our entertainment offerings and products and adversely affect the profitability of our business.
- Cyber security risks and the failure to maintain the integrity of internal or guest data could result in damages to our reputation, the disruption of operations and/or subject us to costs, fines or lawsuits.
- Technology interruptions or failures that impair access to our websites or information technology systems could adversely affect our business or operations.
- Increased labor costs and employee health and welfare benefits may negatively impact our operations.
- Our growth strategy may not achieve the anticipated results.
- We may not be able to fund theme park capital expenditures and investment in future attractions and projects.
- We may not realize the benefits of developments, restructurings, acquisitions or other strategic initiatives and we may incur significant costs associated with such activities.
- We have identified a material weakness in our internal control over financial reporting which could adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner.
- Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our profits or limit our ability to operate our business.
- Our intellectual property rights are valuable, and any inability to protect them could adversely affect our business.
- We may be subject to claims for infringing the intellectual property rights of others, which could be costly and result in the loss of significant intellectual property rights.
• If we lose licenses and permits required to exhibit animals and/or violate laws and regulations, our business will be adversely affected.
• Unionization activities or labor disputes may disrupt our operations and affect our profitability.
• If we are unable to maintain certain commercial licenses, our business, reputation and brand could be adversely affected.
• Our existing debt agreements and, future debt agreements may contain, restrictions that may limit our flexibility in operating our business.
• Failure to maintain or renew our current credit ratings could adversely affect our cost of funds, related margins, liquidity, and access to capital markets.
• Our leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under our indebtedness.
• Our insurance coverage may not be adequate to cover all possible losses that we could suffer, and our insurance costs may increase.
• We may be unable to purchase or contract with third-party manufacturers for our theme park rides and attractions, or construction delays may occur and impact attraction openings.
• Our operations and our ownership of property subject us to environmental requirements, and to environmental expenditures and liabilities.
• Delays, restrictions, or inability to obtain or maintain permits for capital investments could impair our business.
• Financial distress experienced by our strategic partners or other counterparties could have an adverse impact on us.
• Tariffs or other trade restrictions could adversely impact our business, financial condition and results of operations.
• Actions of activist stockholders, and such activism could adversely impact the value of our securities.
• Hill Path Capital LP and its affiliates could be able to significantly influence our decisions and their interests may conflict with ours or yours in the future.
• The policies of the U.S. President and his administration or any changes to tax laws may result in a material adverse effect on our business, cash flow, results of operations or financial condition and may impact our ability to use our net operating loss carryforwards.
• Changes to, or the elimination of, LIBOR may adversely affect interest expense related to our indebtedness.
• If COVID-19 vaccination of employees is mandated, it could have a material adverse effect on our business and results of operations.

Risks Related to Ownership of Our Common Stock
• Our stock price may change significantly, and you may not be able to sell shares of our common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result.
• We cannot guarantee that our allocation of capital to various alternatives will enhance long-term stockholder value, and in some cases, our Share Repurchase Program could increase the volatility of the price of our common stock.
• Future sales, or the perception of future sales, by us or our existing stockholders in the public market could cause the market price for our common stock to decline.
• Our indebtedness could limit our ability to make restricted payments such as share repurchases and/or pay dividends on our common stock in the future.
• Anti-takeover provisions in our organizational documents could delay or prevent a change of control.
• The concentration of ownership of our capital stock limits your ability to influence corporate matters.
• Non-U.S. holders who own or owned more than a certain ownership threshold may be subject to United States federal income tax on gains realized on the disposition of our common stock.
Risks Related to Our Business and Our Industry

The COVID-19 pandemic has disrupted our business and could adversely affect our results of operations, and/or various other factors beyond our control could materially adversely affect our financial condition and results of operations.

Factors related to the COVID-19 pandemic have disrupted our business, including quarantines, significant travel warnings and restrictions, social distancing rules, curfews, shelter-in-place, facial covering mandates, vaccination requirements and/or COVID-19 testing guidelines which were or have been implemented and may be re-implemented pursuant to federal, state and local orders and mandates. In response to the COVID-19 pandemic, from March 16, 2020 to June 5, 2020, we temporarily closed all of our theme parks and therefore, did not generate revenue from our parks during the closure period. Beginning on June 6, 2020, we began the phased reopening of some of our parks with enhanced health, safety and cleaning measures, capacity limitations and/or modified/limited operations, which at times included reduced hours and/or reduced operating days. Our results of operations for the years ended December 31, 2021 and 2020 were impacted by the COVID-19 pandemic due in part to capacity limitations, modified/limited operations and/or temporary park closures which were in place for portions of the respective periods, as well as decreased demand due to public concerns associated with the pandemic, reduced group-related attendance and restrictions on international travel.

It is impossible to predict the severity and transmission rate of COVID-19, the impact of any mutations of the virus, the extent and effectiveness of any vaccine or containment actions taken, and the impact of these and other factors on travel and consumer behavior. It is possible that the spread of COVID-19, the resulting economic and societal impact, social distancing or other safety requirements which may exist today or that may be implemented will reduce our guests’ interest or ability to visit our theme parks. The COVID-19 pandemic and the actions taken in response pose the risk that we or our employees, contractors, suppliers, and other business partners may be prevented from conducting business activities for an unknown period of time. Restrictions on travel, quarantines and other measures imposed in response to the COVID-19 pandemic, as well as ongoing concern regarding the virus’ potential impact and mutations and spikes in the number of infections, have had and will likely continue to have a negative effect on economies and financial markets, including supply chain shortages; staffing challenges, for us, our suppliers and those that support the travel industry; and additional business disruptions. Any such impacts could have a material adverse effect on our business.

In response to our temporary park closures in 2020, we took steps to minimize our cash outflows, manage costs and expenditures and maximize liquidity. Some of these measures taken in 2020 included, but were not limited to (i) substantially reduced or deferred all capital projects while our parks were closed other than a minimal amount of essential projects and maintenance and postponed the opening of rides that were still under construction and scheduled to open in 2020; (ii) eliminated and/or deferred all non-essential operating expenses at all of our parks and corporate headquarters while the parks were closed and actively managed operating expenses as parks reopened; (iii) eliminated substantially all advertising and marketing spend while the parks were closed and strategically managed marketing spend as parks reopened; (iv) temporarily reduced Executive Officer base pay by 20% through November 2020; (v) worked with certain vendors and other business partners to manage, defer, and/or abate certain costs and payments; and (vi) furloughed approximately 95% of our employees upon closing all of our parks. It is unclear if any of these actions could have a lasting negative impact on our relationships with vendors, current and/or future business partners or ambassadors or, if parks are forced to close again, whether we will be forced to take similar actions and be able to achieve similar cost savings. We have been sued and may face additional lawsuits or damage to our reputation related to actions taken or not taken as a result of COVID-19 from current and/or future vendors, customers and/or ambassadors. The lawsuits could negatively impact our cash flows and results of operations; however, none have been material to date. Also, another prolonged closure of our parks could materially impact our results, operations and financial condition. Additionally, due to the uncertainties created by the COVID-19 pandemic and the related impact on our business, we have made or may make future employment or restructuring decisions which may subject us to increased risks related to employment matters, including increased union organizing activity, litigation and/or claims for severance or other benefits.

We had never previously experienced a complete cessation of our operations. In addition, the magnitude, duration and speed of the global pandemic is uncertain. As a consequence, we cannot estimate the impact on our business, financial condition or near or longer-term financial or operational results with certainty. We may face additional costs and obstacles in complying with any new federal, state or local regulations or industry best practices established in response to the COVID-19 pandemic, hiring and retaining employees and attracting guests who may not wish to travel or visit our theme parks for a prolonged period. In addition, any measures we take or may be required to take such as limiting capacity in our theme parks, enforcing social distancing requirements and/or requiring facial coverings or vaccinations may negatively impact attendance at our theme parks. It is not possible to predict what steps, if any, we may be required to take if the COVID-19 pandemic worsens or any similar pandemic occurs in the future.
It is possible we could be forced to close some or all of our parks again. If we do not continue to respond appropriately to the pandemic, or if customers do not perceive our response to be adequate, we could suffer damage to our reputation, which could significantly adversely affect our business. Furthermore, the effects of the pandemic on our business could be long-lasting and could continue to have adverse effects, some of which may be significant, and which may indefinitely impact our ability to operate our business in the traditional, pre-pandemic manner.

Our business also could be significantly affected should the disruptions caused by the COVID-19 pandemic lead to systemic changes in consumer behavior. The outbreak of COVID-19 has significantly increased economic uncertainty. It is possible that the current outbreak, continued spread of COVID-19 or another pandemic could cause a global recession, which could further adversely affect our business, and such adverse effects may be material. Further, our results of operations and financial condition would be negatively impacted if we experience another prolonged period of closure, experience significant declines in business volumes, are unable to maintain normalized performance levels or attendance at our parks is limited due to capacity restrictions or consumer sentiment.

Our properties are subject to the risk that operations could be halted for a temporary or extended period of time. If there is a prolonged disruption at any of our properties, our business, financial condition, results of operations and prospects will likely be materially adversely affected. Additionally, if a prolonged downturn of general economic or other conditions in the areas in which our properties are located or from which we draw our guests or prevents guests from easily coming to our properties, our business, financial condition, results of operations and prospects will be materially adversely affected. Also, we cannot be certain that we will have access to sufficient liquidity in the future to meet our obligations for the time required to allow our cash generating operations to normalize should we be forced to close again. In the future, we may not be able to obtain additional liquidity or additional relief from lenders, governmental agencies, and business partners may not be adequate and may include onerous terms.

**If we fail to hire and/or retain employees, our business may be adversely affected.**

Our success depends in part upon a number of employees, including members of our senior management team who have extensive experience in the industry, as well as our ability to attract, train, motivate and retain qualified employees to keep pace with our needs, including employees with certain specialized skills in the field of animal training and care. We also employ a significant seasonal and part-time workforce which is critical to staffing our parks during peak periods. We recruit year-round to fill thousands of part time and seasonal staffing positions each season and work to manage wages and the timing of the hiring process in an attempt to ensure the appropriate workforce is in place; however, there can be no assurance that we will be successful in the future.

During 2021, in part due to the overall labor market, challenging current operating environment, and COVID-19 related factors, we encountered increased turnover and wage pressures and we continue to experience turnover and wage pressures in the current operating environment. Competition for employees is intense and the labor market is experiencing significant shortages, which has impacted, and has continued to impact, our ability to attract, recruit and retain both qualified senior executives as well as employees for our parks and our headquarters. Many competitors or other businesses in the markets in which we operate have increased wages and/or offered enhanced benefit packages which in some cases may be superior to ours. We may be unable to retain employees or to attract other highly qualified employees, particularly if we do not offer employment terms that are competitive with the rest of the current market and/or provide sufficient incentives to retain our existing and future employees. Also, if we fail to maintain a culture that makes our company an attractive place to work, employee morale may be diminished and we may have difficulty retaining our workforce and recruiting new employees. Separately, minimum wage legislation impacts some of our markets which adds additional pressure to our starting wages. Partly as a result of these dynamics, during 2021 and currently, we have had difficulty retaining, attracting and hiring ambassadors to meet the staffing goals of certain functions in our parks and corporate headquarters. These staffing challenges impacted our ability to open some of our food and beverage outlets, caused us to temporarily close some rides or attractions and/or caused longer wait times in certain areas of our parks, particularly food, beverage and/or retail outlets. Despite the staffing challenges we have encountered, we will not compromise the safety of our guests, ambassadors or animals. If we are unable to attract and retain adequate numbers of employees to staff our parks especially during peak periods, this could materially adversely affect our business and negatively impact our results of operations and the guest experience as it could impact the number of venues, rides and/or attractions we can open. See also, “Increased labor costs and employee health and welfare benefits may negatively impact our operations”.

Turnover of personnel, timing or the extent of turnover activity, failure to attract, motivate and retain our employees, or failure to develop and implement a viable succession plan for our senior management, could adversely affect our business, our ability to grow and maintain our business and our future success. Changes in our management team and to the Board of Directors may be disruptive to, or cause uncertainty in, our business, and any additional changes to the management team or the Board of Directors could have a negative impact on our ability to manage and grow our business effectively. Any disruption or uncertainty or difficulty in efficiently and effectively filling key management roles or maintaining and growing our workforce could have a material adverse impact on our business, results of operations and/or the price of our common stock.
Various factors beyond our control could adversely affect attendance and guest spending patterns at our theme parks. These factors could also affect our suppliers, vendors, insurance carriers and other contractual counterparties. Such factors include but are not limited to:

- bad weather and even forecasts of bad weather, including abnormally hot, cold, snow/ice and/or wet weather, particularly during weekends, holidays or other peak periods;
- natural disasters, such as hurricanes, fires, earthquakes, tsunamis, tornados, floods and volcanic eruptions and man-made disasters such as oil spills, which may deter travelers from scheduling vacations or cause them to cancel travel or vacation plans;
- labor shortages impacting our parks, suppliers or others in the travel industry such as airlines and hotels;
- inflation;
- supply chain delays or shortages;
- fluctuations in foreign exchange rates;
- low consumer confidence;
- outbreaks of pandemic or contagious diseases or consumers’ concerns relating to potential exposure to travel-related health concerns such as pandemics and epidemics such as Coronavirus, Ebola, Zika, Influenza H1N1, avian bird flu, SARS and MERS;
- changes in the desirability of particular locations or travel patterns of both our domestic and international guests;
- oil prices and travel costs and the financial condition of the airline, automotive and other transportation-related industries, any travel-related disruptions or incidents and their impact on travel or decrease transportation options to cities where we have parks;
- war, terrorist activities or threats and heightened travel security measures instituted in response to these events;
- actions or statements by U.S. and foreign governmental officials related to travel and corporate travel-related activities (including changes to the U.S. visa rules or disease related restrictions or testing requirements) and the resulting public perception of such travel and activities; and
- interruption of public or private utility services to our theme parks.

Any one or more of these factors could adversely affect attendance, revenue, and per capita spending at our theme parks, which could materially adversely affect our business, financial condition and results of operations. Fluctuations in foreign currency exchange rates and inflation impact our business. A strong dollar increases the cost for international tourists and inflationary pressures increase the cost of living which could impact guest’s willingness to visit our parks or guest spending. In addition, demand for our parks is highly dependent on the general environment for travel and tourism, which can be significantly adversely affected by extreme weather events, including ice and snow conditions. In 2021, the United States encountered increased inflation and we experienced increased costs for labor, goods, services and capital projects. Inflation increases the cost of goods we purchase, capital projects, wages and benefits, and services we buy. If we are not able to offset inflationary costs, our results of operations will be negatively impacted and possible in a material manner. Any of these such events could have a material adverse effect on our business, financial condition, or results of operations. Additionally, because many of the attractions at our parks are outdoors, attendance at our parks is adversely affected by bad or extreme weather conditions and forecasts of bad or mixed weather conditions, which affects our revenues and results of operations. Adverse weather events could also cause us to incur significant costs to repair or replace rides or facilities and cause extended closure times if rides or facilities have to be replaced. Natural disasters and adverse weather conditions can be caused or exacerbated by climate change, and the series of extreme weather events experienced in recent years presents an alarming trend. For example, attendance at our parks in 2019 was negatively impacted by Hurricane Dorian over Labor Day weekend. Separately, we have previously also experienced negative impacts from weather events in other parks, particularly hurricanes, which have caused park closures in Tampa and Orlando and park closures and other weather impacts in Texas and Virginia.

We are subject to complex federal and state regulations governing the treatment of animals, which can change, and to claims and lawsuits by activist groups before government regulators and in the courts.

We operate in a complex and evolving regulatory environment and are subject to various federal and state statutes and regulations and international treaties implemented by federal law. The states in which we operate also regulate zoological activity involving the import and export of exotic and native wildlife, endangered and/or otherwise protected species, zoological display and anti-cruelty statues. We incur significant compliance costs in connection with these regulations and violation of such regulations could subject us to fines and penalties and result in the loss of our licenses and permits, which, if occurred, could impact our ability to display certain animals. Future amendments to existing statutes, regulations and treaties or new statutes, regulations and treaties or
lawsuits against the Company, government agencies or other third parties in the zoological industry may potentially restrict our ability to maintain our animals, or to acquire new ones to supplement or sustain our breeding programs or otherwise adversely affect our business.

In 2016, the California Orca Protection Act was enacted into law and (i) codified the end of captive breeding programs and the export and import of genetic materials for orcas in California, (ii) prohibits the import or export of new orcas into or existing orcas out of California, (iii) permits the transfer of orcas currently in California among existing SeaWorld facilities and (iv) requires educational presentations of orcas in California. We introduced new orca programs in our San Diego park in 2017 which are consistent with these standards. In the past, Congress has proposed legislation that would have impacted the breeding, the taking (wild capture), and the import or export of orcas for the purposes of public display and the transport of orcas from one park to another. However, no legislation has been introduced in the current 117th Congress. There can be no assurance that Congress will not pass legislation or other federal, state or local jurisdictions will not propose or enact additional laws or regulations that could materially impact the Company in the future.

Also, the U.S. Department of Agriculture’s Animal and Plant Health Inspection Service (“APHIS”) has proposed regulations that could impact our business. For example, APHIS released a proposed rule on February 3, 2016 to amend the Animal Welfare Act regulations concerning the humane handling, care and treatment of marine mammals in captivity (the “Proposed APHIS Regulations”). The Proposed APHIS Regulations were subject to public comment which ended on May 4, 2016. We submitted a comment letter to APHIS expressing our views on the Proposed APHIS Regulations. The full impact of the Proposed APHIS Regulations on our business will not be known until the Proposed APHIS Regulations are finalized. These Proposed APHIS Regulations were not listed as a priority for APHIS with the release in July 2021 of the Department of Agriculture’s latest Semiannual Unified Agenda of Federal Regulatory and Deregulatory Actions for Fall 2021 (the “Fall 2021 Unified Agenda”), indicating that the agency did not plan any further action at that time on the matter. However, there can be no assurance that APHIS will not propose or enact regulations that could materially impact the Company in the future.

APHIS did include in the Fall 2021 Unified Agenda a notice that it planned to issue a Notice of Proposed Rulemaking to extend its enforcement of the Animal Welfare Act (AWA) to birds, other than birds bred for use in research. APHIS says this would help ensure the humane care and treatment of such birds. The full impact of these regulations will not be known until the Proposed APHIS Regulations are published.

In light of the uncertain legal, legislative and regulatory environment and evolving public sentiment, we continue to evaluate a broad spectrum of enhancements, modifications and alternatives with respect to the display, husbandry and breeding practices, handling and care, and study and research of our orcas and other marine animals. Any decisions regarding such matters are subject to consideration and assessment of various factors including, but not limited to, the health and welfare of the animals, guest sentiment, market conditions, anticipated impact on our business, regulatory environment, legal proceedings, and input from our conservation partners, and other factors. If we were to pursue or be required to pursue any alternative approaches with respect to the display, husbandry and breeding practices, handling and care, or study and research of our orcas or other animals in our zoological collection, the full impact of such alternatives on our business will not be known until such alternatives are finalized. In the meantime, we continue to invest significant management attention and resources to evaluate the impact of and ensure compliance with the applicable regulatory and other developments.

We are subject to scrutiny by activist and other third-party groups and/or media who can pressure governmental agencies, vendors, partners, and/or regulators, bring action in the courts or create negative publicity about us.

From time to time, animal activist and other third-party groups may make claims before government agencies, bring lawsuits against us, and/or attempt to generate negative publicity associated with our business. Such activities sometimes are based on allegations that we do not properly care for some of our animals. On other occasions, such activities are specifically designed to change existing law or enact new law in order to impede our ability to retain, exhibit, acquire or breed animals. While we seek to structure our operations to comply with all applicable federal and state laws and vigorously defend ourselves when sued, there are no assurances as to the outcome of claims and lawsuits that could be brought against us or new laws or changes to existing laws that could negatively impact us. Even if not successful, these lawsuits, or proposed changes to laws, can require deployment of our resources and can lead to negative publicity.

Negative publicity created by activists or in the media could adversely affect our reputation and results of operations. At times, activists and other third-party groups have also attempted to generate negative publicity related to our relationships with our business partners, such as corporate sponsors, promotional partners, vendors, ticket resellers and others. These activities have at times led relationships with some ticket resellers to be terminated. Although sales from any particular ticket reseller may not constitute a significant portion of our ticket sales, if a relationship with a ticket reseller is terminated, we will attempt to find alternative distribution channels. However, there can be no assurance that we will be successful or that those channels will be as successful or not have additional costs. If we are unable to find cost effective alternative distribution channels, the loss of multiple ticket resellers could have a negative impact on our results of operations.
Incidents or adverse publicity concerning our theme parks, the theme park industry or zoological facilities generally could harm our brands or reputation as well as negatively impact our revenues and profitability.

Our brands and our reputation are among our most important assets. Our ability to attract and retain guests depends, in part, upon the external perceptions of the Company, the quality and safety of our theme parks and services and our corporate and management integrity. The operation of theme parks involves the risk of accidents, illnesses, environmental incidents and other incidents which may negatively affect the perception of guest and employee safety, health, security and guest satisfaction and which could negatively impact our brands or reputation and our business and results of operations. An accident or an injury at any of our theme parks or at theme parks operated by competitors, particularly an accident or an injury involving the safety of guests and employees, that receives media attention, is the topic of a book, film, documentary or is otherwise the subject of public discussions, may harm our brands or reputation, cause a loss of consumer confidence in the Company, reduce attendance at our theme parks and negatively impact our results of operations. Such incidents have occurred in the past and may occur in the future. In addition, other types of adverse publicity concerning our business, the theme park industry or zoological facilities generally could harm our brands, reputation, and results of operations. The considerable expansion in the use of social media over recent years has compounded the impact of negative publicity. There has been and may continue to be perception issues and negative media attention that create a barrier to attendance at our parks which could materially adversely affect our business, financial condition and results of operations.

We could be adversely affected by a decline in discretionary consumer spending or consumer confidence.

Our success depends to a significant extent on discretionary consumer spending, which is heavily influenced by general economic conditions and the availability of discretionary income. In the past, severe economic downturns, coupled with high volatility and uncertainty as to the future global economic landscape, have had an adverse effect on consumers’ discretionary income and consumer confidence.

Volatile, negative, inflationary or uncertain economic conditions and recessionary periods may adversely impact attendance figures, the frequency with which guests choose to visit our theme parks and guest spending patterns at our theme parks. The actual or perceived weakness in the economy could also lead to decreased spending by our guests. For example, in 2009 and 2010, we experienced a decline in attendance as a result of the global economic crisis, which in turn adversely affected our revenue and profitability. Both attendance and total revenue per capita spending at our theme parks are key drivers of our revenue and profitability, and reductions in either can materially adversely affect our business, financial condition and results of operations.

A significant portion of our revenues are historically generated in the States of Florida, California and Virginia. Any risks affecting such markets, such as natural disasters, severe weather and travel-related disruptions or incidents, may materially adversely affect our business, financial condition and results of operations.

Approximately 58%, 15% and 14% of our revenues in 2021 were generated in the States of Florida, California and Virginia, respectively. Any risks described in this Annual Report on Form 10-K, such as the occurrence of natural disasters and travel-related disruptions or incidents, affecting the States of Florida, California and Virginia generally may materially adversely affect our business, financial condition or results of operations, especially if they have the effect of decreasing attendance at our theme parks or, in extreme cases, cause us to close any of our theme parks for any period of time. For example, in 2019, Florida was negatively impacted by Hurricane Dorian. Also, our parks in Texas and Virginia have previously been negatively impacted by hurricanes. Although we attempt to manage our exposure to such events by implementing our hurricane preparedness plan, our theme parks located in Orlando and Tampa, Florida and in Williamsburg, Virginia have previously experienced closures as a result of storms, which negatively impacted attendance and results of operations. Furthermore, changing climate conditions could add to the frequency and severity of natural disasters and create additional uncertainty as to future trends and exposures.

Our operating results are subject to seasonal fluctuations.

We have historically experienced and expect to continue to experience seasonal fluctuations in our annual theme park attendance and revenue, which are typically higher in our second and third quarters, partly because seven of our theme parks have historically only opened for a portion of the year. Historically, approximately two-thirds of our attendance and revenues were generated in the second and third quarters of the year and we generally incurred a net loss in the first and fourth quarters. In addition, the timing of school vacations and school start dates also cause fluctuations in our quarterly theme park attendance and revenue. For example, 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 theme parks that 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 could also impact attendance patterns. Due in part to the temporary park closures in 2020, along with capacity limitations and/or modified/limited operations and other COVID-19 related impacts on our attendance, the COVID-19 pandemic has impacted the seasonality of our business. It is difficult to estimate how the COVID-19 pandemic or other similar events in the future will impact seasonality.

25
The operating season at some of our theme parks, including SeaWorld San Antonio, Aquatica San Antonio, Adventure Island, Aquatica San Diego, Busch Gardens Williamsburg, Water Country USA and Sesame Place, has historically been of limited duration. Any changes to the operating schedule of a park such as increasing operating days for our seasonal parks, could change the impact of seasonality in the future. During 2021, we began year-round operations at SeaWorld San Antonio and began to operate on select days on a year round basis at both Busch Gardens Williamsburg and Sesame Place in Pennsylvania.

When conditions or events described in this Risk Factor section occur during the operating season, particularly during the second and third quarters, there is only a limited period of time during which the impact of those conditions or events can be mitigated. Accordingly, such conditions or events may have a disproportionately adverse effect on our revenues and cash flow. In addition, historically most of our expenses for maintenance and costs of adding new attractions at our seasonal theme parks are incurred when the operating season is over, which may increase the need for borrowing to fund such expenses during such periods.

**Because we operate in a competitive industry, our revenues, profits or market share could be harmed if we are unable to compete effectively.**

Our theme parks compete with other theme, water and amusement parks and with other types of recreational facilities and forms of entertainment, including movies, home entertainment options, family entertainment centers, sports attractions, restaurants and vacation travel.

Principal direct competitors of our theme parks include theme parks operated by The Walt Disney Company, Universal Parks and Resorts, Six Flags Entertainment Corporation, Cedar Fair, L.P., Merlin Entertainments Ltd., Herschend Family Entertainment and Hersheypark and Resorts Company. The principal competitive factors of a theme park include location, price, originality and perceived quality of the rides and attractions, the atmosphere and cleanliness of the theme park, the quality of its food and entertainment, weather conditions, ease of travel to the theme park (including direct flights by major airlines), and availability and cost of transportation to a theme park. Certain of our direct competitors have substantially greater financial resources than we do, and they may be able to adapt more quickly to changes in guest preferences or devote greater resources to their attractions or promotion of their offerings and attractions than us. Our competitors may be able to attract guests to their theme parks in lieu of our own through the development or acquisition of new rides, attractions or shows that are perceived by guests to be of a higher quality and entertainment value. As a result, we may not be able to compete successfully against such competitors. If we are unable to compete with new and existing attractions, our results of operations could be negatively impacted.

**Featuring animals at our theme parks involves risks.**

Our theme parks feature numerous displays and interactions that include animals. All animal enterprises involve some degree of risk. All animal interactions by our employees and our guests in attractions in our theme parks, where offered, involve risk. While we maintain strict safety procedures for the protection of our guests, employees and the animals in our care, injuries or death, while rare, have occurred in the past. For example, in February 2010, a trainer was killed while engaged in an interaction with an orca. Following this incident, we were subject to an inspection by the Department of Labor’s Occupational Safety and Health Administration (“OSHA”), which resulted in citations concerning alleged violations of the Occupational Safety and Health Act and certain regulations thereunder.

In connection with this incident, we reviewed and revised our safety protocols and made certain safety-related facility enhancements such as revising training protocols used in animal presentations. This incident has also been and continues to be the subject of significant media attention, including extensive television and newspaper coverage, books, at least one documentary and discussions in social media. This incident and similar events that may occur in the future may harm our reputation, reduce attendance and negatively impact our financial condition and results of operations. See also, “Our insurance coverage may not be adequate to cover all possible losses that we could suffer, and our insurance costs may increase.”

**Animals in our care are important to our theme parks, and they could be exposed to infectious diseases.**

Many of our theme parks are distinguished from those of our competitors in that we offer guest interactions with animals in our care. Individual animals, specific species of animals or groups of animals in our zoological collection could be exposed to infectious diseases or could expose guests to infectious diseases. An outbreak of an infectious disease among any animals in our theme parks or the public’s perception that a certain disease could be harmful to human health may materially adversely affect our zoological collection, our business, financial condition and results of operations.

The high fixed cost structure of theme park operations can result in significantly lower margins if revenues decline or we are unable to offset price increases.

A large portion of our expenses is relatively fixed because the costs for employees, maintenance, animal care, utilities, advertising, and insurance do not vary significantly with attendance. These fixed costs may increase at a greater rate than our revenues especially during inflationary periods and may not be able to be reduced at the same rate as declining revenues. If cost-cutting efforts are insufficient to offset increased costs or declines in revenues or are impracticable, we could experience a material decline in margins, revenues, profitability and reduced or negative cash flows. Such effects can be especially pronounced during pandemics such as was seen during the COVID-19 pandemic in 2020 or periods of inflation or economic contraction or slow economic growth.
Changes in consumer tastes and preferences for entertainment and consumer products could reduce demand for our entertainment offerings and products and adversely affect the profitability of our business.

The success of our business depends on our ability to consistently provide, maintain, and expand theme park attractions as well as create online material and consumer products that meet changing consumer preferences. In addition, consumers from outside the United States constitute an important portion of our theme park attendance, and our success depends in part on our ability to successfully predict and adapt to tastes and preferences of this consumer group. If our entertainment offerings and products do not achieve sufficient consumer acceptance or if consumer preferences change, our business, financial condition or results of operations could be materially adversely affected.

Cyber security risks and the failure to maintain the integrity of internal or guest data could result in damages to our reputation, the disruption of operations and/or subject us to costs, fines or lawsuits.

We collect internal and customer data for business purposes. This data may include personal identifiable information held in our various information technology systems which collect, process, summarize, and report such data. We also maintain personally identifiable information about our employees. The integrity and protection of our customer, employee and company data is critical to our business. Our guests and employees have a high expectation that we will adequately protect their personal information. The regulatory environment, as well as the requirements imposed on us by the credit card industry, governing information, security and privacy laws is increasingly demanding and continues to evolve. For example, the California Consumer Privacy Act took effect in January 2020 and imposes requirements for identifying, managing, securing, tracking, producing and deleting consumer privacy information in California. Maintaining compliance with applicable security and privacy regulations may increase our operating costs and/or adversely impact our ability to market our theme parks, products, and services to our guests. We also rely on accounting, financial and operational management information technology systems to conduct our operations. If these information technology systems suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations could be materially adversely affected.

We, along with our third party service providers, face security threats, including but not limited to cyber security attacks on our data infrastructure. Like other public companies, our computer systems are regularly subject to and will continue to be the target of computer viruses, malware or other malicious codes (including ransomware), unauthorized access, cyber-attacks or other computer-related penetrations. We expect to continue devoting significant resources to the security of our information technology systems and the training of our employees and we utilize various procedures and controls to monitor and mitigate technological threats. There can be no assurance that these procedures, investments and/or controls, nor those of our third party service providers, will be sufficient to prevent penetrations, malicious acts or disruptions to our systems. Furthermore, a penetrated or compromised data system or the intentional, inadvertent or negligent release or disclosure of data could result in theft, loss, fraudulent or unlawful use of guest, employee, company or protected data which could harm our reputation or result in remedial and other costs, fines or lawsuits and require significant management attention and resources to be spent. In addition, our insurance coverage and indemnification arrangements that we enter into, if any, may not be adequate to cover all the costs related to cyber security attacks or disruptions resulting from such events. To date, cyber security attacks directed at us have not had a material impact on our financial results. Due to the evolving nature of security threats, however, the impact of any future incident cannot be predicted.

Technology interruptions or failures that impair access to our websites or information technology systems could adversely affect our business or operations.

The satisfactory performance, reliability and availability of our web sites and our infrastructure are critical to the conduct of our business. Any system interruptions that result in the unavailability or slowness of our websites could impact our ability to market or sell admissions or other products which could adversely affect our results of operations and/or result in negative publicity. We have in the past experienced, and may in the future experience, temporary system interruptions for a variety of reasons, including security incidents, viruses, telecommunication and other network failures, power failures, programming errors, undetected bugs, design faults, data corruption, denial-of-service attacks, legacy systems, poor scalability or network overload from an overwhelming number of traffic trying to reach our websites at the same time. Even a disruption as brief as a few minutes could have a negative impact on our online activities and could result in a loss of revenue. For example, there have been instances when our websites experienced slow performance and unavailability for some guests. Although these issues were short-lived and did not have a material impact to our results of operations, prolonged or repeat system interruptions and network failures could adversely impact our operations as a significant portion of our admissions revenues are from ticket purchases and reservations made online.

Additionally, damage, failures or interruptions to our information technology systems may require a significant investment to update, remediate or replace with alternate systems, and we may suffer interruptions in our operations as a result. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations and/or result in negative publicity. Any material interruptions or failures in our systems, including those that may result from our failure to adequately develop, implement and maintain a robust disaster recovery plan and backup systems could severely affect our ability to conduct normal business operations and, as a result, could adversely affect our business operations and financial performance.
Increased labor costs and employee health and welfare benefits may negatively impact our operations.

Labor is a primary component in the cost of operating our business. We devote significant resources to recruiting and training our employees. Increased labor costs or turnover due to competition, inflationary pressures, increased minimum wage or employee benefit costs or otherwise, would adversely impact our operating expenses. For example, the Patient Protection and Affordable Care Act of 2010 and the amendments thereto contain provisions that have impacted our healthcare costs. Additionally, the current administration is encouraging Congress to increase the federal minimum wage more broadly to $15.00 an hour in the private sector. Any future amendments or new legislation could significantly increase our compensation costs, which would reduce our net income and adversely affect our cash flows.

In 2016, San Diego passed legislation which, after the first increase on January 1, 2017, increases its minimum wage over a six-year period to $15 an hour by January 1, 2023. After the San Diego minimum wage reaches $15 an hour, it will change based on the consumer price index. Virginia passed legislation that increased the state minimum wage to $9.50 an hour on May 1, 2021 and increases its minimum wage to $15 an hour by 2026. In November 2020, Florida passed a ballot initiative raising minimum wage to $10.00 per hour effective September 30, 2021. Each September 30th thereafter, minimum wage shall increase by $1.00 per hour until the minimum wage reaches $15.00 per hour on September 30, 2026. From that point forward, future minimum wage increases shall revert to being adjusted annually for inflation starting September 30, 2027. In addition, a number of companies with whom we compete for talent have announced wage increases. Increases to the minimum wage in locations where we do business, wages of companies from whom we compete for talent and/or increased benefit costs will negatively impact our operating expenses. See also “If we fail to hire and/or retain employees, our business may be adversely affected”.

Our growth strategy may not achieve the anticipated results.

Our future success will depend on our ability to grow our business, including through capital investments to improve existing and develop or acquire additional theme parks, rides, attractions and shows, as well as in-park product offerings and product offerings outside of our theme parks that are complementary to our parks. Our growth and innovation strategies require significant commitments of management resources and capital investments and may not grow our revenues at the rate we expect or at all. As a result, we may not be able to recover the costs incurred in developing our new projects and initiatives or to realize their intended or projected benefits, which could materially adversely affect our business, financial condition or results of operations.

We may not be able to fund theme park capital expenditures and investment in future attractions and projects.

A principal competitive factor for a theme park is the originality and perceived quality of its rides and attractions. We need to make continued capital investments through maintenance and the regular addition of new rides and attractions. Our ability to fund capital expenditures will depend on our ability to generate sufficient cash flow from operations and to raise capital from third parties. We cannot assure you that our operations will be able to generate sufficient cash flow to fund such costs, or that we will be able to obtain sufficient financing on adequate terms, or at all, which could cause us to delay or abandon certain projects or plans.

We may not realize the benefits of developments, restructurings, acquisitions or other strategic initiatives and we may incur significant costs associated with such activities.

Our business strategy may include selective expansion, both domestically and internationally, through acquisitions of assets or other strategic initiatives, such as joint ventures, that allow us to profitably expand our business and leverage our brands. For example, in 2016 we announced our partnership with Miral Asset Management LLC to develop SeaWorld Abu Dhabi, a first-of-its-kind marine life themed park on Yas Island. There is no assurance that the Miral partnership or our other strategic initiatives will be successful. In addition, on March 24, 2017, we entered into a Park Exclusivity and Concept Design Agreement and a Center Concept & Preliminary Design Support Agreement with an affiliate of ZHG Group to provide design, support and advisory services for various potential projects and granting exclusive rights in China, Taiwan, Hong Kong and Macau (collectively, the “ZHG Agreements”). The ZHG Agreements were terminated in April 2019 as a result of the contract party’s defaulting on the payment of required amounts under these agreements.

Any international transactions and partnerships are subject to additional risks, including foreign and U.S. regulations on the import and export of animals, the impact of economic fluctuations in economies outside of the United States, difficulties and costs of staffing and managing foreign operations due to distance, language and cultural differences, as well as political instability and lesser degree of legal protection in certain jurisdictions, currency exchange fluctuations and potentially adverse tax consequences of overseas operations. In addition, the success of any acquisition depends on effective integration of acquired businesses and assets into our operations, which is subject to risks and uncertainties, including realization of anticipated synergies and cost savings, the ability to retain and attract personnel, the diversion of management’s attention from other business concerns, and undisclosed or potential legal liabilities of acquired businesses or assets.
We are executing on a strategic plan to grow revenue and Adjusted EBITDA and, from time to time, identify and execute on cost reduction opportunities and take other actions designed to achieve operational efficiencies and process improvements. There is no assurance that we will be able to achieve and/or sustain the cost savings, grow our business, realize or sustain operational efficiencies or achieve other benefits that we may initially expect. In addition, such actions may result in various one-time costs and temporary operational inefficiencies and could negatively impact business and employment relationships during transitional periods. See further discussion under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors and Trends Affecting Our Results of Operations—Costs and Expenses” included elsewhere in this Annual Report on Form 10-K.

We have identified a material weakness in our internal control over financial reporting which could adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner.

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our management is likewise required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any changes and material weaknesses identified through such evaluation in those internal controls.

As described elsewhere in this Annual Report on Form 10-K, a material weakness in the Company’s internal control over financial reporting existed at December 31, 2021. The Board and management are working to develop and implement a remediation plan as soon as practicable. That said, the elements of our remediation plan, which is continuing to be developed, can only be accomplished over time, and these initiatives may not accomplish their intended effects.

Failure to maintain our internal control over financial reporting could adversely impact our ability to report our financial position and results from operations on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the stock exchange on which our shares are listed, the SEC or other regulatory authorities, which could result in a material adverse effect on our business and/or we may not be able to maintain compliance with certain of our debt agreements. Moreover, failure to timely file our financial statements could cause us to be ineligible to utilize short form registration statements, which could impair our ability to obtain capital in a timely fashion to execute our business strategies or issue shares to effect an acquisition. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our securities.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our profits or limit our ability to operate our business.

We are subject to allegations, claims and legal actions arising in the ordinary course of our business, which may include claims by third parties, including guests who visit our theme parks, our employees, vendors, stockholders and/or regulators. We are currently subject to securities litigation and other disputes. We are also 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, the California Occupational Safety and Health Administration (“Cal-OSHA”), state departments of labor, 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”). From time to time, various parties may also bring lawsuits against us. For example, on February 11, 2020, we announced that we had entered into a settlement agreement with respect to a previously disclosed class action lawsuit commenced in 2014, captioned Baker v. SeaWorld Entertainment, Inc., et al., Case No. 14-CV-02129-MMA (AGS) (“Baker”). The settlement required us to pay $65.0 million for claims alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as well as the costs of administration and legal fees and expenses. The settlement does not include or constitute an admission, concession, or finding of any fault, liability, or wrongdoing by us or any defendant. Also, in September 2018, we reached a settlement with the SEC relating to a previously disclosed SEC investigation. In connection with the settlement, without admitting or denying the substantive allegations in the SEC’s complaint, we agreed to the entry of a final judgment ordering us to pay a civil penalty of $4.0 million and enjoining us from violation of certain provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 and certain rules thereunder. We discuss securities litigation and other litigation to which we are subject in greater detail in “Item 3. Legal Proceedings” and Note 15–Commitments and Contingencies to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. If any proceedings, audits, inspections or investigations were to be determined adversely against us or resulted in legal actions, claims, regulatory proceedings, enforcement actions, or judgments, fines, or settlements involving a payment of material sums of money, or if injunctive relief were issued against us, our business, financial condition and results of operations could be materially adversely affected. Even the successful defense of legal proceedings may cause us to incur substantial legal costs and may divert management’s attention and resources.
Our intellectual property rights are valuable, and any inability to protect them could adversely affect our business.

Our intellectual property, including our trademarks, service marks, domain names, copyrights, patent and other proprietary rights, constitutes a significant part of our value. To protect our intellectual property rights, we rely upon a combination of trademark, copyright, patent, trade secret and unfair competition laws of the United States and other countries, as well as contract provisions and third-party policies and procedures governing internet/domain name registrations. However, there can be no assurance that these measures will be successful in any given case, particularly in those countries where the laws do not protect our proprietary rights as fully as in the United States. We may be unable to prevent the misappropriation, infringement or violation of our intellectual property rights, breaching any contractual obligations to us, or independently developing intellectual property that is similar to ours, any of which could reduce or eliminate any competitive advantage we have developed, adversely affect our revenues or otherwise harm our business.

We have obtained and applied for numerous U.S. and foreign trademark and service mark registrations and will continue to evaluate the registration of additional trademarks and service marks or other intellectual property, as appropriate. We cannot guarantee that any of our pending applications will be approved by the applicable governmental authorities. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge these registrations. A failure to obtain registrations for our intellectual property in the United States and other countries could limit our ability to protect our intellectual property rights and impede our marketing efforts in those jurisdictions.

We are actively engaged in enforcement and other activities to protect our intellectual property rights. If it became necessary for us to resort to litigation to protect these rights, any proceedings could be burdensome, costly and divert the attention of our personnel, and we may not prevail. In addition, any repeal or weakening of laws or enforcement in the United States or internationally intended to protect intellectual property rights could make it more difficult for us to adequately protect our intellectual property rights, negatively impacting their value and increasing the cost of enforcing our rights.

We may be subject to claims for infringing the intellectual property rights of others, which could be costly and result in the loss of significant intellectual property rights.

We cannot be certain that we do not and will not infringe the intellectual property rights of others. We have been in the past, and may be in the future, subject to litigation and other claims in the ordinary course of our business based on allegations of infringement or other violations of the intellectual property rights of others. Regardless of their merits, intellectual property claims can divert the efforts of our personnel and are often time-consuming and expensive to litigate or settle. In addition, to the extent claims against us are successful, we may have to pay substantial money damages or discontinue, modify, or rename certain products or services that are found to be in violation of another party’s rights. We may have to seek a license (if available on acceptable terms, or at all) to continue offering products and services, which may significantly increase our operating expenses.

If we lose licenses and permits required to exhibit animals and/or violate laws and regulations, our business will be adversely affected.

We are required to hold government licenses and permits, some of which are subject to yearly or periodic renewal, for purposes of possessing, exhibiting, and maintaining animals. Although our theme parks’ licenses and permits have always been renewed in the past, in the event that any of our licenses or permits are not renewed or any of our licenses or permits are revoked, portions of the affected theme park might not be able to remain open for purpose of displaying or retaining the animals covered by such license or permit. Such an outcome could materially adversely affect our business, financial condition and results of operations.

In addition, we are subject to periodic inspections by federal and state agencies and the subsequent issuance of inspection reports. While we believe that we comply with, or exceed, requisite care and maintenance standards that apply to our animals, government inspectors can cite us for alleged statutory or regulatory violations. In unusual instances when we are cited for an alleged deficiency, we are most often given the opportunity to correct any purported deficiencies without penalty. It is possible, however, that in some cases a federal or state regulator could seek to impose monetary fines on us. In the past, when we have been subjected to governmental claims for fines, the amounts involved were not material to our business, financial condition or results of operations. However, while unlikely, we cannot predict whether any future fines that regulators might seek to impose would materially adversely affect our business, financial condition or results of operations. Moreover, many of the statutes under which we operate allow for the imposition of criminal sanctions. While neither of the foregoing situations are likely to occur, either could negatively affect the business, financial condition or results of operations at our theme parks.
We rely on a license from Sesame to use the Sesame Place trade name and trademark and certain other intellectual property rights, including titles, marks, characters, logos and designs from the Sesame Street television series within our Sesame Place theme park located in Langhorne, Pennsylvania (the “Langhorne Sesame Place”), the Sesame Place theme park we announced that will be opened in California and any additional future Sesame Place theme parks in the United States (collectively, the “Standalone Parks”) and with respect to Sesame Street themed areas within certain areas of some of our other theme parks, as well as in connection with the sales of certain Sesame Street themed products. The License Agreement with Sesame Workshop (the “Sesame License Agreement”) has an initial term through December 31, 2031, with an automatic additional 15-year extension plus a 5-year option added from each new Standalone Park opening. Our use of these intellectual property rights is subject to the approval of Sesame and the parties have certain termination rights under the Sesame License Agreement, including without limitation Sesame’s right to terminate the Sesame License Agreement in whole or in part under certain limited circumstances, including a change of control of SeaWorld (or of SeaWorld Parks and Entertainment, Inc., a wholly-owned subsidiary of SeaWorld), our bankruptcy or unsecured breach of the Sesame License Agreement, or the termination of the Sesame License Agreement regarding the Langhorne Sesame Place theme park. If we were to lose or have to renegotiate the Sesame License Agreement, our business may be adversely affected.

ABI is the owner of the Busch Gardens trademarks and domain names. ABI has granted us 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 our 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, we are required to indemnify ABI against losses related to our use of the marks. If we were to lose or have to renegotiate this license, our business may be adversely affected.

Our existing debt agreements contain, and future debt agreements may contain, restrictions that may limit our flexibility in operating our business.

Our existing debt agreements contain, and documents governing our future indebtedness may contain, financial and operating covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, our ability to incur additional indebtedness, pay dividends and other distributions, make capital expenditures, make certain loans, investments and other restricted payments, enter into agreements restricting our subsidiaries’ ability to pay dividends, engage in certain transactions with stockholders or affiliates, sell certain assets or engage in mergers, acquisitions and other business combinations, amend or otherwise alter the terms of our indebtedness, alter the business that we conduct, guarantee indebtedness or incur other contingent obligations and create liens. Our existing debt agreements also require, and documents governing our future indebtedness may require, us to meet certain financial ratios and tests. Our ability to comply with these and other provisions of the existing debt agreements is dependent on our future performance, which will be subject to many factors, some of which are beyond our control. The breach of any of these covenants or non-compliance with any of these financial ratios and tests could result in an event of default under the existing debt agreements, which, if not cured or waived, could result in acceleration of the related debt and the acceleration of debt under other instruments evidencing indebtedness that may contain cross-acceleration or cross-default provisions. We discuss certain key covenants and financial ratios to which we are subject under our debt agreements in greater detail under the caption “Restrictive Covenants” in Note 11—Long-Term Debt to our accompanying consolidated financial statements included elsewhere in this Annual Report on Form 10-K and under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Our Indebtedness—Covenant Compliance”. Additionally, variable rate indebtedness subjects us to the risk of higher interest rates, which could cause our future debt service obligations to increase significantly.
Failure to maintain our current credit ratings could adversely affect our cost of funds, related margins, liquidity, and access to capital markets.

Moody’s Investor Service and Standard & Poor’s Financial Services routinely evaluate our debt and issue ratings on our Senior Secured Credit Facilities. These ratings are based on a number of factors, which included their assessment of our financial strength, liquidity, capital structure, asset quality, and sustainability of cash flow and earnings. Due to changes in these factors, the pandemic and market conditions, we may not be able to maintain our current credit ratings, which could adversely affect our cost of funds and related margins, liquidity and access to capital markets.

For example, as of December 31, 2021, our Senior Secured Credit Facilities and Senior Unsecured Credit Facilities were rated by Standard and Poor’s Financial Services (corporate credit rated B+ with a positive outlook, the Senior Secured Credit Facilities rated BB-, and the Senior Unsecured Credit Facilities rated B-) and Moody’s Investors Service (corporate family rated B2 with a stable outlook, the Senior Secured Credit Facilities rated Ba3, and the Senior Unsecured Credit Facilities rated Caa1). We disclose these ratings to enhance the understanding of our sources of liquidity and the effects of these ratings on our costs of funds and related margins, liquidity and access to capital markets. Our borrowing costs depend, in part, on our credit ratings and any actions taken by these credit rating agencies to lower our credit ratings, could increase our borrowing costs.

Our leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under our indebtedness.

As of December 31, 2021, our total indebtedness was approximately $2.150 billion. Our high degree of leverage could have important consequences, including the following: (i) a substantial portion of our cash flow from operations is dedicated to the payment of principal and interest on indebtedness, thereby reducing the funds available for operations, capital expenditures, future business opportunities and/or share repurchases of our common stock; (ii) our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate purposes in the future may be limited; (iii) certain of the borrowings are at variable rates of interest, which will increase our vulnerability to increases in interest rates; (iv) we are at a competitive disadvantage to less leveraged competitors; (v) we may be unable to adjust rapidly to changing market conditions; (vi) the debt service requirements of our other indebtedness could make it more difficult for us to satisfy our financial obligations; and (vii) we may be vulnerable in a downturn in general economic conditions or in our business and we may be unable to carry out activities that are important to our growth. Despite our significant leverage, we may incur additional amounts of debt, which could further exacerbate the risks associated with our significant leverage.

Our ability to make scheduled payments of the principal of, or to pay interest on, or to refinance indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the banking and capital markets. If unable to generate sufficient cash flow to service our debt or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, which could cause us to default on our obligations and impair our liquidity. There can be no assurance that any refinancing of our indebtedness will be possible and any such refinancing could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. We from time to time may increase the amount of our indebtedness, modify the terms of our financing arrangements, make capital expenditures, issue dividends and take other actions that may substantially increase our leverage.

Despite our leverage, we may incur additional amounts of debt, which could further exacerbate the risks associated with our significant leverage.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer, and our insurance costs may increase.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer, and our insurance costs may increase. Although we maintain various safety and loss prevention programs and carry property and casualty insurance to cover certain risks, our insurance policies do not cover all types of losses and liabilities. Additionally, many of our policies are subject to deductibles and/or self-insured retentions and co-insurance. There can be no assurance our insurance will be sufficient to cover the full extent of all losses or liabilities for which we are insured and may be significantly less than the expected and actual replacement cost of rebuilding facilities “as was” if there was a total loss. For example, we expect the majority of losses related to impacts of the COVID-19 pandemic will not be covered by insurance available to us and insurers may contest coverage. We cannot guarantee that we will be able to renew our current insurance policies on favorable terms, or at all. In addition, if we or other theme park operators sustain significant losses or make significant insurance claims, then our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected.
We may be unable to purchase or contract with third-party manufacturers for our theme park rides and attractions, or construction delays may occur and impact attraction openings.

We may be unable to purchase or contract with third parties to build high quality rides and attractions and to continue to service and maintain those rides and attractions at competitive or beneficial prices, or to provide the replacement parts needed to maintain the operation of such rides. In addition, if our third-party suppliers’ financial condition deteriorates or they go out of business, we may not be able to obtain the full benefit of manufacturer warranties or indemnities typically contained in our contracts or may need to incur greater costs for the maintenance, repair, replacement or insurance of these assets. We have incurred and may in the future incur unanticipated construction delays in completing capital projects which could adversely affect ride or attraction opening dates which could impact our attendance or revenues. Further, when rides and/or attractions have downtime and/or closures, our guest experience, attendance or revenue could be adversely affected.

Our operations and our ownership of property subject us to environmental requirements, and to environmental expenditures and liabilities.

We incur costs to comply with environmental requirements, such as those relating to water use, wastewater and storm water management and disposal, air emissions control, hazardous materials management, solid and hazardous waste disposal, and the clean-up of properties affected by regulated materials.

We have been required and continue to investigate and clean-up hazardous or toxic substances or chemical releases, and other releases, from current or formerly owned or operated facilities. In addition, in the ordinary course of our business, we generate, use and dispose of large volumes of water, including saltwater, which requires us to comply with a number of federal, state and local regulations and to incur significant expenses. Failure to comply with such regulations could subject us to fines and penalties and/or require us to incur additional expenses. Although we are not now classified as a large quantity generator of hazardous waste, we do store and handle hazardous materials to operate and maintain our equipment and facilities and have done so historically.

We cannot assure you that we will not incur substantial costs to comply with new or expanded environmental requirements in the future or to investigate or clean-up new or newly identified environmental conditions, which could also impair our ability to use or transfer the affected properties and to obtain financing.

Delays, restrictions, or inability to obtain or maintain permits for capital investments could impair our business.

Our capital investments require regulatory permits from one or more governmental agencies in order to improve existing or build new theme parks, rides, attractions and shows. Such permits are typically issued by state agencies, but federal and local governmental permits may also be required. The requirements for such permits vary depending on the location of such capital investments. As with all governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued, and the conditions that may be imposed in connection with the granting of the permit. Therefore, our capital investments in certain areas may be delayed, interrupted, or suspended for varying lengths of time, causing a loss of revenue to us, increasing cost, and/or adversely affecting our results of operations.

Financial distress experienced by our strategic partners or other counterparties could have an adverse impact on us.

We are party to numerous contracts of varying durations. Certain of our agreements are comprised of a mixture of firm and non-firm commitments, varying tenures, and varying renewal terms, among other terms. There can be no guarantee that, upon the expiration of our contracts, we will be able to renew such contracts on terms as favorable to us, or at all.

Although we attempt to assess the creditworthiness of our strategic partners and other contract counterparties, there can be no assurance as to the creditworthiness of any such strategic partner or contract counterparty. Financial distress experienced by our strategic partners or other counterparties could have an adverse impact in the event such parties are unable to pay us for the services we provide or otherwise fulfill their contractual obligations.

We are exposed to the risk of loss in the event of non-performance by such strategic partners or other counterparties. Some of these counterparties may be highly leveraged and subject to their own operating, market and regulatory risks, and some are experiencing, or may experience in the future, severe financial problems that have had or may have a significant impact on their creditworthiness. For example, we terminated the ZHG Agreements for non-payment of undisputed amounts owed. In addition, the sale or transfer of our common stock owned by affiliates of Hill Path, or the perception that such sales or transfers could occur, could harm the prevailing market price of shares of our common stock.

Any material nonpayment or nonperformance from our contract counterparties due to inability or unwillingness to perform or adhere to contractual arrangements could have a material adverse impact on our business, results of operations, financial condition and ability to make cash distributions to its stockholders. Furthermore, in the case of financially distressed strategic partners, such events might otherwise force such strategic partners to curtail their commercial relationships with us, which could have a material adverse effect on our results of operations, financial condition, and cash flows.
Tariffs or other trade restrictions could adversely impact our business, financial condition and results of operations.

We purchase some of our merchandise for resale and other products used in our business from entities which are located in foreign countries. Additionally, some of our ride manufacturers may be located in foreign countries or utilize components manufactured or sourced from foreign countries. These relationships expose us to risks associated with doing business globally, including changes in tariffs, quotas and other restrictions on imports (collectively, “Trade Restrictions”). The United States has increased tariffs on certain imports from China and other countries. Such Trade Restrictions have resulted in increased costs and could result in lower gross margin on impacted products and/or will likely result in increases in the cost of capital projects, unless we are able to take successfully any one or more of the following mitigating actions: increase our prices, move production to countries with no or lower tariffs or away from domestic vendors who source from China or other tariff impacted countries, or alter or cease offering certain products. Any increase in pricing, alteration of products or reduced product offering could reduce the competitiveness of our products. Furthermore, any retaliatory counter-measures imposed by countries subject to such tariffs could increase our, or our vendors’, import expenses. Additionally, even if the products we import are not directly impacted by tariffs, the imposition and maintenance of such tariffs on goods imported into the United States could cause increased prices for consumer goods, in general, which could have a negative impact on consumer spending for discretionary items reducing attendance or spending at our parks. These direct and indirect impacts of increased tariffs or Trade Restrictions implemented by the United States, both individually and cumulatively, could have a material adverse effect on our business, financial condition and results of future operations.

Actions of activist stockholders, and such activism could adversely impact the value of our securities.

We value constructive input from our stockholders and the investment community. Our Board and management team are committed to acting in the best interests of all of our stockholders. There is no assurance that the actions taken by our Board of Directors and management in seeking to maintain constructive engagement with our stockholders will be successful. Responding to actions by activist stockholders can be costly and time-consuming, disrupting our operations and diverting the attention of management and our employees. Such activities could also interfere with our ability to execute our strategic plan and our long-term growth. The perceived uncertainties as to our future direction caused by activist actions could affect the market price of our securities, result in the loss of potential business opportunities and make it more difficult to attract and retain qualified personnel, board members and business partners. In addition, any interference with our annual meeting process, including but not limited to a proxy contest for the election of directors at our annual meeting, could require us to incur significant legal and other advisory fees and proxy solicitation expenses and require significant time and attention by management and our Board.

**Hill Path Capital LP and its affiliates could be able to significantly influence our decisions and their interests may conflict with ours or yours in the future.**

In 2019, Hill Path Capital LP and certain of its affiliates (“Hill Path”) purchased in the aggregate, 13,214,000 shares of our common stock (the “HP Purchase”). As described more fully in our Form 8-K dated May 27, 2019, we concurrently entered into the Stockholders Agreement, the Registration Rights Agreement and the Undertaking Agreement (collectively, the “HP Agreements”) with Hill Path in connection with the HP Purchase. On July 2, 2020, Hill Path filed with the SEC a Schedule 13D/A (the “Schedule 13D/A”) reporting that such persons had accumulated a total of 27,205,306 shares of our common stock, which represents approximately 36.0% of our total outstanding shares of common stock as of December 31, 2021. Also, certain funds affiliated with Hill Path have other economic interests in the Company. Please refer to their most recent Schedule 13D/A. In addition, the Hill Path Schedule 13D filed on May 1, 2017, as amended states, among other things, that Hill Path may suggest changes in our business, operations, capital structure, capital allocation, corporate governance, and other strategic matters.

Under the HP Agreements, we agreed to appoint up to three Hill Path director designees (“Hill Path Designees”) to our Board of Directors of which two directors may be affiliated with Hill Path and, subject to the independence standards of the New York Stock Exchange, there must be one Hill Path Designee on each committee of the Board, as determined by Hill Path and subject to the approval of the Nominating and Corporate Governance Committee. Scott Ross, founder of Hill Path, James Chambers, a Partner at Hill Path, and Charles Koppelman, who is independent, are the Hill Path Designees. Mr. Ross currently serves as Chairman of the Board and Chairman of the Compensation Committee and also serves on the Nominating and Corporate Governance Committee and the Revenue Committee. Mr. Chambers serves as Chairman of the Nominating and Corporate Governance Committee and also serves on the Compensation Committee and the Revenue Committee. Mr. Koppelman serves on the Nominating and Corporate Governance Committee and the Revenue Committee.

For so long as Hill Path Designees remain on our Board, Hill Path will have influence with respect to our management, business plans and policies, including the appointment and removal of our officers, and nominees for director. In addition, for so long as Hill Path continues to own a significant percentage of our stock, Hill Path will be able to influence the composition of our Board of Directors and the approval of actions requiring stockholder approval. For example, for so long as Hill Path continues to own a significant percentage of our stock, Hill Path may be able to influence whether or not a change of control of our Company or a change in the composition of our Board of Directors occurs. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our Company and ultimately might affect the market price of our common stock.

---

**34**
The policies of the U.S. President and his administration or any changes to tax laws may result in a material adverse effect on our business, cash flow, results of operations or financial condition and may impact our ability to use our net operating loss carryforwards.

While we cannot predict the changes that the administration will make, certain policy changes regarding increases in minimum wage, limitation or restrictions on travel to the United States, foreign trade barriers, domestic travel rules, changes to labor laws or regulations, and/or changes to environmental or animal welfare regulations could adversely affect our business. Additionally, policies that strengthen the U.S. dollar against a variety of foreign currencies could impact international tourist spending, including at our theme parks. While there is currently a substantial lack of clarity and uncertainty around the likelihood, timing and details of any such policies and reforms, such policies and reforms may materially and adversely affect our business, financial condition and results of operations and the value of our securities. The President signed an Executive Order with the goal of increasing the minimum wage for federal workers and contractors to $15.00 an hour, which became effective January 30, 2022. Additionally, the new administration is encouraging Congress to increase the federal minimum wage more broadly to $15.00 an hour in the private sector.

Separately, the Tax Cuts and Jobs Act (the “Tax Act”), which was enacted on December 22, 2017, contained a number of changes to U.S. federal tax laws. The Tax Act, among other changes, imposed limitations on the deductibility of interest. Additionally, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily revised the U.S. tax code by, among other changes, deferring the 2020 employer portion of social security payments, implementing an employee retention credit, and allowing for 100% utilization of net operating loss carryforwards against 2020 taxable income. On December 28, 2020, a second stimulus bill was enacted which enhanced the CARES Act by, among other changes, extending the employee retention credit, extending the work opportunity credit, and allowing for 100% deduction for certain business meals through the year 2022.

The relationship between the United States and foreign countries could impact consumers’ willingness to spend discretionary income, the availability and/or cost of goods, the availability of international flights, and/or the ability or desire of foreign tourists to visit the United States. For example, the current administration announced a diplomatic boycott of the 2022 Winter Olympic Games and has discussed additional trade restrictions on Russia.

Additional guidance may be issued by the Internal Revenue Service, or IRS, the Department of the Treasury, or other governing body that may significantly differ from our interpretation of the law, which may result in a material adverse effect on our business, cash flow, results of operations or financial conditions.

We continue to monitor changes and proposed changes to tax and other laws that may impact our business, results of operations, and financial condition and liquidity. It is currently unclear how the agenda of the new administration will impact our business.

Changes to, or the elimination of, LIBOR may adversely affect interest expense related to our indebtedness.

Borrowings under our Term B Loan which mature on August 25, 2028, and the Revolving Credit Facility which matures on August 25, 2026 are currently based on LIBOR. In March 2021, the United Kingdom’s Financial Conduct Authority (“FCA”), a regulator of financial services firms and financial markets in the United Kingdom, announced that it will phase out of regulatory oversight of LIBOR interest rates indices. The FCA has indicated it will support the LIBOR indices for USD dollar LIBOR through June 2023, to allow for an orderly transition to an alternative reference rate. There is no assurance that dates announced by the FCA will not change or that the administrator of LIBOR and/or regulators will not take further action that could impact the availability, composition, or characteristics of LIBOR or the currencies and/or tenors for which LIBOR is published. If LIBOR ceases to exist and the implementation of any Benchmark Replacement Conforming Changes ensues, there are no guarantees whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the LIBOR Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability. Also, if we intend to hedge our LIBOR denominated debt, we cannot predict whether hedging opportunities will exist on acceptable terms. The Alternative Reference Rates Committee, which was chartered to determine a replacement for LIBOR, has proposed the Secured Overnight Financing Rate (“SOFR”), as its recommended alternative to LIBOR and will be adjusted by an undetermined fallback rate dependent upon the tenor of the loan. Subsequent to that recommendation, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-16, Derivatives and Hedging which includes SOFR as a permitted rate that can be used in the application of hedge accounting pursuant to adoption of the standard. The Federal Reserve Bank of New York began publishing SOFR rates in April 2018. SOFR is intended to be a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. The market transition away from LIBOR is expected to be gradual and complicated, and to include the development of term and credit adjustments with a fallback rate to accommodate differences between LIBOR and SOFR. There can be no guarantee that SOFR will become widely used or that alternatives may be developed without additional complications. We are not able to predict whether LIBOR will cease to be available after 2023, whether SOFR will become a widely accepted benchmark in place of LIBOR, what fallback rate will be determined, or what the impact of such a possible transition from LIBOR may be on our business, financial condition, and results of operations.
If COVID-19 vaccination of employees is mandated, it could have a material adverse effect on our business and results of operations.

The Occupational Safety and Health Administration (“OSHA”) published an Emergency Temporary Standard (the “ETS”) requiring all employers with at least 100 employees to ensure that their employees are fully vaccinated or require unvaccinated workers to be tested at least once a week. While the ETS was withdrawn by OSHA on January 26, 2022, it also serves as a proposed rule for a permanent Coronavirus or infectious disease standard as part of the notice-and-comment rulemaking process. If a permanent infectious disease standard becomes effective and we are required to comply with these regulations, given the current labor environment, this regulation could negatively impact our ability to attract and retain sufficient numbers of employees to operate our parks which could have a material adverse impact on our results of operations. In addition, if testing is an option, and the government does not cover the cost of testing, there are inadequate testing supplies or equipment for rapid testing, or significant numbers of employees require testing this could also materially and adversely impact our business and results of operations.

Risks Related to Ownership of Our Common Stock

Our stock price may change significantly, and you may not be able to sell shares of our common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result.

The trading price of our common stock has been, and may continue to be, volatile. Since shares of our common stock were sold in our IPO in April 2013 through December 31, 2021, our common stock close price has ranged from $7.46 to $69.00. In addition to the risk factors discussed in this Annual Report on Form 10-K, the trading price of our common stock may be adversely affected due to a number of factors, many of which are beyond our control, including:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally, or those of amusement and theme parks companies;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, new products, acquisitions, joint marketing relationships, joint ventures, other strategic relationships or capital commitments;
- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions;
- future sales of our common stock or other securities;
- repurchases of our common stock;
- investor perceptions or the investment opportunity associated with our common stock relative to other investment alternatives;
- the public’s response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- rumors and market speculation involving us or other companies in our industry, particularly with respect to strategic transactions;
- announcements relating to litigation;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- the development and sustainability of an active trading market for our stock;
- actions by institutional or activist stockholders;
- changes in accounting principles; and
- other events or factors, including those resulting from pandemics, natural disasters, war, acts of terrorism or responses to these events.
We cannot guarantee that our allocation of capital to various alternatives will enhance long-term stockholder value, and in some cases, our Share Repurchase Program could increase the volatility of the price of our common stock.

Our goal is to invest capital to maximize our overall long-term returns. This includes spending on capital projects and expenses, managing debt levels, and periodically returning capital to our stockholders through share repurchases and/or dividends. There can be no assurance that our capital allocation decisions will enhance stockholder value. Our Board has previously authorized a share repurchase of up to $250.0 million of our common stock (the “Share Repurchase Program”), of which approximately $21.8 million remained available under the Share Repurchase Program as of December 31, 2021. 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.

The Build Back Better Act, which has not been passed by the Senate, contains a number of proposed changes to U.S. federal tax laws. One such change is a proposed 1% excise tax on share repurchases, which may impact our future decisions on how to return value to shareholders in the most tax efficient manner and would increase the cost of share repurchases.

During 2021, we completed share repurchases of 3,692,794 shares for an aggregate total of approximately $215.7 million. Repurchases of our common stock pursuant to the Share Repurchase Program could affect our stock price and increase its volatility. The existence of the Share Repurchase Program could cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. There can be no assurance that any share repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of stock. Although the Share Repurchase Program is intended to enhance long-term stockholder value, there is no assurance that it will do so and short-term stock price fluctuations could reduce such program’s effectiveness. See Note 20–Stockholders’ (Deficit) Equity in the notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Future sales, or the perception of future sales, by us or our existing stockholders in the public market could cause the market price for our common stock to decline.

The sale of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Shares held by Hill Path and certain of our directors, officers and employees are eligible for resale, subject to volume, manner of sale and other limitations under Rule 144. In addition, pursuant to a registration rights agreement entered into in connection with the HP Purchase, we granted Hill Path the right, subject to certain conditions, to require us to register the sale of their shares of common stock under the Securities Act.

If Hill Path exercises their registration rights, the market price of our shares of common stock could drop significantly. This factor could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

In addition, the shares of our common stock reserved for future issuance under the 2017 Omnibus Incentive Plan will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, any applicable lock-up agreements in effect from time to time and Rule 144, as applicable. A total of 15,000,000 shares of common stock were reserved for issuance under the 2017 Omnibus Incentive Plan, of which approximately 7,830,000 shares of common stock remain available for future issuance as of December 31, 2021. In the future, we may also issue our securities in connection with investments or acquisitions. The number of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of our common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to you.

Our indebtedness could limit our ability to make restricted payments such as share repurchases and/or pay dividends on our common stock in the future.

Our ability to make restricted payments such as share repurchases and/or declare dividends is limited by covenants in our senior secured credit facilities pursuant to a credit agreement dated as of December 1, 2009, as the same may be amended, restated, supplemented or modified from time to time (the “Senior Secured Credit Facilities”). We have not paid a dividend since September 2016. Dividends, if any, and the timing of declaration of any such dividends, will be at the discretion of the Board and will depend upon many factors, including, but not limited to, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in our debt agreements and in any preferred stock, business prospects and other factors that the Board deems relevant. See Note 11–Long-Term Debt in the notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.
Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- the ability of our Board of Directors to issue one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- the removal of directors with or without cause only by the affirmative vote of the holders of at least 66.67% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class; and
- that certain provisions may be amended only by the affirmative vote of the holders of at least 66.67% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class.

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third-party’s offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares.

The concentration of ownership of our capital stock limits your ability to influence corporate matters.

Our executive officers, directors, current 5% or greater stockholders and entities affiliated with them beneficially owned (as determined in accordance with the rules of the SEC) approximately 62.6% of our common stock outstanding as of December 31, 2021. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors often perceive disadvantages in owning stock in companies with controlling stockholders. Also, these stockholders, acting together, may be able to control our management and affairs and matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying or preventing a change of control, including a merger, consolidation or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change of control would benefit our other stockholders.

Non-U.S. holders who own or owned more than a certain ownership threshold may be subject to United States federal income tax on gains realized on the disposition of our common stock.

We believe that we are currently a U.S. real property holding corporation for U.S. federal income tax purposes. So long as our common stock continues to be regularly traded on an established securities market, a non-U.S. stockholder who holds or held (at any time during the shorter of the five-year period preceding the date of disposition or the holder’s holding period) more than 5% of our common stock will be subject to United States federal income tax on the disposition of our common stock. Non-U.S. holders should consult their own tax advisors concerning the consequences of disposing of shares of our common stock.
Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table summarizes our principal properties as of December 31, 2021, which includes approximately 400 acres of land available for future development.

<table>
<thead>
<tr>
<th>Location</th>
<th>Size</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego, CA</td>
<td>190 acres(a)</td>
<td>Leased Land</td>
</tr>
<tr>
<td>Chula Vista, CA</td>
<td>66 acres</td>
<td>Owned Water Park(b)</td>
</tr>
<tr>
<td>Orlando, FL</td>
<td>279 acres</td>
<td>Owned Theme Park and Corporate Headquarters</td>
</tr>
<tr>
<td>Orlando, FL</td>
<td>58 acres</td>
<td>Owned All-inclusive Interactive Park</td>
</tr>
<tr>
<td>Orlando, FL</td>
<td>81 acres</td>
<td>Owned Water Park</td>
</tr>
<tr>
<td>Tampa, FL</td>
<td>56 acres</td>
<td>Owned Water Park</td>
</tr>
<tr>
<td>Tampa, FL</td>
<td>306 acres</td>
<td>Owned Theme Park</td>
</tr>
<tr>
<td>Dade City, FL</td>
<td>109 acres</td>
<td>Owned Breeding and Holding Facility</td>
</tr>
<tr>
<td>Langhorne, PA</td>
<td>55 acres</td>
<td>Owned Theme Park</td>
</tr>
<tr>
<td>San Antonio, TX</td>
<td>397 acres</td>
<td>Owned Theme Park</td>
</tr>
<tr>
<td>San Antonio, TX</td>
<td>18 acres</td>
<td>Owned Water Park</td>
</tr>
<tr>
<td>Williamsburg, VA</td>
<td>222 acres</td>
<td>Owned Water Park</td>
</tr>
<tr>
<td>Williamsburg, VA</td>
<td>422 acres</td>
<td>Owned Theme Park</td>
</tr>
<tr>
<td>Williamsburg, VA</td>
<td>5 acres</td>
<td>Owned Warehouse Space</td>
</tr>
<tr>
<td>Williamsburg, VA</td>
<td>5 acres</td>
<td>Owned Seasonal Worker Lodging</td>
</tr>
</tbody>
</table>

(a) Includes approximately 17 acres of water in Mission Bay Park, California.
(b) Expected to be converted to Sesame Place in 2022.

We believe that our properties are in good operating condition and adequately serve our current business operations.

Lease Agreement with City of San Diego

Our subsidiary, Sea World LLC (f/k/a Sea World Inc.), leases approximately 190 acres from the City of San Diego, including approximately 17 acres of water in Mission Bay Park, California (the “Premises”). The current lease term commenced on July 1, 1998 and extends for 50 years or the maximum period allowed by law. Under the lease, the Premises must be used as a marine park facility and related uses. In addition, we may not operate another marine park facility within a radius of 560 miles from the City of San Diego.

The annual rent under the lease is calculated on the basis of a specified percentage of Sea World LLC’s gross income from the Premises (the “Percentage Rent”), or the minimum yearly rent (the “Minimum Rent”), whichever is greater. The minimum yearly rent is adjusted every three years to an amount equal to 80% of the average accounting year rent actually paid for the three previous years. The current minimum yearly rent is approximately $10.4 million, which is subject to adjustment on January 1, 2023. The Company’s gross income from the Premises was significantly impacted during the year ended December 31, 2020 due to the temporary park closures, limited reopenings, modified operations and capacity restrictions resulting from the impact of the COVID-19 pandemic and related government restrictions in San Diego. As a result, the Company deferred approximately $1.6 million of the Percentage Rent related to the year ended December 31, 2020, which was subsequently paid during the first quarter of 2021. The Company continues to defer payment of an additional $8.3 million related to the Minimum Rent for the year ended December 31, 2020, which is included in accounts payable and accrued expenses as of December 31, 2021.

See further discussion in Note 14–Leases to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Item 3. Legal Proceedings

This information is set forth under Note 15–Commitments and Contingencies to the consolidated financial statements included in Part IV, Item 15, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.
Market Information

Our common stock is listed on the New York Stock Exchange (“NYSE”) under the ticker symbol “SEAS.” As of February 22, 2022, there were approximately 208 holders of record of our outstanding common stock. This does not include persons who hold our common stock in nominee or “street name” accounts through brokers or banks.

Dividends

We currently do not pay a dividend.

Stock Price Performance

This performance graph shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference into any filing of SeaWorld under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The following graph shows a comparison of the five-year cumulative total stockholder return for our common stock, the Standard & Poor’s (“S&P”) 500 Index, the S&P Midcap 400 Index and the S&P 400 Movies & Entertainment Index. The graph assumes that $100 was invested in our common stock and in each index at the market close on December 31, 2016 and assumes that all dividends, if any, were reinvested. The stock price performance of the following graph is not necessarily indicative of future stock price performance.
Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities by us during the year ended December 31, 2021.

Purchases of Equity Securities by the Issuer

The following table sets forth information with respect to shares of our common stock purchased by us during the periods indicated:

<table>
<thead>
<tr>
<th>Period Beginning</th>
<th>Period Ended</th>
<th>Total Number of Shares Purchased(1)(2)</th>
<th>Average Price Paid per Share</th>
<th>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)</th>
<th>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 2021</td>
<td>October 31, 2021</td>
<td>480,774</td>
<td>$58.55</td>
<td>457,327</td>
<td>$128,108,265</td>
</tr>
<tr>
<td>November 1, 2021</td>
<td>November 30, 2021</td>
<td>722,207</td>
<td>$63.17</td>
<td>715,724</td>
<td>$82,915,392</td>
</tr>
<tr>
<td>December 1, 2021</td>
<td>December 31, 2021</td>
<td>985,745</td>
<td>$61.95</td>
<td>985,745</td>
<td>$21,845,063</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,188,726</td>
<td></td>
<td>2,158,796</td>
<td>$21,845,063</td>
</tr>
</tbody>
</table>

(1) Except for the 2,158,796 shares of our common stock repurchased as described in footnote (2) below, 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) Our Board of Directors previously authorized a share repurchase program of up to $250.0 million of our common stock (the “Share Repurchase Program”). Under the 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. Pursuant to the Share Repurchase Program, during the quarter ended December 31, 2021, we repurchased a total of 2,158,796 shares of common stock at a total cost of approximately $133.0 million, leaving approximately $21.8 million available under the Share Repurchase Program as of December 31, 2021. All of the common stock is held as treasury shares as of December 31, 2021. 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 20–Stockholders’ (Deficit) Equity in the notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further information on the Share Repurchase Program.

Item 6. [Reserved]
Item 7. 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 this Annual Report on Form 10-K. Actual results may differ materially from those contained in any forward-looking statements. You should carefully read “Special Note Regarding Forward-Looking Statements” and “Risk Factors” included elsewhere in this Annual Report on Form 10-K.

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 historical consolidated financial statements and the notes thereto in the “Financial Statements and Supplementary Data” section included elsewhere in this Annual Report on Form 10-K. The discussion which follows consists of the following sections:

- Business Overview: Provides an overview of the business.
- Recent Developments: Provides a discussion concerning recent developments which have impacted the business.
- Principal Factors and Trends Affecting our Results of Operations: Provides a discussion concerning the principal factors and trends affecting our results of operations, including a discussion relating to revenue, attendance, costs and expenses and seasonality.
- Results of Operations: Provides a discussion of our operating results and applicable year-to-year comparisons including a supplemental discussion of our operating results for the fiscal year ended December 31, 2021 compared to the fiscal year ended December 31, 2019.
- Liquidity, Capital Resources and Indebtedness: Provides a discussion of our cash flows, sources and uses of cash, commitments, capital resources and indebtedness as of December 31, 2021.
- Critical Accounting Policies and Estimates: Provides a discussion of our critical accounting policies which require the exercise of judgement and the use of estimates.

Management’s discussion and analysis relating to the fiscal year ended December 31, 2020 and the applicable year-to-year comparisons to the fiscal year ended December 31, 2019 are not included in this Annual Report on Form 10-K but can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, which specific discussion is incorporated herein by reference.

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 12 differentiated theme parks that are grouped in key markets across the United States. 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

See the discussion under “Recent Developments” in the “Business” section included elsewhere in this Annual Report on Form 10-K, which includes a discussion relating to the impact of the global COVID-19 pandemic on our business. For other factors concerning the current operating environment and the COVID-19 pandemic, see the “Risk Factors” section of this Annual Report on Form 10-K, including “The COVID-19 pandemic has disrupted our business and could adversely affect our results of operations and/or various other factors beyond our control could materially adversely affect our financial condition and results of operations”, and “If we fail to hire and/or retain employees, our business may be adversely affected”.

Regulatory Developments

See the discussion of relevant regulatory developments under “Recent Regulatory Developments” in the “Business” section included elsewhere in this Annual Report on Form 10-K. For a discussion of certain risks associated with federal and state regulations governing the treatment of animals, see the “Risk Factors” section included elsewhere in this Annual Report on Form 10-K, including “Risks Related to Our Business and Our Industry—We are subject to complex federal and state regulations governing the treatment of animals, which can change, and to claims and lawsuits by activist groups before government regulators and in the courts.”

42
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, 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. During the period each park was temporarily closed due to the COVID-19 pandemic, which started on March 16, 2020, we did not recognize revenue from the closed park’s admission products.

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 and can be impacted by the mix of guests as domestic and international guests generally purchase higher admission per capita ticket products than our local guests. A higher mix of complimentary tickets will lower our admissions per capita. Pass visitation rates are the number of visits per pass. A higher number of visits per pass 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, parking and other in-park products and also includes other miscellaneous revenue, including online transaction fees, not necessarily generated in our parks, which is not significant in the periods presented. In-park per capita spending is primarily driven by pricing changes, new product offerings, the mix of guests (such as local, domestic or international guests), guest penetration levels (percentage of guests purchasing) and the mix of in-park spending, among other factors.

See further discussion in the “Results of Operations” section which follows and in Note 2—Summary of Significant Accounting Policies to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. For other factors affecting our revenues, see the “Risk Factors” section of this Annual Report on Form 10-K.

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.

As a result of the COVID-19 pandemic, we believe the level of attendance in our theme parks, including the mix of attendance from certain markets and certain guests, has been and will continue to be impacted by public concerns over the COVID-19 pandemic, the number of reported local cases of COVID-19, domestic and international travel restrictions, federal, state and local regulations related to public places, limits on social gatherings, the availability and/or effectiveness of vaccines for adults and children, and overall public safety sentiment. We continuously monitor factors impacting our attendance, making strategic operations, marketing and sales adjustments as necessary.

As approved vaccines continue to be distributed, the operating environment has improved and COVID-19 related capacity limitations have been eliminated; however, there can be no certainty of the extent and effectiveness of the vaccines or how they will impact these factors and others, including domestic or international travel, group events and group-related attendance, public opinion concerning social gatherings, consumer behavior or federal, state and local regulations related to health protocols, capacity limitations and social gatherings. See the “Risk Factors” section of this Annual Report on Form 10-K for further discussion.

See discussion on seasonality of our attendance in the “Seasonality” section which follows.
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 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, other inflationary pressures and attendance levels, among other factors. The mix of products sold compared to the prior year period can also impact our costs as generally retail products have a higher cost of sales component than our food and beverage or other in-park offerings.

We continue our focus on reducing costs, improving operating margins and streamlining our labor structure to better align with our strategic business objectives. Since the start of the COVID-19 pandemic, we have spent significant time reviewing our operations and have identified meaningful cost savings opportunities which we believe will further strengthen our business as we return to normalized operations.

As a result of the impact of the COVID-19 pandemic on our business, costs and expenses as a percentage of revenue for the year ended December 31, 2020, are not necessarily indicative of costs and expenses as a percentage of revenue for any future period due in part to the impact of fixed operating costs and certain other costs which are not dependent on attendance levels, as well as certain costs associated with the COVID-19 pandemic.

For other factors affecting our costs and expenses, see the “Risk Factors” section included elsewhere in this Annual Report on Form 10-K. Additionally, we maintain valuation allowances for certain deferred tax assets which rely on estimates and assumptions on future financial performance, which may need to be adjusted in the future. See Note 13—Income Taxes in our notes to the consolidated financial statements for further details.

We make annual investments to support and improve our existing theme park facilities and attractions. Maintaining and improving our theme parks, as well as opening new attractions, is critical to remain competitive, grow revenue, and increase our guests' length of stay. For further discussion of our new and planned attractions, see “Capital Improvements” in the “Business” section included elsewhere in this Annual Report on Form 10-K.

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 seven 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 and fourth quarters. 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 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 could also impact attendance patterns.

Due in part to the temporary park closures in 2020, along with capacity limitations and/or modified/limited operations and other COVID-19 related impacts on our attendance, the COVID-19 pandemic has impacted the seasonality of our business and it is difficult to estimate how the COVID-19 pandemic will impact seasonality in the future. Furthermore, 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. During the year ended December 31, 2021, we began year-round operations at our SeaWorld park in Texas and began to operate on select days on a year round basis at both our Busch Gardens park in Virginia and our Sesame Place park in Pennsylvania.


Results of Operations

The following discussion provides an analysis of our operating results for the years ended December 31, 2021 and 2020. The COVID-19 pandemic materially impacted our revenue and results of operations for the year ended December 31, 2020 primarily due to the temporary park closures, effective on March 16, 2020, capacity limitations, and modified/limited operations associated with the COVID-19 pandemic. As a result, our operating results for the fiscal year ended December 31, 2021 are not directly comparable to the fiscal year ended December 31, 2020. Our business continues to be impacted by the COVID-19 pandemic; however, we have seen improvement in operating results during the year ended December 31, 2021 due in part to an improving operating environment along with the impact of strategic measures we have taken both before and during the COVID-19 pandemic.
Comparison of the Years Ended December 31, 2021 and 2020

The following data should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K. The following table presents key operating and financial information for the years ended December 31, 2021 and 2020:

<table>
<thead>
<tr>
<th>Selected Statements of Comprehensive Income (Loss) Data:</th>
<th>2021</th>
<th>2020</th>
<th>Variance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admissions</td>
<td>$851,891</td>
<td>$255,376</td>
<td>$596,515</td>
<td>NM</td>
</tr>
<tr>
<td>Food, merchandise and other</td>
<td>651,839</td>
<td>176,403</td>
<td>475,436</td>
<td>NM</td>
</tr>
<tr>
<td>Total revenues</td>
<td>1,503,730</td>
<td>431,779</td>
<td>1,071,951</td>
<td>NM</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of food, merchandise and other revenues</td>
<td>114,287</td>
<td>36,712</td>
<td>77,575</td>
<td>NM</td>
</tr>
<tr>
<td>Operating expenses (exclusive of depreciation and amortization shown separately below)</td>
<td>622,419</td>
<td>388,473</td>
<td>233,946</td>
<td>60.2%</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>184,871</td>
<td>94,885</td>
<td>89,986</td>
<td>94.8%</td>
</tr>
<tr>
<td>Severance and other separation costs</td>
<td>1,531</td>
<td>2,826</td>
<td>(1,295)</td>
<td>(45.8%)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>148,660</td>
<td>150,546</td>
<td>(1,886)</td>
<td>(1.3%)</td>
</tr>
<tr>
<td>Total costs and expenses</td>
<td>1,071,768</td>
<td>673,442</td>
<td>398,326</td>
<td>59.1%</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>431,962</td>
<td>(241,663)</td>
<td>673,625</td>
<td>NM</td>
</tr>
<tr>
<td>Other expense, net</td>
<td>144</td>
<td>276</td>
<td>(132)</td>
<td>(47.8%)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>116,642</td>
<td>100,907</td>
<td>15,735</td>
<td>15.6%</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt and write-off of discounts and debt issuance costs</td>
<td>58,827</td>
<td>—</td>
<td>58,827</td>
<td>ND</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>256,349</td>
<td>(342,846)</td>
<td>599,195</td>
<td>NM</td>
</tr>
<tr>
<td>Benefit from income taxes</td>
<td>(164)</td>
<td>(30,525)</td>
<td>30,361</td>
<td>NM</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$256,513</td>
<td>$(312,321)</td>
<td>$568,834</td>
<td>NM</td>
</tr>
<tr>
<td>Other data:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attendance</td>
<td>20,203</td>
<td>6,373</td>
<td>13,830</td>
<td>NM</td>
</tr>
<tr>
<td>Total revenue per capita</td>
<td>$74.43</td>
<td>$67.75</td>
<td>$6.68</td>
<td>9.9%</td>
</tr>
<tr>
<td>Admission per capita</td>
<td>$42.17</td>
<td>$40.07</td>
<td>$2.10</td>
<td>5.2%</td>
</tr>
<tr>
<td>In-park per capita spending</td>
<td>$32.26</td>
<td>$27.68</td>
<td>$4.58</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

NM-Not meaningful
ND-Not determinable

Admissions revenue. Admissions revenue for the year ended December 31, 2021 increased $596.5 million, or 233.6%, to $851.9 million as compared to $255.4 million for the year ended December 31, 2020. The improvement was a result of an increase in attendance and admissions per capita. Total attendance for 2021 increased by approximately 13.8 million guests when compared to 2020. Attendance improved primarily due to an increase in demand and approximately 90% more operating days resulting from a return to more normalized operations in 2021 compared to 2020, which was significantly impacted by the temporary park closures. The increase in operating days more than offset unfavorable impacts on attendance from COVID-19 related impacts including capacity limitations and/or modified/limited operations for some of 2021. Admission per capita increased by 5.2% to $42.17 in 2021 compared to $40.07 in 2020. Admission per capita increased primarily due to the realization of higher prices in our admission products resulting from our strategic pricing efforts, which was largely offset by the net impact of the park attendance mix and admissions product mix when compared to 2020 due in part to the limited operating days and temporary park closures.
Food, merchandise and other revenue. Food, merchandise and other revenue for the year ended December 31, 2021 increased $475.4 million, or 269.5% to $651.8 million as compared to $176.4 million for the year ended December 31, 2020. The increase largely results from the increase in attendance discussed above. In-park per capita spending increased by 16.5%, to $32.26 in 2021 from $27.68 in 2020. In-park per capita spending improved due to a combination of factors including, an improved product mix, the impact of new or enhanced and expanded in-park offerings and higher realized prices when compared to 2020. We believe we also benefited from a strong consumer demand environment which contributed to higher guest spending levels when compared to the prior year.

Costs of food, merchandise and other revenues. Costs of food, merchandise and other revenues for the year ended December 31, 2021 increased $77.6 million, or 211.3%, to $114.3 million as compared to $36.7 million for the year ended December 31, 2020. The increase primarily relates to the increase in attendance as discussed above. These costs represent 17.5% and 20.8% of related revenue for the years ended December 31, 2021 and 2020, respectively. The decrease as a percent of related revenue primarily reflects a return to more normalized operations and the impact of sourcing cost savings initiatives combined with higher realized prices on our in-park products, which more than offset inflationary pressures.

Operating expenses. Operating expenses for the year ended December 31, 2021 increased by $233.9 million, or 60.2% to $622.4 million as compared to $388.5 million for the year ended December 31, 2020. Operating expenses in 2020 were significantly impacted by limited operating days and hours, furloughs and workforce reductions resulting from limited reopenings and temporary park closures due to the COVID-19 pandemic. As a result, the increase in operating expenses during 2021 primarily results from a return to more normalized operations. In particular, operating expenses increased largely due to labor-related and other operating costs to staff and operate open parks in a more normalized environment, partially offset by structural cost savings initiatives when compared to the prior year. Operating expenses in 2021 were also impacted by approximately $11.9 million of certain nonrecurring contractual liabilities and legal costs resulting from the temporary COVID-19 park closures, an increase of approximately $9.1 million in non-cash equity compensation expenses, and operating costs associated with incremental events added in 2021. The increase in non-cash equity compensation expense partly relates to the impact of certain performance vesting restricted awards which were previously not considered probable of vesting. See Note 15–Commitments and Contingencies and Note 19–Equity-Based Compensation to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details. Operating expenses as a percent of revenue were 41.4% for 2021 and are not comparable to 2020 primarily due to the impact of certain operating costs in 2020 which are not dependent on attendance levels.

Selling, general and administrative expenses. Selling, general and administrative expenses for the year ended December 31, 2021 increased by $90.0 million, or 94.8% to $184.9 million as compared to $94.9 million for the year ended December 31, 2020. Excluding the impact of approximately $12.5 million in asset additions, particularly in 2020, in particular, marketing-related costs, an increase of $23.2 million in non-cash equity compensation expense and an increase in labor-related costs resulting from the impact of furloughs in 2020, partially offset by the impact of cost savings and efficiency initiatives. The increased marketing-related costs result from a return to more normalized operations in 2021 as we substantially reduced marketing-related costs due to limited reopenings and temporary park closures in 2020. The increase in non-cash equity compensation expense partly relates to the impact of certain performance vesting restricted awards which were previously not considered probable of vesting. See Note 15–Commitments and Contingencies and Note 19–Equity-Based Compensation to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details. Selling, general and administrative expenses as a percent of revenue were 12.3% for the year ended December 31, 2021 and are not comparable to 2020 primarily due to the impact of the temporary park closures.

Severance and other separation costs. Severance and other separation costs for the year ended December 31, 2021 decreased by $1.3 million, or 45.8%, to $1.5 million as compared to $2.8 million for the year ended December 31, 2020. Severance and other termination costs in 2021 primarily relate to positions which were eliminated in 2021. Severance and other termination costs in 2020 primarily relates to the 2020 Restructuring Program. See Note 21–Severance and Other Separation Costs in our notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Depreciation and amortization. Depreciation and amortization expense for the year ended December 31, 2021 decreased by $1.9 million, or 1.3% to $148.7 million as compared to $150.5 million for the year ended December 31, 2020. The decrease primarily relates to a decline in asset additions, particularly in 2020, in part due to strategic efforts as a result of the COVID-19 pandemic along with the impact of asset retirements and fully depreciated assets.

Interest expense. Interest expense for the year ended December 31, 2021 increased $15.7 million, or 15.6% to $116.6 million as compared to $100.9 million for the year ended December 31, 2020. The increase primarily relates to the net impact of interest on the Second-Priority Senior Secured Notes issued in August 2020, the First-Priority Senior Secured Notes issued in April 2020, and the Senior Notes issued in August 2021, partially offset by the impact of a lower average outstanding balance on our Revolving Credit Facility, which was undrawn in 2021, the impact of decreased LIBOR rates and a lower average outstanding balance on our Term Loans. See Note 11–Long-Term Debt to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K and the “Our Indebtedness” section which follows for further details.
Loss on early extinguishment of debt and write-off of discounts and debt issuance costs. Loss on early extinguishment of debt and write-off of discounts and debt issuance costs for the year ended December 31, 2021 primarily relate to a write-off of discounts and debt issuance costs resulting from the Refinancing Transactions during the year ended December 31, 2021. See Note 11–Long-Term Debt to our consolidated financial statements included elsewhere in this Form 10-K and the “Our Indebtedness” section which follows for further details.

Benefit from income taxes. Benefit from income taxes was $0.2 million and $30.5 million in the years ended December 31, 2021 and 2020, respectively. Our consolidated effective tax rate was -0.1% for 2021 compared to 8.9% for 2020. The effective tax rate decreased primarily due to non-cash valuation allowance adjustments on federal and state net operating loss carryforwards and federal tax credits, impacts from equity-based compensation and changes in state tax rates. See Note 13–Income Taxes in our notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

Supplemental comparison of the year ended December 31, 2021 to the year ended December 31, 2019

We believe a comparison of selected financial results for the year ended December 31, 2021 to the year ended December 31, 2019 may provide additional insight on our business as 2019 was prior to the impact of the COVID-19 pandemic. As such, the following supplemental discussion provides an analysis of selected operating results for the year ended December 31, 2021 compared to the year ended December 31, 2019.

<table>
<thead>
<tr>
<th>For the Year Ended December 31,</th>
<th>2021</th>
<th>2019</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Selected Statements of Comprehensive Income (Loss) Data:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admissions</td>
<td>$851,891</td>
<td>$802,834</td>
<td>$49,057</td>
</tr>
<tr>
<td>Food, merchandise and other</td>
<td>651,839</td>
<td>595,410</td>
<td>56,429</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$1,503,730</td>
<td>$1,398,244</td>
<td>$105,486</td>
</tr>
<tr>
<td><strong>Selected costs and expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of food, merchandise and other revenues</td>
<td>114,287</td>
<td>108,953</td>
<td>5,334</td>
</tr>
<tr>
<td>Operating expenses (exclusive of depreciation and amortization shown separately below)</td>
<td>622,419</td>
<td>649,657</td>
<td>(27,238)</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>184,871</td>
<td>261,701</td>
<td>(76,830)</td>
</tr>
<tr>
<td><strong>Other data:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attendance</td>
<td>20,203</td>
<td>22,624</td>
<td>(2,421)</td>
</tr>
<tr>
<td><strong>Total revenue per capita</strong></td>
<td>$74.43</td>
<td>$61.80</td>
<td>$12.63</td>
</tr>
<tr>
<td>Admission per capita</td>
<td>$42.17</td>
<td>$35.48</td>
<td>$6.69</td>
</tr>
<tr>
<td>In-park per capita spending</td>
<td>$32.26</td>
<td>$26.32</td>
<td>$5.94</td>
</tr>
</tbody>
</table>

Admissions revenue. Admissions revenue for the year ended December 31, 2021 increased $49.1 million, or 6.1%, to $851.9 million as compared to $802.8 million for the year ended December 31, 2019. The increase in admissions revenue was primarily a result of an increase in admissions per capita which more than offset a decrease in attendance of approximately 2.4 million guests, or 10.7%. Admission per capita increased by 18.9% to $42.17 in 2021 compared to $35.48 in 2019. Admission per capita increased primarily due to the realization of higher prices in our admission products resulting from our strategic pricing efforts, along with the net impact of the admissions product mix when compared to 2019. Attendance declined when compared to 2019 primarily due to COVID-19 related impacts including capacity limitations and/or modified/limited operations at our parks for part of 2021. Attendance was also impacted by a decline from international guest visitation and group-related attendance when compared to 2019. Excluding international guest visitation and group-related attendance, attendance increased by approximately 2% when compared to 2019.

Food, merchandise and other revenue. Food, merchandise and other revenue for the year ended December 31, 2021 increased $56.4 million, or 9.5%, to $651.8 million as compared to $595.4 million for the year ended December 31, 2019, primarily 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 22.6% to $32.26 in 2021 compared to $26.32 in 2019. In-park per capita spending improved due to a combination of factors including an improved product mix, higher realized prices and fees and the impact of new, enhanced or expanded in-park offerings when compared to 2019. We believe we also benefited from a strong consumer demand environment which contributed to higher guest spending levels when compared to 2019.

Costs of food, merchandise and other revenues. Costs of food, merchandise and other revenues for the year ended December 31, 2021 increased $5.3 million, or 4.9%, to $114.3 million as compared to $109.0 million for the year ended December 31, 2019. These costs represent 17.3% and 18.3% of the related revenue earned for the year ended December 31, 2021 and 2019, respectively.
The decrease as a percent of related revenue relates to the impact of sourcing cost savings initiatives combined with higher realized prices on some of our in-park products, which more than offset inflationary pressures.

Operating expenses. Operating expenses for the year ended December 31, 2021 decreased $27.2 million, or 4.2%, to $622.4 million as compared to $649.7 million for the year ended December 31, 2019. The decrease is primarily due to a net reduction in labor-related costs and other operating costs primarily resulting from structural cost savings initiatives and the impact of modified/limited operations due to COVID-19, partially offset by approximately $11.9 million of certain nonrecurring contractual liabilities and legal costs impacted by the temporary COVID-19 park closures, operating costs associated with incremental operating days and events added in 2021 and an increase of approximately $5.5 million in non-cash equity compensation expense. The increase in non-cash equity compensation expense partly relates to the impact of certain performance vesting restricted awards which were previously not considered probable of vesting. See Note 15–Commitments and Contingencies and Note 19–Equity-Based Compensation to our consolidated financial statements elsewhere in this Annual Report on Form 10-K for further details. Operating expenses were 41.4% of total revenues for the year ended December 31, 2021 compared to 46.5% for the year ended December 31, 2019.

Selling, general and administrative expenses. Selling, general and administrative expenses for the year ended December 31, 2021 decreased $76.8 million, or 29.4%, to $184.9 million as compared to $261.7 million for the year ended December 31, 2019. The decrease primarily relates to the following factors: (i) a targeted reduction in marketing related costs; (ii) a decrease in legal costs primarily related to a legal settlement charge in 2019, net of insurance recoveries, of approximately $32.1 million; (iii) a decline in third-party consulting costs; and (iv) the impact of cost savings and efficiency initiatives. These factors were partially offset by an increase of $23.1 million in non-cash equity compensation expense (as discussed above). See Note 15–Commitments and Contingencies and Note 19–Equity-Based Compensation to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details. As a percentage of total revenue, selling, general and administrative expenses were 12.3% for the year ended December 31, 2021 compared to 18.7% for the year ended December 31, 2019.

Liquidity and Capital Resources

Overview

Generally, our principal sources of liquidity are cash generated from operations, funds from borrowings and existing cash on hand. Our principal uses of cash 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 December 31, 2021, we had a working capital ratio (defined as current assets divided by current liabilities) of 1.5, due in part to our outstanding cash balance at December 31, 2021. Historically, we typically have operated with a working capital ratio of less than 1 due to 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. Our cash flow from operations, along with our revolving credit facilities, have historically allowed 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 20–Stockholders’ (Deficit) Equity in our notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further information on the Share Repurchase Program.

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 provided by (used in) operating, investing and financing activities for the periods indicated:

<table>
<thead>
<tr>
<th>For the Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In thousands)</td>
<td>$503,012</td>
<td>$(120,729)</td>
<td>$348,416</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>(128,854)</td>
<td>(109,175)</td>
<td>(195,193)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(364,897)</td>
<td>624,204</td>
<td>(147,305)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents, including restricted cash</td>
<td>$9,261</td>
<td>$394,300</td>
<td>$5,918</td>
</tr>
</tbody>
</table>

**Cash Flows from Operating Activities**

Net cash provided by operating activities was $503.0 million during the year ended December 31, 2021 as compared to net cash used in operating activities of $120.7 million during the year ended December 31, 2020. Net cash provided by (used in) operating activities was primarily impacted by improved operating performance, including increased sales of admission and other products, partially offset by the impact of increased interest payments in the year ended December 31, 2021 when compared to the year ended December 31, 2020, which was impacted by the temporary park closures.

Net cash used in operating activities was $120.7 million during the year ended December 31, 2020 as compared to net cash provided by operating activities of $348.4 million during the year ended December 31, 2019. Net cash (used in) provided by operating activities in 2020 was primarily impacted by the decline in revenue due to the temporary park closures and limited park reopenings.

**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 year ended December 31, 2021 consisted of capital expenditures of $128.9 million largely related to future attractions (see further breakdown of capital expenditures in the table below). Net cash used in investing activities during the year ended December 31, 2020 consisted of capital expenditures of $109.2 million.

The following table presents detail of our capital expenditures for the periods indicated:

<table>
<thead>
<tr>
<th>Capital Expenditures:</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Unaudited, in thousands)</td>
<td>$69,402</td>
<td>$94,671</td>
<td>$171,789</td>
</tr>
<tr>
<td>Core(a)</td>
<td>$59,452</td>
<td>14,504</td>
<td>23,428</td>
</tr>
<tr>
<td>Expansion/ROI projects(b)</td>
<td>128,854</td>
<td>109,175</td>
<td>195,217</td>
</tr>
<tr>
<td>Capital expenditures, total</td>
<td>$128,854</td>
<td>$109,175</td>
<td>$195,217</td>
</tr>
</tbody>
</table>

(a) Reflects capital expenditures for park rides, attractions and maintenance activities.
(b) Reflects capital expenditures for park expansion, new properties, or other 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, which was materially impacted in 2020. Due to the COVID-19 pandemic, we took proactive measures starting in March 2020 relating to our capital expenditures including delaying the opening of certain new rides which were originally scheduled to open in 2020 and are now scheduled to open in 2022.

**Cash Flows from Financing Activities**

Net cash used in financing activities during the year ended December 31, 2021 results primarily from $215.7 million used to repurchase shares, net debt repayments of $133.8 million, which includes the Refinancing Transactions and payments on the Second-Priority Senior Secured Notes, and the payment of tax withholdings on equity-based compensation through shares withheld of $14.5 million. The Refinancing Transactions primarily consisted of $1,934.6 million in repayments of our Term B-5 Loans and Second-Priority Senior Secured Notes, approximately $34.3 million related to a premium paid for redemption of our Second-Priority Senior Secured Notes, and approximately $23.3 million in debt issuance costs partially offset by net proceeds from our Term B Loans and the Senior Notes of $1,922.2 million.

Net cash provided by financing activities during the year ended December 31, 2020 results primarily from net proceeds from our First-Priority Senior Secured Notes and our Second-Priority Senior Secured Notes offering of $713.7 million, partially offset by net repayments on our revolving credit facility of $50.0 million, repayments of $15.5 million on our long-term debt, $12.4 million used to repurchase shares early in the first quarter of 2020 and $7.5 million of debt issuance costs paid in connection with the issuance of the First-Priority Senior Secured Notes and Second-Priority Senior Secured Notes, and as a result of amendments to our senior secured credit facilities.
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 December 31, 2021, our indebtedness consisted of senior secured credit facilities, 8.75% first-priority senior secured notes (the “First-Priority Senior Secured Notes”) and 5.25% senior notes due 2029 (the “Senior Notes”).

See discussion which follows and Note 11—Long-Term Debt to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details related to our indebtedness and related debt transactions.

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 December 31, 2021, our Senior Secured Credit Facilities consisted of $1.197 billion in Term B Loans, which will mature in August 2028, along with a $385.0 million Revolving Credit Facility, which had no amounts outstanding as of December 31, 2021 and will mature in August 2026. As of December 31, 2021, SEA had approximately $20.5 million of outstanding letters of credit, leaving approximately $364.5 million available for borrowing under the Revolving Credit Facility.

First-Priority Senior Secured Notes, Senior Notes and Second-Priority Senior Secured Notes

On April 30, 2020, SEA closed on a private offering of $227.5 million aggregate principal amount of 8.750% First-Priority Senior Secured Notes. On August 5, 2020, SEA closed on a private offering of $500.0 million aggregate principal amount of 9.500% second-priority senior secured notes (the “Second-Priority Senior Secured Notes”), which were fully redeemed during the year ended December 31, 2021.

On August 25, 2021, SEA closed on a private offering of $725.0 million aggregate principal amount of 5.250% senior notes due 2029 (the “Senior Notes”).

Covenant Compliance

As of December 31, 2021, we were in compliance with all covenants in the credit agreement governing the Senior Secured Credit Facilities and the indentures governing our Senior Notes and First-Priority Senior Secured Notes. See Note 11—Long-Term Debt to our consolidated financial statements for further details relating to our restrictive covenants.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) plus (i) income tax (benefit) provision, (ii) interest expense, consent fees and similar financing costs, (iii) depreciation and amortization, (iv) equity-based compensation expense, (v) loss on extinguishment of debt, (vi) non-cash charges/credits related to asset disposals, (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 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 11–Long-Term Debt to our consolidated financial statements for further details relating to our restrictive covenants.

Adjusted EBITDA and Covenant Adjusted EBITDA are not recognized terms under accounting principles generally accepted in the United States of America (“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 (loss) for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>For the Year Ended December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$256,513</td>
<td>$(312,321)</td>
<td>$89,476</td>
</tr>
<tr>
<td>(Benefit from) provision for income taxes</td>
<td>(164)</td>
<td>(30,525)</td>
<td>39,528</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt and write-off of discounts and debt issuance costs (a)</td>
<td>58,827</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Interest expense</td>
<td>116,642</td>
<td>100,907</td>
<td>84,178</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>148,660</td>
<td>150,546</td>
<td>160,557</td>
</tr>
<tr>
<td>Equity-based compensation expense (b)</td>
<td>41,018</td>
<td>7,467</td>
<td>11,106</td>
</tr>
<tr>
<td>Loss on impairment or disposal of assets and certain non-cash expenses (c)</td>
<td>7,099</td>
<td>7,187</td>
<td>3,198</td>
</tr>
<tr>
<td>Business optimization, development and strategic initiative costs (d)</td>
<td>8,759</td>
<td>7,268</td>
<td>27,869</td>
</tr>
<tr>
<td>Certain investment costs and other taxes (e)</td>
<td>830</td>
<td>1,044</td>
<td>5,056</td>
</tr>
<tr>
<td>COVID-19 related incremental costs (f)</td>
<td>22,562</td>
<td>8,808</td>
<td>—</td>
</tr>
<tr>
<td>Other adjusting items (g)</td>
<td>1,302</td>
<td>(13,567)</td>
<td>35,954</td>
</tr>
<tr>
<td>Adjusted EBITDA (h)</td>
<td>662,048</td>
<td>(73,186)</td>
<td>456,922</td>
</tr>
</tbody>
</table>

**Items added back to Covenant Adjusted EBITDA as defined in the Debt Agreements:**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated cost savings (i)</td>
<td>7,100</td>
<td>—</td>
<td>11,300</td>
</tr>
<tr>
<td>Other adjustments as defined in the Debt Agreements (j)</td>
<td>19,990</td>
<td>(j)</td>
<td>(j)</td>
</tr>
<tr>
<td>Covenant Adjusted EBITDA (k)</td>
<td>$689,138</td>
<td>$(73,186)</td>
<td>$468,222</td>
</tr>
</tbody>
</table>

(a) Reflects a loss on early extinguishment of debt and write-off of discounts and debt issuance costs associated with the Refinancing Transactions. See Note 11–Long-Term Debt to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

(b) Reflects non-cash equity compensation expenses and related payroll taxes associated with the grants of equity-based compensation. For the year ended December 31, 2021, includes equity compensation expense related to certain performance vesting restricted awards which were previously not considered probable of vesting. For the year ended December 31, 2020, includes a reversal of equity compensation for certain performance vesting restricted units which at the time were no longer considered probable of vesting. See Note 19–Equity Based Compensation to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

(c) Reflects primarily non-cash expenses related to asset write-offs and costs related to certain rides and equipment which were removed from service. See Note 8–Property and Equipment, Net, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

(d) For the year ended December 31, 2021, reflects business optimization, development and other strategic initiative costs primarily related to: (i) $4.2 million of third-party consulting costs; (ii) $3.1 million of other business optimization costs and strategic initiative costs and (iii) $1.5 million of severance and other separation costs associated with positions eliminated.
For the year ended December 31, 2020, reflects business optimization, development and other strategic initiative costs primarily related to: (i) $3.1 million of third party consulting costs and (ii) $2.8 million of severance and other separation costs primarily related to the 2020 Restructuring Program. See Note 21 – Severance and Other Separation Costs in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

For the year ended December 31, 2019, reflects business optimization, development and other strategic initiative costs primarily related to: (i) $21.2 million of third-party consulting costs and (ii) $4.2 million of severance and other separation costs associated with positions eliminated.

(e) For the year ended December 31, 2019, includes approximately $4.3 million relating to expenses associated with the previously disclosed transfer of shares and HP Agreements. See Note 17–Related Party Transactions in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

(f) For the year ended December 31, 2021, includes approximately $11.9 million of nonrecurring contractual liabilities and legal costs impacted by the temporary COVID-19 park closures and approximately $9.0 million of incremental temporary labor-related costs incurred to prepare and staff the parks and other incremental, nonrecurring, temporary incentives paid to attract employees to return to or remain in the workforce during the COVID-19 related environment.

For the year ended December 31, 2020, primarily includes incremental labor-related costs to prepare and operate the parks with enhanced safety measures, incremental third-party consulting costs primarily related to our COVID-19 response and safety communication strategies, contract termination or modification costs related to impacts from the temporary COVID-19 park closures, legal costs related to COVID-19 related matters, and temporary or initial purchases of safety monitoring and personal protective equipment. These costs were included with other adjusting items in the Adjusted EBITDA calculation previously reported for the year ended December 31, 2020 and have been reclassified to COVID-19 related incremental costs above to conform with the current year presentation.

(g) For the year ended December 31, 2020, includes approximately $16.9 million of legal settlement proceeds partially offset by approximately $3.3 million in other legal fees. The legal settlement proceeds received in 2020 relate to the following: (i) $12.5 million of insurance proceeds related to a legal settlement gain as previously disclosed and (ii) $4.4 million related to the return of funds previously paid for a legal settlement.

For the year ended December 31, 2019, includes approximately $32.1 million related to a legal settlement charge, net of insurance recoveries. See Note 15–Commitments and Contingencies in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

(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, which were effective for the year ended December 31, 2021, 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 (loss).

For the years ended December 31, 2020 and 2019, the estimated cost savings calculation was based on annualized estimated savings we expected to realize over the following 18-month period related to certain specified actions, including restructurings and cost savings initiatives. These estimated savings were calculated net of the amount of actual benefits realized during such period and were limited to 25% of Adjusted EBITDA, calculated for the last twelve months before the impact of these estimated cost savings.

(j) The Debt Agreements, which were effective for the year ended December 31, 2021, 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. Prior to the Debt Agreements, these costs were not permitted adjustments in the calculation, as such, these adjustments are not applicable to the prior years.

(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

We had no off-balance sheet arrangements as of December 31, 2021. The following table summarizes our principal contractual obligations as of December 31, 2021:

<table>
<thead>
<tr>
<th>Total (In thousands)</th>
<th>Less than 1 Year</th>
<th>1-3 Years</th>
<th>3-5 Years</th>
<th>More than 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt (including current portion)(a)</td>
<td>$2,149,500</td>
<td>$12,000</td>
<td>$24,000</td>
<td>$251,500</td>
</tr>
<tr>
<td>Interest on long-term debt(b)</td>
<td>664,211</td>
<td>101,823</td>
<td>206,520</td>
<td>174,758</td>
</tr>
<tr>
<td>Operating and finance leases(c)</td>
<td>298,184</td>
<td>23,858</td>
<td>24,346</td>
<td>23,751</td>
</tr>
<tr>
<td>Purchase obligations, license commitments and other(d)</td>
<td>213,086</td>
<td>149,865</td>
<td>55,987</td>
<td>2,067</td>
</tr>
<tr>
<td><strong>Total contractual obligations</strong></td>
<td><strong>$3,324,981</strong></td>
<td><strong>$287,546</strong></td>
<td><strong>$310,853</strong></td>
<td><strong>$452,076</strong></td>
</tr>
</tbody>
</table>

(a) Represents principal payments. See Note 11–Long-Term Debt to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

(b) Includes amounts attributable to the Senior Secured Credit Facilities, Senior Notes and First-Priority Senior Notes calculated as of December 31, 2021. See Note 11–Long-Term Debt to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

(c) Represents commitments under long-term operating and finance leases requiring annual minimum lease payments, primarily consisting of the lease for the land of our SeaWorld theme park in San Diego, California. Included in the less than 1 year column is approximately $10.8 million in deferred rent payments and certain fees related to the land lease, which is accrued as of December 31, 2021. See Note 14–Leases to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

(d) We have minimum purchase commitments with various vendors through 2031. Outstanding minimum purchase commitments consist primarily of capital expenditures related to future attractions, infrastructure enhancements for existing facilities and information technology products and services. Amounts have been calculated using early termination fees or non-cancellable minimum contractual obligations by period, as applicable, under contracts that were in effect as of December 31, 2021. In addition, in connection with the Sesame License Agreement, we have made certain commitments including opening a new Sesame Place theme park. As a result, obligations related to this agreement are included in the table above. For further details, refer to Note 15–Commitments and Contingencies in our notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

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.

We believe that the following discussion addresses our critical accounting policies which require management’s most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. For more discussion of these and other significant accounting policies, refer to Note 2–Summary of Significant Accounting Policies in our notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Impairment of Long-Lived Assets

All long-lived assets, including property and equipment and finite-lived intangible assets, are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. Assets are grouped and tested at the lowest level for which identifiable, independent cash flows are available. An impairment loss may be recognized when estimated undiscounted future cash flows expected to result from the use of the asset, including disposition, are less than the carrying value of the asset. The measurement of the impairment loss to be recognized is based upon the difference between the estimated fair value and the carrying amounts of the assets. Fair value is generally determined based upon a discounted cash flow analysis. If significant, certain impairment indicators may trigger an impairment review.
**Accounting for Income Taxes**

We are required to estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as depreciation periods for property and equipment and deferred revenue, for tax and financial accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheets. We must then assess the likelihood that deferred tax assets (primarily not operating loss and charitable contribution carryforwards) will be recovered from future taxable income. To the extent that we believe that recovery is not more likely than not, a valuation allowance against those amounts is recorded. To the extent that we record a valuation allowance or a change in the valuation allowance during a period, we recognize these amounts as income tax expense or benefit in the consolidated statements of comprehensive income (loss). Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), contains rules that limit the ability of a company that undergoes an ownership change, which is generally any change in ownership of more than 50% of its stock over a rolling three-year period, to utilize its net operating loss carryforwards in years after the ownership change. These rules generally operate by focusing on ownership shifts among stockholders owning directly or indirectly 5% or more of the stock of a company and any change in ownership arising from shares of stock sold by these same stockholders.

Significant management judgment is required in determining our provision or benefit for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. Management has analyzed all available evidence, both positive and negative, using a more likely than not standard in assessing the need for a valuation allowance against its deferred income tax assets. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecast of future profitability, the duration of the statutory carryback and carryforward periods and tax planning alternatives. Forecasted financial performance is not used as evidence until such time as the Company has cumulative pretax income for a rolling 36-month period. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates we use to manage the underlying business.

Through December 31, 2020, approximately $65.6 million of valuation allowances were established for some of our deferred tax assets, which, based on our analysis at the time, we believed did not meet the “more likely than not” criteria and would expire before being realized in future periods. Based on our assessment of the realizability of our deferred tax assets during the year ended December 31, 2021, which included a review of current and forecasted financial performance as the Company is now in a cumulative pretax income position, we now believe that some of these deferred tax assets meet the “more likely than not” criteria and will be realized in future periods before they expire. As a result, we reversed our valuation allowances by approximately $60.8 million during the year ended December 31, 2021. As of December 31, 2021, we have a remaining valuation allowance of approximately $4.8 million, net of federal tax benefit, on the deferred tax assets related to state net operating loss carryforwards.

Our valuation allowances, in part, rely on estimates and assumptions related to our future financial performance. Given the macroeconomic environment related to the COVID-19 pandemic and the uncertainties regarding the related impact on financial performance, our valuation allowances may need to be adjusted in the future.

For further details, also refer to Note 13–Income Taxes, in our notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

**Self-Insurance Reserves**

Reserves are recorded for the estimated amounts of guest and employee claims and expenses incurred each period that are not covered by insurance. Reserves are established for both identified claims and incurred but not reported (“IBNR”) claims. Such amounts are accrued for when claim amounts become probable and estimable. Reserves for identified claims are based upon our own historical claims experience and third-party estimates of settlement costs. Reserves for IBNR claims are based upon our own claims data history, actuarially determined loss development factors and qualitative considerations such as claims management activities. All reserves are periodically reviewed for changes in facts and circumstances and adjustments are made as necessary.

**Revenue Recognition**

Admissions revenue primarily consists of single-day tickets, annual or season passes or other multi-day or multi-park admission products. Food, merchandise and other revenue primarily consists of food and beverage, merchandise and other in-park products and also includes other miscellaneous revenue, which is not significant in the periods presented. For single-day tickets, we recognize revenue at a point in time, upon admission to the park, and for food, merchandise and other in-park products we recognize revenue when the related products or services are received by our guests. For annual or season passes and multi-use admission 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. We estimate 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 when payments are received each month, with the exception of payments received during the temporary park closures in 2020. For 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.

Certain admission products may also include bundled products at the time of purchase, such as food and beverage or merchandise items. We conduct an analysis of bundled products to identify separate distinct performance obligations that are material in the context of the contract. For those products that are determined to be distinct performance obligations and material in the context of the contract, we allocate a portion of the transaction price to each distinct performance obligation using each performance obligation’s standalone price. If the bundled product is related to a pass product and offered over time, revenue will be recognized over time accordingly.

For further details, also refer to Note 4–Revenues, in our notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

**Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

**Inflation**

The impact of inflation has affected, and will continue to affect, our operations significantly. Our costs of food, merchandise and other revenues are influenced by inflation and fluctuations in global commodity prices. In addition, costs for construction, repairs and maintenance are all subject to inflationary pressures.

**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.

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. In May 2020, our interest rate swap agreements expired, as such, we did not have any derivative instruments outstanding as of December 31, 2021 or 2020. We presently manage interest rate risk primarily by managing the amount, sources and duration of our debt funding. At December 31, 2021, approximately $1.2 billion of our outstanding long-term debt represents variable-rate debt. Assuming an average balance on our revolving credit borrowings of approximately $385.0 million, a hypothetical 100 bps increase in LIBOR would increase our annual interest expense by approximately $11.0 million. Assuming no revolving credit borrowings, a hypothetical 100 bps increase in LIBOR would increase our annual interest expense by approximately $7.2 million.

**COVID-19 Risks and Uncertainties**


**Item 8. Financial Statements and Supplementary Data**

Our consolidated financial statements and the notes thereto are provided in Part IV, Item 15 of this Annual Report on Form 10-K.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. 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(c) and Rule 15d-15(c) 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 and that such information 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. The design of any controls and procedures also is based on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Additionally, in designing disclosure controls and procedures, our management was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

Our management, with the participation of our principal executive officer and principal financial officer, have reviewed the effectiveness of our disclosure controls and procedures as of December 31, 2021 and, based on their evaluation, have concluded that the disclosure controls and procedures were not effective as of such date due to a material weakness in internal control over financial reporting initially disclosed as of September 30, 2021 and described below.

Notwithstanding the above, the control deficiency did not result in a material misstatement of any of the Company’s annual or interim consolidated financial statements. Further, management believes and has concluded that the consolidated financial statements for the prior periods and included in this report fairly present, in all material respects, the Company’s financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America.

Management’s Report on Internal Control over Financial Reporting

As required by the SEC’s rules and regulations for the implementation of Section 404 of the Sarbanes-Oxley Act, our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements in our consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2021. In making these assessments, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on our assessments and those criteria, management including our principal executive officer and principal financial officer, identified a material weakness within the Company’s control environment. Specifically, the Company does not have sufficient policies and procedures related to Board oversight of certain Board engagement within the Company’s control environment. Accordingly, our principal executive officer and principal financial officer concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2021.

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. We have not experienced any material impact to our internal controls over financial reporting despite the fact that certain employees worked remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 pandemic on our internal controls to minimize the impact on their design and operating effectiveness. There have been no changes in our internal control over financial reporting during the most recent quarter covered by this Annual Report that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting, except for remediation efforts in connection with the material weakness as described above.
Status Update

Management and our Board of Directors are committed to remediating this deficiency. Based upon a recommendation of the Audit Committee, the Board formed a committee (the “Committee”) to develop and execute on a remediation plan. The Committee and management are in the process of developing the remediation plan and have implemented the following:

- Engaged independent consultants to advise the Board’s Committee as it relates to the deficiency.
- Enhanced our evaluation of the control environment.

Management and our Board are committed to taking appropriate steps to remediate the deficiency. Our remediation of the identified material weakness is ongoing and will require additional time to fully remediate. The material weakness cannot be considered remediated until remediation efforts have operated for a sufficient period of time and management has concluded, that the material weakness has been resolved. Additional remediation measures continue to be considered and will be implemented as appropriate. We will continue to assess the effectiveness of our remediation efforts in connection with our evaluations of internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Company’s independent registered public accounting firm has issued a report on the Company’s internal control over financial reporting. This report appears on page F-4 in this Annual Report on Form 10-K.

Item 9B. Other Information

Rule 10b5-1 Plans

Our policy governing transactions in our securities by our directors, officers and employees permits such persons to adopt stock trading plans pursuant to Rule 10b5-1 promulgated by the SEC under the Exchange Act. Our directors, officers and employees have in the past and may from time to time establish such stock trading plans. We do not undertake any obligation to disclose, or to update or revise any disclosure regarding, any such plans and specifically do not undertake to disclose the adoption, amendment, termination or expiration of any such plans.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included in our definitive proxy statement to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be included in our definitive proxy statement to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K and is incorporated herein by reference.


The following table provides information about our Equity Compensation Plan as of December 31, 2021:

<table>
<thead>
<tr>
<th>Plan category</th>
<th>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</th>
<th>Weighted-average exercise price of outstanding options, warrants and rights (b)</th>
<th>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity compensation plan approved by security holders</td>
<td>488,434</td>
<td>$30.59</td>
<td>7,833,369</td>
</tr>
<tr>
<td>Equity compensation plan not approved by security holders</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>488,434</td>
<td>$30.59</td>
<td>7,833,369</td>
</tr>
</tbody>
</table>
The remaining information required by this item will be included in our definitive proxy statement to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included in our definitive proxy statement to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be included in our definitive proxy statement to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K and is incorporated herein by reference.
PART IV.

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

   Reports of Independent Registered Public Accounting Firm
   Consolidated Balance Sheets
   Consolidated Statements of Comprehensive Income (Loss)
   Consolidated Statements of Changes in Stockholders' (Deficit) Equity
   Consolidated Statements of Cash Flows
   Notes to Consolidated Financial Statements

   F-2
   F-5
   F-6
   F-7
   F-8

2. Financial Statement Schedules

   Schedule I—Registrant’s Condensed Financial Statements

   Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes herein.

F-36 to F-46

3. Exhibits

   See the Exhibit Index beginning on page 60.

F-9 to F-35
<table>
<thead>
<tr>
<th>Exhibit No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Amended and Restated Certificate of Incorporation of SeaWorld Entertainment, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed on April 24, 2013 (File No. 001-35883))</td>
</tr>
<tr>
<td>3.2</td>
<td>Certificate of Amendment of Amended and Restated Certificate of Incorporation of SeaWorld Entertainment, Inc., effective June 15, 2016 (incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed on June 17, 2016 (File No. 001-35883))</td>
</tr>
<tr>
<td>3.3</td>
<td>Third Amended and Restated Bylaws of SeaWorld Entertainment, Inc., effective June 14, 2017 (incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed on June 16, 2017 (File No. 001-35883))</td>
</tr>
<tr>
<td>4.1</td>
<td>Description of the Registrant’s Securities (incorporated by reference to Exhibit 4.1 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>4.2</td>
<td>Indenture, dated as of April 30, 2020, among SeaWorld Parks &amp; Entertainment, Inc., SeaWorld Entertainment, Inc., the other guarantors from time to time party thereto and Wilmington Trust, National Association, as trustee and collateral agent. (incorporated by reference to Exhibit 4.1 to the Registrant’s Current Report on Form 8-K filed on April 30, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>4.3</td>
<td>First Supplemental Indenture, dated as of April 26, 2021, among SeaWorld Parks &amp; Entertainment, Inc., SeaWorld Entertainment, Inc., the other guarantors from time to time party thereto and Wilmington Trust, National Association, as trustee for the 8.750% First-Priority Senior Secured Notes Due 2025 (incorporated by reference to Exhibit 4.1 to the Registrant’s Quarterly Report on Form 10-Q filed on May 7, 2021 (File No. 001-35883))</td>
</tr>
<tr>
<td>4.4</td>
<td>Indenture, dated as of August 25, 2021, by and among SeaWorld Parks &amp; Entertainment, Inc., the guarantors party thereto, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant’s Current Report on Form 8-K filed on August 26, 2021 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.1</td>
<td>Restatement Agreement, dated as of August 25, 2021, by and among SeaWorld Parks &amp; Entertainment, Inc., SeaWorld Entertainment, Inc., the subsidiary guarantors party thereto, the financial institutions listed on the signature pages thereto, J.P. Morgan Chase Bank, N.A., as Administrative Agent, as Collateral Agent, as Issuing Bank and as Swingline Lender. (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on August 26, 2021 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.2</td>
<td>Lease Amendment, dated January 9, 1978, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.18 to the Registrant’s Registration Statement on Form S-1 filed on December 27, 2012 (File No. 333-185697))</td>
</tr>
<tr>
<td>10.3</td>
<td>Lease Amendment, dated March 6, 1979, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.19 to the Registrant’s Registration Statement on Form S-1 filed on December 27, 2012 (File No. 333-185697))</td>
</tr>
<tr>
<td>10.4</td>
<td>Lease Amendment, dated December 12, 1983, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.20 to the Registrant’s Registration Statement on Form S-1 filed on December 27, 2012 (File No. 333-185697))</td>
</tr>
<tr>
<td>10.5</td>
<td>Lease Amendment, dated June 24, 1985, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.21 to the Registrant’s Registration Statement on Form S-1 filed on December 27, 2012 (File No. 333-185697))</td>
</tr>
<tr>
<td>10.6</td>
<td>Lease Amendment, dated September 22, 1986, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.22 to the Registrant’s Registration Statement on Form S-1 filed on December 27, 2012 (File No. 333-185697))</td>
</tr>
<tr>
<td>10.7</td>
<td>Lease Amendment, dated June 29, 1998, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.23 to the Registrant’s Registration Statement on Form S-1 filed on December 27, 2012 (File No. 333-185697))</td>
</tr>
<tr>
<td>Exhibit No.</td>
<td>Description</td>
</tr>
<tr>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>10.8</td>
<td>Lease Amendment, dated July 9, 2002, by and between the City of San Diego and Sea World Inc. (incorporated by reference to Exhibit 10.24 to the Registrant’s Registration Statement on Form S-1 filed on December 27, 2012 (File No. 333-185697))</td>
</tr>
<tr>
<td>10.9</td>
<td>Trademark License Agreement, dated December 1, 2009, by and between Anheuser-Busch Incorporated and Busch Entertainment LLC (incorporated by reference to Exhibit 10.25 to the Registrant’s Registration Statement on Form S-1 filed on December 27, 2012 (File No. 333-185697))</td>
</tr>
<tr>
<td>10.10†</td>
<td>2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.31 to the Registrant’s Registration Statement on Form S-1 filed on February 12, 2013 (File No. 333-185697))</td>
</tr>
<tr>
<td>10.11†</td>
<td>Form of Option Grant Notice and Option Agreement (Employees—Time-Based Options) (incorporated by reference to Exhibit 10.8 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.12†</td>
<td>Third Amended &amp; Restated Stock Ownership Guidelines, adopted February 19, 2021 (incorporated by reference to Exhibit 10.23 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.13†</td>
<td>Amended and Restated Key Employee Severance Plan, effective March 1, 2017 (incorporated by reference to Exhibit 10.57 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.14†</td>
<td>Incentive Compensation Clawback Policy, effective October 11, 2017 (incorporated by reference to Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.15</td>
<td>License Agreement, dated May 16, 2017, by and between Sesame Workshop and SeaWorld Parks &amp; Entertainment, Inc. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.16†</td>
<td>SeaWorld Entertainment, Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on June 16, 2017 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.17†</td>
<td>Form of Amendment #1 to Restricted Stock Grant and Acknowledgment and Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on April 14, 2017 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.18†</td>
<td>Form of Deferred Stock Unit Grant Notice and Deferred Stock Unit Agreement (Non-Employee Directors) (incorporated by reference to Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.19</td>
<td>Cooperation Agreement, dated November 5, 2017, between Hill Path Capital LP and SeaWorld Entertainment, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on November 7, 2017 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.20</td>
<td>Side Letter, dated November 5, 2017, between SeaWorld Entertainment, Inc. and Hill Path Capital LP (incorporated by reference to Exhibit 10.3 to the Registrant’s Current Report on Form 8-K filed on November 7, 2017 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.21†</td>
<td>Offer Letter of Employment, Agreed and Accepted the 24th day of June, 2021, between SeaWorld Entertainment, Inc. and Tom Iven (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 10-Q filed on August 6, 2021 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.22†</td>
<td>Form of Performance Stock Unit Grant Notice and Restricted Stock Unit Agreement (Employees—Annual Incentive Plan Award) (incorporated by reference to Exhibit 10.3 to the Registrant’s Current Report on Form 10-Q filed on May 8, 2019 (File No. 001-35883))</td>
</tr>
<tr>
<td>Exhibit No.</td>
<td>Description</td>
</tr>
<tr>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>10.23†</td>
<td>Form of Option Grant Notice and Option Agreement (Tier 2– Time-Based Options) (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 10-Q filed on May 8, 2019 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.24†</td>
<td>Form of Performance Stock Unit Grant Notice and Restricted Stock Unit Agreement (Senior Leadership Team Executive Employees – Performance-Based Restricted Stock Units) (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 10-Q filed on May 8, 2019 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.25</td>
<td>Amended and Restated Undertaking Agreement, dated May 27, 2019, by and among SeaWorld Entertainment, Inc. and Hill Path Capital LP, Scott I. Ross and James P. Chambers (incorporated by reference to Exhibit 10.4 to the Registrant’s Current Report on Form 8-K filed on May 28, 2019 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.26</td>
<td>Registration Rights Agreement, dated May 27, 2019, between Hill Path Capital LP and certain of its affiliates and SeaWorld Entertainment, Inc. (incorporated by reference to Exhibit 10.3 to the Registrant’s Current Report on Form 8-K filed on May 28, 2019 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.27</td>
<td>Stockholders Agreement, dated May 27, 2019, between Hill Path Capital LP and SeaWorld Entertainment, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed on May 28, 2019 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.28†</td>
<td>Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (2019 Time-Based Restricted Stock Units) (incorporated by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q filed on November 7, 2019 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.29</td>
<td>First-Lien Intercreditor Agreement, dated as of April 30, 2020, among SeaWorld Parks &amp; Entertainment, Inc., the other grantors from time to time party thereto, JPMorgan Chase Bank, N.A., as collateral agent for the Credit Agreement Secured Parties (as defined therein), JPMorgan Chase Bank, N.A. as authorized representative for the Credit Agreement Secured Parties, Wilmington Trust, National Association, as collateral agent for the Initial Additional First-Lien Secured Parties (as defined therein), Wilmington Trust, National Association, as authorized representative for the Initial Additional First-Lien Secured Parties and each additional authorized representative from time to time party thereto. (incorporated by reference to Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q filed on August 10, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.30</td>
<td>Security Agreement, dated as of April 30, 2020, among SeaWorld Parks &amp; Entertainment, Inc., SeaWorld Entertainment, Inc., the other grantors from time to time party thereto and Wilmington Trust, National Association, as collateral agent. (incorporated by reference to Exhibit 10.4 to the Registrant’s Quarterly Report on Form 10-Q filed on August 10, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.31</td>
<td>Pledge Agreement, dated as of April 30, 2020, among SeaWorld Entertainment, Inc. and Wilmington Trust, National Association, as collateral agent. (incorporated by reference to Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10-Q filed on May 8, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.32</td>
<td>Copyright Security Agreement, dated as of April 30, 2020, by SeaWorld Parks &amp; Entertainment, Inc., Sea World LLC and SeaWorld Parks &amp; Entertainment LLC, in favor of Wilmington Trust, National Association, as collateral agent. (incorporated by reference to Exhibit 10.6 to the Registrant’s Quarterly Report on Form 10-Q filed on May 8, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.33</td>
<td>Patent Security Agreement, dated as of April 30, 2020, by SeaWorld Parks &amp; Entertainment, Inc., in favor of Wilmington Trust, National Association, as collateral agent. (incorporated by reference to Exhibit 10.7 to the Registrant’s Quarterly Report on Form 10-Q filed on May 8, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.34</td>
<td>Trademark Security Agreement, dated as of April 30, 2020, by SeaWorld Parks &amp; Entertainment, Inc., Sea World LLC and SeaWorld Parks &amp; Entertainment LLC, and in favor of Wilmington Trust, National Association, as collateral agent. (incorporated by reference to Exhibit 10.8 to the Registrant’s Quarterly Report on Form 10-Q filed on May 8, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.35†</td>
<td>Form of 2020 Letter Amendment to Performance Stock Unit Award Agreement. (incorporated by reference to Exhibit 10.9 to the Registrant’s Quarterly Report on Form 10-Q filed on May 8, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>Exhibit No.</td>
<td>Description</td>
</tr>
<tr>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>10.36</td>
<td>Intercreditor Agreement, dated as of August 5, 2020, among JPMORGAN CHASE BANK, N.A., as Credit Agreement Agent, WILMINGTON TRUST, NATIONAL ASSOCIATION, as First Priority Notes Collateral Agent, each Other First Priority Lien Obligations Agent from time to time party hereto, each in its capacity as First Lien Agent, WILMINGTON TRUST, NATIONAL ASSOCIATION, solely in its capacity as Trustee and Second Priority Collateral Agent and each collateral agent for any Future Second Lien Indebtedness from time to time party hereto, each in its capacity as Second Priority Agent, incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q filed on August 10, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.37†</td>
<td>Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Non-Employee Directors) (incorporated by reference to Exhibit 10.65 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.38†</td>
<td>Form of Option Grant Notice and Option Agreement (Employees—Time-Based Options) (incorporated by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q filed on May 7, 2021 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.39†</td>
<td>Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Employees—Time-Based Restricted Stock Units) (incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q filed on May 7, 2021 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.40†</td>
<td>Form of Performance Stock Unit Grant Notice and Performance Stock Unit Agreement (Employees—Performance-Based Restricted Stock Units) (incorporated by reference to Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q filed on May 7, 2021 (File No. 001-35883))</td>
</tr>
<tr>
<td>10.41**</td>
<td>Eighth Amended and Restated Outside Director Compensation Policy, effective January 21, 2021</td>
</tr>
<tr>
<td>10.42**</td>
<td>Ninth Amended and Restated Outside Director Compensation Policy, effective December 31, 2021</td>
</tr>
<tr>
<td>10.43*</td>
<td>Amendment 1 to License Agreement, dated May 16, 2017, by and between Sesame Workshop and SeaWorld Parks &amp; Entertainment, Inc. (Portions of this exhibit have been omitted)</td>
</tr>
<tr>
<td>10.44*</td>
<td>Amended and Restated Security Agreement dated as of August 25, 2021 among the Grantors identified herein and JPMorgan Chase Bank, N.A., as Collateral Agent</td>
</tr>
<tr>
<td>10.45*</td>
<td>Amended &amp; Restated Pledge Agreement dated as of August 25, 2021 between SeaWorld Entertainment, Inc. and JPMorgan Chase Bank, N.A. as Collateral Agent</td>
</tr>
<tr>
<td>10.46*</td>
<td>Trademark Security Agreement, dated as of October 29, 2021, by Sea World LLC, a Delaware limited liability company (the “Grantor”), in favor of Wilmington Trust, National Association, in its capacity as collateral agent pursuant to the Indenture</td>
</tr>
<tr>
<td>10.47*</td>
<td>Trademark Security Agreement, dated as of October 29, 2021, by Sea World LLC, a Delaware limited liability company, and SeaWorld Parks &amp; Entertainment LLC, a Delaware limited liability company (each, a “Grantor” and collectively, the “Grantors”), in favor of JPMorgan Chase Bank, N.A., in its capacity as collateral agent pursuant to the Credit Agreement</td>
</tr>
<tr>
<td>21.1</td>
<td>List of Subsidiaries (incorporated by reference to Exhibit 21.1 to the Registrant’s Annual Report on Form 10-K filed on February 26, 2016 (File No. 001-35883))</td>
</tr>
<tr>
<td>23.1*</td>
<td>Consent of Deloitte &amp; Touche LLP</td>
</tr>
<tr>
<td>31.1*</td>
<td>Certification of Annual Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002</td>
</tr>
<tr>
<td>31.2*</td>
<td>Certification of Annual Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002</td>
</tr>
<tr>
<td>32.1*</td>
<td>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</td>
</tr>
<tr>
<td>Exhibit No.</td>
<td>Description</td>
</tr>
<tr>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>32.2*</td>
<td>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</td>
</tr>
<tr>
<td>101*</td>
<td>Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K</td>
</tr>
<tr>
<td>104*</td>
<td>Inline XBRL for the cover page of this Annual Report on Form 10-K, included in the Exhibit 101 Inline XBRL Document Set</td>
</tr>
<tr>
<td>†</td>
<td>Identifies exhibits that consist of a management contract or compensatory plan or arrangement.</td>
</tr>
<tr>
<td>*</td>
<td>Filed herewith.</td>
</tr>
</tbody>
</table>

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.

**Item 16. Form 10-K Summary**

None.
Pursuant to the requirements of Section 13 or 15(d) 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.

SeaWorld Entertainment, Inc.

Date: February 28, 2022

By: /S/ MARC G. SWANSON

Name: Marc G. Swanson
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Date</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>/S/ MARC G. SWANSON</td>
<td>February 28, 2022</td>
<td>Chief Executive Officer (Principal Executive Officer)</td>
</tr>
<tr>
<td>Marc G. Swanson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ ELIZABETH C. GULACSY</td>
<td>February 28, 2022</td>
<td>Chief Financial Officer (Principal Financial Officer)</td>
</tr>
<tr>
<td>Elizabeth C. Gulacay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ CHRISTOPHER C. YARRIS</td>
<td>February 28, 2022</td>
<td>Chief Accounting Officer (Principal Accounting Officer)</td>
</tr>
<tr>
<td>Christopher C. Yarris</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ RONALD BENSION</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>Ronald Bension</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ JAMES CHAMBERS</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>James Chambers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ WILLIAM GRAY</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>William Gray</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ TIMOTHY J. HARTNETT</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>Timothy J. Hartnett</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ CHARLES KOPPELMAN</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>Charles Koppelman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ YOSHIKAZU MARUYAMA</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>Yoshikazu Maruyama</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ THOMAS E. Moloney</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>Thomas E. Moloney</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ NEHA JOGANI NARANG</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>Neha Jogani Narang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ SCOTT I. ROSS</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>Scott I. Ross</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/S/ KIMBERLY K. SCHAEFER</td>
<td>February 28, 2022</td>
<td>Director</td>
</tr>
<tr>
<td>Kimberly K. Schaefer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Index to Consolidated Financial Statements

<table>
<thead>
<tr>
<th>Description</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports of Independent Registered Public Accounting Firm</td>
<td>F-2</td>
</tr>
<tr>
<td>Consolidated Balance Sheets as of December 31, 2021 and 2020</td>
<td>F-5</td>
</tr>
<tr>
<td>Consolidated Statements of Comprehensive Income (Loss) for the Years Ended</td>
<td>F-6</td>
</tr>
<tr>
<td>December 31, 2021, 2020 and 2019</td>
<td></td>
</tr>
<tr>
<td>Consolidated Statements of Changes in Stockholders' (Deficit) Equity for</td>
<td>F-7</td>
</tr>
<tr>
<td>the Years Ended December 31, 2021, 2020 and 2019</td>
<td></td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows for the Years Ended December 31,</td>
<td>F-8</td>
</tr>
<tr>
<td>2021, 2020 and 2019</td>
<td></td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>F-9</td>
</tr>
<tr>
<td>Schedule I—Registrant's Condensed Financial Statements</td>
<td>F-36</td>
</tr>
</tbody>
</table>

F-1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of SeaWorld Entertainment, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SeaWorld Entertainment, Inc. and subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income (loss), changes in stockholders’ (deficit) equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2022, expressed an adverse opinion on the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition—Deferred Revenue Related to Annual and Season Admission Pass Products—Refer to Note 2 and Note 4 to the consolidated financial statements

Critical Audit Matter Description

The Company’s annual and seasonal admission pass products allow guests access to specific parks over a specified time period. Such revenue is deferred and recognized over the terms of the admission pass 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. Attendance trends factor in seasonality and are adjusted based on actual trends periodically. Revenue is recognized on a pro rata basis based on the estimated allocated selling price of the admission product.

The Company tracks and recognizes deferred revenue utilizing internally developed models. Auditing the attendance projections by park, which is the primary input used in the deferred revenue models, and the redemption rates calculated through the models, required extensive audit effort due to the complexity and manual nature of the models.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the attendance projections by park and the recognition of revenue from the deferred revenue related to annual and seasonal admission pass products included the following, among others:
• We tested the effectiveness of management’s controls over revenue recognition related to annual and season admission pass products, including controls over actual and estimated attendance and the timing of deferred revenue relief.

• We performed a retrospective review on the prior year forecasted attendance by comparing actual attendance results to management’s historical forecasts in order to evaluate management’s ability to forecast attendance and identify any past bias.

• We evaluated the reasonableness of the current-year attendance forecasts compared to historical results, considering recent trends in the Company’s attendance.

• We tested assumptions and inputs used in the deferred revenue pass models that are used to determine the deferred revenue balances related to and the revenue recognized from annual and seasonal admission pass products.

• We tested the mathematical accuracy and appropriateness of management’s deferred revenue models and timing of revenue recognition.

/s/ Deloitte & Touche LLP

Tampa, Florida
February 28, 2022

We have served as the Company’s auditor since 2009.

F-3
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of SeaWorld Entertainment, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of SeaWorld Entertainment, Inc. and subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weakness identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021 of the Company and our report dated February 28, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management’s assessment: The Company does not have sufficient policies and procedures related to Board oversight of certain Board engagement within the Company’s control environment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2021, of the Company, and this report does not affect our report on such financial statements.

/s/ Deloitte & Touche LLP

Tampa, Florida
February 28, 2022
SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th>December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 443,707</td>
<td>$ 433,909</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>76,948</td>
<td>30,410</td>
</tr>
<tr>
<td>Inventories</td>
<td>29,478</td>
<td>30,700</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>17,263</td>
<td>12,418</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$567,396</td>
<td>$507,437</td>
</tr>
<tr>
<td>Property and equipment, at cost</td>
<td>3,385,308</td>
<td>3,272,705</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(1,740,144)</td>
<td>(1,611,745)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>1,645,164</td>
<td>1,660,960</td>
</tr>
<tr>
<td>Goodwill</td>
<td>66,278</td>
<td>66,278</td>
</tr>
<tr>
<td>Trade names/trademarks, net</td>
<td>157,000</td>
<td>157,000</td>
</tr>
<tr>
<td>Right of use assets-operating leases</td>
<td>132,217</td>
<td>136,572</td>
</tr>
<tr>
<td>Deferred tax assets, net</td>
<td>23,995</td>
<td>22,847</td>
</tr>
<tr>
<td>Other assets, net</td>
<td>18,266</td>
<td>15,264</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$2,610,316</td>
<td>$2,566,358</td>
</tr>
<tr>
<td><strong>Liabilities and Stockholders’ Deficit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$134,311</td>
<td>$105,369</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>12,000</td>
<td>15,505</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>2,895</td>
<td>3,757</td>
</tr>
<tr>
<td>Accrued salaries, wages and benefits</td>
<td>22,156</td>
<td>10,781</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>154,793</td>
<td>130,759</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>45,811</td>
<td>50,950</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$371,966</td>
<td>$317,121</td>
</tr>
<tr>
<td>Long-term debt, net</td>
<td>2,104,835</td>
<td>2,177,137</td>
</tr>
<tr>
<td>Long-term operating lease liabilities</td>
<td>117,046</td>
<td>120,144</td>
</tr>
<tr>
<td>Deferred tax liabilities, net</td>
<td>12,803</td>
<td>15,772</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>37,582</td>
<td>41,987</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,644,232</td>
<td>2,672,161</td>
</tr>
<tr>
<td><strong>Commitments and contingencies (Note 15)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stockholders’ Deficit:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock, $0.01 par value—authorized, 100,000,000 shares, no shares issued or outstanding at December 31, 2021 and 2020</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Common stock, $0.01 par value—authorized, 1,000,000,000 shares; 95,541,992 and 94,652,248 shares issued at December 31, 2021 and 2020, respectively</td>
<td>955</td>
<td>946</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>711,474</td>
<td>680,360</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(115,287)</td>
<td>(371,800)</td>
</tr>
<tr>
<td>Treasury stock, at cost (19,953,042 and 16,260,248 shares at December 31, 2021 and 2020, respectively)</td>
<td>(631,058)</td>
<td>(415,309)</td>
</tr>
<tr>
<td><strong>Total stockholders’ deficit</strong></td>
<td>(33,916)</td>
<td>(105,803)</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ deficit</strong></td>
<td>$2,610,316</td>
<td>$2,566,358</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.

F-5
<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admissions</td>
<td>$851,891</td>
<td>$255,376</td>
<td>$802,834</td>
</tr>
<tr>
<td>Food, merchandise and other</td>
<td>651,839</td>
<td>176,403</td>
<td>595,410</td>
</tr>
<tr>
<td>Total revenues</td>
<td>1,503,730</td>
<td>431,779</td>
<td>1,398,244</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of food, merchandise and other revenues</td>
<td>114,287</td>
<td>36,712</td>
<td>108,953</td>
</tr>
<tr>
<td>Operating expenses (exclusive of depreciation and amortization shown separately below)</td>
<td>622,419</td>
<td>388,473</td>
<td>649,657</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>184,871</td>
<td>94,885</td>
<td>261,701</td>
</tr>
<tr>
<td>Severance and other separation costs</td>
<td>1,531</td>
<td>2,826</td>
<td>4,176</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>148,660</td>
<td>150,546</td>
<td>160,557</td>
</tr>
<tr>
<td>Total costs and expenses</td>
<td>1,071,768</td>
<td>673,442</td>
<td>1,185,044</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>431,962</td>
<td>(241,663)</td>
<td>213,200</td>
</tr>
<tr>
<td>Other expense, net</td>
<td>144</td>
<td>276</td>
<td>18</td>
</tr>
<tr>
<td>Interest expense</td>
<td>116,642</td>
<td>100,907</td>
<td>84,178</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt and write-off of discounts and debt issuance costs</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>256,349</td>
<td>(342,846)</td>
<td>129,004</td>
</tr>
<tr>
<td>(Benefit from) provision for income taxes</td>
<td>(164)</td>
<td>(30,525)</td>
<td>39,528</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$256,513</td>
<td>$312,321</td>
<td>$89,476</td>
</tr>
<tr>
<td>Other comprehensive income (loss):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain (loss) on derivatives, net of tax</td>
<td>—</td>
<td>1,559</td>
<td>(3,843)</td>
</tr>
<tr>
<td>Comprehensive income (loss)</td>
<td>$256,513</td>
<td>$310,762</td>
<td>$85,633</td>
</tr>
<tr>
<td>Earnings (loss) per share:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings (loss) per share, basic</td>
<td>$3.28</td>
<td>$(3.99)</td>
<td>1.11</td>
</tr>
<tr>
<td>Earnings (loss) per share, diluted</td>
<td>3.22</td>
<td>$(3.99)</td>
<td>1.10</td>
</tr>
<tr>
<td>Weighted average common shares outstanding:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>78,302</td>
<td>78,194</td>
<td>80,309</td>
</tr>
<tr>
<td>Diluted</td>
<td>79,575</td>
<td>78,194</td>
<td>81,044</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
## SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' (DEFICIT) EQUITY

(In thousands, except per share and share amounts)

<table>
<thead>
<tr>
<th>Shares of Common Stock Issued</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Deficit</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Treasury Stock, at Cost</th>
<th>Total Stockholders' Equity (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at January 1, 2019</strong></td>
<td>93,400,929</td>
<td>$934</td>
<td>$663,834</td>
<td>$(148,955)</td>
<td>$2,284</td>
<td>$265,194</td>
</tr>
<tr>
<td>Equity-based compensation</td>
<td>—</td>
<td>—</td>
<td>11,106</td>
<td>—</td>
<td>—</td>
<td>11,106</td>
</tr>
<tr>
<td>Unrealized loss on derivatives, net of tax benefit of $1,421</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Vesting of restricted shares</td>
<td>608,851</td>
<td>6</td>
<td>(6)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Shares withheld for tax withholdings</td>
<td>(176,673)</td>
<td>(2)</td>
<td>(4,839)</td>
<td>—</td>
<td>—</td>
<td>(4,841)</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>211,096</td>
<td>2</td>
<td>3,793</td>
<td>—</td>
<td>—</td>
<td>3,795</td>
</tr>
<tr>
<td>Adjustments to previous dividend declarations</td>
<td>—</td>
<td>—</td>
<td>5</td>
<td>—</td>
<td>—</td>
<td>5</td>
</tr>
<tr>
<td>Repurchase of 5,615,874 shares of treasury stock, at cost</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(150,000)</td>
<td>(150,000)</td>
</tr>
<tr>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>89,476</td>
<td>—</td>
<td>—</td>
<td>89,476</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2019</strong></td>
<td>94,044,203</td>
<td>940</td>
<td>673,893</td>
<td>(59,479)</td>
<td>(1,559)</td>
<td>210,892</td>
</tr>
<tr>
<td>Equity-based compensation</td>
<td>—</td>
<td>—</td>
<td>7,467</td>
<td>—</td>
<td>—</td>
<td>7,467</td>
</tr>
<tr>
<td>Unrealized gain on derivatives, net of tax expense of $572</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,559</td>
<td>—</td>
<td>1,559</td>
</tr>
<tr>
<td>Vesting of restricted shares</td>
<td>609,286</td>
<td>6</td>
<td>(6)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Shares withheld for tax withholdings</td>
<td>(158,865)</td>
<td>(2)</td>
<td>(3,913)</td>
<td>—</td>
<td>—</td>
<td>(3,915)</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>157,624</td>
<td>2</td>
<td>2,918</td>
<td>—</td>
<td>—</td>
<td>2,920</td>
</tr>
<tr>
<td>Adjustments to previous dividend declarations</td>
<td>—</td>
<td>—</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Repurchase of 469,785 shares of treasury stock, at cost</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(12,406)</td>
<td>(12,406)</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>(312,321)</td>
<td>—</td>
<td>—</td>
<td>(312,321)</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2020</strong></td>
<td>94,652,248</td>
<td>946</td>
<td>$680,360</td>
<td>(371,800)</td>
<td>$(415,309)</td>
<td>$(105,803)</td>
</tr>
<tr>
<td>Equity-based compensation</td>
<td>—</td>
<td>—</td>
<td>39,722</td>
<td>—</td>
<td>—</td>
<td>39,722</td>
</tr>
<tr>
<td>Vesting of restricted shares</td>
<td>888,406</td>
<td>9</td>
<td>(9)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Shares withheld for tax withholdings</td>
<td>(288,229)</td>
<td>(3)</td>
<td>(14,503)</td>
<td>—</td>
<td>—</td>
<td>(14,506)</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>289,567</td>
<td>3</td>
<td>5,904</td>
<td>—</td>
<td>—</td>
<td>5,907</td>
</tr>
<tr>
<td>Repurchase of 3,692,794 shares of treasury stock, at cost</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(215,749)</td>
<td>(215,749)</td>
</tr>
<tr>
<td>Net income</td>
<td>—</td>
<td>—</td>
<td>256,513</td>
<td>—</td>
<td>—</td>
<td>256,513</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2021</strong></td>
<td>95,541,992</td>
<td>955</td>
<td>$711,474</td>
<td>$(115,287)</td>
<td>$(631,058)</td>
<td>$(33,916)</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
## Consolidated Statements of Cash Flows

(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td><strong>Cash Flows From Operating Activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$256,513</td>
</tr>
<tr>
<td>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>148,660</td>
</tr>
<tr>
<td>Amortization of debt issuance costs and discounts</td>
<td>6,419</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt and write-off of discounts and debt issuance costs</td>
<td>52,011</td>
</tr>
<tr>
<td>Deferred income tax (benefit) provision</td>
<td>(4,117)</td>
</tr>
<tr>
<td>Equity-based compensation</td>
<td>39,722</td>
</tr>
<tr>
<td>Other including loss on impairment or disposal of assets, net</td>
<td>5,816</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(58,927)</td>
</tr>
<tr>
<td>Inventories</td>
<td>644</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>(2,424)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>20,050</td>
</tr>
<tr>
<td>Accrued salaries, wages and benefits</td>
<td>11,375</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>33,070</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>(3,785)</td>
</tr>
<tr>
<td>Right-of-use assets and operating lease liabilities</td>
<td>396</td>
</tr>
<tr>
<td>Other assets and liabilities</td>
<td>(2,411)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>$503,012</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(128,854)</td>
</tr>
<tr>
<td>Other investing activities, net</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(128,854)</td>
</tr>
<tr>
<td><strong>Cash Flows From Financing Activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Proceeds from the issuance of debt, net</td>
<td>1,922,222</td>
</tr>
<tr>
<td>Repayments of long-term debt</td>
<td>(2,032,728)</td>
</tr>
<tr>
<td>Proceeds from draw on revolving credit facility</td>
<td>—</td>
</tr>
<tr>
<td>Repayments of revolving credit facility</td>
<td>—</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(215,749)</td>
</tr>
<tr>
<td>Payment of tax withholdings on equity-based compensation through shares withheld</td>
<td>(14,506)</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>5,907</td>
</tr>
<tr>
<td>Debt issuance costs</td>
<td>(23,272)</td>
</tr>
<tr>
<td>Other financing activities</td>
<td>(6,771)</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by financing activities</strong></td>
<td>(364,897)</td>
</tr>
<tr>
<td><strong>Change in Cash and Cash Equivalents, including Restricted Cash</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents, including Restricted Cash—Beginning of year</td>
<td>435,225</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, including Restricted Cash—End of year</td>
<td>$444,486</td>
</tr>
<tr>
<td><strong>Supplemental Disclosures of Noncash Investing and Financing Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures in accounts payable and accrued expenses</td>
<td>$20,468</td>
</tr>
<tr>
<td>Other financing arrangements</td>
<td>$4,239</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
1. DESCRIPTION OF THE BUSINESS

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. Prior to December 1, 2009, the Company did not have any operations. On December 1, 2009, the Company acquired all of the outstanding equity interest of Busch Entertainment LLC and affiliates from Anheuser Busch Companies, Inc. and Anheuser-Busch InBev SA/NV (“ABI”). The Company completed an initial public offering in April 2013. See further discussion relating to subsequent ownership changes in Note 17–Related-Party Transactions.

The Company operates SeaWorld theme parks in Orlando, Florida; San Antonio, Texas; and San Diego, California, 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); San Diego, California, (Aquatica, which will be converted to a Sesame Place park in 2022); 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 a theme park in Langhorne, Pennsylvania (Sesame Place).

During the years ended December 31, 2021 and 2019, respectively, approximately 58% and 57% of the Company’s revenues were generated in the State of Florida which exposes the Company to risks affecting the Florida market, such as natural disasters, severe weather or other incidents. During the year ended December 31, 2020, more than 70% of the Company’s revenues were generated in the State of Florida, due in part to the temporary park closures and limited operations as a result of the COVID-19 pandemic. See Impact of Global COVID-19 Pandemic section which follows for further discussion.

Impact of Global COVID-19 Pandemic

The Company’s results of operations for the years ended December 31, 2021 and 2020 were impacted by the global COVID-19 pandemic due in part to the following factors: (i) capacity limitations, modified/limited operations and/or temporary park closures which were in place for portions of the respective periods; (ii) decreased demand due to public concerns associated with the pandemic; (iii) restrictions on international travel and; (iv) a decline in both international and group-related attendance. In response to the COVID-19 pandemic, and in compliance with government restrictions, the Company temporarily closed all of its theme parks effective March 16, 2020. Beginning in June 2020, the Company began the phased reopening of some of its parks with enhanced health, safety and cleaning measures, capacity limitations and/or modified/limited operations, which at times included reduced hours and/or reduced operating days. By the end of August 2020, the Company had reopened 10 of its 12 parks on a limited basis. The Company was unable to reopen its Aquatica water park in California and its Water Country USA water park in Virginia for the 2020 operating season but opened both parks for their 2021 operating season.

At the start of 2021, seven of the Company’s 12 parks were open but were operating with capacity limitations or modified/limited operations. By the end of the second quarter of 2021, all of the Company’s 12 parks were open, and operating without COVID-19 related capacity limitations.

Due to the COVID-19 pandemic, the Company has taken a number of proactive measures for the safety of its guests, employees and animals, to manage costs and expenditures, and to maximize liquidity in response to the temporary park closures and limited reopenings related to the COVID-19 pandemic. Some of the measures taken in 2020 included, but were not limited to: (i) increased its revolving credit commitments on March 10, 2020 prior to the temporary park closures; (ii) issued first-priority senior secured notes and second-priority senior secured notes in 2020 to raise additional capital and further enhance available liquidity at the time; (iii) entered into amendments to its existing senior secured credit facilities to amend financial covenants at the time; (iv) furloughed approximately 95% of its employees in 2020 upon closing all of its parks; (v) obtained payroll tax credits and deferred certain social security payroll taxes under the CARES act; (vi) temporarily reduced executive officers’ base salary by 20% through November 2020; (vii) eliminated and/or deferred all non-essential operating expenses at all of its parks and corporate headquarters while the parks were closed and actively managed operating expenses as parks reopened; (viii) eliminated substantially all advertising and marketing spend while the parks were closed and strategically managed marketing spend as parks reopened; (ix) substantially reduced or deferred all capital expenditures starting in March 2020 (other than minimal essential capital expenditures) when the parks were closed and postponed the opening of rides that were still under construction and scheduled to open in 2020; (x) worked with certain of its vendors and other business partners to manage, defer, and/or abate certain costs and payments and; (xi) added additional levels of review and approval for payments and cash disbursements which remained in place through 2021.

The Company continuously monitors guidance from federal, state and local authorities and engages with governmental authorities as well as medical/scientific consultants. The Company may adjust its plans accordingly as laws change and new information and guidance becomes available. The COVID-19 pandemic has had, and may continue to have, a material impact on the Company’s financial results.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and 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 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, deferred tax assets and liabilities, deferred revenue, equity compensation, the valuation of goodwill and other indefinite-lived intangible assets 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. Based on the uncertainty relating to the COVID-19 pandemic, including but not limited to the impact or timing of government restrictions, any future capacity limitations due to social distancing guidelines, public sentiment on social gatherings, travel and attendance patterns, travel restrictions, effectiveness and adoption of vaccines, the impact of new variants, potential supply chain disruptions and additional actions which could be taken by government authorities to manage the pandemic, the Company is not certain of the ultimate impact the COVID-19 pandemic could have on its estimates, business or results of operations.

Cash and Cash Equivalents

Cash and cash equivalents include cash held at financial institutions as well as operating cash onsite at each theme park to fund daily operations and amounts due from third-party credit card companies with settlement terms of less than four days. The amounts due from third-party credit card companies totaled $11.5 million and $4.9 million at December 31, 2021 and 2020, respectively. The cash balances in all accounts held at financial institutions are insured up to $250,000 by the Federal Deposit Insurance Corporation (“FDIC”) through December 31, 2021. At times, cash balances may exceed federally insured amounts and potentially subject the Company to a concentration of credit risk. Management believes that no significant concentration of credit risk exists with respect to these cash balances because of its assessment of the creditworthiness and financial viability of the respective financial institutions.

From time to time, the Company may invest in certain highly liquid instruments with original maturities of three months or less. These instruments may include money market mutual funds, certificates of deposit or time deposits, among others, which may or may not qualify for FDIC insurance. The Company classifies any such instruments as cash and cash equivalents based on their short-term maturities.

Restricted Cash

Restricted cash is recorded in prepaid expenses and other current assets in the accompanying consolidated balance sheets. Restricted cash consists primarily of funds received from strategic partners for use in approved marketing and promotional activities.

<table>
<thead>
<tr>
<th>December 31, 2021 (In thousands)</th>
<th>December 31, 2020 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$443,707</td>
</tr>
<tr>
<td>Restricted cash, included in prepaid expenses and other current assets</td>
<td>779</td>
</tr>
<tr>
<td>Total cash, cash equivalents and restricted cash</td>
<td>$444,486</td>
</tr>
</tbody>
</table>

Accounts Receivable—Net

Accounts receivable are reported at net realizable value and consist primarily of amounts due from customers for the sale of admission products, including amounts due for admissions products purchased on monthly installment arrangements. The Company is not exposed to a significant concentration of credit risk. The Company records an allowance on trade accounts receivable with an offset to the provision for bad debt for estimated credit losses expected based on its history of uncollectable accounts. For all periods presented, the provision for bad debt was immaterial. The Company also records an allowance for estimated credit losses on amounts due from monthly installment arrangements based on historical default rates. As of December 31, 2021 and 2020, the Company recorded $17.7 million and $6.7 million, respectively, as an allowance on its installment arrangements, which is included in accounts receivable, net, in the accompanying consolidated balance sheets, with a corresponding reduction to deferred revenue.

F-10
Inventories

Inventories are accounted for using the weighted average cost method and are stated at the lower of cost or net realizable value. Inventories consist primarily of products for resale, including merchandise, culinary items and miscellaneous supplies. Obsolete or excess inventories are recorded at their estimated realizable value.

Property and Equipment—Net

Property and equipment are recorded at cost. The cost of ordinary or routine maintenance, repairs, spare parts and minor renewals is expensed as incurred. Development costs associated with new attractions and products are generally capitalized after necessary feasibility studies have been completed and final concept or contracts have been approved. The cost of assets is depreciated using the straight-line method based on the following estimated useful lives:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>10-40 years</td>
</tr>
<tr>
<td>Buildings</td>
<td>5-40 years</td>
</tr>
<tr>
<td>Rides, attractions and equipment</td>
<td>3-20 years</td>
</tr>
<tr>
<td>Animals</td>
<td>1-50 years</td>
</tr>
</tbody>
</table>

Certain costs related to animals exhibited in the theme parks are capitalized and amortized over their estimated lives (1-50 years). All costs to care for animals are expensed as incurred. Construction in progress assets consist primarily of new rides, attractions and infrastructure improvements that have not yet been placed in service. These assets are stated at cost and are not depreciated. Once construction of the assets is completed and placed into service, assets are reclassified to the appropriate asset class based on their nature and depreciated in accordance with the useful lives above. Debt interest is capitalized on all active construction projects. Total interest capitalized for the years ended December 31, 2021, 2020 and 2019 was $7.3 million, $6.3 million and $4.6 million, respectively.

Computer System Development Costs

The Company capitalizes computer system development costs that meet established criteria and, once placed in service, amortizes those costs to expense on a straight-line basis over five years. Total capitalized costs related to computer system development costs, net of accumulated amortization, were $1.5 million and $2.4 million as of December 31, 2021 and 2020, respectively, and are recorded in other assets in the accompanying consolidated balance sheets. Accumulated amortization was $12.4 million and $11.2 million as of December 31, 2021 and 2020, respectively. Amortization expense of capitalized computer system development costs during the years ended December 31, 2021, 2020 and 2019 was $1.4 million, $1.7 million and $2.2 million, respectively, and is recorded in depreciation and amortization in the accompanying consolidated statements of comprehensive income (loss). Systems reengineering costs do not meet the proper criteria for capitalization and are expensed as incurred.

Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill and other indefinite-lived intangible assets are not amortized, but instead reviewed for impairment at least annually during the fourth quarter, and as of an interim date should factors or indicators become apparent that would require an interim test, with ongoing recoverability based on applicable reporting unit overall financial performance and consideration of significant events or changes in the overall business environment or macroeconomic conditions. Such events or changes in the overall business environment could include, but are not limited to, significant negative trends or unanticipated changes in the competitive or macroeconomic environment.

In assessing goodwill for impairment, the Company may choose to initially evaluate qualitative factors to determine if it is more likely than not that the estimated fair value of a reporting unit is less than its carrying amount. The Company considers several factors, including macroeconomic conditions, industry and market conditions, overall financial performance of the reporting unit, changes in management, strategy or customers, and relevant reporting unit specific events such as a change in the carrying amount of net assets, a more likely than not expectation of selling or disposing all, or a portion, of a reporting unit, and the testing of recoverability of a significant asset group within a reporting unit. If the qualitative assessment is not conclusive, then a quantitative impairment analysis for goodwill is performed at the reporting unit level. The Company may also choose to perform this quantitative impairment analysis instead of the qualitative analysis. The quantitative impairment analysis compares the estimated fair value of the reporting unit, determined using the income and/or market approach, to its recorded amount. If the recorded amount exceeds the fair value, then a goodwill impairment charge is recorded for the difference up to the recorded amount of goodwill.

The determination of fair value in the Company’s goodwill impairment analysis is based on an estimate of fair value for the relevant reporting unit utilizing known and estimated inputs at the evaluation date. Some of those inputs include, but are not limited to, estimates of future revenue and expense growth, estimated market multiples, expected capital expenditures, income tax rates and cost of invested capital.
The Company’s other indefinite-lived intangible assets consist of certain trade names/trademarks and other intangible assets which, after considering legal, regulatory, contractual, and other competitive and economic factors, are determined to have indefinite lives and are valued using the relief from royalty method. Trade names/trademarks are combined by brand as a unit of accounting when testing for impairment as the brand represents the highest and best use of the asset and drives the Company’s marketing strategy and international license agreements. Estimates required in this valuation method include estimated future revenues impacted by the trade names/trademarks, royalty rates, and appropriate discount rates. Projections are based on management’s best estimates given recent financial performance, market trends, strategic plans, brand awareness, operating characteristics by park, and other available information. See Note 9–Goodwill and Trade Names/Trademarks, Net, for further details.

**Impairment of Long-Lived Assets**

All long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. An impairment loss may be recognized when estimated undiscounted future cash flows expected to result from the use of the asset, including disposition, are less than the carrying value of the asset. The measurement of the impairment loss to be recognized is based upon the difference between the estimated fair value and the carrying amounts of the assets.

Fair value is generally determined based upon a discounted cash flow analysis. In order to determine if an asset has been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available (generally a theme park). See further discussion in Note 8–Property and Equipment, Net.

**Self-Insurance Reserves**

Reserves are recorded for the estimated amounts of guest and employee claims and expenses incurred each period that are not covered by insurance. Reserves are established for both identified claims and incurred but not reported (“IBNR”) claims. Such amounts are accrued for when claim amounts become probable and estimable. Reserves for identified claims are based upon the Company’s historical claims experience and third-party estimates of settlement costs. Reserves for IBNR claims are based upon the Company’s claims data history, actuarially determined loss development factors and qualitative considerations such as claims management activities. The Company maintains self-insurance reserves for healthcare, auto, general liability and workers’ compensation claims. Total claims reserves were $30.5 million at December 31, 2021, of which $1.7 million is recorded in accrued salaries, wages and benefits, $8.2 million is recorded in other accrued liabilities and the remaining long-term portion is recorded in other liabilities in the accompanying consolidated balance sheets. Total claims reserves were $31.1 million at December 31, 2020, of which $1.8 million is recorded in accrued salaries, wages and benefits, $7.5 million is recorded in other accrued liabilities and the remaining long-term portion is recorded in other liabilities in the accompanying consolidated balance sheets. All reserves are periodically reviewed for changes in facts and circumstances and adjustments are made as necessary.

**Debt Issuance Costs**

Debt issuance costs are amortized to interest expense using the effective interest method over the term of the related debt and are included in long-term debt, net, in the accompanying consolidated balance sheets. See further discussion in Note 11–Long-Term Debt.

**Share Repurchase Program 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 December 31, 2021 and 2020 is recorded as a reduction to stockholders’ (deficit) equity. See further discussion of the Company’s share repurchase program in Note 20–Stockholders’ (Deficit) Equity.

**Revenue Recognition**

The Company records revenue in accordance with Accounting Standards Codification ("ASC"), Topic 606, Revenue from Contracts with Customers, which is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of ASC 606, the Company performs the following five steps: (i) identify the contracts with customers; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when or as the Company satisfies the performance obligations. ASC 606 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. Revenue is recorded net of sales-related taxes collected from guests and remitted or payable to government taxing authorities.
Admissions Revenue

Admissions revenue primarily consists of single-day tickets, annual or season passes or other multi-day or multi-park admission products. Admission products with similar characteristics are analyzed using a portfolio approach for each separate park as the Company expects that the effects on the consolidated financial statements of applying ASC 606 to the portfolio does not differ materially from applying the guidance to individual contracts within the portfolio. For single-day tickets, the Company recognizes revenue at a point in time, upon admission to the park. Annual passes, season passes or other multi-day or multi-park passes allow guests access to specific parks over a specified time period. For these pass and multi-use products, revenue is deferred and recognized over the terms of the admission product based on estimated redemption rates for similar products and is adjusted periodically. The Company estimates redemption rates using historical and forecasted attendance trends by park for similar products. Attendance trends factor in seasonality and are adjusted based on actual trends periodically. These estimated redemption rates impact the timing of when revenue is recognized on these products. Actual results could materially differ from these estimates based on actual attendance patterns. Revenue is recognized on a pro-rata basis based on the estimated allocated selling price of the admission product. For pass products purchased on an installment plan that have met their initial commitment period and have transitioned to a month to month basis, monthly charges are recognized as revenue as payments are received each month, with the exception of payments received during the temporary park closures in 2020 (see further discussion which follows). For 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.

In 2020, as a result of the temporary park closures due to the COVID-19 pandemic, the Company upgraded some of its pass products and extended pass expiration dates for at least the equivalent period the related parks were closed. As a result, the Company adjusted its estimated redemption and recognition patterns on these products to reflect the fact that there was no attendance during the park closures and accordingly the Company did not recognize revenue from these admission products while the parks were temporarily closed in 2020. For passes under installment plans that had transitioned to a month to month basis, the Company temporarily paused monthly charges when the related parks reopened for the equivalent period the respective parks were closed. Accordingly, payments received during the closure period were recorded as deferred revenue and recognized as revenue once the respective parks reopened in 2020, which may not have necessarily reflected attendance patterns for these guests. The Company has also entered into agreements with certain external theme park, zoo and other attraction operators to jointly market and sell single and multi-use admission products. These joint products allow admission to both a Company park(s) and an external park, zoo or other attraction. The agreements with the external partners specify the allocation of revenue to Company parks from any jointly sold products. Whether the Company or the external partner sells the product, the Company’s portion of revenue is deferred until the first time the product is redeemed at one of the Company’s parks and recognized over its related use in a manner consistent with the Company’s other admission products.

Additionally, the Company barter theme park admission products and sponsorship opportunities for advertising, employee recognition awards, and various other services. The fair value of the products or services is recognized into admissions revenue and related expenses at the time of the exchange and approximates the estimated fair value of the goods or services provided or received, whichever is more readily determinable. For the years ended December 31, 2021, 2020 and 2019, amounts included within admissions revenue with an offset to either selling, general and administrative expenses or operating expenses in the accompanying consolidated statements of comprehensive income (loss) related to bartered ticket transactions were $13.6 million, $4.7 million and $16.2 million, respectively.

Food, Merchandise and Other Revenue

Food, merchandise and other revenue primarily consists of food and beverage, merchandise, parking and other in-park products and also includes other miscellaneous revenue 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. Certain admission products may also include bundled products at the time of purchase, such as food and beverage or merchandise items. The Company conducts an analysis of bundled products to identify separate distinct performance obligations that are material in the context of the contract. For those products that are determined to be distinct performance obligations and material in the context of the contract, the Company allocates a portion of the transaction price to each distinct performance obligation using each performance obligation’s standalone price. If the bundled product is related to a pass product and offered over time, revenue will be recognized over time accordingly.

See further discussion in Note 4 – Revenues.

Advertising and Promotional Costs

Advertising production costs are deferred and expensed the first time the advertisement is shown. Other advertising and media costs are expensed as incurred and, for the years ended December 31, 2021, 2020 and 2019, totaled approximately $81.4 million, $48.1 million and $138.3 million, respectively, and are included in selling, general and administrative expenses in the accompanying consolidated statements of comprehensive income (loss).
Equity-Based Compensation

In accordance with ASC 718, Compensation-Stock Compensation, the Company measures the cost of employee services rendered in exchange for equity-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 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 related to these awards changes in a subsequent period, all equity compensation expense related to those awards that would have been recorded over the requisite service period had the awards been considered probable at the new percentage from inception, is recorded as a cumulative catch-up at such subsequent date. The Company recognizes the impact of forfeitures as they occur. The Company grants time-vesting restricted shares and units, time-vesting deferred stock units, performance-vesting restricted shares and units, and stock options. The Company uses the closing stock price on the date of grant to value its time-vesting and performance-vesting restricted share awards. The Company uses the Black-Scholes Option Pricing Model to value stock options at the date of grant.

On occasion, the Company may modify the terms or conditions of an equity award for its employees. If an award is modified, the Company evaluates the type of modification in accordance with ASC 718 to determine the appropriate accounting. See further discussion in Note 19–Equity-Based Compensation.

Restructuring Costs

The Company accounts for exit or disposal of activities in accordance with ASC 420, Exit or Disposal Cost Obligations if the one-time benefit arrangements are not part of an ongoing benefit arrangement or an individual deferred compensation contract. Nonretirement post-employment benefits that are part of an ongoing benefit arrangement or an individual deferred compensation arrangement are accounted for in accordance with ASC 712, Compensation-Nonretirement Postemployment Benefits. The Company defines a business restructuring as an exit or disposal activity that includes but is not limited to a program which is planned and controlled by management and materially changes either the scope of a business or the manner in which that business is conducted. Business restructuring charges may include (i) one-time termination benefits related to employee separations, (ii) contract termination costs and (iii) other related costs associated with exit or disposal activities.

If the one-time benefit arrangements are part of an ongoing benefit arrangement or an individual deferred compensation contract, a liability is recognized and measured at its fair value for one-time termination benefits once the plan of termination is communicated to affected employees and it meets all of the following criteria: (i) management commits to a plan of termination, (ii) the plan identifies the number of employees to be terminated and their job classifications or functions, locations and the expected completion date, (iii) the plan establishes the terms of the benefit arrangement and (iv) it is unlikely that significant changes to the plan will be made or the plan will be withdrawn. If the one-time benefit arrangements are part of an ongoing benefit arrangement or an individual deferred compensation contract, a liability is recognized and measured at its fair value when the following conditions are met: (i) the obligation is attributable to services already rendered; (ii) rights to those benefits accumulate; (iii) payment of the benefits is probable; and (iv) amount can be reasonably estimated. If these four conditions are not met, a liability is recognized when it is probable that a liability has been incurred and the amount can be reasonably estimated in accordance with ASC 450, Contingencies.

Contract termination costs include costs to terminate a contract or costs that will continue to be incurred under the contract without benefit to the Company. A liability is recognized and measured at its fair value when the Company either terminates the contract or ceases using the rights conveyed by the contract.

See further discussion in Note 21–Severance and Other Separation Costs.

Leases

The Company leases land, warehouse and office space, and equipment, which are classified as either operating or finance leases. Under the provisions of ASC 842, Leases, lease liabilities and right of use assets are recognized at the lease commencement date on the basis of the present value of the future lease payments, with the right of use being adjusted by any prepaid or accrued rent, lease incentives, and initial direct costs. The lease term for each lease includes the noncancelable period plus any periods subject to an option for renewal when it is reasonably certain that the Company will exercise that option. The subsequent measurement of a lease is dependent on whether the lease is classified as an operating or finance lease. Operating leases have a straight-line expense pattern that is recognized as either operating expenses or selling, general, and administrative expenses in the consolidated statements of comprehensive income (loss). Finance leases have a front-loaded expense recognition pattern that is comprised of amortization expense and interest expense that is included in depreciation and amortization and interest expense in the consolidated statements of comprehensive income (loss). The Company initially evaluates the classification of its leases as of the lease commencement date and reevaluates the classification of its leases upon the occurrence of certain lease remeasurement events and when there is a lease modification that is not accounted for as a separate contract.
The present value of future lease payments is calculated using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate, which reflects the rate of interest it would pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. As most of the Company’s leases do not provide an implicit rate, the Company uses incremental borrowing rates based on the information available at the lease commencement date, liability remeasurement date, or lease modification date in determining the present value of the lease payments. In calculating the incremental borrowing rates, the Company considered recent ratings from credit agencies, recent trading prices on the Company’s debt, and current lease demographic information. The Company applies the incremental borrowing rates at a portfolio level based on lease terms.

In accordance with the short-term lease recognition exemption of ASC 842, the Company does not recognize on its balance sheet leases with an initial lease term of 12 months or less. Lease expense for these short-term leases is recognized on a straight-line basis over the lease term.

Some of the Company’s leases include one or more options to renew, with renewal terms that can extend the lease term from one to ten years or more. The exercise of lease renewal options is at the Company’s sole discretion and the inclusion of the renewal options in the lease term would only occur when the Company concludes it is reasonably certain of exercising the option(s). Certain leases also include options to purchase the leased property.

Certain of the Company’s lease agreements include rental payments based on a percentage of sales over contractual levels and others include rental payments adjusted periodically for inflation. These variable lease payments are typically recognized when the underlying event occurs and are included in operating expenses in the Company’s consolidated statements of comprehensive income (loss) in the same line item as the expense arising from fixed lease payments. The Company’s lease agreements do not contain any material residual value guarantees, material restrictive covenants or material variable lease costs other than those described in Note 14–Leases related to the Company’s land lease.

All long-lived assets, including right of use assets associated with leases, are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. The measurement of an impairment loss to be recognized is based upon the difference between the estimated fair value and the carrying amounts of the assets. Fair value is generally determined based upon a discounted cash flow analysis. See further discussion in Note 14–Leases.

**Income Taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is established for deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Realization is dependent on generating sufficient future taxable income or the reversal of deferred tax liabilities during the periods in which those temporary differences become deductible. Forecasted financial performance is not used as evidence until such time as the Company has cumulative pretax income for a rolling 36-month period. The Company evaluates its tax positions by determining if it is more likely than not a tax position is sustainable upon examination, based upon the technical merits of the position, before any of the benefit is recorded for financial statement purposes. The benefit is measured as the largest dollar amount of the position that is more likely than not to be sustained upon settlement. Previously recorded benefits that no longer meet the more likely than not threshold are charged to earnings in the period that the determination is made. Interest and penalties accrued related to unrecognized tax benefits are charged to the (benefit from) provision for income taxes in the accompanying consolidated statements of comprehensive income (loss). See further discussion in Note 13–Income Taxes.

**Contingencies**

The Company accounts for contingencies in accordance with ASC 450, *Contingencies*. For loss contingencies, such as potential legal settlements, the Company records an estimated loss when payment is considered probable and the amount of loss is reasonably estimable. In assessing loss contingencies related to legal proceedings that are pending against the Company, the Company evaluates the perceived merits of the legal proceedings as well as the perceived merits of the amount of relief sought or expected to be sought therein. If a loss is considered probable but the best estimate of the loss can only be identified within a range and no specific amount within that range is more likely, then the minimum of the range is accrued. Legal and related professional services costs to defend litigation are expensed as incurred. Insurance recoveries related to potential claims are recognized up to the amount of the recorded liability when coverage is confirmed and the estimated recoveries are probable of payment. These recoveries are not netted against the related liabilities for financial statement presentation. Additionally, for any potential gain contingencies, the Company does not recognize the gain until the period that all contingencies have been resolved and the amounts are realizable. See further discussion in Note 15–Commitments and Contingencies.

F-15
Fair Value Measurements

Fair value is a market-based measurement, not an entity-specific measurement and is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. An entity is permitted to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. The Company has not elected to use the fair value option for any of its financial assets and financial liabilities that are not already recorded at fair value. Carrying values of financial instruments classified as current assets and current liabilities approximate fair value, due to their short-term nature.

Fair Value Hierarchy—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. Fair value is determined for assets and liabilities, based upon significant levels of observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions. This hierarchy requires the use of observable market data when available. These two types of inputs have created the following fair value hierarchy:

- **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 and include situations where there is little, if any, market activity for the asset or liability.

Determination of Fair Value—If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest and currency rates. Assets or liabilities valued using such internally generated valuation techniques are classified according to whether the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable. See further discussion in Note 16—Fair Value Measurements.

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 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.

Derivative Instruments and Hedging Activities

ASC 815, Derivatives and Hedging, provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (i) how and why an entity uses derivative instruments, (ii) how the entity accounts for derivative instruments and related hedged items, and (iii) how derivative instruments and related hedged items affect an entity’s financial position, results of operations and cash flows. Further, qualitative disclosures are required that explain the Company’s objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, the Company reports all derivatives, if any, on the balance sheet at fair value as either assets or liabilities. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. For derivatives designated and that qualify as cash flow hedges of interest rate risk, the changes in fair value of the derivative contract are recorded in accumulated other comprehensive income (loss), net of taxes, and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings.
Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting. See further discussion in Note 12–Derivative Instruments and Hedging Activities.

3. RECENT ACCOUNTING PRONOUNCEMENTS

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

Recently Implemented Accounting Standards

During the year ended December 31, 2021, the Company adopted the following Accounting Standards Updates (“ASUs”) which had no material impact on its consolidated financial statements or disclosures:

- **ASU 2020-04, Reference Rate Reform (Topic 848)**, provides optional transition guidance to ease the potential accounting burden associated with transitioning away from the London Interbank Offered Rate (“LIBOR”), with optional expedients related to the application of GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. The provisions of this ASU are effective upon issuance and can be applied prospectively through December 31, 2022. The adoption of this ASU did not have a material impact on the Company’s consolidated financial statements or disclosure.

- **ASU 2019-12, Simplifying the Accounting for Income Taxes**, simplifies various aspects related to accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and clarifying certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 was effective for the Company beginning January 1, 2021. Most amendments within this ASU are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The adoption of this ASU did not have a material impact on the Company’s consolidated financial statements or disclosures.

4. REVENUES

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 December 31, 2021 and 2020, $14.5 million and $13.4 million, respectively, is included in other liabilities in the accompanying consolidated balance sheets related to the long-term portion of deferred revenue, which primarily relates to the Company’s international agreement, as discussed in the following section.

The following table reflects the Company’s deferred revenue balance as of December 31, 2021 and 2020:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred revenue, including long-term portion</td>
<td>$169,333</td>
<td>$144,187</td>
</tr>
<tr>
<td>Less: Deferred revenue, long-term portion, included in other liabilities</td>
<td>14,540</td>
<td>13,428</td>
</tr>
<tr>
<td>Deferred revenue, short-term portion</td>
<td>$154,793</td>
<td>$130,759</td>
</tr>
</tbody>
</table>

The majority of the deferred revenue, short term portion, balance outstanding as of January 1, 2021 was recognized as revenue during the year ended December 31, 2021.

International Agreements

The Company previously received $10.0 million in deferred revenue recorded in other liabilities related to a nonrefundable payment received from a partner in connection with a project in the Middle East to provide certain services pertaining to the planning and design of SeaWorld Abu Dhabi, a marine life theme park on Yas Island (the “Middle East Project”), with funding received expected to offset internal expenses. The Company also receives additional funds from its partner related to agreed upon services and reimbursements of costs incurred by the Company on behalf of the Middle East Project, including approximately $4.5 million and $1.9 million of additional deferred revenue recorded in other liabilities in the accompanying consolidated balance sheets at December 31, 2021 and 2020, respectively. Separately, the Company recognizes an asset for the costs incurred to fulfill the contract if the costs are specifically identifiable, enhance resources that will be used to satisfy performance obligations in the future and are expected to be recovered. As a result, approximately $9.6 million and $5.9 million of costs incurred related to the Middle East Project are recorded in other assets in the accompanying consolidated balance sheet as of December 31, 2021 and 2020, respectively. The related deferred revenue and expense will begin to be recognized when substantially all of the services have been performed. The Company continually monitors performance on the contract and will make adjustments, if necessary. Construction for the Middle East Project is on track and scheduled to be completed by the end of 2022.
In March 2017, the Company entered into a Park Exclusivity and Concept Design Agreement and a Center Concept and Preliminary Design Support Agreement (collectively, the “ZHG Agreements”) with an affiliate of Zhonghong Zhuoye Group Co., Ltd. (“ZHG Group”), to provide design, support and advisory services for various potential projects and grant exclusive rights in China, Taiwan, Hong Kong and Macau. In April 2019, the Company terminated the ZHG Agreements for non-payment of undisputed amounts owed. For the year ended December 31, 2019, the Company recorded revenue related to the ZHG Agreements of approximately $1.7 million, which is included in food, merchandise and other revenue in the accompanying consolidated statements of comprehensive income (loss). There were no amounts recorded as revenue related to the ZHG Agreements in the years ended December 31, 2021 and 2020. See Note 17–Related-Party Transactions for further details.

5. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share is computed as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (in thousands)</td>
<td>$256,513</td>
<td>($312,321)</td>
<td>$89,476</td>
</tr>
<tr>
<td>Shares</td>
<td>78,302</td>
<td>78,194</td>
<td>80,309</td>
</tr>
<tr>
<td>Per Share Amount</td>
<td>$3.28</td>
<td>$(3.99)</td>
<td>1.11</td>
</tr>
</tbody>
</table>

Effect of dilutive incentive-based awards

- Year Ended December 31, 2021: 1,273
- Year Ended December 31, 2019: 735

Diluted earnings (loss) per share

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (in thousands)</td>
<td>$256,513</td>
<td>($312,321)</td>
<td>$89,476</td>
</tr>
<tr>
<td>Shares</td>
<td>79,575</td>
<td>78,194</td>
<td>81,044</td>
</tr>
<tr>
<td>Per Share Amount</td>
<td>$3.22</td>
<td>$(3.99)</td>
<td>1.10</td>
</tr>
</tbody>
</table>

In accordance with ASC 260, Earnings Per Share, basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period (excluding treasury stock and unvested restricted stock awards). Unvested restricted stock awards are eligible to receive dividends, if any; however, dividend rights will be forfeited if the award does not vest. Accordingly, only vested shares of formerly restricted stock are included in the calculation of basic earnings (loss) per share. The weighted average number of repurchased shares during the period, if any, which are held as treasury stock, are excluded from shares of common stock outstanding.

Diluted earnings (loss) per share is determined using the treasury stock method based on the dilutive effect of certain unvested restricted stock awards and certain shares of common stock that are issuable upon exercise of stock options. During the years ended December 31, 2021 and 2019, there were approximately 146,000 and 305,000 anti-dilutive shares of common stock excluded from the computation of diluted earnings per share, respectively. During the year ended December 31, 2020, there were approximately 2,253,000 potentially dilutive shares of common stock excluded from the computation of diluted loss per share as their effect would have been anti-dilutive due to the Company’s net loss in the period.

The Company’s outstanding performance-vesting restricted stock awards 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. For the years ended December 31, 2021 and 2019, approximately 352,000 and 247,000 performance-vesting restricted stock awards had met their performance criteria for their respective performance years as of the end of the reporting periods, respectively, and are therefore included in the calculation of diluted earnings per share. See further discussion in Note 19–Equity-Based Compensation.

6. INVENTORIES

Inventories as of December 31, 2021 and 2020 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise</td>
<td>$23,454</td>
<td>$26,044</td>
</tr>
<tr>
<td>Food and beverage</td>
<td>5,518</td>
<td>4,027</td>
</tr>
<tr>
<td>Other supplies</td>
<td>506</td>
<td>629</td>
</tr>
<tr>
<td>Total inventories</td>
<td>$29,478</td>
<td>$30,700</td>
</tr>
</tbody>
</table>
7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of December 31, 2021 and 2020 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>$5,319</td>
<td>$2,757</td>
</tr>
<tr>
<td>Prepaid marketing and advertising costs</td>
<td>824</td>
<td>1,175</td>
</tr>
<tr>
<td>Other</td>
<td>11,120</td>
<td>8,486</td>
</tr>
<tr>
<td>Total prepaid expenses and other current assets</td>
<td>$17,263</td>
<td>$12,418</td>
</tr>
</tbody>
</table>

8. PROPERTY AND EQUIPMENT, NET

The components of property and equipment, net as of December 31, 2021 and 2020, consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$286,200</td>
<td>$286,200</td>
</tr>
<tr>
<td>Land improvements</td>
<td>417,931</td>
<td>405,652</td>
</tr>
<tr>
<td>Buildings</td>
<td>753,209</td>
<td>737,231</td>
</tr>
<tr>
<td>Rides, attractions and equipment</td>
<td>1,665,122</td>
<td>1,547,786</td>
</tr>
<tr>
<td>Animals</td>
<td>142,017</td>
<td>142,307</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>120,829</td>
<td>153,529</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(1,740,144)</td>
<td>(1,611,745)</td>
</tr>
<tr>
<td>Total property and equipment, net</td>
<td>$1,645,164</td>
<td>$1,660,960</td>
</tr>
</tbody>
</table>

Depreciation expense was approximately $146.5 million, $148.0 million, and $156.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

For the years ended December 31, 2021, 2020 and 2019, the Company recorded approximately $6.6 million, $6.7 million and $2.7 million, respectively, in fixed asset write-offs, which is included in operating expenses in the accompanying consolidated statement of comprehensive income (loss).

See Note 1—Description of the Business, Impact of Global COVID-19 Pandemic, for further details regarding proactive measures the Company has taken starting in March 2020 relating to its capital expenditures including delaying the opening of certain new rides.

9. GOODWILL AND TRADE NAMES/TRADEMARKS, NET

Goodwill, Net

Goodwill, net, at December 31, 2021 and 2020 relates to the Company’s Discovery Cove reporting unit. The Company performed an annual qualitative assessment in the fourth quarter of 2021 and 2020 and concluded that further evaluation was unnecessary.

Trade Names/Trademarks, Net

During the fourth quarter of 2021, the Company performed a qualitative assessment for its indefinite-lived intangible assets and concluded that further evaluation was unnecessary. During the fourth quarter of 2020, the Company performed a quantitative assessment over certain trade names/ trademarks with a combined balance of $111.9 million related to its SeaWorld brand. Based on its assessment, the Company determined the estimated fair value exceeded its carrying value and therefore no impairment had occurred. The Company performed a qualitative assessment for its remaining other indefinite-lived intangible assets in the fourth quarter of 2020 and concluded that further evaluation was unnecessary.

Trade names/ trademarks, net, at December 31, 2021 and 2020, consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Weighted Average Amortization Period</th>
<th>Gross Carrying Amount</th>
<th>Accumulated Amortization</th>
<th>Net Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade names/ trademarks - indefinite lives</td>
<td>$157,000</td>
<td>$157,000</td>
<td>—</td>
<td>$157,000</td>
</tr>
<tr>
<td>Trade names/ trademarks - finite lives</td>
<td>9.3 years</td>
<td>12,900</td>
<td>12,900</td>
<td>—</td>
</tr>
<tr>
<td>Total trade names/ trademarks, net</td>
<td>$169,900</td>
<td>$12,900</td>
<td>$157,000</td>
<td></td>
</tr>
</tbody>
</table>
10. OTHER ACCRUED LIABILITIES

Other accrued liabilities as of December 31, 2021 and 2020, consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
</tr>
<tr>
<td>Accrued interest</td>
<td>$17,372</td>
<td>$23,422</td>
</tr>
<tr>
<td>Accrued taxes</td>
<td>784</td>
<td>10,518</td>
</tr>
<tr>
<td>Self-insurance reserve</td>
<td>8,210</td>
<td>7,540</td>
</tr>
<tr>
<td>Other</td>
<td>19,445</td>
<td>9,470</td>
</tr>
<tr>
<td>Total other accrued liabilities</td>
<td>$45,811</td>
<td>$50,950</td>
</tr>
</tbody>
</table>

As of December 31, 2021, other accrued liabilities above includes approximately $10.9 million related to certain contractual liabilities arising from the temporary COVID-19 park closures.

As of December 31, 2021, 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 and the first-priority senior secured notes issued in April 2020, for which interest is paid bi-annually in November and May. As of December 31, 2020, accrued interest above primarily relates to interest associated with the Company’s second-priority senior secured notes issued in August 2020, for which interest was paid bi-annually in February and August and the first-priority senior secured notes issued in April 2020. See further discussion in Note 11—Long-Term Debt.

11. LONG-TERM DEBT

Long-term debt, net, as of December 31, 2021 and 2020 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
</tr>
<tr>
<td>Term B Loans (effective interest rate of 3.50%)</td>
<td>$1,197,000</td>
<td>—</td>
</tr>
<tr>
<td>Term B-5 Loans (effective interest rate of 3.75%)</td>
<td>—</td>
<td>1,492,378</td>
</tr>
<tr>
<td>Senior Notes due 2029 (interest rate of 5.25%)</td>
<td>725,000</td>
<td>—</td>
</tr>
<tr>
<td>First-Priority Senior Secured Notes due 2025 (interest rate of 8.75%)</td>
<td>227,500</td>
<td>227,500</td>
</tr>
<tr>
<td>Second-Priority Senior Secured Notes due 2025 (interest rate of 9.50%)</td>
<td>—</td>
<td>500,000</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>2,149,500</td>
<td>2,219,878</td>
</tr>
<tr>
<td>Less: discounts and debt issuance costs</td>
<td>(32,665)</td>
<td>(27,236)</td>
</tr>
<tr>
<td>Less: current maturities</td>
<td>(12,000)</td>
<td>(15,505)</td>
</tr>
<tr>
<td>Total long-term debt, net</td>
<td>$2,104,835</td>
<td>$2,177,137</td>
</tr>
</tbody>
</table>

Refinancing Transactions

On August 25, 2021 (the “Closing Date”), 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 (the “Amended and Restated Credit Agreement”).

The Amended and Restated Credit Agreement provides for senior secured financing of up to $1,585.0 million, consisting of:

(i) a first lien term loan facility (the “Term Loan Facility” and the loans thereunder, the “Term B Loans”), in an aggregate principal amount of $1,200.0 million which was fully drawn on the Closing Date. The Term Loan Facility 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 $385.0 million, including both a letter of credit sub-facility and a swingline loan sub-facility. The Revolving Credit Facility will mature on August 25, 2026.

Also on August 25, 2021, SEA completed a private offering of $725.0 million aggregate principal amount of 5.250% senior notes due 2029 (the “Senior Notes”). See Senior Notes section which follows for more details.
The Company used proceeds of the Term B Loans drawn on the Closing Date, together with the proceeds from the offering of the Senior Notes and cash on hand, to redeem SEA’s then outstanding 9.500% second-priority senior secured notes due 2025 (the “Second-Priority Senior Secured Notes”), to refinance the SEA’s Existing Secured Credit Facilities, and to pay related expenses of the offering and refinancing (collectively, the “Refinancing Transactions”). As a result of the Refinancing Transactions, on August 25, 2021, SEA terminated its Existing Secured Credit Facilities and associated Term B-5 Loans and repaid all of its related outstanding obligations in respect of principal, interest and fees.

Prior to the Refinancing Transactions, on July 14, 2021, SEA completed a redemption of $50.0 million of its Second-Priority Senior Secured Notes and separately on August 25, 2021, SEA completed another redemption of $50.0 million of its Second-Priority Senior Secured Notes (collectively, the “Partial Redemptions”). Pursuant to the Partial Redemptions, the aggregate principal amount of the Second-Priority Senior Secured Notes were redeemed at a price equal to 103.000% of the respective principal amounts thereof, plus accrued and unpaid interest thereon to, but excluding, the respective redemption dates. In connection with the Refinancing Transactions, SEA also redeemed the remaining $400.0 million of its Second-Priority Senior Secured Notes (the “Full Redemption”). Pursuant to the Full Redemption, all of the aggregate principal amount of the Second-Priority Senior Secured Notes were redeemed at a price equal to the sum of (a) 100.000% of the outstanding principal amount of the Second-Priority Senior Secured Notes redeemed pursuant to the Full Redemption plus (b) approximately $34.3 million related to the Applicable Premium (as defined in the respective indenture), which is included in loss on early extinguishment of debt and write-off of discounts and debt issuance costs for the year ended December 31, 2021, plus (c) accrued and unpaid interest thereon to, but excluding, the redemption date.

**Discounts and Debt Issuance Costs**

In connection with the Refinancing Transactions, SEA recorded a discount of $12.0 million and debt issuance costs of $12.7 million, of which $2.8 million were paid directly to lenders, during the year ended December 31, 2021. Additionally, SEA wrote-off debt issuance costs and discounts of $21.5 million which is included in loss on early extinguishment of debt and write-off of discounts and debt issuance costs in the accompanying consolidated statement of comprehensive income (loss) for the year ended December 31, 2021.

In connection with the issuance of the First-Priority Senior Secured Notes and Second-Priority Senior Secured Notes, and as a result of certain amendments in 2020 to SEA’s then existing senior secured credit agreement, as previously disclosed, SEA recorded discounts and fees of approximately $21.9 million, of which approximately $13.8 million were paid directly to lenders, during the year ended December 31, 2020.

**Senior Secured Credit Facilities**

Borrowings of the Term B 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 LIBOR plus 1% per annum (provided that in no event shall such ABR rate with respect to the Term B Loans be less than 1.50% per annum) (“ABR”), in each case, plus an applicable margin of 2.00% or (ii) a LIBOR rate for the applicable interest period (provided that in no event shall such LIBOR rate with respect to the Term B Loans be less than 0.50% per annum) (“LIBOR”) plus an applicable margin of 3.00%.

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

In addition to paying interest on the outstanding principal under the Senior Secured Credit Facilities, the Company is required to pay a commitment fee equal to 0.50% per annum to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder. The Company will also be required to pay customary agency fees as well as letter of credit participation fees computed at a rate per annum equal to the applicable margin for LIBOR 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 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:

- beginning with the fiscal year ending on December 31, 2022, 50% (which percentage will be reduced to 25% and 0% if the Company satisfies certain net first lien senior secured leverage ratios) of annual excess cash flow, as defined under the Senior Secured Credit Facilities;
- 100% 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, except in connection with a repricing event in respect of the term loans as described below, subject to customary “breakage” costs with respect to LIBOR 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.

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 December 31, 2021, SEA had approximately $20.5 million of outstanding letters of credit, leaving approximately $364.5 million available under the Revolving Credit Facility, which was not drawn upon as of December 31, 2021.

**Senior Notes**

The Senior Notes will mature on August 15, 2029. Interest on the Senior Notes will accrue at 5.250% per annum and will be paid semi-annually, in arrears on February 15 and August 15 of each year, beginning February 15, 2022.

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 closed on a private offering of $227.5 million aggregate principal amount of 8.750% first-priority senior secured notes due 2025 (the “First-Priority Senior Secured Notes”).

The First-Priority Senior Secured Notes mature on May 1, 2025 and have interest payment dates of May 1 and November 1 with the first interest payment paid on November 2, 2020. On or after May 1, 2022, SEA may redeem the First-Priority Senior Secured Notes at its option, in whole at any time or in part from time to time, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, if redeemed during the 12-month period commencing on May 1 of the years as follows: (i) in 2022 at 104.375%; (ii) in 2023 at 102.188%; and (iii) in 2024 and thereafter at 100%. SEA may also redeem in the aggregate (at a redemption price expressed as a percentage of principal amount thereof): (i) 100% of the First-Priority Senior Secured Notes after certain events constituting a change of control at a redemption price of 101%, plus accrued and unpaid interest, if any, to, but excluding, the redemption date and (ii) up to 40% of the original aggregate principal amount of the First-Priority Senior Secured Notes with amounts equal to the net cash proceeds of certain equity offerings at a redemption price of 108.750%, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.
The First-Priority Senior Secured Notes are fully and unconditionally guaranteed by the Company, any subsidiary of the Company that directly or indirectly owns 100% of the issued and outstanding equity interests of SEA, and subject to certain exceptions, each of SEA’s subsidiaries that guarantees SEA’s existing senior secured credit facilities.

Second-Priority Senior Secured Notes

On August 5, 2020, SEA closed on a private offering of $500.0 million aggregate principal amount of Second-Priority Senior Secured Notes. Net of expenses related to the offering of the Second-Priority Senior Secured Notes and an amendment to its then existing senior secured credit agreement, the Company used a portion of the proceeds from the issuance of the Second-Priority Senior Secured Notes to repay the then outstanding borrowings of $311.0 million under the Revolving Credit Facility.

The Second-Priority Senior Secured Notes were scheduled to mature on August 1, 2025 and had interest payment dates of February 1 and August 1 with the first interest payment paid on February 1, 2021. See additional discussion in the preceding Refinancing Transactions section regarding the full redemption of the Second-Priority Senior Secured Notes in 2021.

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

The Debt Agreements permit an unlimited capacity for restricted payments if the net total leverage ratio on a pro forma basis does not exceed 4.25 to 1.00 after giving effect to the payment of any such restricted payment. As of December 31, 2021, the net total leverage ratio as calculated under the Debt Agreements was 2.48 to 1.00.

As of December 31, 2021, SEA was in compliance with all covenants contained in the documents governing the Debt Agreements.

Long-term debt at December 31, 2021, is repayable as follows and does not include the impact of any future voluntary prepayments:

<table>
<thead>
<tr>
<th>Years Ending December 31</th>
<th>(In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$12,000</td>
</tr>
<tr>
<td>2023</td>
<td>12,000</td>
</tr>
<tr>
<td>2024</td>
<td>12,000</td>
</tr>
<tr>
<td>2025</td>
<td>239,500</td>
</tr>
<tr>
<td>2026</td>
<td>12,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,862,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,149,500</strong></td>
</tr>
</tbody>
</table>

Interest Rate Swap Agreements

The Company previously had five interest rate swap agreements (the “Interest Rate Swap Agreements”) which effectively fixed the interest rate on the LIBOR-indexed interest payments associated with $1.0 billion of SEA’s outstanding long-term debt. The Interest Rate Swap Agreements expired on May 14, 2020.

SEA designated the Interest Rate Swap Agreements above as qualifying cash flow hedge accounting relationships as further discussed in Note 12–Derivative Instruments and Hedging Activities which follows.
Cash paid for interest relating to the Second-Priority Senior Secured Notes, the Senior Secured Credit Facilities, the First-Priority Senior Secured Notes, and the Interest Rate Swap Agreements, net of amounts capitalized, as applicable, was $116.1 million, $73.7 million and $80.5 million during the years ended December 31, 2021, 2020 and 2019, respectively. See Note 10–Other Accrued Liabilities for accrued interest included in the accompanying consolidated balance sheets as of December 31, 2021 and 2020.

12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk primarily by managing the amount, sources and duration of its debt funding and at times through the use of derivative financial instruments. Specifically, the Company has previously entered into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company’s derivative financial instruments, if any, are used to manage differences in the amount, timing and duration of the Company’s known or expected cash receipts and its known or expected cash payments principally related to the Company’s borrowings. The Company does not speculate using derivative instruments.

In May 2020, the Company’s Interest Rate Swap Agreements expired. As such, the Company did not have any derivative instruments outstanding as of December 31, 2021 and 2020.

Cash Flow Hedges of Interest Rate Risk

The Company’s objectives in using interest rate derivatives were to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily used interest rate swaps at times as part of its interest rate risk management strategy. During the years ended December 31, 2020 and 2019, such derivatives were used to hedge a portion of the variable cash flows associated with existing variable-rate debt.

The Interest Rate Swap Agreements were designated as cash flow hedges of interest rate risk. The changes in the fair value of derivatives designated and that qualify as cash flow hedges were recorded in accumulated other comprehensive income (loss) and were subsequently reclassified into earnings in the period that the hedged forecasted transaction affected earnings. Amounts reported in accumulated other comprehensive income (loss) related to derivatives were reclassified to interest expense as interest payments were made on the Company’s variable-rate debt.

Tabular Disclosure of the Effect of Derivative Instruments on the Statements of Comprehensive Income (Loss)

The table below presents the pre-tax effect of the Company’s derivative financial instruments in the accompanying consolidated statements of comprehensive income (loss) for the year ended December 31, 2020:

<table>
<thead>
<tr>
<th>Derivatives in Cash Flow Hedging Relationships:</th>
<th>Year Ended December 31, 2020 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss recognized in accumulated other comprehensive income (loss)</td>
<td>$ (370)</td>
</tr>
<tr>
<td>Amounts reclassified from accumulated other comprehensive income (loss) to interest expense</td>
<td>$ 2,501</td>
</tr>
</tbody>
</table>

Changes in Accumulated Other Comprehensive Income (Loss)

The following table reflects the changes in accumulated other comprehensive income (loss), net of tax, for the year ended December 31, 2020:

<table>
<thead>
<tr>
<th>Accumulated other comprehensive income (loss) (In thousands):</th>
<th>Year Ended December 31, 2020 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated other comprehensive loss at December 31, 2019</td>
<td>(1,559)</td>
</tr>
<tr>
<td>Other comprehensive loss before reclassifications</td>
<td>(271)</td>
</tr>
<tr>
<td>Amounts reclassified from accumulated other comprehensive loss to interest expense</td>
<td>1,830</td>
</tr>
<tr>
<td>Change in other comprehensive income (loss), net of tax</td>
<td>1,559</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss) at December 31, 2020</td>
<td>$ —</td>
</tr>
</tbody>
</table>

F-24
13. INCOME TAXES

For the years ended December 31, 2021, 2020 and 2019, the (benefit from) provision for income taxes is comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2021 (In thousands)</th>
<th>2020 (In thousands)</th>
<th>2019 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current income tax provision</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>(31)</td>
<td>(136)</td>
<td>(77)</td>
</tr>
<tr>
<td>State</td>
<td>3,984</td>
<td>1,020</td>
<td>1,580</td>
</tr>
<tr>
<td>Foreign</td>
<td>—</td>
<td>5</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total current income tax provision</strong></td>
<td>3,953</td>
<td>889</td>
<td>1,530</td>
</tr>
<tr>
<td><strong>Deferred income tax (benefit) provision</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>345</td>
<td>(19,718)</td>
<td>21,825</td>
</tr>
<tr>
<td>State</td>
<td>(4,462)</td>
<td>(11,696)</td>
<td>16,173</td>
</tr>
<tr>
<td><strong>Total deferred income tax (benefit) provision</strong></td>
<td>(4,117)</td>
<td>(31,414)</td>
<td>37,998</td>
</tr>
<tr>
<td><strong>Total income tax (benefit) provision</strong></td>
<td>$ (164)</td>
<td>$ (30,525)</td>
<td>$ 39,528</td>
</tr>
</tbody>
</table>

The deferred income tax (benefit) provision represents the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Cash paid for income taxes totaled $5.9 million, $0.5 million and $1.4 million, for the years ended December 31, 2021, 2020 and 2019, respectively.

The components of deferred income tax assets and liabilities as of December 31, 2021 and 2020 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021 (In thousands)</th>
<th>2020 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred income tax assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition and debt related costs</td>
<td>$ 4,292</td>
<td>$ 4,128</td>
</tr>
<tr>
<td>Net operating losses</td>
<td>199,656</td>
<td>272,943</td>
</tr>
<tr>
<td>Goodwill impairment</td>
<td>53,677</td>
<td>53,887</td>
</tr>
<tr>
<td>Self-insurance</td>
<td>7,220</td>
<td>7,410</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>2,878</td>
<td>5,707</td>
</tr>
<tr>
<td>Restricted stock</td>
<td>9,509</td>
<td>2,826</td>
</tr>
<tr>
<td>Tax credits</td>
<td>10,718</td>
<td>10,577</td>
</tr>
<tr>
<td>Legal settlements</td>
<td>855</td>
<td>645</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>29,410</td>
<td>29,943</td>
</tr>
<tr>
<td>Interest limitation</td>
<td>562</td>
<td>463</td>
</tr>
<tr>
<td>Charitable contributions</td>
<td>3,243</td>
<td>3,977</td>
</tr>
<tr>
<td>Other</td>
<td>6,115</td>
<td>2,084</td>
</tr>
<tr>
<td><strong>Total deferred income tax assets</strong></td>
<td>328,135</td>
<td>394,590</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(4,775)</td>
<td>(65,617)</td>
</tr>
<tr>
<td><strong>Net deferred tax assets</strong></td>
<td>323,360</td>
<td>328,973</td>
</tr>
<tr>
<td><strong>Deferred income tax liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>(194,739)</td>
<td>(211,729)</td>
</tr>
<tr>
<td>Amortization - Goodwill</td>
<td>(55,827)</td>
<td>(51,435)</td>
</tr>
<tr>
<td>Amortization - Other intangibles</td>
<td>(29,482)</td>
<td>(26,080)</td>
</tr>
<tr>
<td>Right of use assets</td>
<td>(29,004)</td>
<td>(29,631)</td>
</tr>
<tr>
<td>Other</td>
<td>(3,116)</td>
<td>(3,023)</td>
</tr>
<tr>
<td><strong>Total deferred income tax liabilities</strong></td>
<td>(312,168)</td>
<td>(321,898)</td>
</tr>
<tr>
<td><strong>Net deferred income tax assets</strong></td>
<td>$ 11,192</td>
<td>$ 7,075</td>
</tr>
</tbody>
</table>

The Company files federal, state and provincial income tax returns in various jurisdictions with varying statute of limitation expiration dates. Under the tax statute of limitations applicable to the Internal Revenue Code of 1986, as amended (the “Code”), the Company is no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for years before 2017. However, because the Company is carrying forward income tax attributes, such as net operating losses and tax credits from 2009 and subsequent years, these attributes can still be audited when utilized on returns filed in the future. 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 in the applicable period.
The Company has federal tax net operating loss carryforwards of approximately $0.7 billion as of December 31, 2021 and state net operating loss carryforwards spread across various jurisdictions with a combined total of approximately $1.0 billion as of December 31, 2021. These net operating loss carryforwards, if not used to reduce taxable income in future periods, will begin to expire in 2030 and 2029, for federal and state tax purposes, respectively.

Realization of the deferred income tax assets, primarily arising from these net operating loss carryforwards and charitable contribution carryforwards, is dependent upon generating sufficient taxable income prior to expiration of the carryforwards, which may include the reversal of deferred tax liability components.

Through December 31, 2020, approximately $65.6 million of valuation allowances were established for some of the Company’s deferred tax assets, which, based on its analysis at the time, the Company believed did not meet the “more likely than not” criteria and would expire before being realized in future periods. These valuation allowances consisted of the following as of December 31, 2020: approximately $39.5 million for federal net operating loss carryforwards, approximately $7.1 million for federal tax credits, approximately $4.0 million for federal and state charitable contributions and approximately $15.0 million, net of federal tax benefit, for state net operating losses. Based on the Company’s assessment of the realizability of its deferred tax assets during the year ended December 31, 2021, which included a review of current and forecasted financial performance, the Company believes that some of these deferred tax assets now meet the “more likely than not” criteria and will be realized in future periods before they expire. As a result, the Company reversed its valuation allowances by approximately $60.8 million during the year ended December 31, 2021. As of December 31, 2021, the Company has a remaining valuation allowance of approximately $4.8 million, net of federal tax benefit, on the deferred tax assets related to state net operating loss carryforwards. The Company’s valuation allowances, in part, rely on estimates and assumptions related to future financial performance. Given the macroeconomic environment related to the COVID-19 pandemic and the uncertainties regarding the related impact on financial performance, the Company’s valuation allowances may need to be adjusted in the future.

The reconciliation between the statutory income tax rate and the Company’s effective income tax (benefit) provision rate for the years ended December 31, 2021, 2020 and 2019, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th></th>
<th>2020</th>
<th></th>
<th>2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Income tax at federal statutory rates</td>
<td>$53,833</td>
<td>21.00%</td>
<td>$71,998</td>
<td>21.00%</td>
<td>$27,091</td>
<td>21.00%</td>
</tr>
<tr>
<td>State taxes, net of federal benefit</td>
<td>12,070</td>
<td>4.71%</td>
<td>15,816</td>
<td>4.61%</td>
<td>7,645</td>
<td>5.93%</td>
</tr>
<tr>
<td>Equity-based compensation</td>
<td>(8,051)</td>
<td>(3.14)%</td>
<td>(485)</td>
<td>0.14%</td>
<td>(1,776)</td>
<td>(1.38)%</td>
</tr>
<tr>
<td>Tax credits</td>
<td>(137)</td>
<td>(0.05)%</td>
<td>(304)</td>
<td>0.09%</td>
<td>(795)</td>
<td>(0.62)%</td>
</tr>
<tr>
<td>Impact of state rate changes</td>
<td>(753)</td>
<td>(0.29)%</td>
<td>(3,906)</td>
<td>1.14%</td>
<td>3,770</td>
<td>2.92%</td>
</tr>
<tr>
<td>Officer's compensation limitation</td>
<td>3,437</td>
<td>1.34%</td>
<td>95</td>
<td>0.03%</td>
<td>434</td>
<td>0.34%</td>
</tr>
<tr>
<td>Valuation allowance - state</td>
<td>(13,756)</td>
<td>(5.37)%</td>
<td>10,450</td>
<td>(3.05)%</td>
<td>2,455</td>
<td>1.90%</td>
</tr>
<tr>
<td>Valuation allowance - federal</td>
<td>(47,061)</td>
<td>(18.36)%</td>
<td>49,951</td>
<td>(14.57)%</td>
<td>—</td>
<td>—%</td>
</tr>
<tr>
<td>Other</td>
<td>254</td>
<td>0.10%</td>
<td>1,488</td>
<td>0.43%</td>
<td>704</td>
<td>0.55%</td>
</tr>
<tr>
<td>Income tax (benefit) provision</td>
<td>$ (164)</td>
<td>(0.06)%</td>
<td>$ (30,525)</td>
<td>8.90%</td>
<td>$ 39,528</td>
<td>30.64%</td>
</tr>
</tbody>
</table>

14. LEASES

The Company leases land, warehouse and office space, and equipment, which are classified as either operating or finance leases. The Company’s most significant lease is a long-term land lease with the City of San Diego covering approximately 190 acres, including approximately 17 acres of water in Mission Bay Park, California (the “Premises”). While there are no financial restrictions or covenants imposed by the Premises lease, there are certain operational restrictions in that the Premises must be used as a marine park facility and the Company may not operate another marine park facility within 560 miles of the City of San Diego.

The lease term for the Premises ends in June 2048 and the annual rent under the lease is variable and calculated on the basis of a specified percentage of the Company’s gross income from the Premises (the “Percentage Rent”), or the minimum yearly rent (the “Minimum Rent”), whichever is greater.

The required annual rent payments for the Premises is adjusted every three years to an amount equal to 80% of the average accounting year rent actually paid for the three previous years, with the annual minimum rent calculated as $10.4 million through each of the years ended December 31, 2021, 2020 and 2019.
The annual rent payments may vary from the base rent due to a shift of seasonal performance results. Rent payments related to the Premises for the years ended December 31, 2021, 2020 and 2019 were approximately $11.1 million (including approximately $1.6 million remitted in 2021 related to 2020 Percentage Rent), $0.5 million and $10.5 million, respectively. The Company’s gross income from the Premises was significantly impacted during the year ended December 31, 2020 due to the temporary park closures, limited reopenings, modified operations and capacity restrictions resulting from the impact of the COVID-19 pandemic and related government restrictions in San Diego. Due to these factors, the Company deferred a payment of $8.3 million related to the Minimum Rent for the year ended December 31, 2020 (the “2020 Minimum Rent Payment”). As such, approximately $10.8 million and $9.9 million is included in accounts payable and accrued expenses on the accompanying consolidated balance sheets as of December 31, 2021 and 2020, respectively, primarily related to the 2020 Minimum Rent Payment, in addition to certain accrued fees as of December 31, 2021 and the timing of a Percentage Rent payment as of December 31, 2020. Operating lease liabilities and long-term operating lease liabilities on the accompanying consolidated balance sheet as of December 31, 2021 and 2020 and the lease maturities as of December 31, 2021 are not adjusted for these deferred payments.

The tables below present the lease balances and their classification in the accompanying consolidated balance sheets as of December 31, 2021 and 2020:

<table>
<thead>
<tr>
<th>Classification</th>
<th>December 31, 2021 (In thousands)</th>
<th>December 31, 2020 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating leases</td>
<td>Right of use assets - operating</td>
<td>$132,217</td>
</tr>
<tr>
<td>Finance leases</td>
<td>Other assets, net</td>
<td>2,824</td>
</tr>
<tr>
<td>Total lease assets</td>
<td></td>
<td>$135,041</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>Operating lease liabilities</td>
<td>$2,895</td>
</tr>
<tr>
<td>Finance leases</td>
<td>Other accrued liabilities</td>
<td>486</td>
</tr>
<tr>
<td>Noncurrent</td>
<td>Operating leases</td>
<td>117,046</td>
</tr>
<tr>
<td></td>
<td>Long-term operating lease liabilities</td>
<td>2,453</td>
</tr>
<tr>
<td>Total lease liabilities</td>
<td></td>
<td>$122,880</td>
</tr>
</tbody>
</table>

The table below presents the lease costs and their classification in the accompanying consolidated statements of comprehensive income (loss) for the years ended December 31, 2021, 2020 and 2019:

<table>
<thead>
<tr>
<th>Classification</th>
<th>2021 (In thousands)</th>
<th>2020 (In thousands)</th>
<th>2019 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease cost</td>
<td>Operating expenses</td>
<td>$13,200</td>
<td>$13,966</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>415</td>
<td>425</td>
<td>445</td>
</tr>
<tr>
<td>Finance lease cost</td>
<td>Amortization of leased assets</td>
<td>817</td>
<td>844</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>Interest on lease liabilities</td>
<td>123</td>
<td>176</td>
</tr>
<tr>
<td>Interest expense</td>
<td>Net lease cost</td>
<td>$14,555</td>
<td>$15,411</td>
</tr>
</tbody>
</table>

In addition to the operating lease costs above, short-term rent expense for the years ended December 31, 2021, 2020 and 2019 were approximately $2.7 million, $2.1 million and $4.2 million, respectively, and variable rent expense for the years ended December 31, 2021, 2020 and 2019 were $3.8 million, $4.9 million and $5.3 million, respectively. The short-term and variable rent expense amounts are included in operating expenses and selling, general and administrative expenses in the accompanying consolidated statements of comprehensive income (loss).
The table below presents the Company’s lease maturities as of December 31, 2021:

<table>
<thead>
<tr>
<th>Years Ending December 31,</th>
<th>Operating leases</th>
<th>Total operating leases</th>
<th>Finance leases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land lease</td>
<td>Other operating leases</td>
<td>(In thousands)</td>
</tr>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>$10,401</td>
<td>$2,044</td>
<td>$12,445</td>
</tr>
<tr>
<td>2023</td>
<td>10,401</td>
<td>1,621</td>
<td>12,022</td>
</tr>
<tr>
<td>2024</td>
<td>10,401</td>
<td>1,473</td>
<td>11,874</td>
</tr>
<tr>
<td>2025</td>
<td>10,401</td>
<td>1,274</td>
<td>11,675</td>
</tr>
<tr>
<td>2026</td>
<td>10,401</td>
<td>1,274</td>
<td>11,675</td>
</tr>
<tr>
<td>Thereafter</td>
<td>223,628</td>
<td>408</td>
<td>224,036</td>
</tr>
<tr>
<td>Total lease payments</td>
<td>275,633</td>
<td>8,094</td>
<td>283,727</td>
</tr>
<tr>
<td>Less: Imputed interest</td>
<td>(162,645)</td>
<td>(1,141)</td>
<td>(163,786)</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>$112,988</td>
<td>$6,953</td>
<td>$119,941</td>
</tr>
</tbody>
</table>

The table below presents the weighted average remaining lease terms and applicable discount rates as of December 31, 2021 and 2020:

<table>
<thead>
<tr>
<th>Weighted average remaining lease term (years):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating leases</td>
</tr>
<tr>
<td>Finance leases</td>
</tr>
<tr>
<td>Weighted average discount rate:</td>
</tr>
<tr>
<td>Operating leases</td>
</tr>
<tr>
<td>Finance leases</td>
</tr>
</tbody>
</table>

The table below presents the cash flows and supplemental information associated with the Company’s leasing activities for the years ended December 31, 2021, 2020 and 2019:

<table>
<thead>
<tr>
<th>Cash paid for amounts included in the measurement of lease liabilities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flows from operating leases</td>
</tr>
<tr>
<td>Operating cash flows from finance leases</td>
</tr>
<tr>
<td>Financing cash flows from finance leases</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Right of use assets obtained in exchange for lease liabilities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance leases</td>
</tr>
<tr>
<td>Operating leases</td>
</tr>
</tbody>
</table>

15. COMMITMENTS AND CONTINGENCIES

The Company has commenced construction of certain new theme park attractions and other projects under contracts with various third parties. As of December 31, 2021, excluding certain amounts related to the License Agreement with Sesame Workshop as described below, additional capital payments of approximately $181.6 million are necessary to complete these projects. The majority of these projects are expected to be completed in 2022 or 2023.

License Agreements

Pursuant to a license agreement (“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 stand-alone park (“Standalone Park”) no later than mid-2021 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), the Company will have the option to build additional Standalone Parks in the defined 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 December 31, 2021, the Company estimates
the combined remaining liabilities and obligations for the License Agreement commitments could be up to approximately $30.0 million over the remaining term of the agreement. In October 2019, the Company announced that it will convert Aquatica San Diego into its second Sesame Place Standalone Park in the spring of 2021. While construction began in the fall of 2019, it was temporarily paused due to the COVID-19 pandemic. The Company opened its Aquatica San Diego park for the 2021 operating season and currently expects to open this park rebranded as its second Sesame Place Standalone Park in March 2022.

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.

Legal Proceedings

Securities Class Action Lawsuit

On June 14, 2018, a lawsuit captioned Highfields Capital I LP et al v. SeaWorld Entertainment, Inc. et al, was filed in the United States District Court in the Southern District of California against the Company and certain of the Company’s former and present executive officers. The plaintiffs allege, among other things, that the Defendants made false and misleading statements in violation of the federal securities laws and Florida common law, regarding the impact of the film Blackfish on SeaWorld’s business. The complaint further alleges that such statements were made to induce Plaintiffs to purchase common stock of the Company at artificially-inflated prices and that Plaintiffs suffered investment losses as a result. The Plaintiffs have indicated to the Company they believe the damages are in the range of $30 million to $35 million before considering interest. In 2018, Defendants moved for partial dismissal of the complaint. In 2019, the Court granted Defendants’ motion and dismissed Plaintiffs’ Florida state law claims as well as federal securities law claims based on the Company’s second quarter 2013 earnings statements. The Court conducted settlement conferences which ended in impasse. The parties have completed discovery and each party has filed a summary judgment motion. The summary judgment motions as well as the Daubert motion filed by the Company are scheduled to be argued to the Court March 16, 2022. The Company believes that the lawsuit is without merit and intends to defend the lawsuit vigorously. While there can be no assurance regarding the ultimate outcome of this lawsuit, the Company believes that any potential loss would not be material.

Other lawsuits

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

In November 2020, the Company filed in the Court of Chancery of the State of Delaware an action for declaratory judgment seeking a determination that the threatened claims of the former employees are time-barred and without merit. In response, the defendant former employees filed a motion to dismiss or in the alternative to stay and compel arbitration. The parties agreed to arbitrate whether the former employees’ claims are subject to arbitration. On October 21, 2021, the arbitrator determined that disputes related to the former employees’ claims for the vesting of the Tranche 3 Shares are governed by the forum selection clauses of the equity award amendments rather than the Company’s dispute resolution process. In terms of potential exposure, the value of the total shares at issue for these certain former employees depends largely upon the Company’s current share price, which fluctuates daily. Approximately 300,000 shares are at issue. The Company believes that the former employees’ claims are without merit and intends to defend vigorously its positions. While there can be no assurance regarding the ultimate outcome of this matter, the Company believes that any potential loss would not be material.

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.
2020 Settled Matters

In 2020, the Company received final court approval of a settlement for a previously disclosed stockholder class action lawsuit, captioned Baker v. SeaWorld Entertainment, Inc., et al. The settlement required the Company to pay $65.0 million for claims alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as well as the costs of administration and legal fees and expenses. The settlement does not include or constitute an admission, concession, or finding of any fault, liability, or wrongdoing by the Company or any defendant. During the year ended December 31, 2019, the Company recorded $32.1 million of legal settlement charges, net of insurance proceeds, related to this case, in selling, general and administrative expenses in the accompanying consolidated statements of comprehensive income (loss). The full settlement amount was funded during the year ended December 31, 2020.

In 2020, the Company received final court approval of a settlement for a previously disclosed putative derivative lawsuit captioned Kistenmacher v. Atchison, et al. The Company was a “Nominal Defendant” in the lawsuit. Pursuant to the settlement, the Company received $12.5 million of insurance proceeds from its insurers and adopted certain corporate governance modifications. During the year ended December 31, 2020, the Company recorded a legal settlement gain of $12.5 million related to insurance proceeds received in selling, general and administrative expenses in the accompanying consolidated statements of comprehensive income (loss).

16. FAIR VALUE MEASUREMENTS

Of the Company’s long-term obligations as of December 31, 2021, the Term B Loans are classified in Level 2 of the fair value hierarchy and the First-Priority Senior Secured Notes and the Senior Notes are classified in Level 1 of the fair value hierarchy. Of the Company’s long-term obligations as of December 31, 2020, the Term B-5 Loans are classified in Level 2 of the fair value hierarchy and the First-Priority Senior Secured Notes and the Second-Priority Senior Secured Notes are classified in level 1 of the fair value hierarchy. The fair value of the Term B Loans and the Term B-5 Loans approximates their carrying value, excluding unamortized debt issuance costs and discounts, due to the variable nature of the underlying interest rates and the frequent intervals at which such interest rates are reset. The fair value of the First-Priority Senior Secured Notes, Senior Notes, and Second-Priority Senior Secured Notes was determined using quoted prices in active markets for identical instruments. See Note 11–Long-Term Debt for further details.

The Company did not have any assets measured on a recurring basis at fair value as of December 31, 2021 and 2020. The Company maintains its long-term liabilities at carrying value, net of unamortized debt issuance costs and discounts, in the consolidated balance sheet.

The following table presents the Company’s estimated fair value measurements and related classifications for liabilities measured on a recurring basis as of December 31, 2021:

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Balance at December 31, 2021 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term obligations (a)</td>
<td>$ 977,594</td>
<td>$ 1,197,000</td>
<td>—</td>
<td>$ 2,174,594</td>
</tr>
</tbody>
</table>

(a) Reflected at carrying value, net of unamortized debt issuance costs and discounts, in the consolidated balance sheet as current maturities of long-term debt of $12.0 million and long-term debt of $2.105 billion as of December 31, 2021.

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, 2020:

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th>Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Balance at December 31, 2020 (In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term obligations (a)</td>
<td>$ 787,975</td>
<td>$ 1,492,378</td>
<td>—</td>
<td>$ 2,280,353</td>
</tr>
</tbody>
</table>

(a) Reflected at carrying value, net of unamortized debt issuance costs and discounts, in the consolidated balance sheet as current maturities of long-term debt of $15.5 million and long-term debt of $2.177 billion as of December 31, 2020.
17. RELATED-PARTY TRANSACTIONS

ZHG Transaction

As previously disclosed, Sun Wise (UK) Co., LTD., an affiliate to the ZHG Group (“Sun Wise”), previously held beneficial ownership of 19,452,063 shares (the “Pledged Shares”) of the Company’s common stock, which Sun Wise pledged in connection with certain loan obligations of Sun Wise. Sun Wise subsequently defaulted on such loan obligations and, as a result, certain of its lenders (together, the “Lenders”) foreclosed on the Pledged Shares. The Pledged Shares were transferred to a security agent for the Lenders (the “Security Agent”), on May 3, 2019.

On May 27, 2019, the Security Agent entered into a share repurchase agreement with the Company pursuant to which the Security Agent agreed to sell and the Company agreed to purchase 5,615,874 of the Pledged Shares held by the Security Agent at a price per share equal to $26.71 (the “SEAS Repurchase”) for a total cost of approximately $150.0 million. The SEAS Repurchase closed on May 30, 2019. See Note 20–Stockholders’ (Deficit) Equity for further details.

Also on May 27, 2019, the Security Agent entered into a stock purchase agreement with Hill Path Capital LP (“Hill Path”) and certain of its affiliates pursuant to which the Security Agent agreed to sell and certain affiliates of Hill Path agreed to purchase, in the aggregate, 13,214,000 of the Pledged Shares held by the Security Agent at a price per share equal to $26.71 (the “HP Purchase”). The purchase closed on May 30, 2019, at which time, Hill Path’s ownership percentage increased to 34.6%.

ZHG Agreements

As discussed in Note 4–Revenues, in March 2017, the Company entered into the ZHG Agreements. In April 2019, the Company terminated the ZHG Agreements for non-payment of undisputed amounts owed. See Note 4–Revenues for further details including amounts recorded as revenue related to the ZHG Agreements.

Hill Path Capital LP Agreements

On May 27, 2019, in connection with the HP Purchase, the Company concurrently entered into a stockholders agreement, a registration rights and the Amended and Restated Undertaking Agreement with Hill Path (collectively, the “HP Agreements”). Under the HP Agreements, the Company agreed to appoint up to three Hill Path director designees to its Board and Hill Path agreed to certain customary standstill obligations, restrictions regarding the manner of sale of shares, and equal treatment for any change in control transaction. In addition, Hill Path agreed that shares held in excess of 24.9% generally would be voted consistent with the Board’s recommendations or consistent with the shares voted by the Company’s other stockholders. The Company also agreed to reimburse Hill Path for up to $250,000 of their expenses in connection with the HP Agreements. During the year ended December 31, 2019, the Company reimbursed Hill Path for $250,000 in expenses incurred.

18. RETIREMENT PLAN

The Company sponsors a defined contribution plan, under Section 401(k) of the Internal Revenue Code. During 2019, the plan was a qualified automatic contributions arrangement, which automatically enrolled employees, once eligible, unless they opted out. Effective January 1, 2020, the plan removed the automatic contributions arrangement. Through December 31, 2019, the Company made matching cash contributions subject to certain restrictions, structured as a 100% match on the first 1% contributed by the employee and a 50% match on the next 5% contributed by the employee. Effective January 1, 2020, the plan amended the matching cash contributions structure going forward to be a 50% match on the first 4% of eligible pay contributed by the employee. In April 2020, the Company matching contribution was temporarily suspended in response to the COVID-19 pandemic and has remained suspended through 2021.

Employer matching contributions for the years ended December 31, 2020 and 2019, totaled $1.3 million and $7.5 million, respectively, and is included in selling, general and administrative expenses and in operating expenses in the accompanying consolidated statements of comprehensive income (loss).

19. EQUITY-BASED COMPENSATION

Equity compensation expense is included in operating expenses and in selling, general and administrative expenses in the accompanying consolidated statements of comprehensive income (loss) as follows:

<table>
<thead>
<tr>
<th>For the Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity compensation expense included in operating expenses</td>
<td>$9,578</td>
<td>$522</td>
<td>$4,076</td>
</tr>
<tr>
<td>Equity compensation expense included in selling, general and administrative expenses</td>
<td>30,144</td>
<td>6,945</td>
<td>7,030</td>
</tr>
<tr>
<td>Total equity compensation expense</td>
<td>$39,722</td>
<td>$7,467</td>
<td>$11,106</td>
</tr>
</tbody>
</table>

F-31
Equity compensation expense for the year ended December 31, 2021, includes the impact of certain prior year performance vesting restricted awards which were previously not considered probable of vesting. Equity compensation expense for the year ended December 31, 2020, includes the reversal of expense related to certain performance vesting restricted awards which at the time were no longer considered probable of vesting and also includes the reversal of expense related to outstanding unvested equity awards previously held by the Company’s former chief executive officer which were forfeited in connection with his departure. See Previous Long-term Incentive Awards section which follows for further details.

Total unrecognized equity compensation expense for all equity compensation awards probable of vesting as of December 31, 2021 was approximately $29.0 million, which is expected to be recognized over a weighted-average period of 1.6 years.

The total fair value of shares which vested during the years ended December 31, 2021, 2020 and 2019 was approximately $13.6 million, $12.7 million and $9.7 million, respectively. The weighted average grant date fair value per share of time-vesting and performance-vesting restricted awards granted during the years ended December 31, 2021, 2020 and 2019 were $52.12, $15.85 and $26.55 per share, respectively.

The activity related to the Company’s time-vesting and performance-vesting restricted awards during the year ended December 31, 2021 was as follows:

### Performance-Vesting Restricted Awards

<table>
<thead>
<tr>
<th>Shares/Units</th>
<th>Weighted Average Grant Date Fair Value per Award</th>
<th>Shares/Units</th>
<th>Weighted Average Grant Date Fair Value per Award</th>
<th>Shares/Units</th>
<th>Weighted Average Grant Date Fair Value per Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at December 31, 2020</td>
<td>1,692,579 $ 14.18</td>
<td>23,298 $ 26.16</td>
<td>1,467,636 $ 23.38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>243,573 $ 53.14</td>
<td>132,251 $ 51.64</td>
<td>232,954 $ 51.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vested</td>
<td>(858,090) $ 15.03</td>
<td>(22,569) $ 26.16</td>
<td>(7,747) $ 14.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forfeited</td>
<td>(140,042) $ 24.73</td>
<td>(21,725) $ 50.07</td>
<td>(702,840) $ 20.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding at December 31, 2021</td>
<td>938,020 $ 21.94</td>
<td>111,255 $ 51.78</td>
<td>990,003 $ 31.90</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The total intrinsic value of stock options exercised during the years ended December 31, 2021, 2020 and 2019 was approximately $9.5 million, $1.3 million and $2.4 million, respectively. The activity related to the Company’s stock option awards during the year ended December 31, 2021 was as follows:

### Stock Options

<table>
<thead>
<tr>
<th>Options</th>
<th>Weighted Average Exercise Price</th>
<th>Weighted Average Remaining Contractual Life (in years)</th>
<th>Aggregate Intrinsic Value (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at December 31, 2020</td>
<td>679,988 $ 21.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>177,688 $ 51.52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forfeited</td>
<td>(76,036) $ 37.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expired</td>
<td>(3,639) $ 20.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(289,567) $ 20.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding at December 31, 2021</td>
<td>488,434 $ 30.59</td>
<td>7.08</td>
<td>16,739</td>
</tr>
<tr>
<td>Exercisable at December 31, 2021</td>
<td>227,462 $ 21.61</td>
<td>5.41</td>
<td>9,838</td>
</tr>
</tbody>
</table>

The weighted average grant date fair value of stock options granted during the year ended December 31, 2021 was $29.17. Key weighted-average assumptions utilized in the Black-Scholes Option Pricing Model for stock options granted during the year ended December 31, 2021 were:

<table>
<thead>
<tr>
<th>Description</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk-free interest rate</td>
<td>1.10%</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>61.22%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0.00%</td>
</tr>
<tr>
<td>Expected life (years)</td>
<td>6.13</td>
</tr>
</tbody>
</table>

F-32
The expected life was estimated using the simplified method, as the Company does not have sufficient historical exercise data due to the limited period of time its common stock has been publicly traded.

**Omnibus Incentive Plan**

The Company has reserved 15,000,000 shares of common stock for issuance under the Company’s Omnibus Incentive Plan (the “Omnibus Incentive Plan”), of which approximately 7,830,000 are available for future issuance as of December 31, 2021.

**Bonus Performance Restricted Awards**

During the year ended December 31, 2021, the Company granted approximately 132,000 performance-vesting restricted units (the “Bonus Performance Restricted Awards”) in accordance with its annual bonus plan for 2021 (the “2021 Bonus Plan”). The 2021 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 2021 Bonus Plan, with respect to the year ended December 31, 2021 (the “Fiscal 2021”). The total number of units eligible to vest into shares of stock is based on the level of achievement of the targets for Fiscal 2021 which ranges from 0% (if below threshold performance), to 125% (if at maximum performance) with opportunities to earn above 125% when achievement is above the maximum performance for certain metrics.

In accordance with ASC 718, Compensation-Stock Compensation, equity compensation expense is recorded on shares probable of vesting. Based on the Company’s actual Fiscal 2021 results with respect to specific performance goals, a portion of the outstanding performance-vesting restricted awards related to the Fiscal 2021 performance goals were considered probable of vesting as of December 31, 2021; therefore, equity compensation expense has been recorded related to these awards. These awards are expected to vest in accordance with their terms, at which time any unearned units will forfeit.

Due to the impact of the COVID-19 pandemic, the Company did not have an annual bonus plan for the fiscal year ended December 31, 2020; however, based on a discretionary review of performance in light of the negative impact of the COVID-19 pandemic on the Company’s business, the Compensation Committee determined to make discretionary equity awards to the Company’s bonus eligible employees during the year ended December 31, 2021. These awards were paid entirely in restricted stock units that vest 50% each on the first and second anniversaries of the date of grant.

The Company also had previously granted performance-vesting restricted units which were eligible to vest based on the Company’s actual results for the year ended December 31, 2019. A portion of these units vested in 2020, and the remaining portion vested in 2021 based on the employee’s continued employment on such vesting date and the remainder forfeited in accordance with their terms.

**2021 Long-Term Incentive Awards**

During the year ended December 31, 2021, the Company granted long-term incentive plan awards for 2021 (the “2021 Long-Term Incentive Grant”) which were comprised of approximately 157,000 nonqualified stock options (the “Long-Term Incentive Options”) and approximately 168,000 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 20% vesting on each of the first two anniversaries of the grant date and 60% vesting on the third anniversary of the grant date, 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 are issued by the Company.

**Long-Term Incentive Performance Restricted Units**

The Long-Term Incentive Performance Restricted Units are expected to vest following the end of the three-year performance period beginning on January 1, 2021 and ending on December 31, 2023 (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 100% (for target or above performance). Upon achievement of at least the threshold performance goals, only 25% to 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 at least 95% of the prior year’s performance before up to the remaining 50% of the units can be earned.

The Company recognizes equity compensation expense for its performance-vesting restricted awards ratably over the related performance period, if the performance condition is likely to be achieved. If the probability of vesting related to awards changes in a subsequent period, all equity compensation expense related to those awards that would have been recorded over the requisite service period had the current assumptions been used since the grant date is recorded as a cumulative catch-up at such subsequent date. Based

F-33
on the Company’s likely future achievement of respective performance goals as of December 31, 2021, equity compensation expense was recorded during the year ended December 31, 2021 related to the Long-Term Incentive Performance Restricted Units.

Other Long-Term Incentive Awards

During the year ended December 31, 2021, the Company also granted time-vesting restricted units to certain employees which generally vest over three years, with 20% vesting on each of the first two anniversaries of the grant date and 60% vesting on the third anniversary of the grant date, subject to continued employment through the applicable vesting date.

Previous Long-Term Incentive Awards

The Company also has outstanding time-vesting restricted awards (the “Long-Term Incentive Time Restricted Awards”), performance-vesting restricted awards (the “Long-Term Incentive Performance Restricted Awards”) and nonqualified stock options granted under previous long-term incentive plan grants.

During the year ended December 31, 2021, a portion of the previously granted Long-Term Incentive Performance Restricted Awards related to completed performance periods vested, with the remainder forfeiting in accordance with their terms. The remaining outstanding Long-Term Incentive Performance Restricted Awards related to future performance periods are eligible to vest based upon the Company’s achievement of pre-established performance goals for the respective performance period, as defined.

A portion of the outstanding Long-Term Incentive Performance Restricted Awards relate to performance restricted units (the “2019 LTIP Performance Awards”) which contain a four-year performance period consisting of the 2019-2022 calendar years (or, extended through the end of the 2023 calendar year, as applicable) and are eligible to vest based upon the Company’s achievement of specific performance goals for the performance period, as defined, with an opportunity to vest up to 50% of the award earlier if certain goals are achieved in any fiscal year during the performance period. The total number of 2019 LTIP Performance Awards 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 100% (for target or above performance). Upon achievement of the performance goals, up to 50% of the award for a given level of performance will vest, with the remaining 50% subject to a one-year extended performance test period. The goal achieved must be met again or exceeded for the extended performance period before the remaining units are earned. Based on the Company’s results for fiscal year 2021, the Company expects to vest a portion of the 2019 LTIP Performance Awards in the first quarter of 2022.

Other

During the year ended December 31, 2021, the Company granted equity awards to its non-employee members of its Board which will vest on the day before the Company’s next annual meeting. Each eligible Board member elected the form of their equity award as either deferred stock units (“DSUs”) or restricted stock units (“RSUs”). Each DSU granted in 2021 represents the right to receive one share of the Company’s common stock three months after the respective director leaves the Board. Upon vesting, each RSU will be converted into one share of the Company’s common stock.

Additionally, during the year ended December 31, 2021, the Company granted equity awards in the form of RSUs or DSUs which vested immediately to each eligible Board member in lieu of quarterly cash payments related to the director’s annual retainers.

20. STOCKHOLDERS’ (DEFICIT) EQUITY

As of December 31, 2021, 95,541,992 shares of common stock were issued in the accompanying consolidated balance sheet, which includes 19,953,042 shares of treasury stock held by the Company (see Share Repurchase Program discussion which follows), but excludes 50,862 unvested shares of common stock and 1,988,416 unvested restricted stock units held by certain participants in the Company’s equity compensation plans (see Note 19–Equity-Based Compensation).

Share Repurchase Program

The Board had previously authorized the repurchase of up to $250.0 million of the Company’s common stock (the “Share Repurchase Program”). Under the 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.

During the year ended December 31, 2021, the Company repurchased 3,692,794 shares for an aggregate total of approximately $215.7 million leaving approximately $21.8 million available under the Share Repurchase Program as of December 31, 2021. During the year ended December 31, 2020, prior to the COVID-19 temporary park closures, the Company repurchased 469,785 shares for an aggregate total of approximately $12.4 million. During the year ended December 31, 2019, the Company repurchased 5,615,874 shares (see discussion relating to the SEAS Repurchase in Note 17–Related Party Transactions for further details).

The 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, debt covenant restrictions and alternative investment opportunities.

All shares repurchased pursuant to the Share Repurchase Program, the SEAS Repurchase and shares repurchased directly from selling stockholders concurrently with previous secondary offerings, are recorded as treasury stock at a total cost of $631.1 million and $415.3 million as of December 31, 2021 and 2020, respectively, and are reflected as a reduction to stockholders’ (deficit) equity in the accompanying consolidated statements of changes in stockholders’ (deficit) equity.

21. SEVERANCE AND OTHER SEPARATION COSTS

The Company is committed to continuous improvement and regularly evaluates operations to ensure it is properly organized for performance and efficiency. As a result, during the years ended December 31, 2021 and 2019, the Company recorded approximately $1.5 million and $4.2 million, respectively, in pre-tax charges primarily consisting of severance and other termination benefits, which is included in severance and other separation costs in the accompanying consolidated statements of comprehensive income (loss).

In September 2020, the Company committed to a plan of termination (the “2020 Restructuring Program”) primarily impacting some of the Company’s previously furloughed salaried, full-time and part-time employees. Substantially all of the impacted employees were furloughed as part of the Company’s efforts to reduce operating expenses and adjust cash flows in light of business circumstances associated with the COVID-19 pandemic. Due to the sudden and unforeseeable economic impacts of the pandemic on the Company’s business operations, that were not reasonably foreseeable at the time of the temporary furloughs, the Company transitioned certain park and corporate personnel from a furloughed status to a permanent layoff. As a result, during the year ended December 31, 2020, the Company recorded approximately $2.7 million in pre-tax restructuring charges primarily related to severance and other termination benefits related to the 2020 Restructuring Program, which is included in severance and other separation costs in the accompanying consolidated statements of comprehensive income (loss).

The 2020 Restructuring Program activity for the years ended December 31, 2021 and 2020 was as follows:

<table>
<thead>
<tr>
<th>2020 Restructuring Program</th>
<th>(In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability as of December 31, 2019</td>
<td>$ —</td>
</tr>
<tr>
<td>Costs incurred</td>
<td>2,658</td>
</tr>
<tr>
<td>Payments made</td>
<td>(2,513)</td>
</tr>
<tr>
<td>Liability as of December 31, 2020</td>
<td>$ 145</td>
</tr>
<tr>
<td>Costs incurred</td>
<td>—</td>
</tr>
<tr>
<td>Payments made</td>
<td>(145)</td>
</tr>
<tr>
<td>Liability as of December 31, 2021</td>
<td>$ —</td>
</tr>
</tbody>
</table>

F-35
## Schedule I-Registrant's Condensed Financial Statements

**SEAWORLD ENTERTAINMENT, INC.**  
**PARENT COMPANY ONLY**  
**CONDENSED BALANCE SHEETS**  
*(In thousands, except share and per share amounts)*

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 407</td>
<td>$ 455</td>
</tr>
<tr>
<td>Total current assets</td>
<td>407</td>
<td>455</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 407</td>
<td>$ 455</td>
</tr>
<tr>
<td><strong>Liabilities and Stockholders’ Deficit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss in excess of investment in wholly-owned subsidiary</td>
<td>$ 33,916</td>
<td>$ 105,803</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>407</td>
<td>455</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>34,323</td>
<td>106,258</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>34,323</td>
<td>106,258</td>
</tr>
<tr>
<td><strong>Commitments and contingencies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stockholders’ Deficit:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock, $0.01 par value—authorized, 100,000,000 shares, no shares issued or outstanding at December 31, 2021 and 2020</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Common stock, $0.01 par value—authorized, 1,000,000,000 shares; 95,541,992 and 94,652,248 shares issued at December 31, 2021 and 2020, respectively</td>
<td>955</td>
<td>946</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>711,474</td>
<td>680,360</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(115,287)</td>
<td>(371,800)</td>
</tr>
<tr>
<td>Treasury stock, at cost (19,953,042 and 16,260,248 shares at December 31, 2021 and 2020, respectively)</td>
<td>(631,058)</td>
<td>(415,309)</td>
</tr>
<tr>
<td>Total stockholders’ deficit</td>
<td>(33,916)</td>
<td>(105,803)</td>
</tr>
<tr>
<td><strong>Total Liabilities and Stockholders’ Deficit</strong></td>
<td>$ 407</td>
<td>$ 455</td>
</tr>
</tbody>
</table>

See accompanying notes to condensed financial statements.
### CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(*In thousands*)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity in net income (loss)  of subsidiary</td>
<td>$256,513</td>
<td>$(312,321)</td>
<td>$89,476</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$256,513</td>
<td>$(312,321)</td>
<td>$89,476</td>
</tr>
<tr>
<td>Equity in other comprehensive income (loss) of subsidiary</td>
<td>—</td>
<td>1,559</td>
<td>(3,843)</td>
</tr>
<tr>
<td>Comprehensive income (loss)</td>
<td>$256,513</td>
<td>$(310,762)</td>
<td>$85,633</td>
</tr>
</tbody>
</table>

See accompanying notes to condensed financial statements.
<table>
<thead>
<tr>
<th>Cash Flows From Operating Activities:</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss)</td>
<td>$256,513</td>
<td>$(312,321)</td>
<td>$89,476</td>
</tr>
<tr>
<td>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in net (income) loss of subsidiary</td>
<td>(256,513)</td>
<td>312,321</td>
<td>(89,476)</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash Flows From Investing Activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends forfeited from subsidiary- return of capital, net of forfeitures</td>
<td>—</td>
<td>(1)</td>
<td>(5)</td>
</tr>
<tr>
<td>Capital contributed to subsidiary from exercises of stock options</td>
<td>(5,955)</td>
<td>(2,621)</td>
<td>(3,696)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(5,955)</td>
<td>(2,622)</td>
<td>(3,701)</td>
</tr>
<tr>
<td>Cash Flows From Financing Activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>5,907</td>
<td>2,920</td>
<td>3,795</td>
</tr>
<tr>
<td>Dividends paid to common stockholders</td>
<td>—</td>
<td>(12)</td>
<td>(61)</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>5,907</td>
<td>2,908</td>
<td>3,734</td>
</tr>
<tr>
<td>Change in Cash and Cash Equivalents</td>
<td>(48)</td>
<td>286</td>
<td>33</td>
</tr>
<tr>
<td>Cash and Cash Equivalents - Beginning of year</td>
<td>455</td>
<td>169</td>
<td>136</td>
</tr>
<tr>
<td>Cash and Cash Equivalents - End of year</td>
<td>$407</td>
<td>$455</td>
<td>$169</td>
</tr>
<tr>
<td>Suplemental Disclosures of Noncash Financing Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from subsidiary- return of capital, for purchase of treasury stock</td>
<td>$215,749</td>
<td>12,406</td>
<td>150,000</td>
</tr>
</tbody>
</table>

See accompanying notes to condensed financial statements.
1. DESCRIPTION OF SEAWORLD ENTERTAINMENT, INC.

SeaWorld Entertainment, Inc. (the “Parent”) was incorporated in Delaware on October 2, 2009. See further discussion in Note 1—Description of the Business and Note 17—Related-Party Transactions in the accompanying consolidated financial statements.

The Parent has no operations or significant assets or liabilities other than its investment in SeaWorld Parks & Entertainment, Inc. (“SEA”), which owns and operates twelve theme parks within the United States. Accordingly, the Parent is dependent upon distributions from SEA to fund its obligations. However, under the terms of SEA’s various debt agreements, SEA’s ability to pay dividends or lend to the Parent is restricted, except that SEA may pay specified amounts to the Parent to fund the payment of the Parent’s tax obligations.

The COVID-19 pandemic materially impacted operations for SEA for the years ended December 31, 2021 and 2020. See further discussion relating to the impact of the COVID-19 pandemic in Note 1—Description of the Business in the accompanying consolidated financial statements.

2. BASIS OF PRESENTATION

The accompanying condensed financial statements (the “parent company only financial statements”) include the accounts of the Parent and its investment in SEA accounted for in accordance with the equity method and do not present the financial statements of the Parent and its subsidiary on a consolidated basis. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted since this information is included with the SeaWorld Entertainment, Inc. consolidated financial statements included elsewhere in this Annual Report on Form 10-K (the “consolidated financial statements”). These parent company only financial statements should be read in conjunction with the consolidated financial statements.

3. GUARANTEES

SEA is the borrower under the senior secured credit facilities, (the “Senior Secured Credit Facilities”) under a credit agreement dated as of December 1, 2009 which was amended and restated on August 25, 2021 (the “Amended and Restated Credit Agreement”). On August 25, 2021, SEA completed a private offering of $725.0 million aggregate principal amount of 5.250% senior notes due 2029 (the “Senior Notes”). On April 30, 2020, SEA closed on a private offering of $227.5 million aggregate principal amount of 8.750% first-priority senior secured notes due 2025 (the “First-Priority Senior Secured Notes”). On August 5, 2020, SEA closed on a private offering of $500.0 million aggregate principal amount of 9.500% second-priority senior secured notes due 2025 (the “Second-Priority Senior Secured Notes”), which were fully redeemed during the year ended December 31, 2021.

Under the terms of the Senior Secured Credit Facilities, the obligations of SEA are fully, unconditionally and irrevocably guaranteed by Parent, any subsidiary of Parent that directly or indirectly owns 100% of the issued and outstanding equity interest of SEA, and subject to certain exceptions, each of SEA’s existing and future material domestic wholly-owned subsidiaries (collectively, the “Guarantors”).

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.

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

See Note 11—Long-Term Debt of the accompanying consolidated financial statements for further details.

4. DIVIDENDS FROM SUBSIDIARY

During the year ended December 31, 2021, SEA paid dividends to the Parent of approximately $215.7 million. The dividends were in the form of 3,692,794 shares of common stock repurchased by SEA. (see Note 5—Stockholders’ Deficit which follows).

During the years ended December 31, 2020 and 2019, SEA paid dividends to the Parent of approximately $12.4 million and $150.0 million, respectively. The dividends were in the form of payments that SEA made for share repurchases at the Parent level (see Note 5—Stockholders’ Deficit which follows).

During the years ended December 31, 2020 and 2019, Parent paid accumulated dividends, net of forfeitures, related to shares that carried dividend rights from previous dividend declarations which vested during the respective year.
5. STOCKHOLDERS’ DEFICIT

Omnibus Incentive Plan

The Parent has reserved 15,000,000 shares of common stock for future issuance under the Omnibus Incentive Plan (the “Omnibus Incentive Plan”), of which approximately 7,830,000 are available for future issuance as of December 31, 2021.

The Omnibus Incentive Plan is administered by the compensation committee of the Parent’s Board, and provides that the Parent may grant equity incentive awards to eligible employees, directors, consultants or advisors of the Parent or its subsidiary, SEA, in the form of stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based and performance compensation awards. If an award under the Omnibus Incentive Plan expires or is canceled, forfeited, or terminated, without issuance to the participant, the unissued shares may be granted again under the Omnibus Incentive Plan. See further discussion in Note 19—Equity-Based Compensation of the accompanying consolidated financial statements.

During the years ended December 31, 2021 and 2020, respectively, Parent transferred approximately $6.0 million and $2.6 million in proceeds received from the exercise of stock options to SEA as a capital contribution and increased its investment in SEA.

Share Repurchase Program

The Parent’s Board previously authorized the repurchase of up to $250.0 million of the Company’s common stock (the “Share Repurchase Program”). Under the Share Repurchase Program, the Parent 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 Share Repurchase Program has no time limit and may be suspended or discontinued completely at any time.

During the year ended December 31, 2021, the Parent repurchased 3,692,794 shares for an aggregate total of approximately $215.7 million leaving approximately $21.8 million available under the Share Repurchase Program as of December 31, 2021. During the year ended December 31, 2020, prior to the COVID-19 temporary park closures, the Parent repurchased 469,785 shares for an aggregate total of approximately $12.4 million. During the year ended December 31, 2019, the Parent repurchased a total of 5,615,874 shares of common stock at a total cost of approximately $150.0 million.

All shares repurchased pursuant to the Share Repurchase Program, along with shares repurchased directly from selling stockholders concurrently with previous secondary offerings, are recorded as treasury stock at a total cost of $631.1 million and $415.3 million as of the years ended December 31, 2021 and 2020, respectively, and are reflected as a reduction to stockholders’ (deficit) equity in the accompanying condensed balance sheets. See further discussion in Note 20—Stockholders’ (Deficit) Equity of the accompanying consolidated financial statements.
SeaWorld Entertainment, 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. Subject to Section I.B. below, the Company will pay each Outside Director an annual fee of $75,000 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 lieu of the Annual Fee, the Company will pay the Outside Director who serves as the Chairperson of the Board an annual fee of $180,000 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 $40000 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.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Annual Committee Chairperson Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>$25,000</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>$20,000</td>
</tr>
<tr>
<td>Nominating and Corporate Governance</td>
<td>$20,000</td>
</tr>
<tr>
<td>Revenue Committee</td>
<td>$20,000</td>
</tr>
<tr>
<td>Special/Ad Hoc Committee</td>
<td>$25,000*</td>
</tr>
</tbody>
</table>

* Or such other amounts as may be determined by the Board of Directors upon establishment of the Special/Ad Hoc Committee

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.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Annual Committee Member Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>$15,000</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>$10,000</td>
</tr>
<tr>
<td>Nominating and Corporate Governance</td>
<td>$10,000</td>
</tr>
<tr>
<td>Revenue Committee</td>
<td>$10,000</td>
</tr>
<tr>
<td>Special/Ad Hoc Committee</td>
<td>$15,000*</td>
</tr>
</tbody>
</table>
* Or such other amounts as may be determined by the Board of Directors upon establishment of the Special/Ad Hoc Committee

**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.

**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, 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. Upon determination of the Board any or all of the above referenced cash compensation may be paid in deferred stock units or restricted stock units if a timely election is made by the Outside Director. The method of determining the number of shares will be made at the time of the determination to pay in equity in lieu of cash. Any equity award granted in lieu of cash compensation shall immediately vest upon grant unless otherwise determined by the Board.

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 $150,000 pro-rated based on the Date of Grant by multiplying $150,000 by (365-number of days since Annual Stockholders meeting)/365.

B. Annual Award. On the date of each Annual Stockholders Meeting of the Company, beginning with the 2021 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 $150,000.

C. Vesting. Each Annual Award granted on or after the 2016 Annual Stockholders Meeting of the Company will vest 100% 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 each such vesting date. Each Initial Award granted after the 2019 Annual Stockholders Meeting of the Company 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 may be amended, modified or terminated by the Board in the future at its sole discretion.
SeaWorld Entertainment, 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. Subject to Section I.B. below, the Company will pay each Outside Director an annual fee of $75,000 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 lieu of the Annual Fee, the Company will pay the Outside Director who serves as the Chairperson of the Board an annual fee of $180,000 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 $40,000 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 quarter, eligible for one quarterly fee.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Annual Committee Chairperson Fee*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>$25,000</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>$20,000</td>
</tr>
<tr>
<td>Nominating and Corporate Governance</td>
<td>$20,000</td>
</tr>
<tr>
<td>Revenue Committee</td>
<td>$20,000</td>
</tr>
<tr>
<td>Special/Ad Hoc Committee</td>
<td>$25,000**</td>
</tr>
</tbody>
</table>

* 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.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Annual Committee Member Fee*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>$15,000</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>$10,000</td>
</tr>
<tr>
<td>Nominating and Corporate Governance</td>
<td>$10,000</td>
</tr>
<tr>
<td>Revenue Committee</td>
<td>$10,000</td>
</tr>
<tr>
<td>Special/Ad Hoc Committee</td>
<td>$15,000**</td>
</tr>
</tbody>
</table>

* 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 $2,000 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 $150,000 pro-rated based on the Date of Grant by
multiplying $150,000 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 $150,000.
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 may be amended, modified or terminated by the Board in the future at its sole discretion.
AMENDMENT NO. 1
TO LICENSE AGREEMENT BETWEEN
SESAME WORKSHOP AND SEAWORLD PARKS & ENTERTAINMENT

This amendment (“Amendment No. 1”) is dated November 12, 2021 (“Amendment No. 1 Effective Date”) and amends the License Agreement between Sesame Workshop (“SW”) and SeaWorld Parks & Entertainment, Inc. (“SEA”) dated May 16, 2017 (the “Base Agreement”). The Base Agreement and Amendment No. 1 are referred to collectively as the “Agreement.” Capitalized terms not defined in this Amendment No. 1 are defined in the Base Agreement.

1. San Diego Standalone Park (Standalone Park #2). (a) SEA will open the San Diego Standalone Park (Standalone Park #2 in the Base Agreement) by [*]. SEA will build and operate the San Diego Standalone Park in line with the plans and quality levels that SW has approved for the San Diego Standalone Park including specifically the features listed in Attachment One.

   (b) SW will waive the liquidated damages owed to SW under Paragraph 5.03(b) due to the delay beyond the original Mutually Agreed Opening Date [*] for the San Diego Standalone Park. [*] will be the new Mutually Agreed Opening Date for the San Diego Standalone Park; each day of delay beyond [*] will be subject to the liquidated damages due to SW under Paragraph 5.03(b).

2. Standalone Park #3. Paragraph 5.04(c) of the Agreement will be deleted and replaced with the following:

   5.04(c) – The following milestones and deadlines will apply to Standalone Park #3.

<table>
<thead>
<tr>
<th>STANDALONE PARK #3</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milestone</td>
<td>Dates in bold may be changed only by mutual written agreement</td>
</tr>
<tr>
<td>SEA completes feasibility study and presents SW with Co-Investment opportunity (with accompanying feasibility study, SEA assessment and business plan and location, and all necessary information)</td>
<td>[*]</td>
</tr>
<tr>
<td>SW decides to co-invest or not co-invest</td>
<td>[*]</td>
</tr>
<tr>
<td>SEA decides to build or not build Standalone Park #3</td>
<td>[*]</td>
</tr>
<tr>
<td>If build, Concept Design Submitted to SW</td>
<td>[*]</td>
</tr>
<tr>
<td>If build, Concept Design Approval by SW</td>
<td>[*]</td>
</tr>
<tr>
<td>If build, Commence Construction</td>
<td>[*]</td>
</tr>
</tbody>
</table>


If build, Mutually Agreed Opening Date for Standalone Park #3 [*]

If SEA does not inform SW that it will build Standalone Park #3 by [*], then unless otherwise mutually agreed, SEA will no longer have the right to build and open Standalone Park #3 and the Territory for exclusivity will be reduced by the amount stated in Paragraph 5.04(d).

Except as expressly amended in this Amendment No. 1, the Base Agreement shall remain in full force and effect.

ACCEPTED AND AGREED:

SESAME WORKSHOP

By /s/ Joseph Salvo

Name Joseph Salvo

Title EVP & General Counsel

SEAWORLD PARKS & ENTERTAINMENT, INC.

By /s/ Marc Swanson

Name Marc Swanson

Title CEO
Year 1 - By Opening Day of San Diego Standalone Park:

- At least 7 high-quality “Interactives” must be built into the street, at the same or better quality level as the Sesame Street interactives in Orlando. They do not need to be the same interactives as those in Orlando.
- A live parade that is consistent with the quality level at Orlando, Langhorne and San Diego.
- Based on a safety review with the manufacturer, SEA is unable to adjust ridership requirements of Walhalla Wave. However, SEA will make good faith efforts to review the feasibility for adjustments to all rides (both wet & dry) to adapt to a younger age target. After the full review of all rides, SEA will present the results to SW.
- Cosmetic changes to make it feel like a new and on-brand park.
- All slides repainted and Sesame Street-branded (with the exception of Taumata Racer as long as it looks new for opening).
- Beach chairs replaced or substantially refurbished (like new).
- Metal dining tables replaced.
- Cabanas replaced or substantially refurbished (like new).

Year 2 - By Opening Day of Year 2 of San Diego Standalone Park:

- Lighting: Subject to obtaining required permitting and authorizations, and provided that Sea has diligently engaged in good faith efforts to timely pursue all requisite permits, authorizations and approvals for design and installation of the same within the first year of operation, nighttime lighting installed and operational, to extend the operating hours and include more seasonal events (subject to amphitheater approval rights).
- Umbrellas & Benches: All umbrellas and benches replaced or updated.

Years 2 to 4 of San Diego Standalone Park:

- SEA will commit to spending a minimum of Two Million Dollars ($2,000,000) over the aggregate of Years Two, Three and Four of park operations in the San Diego Standalone Park to add additional new attractions to the park and user experiences, which may be or include a new live show, experience, additional interactive elements, or other similar attractions as may be mutually agreed. The cost of constructing a new “dine with facility” following opening shall apply against this spending commitment.

General

- SW also has certain approval rights under the Agreement in regard to the execution of those particular features listed above that would be considered Attractions under Section 9.02 of the Agreement.
AMENDED AND RESTATED SECURITY AGREEMENT

dated as of
August 25, 2021

Among

THE GRANTORS IDENTIFIED HEREIN

and

JPMORGAN CHASE BANK, N.A.,
as Collateral Agent
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARTICLE I</td>
</tr>
<tr>
<td>DEFINITIONS</td>
</tr>
<tr>
<td>Section 1.1. Credit Agreement</td>
</tr>
<tr>
<td>Section 1.2. Other Defined Terms</td>
</tr>
<tr>
<td>ARTICLE II</td>
</tr>
<tr>
<td>PLEDGE OF SECURITIES</td>
</tr>
<tr>
<td>Section 2.1. Pledge</td>
</tr>
<tr>
<td>Section 2.2. Delivery of the Pledged Securities</td>
</tr>
<tr>
<td>Section 2.3. Representations, Warranties and Covenants</td>
</tr>
<tr>
<td>Section 2.4. Certification of Limited Liability Company and Limited Partnership Interests</td>
</tr>
<tr>
<td>Section 2.5. Registration in Nominee Name; Denominations</td>
</tr>
<tr>
<td>Section 2.6. Voting Rights; Dividends and Interest</td>
</tr>
<tr>
<td>ARTICLE III</td>
</tr>
<tr>
<td>SECURITY INTERESTS IN PERSONAL PROPERTY</td>
</tr>
<tr>
<td>Section 3.1. Security Interest</td>
</tr>
<tr>
<td>Section 3.2. Representations and Warranties</td>
</tr>
<tr>
<td>Section 3.3. Covenants</td>
</tr>
<tr>
<td>ARTICLE IV</td>
</tr>
<tr>
<td>REMEDIES</td>
</tr>
<tr>
<td>Section 4.1. Remedies Upon Default</td>
</tr>
<tr>
<td>Section 4.2. Application of Proceeds</td>
</tr>
<tr>
<td>Section 4.3. Grant of License to Use Intellectual Property</td>
</tr>
<tr>
<td>ARTICLE V</td>
</tr>
<tr>
<td>SUBORDINATION</td>
</tr>
<tr>
<td>Section 5.1. Subordination</td>
</tr>
<tr>
<td>ARTICLE VI</td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
</tr>
<tr>
<td>Section 6.1. Notices</td>
</tr>
<tr>
<td>Section 6.2. Waivers; Amendment</td>
</tr>
</tbody>
</table>
AMENDED AND RESTATED SECURITY AGREEMENT dated as of August 25, 2021, among the Grantors (as defined below) and JPMorgan Chase Bank, N.A., as Collateral Agent for the Secured Parties (in such capacity, the “Collateral Agent”).

WHEREAS, the Borrower, the Lenders party thereto, the Administrative Agent and the other parties thereto entered into that certain Security Agreement, dated as of December 1, 2009 (the “Original Closing Date”) (as amended, restated, modified and supplemented from time to time prior to the date hereof, the “Existing Security Agreement”);

WHEREAS, pursuant to the Restatement Agreement, dated as of the date hereof, the Borrower, the Subsidiary Loan Parties, the Administrative Agent, the Collateral Agent and the Lenders have agreed to amend and restate the Existing Security Agreement as provided in this Agreement;

Reference is made to the Amended and Restated Credit Agreement dated as of August 25, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among SeaWorld Parks & Entertainment., Inc., a Delaware corporation (the “Borrower”), SeaWorld Entertainment, Inc., the direct parent of the Borrower, certain other Guarantors from time to time party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, each lender from time to time party thereto (collectively, the “Lenders” and individually, a “Lender”) and JPMorgan Chase Bank, N.A., as Issuing Bank and Swingline Lender. The Lenders have agreed to extend credit to the Borrower subject to the terms and conditions set forth in the Credit Agreement. The obligations of the Lenders to extend such credit are conditioned upon, among other things, the execution and delivery of this Agreement. The Subsidiary Parties are affiliates of the Borrower, will derive substantial benefits from the extension of credit to the Borrower pursuant to the Credit Agreement, and are willing to execute and deliver this Agreement in order to induce the Lenders to extend such credit. Accordingly, the parties hereto agree as follows:

ARTICLE I
Definitions

Section 1.1. Credit Agreement.

(a) Capitalized terms used in this Agreement and not otherwise defined herein have the meanings specified in the Credit Agreement. All terms defined in the UCC (as defined herein) and not defined in this Agreement have the meanings specified therein; the term “instrument” shall have the meaning specified in Article 9 of the UCC.

(b) The rules of construction specified in Article I of the Credit Agreement also apply to this Agreement.

Section 1.2. Other Defined Terms

. As used in this Agreement, the following terms have the meanings specified below:

“Account Debtor” means any person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

“Accounts” has the meaning specified in Article 9 of the UCC.

“Agreement” means this Amended and Restated Security Agreement.

“Article 9 Collateral” has the meaning assigned to such term in Section 3.1(a).

Signature Page to Amended and Restated Security Agreement
“Borrower” has the meaning assigned to such term in the recitals of this Agreement.

“Collateral” means the Article 9 Collateral and the Pledged Collateral.

“Collateral Agent” has the meaning assigned to such term in the recitals of the Agreement.

“Collateral Documents” has the meaning assigned to such term in the Credit Agreement.

“Commercial Tort Claims” has the meaning specified in Article 9 of the UCC.

“Copyright License” means any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now owned or hereafter acquired by any Grantor or that such Grantor otherwise has the right to license, or granting any right to any Grantor under any Copyright now owned or hereafter acquired by any third party, and all rights of such Grantor under any such agreement.

“Copyrights” means all of the following now owned or hereafter acquired by any person: (a) all copyright rights in any work subject to the copyright laws of the United States, whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States, including registrations and pending applications for registration in the USCO.

“Credit Agreement” has the meaning assigned to such term in the preliminary statement of this Agreement.

“Excluded Assets” means:

(a) any General Intangible, Investment Property, Intellectual Property or rights of a Grantor with respect to any contract, lease, license or other agreement if (but only to the extent that) the grant of a security interest therein would (x) constitute a violation (including a breach or default) of, a restriction in respect of, or result in the abandonment, invalidation or unenforceability of, such General Intangible, Investment Property, Intellectual Property or rights in favor of a third party or in conflict with any law, regulation, permit, order or decree of any Governmental Authority, unless and until all required consents shall have been obtained (for the avoidance of doubt, the restrictions described herein shall not include negative pledges or similar undertakings in favor of a lender or other financial counterparty) or (y) expressly give any other party (other than another Grantor or its Affiliates) in respect of any such contract, lease, license or other agreement, the right to terminate its obligations thereunder, provided, however, that the limitation set forth in this clause (a) shall not affect, limit, restrict or impair the grant by a Grantor of a security interest pursuant to this Agreement in any such Collateral to the extent that an otherwise applicable prohibition or restriction on such grant is rendered ineffective by any applicable law, including the UCC; provided, further, that, at such time as the condition causing the conditions in subclauses (x) and (y) of this clause (a) shall be remedied, whether by contract, change of law or otherwise, the contract, lease, instrument, license or other documents shall immediately cease to be an Excluded Asset, and any security interest that would otherwise be granted herein shall attach immediately to such contract, lease, instrument, license or other agreement, or to the extent severable,
to any portion thereof that does not result in any of the conditions in subclause (x) or (y) above;

(b) any assets to the extent and for so long as (i) the pledge of or security interest in such assets is prohibited by law and such prohibition is not overridden by the UCC or other applicable law or (ii) the grant of such security interest would require governmental consent, approval, license or authorization (except that the cash Proceeds of dispositions thereof in accordance with applicable law, including, without limitation, rules and regulations of any governmental authority or agency shall not be an Excluded Asset);

(c) motor vehicles and other assets subject to certificates of title, letters of credit with a face value of less than $5,000,000 and commercial tort claims where the amount of damages claimed by the applicable Grantor is less than $5,000,000, the perfection of a security interest in which cannot be perfected through the filing of financing statements under the UCC in the relevant jurisdiction;

(d) Margin Stock;

(e) Excluded Security;

(f) any Intellectual Property to the extent that the attachment of the security interest of this Agreement thereto, or any assignment thereof, would result in the forfeiture, cancellation, invalidation, unenforceability, or other loss of the Grantors’ rights in such property including, without limitation, any License pursuant to which Grantor is licensee under terms which prohibit the granting of a security interest or under which granting such an interest would give rise to a breach or default by Grantor, and any Trademark applications filed in the USPTO on the basis of such Grantor’s “intent-to-use” such Trademark, unless and until acceptable evidence of use of such Trademark has been filed with and accepted by the USPTO pursuant to Section 1(c) or Section 1(d) of the Lanham Act (15 U.S.C. § 1051, et seq.), to the extent that granting a lien in such Trademark application prior to such filing would adversely affect the enforceability, validity, or other rights in such Trademark application;

(g) assets (including Equity Interests) owned by any Grantor on the date hereof or hereafter acquired that are subject to (A) a Lien of the type described in Section 6.02(c) and (i) of the Credit Agreement that is permitted to be incurred pursuant to the provisions of the Credit Agreement or (B) a contract or agreement permitted under clauses (c)(B) or (c)(P)) of Section 6.09 of the Credit Agreement, in each case, if and to the extent that the contract or other agreement pursuant to which such Lien is granted or to which such assets are subject (or the documentation relating thereto) prohibits the creation of any other Lien on such asset;

(h) any particular assets if, in the reasonable judgment of the Borrower evidenced in writing and with the consent of the Administrative Agent (not to be unreasonably withheld or delayed), creating a pledge thereof or security interest therein to the Collateral Agent for the benefit of the Secured Parties would result in any material adverse tax consequences to the Borrower or its Subsidiaries; and

(i) any particular assets if, in the reasonable judgment of the Administrative Agent, determined in consultation with the Borrower and evidenced in writing, the
burden, cost or consequences (including any material adverse tax consequences) to the Borrower or its Subsidiaries of creating or perfecting such pledges or security interests in such assets in favor of the Collateral Agent for the benefit of the Secured Parties is excessive in relation to the benefits to be obtained therefrom by the Secured Parties.

“Excluded Security” means:

(a) more than 65% of the issued and outstanding Equity Interests of any Foreign Subsidiary;

(b) more than 65% of the issued and outstanding Equity Interests of any Domestic Subsidiary that is a disregarded entity under the Code if substantially all of its assets consist of the Equity Interests of one or more Subsidiaries that are controlled foreign corporations within the meaning of Section 957 of the Code;

(c) any interest in a joint venture or non-Wholly Owned Subsidiary to the extent the granting of a security interest therein is prohibited by the terms of the organizational documents of such joint venture or non-Wholly Owned Subsidiary;

(d) any Equity Interests of any Unrestricted Subsidiary (until such time, if at all, as such Unrestricted Subsidiary becomes a Subsidiary in accordance with the Credit Agreement);

(e) any Equity Interest of any Subsidiary the pledge of which is prohibited by applicable law or by agreements permitted under the Credit Agreement containing anti-assignment clauses to the extent not over-ridden by the UCC or the pledge of which would require governmental (including regulatory) consent, approval, license or authorization;

(f) any Equity Interest of any not-for-profit Subsidiaries; and

(g) any Equity Interest of any special purpose securitization vehicle or a captive insurance subsidiary.

“General Intangibles” has the meaning specified in Article 9 of the UCC.

“Grantor” means the Borrower, each Subsidiary Guarantor that is a party hereto, and each Subsidiary Guarantor that is a Domestic Subsidiary that becomes a party to this Agreement after the Closing Date.

“Guarantees” means, collectively, the guarantees of the Obligations by the Guarantors pursuant to the Credit Agreement.

“Immaterial Subsidiary” means any Subsidiary that does not have total assets or annual revenues in excess of $20,000,000 individually or in the aggregate with all other “Immaterial Subsidiaries.”

“Intellectual Property” means all intellectual property now owned or hereafter acquired by any person, including inventions, designs, Patents, Copyrights, Trademarks, trade secrets, the intellectual property rights in software and databases and related documentation, and all additions and improvements to the foregoing.
“Intellectual Property Security Agreements” means the short-form Patent Security Agreement, short-form Trademark Security Agreement, and short-form Copyright Security Agreement, each substantially in the form attached hereto as Exhibits III, IV and V, respectively.

“License” means any Patent License, Trademark License, Copyright License or other Intellectual Property license or sublicense agreement to which any Grantor is a party, together with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder or with respect thereto including damages and payments for past, present or future infringements or violations thereof, and (iii) rights to sue for past, present and future violations thereof.

“Margin Stock” has the meaning specified in Regulation U of the Board of Governors of the Federal Reserve System.

“Mortgages” has the meaning assigned to such term in the Credit Agreement.

“Mortgaged Property” has the meaning assigned to such term in the Credit Agreement.

“Patent License” means any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now owned or hereafter acquired by any Grantor or that any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a Patent, now owned or hereafter acquired by any third party, is in existence, and all rights of any Grantor under any such agreement.

“Patents” means all of the following now owned or hereafter acquired by any person: (a) all letters Patent of the United States in or to which any Grantor now or hereafter has any right, title or interest therein, all registrations thereof, and all applications for letters Patent of the United States, including registrations and pending applications in the USPTO, and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

“Perfection Certificate” means a certificate substantially in the form of Exhibit II, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Responsible Officer of the Borrower.

“Pledged Collateral” has the meaning assigned to such term in Section 2.1.

“Pledged Debt” has the meaning assigned to such term in Section 2.1.

“Pledged Equity” has the meaning assigned to such term in Section 2.1.

“Pledged Securities” means the Pledged Equity and Pledged Debt.

“Secured Obligations” means the “Obligations” (as defined in the Credit Agreement).

“Secured Parties” means, collectively, the Administrative Agent, the Collateral Agent, each Lender, each Issuing Bank, each Hedge Bank that is party to any Secured Hedge Agreement, each Cash Management Bank that is party to any Secured Cash Management Agreement and each sub-agent appointed pursuant to Section 8.02 of the Credit Agreement.
“Security Agreement Supplement” means an instrument substantially in the form of Exhibit I hereto.

“Subsidiary Parties” means (a) the Subsidiaries identified on Schedule I and (b) each other Subsidiary that becomes a party to this Agreement as a Subsidiary Party after the Closing Date.

“Trademark License” means any written agreement, now or hereafter in effect, granting to any third party any right to use any trademark now or hereafter owned by any Grantor or that any Grantor otherwise has the right to license, or granting to any Grantor any right to use any trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement.

“Trademarks” means all of the following now owned or hereafter acquired by any person: (a) all trademarks, service marks, trade names, corporate names, trade dress, logos, designs, fictitious business names other source or business identifiers, now owned or hereafter acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the USPTO or any similar offices in any State of the United States or any jurisdiction thereof, and all extensions or renewals thereof, and (b) all goodwill associated therewith.

“UCC” means the Uniform Commercial Code as from time to time in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“USCO” means the United States Copyright Office.


ARTICLE II

Pledge of Securities

Section 2.1. Pledge

As security for the payment or performance, as the case may be, in full of the Secured Obligations, including the Guarantees, each of the Grantors hereby assigns and pledges to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and confirms its prior assignment, pledge and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties of, a security interest in all of such Grantors’ right, title and interest in, to and under;

(i) all Equity Interests held by it that are listed on Schedule II and any other Equity Interests obtained in the future by such Grantor and the certificates representing all such Equity Interests (the “Pledged Equity”) of (x) any Wholly Owned Subsidiary and (y) non-Wholly Owned Subsidiaries to the extent permitted by the terms of the organizational documents of such non-Wholly Owned Subsidiaries; provided that the Pledged Equity shall not include (a) Excluded Assets and (b) the Equity Interests of an Immaterial Subsidiary;
(ii) (A) the debt securities owned by it and listed opposite the name of such Grantor on Schedule II, (B) any debt securities obtained in the future by such Grantor and (C) the promissory notes and any other instruments evidencing such debt securities (the “Pledged Debt”); provided that the Pledged Debt shall not include any Excluded Assets;

(iii) all other property that may be delivered to and held by the Collateral Agent pursuant to the terms of this Section 2.1;

(iv) subject to Section 2.6, all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other Proceeds received in respect of, the securities referred to in clauses (i) and (ii) above;

(v) subject to Section 2.6, all rights and privileges of such Grantor with respect to the securities and other property referred to in clauses (i), (ii), (iii) and (iv) above; and

(vi) all Proceeds of any of the foregoing (the items referred to in clauses (i) through (v) above being collectively referred to as the “Pledged Collateral”).

TO HAVE AND TO HOLD the Pledged Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, forever, subject, however, to the terms, covenants and conditions hereinafter set forth.

Section 2.2. Delivery of the Pledged Securities.

(a) Each Grantor agrees promptly (but in any event within 30 days after receipt by such Grantor) to deliver or cause to be delivered to the Collateral Agent, for the benefit of the Secured Parties, any and all (i) Pledged Equity to the extent certificated and (ii) to the extent required to be delivered pursuant to paragraph (b) of this Section 2.2, Pledged Debt.

(b) Each Grantor will cause any Indebtedness for borrowed money having an aggregate principal amount in excess of $5,000,000 owed to such Grantor by any person that is evidenced by a duly executed promissory note to be pledged and delivered to the Collateral Agent, for the benefit of the Secured Parties, pursuant to the terms hereof.

(c) Upon delivery to the Collateral Agent, any Pledged Securities shall be accompanied by stock or security powers duly executed in blank or other instruments of transfer reasonably satisfactory to the Collateral Agent and by such other instruments and documents as the Collateral Agent may reasonably request. Each delivery of Pledged Securities shall be accompanied by a schedule describing the securities, which schedule shall be deemed to supplement Schedule II and made a part hereof; provided that failure to supplement Schedule II shall not affect the validity of such pledge of such Pledged Security. Each schedule so delivered shall supplement any prior schedules so delivered.

Section 2.3. Representations, Warranties and Covenants

(a) As of the date hereof, Schedule II includes all Equity Interests, debt securities and promissory notes required to be pledged by such Grantor hereunder in order to satisfy the Collateral and Guarantee Requirement;
the Pledged Equity issued by the Borrower or a Wholly Owned Subsidiary have been duly and validly authorized and issued by the issuers thereof and are fully paid and non-assessable;

c) except for the security interests granted hereunder, such Grantor (i) is, subject to any transfers made in compliance with the Credit Agreement, the direct owner, beneficially and of record, of the Pledged Equity indicated on Schedule II, (ii) holds the same free and clear of all Liens, other than Liens created by the Collateral Documents or permitted pursuant to Section 6.02 of the Credit Agreement, and (iii) if requested by the Collateral Agent, will defend its title or interest thereto or therein against any and all Liens (other than the Liens permitted pursuant to this Section 2.3(c)), however arising, of all persons whomsoever;

d) except for restrictions and limitations (i) imposed or permitted by the Loan Documents or securities laws generally or (ii) described in the Perfection Certificate, the Pledged Collateral is freely transferable and assignable, and none of the Pledged Collateral is subject to any option, right of first refusal, shareholders agreement, charter or by-law provisions or contractual restriction of any nature that might prohibit, impair, delay or otherwise affect in any manner material and adverse to the Secured Parties the pledge of such Pledged Collateral hereunder, the sale or disposition thereof pursuant hereto or the exercise by the Collateral Agent of rights and remedies hereunder;

e) the execution and performance by the Grantors of this Agreement are within each Grantor’s corporate limited liability or limited partnership powers and have been duly authorized by all necessary corporate, limited liability or limited partnership action or other organizational action;

f) no consent or approval of any Governmental Authority, any securities exchange or any other person was or is necessary to the validity of the pledge effected hereby, except for (i) filings and registrations necessary to perfect the Liens on the Collateral granted by the Loan Parties in favor of the Secured Parties and (ii) the approvals, consents, exemptions, authorizations, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect (except to the extent not required to be obtained, taken, given, or made or to be in full force and effect pursuant to the Collateral and Guarantee Requirement);

g) by virtue of the execution and delivery by each Grantor of this Agreement, and delivery of the Pledged Securities to and continued possession by the Collateral Agent in the State of New York, the Collateral Agent for the benefit of the Secured Parties has a legal, valid and perfected lien upon and security interest in such Pledged Security as security for the payment and performance of the Secured Obligations to the extent such perfection is governed by the UCC; and

h) the pledge effected hereby is effective to vest in the Collateral Agent, for the benefit of the Secured Parties, the rights of the Collateral Agent in the Pledged Collateral to the extent intended hereby.

Subject to the terms of this Agreement and to the extent permitted by applicable law, each Grantor hereby agrees that upon the occurrence and during the continuance of an Event of Default, it will comply with instructions of the Collateral Agent with respect to the Equity Interests in such Grantor that constitute Pledged Equity hereunder that are not certificated without further consent by the applicable owner or holder of such Equity Interests.
Notwithstanding anything to the contrary in this Agreement, to the extent any provision of this Agreement or the Credit Agreement excludes any assets from the scope of the Pledged Collateral, or from any requirement to take any action to perfect any security interest in favor of the Collateral Agent in the Pledged Collateral (including the Equity Interests of Immaterial Subsidiaries), the representations, warranties and covenants made by any relevant Grantor in this Agreement with respect to the creation, perfection or priority (as applicable) of the security interest granted in favor of the Collateral Agent (including, without limitation, this Section 2.3) shall be deemed not to apply to such excluded assets.

Section 2.4. Certification of Limited Liability Company and Limited Partnership Interests

. No interest in any limited liability company or limited partnership controlled by any Grantor that constitutes Pledged Equity shall be represented by a certificate unless (i) the limited liability company agreement or partnership agreement expressly provides that such interests shall be a “security” within the meaning of Article 8 of the UCC of the applicable jurisdiction, and (ii) such certificate shall be delivered to the Collateral Agent in accordance with Section 2.2. Any limited liability company and any limited partnership controlled by any Grantor shall either (a) not include in its operative documents any provision that any Equity Interests in such limited liability company or such limited partnership be a “security” as defined under Article 8 of the Uniform Commercial Code or (b) certificate any Equity Interests in any such limited liability company or such limited partnership. To the extent an interest in any limited liability company or limited partnership controlled by any Grantor and pledged under Section 2.1 is certificated or becomes certificated, (i) each such certificate shall be delivered to the Collateral Agent, pursuant to Section 2.2(a) and (ii) such Grantor shall fulfill all other requirements under Section 2.2 applicable in respect thereof. Such Grantor hereby agrees that if any of the Pledged Collateral are at any time not evidenced by certificates of ownership, then each applicable Grantor shall, to the extent permitted by applicable law, if necessary or desirable to perfect a security interest in such Pledged Collateral, upon the reasonable request of the Collateral Agent, cause such pledge to be recorded on the equity holder register or the books of the issuer, execute any customary pledge forms or other documents necessary or appropriate to complete the pledge and give the Collateral Agent the right to transfer such Pledged Collateral under the terms hereof.

Section 2.5. Registration in Nominee Name; Denominations

. If an Event of Default shall have occurred and be continuing and the Collateral Agent shall give the Borrower prior notice of its intent to exercise such rights, (a) the Collateral Agent, on behalf of the Secured Parties, shall have the right to hold the Pledged Securities in its own name as pledgee, the name of its nominee (as pledgee or as sub-agent) or the name of the applicable Grantor, endorsed or assigned in blank or in favor of the Collateral Agent and each Grantor will promptly give to the Collateral Agent copies of any notices or other communications received by it with respect to Pledged Equity registered in the name of each Grantor and (b) the Collateral Agent shall have the right to exchange the certificates representing Pledged Equity for certificates of smaller or larger denominations for any purpose consistent with this Agreement, to the extent permitted by the documentation governing such Pledged Securities.

Section 2.6. Voting Rights; Dividends and Interest.

(a) Unless and until an Event of Default shall have occurred and be continuing and the Collateral Agent shall have provided prior notice to the Borrower that the rights of the Grantors under this Section 2.6 are being suspended:

(i) Each Grantor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Securities or any part thereof, and each Grantor agrees that it shall exercise such rights for purposes consistent with the terms of this Agreement, the Credit Agreement and the other Loan Documents;
The Collateral Agent shall promptly (after reasonable advance notice) execute and deliver to each Grantor, all such proxies, powers of attorney and other instruments as such Grantor may reasonably request for the purpose of enabling such Grantor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subparagraph (i) above; and

Each Grantor shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Securities to the extent and only to the extent that such dividends, interest, principal and other distributions are permitted by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents and applicable laws; provided that any non-cash dividends, interest, principal or other distributions that would constitute Pledged Equity or Pledged Debt, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral, and, if received by any Grantor, shall not be commingled by such Grantor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent and the Secured Parties and shall be promptly (and in any event within 10 Business Days) delivered to the Collateral Agent in the same form as so received (with any necessary endorsement reasonably requested by the Collateral Agent). So long as no Default or Event of Default has occurred and is continuing, the Collateral Agent shall promptly deliver to each Grantor any Pledged Securities in its possession if requested to be delivered to the issuer thereof in connection with any exchange or redemption of such Pledged Securities permitted by the Credit Agreement in accordance with this Section 2.6(a)(iii).

(b) Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified the Borrower of the suspension of the Grantors’ rights under paragraph (a)(iii) of this Section 2.6, then all rights of any Grantor to dividends, interest, principal or other distributions that such Grantor is authorized to receive pursuant to paragraph (a)(iii) of this Section 2.6 shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions. All dividends, interest, principal or other distributions received by any Grantor contrary to the provisions of this Section 2.6 shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of such Grantor and shall be promptly (and in any event within 10 days) delivered to the Collateral Agent upon demand in the same form as so received (with any necessary endorsement reasonably requested by the Collateral Agent). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this paragraph (b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 4.2. After all Events of Default have been cured or waived, the Collateral Agent shall promptly repay to each Grantor (without interest) all dividends, interest, principal or other distributions that such Grantor would otherwise be permitted to retain pursuant to the terms of paragraph (a)(iii) of this Section 2.6 and that remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have provided the Borrower with notice of the suspension of the rights of the Grantors under paragraph (a)(i) of this Section 2.6, then, all rights of any Grantor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to paragraph (a)(i) of this Section 2.6, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 2.6, shall cease, and all
such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; provided that, unless otherwise directed by the Required Lenders, the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit the Grantors to exercise such rights. After all Events of Default have been cured or waived, each Grantor shall have the exclusive right to exercise the voting and/or consensual rights and powers that such Grantor would otherwise be entitled to exercise pursuant to the terms of paragraph (a)(i) above, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 2.6 shall be reinstated.

(d) Any notice given by the Collateral Agent to the Borrower under Section 2.5 or Section 2.6 (i) shall be given in writing, (ii) may be given with respect to one or more Grantors at the same or different times and (iii) may suspend the rights of the Grantors under paragraph (a)(i) or paragraph (a)(iii) of this Section 2.6 in part without suspending all such rights (as specified by the Collateral Agent in its sole and absolute discretion) and without waiving or otherwise affecting the Collateral Agent’s rights to give additional notices from time to time suspending other rights so long as an Event of Default has occurred and is continuing.

ARTICLE III

Security Interests in Personal Property

Section 3.1. Security Interest.

(a) As security for the payment or performance, as the case may be, in full of the Secured Obligations, including the Guarantees, each Grantor hereby collaterally assigns and pledges to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties of, a security interest (the “Security Interest”) in, all right, title or interest in or to any and all of the following assets and properties now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the “Article 9 Collateral”):

(i) all Accounts;
(ii) all Chattel Paper;
(iii) all Documents;
(iv) all Equipment;
(v) all General Intangibles;
(vi) all Goods;
(vii) all Instruments;
(viii) all Inventory;
(ix) all Investment Property;
(x) all books and records pertaining to the Article 9 Collateral;

(xi) all Fixtures;

(xii) all Letter of Credit and Letter-of-Credit Rights in excess of $5,000,000;

(xiii) all Intellectual Property;

(xiv) all Commercial Tort Claims listed on Schedule III and on any supplement thereto received by the Collateral Agent pursuant to Section 3.3(g); and

(xv) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all supporting obligations, collateral security and guarantees given by any person with respect to any of the foregoing;

provided that, notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute a grant of a security interest in any Excluded Asset.

(b) Subject to Section 3.1(e), each Grantor hereby irrevocably authorizes the Collateral Agent for the benefit of the Secured Parties at any time and from time to time to file in any relevant jurisdiction any initial financing statements with respect to the Article 9 Collateral or any part thereof and amendments thereto that (i) indicate the Article 9 Collateral as “all assets” or “all personal property” of such Grantor or words of similar effect as being of an equal or lesser scope or with greater detail and (ii) contain the information required by Article 9 of the UCC or the analogous legislation of each applicable jurisdiction for the filing of any financing statement or amendment, including whether such Grantor is an organization, the type of organization and, if required, any organizational identification number issued to such Grantor. Each Grantor also ratifies its authorization for the Collateral Agent to file in any such jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof. Each Grantor agrees to provide such information to the Collateral Agent promptly upon any reasonable request.

(c) The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Article 9 Collateral.

(d) The Collateral Agent is authorized to file with the USPTO or the USCO (or any successor office) such documents executed by any Grantor as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest in United States registered and applied for Intellectual Property of each Grantor in which a security interest has been granted by each Grantor and naming any Grantor or the Grantor as debtors and the Collateral Agent as secured party.

(e) Notwithstanding anything to the contrary in the Loan Documents, none of the Grantors shall be required, nor is the Collateral Agent authorized, (i) to perfect the Security Interests granted by this Security Agreement (including Security Interests in Investment Property and Fixtures) by any means other than by (A) filings pursuant to the Uniform Commercial Code in the office of the secretary of state (or similar central filing office) of the relevant State(s), and filings in the applicable real estate records with respect to any fixtures relating to Mortgaged Property, (B) filings in United States government offices with respect to United States registered and applied for Intellectual Property of Grantor as expressly required elsewhere herein, (C) delivery to the Collateral Agent to be held in its possession of all Collateral consisting of Instruments as expressly required elsewhere herein or (D) other methods expressly provided herein, (ii) to enter into any deposit account control agreement, securities account
control agreement or any other control agreement with respect to any deposit account, securities account or any other Collateral that requires perfection by “control,” (iii) to take any action (other than the actions listed in clauses (i)(A) and (C) above) with respect to any assets located outside of the United States, (iv) to perfect in any assets subject to a certificate of title statute or (v) to deliver any Equity Interests except as expressly provided in Section 2.1.

Section 3.2. Representations and Warranties

Each Grantor represents and warrants to the Collateral Agent and the Secured Parties that:

(a) Subject to Liens permitted by Section 6.02 of the Credit Agreement, each Grantor has good and valid rights in and title to the Article 9 Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Article 9 Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval that has been obtained.

(b) The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein is correct and complete in all material respects (except the information therein with respect to the exact legal name of each Grantor shall be correct and complete in all respects) as of the Closing Date. Subject to Section 3.1(e), the UCC financing statements or other appropriate filings, recordings or registrations prepared by the Collateral Agent based upon the information provided to the Collateral Agent in the Perfection Certificate for filing in the applicable filing office (or specified by notice from the Borrower to the Collateral Agent after the Closing Date in the case of filings, recordings or registrations (other than filings required to be made in the USPTO and the USCO in order to perfect the Security Interest in Article 9 Collateral consisting of United States registered and applied for Patents, Trademarks and Copyrights), in each case, as required by Section 5.10 of the Credit Agreement), are all the filings, recordings and registrations that are necessary to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the benefit of the Secured Parties) in respect of all Article 9 Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code, and no further or subsequent filing, re-filing, recording, rerecording, registration or re-registration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.

(c) Each Grantor represents and warrants that short-form Intellectual Property Security Agreements substantially in the form attached hereto as Exhibits II, IV and V and containing a description of all Article 9 Collateral consisting of material United States registered and applied for Patents, United States registered Trademarks (and Trademarks for which United States registration applications are pending, unless it constitutes an Excluded Asset) and United States registered Copyrights, respectively, have been delivered to the Collateral Agent for recording by the USPTO and the USCO pursuant to 35 U.S.C. § 261, 15 U.S.C. § 1060 or 17 U.S.C. § 205 and the regulations thereunder, as applicable, (for the benefit of the Secured Parties) in respect of all Article 9 Collateral consisting of registrations and applications for United States Patents, Trademarks and Copyrights. To the extent a security interest may be perfected by filing, recording or registration in USPTO or USCO under the Federal intellectual property laws, then no further or subsequent filing, re-filing, recording, rerecording, registration or re-registration is necessary (other than (i) such filings and actions as are necessary to perfect the Security Interest with respect to any Article 9 Collateral consisting of United States registered and applied for
Patents, Trademarks and Copyrights acquired or developed by any Grantor after the date hereof and (ii) the UCC financing and continuation statements contemplated in Section 3.2(b)).

(d) The Security Interest constitutes (i) a legal and valid security interest in all the Article 9 Collateral securing the payment and performance of the Secured Obligations and (ii) subject to the filings described in Section 3.2(b), a perfected security interest in all Article 9 Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code in the relevant jurisdiction. Subject to Section 3.1(e) of this Agreement, the Security Interest is and shall be prior to any other Lien on any of the Article 9 Collateral, other than (i) any statutory or similar Lien that has priority as a matter of law and (ii) any Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement.

(e) The Article 9 Collateral is owned by the Grantors free and clear of any Lien, except for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement. None of the Grantors has filed or consented to the filing of (i) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Article 9 Collateral, (ii) any assignment in which any Grantor assigns any Article 9 Collateral owned by any Grantor or any security agreement or similar instrument covering any Article 9 Collateral owned by any Grantor with the USPTO or the USCO, or (iii) any assignment in which any Grantor assigns any Article 9 Collateral or any security agreement or similar instrument covering any Article 9 Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each case, for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement and assignments permitted by the Credit Agreement.

(f) As of the date hereof, no Grantor has any Commercial Tort Claim in excess of $5,000,000, other than the Commercial Tort Claims listed on Schedule III.

Section 3.3. Covenants.

(a) The Borrower agrees to notify the Collateral Agent in writing promptly, but in any event within 60 days, after any change in (i) the legal name of any Grantor, (ii) the identity or type of organization or corporate structure of any Grantor or (iii) the jurisdiction of organization of any Grantor.

(b) Subject to Section 3.1(e), each Grantor shall, at its own expense, upon the reasonable request of the Collateral Agent, take any and all commercially reasonable actions necessary to defend title to the Article 9 Collateral against all persons and to defend the Security Interest of the Collateral Agent in the Article 9 Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.02 of the Credit Agreement; provided that, nothing in this Agreement shall prevent any Grantor from discontinuing the operation or maintenance of any of its assets or properties if such discontinuance is (x) determined by such Grantor to be desirable in the conduct of its business and (y) permitted by the Credit Agreement.

(c) Subject to Section 3.1(e), each Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time reasonably request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing statements or other documents in
connection herewith or therewith. If any amount payable under or in connection with any of the Article 9 Collateral that is in excess of $5,000,000 shall be or become evidenced by any promissory note, other instrument or debt security, such note, instrument or debt security shall be promptly (and in any event within 30 days of its acquisition) pledged and delivered to the Collateral Agent, for the benefit of the Secured Parties, duly endorsed in a manner reasonably satisfactory to the Collateral Agent.

(d) At its option, the Collateral Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Article 9 Collateral and not permitted pursuant to Section 6.02 of the Credit Agreement, and may pay for the maintenance and preservation of the Article 9 Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or any other Loan Document and within a reasonable period of time after the Collateral Agent has requested that it do so, and each Grantor jointly and severally agrees to reimburse the Collateral Agent within 10 Business Days after demand for any payment made or any reasonable expense incurred by the Collateral Agent pursuant to the foregoing authorization; provided, however, the Grantors shall not be obligated to reimburse the Collateral Agent with respect to any Intellectual Property that any Grantor has failed to maintain or pursue, or otherwise allowed to lapse, terminate or be put into the public domain in accordance with Section 3.3(f)(iv). Nothing in this paragraph (d) shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

(e) If at any time any Grantor shall take a security interest in any property of an Account Debtor or any other person, the value of which is in excess of $5,000,000 to secure payment and performance of an Account, such Grantor shall promptly assign such security interest to the Collateral Agent for the benefit of the Secured Parties. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other person granting the security interest.

(f) Intellectual Property Covenants.

(i) Other than to the extent not prohibited herein or in the Credit Agreement or with respect to registrations and applications no longer used or useful, except to the extent failure to act would not, as deemed by the applicable Grantor in its reasonable business judgment, reasonably be expected to have a Material Adverse Effect, with respect to registration or pending application of each item of its Intellectual Property for which such Grantor has standing to do so, each Grantor agrees to take, at its expense, all reasonable steps, including, without limitation, in the USPTO, the USCO and any other governmental authority located in the United States, to pursue the registration and maintenance of each Patent, Trademark, or Copyright registration or application, now or hereafter included in the Intellectual Property of such Grantor that are not Excluded Assets.

(ii) Other than to the extent not prohibited herein or in the Credit Agreement, or with respect to registrations and applications no longer used or useful, or except as would not, as deemed by the applicable Grantor in its reasonable business judgment, reasonably be expected to have a Material Adverse Effect, no Grantor shall do or permit any act or knowingly omit to do any act whereby any of its Intellectual Property, excluding Excluded Assets, may prematurely lapse, be terminated, or become invalid or unenforceable or placed in the public domain (or in the case of a trade secret, become publicly known).

(iii) Other than as excluded or as not prohibited herein or in the Credit Agreement, or with respect to Patents, Copyrights or Trademarks which are no longer used or useful in the applicable
Grantor’s business operations or except where failure to do so would not, as deemed by the applicable Grantor in its reasonable business judgment, reasonably be expected to have a Material Adverse Effect, each Grantor shall take all reasonable steps to preserve and enforce each item of its Intellectual Property, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Trademarks, consistent with the quality of the products and services as of the date hereof, and taking reasonable steps necessary to ensure that all licensed users of any of the material Trademarks abide by the applicable license’s terms with respect to standards of quality.

(iv) Notwithstanding any other provision of this Agreement, nothing in this Agreement or any other Loan Document prevents or shall be deemed to prevent any Grantor from disposing of, discontinuing the use or maintenance of, failing to pursue, or otherwise allowing to lapse, expire, terminate or be put into the public domain, any of its Intellectual Property to the extent permitted by the Credit Agreement if such Grantor determines in its reasonable business judgment that such discontinuance is desirable in the conduct of its business.

(v) Within 30 days after each March 31 and September 30, the Borrower shall provide a list of any additional registrations of Intellectual Property of all Grantors with the USPTO and USCO not previously disclosed to the Collateral Agent including such information as is necessary for such Grantor to make appropriate filings in the USPTO and USCO.

(g) Commercial Tort Claims. If the Grantors shall at any time hold or acquire a Commercial Tort Claim in an amount reasonably estimated by such Grantor to exceed $5,000,000 for which this clause (g) has not been satisfied and for which a complaint in a court of competent jurisdiction has been filed, such Grantor shall within 45 days after the end of the fiscal quarter in which such complaint was filed notify the Collateral Agent thereof in a writing signed by such Grantor including a summary description of such claim and grant to the Collateral Agent, for the benefit of the Secured Parties, in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement.

ARTICLE IV

Remedies

Section 4.1. Remedies Upon Default

Upon the occurrence and during the continuance of an Event of Default, it is agreed that the Collateral Agent shall have the right to exercise any and all rights afforded to a secured party with respect to the Secured Obligations, including the rights afforded to a secured party with respect to the Secured Obligations, including the Guarantees, under the Uniform Commercial Code or other applicable law and also may (i) require each Grantor to, and each Grantor agrees that it will at its expense and upon request of the Collateral Agent promptly, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place and time to be designated by the Collateral Agent that is reasonably convenient to both parties; (ii) occupy any premises owned or, to the extent lawful and permitted, leased by any of the Grantors where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to such Grantor in respect of such occupation; provided that the Collateral Agent shall provide the applicable Grantor with notice thereof prior to such occupancy; (iii) exercise any and all rights and remedies of any of the Grantors under or in connection with the Collateral, or otherwise in respect of the Collateral; provided that the Collateral Agent shall provide the applicable Grantor with notice thereof prior to such exercise; and (iv) subject to the mandatory requirements of applicable law and the notice requirements described below, sell or otherwise dispose of all or any part of the Collateral securing the Secured Obligations at a public or private sale or at any broker’s board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any time...

CG&R Draft Current date: 08/09/2021 1:04 PM62203517v4
such sale of securities (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any sale of Collateral shall hold the property sold absolutely, free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and appraisal which such Grantor now has or may at any time in the future have under any applicable law now existing or hereafter enacted.

The Collateral Agent shall give the applicable Grantors 10 days’ written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-611 of the UCC or its equivalent in other jurisdictions) of the Collateral Agent’s intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker’s board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by applicable law, private) sale made pursuant to this Agreement, any Secured Party may bid for or purchase, free (to the extent permitted by applicable law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by applicable law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Secured Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at applicable law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this Section 4.1 shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the UCC or its equivalent in other jurisdictions.

Section 4.2. Application of Proceeds

The Collateral Agent shall apply the proceeds of any collection or sale of Collateral, including any Collateral consisting of cash in accordance with Section 7.02 of the Credit Agreement.
The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

The Collateral Agent shall have no liability to any of the Secured Parties for actions taken in reliance on information supplied to it as to the amounts of unpaid principal and interest and other amounts outstanding with respect to the Secured Obligations, provided that nothing in this sentence shall prevent any Grantor from contesting any amounts claimed by any Secured Party in any information so supplied. All distributions made by the Collateral Agent pursuant to this Section 4.2 shall be (subject to any decree of any court of competent jurisdiction) final (absent manifest error), and the Collateral Agent shall have no duty to inquire as to the application by the Administrative Agent of any amounts distributed to it.

Section 4.3.  Grant of License to Use Intellectual Property

For the exclusive purpose of enabling the Collateral Agent to exercise rights and remedies under this Agreement at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies at any time after and during the continuance of an Event of Default, each Grantor hereby grants to the Collateral Agent a nonexclusive, royalty-free, limited license (until the termination or cure of the Event of Default) to use, license or, solely to the extent necessary to exercise those rights and remedies, sublicense any of the Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same are located, and including in such license necessary access to media in which such licensed items are recorded or stored and to computer software and programs used for the compilation or printout thereof, provided, however, that all of the foregoing rights of the Collateral Agent to use such licenses, sublicenses and other rights, and (to the extent permitted by the terms of such licenses and sublicenses) all licenses and sublicenses granted thereunder, shall expire immediately upon the termination or cure of all Events of Default and shall be exercised by the Collateral Agent solely during the continuance of an Event of Default and upon 10 Business Days’ prior written notice to the applicable Grantor; provided, further, that nothing in this Section 4.3 shall require Grantors to grant any license that is prohibited by any rule of law, statute or regulation, or is prohibited by, or constitutes a breach or default under or results in the termination of or gives rise to any right of cancellation under any contract, license, agreement, instrument or other document evidencing, giving rise to or theretofore granted, to the extent permitted by the Credit Agreement, with respect to such property or otherwise prejudices the value thereof to the relevant Grantor; provided, further, that such licenses granted hereunder with respect to Trademarks material to the business of such Grantor shall be subject to restrictions, including, without limitation restrictions as to goods or services associated with such Trademarks and the maintenance of quality standards with respect to the goods and services on which such Trademarks are used, sufficient to preserve the validity and value of such Trademarks. For the avoidance of doubt, the use of such license by the Collateral Agent may be exercised, at the option of the Collateral Agent, only during the continuation of an Event of Default and upon 10 Business Days’ prior written notice to the applicable Grantor. Upon the occurrence and during the continuance of an Event of Default and upon 10 Business Days’ prior written notice to the applicable Grantor, the Collateral Agent may also exercise the rights afforded under Section 4.1 of this Agreement with respect to Intellectual Property contained in the Article 9 Collateral.
ARTICLE V

Subordination

Section 5.1. Subordination.

(a) Notwithstanding any provision of this Agreement to the contrary, all rights of the Grantors of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the payment in full in cash of the Secured Obligations. No failure on the part of the Borrower or any Grantor to make the payments required under applicable law or otherwise shall in any respect limit the obligations and liabilities of any Grantor with respect to its obligations hereunder, and each Grantor shall remain liable for the full amount of the obligations of such Grantor hereunder.

(b) Each Grantor hereby agrees that upon the occurrence and during the continuance of an Event of Default and after notice from the Collateral Agent, all Indebtedness owed to it by any other Grantor shall be fully subordinated to the payment in full in cash of the Secured Obligations.

ARTICLE VI

Miscellaneous

Section 6.1. Notices.

All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to the Borrower or any other Grantor shall be given to it in care of the Borrower as provided in Section 9.01 of the Credit Agreement.

Section 6.2. Waivers; Amendment.

(a) No failure or delay by any Secured Party in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges of the Secured Parties herein provided, and provided under each other Loan Document, are cumulative and are not exclusive of any rights, remedies, powers and privileges provided by applicable law. No waiver of any provision of this Agreement or consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 6.2, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan, the issuance of a Letter of Credit or the provision of services under Secured Cash Management Agreements or Secured Hedge Agreements shall not be construed as a waiver of any Default, regardless of whether any Secured Party may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Grantor or Grantors with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.08 of the Credit Agreement.
Section 6.3. Collateral Agent’s Fees and Expenses; Indemnification

(a) The parties hereto agree that the Collateral Agent shall be entitled to reimbursement of its reasonable out-of-pocket expenses incurred hereunder and indemnity for its actions in connection herewith, in each case, as provided in Sections 9.05 of the Credit Agreement.

(b) Any such amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Collateral Documents. The provisions of this Section 6.3 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Secured Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 6.3 shall be payable within 10 days of written demand therefor.

Section 6.4. Successors and Assigns

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 6.5. Survival of Agreement

All covenants, agreements, representations and warranties made by the Grantors hereunder and in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of the Loan Documents, the making of any Loans and issuance of any Letters of Credit and the provision of services under Secured Cash Management Agreements or Secured Hedge Agreements, regardless of any investigation made by any Secured Party or on its behalf and notwithstanding that any Secured Party may have had notice or knowledge of any Default at the time any credit is extended under the Credit Agreement, and shall continue in full force and effect as long as this Agreement has not been terminated or released pursuant to Section 6.12 below.

Section 6.6. Counterparts; Effectiveness; Several Agreement

(a) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement shall become effective as to any Grantor when a counterpart hereof executed on behalf of such Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Grantor and the Collateral Agent and their respective permitted successors and assigns, and shall inure to the benefit of such Grantor, the Collateral Agent and the other Secured Parties and their respective permitted successors and assigns, except that no Grantor shall have the right to assign or transfer its rights or obligations hereunder or any interest therein or in the Collateral (and any such assignment or transfer shall be void) except as expressly contemplated by this Agreement or the Credit Agreement. This Agreement shall be construed as a separate agreement with respect to each Grantor and may be amended, modified, supplemented, waived or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

(b) Delivery of an executed counterpart of a signature page of this Agreement that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be
of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be.

Section 6.7.  **Severability**

If any provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.8.  **Right of Set-Off**

In addition to any rights and remedies of the Secured Parties provided by applicable law, upon the occurrence and during the continuance of any Event of Default, each Secured Party and its Affiliates is authorized at any time and from time to time, without prior notice to any Grantor, any such notice being waived by each Grantor to the fullest extent permitted by applicable law, to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other Indebtedness at any time owing by, such Secured Party and its Affiliates to or for the credit or the account of the respective Grantors against any and all Obligations owing to such Secured Party and its Affiliates hereunder, now or hereafter existing, irrespective of whether or not such Secured Party or Affiliate shall have made demand under this Agreement and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or Indebtedness. Each Secured Party agrees promptly to notify the applicable Grantor and the Collateral Agent after any such set-off and application made by such Secured Party; provided, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Secured Party under this Section 6.8 are in addition to other rights and remedies (including other rights of set-off) that such Secured Party may have at applicable law.

Section 6.9.  **Governing Law; Jurisdiction; Venue; Waiver of Jury Trial; Consent to Service of Process**

(a) The terms of Sections 9.07, 9.11 and 9.15 of the Credit Agreement with respect to governing law, submission of jurisdiction, venue and waiver of jury trial are incorporated herein by reference, mutatis mutandis, and the parties hereto agree to such terms.

(b) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 6.1. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by applicable law.

Section 6.10.  **Headings**

Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 6.11.  **Security Interest Absolute**

To the extent permitted by applicable law, all rights of the Collateral Agent hereunder, the Security Interest, the grant of a security interest in the Pledged Collateral and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release of amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Secured Obligations or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Secured Obligations or this Agreement.

CG&R Draft  Current date: 08/09/2021 1:04 PM62203517v4
Section 6.12. Termination or Release

(a) This Agreement, the Security Interest and all other security interests granted hereby shall terminate with respect to all Secured Obligations and any Liens arising therefrom shall be automatically released upon termination of the Aggregate Commitments and payment in full of all Obligations (other than (i) obligations under Secured Cash Management Agreements or obligations under Secured Hedge Agreements not yet due and payable and (ii) contingent obligations not yet accrued and payable) and the expiration or termination of all Letters of Credit (other than Letters of Credit that have been Cash Collateralized or, if satisfactory to the relevant Issuing Bank in its reasonable discretion, for which a backstop letter of credit is in place).

(b) A Subsidiary Party shall automatically be released from its obligations hereunder and the Security Interest in the Collateral of such Subsidiary Party shall be automatically released upon the consummation of any transaction permitted by the Credit Agreement as a result of which such Subsidiary Party ceases to be a Subsidiary of the Borrower or becomes an Excluded Subsidiary; provided that the Required Lenders shall have consented to such transaction (if and to the extent required by the Credit Agreement) and the terms of such consent did not provide otherwise.

(c) Upon any sale or transfer by any Grantor of any Collateral that is permitted under the Credit Agreement (other than a sale or transfer to another Loan Party), or upon the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to Section 9.08 of the Credit Agreement, the security interest in such Collateral shall be automatically released.

(d) In connection with any termination or release pursuant to paragraph (a), (b) or (c) of this Section 6.12, the Collateral Agent shall execute and deliver to any Grantor, at such Grantor’s expense, all documents that such Grantor shall reasonably request to evidence such termination or release and shall perform such other actions reasonably requested by such Grantor to effect such release, including delivery of certificates, securities and instruments. Any execution and delivery of documents pursuant to this Section 6.12 shall be without recourse to or warranty by the Collateral Agent.

(e) Notwithstanding anything to the contrary set forth in this Agreement, each Hedge Bank and each Cash Management Bank by the acceptance of the benefits under this Agreement hereby acknowledges and agrees that (i) the Security Interests granted under this Agreement of the Obligations of any Grantor and its Subsidiaries under any Secured Hedge Agreement and any Secured Cash Management Agreements shall be automatically released upon termination of the Commitments and payment in full of all other Obligations and the expiration or termination of all Letters of Credit (other than Letters of Credit that have been Cash Collateralized or, if satisfactory to the relevant Issuing Bank in its reasonable discretion, for which a backstop letter of credit is in place), in each case, unless the Obligations under the Secured Hedge Agreement or the Secured Cash Management Agreements are due and payable at such time (it being understood and agreed that this Agreement and Security Interests granted herein shall survive solely as to such due and payable Obligations and until such time as such due and payable Obligations have been paid in full) and (ii) any release of Collateral or of a Grantor, as the case may be, effective in the manner permitted by this Agreement shall not require the consent of any Hedge Bank or any Cash Management Bank that is not a Lender.
Section 6.13. **Additional Grantors**

Pursuant to Section 5.10 of the Credit Agreement, certain additional Subsidiaries of the Borrower may be required to enter in this Agreement as Grantors. Upon execution and delivery by the Collateral Agent and a Subsidiary of a Security Agreement Supplement, such Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any such instrument shall not require the consent of any other Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

Section 6.14. **Collateral Agent Appointed Attorney-in-Fact**

Each Grantor hereby appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor’s true and lawful agent (and attorney-in-fact) of such Grantor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof at any time after and during the continuance of an Event of Default, which appointment is irrevocable and coupled with an interest (provided that the Collateral Agent shall provide the applicable Grantor with notice thereof prior to exercising such rights). Without limiting the generality of the foregoing, the Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default and notice by the Collateral Agent to the applicable Grantor of the Collateral Agent’s intent to exercise such rights, with full power of substitution either in the Collateral Agent’s name or in the name of such Grantor (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral or Mortgaged Property; (c) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral or Mortgaged Property; (d) to send verifications of Accounts Receivable to any Account Debtor; (e) to commence and prosecute any and all suits, actions or proceedings at applicable law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or Mortgaged Property or to enforce any rights in respect of any Collateral or Mortgaged Property; (f) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral or Mortgaged Property; (g) to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent; (h) to make, settle and adjust claims in respect of Article 9 Collateral or Mortgaged Property under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance; (i) to make all determinations and decisions with respect thereto; (j) to obtain or maintain the policies of insurance required by Section 5.02 of the Credit Agreement or paying any premium in whole or in part relating thereto; and (k) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral or Mortgaged Property, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral or Mortgaged Property for all purposes; provided that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Collateral or Mortgaged Property or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Secured Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence, bad faith, or willful misconduct or that of any of their Affiliates, directors, officers, employees, counsel, agents or attorneys-in-fact, in each case, as determined by a final non-appealable judgment of a court of competent jurisdiction. All sums disbursed by the Collateral Agent in connection with this Section 6.14, including reasonable attorneys’ fees, court costs, expenses and other charges relating thereto, shall be payable.
within 10 days of demand, by the Grantors to the Collateral Agent and shall be additional Secured Obligations secured hereby.

Section 6.15. General Authority of the Collateral Agent

. By acceptance of the benefits of this Agreement and any other Collateral Documents, each Secured Party (whether or not a signatory hereto) shall be deemed irrevocably (a) to consent to the appointment of the Collateral Agent as its agent hereunder and under such other Collateral Documents, (b) to confirm that the Collateral Agent shall have the authority to act as the exclusive agent of such Secured Party for the enforcement of any have the authority to act as the exclusive agent of such Secured Party for the enforcement of any provisions of this Agreement and such other Collateral Documents against any Grantor, the exercise of remedies hereunder or thereunder and the giving or withholding of any consent or approval hereunder or thereunder relating to any Collateral or any Grantor’s obligations with respect thereto, (c) to agree that it shall not take any action to enforce any provisions of this Agreement or any other Collateral Document against any Grantor, to exercise any remedy hereunder or thereunder or to give any consents or approvals hereunder or thereunder except as expressly provided in this Agreement or any other Collateral Document and (d) to agree to be bound by the terms of this Agreement and any other Collateral Documents.

Section 6.16. Reasonable Care

. The Collateral Agent is required to use reasonable care in the custody and preservation of any of the Collateral in its possession; provided, that the Collateral Agent shall be deemed to have used reasonable care in the custody and preservation of any of the Collateral or Mortgaged Property, if such Collateral or Mortgaged Property is accorded treatment substantially similar to that which the Collateral Agent accords its own property.

Section 6.17. Delegation; Limitation

. The Collateral Agent may execute any of the powers granted under this Agreement or the Mortgages and perform any duty hereunder either directly or by or through agents or attorneys-in-fact, and shall not be responsible for the gross negligence or willful misconduct of any agents or attorneys-in-fact selected by it with reasonable care and without gross negligence or willful misconduct.

Section 6.18. Reinstatement

. The obligations of the Grantors under this Security Agreement shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower or other Loan Party in respect of the Secured Obligations is rescinded or must be otherwise restored by any holder of any of the Secured Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

Section 6.19. Miscellaneous

. The Collateral Agent shall not be deemed to have actual, constructive, direct or indirect notice or knowledge of the occurrence of any Event of Default unless and until the Collateral Agent shall have received a notice of Event of Default or a notice from the Grantor or the Secured Parties to the Collateral Agent in its capacity as Collateral Agent indicating that an Event of Default has occurred.

Section 6.20. Amendment and Restatement

. This Agreement is an amendment and restatement of, and not a novation or extinguishment of, the Existing Security Agreement or any liens or security interests created thereby. As of the date hereof, each Grantor acknowledges and agrees that the Liens, security interests and collateral assignments created and granted by any Grantor party under the Existing Security Agreement that encumbers the Collateral shall continue to exist and remain valid and subsisting, shall not be impaired, extinguished or released hereby, shall remain in full force and effect, hereby ratified, renewed, brought forward, extended and rearranged as security for the Secured Obligations and shall be governed by this Agreement. All references to the Existing Security Agreement in any Loan Document (other than this Agreement) or other document or instrument delivered in connection therewith shall be deemed to refer to this Agreement and the provisions hereof.
## SUBSIDIARY PARTIES

<table>
<thead>
<tr>
<th>Current Legal Entities Owned</th>
<th>Jurisdiction</th>
<th>Record Owner and (Percentage Ownership Interest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWBG Orlando Corporate Operations Group, LLC</td>
<td>Florida</td>
<td>SeaWorld Parks &amp; Entertainment, Inc. (100%)</td>
</tr>
<tr>
<td>SEA Holdings I, LLC</td>
<td>Florida</td>
<td>SeaWorld Parks &amp; Entertainment, Inc. (100%)</td>
</tr>
<tr>
<td>SeaWorld Parks and Entertainment LLC</td>
<td>Delaware</td>
<td>SeaWorld Parks &amp; Entertainment, Inc. (100%)</td>
</tr>
<tr>
<td>SeaWorld Parks &amp; Entertainment International, Inc.</td>
<td>Delaware</td>
<td>SeaWorld Parks &amp; Entertainment LLC (100%)</td>
</tr>
<tr>
<td>Langhorne Food Services LLC</td>
<td>Delaware</td>
<td>SeaWorld Parks &amp; Entertainment LLC (100%)</td>
</tr>
<tr>
<td>Sea World LLC</td>
<td>Delaware</td>
<td>SeaWorld Parks &amp; Entertainment, Inc. (100%)</td>
</tr>
<tr>
<td>Sea World of Florida LLC</td>
<td>Florida</td>
<td>Sea World LLC (100%)</td>
</tr>
<tr>
<td>Sea World of Texas LLC</td>
<td>Delaware</td>
<td>Sea World LLC (100%)</td>
</tr>
<tr>
<td>SeaWorld of Texas Beverage, LLC</td>
<td>Texas</td>
<td>SeaWorld of Texas Management, LLC (100%)</td>
</tr>
<tr>
<td>SeaWorld of Texas Management, LLC</td>
<td>Texas</td>
<td>SeaWorld of Texas Holdings, LLC (100%)</td>
</tr>
<tr>
<td>SeaWorld of Texas Holdings, LLC</td>
<td>Texas</td>
<td>Sea World of Texas LLC (100%)</td>
</tr>
</tbody>
</table>
PLEDGED EQUITY AND PLEDGED DEBT

PLEDGED EQUITY

Pledged Stock:

<table>
<thead>
<tr>
<th>Current Legal Entities Owned</th>
<th>Certificate Number</th>
<th>Number of Shares</th>
<th>Owner</th>
<th>Percent Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>SeaWorld Parks &amp; Entertainment International, Inc.</td>
<td>3</td>
<td>1,000 common shares $1.00 par value</td>
<td>SeaWorld Parks &amp; Entertainment LLC</td>
<td>100%</td>
</tr>
</tbody>
</table>

Pledged LLC Interests:

<table>
<thead>
<tr>
<th>Current Legal Entities Owned</th>
<th>Certificate Number</th>
<th>Type of Interest</th>
<th>Member</th>
<th>Percent Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWBG Orlando Corporate Operations Group, LLC</td>
<td>N/A</td>
<td>Membership</td>
<td>SeaWorld Parks &amp; Entertainment, Inc.</td>
<td>100%</td>
</tr>
<tr>
<td>SEA Holdings I, LLC</td>
<td>N/A</td>
<td>Membership</td>
<td>SeaWorld Parks &amp; Entertainment, Inc.</td>
<td>100%</td>
</tr>
<tr>
<td>SeaWorld Parks and Entertainment LLC</td>
<td>3</td>
<td>Membership</td>
<td>SeaWorld Parks &amp; Entertainment, Inc.</td>
<td>100%</td>
</tr>
<tr>
<td>Langhorne Food Services LLC</td>
<td>3</td>
<td>Membership</td>
<td>SeaWorld Parks &amp; Entertainment LLC</td>
<td>100%</td>
</tr>
<tr>
<td>Sea World LLC</td>
<td>3</td>
<td>Membership</td>
<td>SeaWorld Parks &amp; Entertainment, Inc.</td>
<td>100%</td>
</tr>
<tr>
<td>Sea World of Florida LLC</td>
<td>2</td>
<td>Membership</td>
<td>Sea World LLC</td>
<td>100%</td>
</tr>
<tr>
<td>Sea World of Texas LLC</td>
<td>2</td>
<td>Membership</td>
<td>Sea World LLC</td>
<td>100%</td>
</tr>
<tr>
<td>Company Name</td>
<td>Ownership</td>
<td>Membership</td>
<td>Affiliated Company</td>
<td>Percentage</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-----------</td>
<td>------------</td>
<td>---------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>SeaWorld of Texas Beverage, LLC</td>
<td>N/A</td>
<td>Membership</td>
<td>SeaWorld of Texas Management, LLC</td>
<td>100%</td>
</tr>
<tr>
<td>SeaWorld of Texas Management, LLC</td>
<td>N/A</td>
<td>Membership</td>
<td>SeaWorld of Texas Holdings, LLC</td>
<td>100%</td>
</tr>
<tr>
<td>SeaWorld of Texas Holdings, LLC</td>
<td>N/A</td>
<td>Membership</td>
<td>Sea World of Texas LLC</td>
<td>100%</td>
</tr>
</tbody>
</table>
PLEDGED DEBT

None.
1. On January 19, 2021, SeaWorld Entertainment, Inc. filed a motion for recovery of certain costs and attorneys’ fees incurred in the defense of the Anderson Case (defined below). The amount in question is approximately $13,000,000. On July 9, 2021, the court issued an order denying the motion. SeaWorld Entertainment, Inc. is in the process of appealing the court’s ruling.

On April 13, 2015, a purported class action was filed in the Superior Court of the State of California for the City and County of San Francisco against SeaWorld Parks & Entertainment, Inc., captioned Marc Anderson, et. al., v. SeaWorld Parks & Entertainment, Inc. Civil Case No. 15-cv-02172-JSW, (the “Anderson Case”). The case was dismissed and refiled in the United States District Court for the Northern District of California. The court bifurcated the trial of the case into two phases: the plaintiffs’ standing to sue and the merits of their claims. Before the first phase of the trial, plaintiff Anderson dismissed all claims against the Company. The standing trial with regard to the remaining plaintiffs took place in March of 2020. On October 13, 2020, the Court ruled that the remaining plaintiffs have no standing to sue and judgment was entered in favor of the Company. Plaintiffs have elected not to appeal this decision and the time to do so has passed.
SUPPLEMENT NO. dated as of [•], to the Amended and Restated Security Agreement (the “Security Agreement”), dated as of August 25, 2021, among the Grantors identified therein and JPMorgan Chase Bank, N.A., as Collateral Agent.

A. Reference is made to the Amended and Restated Credit Agreement dated as of August 25, 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among SeaWorld Parks & Entertainment, Inc., a Delaware corporation (the “Borrower”), SeaWorld Entertainment, Inc., the direct parent of the Borrower, the Guarantors from time to time party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, each lender from time to time party thereto (collectively, the “Lenders” and individually, a “Lender”) and JPMorgan Chase Bank, N.A., as Issuing Bank and Swingline Lender.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Security Agreement.

C. The Grantors have entered into the Security Agreement in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit. Section 6.13 of the Security Agreement provides that additional Subsidiaries of the Borrower may become Grantors under the Security Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned (the “New Grantor”) is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Grantor agree as follows:

SECTION 1. In accordance with Section 6.13 of the Security Agreement, the New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and the New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, the New Grantor, as security for the payment and performance in full of the Secured Obligations, does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and lien on all of the New Grantor’s right, title and interest in and to the Collateral (as defined in the Security Agreement) of the New Grantor. Each reference to a “Grantor” in the Security Agreement shall be deemed to include the New Grantor. The Security Agreement is hereby incorporated herein by reference.

SECTION 2. The New Grantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws and by general principles of equity.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together
shall constitute a single contract. This Supplement shall become effective when the Collateral Agent shall have received a counterpart of this Supplement that bears the signature of the New Grantor and the Collateral Agent has executed a counterpart hereof. Delivery of an executed signature page to this Supplement by facsimile transmission or other electronic communication shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Grantor hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of the information required by Schedules II and III to the Security Agreement applicable to it and its and its’ subsidiaries legal name, jurisdiction of formation and location of Chief Executive Office and (b) set forth under its signature hereto is the true and correct legal name of the New Grantor, its jurisdiction of formation and the location of its chief executive office.

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. If any provision of this Supplement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Supplement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 6.1 of the Security Agreement.

SECTION 9. The New Grantor agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with the execution and delivery of this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

[Signature pages follow]
IN WITNESS WHEREOF, the New Grantor and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

[NAME OF NEW GRANTOR]

By:

   Name:
   Title:

Legal Name:
Jurisdiction of Formation:
Location of Chief Executive office:

-3
JPMORGAN CHASE BANK, N.A.,
as Collateral Agent
By:
   Name:
   Title:
Schedule I
to the Supplement No. to the
Amended and Restated Security Agreement

EQUITY INTERESTS

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Number of Certificates</th>
<th>Registered Owner</th>
<th>Number and Class of Equity Interest</th>
<th>Percentage of Equity Interest</th>
</tr>
</thead>
</table>

INSTRUMENTS AND DEBT SECURITIES

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Principal Amount</th>
<th>Date of Note</th>
<th>Maturity Date</th>
</tr>
</thead>
</table>

-5-
[FORM OF] PERFECTION CERTIFICATE

[see attached]
FORM OF
PATENT SECURITY AGREEMENT (SHORT FORM)

PATENT SECURITY AGREEMENT

Patent Security Agreement, dated as of [ ], by [ ] and [________] (the “Grantor”), in favor of JPMORGAN CHASE BANK, N.A., in its capacity as collateral agent pursuant to the Credit Agreement (in such capacity, the “Collateral Agent”).

WITNESSETH:

WHEREAS, the Grantor is party to an Amended and Restated Security Agreement dated as of August 25, 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Collateral Agent pursuant to which the Grantor is required to execute and deliver this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Collateral Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Grantor hereby agrees with the Collateral Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Patent Collateral. The Grantor hereby pledges and grants to the Collateral Agent for the benefit of the Secured Parties a lien on and security interest in and to all of its right, title and interest in, to and under all the following Pledged Collateral (excluding any Excluded Assets) of the Grantor:

(a) Patents of the Grantor listed on Schedule I attached hereto.

SECTION 3. The Security Agreement. The security interest granted pursuant to this Patent Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement and the Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Patents made and granted hereby are more fully set forth in the Security Agreement. In the event that any provision of this Patent Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Collateral Agent shall otherwise determine.

SECTION 4. Termination. Upon the termination of the Security Agreement in accordance with Section 6.12 thereof, the Collateral Agent shall, at the expense of the Grantor, execute, acknowledge, and deliver to the Grantor an instrument in writing in recordable form releasing the lien on and security interest in the Patents under this Patent Security Agreement and any other documents required to evidence the termination of the Collateral Agent’s interest in the Patents.
SECTION 5.  Counterparts.  This Patent Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Patent Security Agreement by signing and delivering one or more counterparts.

[Signature pages follow.]
Schedule I
to
PATENT SECURITY AGREEMENT
UNITED STATES PATENTS AND PATENT APPLICATIONS

Patents:

<table>
<thead>
<tr>
<th>OWNER</th>
<th>PATENT NUMBER</th>
<th>TITLE</th>
</tr>
</thead>
</table>

Patent Applications:

<table>
<thead>
<tr>
<th>OWNER</th>
<th>APPLICATION NUMBER</th>
<th>TITLE</th>
</tr>
</thead>
</table>

-5-
CG&R Draft Current date: 08/09/2021 1:04 PM62203517v4
TRADEMARK SECURITY AGREEMENT

Trademark Security Agreement, dated as of [ ], by [ ] and [ ] (the “Grantor”), in favor of JPMORGAN CHASE BANK, N.A., in its capacity as collateral agent pursuant to the Credit Agreement (in such capacity, the “Collateral Agent”).

WITNESSETH:

WHEREAS, the Grantor is party to an Amended and Restated Security Agreement dated as of August 25, 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Collateral Agent pursuant to which the Grantor is required to execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Collateral Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Grantor hereby agrees with the Collateral Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Trademark Collateral. The Grantor hereby pledges and grants to the Collateral Agent for the benefit of the Secured Parties a lien on and security interest in and to all of its right, title and interest in, to and under all the following Pledged Collateral (excluding any Excluded Assets) of the Grantor:

(a) registered Trademarks of the Grantor listed on Schedule I attached hereto.

SECTION 3. The Security Agreement. The security interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement and Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Trademarks made and granted hereby are more fully set forth in the Security Agreement. In the event that any provision of this Trademark Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Collateral Agent shall otherwise determine.

SECTION 4. Termination. Upon the termination of the Security Agreement in accordance with Section 6.12 thereof, the Collateral Agent shall, at the expense of the Grantor, execute, acknowledge, and deliver to the Grantor an instrument in writing in recordable form releasing the lien on and security interest in the Trademarks under this Trademark Security Agreement and any other documents required to evidence the termination of the Collateral Agent’s interest in the Trademarks.

SECTION 5. Counterparts. This Trademark Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Trademark Security Agreement by signing and delivering one or more counterparts.
[Signature pages follow]

[GRANTOR]

By: 

Name:
Title:

-2-

CG&R Draft Current date: 08/09/2021 1:04 PM62203517v4
Schedule I

to

TRADEMARK SECURITY AGREEMENT
UNITED STATES TRADEMARK REGISTRATION AND APPLICATIONS

Trademark Registrations:

<table>
<thead>
<tr>
<th>OWNER</th>
<th>REGISTRATION NUMBER</th>
<th>TRADEMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Trademark Registrations:

<table>
<thead>
<tr>
<th>OWNER</th>
<th>APPLICATION NUMBER</th>
<th>TRADEMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FORM OF
COPYRIGHT SECURITY AGREEMENT (SHORT FORM)

COPYRIGHT SECURITY AGREEMENT

Copyright Security Agreement, dated as of [__], by [__] and [____] (the “Grantor”), in favor of JPMORGAN CHASE BANK, N.A., in its capacity as collateral agent pursuant to the Credit Agreement (in such capacity, the “Collateral Agent”).

WITNESSETH:

WHEREAS, the Grantor is party to an Amended and Restated Security Agreement dated as of August 25, 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Collateral Agent pursuant to which the Grantor is required to execute and deliver this Copyright Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Collateral Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Grantor hereby agrees with the Collateral Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Copyright Collateral. The Grantor hereby pledges and grants to the Collateral Agent for the benefit of the Secured Parties a lien on and security interest in and to all of its right, title and interest in, to and under all the following Pledged Collateral (excluding any Excluded Assets) of the Grantor:

(a) registered Copyrights of the Grantor listed on Schedule I attached hereto.

SECTION 3. The Security Agreement. The security interest granted pursuant to this Copyright Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement and the Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Copyrights made and granted hereby are more fully set forth in the Security Agreement. In the event that any provision of this Copyright Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Collateral Agent shall otherwise determine.

SECTION 4. Termination. Upon termination of the Security Agreement in accordance with Section 6.12 thereof, the Collateral Agent shall, at the expense of the Grantor, execute, acknowledge, and deliver to the Grantor an instrument in writing in recordable form releasing the lien on and security interest in the Copyrights under this Copyright Security Agreement and any other documents required to evidence the termination of the Collateral Agent’s interest in the Copyrights.

SECTION 5. Counterparts. This Copyright Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Copyright Security Agreement by signing and delivering one or more counterparts.
[Signature pages follow.]
[GRANTOR]

By: 

Name: 
Title: 

-2
JPMORGAN CHASE BANK, N.A., as Collateral Agent

By:

Name:
Title:

3
<table>
<thead>
<tr>
<th>OWNER</th>
<th>REGISTRATION NUMBER</th>
<th>COPYRIGHT TITLE</th>
</tr>
</thead>
</table>

-4

CG&R Draft  Current date:  08/09/2021 1:04 PM
AMENDED & RESTATED PLEDGE AGREEMENT

dated as of
August 25, 2021

Between
SEAWORLD ENTERTAINMENT, INC.

and

JPMORGAN CHASE BANK, N.A.

as Collateral Agent
## TABLE OF CONTENTS

**ARTICLE I DEFINITIONS**  
Section 1.01. Credit Agreement
Section 1.02. Defined Terms

**ARTICLE II PLEDGE OF SECURITIES**  
Section 2.01. Pledge
Section 2.02. Delivery of the Pledged Equity
Section 2.03. Representations, Warranties and Covenants
Section 2.04. Registration in Nominee Name; Denominations
Section 2.05. Voting Rights; Dividends and Interest

**ARTICLE III REMEDIES**  
Section 3.01. Remedies Upon Default
Section 3.02. Application of Proceeds

**ARTICLE IV MISCELLANEOUS**  
Section 4.01. Notices
Section 4.02. Waivers, Amendment
Section 4.03. Collateral Agent's Fees and Expenses; Indemnification
Section 4.04. Successors and Assigns
Section 4.05. Survival of Agreement
Section 4.06. Counterparts; Effectiveness, Several Agreement
Section 4.07. Severability
Section 4.08. Right of Set Off
Section 4.09. Governing Law; Jurisdiction; Venue; Waiver of Jury Trial; Consent to Service of Process
Section 4.10. Headings
Section 4.11. Security Interest Absolute
Section 4.12. Termination or Release
Section 4.13. Collateral Agent Appointed Attorney in Fact
Section 4.14. General Authority of the Collateral Agent
Section 4.15. Reasonable Care
Section 4.16. Delegation; Limitation
Section 4.17. Reinstatement
Section 4.18. Miscellaneous

Schedule I  
Pledged Equity
AMENDED AND RESTATED PLEDGE AGREEMENT dated as of August 25, 2021, among SeaWorld Entertainment, Inc. (f/k/a SW Holdco, Inc.), a Delaware corporation ("Holdings"), and JPMorgan Chase Bank, N.A., as Collateral Agent for the Secured Parties (in such capacity, the “Collateral Agent”).

WHEREAS, Holdings and the Collateral Agent entered into that certain Pledge Agreement, dated as of December 1, 2009 (the “Original Closing Date”) (as amended, restated, modified and supplemented from time to time prior to the date hereof, the “Existing Pledge Agreement”);

WHEREAS, pursuant to the Restatement Agreement, dated as of the date hereof, Holdings and the Collateral Agent have agreed to amend and restate the Existing Pledge Agreement as provided in this Agreement;

Reference is made to (i) that certain Amended and Restated Credit Agreement dated as of August 25, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”) among SeaWorld Parks & Entertainment, Inc., a Delaware corporation (the “Borrower”), Holdings, the other Guarantors party thereto from time to time, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, each lender from time to time party thereto (collectively, the “Lenders” and individually, a “Lender”) and JPMorgan Chase Bank, N.A., as Issuing Bank and Swingline Lender and (ii) that certain Amended and Restated Security Agreement dated as of August 25, 2021 among the grantees identified therein (the “Grantors”) and the Collateral Agent. The Lenders have agreed to extend credit to the Borrower subject to the terms and conditions set forth in the Credit Agreement. The obligations of the Lenders to extend such credit are conditioned upon, among other things, the execution and delivery of this Agreement. Holdings is the direct parent of the Borrower, will derive substantial benefits from the extension of credit to the Borrower pursuant to the Credit Agreement and is willing to execute and deliver this Agreement in order to induce the Lenders to extend such credit. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. Credit Agreement

. (a) Capitalized terms used in this Agreement and not otherwise defined herein have the meanings specified in the Credit Agreement. All terms defined in the UCC (as defined herein) and not defined in this Agreement have the meanings specified therein; the term “instrument” shall have the meaning specified in Article 9 of the UCC.

(b) The rules of construction specified in Article I of the Credit Agreement also apply to this Agreement.

Section 1.02. Defined Terms

. As used in this Agreement, the following terms have the meanings specified below:

“Agreement” means this Amended and Restated Pledge Agreement.

“Borrower” has the meaning assigned to such term in the recitals of this Agreement.

“Collateral Agent” has the meaning assigned to such terms in the recitals of this Agreement.
“Credit Agreement” has the meaning assigned to such term in the preliminary statement of this Agreement.

“Guarantees” means, collectively, the guarantees of the Obligations by the Guarantors pursuant to the Credit Agreement.

“Holdings” has the meaning assigned to such term in the recitals of this Agreement.

“Lenders” has the meaning assigned to such term in the recitals of this Agreement.

“Perfection Certificate” means a certificate substantially in the form of Exhibit II to the Security Agreement, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Responsible Officer of Holdings.

“Pledged Collateral” has the meaning assigned to such term in Section 2.01.

“Pledged Equity” has the meaning assigned to such term in Section 2.01.

“Secured Obligations” means the “Obligations” (as defined in the Credit Agreement).

“Secured Parties” means, collectively, the Administrative Agent, the Collateral Agent, each Lender, each Issuing Bank, each Hedge Bank that is party to any Secured Hedge Agreement, each Cash Management Bank that is party to any Secured Cash Management Agreement and each sub-agent appointed pursuant to Section 8.02 of the Credit Agreement.

“Security Agreement” has the meaning assigned to such term in the recitals of this Agreement.

“UCC” means the Uniform Commercial Code as from time to time in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of the security interest in any Pledged Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

ARTICLE II

Pledge of Securities

Section 2.01. Pledge

As security for the payment or performance, as the case may be, in full of the Secured Obligations, including the Guarantees, Holdings hereby assigns and pledges to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, and confirms its prior assignment, pledge and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties of, a security interest in (i) all of Holdings’ right, title and interest in, to and under all Equity Interests issued by the Borrower and any successor entity (the “Pledged Equity”); (ii) all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, in exchange for or upon the conversion of, and all other Proceeds received in respect of, the Pledged Equity; (iii) all rights and privileges of Holdings with respect to the securities and other property referred to in clauses (i) and (ii) above; and (iv) all
Proceeds of any of the foregoing (the items referred to in clauses (i) through (iv) above being collectively referred to as the “Pledged Collateral”).

TO HAVE AND TO HOLD the Pledged Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, forever, subject, however, to the terms, covenants and conditions hereinafter set forth.

Section 2.02. Delivery of the Pledged Equity

. (a) Holdings agrees promptly (but in any event within 30 days after receipt by Holdings) to deliver or cause to be delivered to the Collateral Agent, for the benefit of the Secured Parties, any and all Pledged Equity to the extent certificated.

(b) Upon delivery to the Collateral Agent, any Pledged Equity shall be accompanied by stock or security powers duly executed in blank or other instruments of transfer reasonably satisfactory to the Collateral Agent and by such other instruments and documents as the Collateral Agent may reasonably request. Each delivery of Pledged Equity shall be accompanied by a schedule describing the securities, which schedule shall be deemed to supplement Schedule I and made a part hereof; provided that failure to supplement Schedule I shall not affect the validity of such pledge of such Pledged Equity. Each schedule so delivered shall supplement any prior schedules so delivered.

Section 2.03. Representations, Warranties and Covenants

. Holdings represents, warrants and covenants to and with the Collateral Agent, for the benefit of the Secured Parties, that:

(a) As of the date hereof, Schedule I includes all Equity Interests required to be pledged by Holdings hereunder in order to satisfy the Collateral and Guarantee Requirement and all such Equity Interests have been delivered to the Collateral Agent;

(b) the Pledged Equity has been duly and validly authorized and issued by the issuers thereof and are fully paid and non-assessable;

(c) except for the security interests granted hereunder, Holdings (i) is, subject to any transfers made in compliance with the Credit Agreement, the direct owner, beneficially and of record, of the Pledged Equity indicated on Schedule I, (ii) holds the same free and clear of all Liens, other than Liens created by the Collateral Documents, and (iii) if requested by the Collateral Agent, will defend its title or interest thereto or therein against any and all Liens (other than the Liens permitted pursuant to this Section 2.03(c)), however arising, of all persons whomsoever;

(d) except for restrictions and limitations (i) imposed or permitted by the Loan Documents or securities laws generally or (ii) described in the Perfection Certificate, the Pledged Collateral is and will continue to be freely transferable and assignable, and none of the Pledged Collateral is or will be subject to any option, right of first refusal, shareholders agreement, charter or by law provisions or contractual restriction of any nature that might prohibit, impair, delay or otherwise affect in any manner material and adverse to the Secured Parties the pledge of such Pledged Collateral hereunder, the sale or disposition thereof pursuant hereto or the exercise by the Collateral Agent of rights and remedies hereunder.

(e) the execution and performance by Holdings of this Agreement are within Holdings’ corporate powers and have been duly authorized by all necessary corporate action or other organizational action;
(f) no consent or approval of any Governmental Authority, any securities exchange or any other Person was or is necessary to the validity of the pledge effected hereby, except for (i) filing of a UCC 1 financing statement with the Delaware Secretary of State naming Holdings as debtor and the Collateral Agent as secured party and describing the Pledged Collateral and (ii) the approvals, consents, exemptions, authorizations, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect;

(g) by virtue of the execution and delivery by Holdings of this Agreement, and delivery of the Pledged Equity to and continued possession by the Collateral Agent in the State of New York, the Collateral Agent for the benefit of the Secured Parties has a legal, valid and perfected lien upon and security interest in such Pledged Equity as security for the payment and performance of the Secured Obligations; and

(h) the pledge effected hereby is effective to vest in the Collateral Agent, for the benefit of the Secured Parties, the rights of the Collateral Agent in the Pledged Collateral to the extent intended hereby.

Subject to the terms of this Agreement and to the extent permitted by applicable law, Holdings hereby agrees that upon the occurrence and during the continuance of an Event of Default, it will comply with instructions of the Collateral Agent with respect to the Equity Interests in Holdings that constitute Pledged Equity hereunder that are not certificated without further consent by the applicable owner or holder of such Equity Interests.

Section 2.04. Registration in Nominee Name; Denominations

. If an Event of Default shall have occurred and be continuing and the Collateral Agent shall give Holdings prior notice of its intent to exercise such rights, (a) the Collateral Agent, on behalf of the Secured Parties, shall have the right to hold the Pledged Equity in its own name as pledgee, the name of its nominee (as pledgee or as subagent) or the name of Holdings, endorsed or assigned in blank or in favor of the Collateral Agent and Holdings will promptly give to the Collateral Agent copies of any notices or other communications received by it with respect to Pledged Equity registered in the name of Holdings and (b) the Collateral Agent shall have the right to exchange the certificates representing Pledged Equity for certificates of smaller or larger denominations for any purpose consistent with this Agreement, to the extent permitted by the documentation governing such Pledged Equity.

Section 2.05. Voting Rights; Dividends and Interest

. (a) Unless and until an Event of Default shall have occurred and be continuing and the Collateral Agent shall have provided prior notice to Holdings that its rights under this Section 2.05 are being suspended:

(i) Holdings shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Equity or any part thereof, and Holdings agrees that it shall exercise such rights for purposes consistent with the terms of this Agreement, the Credit Agreement and the other Loan Documents;

(ii) The Collateral Agent shall promptly (after reasonable advance notice) execute and deliver to Holdings, or cause to be executed and delivered to Holdings, all such proxies, powers of attorney and other instruments as Holdings may reasonably request for the purpose of enabling Holdings to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subparagraph (i) above; and

(iii) Holdings shall be entitled to receive and retain any and all dividends, interest, principal and other distributions paid on or distributed in respect of the Pledged Equity to the
extent and only to the extent that such dividends, interest, principal and other distributions are permitted by, and otherwise paid or distributed in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents and applicable laws; provided that any noncash dividends, interest, principal or other distributions that would constitute Pledged Equity, whether resulting from a subdivision, combination or reclassification of the outstanding Equity Interests of the issuer of any Pledged Equity or received in exchange for Pledged Equity or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Pledged Collateral, and, if received by Holdings, shall not be commingled by Holdings with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent and the Secured Parties and shall be promptly (and in any event within 10 Business Days) delivered to the Collateral Agent in the same form as so received (with any necessary endorsement reasonably requested by the Collateral Agent). So long as no Default or Event of Default has occurred and is continuing, the Collateral Agent shall promptly deliver to Holdings any Pledged Equity in its possession if requested to be delivered to the issuer thereof in connection with any exchange or redemption of such Pledged Equity permitted by the Credit Agreement in accordance with this Section 2.05(a)(iii).

(b) Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have notified Holdings of the suspension of its rights under paragraph (a)(iii) of this Section 2.05, then all rights of Holdings to dividends, interest, principal or other distributions that Holdings is authorized to receive pursuant to paragraph (a)(iii) of this Section 2.05 shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions. All dividends, interest, principal or other distributions received by Holdings contrary to the provisions of this Section 2.05 shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of Holdings and shall be promptly (and in any event within 10 days) delivered to the Collateral Agent upon demand in the same form as so received (with any necessary endorsement reasonably requested by the Collateral Agent). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this paragraph (b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 3.02. After all Events of Default have been cured or waived, the Collateral Agent shall promptly repay to Holdings (without interest) all dividends, interest, principal or other distributions that Holdings would otherwise be permitted to retain pursuant to the terms of paragraph (a)(iii) of this Section 2.05 and that remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default, after the Collateral Agent shall have provided Holdings with notice of the suspension of its rights under paragraph (a)(i) of this Section 2.05, then all rights of Holdings to exercise the voting and consensual rights and powers is entitled to exercise pursuant to paragraph (a)(i) of this Section 2.05, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 2.05, shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers; provided that, unless otherwise directed by the Required Lenders, the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit Holdings to exercise such rights. After all Events of Default have been cured or waived, Holdings shall have the exclusive right to exercise the voting and/or consensual rights and powers that Holdings would otherwise be entitled to exercise pursuant to the terms of paragraph (a)(i) above, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 2.05 shall be reinstated.
Any notice given by the Collateral Agent to Holdings under Section 2.04 or Section 2.05 shall be given in writing and may suspend the rights of Holdings under paragraph (a)(i) or paragraph (a)(iii) of this Section 2.05 in part without suspending all such rights (as specified by the Collateral Agent in its sole and absolute discretion) and without waiving or otherwise affecting the Collateral Agent’s rights to give additional notices from time to time suspending other rights so long as an Event of Default has occurred and is continuing.

ARTICLE III

Remedies

Section 3.01. Remedies Upon Default

Upon the occurrence and during the continuance of an Event of Default, it is agreed that the Collateral Agent shall have the right to exercise any and all rights afforded to a secured party with respect to the Secured Obligations, including the Guarantees, under the Uniform Commercial Code or other applicable law and also may (i) exercise any and all rights and remedies of Holdings under or in connection with the Pledged Collateral, or otherwise in respect of the Pledged Collateral; provided that the Collateral Agent shall provide Holdings with notice thereof prior to such exercise; and (ii) subject to the mandatory requirements of applicable law and the notice requirements described below, sell or otherwise dispose of all or any part of the Pledged Collateral securing the Secured Obligations at a public or private sale or at any broker’s board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale of securities (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Pledged Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Pledged Collateral so sold. Each such purchaser at any sale of Pledged Collateral shall hold the property sold absolutely, free from any claim or right on the part of Holdings, and Holdings hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and appraisal which Holdings now has or may at any time in the future have under any applicable law now existing or hereafter enacted.

The Collateral Agent shall give Holdings 10 days’ written notice (which Holdings agrees is reasonable notice within the meaning of Section 9-611 of the UCC or its equivalent in other jurisdictions) of the Collateral Agent’s intention to make any sale of Pledged Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker’s board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Pledged Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Pledged Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Pledged Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Pledged Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Pledged Collateral is made on credit or for future delivery, the Pledged Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Pledged Collateral so sold and, in case of any such failure, such Pledged Collateral may be sold again upon like notice. At any public (or, to the extent permitted by...
applicable law, private) sale made pursuant to this Agreement, any Secured Party may bid for or purchase, free (to the extent permitted by applicable law) from any right of redemption, stay, valuation or appraisal on the part of Holdings (all said rights being also hereby waived and released to the extent permitted by applicable law), the Pledged Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Secured Party from Holdings as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to Holdings therefor. For purposes hereof, a written agreement to purchase the Pledged Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and Holdings shall not be entitled to the return of the Pledged Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Secured Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at applicable law or in equity to foreclose this Agreement and to sell the Pledged Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court appointed receiver. Any sale pursuant to the provisions of this Section 3.01 shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the UCC or its equivalent in other jurisdictions.

Section 3.02. Application of Proceeds

. The Collateral Agent shall apply the proceeds of any collection or sale of Pledged Collateral, including any Pledged Collateral consisting of cash in accordance with Section 7.02 of the Credit Agreement.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of Pledged Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Pledged Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

The Collateral Agent shall have no liability to any of the Secured Parties for actions taken in reliance on information supplied to it as to the amounts of unpaid principal and interest and other amounts outstanding with respect to the Secured Obligations, provided that nothing in this sentence shall prevent Holdings from contesting any amounts claimed by any Secured Party in any information so supplied. All distributions made by the Collateral Agent pursuant to this Section 3.02 shall be (subject to any decree of any court of competent jurisdiction) final (absent manifest error), and the Collateral Agent shall have no duty to inquire as to the application by the Administrative Agent of any amounts distributed to it.

ARTICLE IV

Miscellaneous

Section 4.01. Notices

. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 9.01 of the Credit Agreement.

Section 4.02. Waivers, Amendment

. (a) No failure or delay by any Secured Party in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right,
remedy, power or privilege. The rights, remedies, powers and privileges of the Secured Parties herein provided, and provided under each other Loan Document, are cumulative and are not exclusive of any rights, remedies, powers and privileges provided by applicable law. No waiver of any provision of this Agreement or consent to any departure by Holdings therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 4.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan, the issuance of a Letter of Credit or the provision of services under Secured Cash Management Agreements or Secured Hedge Agreements shall not be construed as a waiver of any Default, regardless of whether any Secured Party may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and Holdings, subject to any consent required in accordance with Section 9.08 of the Credit Agreement.

Section 4.03. Collateral Agent’s Fees and Expenses; Indemnification

(a) The parties hereto agree that the Collateral Agent shall be entitled to reimbursement of its reasonable out of pocket expenses incurred hereunder and indemnity for its actions in connection herewith, in each case, as provided in Section 9.05 of the Credit Agreement.

(b) Any such amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Collateral Documents. The provisions of this Section 4.03 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Secured Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 4.03 shall be payable within 10 days of written demand therefor.

Section 4.04. Successors and Assigns

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 4.05. Survival of Agreement

(a) All covenants, agreements, representations and warranties made by Holdings hereunder and in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of the Loan Documents, the making of any Loans and issuance of any Letters of Credit and the provision of services under Secured Cash Management Agreements or Secured Hedge Agreements, regardless of any investigation made by any Secured Party or on its behalf notwithstanding that any Secured Party may have had notice or knowledge of any Default at the time any credit is extended under the Credit Agreement, and shall continue in full force and effect as long as this Agreement has not been terminated or released pursuant to Section 4.12 below.

Section 4.06. Counterparts; Effectiveness, Several Agreement

(a) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement shall become effective as to Holdings when a counterpart hereof executed on behalf of Holdings shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon Holdings and the Collateral Agent and their respective permitted successors and assigns, and shall inure to the benefit of Holdings, the Collateral Agent and the other Secured Parties and their respective permitted successors and assigns, except that Holdings shall not have the right to assign
or transfer its rights or obligations hereunder or any interest herein or in the Pledged Collateral (and any such assignment or transfer shall be void) except as expressly contemplated by this Agreement or the Credit Agreement.

(b) Delivery of an executed counterpart of a signature page of this Agreement that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be.

Section 4.07. Severability

If any provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 4.08. Right of Set Off

In addition to any rights and remedies of the Secured Parties provided by applicable law, upon the occurrence and during the continuance of any Event of Default, each Secured Party and its Affiliates is authorized at any time and from time to time, without prior notice to Holdings, any such notice being waived by Holdings to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other Indebtedness at any time owing by, such Secured Party and its Affiliates to or for the credit or the account of Holdings against any and all Obligations owing to such Secured Party and its Affiliates hereunder, now or hereafter existing, irrespective of whether or not such Secured Party or Affiliate shall have made demand under this Agreement and although such Obligations may be contingent or un-matured or denominated in a currency different from that of the applicable deposit or Indebtedness. Each Secured Party agrees promptly to notify Holdings and the Collateral Agent after any such set off and application made by such Secured Party; provided, that the failure to give such notice shall not affect the validity of such set off and application. The rights of each Secured Party under this Section 4.08 are in addition to other rights and remedies (including other rights of set off) that such Secured Party may have at Law.

Section 4.09. Governing Law; Jurisdiction; Venue; Waiver of Jury Trial; Consent to Service of Process

(a) The terms of Sections 9.07, 9.11 and 9.15 of the Credit Agreement with respect to governing law, submission of jurisdiction, venue and waiver of jury trial are incorporated herein by reference, mutatis mutandis, and the parties hereto agree to such terms.

(b) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 4.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by applicable law.

Section 4.10. Headings

. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.
Section 4.11. Security Interest Absolute

. To the extent permitted by applicable law, all rights of the Collateral Agent hereunder, the grant of a security interest in the Pledged Collateral and all obligations of Holdings hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of, or any consent or any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Secured Obligations or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, Holdings in respect of the Secured Obligations or this Agreement.

Section 4.12. Termination or Release

. (a) This Agreement and all security interests granted hereby shall terminate with respect to all Secured Obligations and any Liens arising therefrom shall be absolutely released upon termination of the Commitments and in full of all Obligations (other than (i) obligations under Secured Cash Management Agreements or obligations under Secured Hedge Agreements not yet due and payable and (ii) contingent obligations not yet accrued and payable) and the expiration or termination of all Letters of Credit (other than Letters of Credit that have been Cash Collateralized or, if satisfactory to the relevant Issuing Bank in its reasonable discretion, for which a backstop letter of credit is in place).

(b) Upon any sale or transfer by Holdings of any Pledged Collateral that is permitted under the Credit Agreement (other than a sale or transfer to another Grantor), or upon the effectiveness of any written consent to the release of the security interest granted hereby in any Pledged Collateral pursuant to Section 9.08 of the Credit Agreement, the security interest in such Collateral shall be automatically released.

(c) In connection with any termination or release pursuant to paragraph (a) or (b) of this Section 4.12, the Collateral Agent shall execute and deliver to Holdings, at Holdings’ expense, all documents that Holdings shall reasonably request to evidence such termination or release and shall perform such other actions reasonably requested by Holdings to effect such release, including delivery of certificates, securities and instruments. Any execution and delivery of documents pursuant to this Section 4.12 shall be without recourse to or warranty by the Collateral Agent.

(d) Notwithstanding anything to the contrary set forth in this Agreement, each Hedge Bank and each Cash Management Bank by the acceptance of the benefits under this Agreement hereby acknowledges and agrees that (i) the security interests granted under this Agreement of the Obligations of Holdings under any Secured Hedge Agreement and any Secured Cash Management Agreement shall be automatically released upon termination of the Commitments and in full of all other Obligations and the expiration or termination of all Letters of Credit (other than Letters of Credit that have been Cash Collateralized or, if satisfactory to the relevant Issuing Bank in its reasonable discretion, for which a backstop letter of credit is in place), in each case, unless the Obligations under the Secured Hedge Agreement or the Secured Cash Management Agreement are due and payable at such time (it being understood and agreed that this Agreement and the security interests granted herein shall survive solely as to such due and payable Obligations and until such time as such due and payable Obligations have been paid in full) and (ii) any release of Collateral effective in the manner permitted by this Agreement shall not require the consent of any Hedge Bank or any Cash Management Bank that is not a Lender.

Section 4.13. Collateral Agent Appointed Attorney in Fact

. Holdings hereby appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such
Gran's true and lawful agent (and the attorney in fact) of Holdings for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof at any time after and during the continuance of an Event of Default, which appointment is irrevocable and coupled with an interest (provided that the Collateral Agent shall provide the applicable Granor with notice thereof prior to exercising such rights). Without limiting the generality of the foregoing, the Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default and notice by the Collateral Agent to Holdings of the Collateral Agent’s intent to exercise such rights, with full power of substitution either in the Collateral Agent’s name or in the name of Holdings (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Pledged Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Pledged Collateral; (c) to commence and prosecute any and all suits, actions or proceedings at applicable law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Pledged Collateral or to enforce any rights in respect of any Pledged Collateral; (d) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Pledged Collateral; (e) to endorse the name of Holdings on any check, draft, instrument or other item of payment representing or included in the Pledged Collateral; (f) to make all determinations and decisions with respect thereto; and (g) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Pledged Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Pledged Collateral for all purposes; provided that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Pledged Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Secured Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor their officers, directors, employees or agents shall be responsible to Holdings for any act or failure to act hereunder, except for their own gross negligence, bad faith, or willful misconduct or that of any of their Affiliates, directors, officers, employees, counsel, agents or attorneys in fact, in each case, as determined by a final non-appealable judgment of a court of competent jurisdiction. All sums disbursed by the Collateral Agent in connection with this paragraph, including reasonable attorneys’ fees, court costs, expenses and other charges relating thereto, shall be payable, within 10 days of demand, by Holdings to the Collateral Agent and shall be additional Secured Obligations secured hereby.

Section 4.14. General Authority of the Collateral Agent

By acceptance of the benefits of this Agreement and any other Collateral Documents, each Secured Party (whether or not a signatory hereto) shall be deemed irrevocably (a) to consent to the appointment of the Collateral Agent as its agent hereunder and under such other Collateral Documents, (b) to confirm that the Collateral Agent shall have the authority to act as the exclusive agent of such Secured Party for the enforcement of any provisions of this Agreement and such other Collateral Documents against Holdings, the exercise of remedies hereunder or thereunder and the giving or withholding of any consent or approval hereunder or thereunder relating to any Pledged Collateral or Holdings’ obligations with respect thereto, (c) to agree that it shall not take any action to enforce any provisions of this Agreement or any other Collateral Document against Holdings, the exercise any remedy hereunder or thereunder or to give any consents or approvals hereunder or thereunder except as expressly provided in this Agreement or any other Collateral Document and (d) to agree to be bound by the terms of this Agreement and any other Collateral Documents.

Section 4.15. Reasonable Care

The Collateral Agent is required to use reasonable care in the custody and preservation of any of the Pledged Collateral in its possession; provided, that the
Collateral Agent shall be deemed to have used reasonable care in the custody and preservation of any of the Pledged Collateral, if such Pledged Collateral is accorded treatment substantially similar to that which the Collateral Agent accords its own property.

Section 4.16. Delegation; Limitation

. The Collateral Agent may execute any of the powers granted under this Agreement and perform any duty hereunder either directly or by or through agents or attorneys in fact, and shall not be responsible for the gross negligence or willful misconduct of any agents or attorneys in fact selected by it with reasonable care and without gross negligence or willful misconduct.

Section 4.17. Reinstatement

. The obligations of Holdings under this Agreement shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower or other Loan Party in respect of the Secured Obligations is rescinded or must be otherwise restored by any holder of any of the Secured Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

Section 4.18. Miscellaneous

. The Collateral Agent shall not be deemed to have actual, constructive, direct or indirect notice or knowledge of the occurrence of any Event of Default unless and until the Collateral Agent shall have received a notice of Event of Default or a notice from Holdings or the Secured Parties to the Collateral Agent in its capacity as Collateral Agent indicating that an Event of Default has occurred.

Section 4.19. Amendment and Restatement

. This Agreement is an amendment and restatement of, and not a novation or extinguishment of, the Existing Pledge Agreement or any liens or security interests created thereby. As of the date hereof, Holdings acknowledges and agrees that the Liens, security interests and collateral assignments created and granted by Holdings under the Existing Pledge Agreement that encumbers the Collateral shall continue to exist and remain valid and subsisting, shall not be impaired, extinguished or released hereby, shall remain in full force and effect, hereby ratified, renewed, brought forward, extended and rearranged as security for the Secured Obligations and shall be governed by this Agreement. All references to the Existing Pledge Agreement in any Loan Document (other than this Agreement) or other document or instrument delivered in connection therewith shall be deemed to refer to this Agreement and the provisions hereof.

[Signature Pages Intentionally Removed]
Schedule I

EQUITY INTERESTS
TRADEMARK SECURITY AGREEMENT

Trademark Security Agreement, dated as of October 29, 2021, by SEA WORLD LLC, a Delaware limited liability company (the “Grantor”), in favor of Wilmington Trust, National Association, in its capacity as collateral agent pursuant to the Indenture (in such capacity, the “Collateral Agent”).

WITNESSETH:

WHEREAS, the Grantor is party to a Security Agreement dated as of April 30, 2020 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Collateral Agent pursuant to which the Grantor is required to execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Collateral Agent, for the benefit of the Secured Parties, to enter into the Indenture, the Grantor hereby agrees with the Collateral Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Trademark Collateral. The Grantor hereby pledges and grants to the Collateral Agent for the benefit of the Secured Parties a lien on and security interest in and to all of its right, title and interest in, to and under all the following Article 9 Collateral (excluding any Excluded Assets) of the Grantor:

(a) registered and applied for Trademarks of the Grantor listed on Schedule I attached hereto; provided, however, that the foregoing grant of security interest does not and will not cover any Trademark applications filed in the USPTO on the basis of the Grantor’s “intent-to-use” such Trademark, unless and until acceptable evidence of use of such Trademark has been filed with and accepted by the USPTO pursuant to Section 1(c) or Section 1(d) of the Lanham Act (15 U.S.C. 1051, et seq.), to the extent that granting a lien in such Trademark application prior to such filing would adversely affect the enforceability, validity, or other rights in such Trademark application.

SECTION 3. The Security Agreement. The security interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement and the Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Trademarks made and granted hereby are more fully set forth in the Security Agreement. In the event that any provision of this Trademark Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Collateral Agent shall otherwise determine.

SECTION 4. Termination. Upon the termination of the Security Agreement in accordance with Section 6.12 thereof, the Collateral Agent shall, at the expense of the Grantor, execute, acknowledge, and deliver to the Grantor an instrument in writing in recordable form releasing the lien on and security
interest in the Trademarks under this Trademark Security Agreement and any other documents required to evidence the termination of the Collateral Agent’s interest in the Trademarks.

SECTION 5. **Counterparts.** This Trademark Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party heretomay execute this Trademark Security Agreement by signing and delivering one or more counterparts.

[Signature pages follow]
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

SEA WORLD LLC

By: /s/ Harold Herman

Name: Harold Herman
Title: Assistant Secretary

[Signature Page to Trademark Security Agreement]
WILMINGTON TRUST, NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Hallie E. Field  
Name: Hallie E. Field  
Title: Vice President

[Signature Page to Trademark Security Agreement]
TRADEMARK SECURITY AGREEMENT

Trademark Security Agreement, dated as of October 29, 2021, by SEA WORLD LLC, a Delaware limited liability company, and SeaWorld Parks & Entertainment LLC, a Delaware limited liability company (each, a “Grantor” and collectively, the “Grantors”), in favor of JPMORGAN CHASE BANK, N.A., in its capacity as collateral agent pursuant to the Credit Agreement (in such capacity, the “Collateral Agent”).

WITNESSETH:

WHEREAS, the Grantors are party to an Amended and Restated Security Agreement dated as of August 25, 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Collateral Agent pursuant to each Grantor is required to execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Collateral Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, each Grantor hereby agrees with the Collateral Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Trademark Collateral. Each Grantor hereby pledges and grants to the Collateral Agent for the benefit of the Secured Parties a lien on and security interest in and to all of its right, title and interest in, to and under all the following Pledged Collateral (excluding any Excluded Assets) of the Grantor:

(a) registered Trademarks of the Grantor listed on Schedule I attached hereto.

SECTION 3. The Security Agreement. The security interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement and each Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in the Trademarks made and granted hereby are more fully set forth in the Security Agreement. In the event that any provision of this Trademark Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Collateral Agent shall otherwise determine.

SECTION 4. Termination. Upon the termination of the Security Agreement in accordance with Section 6.12 thereof, the Collateral Agent shall, at the expense of the Grantors, execute, acknowledge, and deliver to the Grantors an instrument in writing in recordable form releasing the lien on and security interest in the Trademarks under this Trademark Security Agreement and any other documents required to evidence the termination of the Collateral Agent’s interest in the Trademarks.

SECTION 5. Counterparts. This Trademark Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Trademark Security Agreement by signing and delivering one or more counterparts.

[Signature pages follow]
IN WITNESS WHEREOF, the parties hereto have duly executed this Trademark Security Agreement as of the date first written above.

SEA WORLD LLC

By: /s/ Harold Herman
   Name: Harold Herman
   Title: Assistant Secretary

SEAWORLD PARKS & ENTERTAINMENT LLC

By: /s/ Harold Herman
   Name: Harold Herman
   Title: Assistant Secretary
JPMORGAN CHASE BANK, N.A., as Collateral Agent

By: /s/ Laura Woodward
Name: Laura Woodward
Title: Vice President
CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-239672 on Form S-3 and Registration Statement No. 333-188010 on Form S-8 of our reports dated February 28, 2022, relating to the financial statements of SeaWorld Entertainment, Inc. and subsidiaries and the effectiveness of the SeaWorld Entertainment, Inc. and subsidiaries’ internal control over financial reporting, appearing in this Annual Report on Form 10-K of SeaWorld Entertainment, Inc. for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Tampa, Florida

February 28, 2022
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 Annual Report on Form 10-K for the year ended December 31, 2021 of SeaWorld Entertainment, 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: February 28, 2022

Signature: /s/ Marc G. Swanson

Marc G. Swanson
Chief Executive Officer
(Principal Executive Officer)
I, Elizabeth C. Gulacsy, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2021 of SeaWorld Entertainment, 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: February 28, 2022

Signature: /s/ Elizabeth C. Gulacsy

Elizabeth C. Gulacsy
Chief Financial Officer and Treasurer
(Principal Financial Officer)
In connection with the Annual Report of SeaWorld Entertainment, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2021 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, as amended; 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: February 28, 2022

By: /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 Annual Report of SeaWorld Entertainment, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Elizabeth C. Gulacsy, 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, as amended; 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: February 28, 2022

By: /s/ Elizabeth C. Gulacsy

Elizabeth C. Gulacsy

Chief Financial Officer and Treasurer

(Principal Financial Officer)