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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Redbox Entertainment Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7841
(Primary Standard
Industrial Classification
Code Number)

85-2157010
(I.R.S. Employer
Identification Number)

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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Class A common stock, par value \$0.0001 per share ⁽²⁾	43,359,739	\$ 11.55 ⁽³⁾	\$ 500,804,986	\$ 46,425
Warrants to purchase Class A common stock ⁽⁴⁾	6,062,500	\$ — ⁽⁵⁾	—	\$ —
Class A common stock, par value \$0.0001 per share ⁽⁶⁾	16,843,750	\$ 11.50 ⁽⁷⁾	\$ 193,703,125	\$ 17,957
Total				\$ 64,382

- (1) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the “Securities Act”), the registrant is also registering an indeterminate number of additional shares of Class A common stock, par value \$0.0001 per share (“Class A common stock”), that may become issuable to prevent dilution as a result of any stock dividend, stock split, recapitalization or other similar transaction.
- (2) Consists of the following: (i) 5,000,000 shares of Class A common stock issued in connection with the PIPE Investment (as defined below), (ii) 3,593,750 shares of Class A common stock issued to the Sponsor (as defined below) upon conversion of its Founder Shares (as defined below), (iii) 1,995,989 shares of Class A common stock issued pursuant to the Backstop Agreements (as defined below) and (iv) 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock, par value \$0.0001 per share, issued in connection with the Business Combination (as defined below).
- (3) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, and based on the average of the high and low sales price per share of the registrant’s Class A common stock on the Nasdaq Global Market on November 26, 2021.
- (4) Consists of 6,062,500 Private Placement Warrants (as defined below).
- (5) In accordance with Rule 457(i) under the Securities Act, the entire registration fee for the Private Placement Warrants is allocated to the shares of Class A common stock underlying the Private Placement Warrants, and no separate fee is payable for the Private Placement Warrants.
- (6) Consists of (i) 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants and (ii) 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants (as defined below).
- (7) Calculated pursuant to Rule 457(g) under the Securities Act, based on the exercise price of the warrants (\$11.50).

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to completion, dated November 30, 2021

PROSPECTUS



Redbox Entertainment Inc.

**60,203,489 Shares of Class A Common Stock
6,062,500 Warrants to Purchase Shares of Class A Common Stock**

This prospectus relates to the issuance by us of (a) up to 6,062,500 shares of Class A common stock, par value \$0.0001 per share (“Class A common stock”), issuable upon the exercise of the Private Placement Warrants (as defined below), (b) up to 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants (as defined below) and (c) up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock, par value \$0.0001 per share (“Class B common stock”). We will pay certain offering fees and expenses in connection with the registration of the shares of Class A common stock but will not receive any proceeds from the sale of shares underlying the Private Placement Warrants, the Public Warrants or the Class B common stock, except with respect to amounts received by us upon the exercise of the Private Placement Warrants or the Public Warrants to the extent such Private Placement Warrants or such Public Warrants are exercised for cash.

In addition, this prospectus relates to the offer and sale from time to time by the selling securityholders named in this prospectus (the “Selling Securityholders”), or their permitted transferees, of (a) up to 60,203,489 shares of Class A common stock (which includes up to 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants, up to 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants and up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock) and (b) up to 6,062,500 warrants to purchase shares of Class A common stock. We will not receive any proceeds from the sale of shares of Class A common stock or warrants by the Selling Securityholders pursuant to this prospectus, except with respect to amounts received by us upon the exercise of the warrants to the extent such warrants are exercised for cash. However, we will pay the expenses, other than underwriting discounts and commissions and expenses incurred by the Selling Securityholders for brokerage, accounting, tax or legal services or any other expenses incurred by the Selling Securityholders in disposing of the securities, associated with the sale of securities pursuant to this prospectus.

Our registration of the securities covered by this prospectus does not mean that either we or the Selling Securityholders will issue, offer or sell, as applicable, any of the securities. The Selling Securityholders may offer and sell the securities covered by this prospectus in a number of different ways and at varying prices. We provide more information in the section entitled “Plan of Distribution.” In addition, certain of the securities being registered hereby are subject to vesting and/or transfer restrictions that may prevent the Selling Securityholders from offering or selling of such securities upon the effectiveness of the registration statement of which this prospectus is a part. See “Description of Securities” for more information.

You should read this prospectus and any prospectus supplement or amendment carefully before you invest in our securities. Our Class A common stock is listed on the Nasdaq Global Market (“Nasdaq”) under the symbol “RDBX” and our warrants are listed on Nasdaq under the symbol “RDBXW”. On November 29, 2021, the closing sale price of our Class A common stock as reported on Nasdaq was \$11.24, and the closing sale price of our warrants as reported on Nasdaq was \$1.69.

We are an “emerging growth company” under applicable Securities and Exchange Commission rules and, as such, have elected to comply with certain reduced public company disclosure requirements for this prospectus and future filings. See “Prospectus Summary — Implications of Being an Emerging Growth Company.”

Investing in our securities involves a high degree of risk. See the section entitled “Risk Factors” beginning on page 9.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2021.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or the SEC, using a “shelf” registration process. We may use the shelf registration statement to issue (a) up to 6,062,500 shares of Class A common stock upon the exercise of the Private Placement Warrants, (b) up to 10,781,250 shares of Class A common stock upon the exercise of the Public Warrants and (c) up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock. The Selling Securityholders may use the shelf registration statement to sell (a) up to 60,203,489 shares of Class A common stock (which includes up to 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants, up to 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants and up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock) and (b) up to 6,062,500 Private Placement Warrants, from time to time, through any means described in the section entitled “Plan of Distribution.” We will not receive any proceeds from the sale of Class A common stock by the Selling Securityholders. We will receive the proceeds from any exercise of warrants for cash.

We may also file a prospectus supplement or post-effective amendment to the registration statement of which this prospectus forms a part that may contain material information relating to these offerings. The prospectus supplement or post-effective amendment may also add, update or change information contained in this prospectus with respect to that offering. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement or post-effective amendment, you should rely on the prospectus supplement or post-effective amendment, as applicable. Before purchasing any securities, you should carefully read this prospectus, any post-effective amendment, and any applicable prospectus supplement, together with the additional information described under the heading “Where You Can Find More Information.”

Neither we nor the Selling Securityholders have authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus, any post-effective amendment, or any applicable prospectus supplement prepared by or on behalf of us or to which we have referred you. We and the Selling Securityholders take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the Selling Securityholders will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, any post-effective amendment and any applicable prospectus supplement to this prospectus is accurate only as of the date on its respective cover. Our business, financial condition, results of operations and prospects may have changed since those dates. This prospectus contains, and any post-effective amendment or any prospectus supplement may contain, market data and industry statistics and forecasts that are based on independent industry publications and other publicly available information. Although we believe these sources are reliable, we do not guarantee the accuracy or completeness of this information and we have not independently verified this information. In addition, the market and industry data and forecasts that may be included in this prospectus, any post-effective amendment or any prospectus supplement may involve estimates, assumptions and other risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “Risk Factors” contained in this prospectus, any post-effective amendment and the applicable prospectus supplement. Accordingly, investors should not place undue reliance on this information.

We own or have rights to trademarks, trade names and service marks that we use in connection with the operation of our business. In addition, our name, logos and website name and address are our trademarks or service marks. Solely for convenience, in some cases, the trademarks, trade names and service marks referred to in this prospectus are listed without the applicable ®, ™ and SM symbols, but we will assert, to the fullest extent under applicable law, our rights to these trademarks, trade names and service marks. Other trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners.

On October 22, 2021, we consummated the business combination (the “Business Combination”) contemplated by the business combination agreement, dated as of May 16, 2021 and amended on September 24, 2021 (the “Business Combination Agreement”), by and among Seaport Global Acquisition Corp. (“Seaport”), Seaport Merger Sub LLC, a Delaware limited liability company (“Merger Sub”), Redwood Holdco, LP, a Delaware limited partnership (“Redwood Holdco”), and Redwood Intermediate, LLC, a Delaware limited liability company (“Redwood Intermediate”).

In connection with the Business Combination, Seaport changed its name to Redbox Entertainment Inc. and the Nasdaq ticker symbols for its Class A common stock and warrants to “RDBX” and “RDBXW,” respectively.

As used in this prospectus, unless otherwise indicated or the context otherwise requires, references to “we,” “us,” “our,” the “Company” and “Redbox” refer to the consolidated operations of Redbox Entertainment Inc. and its subsidiaries. References to “Seaport” refer to the company prior to the consummation of the Business Combination.

FREQUENTLY USED TERMS

“*Backstop Agreements*” means the backstop subscription agreements among Seaport and the Backstop Subscribers, pursuant to which the subscribers purchased an aggregate of 1,995,989 shares of Class A common stock in connection with the Business Combination, for a purchase price of \$10.10 per share.

“*Backstop Subscribers*” means the subscribers party to the Backstop Agreements.

“*Business Combination*” means the transactions contemplated by the Business Combination Agreement.

“*Business Combination Agreement*” means the business combination agreement entered into on May 16, 2021 and amended on September 24, 2021, by and among Seaport, Merger Sub, Redwood Holdco and Redwood Intermediate.

“*Class A common stock*” means our Class A common stock, par value \$0.0001 per share.

“*Class B common stock*” means our Class B common stock, par value \$0.0001 per share.

“*Closing*” means the closing of the Business Combination, which occurred on October 22, 2021.

“*Founder Shares*” means the 3,593,750 shares of Class B common stock of Seaport that were converted into 3,593,750 shares of Class A common stock upon the Closing.

“*Incentive Plan*” means the Seaport Global Acquisition Corp. 2021 Omnibus Incentive Plan.

“*IPO*” or “*initial public offering*” means Seaport’s initial public offering of units consummated on December 2, 2020.

“*PIPE Investment*” means the sale of 5,000,000 shares of Class A common stock to the PIPE Investors, for a purchase price of \$10.00 per share and an aggregate purchase price of \$50,000,000, in a private placement in connection with the Business Combination.

“*PIPE Investors*” means the investors in the PIPE Investment.

“*PIPE Shares*” means the 5,000,000 shares of Class A common stock sold to PIPE Investors pursuant to the PIPE Investment.

“*Private Placement Warrants*” means the 6,062,500 warrants purchased by the Sponsor in a private placement simultaneously with the closing of the IPO, each of which is exercisable for one share of Class A common stock at \$11.50 per share, at a price of \$1.00 per warrant, generating gross proceeds of \$6,062,500.

“*Public Warrants*” means the 10,781,250 redeemable warrants sold as part of the units in the IPO.

“*Redbox Common Units*” means common units representing limited liability company interests of Redwood Intermediate, which are non-voting, economic interests in Redwood Intermediate.

“*Redwood Holdco*” means Redwood Holdco, LP, a Delaware limited partnership. See “*Principal Stockholders*” for more information regarding the ownership of Redwood Holdco.

“*Redwood Intermediate*” means Redwood Intermediate, LLC, a Delaware limited liability company.

“*Sponsor*” means Seaport’s sponsor, Seaport Global SPAC, LLC, a Delaware limited liability company.

“*warrants*” means the Private Placement Warrants and the Public Warrants.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties. These forward-looking statements are generally identified by the use of forward-looking terminology, including the terms “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would” and, in each case, their negative or other various or comparable terminology. All statements other than statements of historical facts contained in this prospectus, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management, and expected market growth are forward-looking statements. The forward-looking statements are contained principally in the sections entitled “*Prospectus Summary*,” “*Risk Factors*,” “*Use of Proceeds*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” and “*Business*” and include, among other things, statements relating to:

- the benefits of the Business Combination;
- the future financial performance of the Company following the Business Combination;
- expansion plans and opportunities;
- our public securities’ potential liquidity and trading; and
- the lack of a market for our securities.

These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Important factors that could cause our results to vary from expectations include, but are not limited to:

- the ability to maintain the listing of our Class A common stock and Public Warrants on Nasdaq;
- our ability to raise financing in the future;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- changes adversely affecting the business in which Redbox is engaged;
- the risks associated with cyclical demand for Redbox’s services and vulnerability to industry downturns and regional or national downturns;
- fluctuations in Redbox’s revenue and operating results;
- unfavorable conditions or further disruptions in the capital and credit markets and Redbox’s ability to obtain additional capital on commercially reasonable terms;
- Redbox’s ability to generate cash, service indebtedness and incur additional indebtedness;
- competition from existing and new competitors;
- Redbox’s ability to integrate any businesses it acquires;
- Redbox’s ability to recruit and retain experienced personnel;
- Redbox’s dependence on third-party contractors to provide various services;

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- intellectual property, information technology and privacy requirements that may subject Redbox to unanticipated liabilities;
- general economic or political conditions; and
- other risk factors included under “*Risk Factors*” in this prospectus.

These forward-looking statements reflect our views with respect to future events as of the date of this prospectus and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this prospectus and, except as required by law, we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this prospectus. We anticipate that subsequent events and developments will cause our views to change. You should read this prospectus and the documents filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. Our forward-looking statements do not reflect the potential impact of any future acquisitions, merger, dispositions, joint ventures, or investments we may undertake. We qualify all of our forward-looking statements by these cautionary statements.

PROSPECTUS SUMMARY

This summary highlights, and is qualified in its entirety by, the more detailed information and financial statements included elsewhere in this prospectus. This summary does not contain all of the information that may be important to you in making your investment decision in our Class A common stock or warrants. You should read this entire prospectus carefully, especially the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” sections and the consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in our Class A common stock or warrants.

Overview

Redbox is an established brand and leading provider in the home entertainment market in the United States. Redbox is focused on providing its customers with the best value in entertainment and the most choice in how they consume it, through physical media and/or digital services. Redbox is undergoing a significant business expansion and digital transformation. Redbox has transitioned from a pure-play DVD rental company to a multi-faceted entertainment company that provides tremendous value and choice by offering DVD rentals as well as multiple digital products across a variety of content windows including transactional (TVOD), ad-supported (AVOD), and subscription (SVOD) and being a distributor of feature films with a growing library of original content. Redbox currently conducts its business through two operating segments: (1) Legacy Business and (2) Digital Business.

For its Legacy Business, the Company operates a nationwide network of approximately 40,000 self-service kiosks where consumers can rent or purchase new-release DVDs and Blu-ray Discs™ (“movies”). The Company also generates service revenue by providing installation, merchandising and break-fix services to other kiosk businesses. Finally, the Company also produces, acquires, and distributes movies exclusively through its film distribution label, Redbox Entertainment, LLC, providing rights to talent-led films that are distributed across Redbox services as well as through third party digital services. For its Digital Business, the Company provides both transactional and ad-supported digital streaming services, which include 1) Redbox On Demand, a transactional service which provides digital rental or purchase of new release and catalog movies and TV content, 2) Redbox Free On Demand, an ad-supported service providing free movies and TV shows on demand, and 3) Redbox Free Live TV, a free, ad-supported television service giving access to over 100 linear channels.

Redbox Legacy Business

Redbox’s mission has always been to make it ridiculously cheap and easy for customers to get the home entertainment they want. Redbox provides exceptional customer value with new release movie disc rentals priced at \$2 or less a night, about one-third of the cost of a digital rental, which are typically \$5.99 or more on digital retail platforms, including Redbox On Demand. Customers have the flexibility to rent a movie from one location and return their rental to any kiosk. Kiosks are located primarily at grocery stores, mass retailers, drug stores, dollar retailers, and convenience stores. With approximately 33,000 locations and more than 150 retail partners, consumers have convenient access to kiosks as part of their routine shopping experiences. Revenue is generated primarily through the fees charged to rent or purchase a movie, and Redbox pays retailers a percentage of the revenue generated at the Redbox kiosks installed at their locations. The Company obtains content through revenue sharing agreements and license agreements with major studios as well as through direct purchases from independent distributors and other suppliers.

With a loyal, differentiated customer base comprised of more than 40 million individuals, the business also benefits from tremendous customer scale and an expansive marketing reach. Redbox’s customers are value-conscious, love movies and entertainment, and tend to be late-adopters of new technology. Given the scale of the existing customer base, the Company has built a sizable marketing program that includes approximately 46 million e-mail subscribers, approximately 6 million SMS subscribers, approximately 45 million mobile app downloads, and an estimated 400 million weekly impressions at retail. In addition, Redbox has built a unique asset in its loyalty and rewards program, Redbox Perks, which currently boasts 40 million members. Customers earn points for their rentals or purchases and can use those points for free rentals in the future. This tiered loyalty program gives the Company the ability to reward their most loyal and valuable customers while providing a currency for incenting increased transaction frequency and other behaviors, such as downloading the Redbox app or trying new products and services. Redbox Perks is a vehicle to provide greater value to value-conscious customers and is central to its marketing and customer strategy. The program is a differentiator in the market and a competitive advantage for Redbox.

Redbox has also established Redbox Entertainment, LLC as a movie distribution label through which the Company acquires North American rights and distributes feature films through Redbox kiosks, Redbox On Demand, third party digital transactional platforms and other streaming services. Redbox Entertainment not only acquires rights to finished films but also commits to slate deals for movies to be produced, giving the Company input on scripts and/or talent. The Company is able to generate meaningful gross profit from these films through promotional initiatives on its own platform and by selling downstream rights to subscription streaming services. And, because the Company is acquiring long term exclusive rights to these films, Redbox is building a content library which can be used on its Free On Demand (AVOD) and Free Live TV (FLTV) services or further licensed to other streaming platforms in later windows.

In addition, Redbox Entertainment benefits from the Company's robust rental data and insights into what titles and talent will perform. The Company has released a number of films since 2019 and aims to ramp to releasing 3 new movies per month. The Company has already announced a slate deal with John Wick-producer, Basil Iwanyk, committing to 12 action/thriller films over the next several years.

Finally, Redbox has a service business, which employs a team of more than 1,000 best-in-class field workers nationwide to manage kiosk installation, merchandising and break-fix services. In addition to maintaining Redbox's kiosks, the Company's service team also supports other kiosk businesses. The Company has service agreements with multiple companies that have national and regional kiosk networks and since June of 2020, Redbox has been the primary vendor for Amazon to service their expanding Amazon locker locations. The service business helps mitigate the operational costs of the DVD business while generating incremental margin dollars.

Redbox Digital Business

Redbox is rapidly expanding its digital products and leveraging its customer and marketing scale to grow these businesses. The Company is building a digital ecosystem that consumers can use as a one stop shop for their entertainment needs by engaging with a variety of digital video services within the Redbox app in an integrated, easy-to-use format. This simplifies the customer experience, drives multi-product adoption, and minimizes customer churn. These services span multiple business models including transactional, ad-supported, and in the near future, subscription. The Company's digital products are available to stream across web browsers, mobile devices, and almost every major consumer device, including streaming media players such as Roku and Apple TV, TVs such as Samsung, LG, Android TV, and VIZIO, and gaming consoles like Xbox and PlayStation.

In December 2017, the Company launched Redbox On Demand, a digital transactional video-on-demand service (TVOD), allowing customers to rent or buy new release and catalog digital movies and television episodes, with new release prices typically ranging from \$5.99 to \$24.99 and catalog movies from \$1.99 to \$3.99, not including any discounts. Since 2020, customers have also been able to digitally rent movies that are still in theaters, which is now known as Premium Video-On-Demand (PVOD). Customers pay a transactional fee to rent or buy content while earning Redbox Perks loyalty points every time they transact. Redbox On Demand has seen rapid growth and adoption with over 3 million customers. That growth has been fueled primarily through leveraging the Company's own marketing channels including e-mail and SMS and offering rewards points or promos to drive digital customer acquisition. The Company's marketing reach and existing customer base has resulted in extremely low customer acquisition costs of approximately \$3.00 generating rapid digital adoption while keeping overall marketing expense relatively low.

In February 2020, the Company launched Redbox Free Live TV (FLTV), an ad-supported digital linear television service, as a complement to the existing transactional On Demand service. With over 100 linear channels and growing, including three Redbox-branded and programmed channels, Free Live TV gives customers the opportunity to channel surf and find content that interests them. One of the Redbox-branded channels, the Redbox Free Movie Channel, is also currently syndicated to the Roku Channel, LG Channels Plus and Vizio Watchfree services, which drives greater viewership and revenue, and the Company has plans to syndicate this channel to additional services. Free Live TV has already seen significant adoption with more than 8 million users in the first 12 months.

Redbox also recently launched an ad-supported Free On Demand service (AVOD) in December 2020. AVOD gives consumers complete control over when they watch and with the growth of Redbox's AVOD library, which is now at more than 5,000 movies and TV episodes, consumers have a broad amount of content to choose from. The ad-supported services (FLTV and AVOD) have seen strong growth in engagement as new titles are added and awareness of the offering grows.

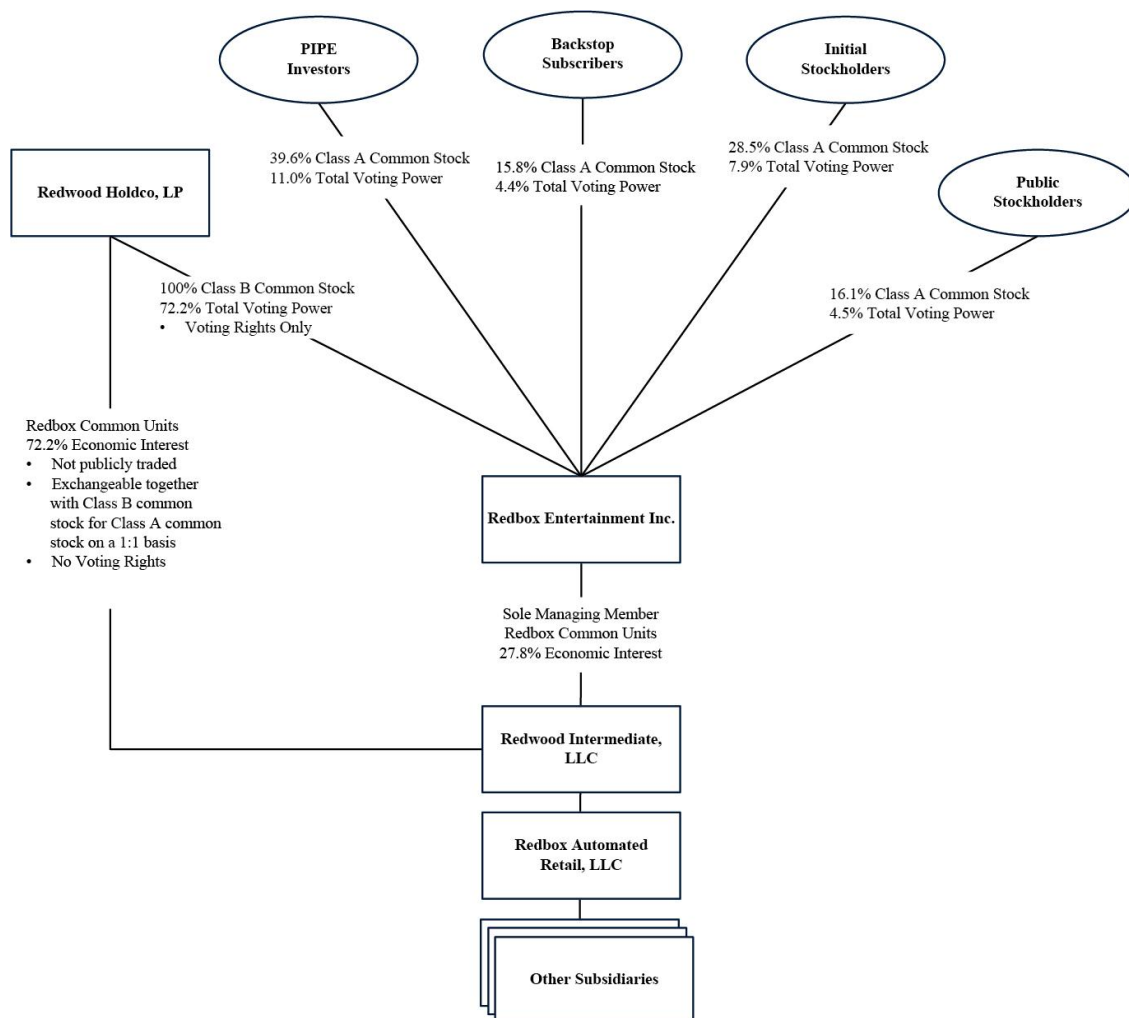
The Company is also developing a subscription channels product (SVOD channels), which will give consumers the opportunity to subscribe to multiple third party premium SVOD channels through the Redbox app. Premium SVOD channels will be merchandised alongside the new release transactional content and free ad-supported on demand content. Redbox will simplify the sign-in, content discovery, and billing process for customers by providing an integrated solution through the Redbox app. Further, the Company intends to provide additional value to its customers through bundled offers with loyalty points and/or promotions for discounts at the kiosk to drive customer acquisition and retention.

Finally, Redbox operates a media advertising business which monetizes hundreds of millions of monthly display ad impressions across the mobile app, web, e-mail and kiosk network. The Company drives advertising revenue through a mix of programmatic advertising and direct sales. Direct ad sales for the media above as well as video advertising for Free On Demand and FLTV are driven by an internal sales team and a strategic sales partnership with Screenvision and the Palomino Media Group.

Business Combination

On October 22, 2021, we consummated the Business Combination contemplated by the Business Combination Agreement. In connection with the Business Combination, the Company issued 32,770,000 shares of Class B common stock to Redwood Holdco, which have no economic rights, but entitle the holders thereof to one vote per issued share and may be exchanged on a one-for-one basis with Redbox Common Units held by such holders for Class A common stock from time to time. Immediately prior to the Closing, the Company issued an aggregate of 5,000,000 shares of Class A common stock to the PIPE Investors for a purchase price of \$10.00 per share, for aggregate gross proceeds of \$50 million. In addition, immediately prior to the Closing, the Company issued an aggregate of 1,995,989 shares of Class A common stock to the Backstop Subscribers for a purchase price of \$10.10 per share, for aggregate gross proceeds of approximately \$20.2 million.

The following diagram illustrates the Company’s ownership structure immediately following the closing of the Business Combination, excluding the warrants and shares of Class A common stock issuable upon exercise of the warrants.



Risk Factor Summary

Our business is subject to a number of risks of which you should be aware before making an investment decision with respect to our Class A common stock or warrants. These risks are discussed more fully in the “Risk Factors” section of this prospectus immediately following this prospectus summary. These risks include the following:

- The recent novel coronavirus (“COVID-19”) pandemic and the attempts to contain it may harm our industry, business, results of operations and ability to raise additional capital.
- Competitive pressures could seriously harm our business, financial condition and results of operations.
- There are many risks related to our DVD, Redbox On Demand and Original / Exclusive Content offerings which may negatively impact our business.

- If our efforts to attract and retain customers are not successful, our business will be adversely affected.
- If we cannot manage our business and its growth effectively, we could experience a material adverse effect on our financial condition and results of operations.
- If we cannot execute on our growth strategies, some of which are untested, unproven or not yet fully developed, and offer new services, our business could suffer.
- Changes in competitive offerings for entertainment video, including the potential rapid adoption of piracy-based video offerings, could adversely impact our business.
- Our future operating results may fluctuate.
- We face risks, such as unforeseen costs and potential liability in connection with content we acquire, produce, license and/or distribute through our service.
- Any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyber-attacks, could result in a loss or degradation of service, unauthorized disclosure of data, including user and corporate information, or theft of intellectual property, including digital content assets, which could adversely impact our business.
- Privacy concerns could limit our ability to collect and use customers and user personal information and other data and disclosure of user personal information and other data could adversely impact our business and reputation.
- We may be unable to adequately protect our intellectual property or enforce our patents and other proprietary rights.
- Our substantial indebtedness could materially and 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 and prevent us from making debt service payments.
- Despite our substantial indebtedness, we may still be able to incur significantly more debt, including secured debt, which could intensify the risks associated with our indebtedness.
- We may not be able to generate sufficient cash to service all of our indebtedness and to fund our working capital and capital expenditures and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.
- Our debt agreements contain restrictions that limit our flexibility in operating our business.

Implications of Being an Emerging Growth Company and a Smaller Reporting Company

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, enacted in April 2012. As an “emerging growth company,” we may take advantage of specified reduced reporting and other requirements that are otherwise applicable to public companies. These provisions include, among other things:

- exemption from the auditor attestation requirement in the assessment on the effectiveness of our internal control over financial reporting;
- exemption from new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies;

- exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board (United States), requiring mandatory audit firm rotation or a supplement to our auditor’s report in which the auditor would be required to provide additional information about the audit and our financial statements;
- an exemption from the requirement to seek non-binding advisory votes on executive compensation and golden parachute arrangements; and
- reduced disclosure about executive compensation arrangements.

We may take advantage of these provisions until the end of the fiscal year ending December 31, 2025 or such earlier time that we are no longer an “emerging growth company.” We will cease to be an “emerging growth company” if we have \$1.07 billion or more in total annual gross revenues during our most recently completed fiscal year, if we become a “large accelerated filer,” which requires us to have been a public company for at least 12 months at the end of our most recently completed fiscal year and have the market value of our common stock held by non-affiliates exceeding \$700 million as of the last business day of the second quarter of such fiscal year, or as of any date on which we have issued more than \$1.0 billion in non-convertible debt over the three-year period to such date.

We may choose to take advantage of some, but not all, of these reduced burdens. For example, we have taken advantage of the reduced reporting requirement with respect to disclosure regarding our executive compensation arrangements and expect to take advantage of the exemption from the auditor attestation requirement in the assessment on the effectiveness of our internal control over financial reporting. In addition, while we have elected to avail ourselves of the exemption to adopt new or revised accounting standards until those standards apply to private companies, we are permitted and have elected to early adopt certain new or revised accounting standards for which the respective standard allows for early adoption. For as long as we take advantage of the reduced reporting obligations, the information that we provide stockholders may be different from information provided by other public companies.

We are also a “smaller reporting company” as defined under the Securities Act and Exchange Act. We may continue to be a smaller reporting company so long as either (i) the market value of shares of our common stock held by non-affiliates is less than \$250 million or (ii) our annual revenue was less than \$100 million during the most recently completed fiscal year and the market value of shares of our common stock held by non-affiliates is less than \$700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company, we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and have reduced disclosure obligations regarding executive compensation, and, similar to emerging growth companies, if we are a smaller reporting company under the requirements of (ii) above, we would not be required to obtain an attestation report on internal control over financial reporting issued by our independent registered public accounting firm.

Controlled Company

Redwood Holdco controls a majority of the voting power of our outstanding common stock. As a result, we are a “controlled company” within the meaning of the corporate governance standards of Nasdaq. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our board of directors consist of “independent directors” as defined under the rules of Nasdaq;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and

- the requirement for an annual performance evaluation of the compensation and nominating and corporate governance committees.

We intend to utilize these exemptions as long as we remain a controlled company. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

Corporate Information

Redbox is a Delaware corporation. Our principal executive offices are located at 1 Tower Lane, Suite 800, Oakbrook Terrace, Illinois 60181. Our telephone number is (630) 756-8000. Our website is located at <https://www.redbox.com>. Our website and the information contained on, or that can be accessed through, our website will not be deemed to be incorporated by reference in, and are not considered part of, this prospectus. You should not rely on our website or any such information in making your decision whether to purchase our securities.

The Offering

We are registering the issuance of (a) up to 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants, (b) up to 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants and (c) up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock.

We are also registering the offer and sale from time to time by the Selling Securityholders, or their permitted transferees, of (a) up to 60,203,489 shares of Class A common stock (which includes up to 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants, up to 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants and up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock) and (b) up to 6,062,500 warrants to purchase shares of Class A common stock.

Any investment in the securities offered hereby is speculative and involves a high degree of risk. You should carefully consider the information set forth under “Risk Factors” on page 9 of this prospectus.

Issuance of Class A Common Stock

Shares of Class A common stock offered by us	49,613,750 shares of Class A common stock (representing (a) up to 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants, (b) up to 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants and (c) up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock)
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Shares of Class A common stock outstanding prior to exchange of Class B common stock and exercise of warrants	12,618,516 shares
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Shares of Class A common stock outstanding after exchange of Class B common stock and exercise of warrants	62,232,266 shares
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Resale of Class A Common Stock and Warrants

Shares of Class A common stock offered by the Selling Securityholders	60,203,489 shares of Class A common stock (which includes up to 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants, up to 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants and up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock)
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Warrants offered by the Selling Securityholders	6,062,500 warrants to purchase shares of Class A common stock
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Use of proceeds

All of the shares of Class A common stock and the warrants (including shares of Class A common stock underlying such warrants) offered by the Selling Securityholders pursuant to this prospectus will be sold by the Selling Securityholders for their respective accounts. We will not receive any of the proceeds from these sales.

We will receive the proceeds from any exercise of warrants for cash. We intend to use the proceeds the exercise of warrants for cash for general corporate and working capital purposes. There is no assurance that the holders of the warrants will elect to exercise any or all of the warrants. To the extent that the warrants are exercised on a “cashless basis,” the amount of cash we would receive from the exercise of the warrants will decrease.

Market for our Class A common stock and warrants

Our Class A common stock and warrants are listed on Nasdaq under the symbols “RDBX” and “RDBXW,” respectively.

RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below, as well as the other information contained in this prospectus, including the consolidated financial statements and the related notes thereto included elsewhere in this prospectus and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” before deciding to invest in our securities. The occurrence of one or more of the events or circumstances described in these risk factors, alone or in combination with other events or circumstances, may have an adverse effect on our business, cash flows, financial condition and results of operations. You should also carefully consider the following risk factors in addition to the other information included in this prospectus, including matters addressed in the section entitled “Cautionary Note Regarding Forward-Looking Statements.” We may face additional risks and uncertainties that are not presently known to us or that we currently deem immaterial, which may also impair our business or financial condition. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Any of the following risks could materially adversely affect our business, financial condition and results of operations, in which case the trading price of our securities could decline and you could lose all or part of your investment.

Risks Related to Our Business

The recent novel coronavirus (“COVID-19”) pandemic and the attempts to contain it may harm our industry, business, results of operations and ability to raise additional capital.

The COVID-19 pandemic and the various attempts to contain it have created significant volatility, uncertainty and economic disruption. In an effort to contain COVID-19 or slow its spread, governments around the world have enacted various measures, some of which have been subsequently rescinded, modified or reinstated, including orders to close all businesses not deemed “essential,” isolate residents to their homes or places of residence, and practice social distancing. We anticipate that these actions and the global health crisis caused by the COVID-19 pandemic, including any resurgences or variants, will continue to negatively impact business activity across the globe. In response to government mandates, health care advisories and in otherwise responding to employee and vendor concerns, we have altered certain aspects of our operations. International and domestic travel has been severely curtailed and productions of our third-party content suppliers continue to experience disruption. Other partners have similarly had their operations disrupted, including those partners that we use for our operations as well as development, production and post-production of content. For example, in June 2021, we learned that certain studios were delaying releases of certain films, or changing the original distribution plans with respect to other films to send them direct to SVOD services, as a result of continued closures of, or capacity restrictions at, movie theaters due to the ongoing COVID-19 pandemic, each of which results in fewer releases on our platform than we had previously expected. As a result, we expect our earnings to be lower throughout the remainder of 2021 than we previously had believed. To the extent the resulting economic disruption is severe, we could see some partners and vendors go out of business, resulting in reduced demand from distributors and consequent reduction in forecasted revenue, as well as supply constraints and increased costs or delays to our productions. Such production pauses may cause us to temporarily have less new content available on our service in subsequent quarters, which could negatively impact user demand for and user retention to our service. Temporary production pauses or permanent shutdowns in production could result in content asset impairments or other charges and will change the timing and amount of cash outflows associated with production activity.

The full extent to which the COVID-19 pandemic and the various responses to it impacts our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including: the duration and scope of the pandemic; governmental, business and individuals’ actions that have been and continue to be taken in response to the pandemic; the availability and cost to access the capital markets; the effect on our customers and customer demand for and ability to pay for our services; increased competition with alternative media platforms and technologies; disruptions or restrictions on our employees’ ability to work and travel; and any stoppages, disruptions or increased costs associated with our operations. If we need to access the capital markets, there can be no assurance that financing may be available on attractive terms, if at all. In addition, to the extent that economic uncertainty as a result of the COVID-19 pandemic impacts consumers’ ability or willingness to pay for our services, our business and results of operations could be negatively impacted.

We will continue to actively monitor the effects of the COVID-19 pandemic on our business and may take further actions that alter our business operations, including distribution, partnerships and content production, as may be required by federal, state, local or foreign authorities, or that we determine are in the best interests of our employees, customers, partners and stockholders. It is not clear what potential effects any such alterations or modifications may have on our business, including the effects on our customers, suppliers or vendors, or on our financial results. To the extent the COVID-19 pandemic adversely affects our business and financial

results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section including, but not limited to, our ability to retain users, our ability to operate at a net loss, and our liquidity.

Competitive pressures could seriously harm our business, financial condition and results of operations.

The market for streaming entertainment is intensely competitive and subject to rapid change. We compete against other entertainment video providers, such as multichannel video programming distributors (“MVPDs”), streaming entertainment providers (including those that provide pirated content), video gaming providers and more broadly against other sources of entertainment including video-on-demand (VOD), subscription (SVOD) and ad-supported (AVOD) services. We compete against streaming entertainment providers and content producers in obtaining content for our service, both for licensed streaming content and for exclusive and original content projects.

Our business faces competition from many other sources, including those using similar distribution channels and having more experience, greater name recognition, larger or more appealing inventory, better financing, and better relationships with those in the movie industry, including: Netflix, Amazon, Hulu, Vudu, Roku, Sling, YouTube and YouTubeTV, Hulu, CBS, ABC, NBC, BBC, PBS, Fox Networks, Discovery Communications, Disney, cable, satellite, and telecommunications providers, such as Comcast or DISH Network, traditional pay television programmers, such as HBO or Showtime, traditional brick and mortar video retailers, other DVD kiosk businesses, libraries and others. These competitors may also provide a broader range of content and the ability to apply considerable resources to acquired and original content.

Well-funded competitors may be better able to withstand economic downturns and periods of slow economic growth and the associated periods of reduced customer spending and increased pricing pressures. Some competitors are able to devote substantially more resources to website and systems development or to investments or partnerships. Some competitors have, and others may also, consolidate with one another. We may be unable to compete successfully against current and future competitors, and competitive pressures could harm our business and prospects.

There are many risks related to our DVD, Redbox On Demand and Original / Exclusive Content offerings which may negatively impact our business.

We have invested, and plan to continue to invest, to maintain our infrastructure of Redbox kiosks in the United States. Optimizing our physical Redbox business will depend substantially upon growth or minimizing decline in same store sales. In addition, the home video distribution market is rapidly evolving as newer technologies and distribution channels compete for market share, and we have experienced a secular decline in the physical rental market. As this evolution continues, our DVD business and related operating results and financial condition will be adversely affected. Some additional risks that could negatively impact our results include:

- increased availability of digital movie content and changes in consumer content delivery and viewing options and preferences, including increased use of online streaming, availability of content on portable devices, VOD, SVOD, AVOD and time- and place-shifting technologies;
- increased competition in the advertising video-on-demand segment including alternative or non-traditional forms of content, user generated content type offerings such as YouTube, free TV style offerings (including on-demand options such as Crackle), proprietary Apps and Channels provided and populated by traditional TV and theatrical content owners (Disney+, Peacock and similar channels);
- increased availability and quality of original programming and similar episodic content, and exclusive arrangements with programmers, such as HBO, Showtime, Amazon and Netflix.
- decreased quantity and quality of movie content available for DVD distribution due to changes in quantity of new releases by studios, a trend towards developing more high-budget “event” or “blockbuster” movies, movie content failing to appeal to consumers’ tastes, increased focus on digital sales and rentals, and other general industry-related factors, including financial disruptions, and labor conflicts;
- decreased costs for consumers to purchase or receive movie content, including less expensive DVDs, more aggressive competitor pricing strategies and piracy;

- windowing of titles and DVDs may change without notice by the studios, DVDs may be released closer to alternative types of content or after alternative methods of content which may impact performance;
- increased competition for physical floor space in retail locations where our kiosks are located, both by unrelated third-party offerings and perceived monetization opportunities by the retailers themselves; and
- increased operational costs.

As a result, we expect our DVD business results to continue to decline over time and increased competition in the AVOD segment. Further, any additional adverse developments relating to any of these risks, as well as others relating to our participation in the home video industry, could significantly affect our business, financial condition and operating results.

We recently entered into an agreement to acquire the operations of our DVD distribution and packaging provider.

We also may not achieve the anticipated benefits from this acquired business due to a number of factors, including:

- unanticipated costs or liabilities associated with the acquisition;
- difficulty incorporating acquired logistics systems and platforms;
- risks of entering new markets;
- incurrence of acquisition-related costs;
- diversion of management's attention from other business concerns;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

If we are unable to successfully integrate and operate this critical function, our DVD business may incur a significant negative impact and disruption and we may have to find alternative means of operating our DVD business which may be less efficient or cause us to incur higher costs.

If our efforts to attract and retain customers are not successful, our business will be adversely affected.

Our ability to continue to attract users will depend in part on our ability to effectively market our services, consistently provide our users with compelling content choices, effectively market our service, as well as a quality experience for selecting and viewing our content library. Furthermore, the relative service levels, content offerings, pricing and related features of our competitors may adversely impact our ability to attract and retain users.

To succeed, we must continue to attract and retain a large number of new users. We may be required to incur significantly higher advertising and promotional expenditures than we currently anticipate to attract large numbers of new users. We believe that the importance of brand loyalty will increase with the continued proliferation of digital streaming services. If our branding efforts are not successful, our operating results and our ability to attract and retain users will be adversely affected.

If consumers do not perceive our service offering to be of value, including if we introduce new or adjust existing features, adjust pricing or service offerings or change the mix of content in a manner that is not favorably received by them, we may not be able to attract and retain users. If our efforts to satisfy our existing users are not successful, we may not be able to attract users, and as a result, our ability to maintain and/or grow our business will be adversely affected. Users may stop using our services for many reasons, including a perception that the selection of content is unsatisfactory, competitive services provide a better value or experience and customer service issues are not satisfactorily resolved. We must continually attract new users both to replace unengaged users and to grow our business beyond our current user base. If we do not grow as expected, we may not be able to adjust our expenditures or

increase our per user revenues commensurate with the lowered growth rate, such that our margins, liquidity and results of operation may be adversely impacted. If we are unable to successfully compete with current and new competitors in both retaining our existing users and attracting new users, our business will be adversely affected. Further, if excessive numbers of users cease using our services, we may be required to incur significantly higher marketing expenditures than we currently anticipate to replace these users with new users.

If we cannot manage our business and its growth effectively, we could experience a material adverse effect on our financial condition and results of operations.

We are expanding our operations, scaling our streaming service to effectively and reliably handle anticipated growth in both users and features, ramping up our ability to distribute and license original and exclusive content, continuing to operate our DVD service and providing kiosk services to business clients. As our offerings evolve, we are managing and adjusting our business to address varied content offerings, industry practices dealing with e-commerce and streaming video, as well as differing legal and regulatory environments. As we scale our streaming service, we are developing technology and utilizing third-party “cloud” computing services. As we ramp up our original content distribution, we are building out expertise in a number of disciplines, including creative, marketing, legal, finance, licensing, merchandising and other resources related to the distribution of content. Further, we may expand our content offering in a manner that is not well received by consumers. These expansions have placed, and may continue to place, significant demands on our operational, financial and administrative infrastructure and our management. As our operations have grown in size, scope and complexity, we have focused on integrating, improving and upgrading our systems and infrastructure related to providing attractive and efficient consumer products and services, and our administration and internal systems, processes and controls.

Although we believe the total addressable market for automated DVD rental kiosks is large, we cannot be certain about its size, the most effective plan for locating kiosks, or the optimum market density. Because the kiosk market and our business model are continually evolving, we have incomplete data and track records for predicting kiosk and market performance in future periods. As a result, we may make errors in predicting and reacting to relevant business trends, which could have a material adverse effect on our business, financial condition and results of operations. For example, we may, among other things, over-install kiosks in certain geographic areas leading to non-accretive installations, and we cannot be certain that historical revenue ramps for new kiosks will be sustainable in the future.

As we grow our operations, we may face integration and operational challenges as well as potential unknown liabilities and reputational concerns in connection with partners we work with or companies we may acquire or control. If we are not able to manage the growing complexity of our business, including improving, refining or revising our systems and operational practices related to our streaming operations and original content, our business may be adversely affected.

Managing our business changes will require significant expenditures and allocation of valuable management and operational resources. If we fail to achieve the necessary level of efficiency in our organization, including effectively evolving and growing our business lines, our business, operating results and financial condition could be harmed.

If we cannot execute on our growth strategies, some of which are untested, unproven or not yet fully developed, and offer new services, our business could suffer.

Our strategy is based upon leveraging our core competencies in the entertainment space to provide the consumer with convenience and value and to help retailers, partners and advertisers drive incremental traffic and revenue. To be competitive, we need to offer compelling service offerings that are accepted by the market and establish third-party relationships necessary to develop our streaming offerings as well as maintain our DVD business. We are exploring new services to offer, however, the complexities and structures of these new businesses and products could create conflicting priorities, constrain limited resources, and negatively impact our core businesses.

We may use our financial resources and management’s time and focus to invest in other companies offering similar services, we may seek to organically grow our Redbox On Demand, Free On Demand, Free Live TV offerings, original or exclusive content offerings through our Redbox Entertainment brand or we may seek to offer new products or services on our current kiosks, such as the ability to subscribe to third-party streaming services and new ways to offer third-party advertising. We may enter into joint ventures through which we may expand our product and service offerings. Any new business opportunity also may have its own unique risks related to operations, finances, intellectual property, technology, legal and regulatory issues, corporate governance or other challenges, for which we may have limited or no prior experience. In addition, if we fail to establish or maintain relationships with significant

retailers, partners, advertisers and suppliers in a timely manner, we may not be able to provide our consumers with desirable new services. Further, to develop and commercialize certain new products and services, we will need to create new kiosks or enhance the capabilities of our current kiosks, as well as adapt our related networks and systems through appropriate technological solutions for streaming services, and establish market acceptance of such products or services. As we expand into new markets and services or increase certain operations in connection with our growth strategies, we may be required to comply with new regulatory requirements, which could require additional expenses, increase our cost of doing business, impose additional burdens on us or otherwise negatively affect our business. In pursuing these growth strategies, we expect to incur significant operating and capital expenditures. It is possible that we will not be able to grow our revenues through these strategies, or if growth is achieved, that it will be maintained for any significant period, or at all.

If we are unable to grow the client base of our third-party kiosk service business, our services line of business may be at risk.

We currently leverage our large and remote Redbox kiosk field workforce to provide services to our third-party kiosk owners. Our ability to engage and retain this workforce is necessary to merchandise and service our Redbox kiosks, meet the demands of our retail partners and users, and deliver service for our service business accounts. If we cannot continue to retain this workforce our costs may rise, our service line of business may not meet committed service levels and our customers and retail partners may be dissatisfied. If the network of kiosk we service declines (including our own Redbox network of kiosk) or if we are unable to maintain key accounts (ecoATM and Amazon Locker being our largest clients) or obtain new clients, we may not be able to continue this line of business and obtain expected benefits and our business may be adversely affected.

Changes in how we market our services could adversely affect our marketing expenses and users levels may be adversely affected.

We utilize a broad mix of marketing and public relations programs, including social media sites, to promote our services and content to existing and potential new users. We may limit or discontinue use or support of certain marketing channels or activities if advertising rates increase or if we become concerned that users or potential users deem certain marketing platforms or practices intrusive or damaging to our brand. If the available marketing channels are curtailed, our ability to engage existing users and attract new users may be adversely affected. Companies that promote our services may decide that we negatively impact their business or may make business decisions that in turn negatively impact us. For example, if they decide that they want to compete more directly with us, enter a similar business or exclusively support our competitors, we may no longer have access to their marketing channels. We utilize marketing to promote our content, drive conversation about our content and service, and drive rentals and viewing by our users. To the extent we promote our content or services inefficiently or ineffectively, we may not obtain the expected acquisition and retention benefits and our business may be adversely affected.

Changes in competitive offerings for entertainment video, including the potential rapid adoption of piracy-based video offerings, could adversely impact our business.

The market for entertainment video is intensely competitive and subject to rapid change. Through new and existing distribution channels, consumers have increasing options to access entertainment video. The various economic models underlying these channels include subscription, transactional, ad-supported and piracy-based models. All of these have the potential to capture meaningful segments of the entertainment video market. Piracy, in particular, threatens to damage our business, as its fundamental proposition to consumers is so compelling and difficult to compete against: virtually all content for free. Furthermore, in light of the compelling consumer proposition, piracy services are subject to rapid global growth.

Traditional providers of entertainment video, including broadcasters and cable network operators, as well as internet based e-commerce or entertainment video providers are increasing their streaming video offerings. Several of these competitors have long operating histories, large customer bases, strong brand recognition, exclusive rights to certain content and significant financial, marketing and other resources. They may secure better terms from suppliers, adopt more aggressive pricing and devote more resources to product development, technology, infrastructure, content acquisitions and marketing.

New entrants may enter the market or existing providers may adjust their services with unique offerings or approaches to providing entertainment video. Companies also may enter into business combinations or alliances that strengthen their competitive positions. If we are unable to successfully or profitably compete with current and new competitors, our business will be adversely affected, and we may not be able to increase or maintain market share, revenues or profitability.

If we do not manage the content and availability of our DVD library effectively, our business, financial condition and results of operations could be materially and adversely affected.

A critical element of our Redbox business model is optimizing our library of DVD titles, formats, and copy depth to achieve satisfactory availability rates to meet consumer demand while also maximizing margins. If we do not acquire sufficient DVD titles, we may not appropriately satisfy consumer demand, which could decrease consumer satisfaction and we could lose consumers to competitors. Conversely, if we attempt to mitigate this risk and acquire a larger number of copies to achieve higher availability rates for select titles or a wider range of titles, our library utilization would become less efficient and our margins for the Redbox business would be adversely affected. Our ability to accurately predict consumer demand as well as market factors, such as our ability to obtain satisfactory distribution arrangements, may impact our ability to acquire appropriate quantities of certain DVD titles in a timely manner. In addition, if we are unable to obtain or maintain favorable terms from our suppliers with respect to such matters as timely movie access, copy depth, formats and product destruction, among others, or if the price of DVDs increases or decreases generally or for certain titles, our library may become unbalanced and our margins may be adversely affected.

Our business, financial condition and results of operations could be materially and adversely affected if certain agreements do not provide the expected benefits to us. For example, agreements may require us to license minimum quantities of theatrical and direct-to-video DVDs for rental at our kiosks. If the titles or format provided are not attractive to our consumers, we could be required to purchase too many copies of undesirable titles or an undesirable format, possibly in substantial amounts, which could adversely affect our Redbox business by decreasing consumer demand for offered DVD titles and consumer satisfaction with our services or negatively impact margins.

If we are unable to comply with, or lack the necessary internal controls to ensure appropriate documentation and tracking of our content library, we may, among other things, violate certain of our studio licensing arrangements, be forced to pay a fee for unaccounted DVDs and be susceptible to risks of theft and misuse of property, any of which may negatively affect our margins in the Redbox business. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

Our failure to meet consumer expectations with respect to pricing our products and services may adversely affect our business and results of operations.

Demand for our products and services may be sensitive to pricing changes. We evaluate and update our pricing strategies from time to time, and changes we institute may have a significant impact on, among other things, our revenue and net income. In the future, fee increases or pricing changes may deter consumers from using our kiosks or reduce the frequency of their usage.

We may be unable to attract new partners, broaden current partner relationships, and penetrate new markets and distribution channels.

To increase the availability of our products and services, we need to attract new retail partners, broaden and maintain relationships with current partners, and develop operational efficiencies that make it feasible for us to penetrate lower density markets or new distribution channels. We may be unable to attract new retailers or drive down costs relating to the manufacture, installation or servicing of our kiosks to levels that would enable us to operate profitably in lower density markets or penetrate new distribution channels. If we are unable to do so, our future business and financial performance could be adversely affected.

Our future operating results may fluctuate.

Our future operating results will depend significantly on our ability to continue to drive new and repeat use of our Redbox kiosks and streaming services, our ability to develop and commercialize new products and services and the costs incurred to do so, and our ability to successfully integrate third-party relationships into our operations. Our operating results have a history of fluctuating and may continue to fluctuate based upon many factors, including fluctuations in revenue generated by and operating expenses incurred by our different lines of business, seasonality, the timing of the release slate and the relative attractiveness of the titles available for rent in a particular quarter or year which may have lingering effects in subsequent periods, fluctuations in consumer rental patterns, including the number of movies rented per visit, the type of DVDs they want to rent and for how long, the effects of legacy contracts with minimum purchase requirements, and the level of DVD migration between kiosks.

We have experienced seasonality in our revenue. December and the summer months have historically been high rental months. April has been a low rental month due, in part, to retail release timing in connection with the Academy Awards and the Easter holiday

that historically has provided stronger content and resulted in higher rentals in March. September and October have been low rental months, due, in part, to the beginning of the school year and the introduction of the new fall television season. By entering into licensing agreements with certain studios that contain delayed rental windows, the availability of titles has shifted relative to historic patterns. Seasonal effects, however, may vary due to the actual release slate, the relative attractiveness of movie titles, and the total box office in a particular quarter or year which may have lingering effects in subsequent periods. Significant recurring events that compete with customer interest for movie content such as the Olympics and elections also have a negative impact on our revenue. They create competition and affect retail timing, which aims to avoid such events that compete with viewing interest.

The long-term and fixed cost nature of our original or exclusive content distribution rights may limit our operating flexibility and could adversely affect our liquidity and results of operations.

In connection with our exclusive licensing of content, we typically enter into multi-year commitments with studios and other content providers. We also enter into multi-year commitments for content that we have exclusive distribution rights to, either directly or through third parties, including elements associated with these productions such as non-cancelable commitments under talent agreements.

Given the multiple-year duration and largely fixed cost nature of some of our content commitments, if user acquisition and retention do not meet our expectations, or if we are unable to distribute and license such content to third parties, our margins may be adversely impacted. Payment terms for certain content commitments, such as content we have exclusive distribution rights to under the Redbox Entertainment brand, will typically require more up-front cash payments than other content licenses or arrangements whereby we do not provide minimum guarantees. To the extent user and/or revenue growth do not meet our expectations, our liquidity and results of operations could be adversely affected as a result of content commitments and payment requirements of certain agreements. In addition, the long-term and fixed cost nature of some of our content commitments may limit our flexibility in planning for, or reacting to changes in our business and the market segments in which we operate. If we license and/or produce content that is not favorably received by consumers or third-party distributors, acquisition and retention may be adversely impacted and given the fixed cost nature of our content commitments, we may not be able to adjust our content offering quickly and our results of operation may be adversely impacted.

We face risks, such as unforeseen costs and potential liability in connection with content we acquire, produce, license and/or distribute through our service.

As a distributor of content, we face potential liability for negligence, copyright and trademark infringement, or other claims based on the nature and content of materials that we acquire, license and/or distribute. We also may face potential liability for content used in promoting our service, including marketing materials. We will devote more resources toward the licensing, marketing and distribution of exclusive or original content under our Redbox Entertainment brand. We believe that original content can help differentiate our service from other offerings, enhance our brand and otherwise attract and retain users. To the extent our original content does not meet our expectations, in particular, in terms of costs, viewing and popularity, our business, including our brand and results of operations may be adversely impacted. As we expand our original content, we may become responsible for additional associated costs. Negotiations or renewals related to entertainment industry collective bargaining agreements could negatively impact timing and costs associated with our original content. We contract with third parties related to the development, production, marketing and distribution of our original content. We may face potential liability or may suffer losses in connection with these arrangements, including but not limited to if such third parties violate applicable law, become insolvent or engage in fraudulent behavior. To the extent we create and sell physical or digital merchandise relating to our original content, and/or license such rights to third parties, we could become subject to product liability, intellectual property or other claims related to such merchandise. We may decide to remove content from our service, not to place licensed or produced content on our service or discontinue or alter distribution of original content if we believe such content might not be well received by our users, or could be damaging to our brand or business.

To the extent we do not accurately anticipate costs or mitigate risks, including for content that we obtain but ultimately does not appear on or is removed from our service, or if we become liable for content we acquire, produce, license and/or distribute, our business may suffer. Litigation to defend these claims could be costly and the expenses and damages arising from any liability or unforeseen production risks could harm our results of operations. We may not be indemnified against claims or costs of these types and we may not have insurance coverage for these types of claims.

If content providers or other rights holders refuse to license streaming content or other rights upon terms acceptable to us, our business could be adversely affected.

Our ability to provide our users with content they want to watch depends on content providers and other rights holders' licensing rights to distribute such content and certain related elements thereof, such as the public performance of music contained within the content we distribute, upon terms acceptable to us. While the license periods and the terms and conditions of such licenses vary, a significant portion of our available content is subject to license for a given period. If the content providers and other rights holders are not able or are no longer willing to license us content upon terms acceptable to us, our ability to deliver particular items of content to our customers will be adversely affected and/or our costs could increase. Certain licenses for content allow for the content providers to withdraw content from our service relatively quickly, and such content providers could decide that we negatively impact their business or may make business decisions that in turn negatively impact us. For example, certain content providers, could decide that they want to compete more directly with us, enter a similar business or exclusively support our competitors, consolidate or otherwise engage in mergers and acquisitions (such as the recent announcement by MGM and Amazon) and in such event we may no longer have access to their content at all or only at higher rates. Because of these provisions as well as other actions we may take, content available through our service can be withdrawn on short notice. As competition increases, we may see the cost of programming increase. As we seek to differentiate our service, we are increasingly focused on securing certain exclusive rights when obtaining content, including original content. We are also focused on programming an overall mix of content that delights our users in a cost efficient manner. Within this context, we are selective about the titles we add and renew to our service. If we do not maintain a compelling mix of content, our user acquisition and retention may be adversely affected.

Music and certain authors' performances contained within content we distribute may require us to obtain licenses for such distribution. In this regard, we are engaged in negotiations with performance rights organizations ("PROs") that hold certain rights to music and/or other interests in connection with streaming content into various territories. If we are unable to reach mutually acceptable terms with these organizations, we could become involved in litigation and/or could be enjoined from distributing certain content, which could adversely impact our business. Additionally, pending and ongoing litigation, as well as negotiations between certain PROs and other third parties in various territories, could adversely impact our negotiations with PROs, or result in music publishers represented by certain PROs unilaterally withdrawing rights, and thereby adversely impact our ability to reach licensing agreements reasonably acceptable to us. Failure to reach such licensing agreements could expose us to potential liability for copyright infringement or otherwise increase our costs.

We rely upon a number of partners to make our service available on their devices.

We currently offer users the ability to receive streaming content through a host of internet-connected screens, including TVs, digital video players, television set-top boxes and mobile devices (by way of example Roku, Apple, LG, Samsung and others) some of whom may have investments in, or control their own, competing streaming content providers. If partners or other providers do a better job of connecting consumers with content they want to watch, for example through multi-service discovery interfaces, our service may be adversely impacted. We intend to continue to broaden our relationships with existing partners and to increase our capability to stream content to other platforms and partners over time. If we are not successful in maintaining existing and creating new relationships, or if we encounter technological, content licensing, regulatory, business or other impediments to delivering our streaming content to our users via these devices, our ability to retain users and grow our business could be adversely impacted.

Our agreements with our partners are typically between one and three years in duration and our business could be adversely affected if, upon expiration, a number of our partners do not continue to provide access to our service or are unwilling to do so on terms acceptable to us, which terms may include the degree of accessibility and prominence of our service. These partners may choose to not renew or restrict all or part of our content services on their platforms, they may charge or require fees or revenue sharing that would impact our decision to distribute via their platform (if at all), or they could discriminate in how they promote or favor their own services to the detriment of Redbox.

Furthermore, devices are manufactured and sold by entities other than Redbox and while these entities should be responsible for the devices' performance, the connection between these devices and Redbox may nonetheless result in consumer dissatisfaction toward Redbox and such dissatisfaction could result in claims against us or otherwise adversely impact our business. In addition, technology changes to our streaming functionality may require that partners update their devices, or may lead to us to stop supporting the delivery of our service on certain legacy devices. If partners do not update or otherwise modify their devices, or if we discontinue support for certain devices, our service and our users' use and enjoyment could be negatively impacted.

The termination, non-renewal or renegotiation on materially adverse terms of our contracts or relationships with one or more of our significant retailers or studios could seriously harm our business, financial condition and results of operations.

The success of our DVD business depends in large part on our ability to maintain contractual relationships with our partners in profitable locations. Certain contract provisions with our partners vary, including product and service offerings, the service fees we are committed to pay, and the ability to cancel the contract upon notice after a certain period of time. For our DVD business we typically enter multi-year kiosk installation agreements that automatically renew until we, or the retailer, gives notice of termination. We strive to provide direct and indirect benefits to our partners that are superior to, or competitive with, other providers or systems or alternative uses of the floor space that our kiosks occupy. If we are unable to provide them with adequate benefits, we may be unable to maintain or renew our contractual relationships on acceptable terms, causing our business, financial condition and results of operations to suffer.

Certain retailers account for a substantial amount of our business. For example, we have significant relationships with Wal-Mart Stores, Inc. and Walgreen Co., which accounted for approximately 17.7% and 14.3% of our consolidated revenue from continuing operations, respectively, during 2020. Although we have had, and expect to continue to have, a successful relationship with these partners, changes will continue to occur both in the short- and long-term, some of which could adversely affect our business and reputation. The Redbox relationship with Walmart is governed by contracts that provide either party the right to terminate the contracts in their entirety, or as to any store serviced by the contracts, with or without cause, on as little as 90 days' notice. Cancellation, adverse renegotiation of or other changes to these relationships could seriously harm our business and reputation.

Our business also depends on our ability to obtain adequate content from movie studios. We have entered into licensing agreements with certain studios to provide delivery of their DVDs. If we are unable to maintain or renew our current relationships to obtain movie content on acceptable terms, our business, financial condition and results of operations may suffer.

Further, if some or all of these agreements prove beneficial but are early terminated, we could be negatively impacted. Moreover, if we cannot maintain similar arrangements in the future with these or other studios or distributors, or these arrangements do not provide the expected benefits to us, our business could suffer.

Payment of increased fees to retailers or other third-party service providers could negatively affect our business results.

We face ongoing pricing pressure from our retailers to increase the service fees we pay to them on our products and services or to make other financial concessions to win or retain their business. If we are unable to respond effectively to ongoing pricing-related pressures, we may fail to win or retain certain accounts. Our fee arrangements are based on our evaluation of unique factors with each retailer, such as total revenue, long-term, non-cancelable contracts, installation of our kiosks in high-traffic, geographic locations and new product and service commitments. Together with other factors, an increase in service fees paid, or other financial concessions made to our retailers could significantly increase our direct operating expenses in future periods and harm our business.

We are subject to payment processing risk.

We accept payment for movie rentals through debit card, credit card and online wallet transactions. We rely on internal systems as well as those of third parties to process payments. The Durbin amendment to the Dodd — Frank Wall Street Reform and Consumer Protection Act is unfavorable to us. We pay interchange and other fees, which have increased and may increase further over time. Further, because Redbox processes millions of small dollar amount transactions, and interchange fees represent a larger percentage of card processing costs compared to a typical retailer, we are relatively more susceptible to any fee increase. When interchange or other fees increase, it generally raises our operating costs and lowers our profit margins or requires that we charge our customers more for our products and services. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, changes to rules or regulations concerning payments, loss of payment partners and/or disruptions or failures in our payment processing systems, partner systems or payment products, including products we use to update payment information our revenue, operating expenses and results of operation could be adversely impacted. In addition, from time to time, we encounter fraudulent use of payment methods, which could impact our results of operations and if not adequately controlled and managed could create negative consumer perceptions of our service. If we are unable to maintain our fraud and chargeback rate at acceptable levels, card networks may impose fines, our card approval rate may be impacted and we may be subject to additional card authentication requirements. The termination of our ability to process payments on any major payment method would significantly impair our ability to operate our business.

Changes in how network operators handle and charge for access to data that travel across their networks could adversely impact our business.

We rely upon the ability of consumers to access our service through the internet. If network operators block, restrict or otherwise impair access to our service over their networks, our service and business could be negatively affected. To the extent that network operators implement usage based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks by data providers, we could incur greater operating expenses and our user acquisition and retention could be negatively impacted.

Furthermore, to the extent network operators create tiers of internet access service and either charge us for or prohibit us from being available through these tiers, our business could be negatively impacted.

Most network operators that provide consumers with access to the internet also provide these consumers with multichannel video programming. As such, many network operators have an incentive to use their network infrastructure in a manner adverse to our continued growth and success. To the extent that network operators are able to provide preferential treatment to their data as opposed to ours or otherwise implement discriminatory network management practices, our business could be negatively impacted.

We depend upon third-party manufacturers, suppliers and service providers for key components and substantial support for our kiosks.

We conduct limited manufacturing and refurbishment operations and depend on outside parties to manufacture key components of our kiosks. Third-party manufacturers may not be able to meet our manufacturing needs in a satisfactory and timely manner. If there is an unanticipated increase in our manufacturing needs which are not met in a timely and satisfactory manner, we may be unable to meet demand due to manufacturing limitations.

Some key hardware components used in our kiosks are obtained from a limited number of suppliers. We may be unable to continue to obtain an adequate supply of these components from our suppliers in a timely manner or, if necessary, from alternative sources. If we are unable to obtain sufficient quantities of components from our current suppliers or locate alternative sources of supply in a timely manner, we may experience delays in installing or maintaining our kiosks, either of which could seriously harm our business, financial condition and results of operations.

Events outside of our control, including the economic environment, have negatively affected, and could continue to negatively affect, consumers' use of our products and services.

Our consumers' use of many of our products and services is dependent on discretionary spending, which is affected by, among other things, economic and political conditions, consumer confidence, interest, inflation and tax rates, and financial and housing markets. With economic uncertainty still affecting potential consumers, we may be impacted by more conservative purchasing tendencies with fewer non-essential products and services purchases during the coming periods if the current economic environment continues. In addition, because our business relies in part on consumers initially visiting retailers to purchase products and services that are not necessarily our products and services, if consumers are visiting retailers less frequently and being more careful with their money when they do, these tendencies may also negatively impact our business.

Further, our ability to obtain additional funding in the future, if and as needed, through equity issuances or loans, or otherwise meet our current obligations to third parties, could be adversely affected if the economic environment continues to be difficult. In addition, the ability of third parties to honor their obligations to us could be negatively impacted, as retailers, suppliers and other parties deal with the difficult economic environment. Finally, there may be consequences that will ultimately result from the current COVID-19 related economic conditions that are not yet known, and any one or more of these unknown consequences could potentially have a material adverse effect on our financial condition, operating results and liquidity, as well as our business generally.

Our business can be adversely affected by severe weather, natural disasters and other events beyond our control, such as earthquakes, fires, power failures, telecommunication loss, impacts from climate change and terrorist attacks.

A catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations and our operating results.

In addition, our operational and financial performance is a direct reflection of consumer use of and the ability to operate and service our kiosks used in our business and kiosk we service on behalf of third parties. Severe weather, natural disasters and other

events beyond our control can, for extended periods of time, significantly reduce consumer use of our products and services as well as interrupt the ability of our employees and third-party providers to operate and service our and third-party kiosks. If we experience material operating issues, our company brand or reputation could be harmed, which may impact our ability to acquire and retain users, as well as scale and sell advertising to brand and advertising partners. In addition, severe weather, natural disasters and other events beyond our control may result in extensive damage to, or destruction of, our infrastructure and equipment, including loss of kiosks used to provide our products and services, which losses may not be fully covered by insurance.

Litigation, arbitration, mediation, regulatory actions, investigations or other legal proceedings could result in material rulings, decisions, settlements, fines, penalties or publicity that could adversely affect our business, financial condition and results of operations.

Our business has in the past been, is currently and may in the future continue to be, party to class actions, regulatory actions, investigations, arbitration, mediation and other legal proceedings. The outcome of such proceedings is often difficult to assess or quantify. Plaintiffs, regulatory bodies or other parties may seek very large or indeterminate amounts of money from us or substantial restrictions on our business activities, and the results, including the magnitude, of lawsuits, actions, settlements, decisions and investigations may remain unknown for substantial periods of time. The cost to defend, settle or otherwise finalize lawsuits, regulatory actions, investigations, arbitrations, mediations or other legal proceedings may be significant and such proceedings may divert management's time. For example, in recent years we have been involved in consumer class action lawsuits, a securities class action and derivative lawsuit, and studio litigation, as well as other litigation in the ordinary course of business. In addition, there may be adverse publicity associated with any such developments that could decrease consumer acceptance of our products and services. As a result, litigation, arbitration, mediation, regulatory actions or investigations involving us or our affiliates may adversely affect our business, financial condition and results of operations.

The loss of key personnel or the inability of replacements to quickly and successfully perform in their new roles could adversely affect our business.

Changes in our senior management could result in disruptions to our operations. If we lose or terminate the services of one or more of our current executives or key employees or if one or more of our current or former executives or key employees joins a competitor or otherwise leaves or competes with us, it could harm our business and our ability to successfully implement our business plan. Additionally, if we are unable to timely hire qualified replacements for our executive and other key positions, our ability to execute our business plan could be harmed. Even if we can timely hire qualified replacements, we would expect to experience operational disruptions and inefficiencies during any transition.

Risks Related to Information Technology

We rely upon Amazon Web Services and Google Cloud Platform to operate certain aspects of our service and any disruption of or interference with our use of the Amazon Web Services or Google Cloud Platform operation would impact our operations and our business would be adversely impacted.

Amazon Web Services ("AWS") and Google Cloud Platform ("GCP") provides a distributed computing infrastructure platform for business operations, or what is commonly referred to as a "cloud" computing service. We have architected our software and computer systems so as to utilize data processing, storage capabilities and other services provided by AWS and GCP. Currently, we run the vast majority of our computing on both AWS and GCP. In addition, Amazon's retail division competes with us for customers and users, and Amazon could use, or restrict our use of, AWS to gain a competitive advantage against us. Given this, along with the fact that we cannot easily switch our AWS and GCP operations to another cloud provider, any disruption of or interference with our use of AWS or GCP would impact our operations and our business would be adversely impacted.

If the technology we use in operating our business fails, is unavailable, or does not operate to expectations, our business and results of operation could be adversely impacted.

We utilize a combination of proprietary and third-party technology to operate our business. This includes the technology that we utilize to recommend and merchandise content to our consumers as well as enable fast and efficient delivery of content to our users and their various consumer electronic devices. For example, we have built and deployed our own content-delivery network ("CDN") using Amazon CloudFront. If our recommendation and merchandising technology does not enable us to predict and recommend titles that our users will enjoy, our ability to attract and retain users may be adversely affected. We also utilize third-party technology to help market our service, process payments, and otherwise manage the daily operations of our business. If our technology or that of

third-parties we utilize in our operations fails or otherwise operates improperly, including as a result of “bugs” in our development and deployment of software, our ability to operate our service, retain existing users and add new users may be impaired. Any harm to our users’ personal computers or other devices caused by software used in our operations could have an adverse effect on our business, results of operations and financial condition.

Defects, failures or security breaches in and inadequate upgrades of, or changes to, our operating systems could harm our business.

The operation of our business depends on sophisticated software, hardware, and computer networking and communication services that may contain undetected errors or may be subject to failures or complications. These errors, failures or complications may arise particularly when new, changed or enhanced products or services are added. In the past, there have been delays and disruptions resulting from upgrading or improving these operating systems. Future upgrades, improvements or changes that may be necessary to expand and maintain our business could result in delays or disruptions or may not be timely or appropriately made, any of which could seriously harm our operations.

Further, certain aspects of the operating systems relating to our business are provided by third parties, including telecommunications. Accordingly, the effectiveness of these operating systems is, to a certain degree, dependent on the actions and decisions of third parties over whom we may have limited control.

Failure to adequately comply with privacy notices, information security policies, standards or legal requirements or to adequately safeguard against breaches of such policies, standards or requirements could adversely affect our operations and could damage our business, reputation, financial position and results of operations.

As our business expands to provide new products and services, and as we continue our efforts to enhance the Redbox customer experience, we are increasing the amount of consumer data that we collect, transfer, retain and use as part of our business. These activities are subject to laws and regulations, as well as industry standards, in the United States and other jurisdictions in which our products and services are or may be made available. These requirements, which often differ materially and sometimes conflict among the many jurisdictions in which we operate, are designed to protect the privacy of consumers’ personal information and to prevent that information from being inappropriately collected, used or disclosed. We maintain and review technical and operational safeguards designed to protect this information and generally require third-party vendors and others with whom we work to do so as well. However, despite those safeguards, it is possible that hackers, employees acting contrary to our policies, third-party agents or others could improperly access relevant systems or improperly obtain or disclose data about our consumers, or that we may be determined not to be in compliance with applicable legal requirements and industry standards for data use and security, such as the Payment Card Industry guidelines. A breach or purported breach of relevant use and security policies or controls that compromises consumer data or determination of non-compliance with applicable legal requirements, privacy notices or industry standards for data use and security could expose us to regulatory enforcement actions, civil litigation, card association or other monetary fines or sanctions, or contractual liabilities, limit our ability to provide our products and services, subject us to legal action and related costs and damage our business reputation, financial position, and results of operations.

Any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyber-attacks, could result in a loss or degradation of service, unauthorized disclosure of data, including user and corporate information, or theft of intellectual property, including digital content assets, which could adversely impact our business.

Our reputation and ability to attract, retain and serve our users is dependent upon the reliable performance and security of our computer systems and those of third parties that we utilize in our operations. These systems may be subject to cyber incident, damage or interruption from, among other things, earthquakes, adverse weather conditions, other natural disasters, lack of maintenance due to the COVID-19 pandemic, terrorist attacks, rogue employees, power loss, telecommunications failures, and cybersecurity risks. Interruptions in these systems, or with the internet in general, could make our service unavailable or degraded or otherwise hinder our ability to deliver our service. Service interruptions, errors in our software or the unavailability of computer systems used in our operations could diminish the overall attractiveness of our services to existing and potential users.

Our computer systems and those of third parties we use in our operations are subject to cybersecurity threats, including cyber-attacks and loss of confidentiality, integrity or availability, both from state-sponsored and individual activity, such as hacks, unauthorized access, computer viruses, denial of service attacks, physical or electronic break-ins and similar disruptions. These systems periodically experience directed attacks intended to lead to interruptions and delays in our service and operations as well as

loss, misuse or theft of personal information and other data, confidential information or intellectual property. Additionally, outside parties may attempt to induce employees or users to disclose sensitive or confidential information in order to gain access to data. Any attempt by hackers to obtain our data (including user and corporate information) or intellectual property (including digital content assets), disrupt our service, or otherwise access our systems, or those of third parties we use, if successful, could harm our business, be expensive to remedy, expose us to potential liability and damage our reputation. We have implemented certain systems and processes to thwart hackers and protect our data and systems, but the techniques used to gain unauthorized access to data and software are constantly evolving, and we may be unable to anticipate or prevent unauthorized access. There is no assurance that hackers may not have a material impact on our service or systems in the future. Our insurance may not cover expenses related to such disruptions or unauthorized access. Efforts to prevent hackers from disrupting our service or otherwise accessing our systems are expensive to develop, implement and maintain. These efforts require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated, and may limit the functionality of or otherwise negatively impact our service offering and systems. Any significant disruption to our service or access to our systems could result in a loss of users and adversely affect our business and results of operation. Further, a penetration of our systems or a third-party's systems or other misappropriation or misuse of personal information could subject us to business, regulatory, litigation and reputation risk, which could have a negative effect on our business, financial condition and results of operations.

We utilize our own communications and computer hardware systems located either in our facilities or in that of a third-party provider. In addition, we utilize third-party "cloud" computing services in connection with our business operations. We also utilize our own and third-party content delivery networks to help us stream digital services in high volume to our users over the internet. Problems faced by us or our third-party "cloud" computing or other network providers, including technological or business-related disruptions, as well as cybersecurity threats and regulatory interference, could adversely impact the experience of our users.

Risks Related to Privacy

Privacy concerns could limit our ability to collect and use customers and user personal information and other data and disclosure of user personal information and other data could adversely impact our business and reputation.

In the ordinary course of business and in particular in connection with content acquisition and advertising our service to our customers and users, we collect and utilize information, which may include personal information and other data. We currently face certain regulatory requirements regarding the manner in which we treat such information, including but not limited to the California Consumer Privacy Act ("CCPA") and the Video privacy Protection Act ("VPPA"). Any actual or perceived failure to comply with the CCPA or VPPA, other data privacy laws or regulations, or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breach, and other significant costs, penalties, and other liabilities, as well as harm to our reputation and market position.

Increased regulation of data utilization practices, including self-regulation or findings under existing laws that limit our ability to collect, transfer and use information and other data, could have an adverse effect on our business. In addition, if we were to disclose information and other data about our users in a manner that was objectionable to them, our business reputation could be adversely affected, and we could face potential legal claims that could impact our operating results. Internationally, we may become subject to additional and/or more stringent legal obligations concerning our treatment of customer and other personal information, such as laws regarding data localization and/or restrictions on data export. Failure to comply with these obligations could subject us to liability, and to the extent that we need to alter our business model or practices to adapt to these obligations, we could incur additional expenses.

Our reputation and relationships with users, retail partners and existing and potential advertisers would be harmed if user personal information, and other data, particularly billing data, were to be accessed by unauthorized persons.

We maintain personal information and other data regarding our users. This information and data is maintained on our own systems as well as that of third parties we use in our operations. With respect to billing information, such as credit card numbers, we rely on encryption and authentication technology to secure such information. We take measures to protect against unauthorized intrusion into our users' information and other data. Despite these measures we, our payment processing services or other third-party services we use such as AWS, could experience an unauthorized intrusion into our users' information and other data. In the event of such a breach, current and potential users may become unwilling to provide the information to us necessary for them to continue using our services. We also may be required to notify regulators about any actual or perceived data breach as well as the individuals who are affected by the incident within strict time periods. We could face legal claims or regulatory fines or penalties for such a breach. The costs relating to any data breach could be material, and our insurance may not cover expenses related to such disruptions or unauthorized access. We also maintain personal information and other data concerning our employees. Should an unauthorized

intrusion into our users' or employees' personal information and other data information occur, our business could be adversely affected and our larger reputation with respect to data protection could be negatively impacted.

Risks Related to Intellectual Property

We may be unable to adequately protect our intellectual property or enforce our patents and other proprietary rights.

Our success depends, in part, on our ability to protect our intellectual property and maintain the proprietary nature of our technology through a combination of patents, trademarks, copyrights, trade secrets, licenses (including exclusive licenses) and other intellectual property arrangements. For example, we have patents regarding kiosk systems for DVD rentals, managing credits and security and inventory management. We continue to develop software and consumer facing technologies for our streaming services using our own proprietary methods and trade secrets. In addition, we may apply for or obtain (through development, acquisition or otherwise) additional patents regarding technologies used in our businesses.

Our patents may not be held valid if challenged, our patent applications may not be issued, and other parties may claim rights in or ownership of our patents and other proprietary rights. Patents issued to us may be circumvented or fail to provide adequate protection of our technologies. Our competitors might independently develop or patent technologies that are substantially equivalent or superior to our technologies. Further, since patent terms are limited, other parties may begin practicing our patented technologies when our related patents expire. Certain patent holders may contest or demand a fee for technologies we develop but which such third parties claim violate their intellectual property rights.

Intellectual property claims against us could be costly and result in the loss of significant rights related to, among other things, our website, streaming technology, our recommendation and merchandising technology, title selection processes, marketing activities, and title acquisition and distribution.

Trademark, copyright and other intellectual property rights are important to us and other companies. Our intellectual property rights, and rights we license, extend to our technology, business processes and the content we will produce and distribute through our and third-party platforms. We use the intellectual property of third parties in creating some of our content and marketing our service through contractual and other rights. From time-to-time, third parties may allege that we have violated their intellectual property rights. If we are unable to obtain sufficient rights, successfully defend our use, or develop non-infringing technology or otherwise alter our business practices on a timely basis in response to claims against us for infringement, misappropriation, misuse or other violation of third-party intellectual property rights, our business and competitive position may be adversely affected.

Many companies are devoting significant resources to developing patents that could potentially affect many aspects of our business. There are numerous patents that broadly claim means and methods of conducting business on the internet. We have not searched patents relative to our technology. Certain parties have asserted and new parties may assert claims of patent infringement or misappropriation against us based on current or pending U.S. or foreign patents, copyrights or trade secrets, or contracts. If such claims were successful, our business could be harmed. Defending ourselves, our retailers or other third parties against these types of claims, regardless of their merits, or initiating litigation to enforce our rights, could require us to incur substantial costs, divert the attention of key personnel and result in an award of substantial damages or license fees. Parties making these types of claims may be able to obtain injunctive or other equitable relief, which could effectively block or impair our ability to provide our DVD and streaming services or other products and services in the United States or abroad. If third parties have, or obtain, proprietary rights that our products or services infringe, we may be unable to obtain necessary licenses from others at a reasonable cost or at all. The failure to protect our intellectual property rights effectively or to avoid infringing the intellectual property rights of others, as well as unfavorable rulings or settlements, could seriously harm our business, financial condition and results of operations.

Risks Related to Government Regulations

If government regulations relating to the internet or other areas of our business change, we may need to alter the manner in which we conduct our business or incur greater operating expenses.

The adoption or modification of laws or regulations relating to the internet, telecommunications or other areas of our business could limit or otherwise adversely affect the manner in which we currently conduct our business.

Changes in laws or regulations that adversely affect the growth, popularity or use of the internet, including laws impacting net neutrality, could decrease the demand for our service and increase our cost of doing business. Certain laws intended to prevent

network operators from discriminating against the legal traffic that traverse their networks have been implemented in many countries, including across the European Union. In others, the laws may be nascent or non-existent. Furthermore, favorable laws may change, including for example, in the United States where net neutrality regulations were somewhat recently repealed. Given uncertainty around these rules, including changing interpretations, amendments or repeal, coupled with potentially significant political and economic power of local network operators, we could experience discriminatory or anti-competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business.

We are subject to substantial federal, state, local and government regulation specific to our business.

Our business is subject to federal, state and local laws and government regulation, including those relating to copyright law, access to kiosks in public places, consumer privacy and protection, data protection and information security, taxes, secondhand dealers, vehicle safety, payment cards and other payment instruments, sweepstakes, and contests. The application of existing laws and regulations, changes in laws or enactment of new laws and regulations, that apply, or may in the future apply, to our current or future products or services, changes in governmental authorities' interpretation of the application of various government regulations to our business, or the failure or inability to gain and retain required permits and approvals could materially and adversely affect our business.

In addition, many jurisdictions require us to obtain certain licenses in connection with the operations of our business. There can be no assurance that we will be granted all necessary licenses or permits in the future, that current licenses or permits will be renewed or that regulators will not revoke current licenses or permits. As governmental and regulatory scrutiny and action with regard to many aspects of our business increase, we expect that our costs of complying with the applicable legal requirements may increase, perhaps substantially.

Also, if U.S. copyright law were altered to amend or eliminate the First Sale Doctrine, our DVD business could be adversely affected. Under U.S. copyright law, the First Sale Doctrine provides that once a copyright owner sells a copy of his work, the copyright owner relinquishes all further rights to sell or otherwise dispose of that copy. While the copyright owner retains the underlying copyright to the expression fixed in the work, the copyright owner gives up his ability to control the fate of the work once sold. As such, once we purchase a DVD in the market, we are permitted to re-sell it, rent it or otherwise dispose of it. Although the majority of our content library is licensed directly from studios, and not purchased, if Congress or the courts were to change, or substantially limit, this First Sale Doctrine, our ability to obtain certain purchased content and then rent it could be adversely affected.

Failure to comply with these laws and regulations could result in, among other things, revocation of required licenses or permits, loss of approved status, termination of contracts, administrative enforcement actions and fines, class action lawsuits, cease and desist orders and civil and criminal liability. The occurrence of one or more of these events, as well as the increased cost of compliance, could materially adversely affect our business, financial condition and results of operations.

Risks Related to our Indebtedness

Our substantial indebtedness could materially and 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 and prevent us from making debt service payments.

As of September 30, 2021, we had total outstanding debt of \$367.6 million, which includes \$3.1 million of amounts due under capital leases.

Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow money for our working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes;
- make it more difficult for us to satisfy our obligations with respect to our indebtedness and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the credit agreement (the "Credit Agreement") governing the Senior Facilities (as defined below) and agreements governing other indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of interest, amortization payments and the repayment of our indebtedness, thereby reducing funds available to us for other purposes;

- limit our flexibility in planning for, or reacting to, changes in our operations or business;
- make us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- impact our rent expense on leased space and interest expense from financing leases, which could be significant;
- make us more vulnerable to downturns in our business, our industry or the economy;
- restrict us from making strategic acquisitions or investments, engaging in development activities, introducing new technologies or exploiting business opportunities;
- cause us to make non-strategic divestitures;
- limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds or dispose of assets;
- prevent us from raising the funds necessary to refinance the Senior Facilities upon a change of control, which is an event of default under the Credit Agreement; or
- expose us to the risk of increased interest rates, as certain of our borrowings, including borrowings under the Senior Facilities, are at variable rates of interest.

In addition, the Credit Agreement contains restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our indebtedness.

Despite our substantial indebtedness, we may still be able to incur significantly more debt, including secured debt, which could intensify the risks associated with our indebtedness.

We and our subsidiaries may be able to incur substantial indebtedness in the future. Although the terms of the Credit Agreement contain restrictions on our subsidiaries' ability to incur additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. These restrictions do not prevent us from incurring indebtedness or our subsidiaries from incurring obligations that do not constitute indebtedness under the terms of the Credit Agreement. To the extent that we incur additional indebtedness or such other obligations, the risk associated with our substantial indebtedness as described above under the risk factor "Our substantial indebtedness could materially and 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 and prevent us from making debt service payments," including our potential inability to service our debt, will increase.

We may not be able to generate sufficient cash to service all of our indebtedness and to fund our working capital and capital expenditures and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.

Our ability to satisfy our debt obligations will depend upon, among other things:

- our future financial and operating performance, which will be affected by prevailing economic, industry and competitive conditions and financial, business, legislative, regulatory and other factors, many of which are beyond our control;
- our future ability to refinance or restructure our existing debt obligations, which depends on among other things, the condition of the capital markets, our financial condition and the terms of existing or future debt agreements; and
- our future ability to borrow under our Revolving Credit Facility (as defined below), the availability of which depends on, among other things, our compliance with the covenants in the Credit Agreement.

We cannot assure you that our business will generate cash flow from operations, or that we will be able to draw under our Revolving Credit Facility, in an amount sufficient to fund our liquidity needs. If our cash flows and capital resources are insufficient

to service our indebtedness and other liquidity needs, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. We cannot assure you that we will be able to restructure or refinance any of our debt on commercially reasonable terms or at all. In addition, the terms of existing or future debt agreements, including the Credit Agreement, may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations when due. Our equityholders have no continuing obligation to provide us with debt or equity financing. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would result in a material and adverse effect on our financial condition and results of operations.

If we cannot make scheduled payments on our indebtedness, we will be in default, and the lenders under the Senior Facilities could declare all outstanding principal and interest to be due and payable, the lenders under the Senior Facilities could terminate their commitments to loan money, our secured lenders (including the lenders under the Senior Facilities) could foreclose against the assets securing their indebtedness and we could be forced into bankruptcy or liquidation.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

The Credit Agreement contains, and any other existing or future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our subsidiaries' ability to, among other things:

- incur additional debt, guarantee indebtedness or issue certain preferred shares;
- pay dividends on or make distributions in respect of, or repurchase or redeem, our capital stock or make other restricted payments;
- prepay, redeem or repurchase certain debt;
- make loans or certain investments;
- sell certain assets;
- create liens on certain assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates;
- substantially alter the businesses we conduct; and
- enter into agreements restricting our subsidiaries' ability to pay dividends.

As a result of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. A failure to comply with the covenants in the Credit Agreement or any of our other existing or future indebtedness could result in an event of default under the applicable agreements governing such indebtedness, which, if not cured or waived, could have a material and adverse effect on our business, financial condition and results of operations. In the event of any such event of default, the lenders under the Credit Facility:

- will not be required to lend any additional amounts to us;

- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit; or
- could require us to apply our available cash to repay these borrowings.

Such actions by the lenders could cause cross defaults under our other indebtedness. If we were unable to repay those amounts, the lenders under the Senior Facilities and any of our other existing or future secured indebtedness could proceed against the collateral granted to them to secure the Senior Facilities or such other indebtedness. We have pledged substantially all of our assets as collateral under the Senior Facilities.

If any of our outstanding indebtedness under the Senior Facilities or our other indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full.

Financial, Tax and Accounting-Related Risks

In connection with the recent restatements of Seaport's financial statements, our management has concluded that our disclosure controls and procedures were not effective as of September 30, 2021 due to a material weakness in internal control over financial reporting solely related to our accounting for complex financial instruments. If we are unable to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and financial results.

After consultation with our independent registered public accounting firm and our management team, our audit committee concluded that it was appropriate to restate Seaport's previously issued financial statements as described in Note 2 to Seaport's financial statements included in this prospectus. As part of such process, we identified a material weakness in our internal control over financial reporting, solely related to our accounting for complex financial instruments.

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 our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. We expect to take steps to remediate the material weakness, but there is no assurance that any remediation efforts will ultimately have the intended effects.

If we identify any new material weaknesses in the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and our stock price may decline as a result. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

Changes to applicable U.S. tax laws and regulations or exposure to additional income tax liabilities could affect our business and future profitability.

The Company's only direct assets will consist of equity interests in Redwood Intermediate. Redwood Intermediate generally will not be subject to U.S. federal income tax, but may be subject to certain U.S. state and local and non-U.S. taxes. The Company is a U.S. corporation that will be subject to U.S. corporate income tax on its worldwide operations, including its share of income of Redwood Intermediate. Moreover, Redwood Intermediate's operations and customers are located in the United States, and as a result, we are subject to various U.S. federal, state and local taxes. New U.S. laws and policy relating to taxes may have an adverse effect on our business and future profitability. Further, existing U.S. tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us.

For example, on December 22, 2017, legislation sometimes known as the Tax Cuts and Jobs Act (the "TCJA") was signed into law making significant changes to the U.S. Internal Revenue Code of 1986 (the "Code"), and certain provisions of the TCJA may adversely affect the Company or Redwood Intermediate. In particular, sweeping changes were made to the U.S. taxation of foreign operations. Changes include, but are not limited to, a permanent reduction to the corporate income tax rate, limiting interest deductions, a reduction to the maximum deduction allowed for net operating losses generated in tax years after December 31, 2017,

the elimination of carrybacks of net operating losses, adopting elements of a territorial tax system, assessing a repatriation tax or “toll-charge” on undistributed earnings and profits of U.S.-owned foreign corporations, and introducing certain anti-base erosion provisions, including a new minimum tax on global intangible low-taxed income and base erosion and anti-abuse tax. The TCJA could be subject to potential amendments and technical corrections, and is subject to interpretations and implementing regulations by the Treasury and the Internal Revenue Service (the “Service”), any of which could mitigate or increase certain adverse effects of the legislation.

In addition to the impact of the TCJA on the Company’s federal income taxes, the TCJA may adversely affect taxation of the Company or Redwood Intermediate in other jurisdictions, including with respect to state income taxes as state legislatures may not have had sufficient time to respond to the TCJA. Accordingly, there is uncertainty as to how the laws will apply in various state jurisdictions. Additionally, other foreign governing bodies may enact changes to their tax laws in reaction to the TCJA that could result in changes to our global tax profile and materially adversely affect its business and future profitability.

President Joe Biden has set forth several tax proposals that would, if enacted, make significant changes to U.S. tax laws (including provisions enacted pursuant to the TCJA). Congress may consider, and could include, some or all of these proposals in connection with tax reform to be undertaken by the current administration. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. The passage of any legislation as a result of these proposals and other similar changes in U.S. federal income tax laws could adversely affect our business and future profitability.

As a result of plans to expand our business operations, including to jurisdictions in which tax laws may not be favorable, our obligations may change or fluctuate, become significantly more complex or become subject to greater risk of examination by taxing authorities, any of which could adversely affect our after-tax profitability and financial results.

In the event our operating business expands domestically or internationally, our effective tax rates may fluctuate widely in the future. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under U.S. GAAP, changes in deferred tax assets and liabilities, or changes in tax laws. Additionally, we may be subject to tax on more than one-hundred percent of their income as a result of such income being subject to tax in multiple state, local or non-U.S. jurisdictions. Factors that could materially affect our future effective tax rates include, but are not limited to: (a) changes in tax laws or the regulatory environment, (b) changes in accounting and tax standards or practices, (c) changes in the composition of operating income by tax jurisdiction and (d) pre-tax operating results of our business.

Additionally, we may be subject to significant income, withholding and other tax obligations in the United States and may become subject to taxation in additional state and local jurisdictions with respect to income, operations and subsidiaries related to those jurisdictions. Our after-tax profitability and financial results could be subject to volatility or be affected by numerous factors, including (a) the availability of tax deductions, credits, exemptions, refunds and other benefits to reduce tax liabilities, (b) changes in the valuation of deferred tax assets and liabilities, if any, (c) the expected timing and amount of the release of any tax valuation allowances, (d) the tax treatment of stock-based compensation, (e) changes in the relative amount of earnings subject to tax in the various jurisdictions, (f) the potential business expansion into, or otherwise becoming subject to tax in, additional jurisdictions, (g) changes to existing intercompany structure (and any costs related thereto) and business operations, (h) the extent of intercompany transactions and the extent to which taxing authorities in relevant jurisdictions respect those intercompany transactions and (i) the ability to structure business operations in an efficient and competitive manner. Outcomes from audits or examinations by taxing authorities could have an adverse effect on our after-tax profitability and financial condition. If we do not prevail in any audit or examination, our profitability may be adversely affected.

Our after-tax profitability and financial results may also be adversely affected by changes in relevant tax laws and tax rates, treaties, regulations, administrative practices and principles, judicial decisions and interpretations thereof, in each case, possibly with retroactive effect.

We may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and stock price, which could cause you to lose some or all of your investment.

We may be forced to write-down or write-off assets, restructure our operations, or incur impairment or other charges that could result in losses. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our securities. In addition, charges of this

nature may cause us to violate covenants to which we may be subject. Accordingly, stockholders could suffer a reduction in the value of their shares.

We are an “emerging growth company” and a “smaller reporting company” and it cannot be certain if the reduced disclosure requirements applicable to emerging growth companies and/or smaller reporting companies will make the post-combination company’s common stock less attractive to investors and may make it more difficult to compare performance with other public companies.

We are an emerging growth company (“EGC”) as defined in the JOBS Act, and intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not EGCs, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), reduced disclosure obligations regarding executive compensation in periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Investors may find the common stock less attractive because we will continue to rely on these exemptions. If some investors find the common stock less attractive as a result, there may be a less active trading market for their common stock, and the stock price may be more volatile.

An EGC may elect to delay the adoption of new or revised accounting standards. By making this election, Section 102(b)(2) of the JOBS Act allows us to delay adoption of new or revised accounting standards until those standards apply to non-public business entities. As a result, the financial statements contained herein and those that we will file in the future may not be comparable to companies that comply with public business entities revised accounting standards effective dates.

We are also a “smaller reporting company” as defined under the Securities Act and Exchange Act. We may continue to be a smaller reporting company so long as either (i) the market value of shares of our common stock held by non-affiliates is less than \$250 million or (ii) its annual revenue was less than \$100 million during the most recently completed fiscal year and the market value of shares of its common stock held by non-affiliates is less than \$700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company, we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and have reduced disclosure obligations regarding executive compensation, and, similar to emerging growth companies, if we are a smaller reporting company under the requirements of (ii) above, we would not be required to obtain an attestation report on internal control over financial reporting issued by its independent registered public accounting firm.

Risks Related to Ownership of Our Securities

Redwood Holdco owns the majority of our voting stock and has the right to appoint a majority of our board members, and its interests may conflict with those of other stockholders.

Redwood Holdco owns the majority of our voting stock and is initially entitled to appoint the majority of our board of directors. As a result, Redwood Holdco will be able to substantially influence matters requiring stockholder or board approval, including the election of directors, approval of any potential acquisition of us, changes to our organizational documents and significant corporate transactions. This concentration of ownership makes it unlikely that any other holder or group of holders of Class A common stock will be able to affect the way we are managed or the direction of our business. The interests of Redwood Holdco with respect to matters potentially or actually involving or affecting us, such as future acquisitions, financings and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other stockholders.

For example, Redwood Holdco may have different tax positions from us, especially in light of the Tax Receivable Agreement, that could influence its decisions regarding whether and when to support the disposition of assets or the incurrence or refinancing of new or existing indebtedness, or the termination of the Tax Receivable Agreement and acceleration of our obligations thereunder. In addition, the determination of future tax reporting positions, the structuring of future transactions and the handling of any challenge by any taxing authority to our tax reporting positions may take into consideration tax or other considerations of Redwood Holdco, including the effect of such positions on our obligations under the Tax Receivable Agreement, which may differ from the considerations of us or other stockholders.

Our stock price may fluctuate significantly and purchasers of our Class A common stock or warrants could incur substantial losses.

The market price of our Class A common stock and warrants could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our Class A common stock or warrants, you could lose a substantial part or all of your investment. The following factors could affect the prices of our securities:

- our operating and financial performance and prospects;
- quarterly variations in the rate of growth (if any) of our financial or operational indicators;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- changes in operating performance and the stock market valuations of other companies;
- announcements related to litigation;
- our failure to meet revenue or earnings estimates made by research analysts or other investors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;
- sales of our common stock by us or our stockholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations, or standards;
- additions or departures of key management personnel;
- actions by our stockholders;
- general economic and market conditions;
- the COVID-19 pandemic and its effects;
- domestic and international economic, legal and regulatory factors unrelated to our performance;
- material weakness in our internal control over financial reporting; and
- the realization of any risks described under this “Risk Factors” section, or other risks that may materialize in the future.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company’s securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management’s attention and resources and harm our business, financial condition, and results of operations.

We may redeem your unexpired warrants prior to their exercise at a time that is disadvantageous to you, thereby making your warrants worthless.

We have the ability to redeem outstanding warrants at any time after they become exercisable and prior to their expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of Class A common stock equals or exceeds \$18.00 per share (as

adjusted for adjustment to the number of shares issuable upon exercise or the exercise price of a warrant as described under the heading “Description of Securities—Redeemable Warrants—Public Warrants”) for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which we give proper notice of such redemption and provided certain other conditions are met. If and when the warrants become redeemable by us, we may not exercise our redemption right if the issuance of shares of common stock upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification. Redemption of the outstanding warrants could force you (i) to exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) to sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants. None of the Private Placement Warrants will be redeemable by us (except as described below under “Description of Securities—Redeemable Warrants—Public Warrants”) so long as they are held by the Sponsor or its permitted transferees.

In the event that the Company elects to redeem the warrants, the Company shall fix a date for the redemption (the “Redemption Date”). Notice of redemption shall be mailed by first class mail, postage prepaid, by the Company not less than 30 days prior to the Redemption Date to the registered holders of the warrants to be redeemed at their last addresses as they shall appear on the registration books. Any notice mailed in the manner provided in the warrant agreement shall be conclusively presumed to have been duly given whether or not the registered holder received such notice.

Our warrant agreement designates the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of our warrants, which could limit the ability of warrant holders to obtain a favorable judicial forum for disputes with our company.

Our warrant agreement provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the warrant agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction shall be the exclusive forum for any such action, proceeding or claim. We will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.

Notwithstanding the foregoing, these provisions of the warrant agreement do not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of our warrants shall be deemed to have notice of and to have consented to the forum provisions in our warrant agreement. If any action, the subject matter of which is within the scope of the forum provisions of the warrant agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a “foreign action”) in the name of any holder of our warrants, such holder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an “enforcement action”), and (y) having service of process made upon such warrant holder in any such enforcement action by service upon such warrant holder’s counsel in the foreign action as agent for such warrant holder.

This choice-of-forum provision may limit a warrant holder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with our company, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our warrant agreement inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.

We may amend the terms of the warrants in a manner that may be adverse to holders of Public Warrants with the approval by the holders of at least a majority of the then outstanding Public Warrants. As a result, the exercise price of your warrants could be increased, the exercise period could be shortened and the number of shares of our Class A common stock purchasable upon exercise of a warrant could be decreased, all without your approval.

Our warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any mistake, including to conform the provisions of the warrant agreement to the description of the terms of the warrants and the warrant agreement set forth in this prospectus, or correct any defective provision, but requires the

approval by the holders of at least a majority of the then outstanding Public Warrants to make any change that adversely affects the interests of the registered holders of Public Warrants. Accordingly, we may amend the terms of the Public Warrants in a manner adverse to a holder if holders of at least a majority of the then outstanding Public Warrants approve of such amendment. Although our ability to amend the terms of the Public Warrants with the consent of at least a majority of the then outstanding Public Warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash or stock, shorten the exercise period or decrease the number of shares of our Class A common stock purchasable upon exercise of a warrant.

If you exercise your Public Warrants on a “cashless basis,” you will receive fewer shares of Class A common stock from such exercise than if you were to exercise such warrants for cash.

There are circumstances in which the exercise of the Public Warrants may be required or permitted to be made on a cashless basis. First, if a registration statement covering the shares of Class A common stock issuable upon exercise of the warrants is not effective by the 60th business day after the closing of the Business Combination, warrant holders may, until such time as there is an effective registration statement, exercise warrants on a cashless basis in accordance with Section 3(a)(9) of the Securities Act or another exemption. In addition, if we call the Public Warrants for redemption, our management will have the option to require all holders that wish to exercise warrants to do so on a cashless basis. In the event of an exercise on a cashless basis, a holder would pay the warrant exercise price by surrendering the warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the “fair market value” (as defined in the next sentence) by (y) the fair market value. The “fair market value” is the average reported last sale price of the Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of exercise is received by the warrant agent or on which the notice of redemption is sent to the holders of warrants, as applicable. As a result, you would receive fewer shares of Class A common stock from such exercise than if you were to exercise such warrants for cash.

The Private Placement Warrants are identical to the warrants sold as part of the units except that, so long as they are held by the Sponsor or its permitted transferees, (i) they will not be redeemable by us, (ii) they (including the Class A common stock issuable upon exercise of these warrants) may not, subject to certain limited exceptions, be transferred, assigned or sold by the Sponsor until 30 days after the Business Combination and (iii) they may be exercised by the holders on a cashless basis.

We will incur significant costs and devote substantial management time as a result of operating as a public company, particularly after we are no longer an “emerging growth company.”

As a public company, we have and will continue to incur significant legal, accounting and other expenses. For example, we are required to comply with the requirements of Section 404(a) of the Sarbanes-Oxley Act and the Dodd-Frank Act, as well as rules and regulations subsequently implemented by the SEC and heightened auditing standards, and Nasdaq, our stock exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. The rules governing management’s assessment of our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, our management and other personnel may need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to continue incurring significant expenses and devote substantial management effort toward ensuring compliance with the requirements of the Sarbanes-Oxley Act. In that regard, we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Furthermore, if we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail in meeting our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from Nasdaq, regulatory investigations, civil or criminal sanctions and litigation, any of which would have a material and adverse effect on our business, results of operations and financial condition.

However, for as long as we remain an “emerging growth company” as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Under the JOBS Act, “emerging growth companies” can delay adopting new or revised accounting standards until such time as those standards apply to private companies.

After we are no longer an “emerging growth company,” we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act.

We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing and materiality of such costs.

We are continuing to improve our internal control over financial reporting.

Our independent registered public accounting firm is not required to audit the effectiveness of our internal control over financial reporting until after we are no longer an “emerging growth company,” as defined in the JOBS Act, which at the latest would be the end of the fiscal year ending December 31, 2025. At such time, our internal control over financial reporting may be insufficiently documented, designed or operating, which may cause our independent registered public accounting firm to issue a report that is adverse. See “—In connection with the recent restatements of our financial statements, our management has concluded that our disclosure controls and procedures were not effective as of September 30, 2021 due to a material weakness in internal control over financial reporting solely related to our accounting for complex financial instruments. If we are unable to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and financial results.”

Our failure to timely and effectively implement controls and procedures required by Section 404(a) of the Sarbanes-Oxley Act could have a material adverse effect on our business.

Prior to the Business Combination, Redwood Intermediate was not subject to Section 404 of the Sarbanes-Oxley Act. However, we are now required to provide management’s attestation on internal controls. The standards required for a public company under Section 404(a) of the Sarbanes-Oxley Act are significantly more stringent than those required of Redwood Intermediate as a privately-held company. Management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements. If we are not able to implement the additional requirements of Section 404(a) in a timely manner or with adequate compliance, we may not be able to assess whether its internal controls over financial reporting are effective, which may subject us to adverse regulatory consequences and could harm investor confidence and the market price of our securities.

Provisions in our certificate of incorporation may inhibit a takeover of the Company, which could limit the price investors might be willing to pay in the future for Class A common stock and could entrench management.

Our certificate of incorporation authorizes our board of directors to issue one or more classes or series of preferred stock, the terms of which may be established and the shares of which may be issued without shareholder approval, and which may include super voting, special approval, dividend, repurchase rights, liquidation preferences or other rights or preferences superior to the rights of the holders of Class A common stock. The terms of one or more classes or series of preferred stock could adversely impact the value of the Class A common stock. Furthermore, if our board of directors elects to issue preferred stock it could be more difficult for a third party to acquire the Company. For example, our board of directors may grant holders of preferred stock the right to elect some number of directors in all events or upon the occurrence of specified events or the right to veto specified transactions.

In addition, some provisions of our certificate of incorporation could make it more difficult for a third party to acquire control of the Company, even if the change of control would be beneficial to the stockholders, including: (i) prohibiting the Company from engaging in any business combination with any interested shareholder for a period of three years following the time that the shareholder became an interested shareholder, subject to certain exceptions, (ii) establishing that provisions with regard to the nomination of candidates for election as directors are subject to the Stockholders Agreement, (iii) providing that the authorized number of directors may be changed only by resolution of the board of directors and in any case subject to the Stockholders Agreement, (iv) providing that all vacancies in our board of directors may, except as otherwise be required, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum, (v) providing that our certificate of incorporation may be amended by the affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding shares of capital stock entitled to vote thereon, voting together as a single class, (vi) providing that our certificate of incorporation may be amended by the

affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding voting stock entitled to vote thereon for the removal of directors, (vii) providing for our board of directors to be divided into three classes of directors, (viii) providing that the amended and restated bylaws can be amended by the board of directors, (ix) limitations on the ability of stockholders to call special meetings, (x) limitations on the ability of stockholders to act by written consent, and (xi) renouncing any reasonable expectancy interest that we have in, or right to be offered an opportunity to participate in, any corporate or business opportunities that are from time to time presented to Redwood Holdco, directors affiliated with Redwood Holdco, their respective affiliates and non-employee directors.

In addition, certain change of control events have the effect of accelerating the payments due under the Tax Receivable Agreement, which could result in a substantial, immediate lump-sum payment that could serve as a disincentive to a potential acquirer of the Company, please see “— In certain cases, payments under the Tax Receivable Agreement may exceed the actual tax benefits the Company realizes or be accelerated.”

Provisions in our certificate of incorporation and Delaware law may have the effect of discouraging lawsuits against our directors and officers.

Our certificate of incorporation requires, unless we consent in writing to the selection of an alternative forum, that the federal courts of the United States shall have exclusive jurisdiction to hear, settle and/or determine any dispute, controversy or claim arising under the Securities Act or the rules and regulations promulgated thereunder. Our certificate of incorporation also requires, unless we consent in writing to the selection of an alternative forum, that (i) any derivative action or proceeding brought on its behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee to the Company or its stockholders, (iii) any action asserting a claim against the Company, its directors, officers or employees arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws, or (iv) any action asserting a claim against the Company, its directors, officers or employees governed by the internal affairs doctrine may be brought only in the Court of Chancery in the State of Delaware in each case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. If an action is brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder’s counsel.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to actions arising under the Exchange Act or the rules and regulations thereunder and actions arising under the Securities Act or the rules and regulations thereunder.

These choices of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees and may discourage these types of lawsuits. Furthermore, the enforceability of similar choice of forum provisions in other companies’ certificates of incorporation or bylaws has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against the Company, a court could find the choice of forum provisions contained in our certificate of incorporation to be inapplicable or unenforceable in such action. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions.

The Company is a holding company and its only material asset is its interest in Redwood Intermediate, and it is accordingly dependent upon distributions made by its subsidiaries to pay taxes, make payments under the Tax Receivable Agreement and pay dividends.

The Company is a holding company with no material assets other than its ownership of the Redbox Common Units and its managing member interest in Redwood Intermediate. As a result, the Company has no independent means of generating revenue or cash flow. Our ability to pay taxes, make payments under the Tax Receivable Agreement and pay dividends will depend on the financial results and cash flows of Redwood Intermediate and the distributions we receive from Redwood Intermediate. Deterioration in the financial condition, earnings or cash flow of Redwood Intermediate for any reason could limit or impair Redwood Intermediate’s ability to pay such distributions. Additionally, to the extent that the Company needs funds, and Redwood Intermediate is restricted from making such distributions under applicable law or regulation or under the terms of any financing arrangements, or Redwood Intermediate is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition.

Redwood Intermediate will be treated as a partnership for U.S. federal income tax purposes and, as such, generally will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to holders of Redbox Common Units. Accordingly, the Company will be required to pay income taxes on its allocable share of any net taxable income of Redwood Intermediate. Under the terms of the Redwood Intermediate LLCA, Redwood Intermediate is obligated to make tax distributions to holders of Redbox Common Units (including the Company) calculated at certain assumed tax rates. In addition to income taxes, the Company will also incur expenses related to its operations, including payment obligations under the Tax Receivable Agreement, which could be significant, and some of which will be reimbursed by Redwood Intermediate (excluding payment obligations under the Tax Receivable Agreement). The Company intends to cause Redwood Intermediate to make ordinary distributions and tax distributions to holders of Redbox Common Units on a pro rata basis in amounts sufficient to cover all applicable taxes, relevant operating expenses, payments under the Tax Receivable Agreement and dividends, if any, declared by the Company. However, as discussed below, Redwood Intermediate's ability to make such distributions may be subject to various limitations and restrictions including, but not limited to, retention of amounts necessary to satisfy the obligations of Redwood Intermediate and restrictions on distributions that would violate any applicable restrictions contained in Redwood Intermediate's debt agreements, or any applicable law, or that would have the effect of rendering Redwood Intermediate insolvent. To the extent that the Company is unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments under the Tax Receivable Agreement, which could be substantial.

Additionally, although Redwood Intermediate generally will not be subject to any entity-level U.S. federal income tax, it may be liable for adjustments to its tax return, absent an election to the contrary arising out of audits of its tax returns for 2018 and subsequent years. In the event Redwood Intermediate's calculations of taxable income are incorrect, Redwood Intermediate and/or its members, including the Company, may be subject to material liabilities.

The Company anticipates that the distributions it will receive from Redwood Intermediate may, in certain periods, exceed the Company's actual tax liabilities and obligations to make payments under the Tax Receivable Agreement. Our board of directors, in its sole discretion, may make any determination from time to time with respect to the use of any such excess cash so accumulated, which may include, among other uses, to pay dividends on the Class A common stock. The Company will have no obligation to distribute such cash (or other available cash other than any declared dividend) to its stockholders.

Dividends on our common stock, if any, will be paid at the discretion of our board of directors, which will consider, among other things, our available cash, available borrowings and other funds legally available therefor, taking into account the retention of any amounts necessary to satisfy the obligations of the Company that will not be reimbursed by Redwood Intermediate, including taxes and amounts payable under the Tax Receivable Agreement and any restrictions in then applicable bank financing agreements. Financing arrangements may include restrictive covenants that restrict the Company's ability to pay dividends or make other distributions to its stockholders. In addition, Redwood Intermediate is generally prohibited under Delaware law from making a distribution to a member to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of Redwood Intermediate (with certain exceptions) exceed the fair value of its assets. Redwood Intermediate's subsidiaries are generally subject to similar legal limitations on their ability to make distributions to Redwood Intermediate. If Redwood Intermediate does not have sufficient funds to make distributions, the Company's ability to declare and pay cash dividends may also be restricted or impaired.

Pursuant to the Tax Receivable Agreement, the Company generally will be required to pay to Redwood Holdco, and to each other person from time to time that Redwood Holdco assigns rights under the Tax Receivable Agreement to, 85% of the tax savings, if any, that the Company realizes (using an assumed combined state and local income tax rate) in certain circumstances as a result of basis in certain assets existing at the time of the business combination and tax attributes that benefit the Company as a result of an Exchange, including as a result of payments made under the Tax Receivable Agreement, and those payments may be substantial.

Redwood Holdco may in the future exchange its Redbox Common Units for shares of Class A common stock of the Company pursuant to the Redwood Intermediate LLCA. These sales, purchases, redemptions and exchanges are expected to result in increases in the Company's allocable share of the tax basis of the tangible and intangible assets of Redwood Intermediate. These increases in tax basis may increase (for income tax purposes) depreciation and amortization deductions and therefore reduce the amount of income or franchise tax that the Company would otherwise be required to pay in the future had such sales and exchanges never occurred.

In connection with the Business Combination, the Company entered into the Tax Receivable Agreement, which generally provides for the payment by it to Redwood Holdco, and to each other person from time to time that Redwood Holdco assigns rights under the Tax Receivable Agreement to, of 85% of the tax savings, if any, that the Company realizes (using an assumed combined

state and local income tax rate) in certain circumstances as a result of basis in certain assets existing at the time of the business combination and tax attributes that benefit the Company as a result of an Exchange, including as a result of payments made under the Tax Receivable Agreement. The term of the Tax Receivable Agreement will continue until all such tax benefits have been utilized or expired unless the Company exercises its right to terminate the Tax Receivable Agreement for an amount representing the present value of anticipated future tax benefits under the Tax Receivable Agreement or certain other acceleration events occur. The Company has estimated the tax receivable liability of \$15.7 million assuming (1) a share price equal to \$10.00 per share, (2) a constant federal income tax rate of 21.0% and a state tax rate of 4.2% (net of any federal benefit), (3) no material changes in tax law, (4) the ability to utilize tax basis and attributes and (5) future tax receivable agreement payments. These amounts are estimates and have been prepared for informational purposes only. However, due to the uncertainty of various factors, including: (1) a constant federal income tax rate of 21.0% and a state tax rate of 4.2% (net of any federal benefit), (2) no material changes in tax law, (3) the ability to utilize tax basis and attributes and (4) whether and when Redwood Holdco engages in Exchanges and the share price at such times, the likely tax savings we will realize and the resulting amounts we are likely to pay pursuant to the Tax Receivable Agreement are uncertain. If Redwood Holdco were to engage in an Exchange of all of its Redwood Intermediate equity interests at Closing, the net present value of the liability the Company would recognize is approximately \$169.1 million. These payments are the obligation of the Company and not of Redwood Intermediate. The actual increase in the Company's allocable share of Redwood Intermediate's tax basis in its assets, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the applicable tax rate, the market price of the Class A common stock at the time of the exchange, the extent to which such exchanges are taxable and the amount and timing of the recognition of the Company's income. While many of the factors that will determine the amount of payments that the Company will make under the Tax Receivable Agreement are outside of its control, the Company expects that the payments it will make under the Tax Receivable Agreement will be substantial and could have a material adverse effect on the Company's financial condition. Any payments made by the Company under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to the Company. To the extent that the Company is unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid; however, nonpayment for a specified period may constitute a breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement, as further described below. Furthermore, the Company's future obligation to make payments under the Tax Receivable Agreement could make it a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that may be deemed realized under the Tax Receivable Agreement.

In certain cases, payments under the Tax Receivable Agreement may exceed the actual tax benefits the Company realizes or be accelerated.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that the Company determines, and the Service or another taxing authority may challenge all or any part of the tax basis increases, as well as other tax positions that the Company takes, and a court may sustain such a challenge. In the event that any tax benefits initially claimed by the Company are disallowed, Redwood Holdco and the exchanging holders will not be required to reimburse the Company for any excess payments that may previously have been made under the Tax Receivable Agreement, for example, due to adjustments resulting from examinations by taxing authorities. Rather, excess payments made to such holders will be netted against any future cash payments otherwise required to be made by the Company, if any, after the determination of such excess. However, a challenge to any tax benefits initially claimed by the Company may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that the Company might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments against which to net. As a result, in certain circumstances the Company could make payments under the Tax Receivable Agreement in excess of the Company's actual income or franchise tax savings, which could materially impair our financial condition.

Moreover, the Tax Receivable Agreement provides that, in the event that (i) the Company exercises its early termination rights under the Tax Receivable Agreement, (ii) certain changes of control of the Company occur (as described in the Tax Receivable Agreement), or (iii) the Company breaches any of its material obligations under the Tax Receivable Agreement, the Company's obligations under the Tax Receivable Agreement will accelerate and the Company will be required to make a lump-sum cash payment to Redwood Holdco and to each other person from time to time to whom Redwood Holdco assigns rights under the Tax Receivable Agreement, equal to the present value of all forecasted future payments that would have otherwise been made under the Tax Receivable Agreement, which lump-sum payment would be based on certain assumptions, including those relating to the Company's future taxable income. The lump-sum payment could be substantial and could exceed the actual tax benefits that the Company realizes subsequent to such payment because such payment would be calculated assuming, among other things, that the Company would have certain tax benefits available to it and that the Company would be able to use the potential tax benefits in future years.

There may be a material negative effect on our liquidity if the payments under the Tax Receivable Agreement exceed the actual income or franchise tax savings that the Company realizes. Furthermore, the Company's obligations to make payments under the Tax Receivable Agreement could also have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control.

If the Company's payment obligations under the Tax Receivable Agreement are accelerated upon certain mergers, other forms of business combinations or other changes of control, the consideration payable to holders of Class A common stock could be substantially reduced.

If the Company experiences a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations), then the Company's obligations under the Tax Receivable Agreement would be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, and in such situations, payments under the Tax Receivable Agreement may be significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates. As a result of the Company's payment obligations under the Tax Receivable Agreement, holders of Class A common stock could receive substantially less consideration in connection with a change of control transaction than they would receive in the absence of such obligation. Further, the Company's payment obligations under the Tax Receivable Agreement will not be conditioned upon holders of Redbox Common Units having a continued interest in the Company or Redwood Intermediate. Accordingly, the interests of the holders of Redbox Common Units may conflict with those of the holders of Class A common stock. See "—In certain cases, payments under the Tax Receivable Agreement may exceed the actual tax benefits the Company realizes or be accelerated."

The Company will not be reimbursed for any payments made under the Tax Receivable Agreement in the event that any tax benefits are subsequently disallowed.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that the Company will determine, and the Service or another tax authority may challenge all or part of the tax basis increases upon which payments under the Tax Receivable Agreement are based, as well as other related tax positions the Company takes, and a court could sustain such challenge. The holders of Redbox Common Units will not reimburse the Company for any payments previously made under the Tax Receivable Agreement if any tax benefits that have given rise to payments under the Tax Receivable Agreement are subsequently disallowed, except that excess payments made to any holder of Redbox Common Units will be netted against future payments that would otherwise be made to such holder of Redbox Common Units, if any, after the Company's determination of such excess (which determination may be made a number of years following the initial payment and after future payments have been made). As a result, in such circumstances, the Company could make payments that are greater than its actual cash tax savings, if any, and may not be able to recoup those payments, which could materially adversely affect its liquidity.

The unaudited pro forma condensed combined financial information included in this prospectus may not be indicative of what our actual financial position or results of operations would have been.

The unaudited pro forma condensed combined financial information in this prospectus is presented for illustrative purposes only and is not necessarily indicative of what our actual financial position or results of operations would have been had the Business Combination been completed on the dates indicated. See the section entitled "Unaudited Pro Forma Condensed Combined Financial Information" for more information.

We are a "controlled company" within the meaning of the rules of Nasdaq and the rules of the SEC. As a result, we qualify for, and are relying on, exemptions from certain corporate governance requirements that would otherwise provide protection to stockholders of other companies.

Redwood Holdco controls a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our board of directors consist of "independent directors" as defined under the rules of Nasdaq;

- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the compensation and nominating and corporate governance committees.

We intend to utilize these exemptions as long as we remain a controlled company. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

The dual-class structure of our common stock has the effect of concentrating voting power with Redwood Holdco, which will limit an investor's ability to influence the outcome of important transactions, including a change in control.

Holders of shares of Class A common stock and Class B common stock are entitled to one vote per share and at all times vote together as one class on all matters submitted to a vote of the stockholders of the Company. Redwood Holdco holds all of the issued and outstanding shares of Class B common stock and possesses 72.2% of the voting power of the total outstanding stock. Accordingly, Redwood Holdco will be able to control matters submitted to the Company's stockholders for approval, including the election of directors, amendments of its organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions. Redwood Holdco may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing or deterring a change in control of the Company, could deprive its stockholders of an opportunity to receive a premium for their capital stock as part of a sale of the Company, and might ultimately affect the market price of shares of the Class A common stock. For information about our dual class structure, see the section titled "Description of Securities."

You may be diluted by the future issuance of additional common stock or convertible securities in connection with our incentive plans, acquisitions or otherwise, which could adversely affect our stock price.

As of November 29, 2021, we had 487,381,484 shares of common stock authorized but unissued. Our certificate of incorporation authorizes us to issue these shares of common stock and options, rights, warrants and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. As of November 29, 2021, we had 32,770,000 shares of Class A common stock that may be issued upon the exchange of outstanding Class B common stock and 16,843,750 warrants outstanding, which are exercisable for 16,843,750 shares of Class A common stock. We have reserved approximately 3,404,138 shares for grant under our Incentive Plan. See "Executive Compensation—Seaport Global Acquisition Corp. 2021 Omnibus Incentive Plan." Any Class A common stock that we issue, including under the Incentive Plan or other equity incentive plans that we may adopt in the future, as well as under outstanding options or warrants would dilute the percentage ownership held by the investors.

In addition, we expect to seek opportunities to issue additional shares of Class A common stock to raise additional cash or in satisfaction of our obligations, although there can be no assurances that any such issuances will occur. To the extent that we issue additional shares of Class A common stock, our existing securityholders would experience dilution and any such issuances may have an impact on the market price of our Class A common stock and warrants.

From time to time in the future, we may also issue additional shares of Class A common stock or securities convertible into Class A common stock pursuant to a variety of transactions, including acquisitions. Our issuance of additional shares of Class A common stock or securities convertible into Class A common stock would dilute your ownership of us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our Class A common stock and warrants.

Future sales of our Class A common stock in the public market, the exercise of warrants or the perception in the public market that such sales or exercises may occur, could reduce the market price of our Class A common stock and warrants.

As of November 29, 2021, we had 12,618,516 shares of Class A common stock and 32,770,000 shares of Class B common stock outstanding and warrants to purchase 16,843,750 shares of Class A common stock outstanding. The registration statement of which this prospectus forms a part will permit sales of a substantial amount of shares of Class A common stock and warrants, subject to compliance with any applicable lock-up arrangements relating to such shares. See "Description of Securities." Additionally, we will

file a registration statement in respect of all shares of common stock that we may issue under the Incentive Plan. After registration, these shares can be freely sold in the public market upon issuance. Sales of significant amounts of stock in the public market upon expiration of lock-up arrangements, or the perception that such sales may occur, could adversely affect prevailing market prices of our Class A common stock and warrants or make it more difficult for you to sell your shares of Class A common stock and warrants at a time and price that you deem appropriate. See “Description of Securities” for a discussion of the shares of Class A common stock that may be sold into the public market in the future.

We have a history of losses, and we may not be able to generate sufficient revenue to achieve or maintain profitability in the future.

We incurred net losses of \$69.5 million and \$7.6 million during the years ended December 31, 2020 and 2019, respectively, and net loss of \$92.9 million during the nine months ended September 30, 2021 and, as of September 30, 2021, we had an accumulated deficit of \$314.6 million. We expect our losses to continue as we make significant investments towards growing our business and operating as a public company. We have invested, and expect to continue to invest, substantial financial and other resources expanding into new markets and services. These expenditures will make achieving and maintaining profitability more difficult, and these efforts may also be more costly than we expect and may not result in increased revenue or growth in our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis. As a result, we can provide no assurance as to whether or when we will achieve profitability. If we are not able to achieve and maintain profitability, the value of our company and our Class A common stock could decline significantly.

There can be no assurance that we will be able to comply with the listing standards of Nasdaq.

Our eligibility for listing on Nasdaq depends on a number of factors. If we are unable to maintain the listing of our Class A common stock or warrants on Nasdaq for failure to meet the listing standards, we and our stockholders could face significant material adverse consequences including:

- a limited availability of market quotations for our securities;
- a determination that Class A common stock is a “penny stock,” which will require brokers trading in our Class A common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for Class A common stock;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

If securities or industry analysts do not publish research or reports about our business or publish negative reports, our stock price could decline.

The trading market for our securities will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our common stock, publishes unfavorable research about our business or if our operating results do not meet their expectations, our stock price could decline.

We may issue preferred securities, the terms of which could adversely affect the voting power or value of our common stock.

Our certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred securities having such designations, preferences, limitations, and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred securities could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred securities the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred securities could affect the residual value of the common stock.

USE OF PROCEEDS

All of the shares of Class A common stock and warrants (including shares of Class A common stock underlying such warrants) offered by the Selling Securityholders pursuant to this prospectus will be sold by the Selling Securityholders for their respective accounts. We will not receive any of the proceeds from these sales.

We will receive the proceeds from any exercise of warrants for cash. We intend to use the proceeds the exercise of warrants for cash for general corporate and working capital purposes. There is no assurance that the holders of the warrants will elect to exercise any or all of the warrants. To the extent that the warrants are exercised on a “cashless basis,” the amount of cash we would receive from the exercise of the warrants will decrease. We will not receive any proceeds from any exchange of Class B common stock and Redbox Common Units for Class A common stock.

MARKET INFORMATION

Our Class A common stock is listed on Nasdaq under the symbol “RDBX.” Our warrants are listed on Nasdaq under the symbol “RDBXW.” On November 29, 2021, the closing price of our Class A common stock and warrants was \$11.24 and \$1.69, respectively. As of November 29, 2021, there were 12,618,516 shares of Class A common stock outstanding and held of record by 19 stockholders, 32,770,000 shares of Class B common stock outstanding and held of record by one stockholder and no shares of preferred stock outstanding. The number of record holders of our Class A common stock does not include DTC participants or beneficial owners holding shares through nominee names.

DIVIDEND POLICY

We have not to date paid any cash dividends on our common stock and we currently do not intend to pay cash dividends on our common stock in the foreseeable future. However, we may, in the future, decide to pay dividends on our common stock. Any declaration and payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, cash flows, capital requirements, levels of indebtedness, our overall financial condition, restrictions in our debt agreements and any other factors deemed relevant by our board of directors.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The selected historical consolidated statements of operations data of Redbox for the years ended December 31, 2020, 2019, and 2018, and the historical consolidated balance sheet data as of December 31, 2020 and 2019 are derived from Redbox's audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated statements of operations data of Redbox for the nine months ended September 30, 2021 and 2020 and the consolidated balance sheet data as of September 30, 2021 are derived from Redbox's unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. In Redbox's management's opinion, the unaudited interim condensed consolidated financial statements include all adjustments necessary to state fairly Redbox's financial position as of September 30, 2021 and the results of operations for the nine months ended September 30, 2021 and 2020. Redbox's historical results are not necessarily indicative of the results that may be expected in the future and Redbox's results for the nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2021 or any other period. You should read the following selected historical consolidated financial data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes included elsewhere in this prospectus.

Statement of Operations Data

In thousands, except share and per share data	Nine months ended, September 30,		Year ended December 31,		
	2021	2020	2020	2019	2018
Net revenue	\$ 216,372	\$ 465,208	\$ 546,191	\$ 858,370	\$ 1,087,783
Product cost	83,602	187,865	220,999	359,880	439,523
Gross margin	\$ 132,770	\$ 277,343	\$ 325,192	\$ 498,490	\$ 648,260
Gross margin %	61.4 %	59.6 %	59.5%	58.1%	59.6%
Operating expenses:					
Direct operating	98,155	133,861	167,090	237,490	274,155
Marketing	10,743	16,090	21,214	25,813	33,020
General and administrative	41,709	46,840	62,235	67,158	81,529
Depreciation and amortization	81,317	108,316	136,838	138,274	133,493
Operating (loss) income	(99,154)	(27,764)	(62,185)	29,755	126,063
Other expense, net:					
Interest expense and other, net	(24,687)	(24,848)	(32,522)	(44,578)	(45,155)
Total interest expense and other, net	(15,765)	(18,333)	(32,522)	(44,578)	(45,155)
(Loss) income before income taxes	(123,841)	(52,612)	(94,707)	(14,823)	80,908
Income tax (benefit) expense	(30,903)	(13,477)	(25,204)	(7,256)	19,455
Net (loss) income	\$ (92,938)	\$ (39,135)	\$ (69,503)	\$ (7,567)	\$ 61,453
Weighted average shares outstanding – basic	30,839,870	27,870,539	27,914,489	27,786,839	27,646,121
Weighted average shares outstanding – diluted	30,839,870	27,870,539	27,914,989	27,786,839	28,182,614
(Loss) earnings per share – basic	\$ (3.01)	\$ (1.40)	\$ (2.49)	\$ (0.27)	\$ 2.22
(Loss) earnings per share – diluted	\$ (3.01)	\$ (1.40)	\$ (2.49)	\$ (0.27)	\$ 2.18

Statements of Cash Flow Data

Dollars in thousands	Nine months ended September 30,		Year ended December 31,		
	2021	2020	2020	2019	2018
Net cash provided by / (used in) operating activities	\$ (10,781)	\$ 36,878	\$ 29,693	\$ 102,797	\$ 185,450
Net cash used in investing activities	(9,647)	(16,113)	(19,042)	(31,765)	(41,763)
Net cash provided by / (used in) financing activities	24,659	(22,695)	(9,102)	(74,100)	(142,424)
Total change in cash, cash equivalents and restricted cash	\$ 4,231	\$ (1,930)	\$ 1,549	\$ (3,068)	\$ 1,263

Balance Sheet Data

Dollars in thousands	As of September 30,		As of December 31,		
	2021	2020	2020	2019	2018
Total assets	\$ 402,772	\$ 478,174	\$ 473,091	\$ 637,059	\$ 763,526
Total liabilities	477,611	446,367	455,852	550,371	669,130
Total shareholders' equity	(74,839)	31,807	17,239	86,688	94,396

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

The following unaudited pro forma condensed combined financial information is provided to assist you in your analysis of the financial aspects of the Business Combination as described in the Business Combination Agreement entered into between Seaport and Redwood Intermediate and in the definitive proxy statement dated September 29, 2021. The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X and should be read in conjunction with the accompanying notes.

The unaudited pro forma condensed combined balance sheet as of September 30, 2021 combines the unaudited condensed balance sheet of Seaport as of September 30, 2021 with the unaudited condensed consolidated balance sheet of Redwood Intermediate as of September 30, 2021, giving effect to the Business Combination and related adjustments as if they had been consummated on that date. In connection with the Business Combination, Merger Sub merged with and into Redwood Intermediate with Redwood Intermediate surviving the merger and becoming a direct subsidiary of Seaport.

The unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2021 combines the unaudited condensed statement of operations of Seaport for the nine months September 30, 2021 with the unaudited condensed consolidated statement of operations of Redwood Intermediate for the nine months ended September 30, 2021 and gives effect to the Business Combination as if it had occurred on January 1, 2020.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 combines the audited statement of operations of Seaport for the year ended December 31, 2020 with the audited consolidated statement of operations of Redwood Intermediate for the year ended December 31, 2020 and gives effect to the Business Combination as if it had occurred on January 1, 2020.

The unaudited pro forma condensed combined financial information was derived from, and should be read in conjunction with, the historical audited financial statements of Seaport and Redwood Intermediate as of and for the year ended December 31, 2020 and the historical unaudited financial statements of Seaport and Redwood Intermediate as of and for the nine months ended September 30, 2021, which have been prepared in accordance with GAAP.

Description of the Business Combination

On May 16, 2021, Seaport and Merger Sub entered into the Business Combination Agreement with Redwood Holdco and Redwood Intermediate. In connection with the Business Combination, Seaport acquired certain equity interests of Redwood Intermediate from Redwood Holdco, its sole member, by way of Merger Sub merging with and into Redwood Intermediate, and Redwood Intermediate becoming a direct subsidiary of Seaport as a result thereof. The Business Combination was effectuated through the following principal steps:

- (i) Merger Sub merged with and into Redwood Intermediate, and Redwood Intermediate continued as the surviving company in the Merger and a wholly owned subsidiary of Seaport;
- (ii) Pursuant to the Subscription Agreements and concurrent with the Business Combination, Seaport issued and sold to the PIPE Investors 5,000,000 shares of Class A common stock for a purchase price of \$10.00 per share, for aggregate gross proceeds of \$50 million;
- (iii) Redwood Holdco received a combination of certain newly issued Redbox Common Units and newly issued shares of Class B common stock, which have no economic value, but entitle Redwood Holdco to one vote per issued share and were issued on a one-for-one basis for each Redbox Common Unit retained by Redwood Holdco following the Business Combination; and
- (iv) Seaport acquired certain newly issued Redbox Common Units in exchange for a cash contribution, which proceeds were used to reduce existing indebtedness and fund Redbox's balance sheet for general corporate purposes. Redwood Holdco has the right to exchange its retained Redbox Common Units, together with the cancellation of an equal number of shares of Class B common stock, for cash or Class A common stock.

Proceeds from the Business Combination, namely cash and marketable securities held in the Trust Account, were used for:

- Acquiring certain equity interests of Redwood Intermediate from Redwood Holdco;
- Payment of the \$5.0 million deferred underwriting fee associated with Seaport’s initial public offering;
- Reduction of long-term debt of Redwood Intermediate;
- Payment of all transaction costs of Seaport and Redwood Intermediate; and
- Adding cash to the balance sheet to utilize for future growth investments.

The combined company is organized in an “Up-C” structure in which the business of Redbox is held by Redwood Intermediate and its subsidiaries, and the Company’s only direct assets consist of Redbox Common Units. Seaport changed its name to Redbox Entertainment Inc. at the closing of the Business Combination.

In connection with the Business Combination, Redwood Holdco and Redwood Intermediate entered into the Tax Receivable Agreement with the Sponsor and Seaport. Under the terms of the Tax Receivable Agreement, the Company generally will be required to pay to Redwood Holdco 85% of the tax savings, if any, that the Company is deemed to realize in certain circumstances as a result of certain tax attributes that exist following the Business Combination and that are created thereafter, including as a result of payments made under the Tax Receivable Agreement. The term of the Tax Receivable Agreement will continue until all such tax benefits have been utilized or expired unless the Company exercises its right to terminate the Tax Receivable Agreement for an amount representing the present value of anticipated future tax benefits under the Tax Receivable Agreement or certain other acceleration events occur. The Company has estimated the tax receivable liability of \$15.7 million assuming (1) a share price equal to \$10.00 per share, (2) a constant federal income tax rate of 21.0% and a state tax rate of 4.2% (net of any federal benefit), (3) no material changes in tax law, (4) the ability to utilize tax attributes and (5) future tax receivable agreement payments. These amounts are estimates and have been prepared for informational purposes only. However, due to the uncertainty of various factors, including: (1) a constant federal income tax rate of 21.0% and a state tax rate of 4.2% (net of any federal benefit), (2) no material changes in tax law and (3) the ability to utilize tax attributes, the likely tax savings we will realize and the resulting amounts we are likely to pay pursuant to the Tax Receivable Agreement are uncertain. If Redwood Holdco were to exchange its Redwood Intermediate equity interests for Class A common stock at Closing, the net present value of the liability the Company would recognize is approximately \$169.1 million.

The Company has not recorded the TRA liability of \$15.7 million or related deferred tax asset as of the date of the Business Combination as the liability is not deemed probable. The amounts payable under the Tax Receivable Agreement will vary depending upon a number of factors, including the amount, character, and timing of the taxable income of the Company in the future. If the valuation allowance recorded against the deferred tax assets applicable to the tax attributes referenced above is released in a future period, the Tax Receivable Agreement liability may be considered probable at that time and recorded within earnings.

The following summarizes the pro forma number of Class A and Class B common stock outstanding and pro forma ownership Redbox Entertainment Inc. upon Closing of the Business Combination after giving effect for actual redemptions, discussed further in the sections below:

Shareholder	Pro Forma Combined	
	No. of Shares	%Ownership ⁽¹⁾
Redwood Intermediate Rollover Shares ⁽¹⁾	32,770,000	72.2%
Seaport’s Public Stockholders	2,028,777	4.5%
Backstop Shares ⁽²⁾	1,995,989	4.4%
PIPE Investors	5,000,000	11.0%
Initial Stockholders	3,593,750	7.9%
Total	45,388,516	100.0%

(1) Redwood Intermediate Rollover Shares include all common shares outstanding, including vested and unvested shares.

(2) Shares include shares issued in accordance with the Backstop Agreements.

Anticipated Accounting treatment

The Business Combination will be accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, Seaport has been treated as the “acquired” company for financial reporting purposes. This determination was primarily based on the existing controlling equity holder of Redwood Intermediate having 72.2% of the voting power of the combined company (and one of its affiliates having an additional 3.9% of the voting power of the combined company) and the operations of Redwood Intermediate and its subsidiaries constituting the only ongoing operations of the combined company. Under this method of accounting, the ongoing financial statements of the registrant will reflect the net assets of Redwood Intermediate and Seaport at historical cost, with no goodwill or other intangible assets recognized.

Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information has been adjusted to give effect to transaction accounting adjustments related to the Business Combination linking the effects of the Business Combination to the historical financial information.

The unaudited pro forma condensed combined financial information has been presented for illustrative purposes only and is not necessarily indicative of the operating results and financial condition that would have been achieved had the Business Combination occurred on the dates indicated. Further, the unaudited pro forma condensed combined financial information does not purport to project the future operating results or financial position of Redbox following the completion of the Business Combination. The unaudited pro forma adjustments represent management’s estimates based on information available as of the date of these unaudited pro forma condensed combined financial statements and are subject to change as additional information becomes available and analyses performed.

The unaudited pro forma condensed combined financial information contained herein reflects the Seaport shareholder approval of the Business Combination on October 20, 2021. Seaport’s public shareholders had the right to elect to redeem their public shares for cash. As a result, the unaudited pro forma condensed combined financial information reflects the actual redemption of these shares. In conjunction with the shareholder vote on the Business Combination, holders of 12,346,223 Seaport public shares elected to redeem their shares for cash in the Trust Account. Accordingly, 12,346,223 shares of Seaport Class A common stock were redeemed for an aggregate payment of \$124.7 million, based on an estimated per share redemption price of approximately \$10.10 per share.

In addition, Backstop Agreements were executed such that an additional 1,995,989 shares of Seaport Class A common stock were purchased by the Backstop Subscribers (related parties of the Company including affiliates of funds managed by affiliates of Apollo Global Management, Inc. and Seaport) to cover redemptions by public stockholders to the extent redemptions exceed 10,810,644 public shares. The number of shares purchased pursuant to the Backstop Agreements equals the number of public shares redeemed in excess of 10,810,644 shares, up to an aggregate of 3,564,356 shares, in accordance with the Backstop Agreements. The Backstop Agreements ensured that total cash proceeds available as of closing exceeded the minimum cash condition under the Business Combination Agreement. The amount of cash available was sufficient to satisfy the minimum cash requirement of \$86.0 million per the Business Combination Agreement after giving effect for actual redemptions, which includes the \$50.0 million provided by the PIPE Investment.

Redwood Intermediate is considered the “accounting acquirer” after giving effect for actual redemptions, so the Business Combination is reflected in the unaudited pro forma condensed combined financial information as a reverse recapitalization whereby Redwood Intermediate issues equity in exchange for the net assets of Seaport.

**PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2021
(UNAUDITED)**

(in thousands)	Seaport Global Acquisition Corp. (Historical)	Redwood Intermediate LLC (Historical)	Pro Forma Adjustments	Combined Pro Forma
Assets				
Current Assets:				
Cash, cash equivalents and restricted cash	\$ 62	\$ 13,158	\$ 27,216 (A)	\$ 40,436
Accounts receivable, net of allowances	—	9,329		9,329
Due from related party	—	162		162
Content library	—	24,935		24,935
Income tax receivable	—	10,222	(4,341) (N)	5,881
Prepaid expenses and other current assets	177	9,446	(2,100) (S)	7,038
			(485) (R)	
Total current assets	239	67,252	20,290	87,781
Cash and securities held in Trust Account	145,218	—	(145,218) (B)	—
Property and equipment, net	—	45,211		45,211
Goodwill	—	147,523		147,523
Intangible assets, net	—	142,063		142,063
Other long-term assets	3	723		726
Total assets	145,460	402,772	(124,928)	423,304
Liabilities and Equity				
Current Liabilities:				
Trade payables	—	31,161	—	31,161
Due to related parties, net	—	357	—	357
Accrued and other current liabilities	530	60,062	7,020 (P)	58,971
			(6,541) (Q)	
			(2,100) (S)	
Total current liabilities	530	91,580	(1,621)	90,489
Long-term debt, net		361,890	(50,000) (D)	311,890
Other long-term liabilities		13,944	(1,642) (N)	12,302
Warrant liability	16,467	—	—	16,467
Deferred underwriting fee payable	5,031	—	(5,031) (E)	—
Tax receivables liability		—	— (N)	—
Deferred income taxes, net	—	10,197	(7,035) (N)	3,162
Total liabilities	22,028	477,611	(65,329)	434,310
Commitments and Contingencies				
Class A common stock subject to possible redemption	145,218	—	(145,218) (I)	—
Stockholders' Equity				
Common stock	1	3	4 (J)	8
Additional paid-in capital	—	239,722	72,680 (M)	312,402
Retained earnings (accumulated deficit)	(21,787)	(314,564)	21,787 (O)	(315,043)
			(7,020) (P)	
			6,541 (Q)	
Non-controlling interest		—	(8,373) (L)	(8,373)
Total Equity	(21,786)	(74,839)	85,619	(11,006)
Total liabilities, Commitments, and Stockholders' Equity	\$ 145,460	\$ 402,772	\$ (124,928)	\$ 423,304

PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(UNAUDITED)

(in thousands, except share and per share data)	Seaport Global Acquisition Corp. (Historical)	Redwood Intermediate LLC (Historical)	Pro Forma Adjustments	Combined Pro Forma
Net revenue	\$ —	\$ 216,372	\$ —	\$ 216,372
Operating expenses:				
Product cost	—	83,602		83,602
Direct operating	—	98,440		98,440
Marketing	—	10,743		10,743
General and administrative	1,416	41,424	— (AA)	42,840
Depreciation and amortization	—	81,317		81,317
Total operating expenses	1,416	315,526		316,942
Operating loss	(1,416)	(99,154)		(100,570)
Other expense, net				
Interest income from securities held in trust account	24	—	(24) (BB)	—
Transaction costs allocable to warrant liability	—	—		—
Compensation expense — private placement warrants	—	—		—
Change in fair value of warrant liability	855	—		855
Interest and other expense, net	—	(24,687)	3,875 (CC)	(20,812)
Total other income (expense), net	879	(24,687)	3,851	(19,957)
Loss before income taxes	(537)	(123,841)	3,851	(120,527)
Income tax expense (benefit)	—	(30,903)	23,768 (DD)	(7,135)
Net loss	\$ (537)	\$ (92,938)	\$ (19,917)	\$ (113,392)
Net loss attributable to non-controlling interest			(86,256) (EE)	(86,256)
Net loss attributable to controlling interest	\$ (537)	\$ (92,938)		\$ (27,136)
Weighted average shares outstanding, Class A redeemable common stock	14,375,000	N/A		
Basic and diluted loss per share, Class A redeemable common stock	\$ (0.03)	N/A		
Weighted average shares outstanding, Class B non-redeemable common stock	3,593,750	N/A		
Basic and diluted loss per share, Class B non-redeemable common stock	\$ (0.03)	N/A		
Weighted average shares outstanding, basic and diluted		30,839,870		45,388,516
Basic and diluted loss per share		\$ (3.01)		\$ (2.50)
Weighted average shares outstanding, basic and diluted, attributable to controlling interest			(GG)	10,862,028
Basic and diluted loss per share, attributable to controlling interest				\$ (2.50)

PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

(UNAUDITED)

(in thousands, except share and per share data)	Seaport Global Acquisition Corp. (Historical) (As Restated)	Redwood Intermediate LLC (Historical)	Pro Forma Adjustments	Combined Pro Forma
Net revenue	\$ —	\$ 546,191	\$ —	\$ 546,191
Operating expenses:				
Product cost	—	220,999		220,999
Direct operating	—	167,090		167,090
Marketing	—	21,214		21,214
General and administrative	192	62,235	7,020	(AA), (FF) 69,447
Depreciation and amortization	—	136,838		136,838
Total operating expenses	192	608,376	7,020	615,588
Operating loss	(192)	(62,185)	(7,020)	(69,397)
Other expense, net:				
Interest income from securities held in trust account	7	—	(7)	(BB) —
Transaction costs allocable to warrant liability	(861)	—		(861)
Compensation expense - private placement warrants	(2,298)	—		(2,298)
Change in fair value of warrant liability	5,441	—		5,441
Interest and other expense, net	—	(32,522)	4,847	(CC) (27,675)
Total other income (expense), net	2,289	(32,522)	4,840	(25,393)
Income (loss) before income taxes	2,097	(94,707)	(2,180)	(94,790)
Income tax expense (benefit)	—	(25,204)	19,450	(DD) (5,754)
Net income (loss)	\$ 2,097	\$ (69,503)	\$ (21,630)	\$ (89,036)
Less: Net loss attributable to non-controlling interest	—	—	(67,729)	(EE) (67,729)
Net income (loss) attributable to controlling interest	\$ 2,097	\$ (69,503)		\$ (21,307)
Weighted average shares outstanding, Class A redeemable common stock	2,605,469	N/A		
Basic and diluted loss per share, Class A redeemable common stock	\$ 0.34	N/A		
Weighted average shares outstanding, Class B non-redeemable common stock	3,593,750	N/A		
Basic and diluted loss per share, Class B non-redeemable common stock	\$ 0.34	N/A		
Weighted average shares outstanding, basic and diluted		27,906,742		45,388,516
Basic and diluted loss per share		\$ (2.49)		\$ (1.96)
Weighted average shares outstanding, basic and diluted, attributable to controlling interest				(GG) 10,862,028
Basic and diluted loss per share, attributable to controlling interest				\$ (1.96)

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**Note 1 — Basis of Presentation**

The unaudited pro forma condensed combined financial information has been adjusted to give effect to transaction accounting adjustments related to the Business Combination linking the effects of the Business Combination to the historical financial information.

The Transaction will be accounted for as a reverse recapitalization in accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic 805, Business Combinations. Redwood Intermediate has been determined to be the accounting acquirer as Redwood Intermediate's sole owner before the Business Combination will retain a controlling financial interest after the Business Combination. Under the reverse recapitalization model, the Business Combination will be treated as Redwood Intermediate issuing equity for the net assets of Seaport, with no goodwill or intangible assets recorded.

The pro forma adjustments have been prepared as if the Business Combination had been consummated on September 30, 2021, in the case of the unaudited pro forma condensed combined balance sheet, and on January 1, 2020, the beginning of the earliest period presented, in the case of the unaudited pro forma condensed combined statements of operations.

Note 2 — Transaction Accounting Adjustments**Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2021**

The pro forma adjustments included in the unaudited pro forma condensed combined balance sheet as of September 30, 2021 are as follows:

- (A) Represents pro forma adjustments to the cash balance to reflect the following:

		September 30, 2021
Cash and investments held in trust account	(B)	\$ 145,218
Payment of estimated transaction fees	(C)	(8,407)
Prepayment of outstanding facility loans	(D)	(50,000)
Payment of deferred underwriting fees	(E)	(5,031)
Proceeds from PIPE Investment	(F)	50,000
Actual redemptions of Seaport public shares	(G)	(124,724)
Proceeds from issuance of Backstop Agreements shares	(G)	20,160
Total	(A)	\$ 27,216

- (B) Reflects the reclassification of \$145.2 million of cash and investments held in the Trust Account that becomes available following the Business Combination, prior to the effect of actual redemptions.
- (C) Represents estimated transaction costs incurred by Redwood Intermediate of approximately \$8.4 million for advisory, banking, printing, legal, and accounting fees that are capitalized as a part of the Business Combination. The unaudited pro forma condensed combined balance sheet reflects these costs as a reduction of cash of \$8.4 million with a corresponding decrease in additional paid-in capital. These costs are not included in the unaudited pro forma condensed combined statement of operations as they are nonrecurring.
- (D) Reflects the repayment of Redwood Intermediate debt which consists of outstanding Credit Facility Loans, in accordance with amount stipulated in the Business Combination Agreement. After giving effect for actual redemptions, the Company prepaid \$50.0 million of outstanding facility loans, which consists of an approximate \$15.0 million revolver repayment and a \$35.0 million term loan payoff.
- (E) Represents underwriting expenses that were paid upon completion of the Business Combination in the amount of \$5.0 million.

- (F) Seaport entered into subscription agreements with certain investors (collectively, the “PIPE Investors”). Pursuant to the agreements, the PIPE Investors collectively subscribed to purchase shares of Class A common stock for an aggregate amount of \$50,000,000, which represents 5,000,000 shares of Seaport Class A common stock.
- (G) Reflects actual redemptions based on minimum cash required to be maintained by Seaport as a condition in the Business Combination Agreement, net of par value of common stock. Actual redemptions resulted in approximately \$124.7 million in initial share redemption cash payments, from the redemption of 12,346,223 Seaport public shares. Total cash received subsequent to actual redemptions was \$90.7 million, which is the sum of \$20.5 million from the public shares, \$50.0 million from the PIPE Investment, and \$20.2 million from shares issued under the Backstop Agreements. Under the Backstop Agreements, 1,995,989 shares of Seaport Class A common stock, par value \$0.0001 per share, were issued for cash proceeds of \$20.2 million. Concurrently, a \$50.0 million debt paydown was made resulting in approximately \$53.9 million cash available prior to transaction fees.
- (H) Reflects the exchange of 32,770,000 shares of Redwood Intermediate Common Units for Class A common stock of Seaport.
- (I) Reflects actual redemptions, in which 12,346,223 shares of Seaport Class A common stock subject to possible redemption were redeemed for an aggregate payment of \$124.7 million, based on an estimated redemption price of \$10.10 and \$0.0001 par value. The remaining shares not redeemed were transferred to permanent equity.
- (J) Represents pro forma adjustments to Seaport and Redwood Intermediate, equity to reflect the following:

		<u>September 30, 2021</u>
Issuance of Seaport Class A common stock pursuant to PIPE Investment	(F)	\$ 1
Actual redemption of Seaport public shares	(G)	(1)
Issuance of Backstop Agreement Shares	(G)	—
Recapitalization of Redwood Intermediate Common Units to Class A common stock of Seaport	(H)	3
Reclassification of Seaport Class A common stock subject to redemption	(I)	1
Total	(J)	\$ 4

- (K) Reflects the reclassification of 3,593,750 shares of Class B common stock. The shares of Class B common stock automatically converted into shares of Class A common stock at the time of the Business Combination on a one-for-one basis.
- (L) Represents the allocation of net assets to the non-controlling interests, which are primarily due to the retained interests of the sellers. Adjustments result in total non-controlling interest of the Sellers of 76.1%. The non-controlling interest percentage was calculated using Redwood Intermediate rollover shares and certain Backstop Agreement shares purchased by related parties of the Company, after giving affect for actual redemptions.
- (M) Represents pro forma adjustments to additional paid-in capital to reflect the following:

		September 30, 2021
Payment of estimated transaction fees for Redwood Intermediate	(C)	\$ (8,407)
Reclassification of previously paid estimated transaction fees	(R)	(485)
Proceeds from PIPE Investment	(F)	50,000
Actual redemption of Seaport public shares	(G)	(124,723)
Issuance of Backstop Agreement shares	(G)	20,159
Recapitalization of Redbox Common Units to Class A common stock of Seaport	(H)	(3)
Reclassification of Seaport Class A common stock subject to redemption	(I)	145,217
Reclassification of Seaport Class B common stock	(K)	—
Non-controlling interest	(L)	8,373
Reclassification of Seaport’s historical retained earnings	(O)	(21,787)
Deferred tax asset	(N)	4,336
Total	(M)	\$ 72,680

(N) Represents adjustment of \$(4.3) million to reflect elimination of prepaid U.S. federal and state income taxes of Redwood Intermediate. Redwood Intermediate is a disregarded entity for U.S. federal income tax purposes and receives an allocation of income taxes using the separate return method as it is a member of a consolidated c-corporation return filing group. \$5.9 million remains in the income tax receivable account as it was received prior to the consummation of the transaction and retained by Redwood Intermediate. Upon completion of the Business Combination, Redwood Intermediate will be taxable as a partnership for U.S. federal income tax purposes. It will not be subject to U.S. federal or state income taxes and the prior consolidated tax return parent will retain the prepaid income taxes and deferred taxes previously allocated to Redwood Intermediate.

Represents adjustment to the liability for unrecognized tax benefits allocable to Seaport of \$(1.6) million after giving effect for actual redemptions.

Represents elimination of the deferred tax liability previously allocated to Redwood Intermediate upon completion of the Business Combination as it will no longer be subject to U.S. federal and state income taxes as well as establishment of a deferred tax liability of Seaport primarily related to the difference between the financial statement and tax basis in Redwood Intermediate partnership. The \$(7.0) million adjustment to the deferred tax liability is assuming: (1) the GAAP balance sheet as of September 30, 2021 as adjusted for pro forma entries described herein, (2) estimated tax basis as of September 30, 2021, (3) a \$34.6 million valuation allowance on outside basis differences in the Company’s investment in the Redwood Intermediate partnership established in connection with the Business Combination, (4) a constant federal income tax rate of 21% and a state tax rate of 4.2% (net of any federal benefit), and (5) no material changes in tax law. The recorded valuation allowance relates to a portion of the Company’s tax basis in excess of GAAP basis in its Redwood Intermediate partnership for which the Company believes it is not more likely than not that it will realize the tax benefit in the future.

In connection with the Business Combination, Redwood Holdco and Redwood Intermediate entered into a tax receivable agreement (the “Tax Receivable Agreement”) with Seaport Global SPAC, LLC (“Sponsor”) and the Company. Under the terms of the Tax Receivable Agreement, the Company generally will be required to pay to Redwood Holdco 85% of the tax savings, if any, that the Company realizes as a result of basis in certain assets existing at the time of the Business Combination and tax attributes that benefit the Company as a result of their right to exchange retained Redbox Common Units.

The Company has not recorded the liability or related deferred tax assets as of the Business Combination date as the liability is not deemed probable. The amounts payable under the Tax Receivable Agreement will vary depending upon a number of factors, including the amount, character, and timing of the taxable income of the Company in the future. If the valuation allowance recorded against the deferred tax assets applicable to the tax attributes referenced above is released in a future period, the Tax Receivable Agreement liability may be considered probable at that time and recorded within earnings.

Future exchanges by Redwood Holdco of Redbox Common Units will give rise to an adjustment to Redwood Intermediate’s tax basis in the direct and indirect assets of Redwood Intermediate, LLC pursuant to Section 743(b) of the Code for which the majority of such tax basis will be amortizable over 15 years. The amortization of Redwood

Intermediate's tax basis will result in a tax benefit for the Company in which 85% of the tax benefit will be required to be paid to Redwood Holdco and give rise to a liability under the Tax Receivable Agreement.

The Tax Receivable Agreement is accounted for as a contingent liability with amounts accrued when deemed probable and estimable. As the Business Combination will be accounted for as reverse recapitalization, the initial recognition of the Tax Receivable Agreement liability at the completion of the Business Combination, net of deferred tax asset recognized, will be treated as a capital transaction, with a corresponding adjustment to additional paid-in capital, based on the estimate of the aggregate amount that the Company will pay under the Tax Receivable Agreement. A deferred tax asset is recorded to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. All of the effects of changes in any of the estimates after the date of the purchase will be included in the Company's net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in the Company's net income. Future increases of the Tax Receivable Agreement liability as a result of additional exchanges of Redbox Common Units for Class A common stock, net of related deferred taxes, will be recognized as capital transactions, with an adjustment to additional paid-in capital, at the time of such exchanges.

- (O) Reflects reclassification of Seaport's historical retained earnings (accumulated deficit).
- (P) Reflects the payment of management fees related to a long-term cash incentive plan, which are not direct incremental costs in accordance with SEC Staff Accounting Bulletin (SAB) Topic 5A — "Expenses of Offering". Represents \$7.0 million of management fees that are not capitalized as a part of the Business Combination. These costs were classified as an expense and included in the unaudited pro forma condensed combined statement of operations, with a corresponding adjustment to accrued and other current liabilities.
- (Q) Reflects the repayment of Redwood Intermediate debt which consists of outstanding Credit Facility Loans, in accordance with amount stipulated in the Business Combination Agreement, as of January 1, 2020. Total represents reclassification of accrued interest payable, deferred financing fees and taxes payable associated with the repayment. After giving effect for actual redemptions, the pro forma adjustment includes a \$8.7 million reduction to accrued interest payable and deferred financing fees, \$2.2 million increase to taxes payable and corresponding \$6.5 million increase in retained earnings. Assumptions include total debt repayment of \$50.0 million after giving effect to actual redemptions, and the reversal of outstanding accrued interest and deferred financing fees at repayment.
- (R) Represents estimated transactions costs incurred by Redwood Intermediate of approximately \$485,000 for advisory, banking, printing, legal, and accounting fees that are capitalized as a part of the Business Combination. The fees were previously paid prior to September 30, 2021. The unaudited pro forma condensed combined balance sheet reflects these costs as a reduction to deferred transaction costs with a corresponding decrease in additional paid-in capital. These costs are not included in the unaudited pro forma condensed combined statement of operations as they are nonrecurring.
- (S) Reflects the reclassification of costs incurred by Redwood Intermediate of approximately \$2.1 million for advisory, banking, printing, legal, and accounting fees that are capitalized as a part of the Business Combination. The fees were previously classified as deferred transaction costs and included in estimated transaction fees paid in the unaudited pro forma condensed combined balance sheet. The unaudited pro forma condensed combined balance sheet reflects these costs as a reduction to deferred transaction costs with a corresponding decrease in accrued and other current liabilities. These costs are not included in the unaudited pro forma condensed combined statement of operations as they are nonrecurring.

Adjustments to the Unaudited Pro Forma Condensed Combined Statements of Operations for the Nine Months Ended September 30, 2021 and the Year Ended December 31, 2020

The pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2021 and for the year ended December 31, 2020 are as follows:

- (AA) \$192 for the year ended December 31, 2020 and \$1.4 million for the nine months ended September 30, 2021 represent historical expenses related to Seaport's general administrative services pursuant to the Administrative Support Agreement, which terminated upon consummation of the Business Combination. These are nonrecurring expenses that will not recur subsequent to the consummation of the Business Combination.

- (BB) Represents pro forma adjustment to eliminate investment income related to the investment held in the Trust Account.
- (CC) Represents pro forma adjustment to eliminate historical expenses regarding Redwood Intermediate debt, including interest expense, amortization of deferred financing fees, and write-off of unamortized deferred financing fees. For the nine months ended September 30, 2021, the pro forma adjustment includes the elimination of \$3.6 million of interest expense and \$257,000 of debt financing fees. For the year ended December 31, 2020, the pro forma adjustment includes the elimination of \$4.3 million of interest expense and \$568,000 of debt financing fees. Assumptions include total debt repayment of \$50.0 million, the reversal of all expenses incurred associated with debt payments made during the periods presented and an annual interest rate of 9.25% incurred on debt payments for the nine months ended September 30, 2021 and 8.25% for the year ended December 31, 2020.
- (DD) Adjustment to eliminate the historical tax expense (benefit) of Redwood Intermediate and Seaport and to record the tax provisions of the combined entities on a pro forma basis using a pro forma effective tax rate of 5.9% for the nine months ended September 30, 2021. The effective tax rate varies from the statutory rate of 21% primarily due to the effect of non-controlling interest, state income taxes, permanent differences, tax credits generated and the impact of valuation allowance recorded.

	Pro Forma Combined	
	Tax Effect	%
Tax at statutory rate	\$ (25,311)	21.0 %
State income taxes	(4,996)	4.1 %
Effect of noncontrolling interest	23,029	(19.1)%
Change in warrant liability	(228)	0.2 %
Other	(225)	0.2 %
Change in valuation allowance	596	(0.5)%
	\$ (7,135)	5.9 %

Adjustment to eliminate the historical tax expense (benefit) of Redwood Intermediate and Seaport and to record the tax provisions of the combined entities on a pro forma basis using a pro forma effective tax rate of 6.1% for the year ended December 31, 2020. The effective tax rate varies from the statutory rate of 21% primarily due to the effect of non-controlling interest, state income taxes, permanent differences, tax credits generated and the impact of valuation allowance recorded.

	Pro Forma Combined	
	Tax Effect	%
Tax at statutory rate	\$ (19,906)	21.0 %
State income taxes	(3,934)	4.1 %
Effect of noncontrolling interest	18,595	(19.6)%
Change in warrant liability	(576)	0.6 %
Other	(557)	0.6 %
Change in valuation allowance	624	(0.7)%
	\$ (5,754)	6.1 %

However, the effective tax rate of the combined company could be different depending on post- Business Combination activities.

- (EE) The pro forma net loss was reduced by the non-controlling interest after giving effect for actual redemptions of 76.1% (calculated using Redwood Intermediate rollover shares and certain Backstop Agreement shares purchased by related parties of the Company):

(amounts in thousands)	Nine Months Ended September 30, 2021 Pro Forma Combined	Year Ended December 31, 2020 Pro Forma Combined
Pro forma net loss	\$ (113,392)	\$ (89,036)
Non-controlling interest percentage	76.1 %	76.1 %
Non-controlling interest pro forma adjustment	(86,256)	(67,729)
Net loss attributable to controlling interest	\$ (27,136)	\$ (21,307)

(FF) Reflects the payment of management fees related to a long-term cash incentive plan, which are not direct incremental costs in accordance with SEC Staff Accounting Bulletin (SAB) Topic 5A — “Expenses of Offering”. Represents \$7.0 million of management fees that are not capitalized as a part of the Business Combination. These costs were classified as an expense and included in the unaudited pro forma condensed combined statement of operations.

(GG) Weighted average shares outstanding, basic and diluted, attributable to controlling interests used in the calculation were the total pro forma 2,028,777 Seaport public stockholders shares, 1,995,989 backstop shares, 5,000,000 PIPE Investment shares, and 3,593,750 initial stockholders shares after giving effect for actual redemptions.

Loss per Share

Represents the net loss per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination, assuming the shares were outstanding since January 1, 2020. As the Business Combination is being reflected as if it had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire periods presented. When giving effect for actual redemption, this calculation is adjusted to eliminate such shares for the entire periods.

The unaudited pro forma condensed combined financial information for the year ended December 31, 2020:

	Year Ended December 31, 2020 Pro Forma Combined
Pro forma net loss (in thousands)	\$ (89,036)
Basic weighted average shares outstanding	45,388,516
Net loss per share, basic and diluted	\$ (1.96)

The unaudited pro forma condensed combined financial information for the period ended September 30, 2021:

	Period Ended September 30, 2021 Pro Forma Combined
Pro forma net loss (in thousands)	\$ (113,392)
Basic weighted average shares outstanding	45,388,516
Net loss per share, basic and diluted	\$ (2.50)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risk, assumptions and uncertainties, such as statements of our plans, objectives, expectations, intentions and forecasts. Our actual results and the timing of selected events could differ materially from those discussed in these forward-looking statements as a result of several factors, including those set forth under the section of this prospectus titled "Risk Factors" and elsewhere in this prospectus. You should carefully read the "Risk Factors" to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section of this prospectus titled "Cautionary Note Regarding Forward-Looking Statements."

The discussion and analysis should also be read together with the unaudited pro forma financial information for the year ended December 31, 2020 and the nine months ended September 30, 2021. See "Unaudited Pro Forma Condensed Combined Financial Information" included elsewhere in this prospectus. Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "we", "our", "us", "Redbox" and the "Company" refer to the business and operations of Redwood Intermediate, LLC and its consolidated subsidiaries prior to the Business Combination and to Redbox Entertainment Inc. and its consolidated subsidiaries, following the consummation of the Business Combination.

Overview

Redbox is an established brand and leading provider in the home entertainment market in the United States. The Company is focused on providing its customers with the best value in entertainment and the most choice in how they consume it, through physical media and/or digital services. Redbox is undergoing a significant business expansion and digital transformation. The Company has transitioned from a pure-play DVD rental company to a multi-faceted entertainment company that provides tremendous value and choice by offering DVD rentals as well as multiple digital products across a variety of content windows including transactional (TVOD), ad-supported (AVOD), subscription (SVOD), and being a distributor of feature films with a growing library of original content. Redbox currently conducts its business through two operating segments: (1) Legacy Business and (2) Digital Business.

For its Legacy Business, the Company operates a nationwide network of approximately 40,000 self-service kiosks where consumers can rent or purchase new-release DVDs and Blu-ray Discs™ ("movies"). The Company also generates service revenue by providing installation, merchandising and break-fix services to other kiosk businesses. Finally, the Company also produces, acquires, and distributes movies exclusively through its film distribution label, Redbox Entertainment, LLC, providing rights to talent-led films that are distributed across Redbox services as well as through third party digital services. For its Digital Business, the Company provides both transactional and ad-supported digital streaming services, which include 1) Redbox On Demand, a transactional service which provides digital rental or purchase of new release and catalog movies and TV content, 2) Redbox Free On Demand, an ad-supported service providing free movies and TV shows on demand, and 3) Redbox Free Live TV, a free, ad-supported television service giving access to over 100 linear channels.

Redbox Legacy Business

Redbox's mission has always been to make it ridiculously cheap and easy for customers to get the home entertainment they want. Redbox provides exceptional customer value with new release movie disc rentals priced at \$2 or less a night, about one-third of the cost of a digital rental, which are typically \$5.99 or more on digital retail platforms including Redbox On Demand. Customers have the flexibility to rent a movie from one location and return their rental to any kiosk. Kiosks are located primarily at grocery stores, mass retailers, drug stores, dollar retailers, and convenience stores. With approximately 33,000 locations and more than 150 retail partners, consumers have convenient access to kiosks as part of their routine shopping experiences. Revenue is generated primarily through the fees charged to rent or purchase a movie, and Redbox pays retailers a percentage of the revenue generated at the Redbox kiosks installed at their locations. The Company obtains content through revenue sharing agreements and license agreements with major studios as well as through direct purchases from independent distributors and other suppliers.

With a loyal, differentiated customer base comprised of more than 40 million individuals, the business also benefits from tremendous customer scale and an expansive marketing reach. Redbox's customers are value-conscious, love movies and entertainment, and tend to be late-adopters of new technology. Given the scale of the existing customer base, the Company has built a sizable marketing program that includes approximately 46 million e-mail subscribers, approximately 6 million SMS subscribers,

approximately 45 million mobile app downloads, and an estimated 400 million weekly impressions at retail. In addition, Redbox has built a unique asset in its loyalty and rewards program, Redbox Perks, which currently boasts 40 million members. Customers earn points for their rentals or purchases and can use those points for free rentals in the future. This tiered loyalty program gives the Company the ability to reward their most loyal and valuable customers while providing a currency for incenting increased transaction frequency and other behaviors, such as downloading the Redbox app or trying new products and services. Redbox Perks is a vehicle to provide greater value to value-conscious customers and is central to its marketing and customer strategy. The program is a differentiator in the market and competitive advantage for Redbox.

Redbox has also established Redbox Entertainment, LLC as a movie distribution label through which the Company acquires North American rights and distributes feature films through Redbox kiosks, Redbox On Demand, third party digital transactional platforms and other streaming services. Redbox Entertainment not only acquires rights to finished films but also commits to slate deals for movies to be produced, giving the Company input on scripts and/or talent. The Company is able to generate meaningful gross profit from these films through promotional initiatives on its own platform and by selling downstream rights to subscription streaming services. And, because the Company is acquiring long term exclusive rights to these films, Redbox is building a content library which can be used on its Free On Demand (AVOD) and Free Live TV (FLTV) services or further licensed to other streaming platforms in later windows.

In addition, Redbox Entertainment benefits from the Company's robust rental data and insights into what titles and talent will perform. The Company has released a number of films since 2019 and aims to ramp to releasing 3 new movies per month. The Company has already announced a slate deal with John Wick producer, Basil Iwanyk, committing to 12 action/thriller films over the next several years.

Finally, Redbox has a service business, which employs a team of more than 1,000 best-in-class field workers nationwide to manage kiosk installation, merchandising and break-fix services. In addition to maintaining Redbox's kiosks, the Company's service team also supports other kiosk businesses. The Company has service agreements with multiple companies that have national and regional kiosk networks and since June of 2020, Redbox has been the primary vendor for Amazon to service their expanding Amazon locker locations. The service business helps mitigate the operational costs of the DVD business while generating incremental margin dollars.

Redbox Digital Business

Redbox is rapidly expanding its digital products and leveraging its customer and marketing scale to grow these businesses. The Company is building a digital ecosystem that consumers can use as a one stop shop for their entertainment needs by engaging with a variety of digital video services within the Redbox app in an integrated, easy-to use format. This simplifies the customer experience, drives multi-product adoption, and minimizes customer churn. These services span multiple business models including transactional, ad-supported, and in the near future, subscription. The Company's digital products are available to stream across web browsers, mobile devices, and almost every major consumer device, including streaming media players such as Roku and Apple TV, TV's such as Samsung, LG, AndroidTV, and VIZIO, and gaming consoles like Xbox and PlayStation.

In December 2017, the Company launched Redbox On Demand, a digital transactional video-on-demand service (TVOD), allowing customers to rent or buy new release and catalog digital movies and television episodes, with new release prices typically ranging from \$5.99 to \$24.99 and catalog movies from \$1.99 to \$3.99, not including any discounts. Since 2020, customers have also been able to digitally rent movies that are still in theaters, which is known as Premium Video-On-Demand (PVOD). Customers pay a transactional fee to rent or buy content while earning Redbox Perks loyalty points every time they transact. Redbox On Demand has seen rapid growth and adoption with over 3 million customers. That growth has been fueled primarily through leveraging the Company's own marketing channels including e-mail and SMS and offering rewards points or promos to drive digital customer acquisition. The Company's marketing reach and existing customer base has resulted in extremely low customer acquisition costs of approximately \$3.00, generating rapid digital adoption while keeping overall marketing expense relatively low.

In February 2020, the Company launched Redbox Free Live TV (FLTV), an ad-supported digital linear television service, as a complement to the existing transactional On Demand service. With over 100 linear channels and growing, including three Redbox branded and programmed channels, Free Live TV gives customers the opportunity to channel surf and find content that interests them. One of the Redbox-branded channels, the Redbox Free Movie Channel, is also currently syndicated to the Roku Channel, LG Channels Plus and Vizio Watchfree services, which drives greater viewership and revenue, and the Company has plans to syndicate this channel to additional services. Free Live TV has already seen significant adoption with more than 8 million users in the first 12 months.

Redbox also recently launched an ad-supported Free On Demand service (AVOD) in December 2020. AVOD gives consumers complete control over when they watch and with the growth of Redbox's AVOD library, which is now at more than 5,000 movies and TV episodes, consumers have a broad amount of content to choose from. The ad-supported services (FLTV and AVOD) have seen strong growth in engagement as new titles are added and awareness of the offering grows.

The Company is also developing a subscription channels product (SVOD channels), which will give consumers the opportunity to subscribe to multiple third party premium SVOD channels through the Redbox app. Premium SVOD channels will be merchandised alongside the new release transactional content and free ad-supported on demand content. Redbox will simplify the sign-in, content discovery, and billing process for customers by providing an integrated solution through the Redbox app. Further, the Company intends to provide additional value to its customers through bundled offers with loyalty points and/or promotions for discounts at the kiosk to drive customer acquisition and retention.

Finally, Redbox operates a media advertising business which monetizes hundreds of millions of monthly display ad impressions across the mobile app, web, e-mail and kiosk network. The Company drives advertising revenue through a mix of programmatic advertising and direct sales. Direct ad sales for the media above as well as video advertising for Free On Demand and FLTV are driven by an internal sales team and a strategic sales partnership with Screenvision and the Palomino Media Group.

Growth Strategy

Redbox's transformation into a multi-faceted entertainment company creates multiple areas for future growth. The Company's expansion into both the AVOD and SVOD markets allow Redbox to participate in a very large and rapidly growing market. The Company is well positioned for long-term value creation through its focus on:

Accelerating AVOD adoption. Redbox projects rapid growth for the Company's ad-supported service through increased investment in licensed content to expand the Free Live TV and Free On Demand content offerings. Through increased content volume and licensing of higher profile content, the Company expects to drive higher engagement and more hours watched per customer. Further, this improved content is expected to drive an increase in new customers, accelerating the business while maintaining a reasonable customer acquisition cost.

Launching SVOD channels platform. The launch of Redbox's SVOD channels service will become another meaningful revenue stream. Redbox will act as the merchant of record, collecting 100% of the subscription revenue before paying the SVOD channel owner's revenue share. By providing access to multiple SVOD channel options, customers can easily subscribe to one or more SVOD services all within the context of the Redbox app, and Redbox can easily merchandise the third party SVOD content and service via the approximately 45 million Redbox app downloads on mobile devices, streaming media players, game consoles, and connected televisions.

Growing multi-product customers. Redbox will grow multi-product customers through increasing customer acquisition marketing and spend across streaming device partners, marketing at the kiosk, and other external paid media. The Company has relied primarily on internal e-mail and SMS channels to drive customer acquisition. Thus, increased spend and attention via these additional channels with more content and services offered, will drive greater customer growth. Redbox will also continue to invest in driving multi-product customer adoption through improved CRM, greater personalization and targeted use of promotions to create more personalized customer funnels to encourage users to trial and adopt other digital services within the Redbox app.

Ramping Redbox Entertainment. Redbox Entertainment drives additional revenue in two ways. First, it provides more content for the kiosk, On Demand and the ad-supported offerings; secondly, it generates revenue from distributing and licensing to other streaming platforms. Redbox expects to ramp the number of releases to 36 a year. The number of releases will naturally ramp as committed titles complete production and are delivered and the pipeline continues to grow.

Impact of COVID-19 and Emerging Industry Trends

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. Public and private sector policies and initiatives to reduce the transmission of COVID-19 have varied significantly across the United States ("U.S."). Throughout most of the first nine months of 2021, a significant percentage of the U.S. population was subject to meaningful restrictions on activities, which included limitations on the operation of non-essential businesses including retail operations, requirements that individuals remain in or close to their homes, school closures, theater closures, limitations on large gatherings, travel restrictions and other policies to promote or enforce physical distancing. These restrictions may not only impact how the Company's

customers use its products and services but also affect content production, release and distribution. As a result of these restrictions, many consumers subscribed to additional streaming services to satisfy their content needs as the number of new release movies, released theatrically and through home entertainment, decreased dramatically. During 2020 and the first nine months of 2021, the Company experienced a decline in physical movie rentals, due in part to a significant decline in new movie releases and theater closures along with governmental and retail store restrictions. The Company's On Demand transactional offering is also dependent on new releases, albeit at a lesser level than the physical business as the On Demand platform has a larger catalog offering. In the second half of 2020 and into 2021, the growth potential of Redbox On Demand has been negatively impacted by fewer new releases driven by changes in release strategy by studios throughout the pandemic. The Company continues to monitor and evaluate the impact of this health crisis on its business given that the duration is still unknown and public policy actions continue to evolve. Accordingly, due to the evolving and uncertain nature of this situation, the Company is not able to estimate the full extent of the impact on its operating results, cash flows and financial position, particularly over the near to medium term. The Company will also be closely monitoring the impact of COVID-19 on its customers, employees, and vendors, including, retail and studio partners.

As a result of temporary theater closures in 2020 and 2021 due to the COVID-19 pandemic, studios and content producers either delayed the release of movies into future periods or experimented with alternative release strategies which altered the typical window cadence. One alternative release method, albeit limited in its scope, was to sell movies directly to subscription services for exclusive release on their respective platforms. As a result, these titles were not available through a traditional transactional On Demand window, thus leading to fewer new release titles available to the Company. However, as studios continue to evolve their window release strategies, more and more studios are retaining their home entertainment distribution rights despite the initial sale of a title to a streaming service. This will allow Redbox to make the movie available for rental through the kiosk and possibly On Demand at a later date. The Company expects studios to sell titles directly to streaming services from time to time, but may be less likely going forward with the reopening of theatrical exhibitors and the opportunity to achieve higher returns for both studios and artists. As a result, recently a number of titles either were pushed to release theatrically later in 2021 or into 2022. Due to the delay from theatrical to home entertainment, most of these title shifts from 2021 to 2022 did not impact Redbox's release expectations for 2022, but may delay the quarter in which Redbox is able to release a title physically or digitally. The Company is further mitigating the impact of titles sold exclusively to subscription services by building out a library of content via its Redbox Entertainment label. Redbox Entertainment titles are available physically and digitally on Redbox platforms and will also be monetized across other platforms.

The second alternative release strategy that emerged was a simultaneous release on a studio's digital platform as well as theatrical release to provide optionality to those customers who were not ready to return to the theater. Most of these titles release transactionally at the kiosk and on Redbox On Demand in a subsequent window.

The third alternative release is known as premium video on demand or "PVOD" which creates an early transactional window for an at-home digital theatrical release at a higher price point, typically \$19.99. The PVOD releases provided consumers a way to watch new releases at home while theaters remain shuttered. Redbox On Demand participates in and benefits from PVOD releases as it provides an early window option to Redbox customers as well at this higher price point.

The Company expects studios to return to a more normal release slate as COVID-19 restrictions continue to ease due to the relationship with theatrical exhibitors and the draw of higher margin potential. Theaters are seeing an increasing number of theatrical releases in the second half of 2021 versus the first half. Nevertheless, a number of titles have shifted into 2022 to allow for more theatrical markets to open around the world and for vaccination availability for children to be approved. The Company expects new release content to build back to pre-pandemic levels similar to the Company's 2019 release count, ramping up in Q4 2021 and fully normalizing in 2022. This expectation is based on known titles delayed from 2020 and 2021 which are planned for release in 2022. Studios who have previously released titles on streaming services on the same date as in theatres in 2021 have announced plans to return to theatrical windows of 45 to 90 days, before these titles go to home entertainment.

While the Company also expects ongoing competition from subscription services, this provides opportunity for Redbox as it builds a subscription channels platform in 2022 to allow for the sale of these services through the Redbox apps. Further, the Company will also continue to build out its digital offerings such as both linear and on demand ad-supported content to provide more options for customers to consume content at varying price points including free with ads. The Company believes that the complement of digital services creates greater utility to its customers and makes the offering more competitive relative to more focused streamers, while also reducing the reliance on content in a single content window.

Comparability of Financial Information

The Company's future results of operations and financial position may not be comparable to its historical results as a result of the business combination.

The Business Combination

On May 16, 2021, the Company became a party to the Business Combination Agreement with Seaport Global Acquisition Corp. ("SGAC" or "Seaport") (a publicly traded special purpose acquisition company). Following the closing of the Business Combination, the combined company is organized in an "Up-C" structure in which the business of Redbox is held by Redbox and its subsidiaries, and the Company's only material direct asset consists of equity interests in Redbox (the "Business Combination").

The Business Combination closed on October 22, 2021. The Business Combination is accounted for as a reverse recapitalization in accordance with US GAAP. Under the guidance in ASC 805, *Business Combinations*, Seaport is treated as the "acquired" company for financial reporting purposes. This determination was primarily based on the existing controlling equity holder of Redbox having 72.2% of the voting power of the combined company (and one of its affiliates having an additional 3.9% of the voting power of the combined company) and the operations of Redbox and its subsidiaries constituting the only ongoing operations of the combined company. The result of the transaction transformed the Company into a publicly traded entity on Nasdaq under the ticker symbol "RDBX".

The Business Combination will have a significant impact on the Company's future reported financial position and results as a consequence of the reverse recapitalization. The most significant changes in Redbox's future reported financial position and results will be an estimated net increase in cash (as compared to Redbox's consolidated balance sheet at September 30, 2021 of \$40.4 million). In connection with the closing of the Business Combination, \$50.0 million of proceeds was used to pay down outstanding indebtedness under the Company's Senior Facilities. Transaction costs for the Business Combination are approximately \$13.9 million, of which \$5.0 million represents deferred underwriter fees related to SGAC's initial public offering. See "*Unaudited Pro Forma Combined Financial Information*" included elsewhere in this prospectus.

As a result of the Business Combination, the Company became the successor to an SEC registered and NASDAQ-listed company under the ticker symbol RDBX, which will require us to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. The Company expects to incur additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees, and additional internal and external accounting, legal and administrative resources. The Company estimates that these incremental costs will be approximately \$10.0 million per year.

Selected Financial Data and Key Metrics

The selected consolidated financial data below should be read in conjunction with the following MD&A and the consolidated financial statements and notes thereto appearing elsewhere in this prospectus. All references to rentals and net rental revenue presented within MD&A include physical and On Demand rentals and revenue, unless otherwise noted, respectively.

Management uses these non-GAAP financial measures internally for strategic decision-making, forecasting future results, and evaluating current performance. Management believes that the non-GAAP financial measures provide a more consistent comparison of its operating results and trends for the periods presented. These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP and reflect an additional way of viewing aspects of its operations that, when viewed with its GAAP results, provides a more complete understanding of factors and trends affecting its business. These non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures

calculated in accordance with GAAP. Refer to “Use of Non-GAAP Measures” below for discussion of this measure and related reconciliation.

Key Financial Measures Dollars in thousands	Nine Months Ended September 30,		Year ended December 31,		
	2021	2020	2020	2019	2018
Total net revenue	\$ 216,372	\$ 465,208	\$ 546,191	\$ 858,370	\$ 1,087,783
Product cost	\$ 83,602	\$ 187,865	\$ 220,999	\$ 359,880	\$ 439,523
Gross margin	\$ 132,770	\$ 277,343	\$ 325,192	\$ 498,490	\$ 648,260
Gross margin %	61.4%	59.6%	59.5%	58.1%	59.6%
Adjusted EBITDA	\$ (6,683)	\$ 109,775	\$ 113,776	\$ 195,649	\$ 292,046
Adjusted EBITDA as a % of net revenue	(3.1)%	23.6%	20.8%	22.8%	26.8%
Retail footprint					
Ending number of kiosks	38,632	40,539	40,026	41,420	41,597
Ending number of locations	32,751	34,070	33,661	34,758	34,743
Physical Theatrical Titles Released in Period	33	63	68	140	160

Seasonality

The Company has generally experienced seasonality in its rentals and revenue. Historically, greater demand over the holiday season typically results in higher rentals November through January. April has usually been a low rental month due, in part, to retail release timing in connection with the Academy Awards that historically has provided stronger content and resulted in higher rentals in March. September and October have been low rental months due, in part, to the beginning of the school year and the introduction of the new fall television season. Seasonal effects may be increased or decreased by the number of releases and the relative attractiveness of movie titles and their respective genres in a particular quarter or year, which may have lingering effects in subsequent periods. Significant recurring events, such as the Olympics, also have a negative impact on rentals as they compete with customer viewing interest for movie content and affect retail release timing, which aims to avoid such events.

Components of Results of Operations

Revenue

The Company generates revenue primarily through fees charged to rent or purchase a movie both physically and digitally. Revenue is presented net of promotional offerings provided to its consumers and any subsequent refunds. Revenue also consists of fees the Company earns in its service business for servicing and merchandising other kiosk businesses, digital advertising through its media Network business, as well as licensing fees it generates from selling downstream rights to subscription streaming services through its Redbox Entertainment label.

Product Cost

Product Cost primarily represents the amortization of the Company’s physical content library and digital revenue sharing costs. Amortization of the content library is calculated using rental decay curves based on historical performance of movies over their useful lives. Given the steepness of the rental decay curve, amortization on most of the content library is recorded on an accelerated basis with substantially all of the amortization expense recognized within the first year after a title’s release.

The content library mainly includes (1) the costs paid to studios and other vendors to acquire content including revenue share as applicable, (2) costs incurred to label, sort, and ship content to the Company’s kiosks for merchandising, (3) costs incurred to destroy content after use if required under contractual arrangements with studios and (4) indirect taxes, if applicable. For content the Company expects to sell, it determines an estimated salvage value. Content salvage values are estimated based on the historical sales activity. The cost of each title is capitalized and amortized to its estimated salvage value. The rental decay curves and salvage value of the Company’s content library are periodically reviewed and evaluated.

For movies acquired through the Company’s Redbox Entertainment label, costs include (1) the costs to acquire content, (2) manufacturing costs and (3) supply chain costs. These costs are capitalized as they are incurred and amortized in proportion to the

current year's revenue as a percentage of management's estimate of total ultimate revenue, not to exceed the life of the acquired rights. Ultimate revenue estimates are periodically reviewed and adjustments, if any, will result in changes to amortization rates.

Direct Operating

Direct Operating expense accounts primarily for (1) commissions the Company pays to its retailers, (2) credit card fees, (3) operations support to both merchandise and service its kiosks, and (4) consumer electronic device royalties, licensing and digital rights management fees and content delivery network fees for delivery of On Demand content.

Marketing

Marketing expenses represent the cost of online and offline marketing and public relations efforts in national and regional advertising. The Company's marketing efforts consist of various media programs, such as e-mail, text, mobile applications, social media, the Company's loyalty program and digital advertising. However, the Company also leverages the visibility provided by its expansive network of approximately 40,000 kiosks and partnership programs with retailers and consumer goods manufacturers to attract and retain new customers.

General and Administrative

General and administrative expenses consist primarily of executive management, business development, finance, management information systems, human resources, legal, facilities, risk management and administrative support for operations.

Depreciation and Amortization

Depreciation and other expenses consist of depreciation charges on the Company's installed kiosks as well as on computer equipment, leasehold improvements, and capitalizable costs for automobile leases and internally developed software related primarily to its customer-facing products.

Amortization expenses are related to the amortization of intangible assets. For further information on amortization, see *Note 4: Goodwill and Other Intangible Assets* in Redbox's *Notes to Consolidated Financial Statements* included elsewhere in this prospectus.

Results of Operations for the Nine Months Ended September 30, 2021 and 2020

Dollars in thousands	Nine Months Ended September 30,		Nine Months Ended September 30, 2021 vs 2020 YTD	
	2021	2020	\$	%
Net revenue	\$ 216,372	\$ 465,208	\$ (248,836)	(53.5)%
Product cost	83,602	187,865	104,263	55.5 %
Gross margin	\$ 132,770	\$ 277,343	\$ (144,573)	(52.1)%
Gross margin %	61.4 %	59.6 %	1.8	%
Operating expenses:				
Direct operating	98,155	133,861	35,706	26.7 %
Marketing	10,743	16,090	5,347	33.2 %
General and administrative	41,709	46,840	5,131	11.0 %
Depreciation and amortization	81,317	108,316	26,999	24.9 %
Operating loss	(99,154)	(27,764)	(71,390)	n.m.
Interest and other expense, net	(24,687)	(24,848)	161	0.6 %
Loss before income taxes	(123,841)	(52,612)	(71,229)	n.m.
Income tax benefit	(30,903)	(13,477)	17,426	n.m.
Net loss	\$ (92,938)	\$ (39,135)	\$ (53,803)	n.m.
Adjusted EBITDA ⁽¹⁾	\$ (6,683)	\$ 109,775	\$ (116,458)	(106.1)%
Ending number of kiosks	38,632	40,539	(1,907)	(4.7)%
Physical Theatrical Titles Released in Period	33	63	(30)	(47.6)%

n.m. not meaningful

(1) Refer to “Use of Non-GAAP Measures” below for discussion of this measure and related reconciliation.

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

Net Revenue. Net revenue was \$216.4 million, a decrease of \$248.8 million or 53.5%, compared to net revenue of \$465.2 million during the nine months ended September 30, 2020. Physical movie rentals were negatively impacted by the COVID-19 global pandemic due to a material decline in new movie releases available to consumers resulting from broad-based movie theater closures and a material slowdown in new productions, both beginning in March 2020. Studios either delayed the release of new movies into future periods or experimented with alternative release strategies, including selling movies directly to streaming services, which resulted in fewer titles being released at the kiosk. The material decline in new movie releases was compounded by regulatory restrictions on retail stores intended to prevent the spread of COVID-19, meaningfully reducing customer traffic. The timing of new releases impacts the amount of time within the fiscal year Redbox has to monetize a title. As titles release later in the year, the following fiscal year will benefit from the release. With a number of new releases occurring at the end of 2021, the bulk of the benefit will occur in 2022. The nine months ended September 30, 2021 experienced 47.6% fewer theatrical titles released at the kiosk physically versus the same period in 2020 as well as fewer titles flowing into the quarter from Q4 2020 versus Q4 2019. The decrease in revenue primarily resulting from the kiosk rental declines year over year, down 62.4%, is partially offset by a 4.2% increase in rental revenue per physical rental. Digital revenue was also negatively impacted by the lack of new releases in the period versus a year ago reflected by a decrease of 23.9% in revenue.

Product Cost. Product Cost was \$83.6 million, a decrease of \$104.3 million or 55.5% compared to the same period in 2020, due to variable cost savings from the reduction in new releases.

Gross Margin. Gross margin was \$132.8 million, a decrease of \$144.6 million or 52.1%, compared to gross margin of \$277.3 million for the nine months ended September 30, 2020, due to lower net revenue as discussed above.

Gross margin as a percentage of net revenue increased to 61.4% for the nine months ended September 30, 2021 as compared to 59.6% for the same period in 2020. In addition to the demand impacts on net revenue as discussed above, a number of factors, including growth of On Demand as percent of total business, individual studio release slates as well as timing of individual releases within the period and the mix of content performance depending on the source of content acquisition can impact margin.

Direct Operating Expenses. Direct Operating expenses were \$98.2 million, a decrease of \$35.7 million or 26.7% compared to the same period in 2020, due to decreases in variable expenses like credit cards fees and retailer revenue share driven by lower rentals, and reductions in supply chain expense related to fewer merchandising weeks due to fewer titles being released.

Marketing Expenses. Marketing expenses were \$10.7 million, a decrease of \$5.3 million or 33.2% compared to the same period in 2020, due to cost savings initiatives driven by the impact of the pandemic on top line revenue.

General and Administrative Expenses. General and administrative expenses were \$41.7 million, a decrease of \$5.1 million or 11.0% compared to the same period in 2020, due to cost saving initiatives driven by the impact of the pandemic on top line revenue.

Depreciation and Amortization. Depreciation and amortization decreased by 24.9% to \$81.3 million for the nine months ended September 30, 2021, compared to the same period in 2020 due to certain kiosks being fully depreciated.

Operating (Loss) Income. Operating loss for the nine months ended September 30, 2021 was (\$99.2) million compared to an operating loss of (\$27.8) million for the same period in 2020. The \$71.4 million decrease is primarily driven by the net revenue decrease as described above, partially offset by a decrease in direct operating costs.

Net Loss. Net loss was (\$92.9) million for the nine months ended September 30, 2021 compared to net loss of (\$39.1) million for the same period in 2020 reflecting the decrease in operating income discussed above, partially offset by lower income taxes for the year.

Adjusted EBITDA. Adjusted EBITDA was (\$6.7) million, a decrease of \$116.5 million, compared to Adjusted EBITDA of \$109.8 million for the same period in 2020. The decrease is primarily due to decreases in Legacy Business net revenue, partially offset by a decrease in product costs, direct operating costs due to variable direct cost savings and a decrease to both marketing and general and administrative spend through the Company’s cost savings initiatives.

Segment Discussion

Legacy Business

Results

Dollars in thousands	Nine Months Ended September 30,		Nine Months Ended September 30, 2021 vs 2020	
	2021	2020	\$	%
Net revenue	\$ 192,025	\$ 433,215	\$ (241,190)	(55.7)%
Adjusted EBITDA	(8,940)	106,133	(115,073)	(108.4)%
Adjusted EBITDA margin	(4.7)%	24.5 %		n.m.
Physical Theatrical Titles Released	33	63	(30)	(47.6)%
Physical Rentals (in thousands)	47,858	127,226	(79,368)	(62.4)%
Net kiosk rental revenue per physical rental	\$ 3.26	\$ 3.13	\$ 0.13	4.2 %

Net Revenue. Net revenue was \$192.0 million, a decrease of \$241.2 million or 55.7%, compared to net revenue of \$433.2 million during the nine months ended September 30, 2020. Physical movie rentals were negatively impacted by the COVID-19 global pandemic due to a material decline in new movie releases available to consumers resulting from broad-based movie theater closures and a material slowdown in new productions, both beginning in March 2020. Studios either delayed the release of new movies into future periods or experimented with alternative release strategies, including selling movies directly to streaming services, which resulted in fewer titles being released at the kiosk. The material decline in new movie releases was compounded by regulatory restrictions on retail stores intended to prevent the spread of COVID-19, meaningfully reducing customer traffic. The timing of new releases impacts the amount of time within the fiscal year Redbox has to monetize a title. As titles release later in the year, the following fiscal year will benefit from the new release. With a number of new releases occurring at the end 2021, the bulk of the benefit will occur in 2022. The Company experienced 47.6% fewer theatrical titles released at the kiosk physically versus the same period in 2020. The decrease in revenue primarily resulting from the kiosk rental declines year over year, down 62.4%, is partially offset by a 4.2% increase in rental revenue per physical rental.

As COVID-19 restrictions begin to ease, the Company expects studios to continue to sell titles directly to streaming services from time to time, but may be less likely going forward with the reopening of theatrical exhibitors and the opportunity to achieve higher returns for both studios and artists. As a result, recently a number of titles either were pushed to release theatrically later in 2021 or into 2022. Due to the delay from theatrical to home entertainment, most of these title shifts from 2021 to 2022 did not impact the Company's release expectations for 2022 but may delay the quarter in which the Company is able to release a title at the kiosk. The Company is further mitigating the impact of titles sold exclusively to subscription services by building out a library of content via its Redbox Entertainment label. Redbox Entertainment titles are available physically and digitally on Redbox platforms and will also be monetized across other platforms.

Adjusted EBITDA. Adjusted EBITDA was (\$8.9) million, a decrease of \$115.1 million compared to \$106.1 million in the prior year due to decreases in net revenue, partially offset by a decrease in product costs, direct operating costs due to variable direct cost savings and a decrease to both marketing and general and administrative spend through the Company's cost savings initiatives.

Digital Business

Results

Dollars in thousands	Nine Months Ended September 30,		Nine Months Ended September 30, 2021 vs 2020	
	2021	2020	\$	%
Net revenue	\$ 24,347	\$ 31,993	\$ (7,646)	(23.9)%
Adjusted EBITDA	2,257	3,642	(1,385)	(38.0)%
Adjusted EBITDA margin	9.3 %	11.4 %		(2.1)%

Net Revenue. Net revenue was \$24.3 million, a decrease of \$7.6 million or 23.9%, compared to net revenue of \$32.0 million during the nine months ended September 30, 2020. On Demand was hampered as fewer new releases were available compared to the prior year as studios continued to delay new releases and experiment with alternative release strategies throughout the pandemic as

discussed previously. The advertising industry was also negatively affected by the impact of COVID-19 as traditional advertisers reduced marketing budgets and spending.

Adjusted EBITDA. Adjusted EBITDA was \$2.3 million, a decrease of \$1.4 million, compared to Adjusted EBITDA of \$3.6 million during the prior year reflecting a decline in top line revenue, partially offset by reduced operating costs related to moving from an external to internal On Demand platform.

Results of operations for the years ended December 31, 2020, 2019 and 2018

Dollars in thousands	For the years ended December 31,			2020 vs 2019		2019 vs 2018	
	2020	2019	2018	\$	%	\$	%
Net revenue	\$ 546,191	\$ 858,370	\$ 1,087,783	\$ (312,179)	(36.4)%	\$ (229,413)	(21.1)%
Product cost	220,999	359,880	439,523	138,881	38.6 %	79,643	18.1 %
Gross margin	\$ 325,192	\$ 498,490	\$ 648,260	\$ (173,298)	(34.8)%	\$ (149,770)	(23.1)%
Gross margin %	59.5 %	58.1 %	59.6 %	1.4 %	(1.5)%		
Operating expenses:							
Direct operating	167,090	237,490	274,155	70,400	29.6 %	36,665	13.4 %
Marketing	21,214	25,813	33,020	4,599	17.8 %	7,207	21.8 %
General and administrative	62,235	67,158	81,529	4,923	7.3 %	14,371	17.6 %
Depreciation and amortization	136,838	138,274	133,493	1,436	1.0 %	(4,781)	(3.6)%
Operating (loss) income	(62,185)	29,755	126,063	(91,940)	n.m.	(96,308)	(76.4)%
Other expense, net:							
Interest expense and other, net	(32,522)	(44,578)	(45,155)	12,056	27.0 %	577	1.3 %
Total interest expense and other, net	(32,522)	(44,578)	(45,155)	12,056	27.0 %	577	1.3 %
(Loss) income before income taxes	(94,707)	(14,823)	80,098	(79,884)	n.m.	(95,731)	(118.3)%
Income tax (benefit) expense	(25,204)	(7,256)	19,455	17,948	n.m.	26,711	137.3 %
Net (loss) income	\$ (69,503)	\$ (7,567)	\$ 61,453	\$ (61,936)	n.m.	\$ (69,020)	(112.3)%
Adjusted EBITDA(1)	\$ 113,776	\$ 195,649	\$ 292,046	\$ (81,873)	(41.8)%	\$ (96,397)	(33.0)%
Ending number of kiosks	40,026	41,420	41,597	(1,394)	(3.4)%	(177)	(0.4)%
Physical Theatrical Titles Released in Period	68	140	160	(72)	(51.4)%	(20)	(12.5)%

n.m. not meaningful

(1) Refer to “Use of Non-GAAP Measures” below for discussion of this measure and related reconciliation.

Year ended December 31, 2020 compared to the year ended December 31, 2019

Net Revenue. Net revenue was \$546.2 million, a decrease of \$312.2 million or 36.4%, compared to net revenues of \$858.4 million for the year ended December 31, 2019. Physical movie rentals were negatively impacted by the COVID-19 global pandemic due to a material decline in new movie releases available to consumers resulting from broad-based movie theater closures and a material slowdown in new productions, both beginning in March 2020 compounded by regulatory restrictions on retail stores intended to prevent the spread of COVID-19, meaningfully reducing customer traffic. Theatrical release count was 68 compared to 140 in the prior year, a decrease of 51.4%, reflecting the impact of theater closures. The decrease in revenue primarily resulting from the rental decline year over year is partially offset by continued growth in On Demand and other revenue streams such as servicing kiosks and sales of the Company’s previously viewed movies inventory.

Product Cost. Product Cost was \$221.0 million, a decrease of \$138.9 million or 38.6%, compared to \$359.9 million for the same period in 2019 due to variable cost savings from the reduction in new releases.

Direct Operating Expenses. Direct Operating expenses were \$167.1 million, a decrease of \$70.4 million or 29.6%, compared to the same period in 2019 due to lower variable expenses including credit cards fees and retailer revenue share expenses along with reductions in supply chain expense related to fewer titles being released.

Marketing Expenses. Marketing expenses decreased by 17.8% to \$21.2 million for the year ended December 31, 2020 as compared to \$25.8 million for the same period in 2019 due to cost savings initiatives driven by the impact of the pandemic on top line revenue.

General and Administrative Expenses. General and administrative expenses were \$62.2 million, a decrease of \$4.9 million or 7.3%, compared to \$67.2 million for the same period in 2019 due to cost savings initiatives driven by the impact of the pandemic on top line revenue.

Depreciation and Amortization. Depreciation and amortization decreased by 1.0% to \$136.8 million for the year ended December 31, 2020 as compared to \$138.3 million for the same period in 2019 due to certain kiosks reaching the end of their depreciable useful lives.

Gross Margin. Gross margin was \$325.2 million, a decrease of \$173.3 million or 34.8%, compared to gross margin of \$498.5 million for the year ended December 31, 2019 due to lower net revenue as discussed above.

Gross margin as a percentage of net revenue increased to 59.5% for the year ended December 31, 2020 as compared to 58.1% for the same period in 2019, reflecting a higher mix of On Demand revenue.

Operating (Loss) Income. Operating loss for the year ended December 31, 2020 was (\$62.2) million compared to operating income of \$29.8 million for the same period in 2019. The decrease is primarily driven by the net revenue decrease as described above, partially offset by a decrease in direct operating costs. During 2020, the Company received \$7.0 million in connection with a class action settlement specific to credit card fees.

Net Loss. Net loss increased \$61.9 million to net loss of (\$69.5) million during the year ended December 31, 2020, as compared to the same period in 2019. The decline is due to the decrease in operating income as discussed above, partially offset by lower income taxes for the year.

Adjusted EBITDA. Adjusted EBITDA was \$113.8 million, a decrease of \$81.9 million or 41.8%, compared to Adjusted EBITDA of \$195.6 million for the same period in 2019. The decline is due to decreases in net revenue in the Company's Legacy Business, partially offset by a decrease in product costs, direct operating costs due to variable direct cost savings and a decrease to both marketing and general and administrative spend through the Company's cost savings initiatives.

Segment Discussion

Legacy Business

Dollars in thousands	Year ended		2020 vs 2019	
	December 31, 2020	December 31, 2019	\$	%
Net revenue	\$ 506,437	\$ 838,627	\$ (332,190)	(39.6)%
Adjusted EBITDA	109,074	197,887	(88,813)	(44.9)%
Adjusted EBITDA margin	21.5 %	23.6 %	(210)pts	
Physical Theatrical Titles Released	68	140	(72)	(51.4)%
Physical Rentals (in thousands)	146,364	250,111	(103,747)	(41.5)%
Net kiosk rental revenue per physical rental	\$ 3.12	\$ 3.12	\$ —	— %

Net Revenue. Net revenue was \$506.4 million, a decrease of \$332.2 million or 39.6%, compared to net revenue of \$838.6 million for the year ended December 31, 2019. Physical movie rentals were negatively impacted by the COVID-19 global pandemic due to a material decline in new movie releases available to consumers resulting from broad-based movie theater closures and a material slowdown in new productions, both beginning in March 2020 compounded by regulatory restrictions on retail stores intended to prevent the spread of COVID-19, meaningfully reducing customer traffic. Due to the prolonged impact of theater closures, the year ended December 31, 2021 experienced 51.4% fewer theatrical titles released at the kiosk physically versus the same period in 2019. The decrease in revenue primarily resulting from the rental decline year over year is partially offset by continued growth in other revenue streams such as servicing kiosks and sales of the Company's previously viewed movies inventory.

Adjusted EBITDA. Adjusted EBITDA was \$109.1 million, a decrease of \$88.8 million or 44.9%, compared to Adjusted EBITDA of \$197.9 million for the year ended December 31, 2019. The decrease in Adjusted EBITDA is primarily driven by the decrease in net

revenue discussed above, partially offset by a decrease in direct operating costs due to variable direct cost savings and a decrease to both marketing and general and administrative spend through the Company's cost savings initiatives. During 2020, the Company received \$7.0 million in connection with a class action settlement specific to credit card fees.

Digital Business

Dollars in thousands	Year ended		2020 vs 2019	
	December 31, 2020	December 31, 2019	\$	%
Net revenue	\$ 39,754	\$ 19,743	\$ 20,011	101.4 %
Adjusted EBITDA	4,702	(2,238)	6,940	n.m.
Adjusted EBITDA margin	11.8 %	(11.3)%		n.m.

Net Revenue. Net revenue was \$39.8 million, an increase of \$20.0 million or 101%, compared to \$19.7 million for the year ended December 31, 2019. The increase in net revenue was driven by a 124.6% increase in the Company's On Demand business along with a 4.3% increase in the Company's Media Network business.

Adjusted EBITDA. Adjusted EBITDA was \$4.7 million, an increase of \$6.9 million, compared to a loss of (\$2.2) million during 2019. The increase in Adjusted EBITDA is driven primarily by the growth in the Company's On Demand business.

Year ended December 31, 2019 compared to the year ended December 31, 2018

Net Revenue. Net revenue was \$858.4 million, a decrease of \$229.4 million or 21.1%, compared to \$1.1 billion for the year ended December 31, 2018. The decrease in revenue primarily reflects the impact of fewer new movies releasing at the kiosk driving the rental decline year-over-year. Further the genre strength of new movie releases in 2019 was inferior to the genres released in 2018. Typically action titles have the highest rental potential and there were 36% fewer action titles in 2019. The year-to-date variance partially offset by a 25 cent increase in the daily rental fee of DVDs effective March 29, 2018 and continued growth in On Demand and other revenue streams such as sales of previously viewed movies.

Product Cost. Product Cost was \$359.9 million, a decrease of \$79.6 million or 18.1%, compared to \$439.5 for the same period in 2018 due to variable cost savings from the reduction in new releases.

Direct Operating Expenses. Direct Operating expenses decreased by 13.4% to \$237.5 million for the year ended December 31, 2019 as compared to \$274.2 for the same period in 2018 due to lower variable expenses including credit cards fees and retailer revenue share expenses along with reductions in supply chain expense related to fewer titles being released.

Marketing Expenses. Marketing expenses decreased by 21.8% to \$25.8 million for the year ended December 31, 2019 as compared to \$33.0 million for the same period in 2018 due to cost savings initiatives.

General and Administrative Expenses. General and administrative expenses decreased by 17.6% to \$67.2 million for the year ended December 31, 2019 as compared to \$81.5 for the same period in 2018 due to cost savings initiatives.

Depreciation and Amortization. Depreciation and amortization increased by 3.6% to \$138.3 million for the year ended December 31, 2019 as compared to \$133.5 for the same period in 2018 due to certain kiosks reaching the end of their depreciable useful lives.

Gross Margin. Gross margin was \$498.5 million, a decrease of \$149.8 million or 23.1%, compared to gross margin of \$648.3 million for the year ended December 31, 2018. The decrease in gross margin is due to the decrease in lower net revenue as discussed above.

Gross margin as a percentage of net revenue decreased to 58.1% for the year ended December 31, 2019 as compared to 59.6% for the same period in 2018. In addition to the demand impacts on net revenue as discussed above, a number of external factors, including individual studio release slates as well as timing of individual releases within the period and the mix of content performance depending on the source of content acquisition can impact margin.

Operating Income. Operating income decreased \$96.3 million during the year ended December 31, 2019 compared to the same period in 2018. The decrease is primarily driven by a decrease in gross margin dollars as described above partially offset by decreases in direct operating costs, general and administrative and marketing expenses. Direct operating spend was lower than the prior year primarily due to variable direct cost savings. The Company also had lower marketing expenses in 2019 as it optimized spend after testing investments, like television advertising campaigns in 2018.

Net (Loss) Income. Net loss was (\$7.6) million for the year ended December 31, 2019 compared to net income of \$61.5 million for the year ended December 31, 2018. The decline is due to the decrease in operating income as discussed above, partially offset by lower income taxes for the year.

Adjusted EBITDA. Adjusted EBITDA was \$195.6 million, a decrease of \$96.4 million or 33%, compared to Adjusted EBITDA of \$292.0 million for the year ended December 31, 2018. The decrease in Adjusted EBITDA is primarily driven by the decrease in gross margin dollars as described above reflecting fewer new movies released at the kiosk along with genre strength versus 2018, partially offset by decreases in direct operating costs, general and administrative and marketing expenses.

Segment Discussion

Legacy Business

Dollars in thousands	Year ended		2019 vs 2018	
	December 31, 2019	December 31, 2018	\$	%
Net revenue	\$ 838,627	\$ 1,077,731	\$ (239,104)	(22.2)%
Adjusted EBITDA	197,887	289,765	(91,878)	(31.7)%
Adjusted EBITDA margin	23.6 %	26.9 %	(330)pts	
Physical Theatrical Titles Released	140	160	(20)	(12.5)%
Physical Rentals (in thousands)	250,111	324,362	(74,251)	(22.9)%
Net kiosk rental revenue per physical rental	\$ 3.12	\$ 3.14	\$ (0.02)	(0.5)%

Net Revenue. Net revenue was \$838.6 million, a decrease of \$239.1 million or 22.2%, compared to net revenues of \$1.1 billion for the year ended December 31, 2018. The decrease in revenue was driven by fewer theatrical releases in 2019 versus 2018. The quality of titles in 2018 was incredibly strong with 36% more large action titles. The resulting year-over-year rental decline was partially offset by continued growth in other revenue streams such as sales of previously viewed movies.

Adjusted EBITDA. Adjusted EBITDA was \$197.9 million, a decrease of \$91.9 million or 31.7%, compared to Adjusted EBITDA of \$289.8 million for the year ended December 31, 2018. The decrease in Adjusted EBITDA is driven by a decrease in gross margin dollars, partially offset by decreases in direct operating costs, general and administrative and marketing expenses. Direct operating spend was lower than the prior year primarily due to variable direct cost savings. The Company also had lower marketing expenses in 2019 as it optimized spend after testing investments, like television advertising campaigns in 2018.

Digital Business

Dollars in thousands	Year ended		2019 vs 2018	
	December 31, 2019	December 31, 2018	\$	%
Net revenue	\$ 19,743	\$ 10,052	\$ 9,691	96.4 %
Adjusted EBITDA	(2,238)	2,281	(4,519)	n.m.
Adjusted EBITDA margin	(11.3)%	22.7 %		n.m.

Net Revenue. Net revenue was \$19.7 million, an increase of \$9.7 million or 96.4%, compared to net revenue of \$10.1 million for the year ended December 31, 2018. The increase was driven by a 134% increase in the Company's On Demand business and 21% increase in the Company's Media Network business.

Adjusted EBITDA. Adjusted EBITDA decreased \$4.5 million to a loss of \$2.2 million for the year ended December 31, 2019, compared to Adjusted EBITDA of \$2.3 million during 2018. The decrease in Adjusted EBITDA is driven primarily by one-time new project costs that were incurred in 2018 that were excluded from the calculation of Adjusted EBITDA.

Use of Non-GAAP Measures

The Company defines EBITDA as net income before net interest expense, income taxes, depreciation and amortization. Adjusted EBITDA adjusts EBITDA by excluding the results of business optimization costs, one-time non-recurring costs, new business start-up costs, restructuring related costs and results of the Company's former video game business which was discontinued in December 2019. Neither EBITDA nor Adjusted EBITDA are presented in accordance with GAAP.

The Company uses EBITDA and Adjusted EBITDA for operational and financial decision-making and believes these measures are useful in eliminating certain items to focus on what it deems to be indicators of operating performance. EBITDA and Adjusted EBITDA are also used by many of the Company's investors, securities analysts, and other interested parties in evaluating operational and financial performance as well as debt service capabilities. The Company believes that the presentation of EBITDA and Adjusted EBITDA provides useful information to investors by allowing an understanding of key measures that the Company uses internally for operational decision-making, budgeting, and assessing performance.

EBITDA and Adjusted EBITDA are not recognized terms under GAAP and should not be considered as a substitute for net income, cash flows from operating activities, or other income or cash flow statement data. These measures have limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of the Company's results as reported under GAAP. Investors should review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Because non-GAAP financial measures are not standardized, EBITDA and Adjusted EBITDA, as defined by Redbox, may not be comparable to similarly titled measures reported by other companies. It therefore may not be possible to compare the Company's use of these non-GAAP financial measures with those used by other companies.

Adjusted EBITDA is calculated as follows:

Dollars in thousands	Nine Months Ended September 30,		Year ended December 31,		
	2021	2020	2020	2019	2018
Net (loss) income	\$ (92,938)	\$ (39,135)	\$ (69,503)	\$ (7,567)	\$ 61,453
Depreciation and amortization	81,317	108,316	136,838	138,274	133,493
Interest and other expense, net	24,687	24,848	32,522	44,578	45,155
Income tax (benefit) expense	(30,903)	(13,477)	(25,204)	(7,256)	19,455
EBITDA	(17,837)	80,552	74,653	168,029	259,556
Adjustments to EBITDA:					
Business optimization ^(a)	5,605	15,142	19,011	7,687	1,227
One-time non-recurring ^(b)	2,737	5,934	10,600	5,482	13,229
New business start-up costs ^(c)	1,004	4,821	6,041	3,793	10,060
Restructuring related ^(d)	1,808	3,326	3,471	4,432	625
Discontinuation of games business ^(e)	—	—	—	6,226	7,349
Adjusted EBITDA	\$ (6,683)	\$ 109,775	\$ 113,776	\$ 195,649	\$ 292,046

(a) Business optimization costs include employee retention costs, IT costs as well as consulting costs for certain projects. Retention costs for the years ended 2020 and 2019 were \$13.9 million and \$3.0 million, respectively. In 2020, retention awards were paid out to all employees in light of the COVID pandemic and were in lieu of the Company's short-term incentive program. IT costs of \$4.8 million and \$3.8 million were incurred in 2020 and 2019 respectively. The Company's IT project is a complete restructuring of the Company's technologies as it moves to a cloud-based infrastructure.

(b) Includes costs related to project costs and initiatives, as well as bank, legal and other fees in connection with the Company's debt financing activities.

(c) Includes costs to support the Company's On Demand and AVOD offerings, along with costs related to the Company's service and media network businesses.

(d) Restructuring related costs include such items as employee severance charges and costs incurred related to removing kiosks.

(e) Reflects EBITDA of the Company's former video games business, which was wound down in December, 2019.

Liquidity and Capital Resources

The Company's primary sources of liquidity are from cash on hand, cash flow generated from operations, and amounts available under its Revolving Credit Facility. The Company believes that cash flows from operations, the cash and cash equivalents on the balance sheet, and its ability to borrow under its Revolving Credit Facility, will be sufficient to fund its cash requirements and capital expenditure needs for at least the next 12 months. After that time, the extent of additional financing needs, if any, will depend on the success of its business. If the Company generates lower than anticipated revenue or operating results, then cash needs may increase. Furthermore, future capital requirements will depend on a number of factors, including consumer use of the Company's products and services, the type and scope of product and service enhancements, the cost of developing potential new product and service offerings, and enhancements, and cash required to fund potential future investment or to fund the Company's debt obligations.

The Company expects to seek opportunities to issue additional shares of Class A common stock to raise additional cash or in satisfaction of its obligations, although there can be no assurances that any such issuances will occur. To the extent that the Company issues additional shares of Class A common stock, the existing securityholders of the Company would experience dilution and any such issuances may have an impact on the market price of our Class A common stock and warrants.

In response to the prolonged impacts of COVID-19, the Company has improved its financial flexibility by amending its Senior Facilities, which among other things, removes all financial covenants, defers principal amortization payments until the maturity date, extends the maturity date to April 2024, and provides the Company with the ability to pay interest in cash or PIK interest for each interest period ending on or prior to December 31, 2022, subject to certain liquidity thresholds.

Additionally, the Company has taken and continues to take actions to reduce expenses and manage working capital to preserve cash on-hand. These actions include, but are not limited to:

- managing labor hours spent on field and servicing operations based upon inventory levels and demand;
- extending payment terms with vendors;
- delay hiring for non-critical roles;
- delay timing on merit increases;
- reduce long-term incentive compensation; and
- limit capital spending.

As of September 30, 2021, the Company's cash, cash equivalents and restricted cash increased \$4.3 million to \$13.2 million from the December 31, 2020 balance of \$8.9 million. As of September 30, 2021, amounts outstanding under the Company's Term Loan Facility and revolving credit facilities were \$330.7 million and \$36.8 million, respectively. For additional information see *Note 6: Debt* in Redbox's *Notes to Consolidated Financial Statements*. In connection with the Business Combination on October 22, 2021, the Company repaid \$15.0 million outstanding under the Revolving Credit Facility and \$35.0 million outstanding under the Term Loan Facility.

On a pro forma basis, assuming the Business Combination closed on that date, the Company's cash, cash equivalents and restricted cash would have amounted to \$40.4 million at September 30, 2021. See "*Unaudited Pro Forma Combined Financial Information*" included elsewhere in this prospectus.

On October 20, 2017, Redbox Automated Retail, LLC ("RAR") entered into a credit agreement ("Credit Agreement"), which provided for:

- a first lien term loan facility (the "Term Loan B"), in an original aggregate principal amount of \$425.0 million, with a five-year maturity; and

- a first lien revolving credit facility (the “Revolving Credit Facility” and, together with the Term Loan Facility, the “Senior Facilities”), in an aggregate principal amount of up to \$30.0 million, with a five-year maturity.

The Term Loan B was made available to RAR immediately upon closing and was used in part to retire all \$280.0 million of the Company’s existing debt and to settle closing costs associated with the new Term Loan B totaling \$19.5 million of which \$4.6 million was paid to Apollo Global Securities, LLC, an affiliate of Apollo, for services provided in connection with the financing. The balance of the Term Loan B proceeds were used towards a dividend, occurring on the same day, with total dividend of \$160.0 million to equity holders of RAR. Additionally, at the execution of the new Credit Agreement, RAR wrote-off unamortized deferred financing costs of \$21.7 million related to the extinguishment of the entire debt under the prior credit agreement.

On September 7, 2018, RAR entered into an Incremental Assumption and Amendment Agreement (the “Amendment”) to the Credit Agreement. The Amendment provided for, among other things, (i) an incremental Term B-1 Loan (“Term Loan B-1”) in an original aggregate principal amount of \$85.8 million and (ii) the payment of one or more restricted payments to shareholders of RAR in an aggregate amount not to exceed \$115.0 million. The proceeds received from the Amendment along with cash flow from the business were used towards a dividend distribution to equity holders of RAR totaling \$115.0 million that was paid within five business days of September 7, 2018, and to pay fees and expenses in connection with the Amendment totaling \$3.7 million. The additional loan under Term Loan B-1 had terms identical to the original Term Loan B, except to account for the incremental principal amount within the quarterly amortization payment schedule and to reset call protection on the Term Loan B-1.

On September 30, 2020, RAR entered into the second amendment to its Credit Agreement (the “Second Amendment”) to, among other things, to increase the total net leverage covenant during the remaining term of the Credit Agreement and revise the quarterly amortization payment schedule.

On December 28, 2020, RAR entered into a third amendment to its Credit Agreement (the “Third Amendment”). The amendment deferred the December 2020 amortization payment to March 2021.

As of December 31, 2020, RAR’s Senior Facilities matured on October 20, 2022, and subsequent to the Amendment, Second Amendment and Third Amendment consisted of:

- a first lien term loan B facility, in an original aggregate principal amount of \$425.0 million;
- a first lien term loan B-1 facility, in an original aggregate principal amount of \$85.8 million; and
- a first lien revolving credit facility, in an aggregate principal amount of up to \$30.0 million.

On December 29, 2020, Redbox Entertainment, LLC entered into a four-year, \$20.0 million revolving credit facility with Union Bank (the “Union Revolving Credit Facility”). The facility is used exclusively to pay for minimum guarantees, license fees and related distribution expenses for original content obtained under the Company’s Redbox Entertainment label. Borrowings outstanding under the Union Revolving Credit Facility as of September 30, 2021 and December 31, 2020 were \$4.6 million and \$2.55 million, respectively.

Borrowings under the Union Revolving Credit Facility will bear interest at either the alternate base rate or LIBOR (based on an interest period selected by the Company of one month, three months or six months) in each case plus a margin. The alternate base rate loans bear interest at a per annum rate equal to the greatest of (i) the base rate in effect on such day, (ii) the federal funds effective rate in effect on such day plus 1/2 of 1.0%, and (iii) daily one month LIBOR plus 1.0%. The revolving credit facility borrowings that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin of 0.50%. The borrowing interest rate for the Union Revolving Credit Facility was 4.25% as of September 30, 2021 and December 31, 2020, respectively.

In addition to paying interest on outstanding principal under the Union Revolving Credit Facility, Redbox Entertainment, LLC is required to pay a commitment fee at a rate equal to 0.50% per annum to the lenders in respect of the unutilized commitments thereunder.

On January 29, 2021, RAR entered into an amendment to its Credit Agreement (the “Fourth Amendment”). The Fourth Amendment provided for, among other things, (i) deferral of principal amortization payments until the maturity date, (ii) extension of the maturity date to April 2023, (iii) at the Company’s election, subject to certain liquidity thresholds, payment PIK interest, and, (iv) removal of all financial covenant requirements.

In addition, under the Fourth Amendment RAR incurred an incremental first lien term loan B-2 facility (“Term Loan B-2” and, together with Term Loan Bs and Term Loan B-1’s, the “Term Loan Facility”) in an aggregate principal amount of \$25.0 million which was provided by New Outerwall Inc. The loan was subsequently assigned to Aspen Parent, Inc. Aspen Parent, Inc. indirectly owns 100% of the equity of the Company and is therefore a related party of the Company. The proceeds from the loan will be used for general corporate purposes.

Pursuant to the Fourth Amendment, interest is payable on the Senior Facilities entirely in cash or, for a specified period, could be paid by increasing the principal amount of the Senior Facilities (PIK Interest), or through a combination of cash and PIK interest, subject to certain liquidity thresholds. Borrowings under the Senior Facilities bear interest at a rate at RAR’s option, either (a) a London Interbank Offer Rate (“LIBOR”) determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, subject to a 1.00% floor in the case of term loans or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50% per annum, (ii) the prime rate quoted by The Wall Street Journal (or another national publication selected by the administrative agent) and (iii) the one-month adjusted LIBOR plus 1.00% per annum, in each case plus an applicable margin. The applicable margin for borrowings under the Senior Facilities is 7.25% with respect to Eurocurrency Borrowings (increasing to 8.25% if PIK Interest is paid) and 6.25% with respect to ABR Borrowings (increasing to 7.25% if PIK Interest is paid).

In addition to paying interest on outstanding principal under the Senior Facilities, RAR is required to pay a commitment fee at a rate equal to 0.50% per annum to the lenders in respect of the unutilized commitments thereunder. RAR is also required to pay customary agency fees.

As of September 30, 2021, December 31, 2020 and December 31, 2019, the borrowing interest rate for the Senior Facilities was 9.25%, 8.25% and 9.05%, respectively.

In connection with the Business Combination, on May 16, 2021, RAR entered into another amendment to its Credit Agreement (the “Fifth Amendment”). The Fifth Amendment, which became effective upon consummation of the Business Combination, provided consent to the planned Business Combination and among other things, extended the Senior Facilities maturity date to October 2023 and subordinated the Term Loan B-2s to the Term Loan Bs and the Term Loan B-1s. In addition, among other things, concurrently with the consummation of the Business Combination, (i) \$15.0 million of cash proceeds from the Business Combination were used to pay down outstanding borrowings under the Revolving Credit Facility and (ii) \$35.0 million of cash proceeds from the Business Combination were used to pay down outstanding borrowings under the Term Loan Bs and the Term Loan B-1s.

On October 11, 2021, RAR entered into a consent to the Fifth Amendment to make certain additional changes to the Credit Agreement, which became effective upon consummation of the Business Combination, including extending the maturity date of the Senior Facilities to April 20, 2024 and extending the PIK interest option until December 31, 2022 (subject to a minimum pro forma liquidity).

Required minimum principal amortization payments under the Senior Facilities as of the date of this prospectus, are as follows:

Dollars in thousands	Repayment Amount
Remaining 2021	\$ —
2022	—
2023	—
2024	330,749
Total	\$ 330,749

As noted above, pursuant to the consent agreement to the Fifth Amendment that RAR entered into On October 11, 2021, the maturity date of the Senior Facilities has been extended to April 20, 2024.

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

- a certain percentage set forth in the Credit Agreement governing the Senior Facilities of RAR’s annual excess cash flow, as defined under the Senior Facilities;

- a certain percentage of the net cash proceeds of certain non-ordinary course asset sales, other dispositions of property or certain casualty events, in each case subject to certain exceptions and reinvestment rights; and
- the net cash proceeds of any issuance or incurrence of debt, other than proceeds from debt permitted under the Senior Facilities.

RAR may voluntarily repay outstanding loans that are funded solely by internally generated cash from business operations under the Senior Facilities at any time, without prepayment premium or penalty, except customary “breakage” costs with respect to LIBOR rate loans.

All obligations under the Senior Facilities are unconditionally guaranteed by each of RAR’s existing and future direct and indirect material, wholly- owned domestic subsidiaries, subject to certain exceptions and the direct parent of RAR. The obligations are secured by a pledge of substantially all of RAR’s assets and those of each guarantor, including capital stock of the subsidiary guarantors and 65% of the capital stock of the first-tier foreign subsidiaries that are not subsidiary guarantors, in each case subject to certain exceptions, and its capital stock owned by RAR’s direct parent. Such security interests consist of a first-priority lien with respect to the collateral.

All obligations under the Union Revolving Credit Facility are guaranteed by all direct and indirect wholly owned subsidiaries of the Company’s Redbox Entertainment entity.

As of the period ended September 30, 2021, the Company was in compliance with all applicable loan covenants.

Historical Cash Flows

Dollars in thousands	Nine Months Ended September 30,		Year ended December 31,		
	2021	2020	2020	2019	2018
Net cash (used in) / provided by operating activities	\$ (10,781)	\$ 36,878	\$ 29,693	\$ 102,797	\$ 185,450
Net cash used in investing activities	(9,647)	(16,113)	(19,042)	(31,765)	(41,763)
Net cash provided by / (used in) financing activities	24,659	(22,695)	(9,102)	(74,100)	(142,424)
Total change in cash, cash equivalents and restricted cash	\$ 4,231	\$ (1,930)	\$ 1,549	\$ (3,068)	\$ 1,263

Operating Activities

Net cash used by operating activities during the nine months ended September 30, 2021 was \$10.8 million compared to \$36.9 million net cash provided for the nine months ended September 30, 2020. The \$47.7 million decrease in operating cash flows was primarily driven by the following:

- \$53.8 million decrease in net income;
- \$1.3 million decrease in net cash inflows from changes in working capital primarily due to the timing of payments on content obligations at the end of each period presented, and the impact from various other operating balances including income tax obligations due to quarterly payment extensions; and
- \$7.4 million increase in net non-cash income and expense included in net income primarily due to higher depreciation, deferred financing costs and deferred income tax benefit related to the non-cash amortization of intangible assets that are not deductible for tax purposes.

Net cash provided by operating activities during the year ended December 31, 2020 was \$29.7 million compared to \$102.8 million for the year ended December 31, 2019. The \$73.1 million decrease in operating cash flows was primarily driven by the following:

- \$61.9 million decrease in net income;

- \$3.8 million decrease in net non-cash income and expense included in net income primarily due to the deferred income tax benefit related to the non-cash amortization of intangible assets that are not deductible for tax purposes; and
- \$7.4 million decrease in net cash inflows from changes in working capital primarily due to a decrease in the trade payables, partially offset by lower receivables and a decrease in the content library due to lower content spend in 2020.

Net cash provided by operating activities during the year ended December 31, 2019 was \$102.8 million compared to \$185.5 million for the year ended December 31, 2018. The \$82.7 million decrease in operating cash flows was primarily driven by the following:

- \$69.0 million decrease in net income; and
- \$10.6 million decrease in net cash inflows from changes in working capital primarily due to a decrease in the accrued liabilities, partially offset by lower receivables and a decrease in the content library due to lower content spend in 2019; and
- \$3.1 million decrease in net non-cash income and expense included in net income primarily due to the deferred income tax benefit related to the non-cash amortization of intangible assets that are not deductible for tax purposes.

Investing Activities

Investing activities reflect a \$9.6 million net use of cash during the nine months ended September 30, 2021 compared to \$16.1 million net use of cash during the nine months ended September 30, 2020. The decrease is due to less capital expenditures in the current year, primarily on the Company's kiosk infrastructure.

Investing activities reflect a \$19.0 million net use of cash during the year ended December 31, 2020 compared to \$31.8 million net use of cash during the year ended December 31, 2019. The decrease is due to less capital expenditures in 2020 compared to 2019, primarily on the Company's kiosk infrastructure.

Investing activities, driven by capital expenditures, reflect a \$31.8 million net use of cash during the year ended December 31, 2019 compared to \$41.8 million during the year ended December 31, 2018 as the Company actively worked to maximize cash flow by prioritizing capital intensive kiosk and digital initiatives.

Financing Activities

Net cash provided by financing activities was \$24.7 million during the nine months ended September 30, 2021 compared to net cash used in financing activities of \$22.7 million for the nine months ended September 30, 2020. The \$47.4 million decrease of cash used in financing activities is primarily due to the deferral of quarterly principal payment obligations.

Net cash used in financing activities was \$9.1 million during the year ended December 31, 2020 compared to net cash used in financing activities of \$74.1 million for the year ended December 31, 2019. The \$65.0 million decrease of cash used in financing activities is primarily due to a reduction of quarterly principal obligations that went into effect beginning in September 2020, and cash inflows from \$32.6 million in revolver borrowings during 2020.

Net cash used in financing activities was \$74.1 million during the year ended December 31, 2019 compared to net cash used in financing activities of \$142.4 million for the year ended December 31, 2018. The \$68.3 million decrease of cash used in financing activities is primarily due to \$115.0 million of dividend payments made during the third quarter of 2018 in connection with the refinancing of the Company's debt as described in "Note 6: Debt" in Redbox's Notes to Consolidated Financial Statements included elsewhere in this prospectus.

Contractual Payment Obligations

As of September 30, 2021, the Company's contractual obligations are not materially different from the contractual obligations described below as of December 31, 2020.

Dollars in thousands	2021	2022	2023	2024	2025 & Beyond	Total
Long-term debt ⁽¹⁾	\$ —	\$ —	\$ 281,563	\$ —	\$ —	\$ 281,563
Contractual interest on long-term debt ⁽¹⁾	36,590	29,978	9,291	—	—	75,859
Revolving credit facilities ⁽¹⁾	—	—	32,550	—	—	32,550
Capital lease obligations ⁽²⁾	2,836	1,895	470	27	—	5,228
Operating lease obligations, net ⁽²⁾	2,591	1,994	1,614	923	546	7,668
Asset retirement obligations ⁽⁴⁾	—	—	—	—	8,556	8,556
Minimum estimated movie content commitments ⁽²⁾	38,319	21,469	—	—	—	59,788
Other ⁽⁵⁾	2,279	149	—	—	—	2,428
Total ⁽³⁾	<u>\$ 82,615</u>	<u>\$ 55,485</u>	<u>\$ 325,488</u>	<u>\$ 950</u>	<u>\$ 9,102</u>	<u>\$ 473,640</u>

- (1) See Note 6: Debt and Note 15: Subsequent Events in Redbox's Notes to Consolidated Financial Statements included elsewhere in this prospectus.
- (2) See Note 11: Commitments and Contingencies in Redbox's Notes to Consolidated Financial Statements included elsewhere in this prospectus.
- (3) Income tax liabilities for uncertain tax positions were excluded as the Company is not able to make a reasonably reliable estimate of the amount and period of related future payments. As of December 31, 2020, the Company had \$2.2 million of gross unrecognized tax benefits for uncertain tax positions.
- (4) Asset retirement obligations represent estimated amounts the Company is obligated to pay to return the space a kiosk occupies to its original condition upon removal of a kiosk and are presented as occurring in 2025 and beyond as the timing of kiosk removals cannot be reasonably determined. The amount is included as a component of *Other long term liabilities* on the *Consolidated Balance Sheets*.
- (5) Balance represents primarily firm commitments for service parts for kiosk maintenance/repairs/upgrades, and expenditures related to information technology.

Off-Balance Sheet Arrangements

Other than certain contractual arrangements listed above, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on its financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources. For additional information see Note 11: Commitments and Contingencies in Redbox's Notes to Consolidated Financial Statements included elsewhere in this prospectus.

Inflation

The Company is beginning to see impacts of inflation in various areas of its business, including but not limited to, fuel, labor, parts, insurance, and shipping. We expect to see inflationary pressures continue into 2022.

Critical Accounting Policies

The Company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America and include amounts based on management's prudent judgments and estimates. Actual results may differ from these estimates. Management believes that any reasonable deviation from those judgments and estimates would not have a material impact on the Company's consolidated financial position or results of operations. To the extent that the estimates used differ from actual results, however, adjustments to the Consolidated Statements of Operations and corresponding Consolidated Balance Sheets accounts would be necessary. These adjustments would be made in future periods. Some of the more significant estimates

include goodwill, long-lived assets impairment, content library, and income taxes. The Company uses the following methods to determine its estimates:

Goodwill Impairment — In line with ASC 350, *Intangibles — Goodwill and Other*, goodwill is evaluated for impairment annually during the fourth quarter, or more frequently if a triggering event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit below its carrying value. As part of the Company's impairment analysis, fair value of a reporting unit is determined using both the income and market approaches. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows and discount rates. The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry grouping.

During the fourth quarter of 2020, the Company completed a quantitative impairment analysis for goodwill related to its Legacy reporting unit, as a result of the significant impact of COVID-19 on its financial performance. Based on this analysis, the Company concluded the fair value of its Legacy reporting unit exceeded its carrying value by approximately 14% and as such, no impairment charge was recorded.

The determination of the fair value of the Company's reporting units requires the Company to make significant estimates and assumptions including the business and financial performance of the Company's reporting units, as well as how such performance may be impacted by COVID-19. These estimates and assumptions primarily include, but are not limited to: the selection of appropriate peer group companies, control premiums appropriate for acquisitions in the industries in which the Company competes, discount rates, terminal growth rates, forecasts of revenue, operating income, depreciation, amortization and capital expenditures, including considering the impact of COVID-19. Certain events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately affect the estimated fair values of the Company's reporting units include such items as: (i) a decrease in expected future new release movie titles resulting from the prolonged effects of the COVID-19 pandemic (ii) an increase in competition across streaming platforms resulting in fewer titles available at Redbox or fewer rental transactions and (iii) the inability to achieve cost savings or growth initiative targets within an expected timeframe.

Although the Company believes its estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions, including the impact of COVID-19, could have a significant impact on either the fair value of the reporting units, the amount of any goodwill impairment charges, or both. These estimates can be affected by a number of factors including, but not limited to, the impact of COVID-19, its severity, duration and its impact on global economies, general economic conditions as well as the Company's profitability. The Company will continue to monitor these potential impacts, including the impact of COVID-19 and economic, industry and market trends and the impact these may have on its Legacy and Digital reporting units. See *Note 4: Goodwill*, in Redbox's *Notes to Consolidated Financial Statements* included elsewhere in this prospectus.

Lives and Recoverability of Equipment and Other Long-Lived Assets — The Company evaluates the estimated remaining life and recoverability of equipment and other assets, including intangible assets subject to amortization, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Factors that would indicate potential impairment include, but are not limited to, significant decreases in the market value of the long-lived asset(s), a significant change in the long-lived asset's use or physical condition, and operating or cash flow losses associated with the use of the long-lived asset. When there is an indication of impairment, management prepares an estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition to test recoverability. If the sum of the future undiscounted cash flows is less than the carrying value of the asset, it indicates that the long-lived asset is not recoverable, in which case the Company will then compare the estimated fair value to its carrying value. If the estimated fair value is less than the carrying value of the asset, the Company recognizes the impairment loss and adjusts the carrying amount of the asset to its estimated fair value.

The determination of the fair value of the Company's assets requires management to estimate a number of factors including anticipated future cash flows and discount rates. Although the Company believes these estimates are reasonable, actual results could differ from those estimates due to the inherent uncertainty involved in making such estimates.

Content Library — Content library is comprised of movies available for rent or purchase through the Company's kiosks as well as movies acquired through the Company's Redbox Entertainment label.

For movies available for rent or purchase through the Company's kiosks, movie content is obtained primarily through revenue sharing agreements and license agreements with studios, as well as through distributors and other suppliers. The cost of content

mainly includes (1) the costs paid to studios and other vendors to acquire content including revenue share as applicable, (2) costs incurred to label, sort, and ship content to the Company's kiosks for merchandising, (3) costs incurred to destroy content after use if required under contractual arrangements with studios and (4) indirect taxes, if applicable. For content the Company expects to sell, management determines an estimated salvage value. Content salvage values are estimated based on the historical sales activity. The cost of each title is capitalized and amortized to its estimated salvage value using rental decay curves. Rental decay curves are based on historical performance of movies over their useful lives to allocate content library costs to the periods over which the related revenue are earned. Given the steepness of the rental decay curve, amortization of the content library is recorded on an accelerated basis with substantially all of the content library cost recognized within the first year. The rental decay curves and salvage value of the Company's content library are periodically reviewed and evaluated.

For movies acquired through the Company's Redbox Entertainment label, costs include (1) the costs to acquire content, (2) manufacturing costs and (3) supply chain costs. These costs are capitalized as they are incurred and amortized in proportion to the current year's revenue as a percentage of management's estimate of total ultimate revenue, not to exceed the life of the acquired rights. Ultimate revenue estimates are periodically reviewed and adjustments, if any, will result in changes to amortization rates.

Income Taxes — The Company's income tax expense, deferred tax assets and deferred tax liabilities, and liabilities for unrecognized tax benefits reflect management's best estimate of current and future taxes to be paid. The Company is subject to income taxes in the United States and Puerto Rico. Significant judgment and estimates are required in the determination of the consolidated income tax expense.

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In evaluating its ability to recover its deferred tax assets, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. In projecting future taxable income, the Company begins with historical results and incorporates assumptions about the amount of future pretax operating income adjusted for items that do not have tax consequences. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates the Company uses to manage the underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income (loss).

As of December 31, 2020, the Company has state tax credit carryforwards of \$1.1 million which will expire at various dates between 2021 and 2024. The Company believes that it is more likely than not that the benefit from the majority of these state tax credits carryforwards will not be realized. In recognition of this risk, the Company provided a valuation allowance of \$1.0 million on the deferred tax assets related to these state tax credit carryforwards.

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across its operations. ASC 740 states that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

The Company (1) records unrecognized tax benefits ("UTB's") as liabilities in accordance with ASC 740 and (2) adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from management's current estimate of the UTB liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

At December 31, 2020 and 2019, the liabilities related to total unrecognized tax benefits were \$2.2 million and \$1.9 million, respectively, all of which would have an impact on the effective tax rate if recognized. Accrued interest and penalties associated with uncertain tax positions was \$0.0 million and \$0.3 million, for each of the years ended December 31, 2020 and 2019, respectively. The Company believes that it is reasonably possible that approximately \$1.3 million of its currently remaining UTBs, may be recognized by the end of 2021 as a result of a lapse of the statute of limitations.

For additional information see *Note 12: Income Taxes* in Redbox's *Notes to Consolidated Financial Statements* included elsewhere in this prospectus.

Recent Accounting Pronouncements

See *Note 1: Summary of Significant Accounting Policies*, in Redbox's *Notes to Consolidated Financial Statements* included elsewhere in this prospectus.

Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to market risks in the ordinary course of its business. These risks primarily consist of fluctuations in interest rates.

The Company manages these risks primarily by managing the amount, sources, and duration of its debt funding and by using various derivative financial instruments such as interest rate hedges. The Company enters into derivative instruments with trusted and diverse counterparties to reduce credit risk. These derivative instruments are strictly used for risk management purposes and, accordingly, are not used for trading or speculative purposes.

Interest Rate Risks

The Company is exposed to interest rate volatility with regard to its Term Loan Facility. The Company manages this interest rate risk by entering into interest rate derivative agreements to attempt to hedge the variability of future interest payments driven by fluctuations in interest rates.

The Company continually assesses interest rate sensitivity to estimate the impact of rising short-term interest rates on its variable rate debt. The Company's interest rate risk management strategy is focused on limiting the impact of interest rate changes on earnings and cash flows to lower its overall borrowing cost. Historically, the Company has maintained the majority of its overall interest rate exposure on a fixed-rate basis. In order to achieve this, the Company has entered into derivative financial instruments such as interest rate swap agreements when appropriate and will continue to do so as appropriate. See *Note 7: Derivatives*, in Redbox's *Notes to Consolidated Financial Statements* included elsewhere in this prospectus for additional information about interest rate risks managed through derivative activities and notional amounts of underlying hedged items.

BUSINESS

Overview

Redbox is an established brand and leading provider in the home entertainment market in the United States. The Company is focused on providing its customers with the best value in entertainment and the most choice in how they consume it, through physical media and/or digital services. Redbox is undergoing a significant business expansion and digital transformation. The Company has transitioned from a pure-play DVD rental company to a multi-faceted entertainment company that provides tremendous value and choice by offering DVD rentals as well as multiple digital products across a variety of content windows including transactional (TVOD), ad-supported (AVOD), and subscription (SVOD) and being a distributor of feature films with a growing library of original content. Redbox currently conducts its business through two operating segments: (1) Legacy Business and (2) Digital Business.

For its Legacy Business, the Company operates a nationwide network of approximately 40,000 self-service kiosks where consumers can rent or purchase new-release DVDs and Blu-ray Discs™ (“movies”). The Company also generates service revenue by providing installation, merchandising and break-fix services to other kiosk businesses. Finally, the Company also produces, acquires, and distributes movies exclusively through its film distribution label, Redbox Entertainment, LLC, providing rights to talent-led films that are distributed across Redbox services as well as through third party digital services. For its Digital Business, the Company provides both transactional and ad-supported digital streaming services, which include 1) Redbox On Demand, a transactional service which provides digital rental or purchase of new release and catalog movies and TV content, 2) Redbox Free On Demand, an ad-supported service providing free movies and TV shows on demand, and 3) Redbox Free Live TV, a free, ad-supported television service giving access to over 100 linear channels.

Redbox Legacy Business

Redbox’s mission has always been to make it ridiculously cheap and easy for customers to get the home entertainment they want. Redbox provides exceptional customer value with new release movie disc rentals priced at \$2 or less a night, about one-third of the cost of a digital rental, which are typically \$5.99 or more on digital retail platforms, including Redbox On Demand. Customers have the flexibility to rent a movie from one location and return their rental to any kiosk. Kiosks are located primarily at grocery stores, mass retailers, drug stores, dollar retailers, and convenience stores. With approximately 33,000 locations and more than 150 retail partners, consumers have convenient access to kiosks as part of their routine shopping experiences. Revenue is generated primarily through the fees charged to rent or purchase a movie, and Redbox pays retailers a percentage of the revenue generated at the Redbox kiosks installed at their locations. The Company obtains content through revenue sharing agreements and license agreements with major studios as well as through direct purchases from independent distributors and other suppliers.

With a loyal, differentiated customer base comprised of more than 40 million individuals, the business also benefits from tremendous customer scale and an expansive marketing reach. Redbox’s customers are value-conscious, love movies and entertainment, and tend to be late-adopters of new technology. Given the scale of the existing customer base, the Company has built a sizable marketing program that includes approximately 46 million e-mail subscribers, approximately 6 million SMS subscribers, approximately 45 million mobile app downloads, and an estimated 400 million weekly impressions at retail. In addition, Redbox has built a unique asset in its loyalty and rewards program, Redbox Perks, which currently boasts 40 million members. Customers earn points for their rentals or purchases and can use those points for free rentals in the future. This tiered loyalty program gives the Company the ability to reward their most loyal and valuable customers while providing a currency for incenting increased transaction frequency and other behaviors, such as downloading the Redbox app or trying new products and services. Redbox Perks is a vehicle to provide greater value to value-conscious customers and is central to its marketing and customer strategy. The program is a differentiator in the market and a competitive advantage for Redbox.

Redbox has also established Redbox Entertainment, LLC as a movie distribution label through which the Company acquires North American rights and distributes feature films through Redbox kiosks, Redbox On Demand, third party digital transactional platforms and other streaming services. Redbox Entertainment not only acquires rights to finished films but also commits to slate deals for movies to be produced, giving the Company input on scripts and/or talent. The Company is able to generate meaningful gross profit from these films through promotional initiatives on its own platform and by selling downstream rights to subscription streaming services. And, because the Company is acquiring long term exclusive rights to these films, Redbox is building a content library which can be used on its Free On Demand (AVOD) and Free Live TV (FLTV) services or further licensed to other streaming platforms in later windows.

In addition, Redbox Entertainment benefits from the Company's robust rental data and insights into what titles and talent will perform. The Company has released a number of films since 2019 and aims to ramp to releasing 3 new movies per month. The Company has already announced a slate deal with John Wick-producer, Basil Iwanyk, committing to 12 action/ thriller films over the next several years.

Finally, Redbox has a service business, which employs a team of more than 1,000 best-in-class field workers nationwide to manage kiosk installation, merchandising and break-fix services. In addition to maintaining Redbox's kiosks, the Company's service team also supports other kiosk businesses. The Company has service agreements with multiple companies that have national and regional kiosk networks and since June of 2020, Redbox has been the primary vendor for Amazon to service their expanding Amazon locker locations. The service business helps mitigate the operational costs of the DVD business while generating incremental margin dollars.

Redbox Digital Business

Redbox is rapidly expanding its digital products and leveraging its customer and marketing scale to grow these businesses. The Company is building a digital ecosystem that consumers can use as a one stop shop for their entertainment needs by engaging with a variety of digital video services within the Redbox app in an integrated, easy-to-use format. This simplifies the customer experience, drives multi-product adoption, and minimizes customer churn. These services span multiple business models including transactional, ad-supported, and in the near future, subscription. The Company's digital products are available to stream across web browsers, mobile devices, and almost every major consumer device, including streaming media players such as Roku and Apple TV, TVs such as Samsung, LG, Android TV, and VIZIO, and gaming consoles like Xbox and PlayStation.

In December 2017, the Company launched Redbox On Demand, a digital transactional video-on-demand service (TVOD), allowing customers to rent or buy new release and catalog digital movies and television episodes, with new release prices typically ranging from \$5.99 to \$24.99 and catalog movies from \$1.99 to \$3.99, not including any discounts. Since 2020, customers have also been able to digitally rent movies that are still in theaters, which is now known as Premium Video-On-Demand service (PVOD). Customers pay a transactional fee to rent or buy content while earning Redbox Perks loyalty points every time they transact. Redbox On Demand has seen rapid growth and adoption with over 3 million customers. That growth has been fueled primarily through leveraging the Company's own marketing channels including e-mail and SMS and offering rewards points or promos to drive digital customer acquisition. The Company's marketing reach and existing customer base has resulted in extremely low customer acquisition costs of approximately \$3.00, generating rapid digital adoption while keeping overall marketing expense relatively low.

In February 2020, the Company launched Redbox Free Live TV (FLTV), an ad-supported digital linear television service, as a complement to the existing transactional On Demand service. With over 100 linear channels and growing, including three Redbox-branded and programmed channels, Free Live TV gives customers the opportunity to channel surf and find content that interests them. One of the Redbox-branded channels, the Redbox Free Movie Channel, is also currently syndicated to the Roku Channel, LG Channels Plus and Vizio Watchfree services, which drives greater viewership and revenue, and the Company has plans to syndicate this channel to additional services. Free Live TV has already seen significant adoption with more than 8 million users in the first 12 months.

Redbox also recently launched an ad-supported Free On Demand service (AVOD) in December 2020. AVOD gives consumers complete control over when they watch and with the growth of Redbox's AVOD library, which is now at more than 5,000 movies and TV episodes, consumers have a broad amount of content to choose from. The ad-supported services (FLTV and AVOD) have seen strong growth in engagement as new titles are added and awareness of the offering grows.

The Company is also developing a subscription channels product (SVOD channels), which will give consumers the opportunity to subscribe to multiple third party premium SVOD channels through the Redbox app. Premium SVOD channels will be merchandised alongside the new release transactional content and free ad-supported on demand content. Redbox will simplify the sign-in, content discovery, and billing process for customers by providing an integrated solution through the Redbox app. Further, the Company intends to provide additional value to its customers through bundled offers with loyalty points and/or promotions for discounts at the kiosk to drive customer acquisition and retention.

Finally, Redbox operates a media advertising business which monetizes hundreds of millions of monthly display ad impressions across the mobile app, web, e-mail and kiosk network. The Company drives advertising revenue through a mix of programmatic advertising and direct sales. Direct ad sales for the media above as well as video advertising for Free On Demand and FLTV are driven by an internal sales team and a strategic sales partnership with Screenvision and the Palomino Media Group.

Redbox Competitive Strengths

The Company believes the business is driven by the following competitive differentiators:

1. *Established brand in home entertainment.* With more than 6 billion movies rented over last 18 years, Redbox is a well-known and established brand in the entertainment space. Redbox has a large and highly differentiated customer base of value-conscious customers, many of whom are late-adopters of new technology. This creates a unique opportunity to carve out a differentiated market positioning to attract and retain customers as they adopt digital entertainment options.
2. *Attractive value for new release movies.* At \$2.00 or less a night for a new release disc movie rental, Redbox provides one of the best values in entertainment, especially when compared to the typical price of \$5.99 for a digital rental of the same title. This is a clear differentiator, especially for value conscious consumers. Customers are usually able to access these movies 80 to 120 days before they become available on subscription streaming platforms which require monthly subscription fees ranging from \$5.00 to \$15.00 a month depending on the provider. In addition, the majority of those major studio titles will not go to Netflix.
3. *Unique, Loyal and Differentiated Customer Base.* As a result of the price point and retail distribution channels, Redbox has attracted a unique customer base. 71% of the Company's customers self-identify as "deal hunters," and Redbox customers have been slower to fully transition to digital. Approximately 70% of the customer base identifies as later adopters of technology and over-indexes on traditional cable TV spend. This unique customer base provides Redbox a great opportunity to tailor its digital products to serve their specific needs as they make a shift to digital over time.
4. *Robust Redbox Perks Program Drives Loyalty and Product Sampling.* The Redbox Perks program allows the Company to reward value-conscious customers with benefits earned through loyalty points every time they transact. Those points can then be redeemed for free rentals in the future, driving greater loyalty and engagement. With 40 million members, the Redbox Perks program is truly unique in its offering and scale and becomes a competitive advantage when driving new customer adoption of digital services and minimizing customer churn. The Perks points not only incentivize users to create log-in credentials and opt-in to marketing communications, but they can also be used to encourage further customer engagement such as increased transactional frequency, downloading the mobile app, or trialing new digital services such as Redbox FLTV or Redbox On Demand.
5. *Marketing Scale and Expansive Geographic Reach Helps Drive Physical to Digital Conversion.* Redbox has made significant investments in marketing initiatives including Redbox Perks, data analytics and customer relationship management (CRM). With approximately 46 million e-mail subscribers, approximately 6 million SMS subscribers and deep customer transactional and behavioral data, Redbox has a distinct advantage in driving new digital customers at minimal cost while simultaneously reinforcing the physical business. With the introduction of multiple new digital products in 2020, the Company is leveraging its kiosk network to drive awareness and trial of its digital services. The Company's kiosks provide an expansive marketing platform through an estimated 400 million weekly impressions.
6. *Multiple Revenue Streams to Support Future Growth.* In addition to the revenue that is generated through both rentals and sales of movies at its kiosks, the Company has created multiple complementary revenue streams to drive future growth (TVOD, FLTV, AVOD, SVOD Channels, Redbox Entertainment, service business, and digital media and advertising). These diversified revenue streams not only create a larger total addressable market, but also help to de-risk investment in the Company, as successes in any one business are reinforcing and additive to the other businesses. This enables Redbox's continued growth and allows for greater flexibility to drive more customers, create market leverage, or reduce costs.
7. *Built-in distribution for Redbox Entertainment titles allow the Company to secure and profitably release titles.* Redbox is able to profitably acquire titles through Redbox Entertainment given the built in distribution that exists through the kiosk business. With a deep understanding of customer movie preferences, Redbox is able to acquire titles that the Company believes will perform well, generating incremental revenue at the kiosk. In addition, Redbox is able to broadly release titles across other digital platforms concurrently with its release, and with the revenue generated from the kiosk rents, Redbox can either fully or mostly recoup the upfront fees for those long-term distribution rights. The Company can then subsequently license to other streaming partners downstream in transactional or subscription streaming to drive greater revenue and profits.
8. *Best-in-class service team provides additional growth opportunities.* Because of the scale and efficiency required to service 40,000 kiosks across 33,000 retail locations, Redbox has developed a large, national, best-in-class service team. With such a

strong operations team, the Company can more efficiently and cost effectively install, merchandise, and service other kiosk-based, automated retailers than those companies can themselves. In addition to creating a new avenue for revenue growth, the service business helps reduce operational and overhead costs required for servicing Redbox as we realize efficiencies of scale.

Market Opportunity

The growth of streaming services has disrupted the traditional television distribution industry with a growing number of consumers “cutting the cord” and abandoning their traditional cable subscriptions. In 2020, the traditional pay television companies lost a net 7.2 million subscribers according to SNL Kagan as viewers continue to switch to OTT streaming services. SNL Kagan further predicts that by 2024, more than half the U.S. population will only be using streaming services and less than half of the population will still subscribe to traditional pay television versus 64% in 2020. This disruption in the market and change in consumer behavior serve as tailwinds for Redbox’s digital transformation as more late adopters, who most resemble Redbox customers, cut the cord.

As consumers leave the traditional pay television ecosystem, many are replacing those content services by accessing multiple other services requiring more apps, more passwords, and more billing information, which creates complexity and confusion for consumers. By providing Redbox customers with a single app offering a wide variety of entertainment choices, Redbox can provide consumers with a one-stop shop across multiple content services that we believe will simplify the customer experience, minimize customer churn, and drive higher average revenue.

In addition to the large consumer shift in cord cutting, the Company’s introduction of multiple new digital products has expanded its total addressable market. For DVD rental alone, the total addressable market is expected to be \$1.1 billion in 2023 in the US according to IBISWorld 2020. With Redbox’s TVOD service, the Company is also competing in a \$4.2 billion market today according to SNL Kagan. And with the expansion into AVOD and SVOD Channels, Redbox projects an even larger growth opportunity, per SNL Kagan, with a current total addressable market of \$18 billion and \$26 billion in the US, respectively, representing 12% growth from 2020 to 2021. With a combined total addressable market of approximately \$50 billion, we believe Redbox is well positioned for growth given its established brand, customer base, and marketing assets and scale.

Growth Strategy

Redbox’s transformation into a multi-faceted entertainment company creates multiple areas for future growth. The Company’s expansion into both the AVOD and SVOD markets allow Redbox to participate in a very large and rapidly growing market. The Company is well positioned for long-term value creation through its focus on:

Accelerating AVOD adoption. Redbox projects rapid growth for the Company’s ad-supported service through increased investment in licensed content to expand the Free Live TV and Free On Demand content offerings. Through increased content volume and licensing of higher profile content, the Company expects to drive higher engagement and more hours watched per customer. Further, this improved content is expected to drive an increase in new customers, accelerating the business while maintaining a reasonable customer acquisition cost.

Launching SVOD channels platform. The launch of Redbox’s SVOD channels service will become another meaningful revenue stream. Redbox will act as the merchant of record, collecting 100% of the subscription revenue before paying the SVOD channel owner’s revenue share. By providing access to multiple SVOD channel options, customers can easily subscribe to one or more SVOD services all within the context of the Redbox app, and Redbox can easily merchandise the third party SVOD content and service via the approximately 45 million Redbox app downloads on mobile devices, streaming media players, game consoles, and connected televisions.

Growing multi-product customers. Redbox will grow multi-product customers through increasing customer acquisition marketing and spend across streaming device partners, marketing at the kiosk, and other external paid media. The Company has relied primarily on internal e-mail and SMS channels to drive customer acquisition. Thus, increased spend and attention via these additional channels with more content and services offered, will drive greater customer growth. Redbox will also continue to invest in driving multi-product customer adoption through improved CRM, greater personalization and targeted use of promotions to create more personalized customer funnels to encourage users to trial and adopt other digital services within the Redbox app.

Ramping Redbox Entertainment. Redbox Entertainment drives additional revenue in two ways. First, it provides more content for the kiosk, On Demand and ad-supported offerings and secondly, it generates revenue from distributing and licensing to other streaming platforms. Redbox expects to ramp the number of releases to 36 a year. The number of releases will naturally ramp as committed titles complete production and are delivered and the pipeline continues to grow.

Competition

Redbox competes for the time and attention of its users across different forms of media, including physical media retailers, traditional broadcast, cable, satellite and internet-delivered video, multichannel video programming distributors (“MVPDs”), over the top (“OTT”) media services and providers (including those that provide pirated content), video gaming providers, other providers of in-home and mobile entertainment such as radio, music streaming services, and social media and networking websites. Redbox further competes for the acquisition of film properties and their distribution by other companies. Many consumers maintain simultaneous relationships with multiple in-home entertainment providers and can easily shift time and spend from one provider to another.

Redbox competes to attract, engage, and retain users based on a number of factors, including the user experience, content range and quality, ease of use of Redbox’s platform, price, accessibility, perceptions of advertising load, brand awareness and reputation.

Many of Redbox’s competitors enjoy competitive advantages such as greater brand recognition, legacy operating histories and larger marketing and content budgets, as well as greater financial, technical, human and other resources.

Seasonality

Redbox has generally experienced seasonality in its rentals and revenue. Historically, greater demand over the holiday season typically results in higher rentals November through January. April has usually been a low rental month due, in part, to retail release timing in connection with the Academy Awards that historically has provided stronger content and resulted in higher rentals in March. September and October have been low rental months due, in part, to the beginning of the school year and the introduction of the new fall television season. Seasonal effects may be increased or decreased by the number of releases and the relative attractiveness of movie titles and their respective genres in a particular quarter or year, which may have lingering effects in subsequent periods. Significant recurring events, such as the Olympics, also have a negative impact on rentals as they compete with customer viewing interest for movie content and affect retail release timing, which aims to avoid such events.

Employees

As of December 31, 2020, Redbox had approximately 1,467 employees. Included in this total were approximately 1,110 field service employees throughout the U.S. and internationally, who have broadened Redbox’s geographic reach to develop and maintain strong relationships with retailers and service Redbox’s kiosks.

Properties

Redbox leases its principal office located at 1 Tower Lane, Suite 800, Oakbrook Terrace, Illinois 60181. The phone number of this office is 630-756-8000.

Legal Proceedings

There is no material litigation, arbitration or governmental proceeding currently pending against Redbox or any members of its management team in their capacity as such

MANAGEMENT

The following table sets forth, as of the date of this prospectus, certain information regarding our executive officers and directors.

Name	Age	Position
Executive Officers		
Galen C. Smith	45	Chief Executive Officer and Director
Kavita Suthar	40	Chief Financial and Principal Accounting Officer
Jason K. Kwong	45	Chief Strategy and Digital Officer
Michael D. Chamberlain	48	Chief Operating Officer
Stephen Lavin	59	Chief Technology Officer
Michael F. Feldner	44	Chief Marketing Officer
Frederick W. Stein	57	Chief Legal Officer
Non-Employee Directors		
Jay Burnham	58	Director
Kimberly Kelleher	50	Director
Vikas M. Keswani	38	Director
Reed Rayman	35	Director
Michael Redd	41	Director
David B. Sambur	41	Director
Lee J. Solomon	49	Director
Charles Yamarone	62	Director

Executive Officers

Galen C. Smith is the Chief Executive Officer of Redbox, which he assumed in 2016, and a member of our Board of Directors. From 2013 to 2016, he served as Chief Financial Officer of Outerwall, a leading provider of automated retail solutions, including Redbox, Coinstar and ecoATM. From 2009 to 2013, Mr. Smith served in various financial positions at Outerwall, including as Senior Vice President of Finance at Redbox and as Outerwall's Corporate Vice President, Finance and Treasurer. Before joining Outerwall, Mr. Smith was an investment banker at Morgan Stanley & Co., working in the consumer and retail investment banking group from 2007 to 2009. He has served as a member of the board of directors for Disruptive Acquisition Corporation I (NASDAQ: DISAU) since March 2021 and the board of directors at CareerBuilder since 2017. Mr. Smith received an MBA from the University of Chicago and a B.A. from Wheaton College.

Kavita Suthar is the Chief Financial Officer of Redbox, which she assumed in 2020. From 2015 to 2020, Ms. Suthar served in various finance positions at Redbox, including Vice President of Finance, Strategy & Analytics and Senior Director of Financial Planning and Analysis. Before joining Redbox, Ms. Suthar worked in positions in Finance, Strategy and Audit at US Cellular from 2004 to 2015. In addition, Ms. Suthar worked as an Auditor for Grant Thornton from 2002 to 2004. Ms. Suthar received a B.A. from the University of Illinois at Urbana-Champaign and is a licensed CPA.

Jason K. Kwong is the Chief Strategy & Digital Officer of Redbox. Since joining Redbox in 2017 he has been responsible for the launch and expansion of the digital streaming platform as well as the media and advertising business. Prior to Redbox, from 2014 to 2017, Mr. Kwong was the SVP of Programming Planning, Acquisitions and Strategy at Fullscreen Media, where he helped to launch Fullscreen's subscription video on demand service. From 2008 to 2014, Mr. Kwong held leadership positions in content acquisition and business development at SONIFI Solutions, Netflix, Warner Bros. Digital Distribution, Sprint, Virgin Mobile, and Helio Mobile. Mr. Kwong received an MBA from USC Marshall School of Business and a B.A. from UCLA.

Michael D. Chamberlain is the Chief Operating Officer of Redbox, which he assumed in 2019. Mr. Chamberlain was the SVP of Operations from 2016 to 2019. Prior to that he held various operational and financial leadership roles at Coinstar and Outerwall from 2007 to 2016. Before joining Coinstar in 2007 Michael worked for Microsoft and Philips in financial management roles as well as Paccar as a Mechanical Engineer. Mr. Chamberlain received a Master of Science in Finance from Seattle University Albers School of Business and Economics and BSME from the University of Washington.

Stephen Lavin is the Chief Technology Officer for Redbox, which he assumed in 2016. Prior to Redbox, Mr. Lavin served in senior technology leadership roles for Outerwall, a leading provider of automated retail solutions, including Redbox, Coinstar and ecoATM, from 2010 to 2016. From 2005 to 2010, Mr. Lavin served as Vice President Technology & Professional Services with

RedSky Technologies. In addition he held technology leadership positions at Abbott Laboratories, and Arthur Andersen. Mr. Lavin received a B.A. from New York University

Michael F. Feldner is the Chief Marketing Officer of Redbox, which he assumed in 2020. Mr. Feldner joined Redbox in 2017 as the Vice President of Customer Strategy, Analytics and Engagement. Prior to Redbox, Mr. Feldner served as Geography Head at Mu Sigma, a leading Big Data & Analytics consultancy that serves Fortune 100 clients, from 2012 to 2017. Mr. Feldner also held marketing leadership positions at Walgreens from 1999 to 2012 including Senior Director of Customer Experience and Senior Director of Loyalty. Mr. Feldner received an MBA from the Kellogg School of Management at Northwestern University and a B.A. from the University of Dayton.

Frederick W. Stein is the Chief Legal Officer and recently rejoined Redbox in 2021. From 2020 to 2021, he served as the Chief Legal Officer & Compliance Officer of Fareportal Holdings. From 2016 to 2020, Mr. Stein served as General Counsel of Redbox. In addition, from 2007 to 2016, Mr. Stein served in several leadership positions at Redbox and Outerwall, including Senior Vice President of Legal, and Vice President, General Counsel & Secretary. Before joining Redbox, Mr. Stein was the VP, General Counsel & Secretary of Pendum, Inc. from 2006 to 2007 and of its predecessor EFMARK from 2002 to 2003. Prior to 2006, Mr. Stein was in private practice with the law firms of Bates & Carey, LLP; Bates, Meckler, Bulger & Tilson; Pope & John, Ltd.; and Frederick W. Stein, Ltd. Mr. Stein received a J.D. from Chicago-Kent College of Law at Illinois Institute of Technology, and a B.S. from St. John's University.

Non-Employee Directors

Jay Burnham is a member of our Board of Directors and a designee of Seaport Global Acquisition Corp. Mr. Burnham is the Managing Member of Sunset Way LLC, an asset management company. Mr. Burnham previously served as a Portfolio Manager and Managing Member of Armory Advisors, LLC, a special situations and distressed debt asset management firm. Prior to joining Armory Advisors, LLC, Mr. Burnham was a portfolio manager at Cypress Management, LLC, from May 2003 to June 2004. From 1996 to 2002 Mr. Burnham served as an Investment Manager for several investment management companies including Rocker Management, LLC, Reprise Capital Partners, LLC, and DDJ Capital Management. Mr. Burnham has acted as a director of a number of public and private companies in turnaround situations, including acting as a director of Live Entertainment, Inc. (NASDAQ: LVE), Bally's Grand, Inc. (NASDAQ: BGLV), and New Millennium Homes, LLC. Mr. Burnham received an MBA degree from Pepperdine University and a B.A. from University of California Santa Barbara.

Kimberly Kelleher is a member of our Board of Directors and a designee of Redwood Holdco. Ms. Kelleher is the President of Commercial Revenue and Partnerships at AMC Networks, having joined in 2019. From 2017 to 2019, Ms. Kelleher was the Chief Business Officer at Condé Nast responsible for GQ, GQ Style, Golf Digest, Golf World, Pitchfork, and Wired Media Group, which includes Wired and Ars Technica. From 2014 to 2017, she was the Chief Business Officer of Allure, Brides, Glamour, Self, and Teen Vogue and the Chief Revenue Officer of Wired Media Group. Prior to that, from 2012 to 2013, Ms. Kelleher was the President of Say Media. Previously, she has also served in leadership positions with Time Inc., Sports Illustrated and Condé Nast. Ms. Kelleher received a B.A. degree from the University of Wisconsin-Madison.

Vikas M. Keswani is a member of our Board of Directors and a designee of HPS Investment Partners. Mr. Keswani is a Managing Director at HPS Investment Partners and Head of North American Specialty Lending, where he has worked since 2010. Prior to joining HPS, Mr. Keswani spent a majority of his career at BlackRock, where he was a part of the initial team that established, structured and capitalized BlackRock Capital Investment Corporation (NASDAQ: BKCC), a publicly traded private investment vehicle. Mr. Keswani currently serves as a director for RGIS Service LLC, RealD, Inc., and Friends of Teach for India, and formerly served as a director for Mood Media, LLC, The J.G. Wentworth Company, LLC, and Globecom Systems, Inc. Mr. Keswani is a CFA Charterholder and received a B.S. in Engineering from Tufts University, as well as B.S. in Economics & Finance from The Wharton School at the University of Pennsylvania where he graduated Magna Cum Laude.

Reed Rayman is a member of our Board of Directors and a designee of Redwood Holdco. Mr. Rayman is a Partner at Apollo, a leading global alternative investment manager, where he has worked since 2010. Mr. Rayman previously was employed by Goldman, Sachs & Co. in both its Industrials Investment Banking and Principal Strategies groups from 2008 to 2010. Mr. Rayman serves on the board of directors of ADT, Inc., CareerBuilder, Coinstar, ecoATM and Shutterfly. He previously served on the board of directors of Redbox, Mood Media Corporation and Verso Corporation.

Michael Redd is a member of our Board of Directors. Mr. Redd has been building, developing and investing in tech-focused startups since he retired from the NBA in 2013 following a successful 12 year career. Mr. Redd has invested in over 85 companies all

over the world, largely in the tech and media sectors. He helped found the Southern California venture capital firm Third Wave Digital in 2014. In 2019, Mr. Redd founded his own company, TwentyTwo, based in Columbus Ohio, leveraging his extensive network of resources to support the growth of a portfolio of companies. Mr. Redd has partnered with Snapchat as a mentor and advisor for companies in their Yellow Incubator. Mr. Redd is also on the board of Directors of Redwood Holdco. In 2019 Mr. Redd became a Venture Partner of the ADvantage Sports Tech Fund, which is designed to invest in 15 early-stage tech companies focused on sports data analytics and athletic performance technology. Mr. Redd also serves on the National Advisory Board for the Salvation Army.

David B. Sambur is a member of our Board of Directors and a designee of Redwood Holdco. Mr. Sambur is a Co-Lead Partner of Apollo, having joined in 2004. Prior to joining Apollo, Mr. Sambur was a member of the Leveraged Finance Group of Salomon Smith Barney Inc. Mr. Sambur currently serves on the board of directors of PlayAGS, Inc., Nugs.net Enterprises, Inc., Rackspace Technology, Inc., CareerBuilder, Coinstar, ClubCorp, Diamond Resorts International, ecoATM, Lottomatica S.p.A. (f/k/a Gamenet Group S.p.A.), Expedia, Shutterfly and Cox Media Group. Mr. Sambur has previously served on the boards of Redbox, Mood Media Corporation, Caesars Entertainment Corporation, Hexion Holdings LLC, MPM Holdings Inc. and Verso Corporation. Mr. Sambur graduated summa cum laude and Phi Beta Kappa from Emory University with a BA in economics.

Lee J. Solomon is a member of our Board of Directors and a designee of Redwood Holdco. Mr. Solomon is a Partner at Apollo Private Equity having joined in 2009. Previously, Mr. Solomon was an executive in the media industry, and prior to that, he served as a Principal at Grosvenor Park, which was a joint venture with Fortress Investment Group. Prior to that, he was the Executive Vice President of Business Affairs for Helkon Media. Mr. Solomon serves on the board of directors of ADT Inc., Cox Media Group, Coinstar and ecoATM. He previously served on the board of directors of Redbox, Endemol Shine Group and Mood Media Corporation. Mr. Solomon received his MBA from The Stern School of Business at New York University and graduated from the University of Rochester with a BA in Economics and Political Science.

Charles Yamarone is a member of our Board of Directors and a designee of Seaport Global Acquisition Corp. Mr. Yamarone has served as the Chief Corporate Governance and Compliance Officer of Houlihan Lokey (NYSE: HLI), a global investment bank, since January 2016. From January 2014 to May 2015, he was a Managing Director in Houlihan Lokey's capital markets group, where he had been a senior investment banker since November 2009. Between 1991 and 2009, Mr. Yamarone was a senior officer of Libra Securities. Mr. Yamarone previously served on the board of El Paso Electric Company (NYSE: EE), United Continental Parent, Inc. (NYSE: UAL), Continental Airlines, Inc. (NYSE: CAL), Bally's Grand, Inc., (NASDAQ: BGLV), LIVE Entertainment, Inc. (NASDAQ: LVE), Merry-Go-Round Enterprises, Inc. (NYSE: MGRE), and Vagabond Inn Corporation. Mr. Yamarone holds a B.A. in Economics and a J.D. from University of California, Berkeley.

Board Composition

Our board of directors currently consists of nine members. Redwood Holdco controls a majority of the voting power of our outstanding capital stock. As a result, we are a "controlled company" under Nasdaq rules. We have availed ourselves of the "controlled company" exception under the Nasdaq rules, which eliminates the requirements that we have a majority of independent directors on our board of directors and that we have a compensation committee and a nominating and corporate governance committee composed entirely of independent directors.

Our board of directors is divided into three classes. The members of each class serve staggered, three-year terms (other than with respect to the initial terms of the Class I and Class II directors, which will be one and two years, respectively). Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. Our current directors are divided into the following classes:

- Vikas M. Keswani, Michael Redd and David B. Sambur are Class I directors, whose initial terms will expire at our first annual meeting of stockholders following the special meeting;
- Jay Burnham, Galen C. Smith and Lee J. Solomon are Class II directors, whose initial terms will expire at the second annual meeting of stockholders following the special meeting; and
- Charles Yamarone, Reed Rayman and Kimberly Kelleher are Class III directors, whose initial terms will expire at the third annual meeting of stockholders following the special meeting.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. This classification of our board of directors may have

the effect of delaying or preventing changes in control. At each annual meeting, our stockholders will elect the successors to one class of our directors.

Director Independence

While we are a “controlled company” we are not required to have a majority of independent directors. As allowed under the applicable rules and regulations of the SEC and Nasdaq, we intend to phase in compliance with the heightened independence requirements prior to the end of the one-year transition period after we cease to be a “controlled company.” Our independent directors, as such term is defined by the applicable rules and regulations of Nasdaq, are Jay Burnham, Kimberly Kelleher, Michael Redd and Charles Yamarone.

Committees of the Board of Directors

Our board committees include an audit committee, a compensation committee and a nominating and corporate governance committee. A copy of each committee’s charter is posted on the Corporate Governance section of our website at www.redbox.com.

Audit Committee

Our audit committee consists of Jay Burnham, Kimberly Kelleher and Charles Yamarone, with Charles Yamarone serving as the chair.

Our board of directors has determined that Mr. Yamarone qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K and that Mr. Burnham, Ms. Kelleher and Mr. Yamarone are independent as independence is defined in Rule 10A-3 of the Exchange Act and the Nasdaq’s listing standards. The principal duties and responsibilities of our audit committee are as follows:

- to prepare the annual audit committee report to be included in our annual proxy statement;
- to oversee and monitor our accounting and financial reporting processes;
- to oversee and monitor the integrity of our financial statements and internal control system;
- to oversee and monitor the independence, retention, performance and compensation of our independent auditor;
- to oversee and monitor the performance, appointment and retention of our internal audit department;
- to discuss, oversee and monitor policies with respect to risk assessment and risk management, and
- to oversee and monitor our compliance with legal and regulatory matters.

The audit committee also has the authority to retain counsel and advisors to fulfill its responsibilities and duties and to form and delegate authority to subcommittees.

Compensation Committee

Our compensation committee consists of Jay Burnham, Reed Rayman and Michael Redd, with Jay Burnham serving as chair. The principal duties and responsibilities of the compensation committee are as follows:

- to review, evaluate and make recommendations to the full board of directors regarding our compensation policies and programs;
- to review and approve the compensation of our chief executive officer, other executive officers and key employees, including all material benefits, option or stock award grants and perquisites and all material employment agreements;

- to review and make recommendations to the board of directors with respect to our incentive compensation plans and equity-based compensation plans and pension plans;
- to administer incentive compensation and equity-related plans and pension plans;
- to review and make recommendations to the board of directors with respect to the financial and other performance targets that must be met; and
- to prepare an annual compensation committee report and take such other actions as are necessary and consistent with the governing law and our organizational documents.

We have availed ourselves of the “controlled company” exception under the Nasdaq rules which exempts us from the requirement that we have a compensation committee composed entirely of independent directors.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Chuck Yamarone, Lee J. Solomon and Michael Redd, with Lee J. Solomon serving as the chair. The principal duties and responsibilities of the nominating and corporate governance committee are as follows:

- to identify candidates qualified to become directors of the Company, consistent with criteria approved by our board of directors;
- to recommend to our board of directors nominees for election as directors at the next annual meeting of stockholders or a special meeting of stockholders at which directors are to be elected, as well as to recommend directors to serve on the other committees of the board;
- to recommend to our board of directors candidates to fill vacancies and newly created directorships on the board of directors;
- to identify best practices and recommend corporate governance principles, including giving proper attention and making effective responses to stockholder concerns regarding corporate governance;
- to set and review the compensation of the non-executive members of the board of directors;
- to develop and recommend to our board of directors guidelines setting forth corporate governance principles applicable to the Company; and
- to oversee the evaluation of our board of directors.

We have availed ourselves of the “controlled company” exception under the Nasdaq rules which exempts us from the requirement that we have a nominating and corporate governance committee composed entirely of independent directors.

Family Relationships

There are no family relationships among our directors and executive officers.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Code of Business Conduct and Ethics

Our board of directors has adopted an amended code of business conduct and ethics that applies to all of our directors, officers and employees and is intended to comply with the relevant listing requirements for a code of conduct as well as qualify as a “code of ethics” as defined by the rules of the SEC. The code of business conduct and ethics contains general guidelines for conducting our business consistent with the highest standards of business ethics. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of such provisions applicable to any principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, and our directors, on our website at www.redbox.com. The code of conduct is available on our website.

Board Leadership Structure and Board’s Role in Risk Oversight

The board of directors has an oversight role, as a whole and also at the committee level, in overseeing management of its risks. The board of directors regularly reviews information regarding our credit, liquidity and operations, as well as the risks associated with each. The compensation committee of the board of directors is responsible for overseeing the management of risks relating to employee compensation plans and arrangements and the audit committee of the board of directors oversees the management of financial risks. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board of directors will be regularly informed through committee reports about such risks.

EXECUTIVE COMPENSATION

The following disclosure covers the material components of the compensation for Redbox’s principal executive officer and its other most highly compensated executive officers, who are referred to in this section as “named executive officers,” for the fiscal year ended December 31, 2020 (i.e., pre-Business Combination). This section should be read in conjunction with Redbox’s consolidated financial statements and related notes appearing elsewhere in this prospectus, along with the section entitled “Certain Relationships and Related Party Transactions.” Compensation information included in the following section is presented in actual dollar amounts. This section provides information in accordance with the scaled SEC disclosure rules available to “emerging growth companies.”

Throughout this section, unless otherwise noted, “we,” “us,” “our,” “Company” and similar terms refer to Redbox and its consolidated subsidiaries.

Executive Compensation

Overview

The “Named Executive Officers” for the year ended December 31, 2020, include Galen C. Smith, the Chief Executive Officer, Jason K. Kwong, the Chief Strategy and Digital Officer, and Michael D. Chamberlain, the Chief Operating Officer.

As Redbox transitions from a private company to a publicly-traded company, the Company will evaluate its compensation programs as circumstances require. This discussion may contain forward-looking statements that are based on current plans, considerations, expectations and determinations regarding future compensation programs. The compensation reported in this discussion is not necessarily indicative of how the Named Executive Officers will be compensated in the future.

2020 Summary Compensation Table

The following table presents information regarding the total compensation of our Named Executive Officers for the year ended December 31, 2020.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) ⁽¹⁾	All Other Compensation (\$) ⁽²⁾	Total (\$)
Galen C. Smith Chief Executive Officer	2020	\$ 700,000	\$ 3,069,583	\$ 144,974	\$ 3,914,557
Jason K. Kwong Chief Strategy & Digital Officer	2020	\$ 375,000	\$ 863,542	\$ 57,553	\$ 1,296,095
Michael D. Chamberlain Chief Operating Officer	2020	\$ 340,000	\$ 565,750	\$ 36,425	\$ 942,175

- (1) Amounts shown in the Bonus column represent the following retention payments earned during 2020: For Mr. Smith, a retention award made in replacement of annual bonus (\$656,250) and a long-term retention award (\$2,413,333); for Mr. Kwong, a retention award made in replacement of annual bonus (\$196,875) and a long-term retention award (\$666,667); and for Mr. Chamberlain, a retention award made in replacement of annual bonus (\$165,750) and a long-term retention award (\$400,000). For a further description of these payments, see the section entitled “Narrative to 2020 Summary Compensation Table — Cash Bonus Compensation” and “Narrative to 2020 Summary Compensation Table — Long-Term Retention Awards” below.
- (2) Amounts shown in the All Other Compensation column represent the following: For Mr. Smith 401(k)-matching contributions (\$11,400), dividend equivalent payments in respect of vested restricted stock units (\$129,799), reimbursement for tax services (\$3,511) and Company-paid contributions for life insurance benefits (\$264); for Mr. Kwong 401(k)-matching contributions (\$11,400), dividend equivalent payments in respect of vested restricted stock units (\$45,889) and Company-paid contributions for life insurance benefits (\$264); and for Mr. Chamberlain 401(k)-matching contributions (\$9,939), dividend equivalent payments in respect of vested restricted stock units (\$26,222) and Company-paid contributions for life insurance benefits (\$264). The amount in the All Other Compensation column for Mr. Smith does not include payment of the \$2,000,000 transaction bonus he received in February 2020 in connection with a transaction involving ecoATM, LLC in recognition of his prior service to ecoATM, LLC;. While the bonus was paid through our payroll, the funds were allocated to us by ecoATM, LLC and its affiliates to pay such amount.

Narrative to 2020 Summary Compensation Table

Base Salaries

The Company's Named Executive Officers each receive a base salary to compensate them for services rendered to the Company. The base salary payable to each Named Executive Officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. For 2020, the annual base salary for Galen C. Smith was \$700,000, Jason K. Kwong was \$375,000, and Michael D. Chamberlain was 340,000. As of the date of this filing there have been no changes made to our Named Executive Officers' base salaries for 2021.

Cash Bonus Compensation

During fiscal year 2020, our Named Executive Officers were initially eligible to participate in our annual performance-based cash incentive plan (the "Annual Bonus Plan"). Our board of directors has intended and, following the completion of the Business Combination, our compensation committee intends to continue an annual performance-based cash bonus plan for eligible employees, including our Named Executive Officers.

For fiscal year 2020, the annual target bonus (as a percentage of base salary) for each of Messrs. Smith, Kwong and Chamberlain under the Annual Bonus Plan was 125%, 70% and 65%, respectively. As a result of the economic uncertainty and business-specific challenges due to the COVID-19 pandemic, we decided to replace awards under the Annual Bonus Plan with retention awards equal to 75% of each of the executive's target bonuses. The retention bonus awards were paid in March of 2021 and are reflected in the Summary Compensation Table.

Equity Compensation

The Named Executive Officers have been granted restricted stock units in Redwood Holdco ("RSUs"), which reflect the right to receive a share of Class A Common Stock of Aspen Parent, Inc. (which, following settlement, is required to be immediately exchanged for a Class R Unit of Outerwall Holdings, LLC and which tracks the value of Redbox), or the value thereof in cash at the discretion of Redwood Holdco, pursuant to the Redwood Holdco Management Incentive Plan, as amended (the "Equity Plan").

The RSUs have vesting schedules that are designed to encourage continued employment and typically vest: (i) with respect to a portion (typically one-third) of the RSUs, in equal installments of 20% on each of the first five anniversaries of the grant date (or such other date as specified in the participant's grant agreement) subject to continued employment (which shall become 100% vested as of the effective date of a Change in Control), and (ii) with respect to another portion (typically two-thirds) of the RSUs, based on the multiple on invested capital ("MOIC") of at least two (2x) achieved by Apollo Operating Group and its affiliates (the "Apollo Holders") (based on cash payments or other cash distributions actually received) on any date on of which the Apollo Holders receive cash distributions and/or cash proceeds in respect of their ownership interest in the Company (each such date, a "Measurement Date") ("PSUs") (provided that, upon a Change in Control, each then-unvested PSU becomes vested only to the extent such performance criteria are achieved in connection with the Change in Control). The number of PSUs specified in grant agreements reflect a maximum number of PSUs. RSUs and PSUs are credited with dividend equivalents.

If a participant's employment with Redbox or its affiliates is terminated as a result of the participant's death, or by the Company or its affiliates due to "Disability" as defined in the Equity Plan, the participant will be eligible to immediately vest in a number of RSUs and PSUs equal to the product of (x) the number of RSUs and PSUs scheduled to vest on the next vesting date following such termination of employment, multiplied by (y) a fraction, (A) in the case of RSUs (1) the numerator of which is equal to the number of days that have elapsed since the last RSU vesting date prior to the date of termination of employment (or, if no vesting date has occurred, the vesting commencement date), and (2) the denominator of which is 365, and (B) in the case of PSUs, following the PSU Amendment described below, (1) the numerator of which is equal to the number of days that have elapsed since the last PSU vesting date prior to the date of termination of employment or, if no such vesting date has occurred, the closing of the Business Combination, and (2) the denominator of which is 183. In addition, following the PSU Amendment described below, if a participant's employment is terminated by Redbox without "Cause" as defined in the Equity Plan, 100% of the RSUs and PSUs shall immediately vest. If a participant's employment with Redbox or its affiliates is terminated by the Company or its affiliates for "Cause", all vested and unvested RSUs and PSUs shall be cancelled immediately and the participant shall not be entitled to receive any payments with respect thereto. If the participant's employment with Redbox or its affiliates is terminated for any other reason, then all unvested RSUs and PSUs shall be cancelled immediately and the participant shall not be entitled to receive any payments with respect thereto.

Each vested RSU and PSU shall be settled no later than thirty (30) days following the earliest of (i) termination of the participant’s employment or service by the Company without “Cause” or as a result of the participant’s resignation for any reason, (ii) termination of the participant’s employment or service with the Company and its affiliates as a result of death, (iii) termination of the participant’s employment or service with the Company and its affiliates as a result of Disability, (iv) a Change in Control, or (v) a liquidation of the Company and its subsidiaries. Upon settlement, the Company will deliver to the participant, or his or her beneficiary, without charge, a number of units in the aggregate equal to (X) the number of vested outstanding RSUs and PSUs as of the settlement date, less (Y) a number of units with an aggregate fair market value equal to the amount required to be distributed to the Apollo Holders, if any, with respect to each unit to achieve a MOIC of one (1x), provided the board of directors may, in its sole discretion, elect to pay cash or part cash and part units in lieu of delivering only units in respect of such vested RSUs or PSUs, or defer the delivery of units (or cash or part units and part cash, as the case may be) for a period not to exceed six (6) months if such extension would not cause adverse tax consequences under Section 409A of the Code.

For purposes of the Equity Plan, “Change in Control” means the first occurrence of either of the following: (i) (A) the Apollo Holders cease to be the beneficial owners, directly or indirectly, of 50.1% of the combined voting power of the Company’s outstanding securities; and (B) a Person or group other than the Apollo Holders become the direct or indirect beneficial owner of a percentage of the combined voting power of the Company’s outstanding securities that is greater than the percentage of the combined voting power of the Company’s outstanding securities beneficially owned directly or indirectly by the Apollo Holders; or (ii) a sale of all or substantially all of the assets of the Company to a Person or group other than the Apollo Holders. A mere initial public offering or a merger or other acquisition or combination transaction after which the Apollo Holders retain control or shared control of the Company, or have otherwise not sold or disposed of 50.1% or more of their investment in the Company as of September 27, 2016 in exchange for cash or marketable securities, will not result in a Change in Control. Further, following an initial public offering, the above clause (i) shall be deleted and replaced with: “a Person or group other than the Apollo Holders becomes the beneficial owner, directly or indirectly of 35% or more of the combined voting power of the Company’s (or the initial public offering entity’s, if not the Company) outstanding securities, and such combined voting power beneficially owned is greater than the percentage of the combined voting power of the Company’s (or the initial public offering entity’s, if not the Company) outstanding securities beneficially owned directly or indirectly by the Apollo Holders. Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred for purposes of this Plan unless or until a “change in control event” within the meaning of Treasury Regulation Section 1.409A-3(i)(5) has occurred.

In anticipation of the Business Combination, the PSUs were amended effective as of the consummation of the Business Combination (the “PSU Amendment”) such that the number of PSUs specified in the participant’s award agreement shall vest in four installments of 25% on each of the 6-, 12-, 18- and 24- month anniversaries of the consummation of the Business Combination, subject to the executive’s continued employment on each such vesting date; provided, that 100% of the PSUs shall become vested if, upon any Measurement Date, the Apollo Holders have achieved a MOIC of at least two (2x) and shall remain subject to the treatment on termination of employment described above. All unvested RSUs will become vested on a Change in Control.

Long-Term Retention Awards

The Company has awarded certain employees, including the Named Executive Officers, retention bonuses that generally vest over three years in six semi-annual installments (the “Retention Awards”) pursuant to award letters (the “Retention Award Letters”). Each installment of the Retention Awards is payable within 15 days of the end of the vesting period, subject to the Retention Award holder’s employment in “good standing,” as defined in the Retention Award Letters, as of the applicable payment date. If the holder is not employed in “good standing” as of the end of a vesting period, the holder will forfeit the associated portion of the Retention Award, but will remain eligible to earn additional portions of the Retention Award in future vesting periods, subject to employment in “good standing” as of the payment dates for such future vesting periods. The Named Executive Officers were granted the amount of the Retention Awards as set forth on the chart below.

Name	Portion of Retention Award Earned in 2020	Additional Portion of Retention Award earned in 2021 as of September 30, 2021	Total Retention Award
Galen C. Smith,	\$ 2,413,333	\$ 1,206,667	\$ 7,240,000
Jason Kwong	\$ 666,667	\$ 333,333	\$ 2,000,000
Michael Chamberlain	\$ 400,000	\$ 200,000	\$ 1,200,000

The outstanding unpaid portion of the Retention Award will be earned in full and become immediately payable upon (i) a Change in Control (as defined in the Equity Plan) or (ii) a Measurement Date (as defined in the Equity Plan), if the Apollo Holders have

achieved a MOIC of at least two (2x). If the Company terminates a Retention Award holder's employment without "Cause" as defined in the Equity Plan or if his or her employment ends as a result of the holder's death or disability, he or she will be eligible to receive immediate payment of a prorated portion of the next semi-annual installment of the retention bonus, based on a fraction, (1) the numerator of which is equal to the number of days that have elapsed since the beginning of the current vesting period and (2) the denominator of which is 182. The remaining unpaid portion of the Retention Award giving effect to this clause shall be immediately forfeited. Any unpaid portion of the Retention Award is forfeited in the event of the holder's termination of employment by the Company for Cause or the holder's voluntary resignation of employment.

In May 2021, the Long-Term Retention Awards were amended to provide that the unpaid portion of the Retention Award as of the consummation of the Business Combination will become payable 90 days following the consummation of the Business Combination subject to the recipient's continued employment with Redbox on such date.

Executive Employment Arrangements

Galen C. Smith

Galen C. Smith is party to an employment agreement with Redbox Automated Retail, LLC, dated November 28, 2016 (the "Smith Employment Agreement"), pursuant to which he serves as the Chief Executive Officer. The Smith Employment Agreement has a five year term (ending on September 27, 2021), which can thereafter be automatically extended for successive one year periods and sets forth Mr. Smith's annual base salary of \$700,000 and an annual target bonus of up to 125% of his annual base salary, provided that he is employed on December 31 for the calendar year in which the bonus was earned. Mr. Smith was also entitled to a one-time special cash bonus equal to two percent of the net proceeds of a sale of ecoATM, LLC, up to \$2,000,000, which was paid to Mr. Smith in February 2020 in connection a transaction involving ecoATM, LLC (the funds were allocated to us by ecoATM, LLC and its affiliates to pay such bonus). The Company also reimbursed Mr. Smith for his legal fees incurred in connection with the Smith Employment Agreement up to \$20,000.

Under the Smith Employment Agreement, in the event Mr. Smith's employment terminates as a result of his death then, subject to his (or his estate's) execution and non-revocation of a release, his estate will be entitled to a prorated portion of his annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis based on actual performance, and payable if and when annual bonuses are paid to other senior employees. In the event Mr. Smith's employment terminates as a result of his disability then, subject to his (or his estate's) execution and non-revocation of a release and his continued compliance with the restrictive covenants, he will be entitled to he will be entitled to, (i) continued payment of base salary, until the earlier of (x) the date he becomes eligible for long term disability benefits in accordance with the Company's plan and (y) the date that is six months following the date of termination, (ii) a prorated portion of his annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis based on actual performance, and payable if and when annual bonuses are paid to other senior employees, and (iii) continuation of coverage during the 12 month period beginning on his date of termination (or ending on the date his eligibility for coverage ends, if earlier) for him and any eligible dependents under all Company health and welfare plans, subject to any active-employee cost-sharing or similar provisions in effect thereunder as of immediately prior to the date of termination.

Under the Smith Employment Agreement, in the event Mr. Smith's employment is terminated by the Company without "Cause" as defined in the Smith Employment Agreement (including non-renewal of the term of the employment agreement), or if he resigns for "Good Reason" as defined in the Smith Employment Agreement, then, subject to his execution and non-revocation of a release and his continued compliance with the restrictive covenants, he will be entitled to (i) a lump-sum payment equal to 18 months of his then-current base salary (which annual base salary shall in no event be less than \$700,000), (ii) continuation of coverage during the 12 month period beginning on his date of termination for him and any eligible dependents under all Company health and welfare plans, subject to any active-employee cost-sharing or similar provisions in effect thereunder as of immediately prior to the date of termination, and (iii) a prorated portion of his target annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, and payable if and when annual bonuses are paid to other senior employees. In addition, under the Smith Employment Agreement, in the event Mr. Smith's employment is terminated by the Company without cause or if he resigns for good reason, in each case during the 12 month period following a Change in Control (as defined in the Equity Plan), then, subject to his execution and non-revocation of a release and his continued compliance with the restrictive covenants, he will be entitled to (i) severance in an amount equal to 24 months of his then-current base salary (which annual base salary shall in no event be less than \$700,000), payable in 12 equal monthly installments, (ii) continuation of coverage during the 12 month period beginning on his date of termination for him and any eligible dependents under all Company health and welfare plans, subject to any active-employee cost-sharing or similar provisions in effect thereunder as of immediately prior to the date of termination, (iii) a payment equal to his target

annual bonus for the year of termination, and (iv) a prorated portion of his target annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, and payable if and when annual bonuses are paid to other senior employees.

The Smith Employment Agreement also includes other customary terms and conditions, including perpetual confidentiality and assignment of intellectual property provisions, a mutual non-disparagement covenant, and a 12 month post-termination noncompetition covenant and 24 month post-termination non-solicitation or hire covenants of employees and customers.

If any payments or benefits payable to Mr. Smith or under the Smith Employment Agreement would be a “parachute payment” resulting in a lost tax deduction for the Company under Section 280G of the Code and excise tax to Mr. Smith, as applicable, under Section 4999 of the Code, the payments and benefits shall be reduced to an amount that would not trigger the excise tax, but only to the extent that such reduction would leave Mr. Smith, as applicable, with a greater net after-tax amount.

Jason Kwong

Jason Kwong is party to an employment agreement with Redbox Automated Retail, LLC, dated December 7, 2017 (the “Kwong Employment Agreement”), pursuant to which he serves as the Chief Strategy & Digital Officer (his initial title was Chief Strategy and Business Development Officer). The Kwong Employment Agreement has a five year term (ending September 25, 2022), which will thereafter be automatically extended for successive one year periods, and sets forth Mr. Kwong’s annual base salary of \$370,000 and an annual target bonus of up to 70% of his annual base salary, provided that he is employed on December 31 for the calendar year in which the bonus was earned. The Kwong Employment Agreement also provides that Mr. Kwong was entitled to (i) a one-time sign-on bonus equal to \$75,000 (the after tax amount of such sign-on bonus was required to be applied to his \$50,000 co-investment), (ii) a relocation payment of \$30,000, (iii) reimbursement of expenses related to his relocation (x) for costs associated with the closing and sale of his home, or subject to his continued employment, up to \$12,000 annually for up to three years to assist with the rental costs of his home, (y) for costs associated with moving household goods and (z) up to \$40,000 for temporary housing, storage and use of a rental car, in each case such reimbursements were grossed up for tax purposes and (iv) reimbursement for his legal fees incurred in connection with the Kwong Employment Agreement up to \$5,000.

Under the Kwong Employment Agreement, in the event Mr. Kwong’s employment terminates as a result of his death or disability then, subject to his (or his estate’s) execution and non-revocation of a release, he, or his estate, will be entitled to a prorated portion of his annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis based on actual performance, and payable if and when annual bonuses are paid to other senior employees. Under the Kwong Employment Agreement, in the event Mr. Kwong’s employment is terminated by the Company without “Cause” as defined in the Kwong Employment Agreement then, subject to his execution and non-revocation of a release and his continued compliance with the restrictive covenants, he will be entitled to (i) a lump-sum payment equal to 12 months of his then-current base salary, (ii) continuation of coverage during the 12 month period beginning on his date of termination for him and any eligible dependents under all Company health and welfare plans, subject to any active-employee cost-sharing or similar provisions in effect thereunder as of immediately prior to the date of termination, (iii) a prorated portion of his target annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, and payable if and when annual bonuses are paid to other senior employees, (iv) senior executive level career transition services for a period of up to 12 months, using a reputable provider selected by him with the consent of the Company, which shall not be unreasonably withheld, and (v) reimbursement of up to \$40,000 in relocation related expenses (grossed up for tax purposes) if he relocates back to Southern California within one year of the date of termination. In addition, under the Kwong Employment Agreement, in the event Mr. Kwong’s employment is terminated (i) by the Company without cause or (ii) Mr. Kwong terminates his employment as a result of the Company requiring him to work solely or substantially at a location more than 50 miles from his principal place of employment as of the date of the Change in Control, in each case, during the 12 month period following a Change in Control (as defined in the Equity Plan), then, subject to his execution and non-revocation of a release and his continued compliance with the restrictive covenants, he will be entitled to (i) severance in an amount equal to 18 months of his then-current base salary, payable in 12 equal monthly installments, (ii) continuation of coverage during the 12 month period beginning on his date of termination for him and any eligible dependents under all Company health and welfare plans, subject to any active-employee cost-sharing or similar provisions in effect thereunder as of immediately prior to the date of termination, (iii) a payment equal to his target annual bonus for the year of termination, (iv) a prorated portion of his target annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, and payable if and when annual bonuses are paid to other senior employees and (v) senior executive level career transition services for a period of up to 12 months, using a reputable provider selected by him with the consent of the Company, which shall not be unreasonably withheld.

The Kwong Employment Agreement also includes other customary terms and conditions, including perpetual confidentiality and assignment of intellectual property provisions, non-disparagement, and a 12 month post-termination noncompetition covenant and 24 month post-termination non-solicitation or hire covenants of employees and customers.

If any payments or benefits payable to Mr. Kwong or under the Kwong Employment Agreement would be a “parachute payment” resulting in a lost tax deduction for the Company under Section 280G of the Code and excise tax to Mr. Kwong under Section 4999 of the Code, the payments and benefits shall be reduced to an amount that would not trigger the excise tax, but only to the extent that such reduction would leave Mr. Kwong as applicable, with a greater net after-tax amount.

Michael Chamberlain

Michael Chamberlain is party to an employment agreement with Redbox Automated Retail, LLC, dated March 23, 2020 (the “Chamberlain Employment Agreement”), pursuant to which he serves as the Chief Operating Officer. The Chamberlain Employment Agreement has a three year term (ending March 23, 2023), which will thereafter be automatically extended for successive one year periods and sets forth Mr. Chamberlain’s annual base salary of \$340,000 and an annual target bonus of up to 65% of his annual base salary, provided that he is employed on December 31 for the calendar year in which the bonus was earned.

Under the Chamberlain Employment Agreement, in the event Mr. Chamberlain’s employment terminates as a result of his death or disability then, subject to his (or his estate’s) execution and non-revocation of a release, he or his estate will be entitled to a prorated portion of his annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis based on actual performance, and payable if and when annual bonuses are paid to other senior employees. Under the Chamberlain Employment Agreement, in the event Mr. Chamberlain’s employment is terminated by the Company without “Cause” as defined in the Chamberlain Employment Agreement then, subject to his execution and non-revocation of a release and his continued compliance with the restrictive covenants, he will be entitled to (i) a lump-sum payment equal to 12 months of his then-current base salary, (ii) continuation of coverage during the 12 month period beginning on his date of termination for him and any eligible dependents under all Company health and welfare plans, subject to any active-employee cost-sharing or similar provisions in effect thereunder as of immediately prior to the date of termination, (iii) a prorated portion of his target annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, and payable if and when annual bonuses are paid to other senior employees, and (iv) senior executive level career transition services for a period of up to 12 months, using a reputable provider selected by him with the consent of the Company, which shall not be unreasonably withheld. In addition, under the Chamberlain Employment Agreement, in the event Mr. Chamberlain’s employment is terminated by the Company without cause during the 12 month period following a Change in Control (as defined in the Equity Plan), then, subject to his execution and non-revocation of a release and his continued compliance with the restrictive covenants, he will be entitled to (i) severance in an amount equal to 18 months of his then-current base salary, payable in 12 equal monthly installments, (ii) continuation of coverage during the 12 month period beginning on his date of termination for him and any eligible dependents under all Company health and welfare plans, subject to any active-employee cost-sharing or similar provisions in effect thereunder as of immediately prior to the date of termination, (iii) a payment equal to his target annual bonus for the year of termination, (iv) a prorated portion of his target annual bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, and payable if and when annual bonuses are paid to other senior employees and (v) senior executive level career transition services for a period of up to 12 months, using a reputable provider selected by him with the consent of the Company, which shall not be unreasonably withheld.

The Chamberlain Employment Agreement also includes other customary terms and conditions, including perpetual confidentiality and assignment of intellectual property provisions, a mutual non-disparagement covenant, and a 12 month post-termination noncompetition covenant and 24 month post-termination nonsolicitation or hire covenants of employees and customers.

If any payments or benefits payable to Mr. Chamberlain or under the Chamberlain Employment Agreement would be a “parachute payment” resulting in a lost tax deduction for the Company under Section 280G of the Code and excise tax to Mr. Chamberlain, as applicable, under Section 4999 of the Code, the payments and benefits shall be reduced to an amount that would not trigger the excise tax, but only to the extent that such reduction would leave Mr. Chamberlain, as applicable, with a greater net after-tax amount.

For purposes of the Named Executive Officers’ employment agreements, “Cause” generally means (i) conviction of, or plea of nolo contendere to, any felony or other crime involving either fraud or a breach of duty of loyalty with respect to the Company or any subsidiaries or other affiliates thereof, or any of its customers or suppliers, (ii) substantial and repeated willful failure to materially perform lawful duties as reasonably directed by the Board (not as a consequence of disability) after written notice thereof and failure to cure within 30 calendar days; provided, that Cause shall not result solely from unsatisfactory performance of duties or failure to

achieve desired results, without otherwise meeting this definition for Cause, (iii) fraud, misappropriation, embezzlement, or material misuse of funds or property belonging to the Company, any of its subsidiaries, or New Outerwall Inc. (“Outerwall”), (iv) proven violation of the written policies of the Company or any of its subsidiaries or affiliates, or other willful misconduct in connection with the performance of duties that in either case results in material injury to the Company or any of its subsidiaries or Outerwall, after written notice thereof and failure to cure within thirty (30) calendar days, (v) material breach of material obligations under the employment agreement that results in material injury to the Company, any of its subsidiaries, or Outerwall, and failure to cure such breach within 30 calendar days after written notice; provided, that Cause shall not result solely from unsatisfactory performance of duties or failure to achieve desired results, without otherwise meeting the definition for Cause, or (vi) breach of the confidentiality or non-disparagement provisions (excluding unintentional breaches that are cured within 30 calendar days after he becomes aware of such breaches, to the extent curable) or the non-competition and non-solicitation provisions to which he is subject.

For purposes of the Smith Employment Agreement, “Good Reason” generally means to resign from the executive’s employment in the event that any of the following actions are taken by the Company or any of its subsidiaries without the executive’s express written consent: (i) a material reduction of the executive’s duties and responsibilities, (ii) a material reduction of the executive’s annual base salary or target bonus, (iii) the executive’s being required to work solely or substantially at a location more than 50 miles from the principal place of business of the executive’s employment, or (iv) any material breach by the Company of any term or provision of the employment agreement; provided, however, that none of the events described in the foregoing clauses shall constitute “Good Reason” unless the executive has notified the Company in writing describing the events that constitute “Good Reason” within 60 calendar days following the first occurrence of such events and then only if the Company fails to cure such events within 30 calendar days after the Company’s receipt of such written notice.

Outstanding Equity Awards at Fiscal Year End

The following table summarizes the outstanding equity incentive plan awards for each Named Executive Officer as of December 31, 2020.

Name	Stock Awards			
	Number of Time-Based Shares or Units of Stock That Have not Vested (#) ⁽¹⁾	Market Value of Time-Based Shares or Units of Stock that Have not Vested (\$) ⁽²⁾	Number of Performance-Based Shares or Units of Stock That Have not Vested (#) ⁽³⁾	Market Value of Performance-Based Shares or Units of Stock that Have not Vested (\$) ⁽²⁾
Galen C. Smith	39,600	\$ 105,732	569,656	\$ 1,520,982
Jason K. Kwong	28,000	\$ 74,760	155,000	\$ 413,850
Michael D. Chamberlain	8,000	\$ 21,360	90,000	\$ 240,300

(1) Represents unvested Redwood Holdco RSUs (which, if not settled in cash, are settled in Class A Common Stock of Aspen Parent, Inc. (which, following settlement, is required to be immediately exchanged for a Class R Unit of Outerwall Holdings, LLC and which tracks the value of Redbox)), which vest as follows (subject to the Named Executive Officer’s continued employment through each applicable vesting date):

Name	Grant Date	Vesting Schedule
Galen C. Smith	12/6/2016	Vests 20% per year over 5 years. The remaining 39,600 RSUs vested on September 27, 2021.
Jason K. Kwong	12/7/2017	Vests 20% per year over 5 years. 14,000 of the remaining RSUs vested on September 25, 2021, and 14,000 of the remaining RSUs are scheduled to vest on September 25, 2022.
Michael D. Chamberlain	12/6/2016	Vests 20% per year over 5 years. The remaining 8,000 RSUs vested on September 27, 2021.

(2) Since there was no public market for our shares as of December 31, 2020, the amount shown is based on a per share price of \$2.67, which represents the fair market value of a Class A Common Stock of Aspen Parent, Inc.

(3) Represents the unvested Redwood Holdco PSUs (which, if not settled in cash, are settled in Class A Common Stock of Aspen Parent, Inc. (which, following settlement, is required to be immediately exchanged for a Class R Unit of Outerwall Holdings, LLC and which tracks the value of Redbox)). As of December 31, 2020 the PSUs would vest on a Measurement Date in which the Apollo Holders achieved a MOIC of at least two (2x). In anticipation of the Business Combination, the PSUs will be amended

effective as of the consummation of the Business Combination such that the total number of PSUs specified in the executive's award agreement shall vest in four installments of 25% on each of the 6-, 12-, 18- and 24- month anniversaries of the consummation of the Business Combination, subject to the executive's continued employment on each such vesting date; provided, that 100% of the PSUs shall become vested if, upon any Measurement Date, the Apollo Holders have achieved a MOIC of at least two (2x).

Health, Welfare and Retirement Plans

Redbox's Named Executive Officers are eligible to participate in Redbox's employee benefit plans and programs, including medical, dental and vision benefits, life insurance, and disability insurance, to the same extent as its other full-time employees, subject to the terms and eligibility requirements of those plans.

The Company also sponsors a 401(k) defined contribution plan in which its Named Executive Officers may participate, subject to limits imposed by the Code, to the same extent as all other full-time employees. The Company matches participant contributions 100% on the first 3% of deferrals and 50% on the next 2% of deferrals (up to a maximum of 4% when the participant contributes at least 5%), subject to Service limits.

Post-Combination Company Executive Officer and Director Compensation

Redbox is working to develop an executive compensation program that will be put in place following the closing of the Business Combination that is consistent with Redbox's existing compensation policies and philosophies, which are designed to align compensation with business objectives and the creation of stockholder value, while enabling the company to attract, motivate and retain individuals who contribute to its long-term success.

Decisions on the executive compensation program will be made by the compensation committee of the board of directors. The following discussion is based on the present expectations as to the executive compensation program, although the actual executive compensation program will depend on the judgment of the members of the compensation committee and may differ from what is described in the following discussion.

Redbox anticipates that compensation for the executive officers will continue to have three primary components, consisting of base salary, short-term incentives and long-term incentives.

Base Salary

It is expected that the Named Executive Officers' base salaries will initially continue as described under "— Narrative to 2020 Summary Compensation Table — Base Salaries" and will be reviewed in connection with the consummation of the Business Combination and from time to time by the compensation committee based upon advice and counsel of its advisors.

Stock-Based Awards

Redbox intends to use stock-based awards to reward long-term performance of the Named Executive Officers. Redbox believes that providing a meaningful portion of the total compensation package in the form of stock-based awards will align the incentives of the Named Executive Officers with the interests of stockholders and serve to motivate and retain the individual executives. Stock-based awards will be awarded under the 2021 Incentive Award Plan.

Other Compensation

Redbox expects to continue to maintain various employee benefit plans, including medical and 401(k) plans, in which the Named Executive Officers will participate.

Deductibility of Executive Compensation

Section 162(m) of the Code denies a federal income tax deduction for certain compensation in excess of \$1.0 million per year paid to certain executive officers of a publicly-traded corporation, including the chief executive officer, chief financial officer and the three other most highly-paid executive officers. To retain highly skilled executives and remain competitive with other employers, the

compensation committee may authorize compensation that would not be deductible under Section 162(m) or otherwise if it determines that such compensation is in the best interests of the Company and its stockholders and we expressly reserve the right to do so.

Director Compensation

Redbox expects that the board of directors will implement an annual compensation program for non-employee directors. The material terms of this program are not yet known and will depend on the judgment of the members of the board based on advice and counsel of its advisors.

Seaport Global Acquisition Corp. 2021 Omnibus Incentive Plan

Summary of the Incentive Plan

At Closing, we adopted the Seaport Global Acquisition Corp. 2021 Omnibus Incentive Plan (the “Incentive Plan”). The following summary provides a general description of the material features of the Incentive Plan but is not a complete description of all provisions of the Incentive Plan. The purpose of the Incentive Plan is to attract, retain and motivate qualified persons as employees, directors and other service providers of the Company and its subsidiaries. The Incentive Plan also provides a means through which such persons can acquire and maintain stock ownership or awards, the value of which is tied to the performance of the Company, thereby strengthening their concern for the Company and its subsidiaries.

The Incentive Plan will provide for potential grants of: (i) incentive stock options qualified as such under U.S. federal income tax laws (“ISOs”); (ii) stock options that do not qualify as incentive stock options (“Nonstatutory Options,” and together with ISOs, “Options”); (iii) stock appreciation rights (“SARs”); (iv) restricted stock awards (“Restricted Stock Awards”); (v) restricted stock units (“Restricted Stock Units” or “RSUs”); (vi) other stock awards (“Stock Awards”) or cash-based awards; and (vii) substitute awards (referred to collectively with the other awards as the “Awards”).

Key features of the Incentive Plan include:

- No automatic Award grants are promised to any eligible individual;
- Awards are subject to potential reduction, cancellation or, forfeiture pursuant to any clawback policy adopted by the Company;
- Awards are generally non-transferrable except to an Award recipient’s immediate family member or related family trust, pursuant to a qualified domestic relations order or by will or the laws of descent or distribution; and
- Meaningful limits on total director compensation.

Eligibility to Participate

Employees, non-employee directors and other service providers of the Company and its subsidiaries will be eligible to receive awards under the Incentive Plan. Eligible individuals to whom an Award is granted under the Incentive Plan are referred to as “Participants.” We have appropriately 1,400 employees (including six executive officers) and nine directors who are eligible to be granted awards under the Incentive Plan.

Securities to be Offered

Subject to adjustment in the event of any distribution, recapitalization, stock split, merger, consolidation or other corporate event, the aggregate number of shares of Class A common stock that may be issued pursuant to Awards under the Incentive Plan is equal to 7.5% of the outstanding shares of Class A common stock on a fully diluted basis (the “Share Pool”), and all of such shares will be available for issuance upon the exercise of ISOs.

If an Award under the Incentive Plan is forfeited, settled for cash or expires without the actual delivery of shares, any shares subject to such Award will again be available for new Awards under the Incentive Plan.

Administration

Our board of directors (or a committee appointed by our board of directors) will administer the Incentive Plan (as applicable, the “Administrator”). Subject to the terms of the Incentive Plan and applicable law, the Administrator has broad authority to select Participants to receive awards, determine the types of awards and terms and conditions of awards and interpret provisions of the Incentive Plan. Subject to applicable law, the Administrator is also authorized to interpret the Incentive Plan, to establish, amend, suspend, and waive any rules and regulations relating to the Incentive Plan, to delegate duties under the Incentive Plan, to terminate, modify or amend the Incentive Plan (except for certain amendments that require stockholder approval as described below), and to make any other determinations that it deems necessary or desirable for the administration of the Incentive Plan. The Administrator may correct any defect, supply any omission or reconcile any inconsistency in the Incentive Plan in the manner and to the extent the Administrator deems necessary or desirable.

Source of Shares

Class A common stock issued under the Incentive Plan may come from (i) authorized but unissued shares of Class A common stock, (ii) treasury stock held by the Company or (iii) previously issued shares of Class A common stock reacquired by the Company, including shares purchased on the open market.

Awards Under the Incentive Plan

Options. An Option represents a right to purchase Class A common stock at a fixed exercise price. The Company may grant Options to eligible persons including: (i) ISOs (only to employees of the Company or its subsidiaries) which comply with the requirements of Section 422 of the Code; and (ii) Nonstatutory Options. The exercise price of each Option granted under the Incentive Plan will be stated in the option agreement and may vary; however, except in limited circumstances, the exercise price for an Option must not be less than the fair market value per share of Class A common stock as of the date of grant (or 110% of the fair market value for certain ISOs), nor may the Option be re-priced without the prior approval of the stockholders. Options may be exercised as the Administrator determines, but not later than 10 years from the date of grant. The Administrator determines the methods and form of payment for the exercise price of an Option (including, in the discretion of the Administrator, payment in Class A common stock, other Awards or other property) and the methods and forms in which Class A common stock will be delivered to a Participant.

SARs. A SAR is the right to receive an amount equal to the excess of the fair market value of one share of Class A common stock on the date of exercise over the grant price of the SAR, payable in either cash or shares of Class A common stock or any combination thereof as determined by the Administrator. The grant price of a share of Class A common stock subject to the SAR will be determined by the Administrator, but, except in limited circumstances, in no event will that grant price be less than the fair market value of the Class A common stock on the date of grant. The Administrator has the discretion to determine the other terms and conditions of a SAR award.

Restricted Stock Awards. A Restricted Stock Award is a grant of shares of Class A common stock subject to a risk of forfeiture, performance conditions, restrictions on transferability and any other restrictions imposed by the Administrator in its discretion. Restrictions may lapse at such times and under such circumstances as determined by the Administrator. Except as otherwise provided under the terms of an Award agreement, the holder of a Restricted Stock Award will generally have rights as a stockholder, including the right to vote the Class A common stock subject to the Restricted Stock Award and to receive dividends on the Class A common stock subject to the Restricted Stock Award during the restriction period. Unless otherwise determined by the Administrator and specified in the Award agreement, Class A common stock distributed in connection with a stock split or stock dividend, and other property (other than cash) distributed as a dividend, will be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock Award with respect to which such Class A common stock or other property has been distributed.

Restricted Stock Units. RSUs are rights to receive Class A common stock, cash, or a combination of both equal in value to the number of shares of Class A common stock covered by the RSUs at the end of a specified period or upon the occurrence of a specified event. The Administrator will subject RSUs to restrictions to be specified in the RSU Award agreement, and those restrictions may lapse at such times determined by the Administrator. Unless otherwise provided by the Committee or in an award agreement, an RSU shall not convey to the Participant the rights and privileges of a stockholder with respect to the share of Class A common stock subject to the RSU, such as the right to vote or the right to receive dividends, unless and until a share of Class A common stock is issued to the Participant to settle the RSU.

Dividend Equivalents. Dividend equivalents entitle a Participant to receive cash, shares of Class A common stock, other Awards, or other property equal in value to dividends or other distributions paid with respect to a specified number of shares of Class A common stock. The terms and conditions applicable to dividend equivalents will be determined by the Administrator and set forth in an Award agreement.

Other Stock-Based or Cash-Based Awards. Other stock-based Awards are awards denominated in or payable in, valued in whole or in part by reference to, or otherwise based on or related to, the value of Class A common stock. Cash-based awards are awards denominated and/or payable in cash. Such stock-based awards or cash-based awards may be granted on a free-standing basis, as an element of or a supplement to, or in lieu of any other Award.

Substitute Awards. The Company may grant Awards in assumption of, or substitution for, any other Award granted under the Incentive Plan or another plan of the Company or its predecessors or subsidiaries or any other right of a person to receive payment from the Company or its subsidiaries. Awards may also be granted in substitution for awards held by individuals who become eligible individuals as a result of certain business transactions, in which case, subject to applicable stock exchange requirements, shares of Class A common stock subject to such Awards will not be added to or subtracted from the Share Pool (except that substitute awards issued or intended as ISOs shall be counted against the aggregate number of ISOs available under the Incentive Plan). Substitute awards that are Options or SARs may have an exercise price per share that is less than the fair market value of a share of Class A common stock on the date of substitution if the substitution complies with the requirements of Section 409A of the Code and the guidance and regulations promulgated thereunder and other applicable laws.

Other Provisions

Changes in Capital Structure and Similar Events. In the event of any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Class A common stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Class A common stock or other securities of the Company, or other similar corporate transaction or event) with respect to Class A common stock, the Administrator will make any adjustments in such manner as it may deem equitable, including without limitation equitable adjustments to: (i) the aggregate number or kind of shares that may be delivered under the Incentive Plan, (ii) the number or kind of shares or amount of cash subject to an Award, (iii) the terms and conditions of Awards, including the purchase price or exercise price of Awards and performance goals, and (iv) the applicable share-based limitations with respect to Awards provided in the Incentive Plan, in each case to equitably reflect such event. The Administrator may also provide for a substitution or assumption of awards, accelerate the delivery, vesting and/or exercisability of, lapse of restrictions and/or other conditions on, or termination of, awards or providing for a period of time up to ten days for Participants to exercise outstanding Awards prior to the occurrence of such event, and may cancel any one or more outstanding awards in exchange for the payment of the value of such awards as determined by the Administrator.

Change in Control. Except to the extent otherwise provided in any applicable Award agreement, no Award will vest solely upon the occurrence of a change in control. In the event of a change in control or other relevant changes to the Company or the Class A common stock, the Administrator may, in its discretion, (i) accelerate the time of vesting or exercisability of an Award, (ii) cancel Awards in exchange for a cash payment (including canceling an Option or SAR for no consideration if it has an exercise price or the grant price less than or equal to the value paid in the transaction), or (iii) make any other adjustments to Awards that the Administrator deems appropriate to reflect such change in control or other event.

Tax Withholding. The Company and any of its subsidiaries have the right to withhold, or require payment of, the amount of any applicable withholding taxes due or potentially payable upon exercise, award or lapse of restrictions. The Administrator will determine, in its sole discretion, the form of payment acceptable for such tax withholding obligations, including the delivery of cash, or Class A common stock (including cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to the Award), other property, or any other legal consideration the Administrator deems appropriate.

Limitations on Transfer of Awards. Participants generally may not assign, alienate, pledge, attach, sell or otherwise transfer or encumber any Award, except by will or the laws of descent and distribution, and the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. Awards may only be exercised by a Participant during that Participant's lifetime or by the person to whom the Participant's rights pass by will or the laws of descent and distribution. However, notwithstanding these restrictions, the Administrator may permit a Participant to transfer, without consideration, an Award, other than an ISO, subject to such rules the Administrator may adopt and subject to various conditions stated in the Incentive Plan. All shares of Class A common stock subject to an Award and evidenced by a stock certificate will contain a legend restricting the

transferability of the shares pursuant to the terms of the Incentive Plan, which can be removed once the restrictions have terminated, lapsed or been satisfied. If shares are issued in book entry form, a notation to the same restrictive effect will be placed on the transfer agent's books in connection with such shares.

Clawback. All Awards under the Incentive Plan will be subject to any clawback policy adopted by the Company, as in effect from time to time.

Plan Amendment and Termination. The Administrator may amend or terminate any Award or Award agreement at any time and the Company's board of directors may amend or terminate the Incentive Plan at any time. However, stockholder approval will be required for any Incentive Plan amendment to the extent necessary to comply with applicable law or exchange listing standards, and Participant consent will be required for any Incentive Plan or award amendment or termination that would materially and adversely affect the rights of such Participant under any previously granted and outstanding Award unless the Administrator determines such change is required or advisable under applicable law or to avoid adverse tax consequences under Section 409A of the Code and guidance promulgated thereunder. The Administrator does not have the authority, without the approval of the stockholders to amend any outstanding Option or SAR to reduce its exercise price per share, cancel it and replace it with a new Option or SAR with a lower exercise price or other award or cash, or take any other action that would be considered a repricing under the applicable exchange listing standards.

Term of the Incentive Plan. The Incentive Plan became effective upon the closing of the Business Combination. Unless earlier terminated by action of the Company's board of directors, the Incentive Plan will terminate on the tenth anniversary of the Closing. Awards granted before the termination date of the Incentive Plan will continue to be effective according to their terms and conditions.

Federal Income Tax Consequences

The following discussion is for general information only and is intended to briefly summarize the United States federal income tax consequences to Participants arising from participation in the Incentive Plan. This description is based on current law, which is subject to change (possibly retroactively). The tax treatment of a Participant in the Incentive Plan may vary depending on his or her particular situation and may, therefore, be subject to special rules not discussed below. No attempt has been made to discuss any potential foreign, state, or local tax consequences. In addition, Nonstatutory Options and SARs with an exercise price less than the fair market value of shares of the Class A common stock on the date of grant, SARs payable in cash, RSUs, and certain other Awards that may be granted pursuant to the Incentive Plan, could be subject to additional taxes unless they are designed to comply with certain restrictions set forth in Section 409A of the Code and guidance promulgated thereunder.

Tax Consequences to Participants under the Incentive Plan

Stock Options and Stock Appreciation Rights. Participants will not realize taxable income upon the grant of an Option or SAR. Upon the exercise of a Nonstatutory Option or SAR, a Participant will recognize ordinary compensation income (subject to the Company's withholding obligations of an employee) in an amount equal to the excess of (i) the amount of cash and the fair market value of the common stock received, over (ii) the exercise price of the Award. A Participant will generally have a tax basis in any shares of Class A common stock received pursuant to the exercise of a Nonstatutory Option or SAR that equals the fair market value of such shares on the date of exercise. Subject to the discussion under "Tax Consequences to the Company" below, the Company will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a Participant under the foregoing rules. When a Participant sells the Class A common stock acquired as a result of the exercise of a Nonstatutory Option or SAR, any appreciation (or depreciation) in the value of the Class A common stock after the exercise date is treated as long- or short-term capital gain (or loss) for federal income tax purposes, depending on whether the shares are held for more than one year. The Class A common stock must be held for more than 12 months to qualify for long-term capital gain treatment.

Participants eligible to receive an ISO will not recognize taxable income on the grant of an ISO. Upon the exercise of an ISO, a Participant will not recognize taxable income, although the excess of the fair market value of the shares of Class A common stock received upon exercise of the ISO ("ISO Stock") over the exercise price will increase the alternative minimum taxable income of the Participant, which may cause such Participant to incur alternative minimum tax. The payment of any alternative minimum tax attributable to the exercise of an ISO would be allowed as a credit against the Participant's regular tax liability in a later year to the extent the Participant's regular tax liability is in excess of the alternative minimum tax for that year.

Upon the disposition of ISO Stock that has been held for the required holding period (generally, at least two years from the date of grant and one year from the date of exercise of the ISO), a Participant will generally recognize long-term capital gain (or loss) equal to the excess (or shortfall) of the amount received in the disposition over the exercise price paid by the Participant for the ISO Stock. However, if a Participant disposes of ISO Stock that has not been held for the requisite holding period (a “Disqualifying Disposition”), the Participant will recognize ordinary compensation income in the year of the Disqualifying Disposition in an amount equal to the amount by which the fair market value of the ISO Stock at the time of exercise of the ISO (or, if less, the amount realized in the case of an arm’s length disposition to an unrelated party) exceeds the exercise price paid by the Participant for such ISO Stock. A Participant would also recognize long-term or short-term capital gain to the extent the amount realized in the Disqualifying Disposition exceeds the fair market value of the ISO Stock on the exercise date, depending on whether the Participant held the shares for more than one year after the exercise date. If the exercise price paid for the ISO Stock exceeds the amount realized (in the case of an arm’s-length disposition to an unrelated party), such excess would ordinarily constitute a capital loss.

The Company will generally not be entitled to any federal income tax deduction upon the grant or exercise of an ISO, unless a Participant makes a Disqualifying Disposition of the ISO Stock. If a Participant makes a Disqualifying Disposition, the Company will then, subject to the discussion below under “Tax Consequences to the Company,” be entitled to a tax deduction that corresponds as to timing and amount with the compensation income recognized by a Participant under the rules described in the preceding paragraph.

Under current rulings, if a Participant transfers previously held shares of Class A common stock (other than ISO Stock that has not been held for the requisite holding period) in satisfaction of part or all of the exercise price of an Option, whether a Nonstatutory Option or an ISO, no additional gain will be recognized on the transfer of such previously held shares in satisfaction of the Nonstatutory Option or ISO exercise price (although a Participant would still recognize ordinary compensation income upon exercise of a Nonstatutory Option in the manner described above). Moreover, that number of shares of Class A common stock received upon exercise which equals the number of shares of previously held Class A common stock surrendered in satisfaction of the Nonstatutory Option or ISO exercise price will have a tax basis that equals, and a capital gains holding period that includes, the tax basis and capital gains holding period of the previously held shares of Class A common stock surrendered in satisfaction of the Nonstatutory Option or ISO exercise price. Any additional shares of Class A common stock received upon exercise will have a tax basis that equals the amount of cash (if any) paid by the Participant, plus the amount of compensation income recognized by the Participant under the rules described above.

The Incentive Plan generally prohibits the transfer of Awards other than by will or according to the laws of descent and distribution or pursuant to a domestic relations order, but the Incentive Plan allows the Administrator to permit the transfer of Awards (other than ISOs) in limited circumstances, in its discretion.

The Service has not provided formal guidance on the income tax consequences of a transfer of Nonstatutory Options (other than in the context of divorce) or SARs. However, the Service has informally indicated that after a transfer of stock options (other than in the context of divorce pursuant to a domestic relations order), the transferor will recognize income, which will be subject to withholding, and employment or payroll taxes will be collectible at the time the transferee exercises the stock options. If a Nonstatutory Option is transferred pursuant to a domestic relations order, the transferee will recognize ordinary income upon exercise by the transferee, which will be subject to withholding, and employment or payroll taxes (attributable to and reported with respect to the transferor) will be collectible from the transferee at such time.

In addition, if a Participant gratuitously transfers a vested Nonstatutory Option to another person and retains no interest in or power over it, the transfer is treated as a completed gift. The amount of the transferor’s gift (or generation-skipping transfer, if the gift is to a grandchild or later generation) equals the value of the Nonstatutory Option at the time of the gift. The value of the Nonstatutory Option may be affected by several factors, including the difference between the exercise price and the fair market value of the stock, the potential for future appreciation or depreciation of the stock, the time period of the Nonstatutory Option and the illiquidity of the Nonstatutory Option. The transferor will be subject to a federal gift tax, which will be limited by (i) the annual exclusion of \$15,000 per donee (for 2019, subject to adjustment in future years), (ii) the transferor’s lifetime unified credit, and/or (iii) the marital or charitable deductions. The gifted Nonstatutory Option will not be included in the Participant’s gross estate for purposes of the federal estate tax or the generation-skipping transfer tax.

This favorable tax treatment for vested Nonstatutory Options has not been extended to unvested Nonstatutory Options. Whether such consequences apply to unvested Nonstatutory Options or to SARs is uncertain and the gift tax implications of such a transfer is a risk the transferor will bear upon such a disposition.

Restricted Stock Awards; RSUs; Stock Awards; Other Stock-Based or Cash-Based Awards. A Participant will recognize ordinary compensation income upon receipt of cash pursuant to a cash award or, if earlier, at the time the cash is otherwise made available for the Participant to draw upon. Individuals will not have taxable income at the time of grant of an RSU, but rather, will generally recognize ordinary compensation income at the time he or she receives cash or a share of Class A common stock in settlement of the RSU, as applicable, in an amount equal to the cash or the fair market value of the Class A common stock or the amount of cash received.

A recipient of a Restricted Stock Award or Stock Award generally will be subject to tax at ordinary income tax rates on the fair market value of the Class A common stock when it is received, reduced by any amount paid by the recipient; however, if the Class A common stock is not transferable and is subject to a substantial risk of forfeiture when received, a Participant will recognize ordinary compensation income in an amount equal to the fair market value of the Class A common stock (i) when the Class A common stock first becomes transferable and is no longer subject to a substantial risk of forfeiture, in cases where a Participant does not make a valid election under Section 83(b) of the Code, or (ii) when the Award is received, in cases where a Participant makes a valid election under Section 83(b) of the Code. If a Section 83(b) election is made and the shares are subsequently forfeited, the recipient will not be allowed to take a deduction for the value of the forfeited shares. If a Section 83(b) election has not been made, any dividends received with respect to a Restricted Stock Award that is subject at that time to a risk of forfeiture or restrictions on transfer generally will be treated as compensation that is taxable as ordinary income to the recipient; otherwise the dividends will be treated as dividends.

A Participant who is an employee will be subject to withholding for federal, and generally for state and local, income taxes at the time he or she recognizes income under the rules described above. The tax basis in the Class A common stock received by a Participant will equal the amount recognized by the Participant as compensation income under the rules described in the preceding paragraph, and the Participant's capital gains holding period in those shares will commence on the later of the date the shares are received or the restrictions lapse. Subject to the discussion below under "Tax Consequences to the Company," the Company will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a Participant under the foregoing rules.

Tax Consequences to the Company

Reasonable Compensation. In order for the amounts described above to be deductible by the Company (or its subsidiary), such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses.

Golden Parachute Payments. Our ability (or the ability of one of our subsidiaries) to obtain a deduction for future payments under the Incentive Plan could also be limited by the golden parachute rules of Section 280G of the Code, which prevent the deductibility of certain excess parachute payments made in connection with a change in control of an employer.

Compensation of Covered Employees. The ability of the Company (or its subsidiary) to obtain a deduction for amounts paid under the Incentive Plan could be limited by Section 162(m) of the Code. Section 162(m) of the Code limits the Company's ability to deduct compensation, for federal income tax purposes, paid during any year to a "covered employee" (within the meaning of Section 162(m) of the Code) in excess of \$1,000,000.

New Plan Benefits

The future awards, if any, that will be made to eligible persons under the Incentive Plan are subject to the discretion of the Administrator, and therefore, the benefits or number of shares subject to awards that may be granted in the future to our executive officers, employees and directors is not currently determinable. Therefore, a New Plan Benefit Table is not provided.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our executive officers and directors (see “*Executive Compensation*” for a discussion of compensation arrangements for our named executive officers and directors) and the transactions discussed below, there were no transactions, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

Policies and Procedures for Related Party Transactions

We have adopted a written Related Person Transaction Policy (the “policy”), which sets forth our policy with respect to the review, approval, ratification and disclosure of all related person transactions by our audit committee. In accordance with the policy, our audit committee has overall responsibility for implementation of and compliance with the policy.

For purposes of the policy, a “related person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we were, are or will be a participant and the amount involved exceeded, exceeds or will exceed \$120,000 and in which any related person (as defined in the policy) had, has or will have a direct or indirect material interest. A “related person transaction” does not include any employment relationship or transaction involving an executive officer and any related compensation resulting solely from that employment relationship that has been reviewed and approved by our board of directors or audit committee.

The policy requires that notice of a proposed related person transaction be provided to our legal department prior to entry into such transaction. If our legal department determines that such transaction is a related person transaction, the proposed transaction will be submitted to our audit committee for consideration. Under the policy, our audit committee may approve only those related person transactions that are in, or not inconsistent with, our best interests and the best interests of our stockholders. In the event that we become aware of a related person transaction that has not been previously reviewed, approved or ratified under the policy and that is ongoing or is completed, the transaction will be submitted to the audit committee so that it may determine whether to ratify, rescind or terminate the related person transaction.

The policy also provides that the audit committee review certain previously approved or ratified related person transactions that are ongoing to determine whether the related person transaction remains in our best interests and the best interests of our stockholders. Additionally, we will make periodic inquiries of directors and executive officers with respect to any potential related person transaction of which they may be a party or of which they may be aware.

Registration Rights Agreement

At Closing, the Company, the Sponsor and Redwood Holdco (together with any person or entity who becomes a party to the Registration Rights Agreement, the “Investors”) entered into the Registration Rights Agreement, pursuant to which, among other things, we were required to prepare and file or cause to be prepared and filed with the Commission as soon as practicable after the Closing, but in any event no later than thirty calendar days after the Closing, a Resale Shelf Registration Statement. The Company is filing the registration statement of which this prospectus forms a part in order to satisfy its obligation to file a Resale Shelf Registration Statement under the Registration Rights Agreement.

In particular, the Registration Rights Agreement provides for the following:

- Demand registration rights. At any time and from time to time after the expiration of the period ending on the earlier of (a) six months after the Closing or (b) if the closing price of our Class A common stock equals or exceeds \$12.00 per share (as adjusted for share subdivisions, share capitalizations, reorganizations, recapitalizations and the like) for any twenty trading days within and 30-trading day period following the Closing (the “Registration Rights Agreement Lock-Up Period”), we will be required, upon the written demand of one or more Investor(s) who hold Registrable Securities (as defined therein) with an aggregate estimated market value of at least \$75 million, to file a registration statement of all or any portion of their Registrable Securities (as defined therein), including, under certain circumstances, the offering of such Registrable Securities (as defined therein) in the form of an underwritten offering. We are not obligated to effect (i) more than one demand

registration during any six-month period; provided that a registration will not be counted for such purposes unless a Form S-1, or any similar long form registration, or Form S-3 has become effective; or (ii) any demand registration if there is an effective Resale Shelf Registration Statement (as defined therein) on file with the Commission.

- **Shelf registration rights.** No later than thirty days following the Closing, we will file a Resale Shelf Registration Statement registering all of the Registrable Securities (as defined therein) held by the Investors that are not covered by an effective registration statement. We will use reasonable best efforts to cause the Resale Shelf Registration Statement to be declared effective as soon as possible after filing. The Company is filing the registration statement of which this prospectus forms a part in order to satisfy its obligation to file a Resale Shelf Registration Statement under the Registration Rights Agreement.
- **Piggy-back registration rights.** At any time after the Closing, if we propose to file a registration statement with respect to an offering of its equity securities, or securities or other obligations exercisable or exchangeable for, or convertible into, equity securities, or the equity securities of our stockholders, under the Securities Act, subject to certain exceptions, we will notify the Investors of such offering and offer the Investors the opportunity to register the sale of such number of Registrable Securities (as defined therein) that such Investor may request in writing within five days following receipt of notice from us.
- **Expenses and indemnification.** All fees, costs and expenses of underwritten registrations will be borne by us and underwriting discounts and selling commissions attributable to the Registrable Securities (as defined therein) being sold by the holders thereof will be borne by such holders. The Registration Rights Agreement will contain customary cross-indemnification provisions, under which we are obligated to indemnify holders of Registrable Securities (as defined therein) in the event of material misstatements or omissions in the applicable registration statement attributable to us, and holders of registrable securities are obligated to indemnify us for material misstatements or omissions attributable to them.
- **Registrable securities.** Our securities will cease to be Registrable Securities (as defined therein) when (i) a registration statement with respect to the sale of such securities has become effective under the Securities Act and such securities have been sold, transferred, disposed or exchanged of in accordance with such registration statement, (ii) such securities have been otherwise transferred, new certificates or book-entry positions for them not bearing a legend restricting further transfer have been delivered by us and subsequent public distribution of them does not require registration under the Securities Act, (iii) such securities have ceased to be outstanding, (iv) such securities may be sold without registration pursuant to Rule 144 or any successor rule promulgated under the Securities Act (but with no volume or other restrictions or limitations including as to manner or timing of sale), or (v) such securities have been sold to, or through, a broker, dealer or underwriter in a public distribution or other public securities transaction.
- **Lock-up.** During the Registration Rights Lock-Up Period, the Investors each agree not to transfer certain securities subject to certain customary exceptions. The Registration Rights Lock-Up Period expired at the close of business on November 22, 2021.

This offering is being made pursuant to the terms of the Registration Rights Agreement.

Stockholders Agreement

At Closing, the Company entered into the Stockholders Agreement with with Redwood Holdco and certain other parties (collectively, the “Stockholder Parties”). Pursuant to the terms of the Stockholders Agreement, the Stockholder Parties will have the right to designate nominees for election to our board of directors following the Closing. The number of nominees that the Stockholder Parties will be entitled to nominate pursuant to the Stockholders Agreement is dependent on the Stockholder Parties’ beneficial ownership of Company Shares (as defined in the Stockholders Agreement).

The Stockholders Agreement provides that: (i) for so long as the share of the economic interest of Redwood Holdco together with its successor or any permitted transferee under the Stockholders Agreement (the “Principal Stockholders”) in the aggregate issued and outstanding shares of Class A common stock, and any securities or rights convertible into, or exercisable or exchangeable for Class A common stock, at any time (the “Percentage Interest”) is at least 35%, the Principal Stockholders will have the right to nominate four directors to our board of directors (at least one of whom will be independent); (ii) for so long as the Percentage Interest of the Principal Stockholders is less than 35% but at least 25%, the Principal Stockholders will have the right to nominate three directors to our board of directors (at least one of whom will be independent); (iii) for so long as the Percentage Interest of the Principal Stockholders is less than 25% but at least 15%, the Principal Stockholders will have the right to nominate two directors to our board of directors (at least one of whom will be independent); and (iv) for so long as the Percentage Interest of the Principal Stockholders is

less than 15% but at least 5%, the Principal Stockholders will have the right to nominate one director to our board of directors. Initially, the Principal Stockholder has nominated Kimberly Kelleher, Reed Rayman, David B. Sambur and Lee J. Solomon to serve on our board of directors.

For so long as the Sponsor, together with its successors or any permitted transferee under the Stockholders Agreement (the “Sponsor Stockholder”) beneficially owns, in the aggregate, a number of shares of Class A common stock, and any securities or rights convertible into, or exercisable or exchangeable for Class A common stock, held by the Sponsor Stockholder immediately following the Closing (the “Initial Sponsor Shares”) equal to or greater than (i) 75% of the total number of Initial Sponsor Shares, the Sponsor Stockholder will have the right, but not the obligation, to nominate two directors for election to our board of directors (at least one of which will be independent) and (ii) 50% of the total number of Initial Sponsor Shares, the Sponsor Stockholder will have the right, but not the obligation, to nominate one director for election to our board of directors. Initially, the Sponsor Stockholder has nominated Jay Burnham and Charles Yamarone to serve on our board of directors.

For so long as HPS Investment Partners, LLC’s (the “HPS Stockholder”) Percentage Interest is at least 50% of the Percentage Interest of the HPS Stockholder as of immediately following the Closing, the HPS Stockholder will have the right, but not the obligation, to (i) nominate one director for election to our board of directors and (ii) designate one non-voting observer to our board of directors who is reasonably satisfactory to us. Initially, the HPS Stockholder has nominated Vikas M. Keswani to serve on our board of directors.

Tax Receivable Agreement

At Closing, we entered into a Tax Receivable Agreement with Redwood Holdco. Under the terms of the Tax Receivable Agreement, we generally will be required to pay to Redwood Holdco, and to each other person from time to time that Redwood Holdco assigns rights under the Tax Receivable Agreement to, 85% of the tax savings, if any, that we realize (using an assumed combined state and local income tax rate) in certain circumstances as a result of basis in certain assets existing at the time of the Business Combination and tax attributes that benefit the Company as a result of an Exchange, including as a result of payments made under the Tax Receivable Agreement. The term of the Tax Receivable Agreement will expire upon the earlier to occur of the complete utilization of the tax benefits or the Company exercising its right to terminate the Tax Receivable Agreement for an amount representing the net present value of future payments under the Tax Receivable Agreement or certain other acceleration events occur. We have estimated the tax receivable liability of \$15.7 million assuming (1) a share price equal to \$10.00 per share, (2) a constant federal income tax rate of 21.0% and a state tax rate of 4.2% (net of any federal benefit), (3) no material changes in tax law, (4) the ability to utilize tax basis and attributes and (5) future tax receivable agreement payments. These amounts are estimates and have been prepared for informational purposes only. However, due to the uncertainty of various factors, including: (1) a constant federal income tax rate of 21.0% and a state tax rate of 4.2% (net of any federal benefit), (2) no material changes in tax law, (3) the ability to utilize tax basis and attributes and (4) whether and when Redwood Holdco engages in Exchanges and the share price at such times, the likely tax savings we will realize and the resulting amounts we are likely to pay pursuant to the Tax Receivable Agreement are uncertain. If Redwood Holdco were to engage in an Exchange of all of its Redwood Intermediate equity interests at Closing, the net present value of the liability we would recognize is approximately \$169.1 million.

Fourth Amended and Restated Limited Liability Company Agreement

On the Closing Date, the limited liability company agreement of Redwood Intermediate, LLC was amended and restated in its entirety to include the terms set forth below (the “Redwood Intermediate LLCA”).

Each Redbox Common Unit has identical economic rights and is entitled to share in the profits and losses of Redwood Intermediate and to receive distributions as and if declared by the Managing Member (as defined below). Redbox Common Units have no voting rights.

Effective upon completion of the Closing, the Company was admitted as the sole Managing Member of Redwood Intermediate (the Company in such capacity, the “Managing Member”). The Managing Member has the sole authority to manage the business, property and affairs of Redwood Intermediate in accordance with the Redwood Intermediate LLCA and applicable law. The Managing Member cannot be removed or replaced except by the incumbent Managing Member. The Managing Member is not entitled to any compensation for services rendered to Redwood Intermediate in its capacity as Managing Member.

The Managing Member may, subject to (i) any restrictions contained in the financing agreements to which Redwood Intermediate or any of its subsidiaries is a party, (ii) having available cash (after setting aside appropriate reserves) and (iii) any mutually agreed

upon other restrictions set forth in the Redwood Intermediate LLC, make distributions to the members at any time and from time to time. Notwithstanding anything to the contrary, no distribution (including Tax Distributions (as defined below)) or other payment in respect of membership interests shall be required to be made to any member if, and to the extent that, such distribution (including Tax Distributions) or other payment in respect of membership interests would not be permitted under the Delaware Limited Liability Company Act or other applicable law. All distributions, including Tax Distributions, will be made to holders of Redbox Common Units on a pro rata basis based on the number of Redbox Common Units held by each holder. Upon the liquidation or winding up of Redwood Intermediate, all net proceeds thereof will be distributed to the holders of Redbox Common Units on a pro rata basis based on the number of Redbox Common Units held by each holder.

Redwood Intermediate shall make distributions among the holders of Redbox Common Units on a pro rata basis in an amount that in the Managing Member's discretion allows every holder of Redbox Common Units to satisfy its tax liability with respect to its Redbox Common Units ("Tax Distributions"). The amount of any Tax Distributions shall be determined assuming that each holder is a corporation, and each holder's only income is from Redwood Intermediate based on projections of the taxable income of Redwood Intermediate for the applicable tax period multiplied by the highest marginal federal, state and local tax rate for a corporation that is resident in the United States applicable to each item of income. Such amount shall be the same for all holders. If the aggregate amount of Tax Distributions paid for any fiscal year is less than the amount that would be calculated as of the end of such fiscal year based upon Redwood Intermediate's actual income for such fiscal year, additional Tax Distributions in the amount of such shortfall shall be paid as soon as reasonably practicable after the end of such fiscal year.

The Redwood Intermediate LLC contains restrictions on transfers of membership interests and requires the prior consent of the Managing Member for such transfers, except, in each case, for (i) certain transfers to permitted transferees under certain conditions (including transfers to affiliates), (ii) transfers of Redbox Common Units by Redwood Holdco to its direct and indirect equity holders, whether as a distribution, a liquidating distribution or otherwise, and (iii) Sales (as defined below) of Redbox Common Units for cash (to the extent permitted by the governing documents of Redwood Intermediate or its applicable subsidiary) or Class A common stock in accordance with the Sale provisions below.

The Redwood Intermediate LLC provides for, among other things, the ability for each holder of Redbox Common Units, following the expiration of any applicable lock-up period, to sell (each, a "Sale") all or any portion of its Redbox Common Units, together with the cancellation of an equal number of shares of Class B common stock, in exchange for cash or a number of shares of Class A common stock equal to the product of (a) the number of Redbox Common Units to be sold multiplied by (b) an exchange rate which will initially be one to one but which will be subject to adjustment as set forth in the Redwood Intermediate LLC.

The Redwood Intermediate LLC includes reasonable procedures for the implementation of Sales, including, without limitation, procedures for the giving of notice of an election of exchange. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Class A common stock, solely for the purpose of issuance upon a Sale, such number of shares of Class A common stock as shall be deliverable upon any such Sale; provided that nothing contained herein shall be construed to preclude the Company or Redwood Intermediate from satisfying its obligations in respect of the Sale of Redbox Common Units by delivery of shares of Class A common stock which are held in the treasury of the Company or are held by Redwood Intermediate or any of their subsidiaries, by delivery of purchased shares of Class A common stock (which may or may not be held in the treasury of the Company or held by any subsidiary thereof). The Company and Redwood Intermediate shall covenant that all Class A common stock issued upon a Sale will, upon issuance, have been duly authorized and validly issued and be fully paid and non-assessable.

The Company and Redwood Intermediate shall covenant and agree that, to the extent that a registration statement under the Securities Act is effective and available for shares of Class A common stock to be delivered with respect to any Sale, shares that have been registered under the Securities Act shall be delivered in respect of any Sale. If any Sale in accordance with the Redwood Intermediate LLC is to be effected at a time when any required registration has not become effective or otherwise is unavailable, upon the request and with the reasonable cooperation of the member requesting such Sale. The Company and Redwood Intermediate shall use commercially reasonable efforts to promptly facilitate such Sale pursuant to any reasonably available exemption from such registration requirements, the Company and Redwood Intermediate shall use commercially reasonable efforts to list Class A common stock required to be delivered upon Sale prior to such delivery upon each national securities exchange or inter-dealer quotation system upon which the outstanding shares of Class A common stock may be listed or traded at the time of such delivery.

Redwood Intermediate shall dissolve, and its affairs shall be wound up, upon: (a) the entry of a decree of judicial dissolution of Redwood Intermediate under Section 18-802 of the Delaware Act; (b) any event which makes it unlawful for the business of Redwood Intermediate to be carried on by the members; (c) at any time that there are no members, unless Redwood Intermediate is continued in accordance with the Delaware Act; or (d) the determination of the Managing Member in its sole discretion; provided that in the event

of a dissolution pursuant to this clause (d), the relative economic rights of each class of units immediately prior to such dissolution shall be preserved to the greatest extent practicable with respect to distributions made to members in connection with the winding up of Redwood Intermediate, taking into consideration tax and other legal constraints that may adversely affect one or more parties hereto and subject to compliance with applicable laws and regulations, unless, and to the extent that, with respect to any class of units, holders of not less than 90% of the units of such class consent in writing to a treatment other than as described above; provided, that if the dissolution of Redwood Intermediate pursuant to and in accordance with clauses (b) or (d) in this provision would have a material adverse effect on any member, the dissolution of Redwood Intermediate shall require the prior written consent of such member, which consent shall not be unreasonably withheld.

Redwood Intermediate shall pay, or cause to be paid, all costs, fees, operating expenses and other expenses of the Managing Member and/or Redwood Intermediate (including the costs, fees and expenses of attorneys, accountants or other professionals) incurred in pursuing and conducting, or otherwise related to, the activities of Redwood Intermediate. Redwood Intermediate shall also bear and/or reimburse the Managing Member for (i) any costs, fees or expenses incurred by the Managing Member in connection with serving as the Managing Member, (ii) operating, administrative and other similar costs, to the extent the proceeds are used or will be used by the Managing Member to pay expenses described in this clause (ii), and payments pursuant to any legal, tax, accounting and other professional fees and expenses (but, for the avoidance of doubt, excluding any tax liabilities of the Managing Member), (iii) any judgments, settlements, penalties, fines or other costs and expenses in respect of any claims against, or any litigation or proceedings involving, the Managing Member, (iv) fees and expenses (other than any underwriters' discounts and commissions that are economically recovered by the Managing Member as a result of acquiring Redbox Common Units at a discount) related to any securities offering, investment or acquisition transaction (whether or not successful) authorized by the Managing Member, (v) other fees and expenses in connection with the maintenance of the existence of the Managing Member, and (vi) all other expenses allocable to Redwood Intermediate or otherwise incurred by the Managing Member, in each case incurred by the Managing Member in connection with operating Redwood Intermediate's business. For the avoidance of doubt, such distributions or reimbursements may not be used to pay or facilitate dividends or distributions on the securities of the Company and must be used solely for one of the express purposes set forth under clauses (i) through (vi) of the immediately preceding sentence. Also for the avoidance of doubt, Redwood Intermediate shall not pay or bear any income tax obligations of the Company or the Managing Member or any obligations of the Company or the Managing Member under the Tax Receivable Agreement. The Managing Member and certain related persons will also be entitled to customary indemnification rights (including advancement of expenses).

Backstop Agreements

In connection with the Business Combination, on October 12, 2021, Seaport entered into backstop subscription agreements (the "Backstop Agreements") with certain subscribers (the "Backstop Subscribers"), including affiliates of funds managed by affiliates of Apollo Global Management, Inc. and Seaport Global SPAC, LLC, pursuant to which the Backstop Subscribers agreed, subject to certain conditions in the Backstop Agreements, to subscribe for and purchase up to an aggregate of 3,564,356 shares of Class A common stock, in the event that more than 10,810,644 public shares of Class A common stock are submitted for redemption in connection with the Business Combination, for a purchase price of \$10.10 per share.

In accordance with the Backstop Agreements, on October 20, 2021, the Backstop Subscribers funded the approximately \$20.2 million aggregate purchase price. Immediately prior to the Closing on October 22, 2021, Seaport issued an aggregate of 1,995,989 shares of Class A common stock to the Backstop Subscribers pursuant to the Backstop Agreements.

PIPE Investment

An affiliate of Apollo, Apollo Global Securities, LLC ("AGS"), acted as a placement agent in connection with the PIPE Investment and received customary placement agent fees of approximately \$250,000.

Credit Agreement

On January 29, 2021, New Outerwall, Inc. loaned \$25.0 million to Redbox Automated Retail, LLC under the Credit Agreement, which loan proceeds were used for general corporate purposes. The loan was subsequently assigned to Aspen Parent Inc. The loan bears interest at a rate of LIBOR plus 7.25% (or LIBOR plus 8.25% if PIK interest is paid) and matures on April 20, 2024. Aspen Parent Inc. indirectly owns 100% of the equity interests of Redbox Automated Retail, LLC.

AGS acted as a placement agent in connection with the Amendment to the Credit Agreement dated September 7, 2018 and received customary placement agent fees of approximately \$857,812.

ADT Cybersecurity

Pursuant to the Vendor Master Cybersecurity Services Agreement and Statement of Work thereto, dated as of January 28, 2019, by and between Redbox Automated Retail, LLC and ADT Cybersecurity, a division of ADT LLC, as modified by that certain Change Request to the Statement of Work, dated as of September 15, 2020, ADT provides certain cybersecurity services, including managed detection, firewall services and VPN, to Redbox Automated Retail, LLC. Both Redbox Automated Retail, LLC and ADT are portfolio companies of funds affiliated with Apollo Global Management, Inc. During the years ended December 31, 2020 and 2019, Redbox paid ADT Cybersecurity an aggregate of \$0.3 million and \$0.3 million, respectively, for services rendered pursuant to the agreement. The term of the agreement renews annually for successive one-year periods.

ecoATM, LLC

Pursuant to the Services Agreement, dated as of January 1, 2018, by and between ecoATM, LLC and Redbox Automated Retail, LLC, as amended by that certain First Amendment to Services Agreement, dated as of June 18, 2019, as further amended by that certain Second Amendment to Services Agreement, dated as of September 25, 2019, as further amended by that certain Third Amendment to Services Agreement, dated as of October 16, 2019, Redbox provides installation, maintenance and repair services for kiosks owned and operated by ecoATM. Both Redbox Automated Retail, LLC and ecoATM, LLC are portfolio companies of funds affiliated with Apollo Global Management, Inc. During the years ended December 31, 2020, 2019 and 2018, ecoATM paid Redbox an aggregate of \$13.7 million, \$8.8 million and \$4.7 million, respectively, for services rendered pursuant to the agreement. The term of the agreement expires on December 31, 2023.

Coinstar

Pursuant to the Statement of Work, dated as of January 1, 2017, by and between Redbox Automated Retail, LLC and Coinstar, LLC, Redbox Automated Retail, LLC provides certain tax and accounting services to Coinstar, LLC in exchange for a quarterly service fee. Each of Redbox Automated Retail, LLC and Coinstar, LLC are indirect wholly owned subsidiaries of New Outerwall, Inc. During the years ended December 31, 2020, 2019 and 2018, Coinstar paid Redbox an aggregate of \$0.8 million, \$0.4 million and \$1.9 million, respectively, for services rendered pursuant to the agreement. Redbox Automated Retail, LLC terminated this agreement upon the closing of the Business Combination.

Pursuant to the Transition Services Agreement, dated as of September 27, 2016 (as amended on March 31, 2017), by and among Aspen Holdco LLC, Redwood Holdco, LLC and ecoATM, LLC, each of the parties thereto provided to the other parties certain services on a transitional basis. During the years ended December 31, 2020, 2019 and 2018, Redbox paid Coinstar an aggregate of \$0.0 million, \$0.8 million and \$5.5 million, respectively, for services rendered pursuant to the agreement.

Oath Inc.

Pursuant to the Joint Promotion Agreement and Exhibit A-1, dated as of September 30, 2021, by and between Redbox Automated Retail, LLC and Oath Inc., as amended on November 4, 2021, Oath paid Redbox \$400,000 for the purchase of Redbox promotional codes that Oath can make available to its AOL and Yahoo users. The agreement allows Oath to purchase additional codes during the term of the agreement, which expires on September 30, 2024. Both Redbox Automated Retail, LLC and Oath Inc. are portfolio companies of funds affiliated with Apollo Global Management, Inc.

PRINCIPAL STOCKHOLDERS

The following table sets forth information known to the Company regarding the beneficial ownership of the Company’s common stock as of November 29, 2021 by:

- each person who is the beneficial owner of more than 5% of either class of the Company’s common stock;
- each of the Company’s named executive officers and directors; and
- all of the Company’s executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days. Unless otherwise indicated, the Company believes that each person named in the table below has sole voting and investment power with respect to all shares of common stock beneficially owned by them.

The beneficial ownership of Company common stock is based on 12,618,516 shares of Class A common stock and 32,770,000 shares of Class B common stock issued and outstanding.

	<u>Shares of Class A Common Stock</u>	<u>Percent of Class A Common Stock</u>	<u>Shares of Class B Common Stock</u>	<u>Percent of Class B Common Stock</u>	<u>Percent of Total Voting Power⁽²⁾</u>
Name of Beneficial Owner⁽¹⁾					
<i>Named Executive Officers and Directors</i>					
Galen C. Smith	—	—	—	—	—
Jason K. Kwong	—	—	—	—	—
Michael D. Chamberlain	—	—	—	—	—
Jay Burnham	—	—	—	—	—
Vikas M. Keswani	—	—	—	—	—
Reed Rayman	—	—	—	—	—
Michael Redd	—	—	—	—	—
David B. Sambur	—	—	—	—	—
Lee J. Solomon	—	—	—	—	—
Charles Yamarone	—	—	—	—	—
All Executive Officers and Directors as a Group (15 Individuals)					
	—	—	—	—	—
<i>Five Percent Holders:</i>					
Redwood HoldCo LP ⁽³⁾	—	—	32,770,000	100 %	72.2 %
Seaport Global SPAC, LLC and affiliates ⁽⁴⁾	4,363,251	34.6 %	—	—	9.6 %
Ophir Asset Management Pty Ltd ⁽⁵⁾	3,000,000	23.8 %	—	—	6.6 %
AP VIII Aspen Holdings, L.P. ⁽⁶⁾	1,756,487	13.9 %	—	—	3.9 %
Funds affiliated with Standard General L.P. ⁽⁷⁾	995,000	7.9 %	—	—	2.2 %

(1) Unless otherwise noted, the address of each holder is c/o Redbox Entertainment Inc., 1 Tower Lane, Suite 800, Oakbrook Terrace, Illinois 60181.

(2) Represents percentage of voting power of the holders of Class A common stock and Class B common stock of the Company voting together as a single class.

(3) Shares of Class B common stock, par value \$0.0001 per share, held by Redwood Holdco. This number correlates to 32,770,000 Redbox Common Units held by Redwood Holdco, which represents 32,770,000 shares of Class A common stock, par value \$0.0001 per share, that may be issuable upon the exchange of 32,770,000 Redbox Common Units following applicable lock-up periods. Each share of Class B common stock has one vote. Concurrently with an exchange of Redbox Common Units for shares of Class A common stock by Redwood Holdco, Redwood Holdco will be required to surrender to the Company a number of

shares of Class B common stock equal to the number of Redbox Common Units exchanged, and such shares will be converted into shares of Class A common stock on a one-for-one basis, subject to adjustment. The general partner of Redwood Holdco is Redwood GP, LLC (“Redwood GP”). New Outerwall, Inc. is the sole limited partner of Redwood Holdco and the sole member of Redwood GP. New Outerwall is an indirect majority owned subsidiary of AP VIII Aspen Holdings, L.P. (“Aspen Holdings”). The general partner of Aspen Holdings is AP VII Aspen Holdings GP, LLC (“Aspen GP”) and Apollo Management VIII, L.P. (“Management VIII”) is the sole member of Aspen GP. AIF VIII LLC (“AIF VIII”) serves as the general partner of Management VIII. Apollo Management, L.P. serves as the sole member and manager of AIF VIII and Apollo Management GP, LLC serves as the general partner of Apollo Management. Apollo Management Holdings, L.P. (“Management Holdings”) serves as the sole member and manager of Apollo Management GP. Apollo Management Holdings GP, LLC (“Management Holdings GP”) serves as the general partner of Management Holdings. New Outerwall, Aspen Holdings, Aspen GP, Management VIII, AIF VIII, Apollo Management, Apollo Management GP, Management Holdings, and Management Holdings GP, and Messrs. Joshua Harris, Marc Rowan, Scott Kleinman and James Zelter, the managers, as well as executive officers, of Management Holdings GP, each disclaim beneficial ownership of all the shares of Class B common stock, and the above description shall not be construed as an admission that any such person or entity is the beneficial owner of any such securities for purposes of Section 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, or for any other purpose.

- (4) Seaport Global Asset Management, LLC is the managing member of Seaport Global SPAC, LLC (the “Sponsor”) and Stephen Smith, its Chairman and Chief Executive Officer, is the Chief Executive Officer of Seaport Global Asset Management, LLC. By virtue of these relationships, Mr. Smith may be deemed to have or share beneficial ownership of the securities held of record by the Sponsor. Mr. Smith disclaims any such beneficial ownership except to the extent of his pecuniary interest.
- (5) Andrew Mitchell and Steven Ng are directors and investment managers of Ophir Asset Management Pty Ltd and may be deemed to have beneficial ownership of the shares held by Ophir Asset Management Pty Ltd. The address of Ophir Asset Management Pty Ltd is Level 26, Governor Phillip Tower, One Farrer Place, Sydney NSW 2000 Australia.
- (6) Shares of Class A common stock, par value \$0.0001 per share, acquired by Aspen Holdings as a Backstop Subscriber in the Business Combination. Aspen GP, Management VIII, AIF VIII, Apollo Management, Apollo Management GP, Management Holdings, and Management Holdings GP, and Messrs. Joshua Harris, Marc Rowan, Scott Kleinman and James Zelter, the managers, as well as executive officers, of Management Holdings GP, each disclaim beneficial ownership of all the shares of Class A common stock, and the above description shall not be construed as an admission that any such person or entity is the beneficial owner of any such securities for purposes of Section 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, or for any other purpose.
- (7) The securities reported herein are beneficially owned by Standard General L.P. (“Standard General”) in its capacity as investment manager to private investment vehicles. Soohyung Kim is a director of the general partner of the general partner of Standard General and Chief Investment Officer of Standard General, and in such capacities may be deemed to indirectly beneficially own the securities reported herein. The address of Standard General is 767 5th Ave., 12th Floor New York, N.Y. 10153.

SELLING SECURITYHOLDERS

This prospectus relates to the resale by the Selling Securityholders from time to time of (i) up to 60,203,489 shares of Class A common stock (including 5,000,000 shares of Class A common stock issued to the PIPE Investors, 3,593,750 shares of Class A common stock issued to the Sponsor upon conversion of its Founder Shares, 1,995,989 shares of Class A common stock issued pursuant to the Backstop Agreements, 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock, 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants and 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants) and (ii) up to 6,062,500 warrants to purchase shares of Class A common stock. The Selling Securityholders may from time to time offer and sell any or all of the securities set forth below pursuant to this prospectus and any accompanying prospectus supplement. When we refer to the “Selling Securityholders” in this prospectus, we mean the persons listed in the table below, their permitted transferees and others who later come to hold any of the Selling Securityholders’ interest in the Class A common stock in accordance with the terms of the agreement(s) governing the registration rights applicable to such Selling Securityholder’s shares of Class A common stock or warrants.

The following table sets forth, as of the date of this prospectus, the names of the Selling Securityholders, the aggregate number of shares of Class A common stock and warrants beneficially owned, the aggregate number of shares of Class A common stock and warrants that the Selling Securityholders may offer pursuant to this prospectus and the number of shares of Class A common stock beneficially owned by the Selling Securityholders after the sale of the securities offered hereby. The beneficial ownership of the Company’s common stock is based on 12,618,516 shares of Class A common stock and 32,770,000 shares of Class B common stock issued and outstanding.

We have determined beneficial ownership in accordance with the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Unless otherwise indicated below, to our knowledge, the persons and entities named in the tables have sole voting and sole investment power with respect to all securities that they beneficially own, subject to community property laws where applicable.

We cannot advise you as to whether the Selling Securityholders will in fact sell any or all of such Class A common stock or warrants. In addition, the Selling Securityholders may sell, transfer or otherwise dispose of, at any time and from time to time, the Class A common stock or warrants in transactions exempt from the registration requirements of the Securities Act after the date of this prospectus. For purposes of this table, we have assumed that the Selling Securityholders will have sold all of the securities covered by this prospectus upon the completion of the offering.

Selling Securityholder information for each additional Selling Securityholder, if any, will be set forth by a prospectus supplement to the extent required prior to the time of any offer or sale of such Selling Securityholder’s shares pursuant to this prospectus. Any prospectus supplement may add, update, substitute, or change the information contained in this prospectus, including the identity of each Selling Securityholder and the number of shares registered on its behalf. A Selling Securityholder may sell or otherwise transfer all, some or none of such shares in this offering. See “Plan of Distribution.”

Name of Selling Securityholder	Securities Beneficially Owned Prior to this Offering		Securities to be Sold in this Offering		Securities Beneficially Owned After this Offering			
	Common Stock	Warrants	Common Stock	Warrants	Common Stock	Percent	Warrants	Percent
Redwood Holdco, LP ⁽¹⁾	32,770,000	—	32,770,000	—	—	—	—	—
Seaport Global SPAC, LLC ⁽²⁾	3,593,750	6,062,500	3,593,750	6,062,500	—	—	—	—
Seaport Global Asset Management V2 LLC	60,994	—	60,994	—	—	—	—	—
Seaport Global Asset Management V-Port LLC	98,673	—	98,673	—	—	—	—	—
Armory Fund LP	609,834	—	609,834	—	—	—	—	—
AP VIII Aspen Holdings, L.P. ⁽³⁾	1,756,487	—	1,756,487	—	—	—	—	—
Ophir Asset Management Pty Ltd ⁽⁴⁾	3,000,000	—	3,000,000	—	—	—	—	—
Funds affiliated with Standard General L.P. ⁽⁵⁾	995,000	—	500,000	—	495,000	1.1 %	—	—
Kepos Alpha Master Fund L.P. ⁽⁶⁾	400,000	—	400,000	—	—	—	—	—
Thomas E. Bernard	200,000	—	200,000	—	—	—	—	—
Lions Gate Entertainment, Inc. ⁽⁷⁾	200,000	—	200,000	—	—	—	—	—
Tricia M. Hedberg Revocable Trust under agreement dated July 18, 2006, as amended ⁽⁸⁾	100,000	—	100,000	—	—	—	—	—
Legend Pictures, LLC ⁽⁹⁾	50,000	—	50,000	—	—	—	—	—
Thunder Road Film Productions, Inc. ⁽¹⁰⁾	10,000	—	10,000	—	—	—	—	—
Screenvision Direct Inc. ⁽¹¹⁾	10,000	—	10,000	—	—	—	—	—

- (1) Shares of Class B common stock, par value \$0.0001 per share, held by Redwood Holdco. This number correlates to 32,770,000 Redbox Common Units held by Redwood Holdco, which represents 32,770,000 shares of Class A common stock, par value \$0.0001 per share, that may be issuable upon the exchange of 32,770,000 Redbox Common Units following applicable lock-up

periods. Each share of Class B common stock has one vote. Concurrently with an exchange of Redbox Common Units for shares of Class A common stock by Redwood Holdco, Redwood Holdco will be required to surrender to the Company a number of shares of Class B common stock equal to the number of Redbox Common Units exchanged, and such shares will be converted into shares of Class A common stock on a one-for-one basis, subject to adjustment. The general partner of Redwood Holdco is Redwood GP, LLC ("Redwood GP"). New Outerwall, Inc. is the sole limited partner of Redwood Holdco and the sole member of Redwood GP. New Outerwall is an indirect majority owned subsidiary of AP VIII Aspen Holdings, L.P. ("Aspen Holdings"). The general partner of Aspen Holdings is AP VII Aspen Holdings GP, LLC ("Aspen GP") and Apollo Management VIII, L.P. ("Management VIII") is the sole member of Aspen GP. AIF VIII LLC ("AIF VIII") serves as the general partner of Management VIII. Apollo Management, L.P. serves as the sole member and manager of AIF VIII and Apollo Management GP, LLC serves as the general partner of Apollo Management. Apollo Management Holdings, L.P. ("Management Holdings") serves as the sole member and manager of Apollo Management GP. Apollo Management Holdings GP, LLC ("Management Holdings GP") serves as the general partner of Management Holdings. New Outerwall, Aspen Holdings, Aspen GP, Management VIII, AIF VIII, Apollo Management, Apollo Management GP, Management Holdings, and Management Holdings GP, and Messrs. Joshua Harris, Marc Rowan, Scott Kleinman and James Zelter, the managers, as well as executive officers, of Management Holdings GP, each disclaim beneficial ownership of all the shares of Class B common stock, and the above description shall not be construed as an admission that any such person or entity is the beneficial owner of any such securities for purposes of Section 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, or for any other purpose.

- (2) Seaport Global SPAC, LLC, the Sponsor, is the record holder of 3,593,750 shares of Class A common stock reported herein. Seaport Global Asset Management, LLC is the managing member of the Sponsor and Stephen Smith is the Chief Executive Officer of Seaport Global Asset Management, LLC. By virtue of these relationships, Mr. Smith may be deemed to have or share beneficial ownership of the securities held of record by the Sponsor. Mr. Smith disclaims any such beneficial ownership except to the extent of his pecuniary interest.
- (3) Shares of Class A common stock, par value \$0.0001 per share, acquired by Aspen Holdings as a Backstop Subscriber in the Business Combination. Aspen GP, Management VIII, AIF VIII, Apollo Management, Apollo Management GP, Management Holdings, and Management Holdings GP, and Messrs. Joshua Harris, Marc Rowan, Scott Kleinman and James Zelter, the managers, as well as executive officers, of Management Holdings GP, each disclaim beneficial ownership of all the shares of Class A common stock, and the above description shall not be construed as an admission that any such person or entity is the beneficial owner of any such securities for purposes of Section 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, or for any other purpose.
- (4) Andrew Mitchell and Steven Ng are directors and investment managers of Ophir Asset Management Pty Ltd and may be deemed to have beneficial ownership of the shares held by Ophir Asset Management Pty Ltd.
- (5) The securities reported herein are beneficially owned by Standard General L.P. ("Standard General") in its capacity as investment manager to private investment vehicles. Soohyung Kim is a director of the general partner of the general partner of Standard General and Chief Investment Officer of Standard General, and in such capacities may be deemed to indirectly beneficially own the securities reported herein.
- (6) Kepos Capital LP is the investment manager of the selling securityholder and Kepos Partners LLC is the General Partner of the selling securityholder and each may be deemed to have voting and dispositive power with respect to the shares. The general partner of Kepos Capital LP is Kepos Capital GP LLC (the "Kepos GP") and the Managing Member of Kepos Partners LLC is Kepos Partners MM LLC ("Kepos MM"). Mark Carhart controls Kepos GP and Kepos MM and, accordingly, may be deemed to have voting and dispositive power with respect to the shares held by this selling securityholder. Mr. Carhart disclaims beneficial ownership of the shares held by the selling securityholder. The address of Kepos Capital LP and Mr. Carhart is 11 Times Square, 35th Floor, New York, New York 10036
- (7) The shares are held by Lions Gate Entertainment, Inc. ("LGEI"), an indirect wholly-owned subsidiary of Lions Gate Entertainment Corp. ("LGEC"). LGEC disclaims beneficial ownership of these securities except to the extent of its pecuniary interest therein, if any. Additionally, James W. Barge, Corii D. Berg and Adrian Kuzycz are officers and directors of LGEI. By virtue of this relationship, Messrs. Barge, Berg and Kuzycz may be deemed to indirectly beneficially own the securities held by LGEI. Messrs. Barge, Berg and Kuzycz each disclaims beneficial ownership of these securities, except to the extent of their respective pecuniary interest therein, if any.

- (8) Jeremy D. Hedberg and Tricia M. Hedberg are trustees of the Tricia M. Hedberg Revocable Trust under agreement dated July 18, 2006, as amended, and may be deemed to have beneficial ownership of the shares held by the Tricia M. Hedberg Revocable Trust under agreement dated July 18, 2006, as amended.
- (9) Joshua Grode is Chief Executive Officer of Legend Pictures, LLC and may be deemed to have beneficial ownership of the shares held by Legend Pictures, LLC. Mr. Grode disclaims beneficial ownership of the shares reported herein except to the extent of his pecuniary interest therein.
- (10) Basil Iwanyk is President of Thunder Road Film Productions, Inc. and may be deemed to have beneficial ownership of the shares held by Thunder Road Film Productions, Inc.
- (11) John Partilla and Kevin J. Neary are Chief Executive Officer and Chief Financial Officer, respectively, of Screenvision Direct Inc. and may be deemed to have beneficial ownership of the shares held by Screenvision Direct Inc.

DESCRIPTION OF SECURITIES

The following is a description of the material terms of our second amended and restated certificate of incorporation (the “Charter”) and amended and restated bylaws (the “Bylaws”) and of specific provisions of Delaware law. The following description is intended as a summary only and is qualified in its entirety by reference to our Charter, our Bylaws and the DGCL.

General

Our capital stock consists of 601,000,000 authorized shares, of which 500,000,000 shares, par value \$0.0001 per share, are designated as “Class A common stock,” 100,000,000 shares, par value \$0.0001 per share, are designated as “Class B common stock” and 1,000,000 shares, par value \$0.0001 per share, are designated as “preferred stock.” As of November 29, 2021, there were 12,618,516 shares of Class A common stock outstanding, 32,770,000 shares of Class B common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Power

Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of preferred stock, the holders of common stock will possess all voting power for the election of our directors and all other matters requiring stockholder action and will at all times vote together as one class on all matters submitted to a vote of the stockholders of the Company. Holders of common stock are entitled to one vote per share on matters to be voted on by stockholders.

Holders of shares of Class B common stock will vote together as a single class with holders of shares of Class A common stock on all matters properly submitted to a vote of the stockholders. Subject to the terms of the Redwood Intermediate LLCA, Redbox Common Units, together with an equal number of shares of Class B common stock, are exchangeable for shares of Class A common stock on a one-for-one basis from and after the Lock-Up Period set forth in the Redwood Holdco Lock-Up Agreement, subject to earlier termination upon the occurrence of certain events.

Dividends

Holders of shares of Class A common stock will be entitled to receive such dividends and other distributions, if any, as may be declared from time to time by our board of directors in its discretion out of funds legally available therefor and shall share equally on a per share basis in such dividends and distributions.

Holders of shares of Class B common stock are not entitled to share in any dividends or other distributions unless the dividend consists of shares of our Class B common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class B common stock paid proportionally with respect to each outstanding share of our Class B common stock and a dividend consisting of shares of Class A common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class A common stock on the same terms as simultaneously paid to the holders of Class A common stock.

Liquidation, Dissolution and Winding Up

In the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Company, the holders of shares of Class A common stock will be entitled to receive an equal amount per share of all of the Company’s assets of whatever kind available for distribution to stockholders, after the rights of the holders of the preferred stock have been satisfied and after payment or provision for payment of the debts and other liabilities of the Company. Holders of shares of Class B common stock are not entitled to receive any portion of any such assets in respect of their shares of Class B common stock.

Preemptive or Other Rights

Our stockholders will have no preemptive or other subscription rights and there will be no sinking fund or redemption provisions applicable to common stock.

Election of Directors

Our board of directors is classified into three classes, designated as Class I, Class II and Class III. The directors first elected to Class I will hold office for a term expiring at the first annual meeting of stockholders following the consummation of the Business Combination; the directors first elected to Class II will hold office for a term expiring at the second annual meeting of stockholders following the consummation of the Business Combination; and the directors first elected to Class III will hold office for a term expiring at the third annual meeting of stockholders following the consummation of the Business Combination. At each succeeding annual meeting of the stockholders of the Company, the successors to the class of directors whose term expires at that meeting will be elected by plurality vote of all votes cast at such meeting to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

Preferred Stock

Shares of preferred stock may be issued from time to time in one or more series. Our board of directors will be authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, optional or other special rights and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. Our board of directors will be able, without stockholder approval, to issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of common stock and could have anti-takeover effects. The ability of our board of directors to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of the Company or the removal of existing management. We have no shares of preferred stock outstanding at the date hereof.

Redeemable Warrants

Public Warrants

Each whole warrant entitles the registered holder to purchase one whole share of our Class A common stock at a price of \$11.50 per share, subject to adjustment as discussed below, at any time commencing on the later of 12 months from the closing of the IPO or 30 days after the completion of the Business Combination. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares of Class A common stock. This means that only a whole warrant may be exercised at any given time by a warrant holder. The warrants will expire five years after the completion of the Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

We will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations described below with respect to registration. No warrant will be exercisable and the Company will not be obligated to issue shares of Class A common stock upon exercise of a warrant unless Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will the Company be required to net cash settle any warrant.

We have agreed that as soon as practicable, but in no event later than 15 business days after the closing of the Business Combination, we will use our best efforts to file with the SEC a registration statement covering the shares of Class A common stock issuable upon exercise of the warrants, to cause such registration statement to become effective and to maintain a current prospectus relating to those shares of Class A common stock until the warrants expire or are redeemed, as specified in the warrant agreement. If a registration statement covering the shares of Class A common stock issuable upon exercise of the warrants is not effective by the 60th business day after the closing of the Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when we will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. The Company is filing the registration statement of which this prospectus forms a part in order to satisfy its obligation to file a registration statement covering the shares of Class A common stock issuable upon exercise of the warrants.

Once the warrants become exercisable, the Company may call the warrants for redemption:

- in whole and not in part;

- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each warrant holder; and
- if, and only if, the reported last sale price of the Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right if the issuance of shares of Class A common stock upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or the Company is unable to effect such registration or qualification. The Company will use its best efforts to register or qualify such shares of Class A common stock under the blue sky laws of the state of residence in those states in which the warrants were offered by Seaport in the IPO.

The Company has established the last of the redemption criteria discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and the Company issues a notice of redemption of the warrants, each warrant holder will be entitled to exercise its warrant prior to the scheduled redemption date. However, the price of the Class A common stock may fall below the \$18.00 redemption trigger price (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) as well as the \$11.50 warrant exercise price after the redemption notice is issued.

If the Company calls the warrants for redemption as described above, the Company's management will have the option to require any holder that wishes to exercise its warrant to do so on a "cashless basis." In determining whether to require all holders to exercise their warrants on a "cashless basis," the Company's management will consider, among other factors, the Company's cash position, the number of warrants that are outstanding and the dilutive effect on the Company's stockholders of issuing the maximum number of shares of Class A common stock issuable upon the exercise of the warrants. If management takes advantage of this option, all holders of warrants would pay the exercise price by surrendering their warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants. If management takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of shares of Class A common stock to be received upon exercise of the warrants, including the "fair market value" in such case. Requiring a cashless exercise in this manner will reduce the number of shares to be issued and thereby lessen the dilutive effect of a warrant redemption. The Company believes this feature is an attractive option to it if it does not need the cash from the exercise of the warrants. If the Company calls its warrants for redemption and its management does not take advantage of this option, the Sponsor and its permitted transferees would still be entitled to exercise their Private Placement Warrants for cash or on a cashless basis using the same formula described above that other warrant holders would have been required to use had all warrant holders been required to exercise their warrants on a cashless basis, as described in more detail below.

A holder of a warrant may notify the Company in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (or such other amount as a holder may specify) of the shares of Class A common stock outstanding immediately after giving effect to such exercise.

If the number of outstanding shares of Class A common stock is increased by a stock dividend payable in shares of Class A common stock, or by a split-up of shares of Class A common stock or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of shares of Class A common stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding shares of Class A common stock. A rights offering to holders of shares of Class A common stock entitling holders to purchase shares of Class A common stock at a price less than the fair market value (as defined below) will be deemed a stock dividend of a number of shares of Class A common stock equal to the product of (i) the number of shares of Class A common stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Class A common stock) and (ii) one (1) minus the quotient of (x) the price per share of Class A common stock paid in such rights offering divided by (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable for Class A common stock, in determining the price payable for Class A common stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable

upon exercise or conversion and (ii) “fair market value” means the volume weighted average price of Class A common stock as reported during the ten (10) trading day period ending on the trading day prior to the first date on which the shares of Class A common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if the Company, at any time while the warrants are outstanding and unexpired, pays a dividend or makes a distribution in cash, securities or other assets to the holders of shares of Class A common stock on account of such shares of Class A common stock (or other shares of the Company’s capital stock into which the warrants are convertible), other than (a) as described above or (b) certain ordinary cash dividends, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Class A common stock in respect of such event.

If the number of outstanding shares of Class A common stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Class A common stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Class A common stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding shares of Class A common stock.

Whenever the number of shares of Class A common stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of Class A common stock purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of shares of Class A common stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding shares of Class A common stock (other than those described above or that solely affects the par value of such shares of Class A common stock), or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and that does not result in any reclassification or reorganization of its outstanding shares of Class A common stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the shares of Class A common stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of shares of Class A common stock in such a transaction is payable in the form of Class A common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within thirty days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the warrant agreement based on the Black-Scholes value (as defined in the warrant agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants in order to determine and realize the option value component of the warrant. This formula is to compensate the warrant holder for the loss of the option value portion of the warrant due to the requirement that the warrant holder exercise the warrant within 30 days of the event. The Black-Scholes model is an accepted pricing model for estimating fair market value where no quoted market price for an instrument is available.

The warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and the Company. The warrant agreement contains a complete description of the terms and conditions applicable to the warrants. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity, correct any mistake or correct any defective provision, but requires the approval by the holders of at least a majority of the then outstanding Public Warrants to make any change that adversely affects the interests of the registered holders of Public Warrants.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to the Company, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of shares of Class A

common stock and any voting rights until they exercise their warrants and receive shares of Class A common stock. After the issuance of shares of Class A common stock upon exercise of the warrants, each holder will be entitled to one (1) vote for each share held of record on all matters to be voted on by stockholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, the Company will, upon exercise, round down to the nearest whole number of shares of Class A common stock to be issued to the warrant holder.

We have agreed that, subject to applicable law, any action, proceeding or claim against it arising out of or relating in any way to the warrant agreement will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and the Company irrevocably submits to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This provision applies to claims under the Securities Act but does not apply to claims under the Exchange Act or any claim for which the federal district courts of the United States of America are the sole and exclusive forum.

Private Placement Warrants

The Private Placement Warrants (including the Class A common stock issuable upon exercise of the Private Placement Warrants) will not be transferable, assignable or salable until 30 days after the completion of the Business Combination (except, among other limited exceptions as described under “—Restrictions on Transfers of Founder Shares and Private Placement Warrants,” to our officers and directors and other persons or entities affiliated with the Sponsor) and they will not be redeemable by the Company so long as they are held by the Sponsor or its permitted transferees. The Sponsor, or its permitted transferees, has the option to exercise the Private Placement Warrants on a cashless basis. Except as described below, the Private Placement Warrants have terms and provisions that are identical to those of the warrants sold as part of the units in the IPO, including as to exercise price, exercisability and exercise period. If the Private Placement Warrants are held by holders other than the Sponsor or its permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by the holders on the same basis as the warrants included in the units sold in the IPO.

If holders of the Private Placement Warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering the warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the “fair market value” (defined below) by (y) the fair market value. The “fair market value” shall mean the average reported last sale price of the Class A common stock for the ten (10) trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent. The reason that we have agreed that these warrants will be exercisable on a cashless basis so long as they are held by the Sponsor or its permitted transferees is because it was not known at that time whether they will be affiliated with the Company following an initial business combination. If they remain affiliated with the Company, their ability to sell our securities in the open market will be significantly limited. We have policies in place that prohibit insiders from selling our securities except during specific periods of time. Even during such periods of time when insiders will be permitted to sell our securities, an insider cannot trade in our securities if he or she is in possession of material non-public information. Accordingly, unlike public stockholders who could sell the shares of Class A common stock issuable upon exercise of the warrants freely in the open market, the insiders could be significantly restricted from doing so. As a result, we believe that allowing the holders to exercise such warrants on a cashless basis is appropriate.

Sponsor Lock-Up Agreement

Concurrently with the execution of the Business Combination Agreement, Seaport and the Sponsor entered into the Sponsor Lock-Up Agreement, pursuant to which the Sponsor, with respect to all capital stock or other equity interests of the Company that the Sponsor holds of record and/or beneficially, as of the date of the Sponsor Lock-Up Agreement, or acquires record and/or beneficial ownership of after the date of the Sponsor Lock-Up Agreement (“Sponsor Restricted Securities”), has agreed to, among other things, be subject to a lock-up period (the “Sponsor Lock-Up Period”) which will last from the Closing until the earlier of (i) the first anniversary of the Closing, (ii) the date after the Closing on which the Company completes a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results in all of the Company’s stockholders having the right to exchange their Class A common stock for cash, securities or other property, and (iii) the trading day, if any, on which the last sale price of the Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the

Closing. During the Sponsor Lock-Up Period, the Sponsor may not transfer any Sponsor Restricted Securities or engage in any short sales or other hedging or derivative transactions, subject to certain limited exceptions.

Redwood Holdco Lock-up Agreement

Concurrently with the execution of the Business Combination Agreement, Seaport and Redwood Holdco entered into the Redwood Holdco Lock-Up Agreement, pursuant to which Redwood Holdco, as a holder of capital stock or other equity interests of the Company that Redwood Holdco holds of record and/or beneficially, as of the date of the Redwood Holdco Lock-Up Agreement, or acquires record and/or beneficial ownership of after the date of the Redwood Holdco Lock-Up Agreement (“Redwood Holdco Restricted Securities”), has agreed to, among other things, be subject to a lock-up period (the “Redwood Holdco Lock-Up Period”) which will last from the Closing until the earlier of (i) six (6) months after the date of the Closing, (ii) the date after the Closing on which the Company completes a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results in all of the Company’s stockholders having the right to exchange their Class A common stock for cash, securities or other property, and (iii) the trading day, if any, on which the last sale price of the Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing after the Closing. During the Redwood Holdco Lock-Up Period, the holders of Redwood Holdco Restricted Securities may not transfer any Redwood Holdco Restricted Securities or engage in any short sales or other hedging or derivative transactions, subject to certain limited exceptions. The Redwood Holdco Lock-Up Period expired at the close of business on November 22, 2021.

Exclusive Jurisdiction of Certain Actions

The Charter requires, unless we consent in writing to the selection of an alternative forum, that the federal courts of the United States shall have exclusive jurisdiction to hear, settle and/or determine any dispute, controversy or claim arising under the Securities Act or the rules and regulations promulgated thereunder. The Charter also requires, unless we consent in writing to the selection of an alternative forum, that (i) any derivative action or proceeding brought on its behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee to the Company or its stockholders, (iii) any action asserting a claim against the Company, its directors, officers or employees arising pursuant to any provision of the DGCL or the Charter or its Bylaws, or (iv) any action asserting a claim against the Company, its directors, officers or employees governed by the internal affairs doctrine may be brought only in the Court of Chancery in the State of Delaware in each case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. If an action is brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder’s counsel. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to actions arising under the Exchange Act or the rules and regulations thereunder.

Dividends

The Company has not paid any cash dividends on its common stock to date. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial conditions. The payment of any cash dividends will be within the discretion of our board of directors at such time. Further, our ability to declare dividends may be limited by restrictive covenants in the agreements governing our indebtedness.

Certain Anti-Takeover Provisions of Delaware Law, Our Charter and Bylaws

The Charter, the Bylaws, the Stockholders Agreement and the DGCL contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the members of our board of directors or taking other corporate actions, including effecting changes in our management. For instance, our board of directors will be empowered to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death, or removal of a director in certain circumstances; and the advance notice provisions in our Bylaws will require that stockholders must comply with certain procedures in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders’ meeting. For more information on how provisions in the Charter could have an anti-takeover effect, see “Risk Factors — Risks Related to Ownership of Our Common Stock — Provisions in the Charter may inhibit a takeover of the Company, which could limit the price investors might be willing to pay in the future for Class A common stock and could entrench management.”

Our Charter provides that we are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers upon completion of this offering. This statute prevents certain Delaware corporations, under certain circumstances, from engaging in a “business combination” with:

- a stockholder who owns 15% or more of our outstanding voting stock (otherwise known as an “interested stockholder”);
- an affiliate of an interested stockholder; or
- an associate of an interested stockholder, for three years following the date that the stockholder became an interested stockholder.

A business combination includes a merger or sale of more than 10% of our assets. However, the above provisions of Section 203 do not apply if:

- our board of directors approves the transaction that made the stockholder an “interested stockholder,” prior to the date of the transaction;
- after the completion of the transaction that resulted in the stockholder becoming an interested stockholder, that stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, other than statutorily excluded shares of common stock; or
- on or subsequent to the date of the transaction, the initial business combination is approved by our board of directors and authorized at a meeting of our stockholders, and not by written consent, by an affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested stockholder

The Charter provides that our board of directors will be classified into three classes of directors. As a result, in most circumstances, a person can gain control of our board only by successfully engaging in a proxy contest at two or more annual meetings.

Our authorized but unissued common stock and preferred stock will be available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of the Company by means of a proxy contest, tender offer, merger or otherwise.

Rule 144

Pursuant to Rule 144 under the Securities Act (“Rule 144”), a person who has beneficially owned restricted shares of our common stock or warrants for at least six months would be entitled to sell their securities, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least three months before the sale and have filed all required reports under Section 13 or 15(d) of the Exchange Act during the 12 months (or such shorter period as we were required to file reports) preceding the sale.

Persons who have beneficially owned restricted shares of our common stock or warrants for at least six months but who are our affiliates at the time of, or at any time during the three months preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of:

- 1% of the total number of shares of Class A common stock then outstanding (as of the date of this prospectus, there were 12,618,516 shares outstanding); or
- the average weekly reported trading volume of the Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales by our affiliates under Rule 144 are also limited by manner of sale provisions and notice requirements and to the availability of current public information about us.

Restrictions on the Use of Rule 144 by Shell Companies or Former Shell Companies

Rule 144 is not available for the resale of securities initially issued by shell companies (other than business combination related shell companies) or issuers that have been at any time previously a shell company. However, Rule 144 also includes an important exception to this prohibition if the following conditions are met:

- the issuer of the securities that was formerly a shell company has ceased to be a shell company;
- the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;
- the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and material), other than Current Reports on Form 8-K; and
- at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company.

As a result, our initial stockholders will be able to sell their Founder Shares and Private Placement Warrants, as applicable, pursuant to Rule 144 without registration one year after the Company files current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company, which occurred on October 28, 2021.

Following the consummation of the Business Combination, we were no longer a shell company, and so, once the conditions set forth in the exceptions listed above are satisfied, Rule 144 will become available for the resale of the above noted restricted securities.

Form S-8 Registration Statement

We intend to file one or more registration statements on Form S-8 under the Securities Act to register the shares of Class A common stock issued or issuable under our Incentive Plan. Any such Form S-8 registration statement will become effective automatically upon filing. Once these shares are registered, they can be sold in the public market upon issuance, subject to Rule 144 limitations applicable to affiliates and vesting restrictions.

Listing

Our Class A common stock and warrants are listed on Nasdaq under the symbols “RDBX” and “RDBXW,” respectively.

Transfer Agent and Warrant Agent

The transfer agent for our Class A common stock and warrant agent for our warrants is Continental Stock Transfer & Trust Company.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of the material U.S. federal income tax considerations applicable to Non-U.S. Holders (as defined herein) with respect to the ownership and disposition of our Class A common stock issued pursuant to this offering as of the date hereof. The following discussion is based upon current provisions of the Code, U.S. judicial decisions, administrative pronouncements and existing and proposed Treasury regulations. All of the preceding authorities are subject to change at any time, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested, and will not request, a ruling from the Service with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the Service will not disagree with or challenge any of the conclusions we have reached and describe herein.

This discussion only addresses beneficial owners of our Class A common stock that hold such Class A common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to a Non-U.S. Holder in light of such Non-U.S. Holder's particular circumstances or that may be applicable to Non-U.S. Holders subject to special treatment under U.S. federal income tax law (including, for example, financial institutions, regulated investment companies, real estate investment trusts, dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, tax-exempt entities, Non-U.S. Holders who acquire our Class A common stock pursuant to the exercise of employee stock options or otherwise as compensation for their services, Non-U.S. Holders liable for the alternative minimum tax, controlled foreign corporations, passive foreign investment companies, former citizens or former long-term residents of the United States, and Non-U.S. Holders that hold our Class A common stock as part of a hedge, straddle, constructive sale or conversion transaction). In addition, this discussion does not address U.S. federal tax laws other than those pertaining to U.S. federal income tax (such as U.S. federal estate or gift tax or the Medicare contribution tax on certain net investment income), nor does it address any aspects of U.S. state, local or non-U.S. taxes. Non-U.S. Holders are urged to consult with their own tax advisors regarding the possible application of these taxes.

For purposes of this discussion, the term "Non-U.S. Holder" means a beneficial owner of our Class A common stock that is an individual, corporation, estate or trust, other than:

- an individual who is a citizen or resident of the United States, as determined for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if: (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a domestic trust.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares of our Class A common stock, the tax treatment of a person treated as a partner of such partnership generally will depend on the status of the partner and the activities of the partnership. Persons that, for U.S. federal income tax purposes, are treated as partners in a partnership holding shares of our Class A common stock are urged to consult their own tax advisors.

Prospective purchasers are urged to consult their tax advisors as to the particular consequences to them under U.S. federal, state and local, and applicable foreign tax laws of the acquisition, ownership and disposition of our Class A common stock.

Distributions

Distributions of cash or property that we pay in respect of our Class A common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Subject to the discussions below under "—U.S. Trade or Business Income," "—Information Reporting and Backup Withholding" and "—FATCA," a Non-U.S. Holder generally will be subject to U.S. federal withholding tax at a 30% rate, or at a reduced rate prescribed by an applicable income tax treaty, on any dividends received in respect of our Class A common stock. If the amount of the distribution exceeds our current and accumulated earnings and profits, such excess first will be treated as a return of capital to the extent of a Non-U.S. Holder's tax basis in our Class A common stock, and thereafter will be treated as capital gain.

However, except to the extent that we elect (or the paying agent or other intermediary through which a Non-U.S. Holder holds its Class A common stock elects) otherwise, we (or the intermediary) must generally withhold at the applicable rate on the entire distribution, in which case such Non-U.S. Holder would be entitled to a refund from the Service for the withholding tax on the portion, if any, of the distribution that exceeded our current and accumulated earnings and profits.

In order to obtain a reduced rate of U.S. federal withholding tax under an applicable income tax treaty, a Non-U.S. Holder will be required to provide a properly executed Service Form W-8BEN or Form W-8BEN-E (or, in each case, a successor form) certifying such a Non-U.S. Holder's entitlement to benefits under the treaty. Special certifications and other requirements apply to certain Non-U.S. Holders that are pass-through entities rather than corporations or individuals for U.S. federal income tax purposes. If a Non-U.S. Holder is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, such a Non-U.S. Holder may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the Service. Each a Non-U.S. Holder is urged to consult its own tax advisor regarding its possible entitlement to benefits under an applicable income tax treaty.

Sale, Exchange or Other Taxable Disposition of Class A Common Stock

Subject to the discussions below under “—U.S. Trade or Business Income,” “—Information Reporting and Backup Withholding” and “—FATCA,” a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax in respect of any gain on a sale, exchange or other taxable disposition of our Class A common stock unless:

- the gain is U.S. trade or business income, in which case, such gain will be taxed as described in “—
- U.S. Trade or Business Income” below;
- a Non-U.S. Holder is an individual who is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, in which case such a Non-U.S. Holder will be subject to U.S. federal income tax at a rate of 30% (or a reduced rate under an applicable income tax treaty) on the
- amount by which certain capital gains allocable to U.S. sources exceed certain capital losses allocable to U.S. sources; or
- we are or have been a “United States real property holding corporation” (a “USRPHC”) under Section 897 of the Code at any time during the shorter of the five-year period ending on the date of the disposition and such Non-U.S. Holder's holding period for the Class A common stock.

In general, a corporation is a USRPHC if the fair market value of its “United States real property interests” equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. In the event that we are determined to be a USRPHC, gain will, nonetheless, not be subject to tax as U.S. trade or business income if a Non-U.S. Holder's holdings (direct and indirect, taking into account certain constructive ownership rules) at all times during the applicable period described in the third bullet point above constituted 5% or less of our Class A common stock, provided that our Class A common stock was regularly traded on an established securities market during such period. We believe that we are not currently, and we do not anticipate becoming in the future, a “United States real property holding corporation” for U.S. federal income tax purposes.

Information Reporting and Backup Withholding

We must annually report to the Service and to each Non-U.S. Holder any dividend income that is subject to U.S. federal withholding tax or that is exempt from such withholding pursuant to an income tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which a Non-U.S. Holder resides. Under certain circumstances, the Code imposes a backup withholding obligation on certain reportable payments. Dividends paid to a Non-U.S. Holder will generally be exempt from backup withholding if such a Non-U.S. Holder provides a properly executed Service Form W-8BEN or Form W-8BEN-E (or, in each case, a successor form) or otherwise establishes an exemption and the applicable withholding agent does not have actual knowledge or reason to know that such a Non-U.S. Holder is a U.S. person or that the conditions of such other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of our Class A common stock to or through the U.S. office of any broker (U.S. or non-U.S.) will be subject to information reporting and possible backup withholding unless a Non-U.S. Holder certifies as to such a Non-U.S. Holder's non-U.S. status under penalties of perjury or otherwise establishes an exemption and the broker does not have actual knowledge or reason to know that such a Non-U.S. Holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of proceeds from the disposition of our Class A common stock to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a "U.S. related financial intermediary"). In the case of the payment of proceeds from the disposition of our Class A common stock to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related financial intermediary, Treasury regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the owner is not a U.S. person and the broker has no knowledge to the contrary. Each a Non-U.S. Holder is urged to consult its own tax advisor on the application of information reporting and backup withholding in light of such a Non-U.S. Holder's particular circumstances.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be refunded or credited against such a Non-U.S. Holder's U.S. federal income tax liability, if any, provided that the required information is timely furnished to the Service.

FATCA

Pursuant to Section 1471 through 1474 of the Code, commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions (which include most foreign hedge funds, private equity funds, mutual funds, securitization vehicles and any other investment vehicles) and certain other foreign entities that do not otherwise qualify for an exemption must comply with information reporting rules with respect to their U.S. account holders and investors or be subject to a withholding tax on U.S. source payments made to them (whether received as a beneficial owner or as an intermediary for another party).

More specifically, a foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements or otherwise qualify for an exemption will generally be subject to a 30% withholding tax with respect to any "withholdable payments." For this purpose, withholdable payments generally include U.S.-source payments otherwise subject to nonresident withholding tax (e.g., U.S.-source dividends). The FATCA withholding tax will apply even if the payment would otherwise not be subject to U.S. nonresident withholding tax (e.g., because it is capital gain). Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

FATCA currently applies to dividends made in respect of our Class A common stock. Proposed Treasury regulations, the preamble to which state that they can be relied upon until final regulations are issued, exempt from FATCA proceeds on dispositions of stock. To avoid withholding on dividends, Non-U.S. Holders may be required to provide the Company (or its withholding agents) with applicable tax forms or other information. Non-U.S. Holders are urged to consult with their own tax advisors regarding the effect, if any, of the FATCA provisions to them based on their particular circumstances.

PLAN OF DISTRIBUTION

We are registering the issuance by us of (a) up to 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants, (b) up to 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants and (c) up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock. We are also registering the offer and sale from time to time by the Selling Securityholders, or their permitted transferees, of (a) up to 60,203,489 shares of Class A common stock (which includes up to 6,062,500 shares of Class A common stock issuable upon the exercise of the Private Placement Warrants, up to 10,781,250 shares of Class A common stock issuable upon the exercise of the Public Warrants and up to 32,770,000 shares of Class A common stock underlying an equal number of shares of Class B common stock) and (b) up to 6,062,500 warrants to purchase shares of Class A common stock.

We will not receive any proceeds from the sale of shares of Class A common stock or warrants by the Selling Securityholders pursuant to this prospectus, except with respect to amounts received by us upon the exercise of the warrants to the extent such warrants are exercised for cash. However, we will pay the expenses, other than underwriting discounts and commissions and expenses incurred by the Selling Securityholders for brokerage, accounting, tax or legal services or any other expenses incurred by the Selling Securityholders in disposing of the securities, associated with the sale of securities pursuant to this prospectus.

The shares of Class A common stock and warrants beneficially owned by the Selling Securityholders covered by this prospectus may be offered and sold from time to time by the Selling Securityholders. The term "Selling Securityholders" includes donees, pledgees, transferees or other successors in interest selling securities received after the date of this prospectus from a Selling Securityholder as a gift, pledge, partnership distribution or other transfer. The Selling Securityholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. Such sales may be made on one or more exchanges or in the over-the-counter market or otherwise, at prices and under terms then prevailing or at prices related to the then-current market price or in negotiated transactions. The Selling Securityholders may sell their securities by one or more of, or a combination of, the following methods:

- purchases by a broker-dealer as principal and resale by such broker-dealer for its own account pursuant to this prospectus;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- block trades in which the broker-dealer so engaged will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- an over-the-counter distribution in accordance with the rules of Nasdaq;
- through trading plans entered into by a Selling Securityholder pursuant to Rule 10b5-1 under the Exchange Act, that are in place at the time of an offering pursuant to this prospectus and any applicable prospectus supplement hereto that provide for periodic sales of their securities on the basis of parameters described in such trading plans;
- to or through underwriters or broker-dealers;
- in "at the market" offerings, as defined in Rule 415 under the Securities Act, at negotiated prices, at prices prevailing at the time of sale or at prices related to such prevailing market prices, including sales made directly on a national securities exchange or sales made through a market maker other than on an exchange or other similar offerings through sales agents;
- in privately negotiated transactions;
- in options transactions;
- through a combination of any of the above methods of sale; or
- any other method permitted pursuant to applicable law.

In addition, any securities that qualify for sale pursuant to Rule 144 may be sold under Rule 144 rather than pursuant to this prospectus.

To the extent required, this prospectus may be amended or supplemented from time to time to describe a specific plan of distribution. In connection with distributions of the securities or otherwise, the Selling Securityholders may enter into hedging transactions with broker-dealers or other financial institutions. In connection with such transactions, broker-dealers or other financial institutions may engage in short sales of the securities in the course of hedging the positions they assume with Selling Securityholders. The Selling Securityholders may also sell the securities short and redeliver the securities to close out such short positions. The Selling Securityholders may also enter into option or other transactions with broker-dealers or other financial institutions that require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction). The Selling Securityholders may also pledge securities to a broker-dealer or other financial institution, and, upon a default, such broker-dealer or other financial institution, may effect sales of the pledged securities pursuant to this prospectus (as supplemented or amended to reflect such transaction).

A Selling Securityholder may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by any Selling Securityholder or borrowed from any Selling Securityholder or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from any Selling Securityholder in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and will be identified in the applicable prospectus supplement (or a post-effective amendment). In addition, any Selling Securityholder may otherwise loan or pledge securities to a financial institution or other third party that in turn may sell the securities short using this prospectus. Such financial institution or other third party may transfer its economic short position to investors in our securities or in connection with a concurrent offering of other securities.

In effecting sales, broker-dealers or agents engaged by the Selling Securityholders may arrange for other broker-dealers to participate. Broker-dealers or agents may receive commissions, discounts or concessions from the Selling Securityholders in amounts to be negotiated immediately prior to the sale.

In offering the securities covered by this prospectus, the Selling Securityholders and any broker-dealers who execute sales for the Selling Securityholders may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. Any profits realized by the Selling Securityholders and the compensation of any broker-dealer may be deemed to be underwriting discounts and commissions.

In order to comply with the securities laws of certain states, if applicable, the securities must be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states the securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

We have advised the Selling Securityholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of securities in the market and to the activities of the Selling Securityholders and their affiliates. In addition, we will make copies of this prospectus available to the Selling Securityholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The Selling Securityholders may indemnify any broker-dealer that participates in transactions involving the sale of the securities against certain liabilities, including liabilities arising under the Securities Act.

At the time a particular offer of securities is made, if required, a prospectus supplement will be distributed that will set forth the number of securities being offered and the terms of the offering, including the name of any underwriter, dealer or agent, the purchase price paid by any underwriter, any discount, commission and other item constituting compensation, any discount, commission or concession allowed or reallocated or paid to any dealer, and the proposed selling price to the public.

A holder of warrants may exercise its warrants in accordance with the Warrant Agreement on or before the expiration date by surrendering, at the office of the warrant agent, Continental Stock Transfer & Trust Company, the certificate evidencing such warrant, an election to purchase, properly completed and duly executed, accompanied by full payment of the exercise price and any and all applicable taxes due in connection with the exercise of the warrant, subject to any applicable provisions relating to cashless exercises in accordance with the Warrant Agreement.

LEGAL MATTERS

The validity of the shares of Class A common stock and warrants offered hereby will be passed upon for us by Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York.

EXPERTS

The financial statements of Seaport Global Acquisition Corp. as of December 31, 2020 and for the period from July 24, 2020 (inception) through December 31, 2020, have been audited by Marcum LLP, independent registered public accounting firm, as set forth in their report thereon (which contains an explanatory paragraph relating to the restatement of financial statements of Seaport Global Acquisition Corp. as described in Note 2 to the financial statements), appearing elsewhere in this prospectus, and are included in reliance on the report of such firm given upon their authority as experts in accounting and auditing.

The audited financial statements of Redwood Intermediate, LLC and subsidiaries included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock and warrants offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and the Class A common stock and warrants offered hereby, we refer you to the registration statement and the exhibits and schedules filed thereto. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. We file periodic reports, proxy statements, and other information with the SEC pursuant to the Exchange Act. The SEC maintains an Internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the SEC. The address of that site is www.sec.gov.

We also maintain an Internet website at www.redbox.com. Through our website, we make available, free of charge, the following documents of Redbox Entertainment Inc. as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC: Annual Reports on Form 10-K; proxy statements for our annual and special shareholder meetings; Quarterly Reports on Form 10-Q; Current Reports on Form 8-K; Forms 3, 4 and 5 and Schedules 13D; and amendments to those documents. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this prospectus or the registration statement of which it forms a part.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)

CONDENSED BALANCE SHEETS

	September 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Current assets		
Cash	\$ 61,743	\$ 948,584
Prepaid expenses	177,159	308,515
Total current assets	238,902	1,257,099
Investments held in Trust Account	145,218,069	145,194,202
Other Assets	3,116	—
Total Assets	\$ 145,460,087	\$ 146,451,301
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accrued expenses	\$ 530,044	\$ 118,844
Due to related party	—	10,000
Total current liabilities	530,044	128,844
Warrant liability	16,467,107	17,322,751
Deferred underwriting fee payable	5,031,250	5,031,250
Total Liabilities	22,028,401	22,482,845
Commitments and contingencies		
Class A common stock subject to possible redemption, 14,375,000 shares at redemption value at September 30, 2021 and December 31, 2020, respectively	145,218,069	145,194,202
Stockholders' Equity (Deficit)		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.0001 par value; 100,000,000 shares authorized; none issued and outstanding (excluding 14,375,000 shares subject to possible redemption) as of September 30, 2021 and December 31, 2020, respectively	—	—
Class B common stock, \$0.0001 par value; 10,000,000 shares authorized; 3,593,750 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	359	359
Additional paid-in capital	—	—
Accumulated deficit	(21,786,742)	(21,226,105)
Total Stockholders' Equity (Deficit)	(21,786,383)	(21,225,746)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 145,460,087	\$ 146,451,301

The accompanying notes are an integral part of these financial statements.

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)

CONDENSED STATEMENT OF OPERATIONS

	Three Months Ended September 30, 2021 (unaudited)	Nine Months Ended September 30, 2021 (unaudited)
Operating and formation costs	\$ 500,559	\$ 1,416,280
Loss from operations	(500,559)	(1,416,280)
Other income (expense):		
Interest earned on investments held in Trust Account	1,869	23,867
Change in fair value of warrant liability	(1,344,965)	855,644
Total other income (expense)	(1,343,096)	879,511
Net loss	\$ (1,843,655)	\$ (536,769)
Weighted average shares outstanding, Class A redeemable common stock	14,375,000	14,375,000
Basic and diluted income per share, Class A redeemable common stock	\$ (0.10)	\$ (0.03)
Weighted average shares outstanding, Class B non-redeemable common stock	3,593,750	3,593,750
Basic and diluted net loss per share, Class B non-redeemable common stock	\$ (0.10)	\$ (0.03)

The accompanying notes are an integral part of these financial statements.

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)

CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Income (Deficit)	Total Stockholder's Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance as of January 1, 2021	—	\$ —	3,593,750	\$ 359	\$ —	\$ (21,226,105)	\$ (21,225,746)
Net income	—	—	—	—	—	5,128,710	5,128,710
Change in value of Class A common stock subject to possible redemption	—	—	—	—	—	(17,259)	(17,259)
Balance as of March 31, 2021	—	\$ —	3,593,750	\$ 359	\$ —	\$ (16,114,654)	\$ (16,114,295)
Net loss	—	—	—	—	—	(3,821,824)	(3,821,824)
Change in value of Class A common stock subject to possible redemption	—	—	—	—	—	(4,740)	(4,740)
Balance as of June 30, 2021	—	\$ —	3,593,750	\$ 359	\$ —	\$ (19,941,218)	\$ (19,940,859)
Net loss	—	—	—	—	—	(1,843,655)	(1,843,655)
Change in value of Class A common stock subject to possible redemption	—	—	—	—	—	(1,869)	(1,869)
Balance as of September 30, 2021	—	\$ —	3,593,750	\$ 359	\$ —	\$ (21,786,742)	\$ (21,786,383)

The accompanying notes are an integral part of these financial statements.

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)

CONDENSED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2021

Cash Flows from Operating Activities:	
Net income (loss)	\$ (536,769)
Adjustments to reconcile net income (loss) to net cash used in operating activities:	
Interest earned on marketable securities held in Trust Account	(23,867)
Change in fair value of warrant liability	(855,644)
Changes in operating assets and liabilities:	
Prepaid assets	131,356
Other assets	(3,116)
Accrued expenses	411,199
Due to related party	(10,000)
Net cash used in operating activities	(886,841)
Net Change in Cash	(886,841)
Cash - Beginning of period	948,584
Cash - End of period	\$ 61,743
Non-cash financing activities:	
Change in value of Class A common stock subject to possible redemption	\$ (23,867)

The accompanying notes are an integral part of these financial statements.

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)

**NOTES TO UNAUDITED CONDENSED
FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Note 1 — Organization and Business Operations

Redbox Entertainment Inc. (the “Company”) was incorporated in Delaware on July 24, 2020 under the name “Seaport Global Acquisition Corp.” The Company was formed for the purpose of entering into a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (an “initial business combination”). The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies. In conjunction with the Business Combination with Redbox, the Company formed a wholly-owned subsidiary, Seaport Merger Sub, LLC, a Delaware limited liability company (“Merger Sub”). Merger Sub did not have any activity as of September 30, 2021.

As of September 30, 2021, the Company had not commenced any operations. All activity through September 30, 2021 relates to the Company’s formation and initial public offering (the “Initial Public Offering”) which is described below, and working capital related to the consummation of an initial business combination.

The registration statement for the Company’s Initial Public Offering was declared effective on November 27, 2020. On December 2, 2020, the Company consummated the Initial Public Offering of 14,375,000 units (the “Units” and, with respect to the shares of Class A common stock included in the Units sold, the “Public Shares”), which included the full exercise by the underwriter of the overallotment option to purchase an additional 1,875,000 Units at \$10.00 per Unit, generating gross proceeds of \$143,750,000, which is described in Note 4.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 6,062,500 warrants (each, a “Private Placement Warrant” and collectively, the “Private Placement Warrants”) at a price of \$1.00 per Private Placement Warrant in a private placement to Seaport Global SPAC, LLC (the “Sponsor”) generating gross proceeds of \$6,062,500, which is described in Note 5. Transaction costs amounted to \$8,361,625, consisting of \$2,875,000 of underwriting fees, \$5,031,250 of deferred underwriting fees and \$455,375 of other offering costs.

Following the closing of the Initial Public Offering on December 2, 2020, an amount of \$145,187,500 (\$10.10 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Placement Warrants was placed in a trust account (the “Trust Account”) and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 185 days or less, or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of an initial business combination or (ii) the distribution of the funds in the Trust Account to the Company’s stockholders, as described below.

Risks and Uncertainties

Management is continuing to evaluate the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that COVID-19 could have a negative effect on identifying a target company for an initial business combination, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Business Combination Agreement

On May 16, 2021, the Company entered into a Business Combination Agreement (the “Business Combination Agreement”) by and among the Company, Merger Sub, Redwood Holdco, LP (“Parent”), and Redwood Intermediate, LLC (“Redbox”).

On October 22, 2021, SGAC, Parent and Redbox consummated the business combination (the “Business Combination”) pursuant to the terms of the Business Combination Agreement. Immediately upon the completion of the Business Combination, Merger Sub merged with and into Redbox. In connection with the consummation of the Business Combination, SGAC changed its name to “Redbox Entertainment Inc.”

In connection with the Business Combination, the Company provided the holders of the outstanding Public Shares (the “public stockholders”) with the opportunity to redeem all or a portion of their Public Shares upon the completion of the Business Combination in connection with a stockholder meeting called to approve the Business Combination. The Business Combination Agreement and the Business Combination were approved by the Company’s stockholders at a special meeting of the Company’s stockholders held on October 20, 2021 (the “Special Meeting”). On October 22, 2021, the parties to the Business Combination Agreement consummated the Business Combination and the other transactions contemplated thereby. At the Special Meeting, holders of 12,346,223 shares of the Company’s Class A Common Stock, sold in its Initial Public Offering, exercised their right to redeem those shares for cash at a price of approximately \$10.10 per share, for an aggregate of approximately \$124,723,926. The per share redemption price of \$10.10 for public stockholders electing redemption was paid out of the Company’s Trust Account, which after taking into account the redemption and backstop, had a balance immediately prior to the Closing of approximately \$20,495,097.

In connection with the Business Combination, on October 12, 2021, SGAC entered into backstop subscription agreements (the “Backstop Agreements”) with certain subscribers (the “Backstop Subscribers”), including affiliates of Apollo Global Management, Inc. and the Sponsor, pursuant to which the Backstop Subscribers agreed, subject to certain conditions in the Backstop Agreements, to subscribe for and purchase up to an aggregate of 3,564,356 shares of SGAC Class A common stock in the event that more than 10,810,644 public shares of SGAC Class A common stock were submitted for redemption in connection with the Business Combination, for a purchase price of \$10.10 per share. In accordance with the Backstop Agreements, on October 20, 2021, the Backstop Subscribers funded the approximately \$20.2 million aggregate purchase price. Immediately prior to the Closing on October 22, 2021, SGAC issued an aggregate of 1,995,989 shares of Class A common stock to the Backstop Subscribers pursuant to the Backstop Agreements.

PIPE Investment

Concurrently with the execution of the Business Combination Agreement, SGAC entered into subscription agreements (the “Subscription Agreements”) with certain investors pursuant to which the Company agreed to issue and sell, in private placements to close immediately prior to the Closing, an aggregate of up to 5,000,000 shares of SGAC Class A common stock, par value \$0.0001 per share for a purchase price of \$10.00 per share (the “PIPE Investment”). The PIPE Investment closed immediately prior to the Business Combination on October 22, 2021. The shares of SGAC Class A common stock issued to the investors pursuant to the Subscription Agreements became shares of Redbox Entertainment Inc. upon consummation of the Business Combination.

Immediately after giving effect to the Business Combination (including as a result of the redemptions described above, the conversion of all 3,593,750 outstanding founder shares into shares of Class A common stock on a one-for-one basis and the issuance of an additional 5,000,000 shares of Class A common stock in the PIPE Investment and an additional 1,995,989 shares of Class A common stock pursuant to the Backstop Agreements), there were 45,388,516 shares of Common Stock, including 12,618,516 shares of Class A common stock and 32,770,000 shares of Class B common stock, issued and outstanding and warrants to purchase 16,843,750 shares of Class A common stock of the Company issued and outstanding.

Liquidity and Going Concern

As of September 30, 2021, the Company had \$61,743 in its operating bank accounts and working capital of \$(291,142). Until the consummation of an initial business combination, the Company will be using the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire, and structuring, negotiating and consummating an initial business combination. Further, the Company has incurred and expects to continue to incur significant costs in pursuit of its acquisition plans. In the nine months to September 30, 2021, the Company reported negative net change in cash of \$886,841, or an average of approximately \$98,538 per month.

On October 22, 2021, the company successfully consummated its Business Combination with Redbox Entertainment Inc., generating cash proceeds of \$90.7 million before transaction fees. As of the Business Combination, the Company believes there is sufficient cash available for the next 12 months. For additional information, please see Note 10 Subsequent Events.

Note 2 — Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed financial statements are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for financial information and pursuant to the rules and regulations of the SEC. Accordingly, they do not include all of the information and footnotes required by GAAP. In the opinion of

management, the unaudited condensed financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented.

The accompanying unaudited condensed financial statements should be read in conjunction with the Company's Annual Report on Form 10-K/A for the year ended December 31, 2020 as filed with the SEC on November 22, 2021 and included elsewhere in this prospectus, which contains the audited financial statements and notes thereto. The interim results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021 or for any future interim periods.

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of the financial statement 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 financial statement.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statement, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of September 30, 2021 and December 31, 2020.

Cash and Securities held in Trust Account

At December 31, 2020, and September 30, 2021, the assets held in the Trust Account were held in U.S. Treasury securities with a maturity of 185 days or less.

The Company classifies its United States Treasury securities as held-to-maturity in accordance with FASB ASC Topic 320 "Investments - Debt and Equity Securities." Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts.

A decline in the market value of held-to-maturity securities below cost that is deemed to be other than temporary, results in an impairment that reduces the carrying costs to such securities' fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether it has the

ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and the duration of the impairment, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method. Such amortization and accretion are included in the “interest income” line item in the statements of operations. Interest income is recognized when earned.

Warrant Liabilities

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s own common shares and whether the warrant holders could potentially require “net cash settlement” in a circumstance outside of the Company’s control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations.

Class A Common Stock Subject to Possible Redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. The Company’s common stock features certain redemption rights that are considered to be outside of the Company’s control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders’ equity section of the Company’s unaudited condensed balance sheet.

Fair Value of Financial Instruments

The fair value of the Company’s assets and liabilities, which qualify as financial instruments under ASC Topic 820, “Fair Value Measurement,” approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Income Taxes

The Company accounts for income taxes under ASC 740 Income Taxes (“ASC 740”). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition. The Company recognizes accrued interest and penalties related to

unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of September 30, 2021 or December 31, 2020. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company has identified the United States as its only “major” tax jurisdiction. The Company may be subject to potential examination by federal and state taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. The Company’s management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Net Income (Loss) Per Common Share

Net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. The Company applies the two-class method in calculating earnings per share. Shares of common stock subject to possible redemption at September 30, 2021 and December 31, 2020, which are not currently redeemable and are not redeemable at fair value, have been excluded from the calculation of basic net income per common share since such shares, if redeemed, only participate in their pro rata share of the Trust Account earnings. The Company has not considered the effect of warrants sold in the Initial Public Offering and the private placement to purchase an aggregate 16,843,750 shares of common stock in the calculation of diluted loss per share, since the exercise of the warrants into shares of common stock is contingent upon the occurrence of future events. As a result, diluted net income (loss) per common share is the same as basic net income (loss) per common share for the period presented.

Below is a reconciliation of net income (loss) per common share:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Net Loss per share for Class A common stock:		
Net loss	\$ (1,843,655)	\$ (536,769)
Less: Allocation of loss to Class B common stock	(368,731)	(107,354)
Adjusted net loss	\$ (1,474,924)	\$ (429,415)
Weighted average shares outstanding of Class A common stock	14,375,000	14,375,000
Basic and diluted net loss per share, Class A common stock	<u>\$ (0.10)</u>	<u>\$ (0.03)</u>
Net Loss per share for Class B common stock:		
Net loss	\$ (1,843,655)	\$ (536,769)
Less: Allocation of loss to Class A common stock	(1,474,924)	(429,415)
Adjusted net loss	<u>\$ (368,731)</u>	<u>\$ (107,354)</u>
Weighted average shares outstanding of Class B common stock	<u>3,593,750</u>	<u>3,593,750</u>
Basic and diluted net loss per share, Class B common stock	<u>\$ (0.10)</u>	<u>\$ (0.03)</u>

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which, at times, may exceed the federal depository insurance coverage of \$250,000. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

Recently Adopted Accounting Standards

In August 2020, the FASB issued ASU 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (“ASU 2020-06”), which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU also removes certain settlement conditions that are required for equity-linked contracts to qualify for scope exception, and it simplifies the diluted earnings per share calculation in certain areas. The Company adopted ASU 2020-06 on January 1, 2021. Adoption of the ASU did not impact the Company’s financial position, results of operations or cash flows.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

Note 3 — Public Offering

On December 2, 2020, the Company sold 14,375,000 Units, at a purchase price of \$10.00 per Unit, for aggregate proceeds of \$143,750,000. Each Unit consists of one share of Class A common stock, and three-quarters of one redeemable warrant to purchase one share of Class A common stock (the "Public Warrants"). Each whole warrant will entitle the holder to purchase one share of Class A common stock at a price of \$11.50 per stock, subject to adjustment (see Note 8).

Note 4 — Private Placement Warrants

Simultaneously with the closing of the Initial Public Offering, the Sponsor purchased an aggregate of 6,062,500 Private Placement Warrants at a price of \$1.00 per Private Placement Warrant, or \$6,062,500 in the aggregate. Each Private Placement Warrant is exercisable to purchase one share of Class A common stock at a price of \$11.50 per share. The proceeds from the sale of the Private Placement Warrants were added to the net proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete an initial business combination within the Combination Period, the proceeds from the sale of the Private Placement Warrants will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless.

Note 5 — Related Party Transactions

Founder Shares

In July 2020, the Company issued an aggregate of 3,593,750 shares (the "Founder Shares") to the Sponsor for an aggregate purchase price of \$25,000 in cash. The initial stockholders have agreed not to transfer, assign or sell any of their Founder Shares until the earlier to occur of: (A) one year after the completion of an initial business combination or (B) the date on which the Company completes a liquidation, merger, capital stock exchange or similar transaction that results in the Company's stockholders having the right to exchange their shares of common stock for cash, securities or other property. Notwithstanding the foregoing, if the last sale price of the Company's Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after an initial business combination, the Founder Shares will be released from the lock-up.

Related Party Loans

In order to finance transaction costs in connection with an initial business combination, the Company's Sponsor, an affiliate of the Sponsor, or the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required (the "Working Capital Loans"). Such Working Capital Loans would be evidenced by promissory notes. The notes would either be repaid upon consummation of an initial business combination, without interest, or, at the lender's discretion, up to \$1,500,000 of notes may be converted upon consummation of an initial business combination into warrants at a price of \$1.00 per warrant. The warrants will be identical to the Private Placement Warrants. In the event that an initial business combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. At September 30, 2021 and December 31, 2020, no Working Capital Loans were outstanding.

Administrative Service Fee

The Company entered into an agreement, commencing on November 30, 2020 through the earlier of the Company's consummation of an initial business combination and its liquidation, to pay the Sponsor a total of \$10,000 per month for office space, utilities and secretarial and administrative support.

For the three and nine months ended September 30, 2021, the Company has paid \$30,000 and \$90,000, respectively, as directed by the Sponsor, to a consultant engaged to provide administrative support services.

Note 6 — Commitments and Contingencies

Registration Rights

Pursuant to a registration rights agreement entered into on November 27, 2020, the holders of the Founder Shares, Private Placement Warrants and any warrants that may be issued upon conversion of the Working Capital Loans (and any shares of Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans and upon conversion of the Founder Shares) will be entitled to registration rights, requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to our Class A common stock). The holders of the majority of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the consummation of an initial business combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriter is entitled to a deferred fee of \$0.35 per Unit, or \$5,031,250 in the aggregate. The deferred fee will become payable to the underwriter from the amounts held in the Trust Account solely in the event that the Company completes an initial business combination, subject to the terms of the underwriting agreement.

Note 7 — Stockholders’ Equity

Preferred Stock — The Company is authorized to issue 1,000,000 shares of \$0.0001 par value preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Company’s board of directors. At September 30, 2021 and December 31, 2020, there were no shares of preferred stock issued or outstanding.

Class A Common Stock — The Company is authorized to issue up to 100,000,000 shares of Class A, \$0.0001 par value common stock. Holders of the Company’s Class A common stock are entitled to one vote for each share. At September 30, 2021 and December 31, 2020, there were no shares issued and outstanding, excluding 14,375,000 shares subject to possible redemption, respectively.

Class B Common Stock — The Company is authorized to issue up to 10,000,000 shares of Class B, \$0.0001 par value common stock. Holders of the Company’s Class B common stock are entitled to one vote for each share. At September 30, 2021 and December 31, 2020, there were 3,593,750 shares issued and outstanding.

The shares of Class B common stock will automatically convert into shares of Class A common stock at the time of an initial business combination on a one-for-one basis, subject to adjustment for stock splits, stock dividends, reorganizations, recapitalizations and the like. In the case that additional shares of Class A common stock, or equity linked securities, are issued or deemed issued in excess of the amounts offered in the Initial Public Offering and related to the closing of an initial business combination, the ratio at which shares of Class B common stock shall convert into shares of Class A common stock will be adjusted (unless the holders of a majority of the outstanding shares of Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance) so that the number of shares of Class A common stock issuable upon conversion of all shares of Class B common stock will equal, in the aggregate, on an as converted basis, 20% of the sum of the total number of all shares of common stock outstanding upon the completion of the Initial Public Offering plus all shares of Class A common stock and equity linked securities issued or deemed issued in connection with an initial business combination (excluding any shares or equity linked securities issued, or to be issued, to any seller in an initial business combination, and any private placement-equivalent warrants issued to the Sponsor or its affiliates upon conversion of loans made to the Company). The Company may issue additional common stock or preferred stock to complete its initial business combination or under an employee incentive plan after completion of its initial business combination.

Note 8 - Warrant Liabilities

Public Warrants

Each whole warrant will entitle the holder to purchase one share of Class A common stock at a price of \$11.50 per stock, subject to adjustment. The Public Warrants will become exercisable on the later of (a) 30 days after the consummation of an initial business combination or (b) 12 months from the effective date of the registration statement relating to the Initial Public Offering. No Public Warrants will be exercisable for cash unless the Company has an effective and current registration statement covering the common

shares issuable upon exercise of the Public Warrants and a current prospectus relating to such common shares. Notwithstanding the foregoing, if a registration statement covering the Class A common shares issuable upon the exercise of the Public Warrants is not effective within 60 days from the consummation of an initial business combination, the holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise the Public Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act. If an exemption from registration is not available, holders will not be able to exercise their Public Warrants on a cashless basis. The Public Warrants will expire five years from the consummation of an initial business combination or earlier upon redemption or liquidation.

The Company may call the warrants for redemption (except the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the last sale price of the Company's Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

The exercise price and number of shares of Class A common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. However, except as described below, the warrants will not be adjusted for issuance of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete an initial business combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless. If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement.

In addition, if (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of its initial business combination at an issue price or effective issue price of less than \$9.20 per share of Class A common stock (with such issue price or effective issue price to be determined in good faith by the Company's board of directors and, in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the Company's initial business combination on the date of the consummation of such initial business combination (net of redemptions), and (z) the volume weighted average trading price of the Company's common stock during the 20 trading day period starting on the trading day prior to the day on which the Company consummates its initial business combination (such price, the "Market Value") is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price and the \$18.00 per share redemption trigger price described above will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price.

Private Placement Warrants

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A common shares issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of an initial business combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and will be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Note 9 - Fair Value Measurements

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not being applied. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 — Valuations based on (i) quoted prices in active markets for similar assets and liabilities, (ii) quoted prices in markets that are not active for identical or similar assets, (iii) inputs other than quoted prices for the assets or liabilities, or (iv) inputs that are derived principally from or corroborated by market through correlation or other means.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis at September 30, 2021 and at December 31, 2021, and indicate the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

	September 30, 2021	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
U.S. Money Market held in Trust Account	\$ —	\$ —	\$ —	\$ —
U.S Treasury Securities held in Trust Account	145,218,068	145,218,068	—	—
	<u>\$ 145,218,068</u>	<u>\$ 145,218,068</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:				
Public Warrants Liability	\$ 10,134,375	\$ 10,134,375	\$ —	\$ —
Private Warrants Liability	6,332,732	—	—	6,332,732
	<u>\$ 16,467,107</u>	<u>\$ 10,134,375</u>	<u>\$ —</u>	<u>\$ 6,332,732</u>
	December 31, 2021	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
U.S. Money Market held in Trust Account	\$ 281	\$ 281	\$ —	\$ —
U.S Treasury Securities held in Trust Account	145,193,921	145,193,921	—	—
	<u>\$ 145,194,202</u>	<u>\$ 145,194,202</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:				
Public Warrants Liability	\$ 10,975,313	\$ 10,975,313	\$ —	\$ —
Private Warrants Liability	6,347,438	—	—	6,347,438
	<u>\$ 17,322,751</u>	<u>\$ 10,975,313</u>	<u>\$ —</u>	<u>\$ 6,347,438</u>

The Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities on the Condensed Balance Sheet. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrant liabilities in the Condensed Statement of Operations.

The Company established the initial fair value of the Public Warrants and Private Warrants on December 2, 2020, the date of the Company's Initial Public Offering, and for the Private Warrants as of December 31, 2020 and September 30, 2021, using a Monte

Carlo simulation model. For subsequent measurement of the Public Warrants as of December 31, 2020 and September 30, 2021, the Company used observable market quotes for the warrants.

The subsequent measurement of the Public Warrants as of December 31, 2020 and September 30, 2021 is classified as Level 1 due to the use of an observable market quotes in an active market. The Private Warrants were classified as Level 3 at the initial measurement date and subsequent measurement dates due to the use of unobservable inputs.

The key inputs into the Monte Carlo simulation used for the Private Warrants as of September 30, 2021 and December 31, 2020 were as follows:

<u>Inputs</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Risk-free interest rate	1.12 %	0.5 %
Expected term remaining (years)	5.82	5.96
Expected volatility	14.4 %	16.2 %
Stock price	\$ 10.060	\$ 10.02

Note 10 — Subsequent Events

On July 8, 2021, the Company filed a preliminary proxy statement/prospectus with the SEC related to the Business Combination Agreement.

On October 22, 2021, the Company completed the Business Combination and changed its name to Redbox Entertainment Inc. In conjunction with the Business Combination, the holders of 12,346,223 shares of SGAC's Class A common stock sold in the Initial Public Offering exercised their right to redeem those shares for cash at a price of approximately \$10.10 per share, for an aggregate of approximately \$124.7 million, which redemption occurred concurrent with the consummation of the Business Combination. The Company also completed the sale of 5,000,000 shares of Class A common stock for \$50.0 million in the PIPE Investment described in Note 1.

In accordance with ASC Topic 855 Subsequent Events, no other events require adjustment or disclosure.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Redbox Entertainment, Inc.
(f/k/a Seaport Global Acquisition Corp.)

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Redbox Entertainment, Inc. (f/k/a Seaport Global Acquisition Corp.) (the “Company”) as of December 31, 2020, the related statements of operations, changes in stockholders’ equity and cash flows for the period from July 24, 2020 (inception) through December 31, 2020, and the related notes (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, 2020, and the results of its operations and its cash flows for each of the period from July 24, 2020 (inception) through December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Restatement of Financial Statements

As discussed in Note 2 to the financial statements, accompanying financial statements have been restated.

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 audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“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 the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit 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 audit 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 audit provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company’s auditor since 2020.

Houston, Texas

April 2, 2021, except for the effects of the first amendment restatement related to warrant liabilities discussed in Note 2 to which the date is May 26, 2021, and for the effects of the second amendment restatement related to redeemable common shares discussed in Note 2 to which the date is November 22, 2021.

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)

BALANCE SHEET (AS RESTATED)
DECEMBER 31, 2020

Assets	
Current assets	
Cash	\$ 948,584
Prepaid expenses	308,515
Total current assets	<u>1,257,099</u>
Investments held in Trust Account	145,194,202
Total Assets	<u>\$ 146,451,301</u>
Liabilities and Stockholders' Equity (Deficit)	
Current liability – accounts payable and accrued expenses	\$ 118,844
Due to related party	10,000
Total current liabilities	<u>128,844</u>
Warrant liability	17,322,751
Deferred underwriting fee payable	5,031,250
Total Liabilities	<u>22,482,845</u>
Commitments and contingencies	
Class A common stock subject to possible redemption, 14,375,000 shares at redemption value	145,194,202
Stockholders' Equity (Deficit):	
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding (less shares subject to possible redemption)	—
Class A common stock, \$0.0001 par value; 100,000,000 shares authorized; none issued and outstanding at December 31, 2020 (excluding 14,375,000 Class A common stock subject to possible redemption)	—
Class B common stock, \$0.0001 par value; 10,000,000 shares authorized; 3,593,750 shares issued and outstanding at December 31, 2020	359
Additional paid-in capital	—
Accumulated deficit	(21,226,105)
Total Stockholders' Equity (Deficit)	<u>(21,225,746)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 146,451,301</u>

The accompanying notes are an integral part of these financial statements.

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)
STATEMENT OF OPERATIONS (AS RESTATED)
FOR THE PERIOD FROM JULY 24, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

Formation and operating costs	\$ 191,371
Loss from operations	(191,371)
Other income (expense)	
Interest Income from securities held in Trust Account	6,702
Transaction costs allocable to warrant liability	(861,400)
Compensation Expense – private placement warrants	(2,297,689)
Change in fair value of warranty liability	5,441,188
Total other income	2,288,801
Net Income	\$ 2,097,430
Weighted average shares outstanding, Class A redeemable common stock	2,605,469
Basic and diluted income per share, Class A redeemable common stock	\$ 0.34
Weighted average shares outstanding, Class B non-redeemable common stock	3,593,750
Basic and diluted income per share, Class B non-redeemable common stock	\$ 0.34

The accompanying notes are an integral part of these financial statements.

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (AS RESTATED)
FOR THE PERIOD FROM JULY 24, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	Class A Common stock		Class B Common stock		Additional Paid-in Capital	Accumulated Income (Deficit)	Total Stockholders' Equity(Deficit)
	Shares	Amount	Shares	Amount			
Balance as of July 24, 2020 (inception)	—	\$ —	—	\$ —	\$ —	\$ —	\$ —
Issuance of Class B common stock to initial Stockholders	—	—	3,593,750	359	24,641	—	25,000
Accretion for Class A common stock to redemption amount	—	—	—	—	(24,641)	(23,323,535)	(23,348,176)
Net income	—	—	—	—	—	2,097,430	2,097,430
Balance as of December 31, 2020	<u>—</u>	<u>\$ —</u>	<u>3,593,750</u>	<u>\$ 359</u>	<u>\$ —</u>	<u>\$ (21,226,105)</u>	<u>\$ (21,225,746)</u>

The accompanying notes are an integral part of these financial statements.

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)
STATEMENT OF CASH FLOWS (AS RESTATED)
FOR THE PERIOD FROM JULY 24, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

Cash flows from operating activities:	
Net income	\$ 2,097,430
Adjustments to reconcile net income to net cash used in operating activities:	
Interest earned on securities held in Trust Account	(6,702)
Change in fair value of warrant liability	(5,441,188)
Transaction costs allocable to warrant liability	861,400
Compensation Expense – private placement warrants	2,297,689
Changes in operating assets and liabilities:	
Prepaid assets	(308,515)
Due to related party	10,000
Accounts payable and accrued expenses	118,844
Net cash used in operating activities	<u>(371,042)</u>
Cash flows from investing activities:	
Investments held in Trust	(145,187,500)
Net cash used in investing activities	<u>(145,187,500)</u>
Cash flows from financing activities:	
Proceeds from sale of Class B common stock to initial stockholders	25,000
Proceeds from sale of Units, net of offering costs	140,419,626
Proceeds from issuance of Private Placement Warrants	6,062,500
Net cash provided by financing activities	<u>146,507,126</u>
Net change in cash	948,584
Cash, beginning of the period	—
Cash, end of period	<u><u>\$ 948,584</u></u>
Supplemental disclosure of cash flow information:	
Non-cash investing and financing transactions:	
Change in value of Class A common stock subject to possible redemption	\$ 6,702
Deferred underwriting commissions payable charged to additional paid-in capital	\$ 5,031,250
Initial classification of warrant liability	<u><u>\$ 22,763,938</u></u>

The accompanying notes are an integral part of these financial statements.

REDBOX ENTERTAINMENT INC. (F/K/A SEAPORT GLOBAL ACQUISITION CORP.)

NOTES TO FINANCIAL STATEMENTS

Note 1 — Organization and Business Operation

Redbox Entertainment Inc., formerly known as Seaport Global Acquisition Corp. (the “Company”) is a blank check company incorporated in Delaware on July 24, 2020. The Company was formed for the purpose of effectuating a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses (the “Business Combination”). The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of December 31, 2020, the Company had not yet commenced any operations. All activity for the period July 24, 2020 (inception) through December 31, 2020 relates to the Company’s formation and the initial public offering (the “Initial Public Offering”) which is described below. The Company will not generate any operating revenues until after the completion of a Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering. The Company has selected December 31 as its fiscal year end.

The registration statement for the Company’s Initial Public Offering was declared effective on November 27, 2020. On December 2, 2020, the Company consummated the Initial Public Offering of 14,375,000 units (the “Units” and, with respect to the shares of Class A common stock included in the Units sold, the “Public Shares”), which includes the full exercise by the underwriter of the overallotment option to purchase an additional 1,875,000 Units at \$10.00 per Unit, generating gross proceeds of \$143,750,000, which is described in Note 4.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 6,062,500 warrants (each, a “Private Placement Warrant” and collectively, the “Private Placement Warrants”) at a price of \$1.00 per Private Placement Warrant in a private placement to Seaport Global SPAC, LLC (the “Sponsor”) generating gross proceeds of \$6,062,500, which is described in Note 5.

Transaction costs amounted to \$8,361,625, consisting of \$2,875,000 of underwriting fees, \$5,031,250 of deferred underwriting fees and \$455,375 of other offering costs.

Following the closing of the Initial Public Offering on December 2, 2020, an amount of \$145,187,500 (\$10.10 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Placement Warrants was placed in a trust account (the “Trust Account”) and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 185 days or less, or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the funds in the Trust Account to the Company’s stockholders, as described below.

The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of the Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. NASDAQ rules provide that the Business Combination must be with one or more target businesses that together have a fair market value equal to at least 80% of the balance in the Trust Account (less any deferred underwriting commissions and taxes payable on interest earned on the Trust Account) at the time of the signing a definitive agreement to enter a Business Combination. The Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to successfully effect a Business Combination.

The Company will provide its holders of the outstanding Public Shares (the “public stockholders”) with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) by means of a tender offer. In connection with a proposed Business Combination, the Company may seek stockholder approval of a Business Combination at a meeting called for such purpose at which stockholders may seek to redeem their shares, regardless of whether they vote for or against a Business Combination. The Company will proceed with a Business Combination only if the Company has net tangible assets of at least \$5,000,001 either immediately prior to or upon such consummation of a Business Combination and, if the Company seeks stockholder approval, a majority of the outstanding shares voted are voted in favor of the Business Combination.

If the Company seeks stockholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Company's Amended and Restated Certificate of Incorporation provides that, a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from seeking redemption rights with respect to 20% or more of the Public Shares without the Company's prior written consent.

The public stockholders will be entitled to redeem their shares for a pro rata portion of the amount then in the Trust Account (initially \$10.10 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations). The per-share amount to be distributed to stockholders who redeem their shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriter (as discussed in Note 8). There will be no redemption rights upon the completion of a Business Combination with respect to the Company's warrants.

If a stockholder vote is not required and the Company does not decide to hold a stockholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Certificate of Incorporation, offer such redemption pursuant to the tender offer rules of the Securities and Exchange Commission (the "SEC"), and file tender offer documents containing substantially the same information as would be included in a proxy statement with the SEC prior to completing a Business Combination.

The Company's Sponsor has agreed (a) to vote its Founder Shares (as defined in Note 6), and any Public Shares purchased during or after the Initial Public Offering in favor of a Business Combination, (b) not to propose an amendment to the Company's Amended and Restated Certificate of Incorporation with respect to the Company's pre-Business Combination activities prior to the consummation of a Business Combination unless the Company provides dissenting public stockholders with the opportunity to redeem their Public Shares in conjunction with any such amendment; (c) not to redeem any shares (including the Founder Shares) and Private Placement Warrants (including underlying securities) into the right to receive cash from the Trust Account in connection with a stockholder vote to approve a Business Combination (or to sell any shares in a tender offer in connection with a Business Combination if the Company does not seek stockholder approval in connection therewith) or a vote to amend the provisions of the Amended and Restated Certificate of Incorporation relating to stockholders' rights of pre-Business Combination activity and (d) that the Founder Shares and Private Placement Warrants (including underlying securities) shall not participate in any liquidating distributions upon winding up if a Business Combination is not consummated. However, the Sponsor will be entitled to liquidating distributions from the Trust Account with respect to any Public Shares purchased during or after the Initial Public Offering if the Company fails to complete its Business Combination.

If the Company is unable to complete a Business Combination by June 2, 2022 (the "Combination Period"), the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but no more than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned on the funds held in the Trust Account and not previously released to us to pay taxes (less up to \$100,000 of interest to pay dissolution expenses), divided by the number of then outstanding public shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidation distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining stockholders and the Company's board of directors, proceed to commence a voluntary liquidation and thereby a formal dissolution of the Company, subject in each case to its obligations to provide for claims of creditors and the requirements of applicable law. The underwriter has agreed to waive its rights to the deferred underwriting commission held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than \$10.10 per Unit.

The Sponsor has agreed that it will be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has entered into a written letter of intent, confidentiality or similar agreement or Business Combination agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.10 per Public Share and (ii) the actual amount per Public Share held in the Trust Account as of the day of liquidation of the Trust Account, if less than \$10.10 per share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to monies held in the Trust Account (whether or not such waiver is enforceable) nor will it apply to any claims under the Company's indemnity of the underwriter of Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). However, the Company has not asked the Sponsor to reserve for such indemnification obligations, nor has the Company independently verified whether the Sponsor has sufficient funds to satisfy its indemnity obligations and believe that the Sponsor's only assets are securities of the Company. Therefore, the Company cannot assure its stockholders that

the Sponsor would be able to satisfy those obligations. None of the Company's officers or directors will indemnify the Company for claims by third parties including, without limitation, claims by vendors and prospective target businesses. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers, prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Liquidity

As of December 31, 2020, the Company had cash outside the Trust Account of \$948,584 available for working capital needs. All remaining cash held in the Trust Account are generally unavailable for the Company's use, prior to an initial business combination, and is restricted for use either in a Business Combination or to redeem common stock. As of December 31, 2020, none of the amount in the Trust Account was available to be withdrawn as described above.

Through December 31, 2020, the Company's liquidity needs were satisfied through receipt of \$25,000 from the sale of the founder shares and the remaining net proceeds from the IPO and the sale of Private Placement Units.

The Company anticipates that the \$948,584 outside of the Trust Account as of December 31, 2020, will be sufficient to allow the Company to operate for at least the next 12 months from the issuance of the financial statements, assuming that a Business Combination is not consummated during that time. Until consummation of its Business Combination, the Company will be using the funds not held in the Trust Account, and any additional Working Capital Loans (as defined in Note 6) from the initial stockholders, the Company's officers and directors, or their respective affiliates (which is described in Note 6), for identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices, plants or similar locations of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the Business Combination.

The Company does not believe it will need to raise additional funds in order to meet the expenditures required for operating its business. However, if the Company's estimates of the costs of undertaking in-depth due diligence and negotiating business combination is less than the actual amount necessary to do so, the Company may have insufficient funds available to operate its business prior to the business combination. Moreover, the Company will need to raise additional capital through loans from its Sponsor, officers, directors, or third parties. None of the Sponsor, officers or directors are under any obligation to advance funds to, or to invest in, the Company. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of its business plan, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all.

Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and the World. As of the date the financial statement was issued, there was considerable uncertainty around the expected duration of this pandemic. We have concluded that while it is reasonably possible that COVID-19 could have a negative effect on identifying a target company for a Business Combination, the specific impact is not readily determinable as of the date of this financial statement. The financial statement does not include any adjustments that might result from the outcome of this uncertainty.

Note 2 — Restatement of Previously Issued Financial Statements

First Amendment

On April 12, 2021, the staff of the SEC issued a public statement entitled "Staff Statement on Accounting and Reporting Considerations for Warrants issued by Special Purpose Acquisition Companies ("SPACs")" (the "Statement"). In the Statement, the SEC staff expressed its view that certain terms and conditions common to SPAC warrants may require the warrants to be classified as liabilities on the SPAC's balance sheet as opposed to equity. The Company previously accounted for its outstanding Public Warrants (as defined in Note 4) and Private Placement Warrants issued in connection with its Initial Public Offering as components of equity instead of as derivative liabilities. The warrant agreement governing the warrants includes a provision that provides for potential changes to the settlement amounts dependent upon the characteristics of the holder of the warrant. In addition, the warrant agreement includes a provision that in the event of a tender or exchange offer made to and accepted by holders of more than 50% of the

outstanding shares of a single class of common stock, all holders of the warrants would be entitled to receive cash for their warrants (the "tender offer provision").

The Company's management further evaluated the warrants under Accounting Standards Codification ("ASC") Subtopic 815-40, Contracts in Entity's Own Equity. ASC Section 815-40-15 addresses equity versus liability treatment and classification of equity-linked financial instruments, including warrants, and states that a warrant may be classified as a component of equity only if, among other things, the warrant is indexed to the issuer's common stock. Under ASC Section 815-40-15, a warrant is not indexed to the issuer's common stock if the terms of the warrant require an adjustment to the exercise price upon a specified event and that event is not an input to the fair value of the warrant. Based on management's evaluation, the Company's audit committee, in consultation with management, concluded that the Company's Private Placement Warrants are not indexed to the Company's common stock in the manner contemplated by ASC Section 815-40-15 because the holder of the instrument is not an input into the pricing of a fixed-for-fixed option on equity shares. In addition, based on management's evaluation, the Company's audit committee, in consultation with management, concluded the tender offer provision included in the warrant agreement fails the "classified in shareholders' equity" criteria as contemplated by ASC Section 815-40-25.

As a result of the above, the Company should have classified the warrants as derivative liabilities in its previously issued financial statements. Under this accounting treatment, the Company is required to measure the fair value of the warrants at the end of each reporting period and recognize changes in the fair value from the prior period in the Company's operating results for the current period.

Second Amendment

In the Company's previously issued financial statements, a portion of the public shares were classified as permanent equity to maintain stockholders' equity greater than \$5,000,000 on the basis that the Company will consummate its initial business combination only if the Company has net tangible assets of at least \$5,000,001. Thus, the Company can only complete a merger and continue to exist as a public company if there is sufficient Public Shares that do not redeem at the merger and so it is appropriate to classify the portion of its public shares required to keep its stockholders' equity above the \$5,000,000 threshold as "shares not subject to redemption."

However, in light of recent comment letters issued by the Securities & Exchange Commission ("SEC") to several special purpose acquisition companies, management re-evaluated the Company's application of ASC 480-10-99 to its accounting classification of public shares. Upon re-evaluation, management determined that the public shares include certain provisions that require classification of the public shares as temporary equity regardless of the minimum net tangible asset required by the Company to complete its initial business combination.

As a result of the above, the Company should have classified public shares as temporary equity, thereby understating common stock subject to possible redemption, overstating additional paid in capital, accumulated deficit and total stockholders' equity as well as understating earnings per share for Class A common stock and overstating earnings per share for Class B common stock.

The Company's accounting classification of public shares did not have any effect on the Company's previously reported amounts for total assets, total liabilities, cash flows or net income.

The impact of the restatement on the Company's financial statements is reflected in the following table.

	As Previously Reported	Adjustments	As Restated (First Amendment)	Adjustments	As Restated (Second Amendment)
Balance Sheet as of December 2, 2020					
Warrant liability	\$ —	\$ 22,763,938	\$ 22,763,938	\$ —	\$ 22,763,938
Total liabilities	5,259,504	22,763,938	28,023,442	—	28,023,442
Class A common stock subject to possible redemption	136,471,644	(22,763,938)	113,707,706	31,479,794	145,187,500
Class A common stock	86	225	311	(311)	0
Additional paid-in capital	5,003,786	3,158,862	8,162,648	(8,162,648)	—
Accumulated deficit	(4,225)	(3,159,088)	(3,163,313)	(23,316,835)	(26,480,148)
Total Stockholders' Equity	\$ 5,000,006	\$ —	\$ 5,000,006	\$ —	\$ 5,000,006
Number of shares subject to redemption	13,512,044	(2,253,855)	11,258,189	3,116,811	14,375,000
Balance Sheet as of December 31, 2020					
Warrant liability	\$ —	\$ 17,322,751	\$ 17,322,751	\$ —	\$ 17,322,751
Total liabilities	5,160,094	17,322,751	22,482,845	—	22,482,845
Class A common stock subject to possible redemption	136,291,206	(17,322,751)	118,968,455	26,225,747	145,194,202
Class A common stock	88	172	260	(260)	0
Additional paid-in capital	5,184,223	(2,282,271)	2,901,952	(2,901,952)	—
Retained earnings (Accumulated deficit)	(184,669)	2,282,099	2,097,430	(23,323,535)	(21,226,105)
Total Stockholders' Equity (Deficit)	\$ 5,000,001	\$ —	\$ 5,000,001	\$ (26,225,747)	\$ (21,225,746)
Number of shares subject to redemption	13,494,179	(1,715,124)	11,779,055	2,595,945	14,375,000
Statement of Operations for the Period from July 24, 2020 (inception) through December 31, 2020					
Change in fair value of warrant liability	\$ —	\$ 5,441,188	\$ 5,441,188	\$ —	\$ 5,441,188
Transaction costs	—	(861,400)	(861,400)	—	(861,400)
Compensation Expense – private placement warrants	—	(2,297,689)	(2,297,689)	—	(2,297,689)
Other income (expense), net	6,702	2,282,099	2,288,801	—	2,288,801
Net income (loss)	(184,669)	2,282,099	2,097,430	—	2,097,430
Basic and diluted weighted average shares outstanding, Class A common stock subject to possible redemption	2,449,058	—	2,449,058	156,411	2,605,469
Basic and diluted net income per share, Class A common stock subject to possible redemption	\$ —	\$ —	\$ —	\$ 0.34	\$ 0.34
Basic and diluted weighted average shares outstanding, non-redeemable common stock	3,750,161	408,511	4,158,672	—	4,158,672
Basic and diluted net income (loss) per share, non-redeemable common stock	\$ (0.05)	\$ 0.55	\$ 0.50	\$ (0.16)	\$ 0.34
Statement of Cash Flows for the Period July 24, 2020 (inception) through December 31, 2020					
Cash Flows from Operating Activities:					
Net income (loss)	\$ (184,669)	\$ 2,282,099	\$ 2,097,430	\$ —	\$ 2,097,430
Adjustments to reconcile net loss to net cash used in operating activities:					
Change in fair value of warrant liability	—	(5,441,188)	(5,441,188)	—	(5,441,188)
Transaction costs	—	861,400	861,400	—	861,400
Compensation Expense – private placement warrants	—	2,297,689	2,297,689	—	2,297,689

Note 3 — Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and pursuant to the rules and regulations of the SEC.

Emerging Growth Company Status

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of the financial statement 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 financial statement.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statement, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of December 31, 2020.

Cash and Securities held in Trust Account

At December 31, 2020, the assets held in the Trust Account were substantially held in U.S. Treasury Bills. During the period from July 24, 2020 (Inception) to December 31, 2020, the Company did not withdraw any of interest income from the Trust Account to pay its tax obligations.

The Company classifies its United States Treasury securities as held-to-maturity in accordance with FASB ASC Topic 320 “Investments - Debt and Equity Securities.” Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts.

A decline in the market value of held-to-maturity securities below cost that is deemed to be other than temporary, results in an impairment that reduces the carrying costs to such securities’ fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and the duration of the impairment, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method. Such amortization and accretion is included in the “interest income” line item in the statements of operations. Interest income is recognized when earned.

Warrant Liability

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common shares and whether the warrant holders could potentially require “net cash settlement” in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations.

Class A Common Stock Subject to Possible Redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders' equity section of the Company's balance sheet.

Offering Costs

The Company complies with the requirements of the ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (“SAB”) Topic 5A-“Expenses of Offering”. Offering costs consist principally of professional and registration fees incurred through the balance sheet date that are related to the Public Offering . Offering costs totaled \$8,361,625 consisting of \$2,875,000 of underwriting fees, \$5,031,250 of deferred underwriting fees, and \$455,375 of other offering costs. Offering costs allocable to the warrants amounted to \$861,400 and were charged to earnings during the period from July 24, 2020 (inception) through December 31, 2020 and all other offering costs were charged to stockholders' equity.

Income Taxes

The Company accounts for income taxes under ASC 740 Income Taxes (“ASC 740”). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and

penalties as of December 31, 2020. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company has identified the United States as its only “major” tax jurisdiction. The Company may be subject to potential examination by federal and state taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. The Company’s management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Net Income Per Share of Common Stock

Net income per common share is computed by dividing net income by the weighted average number of common stock outstanding for the period. The Company applies the two-class method in calculating earnings per share. Shares of common stock subject to possible redemption at December 31, 2020, which are not currently redeemable and are not redeemable at fair value, have been excluded from the calculation of basic net income per common share since such shares, if redeemed, only participate in their pro rata share of the Trust Account earnings. The Company has not considered the effect of warrants sold in the Initial Public Offering and the private placement to purchase an aggregate 6,062,500 shares of common stock in the calculation of diluted income per share, since the exercise of the warrants into shares of common stock is contingent upon the occurrence of future events. As a result, diluted net loss per common share is the same as basic net income per common share for the period presented.

Below is a reconciliation of net income per common share:

	For the period ended December 31, 2020
Net Income per share of Class A Common Stock	
Net income	\$ 2,097,430
Less: Allocation of loss to Class B common stock	(1,215,880)
Adjusted net income	\$ 881,550
Weighted average shares outstanding of Class A common stock	2,605,469
Basic and diluted net income per share, Class A common stock	\$ 0.34
Net Income per share for Class B common stock	
Net income	\$ 2,097,430
Less: Allocation of loss to Class A common stock	(881,550)
Adjusted net income	\$ 1,215,880
Weighted average shares outstanding of Class B common stock ⁽¹⁾	3,593,570
Basic and diluted net income per share, Class B common stock	\$ 0.34

(1) Calculated from date of issuance (July 24, 2020) through December 31, 2020

Fair value of financial instruments

The fair value of the Company’s assets and liabilities, which qualify as financial instruments under ASC Topic 820, “Fair Value Measurement,” approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in a financial institution, which, at times may exceed the Federal depository insurance coverage of \$250,000. At December 31, 2020, the Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

Recent Accounting Standards

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the Company’s financial statements.

Note 4 — Public Offering

Pursuant to the Initial Public Offering, on December 2, 2020, the Company sold 14,375,000 Units, which includes the full exercise by the underwriter of its option to purchase an additional 1,875,000 Units, at a purchase price of \$10.00 per Unit. Each Unit consists of one share of the Company's Class A common stock, \$0.0001 par value, and three-quarters of one redeemable warrant ("Public Warrant"). Each whole Public Warrant entitles the holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment (see Note 9).

Note 5 — Private Placement

Simultaneously with the closing of the Initial Public Offering, the Sponsor purchased an aggregate of 6,062,500 Private Placement Warrants at a price of \$1.00 per Private Placement Warrant, or \$6,062,500 in the aggregate. Each Private Placement Warrant is exercisable to purchase one share of Class A common stock at a price of \$11.50 per share. The proceeds from the sale of the Private Placement Warrants were added to the net proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the sale of the Private Placement Warrants will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless.

Note 6 — Related Party Transactions

Founder Shares

In July 2020, the Company issued an aggregate of 3,593,750 shares (the "Founder Shares") to the Sponsor for an aggregate purchase price of \$25,000 in cash. The Founder Shares included an aggregate of up to 468,750 shares of Class B common stock subject to forfeiture by the Sponsor to the extent that the underwriter's over-allotment option was not exercised in full or in part, so that the Sponsor would own, on an as-converted basis, 20% of the Company's issued and outstanding shares after the Initial Public Offering. As a result of the underwriter's election to fully exercise its over-allotment option, 468,750 Founder Shares are no longer subject to forfeiture.

The initial stockholders have agreed not to transfer, assign or sell any of their Founder Shares until the earlier to occur of: (A) one year after the completion of a Business Combination or (B) the date on which the Company completes a liquidation, merger, capital stock exchange or similar transaction that results in the Company's stockholders having the right to exchange their shares of common stock for cash, securities or other property. Notwithstanding the foregoing, if the last sale price of the Company's Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the Business Combination, the Founder Shares will be released from the lock-up.

Promissory Note and Advances — Related Party

On July 24, 2020, the Sponsor agreed to loan the Company an aggregate of up to \$300,000 to cover expenses related to the Initial Public Offering pursuant to a promissory note (the "Note"). The Note was non-interest bearing and was payable on the earlier of March 31, 2021 or the completion of the Initial Public Offering. The outstanding balance under the Note was repaid on December 2, 2020. In addition, the Sponsor advanced the Company an aggregate of \$275,000 to cover expenses related to the Initial Public Offering which was repaid on December 2, 2020. At December 31, 2020, there were no borrowings outstanding.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Company's Sponsor, an affiliate of the Sponsor, or the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required (the "Working Capital Loans"). Such Working Capital Loans would be evidenced by promissory notes. The notes would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1,500,000 of notes may be converted upon consummation of a Business Combination into warrants at a price of \$1.00 per warrant. The warrants will be identical to the Private Placement Warrants. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. At December 31, 2020, no Working Capital Loans were outstanding.

Administrative Support Agreement

The Company entered into an agreement, commencing on November 30, 2020 through the earlier of the Company’s consummation of a Business Combination and its liquidation, to pay the Sponsor a total of \$10,000 per month for office space, utilities and secretarial and administrative support. Upon completion of the Business Combination or the Company’s liquidation, the Company will cease paying these monthly fees. As of December 31, 2020, the Company has paid an aggregate of \$10,000.

Note 7 — Investment Held in Trust Account

As of December 31, 2020, investment in the Company’s Trust Account consisted of \$281 in Cash and Sweep Funds and \$145,193,921 in U.S. Treasury Securities. All of the U.S. Treasury Securities matured on March 4, 2021. The Company classifies its United States Treasury securities as held-to-maturity in accordance with FASB ASC 320 “Investments — Debt and Equity Securities”. Held-to-maturity treasury securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts. The Company considers all investments with original maturities of more than three months but less than one year to be short-term investments. The carrying value approximates the fair value due to its short-term maturity. The carrying value, excluding gross unrealized holding loss and fair value of held to maturity securities on December 31, 2020 are as follows:

	Carrying Value as of December 31, 2020	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value as of December 31, 2020
U.S. Money Market	\$ 281	\$ —	\$ —	\$ 281
U.S. Treasury Securities	145,193,921	—	(2,174)	145,191,747
	<u>\$ 145,194,202</u>	<u>\$ —</u>	<u>\$ (2,174)</u>	<u>\$ 145,192,028</u>

Note 8 — Commitments & Contingencies

Registration Rights

Pursuant to a registration rights agreement entered into on November 27, 2020, the holders of the Founder Shares, Private Placement Warrants and any warrants that may be issued upon conversion of the Working Capital Loans (and any shares of Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans and upon conversion of the Founder Shares) will be entitled to registration rights, requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to our Class A common stock). The holders of the majority of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the consummation of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriters Agreement

The underwriter is entitled to a deferred fee of \$0.35 per Unit, or \$5,031,250 in the aggregate. The deferred fee will become payable to the underwriter from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

Note 9 — Stockholders’ Equity

Preferred Stock — The Company is authorized to issue 1,000,000 shares of \$0.0001 par value preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Company’s board of directors. At December 31, 2020, there were no shares of preferred stock issued or outstanding

Class A Common Stock — The Company is authorized to issue up to 100,000,000 shares of Class A, \$0.0001 par value common stock. Holders of the Company’s Class A common stock are entitled to one vote for each share. At December 31, 2020, there were no shares issued and outstanding, excluding 14,375,000 shares subject to possible redemption.

Class B Common Stock — The Company is authorized to issue up to 10,000,000 shares of Class B, \$0.0001 par value common stock. Holders of the Company’s Class B common stock are entitled to one vote for each share. At December 31, 2020, there were 3,593,750 Class B common stock issued and outstanding.

The shares of Class B common stock will automatically convert into shares of Class A common stock at the time of the Business Combination on a one-for-one basis, subject to adjustment for stock splits, stock dividends, reorganizations, recapitalizations and the like. In the case that additional shares of Class A common stock, or equity linked securities, are issued or deemed issued in excess of the amounts offered in the Initial Public Offering and related to the closing of a Business Combination, the ratio at which shares of Class B common stock shall convert into shares of Class A common stock will be adjusted (unless the holders of a majority of the outstanding shares of Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance) so that the number of shares of Class A common stock issuable upon conversion of all shares of Class B common stock will equal, in the aggregate, on an as converted basis, 20% of the sum of the total number of all shares of common stock outstanding upon the completion of the Initial Public Offering plus all shares of Class A common stock and equity linked securities issued or deemed issued in connection with a Business Combination (excluding any shares or equity linked securities issued, or to be issued, to any seller in a Business Combination, and any private placement-equivalent warrants issued to the Sponsor or its affiliates upon conversion of loans made to the Company). The Company may issue additional common stock or preferred stock to complete its Business Combination or under an employee incentive plan after completion of its Business Combination.

Note 10 — Warrant Liability

The Public Warrants will become exercisable on the later of (a) 30 days after the consummation of a Business Combination or (b) 12 months from the effective date of the registration statement relating to the Initial Public Offering. No Public Warrants will be exercisable for cash unless the Company has an effective and current registration statement covering the common shares issuable upon exercise of the Public Warrants and a current prospectus relating to such common shares. Notwithstanding the foregoing, if a registration statement covering the Class A common shares issuable upon the exercise of the Public Warrants is not effective within 60 days from the consummation of a Business Combination, the holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise the Public Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act. If an exemption from registration is not available, holders will not be able to exercise their Public Warrants on a cashless basis. The Public Warrants will expire five years from the consummation of a Business Combination or earlier upon redemption or liquidation.

The Company may call the Public Warrants for redemption (excluding the Private Placement Warrants), in whole and not in part, at a price of \$0.01 per warrant:

- upon not less than 30 days’ prior written notice of redemption to each Public Warrant holder,
- if, and only if, the last sale price of the Company’s Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

The exercise price and number of shares of Class A common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. However, except as described below, the warrants will not be adjusted for issuance of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company’s assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless. If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement.

In addition, if (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of its initial Business Combination at an issue price or effective issue price of less than \$9.20 per share of Class A common stock (with such issue price or effective issue price to be determined in good faith by the Company’s board of directors and, in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance) (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of

the Company’s initial Business Combination on the date of the consummation of such initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Company’s common stock during the 20 trading day period starting on the trading day prior to the day on which the Company consummates its initial Business Combination (such price, the “Market Value”) is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price and the \$18.00 per share redemption trigger price described above will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A common shares issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and will be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Note 11 — Income Tax

The Company’s net deferred tax assets are as follows:

	December 31, 2020
Deferred tax asset	
Organizational costs/Startup expenses	\$ 21,692
Federal Net Operating loss	17,089
Total deferred tax asset	38,781
Valuation allowance	(38,781)
Deferred tax asset, net of allowance	\$ —

The income tax provision consists of the following:

	December 31, 2020
Federal	
Current	\$ —
Deferred	(38,781)
State	
Current	—
Deferred	—
Change in valuation allowance	38,781
Income tax provision	\$ —

As of December 31, 2020, the Company had \$81,375 of U.S. federal net operating loss carryovers available to offset future taxable income which do not expire.

In assessing the realization of the deferred tax assets, management considers whether it is more likely than not that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore established a full valuation allowance. For the period from July 24, 2020 (inception) through December 31, 2020, the change in the valuation allowance was \$38,780.

A reconciliation of the federal income tax rate to the Company’s effective tax rate at December 31, 2020 is as follows:

Statutory federal income tax rate	21.0 %
State taxes, net of federal tax benefit	0.0 %
Permanent Book/Tax Differences	(22.9) %
Change in valuation allowance	1.9%
Income tax provision	—%

The Company files income tax returns in the U.S. federal jurisdiction in various state and local jurisdictions and is subject to examination by the various taxing authorities.

Note 12 — Fair Value Measurements

FASB ASC Topic 820 “Fair Value Measurements and Disclosures” (“ASC 820”) defines fair value, the methods used to measure fair value and the expanded disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the buyer and the seller at the measurement date. In determining fair value, the valuation techniques consistent with the market approach, income approach and cost approach shall be used to measure fair value. ASC 820 establishes a fair value hierarchy for inputs, which represent the assumptions used by the buyer and seller in pricing the asset or liability. These inputs are further defined as observable and unobservable inputs. Observable inputs are those that buyer and seller would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company’s assumptions about the inputs that the buyer and seller would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not being applied. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 — Valuations based on (i) quoted prices in active markets for similar assets and liabilities, (ii) quoted prices in markets that are not active for identical or similar assets, (iii) inputs other than quoted prices for the assets or liabilities, or (iv) inputs that are derived principally from or corroborated by market through correlation or other means.
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value of the Company’s certain assets and liabilities, which qualify as financial instruments under ASC 820, “Fair Value Measurements and Disclosures,” approximates the carrying amounts represented in the condensed balance sheet. The fair values of cash and cash equivalents, prepaid assets, accounts payable and accrued expenses, due to related parties are estimated to approximate the carrying values as of December 31, 2020 due to the short maturities of such instruments.

The following table presents information about the Company’s assets and liabilities that were measured at fair value on a recurring basis as of December 31, 2020 and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value.

	December 31, 2020	Level 1	Level 2	Level 3
Assets:				
U.S. Money Market held in Trust Account	\$ 281	\$ 281	\$ —	\$ —
U.S. Treasury Securities held in Trust Account	145,193,921	145,193,921	—	—
	<u>\$ 145,194,202</u>	<u>\$ 145,194,202</u>	<u>\$ —</u>	<u>\$ —</u>

The following table presents information about the Company's liabilities that are measured at fair value on a recurring basis at December 31, 2020 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value.

Description	Level	December 31, 2020
Liabilities:		
Warrant Liability – Public Warrants	1	\$ 10,975,313
Warrant Liability – Private Placement Warrants	3	\$ 6,347,438
Total Warrant Liability		<u>\$ 17,322,751</u>

The Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within the warrant liability on our balance sheet. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of the warrant liabilities in the statement of operations.

Initial Measurement

The Company established the initial fair value for the Public Warrants and Private Placement Warrants on December 2, 2020, the date of the Company's Initial Public Offering, using a Monte Carlo simulation model. The Company allocated the proceeds received from (i) the sale of Units (which is inclusive of one Class A common stock and three-quarters of one Public Warrant), (ii) the sale of Private Placement Warrants, and (iii) the issuance of shares of Class B common stock, first to the Warrants based on their fair values as determined at initial measurement, with the remaining proceeds allocated to Class A common stock subject to possible redemption, Class A common stock and Class B common stock based on their relative fair values at the initial measurement date. The Warrants were classified as Level 3 at the initial measurement date due to the use of unobservable inputs.

The key inputs into the Monte Carlo simulation model for the Public Warrants and Private Placement Warrants were as follows at initial measurement:

Input	December 2, 2020 (Initial Measurement)
Risk-free interest rate	0.56 %
Expected term (years)	6.04
Expected volatility	24.2 %
Stock price	\$ 9.052

As of December 2, 2020, the Public Warrants and Private Placement Warrants were determined to be \$1.34 and \$1.38 per warrant for aggregate values of approximately \$14.4 million and \$8.4 million, respectively.

Subsequent Measurement

The Warrants are measured at fair value on a recurring basis. The subsequent measurement of the Public Warrants as of December 31, 2020 is classified as Level 1 due to the use of an observable market quote in an active market and the subsequent measurement of the Private Placement Warrants as December 31, 2020 is classified Level 3 due to the use of unobservable inputs.

As of December 31, 2020, the Public Warrants and Private Placement Warrants were determined to be \$1.02 and \$1.05 per warrant for aggregate values of approximately \$11.0 million and \$6.3 million, respectively.

The following table presents the changes in the fair value of warrant liabilities:

	Private Placement	Public	Warrant Liabilities
Fair value as of December 2, 2020	\$ —	\$ —	\$ —
Initial measurement on December 2, 2020	8,360,188	14,403,750	22,763,938
Change in valuation inputs or other assumptions	(2,012,750)	(3,428,437)	(5,441,188)
Fair value as of December 31, 2020	\$ 6,347,438	\$ 10,975,313	\$ 17,322,751

Level 3 financial liabilities consist of the Private Placement Warrant liability for which there is no current market for these securities such that the determination of fair value requires significant judgment or estimation. Changes in fair value measurements

categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate.

Note 13 — Subsequent Events

On October 22, 2021, subsequent to the fiscal quarter ended March 31, 2021, Seaport Global Acquisition Corp., our predecessor and a Delaware corporation (“SGAC”), consummated the previously announced business combination pursuant to the business combination agreement entered into as of May 16, 2021 (as amended, the “Business Combination Agreement”), by and among SGAC, Seaport Merger Sub LLC, a Delaware limited liability company and wholly-owned subsidiary of SGAC (“Merger Sub”), Redwood Holdco, LP, a Delaware limited partnership (“Parent”), and Redwood Intermediate, LLC, a Delaware limited liability company (“Redbox”). Pursuant to the Business Combination Agreement, SGAC acquired certain equity interests of Redbox from Parent, its sole member, by way of Merger Sub merging with and into Redbox, and Redbox becoming a direct subsidiary of SGAC as a result thereof (the “Business Combination”).

On October 20, 2021, SGAC held a special meeting of stockholders (the “Special Meeting”), at which the SGAC stockholders considered and adopted, among other matters, a proposal to approve the Business Combination, including (a) adopting the Business Combination Agreement and (b) approving the other transactions contemplated by the Business Combination Agreement and related agreements described in the Proxy Statement.

Pursuant to the terms and subject to the conditions set forth in the Business Combination Agreement, on October 22, 2021 (the “Closing Date”), the Business Combination was consummated (the “Closing”).

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued.

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	September 30, 2021 (unaudited)	December 31, 2020
Assets		
Current Assets:		
Cash, cash equivalents and restricted cash	\$ 13,158	\$ 8,927
Accounts receivable, net of allowances of \$244 at September 30, 2021 and \$145 at December 31, 2020	9,329	12,670
Due from related party (Note 12)	162	73
Content library	24,935	26,074
Income tax receivable	10,222	10,498
Prepaid expenses and other current assets	9,446	6,949
Total current assets	67,252	65,191
Property and equipment, net (Note 3)	45,211	63,089
Goodwill, net (Note 4)	147,523	147,523
Intangible assets, net (Note 4)	142,063	195,635
Other long-term assets	723	1,653
Total assets	<u>\$ 402,772</u>	<u>\$ 473,091</u>
Liabilities and Equity		
Current Liabilities:		
Trade payables	\$ 31,161	\$ 26,719
Due to related parties, net (Note 12)	357	449
Accrued and other current liabilities (Note 5)	60,062	75,954
Total current liabilities	91,580	103,122
Long-term debt, net (Note 6)	361,890	307,474
Other long-term liabilities	13,944	19,862
Deferred income taxes, net	10,197	41,171
Total liabilities	477,611	471,629
Commitments and Contingencies (Note 10)		
Shareholders' Equity		
Common stock, \$0.0001 par value; 60,000,000 shares authorized as of September 30, 2021 and December 31, 2020; 31,274,065 and 27,962,554 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	3	3
Additional paid-in-capital	239,722	223,085
Accumulated deficit	(314,564)	(221,626)
Total equity	(74,839)	1,462
Total liabilities and shareholders' equity	<u>\$ 402,772</u>	<u>\$ 473,091</u>

See accompanying *Notes to Condensed Consolidated Financial Statements*

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Nine Months Ended	
	September 30,	
	2021	2020
Net revenue	\$ 216,372	\$ 465,208
Operating expenses:		
Product cost	83,602	187,865
Direct operating	98,155	133,861
Marketing	10,743	16,090
General and administrative	41,709	46,840
Depreciation and amortization	81,317	108,316
Total operating expenses	315,526	492,972
Operating loss	(99,154)	(27,764)
Interest and other expense, net	(24,687)	(24,848)
Loss before income taxes	(123,841)	(52,612)
Income tax benefit	(30,903)	(13,477)
Net loss	\$ (92,938)	\$ (39,135)
Net loss per share attributable to common shareholders — basic and diluted	\$ (3.01)	\$ (1.40)
Weighted average shares used in computing net loss per share attributable to common shareholders - basic and diluted	30,839,870	27,870,539

See accompanying *Notes to Condensed Consolidated Financial Statements*

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2021	2020
Operating activities:		
Net loss	\$ (92,938)	\$ (39,135)
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and other	28,015	54,809
Amortization of intangible assets	53,572	53,571
Gain on sale/disposal of assets	(271)	(66)
Deferred income taxes	(30,974)	(23,895)
Amortization of deferred financing costs	962	2,582
PIK interest added to Senior Facilities	26,413	—
Related party tax payable settlement	15,777	—
Non-cash rent, interest and other	985	83
Cash flows from changes in net operating assets and liabilities:		
Accounts receivable	3,341	10,262
Content library	1,138	38,656
Income tax receivable	276	9,752
Prepaid expenses and other current assets	(2,497)	1,476
Other assets	930	650
Trade payables	4,437	(50,653)
Change in due to/from related parties	(90)	284
Accrued and other liabilities	(19,857)	(21,498)
Net cash flows (used in) provided by operating activities	(10,781)	36,878
Investing Activities:		
Purchases of property and equipment	(10,039)	(16,899)
Proceeds from disposition of property and equipment	392	786
Net cash flows used in investing activities	(9,647)	(16,113)
Financing Activities:		
Proceeds from Redbox's borrowings	30,896	18,000
Repayments of Redbox's debt obligations	(3,855)	(37,188)
Dividends paid	(90)	(707)
Principal payments on capital lease obligations	(2,292)	(2,800)
Net cash flows provided by (used in) financing activities	24,659	(22,695)
Change in cash, cash equivalents and restricted cash	4,231	(1,930)
Cash, cash equivalents and restricted cash:		
Beginning of period	8,927	7,378
End of period	\$ 13,158	\$ 5,448

See accompanying Notes to Condensed Consolidated Financial Statements

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)**
(in thousands)
(unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at December 31, 2019	\$ 3	\$ 223,084	\$ (152,176)	\$ 70,911
Dividends	—	—	53	53
Share-based compensation plans and related activity.	—	(22)	—	(22)
Net loss	—	—	(39,135)	(39,135)
Balance at September 30, 2020	\$ 3	\$ 223,062	\$ (191,258)	\$ 31,807

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at December 31, 2020	\$ 3	\$ 223,085	\$ (221,626)	\$ 1,462
Related party tax payable settlement	—	15,777	—	15,777
Share-based compensation plans and related activity	—	860	—	860
Net loss	—	—	(92,938)	(92,938)
Balance at September 30, 2021	\$ 3	\$ 239,722	\$ (314,564)	\$ (74,839)

See accompanying *Notes to Condensed Consolidated Financial Statements*

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Description of Business

Redwood Intermediate, LLC, a Delaware limited liability company, and subsidiaries (“Redbox” or the “Company”), operates self-serve kiosks in the United States where consumers can rent or purchase movies. As of September 30, 2021, the Company operated a network of approximately 40,000 self-service kiosks, in approximately 33,000 locations primarily at leading grocery stores, mass retailers, drug stores, dollar retailers, and convenience stores in every U.S. state and Puerto Rico (collectively the United States).

Redbox is an established brand and leading provider in the home entertainment market in the United States. The Company is focused on providing its customers with the best value in entertainment and the most choice in how they consume it, through physical media and/or digital services. Redbox is undergoing a significant business expansion and digital transformation. The Company has transitioned from a pure-play DVD rental company to a multi-faceted entertainment company that provides tremendous value and choice by offering DVD rentals as well as multiple digital products across a variety of content windows including transactional (TVOD), ad-supported (AVOD), subscription (SVOD), and being a distributor of feature films with a growing library of original content. Redbox currently conducts its business through two operating segments: (1) Legacy Business and (2) Digital Business.

For the Legacy Business, the Company operates a nationwide network of approximately 40,000 self-service kiosks where consumers can rent or purchase new-release DVDs and Blu-ray DiscSM (“movies”). The Company also generates service revenue by providing installation, merchandising and break-fix services to other kiosk businesses. Finally, the Company also produces, acquires, and distributes movies exclusively through its film distribution label, Redbox Entertainment, LLC, providing rights to talent-led films that are distributed across Redbox services as well as through third party digital services. For its Digital Business, the Company provides both transactional and ad-supported digital streaming services, which include 1) Redbox On Demand, a transactional service which provides digital rental or purchase of new release and catalog movies and TV content, 2) Redbox Free On Demand, an ad-supported service providing free movies and TV shows on demand, and 3) Redbox Free Live TV, a free, ad-supported television service giving access to over 100 linear channels.

The Company is an indirect, wholly owned subsidiary of New Outerwall, Inc. (“New Outerwall”), a Delaware corporation, which is a direct, wholly owned subsidiary of Aspen Parent, Inc. (“Aspen”), a Delaware corporation. On September 27, 2016, Outerwall, Inc. (“Old Outerwall”) was acquired by an entity controlled by funds affiliated with or controlled by Apollo Global Management, LLC and its subsidiaries (“Apollo” or the “Sponsor”) (the “Apollo Acquisition”). In addition to its interest in Redbox, New Outerwall has interest in one other business under the brand name of Coinstar.

On May 16, 2021, the Company became a party to a Business Combination Agreement with Seaport Global Acquisition Corp. (a publicly traded special purpose acquisition company (“Seaport”).

The Business Combination closed on October 22, 2021. The Business Combination is accounted for as a reverse recapitalization in accordance with US GAAP. Under the guidance in ASC 805, *Business Combinations*, Seaport is treated as the “acquired” company for financial reporting purposes. This determination was primarily based on the existing controlling equity holder of Redbox having 72.2% of the voting power of the combined company (and one of its affiliates having an additional 3.9% of the voting power of the combined company) and the operations of Redbox and its subsidiaries constituting the only ongoing operations of the combined company. The result of the transaction transformed the Company into a publicly traded entity on Nasdaq under the ticker symbol “RDBX”.

For an update on the Business Combination Agreement with Seaport, see *Note 14: Subsequent Events*.

Note 2: Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The unaudited financial information included herein has been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP” or “GAAP”). All significant intercompany balances and transactions between Redbox and its wholly owned subsidiaries have been eliminated in consolidation in the periods presented as discussed below.

The accompanying unaudited condensed consolidated interim financial statements reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented in accordance with U.S. GAAP. Certain information and disclosures normally included in the financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. As such, the information included herein should be read in conjunction with the consolidated financial statements and accompanying notes included in the consolidated audited financial statements as of and for the year ended December 31, 2020, included elsewhere in this prospectus.

Amounts Due From/To Related Parties

Any transactions between Redbox and its owners, employees or non-employee directors or Redbox and Coinstar are considered related party transactions, and any transactions between Redbox and New Outerwall and its affiliates are settled in cash pursuant to commercial services agreements.

With respect to income taxes for all periods presented, while generally the Company is part of a consolidated group for income tax filings, the income tax benefits and provisions, income tax payables, related tax payments and deferred tax balances reported within have been prepared as if the Company operated as a standalone taxpayer. Deferred taxes have been classified as net liabilities in the unaudited *Condensed Consolidated Balance Sheets*. The Company remits cash to Aspen or New Outerwall to settle any third-party, tax-related obligations, as determined if the Company operated as a standalone taxpayer.

Use of Estimates in Financial Reporting

The Company's consolidated financial statements are prepared in conformity with U.S. GAAP which requires management to make estimates and assumptions that affect the reported amounts in its consolidated financial statements and notes thereto. These estimates and assumptions take into account historical and forward-looking factors that the Company believes are reasonable, including but not limited to the potential impacts arising from COVID-19, and policies and initiatives aimed at reducing its transmission. As the extent and duration of the impacts from COVID-19 remain unclear, the Company's estimates and assumptions may evolve as conditions change. The most significant estimates and assumptions include the:

- rate at which the economic benefit of the content library is consumed through rental activity;
- useful lives and recoverability of goodwill, definite-lived intangible assets, equipment and other long-lived assets;
- recognition and measurement of deferred income taxes (including the measurement of uncertain tax positions); and
- recognition and measurement of purchase price allocations for business combinations.

It is reasonably possible that the estimates the Company makes may change in the future and could have a material effect on its consolidated financial statements.

Summary of Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue, net of sales tax, when it satisfies its performance obligations by transferring control of promised goods or services to its customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Revenue from movie rentals is recognized for the period that the movie is rented and is recorded net of promotional discounts offered to the Company's consumers, uncollected amounts and refunds that it grants to its customers. Revenue from a direct sale out of the kiosk of previously rented movies is recognized at the time of sale. Revenue from On Demand rentals or purchases is also recognized at the time of sale. On rental transactions for which the related movie has not yet been returned to the kiosk at month-end, revenue is recognized with a corresponding receivable recorded in the balance sheet, net of a reserve for potentially uncollectable amounts that is considered a reduction from gross revenue as collectability is not reasonably assured.

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A significant portion of the Company's Legacy Business rental revenue is concentrated in kiosks installed with certain retail partners. Revenue aggregated at the following retailers accounted for 10% or more of the Company's net revenue for the periods presented:

	<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Wal-Mart Stores Inc.	13.0 %	14.2 %
Walgreen Co.	12.2 %	15.0 %

Promotional Codes and Gift Cards

The Company offers its consumers the option to purchase stored value products in the form of bulk promotional codes and electronic gift cards. There are no expiration dates on these products and the Company does not charge service fees that cause a decrement to customer balances in the case of gift cards. Cash receipts from the sale of promotional codes and gift cards are recorded as deferred revenue in *Accrued and other current liabilities* and recognized as revenue upon redemption. Additionally, the Company recognizes revenue from non-redeemed or partially redeemed promotional codes and gift cards in proportion to the historical redemption patterns, referred to as "breakage." Estimated breakage revenue is recognized over time in proportion to actual promotional code and gift card redemptions and is not material in any period presented.

As of September 30, 2021 and December 31, 2020, \$7.4 million and \$7.0 million, respectively, were deferred related to purchased but unredeemed promotional codes and gift cards and are included in *Accrued and other current liabilities* in the accompanying unaudited *Condensed Consolidated Balance Sheets*.

Loyalty Program

In January 2018, the Company launched Redbox Perks. Redbox Perks allows members to earn points based on transactional and non-transactional activities with Redbox. As customers accumulate points, the Company defers revenue based on its estimate of both the amount of consideration paid by Perks members to earn awards and the value of the eventual award it expects the members to redeem. The Company defers an appropriate amount of revenue so as to properly recognize revenue from Perks members in relation to the benefits of the program. The Company also estimates the quantity of points that will not be redeemed by Perks members ("breakage"). Breakage reduces the amount of revenue deferred from loyalty points over the period of, and in proportion to, the actual redemptions of loyalty points based on observed historical breakage and consumer rental patterns.

As of September 30, 2021 and December 31, 2020, \$2.0 million and \$2.8 million, respectively, of revenue was deferred related to Perks and is included in *Accrued and other current liabilities* in the accompanying unaudited *Condensed Consolidated Balance Sheets*.

Product Cost

Product cost primarily represents the amortization of the Company's physical content library and digital revenue sharing costs. Amortization of the content library is calculated using rental decay curves based on historical performance of movies over their useful lives to allocate content library costs to the periods over which the related revenue are earned. Given the steepness of the rental decay curve, amortization of the content library is recorded on an accelerated basis with substantially all of the content library cost recognized within the first year. The rental decay curves and salvage value of the Company's content library are periodically reviewed and evaluated.

For movies acquired through the Company's Redbox Entertainment label, costs include (1) the costs to acquire content, (2) manufacturing costs and (3) supply chain costs. These costs are capitalized as they are incurred and amortized in proportion to the current year's revenue as a percentage of management's estimate of total ultimate revenue, not to exceed the life of the acquired rights. Ultimate revenue estimates are periodically reviewed and adjustments, if any, will result in changes to amortization rates.

Advertising Costs

Advertising costs, which are included as a component of marketing expenses, include media expenses for local advertising, internet advertising, and sponsorship fees. The costs were \$1.4 million and \$4.6 million for the nine months ended September 30, 2021 and 2020, respectively.

Share Based Compensation

The Company grants share-based awards to select employees of the Company, consisting of restricted stock and performance stock units. Compensation expense is generally recognized for restricted stock units on a graded-vesting basis over the vesting period, which is generally five years. Compensation expense is generally recognized for performance stock units over the related vesting periods based on the grant-date fair value of the award when it becomes probable that the minimum return on Invested Capital (as defined under the plans) by Apollo will be satisfied. Award forfeitures are recognized at the time of occurrence. All awards granted are equity classified awards.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of deposit accounts. The Company's cash balances with financial institutions may exceed the deposit insurance limits. The Company does not include outstanding amounts due from its payment card service providers for billed transactions in its cash balances, rather they are included in accounts receivable.

Restricted Cash

Restricted cash balances are cash balances established to secure the Company's letter of credit requirement to support its insurance obligations and is presented as a short-term asset. See also *Note 6: Debt*.

Content Library

Content library is comprised of movies available for rent or purchase through the Company's kiosks as well as movies acquired through the Company's Redbox Entertainment label.

For movies available for rent or purchase through the Company's kiosks, movie content is obtained primarily through revenue sharing agreements and license agreements with studios, as well as through distributors and other suppliers. The cost of content mainly includes (1) the costs paid to studios and other vendors to acquire content including revenue share as applicable, (2) costs incurred to label, sort, and ship content to the Company's kiosks for merchandising, (3) costs incurred to destroy content after use if required under contractual arrangements with studios and (4) indirect taxes, if applicable. For content that the Company expects to sell, management determines an estimated salvage value. Content salvage values are estimated based on the historical sales activity. The cost of each title is capitalized and amortized to its estimated salvage value using rental decay curves as discussed above under Product Cost.

For movies acquired through the Company's Redbox Entertainment label, costs include (1) the costs to acquire content, (2) manufacturing costs and (3) supply chain costs. These costs are capitalized as they are incurred and amortized in proportion to the current year's revenue as a percentage of management's estimate of total ultimate revenue, not to exceed the life of the acquired rights. Ultimate revenue estimates are periodically reviewed and adjustments, if any, will result in changes to amortization rates.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are generally comprised of insurance-related receivables representing estimated amounts due from the Company's insurance partners in excess of its deductibles, spare parts that are not separately capitalized for use in the repair and maintenance of its kiosks, the value of cases and labels used to vend and track discs, net of amortization, and various prepayments for operating expenses including software licenses when not determined to be a component of property and equipment.

Accrued and Other Current Liabilities

Accrued and other current liabilities generally consist of estimated total amounts due under contractual revenue-sharing arrangements with the Company's content providers net of payments made during the respective title's rental period, employee related liabilities primarily related to compensation, deferred revenue related to stored-value arrangements and the Company's loyalty program, estimated income taxes payable, sales and rental-related taxes collected from the Company's consumers on behalf of governmental entities, estimated gross amounts due for insurance claims incurred but not recorded, and various other estimates of amounts due but not invoiced for goods and services from the Company's operational vendors.

Loss Contingencies

The Company accrues estimated liabilities for loss contingencies arising from claims, assessments, litigation and other sources when it is probable that a liability has been incurred and the amount of the claim assessment or damages can be reasonably estimated. The Company believes it has sufficient accruals to cover any obligations resulting from claims, assessments or litigation that have met these criteria.

Fair Value of Financial Instruments

Certain financial assets and liabilities are required to be carried at fair value. Fair value is the price that would be received to sell an asset, or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the Company utilizes market data or assumptions that it believes market participants would use in pricing the asset or liability, which would maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

In evaluating the fair value measurement techniques for recording certain financial assets and liabilities, there is a three-level valuation hierarchy under which financial assets and liabilities are designated. The determination of the applicable level within the hierarchy of a particular financial asset or liability depends on the inputs used in valuation as of the measurement date.

Valuations based on observable or market-based inputs for identical asset or liabilities (Level 1 measurement) are given the highest level of priority, whereas valuations based on unobservable or internally derived inputs (Level 3 measurement) are given the lowest level of priority. The three levels of the fair value hierarchy are defined as follows:

- *Level 1:* Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- *Level 2:* Inputs other than Level 1 inputs that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or market-corroborated inputs; or
- *Level 3:* Unobservable inputs that reflect the reporting entity's own assumptions.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying amounts for the Company's cash equivalents approximate fair value because of the short-term nature of these instruments. The fair value of the Company's long-term debt approximates its carrying amount, which is presented net of unamortized deferred financing costs.

Derivative Instruments

The Company is exposed to certain market risks relating to interest rates. The Company actively monitors and attempts to mitigate but does not eliminate these exposures using derivative instruments including interest rate swaps. The Company does not enter into derivative instruments for speculative or trading purposes. The Company recognizes its derivatives as either assets or liabilities and measure those instruments at estimated fair value. The Company presents its derivative positions gross on its unaudited *Condensed Consolidated Balance Sheets*. The Company records changes in the fair value of derivatives as a component of interest and other expense, net on its unaudited *Condensed Consolidated Statements of Operations*.

COVID-19 Pandemic

The Company is continuing to closely monitor the impact of the COVID-19 pandemic and is continually assessing its potential effects on its business and its financial performance as well as the impact of COVID-19 on its customers, employees, and vendors, including retail and studio partners. The Company cannot predict the duration or severity of the COVID-19 pandemic, and cannot reasonably estimate the financial impact that the COVID-19 outbreak will have on its results and significant estimates going forward.

Recent Accounting Pronouncements

Accounting Guidance Recently Adopted:

In August 2018, the FASB issued ASU 2018-05, *Intangibles-Goodwill and Other-Internal-Use-Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. The ASU requires a customer in a cloud computing arrangement (i.e., hosting arrangement) that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine whether to capitalize certain implementation costs or expense them as incurred. For private companies, the guidance is effective for reporting periods beginning after December 15, 2020. The Company adopted this ASU as of January 1, 2021, which did not have a material impact on its consolidated financial statements and related disclosures.

In March 2019, the FASB issued ASU 2019-02, *Improvements to Accounting for Costs of Films and License Agreements for Program Materials (Subtopic 926-20)*, in order to align the accounting for production costs of an episodic television series with the accounting for production costs of films by removing the content distinction for capitalization. ASU 2019-02 also requires that an entity reassess estimates of the use of a film in a film group and account for any changes prospectively. In addition, 2019-02 requires that an entity test films and license agreements for impairment at a film group level when the film or license agreements are predominantly monetized with other films and license agreements. For private companies, the guidance is effective for reporting periods beginning after December 15, 2020. The Company adopted this ASU as of January 1, 2021, which did not have a material impact on its consolidated financial statements and related disclosures.

Accounting Guidance Not Yet Adopted:

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, *Reference Rate Reform (ASU 2020-04)*, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuance of LIBOR or another referenced rate. ASU 2020-04 is effective for fiscal years beginning after December 31, 2022. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)* to simplify the accounting for income taxes. This guidance removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. The guidance also clarifies and simplifies other areas of ASC 740. This standard is effective for private companies for fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU requires lessees, among other things, to recognize lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous authoritative guidance. This update also introduces new disclosure requirements for leasing arrangements. For private companies, the guidance is effective for reporting periods beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The ASU provides new guidance regarding measurement and recognition of credit impairment for certain financial assets. Such guidance will impact how the Company determines its allowance for estimated uncollectible receivables. For private companies, the guidance is effective for reporting periods beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

Note 3: Property and Equipment

<u>Dollars in thousands</u>	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Kiosks and components	\$ 190,202	\$ 190,416
Computers, servers, and software	96,352	87,113
Leasehold improvements	4,145	3,991
Office furniture and equipment	676	676
Leased Vehicles	10,436	10,678
Property and equipment, at cost	\$ 301,811	\$ 292,874
Accumulated depreciation	(256,600)	(229,785)
Property and equipment, net	<u>\$ 45,211</u>	<u>\$ 63,089</u>

Note 4: Goodwill and Other Intangible Assets

The following table summarizes the changes in goodwill by reportable segment:

<u>Dollars in thousands</u>	<u>Legacy</u> <u>Business</u>	<u>Digital</u> <u>Business</u>	<u>Total</u>
Balance as of December 31, 2020	\$ 144,014	\$ 3,509	\$ 147,523
Balance as of September 30, 2021	\$ 144,014	\$ 3,509	\$ 147,523

The following table summarizes the carrying amounts and accumulated amortization of intangible assets:

<u>Dollars in thousands</u>	<u>Estimated</u> <u>Useful Life</u>	<u>September 30, 2021</u>			<u>December 31, 2020</u>		
		<u>Gross</u> <u>Carrying</u> <u>Amount</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net</u> <u>Carrying</u> <u>Amount</u>	<u>Gross</u> <u>Carrying</u> <u>Amount</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net</u> <u>Carrying</u> <u>Amount</u>
Intangible assets subject to amortization:							
Contracts with retailers	7 years	\$ 370,000	\$ (264,873)	\$ 105,127	\$ 370,000	\$ (225,230)	\$ 144,770
Trade name	7 years	60,000	(42,953)	17,047	60,000	(36,524)	23,476
Contactable customer list	7 years	40,000	(28,635)	11,365	40,000	(24,349)	15,651
Developed technology	7 years	30,000	(21,476)	8,524	30,000	(18,262)	11,738
Total intangible assets subject to amortization		<u>\$ 500,000</u>	<u>\$ (357,937)</u>	<u>\$ 142,063</u>	<u>\$ 500,000</u>	<u>\$ (304,365)</u>	<u>\$ 195,635</u>

The Company recognized amortization expense of \$53.6 million for each of the nine months ended September 30, 2021 and 2020.

There was no impairment of goodwill and other intangible assets for the nine months ended September 30, 2021 and 2020.

Certain events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately affect the estimated fair values of the Company's reporting units include such items as: (i) a decrease in expected future new release movie titles resulting from the prolonged effects of the COVID-19 pandemic (ii) an increase in competition across streaming platforms resulting in fewer titles available at Redbox or fewer rental transactions and (iii) the inability to achieve cost savings or growth initiative targets within an expected timeframe.

Note 5: Accrued and Other Current Liabilities

Accrued and other current liabilities as of September 30, 2021 and December 31, 2020, consisted of the following:

<u>Dollars in thousands</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Accrued payroll and other related expenses	\$ 20,776	\$ 24,212
Accrued revenue share	12,669	13,480
Deferred revenue	11,203	10,019
Income taxes payable	—	15,777
Other	15,414	12,466
Total accrued and other current liabilities	<u>\$ 60,062</u>	<u>\$ 75,954</u>

Note 6: Debt

<u>Dollars in thousands</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Term Loan Facility	\$ 306,563	\$ 281,563
Paid-In-Kind Interest related to Term Loan Facility	24,186	—
Revolving Credit Facility	30,000	30,000
Paid-In-Kind Interest related to Revolving Credit Facility	2,227	—
Union Revolving Credit Facility	4,590	2,550
Total debt outstanding	\$ 367,566	\$ 314,113
Less: Unamortized debt issuance costs	(5,676)	(6,639)
Total debt, net	<u>\$ 361,890</u>	<u>\$ 307,474</u>
Portion due within one year	\$ —	\$ —
Total long-term debt, net	<u>\$ 361,890</u>	<u>\$ 307,474</u>

On October 20, 2017, Redbox Automated Retail, LLC (“RAR”) entered into a credit agreement (“Credit Agreement”), which provided for:

- a first lien term loan facility (the “Term Loan B”), in an original aggregate principal amount of \$425.0 million, with a five-year maturity; and
- a first lien revolving credit facility (the “Revolving Credit Facility” and, together with the Term Loan Facility, the “Senior Facilities”), in an aggregate principal amount of up to \$30.0 million, with a five-year maturity.

The Term Loan B was made available to RAR immediately upon closing and was used in part to retire all \$280.0 million of the Company’s existing debt and to settle closing costs associated with the new Term Loan B totaling \$19.5 million of which \$4.6 million was paid to Apollo Global Securities, LLC, an affiliate of Apollo, for services provided in connection with the financing. The balance of the Term Loan B proceeds were used towards a dividend, occurring on the same day, with total dividend of \$160.0 million to equity holders of RAR. Additionally, at the execution of the new Credit Agreement, RAR wrote-off unamortized deferred financing costs of \$21.7 million related to the extinguishment of the entire debt under the prior credit agreement.

On September 7, 2018, RAR entered into an Incremental Assumption and Amendment Agreement (the “Amendment”) to the Credit Agreement. The Amendment provided for, among other things, (i) an incremental Term B-1 Loan (“Term Loan B-1”) in an original aggregate principal amount of \$85.8 million and (ii) the payment of one or more restricted payments to shareholders of RAR in an aggregate amount not to exceed \$115.0 million. The proceeds received from the Amendment along with cash flow from the business were used towards a dividend distribution to equity holders of RAR totaling \$115.0 million that was paid within five business days of September 7, 2018, and to pay fees and expenses in connection with the Amendment totaling \$3.7 million. The additional loan under Term Loan B-1 had terms identical to the original Term Loan B, except to account for the incremental principal amount within the quarterly amortization payment schedule and to reset call protection on the Term Loan B-1.

On September 30, 2020, RAR entered into the second amendment to its Credit Agreement (the “Second Amendment”) to, among other things, to increase the total net leverage covenant during the remaining term of the Credit Agreement and revise the quarterly amortization payment schedule.

On December 28, 2020, RAR entered into a third amendment to its Credit Agreement (the “Third Amendment”). The amendment deferred the December 2020 amortization payment to March 2021.

As of December 31, 2020, RAR’s Senior Facilities matured on October 20, 2022, and subsequent to the Amendment, Second Amendment and Third Amendment consisted of:

- a first lien term loan B facility, in an aggregate principal amount of \$425.0 million;
- a first lien term loan B-1 facility, in an aggregate principal amount of \$85.8 million; and
- a first lien revolving credit facility, in an aggregate principal amount of up to \$30.0 million.

On December 29, 2020, Redbox Entertainment, LLC entered into a four-year, \$20.0 million revolving credit facility with Union Bank (the “Union Revolving Credit Facility”). The facility is used exclusively to pay for minimum guarantees, license fees and related distribution expenses for original content obtained under the Company’s Redbox Entertainment label. Borrowings outstanding under the Union Revolving Credit Facility as of September 30, 2021 and December 31, 2020 were \$4.6 million and \$2.55 million, respectively.

Borrowings under the Union Revolving Credit Facility will bear interest at either the alternate base rate or LIBOR (based on an interest period selected by the Company of one month, three months or six months) in each case plus a margin. The alternate base rate loans bear interest at a per annum rate equal to the greatest of (i) the base rate in effect on such day, (ii) the federal funds effective rate in effect on such day plus 1/2 of 1.0%, and (iii) daily one month LIBOR plus 1.0%. The revolving credit facility borrowings that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin of 0.50%. The borrowing interest rate for the Union Revolving Credit Facility was 4.25% as of September 30, 2021 and December 31, 2020, respectively.

In addition to paying interest on outstanding principal under the Union Revolving Credit Facility, Redbox Entertainment, LLC is required to pay a commitment fee at a rate equal to 0.50% per annum to the lenders in respect of the unutilized commitments thereunder.

On January 29, 2021, RAR entered into an amendment to its Credit Agreement (the “Fourth Amendment”). The Fourth Amendment provided for, among other things, (i) deferral of principal amortization payments until the maturity date, (ii) extension of the maturity date to April 2023, (iii) at the RAR’s election, subject to certain liquidity thresholds, payment PIK interest, and, (iv) removal of all financial covenant requirements.

In addition, under the Fourth Amendment RAR incurred an incremental first lien term loan B-2 facility (“Term Loan B-2” and, together with Term Loan Bs and Term Loan B-1’s, the “Term Loan Facility”) in an aggregate principal amount of \$25.0 million which was provided by New Outerwall Inc. The loan was subsequently assigned to Aspen Parent, Inc. Aspen Parent, Inc. indirectly owns 100% of the equity of the Company and is therefore a related party of the Company. The proceeds from the loan will be used for general corporate purposes.

Pursuant to the Fourth Amendment, interest is payable on the Senior Facilities entirely in cash or, for a specified period, could be paid by increasing the principal amount of the Senior Facilities (PIK Interest), or through a combination of cash and PIK interest, subject to certain liquidity thresholds. Borrowings under the Senior Facilities bear interest at a rate at RAR’s option, either (a) a London Interbank Offer Rate (“LIBOR”) determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, subject to a 1.00% floor in the case of term loans or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50% per annum, (ii) the prime rate quoted by the Wall Street Journal (or another national publication selected by the administrative agent) and (iii) the one-month adjusted LIBOR plus 1.00% per annum, in each case plus an applicable margin. The applicable margin for borrowings under the Senior Facilities is 7.25% with respect to Eurocurrency Borrowings (increasing to 8.25% if PIK Interest is paid) and 6.25% with respect to ABR Borrowings (increasing to 7.25% if PIK Interest is paid).

In addition to paying interest on outstanding principal under the Senior Facilities, RAR is required to pay a commitment fee at a rate equal to 0.50% per annum to the lenders in respect of the unutilized commitments thereunder. RAR is also required to pay customary agency fees.

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In connection with the Business Combination, on May 16, 2021, RAR entered into another amendment to its Credit Agreement (the “Fifth Amendment”). The Fifth Amendment, which became effective upon consummation of the Business Combination, provided consent to the planned Business Combination and among other things, extended the Senior Facilities maturity date to October 2023 and subordinated the Term Loan B-2s to the Term Loan Bs and the Term Loan B-1s. In addition, among other things, concurrently with the consummation of the Business Combination, i) \$15.0 million of cash proceeds from the Business Combination were used to pay down outstanding borrowings under the Revolving Credit Facility and ii) \$35.0 million of cash proceeds from the Business Combination were used to pay down outstanding borrowings under the Term Loan Bs and the Term Loan B-1s.

On October 11, 2021, RAR entered into a consent to the Fifth Amendment to make certain additional changes to the Credit Agreement, which became effective upon consummation of the Business Combination, including extending the maturity date of the Senior Facilities to April, 2024 and extending the PIK interest option until December 31, 2022 (subject to a minimum pro forma liquidity). See *Note 14: Subsequent Events* for a further discussion.

Dividend Restrictions

The Credit Agreement contains certain customary affirmative covenants and negative covenants, including a limitation on the Company’s ability to pay dividends on or make distributions in respect of its capital stock or make other restricted payments. The covenant prohibiting dividends and other restricted payments has certain limited exceptions, including for customary overhead, legal, accounting and other professional fees and expenses; taxes; customary salary, bonus and other benefits; and up to \$1.03 million for dividends that were accrued on equity interests that were unvested as of the payment of the Company’s last dividend in 2018 and have subsequently vested.

Interest Rates and Fees

As of September 30, 2021 and December 31, 2020, the borrowing interest rate for the Senior Facilities was 9.25% and 8.25%, respectively.

Amortization and Prepayments

Required minimum principal amortization payments under the Term Loan Facility as of September 30, 2021, are as follows:

Dollars in thousands	Repayment Amount
Remaining 2021	\$ —
2022	—
2023	330,749
Total	\$ 330,749

As noted above, pursuant to the consent agreement to the Fifth Amendment that RAR entered into on October 11, 2021, the maturity date of the Senior Facilities has been extended to April, 2024.

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

- a certain percentage set forth in the Credit Agreement governing the Senior Facilities of RAR’s annual excess cash flow, as defined under the Senior Facilities;
- a certain percentage of the net cash proceeds of certain non-ordinary course asset sales, other dispositions of property or certain casualty events, in each case subject to certain exceptions and reinvestment rights; and
- the net cash proceeds of any issuance or incurrence of debt, other than proceeds from debt permitted under the Senior Facilities.

RAR may voluntarily repay outstanding loans that are funded solely by internally generated cash from business operations under the Senior Facilities at any time, without prepayment premium or penalty, except customary “breakage” costs with respect to LIBOR rate loans.

All obligations under the Senior Facilities are unconditionally guaranteed by each of RAR's existing and future direct and indirect material, wholly-owned domestic subsidiaries, subject to certain exceptions and the direct parent of RAR. The obligations are secured by a pledge of substantially all of RAR's assets and those of each guarantor, including capital stock of the subsidiary guarantors and 65% of the capital stock of the first-tier foreign subsidiaries that are not subsidiary guarantors, in each case subject to certain exceptions, and its capital stock owned by RAR's direct parent. Such security interests consist of a first-priority lien with respect to the collateral.

Letters of Credit

As of September 30, 2021 and December 31, 2020, the Company has a Letter of Credit arrangement to provide for the issuance of standby letters of credit in the amount of \$3.4 million. The arrangement supports the collateral requirements for insurance claims and is good for one year to be renewed annually if necessary. As required under the Senior Facilities, the Company's Letter of Credit is cash-collateralized at 105% through the Company's restricted cash balance in the amount of \$3.5 million as of September 30, 2021 and December 31, 2020, respectively.

Note 7: Derivatives

The Company entered into an interest rate swap on October 22, 2018 to manage its exposure to changes in the interest rates related to its term loan ("Term Loan Facility") following the Amendment discussed in *Note 6: Debt*. The swap is not designated as a hedging instrument and is reported at fair value with changes in fair value reported directly in earnings. The Company's hedge consists of interest rate swaps, which was used to mitigate interest rate risk.

Under the terms of the agreement, the Company entered into a three-year fixed-for-floating interest rate swap agreement with Nomura Global Financial Products, Inc. for a fixed notional amount of \$200.0 million to swap the variable rate portion of interest payments tied to the one-month LIBOR under its term loans for fixed interest payments. The swap effectively locked in an average of a three-year forward curve for the one-month LIBOR at a fixed rate of 3.0335%, resulting in a total interest rate on the \$200.0 million notional of 10.2835%. The agreement expires on October 31, 2021. See *Note 6: Debt* for additional disclosures about the Company's Term Loan Facility.

The following table discloses the fair value, as determined using Level 2 inputs, and balance sheet location of the Company's derivative instrument:

Dollars in thousands	Balance Sheet Location	September 30, 2021	December 31, 2020
Derivatives not designated as hedging instruments:			
Interest rate swap contract	Other liabilities	\$ 461	\$ 4,782

The following table discloses the effect of the Company's derivative instrument on the unaudited *Condensed Consolidated Statements of Operations* for the nine months ended September 30, 2021 and 2020:

Dollars in thousands	For the nine months ended September 30,	
	2021	2020
Other (income) expense, net	\$ (899)	\$ 4,324

Note 8: Segment Information and Geographic Data

The Company currently conducts its business through two operating segments: (1) Legacy Business and (2) Digital Business. For all periods presented, the Company did not operate outside the United States and Puerto Rico (collectively the United States). As such, all of the Company's long-lived assets are located in the United States.

The Company's Legacy Business operates a network of approximately 40,000 self-service kiosks where consumers can rent or purchase new-release DVDs and Blu-ray Discs™ ("movies"). The Company's Legacy Business also produces, acquires, and distributes movies exclusively through its Redbox Entertainment label, as well as generating service revenue by providing installation, merchandising and break-fix services to other kiosks businesses.

The Company’s Digital Business provides both transactional and ad-supported digital streaming services, which include 1) Redbox On Demand, a transactional service which provides digital rental or purchase of new release and catalog movies and TV content and 2) Redbox Free Live TV and Redbox Free On Demand, ad-supported services which include digital linear television service giving access to more than 100 linear channels, and an on-demand service with more than 5,000 movies and TV episodes giving consumers control over when they watch content. Furthermore, the Company monetizes digital advertising space in Redbox emails and apps amongst other platforms, which is referred to as Media Network.

Adjusted EBITDA is the profitability metric reported to the chief operating decision maker (“CODM”) for purposes of making decisions about allocation of resources to each segment and assessing performance of each segment. The Company believes this measure is most useful in assessing underlying performance of its business. Adjusted EBITDA is before integration related costs, efficiency initiatives, and other items. Adjusted EBITDA also excludes the effects of financings, income tax and the non-cash accounting effects of depreciation and intangible asset amortization.

As segment assets are not reported to or used by the CODM to measure business performance or allocate resources, total segment assets and capital expenditures are not presented below.

Summarized financial information by segment is as follows:

Dollars in thousands	Nine Months Ended September 30,	
	2021	2020
Net revenue		
Legacy Business	\$ 192,025	\$ 433,215
Digital Business	24,347	31,993
Total	\$ 216,372	\$ 465,208
Adjusted EBITDA		
Legacy Business	\$ (8,940)	\$ 106,133
Digital Business	2,257	3,642
Total	\$ (6,683)	\$ 109,775

The following is a reconciliation of Adjusted EBITDA to loss before income taxes for the nine months ended September 30, 2021 and 2020:

Dollars in thousands	Nine Months Ended September 30,	
	2021	2020
Loss before income taxes	\$ (123,841)	\$ (52,612)
Add:		
Depreciation and amortization	81,317	108,316
Interest and other expense, net	24,687	24,848
Business optimization ^(a)	5,605	15,142
One-time non-recurring ^(b)	2,737	5,934
New business start-up costs ^(c)	1,004	4,821
Restructuring related ^(d)	1,808	3,326
Adjusted EBITDA	\$ (6,683)	\$ 109,775

(a) Business optimization costs include employee retention costs, IT costs as well as consulting costs for certain projects. For the nine months ended September 30, 2021 and 2020 the Company recorded IT costs of \$2.2 million and \$4.4 million, respectively. The Company recorded employee retention expense of \$3.2 million and \$10.7 million for each of the nine months ended September 30, 2021 and 2020, respectively.

(b) Includes costs related to project costs and initiatives, as well as bank, legal and other fees in connection with the Company’s debt financing activities.

(c) Includes costs to support the Company’s On Demand and AVOD offerings, along with costs related to the Company’s service and media network businesses.

(d) Restructuring related costs include such items as employee severance charges and costs incurred related to removing kiosks.

Note 9: Earnings Per Share

Earnings (Loss) per Share (“EPS”) is calculated by dividing the net earnings or loss attributable to shareholders by the weighted average shares outstanding. As the Company was in a loss position for the nine months ended September 30, 2021 and 2020, the Company has determined all potentially dilutive shares would be anti-dilutive in these periods and therefore are excluded from the calculation of diluted weighted average shares outstanding. This results in the calculation of weighted average shares outstanding to be the same for basic and diluted EPS.

Potentially dilutive securities of approximately 264,513 and 261,342 for the nine months ended September 30, 2021 and 2020, respectively, were not included in the computation of diluted EPS because their effect would have been anti-dilutive.

The following is a calculation of EPS:

<u>Dollars in thousands, except per share amounts</u>	Nine Months Ended September 30,	
	2021	2020
Basic and Diluted EPS		
Net loss attributable to shareholders	\$ (92,938)	\$ (39,135)
Weighted average shares outstanding for basic and diluted loss per share	30,839,870	27,870,539
Basic and diluted loss per common share attributable to shareholders	<u>\$ (3.01)</u>	<u>\$ (1.40)</u>

Note 10: Commitments and Contingencies

The Company leases office facilities and certain equipment necessary to maintain its information technology infrastructure. Rent expense, net of sublease income, under its operating lease agreements was \$1.9 million and \$1.8 million for the nine months ended September 30, 2021 and 2020, respectively.

The Company also leases automobiles under capital leases expiring at various dates through 2021. Management assesses these leases as they come due as to whether it should purchase, enter into new capital leases, or enter into operating leases.

Assets held under capital leases are included in *Property and equipment, net* on the unaudited *Condensed Consolidated Balance Sheets* and include the following:

<u>Dollars in thousands</u>	September 30, 2021	December 31, 2020
Gross property and equipment	\$ 10,436	\$ 10,677
Accumulated depreciation	(6,981)	(5,204)
Net property and equipment	<u>\$ 3,455</u>	<u>\$ 5,473</u>

Content License Agreements

The Company licenses minimum quantities of theatrical and direct-to-video titles under licensing agreements with certain movie content providers. Changes in the Company’s agreements with content providers since December 31, 2020 are as follows:

- On January 15, 2021, the Company entered into a two-year license agreement with Sony Pictures Home Entertainment effective January 1, 2021. The agreement replaces the licensing agreement the Company had in place with Sony that expired on December 31, 2020.

Total estimated movie content commitments under the terms of the Company’s content license agreements in effect as of September 30, 2021 is presented in the following table:

<u>Dollars in thousands</u>	Total	2021	2022
Minimum estimated movie content commitments	\$ 28,714	\$ 7,979	\$ 20,735

Legal Matters

The Company is involved from time to time in legal proceedings incidental to the conduct of its business. The Company does not believe that any liability that may result from these proceedings will have a material adverse effect on its consolidated financial statements.

Note 11: Income Taxes

The Company's effective tax rate was 25.0% and 25.6% for the nine months ended September 30, 2021 and 2020, respectively. The difference between the Company's effective tax rate and the federal statutory tax rate for the nine months ended September 30, 2021 is primarily due to the effect of state taxes and the federal research and development credit.

Tax Years Open for Examination

As of September 30, 2021, there are no open examinations by the U.S. federal taxing authority. As of September 30, 2021, for the Company's major jurisdictions, the years 2017 through 2020 were open for examination by the U.S federal and most state tax authorities.

Note 12: Related-Party Transactions

The Company entered into transactions with New Outerwall and related affiliates, primarily Coinstar, in the ordinary course of business. A description of such transactions and their effects on the accompanying consolidated financial statements are presented below.

The Company receives and provides certain operating support under commercial services agreements with New Outerwall and related affiliates. A summary of the amounts due to/from such related parties is presented below:

Dollars in thousands	September 30, 2021	December 31, 2020
Due from related party	\$ 162	\$ 73
Due to related parties, net	\$ 357	\$ 449

Amounts due from related party above includes amounts owed from ecoATM for kiosk servicing and other commercial agreements. The balance in amounts due to related parties primarily includes the unpaid dividends related to employee and Director stock awards.

On January 29, 2021, the Company entered into the Fourth Amendment to the Credit Agreement. Provided under the Credit Agreement, the Company incurred additional principal amount under a Term B-2 Loan in an aggregate principal amount of \$25.0 million, which was provided by New Outerwall. The proceeds from the loan will be used for general corporate purposes. The Company is an indirect, wholly owned subsidiary of New Outerwall, Inc. See *Note 6: Debt*, for a further discussion.

With respect to income taxes for the periods, while generally the Company is part of a consolidated group for income tax filings, the income tax benefits and provisions, income tax payables, related tax payments and deferred tax balances reported within have been prepared as if the Company operates as a standalone taxpayer. Deferred taxes have been classified as net liabilities in the respective unaudited *Condensed Consolidated Balance Sheets* of the Company. Except for certain separate state tax obligations, the Company generally remits cash to Aspen or New Outerwall to settle any third-party, tax-related obligations, as determined if the Company operated as a standalone taxpayer. Income taxes payable balances, which are included in *Accrued and other current liabilities* in the Company's unaudited *Condensed Consolidated Balance Sheet*, were \$0 and \$15.8 million as of September 30, 2021 and December 31, 2020.

In connection with the Company's impending business combination and restructuring, on June 29, 2021, the Company and New Outerwall determined that it was no longer probable that the income tax payable balances of the Company to New Outerwall would be paid. As such, the Company recorded an entry to reduce Accrued and other current liabilities \$15.8 million and increase Additional paid-in capital \$15.8 million.

Note 13: Additional Supplemental Cash Flow Financial Information

Cash, Cash Equivalents and Restricted Cash:

<u>Dollars in thousands</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Cash and cash equivalents	\$ 9,798	\$ 5,401
Restricted cash	3,360	3,526
Cash, cash equivalents and restricted cash	<u>\$ 13,158</u>	<u>\$ 8,927</u>

Cash Interest and Taxes:

<u>Dollars in thousands</u>	<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash paid during the period for interest	\$ —	\$ 20,853
Cash paid during the period for income taxes, net	\$ 622	\$ 2,726

Non-cash Transactions

<u>Dollars in thousands</u>	<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Purchases of property and equipment financed by capital lease obligations	\$ 28	\$ 130
Purchases of property and equipment included in ending trade payables or accrued and other current liabilities	\$ 197	\$ —

Note 14: Subsequent Events

On October 11, 2021, RAR entered into a consent to the Fifth Amendment to make certain additional changes to the Credit Agreement, which became effective upon consummation of the Business Combination, including extending the maturity date of the Senior Facilities to April, 2024, extending the PIK interest option until December 31, 2022 (subject to a minimum pro forma liquidity), as well as commencing an excess cash flow sweep on March 31, 2022 subject to funds on hand being greater than \$20.0 million.

In connection with the proposed business combination agreement, on October 12, 2021, Seaport Global Acquisition Corp. entered into backstop subscription agreements (the “Backstop Agreements”) with certain subscribers (the “Backstop Subscribers”), including affiliates of funds managed by affiliates of Apollo Global Management, Inc. and Seaport Global SPAC, LLC, pursuant to which the Backstop Subscribers agreed, subject to certain conditions in the Backstop Agreements, to subscribe for and purchase up to an aggregate of 3,564,356 shares of Seaport’s Class A common stock, par value \$0.0001 per share, in the event that more than 10,810,644 public shares of Seaport Class A common stock are submitted for redemption in connection with the proposed Business Combination Agreement, for a purchase price of \$10.10 per share.

On October 22, 2021, in accordance with the Business Combination Agreement, Redbox and Seaport closed the Business Combination. The Business Combination will be accounted for as a reverse recapitalization in accordance with US GAAP. Under the guidance in ASC 805, Business Combinations, Seaport is expected to be treated as the “acquired” company for financial reporting purposes. Cash received by the Company from the Business Combination totaled \$27.0 million, net of \$50.0 million of proceeds used to pay down outstanding indebtedness under the Company’s Senior Facilities and transaction costs of \$13.9 million. Transaction costs will be treated as issuance costs and netted against additional paid-in capital in the Company’s consolidated balance sheet. The result of the transaction transformed the Company into a publicly traded entity on Nasdaq under the ticker symbol “RDBX”.

The Company has evaluated subsequent events through November 22, 2021, the date on which the financial statements were issued.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Redwood Intermediate, LLC

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Redwood Intermediate, LLC and subsidiaries (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, changes in equity (deficit), and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

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 Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with 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 and in accordance with auditing standards generally accepted in the United States of America. 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

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 include 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.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2020.

Chicago, IL

July 7, 2021

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2020	December 31, 2019
Assets		
Current Assets:		
Cash, cash equivalents and restricted cash	\$ 8,927	\$ 7,378
Accounts receivable, net of allowances of \$145 at December 31, 2020 and \$346 at December 31, 2019	12,670	19,763
Due from related party (Note 13)	73	2,712
Content library	26,074	61,902
Income tax receivable	10,498	7,433
Prepaid expenses and other current assets	6,949	10,204
Total current assets	65,191	109,392
Property and equipment, net (Note 3)	63,089	109,883
Goodwill, net (Note 4)	147,523	147,523
Intangible assets, net (Note 4)	195,635	267,063
Other long-term assets	1,653	3,198
Total assets	\$ 473,091	\$ 637,059
Liabilities and Shareholders' Equity		
Current Liabilities:		
Trade payables	\$ 26,719	\$ 82,065
Due to related parties, net (Note 13)	449	1,477
Accrued and other current liabilities (Note 5)	75,954	85,889
Current portion of long-term debt and other current liabilities (Note 6)	—	63,750
Total current liabilities	103,122	233,181
Long-term debt, net (Note 6)	307,474	244,788
Other long-term liabilities	19,862	21,584
Deferred income taxes, net	41,171	66,595
Total liabilities	471,629	566,148
Commitments and contingencies (Note 11)		
Shareholders' Equity		
Common stock, \$0.0001 par value; 60,000,000 shares authorized as of December 31, 2020 and 2019; 27,962,554 and 27,853,047 shares issued and outstanding as of December 31, 2020 and 2019, respectively.	3	3
Additional paid-in-capital	223,085	223,084
Accumulated deficit	(221,626)	(152,176)
Total equity	1,462	70,911
Total liabilities and shareholders' equity	\$ 473,091	\$ 637,059

See accompanying Notes to Consolidated Financial Statements

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	Year Ended December 31,		
	2020	2019	2018
Net revenue	\$ 546,191	\$ 858,370	\$ 1,087,783
Operating expenses:			
Product cost	220,999	359,880	439,523
Direct operating	167,090	237,490	274,155
Marketing	21,214	25,813	33,020
General and administrative	62,235	67,158	81,529
Depreciation and amortization	136,838	138,274	133,493
Total operating expenses	608,376	828,615	961,720
Operating (loss) income	(62,185)	29,755	126,063
Other expense, net:			
Other expense, net	(32,522)	(44,578)	(45,155)
Total other expense, net	(32,522)	(44,578)	(45,155)
(Loss) income before income taxes	(94,707)	(14,823)	80,908
Income tax (benefit) expense	(25,204)	(7,256)	19,455
Net (loss) income	\$ (69,503)	\$ (7,567)	\$ 61,453
Basic (loss) earnings per share:			
(Loss) earnings per share attributable to common shareholders, basic	\$ (2.49)	\$ (0.27)	\$ 2.22
Weighted average shares outstanding for basic (loss) earnings per share	27,906,742	27,779,339	27,623,415
Diluted (loss) earnings per share:			
(Loss) earnings per share attributable to common shareholders, diluted	\$ (2.49)	\$ (0.27)	\$ 2.18
Weighted average shares outstanding for diluted (loss) earnings per share	27,906,742	27,779,339	28,197,409

See accompanying Notes to Consolidated Financial Statements

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2020	2019	2018
Operating activities:			
Net (loss) income	\$ (69,503)	\$ (7,567)	\$ 61,453
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation	65,537	66,534	58,153
Amortization of intangible assets	71,428	71,428	71,428
(Gain) loss on sale/disposal of assets	(127)	311	3,912
Deferred income taxes	(25,424)	(23,118)	(16,241)
Amortization of deferred financing costs	3,574	5,371	5,672
Non-cash rent, interest and other	2,062	286	2,048
Cash flows from changes in net operating assets and liabilities:			
Accounts receivable	7,094	12,534	(1,427)
Content library	35,829	14,963	13,591
Income tax receivable	(3,065)	(2,063)	8,206
Prepaid expenses and other current assets	3,255	3,046	(79)
Other assets	795	(2,066)	514
Trade payables	(53,790)	(18,507)	(28,371)
Change in due to/from related parties	2,640	(2,189)	716
Accrued and other liabilities	(10,612)	(16,166)	5,875
Net cash flows from operating activities	29,693	102,797	185,450
Investing Activities:			
Purchases of property and equipment	(21,053)	(33,005)	(42,870)
Proceeds from disposition of property and equipment	1,261	1,990	1,107
Other investments	750	(750)	—
Net cash flows used in investing activities	(19,042)	(31,765)	(41,763)
Financing Activities:			
Proceeds from Redbox's borrowings	32,550	7,500	99,281
Repayments of Redbox's debt obligations	(37,188)	(76,563)	(117,875)
Dividends paid	(978)	(1,182)	(115,759)
Financing costs	—	—	(3,676)
Principal payments on capital lease obligations	(3,486)	(3,855)	(4,395)
Net cash flows used in financing activities	(9,102)	(74,100)	(142,424)
Change in cash, cash equivalents and restricted cash	1,549	(3,068)	1,263
Cash, cash equivalents and restricted cash:			
Beginning of period	7,378	10,446	9,183
End of period	\$ 8,927	\$ 7,378	\$ 10,446

See accompanying Notes to Consolidated Financial Statements

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF EQUITY**
(in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at December 31, 2017	\$ 3	\$ 222,831	\$ (88,407)	\$ 134,427
Dividends	—	—	(117,358)	(117,358)
Share-based compensation plans and related activity	—	97	—	97
Net income	—	—	61,453	61,453
Balance at December 31, 2018	\$ 3	\$ 222,928	\$ (144,312)	\$ 78,619
Dividends	—	—	(297)	(297)
Share-based compensation plans and related activity	—	156	—	156
Net loss	—	—	(7,567)	(7,567)
Balance at December 31, 2019	\$ 3	\$ 223,084	\$ (152,176)	\$ 70,911
Dividends	—	—	53	53
Share-based compensation plans and related activity	—	1	—	1
Net loss	—	—	(69,503)	(69,503)
Balance at December 31, 2020	\$ 3	\$ 223,085	\$ (221,626)	\$ 1,462

See accompanying Notes to Consolidated Financial Statements

REDWOOD INTERMEDIATE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Description of Business

Redwood Intermediate, LLC, a Delaware limited liability company, and subsidiaries (“Redbox” or the “Company”), operates self-serve kiosks in the United States where consumers can rent or purchase movies. As of December 31, 2020, the Company operated a network of over 40,000 self-service kiosks, in approximately 34,000 locations primarily at leading grocery stores, mass retailers, drug stores, dollar retailers, and convenience stores in every U.S. state and Puerto Rico (collectively the United States).

Redbox is an established brand and leading provider in the home video rental market in the United States. The Company is focused on providing its customers with the best value in entertainment and the most choice in how they consume it, through physical media and/or digital services. For its Legacy Business, the Company operates a nationwide network of approximately 40,000 self-service kiosks where consumers can rent or purchase new-release DVDs and Blu-ray DiscSM (“movies”). The Company also generates service revenue by providing installation, merchandising and break-fix services to other kiosk businesses. Finally, the Company also produces, acquires, and distributes movies exclusively through its film distribution label, Redbox Entertainment LLC, providing rights to talent-led films that are distributed across Redbox services as well as through third party digital services. For its Digital Business, the Company provides both transactional and ad-supported digital streaming services, which include 1) Redbox On Demand, a transactional service which provides digital rental or purchase of new release and catalog movies and TV content, 2) Redbox Free On Demand, an ad-supported service providing free movies and TV shows on demand, and 3) Redbox Free Live TV, a free, ad-supported television service giving access to 95+ linear channels.

Redbox is undergoing a significant business expansion and digital transformation. The Company has transitioned from a pure-play DVD rental company to a multi-faceted entertainment company that provides tremendous value and choice by offering DVD rentals as well as multiple digital products across a variety of content windows including transactional (TVOD), ad-supported (AVOD), subscription (SVOD), and being a distributor of feature films with a growing library of original content.

Redbox currently conducts its business through two operating segments: (1) Legacy Business and (2) Digital Business.

The Company is an indirect, wholly owned subsidiary of New Outerwall, Inc. (“New Outerwall”), a Delaware corporation, which is a direct, wholly owned subsidiary of Aspen Parent, Inc. (“Aspen”), a Delaware corporation. On September 27, 2016, Outerwall, Inc. (“Old Outerwall”) was acquired by an entity controlled by funds affiliated with or controlled by Apollo Global Management, LLC and its subsidiaries (“Apollo” or the “Sponsor”) (the “Apollo Acquisition”). In addition to its interest in Redbox, New Outerwall has interest in one other business under the brand name of Coinstar.

Up until December 2019, the Company also offered video games for rent or purchase through its kiosks. In December 2019, the Company withdrew from the video games business, which represented a very small percentage of its overall business. The Company believes that exiting the video games business allows it to generate more value at the kiosk by making more kiosk slots available for movies its customer seek, which drive the vast majority of its revenue and profitability. The last rental window for video games content expired prior to December 31, 2019. All purchasing, marketing, and distribution operations were discontinued by December 31, 2019. The Company completed final liquidation of its used video game inventory in April 2020, which were not material to the Company’s results of operations.

Note 2: Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The audited financial information included herein has been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP” or “GAAP”). All significant intercompany balances and transactions between the Company and its wholly owned subsidiaries have been eliminated in consolidation in the periods presented as discussed below. Certain prior period amounts have been reclassified to conform with the current presentation.

Amounts Due From/To Related Parties

Any transactions between Redbox and its owners, employees or non-employee directors or Redbox and Coinstar are considered related party transactions, and any transactions between Redbox and New Outerwall and its affiliates are settled in cash pursuant to commercial services agreements.

With respect to income taxes for all periods presented, while generally the Company is part of a consolidated group for income tax filings, the income tax benefits and provisions, income tax payables, related tax payments and deferred tax balances reported within have been prepared as if the Company operated as a standalone taxpayer. Deferred taxes have been classified as net liabilities in the Consolidated Balance Sheets. The Company remits cash to Aspen Parent or New Outerwall to settle any third-party, tax-related obligations, as determined if the Company operated as a standalone taxpayer.

Use of Estimates in Financial Reporting

The Company prepares its consolidated financial statements in conformity with U.S. GAAP which requires management to make estimates and assumptions that affect the reported amounts in its consolidated financial statements and notes thereto. These estimates and assumptions take into account historical and forward-looking factors that the Company believes are reasonable, including but not limited to the potential impacts arising from COVID-19, and policies and initiatives aimed at reducing its transmission. As the extent and duration of the impacts from COVID-19 remain unclear, the Company's estimates and assumptions may evolve as conditions change. The most significant estimates and assumptions include the:

- rate at which the economic benefit of the content library is consumed through rental activity;
- useful lives and recoverability of goodwill, definite-lived intangible assets, equipment and other long-lived assets;
- recognition and measurement of deferred income taxes (including the measurement of uncertain tax positions); and

It is reasonably possible that the estimates the Company makes may change in the future and could have a material effect on its consolidated financial statements.

Summary of Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue, net of sales tax, when it satisfies its performance obligations by transferring control of promised goods or services to its customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Revenue from movie rentals is recognized for the period that the movie is rented and is recorded net of promotional discounts offered to the Company's consumers, uncollected amounts and refunds that it grants to its customers. Revenue from a direct sale out of the kiosk of previously rented movies is recognized at the time of sale. Revenue from On Demand rentals or purchases is also recognized at the time of sale. On rental transactions for which the related movie has not yet been returned to the kiosk at month-end, revenue is recognized with a corresponding receivable recorded in the balance sheet, net of a reserve for potentially uncollectable amounts that is considered a reduction from gross revenue as collectability is not reasonably assured.

A significant portion of the Company's Legacy Business rental revenue is concentrated in kiosks installed with certain retail partners. Revenue aggregated at the following retailers accounted for 10% or more of the Company's net revenue for the periods presented:

	Year Ended December 31,		
	2020	2019	2018
Walgreen Co.	14.6 %	14.7 %	15.5 %
Wal-Mart Stores Inc.	13.8 %	18.3 %	18.2 %

Promotional Codes and Gift Cards

The Company offers its consumers the option to purchase stored value products in the form of bulk promotional codes and electronic gift cards. There are no expiration dates on these products and the Company does not charge service fees that cause a decrement to customer balances in the case of gift cards. Cash receipts from the sale of promotional codes and gift cards are recorded as deferred revenue in Accrued and other current liabilities and recognized as revenue upon redemption. Additionally, the Company recognizes revenue from non-redeemed or partially redeemed promotional codes and gift cards in proportion to the historical redemption patterns, referred to as “breakage.” Estimated breakage revenue is recognized over time in proportion to actual promotional code and gift card redemptions and is not material in any period presented.

As of December 31, 2020 and December 31, 2019, \$7.0 million and \$6.8 million, respectively, were deferred related to purchased but unredeemed promotional codes and gift cards and are included in Accrued and other current liabilities in the accompanying Consolidated Balance Sheets.

Loyalty Program

In January 2018, the Company launched Redbox Perks. Redbox Perks allows members to earn points based on transactional and non-transactional activities with Redbox. As customers accumulate points, the Company defers revenue based on its estimate of both the amount of consideration paid by Perks members to earn awards and the value of the eventual award it expects the members to redeem. The Company defers an appropriate amount of revenue so as to properly recognize revenue from Perks members in relation to the benefits of the program. The Company also estimates the quantity of points that will not be redeemed by Perks members (“breakage”). Breakage reduces the amount of revenue deferred from loyalty points over the period of, and in proportion to, the actual redemptions of loyalty points based on observed historical breakage and consumer rental patterns.

As of December 31, 2020 and December 31, 2019, \$2.8 million and \$4.8 million, respectively, of revenue was deferred related to Perks and is included in Accrued and other current liabilities in the accompanying Consolidated Balance Sheets.

Product Cost

Product cost primarily represents the amortization of the Company’s physical content library and digital revenue sharing costs. Amortization of the content library is calculated using rental decay curves based on historical performance of movies and games over their useful lives to allocate content library costs to the periods over which the related revenues are earned. Given the steepness of the rental decay curve, amortization of the content library is recorded on an accelerated basis with substantially all of the content library cost recognized within the first year. The rental decay curves and salvage value of the Company’s content library are periodically reviewed and evaluated.

Advertising Costs

Advertising costs, which are included as a component of marketing expenses, include media expenses for national and local advertising, internet advertising, and sponsorship fees. The costs were \$6.3 million, \$4.3 million and \$11.2 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Related Parties

Amounts received from Coinstar for payment of services rendered under the commercial services agreements are recorded as a reduction of expense. Any such receivables or payables that existed as of the balance sheet date, have been presented as Due from related party and Due to related parties, net balances in the accompanying Consolidated Balance Sheet and Consolidated Statements of Cash Flows. Additionally, Due to related parties, net includes unpaid dividends related to employees and Director stock awards. Right of offset is assumed for balances between Redbox and the same related counter party and, as such, are presented as net receivables or payables based on the net balances due to or from the respective counter parties as of the balance sheet date. Redbox is part of a consolidated filing group; income taxes are paid as a pass thru to either Aspen Parent Inc. or New Outerwall. The Company’s income tax obligations are presented as the amounts that would be owed if the Company had been a standalone taxpayer and are included in *Accrued and other current liabilities* on the *Consolidated Balance Sheet*.

Share Based Compensation

The Company grants share-based awards to select employees of the Company, consisting of restricted stock and performance stock units. Compensation expense is generally recognized for restricted stock units on a graded-vesting basis over the vesting period, which is generally five years. Compensation expense is generally recognized for performance stock units over the related vesting periods based on the grant-date fair value of the award when it becomes probable that the minimum return on Invested Capital (as defined under the plans) by Apollo will be satisfied. Award forfeitures are recognized at the time of occurrence. All awards granted are equity classified awards.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of deposit accounts. The Company's cash balances with financial institutions may exceed the deposit insurance limits. The Company does not include outstanding amounts due from its payment card service providers for billed transactions in its cash balances, rather they are included in accounts receivable.

Restricted Cash

Restricted cash balances are cash balances established to secure the Company's letter of credit requirement to support its insurance obligations and is presented as a short-term asset. See also Note 6: Debt.

Accounts Receivable

Accounts receivable primarily represents receivables, net of allowances for doubtful accounts, from consumers for outstanding rental transactions and amounts due from the Company's payment card service providers for billed transactions. The allowance for doubtful accounts primarily reflects management's best estimate of amounts related to outstanding rental transactions that will not be collected. The Company determines the allowance based on historical experience and other currently available information.

Content Library

Content library consists of movies available for rent or purchase through the Company's kiosks. The Company obtains its movie content primarily through revenue sharing agreements and license agreements with studios, as well as through distributors and other suppliers. The cost of content mainly includes (1) the costs paid to studios and other vendors to acquire content including revenue share as applicable, (2) costs incurred to label, sort, and ship content to the Company's kiosks for merchandising, (3) costs incurred to destroy content after use if required under contractual arrangements with studios and (4) indirect taxes, if applicable. For content that the Company expects to sell, management determines an estimated salvage value. Content salvage values are estimated based on the historical sales activity. The cost of each title is capitalized and amortized to its estimated salvage value using rental decay curves as discussed above under Product Cost.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are generally comprised of insurance-related receivables representing estimated amounts due from the Company's insurance partners in excess of its deductibles, spare parts that are not separately capitalized for use in the repair and maintenance of its kiosks, the value of cases and labels used to vend and track discs, net of amortization, and various prepayments for operating expenses including software licenses when not determined to be a component of property and equipment.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Expenditures that extend the life, increase the capacity, or improve the efficiency of property and equipment are capitalized, while expenditures for repairs and maintenance are expensed as incurred. Depreciation is recognized using the straight-line method over the following approximate useful lives:

	<u>Useful Life</u>
Redbox kiosks and components	3 – 5 years
Computers and software	2 – 3 years
Leasehold improvements (shorter of life of asset or remaining lease term)	3 – 6 years
Office furniture and equipment	5 – 7 years
Vehicles	3 – 4 years

Internal-Use Software

The Company capitalizes costs incurred to develop or obtain internal-use software during the application development stage. Capitalization of software development costs occurs after the preliminary project stage is complete, management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. The Company expenses costs incurred for training, data conversion, and maintenance, as well as spending in the post-implementation stage. A subsequent addition, modification or upgrade to internal-use software is capitalized only to the extent that it enables the software to perform a task it previously could not perform. The internal-use software is included in computers and software under property and equipment in the Company's Consolidated Balance Sheets. The Company amortizes internal-use software over its estimated useful life on a straight-line basis.

Intangible Assets Subject to Amortization

The Company's intangible assets subject to amortization comprise the value of its retailer relationships, the Redbox trade name, its contactable customer list, and developed technology as determined on the date of the Apollo Acquisition. The Company amortizes its intangible assets over their expected useful lives on a straight-line basis as the future pattern of consumption of the economic benefit derived from the identified intangible assets cannot be reliably determined. The Company annually reassess the useful lives of its intangible assets subject to amortization and the methods under which they are amortized. For further information, see Note 4: Goodwill and Other Intangible Assets.

Goodwill

Goodwill represents the excess purchase price of an acquired enterprise or assets over the estimated fair value of identifiable net assets acquired. Goodwill is evaluated for impairment annually during the fourth quarter, or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit below its carrying value. As part of the Company's impairment analysis, fair value of a reporting unit is determined using both the income and market approaches. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows and discount rates. For further information, see Note 4: Goodwill and Other Intangible Assets.

Business Combinations

The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess purchase price of an acquired enterprise or assets over the estimated fair value of identifiable net assets acquired. Transaction costs associated with business combinations are expensed as incurred.

Recoverability of Equipment and Other Long-Lived Assets

The Company evaluates the estimated remaining life and recoverability of equipment and other assets, including intangible assets subject to amortization, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Factors that would indicate potential impairment include, but are not limited to, significant decreases in the market value

of the long-lived asset(s), a significant change in the long-lived asset's use or physical condition, and operating or cash flow losses associated with the use of the long-lived asset. When there is an indication of impairment, the Company prepares an estimate of future undiscounted cash flows expected to result from the use of the asset and its eventual disposition to test recoverability. If the sum of the future undiscounted cash flows is less than the carrying value of the asset, it indicates that the long-lived asset is not recoverable, in which case the Company will then compare the estimated fair value to its carrying value. If the estimated fair value is less than the carrying value of the asset, the Company will recognize the impairment loss and adjust the carrying amount of the asset to its estimated fair value. No impairment losses have been recorded during years ended December 31, 2020, 2019 and 2018, respectively.

Trade Payables

Trade payables are primarily comprised of non-revenue share payments to the Company's content partners, payments due to its retailer partners, and various other payments due for invoiced goods and services from its operational vendors.

Accrued and Other Current Liabilities

Accrued and other current liabilities generally consist of estimated total amounts due under contractual revenue-sharing arrangements with the Company's content providers net of payments made during the respective title's rental period, employee related liabilities primarily related to compensation, deferred revenue related to stored-value arrangements and the Company's loyalty program, estimated income taxes payable, sales and rental-related taxes collected from the Company's consumers on behalf of governmental entities, estimated gross amounts due for insurance claims incurred but not recorded, and various other estimates of amounts due but not invoiced for goods and services from the Company's operational vendors.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, management determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740, Income Taxes, on the basis of a two-step process in which (1) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, it will recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statements of operations. Accrued interest and penalties are included on the related tax liability line in the consolidated balance sheet.

Loss Contingencies

The Company accrues estimated liabilities for loss contingencies arising from claims, assessments, litigation and other sources when it is probable that a liability has been incurred and the amount of the claim assessment or damages can be reasonably estimated. The Company believes it has sufficient accruals to cover any obligations resulting from claims, assessments or litigation that have met these criteria.

Fair Value of Financial Instruments

Certain financial assets and liabilities are required to be carried at fair value. Fair value is the price that would be received to sell an asset, or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the Company utilizes market data or assumptions that it believes market participants would use in pricing the asset or liability, which would maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

In evaluating the fair value measurement techniques for recording certain financial assets and liabilities, there is a three-level valuation hierarchy under which financial assets and liabilities are designated. The determination of the applicable level within the hierarchy of a particular financial asset or liability depends on the inputs used in valuation as of the measurement date.

Valuations based on observable or market-based inputs for identical asset or liabilities (Level 1 measurement) are given the highest level of priority, whereas valuations based on unobservable or internally derived inputs (Level 3 measurement) are given the lowest level of priority. The three levels of the fair value hierarchy are defined as follows:

- *Level 1:* Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- *Level 2:* Inputs other than Level 1 inputs that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or market-corroborated inputs; or
- *Level 3:* Unobservable inputs that reflect the reporting entity's own assumptions.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying amounts for the Company's cash equivalents approximate fair value because of the short-term nature of these instruments. The fair value of the Company's long-term debt approximates its carrying amount, which is presented net of unamortized deferred financing costs.

Derivative Instruments

The Company is exposed to certain market risks relating to interest rates. The Company actively monitors and attempts to mitigate but does not eliminate these exposures using derivative instruments including interest rate swaps. The Company does not enter into derivative instruments for speculative or trading purposes. The Company recognizes its derivatives as either assets or liabilities and measure those instruments at estimated fair value. The Company presents its derivative positions gross on its Consolidated Balance Sheets. The Company records changes in the fair value of derivatives as a component of other expense, net on its Consolidated Statements of Operations.

Recent Accounting Pronouncements

Accounting Guidance Not Yet Adopted:

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (ASU 2020-04), which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuance of LIBOR or another referenced rate. ASU 2020-04 is effective for fiscal years beginning after December 31, 2022. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) to simplify the accounting for income taxes. This guidance removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income

taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. The guidance also clarifies and simplifies other areas of ASC 740. This standard is effective for private companies for fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other-Internal-Use-Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract. The ASU requires a customer in a cloud computing arrangement (i.e., hosting arrangement) that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine whether to capitalize certain implementation costs or expense them as incurred. For private companies, the guidance is effective for reporting periods beginning after December 15, 2020. The Company is currently evaluating the impact of adopting this ASU, and does not expect a material impact on its consolidated financial statements and related disclosures.

In March 2019, the FASB issued ASU 2019-02, Improvements to Accounting for Costs of Films and License Agreements for Program Materials (Subtopic 926-20), in order to align the accounting for production costs of an episodic television series with the accounting for production costs of films by removing the content distinction for capitalization. ASU 2019-02 also requires that an entity reassess estimates of the use of a film in a film group and account for any changes prospectively. In addition, 2019-02 requires that an entity test films and license agreements for impairment at a film group level when the film or license agreements are predominantly monetized with other films and license agreements. For private companies, the guidance is effective for reporting periods beginning after December 15, 2020. The Company is currently evaluating the impact of adopting this ASU, and does not expect a material impact on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The ASU requires lessees, among other things, to recognize lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous authoritative guidance. This update also introduces new disclosure requirements for leasing arrangements. For private companies, the guidance is effective for reporting periods beginning after December 15, 2021, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326). The ASU provides new guidance regarding measurement and recognition of credit impairment for certain financial assets. Such guidance will impact how the Company determines its allowance for estimated uncollectible receivables. For private companies, the guidance is effective for reporting periods beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

Note 3: Property and Equipment

<u>Dollars in thousands</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Kiosks and components	\$ 190,416	\$ 186,158
Computers, servers, and software	87,113	73,730
Leasehold improvements	3,991	4,978
Office furniture and equipment	676	876
Leased Vehicles	10,678	11,813
Property and equipment, at cost	\$ 292,874	\$ 277,555
Accumulated depreciation	(229,785)	(167,672)
Property and equipment, net	<u>\$ 63,089</u>	<u>\$ 109,883</u>

Note 4: Goodwill and Other Intangible Assets

Goodwill is evaluated for impairment annually during the fourth quarter, or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit below its carrying value.

During the fourth quarter of 2020, the Company completed a quantitative impairment analysis for goodwill related to its Legacy reporting unit, as a result of the significant impact of COVID-19 on its financial performance. Based on this analysis, the Company

concluded the fair value of its Legacy reporting unit exceeded its carrying value and as such, no impairment charge was recorded. Based on the December 31, 2020 valuation date, the fair value of the Company's Legacy reporting unit exceeded its carrying value. A quantitative analysis was not required related to the Digital reporting unit based on a qualitative analysis.

As part of the Company's impairment analysis, the determination of the fair value of the Company's reporting units requires the Company to make significant estimates and assumptions including the business and financial performance of the Company's reporting units, as well as how such performance may be impacted by COVID-19. These estimates and assumptions primarily include, but are not limited to: the selection of appropriate peer group companies, control premiums appropriate for acquisitions in the industries in which the Company competes, discount rates, terminal growth rates, forecasts of revenue, operating income, depreciation, amortization and capital expenditures, including considering the impact of COVID-19. Certain events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately affect the estimated fair values of the Company's reporting units include such items as: (i) a decrease in expected future new release titles resulting from the prolonged effects of the COVID-19 pandemic (ii) an increase in competition across streaming platforms resulting in fewer titles available at Redbox or fewer rental transactions and (iii) the inability to achieve cost savings or growth initiative targets within an expected timeframe.

Although the Company believes its estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions, including the impact of COVID-19, could have a significant impact on either the fair value of the reporting units, the amount of any goodwill impairment charges, or both. These estimates can be affected by a number of factors including, but not limited to, the impact of COVID-19, its severity, duration and its impact on global economies, general economic conditions as well as the Company's profitability. The Company will continue to monitor these potential impacts, including the impact of COVID-19 and economic, industry and market trends and the impact these may have on its Legacy and Digital reporting units.

The following table summarizes the changes in goodwill by reportable segment:

Dollars in thousands	Legacy Business	Digital Business	Total
Balance as of December 31, 2018	\$ 144,014	\$ 3,509	\$ 147,523
Balance as of December 31, 2019	\$ 144,014	\$ 3,509	\$ 147,523
Balance as of December 31, 2020	\$ 144,014	\$ 3,509	\$ 147,523

The following table summarizes the carrying amounts and accumulated amortization of intangible assets:

Dollars in thousands	Estimated Useful Life	December 31, 2020			December 31, 2019		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:							
Contracts with retailers	7 years	\$ 370,000	\$ (225,230)	\$ 144,770	\$ 370,000	\$ (172,373)	\$ 197,627
Trade name	7 years	60,000	(36,524)	23,476	60,000	(27,952)	32,048
Contactable customer list	7 years	40,000	(24,349)	15,651	40,000	(18,635)	21,365
Developed technology	7 years	30,000	(18,262)	11,738	30,000	(13,977)	16,023
Total intangible assets subject to amortization		<u>\$ 500,000</u>	<u>\$ (304,365)</u>	<u>\$ 195,635</u>	<u>\$ 500,000</u>	<u>\$ (232,937)</u>	<u>\$ 267,063</u>

The Company recognized amortization expense of \$71.4 million for each of the years ended December 31, 2020, 2019 and 2018, respectively.

Based on the amount of intangible assets subject to amortization as of December 31, 2020, the expected amortization for each of the next five fiscal years is as follows:

<u>Dollars in thousands</u>	<u>Amortization of intangible assets</u>
2021	\$ 71,428
2022	71,428
2023	52,779
2024	—
2025	—
Total expected amortization	<u>\$ 195,635</u>

No impairment of intangible assets were recognized for the years ended December 31, 2020, 2019 and 2018, respectively.

Note 5: Accrued and Other Current Liabilities

Accrued and other current liabilities as of December 31, 2020 and 2019, consisted of the following:

<u>Dollars in thousands</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accrued payroll and other related expenses	\$ 24,212	\$ 22,860
Accrued revenue share	13,480	20,976
Deferred revenue	10,019	11,570
Income taxes payable	15,777	15,777
Other	12,466	14,706
Total accrued and other current liabilities	<u>\$ 75,954</u>	<u>\$ 85,889</u>

Note 6: Debt

<u>Dollars in thousands</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Term B Facility	\$ 281,563	\$ 318,750
Revolving Credit Facility	30,000	—
Union Revolving Credit Facility	2,550	—
Total debt outstanding	\$ 314,113	\$ 318,750
Less: Unamortized debt issuance costs	(6,639)	(10,212)
Total debt, net	\$ 307,474	\$ 308,538
Portion due within one year	\$ —	\$ 63,750
Total long-term debt, net	\$ 307,474	\$ 244,788

On October 20, 2017 (“Closing Date”), the Company entered into a credit agreement (“Credit Agreement”), which provided for:

- a first lien term loan facility (the “Term Loan Facility”), in an aggregate principal amount of \$425.0 million, with a five-year maturity; and
- a first lien revolving credit facility (the “Revolving Credit Facility” and, together with the Term Loan Facility, the “Senior Facilities”), in an aggregate principal amount of up to \$30.0 million, with a five-year maturity.

The Term Loan Facility was made available to the Company immediately upon closing and was used in part to retire all \$280.0 million of the Company’s existing debt outstanding on the Closing Date and to settle closing costs associated with the new Term Loan Facility totaling \$19.5 million of which \$4.6 million was paid to Apollo Global Securities, LLC, an affiliate of Apollo, for services provided in connection with the financing. The balance of the loan proceeds was used on the Closing Date to fund a dividend of \$160.0 million to equity holders of the Company. Additionally, at the execution of the new Credit Agreement, the Company wrote-

off unamortized deferred financing costs of \$21.7 million related to the extinguishment of the entire debt under the prior credit agreement.

On September 7, 2018, the Company entered into an Incremental Assumption and Amendment Agreement (the “Amendment”) to the Credit Agreement. The Amendment provided for, among other things, (i) an additional principal amount under a Term B-1 Loan (“Term Loan B-1”) in an aggregate principal amount of \$85.8 million and (ii) the payment of one or more restricted payments to shareholders of Redbox in an aggregate amount not to exceed \$115.8 million. The proceeds received from the Amendment along with cash flow from the business were used to fund a dividend to equity holders of the Company totaling \$115.8 million that was paid within five business days of September 7, 2018, and to pay fees and expenses in connection with the Amendment totaling \$3.7 million. The additional loan under Term Loan B-1 has terms identical to the original Term Loan Facility.

On September 30, 2020, the Company entered into the second amendment to its Credit Agreement (the “Second Amendment”) to, among other things, modify the amortization payment schedule and increase the total net leverage covenant during the remaining term of the Credit Agreement.

On December 28, 2020, the Company entered into a third amendment to its Credit Agreement (the “Third Amendment”). The amendment deferred the December 2020 amortization payment to March 2021.

As of December 31, 2020, the Company’s Senior Facilities mature on October 20, 2022, and subsequent to the Amendment, Second Amendment and Third Amendment now consist of:

- a first lien term loan B facility (the “Term Loan B Facility”), in an aggregate principal amount of \$425.0 million;
- a first lien term loan B-1 facility (the “Term Loan B-1 Facility”), in an aggregate principal amount of \$85.8 million; and
- a first lien revolving credit facility (the “Revolving Credit Facility”), in an aggregate principal amount of up to \$30.0 million.

On December 29, 2020, the Company entered into a four-year, \$20.0 million revolving credit facility with Union Bank (the “Union Revolving Credit Facility”). The facility is used exclusively to pay for minimum guarantees, license fees and related distribution expenses for original content obtained under the Company’s Redbox Entertainment label. Borrowings outstanding under the Union Revolving Credit Facility as of December 31, 2020 were \$2.55 million.

On January 29, 2021, the Company entered into an amendment to its Credit Agreement (the “Fourth Amendment”) along with entering into a new term loan with New Outerwall for \$25.0 million. New Outerwall indirectly owns 100% of the equity interests of the Company and is therefore a related party of the Company. In addition, on May 16, 2021, the Company entered into another amendment to its Credit Agreement (the “Fifth Amendment”). See Note 15, Subsequent Events, for a further discussion.

The Credit Agreement contains certain customary affirmative covenants and negative covenants, including a limitation on the Company’s ability to pay dividends on or make distributions in respect of its capital stock or make other restricted payments. The covenant prohibiting dividends and other restricted payments has certain limited exceptions, including for customary overhead, legal, accounting and other professional fees and expenses; taxes; customary salary, bonus and other benefits; and up to \$1.03 million for dividends that were accrued on equity interests that were unvested as of the payment of the Company’s last dividend in 2018 and have subsequently vested.

Dividends per Share

The dividend distribution declared in association with the Amendment was for \$3.28 per common share outstanding and was declared during the year ended December 31, 2018. Total dividends of \$115.8 million related to this amount were paid during the year ended December 31, 2018. Additionally, dividends of \$1.0 million and \$1.2 million were paid during the years ended December 31, 2020 and 2019, respectively. The subsequent dividend payments represented additional payments for the vesting of shares that were outstanding upon the dividend declaration.

Dividend Restrictions

The Credit Agreement contains certain customary affirmative covenants and negative covenants, including a limitation on the Company's ability to pay dividends on or make distributions in respect of its capital stock or make other restricted payments. The covenant prohibiting dividends and other restricted payments has certain limited exceptions, including for customary overhead, legal, accounting and other professional fees and expenses; taxes; customary salary, bonus and other benefits; and up to \$1.03 million for dividends that were accrued on equity interests that were unvested as of the payment of the Company's last dividend in 2018 and have subsequently vested.

Interest Rates and Fees

Borrowings under the Senior Facilities will bear interest at a rate at the Company's option, either (a) a London Interbank Offer Rate ("LIBOR") rate determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, subject to a 1.00% floor in the case of term loans or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50% per annum, (ii) the prime rate quoted by The Wall Street Journal (or another national publication selected by the administrative agent) and (iii) the one-month adjusted LIBOR plus 1.00% per annum, in each case plus an applicable margin. The applicable margin for borrowings under the Senior Facilities is 7.25% with respect to Eurocurrency Borrowings and 6.25% with respect to ABR Borrowings.

In addition to paying interest on outstanding principal under the Senior Facilities, we are required to pay a commitment fee at a rate equal to 0.50% per annum to the lenders in respect of the unutilized commitments thereunder. We are also required to pay customary agency fees.

As of December 31, 2020 and December 31, 2019, the borrowing interest rate for the Senior Facilities was 8.25% and 9.05% respectively.

Borrowings under the Union Revolving Credit Facility will bear interest at either the alternate base rate or LIBOR (based on an interest period selected by the Company of one month, three months or six months) in each case plus a margin. The alternate base rate loans bear interest at a per annum rate equal to the greatest of (i) the base rate in effect on such day, (ii) the federal funds effective rate in effect on such day plus $\frac{1}{2}$ of 1.0%, and (iii) daily one month LIBOR plus 1.0%. The revolving credit facility borrowings that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin of 0.50%. As of December 31, 2020, the borrowing interest rate for the Union Revolving Credit Facility was 4.25%.

In addition to paying interest on outstanding principal under the Union Revolving Credit Facility, we are required to pay a commitment fee at a rate equal to 0.50% per annum to the lenders in respect of the unutilized commitments thereunder.

Amortization and Prepayments

Required minimum principal amortization payments under the Senior Facilities as of December 31, 2020, are as follows:

Dollars in thousands	Repayment Amount
2021	\$ —
2022	—
2023	281,563
Total	<u>\$ 281,563</u>

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

- a certain percentage set forth in the Credit Agreement governing the Senior Facilities of the Company's annual excess cash flow, as defined under the Senior Facilities;
- a certain percentage of the net cash proceeds of certain non-ordinary course asset sales, other dispositions of property or certain casualty events, in each case subject to certain exceptions and reinvestment rights; and

- the net cash proceeds of any issuance or incurrence of debt, other than proceeds from debt permitted under the Senior Facilities.

The Company may voluntarily repay outstanding loans that are funded solely by internally generated cash from business operations under the Senior Facilities at any time, without prepayment premium or penalty, except customary “breakage” costs with respect to LIBOR rate loans.

Collateral and Guarantors

All obligations under the Senior Facilities are unconditionally guaranteed by each of the Company’s existing and future direct and indirect material, wholly-owned domestic subsidiaries, subject to certain exceptions, and the direct parent of the Company. The obligations are secured by a pledge of substantially all of the Company’s assets and those of each guarantor, including capital stock of the subsidiary guarantors and 65% of the capital stock of the first-tier foreign subsidiaries that are not subsidiary guarantors, in each case subject to certain exceptions, and its capital stock owned by the Company’s direct parent. Such security interests consist of a first-priority lien with respect to the collateral.

All obligations under the Union Revolving Credit Facility are guaranteed by all direct and indirect wholly owned subsidiaries of the Company’s Redbox Entertainment entity.

Compliance with Loan Covenants

As of and for the period ended December 31, 2020, the Company was in compliance with all applicable loan covenants.

Letters of Credit

As of December 31, 2020 and 2019, the Company has a Letter of Credit arrangement to provide for the issuance of standby letters of credit in the amount of \$3.4 million. The arrangement supports the collateral requirements for insurance claims and is good for one year to be renewed annually if necessary. As required under the Senior Facilities, the Company’s Letter of Credit is cash-collateralized at 105% through the Company’s restricted cash balance in the amount of \$3.5 million as of December 31, 2020 and 2019, respectively.

Note 7: Derivatives

The Company entered into an interest rate swap on October 22, 2018 to manage its exposure to changes in the interest rates related to its term loan (“Term B Facility”) following the Amendment discussed in Note 6: Debt. The swap is not designated as a hedging instrument and is reported at fair value with changes in fair value reported directly in earnings. The Company’s hedge consists of interest rate swaps, which was used to mitigate interest rate risk.

Under the terms of the agreement, the Company entered into a three-year fixed-for-floating interest rate swap agreement with Nomura Global Financial Products, Inc. for a fixed notional amount of \$200.0 million to swap the variable rate portion of interest payments tied to the one-month LIBOR under its term loans for fixed interest payments. The swap effectively locked in an average of a three-year forward curve for the one-month LIBOR at a fixed rate of 3.0335%, resulting in a total interest rate on the \$200.0 million notional of 10.2835%. The agreement expires on October 31, 2021. See Note 6: Debt for additional disclosures about the Company’s Term B Facility.

The following table discloses the fair value, as determined using Level 2 inputs, and balance sheet location of the Company’s derivative instrument:

Dollars in thousands	Balance Sheet Location	December 31, 2020	December 31, 2019
Derivatives not designated as hedging instruments:			
	Other		
Interest rate swap contract	liabilities	\$ 4,782	\$ 5,253

The following table discloses the effect of the Company's derivative instrument on the *Consolidated Statements of Operations* for the years ended December 31, 2020, 2019 and 2018:

Dollars in thousands	For the years ended		
	December 31,		
	2020	2019	2018
Other expense, net	\$ 4,341	\$ 3,946	\$ 3,012

Note 8: Employee Benefit Plan

401(k) Plan

The Company sponsors a 401(k) plan for all eligible employees. The plan includes optional employee contributions as a percentage of eligible earnings, subject to Internal Revenue Service limitations. The Company matches up to 100% on the first 3% of participating employees' contributions and 50% on each of the next 2%. The Company's matching contribution to this plan was \$2.0 million and \$2.1 million and \$1.8 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Note 9: Segment Information and Geographic Data

The Company currently conducts its business through two operating segments: (1) Legacy Business and (2) Digital Business. For all periods presented, the Company did not operate outside the United States and Puerto Rico (collectively the United States). As such, all of the Company's long-lived assets are located in the United States.

The Company's Legacy Business operates a network of approximately 40,000 self-service kiosks where consumers can rent or purchase new-release DVDs and Blu-ray Discs™ ("movies"). The Company's Legacy Business also produces, acquires, and distributes movies exclusively through its Redbox Entertainment label, as well as generating service revenue by providing installation, merchandising and break-fix services to other kiosks businesses.

The Company's Digital Business provides both transactional and ad-supported digital streaming services, which include 1) Redbox On Demand, a transactional service which provides digital rental or purchase of new release and catalog movies and TV content, 2) Redbox Free On Demand, an ad-supported service providing free movies and TV shows on demand, and 3) Redbox Free Live TV, a free, ad-supported television service giving access to more than 95 linear channels. Furthermore, the Company monetizes digital advertising space in Redbox emails and apps amongst other platforms, which is referred to as Media Network.

Adjusted EBITDA is the profitability metric reported to the chief operating decision maker ("CODM") for purposes of making decisions about allocation of resources to each segment and assessing performance of each segment. The Company believes this measure is most useful in assessing the underlying performance of its business. Adjusted EBITDA is before integration related costs, efficiency initiatives, and other items. Adjusted EBITDA also excludes the effects of financings, income tax and the non-cash accounting effects of depreciation and intangible asset amortization.

As segment assets are not reported to or used by the CODM to measure business performance or allocate resources, total segment assets and capital expenditures are not presented below.

Summarized financial information by segment is as follows:

Dollars in thousands	For the years ended December 31,		
	2020	2019	2018
Net revenue			
Legacy Business	\$ 506,437	\$ 838,627	\$ 1,077,731
Digital Business	39,754	19,743	10,052
Total	<u>\$ 546,191</u>	<u>\$ 858,370</u>	<u>\$ 1,087,783</u>
Adjusted EBITDA			
Legacy Business	\$ 109,074	\$ 197,887	\$ 289,765
Digital Business	4,702	(2,238)	2,281
Total	<u>\$ 113,776</u>	<u>\$ 195,649</u>	<u>\$ 292,046</u>

The following is a reconciliation of Adjusted EBITDA to (loss) income before income for the years ended December 31, 2020, 2019 and 2018:

Dollars in thousands	Year ended December 31,		
	2020	2019	2018
(Loss) income before income taxes	\$ (94,707)	\$ (14,823)	\$ 80,908
Add:			
Depreciation and amortization	136,838	138,274	133,493
Interest and other expense, net	32,522	44,578	45,155
Business optimization ^(a)	19,011	7,687	1,227
One-time non-recurring ^(b)	10,600	5,482	13,229
New business start-up costs ^(c)	6,041	3,793	10,060
Restructuring related ^(d)	3,471	4,432	625
Discontinuation of games business ^(e)	—	6,226	7,349
Adjusted EBITDA	<u>\$ 113,776</u>	<u>\$ 195,649</u>	<u>\$ 292,046</u>

- (a) Business optimization costs include employee retention costs, IT costs as well as consulting costs for certain projects. Retention costs for the years ended 2020 and 2019 were \$13.9 million and \$3.0 million, respectively. In 2020, retention awards were paid out to all employees in light of the COVID pandemic and were in lieu of the Company's short-term incentive program. IT costs of \$4.8 million and \$3.8 million were incurred in 2020 and 2019 respectively. The Company's IT project is a complete restructuring of the Company's technologies as it moves to a cloud-based infrastructure.
- (b) Includes costs related to project costs and initiatives, as well as bank, legal and other fees in connection with the Company's debt financing activities.
- (c) Includes costs to support the Company's On Demand and AVOD offerings, along with costs related to the Company's service and media network businesses.

Restructuring related costs include such items as employee severance charges and costs incurred related to removing kiosks.

Reflects EBITDA of the Company's former video games business, which was wound down in December, 2019.

Note 10: Earnings Per Share

Earnings (Loss) per Share ("EPS") is calculated by dividing the Net earnings or loss attributable to shareholders by the weighted average shares outstanding. As the Company was in a loss position for the years ended December 31, 2020 and 2019, the Company has determined all potentially dilutive shares would be anti-dilutive in these periods and therefore are excluded from the calculation of diluted weighted average shares outstanding. This results in the calculation of weighted average shares outstanding to be the same for basic and diluted EPS.

Potentially dilutive securities of approximately 325 thousand and 376 thousand for the years ended December 31, 2020 and 2019, respectively, were not included in the computation of diluted EPS because their effect would have been anti-dilutive.

The following is a calculation of EPS (in thousands, except share and per share amounts):

	Year ended December 31,		
	2020	2019	2018
Basic EPS			
Net (loss) income attributable to shareholders	\$ (69,503)	\$ (7,567)	\$ 61,453
Weighted average shares outstanding for basic earnings (loss) per share	27,906,742	27,779,339	27,623,415
Basic earnings (loss) per common shares attributable to shareholders	<u>\$ (2.49)</u>	<u>\$ (0.27)</u>	<u>\$ 2.22</u>
Diluted EPS			
Net (loss) income attributable to shareholders	\$ (69,503)	\$ (7,567)	\$ 61,453
Weighted average shares outstanding for basic earnings (loss) per share:	27,906,742	27,779,339	27,623,415
Dilutive effect of restricted stock units	—	—	573,993
Weighted average shares outstanding for diluted earnings (loss) per share	27,906,742	27,779,339	28,197,409
Diluted earnings (loss) per common share attributable to shareholders	<u>\$ (2.49)</u>	<u>\$ (0.27)</u>	<u>\$ 2.18</u>

Note 11: Commitments and Contingencies

The Company leases office facilities and certain equipment necessary to maintain its information technology infrastructure. Rent expense, net of sublease income, under the Company’s operating lease agreements was \$2.5 million, \$2.6 million and \$2.4 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The Company also leases automobiles under capital leases expiring at various dates through 2021. The Company assesses these leases as they come due as to whether it should purchase, enter into new capital leases, or enter into operating leases.

Assets held under capital leases are included in Property and equipment, net on the Consolidated Balance Sheets and include the following:

Dollars in thousands	December 31, 2020	December 31, 2019
Gross property and equipment	\$ 10,677	\$ 11,813
Accumulated depreciation	(5,204)	(3,529)
Net property and equipment	<u>\$ 5,473</u>	<u>\$ 8,284</u>

As of December 31, 2020, the Company’s future minimum lease payments under contractual lease obligations are as follows:

Dollars in thousands	Capital Leases	Operating Leases(1)
2021	\$ 2,836	\$ 2,591
2022	1,895	1,994
2023	470	1,614
2024	27	923
2025 & Thereafter	—	546
Total minimum lease commitments	<u>\$ 5,228</u>	<u>\$ 7,668</u>
Less: Current portion of capital lease obligations	(2,836)	
Long-term portion of capital lease obligations	<u>\$ 2,392</u>	

(1) Includes all operating leases having an initial or remaining non-cancelable lease term in excess of one year.

Content License Agreements

The Company licenses minimum quantities of theatrical and direct-to-video titles under licensing agreements with certain movie content providers.

- As of December 31, 2020, there have been no changes in the Company’s agreements with content providers since December 31, 2019. For further information, see Note 15, Subsequent Events.

Total estimated movie content commitments under the terms of the Company’s content license agreements in effect as of December 31, 2020 is presented in the following table:

<u>Dollars in thousands</u>	<u>Total</u>	<u>2021</u>	<u>2022</u>
Minimum estimated movie content commitments	\$ 59,788	\$ 38,319	\$ 21,469

As of December 31, 2020, the Company’s content license agreements are available for rental on the same day and date as the retail release for all major studios.

Legal Matters

From time to time the Company is involved in legal proceedings incidental to the conduct of its business. The Company does not believe that any liability that may result from these proceedings will have a material adverse effect on its consolidated financial statements. During 2020, the Company received \$7.0 million in connection with a class action settlement specific to credit card fees, which were included in Direct Operating expenses in the Consolidated Statements of Operations.

Note 12: Income Taxes

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law in response to the COVID-19 pandemic. The impact of the CARES Act was not material to the Company’s financial statements.

In further response to the COVID-19 pandemic, on December 27, 2020, the Consolidations Appropriations Act, 2021 (“CAA”) was signed into law. The Company does not expect the CAA to have a material impact on its financial statements.

Components of Income Taxes

The Company and its consolidated subsidiaries are included as part of the U.S. consolidated income tax group Aspen Parent, Inc. for the periods presented. The income tax benefit and provisions, income tax payables, related tax payments and deferred tax balances have been prepared as if the Company operated as a standalone taxpayer.

The components of (loss) income before income taxes were as follows:

<u>Dollars in thousands</u>	<u>Year Ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
U.S. operations	\$ (94,707)	\$ (14,823)	\$ 80,908

Components of Income Tax (Benefit) Expense

The components of income tax (benefit) expense were as follows:

<u>Dollars in thousands</u>	<u>Year Ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current:			
U.S. Federal	\$ (491)	\$ 11,653	\$ 27,741
State and local	711	4,209	7,955
Total current	<u>\$ 220</u>	<u>\$ 15,862</u>	<u>\$ 35,696</u>
Deferred:			
U.S. Federal	(21,489)	(19,467)	(14,496)
State and local	(3,935)	(3,651)	(1,745)
Total deferred	<u>\$ (25,424)</u>	<u>\$ (23,118)</u>	<u>\$ (16,241)</u>
Total income tax (benefit) expense	<u>\$ (25,204)</u>	<u>\$ (7,256)</u>	<u>\$ 19,455</u>

Rate Reconciliation

The income tax expense differs from the amount that would result by applying the U.S. statutory rate to income before income taxes as follows:

	<u>Year Ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
U.S Federal tax expense at statutory rates	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	3.8 %	8.7 %	4.6 %
Valuation allowance	(0.2)%	(6.8)%	0.1 %
Federal research & development credit	2.0 %	7.4 %	(0.7)%
Uncertain tax benefit on federal research and development credit	(0.5)%	(3.7)%	0.6 %
Release of uncertain tax benefits	0.2 %	22.1 %	(2.2)%
Other	0.4 %	0.2 %	0.7 %
Effective tax rate	<u>26.6 %</u>	<u>48.9 %</u>	<u>24.0 %</u>

Unrecognized Tax Benefits

The aggregate changes in the balance of unrecognized tax benefits were as follows:

<u>Dollars in thousands</u>	<u>Year Ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Balance, beginning of the period	\$ 1,935	\$ 4,558	\$ 5,894
Additions based on tax positions related to the current year	250	150	150
Additions for tax positions related to prior years	215	509	321
Deductions for tax positions related to prior years	(187)	(1,945)	(1,807)
Deductions for tax positions effectively settled	—	(1,337)	—
Balance, end of period	<u>\$ 2,213</u>	<u>\$ 1,935</u>	<u>\$ 4,558</u>

The Company recognizes interest and penalties, if any, related to income tax matters in income tax expense. The Company accrued interest of \$0.0 million, \$0.3 million and \$0.3 million for the years ended December 31, 2020, 2019 and 2018, respectively.

At December 31, 2020, 2019 and 2018, \$2.2 million, \$1.9 million and \$4.6 million, respectively, of unrecognized tax benefits would favorably impact the effective tax rate if recognized.

Tax Years Open for Examination

As of December 31, 2020, there are no open examinations by the U.S. federal taxing authority. As of December 31, 2020, the tax years 2017 through 2018 are still in process for examination by the State of Illinois. In February of 2020, the State of Wisconsin initiated an audit of the Company and its affiliates for the calendar years ending December 31, 2016 through December 31, 2018. In July of 2020, the State of California contacted the Company to initiate an audit of the Company and its affiliates for the calendar years ending December 31, 2017 through December 31, 2018. At this time, an estimate of the range of reasonably possible adjustments cannot be determined for the open audits.

Deferred Income Taxes

Deferred income tax assets and liabilities reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for income tax purposes. Future tax benefits for net operating loss and tax credit carryforwards are also recognized to the extent that realization of such benefits is more likely than not.

Deferred tax assets, deferred tax liabilities and tax credit carryforwards are measured using enacted tax rates that are expected to apply to taxable income in the years in which the Company expects to recognize those temporary differences and credits. In determining the Company's tax provisions, management determined the deferred tax assets and liabilities for each separate tax jurisdiction and considered a number of factors including the positive and negative evidence regarding the realization of its deferred tax assets to determine whether a valuation allowance should be recognized with respect to its deferred tax assets.

Significant components of the Company's deferred tax assets and liabilities and in the valuation allowance were as follows:

	December 31,	
	2020	2019
Deferred tax assets:		
Credit carryforwards	\$ 1,117	\$ 1,124
Accrued liabilities and allowances	1,388	614
Compensation accruals	2,750	2,966
Asset retirement obligation liability	1,994	2,257
Deferred revenue	2,237	2,682
Hedge liability	1,200	1,315
Other	253	46
Gross deferred tax assets	10,939	11,004
Less: Valuation Allowance	(1,039)	(851)
Total deferred tax assets	\$ 9,900	\$ 10,153
Deferred tax liabilities:		
Property and equipment	(14,172)	(23,250)
Product costs	(3,905)	(7,107)
Prepaid expenses	(284)	(241)
Intangible assets	(30,965)	(44,819)
Goodwill	(1,745)	(1,331)
Total deferred tax liabilities	\$ (51,071)	\$ (76,748)
Net deferred tax liabilities	\$ (41,171)	\$ (66,595)

Change in Valuation Allowance

During 2020, the Company increased its valuation allowance against certain of its deferred tax assets to reduce them to the value more likely than not to be realized with a corresponding non-cash charge of \$0.2 million to its income tax provision. The valuation allowance balance of \$1.0 million as of December 31, 2020 compares to a balance of \$0.9 million as of December 31, 2019.

State Tax Credits and Expiration Periods

The following table shows the Company's state tax credits before valuation allowances and related expiration periods.

Dollars in thousands	December 31, 2020	
	Amount	Expiration
State tax credits:		
Illinois state tax credits	\$ 1,117	2021 – 2025
Total U.S. state tax credits	\$ 1,117	

Note 13: Related-Party Transactions

The Company entered into transactions with New Outerwall and related affiliates, primarily Coinstar, in the ordinary course of business. A description of such transactions and their effects on the accompanying consolidated financial statements are presented below.

The Company receives and provides certain operating support under commercial services agreements with New Outerwall and related affiliates. A summary of the amounts due to/from such related parties, and the related costs, is presented below:

Dollars in thousands	December 31,	December 31,
	2020	2019
Due from related party	\$ 73	\$ 2,712
Due to related parties, net	\$ 449	\$ 1,477

Amounts due from related party above includes amounts owed from Coinstar for professional services. The balance in amounts due to related parties primarily includes the unpaid dividends related to employee and Director stock awards.

On January 29, 2021, the Company entered into the Fourth Amendment to the Credit Agreement. Provided under the Credit Agreement, the Company incurred additional principal amount under a Term B-2 Loan in an aggregate principal amount of \$25.0 million, which was provided by New Outerwall. The proceeds from the loan will be used for general corporate purposes. The Term B-2 loan ranks pari passu basis with all obligations pursuant to the Credit Agreement. The Company is an indirect, wholly owned subsidiary of New Outerwall, Inc. See Note 6, Debt and Note 15, Subsequent Events, for a further discussion.

With respect to income taxes for the periods, while generally the Company is part of a consolidated group for income tax filings, the income tax benefits and provisions, income tax payables, related tax payments and deferred tax balances reported within have been prepared as if the Company operates as a standalone taxpayer. Deferred taxes have been classified as net liabilities in the respective Consolidated Balance Sheets of the Company. Except for certain separate state tax obligations, the Company generally remits cash to Aspen or New Outerwall to settle any third-party, tax-related obligations, as determined if the Company operated as a standalone taxpayer. Income taxes payable balances, which are included in Accrued and other current liabilities in the Company's Consolidated Balance Sheet, were \$15.8 million as of December 31, 2020 and December 31, 2019. See Note 15, Subsequent Events, for a further discussion.

Note 14: Additional Supplemental Cash Flow Financial Information**Cash, Cash Equivalents and Restricted Cash**

Dollars in thousands	Year Ended December 31,	
	2020	2019
Cash and cash equivalents	\$ 5,401	\$ 3,852
Restricted cash	3,526	3,526
Cash, cash equivalents and restricted cash	<u>\$ 8,927</u>	<u>\$ 7,378</u>

Cash Interest and Taxes

Dollars in thousands	Year Ended December 31,	
	2020	2019
Cash paid during the period for interest	\$ 29,061	\$ 36,659
Cash paid during the period for income taxes, net	\$ 2,993	\$ 20,907

Non-cash Transactions

Dollars in thousands	Year Ended December 31,	
	2020	2019
Purchases of property and equipment financed by capital lease obligations	\$ 338	\$ 6,051
Purchases of property and equipment included in ending trade payables or accrued and other current liabilities	\$ 653	\$ 224

Note 15: Subsequent Events

On January 15, 2021, the Company entered into a two-year license agreement with Sony Pictures Home Entertainment effective January 1, 2021. The agreement replaces the licensing agreement the Company had in place with Sony that expired on December 31, 2020.

On January 29, 2021, the Company entered into the Fourth Amendment to the Credit Agreement. The Fourth Amendment provided for, among other things, (i) deferral of principal amortization payments until the maturity date, (ii) extension of the maturity date to April 2023, (iii) at the Company's election, subject to certain liquidity thresholds, a paid in-kind ("PIK") interest option, and (iv) waiver of all financial covenant requirements.

In addition, provided under the Fourth Amendment the Company incurred an additional principal amount under a Term B-2 Loan in an aggregate principal amount of \$25.0 million, which was provided by New Outerwall. New Outerwall indirectly owns 100% of the equity of the Company and is therefore a related party of the Company. The proceeds from the loan will be used for general corporate purposes. The Term B-2 loan ranks pari passu basis with all obligations pursuant to the Credit Agreement.

Pursuant to the Fourth Amendment, interest is payable on the Senior Facilities and the Term B-2 loan entirely in cash or could be paid by increasing the principal amount of the Senior Facilities and Term B-2 loans (PIK interest), or through a combination of cash and PIK interest. Cash interest on the Senior Facilities and Term B-2 loan accrues at a rate of LIBOR plus 7.25% per annum. PIK interest on the Senior Facilities and Term B-2 loan accrues at a rate of LIBOR plus 8.25% per annum.

On March 26, 2021, the Company entered into an asset purchase agreement with Sony DADC US Inc. (the "Seller") to purchase certain assets and assume certain liabilities of the Seller's business of providing video content distribution and other related services. The net purchase price, based on the asset value as of the closing date is not expected to be material. The closing of the transaction is subject to certain closing conditions and is expected to occur in the second half of 2021.

On May 16, 2021, the Company became a party to a business combination agreement with Seaport Global Acquisition Corp. (a publicly traded special purpose acquisition company).

The proposed merger is expected to be completed in the second half of 2021, subject to, among other things, approval of the respective party's shareholders, satisfaction of the conditions stated in the merger agreement and other customary closing conditions. The result of the transaction will transform the Company into a publicly traded entity on the NASDAQ stock exchange. There is no assurance that the transaction will be consummated.

In connection with the planned merger, on May 16, 2021, the Company entered into the Fifth Amendment to its Credit Agreement. The Fifth Amendment, which becomes effective upon consummation of the merger, provides consent to the planned merger and, among other things, extends, the Senior Facilities maturity date to October 2023 and eliminates the PIK Interest option after the consummation of the merger. In addition, among other things, concurrently with the consummation of the merger, i) \$15.0 million of cash proceeds from the merger will be used to pay down outstanding borrowings under the Revolving Credit Facility and ii) a minimum of \$35.0 of cash proceeds from the merger million plus the product of 0.60 times the Excess Cash Proceeds (as that term is defined in the Fifth Amendment) will be used to pay down outstanding borrowings under the Term B-1 Loans.

In connection with the Company's impending business combination and restructuring, on June 29, 2021, the Company and New Outerwall determined that it was no longer probable that the income tax payable balances of the Company to New Outerwall would be paid. As such, the Company recorded an entry to reduce Accrued and other current liabilities \$15.8 million and increase Additional paid-in capital \$15.8 million.

The Company has evaluated subsequent events through July 7, 2021, the date on which the financial statements were issued.



Redbox Entertainment Inc.

**60,203,489 Shares of Class A Common Stock
6,062,500 Warrants to Purchase Shares of Class A Common Stock**

Prospectus

, 2021

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

Set forth below is a table of the registration fee for the Securities and Exchange Commission (the “SEC”) and estimates of all other expenses to be paid by the registrant in connection with the issuance and distribution of the securities described in the registration statement:

SEC registration fee	\$ 64,382
Printing expenses	50,000
Legal fees and expenses	250,000
Accounting fees and expenses	90,000
Total	<u>\$ 454,382</u>

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law (the “DGCL”) provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys’ fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending, or completed actions, suits, or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to the registrant. The DGCL provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders, or disinterested directors or otherwise. The registrant’s bylaws provide for indemnification by the registrant of its directors, officers, and employees to the fullest extent permitted by the DGCL.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director’s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases, redemptions, or other distributions, or (iv) for any transaction from which the director derived an improper personal benefit. The registrant’s certificate of incorporation provides for such limitation of liability.

The registrant maintains standard policies of insurance under which coverage is provided (a) to its directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (b) to the registrant with respect to payments which may be made by the registrant to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

We have entered into customary indemnification agreements with our executive officers and directors that provide them, in general, with customary indemnification in connection with their service to us or on our behalf.

Item 15. Recent Sales of Unregistered Securities

Set forth below is information regarding securities sold by us within the past three years that were not registered under the Securities Act of 1933, as amended (the “Securities Act”). Also included is the consideration, if any, received by us for such securities and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed for such sales.

In July 2020, the registrant issued 3,593,750 shares of Class B common stock to Seaport Global SPAC, LLC for an aggregate purchase price of \$25,000, or approximately \$0.007 per share. Such securities were issued in connection with Seaport Global Acquisition Corp.’s organization pursuant to Section 4(a)(2) of the Securities Act and the transaction did not involve any underwriters.

On December 2, 2020, the registrant issued 6,062,500 warrants to purchase shares of Class A common stock to Seaport Global SPAC, LLC at a price of \$1.00 per warrant for aggregate gross proceeds of \$6,062,500. These securities were issued pursuant to Section 4(a)(2) of the Securities Act and the transaction did not involve any underwriters.

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On October 22, 2021, the registrant issued 5,000,000 shares of Class A common stock to certain investors for aggregate gross proceeds of \$50.0 million. These securities were issued pursuant to Section 4(a)(2) of the Securities Act and the transaction did not involve any underwriters.

On October 22, 2021, the registrant issued 1,995,989 shares of Class A common stock to certain investors at a price of \$10.10 per share for aggregate gross proceeds of approximately \$20.2 million. These securities were issued pursuant to Section 4(a)(2) of the Securities Act and the transaction did not involve any underwriters.

On October 22, 2021, the registrant issued 3,593,750 shares of Class A common stock to Seaport Global SPAC, LLC upon the automatic conversion of Class B common stock held by such investor. These securities were issued pursuant to Section 4(a)(2) of the Securities Act and the transaction did not involve any underwriters.

On October 22, 2021, the registrant issued 32,770,000 shares of Class B common stock to Redwood HoldCo, LP as merger consideration pursuant to the Business Combination Agreement. These securities were issued pursuant to Section 4(a)(2) of the Securities Act and the transaction did not involve any underwriters.

Item 16. Exhibits and Financial Statement Schedules**(a) Exhibits**

Exhibit Number	Exhibit Description
2.1	Business Combination Agreement, dated as of May 16, 2021, by and among Seaport Global Acquisition Corp., Seaport Merger Sub, LLC, Redwood Holdco, LP, and Redwood Intermediate, LLC (incorporated by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K filed with the SEC on May 17, 2021)
3.1	Second Amended and Restated Certificate of Incorporation of Redbox Entertainment Inc. (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the SEC on October 28, 2021)
3.2	Amended and Restated Bylaws of Redbox Entertainment Inc. (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K filed with the SEC on October 28, 2021)
4.1	Warrant Agreement, dated November 27, 2020, by and between Seaport Global Acquisition Corp. and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the SEC on December 3, 2020)
5.1	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP as to the validity of the securities being offered
10.1	Form of Subscription Agreement (incorporated by reference to Exhibit 10.4 to the registrant's Current Report on Form 8-K filed with the SEC on May 17, 2021)
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10.6	Stockholders Agreement, dated as of October 22, 2021, by and among Seaport Global Acquisition Corp., Redwood Holdco, LP and the other parties thereto (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on October 28, 2021)
10.7	Amended and Restated Registration Rights Agreement, dated as of October 22, 2021, by and among Redbox Entertainment Inc. and investors party thereto (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed with the SEC on October 28, 2021)
10.8	Tax Receivable Agreement, dated as of October 22, 2021, by and among Redwood Holdco, LP, Seaport Global Acquisition Corp. and Redwood Intermediate, LLC (incorporated by reference to Exhibit 10.4 to the registrant's Current Report on Form 8-K filed with the SEC on October 28, 2021)
10.9	Credit Agreement, dated as of October 20, 2017, by and among Redwood Intermediate, LLC, Redbox Automated Retail, LLC, the lenders party thereto and HPS Investment Partners, LLC, as administrative agent and collateral agent, as amended
10.10†	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.6 to the registrant's Current Report on Form 8-K filed with the SEC on October 28, 2021)
10.11†	Seaport Global Acquisition Corp. 2021 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.5 to the registrant's Current Report on Form 8-K filed with the SEC on October 28, 2021)
21.1	Subsidiaries of the registrant (incorporated by reference to Exhibit 21.1 to the registrant's Current Report on Form 8-K filed with the SEC on October 28, 2021)
23.1	Consent of Grant Thornton LLP, independent registered public accounting firm
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23.3	Consent of Paul, Weiss, Rifkind, Wharton & Garrison LLP (included in Exhibit 5.1)
24.1	Powers of Attorney (included in signature page)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

† Indicates management contract or compensatory plan.

(b) Financial Statement Schedule

See the Index to the consolidated financial statements included on page F-1 for a list of the financial statements included in this registration statement. All schedules not identified above have been omitted because they are not required, are inapplicable, or the information is included in the consolidated financial statements or notes contained in this registration statement.

Item 17. Undertakings

- (a) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions referenced in Item 14 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933, as amended (the "Securities Act") and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered hereunder, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- (b) The undersigned registrant hereby undertakes:
- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.
 - (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
 - (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
 - (4) That in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser

by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
 - (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
 - (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
 - (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.
- (5) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (6) That for purposes of determining any liability under the Securities Act:
- (i) The information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
 - (ii) Each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

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101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Oakbrook Terrace, Illinois, on the 30th day of November, 2021.

REDBOX ENTERTAINMENT INC.

By: /s/ Galen C. Smith

Name: Galen C. Smith

Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Galen C. Smith and Kavita Suthar, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto and any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment or any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agents, proxies and attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he or she might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Galen C. Smith</u> Galen C. Smith	Chief Executive Officer; Director (Principal Executive Officer)	November 30, 2021
<u>/s/ Kavita Suthar</u> Kavita Suthar	Chief Financial and Principal Accounting Officer (Principal Financial and Accounting Officer)	November 30, 2021
<u>/s/ Jay Burnham</u> Jay Burnham	Director	November 30, 2021
<u>/s/ Kimberly Kelleher</u> Kimberly Kelleher	Director	November 30, 2021
<u>/s/ Vikas M. Keswani</u> Vikas M. Keswani	Director	November 30, 2021
<u>/s/ Reed Rayman</u> Reed Rayman	Director	November 30, 2021
<u>/s/ Michael Redd</u> Michael Redd	Director	November 30, 2021
<u>/s/ David B. Sambur</u> David B. Sambur	Director	November 30, 2021
<u>/s/ Lee J. Solomon</u> Lee J. Solomon	Director	November 30, 2021
<u>/s/ Charles Yamarone</u> Charles Yamarone	Director	November 30, 2021

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064

November 30, 2021

Redbox Entertainment Inc.
1 Tower Lane, Suite 800
Oakbrook Terrace, IL 60181

Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as special counsel to Redbox Entertainment Inc., a Delaware corporation (the “Company”), in connection with the Registration Statement on Form S-1 (the “Registration Statement”) of the Company, filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the “Act”), and the rules and regulations thereunder (the “Rules”). You have asked us to furnish our opinion as to the legality of the securities being registered under the Registration Statement. The Registration Statement relates to the registration under the Act of (i) up to 60,203,489 shares (the “Shares”) of the Company’s Class A common stock, par value \$0.0001 per share (the “Class A common stock”), that may be offered by certain stockholders of the Company and (ii) up to 6,062,500 Company warrants to purchase shares of Class A common stock (the “Warrants”) that may be offered by certain securityholders of the Company. The Shares include (A) 32,770,000 shares of Class A common stock (the “Exchange Shares”) to be issued to certain stockholders of the

Redbox Entertainment Inc.

Company upon exchange of common units of Redwood Intermediate, LLC (“Redbox Common Units”) and corresponding shares of the Company’s Class B common stock, par value \$0.0001 per share (the “Class B Common Stock”), and (B) 16,843,750 shares of Class A common stock (the “Warrant Shares”) to be issued to certain securityholders of the Company upon exercise of Company warrants to purchase shares of Class A common stock.

The Company was formed as Seaport Global Acquisition Corp., a Delaware corporation (“Seaport”), which, on October 22, 2021, consummated the business combination (the “Business Combination”) pursuant to the Business Combination Agreement, dated as of May 16, 2021 and amended on September 24, 2021, by and among Seaport, Seaport Merger Sub LLC, a Delaware limited liability company, Redwood Holdco, LP, a Delaware limited partnership, and Redwood Intermediate, LLC, a Delaware limited liability company. In connection with the Business Combination, Seaport changed its name to Redbox Entertainment Inc.

In connection with the furnishing of this opinion, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (collectively, the “Documents”):

1. the Registration Statement;
2. the Warrant Agreement, dated as of November 27, 2020 (the “Warrant Agreement”), between the Company and Continental Stock Transfer & Trust Company, as warrant agent, included as Exhibit 4.1 to the Registration Statement; and
3. the Fourth Amended and Restated Limited Liability Company Agreement of Redwood Intermediate, LLC (the “Limited Liability Company Agreement”), included as Exhibit 10.5 to the Registration Statement.

Redbox Entertainment Inc.

In addition, we have examined (i) such corporate records of the Company that we have considered appropriate, including a copy of the certificate of incorporation, as amended, and bylaws, as amended, of the Company, certified by the Company as in effect on the date of this letter and copies of resolutions of the board of directors of the Company relating to the issuance of the Shares and the Warrants, certified by the Company and (ii) such other certificates, agreements and documents that we deemed relevant and necessary as a basis for the opinions expressed below. We have also relied upon the factual matters contained in the representations and warranties of the Company made in the Documents and upon certificates of public officials and the officers of the Company.

In our examination of the documents referred to above, we have assumed, without independent investigation, the genuineness of all signatures, the legal capacity of all individuals who have executed any of the documents reviewed by us, the authenticity of all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as certified, photostatic, reproduced or conformed copies of valid existing agreements or other documents, the authenticity of all the latter documents and that the statements regarding matters of fact in the certificates, records, agreements, instruments and documents that we have examined are accurate and complete.

Based upon the above, and subject to the stated assumptions, exceptions and qualifications, we are of the opinion that:

1. The Shares have been duly authorized by all necessary corporate action on the part of the Company and are, or when issued and delivered in exchange for Redbox Common Units and corresponding shares of Class B common stock in accordance with the terms of the Limited Liability Company Agreement or when issued,

Redbox Entertainment Inc.

delivered and paid for in accordance with the terms of the Warrant Agreement, as applicable, will be, validly issued, fully paid and non-assessable.

2. The Warrants constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except that (i) the enforceability of the Warrants may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally, possible judicial action and general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and (ii) we express no opinion as to the validity, legally binding effect or enforceability of the third proviso in Section 4.4 of the Warrant Agreement or any related provision in the Warrants that requires or relates to adjustments to the conversion rate in an amount that a court would determine in the circumstances under applicable law to be commercially unreasonable or a penalty or forfeiture.

The opinions expressed above are limited to the laws of the State of New York and the General Corporation Law of the State of Delaware. Our opinion is rendered only with respect to the laws, and the rules, regulations and orders under those laws, that are currently in effect.

Redbox Entertainment Inc.

We hereby consent to use of this opinion as an exhibit to the Registration Statement and to the use of our name under the heading “Legal Matters” contained in the prospectus included in the Registration Statement. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required by the Act or the Rules.

Very truly yours,

/s/ Paul, Weiss, Rifkind, Wharton & Garrison LLP

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

Conformed Version incorporating:
the First Incremental Assumption and Amendment Agreement (Incremental Term B-1 Loans),
the Amendment No. 2 to Credit Agreement,
the Amendment No. 3 to Credit Agreement,
the Fourth Incremental Assumption and Amendment Agreement (Incremental Term B-2 Loans) and
the Fifth Amendment Agreement (including Consent Agreement)

CREDIT AGREEMENT

dated as of October 20, 2017

among

REDWOOD INTERMEDIATE, LLC,

as Holdings,

REDBOX AUTOMATED RETAIL, LLC,

as Borrower,

THE LENDERS PARTY HERETO,

and

HPS INVESTMENT PARTNERS, LLC,

as Administrative Agent and Collateral Agent

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CREDIT AGREEMENT, dated as of October 20, 2017 (this “Agreement”), among REDWOOD INTERMEDIATE, LLC, a Delaware limited liability company (“Holdings”), REDBOX AUTOMATED RETAIL, LLC, a Delaware limited liability company (the “Borrower”), the LENDERS (as defined below) party hereto from time to time, and HPS INVESTMENT PARTNERS, LLC (“HPS”), as administrative agent for the Lenders (in such capacity, the “Administrative Agent”) and Collateral Agent (as defined below) for the Secured Parties (as defined below).

WHEREAS, the Borrower has requested the Lenders to extend credit as set forth herein;

NOW, THEREFORE, the Lenders are willing to extend such credit to the Borrower on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

“2018 Specified Restricted Payment” shall mean one or more Restricted Payments made on or prior to the date that is five Business Days after the First Incremental Assumption and Amendment Agreement Effective Date in an aggregate amount not to exceed \$115,000,000.

“ABR” shall mean, for any day, an interest rate per annum equal to the greater of (a) a fluctuating rate per annum equal to the highest of (i) the Federal Funds Effective Rate in effect for such day plus 0.50%, (ii) the Prime Rate in effect on such day and (iii) the Adjusted LIBO Rate for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%, provided that for the avoidance of doubt, the LIBO Rate for any day shall be based on the rate determined on such day at approximately 11:00 a.m. (London time) by reference to the ICE Benchmark Administration Interest Settlement Rates (or the successor thereto if the ICE Benchmark Administration is no longer making a LIBO Rate available) for deposits in Dollars (as set forth by any service selected by the Administrative Agent that has been nominated by the ICE Benchmark Administration (or the successor thereto if the ICE Benchmark Administration is no longer making a LIBO Rate available) as an authorized vendor for the purpose of displaying such rates), and (b) 2.00%. Any change in such rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, as the case may be.

“ABR Borrowing” shall mean a Borrowing comprised of ABR Loans.

“ABR Loan” shall mean any ABR Term Loan or ABR Revolving Loan.

“ABR Revolving Facility Borrowing” shall mean a Borrowing comprised of ABR Revolving Loans.

“ABR Revolving Loan” shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

“ABR Term Loan” shall mean any Term Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

“Account Control Agreement” shall mean an agreement, in form and substance reasonably satisfactory to the Administrative Agent, which provides for the Collateral Agent to have “control” (as defined in Section 9-104 of the Uniform Commercial Code or Section 8-106 of the Uniform Commercial Code, as applicable) of Deposit Accounts or Securities Accounts, as applicable.

“Adjusted LIBO Rate” shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum equal to the greater of (x) (a) the LIBO Rate in effect for such Interest Period divided by (b) one minus the Statutory Reserves applicable to such Eurocurrency Borrowing, if any; provided that if such interest rate shall be less than zero pursuant to this clause (x), such interest rate shall be deemed to be zero and (y) in the case of Eurocurrency Borrowings composed of Eurocurrency Term Loans, 1.00%.

“Administrative Agent” shall have the meaning assigned to such term in the introductory paragraph of this Agreement, together with its successors and assigns.

“Administrative Questionnaire” shall mean an Administrative Questionnaire in the form supplied by the Administrative Agent.

“Affiliate” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified. For the purposes of this definition, “Control” (including, with correlative meanings, “Controlled by” and “under common Control with”), as applied to any person, shall mean the possession, directly or indirectly, of the power (i) solely for purposes of Section 6.07, to vote 10% or more of the Equity Interests having ordinary voting power for the election of directors of such person or (ii) to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise. Notwithstanding the foregoing, none of the Agents nor any Lender affiliated or managed by HPS shall be deemed to be an Affiliate of Holdings or any of its Subsidiaries.

“Affiliate Lender” shall mean each Lender who is an Affiliate of the Borrower. Each Incremental Term B-2 Lender shall constitute an Affiliate Lender.

“Agency Fee Letter” shall mean the Agent Fee Letter, dated as of the date hereof, between the Borrower and HPS Investment Partners, LLC, as it may be amended, restated, supplemented or otherwise modified from time to time.

“Agents” shall mean the Administrative Agent and the Collateral Agent.

“Agreement” shall have the meaning assigned to such term in the introductory paragraph of this Agreement, as may be amended, restated, supplemented or otherwise modified from time to time.

“Agreement Currency” shall have the meaning assigned to such term in Section 9.19.

“All-in Yield” shall mean, as to any Class of Term Loans (including the Term B Loans, the Term B-1 Loans and the Term B-2 Loans), the effective yield on such Class of Term Loans, as reasonably determined by the Administrative Agent, in consultation with the Borrower, whether in the form of interest rate, margin, original issue discount, upfront fees, rate floors or otherwise; provided that (i) original issue discount and upfront fees shall be equated to interest rate assuming a 4-year life to maturity (or, if less, the life of such Loans), and (ii) “All-in Yield” shall not include customary arrangement, commitment, underwriting, structuring or similar fees payable to arrangers (or persons

acting in similar roles), in their capacity as such, and not paid or payable generally to the lenders thereunder.

“Anti-Corruption Laws” shall have the meaning assigned to such term in Section 3.26.

“Applicable Commitment Fee” shall mean, for any day, 0.50% per annum.

“Applicable Date” shall have the meaning assigned to such term in Section 9.08(f).

“Applicable Margin” shall mean for any day with respect to any Revolving Facility Loan, Term B Loan, Term B-1 Loan or Term B-2 Loan, 7.25% per annum in the case of any Eurocurrency Loan and 6.25% per annum in the case of any ABR Loan; provided that if on any Interest Payment Date the Borrower elects to pay PIK Interest on all or any portion of the Loans in accordance with Section 2.13, the Applicable Margin for the applicable Interest Period ending on such Interest Payment Date (or the applicable period for which interest is paid on such Interest Payment Date) shall, for all Loans, increase to 8.25% per annum in the case of any Eurocurrency Loan and 7.25% per annum in the case of any ABR Loan.

“Applicable Period” shall mean an Excess Cash Flow Period.

“Approved Fund” shall have the meaning assigned to such term in Section 9.04(b)(ii).

“Asset Sale” shall mean any loss, damage, destruction or condemnation of, or any Disposition (including any sale and leaseback of assets and any mortgage or lease of Real Property) to any person of, any asset or assets of the Borrower or any Subsidiary.

“Assignee” shall have the meaning assigned to such term in Section 9.04(b)(i).

“Assignment and Acceptance” shall mean an assignment and acceptance entered into by a Lender and an Assignee, and accepted by the Administrative Agent and the Borrower (if required by Section 9.04), in the form of Exhibit A or such other form as shall be approved by the Administrative Agent and reasonably satisfactory to the Borrower.

“Availability Period” shall mean the period from and including the Closing Date to but excluding the earlier of the Revolving Facility Maturity Date and, in the case of each of the Revolving Facility Loans and Revolving Facility Borrowings, the date of termination of the Revolving Facility Commitments.

“Available Unused Commitment” shall mean, with respect to a Revolving Facility Lender at any time, the amount by which (a) the applicable Revolving Facility Commitment of such Revolving Facility Lender at such time exceeds (b) the applicable Revolving Facility Credit Exposure of such Revolving Facility Lender at such time.

“Bail-In Action” shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States of America.

“Board of Directors” shall mean, as to any person, the board of directors or other governing body of such person, or if such person is owned or managed by a single entity, the board of directors or other governing body of such entity.

“Borrower” shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

“Borrower Materials” shall have the meaning assigned to such term in Section 9.17(a).

“Borrowing” shall mean a group of Loans of a single Type under a single Facility, and made on a single date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

“Borrowing Date” shall have the meaning assigned to such term in Section 2.03.

“Borrowing Minimum” shall mean (a) in the case of Eurocurrency Loans, \$1,000,000 and (b) in the case of ABR Loans, \$1,000,000.

“Borrowing Multiple” shall mean (a) in the case of Eurocurrency Loans, \$500,000 and (b) in the case of ABR Loans, \$250,000.

“Borrowing Request” shall mean a request by the Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit D or another form approved by the Administrative Agent.

“Budget” shall have the meaning assigned to such term in Section 5.04(f).

“Business Day” shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided, that when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in Dollars in the London interbank market.

“Capital Expenditures” shall mean, for any person in respect of any period, the aggregate of all expenditures incurred by such person during such period that, in accordance with GAAP, are or should be included in “additions to property, plant or equipment” or similar items reflected in the statement of cash flows of such person.

“Capitalized Lease Obligations” shall mean, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP; provided that obligations of the Borrower or its Subsidiaries, or of a special purpose or other entity not consolidated with the Borrower and its Subsidiaries, either existing on the Closing Date or created thereafter that (a) initially were not included on the consolidated balance sheet of the Borrower as capital lease obligations and were subsequently recharacterized as capital lease obligations or, in the case of such a special purpose or other entity becoming consolidated with the Borrower and its Subsidiaries were required to be characterized as capital lease obligations upon such consolidation, in either case, due to a change in accounting treatment or otherwise, or (b) did not exist on the Closing Date and were required to be characterized as capital lease obligations but would not have been required to be treated as

capital lease obligations on the Closing Date had they existed at that time, shall for all purposes not be treated as Capitalized Lease Obligations or Indebtedness.

“Cash Interest” shall have the meaning assigned to such term in Section 2.13(f)(i).

“Cash Interest Expense” shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis for any period, Interest Expense for such period to the extent such amounts are paid in cash for such period, excluding, without duplication, in any event (a) pay-in-kind Interest Expense or other non-cash Interest Expense (including as a result of the effects of purchase accounting), (b) to the extent included in Interest Expense, the amortization of any financing fees paid by, or on behalf of, the Borrower or any Subsidiary, including such fees paid in connection with the Transactions and (c) the amortization of debt discounts, if any, or fees in respect of Hedging Agreements; provided, that Cash Interest Expense shall exclude any one time financing fees, including those paid in connection with the Transactions, or upon entering into any amendment of this Agreement.

“Cash Management Agreement” shall mean any agreement to provide to the Borrower or any Subsidiary cash management services for collections, treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services), any demand deposit, payroll, trust or operating account relationships, commercial credit cards, merchant card, purchase or debit cards, non-card e-payables services, and other cash management services, including electronic funds transfer services, lockbox services, stop payment services and wire transfer services.

“CFC” shall mean a “controlled foreign corporation” within the meaning of Section 957(a) of the Code.

A “Change in Control” shall be deemed to occur if:

- (a) any person, entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act, but excluding any employee benefit plan of such person, entity or “group” and its subsidiaries and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), other than the Permitted Holders (or any holding company parent of the Borrower owned directly or indirectly by the Permitted Holders), shall at any time have acquired direct or indirect beneficial ownership (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act) of voting power of the outstanding Voting Stock of the Borrower having more than the greater of (A) 35% of the ordinary voting power for the election of directors of the Borrower and (B) the percentage of the ordinary voting power for the election of directors of the Borrower owned in the aggregate, directly or indirectly, beneficially, by the Permitted Holders, unless the Permitted Holders have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the members of the Board of Directors of the Borrower; or
 - (b) a “Change in Control” (as defined in any indenture or credit agreement in respect of any Junior Financing constituting Material Indebtedness) shall have occurred; or
 - (c) Holdings shall fail to own directly 100% of the issued and outstanding Equity Interests of the Borrower; or
 - (d) Parent shall fail to own and control, as the sole general partner, 100% of the issued and outstanding voting Equity Interests of Redwood Holdco, LP.
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For the avoidance of doubt, the consummation of the SPAC Merger on the Fifth Amendment Effective Date shall not constitute a Change in Control.

“Change in Law” shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any Lending Office of such Lender or by such Lender’s holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date; provided, however, that notwithstanding anything herein to the contrary, (x) all requests, rules, guidelines or directives under or issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act, all interpretations and applications thereof and any compliance by a Lender with any request or directive relating thereto and (y) all requests, rules, guidelines or directives promulgated under or in connection with, all interpretations and applications of, or any compliance by a Lender with any request or directive relating to International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case under clauses (x) and (y) be deemed to be a “Change in Law”, but only to the extent a Lender is imposing applicable increased costs or costs in connection with capital adequacy requirements similar to those described in clauses (a) and (b) of Section 2.15 generally on other borrowers of loans under United States of America term loan credit facilities.

“Charges” shall have the meaning assigned to such term in Section 9.09.

“Class” shall mean, (a) when used in respect of any Loan or Borrowing, whether such Loan or the Loans comprising such Borrowing are Term B Loans, Term B-1 Loans, Term B-2 Loans or Revolving Facility Loans; and (b) when used in respect of any Commitment, whether such Commitment is in respect of a commitment to make Term B Loans, Term B-1 Loans, Term B-2 Loans or Revolving Facility Loans.

“Class Loans” shall have the meaning assigned to such term in Section 9.08(f).

“Closing Date” shall mean October 20, 2017.

“Closing Date Certificate” shall mean the Closing Date Certificate substantially in the form of Exhibit L.

“Closing Date Dividend” shall mean the Restricted Payments made on the Closing Date in the aggregate amount not to exceed \$160,000,000 and funded solely with proceeds of the Term B Loans.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Co-Investors” shall mean each of (a) the Fund and the Fund Affiliates (excluding any of their portfolio companies) and (b) the Management Group.

“Collateral” shall mean all the “Collateral” as defined in any Security Document and shall also include the Mortgaged Properties and all other property that is subject to any Lien in favor of the Administrative Agent, the Collateral Agent or any Subagent for the benefit of the Secured Parties pursuant to any Security Document.

“Collateral Agent” shall mean the Administrative Agent acting as collateral agent for the Secured Parties, together with its successors and permitted assigns in such capacity.

“Collateral Agreement” shall mean the Collateral Agreement dated as of the Closing Date as may be amended, restated, supplemented or otherwise modified from time to time, among the Borrower, Holdings, each Subsidiary Loan Party and the Collateral Agent.

“Collateral and Guarantee Requirement” shall mean the requirement that (in each case subject to Sections 5.10(d), (e) and (g), Section 5.14 and Schedule 5.12):

(a) on the Closing Date, the Collateral Agent shall have received (i) from Holdings, the Borrower and each Subsidiary Loan Party, a counterpart of the Collateral Agreement and (ii) from each Subsidiary Loan Party, a counterpart of the Subsidiary Guarantee Agreement and (iii) from Holdings, a counterpart of the Holdings Guarantee Agreement, in each case duly executed and delivered on behalf of such person;

(b) on the Closing Date, (i)(x) all outstanding Equity Interests of the Borrower and all other outstanding Equity Interests, in each case, directly owned by the Loan Parties, other than Excluded Securities, and (y) all Indebtedness owing to any Loan Party, other than Excluded Securities, shall have been pledged pursuant to the Collateral Agreement, and (ii) the Collateral Agent shall have received certificates or other instruments (if any) representing such Equity Interests and any notes or other instruments required to be delivered pursuant to the applicable Security Documents, together with stock powers, note powers or other instruments of transfer (if any) with respect thereto endorsed in blank;

(c) in the case of any person that becomes a Subsidiary Loan Party after the Closing Date, the Collateral Agent shall have received (i) a supplement to the Collateral Agreement and the Subsidiary Guarantee Agreement and (ii) supplements to the other Security Documents, if applicable, in the form specified therefor or otherwise reasonably acceptable to the Administrative Agent, in each case, duly executed and delivered on behalf of such Subsidiary Loan Party;

(d) after the Closing Date, (x) all outstanding Equity Interests of any person that becomes a Subsidiary Loan Party after the Closing Date and (y) subject to Section 5.10(g), all Equity Interests directly acquired by Holdings, the Borrower or a Subsidiary Loan Party after the Closing Date, other than Excluded Securities, shall have been pledged pursuant to the Collateral Agreement, together with stock powers or other instruments of transfer (if any) with respect thereto endorsed in blank;

(e) except as otherwise contemplated by this Agreement or any Security Document, all documents and instruments, including Uniform Commercial Code financing statements, and filings with the United States Copyright Office and the United States Patent and Trademark Office, and all other actions reasonably requested by the Administrative Agent (including those required by applicable Requirements of Law) to be delivered, filed, registered or recorded to create the Liens intended to be created by the Security Documents (in each case, including any supplements thereto) and perfect such Liens to the extent required by, and with the priority required by, the Security Documents, shall have been delivered, filed, registered or recorded or delivered to the Collateral Agent for filing, registration or the recording concurrently with, or promptly following, the execution and delivery of each such Security Document;

(f) within the time periods set forth in Section 5.10 with respect to Mortgaged Properties encumbered pursuant to said Section 5.10, the Collateral Agent shall have received (i) counterparts of each Mortgage to be entered into with respect to each such Mortgaged Property duly executed and delivered by the record owner of such Mortgaged Property and suitable for recording or filing in all filing or recording offices that the Administrative Agent may



reasonably deem necessary or desirable in order to create a valid and enforceable Lien subject to no other Liens except Permitted Liens, at the time of recordation thereof, (ii) with respect to the Mortgage encumbering each such Mortgaged Property, opinions of counsel regarding the enforceability, due authorization, execution and delivery of the Mortgages and such other matters customarily covered in real estate counsel opinions as the Administrative Agent may reasonably request, in form and substance reasonably acceptable to the Administrative Agent, (iii) with respect to each such Mortgaged Property, the Flood Documentation and (iv) such other documents as the Administrative Agent may reasonably request that are available to the Borrower without material expense with respect to any such Mortgage or Mortgaged Property;

(g) within the time periods set forth in Section 5.10 with respect to Mortgaged Properties encumbered pursuant to said Section 5.10, the Collateral Agent shall have received (i) a policy or policies or marked up unconditional binder of title insurance with respect to properties located in the United States of America paid for by the Borrower, issued by a nationally recognized title insurance company insuring the Lien of each Mortgage as a valid Lien on the Mortgaged Property described therein, free of any other Liens except Permitted Liens, together with such customary endorsements, coinsurance and reinsurance as the Administrative Agent may reasonably request and which are available at commercially reasonable rates in the jurisdiction where the applicable Mortgaged Property is located and (ii) a survey of each Mortgaged Property (including all improvements, easements and other customary matters thereon reasonably required by the Administrative Agent), as applicable, for which all necessary fees (where applicable) have been paid with respect to properties located in the United States of America, which is (A) complying in all material respects with the minimum detail requirements of the American Land Title Association and American Congress of Surveying and Mapping as such requirements are in effect on the date of preparation of such survey and (B) sufficient for such title insurance company to remove all standard survey exceptions from the title insurance policy relating to such Mortgaged Property and issue the customary survey related endorsements or otherwise reasonably acceptable to the Administrative Agent;

(h) evidence of the insurance required by the terms of Section 5.02 hereof; and

(i) after the Closing Date, the Collateral Agent shall have received (i) such other Security Documents as may be required to be delivered pursuant to Section 5.10, Section 5.14 or the Collateral Agreement, and (ii) upon reasonable request by any Agent, evidence of compliance with any other requirements of Section 5.10 or Section 5.14.

“Commitment Fee” shall have the meaning assigned to such term in Section 2.12(a).

“Commitments” shall mean with respect to any Lender, such Lender’s Revolving Facility Commitment and Term Facility Commitments.

“Compliance Certificate” shall mean a certificate from a Financial Officer of the Borrower substantially in the form of Exhibit H or such other form that the Administrative Agent approves in its sole discretion.

“Commodity Exchange Act” shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Conduit Lender” shall mean any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a



Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender; provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Sections 2.15, 2.16, 2.17 or 9.05 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender unless the designation of such Conduit Lender is made with the prior written consent of the Borrower (not to be unreasonably withheld or delayed), which consent shall specify that it is being made pursuant to the proviso in the definition of "Conduit Lender" and provided that the designating Lender provides such information as the Borrower reasonably requests in order for the Borrower to determine whether to provide its consent or (b) be deemed to have any Commitment.

"Consolidated Debt" at any date shall mean the sum of (without duplication) (i) all Indebtedness (other than letters of credit or bank guarantees, to the extent undrawn and Original Content Financing) consisting of Capitalized Lease Obligations, purchase money Indebtedness, unreimbursed drawings under letters of credit and bank guarantees, Indebtedness for borrowed money, obligations evidenced by bonds, debentures, notes or similar instruments, (ii) Guarantees of Indebtedness described in clause (i) above and (iii) Disqualified Stock of the Borrower and its Subsidiaries determined on a consolidated basis on such date in accordance with GAAP.

"Consolidated Net Income" shall mean, with respect to any person for any period, the aggregate of the Net Income of such person and its subsidiaries for such period, on a consolidated basis; provided, however, that, without duplication,

(i) [reserved],

(ii) any net after-tax income or loss from Disposed of, abandoned, closed or discontinued operations or fixed assets and any net after-tax gain or loss on the Dispositions of Disposed of, abandoned, closed or discontinued operations or fixed assets shall be excluded,

(iii) any net after-tax gain or loss (less all fees and expenses or charges relating thereto) attributable to business Dispositions or asset Dispositions other than in the ordinary course of business (as determined in good faith by the management of the Borrower) shall be excluded,

(iv) any net after-tax income or loss (less all fees and expenses or charges relating thereto) attributable to the early extinguishment or buy-back of indebtedness, Hedging Agreements or other derivative instruments shall be excluded,

(v) (A) the Net Income for such period of any person that is not a subsidiary of such person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to the referent person or a subsidiary thereof (other than an Unrestricted Subsidiary of such referent person) in respect of such period and (B) the Net Income for such period shall include any dividend, distribution or other payment in cash (or to the extent converted into cash) received by the referent person or a subsidiary thereof (other than an Unrestricted Subsidiary of such referent person) from any person in excess of, but without duplication of, the amounts included in subclause (A),

(vi) the cumulative effect of a change in accounting principles during such period shall be excluded,

(vii) non-cash effects of purchase accounting adjustments (including the effects of such adjustments pushed down to such person and its subsidiaries and including the effects of adjustments to (A) deferred rent, (B) Capitalized Lease Obligations or other obligations or deferrals attributable to capital spending funds with suppliers or (C) any deferrals of income) in component amounts required or permitted by GAAP, resulting from the application of purchase accounting or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded,

(viii) any impairment charges or asset write-offs, in each case pursuant to GAAP, and the amortization of intangibles and other fair value adjustments arising pursuant to GAAP, shall be excluded,

(ix) any non-cash compensation charge or expenses realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, or grants or sales of stock, stock appreciation or similar rights, stock options, restricted stock, preferred stock or other rights shall be excluded,

(x) accruals and reserves that are established or adjusted within twelve months after the Closing Date and that are so required to be established or adjusted in accordance with GAAP or as a result of adoption or modification of accounting policies shall be excluded,

(xi) non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP and related interpretation shall be excluded,

(xii) any gain, loss, income, expense or charge resulting from the application of any LIFO method shall be excluded,

(xiii) any non-cash charges for deferred tax asset valuation allowances shall be excluded,

(xiv) any currency translation gains and losses related to currency remeasurements of Indebtedness, and any net loss or gain resulting from Hedging Agreements for currency exchange risk, shall be excluded,

(xv) any deductions attributable to minority interests shall be excluded,

(xvi) (A) the non-cash portion of "straight-line" rent expense shall be excluded, (B) the cash portion of "straight-line" rent expense which exceeds the amount expensed in respect of such rent expense shall be included, (C) the non-cash amortization of tenant allowances shall be excluded, (D) cash received from landlords for tenant allowances shall be included and (E) to the extent not already included in Net Income, the cash portion of sublease rentals received shall be included (for the avoidance of doubt, the net effect of the adjustments in this clause (xvi) as well as any related adjustments pursuant to clause (vii) above shall be to compute rent expense and rental income on a cash basis for purposes of determining Consolidated Net Income),

(xvii) without duplication, an amount equal to the amount of distributions actually made to any parent or equity holder of such person in respect of such period in accordance with Section 6.06(b)(v) shall be included as though such amounts had been paid as income taxes directly by such person for such period, and

(xviii) the Net Income of any Subsidiary of such person shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that Net Income

is not at the time of determination permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary, unless such restriction has been legally waived; provided that the Consolidated Net Income of such person shall be increased by the amount of dividends or distributions or other payments actually paid in cash by any such Subsidiary to such person.

“Consolidated Total Assets” shall mean, as of any date of determination, the total assets of the Borrower and the consolidated Subsidiaries without giving effect to any impairment or amortization of the amount of intangible assets since the Closing Date, determined on a consolidated basis in accordance with GAAP, as set forth on the consolidated balance sheet of the Borrower as of the last day of the fiscal quarter most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b), as applicable, calculated on a Pro Forma Basis after giving effect to any acquisition or Disposition of a person or assets that may have occurred on or after the last day of such fiscal quarter.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and “Controlling” and “Controlled” shall have meanings correlative thereto.

“Controlled Account” shall mean (a) any bank account of any Loan Party that is required to be subject to an Account Control Agreement pursuant to Section 5.14(a) and (b) any other bank account of any Loan Party that may be designated by the Borrower in its sole discretion from time to time to become subject to an Account Control Agreement, whereupon such bank account shall be considered a Controlled Account from the date it becomes subject to an Account Control Agreement.

“Control Triggering Event” shall occur at any time that an Event of Default shall have occurred and be continuing. Once occurred, a Control Triggering Event shall be deemed to be continuing until no Event of Default shall be continuing.

“Copyrights” shall have the meaning assigned to such term in the Collateral Agreement.

“Current Assets” shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis at any date of determination, the sum of all assets (other than cash and Permitted Investments or other cash equivalents) that would, in accordance with GAAP, be classified on a consolidated balance sheet of the Borrower and its Subsidiaries as current assets at such date of determination, other than amounts related to current or deferred Taxes based on income or profits.

“Current Liabilities” shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis at any date of determination, all liabilities that would, in accordance with GAAP, be classified on a consolidated balance sheet of the Borrower and its Subsidiaries as current liabilities at such date of determination, other than (a) the current portion of any Indebtedness, (b) accruals of Interest Expense (excluding Interest Expense that is due and unpaid), (c) accruals for current or deferred Taxes based on income or profits, (d) accruals of any costs or expenses related to bonuses, pension and other post-retirement benefit obligations and (e) accruals for add-backs to EBITDA included in clauses (a)(iv), (a)(v) and (a)(vii) of the definition of such term.

“Debt Service” shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis for any period, Cash Interest Expense for such period, plus scheduled principal amortization of Consolidated Debt for such period.

“Debtor Relief Laws” shall mean the U.S. Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States of America or other applicable jurisdictions from time to time in effect.

“Declining Lender” shall have the meaning assigned to such term in Section 2.10(c)(i).

“Default” shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

“Defaulting Lender” shall mean, subject to Section 2.22, any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend or expect to comply with its funding obligations hereunder or generally under other agreements in which it commits to extend credit, or has made a public statement to that effect, (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided, that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.22) upon delivery of written notice of such determination to the Borrower and each Lender.

“Deposit Account” shall mean a demand, time, savings, passbook or like account with a bank, savings and loan association, credit union or like organization, other than an account evidenced by a negotiable certificate of deposit.

“Designated Non-Cash Consideration” shall mean the fair market value of non-cash consideration received by the Borrower or one of its Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to a certificate of a Responsible Officer of the Borrower, setting forth such valuation, less the amount of cash or Permitted Investments received in connection with a subsequent disposition of such Designated Non-Cash Consideration.

“Disinterested Director” shall mean, with respect to any person and transaction, a member of the Board of Directors of such person who does not have any material direct or indirect financial interest in or with respect to such transaction.

“Dispose” or “Disposed of” shall mean to convey, sell, lease, sell and leaseback, assign, farm-out, transfer or otherwise dispose of any property, business or asset. The term “Disposition” shall have a correlative meaning to the foregoing.

“Disqualified Stock” shall mean, with respect to any person, any Equity Interests of such person that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Loan Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in each case, prior to the date that is ninety-one (91) days after the Latest Maturity Date in effect at the time of issuance thereof (provided, that only the portion of the Equity Interests that so mature or are mandatorily redeemable, are so convertible or exchangeable or are so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock).

Notwithstanding the foregoing: (i) any Equity Interests issued to any employee or to any plan for the benefit of employees of the Borrower or its Subsidiaries or by any such plan to such employees shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Borrower in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability and (ii) any class of Equity Interests of such person that by its terms authorizes such person to satisfy its obligations thereunder by delivery of Equity Interests that are not Disqualified Stock shall not be deemed to be Disqualified Stock.

“Dollars” or “\$” shall mean lawful money of the United States of America.

“Domestic Subsidiary” shall mean any Subsidiary that is not a Foreign Subsidiary.

“EBITDA” shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis for any period, the Consolidated Net Income of the Borrower and its Subsidiaries for such period plus (a) the sum of (in each case without duplication and to the extent the respective amounts described in subclauses (i) through (xv) of this clause (a) reduced such Consolidated Net Income (and were not excluded therefrom) for the respective period for which EBITDA is being determined):

(i) provision for Taxes based on income, profits or capital of the Borrower and its Subsidiaries for such period, including, without limitation, state, franchise and similar taxes and foreign withholding taxes (including penalties and interest related to taxes or arising from tax examinations),

(ii) Interest Expense of the Borrower and its Subsidiaries for such period,

(iii) depreciation and amortization expenses of the Borrower and its Subsidiaries for such period including the amortization of intangible assets, deferred financing fees, original issue discount and amortization of unrecognized prior service costs and actuarial gains and losses related to pensions and other post-employment benefits,

(iv) [reserved],

(v) any other non-cash charges; provided, that for purposes of this subclause (v) of this clause (a), any non-cash charges or losses shall be treated as cash charges or losses in any subsequent period during which cash disbursements attributable thereto are made (but excluding, for the avoidance of doubt, amortization of a prepaid cash item that was paid in a prior period),

(vi) the amount of management, consulting, monitoring, transaction, advisory and similar fees and related expenses paid to the Fund or any Fund Affiliate (or any accruals related to such fees and related expenses) during such period permitted to be made in accordance with Section 6.07,

(vii) any expenses or charges (other than depreciation or amortization expense as described in the preceding subclause (iii)) related to any issuance of Equity Interests, Investment, acquisition, Disposition, recapitalization or the incurrence, issuance, modification, repurchase, refinancing, amendment or repayment of Indebtedness (in each case, whether or not successful), including (x) such fees, expenses or charges related to this Agreement (other than Transaction Expenses) and (y) any amendment or other modification of the Obligations or other Indebtedness,

(viii) [reserved],

(ix) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, solely to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Borrower or net cash proceeds of an issuance of Equity Interests of Holdings (other than Disqualified Stock) and contributed to the Borrower,

(x) [reserved],

(xi) (A) the amount of any expenses or loss attributable to a New Project, until the date that is 12 months after the date of completing the construction, acquisition, assembling or creation of such New Project, as the case may be, provided, that (1) such losses are reasonably identifiable and factually supportable and certified by a Responsible Officer of the Borrower and (2) losses attributable to such New Project after 12 months from the date of completing such construction, acquisition, assembling or creation, as the case may be, shall not be included in this subclause (xi) and (B) extraordinary, unusual or non-recurring losses, expenses or charges, provided that the aggregate amount added back pursuant to this subclause (xi), together with amounts added back to EBITDA pursuant to clause (i)(B) of the second to last paragraph of the definition of "Pro Forma Basis", shall not exceed 10.0% of EBITDA for the most recently ended Test Period (calculated prior to giving effect to such capped adjustments (but, for the avoidance of doubt, after giving effect to other uncapped adjustments)),

(xii) proceeds of business interruption insurance (1) actually received in cash by the Borrower and/or its Subsidiaries during such period or (2) with respect to which Borrower and/or its Subsidiaries have received notification from the insurer that such amount will be reimbursed by the insurer and only to the extent that such amount will be reimbursed within ninety (90) days of the date of such notification (it being understood that to the extent any amount is not actually received in cash by Borrower or its Subsidiaries within such ninety (90) day period, such amount shall be deducted in calculating EBITDA for such fiscal quarters),

(xiii) one-time costs associated with commencing Public Company Compliance, and

(xiv) business optimization expenses and other restructuring expenses, charges or reserves (which, for the avoidance of doubt, shall include the effect of inventory optimization

programs, facility or branch consolidations, retention, severance, relocation, systems establishments, contract terminations, future lease commitments, reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses, fees, expenses or charges relating to facility or branch closing costs, rebranding costs, curtailments or modifications to pension and post-retirement employee benefit plans, excess pension charges, acquisition integration costs, facility or branch opening costs, recruiting costs and signing, retention or completion bonuses); provided that the aggregate amount added back pursuant to this subclause (xiv), together with amounts added back to EBITDA pursuant to clause (i)(A) of the second to last paragraph of the definition of “Pro Forma Basis”, shall not exceed 15.0% of EBITDA for the most recently ended Test Period (calculated prior to giving effect to such capped adjustments (but, for the avoidance of doubt, after giving effect to other uncapped adjustments)), and

(xv) Transaction Expenses paid on or prior to the Closing Date.

minus (b) the sum of (without duplication and to the extent the amounts described in this clause (b) increased such Consolidated Net Income for the respective period for which EBITDA is being determined);

(i) non-cash items increasing Consolidated Net Income of the Borrower and its Subsidiaries for such period (but excluding any such items (A) in respect of which cash was received in a prior period or (B) which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges that reduced EBITDA in any prior period); and

(ii) any extraordinary, unusual or non-recurring gains and income.

Notwithstanding anything to the contrary contained herein and subject to adjustments permitted hereunder with respect to acquisitions, Dispositions and other transactions occurring following the Closing Date and/or pursuant to the definition of “Pro Forma Basis,” for purposes of determining EBITDA under this Agreement, EBITDA for the fiscal quarter ended December 31, 2016 shall be deemed to be \$74,700,000, EBITDA for the fiscal quarter ended March 31, 2017 shall be deemed to be \$88,600,000, EBITDA for the fiscal quarter ended June 30, 2017 shall be deemed to be \$85,600,000 and EBITDA for the fiscal quarter ended September 30, 2017 shall be deemed to be \$65,700,000.

“EEA Financial Institution” shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

“EEA Resolution Authority” shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Employee Benefit Plan” shall mean an “employee benefit plan” as defined in Section 3(3) of ERISA which is sponsored, maintained or contributed to by, or required to be contributed to by, Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates, or with respect to which such entities could reasonably be expected to have any liability.

“EMU Legislation” shall mean the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

“Environment” shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

“Environmental Laws” shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders, binding agreements, decrees or judgments, promulgated or entered into by or with any Governmental Authority, relating in any way to the Environment, preservation or reclamation of natural resources, the generation, use, transport, management, Release or threatened Release of, or exposure to, any Hazardous Material or to public or employee health and safety matters (to the extent relating to the Environment or Hazardous Materials).

“Environmental Permits” shall have the meaning assigned to such term in Section 3.16.

“Equity Interests” of any person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time and any final regulations promulgated and the rulings issued thereunder.

“ERISA Affiliate” shall mean any trade or business (whether or not incorporated) that, together with Holdings, the Borrower or a Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” shall mean (a) any Reportable Event or the requirements of Section 4043(b) of ERISA apply with respect to a Plan; (b) with respect to any Plan, the failure to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived; (c) a determination that any Plan is, or is expected to be, in “at-risk” status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code); (d) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (e) the incurrence by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (f) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA or the occurrence of any event or condition which might constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (g) the complete or partial withdrawal of Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of from any Plan or Multiemployer Plan, if there is any potential liability therefor; (h) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, concerning the impending imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA, or in “endangered” or “critical” status, within the meaning of Section 432 of the Code or Section 305 of ERISA; (i) the conditions for

imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; (j) the withdrawal of any of Holdings, the Borrower, a Subsidiary or any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (k) the imposition of liability on Holdings, the Borrower, a Subsidiary or any of their respective ERISA Affiliates pursuant to Section 4069 of ERISA or by reason of the application of Section 4212(c); (l) the occurrence of an act or omission which could give rise to the imposition on Holdings, the Borrower or a Subsidiary or any of their respective ERISA Affiliates of fines, penalties, taxes or related charges under Chapter 43 of the Code or under Section 409, Section 502(c), (i) or (l) or Section 4071 of ERISA in respect of any Employee Benefit Plan; or (m) the imposition of a lien under Section 430(k) of the Code or ERISA or a violation of Section 436 of the Code.

“EU Bail-In Legislation Schedule” shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Eurocurrency Borrowing” shall mean a Borrowing comprised of Eurocurrency Loans.

“Eurocurrency Loan” shall mean any Eurocurrency Term Loan or Eurocurrency Revolving Loan.

“Eurocurrency Revolving Facility Borrowing” shall mean a Borrowing comprised of Eurocurrency Revolving Loans.

“Eurocurrency Revolving Loan” shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

“Eurocurrency Term Loan” shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

“Event of Default” shall have the meaning assigned to such term in Section 7.01.

“Excess Cash Flow” shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis for any Applicable Period, EBITDA of the Borrower and its Subsidiaries on a consolidated basis for such Applicable Period, minus, without duplication (to the extent not financed using the proceeds of the incurrence of long term Indebtedness) (A):

(a) Debt Service for such Applicable Period and, to the extent added to or not deducted from Net Income in calculating Consolidated Net Income or added to or not deducted from Consolidated Net Income in calculating EBITDA, the amount of any Extraordinary Receipts which have been used to prepay the Term Loans pursuant to Section 2.11(b),

(b) the amount of any voluntary payment permitted hereunder of term Indebtedness during such Applicable Period (other than any voluntary prepayment of the Term Loans to the extent the subject of Section 2.11(c)) and the amount of any voluntary payments of revolving Indebtedness to the extent accompanied by permanent reductions of any revolving facility commitments (including any voluntary prepayments of the Revolving Facility Commitment) during such Applicable Period to the extent an equal amount of loans thereunder was simultaneously repaid, so long as the amount of such prepayment is not already reflected in Debt Service,



(c) (i) Capital Expenditures by the Borrower and its Subsidiaries on a consolidated basis during such Applicable Period that are paid in cash and (ii) the aggregate consideration paid in cash during the Applicable Period in respect of New Project expenditures and restructuring activities,

(d) Capital Expenditures, New Project expenditures or payments in respect of planned restructuring activities that the Borrower or any Subsidiary shall, during such Applicable Period, become obligated to make but that are not made during such Applicable Period; provided, that (i) the Borrower shall deliver a certificate to the Administrative Agent not later than the date required for the delivery of the certificate pursuant to Section 2.11(c), signed by a Responsible Officer of the Borrower and certifying that payments in respect of such Capital Expenditures, New Project expenditures or planned restructuring activities are obligated to be made in the following Excess Cash Flow Period; and (ii) any amount so deducted shall not be deducted again in a subsequent Applicable Period,

(e) Taxes paid in cash by Holdings and its Subsidiaries on a consolidated basis during such Applicable Period or that will be paid within six months after the close of such Applicable Period and the amount of any distributions made pursuant to Section 6.06(b)(iii) and Section 6.06(b)(v) during such Applicable Period or that will be made within six months after the close of such Applicable Period; provided, that with respect to any such amounts to be paid or distributed after the close of such Applicable Period, (i) any amount so deducted shall not be deducted again in a subsequent Applicable Period, and (ii) appropriate reserves shall have been established in accordance with GAAP,

(f) an amount equal to any increase in Working Capital (other than any increase arising from the recognition or de-recognition of any Current Assets or Current Liabilities upon an acquisition or disposition of a business) of the Borrower and its Subsidiaries for such Applicable Period and any anticipated increase, estimated by the Borrower in good faith, for the following Excess Cash Flow Period,

(g) cash expenditures made in respect of Hedging Agreements during such Applicable Period, to the extent not reflected in the computation of EBITDA or Interest Expense,

(h) (i) permitted Restricted Payments paid in cash by the Borrower during such Applicable Period and permitted Restricted Payments paid by any Subsidiary to any person other than the Borrower or any of its Subsidiaries during such Applicable Period, in each case in accordance with Sections 6.06(b) or (g) and (ii) solely with respect to the Excess Cash Flow Period ending December 31, 2018, the portion of the 2018 Specified Restricted Payment paid in cash by the Borrower during such Applicable Period in an amount not exceeding \$32,894,435.22,

(i) amounts paid in cash during such Applicable Period on account of (A) items that were accounted for as non-cash reductions of Net Income in determining Consolidated Net Income or as non-cash reductions of Consolidated Net Income in determining EBITDA of the Borrower and its Subsidiaries in a prior Applicable Period and (B) reserves or accruals established in purchase accounting,

(j) to the extent not deducted in the computation of Net Proceeds in respect of any asset disposition or condemnation giving rise thereto, the amount of any mandatory prepayment of Indebtedness (other than Indebtedness created hereunder or under any other Loan Document), together with any interest, premium or penalties required to be paid (and actually paid) in connection therewith,

(k) the amount related to items that were added to or not deducted from Net Income in calculating Consolidated Net Income or were added to or not deducted from Consolidated Net Income in calculating EBITDA to the extent such items represented a cash payment (other than in respect of Transaction Expenses) which had not reduced Excess Cash Flow upon the accrual thereof in a prior Applicable Period, or an accrual for a cash payment, by the Borrower and its Subsidiaries or did not represent cash received by the Borrower and its Subsidiaries, in each case on a consolidated basis during such Applicable Period, and

(l) the amount of any deductions attributable to minority interests that were added to or not deducted from Net Income in calculating Consolidated Net Income,

plus, without duplication, (B):

(a) an amount equal to any decrease in Working Capital (other than any decrease arising from the recognition or de-recognition of any Current Assets or Current Liabilities upon an acquisition or disposition of a business) of the Borrower and its Subsidiaries for such Applicable Period,

(b) all amounts referred to in clauses (A)(b), (A)(c) and (A)(d) above to the extent funded with the sale or issuance of any Equity Interests (including any capital contributions) and any loss, damage, destruction or condemnation of, or any sale, transfer or other disposition (including any sale and leaseback of assets and any mortgage or lease of Real Property) to any person of any asset or assets, in each case to the extent there is a corresponding deduction from Excess Cash Flow above,

(c) (i) to the extent any planned restructuring activities referred to in clause (A)(d) above are not fully implemented within the first ninety days of the following Applicable Period of the Borrower specified in the certificate of the Borrower provided pursuant to clause (A)(d) above, the amount of such payments in respect of planned restructuring activities that were not so implemented in such following Applicable Period plus (ii) to the extent any permitted Capital Expenditures or New Project expenditures referred to in clause (A)(d) above do not occur in the following Applicable Period of the Borrower specified in the certificate of the Borrower provided pursuant to clause (A)(d) above, the amount of such Capital Expenditures, New Project expenditures that were not so made in such following Applicable Period,

(d) cash payments received in respect of Hedging Agreements during such Applicable Period to the extent (i) not included in the computation of EBITDA or (ii) such payments do not reduce Cash Interest Expense,

(e) any extraordinary or nonrecurring gain realized in cash during such Applicable Period (except to the extent such gain consists of Net Proceeds or Extraordinary Receipts subject to Section 2.11(b)), and

(f) the amount related to items that were deducted from or not added to Net Income in connection with calculating Consolidated Net Income or were deducted from or not added to Consolidated Net Income in calculating EBITDA to the extent either (i) such items represented cash received by the Borrower or any Subsidiary or (ii) such items do not represent cash paid by the Borrower or any Subsidiary, in each case on a consolidated basis during such Applicable Period; provided that clause (ii) shall not apply if such items represent reserves or accruals in respect of cash payments that are owed by the Borrower or any Subsidiary in the subsequent

Applicable Period for retailer and studio revenue share (provided, further, that any such amounts shall not reduce Excess Cash Flow in the subsequent Applicable Period).

Notwithstanding the foregoing, the Fifth Amendment Prepayment shall not reduce (or otherwise be deducted from) Excess Cash Flow for the applicable Excess Cash Flow Period(s).

“Excess Cash Flow Period” shall mean each fiscal quarter of the Borrower, commencing with the later of (i) the fiscal quarter ending on March 31, 2022 and (ii) the first full fiscal quarter ending after the Fifth Amendment Effective Date.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Excluded Account” shall mean (i) any Deposit Account used solely for funding payroll or segregating payroll taxes or funding other employee wage or benefit for the then current payroll period, (ii) zero balance accounts the entire balance of which is swept each Business Day to a Deposit Account subject to an Account Control Agreement, (iii) trust, fiduciary or other escrow accounts established for the benefit of third parties in the ordinary course of business in connection with Permitted Business Acquisitions and other Investments permitted pursuant to Section 6.04 or Dispositions permitted hereunder, (iv) any Deposit Account or Securities Account which is used as a cash collateral account subject to Liens permitted by Section 6.02(j), (v) Deposit Accounts maintained by Redbox Incentives LLC and established in connection with the gift card or similar programs or other promotional activity of the Borrower and its Subsidiaries, provided that such Deposit Accounts specified in this clause (v), together with Deposit Accounts or Securities Accounts referred to in clause (vi) below, do not have a cash or Permitted Investments balance at any time exceeding \$5,000,000 in the aggregate for all such accounts or (vi) other Deposit Accounts or Securities Accounts that, together with Deposit Accounts referred to in clause (v) above, do not have a cash or Permitted Investments balance at any time exceeding \$5,000,000 in the aggregate for all such accounts.

“Excluded Indebtedness” shall mean all Indebtedness not incurred in violation of Section 6.01.

“Excluded Property” shall have the meaning assigned to such term in Section 5.10(g).

“Excluded Securities” shall mean any of the following:

- (a) any Equity Interests or Indebtedness with respect to which the Administrative Agent and the Borrower reasonably agree that the cost or other consequences of pledging such Equity Interests or Indebtedness in favor of the Secured Parties under the Security Documents are likely to be excessive in relation to the value to be afforded thereby;
 - (b) in the case of any pledge of voting Equity Interests of any Foreign Subsidiary (in each case, that is owned directly by the Borrower or a Subsidiary Loan Party) to secure the Obligations, any voting Equity Interest of such Foreign Subsidiary in excess of 65% of the outstanding Equity Interests of such class;
 - (c) in the case of any pledge of voting Equity Interests of any FSHCO (in each case, that is owned directly by the Borrower or a Subsidiary Loan Party) to secure the Obligations, any voting Equity Interest of such FSHCO in excess of 65% of the outstanding Equity Interests of such class;
 - (d) any Equity Interests or Indebtedness to the extent the pledge thereof would be prohibited by any Requirement of Law;
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(e) any Equity Interests of any person that is not a Wholly Owned Subsidiary to the extent (A) that a pledge thereof to secure the Obligations is prohibited by (i) any applicable organizational documents, joint venture agreement or shareholder agreement or (ii) any other contractual obligation with an unaffiliated third party not in violation of Section 6.09(c) binding on such Equity Interests to the extent in existence on the Closing Date or the date of acquisition thereof and not entered into in contemplation thereof (other than in connection with the incurrence of Indebtedness of the type contemplated by Section 6.01(i)) (other than, in this subclause (A)(ii), customary non-assignment provisions which are ineffective under Article 9 of the Uniform Commercial Code or other applicable Requirements of Law), (B) any organizational documents, joint venture agreement or shareholder agreement (or other contractual obligation referred to in subclause (A)(ii) above) prohibits such a pledge without the consent of any other party; provided, that this clause (B) shall not apply if (1) such other party is a Loan Party or a Wholly Owned Subsidiary or (2) consent has been obtained to consummate such pledge (it being understood that the foregoing shall not be deemed to obligate the Borrower or any Subsidiary to obtain any such consent) and shall only apply for so long as such organizational documents, joint venture agreement or shareholder agreement or replacement or renewal thereof is in effect, or (C) a pledge thereof to secure the Obligations would give any other party (other than a Loan Party or a Wholly Owned Subsidiary) to any organizational documents, joint venture agreement or shareholder agreement governing such Equity Interests (or other contractual obligation referred to in subclause (A)(ii) above) the right to terminate its obligations thereunder (other than, in the case of other contractual obligations referred to in subclause (A)(ii), customary non-assignment provisions which are ineffective under Article 9 of the Uniform Commercial Code or other applicable Requirement of Law);

(f) [reserved];

(g) [reserved];

(h) any Equity Interests of any Subsidiary to the extent that the pledge of such Equity Interests could reasonably be expected to result in material adverse tax consequences to the Borrower or any Subsidiary as determined in good faith by the Borrower in consultation with the Administrative Agent; and

(i) any Margin Stock.

“Excluded Subsidiary” shall mean any of the following (except as otherwise provided in clause (b) of the definition of “Subsidiary Loan Party”):

(a) each Immaterial Subsidiary,

(b) each Domestic Subsidiary that is not a Wholly Owned Subsidiary (for so long as such Subsidiary remains a non-Wholly Owned Subsidiary),

(c) each Domestic Subsidiary acquired after the Closing Date that is prohibited from Guaranteeing or granting Liens to secure the Obligations by any Requirement of Law or that would require consent, approval, license or authorization of a Governmental Authority to Guarantee or grant Liens to secure the Obligations (unless such consent, approval, license or authorization has been received),

(d) each Domestic Subsidiary acquired after the Closing Date that is prohibited by any applicable contractual requirement from Guaranteeing or granting Liens to secure the Obligations existing on the Closing Date or at the time such Subsidiary becomes a Subsidiary not

in violation of Section 6.09(c) and is not entered into in contemplation thereof (and for so long as such restriction or any replacement or renewal thereof permitted under Section 6.09(c) is in effect),

- (e) any Foreign Subsidiary,
- (f) any Domestic Subsidiary (i) that is an FSHCO or (ii) that is a Subsidiary of a Foreign Subsidiary that is a CFC,
- (g) any other Domestic Subsidiary with respect to which, (x) the Administrative Agent and the Borrower reasonably agree that the cost or other consequences of providing a Guarantee of or granting Liens to secure the Obligations are likely to be excessive in relation to the value to be afforded thereby or (y) in the case of any person that becomes a Domestic Subsidiary after the Closing Date, providing such a Guarantee or granting such Liens could reasonably be expected to result in material adverse tax consequences as reasonably determined by the Borrower and the Administrative Agent,
- (h) each Unrestricted Subsidiary,
- (i) with respect to any Swap Obligation, any Subsidiary that is not an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder, and
- (j) upon the incurrence of an Original Content Financing pursuant to Section 6.01(h) and only for so long as such Original Content Financing remains outstanding, Redbox Entertainment and its Subsidiaries;

provided that in no event shall Redbox Incentives LLC constitute an “Excluded Subsidiary”.

“Excluded Swap Obligation” shall mean, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation, unless otherwise agreed between the Administrative Agent and the Borrower. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“Excluded Taxes” shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder or under any other Loan Document, (i) Taxes imposed on or measured by its overall net income or branch profits (however denominated, and including (for the avoidance of doubt) any backup withholding in respect thereof under Section 3406 of the Code or any similar provision of state, local or foreign law), and franchise (and similar) Taxes imposed on it (in lieu of net income Taxes), in each case by a jurisdiction (including any political subdivision thereof) as a result of such recipient being organized in, having its principal office in, or in the case of any Lender, having its applicable Lending Office in, such jurisdiction, or as a result of any other present or former connection with such jurisdiction (other than any such connection arising solely from this Agreement or any other Loan Documents or any

transactions contemplated thereunder), (ii) U.S. federal withholding Tax imposed on any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document that is required to be imposed on amounts payable to a Lender (other than to the extent such Lender is an assignee pursuant to a request by the Borrower under Section 2.19(b) or 2.19(c)) pursuant to laws in force at the time such Lender becomes a party hereto (or designates a new Lending Office), except to the extent that such Lender (or its assignor, if any) was entitled, immediately prior to the designation of a new Lending Office (or assignment), to receive additional amounts or indemnification payments from any Loan Party with respect to such withholding Tax pursuant to Section 2.17, (iii) any withholding Tax imposed on any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document that is attributable to the Administrative Agent's, any Lender's or any other recipient's failure to comply with Section 2.17(d) or (e) or (iv) any U.S. federal withholding Tax imposed under FATCA.

"Existing Class Loans" shall have the meaning assigned to such term in Section 9.08(f).

"Existing Credit Agreement" shall mean the First Lien Credit Agreement, dated as of September 27, 2016 and as amended, restated, supplemented or otherwise modified prior to the Closing Date, by and among Holdings, the Borrower, the lenders party thereto and Jefferies Finance LLC, as administrative agent.

"Extraordinary Receipts" shall mean 100% of the cash proceeds actually received by a Loan Party or any of its Subsidiaries not in the ordinary course of business consisting of federal, state or local Tax refunds, pension plan reversions, judgments, proceeds of settlements, indemnity payments and any funds released from collateral or escrow accounts, in each case, net of (i) such amounts that are required to be remitted to a third person, (ii) attorneys' fees, accountants' fees and other fees and expenses incurred or payable in connection therewith, (iii) Taxes paid or payable (in the good faith determination of the Borrower) as a result thereof (including the amount of any distributions in respect thereof pursuant to Section 6.06(b)(iii) or Section 6.06(b)(v)), and (iv) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to any liabilities related thereto (other than any taxes deducted pursuant to clause (ii) or (iii) above); provided, that if (A) Holdings or the Borrower shall deliver a certificate of a Responsible Officer of Holdings or the Borrower to the Administrative Agent promptly following receipt of any such proceeds setting forth Holdings' or the Borrower's intention to use any portion of such proceeds, within 12 months of such receipt, to acquire, maintain, develop, construct, improve, upgrade or repair assets useful in the business of the Borrower and its Subsidiaries or to make Permitted Business Acquisitions permitted under Section 6.04(k) and (B) no Default or Event of Default shall have occurred and be continuing, then such portion of such proceeds shall not constitute Extraordinary Receipts except to the extent not, within 12 months of such receipt, so used or contractually committed to be so used (it being understood that if any portion of such proceeds are not so used within such 12 month period but within such 12 month period are contractually committed to be used, then such remaining portion if not so used within six months following the end of such 12 month period shall constitute Extraordinary Receipts as of such date without giving effect to this proviso) and the aggregate amount of net cash proceeds that may be reinvested in accordance with this proviso shall not exceed \$1,000,000 in any fiscal year (and thereafter only net cash proceeds in excess of such amount shall constitute Extraordinary Receipts); provided, further, that (x) no cash proceeds shall constitute Extraordinary Receipts if such cash proceeds constitute Net Proceeds (or, but for the operation of the provisos contained in clause (a) of the definition of "Net Proceeds", would constitute Net Proceeds), (y) subject to the aggregate cap set forth in clause (z) below (it being understood and agreed that after such aggregate cap in clause (z) below is exceeded in any fiscal year, this clause (y) shall no longer apply for such fiscal year), no net cash proceeds calculated in accordance with the foregoing realized in a single transaction or series of related transactions shall constitute Extraordinary Receipts unless such net cash proceeds shall exceed \$2,500,000 (and thereafter only net cash proceeds in excess of such amount shall

constitute Extraordinary Receipts) and (z) no net cash proceeds calculated in accordance with the foregoing shall constitute Extraordinary Receipts in any fiscal year until the aggregate amount of all such net cash proceeds otherwise constituting Extraordinary Receipts in such fiscal year shall exceed \$10,000,000 (and thereafter only net cash proceeds in excess of such amount shall constitute Extraordinary Receipts).

“Facility” shall mean the respective facility and commitments utilized in making Loans and credit extensions hereunder, it being understood that, as of the Fourth Incremental Assumption and Amendment Agreement Effective Date there are four Facilities (*i.e.*, the Term B Facility, the Term B-1 Facility, the Term B-2 Facility and the Revolving Facility Commitments and the extensions of credit thereunder) and thereafter, the term “Facility” may include any other Class of Commitments and the extensions of credit thereunder.

“FATCA” shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), or any current or future regulations promulgated thereunder or official administrative interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to such intergovernmental agreements.

“Federal Funds Effective Rate” shall mean, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average (rounded upward, if necessary, to a whole multiple of 1/100 of 1.00%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it; provided that if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed zero.

“Fees” shall mean the Commitment Fees.

“Fifth Amendment Agreement” shall mean Amendment No. 5 to the Credit Agreement, dated as of May 16, 2021 (the “Fifth Amendment Execution Date”), as supplemented by the Consent Agreement to Amendment No. 5 to the Credit Agreement, dated as of October 11, 2021, by and among the Borrower, Holdings, the Subsidiary Loan Party party thereto, the Administrative Agent and the Lenders party thereto.

“Fifth Amendment Effective Date” shall mean the “Amendment Effective Date” (as defined in Section 5 of the Fifth Amendment Agreement).

“Fifth Amendment Execution Date” shall have the meaning assigned to such term in the definition of Fifth Amendment Agreement.

“Fifth Amendment Prepayment” shall mean the prepayments of Loans made pursuant to Section 5 of the Fifth Amendment Agreement.

“Financial Officer” of any person shall mean the Chief Financial Officer or an equivalent financial officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person.

“First Incremental Assumption and Amendment Agreement” shall mean the Incremental Assumption and Amendment Agreement, dated as of September 7, 2018, by and among the Borrower, Holdings, the Subsidiary Loan Party party thereto, the Administrative Agent and the Lenders party thereto.

“First Incremental Assumption and Amendment Agreement Effective Date” shall mean the “Effective Date” (as defined in the First Incremental Assumption and Amendment Agreement), which, for the avoidance of doubt, shall be September 7, 2018.

“Fourth Incremental Assumption and Amendment Agreement” shall mean the Incremental Assumption and Amendment Agreement No. 4, dated as of January 29, 2021, by and among the Borrower, Holdings, the Subsidiary Loan Party party thereto, the Administrative Agent and the Lenders party thereto.

“Fourth Incremental Assumption and Amendment Agreement Effective Date” shall mean the “Effective Date” (as defined in the Fourth Incremental Assumption and Amendment Agreement), which, for the avoidance of doubt, shall be January 29, 2021.

“Flood Documentation” shall mean, with respect to each Mortgaged Property located in the United States of America or any territory thereof, (i) a completed “life-of-loan” Federal Emergency Management Agency standard flood hazard determination (to the extent a Mortgaged Property is located in a Special Flood Hazard Area, together with a notice about Special Flood Hazard Area status and flood disaster assistance duly executed by the Borrower and the applicable Loan Party relating thereto) and (ii) evidence of flood insurance as required by Section 5.02(c) hereof and the applicable provisions of the Security Documents, each of which shall (A) be endorsed or otherwise amended to include a “standard” or “New York” lender’s loss payable or mortgagee endorsement (as applicable), (B) name the Collateral Agent, on behalf of the Secured Parties, as additional insured and loss payee/mortgagee, (C) identify the address of each property located in a Special Flood Hazard Area, the applicable flood zone designation and the flood insurance coverage and deductible relating thereto and (D) be otherwise in form and substance reasonably satisfactory to the Administrative Agent.

“Flood Insurance Laws” shall mean, collectively, (i) the National Flood Insurance Reform Act of 1994 (which comprehensively revised the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973) as now or hereafter in effect or any successor statute thereto, (ii) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto and (iii) the Biggert-Waters Flood Insurance Reform Act of 2012 as now or hereafter in effect or any successor statute thereto.

“Foreign Lender” shall mean any Lender that is not a “United States person” as defined in Section 7701(a)(30) of the Code.

“Foreign Subsidiary” shall mean any Subsidiary that is incorporated or organized under the laws of any jurisdiction other than the United States of America, any state thereof or the District of Columbia.

“FSHCO” shall mean any Subsidiary that owns no material assets other than the Equity Interests of one or more Foreign Subsidiaries that are CFCs and/or of one or more FSHCOs.

“Fund” shall mean, collectively, investment funds managed by Affiliates of Apollo Global Management, Inc.

“Fund Affiliate” shall mean (i) each Affiliate of the Fund that is neither a “portfolio company” (which means a company actively engaged in providing goods or services to unaffiliated customers), whether or not controlled, nor a company controlled by a “portfolio company” and (ii) any individual who is a partner or employee of Apollo Management, L.P. or Apollo Management VIII, L.P.

“GAAP” shall mean generally accepted accounting principles in effect from time to time in the United States of America, applied on a consistent basis, subject to the provisions of Section 1.02; provided, that any reference to the application of GAAP in Sections 3.13(b), 3.20, 5.03, 5.07 and 6.02(e) to a Foreign Subsidiary (and not as a consolidated Subsidiary of the Borrower) shall mean generally accepted accounting principles in effect from time to time in the jurisdiction of organization of such Foreign Subsidiary.

“Governmental Authority” shall mean any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory or self-regulatory body (including the National Association of Insurance Commissioners and its Securities Valuation Office), court, administrative tribunal, central bank or other entity thereof exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee” of or by any person (the “guarantor”) shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of the guarantor securing any Indebtedness or other obligation (or any existing right, contingent or otherwise, of the holder of Indebtedness or other obligation to be secured by such a Lien) of any other person, whether or not such Indebtedness or other obligation is assumed by the guarantor; provided, however, that the term “Guarantee” shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted by this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such person in good faith.

“guarantor” shall have the meaning assigned to such term in the definition of the term “Guarantee.”

“Guarantors” shall mean the Loan Parties other than the Borrower.

“Hazardous Materials” shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including, without limitation, explosive or radioactive substances or petroleum by products or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas or pesticides, fungicides, fertilizers or other agricultural chemicals, of any nature subject to regulation or which can give rise to liability under any Environmental Law.

“Hedge Bank” shall mean any person that is (or an Affiliate thereof is) listed on Schedule 1.01(C) and any other person reasonably acceptable to the Administrative Agent.

“Hedging Agreement” shall mean any agreement with respect to any swap, forward, future or derivative transaction, or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, or credit spread transaction, repurchase transaction, reserve repurchase transaction, securities lending transaction, weather index transaction, spot contracts, fixed price physical delivery contracts, or any similar transaction or any combination of these transactions, in each case of the foregoing, whether or not exchange traded; provided, that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Holdings, the Borrower or any of its Subsidiaries shall be a Hedging Agreement.

“Holdings” shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

“Holdings Guarantee Agreement” shall mean the Holdings Guarantee Agreement dated as of the Closing Date as may be amended, restated, supplemented or otherwise modified from time to time, between Holdings and the Collateral Agent.

“HPS” shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

“HPS Lender” means any Lender that is HPS or any of its Affiliates, Related Funds or managed accounts.

“Immaterial Subsidiary” shall mean any Subsidiary that did not, as of the last day of the fiscal quarter of the Borrower most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b), taken together with all Immaterial Subsidiaries as of such date, have assets with a value in excess of 5% of the Consolidated Total Assets or revenues representing in excess of 5% of total revenues of the Borrower and its Subsidiaries on a consolidated basis as of such date; provided, that the Borrower may elect in its sole discretion to exclude as an Immaterial Subsidiary any Subsidiary that would otherwise meet the definition thereof. Each Immaterial Subsidiary as of the Closing Date shall be set forth in Schedule 1.01(A), and the Borrower shall update such Schedule from time to time after the Closing Date as necessary to reflect all Immaterial Subsidiaries at such time (the selection of Subsidiaries to be added to or removed from such Schedule to be made as the Borrower may determine).

“Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness or in the form of common stock of the Borrower, the accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies.

“Incremental Amount” shall mean, at any time, the sum of:

(i) \$85,781,250.00, which amount shall only be used by the Borrower on the First Incremental Assumption and Amendment Agreement Effective Date to request Term B-1 Loan

Commitments and shall be reduced to zero on the First Incremental Assumption and Amendment Agreement Effective Date after the funding of the Incremental Term B-1 Loans; plus

(ii) \$25,000,000, which amount shall only be used by the Borrower on the Fourth Incremental Assumption and Amendment Agreement Effective Date to request Term B-2 Loan Commitments and shall be reduced to zero on the Fourth Incremental Assumption and Amendment Agreement Effective Date after the funding of the Incremental Term B-2 Loans; plus

(iii) \$20,000,000, which amount shall be available on or after the Fourth Incremental Assumption and Amendment Agreement Effective Date and shall only be used by the Borrower to request Term B-2 Loan Commitments and Term B-2 Loans and shall be subject to the Subordination Terms as Subordinated Obligations.

“Incremental Assumption Agreement” shall mean an Incremental Assumption Agreement in form and substance reasonably satisfactory to the Administrative Agent, among the Borrower, the Administrative Agent and, if applicable, one or more Incremental Term Lenders.

“Incremental Term B-1 Loans” shall mean term loans made by the Incremental Term B-1 Lenders to the Borrower pursuant to the First Incremental Assumption and Amendment Agreement on the First Incremental Assumption and Amendment Agreement Effective Date.

“Incremental Term B-1 Lender” shall have the meaning assigned to such term in the First Incremental Assumption and Amendment Agreement.

“Incremental Term B-2 Loans” shall mean term loans made by the Incremental Term B-2 Lenders to the Borrower pursuant to the Fourth Incremental Assumption and Amendment Agreement on the Fourth Incremental Assumption and Amendment Agreement Effective Date.

“Incremental Term B-2 Lender” shall have the meaning assigned to such term in the Fourth Incremental Assumption and Amendment Agreement, together with its successors and assigns.

“Incremental Term B-2 Loan Commitment” shall have the meaning assigned to such term in the Fourth Incremental Assumption and Amendment Agreement.

“Incremental Term Borrowing” shall mean a Borrowing comprised of Incremental Term Loans.

“Incremental Term Facility” shall mean any Class of Incremental Term Loan Commitments and the Incremental Term Loans made thereunder.

“Incremental Term Lender” shall mean a Lender with an Incremental Term Loan Commitment or an outstanding Incremental Term Loan.

“Incremental Term Loan Commitment” shall mean the commitment of any Lender, established pursuant to Section 2.21, to make Incremental Term Loans to the Borrower.

“Incremental Term Loans” shall mean (i) Term Loans made by one or more Lenders to the Borrower pursuant to Section 2.01(e) consisting of additional Term B Loans, (ii) Term Loans made by one or more Lenders to the Borrower pursuant to Section 2.01(e) consisting of additional Term B-1

Loans, (iii) Term Loans made by one or more Lenders to the Borrower pursuant to Section 2.01(e) consisting of additional Term B-2 Loans, or (iv) any of the foregoing.

“Indebtedness” of any person shall mean, if and to the extent (other than with respect to clause (i)) the same would constitute indebtedness or a liability on a balance sheet prepared in accordance with GAAP, without duplication, (a) all obligations of such person for borrowed money, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (d) all obligations of such person issued or assumed as the deferred purchase price of property or services (other than such obligations accrued in the ordinary course), to the extent that the same would be required to be shown as a long term liability on a balance sheet prepared in accordance with GAAP, (e) all Capitalized Lease Obligations of such person, (f) all net payments that such person would have to make in the event of an early termination, on the date Indebtedness of such person is being determined, in respect of outstanding Hedging Agreements, (g) the principal component of all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit (other than cash collateralized letters of credit), (h) the principal component of all obligations of such person in respect of bankers’ acceptances, (i) all indebtedness secured by any Lien on any property or asset owned or held by that person regardless of whether the indebtedness secured thereby shall have been assumed by that person or is nonrecourse to the credit of that person (j) all Guarantees by such person of Indebtedness described in clauses (a) to (i) above, and (k) the amount of all obligations of such person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock); provided, that Indebtedness shall not include (A) trade and other ordinary-course payables, accrued expenses, and intercompany liabilities arising in the ordinary course of business (excluding trade payables incurred in the ordinary course of business that are not overdue by more than 90 days (except where any such trade payable is being disputed in good faith and adequate reserves under GAAP have been established)), (B) prepaid or deferred revenue, (C) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase prices of an asset to satisfy unperformed obligations of the seller of such asset, (D) earn-out obligations until such obligations become a liability on the balance sheet of such person in accordance with GAAP, or (E) obligations in respect of Third Party Funds. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness limits the liability of such person in respect thereof.

“Indemnified Taxes” shall mean all Taxes imposed on or with respect to or measured by any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document other than (a) Excluded Taxes and (b) Other Taxes.

“Indemnitee” shall have the meaning assigned to such term in Section 9.05(b).

“Information” shall have the meaning assigned to such term in Section 3.14(a).

“Initial Term B Loans” shall mean the term loans made by the Lenders to the Borrower pursuant to Section 2.01(a) on the Closing Date.

“Intellectual Property” shall have the meaning assigned to such term in the Collateral Agreement.

“Interest Election Request” shall mean a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.07 and substantially in the form of Exhibit E or another form approved by the Administrative Agent.

“Interest Expense” shall mean, with respect to any person for any period, the sum of (a) gross interest expense of such person for such period on a consolidated basis, including the portion of any payments or accruals with respect to Capitalized Lease Obligations allocable to interest expense and excluding amortization of deferred financing fees and original issue discount, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees and non-cash interest expense attributable to movement in mark to market of obligations in respect of Hedging Agreements or other derivatives (in each case permitted hereunder) under GAAP and (b) capitalized interest of such person, minus interest income for such period. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received and costs incurred by the Borrower and its Subsidiaries with respect to Hedging Agreements, and interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Borrower to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

“Interest Payment Date” shall mean, (a) with respect to any Eurocurrency Loan, (i) the last day of the Interest Period applicable to the Borrowing of which such Loan is a part, (ii) in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months’ duration been applicable to such Borrowing and (iii) in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type and (b) with respect to any ABR Loan, the last Business Day of each calendar quarter.

“Interest Period” shall mean, as to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter (or, if agreed to by the Administrative Agent, any shorter period), as the Borrower may elect; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; provided, further, that notwithstanding anything to the contrary contained in this Agreement, the initial Interest Period with respect to the Term B-2 Loans made on the Fourth Incremental Assumption and Amendment Agreement Effective Date shall be the period commencing on the Fourth Incremental Assumption and Amendment Agreement Effective Date and ending on the last day of the then-current Interest Period for the Term Loans outstanding immediately prior to the Fourth Incremental Assumption and Amendment Agreement Effective Date. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

“Interpolated Rate” means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the LIBO Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Rate for the longest period for which the LIBO Rate is available) that is shorter than the applicable Interest Period; and (b) the LIBO Rate for the shortest period (for which that LIBO Rate is available) that exceeds the applicable Interest Period, in each case, at such time.

“Investment” shall have the meaning assigned to such term in Section 6.04.

“Judgment Currency” shall have the meaning assigned to such term in Section 9.19.

“Junior Financing” shall mean (i) any Indebtedness (other than intercompany Indebtedness solely among Loan Parties) that is subordinated in right of payment to the Loan Obligations

and (ii) any Indebtedness for borrowed money (other than intercompany Indebtedness solely among Loan Parties) incurred by a Loan Party in the form of term loans or bonds that, in each case of this clause (ii), is either unsecured or secured only by Permitted Liens that are junior in right of security to the Liens securing the Loan Obligations.

“Latest Maturity Date” shall mean, at any date of determination, the latest of the latest Revolving Facility Maturity Date and the latest Term Facility Maturity Date, in each case then in effect on such date of determination.

“Lender” shall mean each financial institution listed on Schedule 2.01, on Schedule 1 to the First Incremental Assumption and Amendment Agreement and on Schedule 1 to the Fourth Incremental Assumption and Amendment Agreement (in each case, other than any such person that has ceased to be a party hereto pursuant to an Assignment and Acceptance in accordance with Section 9.04), as well as any person that becomes a “Lender” hereunder pursuant to Section 9.04 or Section 2.21.

“Lending Office” shall mean, as to any Lender, the applicable branch, office or Affiliate of such Lender designated by such Lender to make Loans.

“LIBO Rate” shall mean for any Interest Period as to any Eurocurrency Loan, (i) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the applicable Bloomberg LP page which displays the London interbank offered rate administered by ICE Benchmark Administration Limited (such page currently being the LIBOR01 page) for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time), two Business Days prior to the commencement of such Interest Period, or (ii) in the event the rate referenced in the preceding clause (i) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays the LIBO Rate for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period; provided that if LIBO Rates are quoted under either of the preceding clauses (i) or (ii), but there is no such quotation for the Interest Period elected, the LIBO Rate shall be equal to the Interpolated Rate; and provided, further, that if any such rate determined pursuant to the preceding clauses (i) or (ii) is below zero, the LIBO Rate will be deemed to be zero.

“LIBOR Successor Rate” shall have the meaning assigned to such term in Section 2.14.

“Lien” shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, charge, security interest or similar monetary encumbrance in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; provided, that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

“Liquidity” shall mean, as of any date of determination, the sum of (a) Unrestricted Cash of the Borrower and its Domestic Subsidiaries on such date and (b) the aggregate Available Unused Commitments on such date.

“Loan Documents” shall mean (i) this Agreement, (ii) the Subsidiary Guarantee Agreement, (iii) the Security Documents, (iv) each Incremental Assumption Agreement, (v) the First Incremental Assumption and Amendment Agreement, (vi) the Fourth Incremental Assumption and

Amendment Agreement, (vii) the Agency Fee Letter, (viii) the Holdings Guarantee Agreement and (ix) any Note issued under Section 2.09(e).

“Loan Obligations” shall mean (a) the due and punctual payment by the Borrower of (i) the unpaid principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans made to the Borrower under this Agreement, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (ii) all other monetary obligations of the Borrower owed under or pursuant to this Agreement and each other Loan Document, including obligations to pay fees, premium (including the Prepayment Premium), expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), and (b) the due and punctual payment of all obligations of each other Loan Party under or pursuant to each of the Loan Documents.

“Loan Parties” shall mean Holdings, the Borrower and the Subsidiary Loan Parties.

“Loans” shall mean the Term Loans and the Revolving Facility Loans.

“Local Time” shall mean New York City time (daylight or standard, as applicable).

“Majority Lenders” of any Facility shall mean, at any time, Lenders under such Facility having Loans and unused Commitments representing more than 50% of the sum of all Loans outstanding under such Facility and unused Commitments under such Facility at such time (subject to the last paragraph of Section 9.08(b)).

“Management Group” shall mean the group consisting of the directors, executive officers and other management personnel of the Borrower, Holdings or any Parent Entity, as the case may be, on the Closing Date after giving effect to the Transactions together with (a) any new directors whose election by such boards of directors or whose nomination for election by the shareholders of the Borrower, Holdings or any Parent Entity, as the case may be, was approved by a vote of a majority of the directors of the Borrower, Holdings or any Parent Entity, as the case may be, then still in office who were either directors on the Closing Date after giving effect to the Transactions or whose election or nomination was previously so approved and (b) executive officers and other management personnel of the Borrower, Holdings or any Parent Entity, as the case may be, hired at a time when the directors on the Closing Date after giving effect to the Transactions together with the directors so approved constituted a majority of the directors of the Borrower or Holdings, as the case may be.

“Margin Stock” shall have the meaning assigned to such term in Regulation U.

“Material Adverse Effect” shall mean a material adverse effect on the business, property, operations or financial condition of the Borrower and its Subsidiaries, taken as a whole, or the validity or enforceability of any of the Loan Documents or the rights and remedies of the Administrative Agent and the Lenders thereunder.

“Material Indebtedness” shall mean Indebtedness (other than Loans) of any one or more of the Borrower or any Subsidiary in an aggregate principal amount exceeding \$10,000,000.

“Material Real Property” shall mean any parcel or parcels of Real Property located in the United States now or hereafter owned in fee by the Borrower or any Subsidiary Loan Party and having a fair market value (on a per-property basis) of at least \$3,000,000 as of (x) the Closing Date, for Real

Property now owned or (y) the date of acquisition, for Real Property acquired after the Closing Date, in each case as determined by the Borrower in good faith; provided, that “Material Real Property” shall not include (i) any Real Property in respect of which the Borrower or a Subsidiary Loan Party does not own the land in fee simple or (ii) any Real Property which the Borrower or a Subsidiary Loan Party leases to a third party.

“Material Subsidiary” shall mean any Subsidiary other than an Immaterial Subsidiary. It is understood and agreed that as of the Closing Date, each Subsidiary is a Material Subsidiary.

“Maximum Rate” shall have the meaning assigned to such term in Section 9.09.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Mortgaged Properties” shall mean each Material Real Property encumbered by a Mortgage pursuant to Section 5.10.

“Mortgages” shall mean, collectively, the mortgages, trust deeds, deeds of trust, deeds to secure debt, assignments of leases and rents, and other security documents (including amendments to any of the foregoing) delivered with respect to Mortgaged Properties, each in a customary form for Affiliates of the Fund (with such changes as are reasonably consented to by the Administrative Agent to account for local law matters) and otherwise reasonably satisfactory to the Administrative Agent and the Borrower, in each case, as amended, supplemented or otherwise modified from time to time.

“Multiemployer Plan” shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower, Holdings or any Subsidiary or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

“Net Income” shall mean, with respect to any person, the net income (loss) of such person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“Net Proceeds” shall mean:

- (a) 100% of the cash proceeds actually received by the Borrower or any Subsidiary (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise and including casualty insurance settlements and condemnation awards, but only as and when received) from any Asset Sale under any of Section 6.05(g) or 6.05(m), net of (i) attorneys’ fees, accountants’ fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, required debt payments and required payments of other obligations relating to the applicable asset to the extent such debt or obligations are secured by a Lien permitted hereunder (other than pursuant to the Loan Documents) on such asset, other customary expenses and brokerage, consultant and other customary fees actually incurred in connection therewith, (ii) Taxes paid or payable (in the good faith determination of the Borrower) as a result thereof (including the amount of any distributions in respect thereof pursuant to Section 6.06(b)(iii) or Section 6.06(b)(v)), and (iii) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to the sale price or any liabilities (other than any taxes deducted pursuant to clause (i) or (ii) above) (x) related to any of the applicable assets and (y) retained by the Borrower or any of its Subsidiaries including, without limitation, pension and other post-employment benefit liabilities
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and liabilities related to environmental matters or against any indemnification obligations (however, the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be cash proceeds of such Asset Sale occurring on the date of such reduction); provided, that, if (A) Holdings or the Borrower shall deliver a certificate of a Responsible Officer of Holdings or the Borrower to the Administrative Agent promptly following receipt of any such proceeds setting forth Holdings' or the Borrower's intention to use any portion of such proceeds, within 12 months of such receipt, to acquire, maintain, develop, construct, improve, upgrade or repair assets useful in the business of the Borrower and its Subsidiaries or to make Permitted Business Acquisitions permitted under Section 6.04(k) or to reimburse the cost of any of the foregoing incurred on or after the date on which the Asset Sale giving rise to such proceeds was contractually committed and (B) no Default or Event of Default shall have occurred and be continuing, then such portion of such proceeds shall not constitute Net Proceeds except to the extent not, within 12 months of such receipt, so used or contractually committed to be so used (it being understood that if any portion of such proceeds are not so used within such 12 month period but within such 12 month period are contractually committed to be used, then such remaining portion if not so used within six months following the end of such 12 month period shall constitute Net Proceeds as of such date without giving effect to this proviso) and the aggregate amount of net cash proceeds that may be reinvested in accordance with this proviso shall not exceed \$5,000,000 in any fiscal year (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds); provided, further, that (x) no cash proceeds shall constitute Net Proceeds if such cash proceeds constitute Extraordinary Receipts (or, but for the operation of the provisos contained in the definition of "Extraordinary Receipts", would constitute Extraordinary Receipts), (y) subject to the aggregate cap set forth in clause (z) below (it being understood and agreed that after such aggregate cap in clause (z) below is exceeded in any fiscal year, this clause (y) shall no longer apply for such fiscal year), no net cash proceeds calculated in accordance with the foregoing realized in a single transaction or series of related transactions shall constitute Net Proceeds unless such net cash proceeds shall exceed \$2,500,000 (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds) and (z) no net cash proceeds calculated in accordance with the foregoing shall constitute Net Proceeds in any fiscal year until the aggregate amount of all such net cash proceeds otherwise constituting Net Proceeds in such fiscal year shall exceed \$10,000,000 (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds); and

(b) 100% of the cash proceeds from the incurrence, issuance or sale by the Borrower or any Subsidiary Loan Party of any Indebtedness (other than Excluded Indebtedness), net of all taxes and fees (including investment banking fees), commissions, costs and other expenses, in each case incurred in connection with such incurrence, issuance or sale.

"Net Total Leverage Ratio" shall mean, on any date, the ratio of (A) (i) without duplication, the aggregate principal amount of any Consolidated Debt of the Borrower and its Subsidiaries outstanding as of the last day of the Test Period most recently ended as of such date less (ii) without duplication, the Unrestricted Cash of the Borrower and its Domestic Subsidiaries as of the last day of such Test Period in an amount not exceeding \$50,000,000, to (B) EBITDA for such Test Period, all determined on a consolidated basis in accordance with GAAP; provided, that the Net Total Leverage Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

"New Class Loans" shall have the meaning assigned to such term in Section 9.08(f).

“New Project” shall mean each branch or business unit which is either a new branch or business unit or an expansion, relocation, remodeling or substantial modernization of an existing branch or business unit owned by the Borrower or its Subsidiaries which in fact commences operations.

“Non-Consenting Lender” shall have the meaning assigned to such term in Section 2.19(c).

“Note” shall have the meaning assigned to such term in Section 2.09(e).

“Obligations” shall mean, collectively, (a) the Loan Obligations and (b) obligations in respect of any Secured Hedge Agreement.

“OFAC” shall have the meaning provided in Section 3.25(b).

“Original Content Financing” have the meaning set forth in Section 6.01(h).

“Other Taxes” shall mean any and all present or future stamp, court or documentary Taxes or any other excise, transfer, sales, property, intangible, mortgage recording or similar Taxes arising from any payment made hereunder or under any other Loan Document or from the execution, registration, delivery or enforcement of, consummation or administration of, from the receipt or perfection of security interest under, or otherwise with respect to, the Loan Documents (but excluding any Excluded Taxes).

“Paid in Full” or “Payment in Full” means, with respect to the Senior Obligations:

(a) payment in full in cash of the principal of, premium (including the Prepayment Premium) and interest (including interest accruing on or after the commencement of any bankruptcy proceeding, whether or not such interest would be allowed in such bankruptcy proceeding) constituting the Senior Obligations;

(b) payment in full in cash of all other amounts that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than any indemnification or other contingent obligations for which no claim or demand for payment, whether oral or written, has been made at such time) with respect to the Senior Obligations; and

(c) termination or expiration of all Revolving Facility Commitments.

“Parent” shall mean Redwood Holdco GP, LLC, a Delaware limited liability company.

“Parent Entity” shall mean any direct or indirect parent of the Borrower.

“Participant” shall have the meaning assigned to such term in Section 9.04(d)(i).

“Participant Register” shall have the meaning assigned to such term in Section 9.04(d)(ii).

“Participating Member State” shall mean each state so described in any EMU Legislation.

“Patents” shall have the meaning assigned to such term in the Collateral Agreement.

“PBGC” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“Perfection Certificate” shall mean the Perfection Certificate with respect to the Borrower and the other Loan Parties in a form reasonably satisfactory to the Administrative Agent, as the same may be supplemented from time to time to the extent required by Section 5.04(g).

“Permitted Business Acquisition” shall mean any acquisition of all or substantially all the assets of, or all or substantially all the Equity Interests (other than directors’ qualifying shares) not previously held by the Borrower and its Subsidiaries in, or merger, consolidation or amalgamation with, a person or division or line of business of a person (or any subsequent investment made in a person or division or line of business previously acquired in a Permitted Business Acquisition), if immediately after giving effect thereto: (i) no Event of Default shall have occurred and be continuing or would result therefrom; (ii) all transactions related thereto shall be consummated in accordance with applicable laws; (iii) with respect to any such acquisition with cash consideration in excess of \$10,000,000, the Borrower shall be in Pro Forma Compliance immediately after giving effect to such acquisition or investment and any related transaction; (iv) any acquired or newly formed Subsidiary shall not be liable for any Indebtedness except for Indebtedness permitted by Section 6.01; (v) to the extent required by Section 5.10, any person acquired in such acquisition, if acquired by the Borrower or a Domestic Subsidiary, shall be merged into the Borrower or a Subsidiary Loan Party or become upon consummation of such acquisition a Subsidiary Loan Party; (vi) the aggregate cash consideration in respect of such acquisitions and investments in assets that are not owned by the Borrower or Subsidiary Loan Parties or in Equity Interests of persons that are not Subsidiary Loan Parties or do not become Subsidiary Loan Parties, in each case upon consummation of such acquisition, shall not exceed the greater of (x) \$5,000,000 and (y) 0.0165 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period (excluding for purposes of the calculation in this clause (vi), any such assets or Equity Interests that are no longer owned by the Borrower or any of its Subsidiaries); (vii) the Borrower shall have delivered to the Administrative Agent (A) at least three (3) Business Days prior to such proposed acquisition (or such shorter period the Administrative Agent may agree in its reasonable discretion), a certificate of a Financial Officer of the Borrower evidencing Pro Forma Compliance to the extent required under clause (iii) above, and (B) for any acquisition with respect to which the cash consideration therefor is equal to or greater than \$15,000,000, promptly upon request by the Administrative Agent, (i) a copy of the purchase agreement related to the proposed Permitted Business Acquisition (and any related material documents reasonably requested by the Administrative Agent) and (ii) monthly and annual financial statements of the person whose Equity Interests or assets are being acquired for the two (2) year period immediately prior to such proposed Permitted Business Acquisition, including any audited financial statements, in each case, to the extent available; and (viii) any person or assets or division as acquired in accordance herewith shall have generated either (A) positive cash flow for the four quarter period most recently ended prior to the date of such acquisition or (B) negative cash flow of not more than \$10,000,000 for the four quarter period most recently ended prior to the date of such acquisition (in the case of each sub-clauses (A) and (B), after giving effect to any cost savings, operating expense reductions, and synergies anticipated to be realizable by Borrower in good faith in connection with such acquisition subject to the limitations contained in EBITDA).

“Permitted Holder Group” shall have the meaning assigned to such term in the definition of “Permitted Holders.”

“Permitted Holders” shall mean (i) the Co-Investors, (ii) the SPAC Acquiror and its Subsidiaries, (iii) Ultimate Parent and its Subsidiaries, solely to the extent such persons are Controlled by the Fund, (iv) any person that has no material assets other than the Equity Interests of the Borrower, Holdings or any Parent Entity and that, directly or indirectly, holds or acquires beneficial ownership of

100% on a fully diluted basis of the voting Equity Interests of the Borrower, and of which no other person or “group” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date), other than any of the other Permitted Holders, beneficially owns more than the greater of 35% and the percentage beneficially owned by the Permitted Holders on a fully diluted basis of the voting Equity Interests thereof and (v) any “group” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) the members of which include any of the other Permitted Holders specified in clause (i) through (iii) and that, directly or indirectly, hold or acquire beneficial ownership of the voting Equity Interests of the Borrower (a “Permitted Holder Group”), so long as (1) each member of the Permitted Holder Group has voting rights proportional to the percentage of ownership interests held or acquired by such member (or more favorable voting rights, in the case of any Permitted Holders) and (2) no person or other “group” (other than the other Permitted Holders specified in clause (i) through (iii)) beneficially owns more than the greater of 35% and the percentage beneficially owned by the Permitted Holders on a fully diluted basis of the voting Equity Interests held by the Permitted Holder Group.

“Permitted Investments” shall mean:

(a) direct obligations of the United States of America or any member of the European Union or any agency thereof or obligations guaranteed by the United States of America or any member of the European Union or any agency thereof, in each case with maturities not exceeding two years from the date of acquisition thereof;

(b) time deposit accounts, certificates of deposit, money market deposits, banker’s acceptances and other bank deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital, surplus and undivided profits in excess of \$250,000,000 and whose long-term debt, or whose parent holding company’s long-term debt, is rated A (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));

(c) [reserved];

(d) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of the Borrower) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of P 1 (or higher) according to Moody’s, or A 1 (or higher) according to S&P (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));

(e) securities with maturities of one year or less from the date of acquisition, issued or fully guaranteed by any State, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least A by S&P or A by Moody’s (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));

(f) shares of mutual funds whose investment guidelines restrict 95% of such funds’ investments to those satisfying the provisions of clauses (a) through (e) above;

(g) money market funds that (i) comply with the criteria set forth in Rule 2a 7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least \$5,000,000,000;

(h) time deposit accounts, certificates of deposit, money market deposits, banker's acceptances and other bank deposits in an aggregate face amount not in excess of 0.5% of the total assets of the Borrower and its Subsidiaries, on a consolidated basis, as of the end of the Borrower's most recently completed fiscal year; and

(i) with respect to any Foreign Subsidiary, instruments equivalent to those referred to in clauses (a) through (h) above denominated in the currency of the jurisdiction in which such Foreign Subsidiary is organized comparable in credit quality and tenor to those referred to above and commonly used by corporations for cash management purposes in such jurisdiction to the extent reasonably required in connection with any business conducted by any Foreign Subsidiary organized in such jurisdiction.

"Permitted Liens" shall have the meaning assigned to such term in Section 6.02.

"Permitted Non-Recourse Factoring Transactions" shall mean non-recourse factoring arrangements between the Borrower or any Subsidiary thereof (each such person, a "Selling Party") and a third party commercial bank or an Affiliate thereof (each such counterparty, a "Factor"), pursuant to which such Selling Party sells accounts receivables to such Factor in the ordinary course of business of the Borrower and its Subsidiaries; provided that (i) the maximum discount for accounts receivables sold thereunder shall not exceed 5.0% of the face value thereof, (ii) the terms, covenants and termination events and other provisions thereof shall be on market terms (or more favorable to the Borrower and its Subsidiaries), (iii) the risk of credit loss with respect to the accounts receivables subject thereof is transferred to the Factor thereunder, (iv) other than as set forth in clause (v) below in the case of the Selling Party party thereto, neither Holdings nor any of its Subsidiaries shall provide any credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), and (v) the obligations thereunder shall not involve any recourse to Holdings or any of its Subsidiaries other than to the Selling Party party thereto, and such recourse to such Selling Party shall be limited solely to a breach of a customary asset related representation thereunder.

"Permitted Refinancing Indebtedness" shall mean any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to "Refinance"), the Indebtedness being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided, that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium (including tender premiums) thereon and underwriting discounts, defeasance costs, fees, commissions, expenses, plus an amount equal to any letters of credit undrawn thereunder), (b) except with respect to Section 6.01(i), (i) the final maturity date of such Permitted Refinancing Indebtedness is on or after the earlier of (x) the final maturity date of the Indebtedness being Refinanced and (y) the Latest Maturity Date in effect at the time of incurrence thereof and (ii) the Weighted Average Life to Maturity of such Permitted Refinancing Indebtedness is greater than or equal to the lesser of (i) the Weighted Average Life to Maturity of the Indebtedness being Refinanced and (ii) the Weighted Average Life to Maturity of the Class of Term Loans then outstanding with the greatest remaining Weighted Average Life to Maturity, (c) if the Indebtedness being Refinanced is subordinated in right of payment to the Loan Obligations under this Agreement, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to such Loan Obligations on terms in the aggregate not materially less favorable to the Lenders as those contained in the documentation governing the Indebtedness being Refinanced, (d) no

Permitted Refinancing Indebtedness shall have obligors that are not (or would not have been) obligated with respect to the Indebtedness being so Refinanced (except that a Loan Party may be added as an additional obligor) and (e) if the Indebtedness being Refinanced is secured by Liens on any Collateral (whether senior to, equally and ratably with, or junior to the Liens on such Collateral securing the Loan Obligations or otherwise), such Permitted Refinancing Indebtedness may be secured by such Collateral (including any Collateral pursuant to after-acquired property clauses to the extent any such Collateral secured (or would have secured) the Indebtedness being Refinanced) on terms in the aggregate that are substantially similar to, or not materially less favorable to the Secured Parties than, the Indebtedness being refinanced or on terms otherwise permitted by Section 6.02.

“person” shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

“PIK Interest” shall have the meaning assigned to such term in Section 2.13(f)(i).

“Plan” shall mean any employee pension benefit plan (other than a Multiemployer Plan) that is (i) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, (ii) sponsored or maintained (at the time of determination or at any time within the five years prior thereto) by Holdings, the Borrower, any Subsidiary or any ERISA Affiliate, and (iii) in respect of which Holdings, the Borrower, any Subsidiary or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Platform” shall have the meaning assigned to such term in Section 9.17(a).

“Pledged Collateral” shall have the meaning assigned to such term in the Collateral Agreement.

“Prepayment Premium” shall have the meaning assigned to such term in Section 2.11(f).

“Previously Absent Financial Maintenance Covenant” shall have the meaning assigned to such term in Section 2.21(b) (viii).

“primary obligor” shall have the meaning assigned to such term in the definition of the term “Guarantee.”

“Prime Rate” shall mean the rate of interest per annum last quoted as the “Prime Rate” in the U.S. by The Wall Street Journal (or, if The Wall Street Journal ceases to quote such rate, another national publication selected by the Administrative Agent).

“Pro Forma Basis” shall mean, as to any person, for any events as described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the four consecutive fiscal quarter period ended on or before the occurrence of such event (the “Reference Period”): (i) pro forma effect shall be given to any Disposition, any acquisition, Investment, capital expenditure, construction, repair, replacement, improvement, development, disposition, merger, amalgamation, consolidation (including the Transactions) (or any similar transaction or transactions not otherwise permitted under Section 6.04 or 6.05 that require a waiver or consent of the Required Lenders and such waiver or consent has been obtained), any dividend, distribution or other similar payment, any designation of any Subsidiary as an Unrestricted Subsidiary and any Subsidiary Redesignation, New

Project, and any restructurings of the business of the Borrower or any of its Subsidiaries that the Borrower or any of its Subsidiaries has determined to make and/or made and are expected to have a continuing impact and are factually supportable, which would include cost savings resulting from head count reduction, closure of facilities and similar operational and other cost savings, which adjustments the Borrower determines are reasonable as set forth in a certificate of a Financial Officer of the Borrower (the foregoing, together with any transactions related thereto or in connection therewith, the “relevant transactions”), in each case that occurred during the Reference Period (or, in the case of determinations made pursuant to Section 2.21 or Article VI (other than Section 6.11), occurring during the Reference Period or thereafter and through and including the date upon which the relevant transaction is consummated), (ii) in making any determination on a Pro Forma Basis, (x) all Indebtedness (including Indebtedness issued, incurred or assumed as a result of, or to finance, any relevant transactions and for which the financial effect is being calculated, whether incurred under this Agreement or otherwise, but excluding normal fluctuations in revolving Indebtedness incurred for working capital purposes not to finance any acquisition) issued, incurred, assumed or permanently repaid during the Reference Period (or, in the case of determinations made pursuant to Section 2.21 or Article VI (other than Section 6.11), occurring during the Reference Period or thereafter and through and including the date upon which the relevant transaction is consummated) shall be deemed to have been issued, incurred, assumed or permanently repaid at the beginning of such period, (y) Interest Expense of such person attributable to interest on any Indebtedness, for which pro forma effect is being given as provided in the preceding clause (x), bearing floating interest rates shall be computed on a pro forma basis as if the rates that would have been in effect during the period for which pro forma effect is being given had been actually in effect during such periods, and (z) in giving effect to clause (i) above with respect to each New Project which commences operations and records not less than one full fiscal quarter’s operations during the Reference Period, the operating results of such New Project shall be annualized on a straight line basis during such period, taking into account any seasonality adjustments determined by the Borrower in good faith, and (iii) (A) for any Subsidiary Redesignation then being designated, effect shall be given to such Subsidiary Redesignation and all other Subsidiary Redesignations after the first day of the relevant Reference Period and on or prior to the date of the respective Subsidiary Redesignation then being designated, collectively, and (B) for any designation of a Subsidiary as an Unrestricted Subsidiary, effect shall be given to such designation and all other designations of Subsidiaries as Unrestricted Subsidiaries after the first day of the relevant Reference Period and on or prior to the date of the then applicable designation of a Subsidiary as an Unrestricted Subsidiary, collectively.

In the event that EBITDA or any financial ratio is being calculated for purposes of determining whether Indebtedness or any Lien relating thereto may be incurred or whether any Investment may be made, the Borrower may elect pursuant to a certificate of a Responsible Officer delivered to the Administrative Agent to treat all or any portion of the commitment relating thereto as being incurred at the time of such commitment, in which case any subsequent incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an incurrence at such subsequent time.

Pro forma calculations made pursuant to the definition of the term “Pro Forma Basis” shall be determined in good faith by a Responsible Officer of the Borrower and may include adjustments to reflect operating expense reductions and other operating improvements, synergies or cost savings reasonably expected to result from any relevant pro forma event (including, to the extent applicable, the Transactions).

Notwithstanding anything to the contrary in this Agreement, (i) for all purposes of determining EBITDA under this Agreement, (A) the aggregate amount of adjustments for operating expense reductions and other operating improvements, synergies or cost savings to EBITDA pursuant to this definition (other than relating to New Projects and extraordinary, unusual or non-recurring losses,



expenses or charges), together with the aggregate amount added to EBITDA pursuant to subclause (xiv) of the definition of “EBITDA”, shall not exceed 15% of EBITDA for the most recently ended Test Period (calculated prior to giving effect to such capped adjustments (but, for the avoidance of doubt, after giving effect to other uncapped pro forma adjustments)), (B) the aggregate amount of adjustments for operating expense reductions and other operating improvements, synergies or cost savings to EBITDA pursuant to this definition relating solely to New Projects and extraordinary, unusual or non-recurring losses, expenses or charges, together with the aggregate amount added to EBITDA pursuant to subclause (xi) of the definition of “EBITDA”, shall not exceed 10% of EBITDA for the most recently ended Test Period (calculated prior to giving effect to such capped adjustments (but, for the avoidance of doubt, after giving effect to other uncapped pro forma adjustments)) and (C) actions resulting in operating expense reductions and other operating improvements, synergies or cost savings are, in each case, required to be taken or commenced or expected to be taken or commenced (in the good faith determination of the Borrower) within 6 months after the date any such transaction is consummated and (ii) when calculating the Required Percentage for purposes of Section 2.11(c), any events described in this definition that occurred subsequent to the end of the applicable Reference Period (or Test Period) shall not be given pro forma effect; provided that (x) any costs and expenses to realize operating expense reductions and other operating improvements, synergies or cost savings pursuant to clause (i)(A) of this sentence shall be subject to the 15% cap set forth therein and (y) any costs and expenses to realize operating expense reductions and other operating improvements, synergies or cost savings pursuant to clause (i)(B) of this sentence shall be subject to the 10% cap set forth therein.

The Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer of the Borrower setting forth such operating expense reductions, other operating improvements or synergies and adjustments pursuant to this definition, and information and calculations supporting them in reasonable detail. For purposes of this definition, any amount in a currency other than Dollars will be converted to Dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDA for the applicable period.

“Pro Forma Compliance” shall mean, at any date of determination, that the Borrower and its Subsidiaries shall be in compliance, on a Pro Forma Basis after giving effect on a Pro Forma Basis to the relevant transactions (including the assumption, the issuance, incurrence and permanent repayment of Indebtedness), with a Net Total Leverage Ratio less than or equal to 2.00 to 1.00 recomputed as at the last day of the most recently ended fiscal quarter of the Borrower and its Subsidiaries for which the financial statements and certificates required pursuant to Section 5.04 have been delivered.

“Pro Rata Share” shall have the meaning assigned to such term in Section 9.08(f).

“Projections” shall mean the projections and any forward-looking statements (including statements with respect to booked business) of the Borrower and its Subsidiaries furnished to the Lenders or the Administrative Agent by or on behalf of the Borrower or any of its Subsidiaries prior to the Closing Date.

“Public Company Compliance” shall mean compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, the provisions of the Securities Act and the Exchange Act, and the rules of national securities exchange listed companies (in each case, as applicable to companies with equity or debt securities held by the public), including procuring directors’ and officers’ insurance, legal and other professional fees, and listing fees.

“Public Lender” shall have the meaning assigned to such term in Section 9.17(b).

“Qualified Equity Interests” shall mean any Equity Interest other than Disqualified Stock.

“Quiver JV” shall mean the joint venture between Redbox Entertainment and Quiver Distribution.

“Rate” shall have the meaning assigned to such term in the definition of the term “Type.”

“Real Property” shall mean, collectively, all right, title and interest (including any leasehold estate) in and to any and all parcels of or interests in real property owned in fee or leased by any Loan Party, whether by lease, license, or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures and equipment, incidental to the ownership, lease or operation thereof.

“Redbox Entertainment” shall mean Redbox Holdings, LLC, a Delaware limited liability company.

“Redbox Entertainment IP” shall mean (i) those intellectual property and film assets set forth on Schedule 1.01(D) of the Second Amendment and (ii) intellectual property and original content related-assets that are produced, acquired or developed by Redbox Entertainment and its Subsidiaries (including, for the avoidance of doubt, current and subsequent intellectual property or assets of any kind whatsoever, physical, electronic, digital, intangible or in any other form whatsoever, related to the production, acquisition, exploitation or distribution of the original content and all elements thereof, and all ancillary, subsidiary and derivative rights thereto, that are produced, acquired or developed by Redbox Entertainment and its Subsidiaries on, after or prior to the incurrence of an Original Content Financing).

“Reference Period” shall have the meaning assigned to such term in the definition of the term “Pro Forma Basis.”

“Refinance” shall have the meaning assigned to such term in the definition of the term “Permitted Refinancing Indebtedness,” and “Refinanced” and “Refinancings” shall have a meaning correlative thereto.

“Register” shall have the meaning assigned to such term in Section 9.04(b)(iv).

“Regulation T” shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation U” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation X” shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Related Fund” shall mean, with respect to any Lender that is a fund that invests in bank or commercial loans and similar extensions of credit, any other fund that invests in bank or commercial loans and similar extensions of credit and is advised or managed by (a) such Lender, (b) an Affiliate of such Lender or (c) an entity (or an Affiliate of such entity) that administers, advises or manages such Lender.

“Related Parties” shall mean, with respect to any specified person, such person’s Controlled or Controlling Affiliates and the respective directors, trustees, officers, employees, agents and advisors of such person and such person’s Controlled or Controlling Affiliates.

“Release” shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the Environment.

“Reportable Event” shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

“Required Excess Cash Flow Amount” shall mean (i) with respect to each of the Excess Cash Flow Periods ending on March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022, the lesser of (x) the Required Percentage of such Excess Cash Flow and (y) an amount (not less than zero) equal to (I) Liquidity as of the date of such calculation minus (II) \$20,000,000 and (ii) with respect to each Excess Cash Flow Period ending thereafter (commencing with the Excess Cash Flow Period ending on March 31, 2023), the Required Percentage of such Excess Cash Flow.

“Required Lenders” shall mean, at any time, Lenders having (a) Loans outstanding and (b) Available Unused Commitments that, taken together, represent more than 50% of the sum of (x) all Loans outstanding and (y) the total Available Unused Commitments at such time; provided, that the Loans and Available Unused Commitment of any Defaulting Lender and the Loans of Affiliate Lenders shall be disregarded in determining Required Lenders at any time.

“Required Percentage” shall mean, with respect to an Applicable Period, 90%.

“Required Prepayment Lenders” shall mean, at any time, the holders of more than 50% of the aggregate unpaid principal amount of the Term Loans at such time (subject to the last paragraph of Section 9.08(b)).

“Required Revolving Facility Lenders” shall mean, at any time, Revolving Facility Lenders having (a) Revolving Facility Loans outstanding and (b) Available Unused Commitments that, taken together, represent more than 50% of the sum of (x) all Revolving Facility Loans outstanding and (y) the total Available Unused Commitments at such time; provided, that the Revolving Facility Loans and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining Required Revolving Facility Lenders at any time.

“Requirement of Law” shall mean, as to any person, any law, treaty, rule, regulation, statute, order, ordinance, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority, in each case applicable to or binding upon such person or any of its property or assets or to which such person or any of its property or assets is subject.

“Responsible Officer” of any person shall mean any executive officer or Financial Officer of such person and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement, or any other duly authorized employee or signatory of such person.

“Restricted Payments” shall have the meaning assigned to such term in Section 6.06. The amount of any Restricted Payment made other than in the form of cash or cash equivalents shall be the fair market value thereof (as determined by the Borrower in good faith).

“Revolving Facility” shall mean the Revolving Facility Commitments and the extensions of credit made hereunder by the Revolving Facility Lenders.

“Revolving Facility Borrowing” shall mean a Borrowing comprised of Revolving Facility Loans.

“Revolving Facility Commitment” shall mean, with respect to each Revolving Facility Lender, the commitment of such Revolving Facility Lender to make Revolving Facility Loans pursuant to Section 2.01(d), expressed as an amount representing the maximum aggregate permitted amount of such Revolving Facility Lender’s Revolving Facility Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and Section 2.10(b) and (b) reduced or increased from time to time pursuant to assignments by or to such Lender under Section 9.04. The initial amount of each Lender’s Revolving Facility Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance or Incremental Assumption Agreement pursuant to which such Lender shall have assumed its Revolving Facility Commitment, as applicable. The aggregate amount of the Lenders’ Revolving Facility Commitments on the Closing Date is \$30,000,000. On the Closing Date, there is only one Class of Revolving Facility Commitments.

“Revolving Facility Credit Exposure” shall mean, at any time, the aggregate principal amount of the Revolving Facility Loans outstanding at such time. The Revolving Facility Credit Exposure of any Revolving Facility Lender at any time shall be the product of (x) such Revolving Facility Lender’s Revolving Facility Percentage and (y) the aggregate Revolving Facility Credit Exposure of all Revolving Facility Lenders, collectively, at such time.

“Revolving Facility Lender” shall mean a Lender with a Revolving Facility Commitment or with outstanding Revolving Facility Loans.

“Revolving Facility Loan” shall mean a Loan made by a Revolving Facility Lender pursuant to Section 2.01(d).

“Revolving Facility Maturity Date” shall mean the earliest to occur of (i) April 20, 2024, (ii) the date the Revolving Facility Commitments are permanently reduced to zero pursuant to Section 2.08, (iii) the termination of the Revolving Facility Commitments pursuant to Section 7.01 and (iv) the date the Term B Loans and the Term B-1 Loans are repaid or prepaid in full.

“Revolving Facility Percentage” shall mean, with respect to any Revolving Facility Lender, the percentage of the total Revolving Facility Commitments represented by such Lender’s Revolving Facility Commitment. If the Revolving Facility Commitments have terminated or expired, the Revolving Facility Percentages shall be determined based upon the Revolving Facility Commitments most recently in effect, giving effect to any assignments pursuant to Section 9.04.

“S&P” shall mean Standard & Poor’s Ratings Group, Inc.

“Sanctions” shall have the meaning assigned to such term in Section 3.25(b).

“Sanctions Laws” shall have the meaning assigned to such term in Section 3.25(b).

“SEC” shall mean the Securities and Exchange Commission or any successor thereto.

“Second Amendment” shall mean that certain Amendment No. 2, dated as of September 30, 2020, by and among the Borrowers, Holdings, the Subsidiary Loan Parties party thereto, the Administrative Agent and the Lenders party thereto.

“Second Amendment Effective Date” shall mean the “Effective Date” (as defined in the Second Amendment), which, for the avoidance of doubt, shall be September 30, 2020.

“Secured Hedge Agreement” shall mean any customary Hedging Agreement that is entered into by and between any Loan Party and any Hedge Bank, or any Guarantee by any Loan Party of any Hedging Agreement entered into by and between any Loan Party and any Hedge Bank, for the purpose of hedging interest rate liabilities with respect to the Loans (and not for speculative purposes), to the extent that (i) such Hedging Agreement or such Guarantee, as applicable, is designated in writing by the Borrower to the Administrative Agent as a Secured Hedge Agreement and (ii) the Borrower has delivered substantially final copies (excluding pricing and fee information; provided that the Borrower will deliver pricing information to the Administrative Agent on the date of entry into such Hedging Agreement) of such Hedging Agreement to the Administrative Agent at least five (5) Business Days prior to entry into such Hedging Agreement by the applicable Loan Party party thereto (or such shorter period as the Administrative Agent may agree in its reasonable discretion) (it being understood and agreed that if such Hedging Agreement is not a customary interest rate Hedging Agreement, it shall require the prior written approval of the Administrative Agent to constitute a Secured Hedge Agreement hereunder). Notwithstanding the foregoing, for all purposes of the Loan Documents, any Guarantee of, or grant of any Lien to secure, any obligations in respect of a Secured Hedge Agreement by a Guarantor shall not include any Excluded Swap Obligations.

“Secured Obligations” shall mean the Obligations.

“Secured Parties” shall mean, collectively, the Administrative Agent, the Collateral Agent, each Lender, each Hedge Bank that is party to any Secured Hedge Agreement and each sub-agent appointed pursuant to Section 8.02 by the Administrative Agent with respect to matters relating to the Loan Documents or by the Collateral Agent with respect to matters relating to any Security Document.

“Securities Account” shall have the meaning assigned to such term in the Uniform Commercial Code.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Security Documents” shall mean the Mortgages, the Collateral Agreement, the Notice of Grant of Security Interest in Intellectual Property (as defined in the Collateral Agreement), Account Control Agreements and each of the security agreements, pledge agreements and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.10.

“Senior Lender” shall have the meaning assigned to such term in Section 9.25(b).

“Senior Obligations” shall mean the Obligations other than the Subordinated Obligations.

“Similar Business” shall mean any business, the majority of whose revenues are derived from (i) business or activities conducted by the Borrower and its Subsidiaries on the Closing Date, or (ii) any business that is a natural outgrowth or reasonable extension, development or expansion of any such business or any business similar, reasonably related, incidental, complementary or ancillary to any of the foregoing.

“SPAC Acquiror” shall mean the Acquiror as defined in the Fifth Amendment Agreement.

“SPAC Merger” shall mean the Merger as defined in the Fifth Amendment Agreement.

“SPAC Transaction Agreement” shall mean the Transaction Agreement as defined in the Fifth Amendment Agreement.

“Special Flood Hazard Area” shall have the meaning assigned to such term in Section 5.02(c).

“Statutory Reserves” shall mean the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate or other fronting office making or holding a Loan) is subject for Eurocurrency Liabilities (as defined in Regulation D of the Board). Eurocurrency Loans shall be deemed to constitute Eurocurrency Liabilities (as defined in Regulation D of the Board) and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subagen” shall have the meaning assigned to such term in Section 8.02.

“Subordinated Lender” shall have the meaning assigned to such term in Section 9.25(b).

“Subordinated Obligations” shall mean (i) the Term B-2 Loans, including, for the avoidance of doubt the principal thereof, and all interest, fees, expenses, costs, indemnities and all other amounts in respect of the Term B-2 Loans and (ii) all Obligations owed from time to time under this Agreement and under the other Loan Documents to any Affiliate Lender.

“Subordination Terms” shall have the meaning assigned to such term in Section 9.25.

“subsidiary” shall mean, with respect to any person (herein referred to as the “parent”), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” shall mean, unless the context otherwise requires, a subsidiary of the Borrower. Notwithstanding the foregoing (and except for purposes of the definition of “Unrestricted Subsidiary” contained herein) an Unrestricted Subsidiary shall be deemed not to be a Subsidiary of the Borrower or any of its Subsidiaries for purposes of this Agreement.

“Subsidiary Guarantee Agreement” shall mean the Subsidiary Guarantee Agreement dated as of the Closing Date as may be amended, restated, supplemented or otherwise modified from time to time, between each Subsidiary Loan Party and the Collateral Agent.

“Subsidiary Loan Party” shall mean (a) each Wholly Owned Domestic Subsidiary of the Borrower that is not an Excluded Subsidiary and (b) any other Domestic Subsidiary of the Borrower that may be designated by the Borrower (by way of delivering to the Collateral Agent a supplement to the Collateral Agreement and a supplement to the Subsidiary Guarantee Agreement, in each case, duly executed by such Subsidiary) in its sole discretion from time to time to be a guarantor in respect of the

Obligations and the obligations in respect of the Loan Documents, whereupon such Subsidiary shall be obligated to comply with the other requirements of Section 5.10(d) as if it were newly acquired.

“Subsidiary Redesignation” shall have the meaning assigned to such term in the definition of “Unrestricted Subsidiary.”

“Swap Obligation” shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Tax Receivables Agreement” means the Tax Receivables Agreement entered into on the Fifth Amendment Effective Date among the SPAC Acquiror, Parent and Holdings, in form and substance reasonably satisfactory to the Administrative Agent (it being understood that the terms set forth in the draft Seaport Global Acquisition Corp. Tax Receivable Agreement Summary of Terms disclosed to the Administrative Agent (or its counsel) on May 15, 2021 are so reasonably satisfactory).

“Taxes” shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings or other similar charges imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis and any interest, fines, penalties or additions to tax with respect to the foregoing.

“Term B Facility” shall mean the Term B Loan Commitments and the Term B Loans made hereunder.

“Term B Facility Maturity Date” shall mean the earlier of (i) April 20, 2024 and (ii) the date on which all Term B Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

“Term B Loan Commitment” shall mean, with respect to each Lender, the commitment of such Lender to make Term B Loans hereunder. The amount of each Lender’s Term B Loan Commitment as of the Closing Date is set forth on Schedule 2.01. The aggregate amount of the Term B Loan Commitments as of the Closing Date is \$425,000,000.

“Term B Loan Prepayment Premium” shall have the meaning assigned to such term in Section 2.11(f).

“Term B Loans” shall mean (a) the Initial Term B Loans and (b) any Incremental Term Loans in the form of Term B Loans made by the Incremental Term Lenders to the Borrower pursuant to Section 2.01(e).

“Term B-1 Facility” shall mean the Term B-1 Loan Commitments and the Term B-1 Loans made hereunder.

“Term B-1 Facility Maturity Date” shall mean the earlier of (i) April 20, 2024 and (ii) the date on which all Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

“Term B-1 Loan Commitment” shall have the meaning assigned to the term “Incremental Term B-1 Loan Commitment” in the First Incremental Assumption and Amendment Agreement.

“Term B-1 Loan Prepayment Premium” shall have the meaning assigned to such term in Section 2.11(f).

“Term B-1 Loans” shall mean (a) the Incremental Term B-1 Loans and (b) any Incremental Term Loans in the form of Term B-1 Loans made by the Incremental Term Lenders to the Borrower pursuant to Section 2.01(e).

“Term B-2 Facility” shall mean the Term B-2 Loan Commitments and the Term B-2 Loans made hereunder.

“Term B-2 Facility Maturity Date” shall mean the earlier of (i) April 20, 2024 and (ii) the date on which all Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

“Term B-2 Loan Commitment” shall mean the commitment of a Lender to make Term B-2 Loans on or after the Fourth Incremental Assumption and Amendment Agreement Effective Date (including the Incremental Term B-2 Loan Commitments).

“Term B-2 Loans” shall mean (a) the Incremental Term B-2 Loans and (b) any Incremental Term Loans in the form of Term B-2 Loans made by the Incremental Term Lenders to the Borrower pursuant to Section 2.01(e).

“Term Facility” shall mean the Term B Facility, the Term B-1 Facility, the Term B-2 Facility and/or any or all of the Incremental Term Facilities.

“Term Facility Commitment” shall mean the commitment of a Lender to make Term Loans, including Term B Loans, Term B-1 Loans and/or Term B-2 Loans.

“Term Facility Maturity Date” shall mean, as the context may require, (a) with respect to the Term B Facility in effect on the Closing Date, the Term B Facility Maturity Date, (b) with respect to the Term B-1 Facility in effect on the First Incremental Assumption and Amendment Agreement Effective Date, the Term B-1 Facility Maturity Date, (c) with respect to the Term B-2 Facility in effect on the Fourth Incremental Assumption and Amendment Agreement Effective Date, the Term B-2 Facility Maturity Date and (d) with respect to any other Class of Term Loans, the maturity dates specified therefor in the applicable Incremental Assumption Agreement.

“Term Loans” shall mean the Term B Loans, the Term B-1 Loans, the Term B-2 Loans and/or any other Incremental Term Loans.

“Term Yield Differential” shall have the meaning assigned to such term in Section 2.21(b)(v).

“Termination Date” shall mean the date on which (a) all Commitments shall have been terminated and (b) the principal of and interest on each Loan, all Fees, premium (including the Prepayment Premium (if applicable)) and all other expenses or amounts payable under any Loan Document and all other Loan Obligations shall have been paid in full in cash (other than in respect of contingent indemnification and expense reimbursement claims not then due).

“Test Period” shall mean, on any date of determination, the period of four consecutive fiscal quarters of the Borrower then most recently ended (taken as one accounting period) for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(b); provided that prior to the first date financial statements have been delivered pursuant to Section 5.04(a) or 5.04(b), the Test Period in effect shall be the four fiscal quarter period ended September 30, 2017.

“Third Party Funds” shall mean any segregated accounts or funds, or any portion thereof, received by Borrower or any of its Subsidiaries as agent on behalf of third parties in accordance with a written agreement that imposes a duty upon Borrower or one or more of its Subsidiaries to collect and remit those funds to such third parties.

“Trademarks” shall have the meaning assigned to such term in the Collateral Agreement.

“Transaction Documents” shall mean the Loan Documents.

“Transaction Expenses” shall mean any fees or expenses incurred or paid by the Borrower or any of its Subsidiaries or any of their Affiliates in connection with the Transactions, this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby.

“Transactions” shall mean, collectively, the transactions to occur pursuant to the Transaction Documents, including (a) the execution, delivery and performance of the Loan Documents, the creation of the Liens pursuant to the Security Documents and the initial borrowings hereunder and the use of proceeds thereof; (b) the repayment in full of, and the termination of all obligations and commitments under, the Existing Credit Agreement (other than cash collateralized letters of credit); (c) the Closing Date Dividend; and (d) the payment of all fees and expenses to be paid and owing in connection with the foregoing.

“Type” shall mean, when used in respect of any Loan or Borrowing, the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term “Rate” shall include the Adjusted LIBO Rate and the ABR.

“Ultimate Parent” shall mean Aspen Parent Holdings, LLC, a Delaware limited liability company, together with its successors and assigns.

“Uniform Commercial Code” shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

“Unrestricted Cash” shall mean, at any time, (i) with respect to any Loan Party, the aggregate amount of cash and Permitted Investments of the Loan Parties held in Controlled Accounts (and which cash and Permitted Investments are not subject to any Liens other than the Liens created hereunder and Liens permitted by Section 6.02(n)), to the extent that the use of such cash or Permitted Investments for application to the payment of the Obligations is not prohibited by law or any contract or other agreement and (ii) solely for purposes of the definition of “Liquidity”, with respect to any other Domestic Subsidiary of the Borrower, the aggregate amount of cash and Permitted Investments of such Domestic Subsidiary (which cash and Permitted Investments are not subject to any Liens other than any statutory Liens in favor of depository banks (including rights of set-off)), to the extent that the use of such cash or Permitted Investments for application to the payment of the Obligations is not prohibited by law or any contract or other agreement.

“Unrestricted Subsidiary” shall mean (1) any Subsidiary of the Borrower acquired or created after the Closing Date that is designated by the Borrower as an Unrestricted Subsidiary hereunder by written notice to the Administrative Agent, provided, that (i) the Borrower shall only be permitted to so designate an Unrestricted Subsidiary so long as (a) no Default or Event of Default has occurred and is continuing or would result therefrom, (b) immediately after giving effect to such designation, the Borrower shall be in Pro Forma Compliance as of the last day of the then most recently ended Test Period, (c) such Unrestricted Subsidiary shall be capitalized (to the extent capitalized by the Borrower or

any of its Subsidiaries) through cash or Permitted Investments in compliance with Section 6.04, as permitted by Section 6.04(ee), and any prior or concurrent Investments in such Subsidiary by the Borrower or any of its Subsidiaries shall be deemed to have been made under Section 6.04(ee), and (d) without duplication of clause (c), any net assets owned by such Unrestricted Subsidiary at the time of the initial designation thereof shall consist solely of cash or Permitted Investments and shall be treated as Investments pursuant to Section 6.04 and (ii) the Borrower shall at all times own directly or indirectly 100% of the Equity Interests in any Unrestricted Subsidiary; and (2) any subsidiary of an Unrestricted Subsidiary. The Borrower may designate any Unrestricted Subsidiary to be a Subsidiary for purposes of this Agreement (each, a "Subsidiary Redesignation"); provided, that (i) no Default or Event of Default has occurred and is continuing or would result therefrom, and (ii) the Borrower shall have delivered to the Administrative Agent an officer's certificate executed by a Responsible Officer of the Borrower, certifying to the best of such officer's knowledge, compliance with the requirements of preceding clause (i).

"U.S. Bankruptcy Code" shall mean Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

"U.S. Lender" shall mean any Lender other than a Foreign Lender.

"USA PATRIOT Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107 56 (signed into law October 26, 2001)).

"VCOC Information Letter" shall mean a VCOC Information Letter substantially in the form of Exhibit F or such other form as shall be approved by the Administrative Agent and reasonably satisfactory to the Borrower.

"Voting Stock" shall mean, with respect to any person, such person's Equity Interests having the right to vote for the election of directors of such person under ordinary circumstances.

"Weighted Average Life to Maturity" shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Domestic Subsidiary" shall mean a Wholly Owned Subsidiary that is also a Domestic Subsidiary.

"Wholly Owned Subsidiary" of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person. Unless the context otherwise requires, "Wholly Owned Subsidiary" shall mean a Subsidiary of the Borrower that is a Wholly Owned Subsidiary of the Borrower.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Working Capital" shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis at any date of determination, Current Assets at such date of determination minus

Current Liabilities at such date of determination; provided, that, for purposes of calculating Excess Cash Flow, increases or decreases in Working Capital shall be calculated without regard to any changes in Current Assets or Current Liabilities as a result of (a) any reclassification in accordance with GAAP of assets or liabilities, as applicable, between current and noncurrent or (b) the effects of purchase accounting.

“Write-Down and Conversion Powers” shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02 Terms Generally. The definitions set forth or referred to in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any changes in GAAP after the Closing Date, any lease of the Borrower or its Subsidiaries, or of a special purpose or other entity not consolidated with the Borrower and its Subsidiaries at the time of its incurrence of such lease, that would be characterized as an operating lease under GAAP in effect on the Closing Date (whether such lease is entered into before or after the Closing Date) shall not constitute Indebtedness or a Capitalized Lease Obligation of the Borrower or any Subsidiary under this Agreement or any other Loan Document as a result of such changes in GAAP. Unless the context otherwise requires, for all purposes of this Agreement and the Loans, references to “principal amount” of the Loans include any increase in the principal amount of the outstanding Loans as a result of the payment of PIK Interest.

Section 1.03 Effectuation of Transactions. Each of the representations and warranties of the Borrower contained in this Agreement (and all corresponding definitions) are made after giving effect to the Transactions, unless the context otherwise requires.

Section 1.04 Timing of Payment or Performance. Except as otherwise expressly provided herein, when the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a specified day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day.

Section 1.05 Times of Day. Unless otherwise specified herein, all references herein to times of day shall be references to New York City time (daylight or standard, as applicable).

ARTICLE II

The Credits

Section 2.01 Commitments. Subject to the terms and conditions set forth herein:

- (a) certain Lenders agreed to make Term B Loans in Dollars to the Borrower on the Closing Date in an aggregate principal amount equal to their Term B Loan Commitments,
- (b) certain Lenders agreed to make Term B-1 Loans in Dollars to the Borrower on the First Incremental Assumption and Amendment Agreement Effective Date in an aggregate principal amount equal to their Term B-1 Loan Commitments,
- (c) each Incremental Term B-2 Lender agrees to make Term B-2 Loans in Dollars to the Borrower on the Fourth Incremental Assumption and Amendment Agreement Effective Date in an aggregate principal amount equal to its Incremental Term B-2 Loan Commitments,
- (d) each Lender agrees to make Revolving Facility Loans in Dollars to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Facility Credit Exposure exceeding such Lender's Revolving Facility Commitment or (ii) the Revolving Facility Credit Exposure exceeding the total Revolving Facility Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Facility Loans,
- (e) each Lender having an Incremental Term Loan Commitment agrees, subject to the terms and conditions set forth in the applicable Incremental Assumption Agreement, to make Incremental Term Loans to the Borrower, in an aggregate principal amount not to exceed its Incremental Term Loan Commitment, and
- (f) amounts of Term Loans borrowed under Section 2.01(a), Section 2.01(b), Section 2.01(c) or Section 2.01(e) that are repaid or prepaid may not be reborrowed.

Section 2.02 Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans under the same Facility and of the same Type made by the Lenders ratably in accordance with their respective Commitments under the applicable Facility. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided, that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

- (a) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any ABR Loan or Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided, that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.15 or 2.17 solely in respect of increased costs resulting from such exercise and existing at the time of such exercise.
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(b) At the commencement of each Interest Period for any Eurocurrency Revolving Facility Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. At the time that each ABR Revolving Facility Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. Borrowings of more than one Type may be outstanding at the same time; provided, however, that the Borrower shall not be entitled to request any Borrowing that, if made, would result in more than (i) 10 Eurocurrency Borrowings outstanding under all Term Facilities at any time and (ii) 10 Eurocurrency Borrowings outstanding under all Revolving Facilities at any time. Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing of any Class if the Interest Period requested with respect thereto would end after the Revolving Facility Maturity Date or the Term Facility Maturity Date for such Class, as applicable.

Section 2.03 Requests for Borrowings. To request a Revolving Facility Borrowing and/or an Incremental Term Borrowing, the Borrower shall notify the Administrative Agent of such request in writing in the form of a Borrowing Request signed by the Borrower by hand delivery or electronic means (a) in the case of a Eurocurrency Borrowing, not later than 12:00 noon, Local Time, (x) at least five (5) Business Days in advance of the proposed Borrowing Date in the case of a Revolving Facility Borrowing in an amount less than \$5,000,000, and (y) at least fifteen (15) Business Days in advance of the proposed Borrowing Date in the case of a Revolving Facility Borrowing in an amount greater than or equal to \$5,000,000 or (b) in the case of an ABR Borrowing, not later than 11:00 a.m. Local Time, (x) at least five (5) Business Days in advance of the proposed Borrowing Date in the case of a Revolving Facility Borrowing in an amount less than \$5,000,000, and (y) at least fifteen (15) Business Days in advance of the proposed Borrowing Date in the case of a Revolving Facility Borrowing in an amount greater than or equal to \$5,000,000 provided, that, (i) to request a Eurocurrency Borrowing or ABR Borrowing on the Closing Date, the Borrower shall notify the Administrative Agent of such request in writing (which may be by electronic means) not later than 5:00 p.m., Local Time, one Business Day prior to the Closing Date (or such later time as the Administrative Agent may agree), (ii) to request a Eurocurrency Borrowing or ABR Borrowing on the First Incremental Assumption and Amendment Agreement Effective Date, the Borrower shall notify the Administrative Agent of such request in writing (which may be by electronic means) not later than 5:00 p.m., Local Time, one Business Day prior to the First Incremental Assumption and Amendment Agreement Effective Date (or such later time as the Administrative Agent may agree), (iii) to request a Eurocurrency Borrowing or ABR Borrowing on the Fourth Incremental Assumption and Amendment Agreement Effective Date, the Borrower shall notify the Administrative Agent of such request in writing (which may be by electronic means) not later than 5:00 p.m., Local Time, one Business Day prior to the Fourth Incremental Assumption and Amendment Agreement Effective Date (or such later time as the Administrative Agent may agree) and (iv) any such notice of an Incremental Term Borrowing may be given at such time as provided in the applicable Incremental Assumption Agreement. Each such written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) whether such Borrowing is to be a Borrowing of Term B Loans, Term B-1 Loans, Term B-2 Loans or Revolving Facility Loans, as applicable;
 - (ii) the aggregate amount of the requested Borrowing;
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- (iii) the date of such Borrowing, which shall be a Business Day (the “Borrowing Date”);
- (iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;
- (v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period”; and
- (vi) the location and number of the Borrower’s account to which funds are to be disbursed.

If no election as to the currency of any Revolving Facility Borrowing is made, then the requested Borrowing shall be made in Dollars. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration. Promptly following receipt of a Borrowing Request in accordance with this Section 2.03, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

Section 2.04 [Reserved].

Section 2.05 [Reserved].

Section 2.06 Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, Local Time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. Upon receipt of all funds requested in the applicable Borrowing Request, the Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account or accounts designated by the Borrower as specified in the applicable Borrowing Request.

(a) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender’s share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with clause (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand (without duplication) such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of (A) the Federal Funds Effective Rate and (B) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to ABR Loans at such time. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender’s Loan included in such Borrowing. Any payment by the Borrower shall be



without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(b) The foregoing notwithstanding, the Administrative Agent, in its sole discretion, may from its own funds make a Revolving Facility Loan on behalf of the Lenders. In such event, the applicable Lenders on behalf of whom the Administrative Agent made the Revolving Facility Loan shall reimburse the Administrative Agent for all or any portion of such Revolving Facility Loan made on its behalf upon written notice given to each applicable Lender not later than 2:00 p.m., Local Time, on the Business Day such reimbursement is requested. The entire amount of interest attributable to such Revolving Facility Loan for the period from and including the date on which such Revolving Facility Loan was made on such Lender's behalf to but excluding the date the Administrative Agent is reimbursed in respect of such Revolving Facility Loan by such Lender shall be paid to the Administrative Agent for its own account.

Section 2.07 Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election in writing by hand delivery or electronic means an Interest Election Request signed by the Borrower, by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election.

(c) Each written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;
and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period."

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. If less than all the outstanding principal amount of any Borrowing shall be converted or continued, then each resulting Borrowing shall be in an integral multiple of the Borrowing Multiple and not less than the

Borrowing Minimum and satisfy the limitations specified in Section 2.02(c) regarding the maximum number of Borrowings of the relevant Type.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender to which such Interest Election Request relates of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the written request (including a request through electronic means) of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Notwithstanding the foregoing provisions of this Section 2.07, each Class of Term Loans bearing interest at the Adjusted LIBO Rate shall have the same Interest Period.

Section 2.08 Termination and Reduction of Commitments. (a) Unless previously terminated, the Revolving Facility Commitments shall terminate on the Revolving Facility Maturity Date. On the Closing Date (after giving effect to the funding of the Term B Loans made on such date), the Term B Loan Commitments of each Lender as of the Closing Date were terminated. On the First Incremental Assumption and Amendment Agreement Effective Date (after giving effect to the funding of the Incremental Term B-1 Loans to be made on such date), the Term B-1 Loan Commitments of each Lender as of the First Incremental Assumption and Amendment Agreement Effective Date were terminated. On the Fourth Incremental Assumption and Amendment Agreement Effective Date (after giving effect to the funding of the Incremental Term B-2 Loans to be made on such date), the Term B-2 Loan Commitments of each Lender as of the Fourth Incremental Assumption and Amendment Agreement Effective Date will terminate.

(a) The Borrower may at any time terminate, or from time to time reduce, the Revolving Facility Commitments; provided, that (i) each reduction of the Revolving Facility Commitments shall be in an amount that is an integral multiple of \$250,000 and not less than \$1,000,000 (or, if less, the remaining amount of the Revolving Facility Commitments) and (ii) the Borrower shall not terminate or reduce the Revolving Facility Commitments if, after giving effect to any concurrent prepayment of the Revolving Facility Loans in accordance with Section 2.11, the Revolving Facility Credit Exposure would exceed the total Revolving Facility Commitments.

(b) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Revolving Facility Commitments under paragraph (b) of this Section 2.08 at least three Business Days prior to the effective date of such termination or reduction (or such shorter period acceptable to the Administrative Agent), specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section 2.08 shall be irrevocable; provided, that a notice of termination or reduction of the Revolving Facility Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower (by notice to the

Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

Section 2.09 Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Revolving Facility Lender the then unpaid principal amount of each Revolving Facility Loan to the Borrower on the Revolving Facility Maturity Date applicable to such Revolving Facility Loans as provided in Section 2.10(b) and (ii) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10(a)(ii).

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Facility and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(c) The entries made in the accounts maintained pursuant to clause (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement; provided further, that if such accounts are inconsistent with the Register, the Register shall prevail.

(d) Any Lender may request that Loans made by it be evidenced by a promissory note (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in a form approved by the Administrative Agent and reasonably acceptable to the Borrower. Thereafter, unless otherwise agreed to by the applicable Lender, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein and its registered assigns.

Section 2.10 Repayment of Term Loans, Revolving Facility Commitments and Revolving Facility Loans. (a) Subject to the other clauses of this Section 2.10 and to Section 9.08(e), to the extent not previously paid, outstanding Term Loans shall be due and payable on the applicable Term Facility Maturity Date.

(a) To the extent not previously paid, outstanding Revolving Facility Loans shall be due and payable on the applicable Revolving Facility Maturity Date.

(b) Prepayment of the Loans from:

(i) all Net Proceeds or Extraordinary Receipts pursuant to Section 2.11(b) and Excess Cash Flow pursuant to Section 2.11(c) shall be allocated to the Class or Classes of Term Loans determined pursuant to Section 2.10(d); provided, that any Lender, at its option, may elect to

decline any such prepayment of any Term Loan held by it if it shall give written notice to the Administrative Agent thereof by 5:00 p.m. Local Time at least three Business Days prior to the date of such prepayment (any such Lender, a “Declining Lender”) and on the date of any such prepayment, any amounts that would otherwise have been applied to prepay Term Loans owing to Declining Lenders shall instead be reoffered to the non-Declining Lenders on a pro rata basis and, if such Lenders elect to decline such amounts retained by the Borrower for application for any purpose not prohibited by this Agreement, and

(ii) any optional prepayments of the Term Loans pursuant to Section 2.11(a) shall be applied so that the aggregate amount of such prepayment is allocated (i) first, among the Term B Loans and the Term B-1 Loans, pro rata based on the aggregate principal amount of outstanding Term B Loans and Term B-1 Loans, until the Senior Obligations have been Paid in Full, and (ii) thereafter, to the Term B-2 Loans.

(c) Any mandatory prepayment of Term Loans pursuant to Section 2.11(b) or (c) shall be applied so that the aggregate amount of such prepayment is allocated (i) first, among the Term B Loans and the Term B-1 Loans, pro rata based on the aggregate principal amount of outstanding Term B Loans and Term B-1 Loans, until the Senior Obligations have been Paid in Full and (ii) thereafter to the Term B-2 Loans. Prior to any prepayment of any Loan under any Facility hereunder, the Borrower shall select the Borrowing or Borrowings under the applicable Facility to be prepaid and shall notify the Administrative Agent in writing (which may be by electronic means) of such selection not later than 2:00 p.m., Local Time, (i) in the case of an ABR Borrowing, at least one Business Day before the scheduled date of such prepayment and (ii) in the case of a Eurocurrency Borrowing, at least three Business Days before the scheduled date of such prepayment (or, in each case such shorter period acceptable to the Administrative Agent); provided, that a notice of prepayment may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Each repayment of a Borrowing (x) in the case of the Revolving Facility, shall be applied to the Revolving Facility Loans included in the repaid Borrowing such that each Revolving Facility Lender receives its ratable share of such repayment (based upon the respective Revolving Facility Credit Exposures of the Revolving Facility Lenders at the time of such repayment) and (y) in all other cases, shall be applied (i) first, among the Term B Loans and the Term B-1 Loans, pro rata based on the aggregate principal amount of outstanding Term B Loans and Term B-1 Loans, until the Senior Obligations have been Paid in Full and (ii) thereafter, to the Term B-2 Loans. All repayments and prepayments of Loans shall be accompanied by accrued interest on the amount repaid to the extent required by Section 2.13(d) and shall be subject to Section 2.11(f).

Section 2.11 Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Loan in whole or in part, without premium or penalty (but subject to Section 2.11(f) and 2.16), in an aggregate principal amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.10(d).

(b) The Borrower shall apply all Net Proceeds and Extraordinary Receipts promptly upon receipt thereof (but in no event later than five Business Days after receipt thereof) to prepay Term Loans in accordance with clauses (c) and (d) of Section 2.10.

(c) Not later than 5 Business Days after the date on which the financial statements are, or are required to be, delivered under Section 5.04(b)(i) or Section 5.04(b)(ii), as applicable with

respect to each Excess Cash Flow Period, the Borrower shall calculate Excess Cash Flow for such Excess Cash Flow Period and the Borrower shall apply an amount equal to (i) the Required Excess Cash Flow Amount minus (ii) to the extent not financed using the proceeds of the incurrence of funded Indebtedness, the sum of the amount of any voluntary payments made during such Excess Cash Flow Period (plus, without duplication of any amounts previously deducted under this clause (c), the amount of any voluntary payments after the end of such Excess Cash Flow Period but before the date of prepayment under this clause (c)) of Term Loans, to prepay Term Loans in accordance with clauses (c) and (d) of Section 2.10, provided that, notwithstanding the foregoing, the Fifth Amendment Prepayment shall not reduce Excess Cash Flow or the amount of the prepayment required under this Section 2.11(c) for the applicable Excess Cash Flow Period(s). Such calculation will be set forth in a certificate signed by a Financial Officer of the Borrower delivered to the Administrative Agent setting forth the amount, if any, of Excess Cash Flow for such fiscal quarter, the amount of any required prepayment in respect thereof and the calculation thereof in reasonable detail.

(d) Notwithstanding any other provisions of this Section 2.11 to the contrary, (i) to the extent that any Net Proceeds of any Asset Sale by a Foreign Subsidiary, Extraordinary Receipts received by a Foreign Subsidiary or Excess Cash Flow attributable to a Foreign Subsidiary would otherwise be required to be applied pursuant to Section 2.11(b) or Section 2.11(c) but is prohibited, restricted or delayed by applicable local law from being repatriated to the United States of America, the portion of such Net Proceeds, Extraordinary Receipts or Excess Cash Flow so affected will not be required to be applied to repay Term Loans at the times provided in Section 2.11(b) or Section 2.11(c) but may be retained by the applicable Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States of America, and once such repatriation of any of such affected Net Proceeds, Extraordinary Receipts or Excess Cash Flow is permitted under the applicable local law, such repatriation will be effected and such repatriated Net Proceeds, Extraordinary Receipts or Excess Cash Flow will be promptly applied (net of additional taxes payable or reserved against as a result thereof) to the repayment of the Term Loans pursuant to Section 2.11(b) or Section 2.11(c), to the extent provided therein and (ii) to the extent that the Borrower has determined in good faith in consultation with the Administrative Agent that repatriation of any or all of such Net Proceeds, Extraordinary Receipts or Excess Cash Flow that would otherwise be required to be applied pursuant to Section 2.11(b) or Section 2.11(c) would have a material adverse tax consequence with respect to such Net Proceeds or Excess Cash Flow, the Net Proceeds, Extraordinary Receipts or Excess Cash Flow so affected may be retained by the applicable Foreign Subsidiary (the Borrower hereby agreeing to cause the applicable Subsidiary to promptly use commercially reasonable efforts to take all actions within the reasonable control of the Borrower that are reasonably required to eliminate such tax effects).

(e) In the event that the aggregate amount of Revolving Facility Credit Exposure exceeds the total Revolving Facility Commitments (other than as a result of the payment of PIK Interest), the Borrower shall prepay Revolving Facility Borrowings in an aggregate amount equal to such excess.

(f) In the event that all or any portion of the Term B Loans are repaid or prepaid for any reason (including as a result of any mandatory prepayments, voluntary prepayments, payments made following acceleration of the Loans or during the continuation of an Event of Default, but excluding payments of the purchase price in connection with an assignment of the Loans made pursuant to Section 2.19(c)), such repayments or prepayments will include a premium equal to (A) 2.00% of the aggregate principal amount of the Term B Loans repaid or prepaid, if such repayment or prepayment occurs prior to the first anniversary of the Closing Date, (B) 1.00% of the aggregate principal amount of the Term B Loans repaid or prepaid, if such repayment or prepayment occurs on or after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date, and (D) 0.00% of the aggregate principal amount of the Term B Loans repaid or prepaid, if such repayment or prepayment occurs on or after the second anniversary of the Closing Date (the foregoing premiums, the "Term B Loan Prepayment

Premium”). In the event that all or any portion of the Term B-1 Loans are repaid or prepaid for any reason (including as a result of any mandatory prepayments, voluntary prepayments, payments made following acceleration of the Loans or during the continuation of an Event of Default, but excluding payments of the purchase price in connection with an assignment of the Loans made pursuant to Section 2.19(c)), such repayments or prepayments will include a premium equal to (A) 2.00% of the aggregate principal amount of the Term B-1 Loans repaid or prepaid, if such repayment or prepayment occurs prior to the first anniversary of the First Incremental Assumption and Amendment Agreement Effective Date, (B) 1.00% of the aggregate principal amount of the Term B-1 Loans repaid or prepaid, if such repayment or prepayment occurs on or after the first anniversary of the First Incremental Assumption and Amendment Agreement Effective Date but prior to the second anniversary of the First Incremental Assumption and Amendment Agreement Effective Date, and (D) 0.00% of the aggregate principal amount of the Term B-1 Loans repaid or prepaid, if such repayment or prepayment occurs on or after the second anniversary of the First Incremental Assumption and Amendment Agreement Effective Date (the foregoing premiums, the “Term B-1 Loan Prepayment Premium” and, together with the Term B Loan Prepayment Premium, collectively, the “Prepayment Premium”). Notwithstanding the foregoing, the Prepayment Premium shall not apply to (1) scheduled amortization installment payments made by the Borrower pursuant to Section 2.10(a)(i) or Section 2.10(a)(ii), as applicable, (2) mandatory prepayments made by the Borrower of (i) Net Proceeds of the type specified in clause (a) of the definition of “Net Proceeds”, (ii) Extraordinary Receipts and (iii) any Cure Amount, in each case, pursuant to Sections 2.11(b), (3) mandatory prepayments made by the Borrower pursuant to Section 2.11(c) and (4) voluntary prepayments made by the Borrower pursuant to Section 2.11(a) that are funded solely by internally generated cash from the business operations of the Borrower and its Subsidiaries. If the Term B Loans or Term B-1 Loans are accelerated or otherwise become due prior to their maturity date, in each case, as a result of an Event of Default (including upon the occurrence of a bankruptcy or insolvency event (including the acceleration of claims by operation of law)), the amount of principal of and premium on the Term B Loans or Term B-1 Loans that becomes due and payable shall equal 100% of the principal amount of the Term B Loans or Term B-1 Loans, as applicable, plus the applicable Prepayment Premium in effect on the date of such acceleration or such other due date, as if such acceleration or other occurrence were a voluntary prepayment of the Term B Loans or Term B-1 Loans, as applicable, accelerated or otherwise becoming due. Without limiting the generality of the foregoing, it is understood and agreed that if the Term B Loans or Term B-1 Loans are accelerated or otherwise become due prior to their maturity date, in each case, in respect of any Event of Default (including upon the occurrence of a bankruptcy or insolvency event (including the acceleration of claims by operation of law)), the Prepayment Premium applicable with respect to a voluntary prepayment of the Term B Loans or Term B-1 Loans, as applicable, will also be due and payable on the date of such acceleration or such other due date as though the Term B Loans or Term B-1 Loans, as applicable, were voluntarily prepaid as of such date and shall constitute part of the Loan Obligations, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Lender’s lost profits as a result thereof. Any premium payable above shall be presumed to be the liquidated damages sustained by each Lender as the result of the early prepayment and the Borrower agrees that it is reasonable under the circumstances currently existing. THE BORROWER EXPRESSLY WAIVES (TO THE FULLEST EXTENT IT MAY LAWFULLY DO SO) THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE PREPAYMENT PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION. The Borrower expressly agrees (to the fullest extent it may lawfully do so) that: (A) the Prepayment Premium is reasonable and is the product of an arm’s length transaction between sophisticated business people, ably represented by counsel; (B) the Prepayment Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made; (C) there has been a course of conduct between the Lenders and the Borrower giving specific consideration in this transaction for such agreement to pay the Prepayment Premium; and (D) the Borrower shall be estopped hereafter from claiming differently than as agreed to in this paragraph.

Section 2.12 Fees. (a) The Borrower shall pay to each Lender (other than any Defaulting Lender), through the Administrative Agent, on the date that is three Business Days after the last day of March, June, September and December in each year and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a commitment fee (a "Commitment Fee") on the daily amount of the applicable Available Unused Commitment of such Lender during the preceding quarter (or other period commencing with the Closing Date or ending with the date on which the last of the Commitments of such Lender shall be terminated) at a rate equal to the Applicable Commitment Fee. All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Commitment Fee due to each Lender shall commence to accrue on the Closing Date and shall cease to accrue on the date on which the last of the Commitments of such Lender shall be terminated as provided herein.

(b) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances.

(c) The Borrower shall pay to the Administrative Agent the "Agent Fee" as set forth in the Agency Fee Letter.

Section 2.13 Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the ABR plus the Applicable Margin.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Notwithstanding the foregoing, (x) upon the occurrence and during the continuation of an Event of Default (other than an Event of Default described in Section 7.01(b), 7.01(c), 7.01(h) or 7.01(i)), at the election of the Required Lenders, and (y) upon the occurrence of any Event of Default described in Section 7.01(b), 7.01(c), 7.01(h) or 7.01(i)), automatically, the principal amount of all Loans outstanding and, to the extent permitted by applicable law, any interest payments on the Loans or any fees or other amounts owed hereunder, shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of the principal amount of all Loans outstanding, 2.00% plus the rate otherwise applicable to such Loan as provided in the preceding clauses of this Section 2.13, or (ii) in the case of any other amount owed hereunder, 2.00% plus the rate applicable to ABR Loans as provided in clause (a) of this Section; provided, that this clause (c) shall not apply to any Event of Default that has been waived by the Lenders pursuant to Section 9.08.

(d) Accrued interest on each Loan shall be payable in arrears (i) on each Interest Payment Date for such Loan, (ii) in the case of Revolving Facility Loans, upon termination of the applicable Revolving Facility Commitments and (iii) in the case of the Term Loans, on the applicable Term Facility Maturity Date; provided, that (A) interest accrued pursuant to clause (c) of this Section 2.13 shall be payable on demand, (B) in the event of any repayment or prepayment of any Loan (other than a prepayment of a Revolving Facility Loan that is an ABR Loan that is not made in conjunction with a permanent commitment reduction), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (C) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the ABR at times when the ABR is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable ABR, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(f) In each case, subject to the Subordination Terms and Section 7.02:

(i) With respect to each Interest Payment Date occurring on or prior to July 29, 2021, the Borrower may, at its option, elect to pay interest on the Loans on such Interest Payment Date (A) entirely in cash ("Cash Interest"), (B) entirely by increasing the outstanding principal amount of the Loans ("PIK Interest") or (C) a portion as Cash Interest and a portion as PIK Interest. The Borrower must elect the form of interest payment with respect to each Interest Payment Date occurring on or prior to July 29, 2021 by delivering a notice to the Administrative Agent at least one Business Day prior to the applicable Interest Payment Date; provided that in the absence of such election, interest on the Loans shall be payable as PIK Interest.

(ii) With respect to each Interest Payment Date occurring during the period commencing after July 29, 2021 and ending on or prior to December 31, 2022 (the "PIK End Date"), interest on the Loans shall be payable on such Interest Payment Date solely as Cash Interest; provided that if Liquidity determined on a pro forma basis after giving effect to the payment of any Cash Interest on the Loans on such Interest Payment Date would be less than \$45,000,000, then interest on the Loans payable on such Interest Payment Date shall be payable as follows: (x) interest on the Loans shall be payable as Cash Interest to the extent (if any) that Liquidity determined on a pro forma basis after giving effect to the payment of such Cash Interest on the Loans would not be less than \$45,000,000 and (y) with respect to any remaining interest on the Loans after giving effect to clause (x), the Borrower may, at its option, elect to pay such remaining interest on the Loans (A) entirely as Cash Interest, (B) entirely as PIK Interest or (C) a portion as Cash Interest and a portion as PIK Interest; provided, further, that the Borrower shall deliver to the Administrative Agent at least one Business Day prior to the applicable Interest Payment Date a certificate signed by a Financial Officer of the Borrower setting forth the pro forma calculation of Liquidity in reasonable detail and, in the case of clause (y) of the immediately preceding proviso, electing the form of interest payment with respect to such Interest Period (provided that in the absence of such election, interest on the Loans shall be payable as PIK Interest to the extent permitted under this Section 2.13(f)(ii)).

(iii) With respect to each Interest Payment Date occurring after the PIK End Date, interest on the Loans shall be payable on such Interest Payment Date solely as Cash Interest.

(iv) Any Cash Interest paid pursuant to this Section 2.13(f) on any Interest Payment Date shall be applied so that the aggregate amount of such Cash Interest payment is allocated among the Term B Loans, the Term B-1 Loans and the Term B-2 Loans (and the Revolving Facility Loans to the extent interest thereon is payable on such Interest Payment Date), pro rata based on the aggregate principal amount of outstanding Term B Loans, Term B-1 Loans and the Term B-2 Loans (and the Revolving Facility Loans to the extent interest thereon is payable on such Interest Payment Date).

Section 2.14 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders in writing by electronic means as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective and such Borrowing shall be converted to or continued as on the last day of the Interest Period applicable thereto an ABR Borrowing, and (ii) if any Borrowing Request requests a Eurocurrency Borrowing, such Borrowing shall be made as an ABR Borrowing.

If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower, Required Lenders or Required Revolving Facility Lenders notify the Administrative Agent (with, in the case of the Required Lenders or the Required Revolving Facility Lenders, a copy to the Borrower) that the Borrower, Required Lenders or Required Revolving Facility Lenders (as applicable) have determined, with respect to any Eurocurrency Borrowing, that (i) the circumstance set forth in Section 2.14(a) above has arisen and such circumstance is unlikely to be temporary or (ii) the circumstance set forth in Section 2.14(a) has not arisen but the supervisor for the administrator of the LIBO Rate, or the administrator of the LIBO Rate, or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBO Rate shall no longer be published or used for determining interest rates for loans, then (A) if the Administrative Agent and the Borrower reasonably determine that there exists a then prevailing market convention generally accepted for determining a reference rate of interest for syndicated loans in the United States of America as the successor to interest rates based on the LIBO Rate, the Administrative Agent and the Borrower shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) (and any such amendment described in this clause (A) shall, notwithstanding anything to the contrary in Section 9.08, immediately become effective), or (B) if the Administrative Agent and the Borrower are unable to reasonably determine that a then prevailing market convention for determining a rate of interest for syndicated loans in the United States of America as the successor to interest rates based on the LIBO Rate does exist, the Administrative Agent and the Borrower shall enter into an amendment to this Agreement to reflect an alternate rate of interest and such other related changes to this Agreement as may be applicable (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), in each case that are acceptable to the Borrower and the Administrative Agent (and any such amendment described in this clause (B) shall, notwithstanding anything to the contrary in Section 9.08, become effective at 5:00 p.m. (New York time) on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders or the Required Revolving Facility Lenders (each acting reasonably) have delivered to the Administrative Agent notice that such Required Lenders or Required Revolving Facility Lenders, as applicable, do not accept such amendment) (any such alternate rate described in the foregoing clauses (A) or (B), a "LIBOR Successor Rate"); provided that, (x) if such LIBOR Successor Rate as so determined would be less than 1%, such LIBOR Successor Rate shall be deemed to be 1% for all purposes of this Agreement and (y) for the avoidance of doubt, no fee shall be payable to the Administrative Agent or the Lenders in connection with an amendment to this Agreement pursuant to this Section 2.14. If no LIBOR Successor Rate has been determined and the

circumstances under clause (i) or (ii) above exist (as applicable), the Administrative Agent will promptly so notify the Borrower and the Lenders by telephone or electronic means as promptly as practicable thereafter and, thereafter (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective and such Borrowing shall be converted to or continued as on the last day of the Interest Period applicable thereto an ABR Borrowing, (ii) the Adjusted LIBO Rate component shall no longer be utilized in determining the ABR and (iii) if any Borrowing Request requests a Eurocurrency Borrowing, such Borrowing shall be made as an ABR Borrowing.

Section 2.15 Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) subject any Lender to any Tax with respect to any Loan Document (other than (i) Taxes indemnifiable under Section 2.17 or (ii) Excluded Taxes); or

(iii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as applicable, as specified in clause (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error; provided, that any such certificate claiming amounts described in clause (x) or (y) of the definition of "Change in Law" shall, in addition, state the basis upon which such amount has been calculated and certify that such Lender's demand for payment of such costs hereunder, and such method of allocation is not inconsistent with its treatment of other borrowers which, as a credit matter, are similarly situated to the Borrower and which are subject to similar provisions. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Promptly after any Lender has determined that it will make a request for increased compensation pursuant to this Section 2.15, such Lender shall notify the Borrower thereof. Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.15 shall not constitute a waiver of such Lender's right to demand such compensation;

provided, that the Borrower shall not be required to compensate a Lender pursuant to this Section 2.15 for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.16 Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow (other than due to the default of the relevant Lender), convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan, such loss, cost or expense to any Lender shall be deemed to be the amount determined by such Lender (it being understood that the deemed amount shall not exceed the actual amount) to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue a Eurocurrency Loan, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in Dollars of a comparable amount and period from other banks in the eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 2.17 Taxes. (a) Any and all payments made by or on behalf of a Loan Party under this Agreement or any other Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes except as required by Requirements of Law. If a Loan Party, the Administrative Agent or any other applicable withholding agent shall be required by applicable Requirement of Law to deduct or withhold any Taxes from such payments, then (i) the applicable withholding agent shall make such deductions or withholdings as are reasonably determined by the applicable withholding agent to be required by any applicable Requirement of Law, (ii) the applicable withholding agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority within the time allowed and in accordance with applicable Requirement of Law, and (iii) to the extent withholding or deduction is required to be made on account of Indemnified Taxes, the sum payable by the Loan Party shall be increased as necessary so that after all required deductions and withholdings have been made (including deductions or withholdings applicable to additional sums payable under this Section 2.17) the Administrative Agent or any Lender, as applicable, receives an amount equal to the sum it would have received had no such deductions or withholdings been made. Whenever any Indemnified Taxes are payable by a Loan Party, as promptly as possible thereafter, such Loan Party shall send to the Administrative Agent for its own account or for the account of a Lender, as the case may be, a certified copy of an official receipt (or other evidence acceptable to the Administrative Agent or such Lender, acting reasonably) received by the Loan Party showing payment thereof. Without duplication, after any payment of Taxes by any Loan Party or the Administrative Agent to a Governmental Authority as provided in this Section 2.17, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, a copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by applicable

Requirements of Law to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(a) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Requirements of Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(b) The Borrower shall indemnify and hold harmless the Administrative Agent and each Lender within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes imposed on the Administrative Agent or such Lender, as applicable, as the case may be (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate setting forth in reasonable detail the basis and calculation of the amount of such payment or liability delivered to the Borrower by a Lender or by the Administrative Agent (as applicable) on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(c) Each Lender shall deliver to the Borrower and the Administrative Agent, at such time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Requirements of Law and such other reasonably requested information as will permit the Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not any payments made hereunder or under any other Loan Document are subject to withholding of Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, any such withholding of Taxes in respect of any payments to be made to such Lender by any Loan Party pursuant to any Loan Document or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17 (e)(i)(A), (i)(B), (i)(C), (ii), (iii) and (iv)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(d) Without limiting the generality of Section 2.17(d):

(i) each Foreign Lender with respect to any Loan made to the Borrower shall, to the extent it is legally eligible to do so, deliver to the Borrower and the Administrative Agent, prior to the date on which the first payment to the Foreign Lender is due hereunder, two copies of (A) in the case of a Foreign Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest," United States Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable, (or any applicable successor form) (together with a certificate (substantially in the form of Exhibit J hereto, such certificate, the "Non-Bank Tax Certificate") certifying that such Foreign Lender is not a bank for purposes of Section 881(c) of the Code, is not a "10-percent shareholder" (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a CFC related to the Borrower (within the meaning of Section 864(d)(4) of the Code), and that the interest payments in question are not

effectively connected with the conduct by such Lender of a trade or business within the United States of America), (B) Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable, or Form W-8ECI (or any applicable successor form), in each case properly completed and duly executed by such Foreign Lender claiming complete exemption from, or reduced rate of, U.S. federal withholding tax on payments by the Borrower under this Agreement, (C) Internal Revenue Service Form W-8IMY (or any applicable successor form) and all necessary attachments (including the forms described in clauses (A) and (B) above, provided that if the Foreign Lender is a partnership, and one or more of the partners is claiming portfolio interest treatment, the Non-Bank Tax Certificate may be provided by such Foreign Lender on behalf of such partners) or (D) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made, and from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent;

(ii) each U.S. Lender shall deliver to the Borrower and the Administrative Agent two copies of Internal Revenue Service Form W-9 (or substitute or successor form), properly completed and duly executed, certifying that such U.S. Lender is exempt from U.S. federal backup withholding (i) on or prior to the Closing Date (or on or prior to the date it becomes a party to this Agreement), (ii) on or before the date that such form expires or becomes obsolete or invalid, (iii) after the occurrence of a change in the U.S. Lender's circumstances requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and (iv) from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

(iii) such Lender or such Agent shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA, to determine whether such Lender has or has not complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this Section 2.17(e)(iii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement; and

(iv) the Administrative Agent shall deliver to the Borrower (x)(I) prior to the date on which the first payment by the Borrower is due hereunder or (II) prior to the first date on or after the date on which such Agent becomes a successor Administrative Agent pursuant to Section 8.09 on which payment by the Borrower is due hereunder, as applicable, two copies of a properly completed and executed Internal Revenue Service Form W-9 certifying its exemption from U.S. federal backup withholding or such other properly completed and executed documentation prescribed by applicable law certifying its entitlement to an available exemption from applicable U.S. federal withholding taxes in respect of any payments to be made to such Agent by any Loan Party pursuant to any Loan Document including, as applicable, an Internal Revenue Service Form W-8IMY certifying that the Agent is a U.S. branch and intends to be treated as a U.S. person for purposes of withholding under Chapter 3 of the Code pursuant to Section 1.1441-1(b)(2)(iv) of the United States Treasury Regulations, and (y) on or before the date on which any such previously delivered documentation expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent documentation previously delivered by it to the Borrower, and from time to time if reasonably requested by the Borrower, two further copies of such documentation.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update and provide two further copies of such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

Each person that shall become a Participant pursuant to Section 9.04 or a Lender pursuant to Section 9.04 shall, upon the effectiveness of the related transfer, be required to provide all the forms and statements required pursuant to this Section 2.17(e); provided that a Participant shall furnish all such required forms and statements to the person from which the related participation shall have been purchased.

(e) If any Lender or the Administrative Agent, as applicable, determines, in its sole discretion, that it has received a refund of an Indemnified Tax for which a payment has been made by a Loan Party pursuant to this Agreement or any other Loan Document, which refund in the good faith judgment of such Lender or the Administrative Agent, as the case may be, is attributable to such payment made by such Loan Party, then the Lender or the Administrative Agent, as the case may be, shall reimburse the Loan Party for such amount (net of all reasonable out-of-pocket expenses of such Lender or the Administrative Agent, as the case may be, and without interest other than any interest received thereon from the relevant Governmental Authority with respect to such refund) as the Lender or Administrative Agent, as the case may be, determines in its sole discretion to be the proportion of the refund as will leave it, after such reimbursement, in no better or worse position (taking into account expenses or any Taxes imposed on the refund) than it would have been in if the Indemnified Tax giving rise to such refund had not been imposed in the first instance; provided that the Loan Party, upon the request of the Lender or the Administrative Agent agrees to repay the amount paid over to the Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender or the Administrative Agent in the event the Lender or the Administrative Agent is required to repay such refund to such Governmental Authority. No Lender nor the Administrative Agent shall be obliged to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party in connection with this clause (f) or any other provision of this Section 2.17.

(f) [Reserved].

(g) The agreements in this Section 2.17 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable under any Loan Document.

For purposes of this Section 2.17, the terms “applicable law” and “applicable Requirement of Law” include FATCA.

Section 2.18 Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) Unless otherwise specified, the Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees, premiums, or of amounts payable under Sections 2.15, 2.16 or 2.17, or otherwise) prior to 2:00 p.m., Local Time, on the date when due, in immediately available funds, without condition or deduction for any defense, recoupment, set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to the Borrower by the Administrative Agent except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.05 shall be made directly to the persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. Except as otherwise expressly provided herein, if any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding

Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments made under the Loan Documents shall be made in Dollars. Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) Subject to Section 7.02, if at any time insufficient funds are received by and available to the Administrative Agent from the Borrower to pay fully all amounts of principal, interest, fees and premium (including the Prepayment Premium) then due from the Borrower hereunder, such funds shall be applied (i) first, towards payment of interest, fees and premium (including the Prepayment Premium) then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties and (ii) second, towards payment of principal then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of, or interest on, any of its Term Loans of a given Class or Revolving Facility Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Term Loans of such Class and such Revolving Facility Loans and accrued interest thereon than the proportion received by any other Lender entitled to receive the same proportion of such payment, then the Lender receiving such greater proportion shall purchase participations in the Term Loans of such Class and such Revolving Facility Loans of such other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders ratably in accordance with the principal amount of each such Lender's respective Term Loans of such Class and such Revolving Facility Loans and accrued interest thereon; provided, that the provisions of this clause (c) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant. The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Sections 2.06 or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the

Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(f) Notwithstanding anything else herein to the contrary, (i) the equity issuance by Outerwall Holdings Inc. contemplated by Schedule 2 to the Fourth Incremental Assumption and Amendment Agreement shall be made solely to those Lenders party to the Credit Agreement immediately prior to the Fourth Incremental Assumption and Amendment Agreement Effective Date and shall not be made to any an Incremental Term B-2 Lender and (ii) the Fifth Amendment Prepayment shall be applied solely to the Term B Loans and the Term B-1 Loans and not to the Term B-2 Loans.

Section 2.19 Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 or any event that gives rise to the operation of Section 2.20, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17 or mitigate the applicability of Section 2.20, as applicable, in the future and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(a) If (i) any Lender requests compensation under Section 2.15 or gives notice under Section 2.20, (ii) the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or (iii) any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require any such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, to the extent consent would be required under Section 9.04(b) for an assignment of Loans or Commitments, as applicable, which consent, in each case, shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15, payments required to be made pursuant to Section 2.17 or a notice given under Section 2.20, such assignment will result in a reduction in such compensation or payments. Nothing in this Section 2.19 shall be deemed to prejudice any rights that the Borrower may have against any Lender that is a Defaulting Lender. No action by or consent of the removed Lender shall be necessary in connection with such assignment, which shall be immediately and automatically effective upon payment of such purchase price.

In connection with any such assignment the Borrower, Administrative Agent, such removed Lender and the replacement Lender shall otherwise comply with Section 9.04, provided, that if such removed Lender does not comply with Section 9.04 within one Business Day after the Borrower's request, compliance with Section 9.04 shall not be required to effect such assignment.

(b) If any Lender (such Lender, a “Non-Consenting Lender”) has failed to consent to a proposed amendment, waiver, discharge or termination which pursuant to the terms of Section 9.08 requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall have granted their consent, then the Borrower shall have the right (unless such Non-Consenting Lender grants such consent) at its sole expense (including with respect to the processing and recordation fee referred to in Section 9.04(b)(ii)(B)) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to (and any such Non-Consenting Lender agrees that it shall, upon the Borrower’s request) assign its Loans and its Commitments (or, at the Borrower’s option, the Loans and Commitments under the Facility that is the subject of the proposed amendment, waiver, discharge or termination) hereunder to one or more assignees reasonably acceptable to the Administrative Agent (unless such assignee is a Lender, an Affiliate of a Lender or an Approved Fund); provided, that: (a) all Loan Obligations of the Borrower owing to such Non-Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, (b) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon and (c) the replacement Lender shall grant its consent with respect to the applicable proposed amendment, waiver, discharge or termination. No action by or consent of the Non-Consenting Lender shall be necessary in connection with such assignment, which shall be immediately and automatically effective upon payment of such purchase price. In connection with any such assignment the Borrower, Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 9.04; provided, that if such Non-Consenting Lender does not comply with Section 9.04 within one Business Day after the Borrower’s request, compliance with Section 9.04 shall not be required to effect such assignment.

Section 2.20 Illegality. If any Lender reasonably determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable Lending Office to make or maintain any Eurocurrency Loans, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligations of such Lender to make or continue Eurocurrency Loans or to convert ABR Borrowings to Eurocurrency Borrowings shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall upon demand from such Lender (with a copy to the Administrative Agent), convert all Eurocurrency Borrowings of such Lender to ABR Borrowings, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Borrowings to such day, or immediately, if such Lender may not lawfully continue to maintain such Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so converted.

Section 2.21 Incremental Term Loan Commitments. (a) The Borrower may, by written notice to the Administrative Agent from time to time, request Incremental Term Loan Commitments in an amount not to exceed the Incremental Amount; provided that (A) the Borrower shall first seek Incremental Term Loan Commitments from the existing Lenders, (B) any existing Lender approached to provide any Incremental Term Loan Commitment may elect or decline, in its sole discretion, to provide such Incremental Term Loan Commitment, (C) if the existing Lenders decline to provide the full amount of such Incremental Term Loan Commitments, the Borrower may then seek Incremental Term Loan Commitments on the same terms from other persons and (D) any person that the Borrower proposes to become an Incremental Term Lender, if such person is not then an existing Lender, shall be subject to the approval of the Administrative Agent (which approval shall not be unreasonably withheld); provided, further, that the foregoing requirements shall not apply to any Term B-2 Loans (including the Incremental Term B-2 Loans). Such notice shall set forth (i) the amount of the Incremental Term Loan Commitments being requested (which shall be in minimum increments of \$5,000,000 and a minimum amount of \$10,000,000, or equal to the remaining Incremental Amount or, in each case, such

lesser amount approved by the Administrative Agent) and (ii) the date on which such Incremental Term Loan Commitments are requested to become effective. Notwithstanding anything in this Agreement to the contrary, any Incremental Term Loan Commitments and Incremental Term Loans established and incurred after the Fourth Incremental Assumption and Amendment Agreement Effective Date shall be in the form of additional Term B-2 Loans with terms identical to the existing Term B-2 Loans.

(b) The terms and conditions of any Incremental Term Loan Commitments and the Incremental Term Loans shall be governed by this Agreement unless otherwise provided in the applicable Incremental Assumption Agreement. The Borrower and each Incremental Term Lender shall execute and deliver to the Administrative Agent an Incremental Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Incremental Term Loan Commitment of such Incremental Term Lender.

Each party hereto hereby agrees that, upon the effectiveness of any Incremental Assumption Agreement, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Incremental Term Loan Commitments evidenced thereby as provided for in Section 9.08(e). Any amendment to this Agreement or any other Loan Document that is necessary to effect the provisions of this Section 2.21 and any such collateral and other documentation shall be deemed "Loan Documents" hereunder and may be memorialized in writing by the Administrative Agent with the Borrower's consent (not to be unreasonably withheld) and furnished to the other parties hereto.

(c) Notwithstanding the foregoing, no Incremental Term Loan Commitment shall become effective under this Section 2.21 unless (i) on the date of such effectiveness, the conditions set forth in clause (c) of Section 4.01 shall be satisfied and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Responsible Officer of the Borrower; (ii) the Borrower shall have delivered to the Administrative Agent such customary legal opinions, board resolutions, secretary's certificates, officer's certificates and other customary closing certificates and documentation as required by the relevant Incremental Assumption Agreement and, to the extent required by the Administrative Agent, consistent with those delivered on the Closing Date under Section 4.02 and such additional customary documents and filings (including amendments to the Mortgages and other Security Documents and title endorsement bringdowns) as the Administrative Agent may reasonably request to assure that the Incremental Term Loans are secured by the Collateral ratably with the Term B Loans, the Term B-1 Loans and the Term B-2 Loans, (iii) after giving effect to such Incremental Term Loan Commitments and the making of Incremental Term Loans thereunder and the transactions to be made on the date of effectiveness thereof and assuming that all applicable Incremental Term Loan Commitments are fully drawn, the Borrower shall be in Pro Forma Compliance for the Test Period most recently ended (it being understood and agreed that proceeds of such Incremental Term Loans incurred at such time shall not be netted against the applicable amount of Consolidated Debt for purposes of such calculation of the Net Total Leverage Ratio at such time), (iv) the proceeds of any Incremental Term Loan Commitment shall be used solely to finance Permitted Business Acquisitions, Investments (so long as the consideration for such Investment constitutes Collateral) and capital expenditures in each case in accordance with this Agreement and (v) any fees and expenses owing in respect of such Incremental Term Loan Commitments and Incremental Term Loans owed to the Administrative Agent and the Incremental Term Lenders hereunder or under the applicable Incremental Assumption Agreement shall have been paid; provided, however, that the foregoing clauses (c)(i) through (c)(v) shall not be applicable with respect to (x) the Term B-1 Loan Commitments made on the First Incremental Assumption and Amendment Agreement Effective Date, the terms and conditions with respect to which are set forth in the First Incremental Assumption and Amendment Agreement or (y) the Term B-2 Loan Commitments made on or after the Fourth Incremental Assumption and Amendment Agreement Effective Date, the terms and

conditions with respect to which are set forth in the Fourth Incremental Assumption and Amendment Agreement (or, in the case of Term B-2 Loan Commitments established after the Fourth Incremental Assumption and Amendment Agreement Effective Date, the applicable Incremental Assumption Agreement).

(d) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be reasonably necessary to ensure that all Incremental Term Loans, when originally made, are included in each Borrowing of the outstanding applicable Class of Term Loans on a pro rata basis. The Borrower agrees that Section 2.16 shall apply to any conversion of Eurocurrency Loans to ABR Loans reasonably required by the Administrative Agent to effect the foregoing.

(e) Notwithstanding anything in the foregoing to the contrary, (i) for the purpose of determining the number of outstanding Eurocurrency Borrowings upon the incurrence of any Incremental Term Loans, to the extent the last date of Interest Periods for multiple Eurocurrency Borrowings under the Term Facilities fall on the same day, such Eurocurrency Borrowings shall be considered a single Eurocurrency Borrowing and (ii) the initial Interest Period with respect to any Eurocurrency Borrowing of Incremental Term Loans may, at the Borrower's option, be of a duration of a number of Business Days that is less than one month, and the Adjusted LIBO Rate with respect to such initial Interest Period shall be the same as the Adjusted LIBO Rate applicable to any then-outstanding Eurocurrency Borrowing as the Borrower may direct, so long as the last day of such initial Interest Period is the same as the last day of the Interest Period with respect to such outstanding Eurocurrency Borrowing.

(f) Each of the parties hereto hereby agrees that the Term B-1 Loan Commitments made on the First Incremental Assumption and Amendment Agreement Effective Date shall be permitted to be incurred hereunder pursuant to the terms of the First Incremental Assumption and Amendment Agreement.

(g) Each of the parties hereto hereby agrees that the Term B-2 Loan Commitments made on or after the Fourth Incremental Assumption and Amendment Agreement Effective Date shall be permitted to be incurred hereunder pursuant to the terms of the Fourth Incremental Assumption and Amendment Agreement (or, in the case of Term B-2 Loan Commitments established after the Fourth Incremental Assumption and Amendment Agreement Effective Date, the applicable Incremental Assumption Agreement) and this Section 2.21.

Notwithstanding anything else contained herein to the contrary, the Borrower shall not be permitted to request additional Incremental Term Loan Commitments after the Fourth Incremental Assumption and Amendment Agreement Effective Date other than Term B-2 Loan Commitments (i) with identical pricing and terms as the Incremental Term B-2 Commitments established on the Fourth Incremental Assumption and Amendment Agreement Effective Date, (ii) in an aggregate principal amount not to exceed \$20,000,000, (iii) provided by an Incremental Term B-2 Lender and (iv) subject to the Subordination Terms.

Section 2.22 Defaulting Lender. (a) *Defaulting Lender Adjustments*. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) *Waivers and Amendments.* Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definitions of "Required Lenders" or "Required Revolving Facility Lenders."

(ii) *Defaulting Lender Waterfall.* Any payment of principal, interest, fees, premiums or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, following an Event of Default or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.06 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, second, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, third, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement, fourth, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, fifth, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) *Certain Fees.* No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender.

(b) *Defaulting Lender Cure.* If the Borrower and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Revolving Facility Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans to be held pro rata by the Lenders in accordance with their Revolving Facility Commitments, whereupon such Lender will cease to be a Defaulting Lender; provided that, no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE III

Representations and Warranties

On each Borrowing Date, the Borrower represents and warrants to each of the Lenders that:

Section 3.01 Organization; Powers. Except as set forth on Schedule 3.01, each of Holdings, the Borrower and each of the Material Subsidiaries (a) is a partnership, limited liability company or corporation duly organized, validly existing and in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States of America) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business in each jurisdiction where such qualification is required, except where the failure so to qualify would not reasonably be expected to have a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Borrower, to borrow and otherwise obtain credit hereunder.

Section 3.02 Authorization. The execution, delivery and performance by Holdings, the Borrower and each of the Subsidiary Loan Parties of each of the Loan Documents to which it is a party and the borrowings hereunder (a) have been duly authorized by all corporate, stockholder, partnership or limited liability company action required to be obtained by Holdings, the Borrower and such Subsidiary Loan Parties and (b) will not (i) violate in any material respect (A) any provision of law, statute, rule or regulation applicable to Holdings, the Borrower or any such Subsidiary Loan Party, (B) the certificate or articles of incorporation or other constitutive documents (including any partnership, limited liability company or operating agreements) or by-laws of Holdings, the Borrower, or any such Subsidiary Loan Party, (C) any material applicable order of any court or any rule, regulation or order of any Governmental Authority applicable to the Borrower or any such Subsidiary Loan Party or (D) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which the Borrower or any such Subsidiary Loan Party is a party or by which any of them or any of their property is or may be bound, (ii) result in a breach of or constitute (alone or with due notice or lapse of time or both) a material default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) under any such indenture, certificate of designation for preferred stock, agreement or other instrument, or (iii) result in the creation or imposition of any Lien upon or with respect to (x) any property or assets now owned or hereafter acquired by the Borrower or any such Subsidiary Loan Party, other than the Liens created by the Loan Documents and Permitted Liens, or (y) any Equity Interests of the Borrower now owned or hereafter acquired by Holdings, other than Liens created by the Loan Documents or Liens permitted by Article VIA.

Section 3.03 Enforceability. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document when executed and delivered by Holdings, the Borrower and each Subsidiary Loan Party that is party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against the Borrower, each such Subsidiary Loan Party and Holdings, as applicable, in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (iii) implied covenants of good faith and fair dealing and (iv) any foreign laws, rules and regulations as they relate to pledges of Equity Interests of Foreign Subsidiaries that are not Loan Parties.

Section 3.04 Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required for the execution, delivery or performance of each Loan Document to which the Borrower or any Subsidiary Loan Party is a party, except for (a) the filing of Uniform Commercial Code financing statements, (b) filings with the United States Patent and Trademark Office and the United States Copyright Office and comparable offices in foreign jurisdictions and equivalent filings in foreign jurisdictions, (c) recordation of the Mortgages, (d) such as have been made or obtained and are in full force and effect, (e) such actions,

consents and approvals the failure of which to be obtained or made would not reasonably be expected to have a Material Adverse Effect and (f) filings or other actions listed on Schedule 3.04 and any other filings or registrations required by the Security Documents.

Section 3.05 Financial Statements. (a) The audited consolidated balance sheet and the statements of income, stockholders' equity, and cash flow as of and for the fiscal year ended December 31, 2016 for the Borrower and its consolidated subsidiaries and (b) the unaudited consolidated balance sheets and statements of income, stockholders' equity and cash flow as of and for the fiscal quarters ended March 31, 2017 and June 30, 2017 for the Borrower and its consolidated subsidiaries, including the notes thereto, if applicable, present fairly in all material respects the consolidated financial position of the Borrower and its consolidated subsidiaries as of the dates and for the periods referred to therein and the results of operations and, if applicable, cash flows for the periods then ended, and, except as set forth on Schedule 3.05, were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except, in the case of interim period financial statements, for normal year-end adjustments and except as otherwise noted therein.

Section 3.06 No Material Adverse Effect. Since the Fifth Amendment Effective Date, there has been no event or circumstance that, individually or in the aggregate with other events or circumstances, has had or would reasonably be expected to have a Material Adverse Effect.

Section 3.07 Title to Properties; Possession Under Leases. (a) Each of the Borrower and its Subsidiaries has valid title in fee simple or equivalent to, or valid leasehold interests in, or easements or other limited property interests in, all its Real Properties (including all Mortgaged Properties) and has valid title to its personal property and assets, in each case, except for Permitted Liens and except for defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and except where the failure to have such title would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All such properties and assets are free and clear of Liens, other than Permitted Liens or Liens arising by operation of law. The Equity Interests of the Borrower owned by Holdings are free and clear of Liens, other than Liens permitted by Article VIA.

(a) The Borrower and each of its Subsidiaries has complied with all material obligations under all leases to which it is a party, except where the failure to comply would not reasonably be expected to have Material Adverse Effect, and all such leases are in full force and effect, except leases in respect of which the failure to be in full force and effect would not reasonably be expected to have a Material Adverse Effect.

(b) As of the Closing Date, none of the Borrower and its Subsidiaries has received any written notice of any pending or contemplated condemnation proceeding affecting any material portion of the Mortgaged Properties or any sale or disposition thereof in lieu of condemnation that remains unresolved as of the Closing Date, except as set forth on Schedule 3.07(c).

(c) As of the Closing Date, none of the Borrower and its Subsidiaries is obligated under any right of first refusal, option or other contractual right to sell, assign or otherwise dispose of any Mortgaged Property or any interest therein, except as permitted under Section 6.02 or 6.05 or as would not reasonably be expected to have a Material Adverse Effect.

(d) Schedule 1.01(B) lists each Material Real Property owned by any Loan Party as of the Closing Date.

Section 3.08 Subsidiaries. (a) Schedule 3.08(a) sets forth as of the Closing Date the name and jurisdiction of incorporation, formation or organization of each Subsidiary of the Borrower and, as to each such Subsidiary, the percentage of each class of Equity Interests owned by the Borrower or by any such Subsidiary. As of the Closing Date, there are no Immaterial Subsidiaries.

(a) As of the Closing Date, after giving effect to the Transactions, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors (or entities controlled by directors) and shares held by directors (or entities controlled by directors)) relating to any Equity Interests of the Borrower or any of its Subsidiaries, except as set forth on Schedule 3.08(b).

Section 3.09 Litigation; Compliance with Laws. (a) There are no actions, suits or proceedings at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending, or, to the knowledge of the Borrower, threatened in writing against the Borrower or any of its Subsidiaries or any business, property or rights of any such person (including that involve any Loan Document or the Transactions) that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(a) None of the Borrower, its Subsidiaries and their respective properties or assets is in violation of (nor will the continued operation of their material properties and assets as currently conducted violate) any law, rule or regulation (including any zoning, building, ordinance, code or approval or any building permit, but excluding any Environmental Laws, which are the subject of Section 3.16) or any restriction of record or agreement affecting any Mortgaged Property, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.10 Federal Reserve Regulations. Neither the making of any Loan hereunder nor the use of the proceeds thereof will violate the provisions of Regulation T, Regulation U or Regulation X of the Board.

Section 3.11 Investment Company Act. None of Holdings, the Borrower and its Subsidiaries is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 3.12 Use of Proceeds. (a) The Borrower will use the proceeds of the Revolving Facility Loans solely for general corporate purposes (including for Permitted Business Acquisitions and Capital Expenditures), (b) the Borrower will use the proceeds of the Term B Loans made on the Closing Date to finance the Transactions (including the payment of the Closing Date Dividend) and for the payment of Transaction Expenses, (c) the Borrower will use the proceeds of the Term B-1 Loans made on the First Incremental Assumption and Amendment Agreement Effective Date to finance in part the 2018 Specified Restricted Payment and pay fees and expenses in connection with the 2018 Specified Restricted Payment, the execution and delivery of the First Incremental Assumption and Amendment Agreement and the borrowing of the Incremental Term B-1 Loans and (d) the Borrower will use the proceeds of the Term B-2 Loans made on or after the Fourth Incremental Assumption and Amendment Agreement Effective Date for general corporate purposes (but not for any Investments in any Subsidiary that is not a Loan Party). The proceeds of the Revolving Facility Loans made on the Closing Date shall be used solely for purposes of cash collateralizing letters of credit issued under the Existing Credit Agreement.

Section 3.13 Tax Returns. Except as set forth on Schedule 3.13:

(a) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Borrower and each of its Subsidiaries has filed or caused to be filed all federal, state, local and non-U.S. Tax returns required to have been filed by it (including in its capacity as withholding agent) and each such Tax return is true and correct;

(b) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Borrower and each of its Subsidiaries has timely paid or caused to be timely paid all Taxes shown to be due and payable by it on the returns referred to in clause (a) and all other Taxes or assessments (or made adequate provision (in accordance with GAAP) for the payment of all Taxes due), except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which the Borrower or any of its Subsidiaries (as the case may be) has set aside on its books adequate reserves in accordance with GAAP; and

(c) Other than as would not be, individually or in the aggregate, reasonably expected to have a Material Adverse Effect, as of the Closing Date, with respect to the Borrower and each of its Subsidiaries, there are no claims being asserted in writing with respect to any Taxes.

Section 3.14 No Material Misstatements. (a) All factual information (other than the Projections, forward looking information and information of a general economic nature or general industry nature) (the "Information") concerning the Borrower, any of its Subsidiaries, the Transactions and any other transactions contemplated hereby prepared by or on behalf of the foregoing or their representatives and made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby, when taken as a whole, was true and correct in all material respects, as of the date such Information was furnished to the Lenders and as of the Closing Date and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made (giving effect to all supplements and updates provided thereto).

(a) The Projections and other forward looking information and information of a general economic nature prepared by or on behalf of the Borrower or any of its representatives and that have been made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable as of the date thereof (it being understood that such Projections are as to future events and are not to be viewed as facts, such Projections are subject to significant uncertainties and contingencies and that actual results during the period or periods covered by any such Projections may differ significantly from the projected results, and that no assurance can be given that the projected results will be realized), as of the date such Projections and information were furnished to the Lenders.

Section 3.15 Employee Benefit Plans. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (a) Holdings, the Borrower, each of its Subsidiaries and each of their respective ERISA Affiliates are in compliance with all applicable provisions and requirements of ERISA and the Code and the regulations and published interpretations thereunder with respect to each Employee Benefit Plan, and have performed all their obligations under each Employee Benefit Plan; (b) each Employee Benefit Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service indicating that such Employee Benefit Plan is so qualified, and, to the knowledge of a Responsible Officer of Holdings or the Borrower, nothing has occurred subsequent to the issuance of such determination letter which would cause such Employee Benefit Plan to lose its qualified status; (c) no

liability to the PBGC (other than required premium payments), the Internal Revenue Service, any Employee Benefit Plan or any trust established under Title IV of ERISA has been or is expected to be incurred by Holdings, the Borrower, any of its Subsidiaries or any of their ERISA Affiliates; and (d) no ERISA Event has occurred or is reasonably expected to occur.

Section 3.16 Environmental Matters. Except as to matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (i) no written notice, request for information, order, complaint or penalty has been received by the Borrower or any of its Subsidiaries, and there are no judicial, administrative or other actions, suits or proceedings pending or, to the Borrower's knowledge, threatened which allege a violation of or liability under any Environmental Laws, in each case relating to the Borrower or any of its Subsidiaries, (ii) each of the Borrower and its Subsidiaries has all environmental permits, licenses and other approvals necessary for its operations to comply with all Environmental Laws ("Environmental Permits") and is, and in the prior eighteen (18) month period, has been, in compliance with the terms of such Environmental Permits and with all other Environmental Laws, (iii) no Hazardous Material is located at, on or under any property currently or, to the Borrower's knowledge, formerly owned, operated or leased by the Borrower or any of its Subsidiaries that would reasonably be expected to give rise to any cost, liability or obligation of the Borrower or any of its Subsidiaries under any Environmental Laws or Environmental Permits, and no Hazardous Material has been generated, used, treated, stored, handled, disposed of or controlled, transported or released at any location in a manner that would reasonably be expected to give rise to any cost, liability or obligation of the Borrower or any of its Subsidiaries under any Environmental Laws or Environmental Permits, (iv) there are no agreements in which the Borrower or any of its Subsidiaries has expressly assumed or undertaken responsibility for any known or reasonably likely liability or obligation of any other person arising under or relating to Environmental Laws, which in any such case has not been made available to the Administrative Agent prior to the Closing Date, and (v) there has been no material written environmental assessment or audit conducted (other than customary assessments not revealing anything that would reasonably be expected to result in a Material Adverse Effect), by or on behalf of the Borrower or any of its Subsidiaries of any property currently or, to the Borrower's knowledge, formerly owned or leased by the Borrower or any of its Subsidiaries that has not been made available to the Administrative Agent prior to the Closing Date.

Section 3.17 Security Documents. (a) The Collateral Agreement is effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties) a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. As of the Closing Date, in the case of the Pledged Collateral described in the Collateral Agreement, when certificates or promissory notes, as applicable, representing such Pledged Collateral and required to be delivered under the Collateral Agreement are delivered to the Collateral Agent, and in the case of the other Collateral described in the Collateral Agreement (other than the Intellectual Property), when financing statements and other filings specified in the Perfection Certificate are filed in the offices specified in the Perfection Certificate, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and, subject to Section 9-315 of the New York Uniform Commercial Code, the proceeds thereof, as security for the Obligations to the extent perfection can be obtained by filing Uniform Commercial Code financing statements, in each case prior and superior in right to the Lien of any other person (except Permitted Liens).

(a) When the Collateral Agreement or an ancillary document thereunder is properly filed and recorded in the United States Patent and Trademark Office and the United States Copyright Office, and, with respect to Collateral in which a security interest cannot be perfected by such filings, upon the proper filing of the financing statements referred to in clause (a) above, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected (subject to

exceptions arising from defects in the chain of title, which defects in the aggregate do not constitute a Material Adverse Effect hereunder) Lien on, and security interest in, all right, title and interest of the Loan Parties thereunder in the material United States Intellectual Property included in the Collateral (but, in the case of the United States registered Copyrights included in the Collateral, only to the extent such United States registered Copyrights are listed in such ancillary document filed with the United States Copyright Office) listed in such ancillary document, in each case prior and superior in right to the Lien of any other person, except for Permitted Liens (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on material registered Trademarks and Patents, Trademark and Patent applications and registered Copyrights acquired by the Loan Parties after the Closing Date).

(b) The Mortgages executed and delivered after the Closing Date pursuant to Section 5.10 shall be effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties) legal, valid and enforceable Liens on all of the Loan Parties' rights, titles and interests in and to the Mortgaged Property thereunder and the proceeds thereof, and when such Mortgages are filed or recorded in the proper real estate filing or recording offices, and all relevant mortgage taxes and recording charges are duly paid, the Collateral Agent (for the benefit of the Secured Parties) shall have valid Liens with record notice to third parties on, and security interests in, all rights, titles and interests of the Loan Parties in such Mortgaged Property and, to the extent applicable, subject to Section 9-315 of the Uniform Commercial Code, the proceeds thereof, in each case prior and superior in right to the Lien of any other person, except for Permitted Liens.

Section 3.18 Location of Real Property. The Perfection Certificate lists correctly, in all material respects, as of the Closing Date all Material Real Property owned by the Borrower and the Subsidiary Loan Parties and the addresses thereof. As of the Closing Date, the Borrower and the Subsidiary Loan Parties own in fee all the Real Property set forth as being owned by them in the Perfection Certificate except to the extent set forth therein.

Section 3.19 Solvency. (a) As of the Closing Date, immediately after giving effect to the consummation of the Transactions on the Closing Date, (i) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries on a consolidated basis; (ii) the present fair saleable value of the property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date.

(a) As of the Closing Date, immediately after giving effect to the consummation of the Transactions on the Closing Date, the Borrower does not intend to, and the Borrower does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such Subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

Section 3.20 Labor Matters. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes pending or threatened against the Borrower or any of its Subsidiaries; (b) the hours worked and payments made to employees of the Borrower and its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters; and (c) all payments due from the Borrower or any of its Subsidiaries or for which any claim may be made against the Borrower or any of its Subsidiaries, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of the Borrower or such Subsidiary to the extent required by GAAP. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, the consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any material collective bargaining agreement to which the Borrower or any of its Subsidiaries (or any predecessor) is a party or by which the Borrower or any of its Subsidiaries (or any predecessor) is bound.

Section 3.21 Insurance. Schedule 3.21 sets forth a true, complete and correct description, in all material respects, of all material insurance (excluding any title insurance) maintained by or on behalf of the Borrower or its Subsidiaries as of the Closing Date. As of such date, such insurance is in full force and effect.

Section 3.22 No Default. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

Section 3.23 Intellectual Property; Licenses, Etc. Except as would not reasonably be expected to have a Material Adverse Effect or as set forth in Schedule 3.23, (a) the Borrower and each of its Subsidiaries owns, or possesses the right to use, all Intellectual Property used or held for use in or otherwise reasonably necessary for the present conduct of their respective businesses, (b) to the knowledge of the Borrower, the Borrower and its Subsidiaries are not interfering with, infringing upon, misappropriating or otherwise violating Intellectual Property of any person and (c) (i) no claim or litigation regarding any of the Intellectual Property owned by the Borrower and its Subsidiaries is pending or, to the knowledge of the Borrower, threatened and (ii) to the knowledge of the Borrower, no claim or litigation regarding any other Intellectual Property described in the foregoing clauses (a) and (b) is pending or threatened.

Section 3.24 Senior Debt. The Loan Obligations constitute "Senior Debt" (or the equivalent thereof) under the documentation governing any Material Indebtedness of any Loan Party permitted to be incurred hereunder constituting Indebtedness that is subordinated in right of payment to the Loan Obligations.

Section 3.25 USA PATRIOT Act; OFAC.

(a) The Borrower and each Subsidiary Loan Party is in compliance in all material respects with the material provisions of the USA PATRIOT Act, and, at least three Business Days prior to the Closing Date, the Borrower has provided to the Administrative Agent all information related to the Loan Parties (including names, addresses and tax identification numbers (if applicable)) reasonably requested in writing by the Administrative Agent not less than ten (10) Business Days prior to the Closing Date and mutually agreed to be required under "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, to be obtained by the Administrative Agent or any Lender.

(b) None of Holdings, the Borrower or any of its Subsidiaries nor, to the knowledge of the Borrower, any director, officer, agent, employee or Affiliate of the Borrower or

any of its Subsidiaries is currently the subject of any sanctions administered by the Office of Foreign Assets Control (“OFAC”) of the U.S. Treasury Department, the European Union, the United Nations Security Council or Her Majesty’s Treasury (“Sanctions”). The Borrower will not directly or indirectly use the proceeds of the Loans or otherwise make available such proceeds to any person, for the purpose of financing the activities of any person that is currently the target of any Sanctions or for the purpose of funding, financing or facilitating any activities, business or transaction with or in any country that is the target of the Sanctions, to the extent such activities, businesses or transaction would be prohibited by sanctions laws and regulations administered by the United States, including OFAC and the U.S. State Department, the United Nations Security Council, Her Majesty’s Treasury, the European Union or relevant Participating Member States of the European Union (collectively, the “Sanctions Laws”), or in any manner that would result in the violation of any Sanctions Laws applicable to any party hereto.

Section 3.26 Foreign Corrupt Practices Act. Holdings, the Borrower and its Subsidiaries, and, to the knowledge of the Borrower or any of its Subsidiaries, their directors, officers, agents or employees, are in compliance with the U.S. Foreign Corrupt Practices Act of 1977 or similar law of a jurisdiction in which the Borrower or any of its Subsidiaries conduct their business and to which they are lawfully subject (the “Anti-Corruption Laws”), in each case, in all material respects. No part of the proceeds of the Loans made hereunder will be used to make any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

Section 3.27 Redbox Entertainment. As of the Fifth Amendment Execution Date, the aggregate amount of Investments made in Redbox Entertainment (excluding the intellectual property and film assets set forth on Schedule 1.01(D) of the Second Amendment) was \$0.

ARTICLE IV

Conditions of Lending

The obligations of the Lenders to make Loans (other than the Incremental Term B-1 Loans, the conditions with respect to which are set forth in the First Incremental Assumption and Amendment Agreement, the Incremental Term B-2 Loans, the conditions with respect to which are set forth in the Fourth Incremental Assumption and Amendment Agreement and any additional Incremental Term Loans, the conditions with respect to which are set forth in the applicable Incremental Assumption Agreement) are subject to the satisfaction (or waiver in accordance with Section 9.08) of the following conditions:

Section 4.01 All Borrowings. On each Borrowing Date (in each case, other than pursuant to an Incremental Assumption Agreement):

- (a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03.
 - (b) The representations and warranties set forth in the Loan Documents shall be true and correct in all material respects as of such date, in each case, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).
 - (c) At the time of and immediately after such Borrowing no Event of Default or Default shall have occurred and be continuing.
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(d) Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date of such Borrowing, issuance, amendment, extension or renewal as applicable, as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

(e) After each Borrowing the Revolving Facility Credit Exposure shall not exceed the total Revolving Facility Commitments.

Section 4.02 Closing Date. On or prior to the Closing Date:

(a) The Administrative Agent (or its counsel) shall have received from each of Holdings, the Borrower and the Lenders (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence reasonably satisfactory to the Administrative Agent (which may include delivery of a signed signature page of this Agreement by facsimile or other means of electronic transmission (e.g., "pdf")) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received, on behalf of itself and the Lenders, a written opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP, as special counsel for the Loan Parties (A) dated the Closing Date, (B) addressed to the Administrative Agent and the Lenders and (C) in form and substance reasonably satisfactory to the Administrative Agent covering such matters relating to the Loan Documents as the Administrative Agent shall reasonably request.

(c) The Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary or similar officer of each Loan Party dated the Closing Date and certifying:

(i) a copy of the certificate or articles of incorporation, certificate of limited partnership, certificate of formation or other equivalent constituent and governing documents, including all amendments thereto, of such Loan Party, (1) in the case of a corporation, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, or (2) otherwise certified by the Secretary or Assistant Secretary of such Loan Party or other person duly authorized by the constituent documents of such Loan Party,

(ii) a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of such Loan Party as of a recent date from such Secretary of State (or other similar official),

(iii) that attached thereto is a true and complete copy of the by-laws (or partnership agreement, limited liability company agreement or other equivalent constituent and governing documents) of such Loan Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (iv) below,

(iv) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of the Loan Documents dated as of the Closing Date to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(v) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party, and

(vi) as to the absence of any pending proceeding for the dissolution or liquidation of such Loan Party or, to the knowledge of such person, threatening the existence of such Loan Party.

(d) The Administrative Agent shall have received a completed Perfection Certificate, dated the Closing Date and signed by a Responsible Officer of the Borrower, together with all attachments contemplated thereby, and the results of a search of the Uniform Commercial Code (or equivalent), tax, pending litigation and judgment, United States Patent and Trademark Office and United States Copyright Office filings made with respect to the Loan Parties in the jurisdictions contemplated by the Perfection Certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent that the Liens indicated by such financing statements (or similar documents) are Permitted Liens or have been, or will be simultaneously or substantially concurrently with the closing under this Agreement, released (or arrangements reasonably satisfactory to the Administrative Agent for such release shall have been made).

(e) The Borrower shall have delivered to the Administrative Agent an executed Closing Date Certificate.

(f) [Reserved].

(g) [Reserved].

(h) On the Closing Date, after giving effect to the Transactions and the other transactions contemplated hereby, none of Holdings, the Borrower or any of its Subsidiaries shall have any Indebtedness of the type described in clause (a) of the definition thereof other than (i) the Loans and (ii) other Indebtedness permitted under Section 6.01. In addition, the Existing Credit Agreement shall have been repaid in full (other than in respect of contingent indemnification and expense reimbursement claims not yet due and letters of credit that have been cash collateralized) and all guarantees and Liens securing the obligations thereunder have been released pursuant to arrangements reasonably satisfactory to the Administrative Agent.

(i) The Lenders shall have received a solvency certificate substantially in the form of Exhibit C and signed by a Financial Officer of the Borrower confirming the solvency of the Borrower and its Subsidiaries on a consolidated basis after giving effect to the Transactions on the Closing Date.

(j) The Agents shall have received all fees payable thereto or to any Lender on or prior to the Closing Date and, to the extent invoiced at least two Business Days prior to the Closing Date, reimbursement or payment of all reasonable and documented out-of-pocket expenses (including reasonable fees, charges and disbursements of Milbank, Tweed, Hadley & McCloy LLP) required to be reimbursed or paid by the Loan Parties hereunder or under any Loan Document on or prior to the Closing Date (which amounts may be offset against the proceeds of the Loans).

(k) Except as set forth in Schedule 5.12 (which, for the avoidance of doubt, shall override the applicable clauses of the definition of "Collateral and Guarantee Requirement") and subject to the grace periods and post-closing periods set forth in such definition, the Collateral and Guarantee Requirement shall be satisfied (or waived) as of the Closing Date.

(l) The Administrative Agent shall have received all documentation and other information required by Section 3.25(a) at least three Business Days prior to the Closing Date,



including a duly executed W-9 tax form (or such other applicable IRS tax form) of the Borrower, to the extent such information has been requested not less than ten (10) Business Days prior to the Closing Date.

(m) The Borrower shall have delivered to the Administrative Agent a VCOC Information Letter.

(n) The Revolving Facility Credit Exposure shall not be greater than \$4,000,000.

For purposes of determining compliance with the conditions specified in Section 4.01 and this Section 4.02, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the Closing Date specifying its objection thereto and, in the case of a Borrowing, such Lender shall not have made available to the Administrative Agent such Lender's ratable portion of the initial Borrowing.

ARTICLE V

Affirmative Covenants

The Borrower covenants and agrees with each Lender that, until the Termination Date, unless the Required Lenders shall otherwise consent in writing, the Borrower will, and will cause each of the Subsidiaries to:

Section 5.01 Existence; Business and Properties. (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except, in the case of a Subsidiary of the Borrower, where the failure to do so would not reasonably be expected to have a Material Adverse Effect, and except as otherwise permitted under Section 6.05, and except for the liquidation or dissolution of Subsidiaries if the assets of such Subsidiaries to the extent they exceed estimated liabilities are acquired by the Borrower or a Wholly Owned Subsidiary of the Borrower in such liquidation or dissolution; provided, that Subsidiary Loan Parties may not be liquidated into Subsidiaries that are not Loan Parties and Domestic Subsidiaries may not be liquidated into Foreign Subsidiaries (except in each case as permitted under Section 6.05).

(a) Cause to be done all things necessary to (i) lawfully obtain, preserve, renew, extend, maintain and keep in full force and effect the permits, franchises, authorizations, Intellectual Property, licenses and rights with respect thereto necessary to the normal conduct of its business, and (ii) at all times maintain, protect and preserve all property necessary to the normal conduct of its business and keep such property in good repair, working order and condition (ordinary wear and tear excepted), from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith, if any, may be properly conducted at all times (in each case except as permitted by this Agreement).

(b) Cause to be done all things necessary to maintain and pursue each application relating to any Patent, Trademark and/or Copyright (and obtaining the relevant grant or registration) that is material to the conduct of the business of the Borrower and its Subsidiaries and to maintain (i) each issued Patent and (ii) the registrations of each Trademark and each Copyright, in the cases of each of (i) and (ii), that is material to the conduct of business of the Borrower and its

Subsidiaries, including, when applicable and necessary in Borrower's reasonable business judgment, timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if the Borrower believes necessary in its reasonable business judgment, to initiate opposition, interference and cancellation proceedings against third parties; provided that the Borrower and its Subsidiaries may Dispose of, abandon or allow to lapse Intellectual Property of the Borrower and its Subsidiaries determined in the reasonable business judgment by management of the Borrower to be no longer useful or necessary in the operation of the business of the Borrower or any of the Subsidiaries.

(c) Notwithstanding anything in this Agreement to the contrary, cause all Patents, Trademarks, Copyrights and other Intellectual Property of the Borrower and its Subsidiaries existing as of the Closing Date or generated or acquired after the Closing Date that are material to the business of Borrower and its Subsidiaries to be owned by Loan Parties and not dispose of any such Intellectual Property to any Subsidiary that is not a Loan Party; provided that (i) a Loan Party may grant non-exclusive licenses of Intellectual Property to any Subsidiary that is not a Loan Party to permit such Subsidiary to use such Intellectual Property in the ordinary course of business (including any non-exclusive licenses to Redbox Entertainment and its Subsidiaries) and (ii) Redbox Entertainment and its Subsidiaries may own the Redbox Entertainment IP.

Section 5.02 Insurance. (a) Maintain, with financially sound and reputable insurance companies, insurance (subject to customary deductibles and retentions) in such amounts and against such risks as are customarily maintained by similarly situated companies engaged in the same or similar businesses operating in the same or similar locations, cause the Collateral Agent to be listed as a co-loss payee on property and casualty policies and as an additional insured on liability policies. Notwithstanding the foregoing, the Borrower and the Subsidiaries may self-insure with respect to such risks with respect to which companies of established reputation engaged in the same general line of business in the same general area usually self-insure.

(a) Except as the Administrative Agent may agree in its reasonable discretion, cause all such property and casualty insurance policies with respect to the Mortgaged Property located in the United States of America to be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable endorsement, in form and substance reasonably satisfactory to the Administrative Agent, deliver a certificate of an insurance broker to the Collateral Agent; cause each such policy covered by this clause (b) to provide that it shall not be cancelled or not renewed upon less than 30 days' prior written notice thereof by the insurer to the Collateral Agent; deliver to the Collateral Agent, prior to or concurrently with the cancellation or nonrenewal of any such policy of insurance covered by this clause (b), a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Collateral Agent), or insurance certificate with respect thereto, together with evidence satisfactory to the Administrative Agent of payment of the premium therefor, in each case of the foregoing, to the extent customarily maintained, purchased or provided to, or at the request of, lenders by similarly situated companies in connection with credit facilities of this nature.

(b) If any portion of any Mortgaged Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area (each a "Special Flood Hazard Area") with respect to which flood insurance has been made available under the Flood Insurance Laws, (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount and otherwise sufficient to comply with all applicable rules and regulations promulgated pursuant to the Flood Insurance Laws and (ii) deliver to the Collateral Agent evidence of such compliance in form and substance

reasonably acceptable to the Administrative Agent, including a copy of the flood insurance policy and a declaration page relating thereto.

(c) In connection with the covenants set forth in this Section 5.02, it is understood and agreed that:

(i) the Administrative Agent, the Collateral Agent, the Lenders and their respective agents or employees shall not be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 5.02, it being understood that (A) the Loan Parties shall look solely to their insurance companies or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance companies shall have no rights of subrogation against the Administrative Agent, the Collateral Agent, the Lenders or their agents or employees. If, however, the insurance policies, as a matter of the internal policy of such insurer, do not provide waiver of subrogation rights against such parties, as required above, then each of Holdings and the Borrower, on behalf of itself and behalf of each of its Subsidiaries, hereby agrees, to the extent permitted by law, to waive, and further agrees to cause each of their Subsidiaries to waive, its right of recovery, if any, against the Administrative Agent, the Collateral Agent, the Lenders and their agents and employees;

(ii) the designation of any form, type or amount of insurance coverage by the Collateral Agent (including acting in the capacity as the Collateral Agent) under this Section 5.02 shall in no event be deemed a representation, warranty or advice by the Collateral Agent or the Lenders that such insurance is adequate for the purposes of the business of Holdings, the Borrower and the Subsidiaries or the protection of their properties; and

(iii) the amount and type of insurance that the Borrower and its Subsidiaries has in effect as of the Closing Date satisfies for all purposes the requirements of this Section 5.02.

Section 5.03 Taxes. Pay its obligations in respect of all Tax liabilities, assessments and governmental charges, before the same shall become delinquent or in default, except where (i) the amount or validity thereof is being contested in good faith by appropriate proceedings and the Borrower or a Subsidiary thereof has set aside on its books adequate reserves therefor in accordance with GAAP or (ii) the failure to make payment could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

Section 5.04 Financial Statements, Reports, etc. Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 120 days after the end of the fiscal year ending December 31, 2017 and with respect to each fiscal year ending thereafter (commencing with the fiscal year ending December 31, 2018) on or prior to June 30th of the next succeeding fiscal year (i.e., for the fiscal year ending December 31, 2018, June 30, 2019), a consolidated balance sheet and related statements of operations, cash flows and owners' equity showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal year and the consolidated results of their operations during such year and setting forth in comparative form the corresponding figures for the prior fiscal year, which consolidated balance sheet and related statements of operations, cash flows and owners' equity shall be accompanied by customary management's discussion and analysis and audited by independent public accountants of recognized national standing and accompanied by an opinion of such accountants to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (it being understood that the delivery by the Borrower of annual reports on Form 10-K (or any successor or comparable form) of

the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(a) to the extent such annual reports include the information specified herein);

(b) (i) within 60 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ending September 30, 2017), a consolidated balance sheet and related statements of operations and cash flows showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year and, starting with the fiscal quarter ending March 31, 2018, setting forth in comparative form the corresponding figures for the corresponding periods of the prior fiscal year, all of which shall be in reasonable detail, which consolidated balance sheet and related statements of operations and cash flows shall be accompanied by customary management's discussion and analysis and which consolidated balance sheet and related statements of operations and cash flows shall be certified by a Financial Officer of the Borrower on behalf of the Borrower as fairly presenting, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) and (ii) within 60 days after the end of each fourth fiscal quarter of each fiscal year (commencing with the fourth fiscal quarter ending December 31, 2018), a consolidated balance sheet and related statements of operations and cash flows showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter, all of which shall be in reasonable detail and shall be accompanied by a certificate of a Financial Officer of the Borrower on behalf of the Borrower as fairly presenting, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) (it being understood that the delivery by the Borrower of quarterly reports on Form 10-Q (or any successor or comparable form) of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(b)(i) or (ii) to the extent such quarterly reports include the information specified herein);

(c) Within 45 days after the end of each fiscal month ending after the Closing Date (commencing with the fiscal month ending October 31, 2017 and other than any fiscal month that ends on the same day as the end of a fiscal quarter), an unaudited internally prepared statement of income of the Borrower (or Holdings) and its Subsidiaries for such month (including reports on revenues, direct and indirect costs and the resulting "EBITDA" for such month and reports on consolidated cash balances and consolidated Indebtedness balances of the Borrower (or Holdings) and its Subsidiaries for such month), all of which shall be in reasonable detail and which unaudited internally prepared statement of income shall be certified by a Financial Officer of the Borrower (or Holdings) on behalf of the Borrower (or Holdings) as fairly presenting, in all material respects, such financial information;

(d) concurrently with any delivery of financial statements under clause (a) or (b) above, a duly executed and completed Compliance Certificate;

(e) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Holdings, the Borrower or any of the Subsidiaries with the SEC, or after an initial public offering, distributed to its stockholders generally, as applicable; provided, however, that such reports, proxy statements, filings and other materials required to be delivered pursuant to this clause (e) shall be deemed delivered for purposes of this Agreement when posted to the website of the Borrower (or Holdings or any Parent Entity referred

to in Section 5.04(i)) or the website of the SEC and written notice of such posting has been delivered to the Administrative Agent;

(f) within 90 days (or such later date as the Administrative Agent may agree in its reasonable discretion) after the beginning of each fiscal year (commencing with the fiscal year ending December 31, 2018), a consolidated annual budget for such fiscal year consisting of a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year and the related consolidated statements of projected cash flow and projected income (collectively, the “Budget”), which Budget shall in each case be accompanied by the statement of a Financial Officer of the Borrower to the effect that the Budget is based on assumptions believed by the Borrower to be reasonable as of the date of delivery thereof;

(g) upon the reasonable request of the Administrative Agent not more frequently than once a year, an updated Perfection Certificate (or, to the extent such request relates to specified information contained in the Perfection Certificate, such information) reflecting all changes since the date of the information most recently received pursuant to this clause (g) or Section 5.10(f);

(h) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Holdings, the Borrower or any of the Subsidiaries, or compliance with the terms of any Loan Document as in each case the Administrative Agent may reasonably request (for itself or on behalf of any Lender);

(i) in the event that Holdings or any Parent Entity reports on a consolidated basis, such consolidated reporting at Holdings or such Parent Entity’s level in a manner consistent with that described in clauses (a), (b) and (c) of this Section 5.04 for the Borrower will satisfy the requirements of such paragraphs; and

(j) from and after the Fourth Incremental Assumption and Amendment Agreement Effective Date, (i) within three (3) Business Days after the end of each calendar month, a report of the Borrower’s Liquidity as at the end of such month, and (ii) promptly, and in any event within one (1) Business Day after request therefor by the Administrative Agent, a flash report of the Borrower’s Liquidity for the immediately preceding Business Day; provided that, prior to the occurrence of an Event of Default, the Administrative Agent shall not make more than three (3) requests for such flash reports pursuant to this Section 5.04(j)(ii) in any fiscal quarter.

The Borrower hereby acknowledges and agrees that all financial statements furnished pursuant to paragraphs (a), (b)(i) and (e) above are hereby deemed to be Borrower Materials suitable for distribution, and to be made available, to Public Lenders as contemplated by Section 9.17 and may be treated by the Administrative Agent and the Lenders as if the same had been marked “PUBLIC” in accordance with such paragraph (unless the Borrower otherwise notifies the Administrative Agent in writing on or prior to delivery thereof).

Section 5.05 Litigation and Other Notices. Furnish to the Administrative Agent (which will promptly thereafter furnish to the Lenders) written notice of the following promptly after any Responsible Officer of Holdings or the Borrower obtains actual knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by

or before any Governmental Authority or in arbitration, against Holdings, the Borrower or any of the Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect;

(c) any other development specific to Holdings, the Borrower or any of the Subsidiaries that is not a matter of general public knowledge and that has had, or would reasonably be expected to have, a Material Adverse Effect; and

(d) the occurrence of any ERISA Event that, together with all other ERISA Events that have occurred, would reasonably be expected to have a Material Adverse Effect.

Section 5.06 Compliance with Laws. Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect; provided, that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.09, or to laws related to Taxes, which are the subject of Section 5.03.

Section 5.07 Maintaining Records; Access to Properties and Inspections. Maintain all financial records in accordance with GAAP and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender to visit and inspect the financial records and the properties of Holdings, the Borrower or any of the Subsidiaries at reasonable times, upon reasonable prior notice to Holdings or the Borrower, and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender upon reasonable prior notice to Holdings or the Borrower to discuss the affairs, finances and condition of Holdings, the Borrower or any of the Subsidiaries with the officers thereof and independent accountants therefor (so long as the Borrower has the opportunity to participate in any such discussions with such accountants), in each case, subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract.

Section 5.08 Use of Proceeds. Use the proceeds of the Loans made in the manner contemplated by Section 3.12.

Section 5.09 Compliance with Environmental Laws. Comply, and make reasonable efforts to cause all lessees and other persons occupying its properties to comply, with all Environmental Laws applicable to its operations and properties; and obtain and renew all material Environmental Permits, in each case in accordance with Environmental Laws, except, in each case with respect to this Section 5.09, to the extent the failure to do so would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.10 Further Assurances; Additional Security.

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Mortgages and other documents), that the Collateral Agent may reasonably request (including, without limitation, those required by applicable law), to satisfy the Collateral and Guarantee Requirement and to cause the Collateral and Guarantee Requirement to be and remain satisfied, all at the expense of the Loan Parties and provide to the Collateral Agent, from time to time upon reasonable request by the Collateral Agent, evidence reasonably satisfactory to the Collateral Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If any asset (other than Real Property) that has an individual fair market value (as determined in good faith by the Borrower) in an amount greater than \$1,000,000 is acquired by the Borrower or any Subsidiary Loan Party after the Closing Date or owned by an entity at the time it becomes a Subsidiary Loan Party (in each case other than (x) assets constituting Collateral under a Security Document that become subject to the Lien of such Security Document upon acquisition thereof and (y) assets constituting Excluded Property), the Borrower or such Subsidiary Loan Party, as applicable, will (i) notify the Collateral Agent of such acquisition or ownership and (ii) cause such asset to be subjected to a Lien (subject to any Permitted Liens) securing the Obligations by, and take, and cause the Subsidiary Loan Parties to take, such actions as shall be reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in clause (a) of this Section 5.10, all at the expense of the Loan Parties, subject to clause (g) below.

(c) (i) Grant and cause each of the Subsidiary Loan Parties to grant to the Collateral Agent security interests in, and Mortgages on, any Material Real Property of the Borrower or such Subsidiary Loan Parties, as applicable, that are acquired after the Closing Date within ninety (90) days after the acquisition thereof (or such later date as the Administrative Agent may agree in its reasonable discretion) pursuant to documentation in a customary form for Affiliates of the Fund (with such changes as are reasonably consented to by the Administrative Agent to account for local law matters) and otherwise reasonably satisfactory to the Administrative Agent and the Borrower, which security interest and mortgage shall constitute valid and enforceable Liens subject to no other Liens except Permitted Liens, (ii) record or file, and cause each such Subsidiary to record or file, the Mortgage or instruments related thereto in such manner and in such places as is required by law to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent (for the benefit of the Secured Parties) required to be granted pursuant to the Mortgages and pay, and cause each such Subsidiary to pay, in full, all Taxes, fees and other charges required to be paid in connection with such recording or filing, in each case subject to clause (g) below, and (iii) deliver to the Collateral Agent an updated Schedule 1.01(B) reflecting such Mortgaged Properties. Unless otherwise waived by the Administrative Agent, with respect to each such Mortgage, the Borrower shall cause the requirements set forth in clauses (f) and (g) of the definition of "Collateral and Guarantee Requirement" to be satisfied with respect to such Material Real Property.

(d) If any additional direct or indirect Subsidiary of the Borrower is formed or acquired after the Closing Date (with any Subsidiary Redesignation resulting in an Unrestricted Subsidiary becoming a Subsidiary or any Excluded Subsidiary ceasing to be an Excluded Subsidiary being deemed to constitute the acquisition of a Subsidiary) and if such Subsidiary is a Subsidiary Loan Party, promptly after the date such Subsidiary is formed or acquired notify the Collateral Agent thereof and, within 20 Business Days after the date such Subsidiary is formed or acquired or such longer period as the Administrative Agent may agree in its reasonable discretion (or, with respect to clauses (f) and (g) of the definition of "Collateral and Guarantee Requirement," within ninety (90) days after such formation or acquisition or such longer period as set forth therein or as the Administrative Agent may agree in its reasonable discretion, as applicable), cause the Collateral and Guarantee Requirement to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Loan Party, subject to clause (g) below.

(e) If any additional Foreign Subsidiary of the Borrower is formed or acquired after the Closing Date (with any Subsidiary Redesignation resulting in an Unrestricted Subsidiary becoming a Subsidiary being deemed to constitute the acquisition of a Subsidiary) and if such Subsidiary is a "first tier" Foreign Subsidiary of a Loan Party, promptly after the date such Foreign

Subsidiary is formed or acquired notify the Collateral Agent thereof and, within 30 Business Days after the date such Foreign Subsidiary is formed or acquired or such longer period as the Administrative Agent may agree in its reasonable discretion, cause the Collateral and Guarantee Requirement to be satisfied with respect to any Equity Interest in such Foreign Subsidiary owned by or on behalf of any Loan Party, subject to clause (g) below.

(f) Furnish to the Collateral Agent prompt written notice of any change (A) in any Loan Party's corporate or organization name, (B) in any Loan Party's identity or organizational structure, (C) in any Loan Party's organizational identification number, (D) in any Loan Party's jurisdiction of organization or (E) in the location of the chief executive office of any Loan Party that is not a registered organization; provided, that the Borrower shall not effect or permit any such change unless all filings have been made under the Uniform Commercial Code that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral in which a security interest may be perfected by such filing, for the benefit of the Secured Parties.

(g) The Collateral and Guarantee Requirement and the other provisions of this Section 5.10 and the other Loan Documents with respect to Collateral need not be satisfied with respect to any of the following (collectively, the "Excluded Property"): (i) any Real Property other than Material Real Property, (ii) motor vehicles and other assets subject to certificates of title, (iii) letter of credit rights and commercial tort claims with a value of less than \$1,000,000 (in each case, other than to the extent a Lien on such assets or such rights can be perfected by filing a UCC-1), (iv) pledges and security interests prohibited by applicable law, rule, regulation or contractual obligation (with respect to any such contractual obligation, only to the extent such restriction is permitted under Section 6.09(c) and such restriction is binding on such assets on the Closing Date or on the date of acquisition thereof and not entered into in contemplation thereof (other than in connection with the incurrence of Indebtedness of the type contemplated by Section 6.01(i))) (in each case, except to the extent such prohibition is unenforceable after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code) or which could require governmental (including regulatory) consent, approval, license or authorization to be pledged (unless such consent, approval, license or authorization has been received), (v) assets to the extent a security interest in such assets could reasonably be expected to result in material adverse tax consequences as reasonably determined by the Borrower and the Administrative Agent, (vi) any lease, license or other agreement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or create a right of termination in favor of any other party thereto (other than the Borrower or any Guarantor) after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code, (vii) any governmental licenses or state or local licenses, franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited or restricted thereby after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code, (viii) any "intent-to-use" applications for Trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. §1051, unless and until an Amendment to Allege Use or a Statement of Use under Section 1(c) or 1(d) of the Lanham Act has been filed and accepted by the United States Patent and Trademark Office, to the extent, if any, that, and solely during the period, if any, in which the grant of a security interest therein would impair the validity or enforceability of such intent-to-use application under applicable federal law, (ix) cash and Permitted Investments maintained in an Excluded Account of the type specified in clauses (i), (iii) or (iv) of the definition of "Excluded Account", (x) any Excluded Securities, (xi) any Third Party Funds, (xii) any equipment or other asset that is subject to a Lien permitted by any of clauses (i) or (mm) of Section 6.02 or is otherwise subject to a purchase money debt or a Capitalized Lease Obligation, in each case, as permitted by Section 6.01, if the contract or other agreement providing for such debt or

Capitalized Lease Obligation prohibits or requires the consent of any person (other than the Borrower or any Guarantor) as a condition to the creation of any other security interest on such equipment or asset and, in each case, such prohibition or requirement is permitted hereunder after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code or other Requirements of Law, (xiii) [reserved], (xiv) any other exceptions mutually agreed upon between the Borrower and the Administrative Agent in writing and (xv) upon the incurrence of an Original Content Financing and for so long as such Original Content Financing remains outstanding, all assets of Redbox Entertainment and its Subsidiaries; provided, that (x) the Borrower may in its sole discretion elect to exclude any property from the definition of “Excluded Property” and (y) the Excluded Property shall not include any proceeds, substitutions or replacements of Excluded Property (unless such proceeds, substitutions or replacements would constitute Excluded Property). Notwithstanding anything herein to the contrary, (A) the Administrative Agent may grant extensions of time or waiver of requirement for the creation or perfection of security interests in or the obtaining of insurance (including title insurance) or surveys with respect to particular assets (including extensions beyond the Closing Date for the perfection of security interests in the assets of the Loan Parties on such date) where it reasonably determines, in consultation with the Borrower, that perfection or obtaining of such items cannot be accomplished without undue effort or expense by the time or times at which it would otherwise be required by this Agreement or the other Loan Documents, (B) except as required by Section 5.14, no control agreements, lock box or similar arrangements shall be required with respect to any deposit accounts, securities accounts or commodities accounts, (C) no landlord, mortgagee or bailee waivers shall be required, (D) no foreign-law governed security documents or perfection under foreign law shall be required, (E) no notice shall be required to be sent to account debtors or other contractual third parties prior to an Event of Default, (F) Liens required to be granted from time to time pursuant to, or any other requirements of, the Collateral and Guarantee Requirement and the Security Documents shall be subject to exceptions and limitations set forth in the Security Documents and (G) to the extent any Mortgaged Property is located in a jurisdiction with mortgage recording or similar tax, the amount secured by the Security Document with respect to such Mortgaged Property shall be limited to the fair market value of such Mortgaged Property as determined in good faith by the Administrative Agent and the Borrower (subject to any applicable laws in the relevant jurisdiction or such lesser amount agreed to by the Administrative Agent).

Section 5.11 [Reserved].

Section 5.12 Post-Closing. Take all necessary actions to satisfy the items described on Schedule 5.12 within the applicable period of time specified in such Schedule (or such longer period as the Administrative Agent may agree in its reasonable discretion).

Section 5.13 Compliance with the USA Patriot Act, Anti-Corruption Laws and Sanction Laws. Comply in all material respects with the USA PATRIOT Act, all Anti-Corruption Laws and all applicable Sanctions Laws.

Section 5.14 Cash Management Systems.

(a) Within ninety (90) days after (x) the Closing Date or (y) in the case of any person that becomes a Loan Party after the Closing Date, the date such person becomes a Loan Party (in each case, or such longer period as the Administrative Agent may agree in its reasonable discretion), the applicable Loan Parties shall deliver an Account Control Agreement with respect each of its Deposit Accounts and Securities Accounts other than Excluded Accounts; provided that cash and Permitted Investments maintained in Excluded Accounts shall not exceed \$5,000,000 at any time.

(b) At any time after the occurrence and during the continuance of a Control Triggering Event, the Administrative Agent shall have the right to deliver a Notice of Exclusive Control (or similar term, as defined in each Account Control Agreement) with respect to each Controlled Account.

(c) The Loan Parties may close and/or open any account (including any Controlled Account) maintained at any bank or other financial institution subject to the applicable requirements of Section 5.14(a).

(d) So long as no Control Triggering Event has occurred and is continuing, the Loan Parties may direct the manner of disposition of funds in all Controlled Accounts.

Section 5.15 [Reserved].

Section 5.16 Redbox Entertainment Cash Management. If on the last Business Day of any fiscal quarter (commencing with the fiscal quarter ending on December 31, 2021) (i) Redbox Entertainment is not a Loan Party and (ii) the amount of unrestricted cash and Permitted Investments of Redbox Entertainment and its Subsidiaries as of such date of determination exceeds in the aggregate \$10,000,000, then Redbox Entertainment shall make (or shall cause its Subsidiaries to make) a Restricted Payment to the Borrower or another Loan Party in an amount equal to such excess; provided that Restricted Payments shall only be required pursuant to this Section 5.16 to the extent that such Restricted Payments are permitted under the loan documentation entered into in connection with an Original Content Financing as of the applicable date of determination.

ARTICLE VI

Negative Covenants

The Borrower covenants and agrees with each Lender that, until the Termination Date, unless the Required Lenders shall otherwise consent in writing, the Borrower will not, and will not permit any of the Subsidiaries to:

Section 6.01 Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except:

(a) (i) Indebtedness existing or committed on the Closing Date (provided, that any such Indebtedness shall be set forth on Schedule 6.01) and (ii) any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness (other than intercompany Indebtedness Refinanced with Indebtedness owed to a person not affiliated with the Borrower or any Subsidiary);

(b) Indebtedness created hereunder (including pursuant to Section 2.21 and any increase to the principal amount of the Indebtedness created hereunder as a result of a payment of PIK Interest) and under the other Loan Documents;

(c) Indebtedness of the Borrower or any Subsidiary pursuant to Hedging Agreements entered into for non-speculative purposes;

(d) Indebtedness owed to (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) any person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance to the Borrower or any Subsidiary, pursuant to reimbursement or indemnification

obligations to such person, in each case in the ordinary course of business or consistent with past practice or industry practices;

(e) Indebtedness of the Borrower to Holdings or any Subsidiary and of any Subsidiary to Holdings, the Borrower or any other Subsidiary; provided, that (i) Indebtedness of any Subsidiary that is not a Subsidiary Loan Party owing to the Loan Parties incurred pursuant to this Section 6.01(e) shall be subject to Section 6.04 and (ii) Indebtedness owed by any Loan Party to any Subsidiary that is not a Loan Party incurred pursuant to this Section 6.01(e) shall be subordinated to the Loan Obligations under this Agreement on subordination terms described in the intercompany note substantially in the form of Exhibit K hereto or on substantially identical subordination terms or on other subordination terms reasonably satisfactory to the Administrative Agent and the Borrower;

(f) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations, in each case provided in the ordinary course of business or consistent with past practice or industry practices, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or consistent with past practice or industry practices;

(g) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or other cash management services, in each case incurred in the ordinary course of business;

(h) Indebtedness of Redbox Entertainment and its Subsidiaries that is incurred to fund any production, acquisition, exploitation, development and protection of Redbox Entertainment IP (an "Original Content Financing") in an aggregate outstanding principal amount that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(h), would not exceed \$40,000,000 at any time, which Original Content Financing may be guaranteed by an affiliate of Holdings; provided that such Original Content Financing may not be guaranteed by, or have recourse to, Holdings, the Borrower or its Subsidiaries (other than Redbox Entertainment and its Subsidiaries); provided, further, that immediately prior to, and after giving effect to the incurrence of such Indebtedness, no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(i) (x) Capitalized Lease Obligations and other Indebtedness incurred by the Borrower or any Subsidiary prior to or within 180 days after the acquisition, lease, construction, repair, replacement or improvement of the respective property (real or personal, and whether through the direct purchase of property or the Equity Interest of any person owning such property) permitted under this Agreement in order to finance such acquisition, lease, construction, repair, replacement or improvement, in an aggregate principal amount that immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(i), would not exceed the greater of \$15,000,000 and 0.05 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period, and (y) any Permitted Refinancing Indebtedness in respect thereof;

(j) [reserved];

(k) unsecured Indebtedness of the Borrower or any Subsidiary, in an aggregate outstanding principal amount that, immediately after giving effect to the incurrence of such

Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(k), would not exceed the greater of \$10,000,000 and 0.033 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period, provided that immediately prior to, and after giving effect to the incurrence of such Indebtedness, no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(l) [reserved];

(m) Guarantees (i) by Holdings, the Borrower or any Subsidiary Loan Party of any Indebtedness of the Borrower or any Subsidiary Loan Party permitted to be incurred under this Agreement, (ii) by the Borrower or any Subsidiary Loan Party of Indebtedness otherwise permitted hereunder of any Subsidiary that is not a Subsidiary Loan Party to the extent such Guarantees are permitted by Section 6.04 (other than Section 6.04(v)), (iii) by any Subsidiary that is not a Subsidiary Loan Party of Indebtedness of another Subsidiary that is not a Subsidiary Loan Party, and (iv) by the Borrower of Indebtedness of Subsidiaries that are not Subsidiary Loan Parties incurred for working capital purposes in the ordinary course of business on ordinary business terms so long as such Indebtedness is permitted to be incurred under Section 6.01 to the extent such Guarantees are permitted by Section 6.04 (other than Section 6.04(v)); provided, that Guarantees by the Borrower or any Subsidiary Loan Party under this Section 6.01(m) of any other Indebtedness of a person that is subordinated to other Indebtedness of such person shall be expressly subordinated to the Loan Obligations to at least the same extent as such underlying Indebtedness is subordinated;

(n) (i) Indebtedness arising from agreements of the Borrower or any Subsidiary providing for indemnification, adjustment of purchase or acquisition price or similar obligations (including earn-outs), in each case, incurred or assumed in connection with the Transactions, any Permitted Business Acquisition permitted under Section 6.04(k), other Investments or the disposition of any business, assets or a Subsidiary permitted under this Agreement and (ii) Indebtedness consisting of obligations of the Borrower or any Subsidiary under deferred compensation or other similar arrangements incurred by such person in connection with the Transactions and Permitted Business Acquisitions permitted under Section 6.04(k) or any other Investment permitted hereunder; provided that the aggregate outstanding principal amount of Indebtedness permitted under this Section 6.01(n) shall not at the time of incurrence exceed the greater of \$15,000,000 and 0.05 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period;

(o) Indebtedness in respect of letters of credit, bank guarantees, warehouse receipts or similar instruments issued to support performance obligations and trade letters of credit (other than obligations in respect of other Indebtedness) in the ordinary course of business or consistent with past practice or industry practices;

(p) Indebtedness in respect of letters of credit in an aggregate face amount not to exceed \$10,000,000;

(q) [reserved];

(r) [reserved];

(s) [reserved];

(t) [reserved];

(u) Indebtedness incurred in the ordinary course of business in respect of obligations of the Borrower or any Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided, that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money or any Hedging Agreements;

(v) Indebtedness representing deferred compensation to employees, consultants or independent contractors of the Borrower (or, to the extent such work is done for the Borrower or its Subsidiaries, any direct or indirect parent thereof) or any Subsidiary incurred in the ordinary course of business; provided that the aggregate outstanding principal amount of Indebtedness permitted under this Section 6.01(v) shall not at the time of incurrence exceed the greater of \$10,000,000 and 0.033 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period;

(w) [reserved];

(x) obligations in respect of Cash Management Agreements incurred in the ordinary course of business and consistent with past practice;

(y) [reserved];

(z) [reserved];

(aa) [reserved];

(bb) [reserved];

(cc) Indebtedness issued by the Borrower or any Subsidiary to current or former officers, directors and employees, their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests of Holdings or any Parent Entity permitted by Section 6.06;

(dd) [reserved];

(ee) Indebtedness of the Borrower or any Subsidiary to or on behalf of any joint venture (regardless of the form of legal entity) that is not a Subsidiary arising in the ordinary course of business in connection with the cash management operations (including with respect to intercompany self-insurance arrangements) of the Borrower and its Subsidiaries;

(ff) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(gg) [reserved]; and

(hh) all premium (if any, including tender premiums) expenses, defeasance costs, interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (gg) above or refinancings thereof.

For purposes of determining compliance with this Section 6.01 or Section 6.02, the amount of any Indebtedness denominated in any currency other than Dollars shall be calculated based on

customary currency exchange rates in effect, in the case of such Indebtedness incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness) on or prior to the Closing Date, on the Closing Date and, in the case of such Indebtedness incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness) after the Closing Date, on the date on which such Indebtedness was incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness); provided, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than Dollars (or in a different currency from the Indebtedness being refinanced), and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount, as applicable, of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums), accrued interest, defeasance costs and other costs and expenses incurred in connection with such refinancing.

With respect to any Indebtedness that was permitted to be incurred hereunder on the date of such incurrence, any Increased Amount of such Indebtedness shall also be permitted hereunder after the date of such incurrence.

Section 6.02 Liens. Create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any person) of the Borrower or any Subsidiary at the time owned by it or on any income or revenues or rights in respect of any thereof, except the following (collectively, "Permitted Liens"):

(a) Liens on property or assets of the Borrower and the Subsidiaries existing on the Closing Date pursuant to agreements set forth on Schedule 6.02(a) and any modifications, replacements or renewals thereof; provided, that such Liens shall secure only those obligations that they secure on the Closing Date (and any Permitted Refinancing Indebtedness in respect of such obligations permitted by Section 6.01(a)) and shall not subsequently apply to any other property or assets of the Borrower or any Subsidiary other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien, and (B) proceeds and products thereof;

(b) any Lien created under the Loan Documents (including Liens created under the Security Documents securing obligations in respect of Secured Hedge Agreements and Liens securing Indebtedness permitted by Section 6.01(b)) or permitted in respect of any Mortgaged Property by the terms of the applicable Mortgage;

(c) (i) Liens on assets of Redbox Entertainment and its Subsidiaries securing Original Content Financing incurred pursuant to Section 6.01(h) and (ii) customary liens securing obligations in respect of (x) distribution and other exploitation rights, (y) guild collective bargaining agreements and (z) goods and services provided by laboratories, production facilities, storage and warehouses, carriers, mechanics, completion guarantors and similar providers;

(d) Liens for Taxes, assessments or other governmental charges or levies not yet due and payable or that are being contested in compliance with Section 5.03;

(e) Liens imposed by law, such as landlord's, carriers', warehousemen's, mechanics', materialmen's, repairmen's, supplier's, construction or other like Liens, securing obligations incurred in the ordinary course of business (i) for amounts not yet overdue or (ii) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of five (5) Business Days) are being contested in good faith by appropriate proceedings and in

respect of which, if applicable, the Borrower or any Subsidiary shall have set aside on its books reserves in accordance with GAAP;

(f) (i) pledges and deposits and other Liens made in the ordinary course of business in compliance with the Federal Employers Liability Act or any other workers' compensation, unemployment insurance and other social security laws or regulations and deposits securing liability to insurance carriers under insurance or self-insurance arrangements in respect of such obligations and (ii) pledges and deposits and other Liens securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Borrower or any Subsidiary;

(g) deposits and other Liens to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capitalized Lease Obligations), statutory obligations, surety and appeal bonds, performance and return of money bonds, bids, leases, government contracts, trade contracts, agreements with utilities, and other obligations of a like nature (including letters of credit in lieu of any such bonds or to support the issuance thereof) incurred in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(h) zoning restrictions, easements, survey exceptions, trackage rights, leases (other than Capitalized Lease Obligations), licenses, special assessments, rights-of-way, covenants, conditions, restrictions and declarations on or with respect to the use of Real Property, servicing agreements, development agreements, site plan agreements and other similar encumbrances incurred in the ordinary course of business and title defects or irregularities that are of a minor nature and that, in the aggregate, do not interfere in any material respect with the ordinary conduct of the business of the Borrower or any Subsidiary;

(i) Liens securing Indebtedness permitted by Section 6.01(i); provided, that such Liens do not apply to any property or assets of the Borrower or any Subsidiary other than the property or assets acquired, leased, constructed, replaced, repaired or improved with such Indebtedness (or the Indebtedness Refinanced thereby), and accessions and additions thereto, proceeds and products thereof, customary security deposits and related property; provided, further, that individual financings provided by one lender may be cross-collateralized to other financings provided by such lender (and its Affiliates);

(j) Liens on cash or Permitted Investments maintained in one or more segregated Deposit Accounts or Securities Accounts securing letters of credit permitted by Section 6.01(o) or (p); provided that such cash and Permitted Investments do not exceed 105% of the stated face amount of such letters of credit secured thereby;

(k) Liens securing judgments that do not constitute an Event of Default under Section 7.01(j);

(l) Liens disclosed by the title insurance policies delivered on or subsequent to the Closing Date and pursuant to the Collateral and Guarantee Requirement, Section 5.10 or Schedule 5.12 and any replacement, extension or renewal of any such Lien; provided, that such replacement, extension or renewal Lien shall not cover any property other than the property that was subject to such Lien prior to such replacement, extension or renewal; provided, further, that the Indebtedness and other obligations secured by such replacement, extension or renewal Lien are permitted by this Agreement;

(m) any interest or title of a lessor or sublessor under any leases or subleases entered into by the Borrower or any Subsidiary in the ordinary course of business;

(n) Liens that are contractual rights of set-off (and related pledges) (i) relating to the establishment of depository relations with banks and other financial institutions not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposits, sweep accounts, reserve accounts or similar accounts of the Borrower or any Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower or any Subsidiary, including with respect to credit card charge-backs and similar obligations, or (iii) relating to purchase orders and other agreements entered into with customers, suppliers or service providers of the Borrower or any Subsidiary in the ordinary course of business;

(o) Liens (i) arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, (iii) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to brokerage accounts incurred in the ordinary course of business and not for speculative purposes, (iv) in respect of Third Party Funds or (v) in favor of credit card companies pursuant to agreements therewith;

(p) Liens securing obligations in respect of trade-related letters of credit, bankers' acceptances or similar obligations permitted under Section 6.01(f), (o) or (p) and covering the property (or the documents of title in respect of such property) financed by such letters of credit, bankers' acceptances or similar obligations and the proceeds and products thereof;

(q) leases or subleases, licenses or sublicenses (including with respect to Intellectual Property) granted to others in the ordinary course of business not interfering in any material respect with the business of the Borrower and its Subsidiaries, taken as a whole;

(r) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(s) Liens solely on any cash earnest money deposits made by the Borrower or any of the Subsidiaries in connection with any letter of intent or purchase agreement in respect of any Investment permitted hereunder;

(t) Liens with respect to property or assets of any Subsidiary that is not a Loan Party securing obligations of a Subsidiary that is not a Loan Party permitted under Section 6.01;

(u) Liens on any amounts held by a trustee or agent under any indenture or other debt agreement issued in escrow pursuant to customary escrow arrangements pending the release thereof, or under any indenture or other debt agreement pursuant to customary discharge, redemption or defeasance provisions;

(v) the prior rights of consignees and their lenders under consignment arrangements entered into in the ordinary course of business;

(w) agreements to subordinate any interest of the Borrower or any Subsidiary in any accounts receivable or other proceeds arising from inventory consigned by the Borrower or any of its Subsidiaries pursuant to an agreement entered into in the ordinary course of business;

(x) Liens arising from precautionary Uniform Commercial Code financing statements regarding operating leases or other obligations not constituting Indebtedness;

(y) Liens on Equity Interests of joint ventures (A) securing obligations of such joint venture or (B) pursuant to the relevant joint venture agreement or arrangement;

(z) [reserved];

(aa) [reserved];

(bb) Liens securing insurance premiums financing arrangements; provided, that such Liens are limited to the applicable unearned insurance premiums;

(cc) in the case of Real Property that constitutes a leasehold interest, any Lien to which the fee simple interest (or any superior leasehold interest) is subject;

(dd) Liens securing Indebtedness or other obligation (i) of the Borrower or a Subsidiary in favor of the Borrower or any Subsidiary Loan Party and (ii) of any Subsidiary that is not Loan Party in favor of any Subsidiary that is not a Loan Party;

(ee) Liens (i) on not more than \$5,000,000 of deposits securing Hedging Agreements entered into for non-speculative purposes and (ii) on cash or Permitted Investments securing Hedging Agreements in the ordinary course of business submitted for clearing in accordance with applicable Requirements of Law;

(ff) Liens on goods or inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit, bank guarantee or bankers' acceptance issued or created for the account of the Borrower or any Subsidiary in the ordinary course of business; provided, that such Lien secures only the obligations of the Borrower or such Subsidiaries in respect of such letter of credit, bank guarantee or banker's acceptance to the extent permitted under Section 6.01;

(gg) [reserved];

(hh) [reserved];

(ii) [reserved];

(jj) Liens arising out of conditional sale, title retention or similar arrangements for the sale or purchase of goods by the Borrower or any of the Subsidiaries in the ordinary course of business;

(kk) [reserved];

(ll) other Liens with respect to property or assets of the Borrower or any Subsidiary securing obligations (other than Indebtedness for borrowed money) in an aggregate outstanding principal amount that, immediately after giving effect to the incurrence of such Liens, would not exceed the greater of \$10,000,000 and 0.033 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period; provided that immediately prior to, and after giving effect to the incurrence of such Liens, no Default or Event of Default shall have occurred and be continuing or would result therefrom; and

(mm) Liens securing Indebtedness permitted under Section 6.01 on property of, or on Equity Interests or Indebtedness of, any person existing at the time (A) such person becomes a Subsidiary of the Borrower or (B) such person or such property is acquired by the Borrower or any Subsidiary; provided that (i) such Liens do not extend to any other assets of the Borrower or any Subsidiary (other than accessions and additions thereto and proceeds or products thereof and other than after-acquired property) and (ii) such Liens secure only those obligations which they secure on the date such person becomes a Subsidiary or the date of such acquisition (and any extensions, renewals, replacements or refinancings thereof).

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness.

Section 6.03 Sale and Lease-Back Transactions. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter, as part of such transaction, rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

Section 6.04 Investments, Loans and Advances. (i) Purchase or acquire (including pursuant to any merger with a person that is not a Wholly Owned Subsidiary immediately prior to such merger) any Equity Interests, evidences of Indebtedness or other securities of any other person, (ii) make any loans or advances to or Guarantees of the Indebtedness of any other person, or (iii) purchase or otherwise acquire, in one transaction or a series of related transactions, (x) all or substantially all of the property and assets or business of another person or (y) assets constituting a business unit, line of business or division of such person (each of the foregoing, an "Investment"), except:

(a) the Transactions;

(b) (i) Investments by the Borrower or any Subsidiary in the Equity Interests of the Borrower or any Subsidiary; (ii) intercompany loans from the Borrower or any Subsidiary to the Borrower or any Subsidiary; and (iii) Guarantees by the Borrower or any Subsidiary of Indebtedness otherwise permitted hereunder of the Borrower or any Subsidiary; provided, that as at any date of determination, the aggregate outstanding amount (valued at the time of the making thereof and without giving effect to any write-downs or write-offs thereof) of (A) Investments made after the Closing Date by the Loan Parties pursuant to subclause (i) in Subsidiaries that are not Subsidiary Loan Parties, plus (B) net outstanding intercompany loans made after the Closing Date by the Loan Parties to Subsidiaries that are not Subsidiary Loan Parties pursuant to subclause (ii), plus (C) outstanding Guarantees by the Loan Parties of Indebtedness after the Closing Date of Subsidiaries that are not Subsidiary Loan Parties pursuant to subclause (iii), shall not exceed the sum of (X) the greater of \$5,000,000 and 0.0165 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) with respect to any Investment made pursuant to clause (X), an amount equal to any returns of capital actually received in respect of any such Investment pursuant to clause (X) (not exceeding the amount of the original investment), it being understood and agreed that clause (Y) replenishes clause (X) and shall not create additional Investment capacity beyond the amount available under clause (X);

(c) Permitted Investments and Investments that were Permitted Investments when made;

(d) Investments arising out of the receipt by the Borrower or any Subsidiary of non-cash consideration for the Disposition of assets permitted under Section 6.05;

(e) loans and advances to officers, directors, employees or consultants of the Borrower or any Subsidiary (i) in the ordinary course of business in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) not to exceed the greater of \$5,000,000 and 0.0165 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period and (ii) in respect of payroll payments and expenses in the ordinary course of business;

(f) accounts receivable, security deposits and prepayments arising and trade credit granted in the ordinary course of business and any assets or securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss and any prepayments and other credits to suppliers made in the ordinary course of business;

(g) Hedging Agreements entered into for non-speculative purposes;

(h) Investments existing on, or contractually committed as of, the Closing Date and set forth on Schedule 6.04 and any extensions, renewals, replacements or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (h) is not increased at any time above the amount of such Investment existing or committed on the Closing Date (other than pursuant to an increase as required by the terms of any such Investment as in existence on the Closing Date or as otherwise permitted by this Section 6.04);

(i) Investments resulting from pledges and deposits under Sections 6.02(f), (j), (g), (o), (r), (s), (ee) and (ll);

(j) other Investments by the Borrower or any Subsidiary in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) not to exceed the sum of (X) the greater of \$30,000,000 and 0.10 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) with respect to any Investment made pursuant to clause (X), an amount equal to any returns of capital actually received in respect of any such Investment pursuant to clause (X) (not exceeding the amount of the original investment), it being understood and agreed that clause (Y) replenishes clause (X) and shall not create additional Investment capacity beyond the amount available under clause (X); provided that (i) if any Investment pursuant to this Section 6.04(j) is made in any person that was not a Subsidiary on the date on which such Investment was made but thereafter, pursuant to a separate and unrelated transaction, becomes a Subsidiary pursuant to an acquisition permitted under Section 6.04(k), then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and for so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Subsidiary Loan Party) and not in reliance on this Section 6.04(j), provided that, any Investment so deemed shall not replenish or otherwise increase the capacity available pursuant to Section 6.04(k), (ii) no Investments pursuant to this Section 6.04(j) shall be made or deemed made in any Unrestricted Subsidiary and (iii) immediately prior to, and after giving effect to such Investment, no Default or Event of Default shall have occurred or be continuing or would result therefrom;

(k) Investments constituting Permitted Business Acquisitions in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any write downs or write offs thereof) not to exceed the greater of \$20,000,000 and 0.066 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period;

(l) intercompany loans between Subsidiaries that are not Loan Parties and Guarantees by Subsidiaries that are not Loan Parties permitted by Section 6.01(m);

(m) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with or judgments against, customers and suppliers, in each case in the ordinary course of business or Investments acquired by the Borrower or a Subsidiary as a result of a foreclosure by the Borrower or any of the Subsidiaries with respect to any secured Investments or other transfer of title with respect to any secured Investment in default;

(n) Investments of a Subsidiary acquired after the Closing Date or of a person merged into the Borrower or merged into or consolidated with a Subsidiary after the Closing Date, in each case, (i) to the extent such acquisition, merger or consolidation is permitted under this Section 6.04, (ii) in the case of any acquisition, merger or consolidation, in accordance with Section 6.05 and (iii) to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(o) acquisitions by the Borrower of obligations of one or more officers or other employees of Holdings, any Parent Entity, the Borrower or its Subsidiaries in connection with such officer's or employee's acquisition of Equity Interests of Holdings or any Parent Entity, so long as no cash is actually advanced by the Borrower or any of the Subsidiaries to such officers or employees in connection with the acquisition of any such obligations;

(p) Guarantees by the Borrower or any Subsidiary of operating leases (other than Capitalized Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case entered into by the Borrower or any Subsidiary in the ordinary course of business;

(q) Investments to the extent that payment for such Investments is made with Equity Interests of the Borrower, Holdings or any Parent Entity;

(r) [reserved];

(s) Investments consisting of Restricted Payments permitted under Section 6.06;

(t) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers;

(u) [reserved];

(v) Guarantees permitted under Section 6.01 (except to the extent such Guarantee is expressly subject to this Section 6.04);

(w) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Borrower or such Subsidiary;

(x) Investments by the Borrower and its Subsidiaries, including loans to any direct or indirect parent of the Borrower, if the Borrower or any other Subsidiary would otherwise be permitted to make a Restricted Payment under Section 6.06 in such amount (provided, that the

amount of any such Investment shall also be deemed to be a Restricted Payment under, and subject to, the appropriate clause of Section 6.06 for all purposes of this Agreement);

(y) [reserved];

(z) [reserved];

(aa) to the extent constituting Investments, purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses or leases of Intellectual Property in each case in the ordinary course of business;

(bb) Investments received substantially contemporaneously in exchange for Equity Interests of the Borrower, Holdings or any Parent Entity;

(cc) Investments in joint ventures; provided that (i) the aggregate outstanding amount (valued at the time of the making thereof and without giving effect to any write-downs or write-offs thereof) of Investments made after the Closing Date pursuant to this Section 6.04(cc) shall not exceed the sum of (X) the greater of \$5,000,000 and 0.0165 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) with respect to any Investment made pursuant to clause (X), an amount equal to any returns of capital actually received in respect of any such Investment pursuant to clause (X) (not exceeding the amount of the original investment), it being understood and agreed that clause (Y) replenishes clause (X) and shall not create additional Investment capacity beyond the amount available under clause (X), and (ii) if any Investment pursuant to this Section 6.04(cc) is made in any person that was not a Subsidiary on the date on which such Investment was made but thereafter, pursuant to a separate and unrelated transaction, becomes a Subsidiary pursuant to an acquisition permitted under Section 6.04(k), then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and for so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Subsidiary Loan Party) and not in reliance on this Section 6.04(cc); provided that, any Investment so deemed shall not replenish or otherwise increase the capacity available pursuant to Section 6.04(k);

(dd) [reserved]; and

(ee) Investments in any Unrestricted Subsidiaries consisting solely of cash or Permitted Investments in an aggregate outstanding amount not to exceed the sum of (X) the greater of \$10,000,000 and 0.033 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) with respect to any Investment made pursuant to clause (X), an amount equal to any returns of capital actually received in respect of any such Investment pursuant to clause (X) (not exceeding the amount of the original investment), it being understood and agreed that clause (Y) replenishes clause (X) and shall not create additional Investment capacity beyond the amount available under clause (X); provided that immediately prior to, and after giving effect to such Investment, no Default or Event of Default shall have occurred or be continuing or would result therefrom.

Any Investment in any person other than the Borrower or a Subsidiary Loan Party that is otherwise permitted by this Section 6.04 may be made through intermediate Investments in Subsidiaries that are not Loan Parties and such intermediate Investments shall be disregarded for purposes of determining the outstanding amount of Investments pursuant to any clause set forth above. The amount of any Investment made other than in the form of cash or Permitted Investments shall be the fair market

value thereof (as determined by the Borrower in good faith) valued at the time of the making thereof, and without giving effect to any subsequent write-downs or write-offs thereof.

Notwithstanding anything herein to the contrary, after the Second Amendment Effective Date, (i) the aggregate outstanding amount of Investments made pursuant to this Section 6.04 in (x) non-Loan Party Subsidiaries (other than Redbox Entertainment, which shall be subject to the limitations set forth in clauses (i)(y) and (i)(z), as applicable) shall not exceed \$5,000,000, (y) for so long as Redbox Entertainment is a Loan Party, Redbox Entertainment shall not exceed \$20,000,000 (it being understood and agreed that (i) at the time Redbox Entertainment is released from its guarantee of the Obligations in accordance with Section 9.18, the only assets of Redbox Entertainment that shall be deemed outstanding Investments in Redbox Entertainment for purposes of this Section 6.04 shall be any outstanding cash Investments made by the Loan Parties in Redbox Entertainment at such time and (ii) for the avoidance of doubt, any such cash Investments shall not exceed \$10,000,000 at the time Redbox Entertainment is released from its guarantee of the Obligations in accordance with Section 9.18) and (z) for so long as Redbox Entertainment is not a Loan Party, Redbox Entertainment shall not exceed \$10,000,000, (ii) the aggregate outstanding amount of Investments in joint ventures (including the Quiver JV) made pursuant to this Section 6.04 shall not exceed \$5,000,000 and (iii) all Investments made in (x) non-Loan Party Subsidiaries and joint ventures and (y) Redbox Entertainment (other than those intellectual property and film assets set forth on Schedule 1.01(D) of the Second Amendment) shall, in each case, consist of cash and/or Permitted Investments (provided that it is understood that any non-exclusive license of Intellectual Property not prohibited pursuant to Section 5.01(d) shall not constitute an Investment).

Notwithstanding anything herein to the contrary, Redbox Entertainment and its Subsidiaries shall not be permitted to make any Investments in any Parent Entity or an Affiliate thereof (other than the Borrower or any Restricted Subsidiary thereof).

Section 6.05 Mergers, Consolidations, Sales of Assets and Acquisitions. Merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or Dispose of (in one transaction or in a series of related transactions) all or any part of its assets (whether now owned or hereafter acquired), or Dispose of any Equity Interests of any Subsidiary, or purchase, lease or otherwise acquire (in one transaction or a series of related transactions) all of the assets of any other person or division or line of business of a person, except that this Section 6.05 shall not prohibit:

(a) (i) the purchase and Disposition of inventory, in each case in the ordinary course of business by the Borrower or any Subsidiary, (ii) Permitted Non-Recourse Factoring Transactions, (iii) the acquisition or lease (pursuant to an operating lease) of any other asset in the ordinary course of business by the Borrower or any Subsidiary or, with respect to operating leases, otherwise for fair market value on market terms (as determined in good faith by the Borrower), (iv) the Disposition of surplus, obsolete, damaged or worn out equipment, (v) the Disposition of other property in the ordinary course of business by the Borrower or any Subsidiary or determined in good faith by the Borrower to be no longer useful or necessary in the operation of the business of the Borrower or any Subsidiary, or (vi) the Disposition of Permitted Investments in the ordinary course of business;

(b) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing or would result therefrom, (i) the merger or consolidation of any Subsidiary with or into the Borrower in a transaction in which the Borrower is the survivor, (ii) the merger or consolidation of any Subsidiary with or into any Subsidiary Loan Party in a transaction in which the surviving or resulting entity is or becomes a Subsidiary Loan Party and, in the case of each of clauses (i) and (ii), no person other than the Borrower or a Subsidiary Loan Party receives any consideration (unless otherwise permitted by Section 6.04),

(iii) the merger or consolidation of any Subsidiary that is not a Subsidiary Loan Party with or into any other Subsidiary that is not a Subsidiary Loan Party, (iv) the liquidation or dissolution or change in form of entity of any Subsidiary if the Borrower determines in good faith that such liquidation, dissolution or change in form is in the best interests of the Borrower and is not materially disadvantageous to the Lenders, so long as all assets of such Subsidiary upon dissolution thereof are transferred to the Borrower or any Subsidiary Loan Party, (v) any Subsidiary may merge or consolidate with any other person in order to effect an Investment permitted pursuant to Section 6.04 so long as the continuing or surviving person shall be a Subsidiary (unless otherwise permitted by Section 6.04), which shall be a Loan Party if the merging or consolidating Subsidiary was a Loan Party (unless otherwise permitted by Section 6.04) and which together with each of its Subsidiaries shall have complied with any applicable requirements of Section 5.10 or (vi) any Subsidiary may merge or consolidate with any other person in order to effect an Asset Sale otherwise permitted pursuant to this Section 6.05;

(c) Dispositions to the Borrower or a Subsidiary (upon voluntary liquidation or otherwise); provided, that any Dispositions by a Loan Party to a Subsidiary that is not a Subsidiary Loan Party in reliance on this clause (c) shall be made in compliance with Section 6.04;

(d) [reserved];

(e) Investments permitted by Section 6.04, Permitted Liens and Restricted Payments permitted by Section 6.06;

(f) Dispositions of defaulted receivables in the ordinary course of business and not as part of an accounts receivables financing transaction;

(g) other Dispositions of assets in an aggregate amount not to exceed over the term of this Agreement the greater of \$30,000,000 and 0.10 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period; provided, that the Net Proceeds thereof, if any, are applied in accordance with Section 2.11(b) to the extent required thereby;

(h) Permitted Business Acquisitions permitted under Section 6.04(k) (including any merger, consolidation or amalgamation in order to effect a Permitted Business Acquisition); provided, that following any such merger, consolidation or amalgamation involving the Borrower, the Borrower is the surviving entity;

(i) leases, licenses or subleases or sublicenses of any real or personal property in the ordinary course of business;

(j) Dispositions of inventory or Dispositions or abandonment of Intellectual Property of the Borrower and its Subsidiaries determined in the reasonable business judgment by the management of the Borrower to be no longer useful or necessary in the operation of the business of the Borrower or any of the Subsidiaries;

(k) [reserved];

(l) to the extent constituting a Disposition, any termination, settlement or extinguishment of obligations in respect of any Hedging Agreement;

(m) any exchange of assets for services and/or other assets used or useful in a Similar Business of comparable or greater value; provided, that (i) at least 90% of the consideration received by the transferor consists of assets that will be used in a business or business activity

permitted hereunder, (ii) in the event of a swap with a fair market value (as determined in good faith by the Borrower) in excess of \$5,000,000, the Administrative Agent shall have received a certificate from a Responsible Officer of the Borrower with respect to such fair market value and (iii) in the event of a swap with a fair market value (as determined in good faith by the Borrower) in excess of \$10,000,000, such exchange shall have been approved by at least a majority of the Board of Directors of Holdings or the Borrower; provided, further, that (A) no Default or Event of Default exists or would result therefrom, (B) the Net Proceeds, if any, thereof are applied in accordance with Section 2.11(b) to the extent required thereby, (C) with respect to any exchange of assets for services, immediately after giving effect thereto, the Borrower shall be in Pro Forma Compliance and (D) the aggregate amount of exchanges of assets pursuant to this clause (m) shall not exceed the greater of \$15,000,000 and 0.05 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period;

(n) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing or would result therefrom, any Subsidiary may be merged, amalgamated or consolidated with or into the Borrower; and

(o) Dispositions of DVD and Blu-ray movies and video games and other goods held for rental or sale in the ordinary course of operation of the business of the Borrower and the Subsidiaries.

Notwithstanding anything to the contrary contained in Section 6.05 above, no Disposition of assets under Section 6.05(g) shall be permitted unless (i) such Disposition is for fair market value (as determined in good faith by the Borrower), or if not for fair market value, the shortfall is permitted as an Investment under Section 6.04, and (ii) at least 75% of the proceeds of such Disposition (except to Loan Parties) consist of cash or Permitted Investments; provided, that the provisions of this clause (ii) shall not apply to any individual transaction or series of related transactions involving assets with a fair market value (as determined in good faith by the Borrower) of less than \$2,500,000 or to other transactions involving assets with a fair market value (as determined in good faith by the Borrower) of not more than the greater of \$10,000,000 and 0.033 times the EBITDA calculated on a Pro Forma Basis for the then most recently ended Test Period in the aggregate for all such transactions during the term of this Agreement; provided, further, that for purposes of this clause (ii), any Designated Non-Cash Consideration received by the Borrower or any of its Subsidiaries in such Disposition having an aggregate fair market value (as determined in good faith by the Borrower), taken together with all other Designated Non-Cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of \$5,000,000 and 0.0165 times the EBITDA calculated on a Pro Forma Basis for the Test Period ended immediately prior to the receipt of such Designated Non-Cash Consideration (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value), shall be deemed to be cash.

Section 6.06 Dividends and Distributions. Declare or pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of additional Equity Interests (other than Disqualified Stock) of the person paying such dividends or distributions) or directly or indirectly redeem, purchase, retire or otherwise acquire for value (or permit any Subsidiary to purchase or acquire) any of the Borrower's Equity Interests or set aside any amount for any such purpose (other than through the issuance of additional Equity Interests (other than Disqualified Stock) of the person redeeming, purchasing, retiring or acquiring such shares) (all of the foregoing, "Restricted Payments"); provided, however, that:

(a) Restricted Payments may be made to the Borrower or any Wholly Owned Subsidiary of the Borrower (or, in the case of non-Wholly Owned Subsidiaries, to the Borrower or any Subsidiary that is a direct or indirect parent of such Subsidiary and to each other owner of Equity Interests of such Subsidiary on a pro rata basis (or more favorable basis from the perspective of the Borrower or such Subsidiary) based on their relative ownership interests);

(b) Restricted Payments may be made in respect of (i) reasonable and customary overhead, legal, accounting and other professional fees and expenses of Holdings or any Parent Entity, (ii) [reserved], (iii) franchise and similar taxes and other fees and expenses in connection with the maintenance of its (or any Parent Entity's) existence and its (or any Parent Entity's indirect) ownership of the Borrower, (iv) payments permitted by (1) Section 6.07(b)(xiv) (provided such payments shall reduce the basket set forth in Section 6.06(j)), Section 6.07(b)(ix)(1) and Section 6.07(b)(xvii) and (2) Section 6.07(b)(ix)(2), (v) (1) distributions to any person directly or indirectly holding an Equity Interest in the Borrower, in an aggregate amount for such taxable period not to exceed the product of (A) the taxable income of the Borrower for such taxable period (determined without taking into account any applicable basis step-up (and resulting amortization and depreciation) to the Borrower or any direct or indirect equityholder of the Borrower arising under Section 743 of the Code) and (B) the highest combined marginal U.S. federal, state, and/or local income tax rate for a corporation then applicable to any corporate direct or indirect equityholder of Borrower and (2) distributions made under (or made to permit any applicable Parent Entity to make payments under) the Tax Receivables Agreement, (A) reduced (but not below zero) by the amount of any applicable basis step-up (and resulting amortization and depreciation) to the Borrower or any direct or indirect equityholder of the Borrower arising under Section 743 of the Code that is not and has not been taken into account in calculating distributions under Section 6.06(b) (v)(1) and (B) other than any lump-sum early termination payment thereunder, which shall be permitted only with the prior written consent of the Administrative Agent, (vi) customary salary, bonus and other benefits payable to officers, directors and employees of Holdings or any Parent Entity, in each case in order to permit Holdings or any Parent Entity to make such payments in an aggregate amount not to exceed \$500,000 in any fiscal year of the Borrower, and (vii) customary indemnities provided on behalf of officers, directors and employees of Holdings or any Parent Entity in order to permit Holdings or any Parent Entity to make such payments;

(c) Restricted Payments may be made to Holdings, the proceeds of which are used to (1) purchase or redeem the Equity Interests of Holdings or any Parent Entity (including related stock appreciation rights or similar securities) held by then present or former directors, consultants, officers or employees of any Parent Entity, Holdings, the Borrower or any of its Subsidiaries or by any Plan or any shareholders' agreement then in effect upon such person's death, disability, retirement or termination of employment or under the terms of any such Plan or any other agreement under which such shares of stock or related rights were issued (any such Equity Interests, "Management and Employee Equity Interests"); provided, that the aggregate amount of such purchases or redemptions under this clause (c)(1) shall not exceed in any fiscal year \$1,000,000 (plus (x) the amount of net proceeds contributed to the Borrower that were received by Holdings or any Parent Entity during such calendar year from sales of Equity Interests of Holdings or any Parent Entity to directors, consultants, officers or employees of Holdings, any Parent Entity, the Borrower or any Subsidiary in connection with permitted employee compensation and incentive arrangements, (y) the amount of net proceeds of any key-man life insurance policies received during such calendar year, and (z) the amount of any cash bonuses otherwise payable to members of management, directors or consultants of Holdings, any Parent Entity, the Borrower or its Subsidiaries in connection with the Transactions that are foregone in return for the receipt of Equity Interests), which, if not used in any year, may be carried forward to any subsequent calendar year or (2) cover withholding taxes payable in connection with the issuance, purchase or redemption of any

Management and Employee Equity Interests under Plans existing as of the Fifth Amendment Execution Date, so long as the aggregate amount of Restricted Payments under this clause (2) shall not exceed \$30,000,000; and provided, further, that cancellation of Indebtedness owing to the Borrower or any Subsidiary from members of management of Holdings, any Parent Entity, the Borrower or its Subsidiaries in connection with a repurchase of Equity Interests of Holdings or any Parent Entity will not be deemed to constitute a Restricted Payment for purposes of this Section 6.06;

(d) any person may make non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options if such Equity Interests represent a portion of the exercise price of such options;

(e) Restricted Payments may be made constituting the 2018 Specified Restricted Payment;

(f) Restricted Payments may be made in connection with the consummation of the Transactions, including the Closing Date Dividend on the Closing Date;

(g) Restricted Payments may be made to pay, or to allow Holdings or any Parent Entity to make payments, in cash, in lieu of the issuance of fractional shares, upon the exercise of warrants or upon the conversion or exchange of Equity Interests of any such person;

(h) [Reserved];

(i) Restricted Payments may be made to Holdings or any Parent Entity to finance any Investment that if made by the Borrower or any Subsidiary directly would be permitted to be made pursuant to Section 6.04; provided, that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment and (B) such parent shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Equity Interests) to be contributed to the Borrower or a Subsidiary Loan Party or (2) the merger, consolidation or amalgamation (to the extent permitted in Section 6.05) of the person formed or acquired into the Borrower or a Subsidiary Loan Party in order to consummate such Permitted Business Acquisition or Investment, in each case, in accordance with the requirements of Section 5.10; and

(j) other Restricted Payments may be made in an aggregate amount not to exceed, together with the amount of any payments to the Fund or any Fund Affiliate of monitoring, consulting, management, transaction, advisory or similar fees described in Section 6.07(b)(xiv), the greater of \$10,000,000 and 0.033 times the EBITDA calculated on a Pro Forma Basis for the Test Period ended immediately prior to the date of such Restricted Payment; provided, that no Event of Default shall have occurred and be continuing at the time of making such Restricted Payment.

Notwithstanding anything herein to the contrary, the foregoing provisions of Section 6.06 will not prohibit the payment of any Restricted Payment or the consummation of any redemption, purchase, defeasance or other payment within 60 days after the date of declaration thereof or the giving of notice, as applicable, if at the date of declaration or the giving of such notice such payment would have complied with the provisions of this Agreement.

Notwithstanding anything herein to the contrary, after the Second Amendment Effective Date, no Restricted Payments shall be permitted except any Restricted Payment made, subject to no continuing Default or Event of Default, pursuant to Section 6.06(a), Section 6.06(b) (other than clause (iv)(1) thereof), Section 6.06(c), Section 6.06(d) and Section 6.06(j); provided that, with respect to

Section 6.06(j), (i) the aggregate amount of Restricted Payments that may be made after the Second Amendment Effective Date shall not exceed \$1,030,000 and (ii) such Restricted Payments shall be limited to dividends and distributions to management or directors of Holdings, any Parent Entity, the Borrower or its Subsidiaries which dividends were declared in connection with the 2018 Specified Restricted Payment and have not been paid on or prior to the Second Amendment Effective Date.

Notwithstanding anything herein to the contrary, Redbox Entertainment and its Subsidiaries shall not be permitted to make any Restricted Payments to any Parent Entity or an Affiliate thereof (other than the Borrower or any Restricted Subsidiary thereof).

Section 6.07 Transactions with Affiliates. (a) Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates (other than the Borrower, Holdings, and the Subsidiary Loan Parties), unless such transaction is upon terms that are substantially no less favorable to the Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate, as determined by the Board of Directors of the Borrower or such Subsidiary in good faith.

(a) The foregoing clause (a) shall not prohibit, to the extent otherwise permitted under this Agreement,

(i) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, equity purchase agreements, stock options and stock ownership plans approved by the Board of Directors of Holdings (or any Parent Entity) or of the Borrower,

(ii) loans or advances to employees or consultants of Holdings (or any Parent Entity), the Borrower or any of its Subsidiaries in accordance with Section 6.04(e),

(iii) transactions between or among the Borrower or any Subsidiary Loan Party or any entity that becomes a Subsidiary Loan Party as a result of such transaction (including via merger, consolidation or amalgamation in which the Borrower or a Subsidiary Loan Party is the surviving entity),

(iv) the payment of fees, reasonable out-of-pocket costs and indemnities to directors, officers, consultants and employees of Holdings, any Parent Entity, the Borrower and its Subsidiaries in the ordinary course of business,

(v) subject to the limitations set forth in Section 6.07(b)(xiv), if applicable, the Transactions and any transactions pursuant to the Transaction Documents and permitted transactions, agreements and arrangements in existence on the Closing Date and set forth on Schedule 6.07 or any amendment thereto or replacement thereof or similar arrangement to the extent such amendment, replacement or arrangement is not adverse to the Lenders when taken as a whole in any material respect (as determined by the Borrower in good faith),

(vi) (A) any employment agreements entered into by the Borrower or any of its Subsidiaries in the ordinary course of business, (B) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to put/call rights or similar rights with employees, officers or directors, and (C) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers employees, and any reasonable employment contract and transactions pursuant thereto,

(vii) Restricted Payments permitted under Section 6.06, including payments to Holdings (and any Parent Entity), and Investments permitted under Section 6.04,

(viii) any purchase by Holdings of the Equity Interests of the Borrower; provided, that any Equity Interests of the Borrower purchased by Holdings shall be pledged to the Collateral Agent (and deliver the relevant certificates or other instruments (if any) representing such Equity Interests to the Collateral Agent) on behalf of the Lenders to the extent required by the Collateral Agreement,

(ix) (1) prior to the Second Amendment Effective Date, payments by the Borrower or any of its Subsidiaries to the Fund or any Fund Affiliate made for any financing, underwriting or placement services or in respect of other investment banking or financing activities of the Borrower or any of its Subsidiaries (including in connection with any Incremental Term Loan) up to 1.00% of the amount of the applicable financing transaction, so long as such payments shall have been approved by the majority of the Board of Directors of the Borrower in good faith and (2) payments by the Borrower or any of its Subsidiaries to the Fund or any Fund Affiliate in connection with the consummation of the transactions contemplated by the SPAC Transaction Agreement in an aggregate amount not to exceed \$250,000,

(x) transactions for the purchase or sale of goods, equipment, products, parts and services entered into in the ordinary course of business,

(xi) any transaction or series of related transactions with an aggregate consideration of less than \$10,000,000 in respect of which the Borrower delivers to the Administrative Agent a letter addressed to the Board of Directors of the Borrower from an accounting, appraisal or investment banking firm, in each case of nationally recognized standing that is in the good faith determination of the Borrower qualified to render such letter, which letter states that (i) such transaction is on terms that are substantially no less favorable to the Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate or (ii) such transaction is fair to the Borrower or such Subsidiary, as applicable, from a financial point of view,

(xii) the payment of Transaction Expenses,

(xiii) transactions with joint ventures for the purchase or sale of goods, equipment, products, parts and services entered into in the ordinary course of business or consistent with past practice or industry norm,

(xiv) prior to the Second Amendment Effective Date, any agreement to pay, and the payment of, monitoring, consulting, management, transaction, advisory or similar fees payable to the Fund or any Fund Affiliate (A) in an aggregate amount in any fiscal year not to exceed the sum of (1) the lower of \$2,000,000 and 1.00% of EBITDA for any such fiscal year, plus reasonable out of pocket costs and expenses in connection therewith in any fiscal year and unpaid amounts for any prior periods from and including the fiscal year in which the Closing Date occurs; plus (2) any deferred, accrued or other fees in respect of any fiscal years from and including the fiscal year in which the Closing Date occurs (to the extent such fees in the aggregate do not exceed the amounts described in clause (A)(1) above in respect of such fiscal years), plus (B) 1.00% of the value of transactions with respect to which the Fund or any Fund Affiliate provides any transaction, advisory or other services (including in connection with the Transactions),

(xv) the issuance, sale or transfer of Equity Interests of the Borrower or any Subsidiary to Holdings (or any Parent Entity) and capital contributions by Holdings (or any Parent Entity) to the Borrower or any Subsidiary,

(xvi) the issuance of Equity Interests to the management of Holdings, any Parent Entity, the Borrower or any Subsidiary in connection with the Transactions,

(xvii) entry into the Tax Receivable Agreement, and the payments thereunder, by Holdings (or any Parent Entity), the Borrower and the Subsidiaries that complies with clause (v) of Section 6.06(b),

(xviii) transactions with Redbox Entertainment and its Subsidiaries and the Quiver JV in connection with the allocation of management resources in the ordinary course of business or consistent with past practice or industry norm,

(xix) payments, loans (or cancellation of loans) or advances to employees or consultants that are (i) approved by a majority of the Disinterested Directors of Holdings (or any Parent Entity) or the Borrower in good faith, (ii) made in compliance with applicable law and (iii) otherwise permitted under this Agreement,

(xx) transactions with customers, clients or suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business or otherwise in compliance with the terms of this Agreement that are fair to the Borrower or its Subsidiaries (in the good faith determination of the Borrower),

(xxi) transactions between the Borrower or any of its Subsidiaries and any person, a director of which is also a director of the Borrower or any direct or indirect parent company of the Borrower; provided, however, that (A) such director abstains from voting as a director of the Borrower or such direct or indirect parent company, as the case may be, on any matter involving such other person and (B) such person is not an Affiliate of the Borrower for any reason other than such director's acting in such capacity,

(xxii) transactions permitted by, and complying with, the provisions of Section 6.05,

(xxiii) intercompany transactions undertaken in good faith (as certified by a Responsible Officer of the Borrower) for the purpose of improving the consolidated tax efficiency of the Borrower and its Subsidiaries and not for the purpose of circumventing any covenant set forth herein,

(xxiv) the incurrence of Term B-2 Loans on or after the Fourth Incremental Assumption and Amendment Agreement Effective Date and any payments thereon; and

(xxv) transactions with an aggregate consideration of less than \$10,000,000 for all such transactions over the term of this Agreement.

Section 6.08 Business of the Borrower and the Subsidiaries. Notwithstanding any other provisions hereof, engage at any time to any material respect in any business or business activity substantially different from any business or business activity conducted by any of them on the Closing Date or any Similar Business.

Section 6.09 Limitation on Payments and Modifications of Indebtedness; Modifications of Certificate of Incorporation, By-Laws and Certain Other Agreements; etc. (a) Amend or modify in any manner materially adverse to the Lenders when taken as a whole or grant any waiver or release under or terminate in any manner (if such granting or termination shall be materially adverse to the Lenders when taken as a whole), the articles or certificate of incorporation, by-laws, limited liability company operating agreement, partnership agreement or other organizational documents of the Borrower or any of the Subsidiary Loan Parties.

(a) (i) Make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of, or in respect of, principal of or interest on any Junior Financing, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination in respect of any Junior Financing, except for:

(A) refinancings with any Permitted Refinancing Indebtedness permitted to be incurred under Section 6.01; and

(B) the conversion of any Junior Financing to Equity Interests of Holdings or any Parent Entity;
or

(ii) amend or modify, or permit the amendment or modification of, any provision of any Junior Financing that constitutes Material Indebtedness, or any agreement, document or instrument evidencing or relating thereto, other than amendments or modifications that (A) are not materially adverse to Lenders when taken as a whole and that do not affect the subordination or payment provisions thereof (if any) in a manner adverse to the Lenders when taken as a whole or (B) otherwise comply with the definition of "Permitted Refinancing Indebtedness."

(b) Enter into any agreement or instrument that by its terms restricts (i) the payment of dividends or distributions or the making of cash advances to the Borrower or any Subsidiary that is a direct or indirect parent of such Subsidiary or (ii) the granting of Liens by the Borrower or Subsidiary that is a Loan Party pursuant to the Security Documents, in each case other than those arising under any Loan Document, except, in each case, restrictions existing by reason of:

(A) restrictions imposed by applicable law;

(B) contractual encumbrances or restrictions in effect on the Closing Date, including under Indebtedness existing on the Closing Date and set forth on Schedule 6.01, any agreements related to any Permitted Refinancing Indebtedness in respect of any such Indebtedness and, in each case, any similar contractual encumbrances or restrictions and any amendment, modification, supplement, replacement or refinancing of such agreements or instruments that does not materially expand the scope of any such encumbrance or restriction (as determined in good faith by the Borrower);

(C) any restriction on a Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of the Equity Interests or assets of a Subsidiary pending the closing of such sale or disposition;

(D) customary provisions in joint venture agreements and other similar agreements applicable to joint ventures entered into in the ordinary course of business or consistent with past practice or industry norm;

(E) any restrictions imposed by any agreement relating to secured Indebtedness permitted by this Agreement to the extent that such restrictions apply only to the property or assets securing such Indebtedness;

(F) any restrictions imposed by any agreement relating to Indebtedness incurred pursuant to Section 6.01 or Permitted Refinancing Indebtedness in respect thereof, to the extent such restrictions are not materially more restrictive, taken as a whole, than the restrictions contained in this Agreement or are market terms at the time of issuance (in each case as determined in good faith by the Borrower);

(G) customary provisions contained in leases or licenses of Intellectual Property and other similar agreements entered into in the ordinary course of business or consistent with past practice or industry norm;

(H) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;

(I) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;

(J) customary restrictions and conditions contained in any agreement relating to the sale, transfer, lease or other disposition of any asset permitted under Section 6.05 pending the consummation of such sale, transfer, lease or other disposition;

(K) customary restrictions and conditions contained in the document relating to any Lien, so long as (1) such Lien is a Permitted Lien and such restrictions or conditions relate only to the specific asset subject to such Lien, and (2) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 6.09;

(L) customary net worth provisions contained in Real Property leases entered into by Subsidiaries, so long as the Borrower has determined in good faith that such net worth provisions would not reasonably be expected to impair the ability of the Borrower and its Subsidiaries to meet their ongoing obligations;

(M) any agreement in effect at the time such subsidiary becomes a Subsidiary, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary;

(N) restrictions in agreements representing Indebtedness permitted under Section 6.01 of a Subsidiary of the Borrower that is not a Subsidiary Loan Party;

(O) customary restrictions contained in leases, subleases, licenses or Equity Interests or asset sale agreements otherwise permitted hereby as long as such restrictions relate to the Equity Interests and assets subject thereto;

(P) restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;

(Q) [reserved]; and

(R) any encumbrances or restrictions of the type referred to in Section 6.09(c)(i) and 6.09(c)(ii) above imposed by any amendments, modifications, restatements,

renewals, increases, supplements, refundings, replacements or refinancings of or similar arrangements to the contracts, instruments or obligations referred to in clauses (A) through (Q) above; provided, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements, refinancings or similar arrangements are, in the good faith judgment of the Borrower, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions as contemplated by such provisions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement, refinancing or similar arrangement.

Section 6.10 Fiscal Year. Modify or change its fiscal year or fiscal quarters without the prior approval of the Administrative Agent.

ARTICLE VIA

Holdings Negative Covenants

Holdings hereby covenants and agrees with each Lender that, from and after the Closing Date and until the Termination Date, unless the Required Lenders shall otherwise consent in writing, (a) Holdings shall not incur, directly or indirectly any Indebtedness other than the Indebtedness and obligations under this Agreement and the other Loan Documents, Indebtedness of a type described in Section 6.01 (with references to the Borrower to be deemed to be references to Holdings) or intercompany Indebtedness owing to the Borrower; (b) Holdings shall not create or suffer to exist any Lien upon any property or assets now owned or hereafter acquired, leased or licensed by it other than the Liens created under the Loan Documents or Liens of a type described in Section 6.02 (with references to the Borrower to be deemed to be references to Holdings); (c) Holdings shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; (d) Holdings shall not consolidate with or merge with or into, or convey, transfer, lease or license all or substantially all its assets to, any person, other than in connection with the SPAC Merger; (e) Holdings shall not sell or otherwise dispose of any Equity Interests of any of its direct Subsidiaries; and (f) Holdings shall not create or acquire any directly owned Subsidiary other than the Borrower.

ARTICLE VII

Events of Default

Section 7.01 Events of Default. In case of the happening of any of the following events (each, an “Event of Default”):

(a) any representation or warranty made or deemed made by the Borrower, Holdings or any Subsidiary Loan Party herein or in any other Loan Document or any certificate or document delivered pursuant hereto or thereto shall prove to have been false or misleading in any material respect when so made or deemed made;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or in the payment of any Fee, premium (including the Prepayment Premium (if applicable)) or any other amount (other than an amount referred to in clause (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three (3) Business Days;

(d) default shall be made in the due observance or performance by the Borrower or Holdings of any covenant, condition or agreement contained in, (i) Section 5.01(a), 5.05(a), 5.08, 5.12 or 5.14 or in Article VI or (ii) Section 5.04(a), 5.04(b), 5.04(c) or 5.04(d) and such default under this clause (ii) shall not have been remedied or waived within ten (10) days of the occurrence thereof;

(e) default shall be made in the due observance or performance by Holdings, the Borrower or any of the Subsidiary Loan Parties of any covenant, condition or agreement contained in any Loan Document (other than those specified in clauses (b), (c) and (d) above) and such default shall continue unremedied for a period of 30 days after the earlier of (i) notice thereof from the Administrative Agent to the Borrower and (ii) any Responsible Officer of Holdings or the Borrower obtaining actual knowledge of such default;

(f) (i) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity or (ii) Holdings, the Borrower or any of its Subsidiaries shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided, that this clause (f) shall not apply to any secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness;

(g) there shall have occurred a Change in Control;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Borrower, Holdings or any of the Material Subsidiaries, or of a substantial part of the property or assets of the Borrower, Holdings or any Material Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower, Holdings or any of the Material Subsidiaries or for a substantial part of the property or assets of the Borrower, Holdings or any of the Material Subsidiaries or (iii) the winding-up or liquidation of the Borrower, Holdings or any Material Subsidiary (except in a transaction permitted hereunder); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower, Holdings or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower, Holdings or any of the Material Subsidiaries or for a substantial part of the property or assets of the Borrower, Holdings or any Material Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable or admit in writing its inability or fail generally to pay its debts as they become due;

(j) the failure by the Borrower, Holdings or any Material Subsidiary to pay one or more final judgments aggregating in excess of \$10,000,000 (to the extent not covered by insurance), which judgments are not discharged or effectively waived or stayed for a period of 45 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Borrower, Holdings or any Material Subsidiary to enforce any such judgment;

(k) (i) an ERISA Event shall have occurred, (ii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iii) Holdings, the Borrower or any Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is being terminated, within the meaning of Title IV of ERISA, or (iv) Holdings, the Borrower or any Subsidiary shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; and in each case in clauses (i) through (iv) above, such event or condition, together with all other such events or conditions, if any, would reasonably be expected to have a Material Adverse Effect; or

(l) (i) any Loan Document shall for any reason be asserted in writing by Holdings, the Borrower or any Subsidiary Loan Party not to be a legal, valid and binding obligation of any party thereto (other than in accordance with its terms), (ii) any security interest purported to be created by any Security Document and to extend to assets that constitute a material portion of the Collateral shall cease to be, or shall be asserted in writing by the Borrower or any other Loan Party not to be (other than, in each case, in accordance with its terms), a valid and perfected security interest (perfected as or having the priority required by this Agreement or the relevant Security Document and subject to such limitations and restrictions as are set forth herein and therein) in the securities, assets or properties covered thereby, except to the extent that any such loss of perfection or priority results from the limitations of foreign laws, rules and regulations as they apply to pledges of Equity Interests of Foreign Subsidiaries or the application thereof, or from the failure of the Collateral Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Agreement or to file Uniform Commercial Code continuation statements or take the actions described on Schedule 3.04 and except to the extent that such loss is covered by a lender's title insurance policy and the Administrative Agent shall be reasonably satisfied with the credit of such insurer, or (iii) a material portion of the Guarantees pursuant to the Security Documents by Holdings or the Subsidiary Loan Parties guaranteeing the Obligations shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by Holdings or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations (other than in accordance with the terms thereof); provided, that no Event of Default shall occur under this Section 7.01(l) if the Loan Parties cooperate with the Collateral Agent to replace or perfect such security interest and Lien, such security interest and Lien is replaced and the rights, powers and privileges of the Secured Parties are not materially adversely affected by such replacement;

then, and in every such event (other than an event with respect to Holdings or the Borrower described in clause (h) or (i) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees, premium (including the Prepayment Premium (if applicable)) and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan

Document to the contrary notwithstanding; and in any event with respect to Holdings or the Borrower described in clause (h) or (i) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees, premium (including the Prepayment Premium (if applicable)) and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each Loan Party, anything contained herein or in any other Loan Document to the contrary notwithstanding.

For purposes of clauses (h) and (i) of this Section 7.01, "Material Subsidiary" shall mean any Subsidiary that would not be an Immaterial Subsidiary under clause (a) of the definition thereof.

Section 7.02 Treatment of Certain Payments. Any amount received by the Administrative Agent or the Collateral Agent from any Loan Party (or from proceeds of any Collateral) following any Event of Default that is continuing shall be applied:

(i) first, ratably, to pay any fees, indemnities or expense reimbursements then due to the Administrative Agent or the Collateral Agent from the Borrower (other than in connection with any Secured Hedge Agreement),

(ii) second, towards payment of interest, premium (including the Prepayment Premium (if applicable)) and fees owing to any Senior Lender with respect to the Senior Obligations, the other Loan Documents or the Collateral, ratably among the Senior Lenders,

(iii) third, towards payment of the principal amount of the Senior Obligations owing to any Senior Lender and the Senior Obligations owing to any Hedge Bank under any Secured Hedge Agreement, ratably among the parties entitled thereto in accordance with the amounts of such Obligations then due to such parties,

(iv) fourth, towards payment of other Senior Obligations of any Loan Party owing to the Administrative Agent, Collateral Agent, any Senior Lender or any other Secured Party (other than any Subordinated Lender) under the Loan Documents, ratably among the parties entitled thereto in accordance with the amounts of such Obligations then due to such parties,

(v) fifth, towards payment of interest, premium and fees owing to any Subordinated Lender with respect to the Subordinated Obligations, the other Loan Documents or the Collateral, ratably among the Subordinated Lenders,

(vi) sixth, towards payment of the principal amount of the Subordinated Obligations owing to any Subordinated Lender,

(vii) seventh, towards payment of other Subordinated Obligations of any Loan Party owing to any Subordinated Lender, ratably among the parties entitled thereto in accordance with the amounts of such Subordinated Obligations then due to such parties, and

(viii) last, the balance, if any, after all of the Obligations have been paid in full in cash, to the Borrower or as otherwise required by Requirements of Law.

In carrying out the foregoing, amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category.

ARTICLE VIII

The Agents

Section 8.01 Appointment. (a) Each Lender and, by its acceptance of the benefits of the Collateral and Guarantees under the Loan Documents, each Hedge Bank party to a Secured Hedge Agreement hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and the Collateral Agent as the agent for such Lender and the other Secured Parties under the Security Documents, and each such Lender and Hedge Bank irrevocably authorizes the Administrative Agent and the Collateral Agent, in such capacities, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent and the Collateral Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. In addition, to the extent required under the laws of any jurisdiction other than the United States of America, each of the Lenders hereby grants to the Administrative Agent and the Collateral Agent any required powers of attorney to execute any Security Document governed by the laws of such jurisdiction on such Lender's behalf. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agents shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender or Hedge Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agents.

(b) In furtherance of the foregoing, each Lender and, by its acceptance of the benefits of the Collateral and Guarantees under the Loan Documents, each Hedge Bank party to a Secured Hedge Agreement hereby appoints and authorizes the Collateral Agent to act as the agent of such Lender and such Hedge Bank for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Collateral Agent (and any Subagents appointed by the Collateral Agent pursuant to Section 8.02 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights or remedies thereunder at the direction of the Collateral Agent) shall be entitled to the benefits of this Article VIII (including, without limitation, Section 8.07) and Article IX (including, without limitation, Section 9.05) as though the Collateral Agent (and any such Subagents) were an "Agent" under the Loan Documents, as if set forth in full herein with respect thereto.

Section 8.02 Delegation of Duties. The Administrative Agent and the Collateral Agent may execute any of their respective duties under this Agreement and the other Loan Documents (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof)) by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. Each Agent may also from time to time, when it deems it to be necessary or desirable, appoint one or more trustees, co-trustees, collateral co-agents, collateral subagents or attorneys-in-fact (each, a "Subagent") with respect to all or any part of the Collateral; provided, that no such Subagent shall be authorized to take any action with respect to any Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent or the Collateral Agent. Should any instrument in writing from the Borrower or any other Loan Party be required by any Subagent so appointed by an Agent to more fully or certainly vest in and confirm to such Subagent such rights, powers, privileges and duties, the Borrower shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by such Agent. If any Subagent, or successor thereto, shall become incapable of acting, resign or be removed, all rights, powers, privileges and duties of such Subagent, to the extent

permitted by law, shall automatically vest in and be exercised by the Administrative Agent or the Collateral Agent until the appointment of a new Subagent. No Agent shall be responsible for the negligence or misconduct of any agent, attorney-in-fact or Subagent that it selects with reasonable care.

Section 8.03 Exculpatory Provisions. None of the Agents, or their respective Affiliates or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by any Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. No Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party. No Agent shall have any duties or obligations under this Agreement (including without limitation under Section 7.01(1)) or any other Loan Document, except those expressly set forth herein or therein. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing, and (b) no Agent shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by such Agent or any of its Affiliates in any capacity. The Agents shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice describing such Default or Event of Default is given to the Administrative Agent by the Borrower or a Lender. No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. No Hedge Bank that obtains the benefits of Section 7.02, any Guarantee or any Collateral by virtue of the provisions hereof or of any Guarantee or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) solely as a result of the existence of obligations owed to it under any such Secured Hedge Agreement. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Hedge Agreements unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Hedge Bank.

Section 8.04 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other

distribution) or conversation believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper person.

Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to any Borrowing, that by its terms must be fulfilled to the satisfaction of a Lender, each Agent may presume that such condition is satisfactory to such Lender unless such Agent shall have received notice to the contrary from such Lender prior to such Borrowing. Each Agent may consult with legal counsel (including counsel to Holdings or the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. Each Agent may deem and treat the Lender specified in the Register with respect to any amount owing hereunder as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with such Agent. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all or other Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all or other Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

Section 8.05 Notice of Default. Neither Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless such Agent has received written notice from a Lender, Holdings or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default.” In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all or other Lenders); provided, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 8.06 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into the business, operations, property, financial and other condition and creditworthiness of, the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or

otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 8.07 Indemnification. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by Holdings or the Borrower and without limiting the obligation of Holdings or the Borrower to do so), in the amount of its pro rata share (based on its aggregate Revolving Facility Credit Exposure and, in the case of the indemnification of each Agent, outstanding Term Loans and unused Commitments hereunder; provided, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The failure of any Lender to reimburse any Agent promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent for such other Lender's ratable share of such amount. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

Section 8.08 Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from, and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

Section 8.09 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent and Collateral Agent upon 10 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent and Collateral Agent under this Agreement and the other Loan Documents, then the Borrower shall have the right (so long as no Event of Default under Section 7.01(b), (c), (h) or (i) shall have occurred and be continuing, in which case the Required Lenders shall have the sole right), subject to the reasonable consent of the Required Lenders, to appoint a successor which shall have an office in the United States, or an Affiliate of any such successor with an office in the United States, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent and Collateral Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 10 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective (except in the case of the Collateral Agent holding collateral security on behalf of such Secured Parties, the retiring Collateral Agent shall continue to hold such collateral security as nominee until such time as a successor Collateral Agent is appointed), and the Lenders shall assume and perform all of the duties of the Administrative Agent and Collateral Agent hereunder until such time, if any, as the Borrower or the Required Lenders (as provided above) appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 8.09 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

Section 8.10 Credit Bidding. The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles, (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (which governance documents shall not treat any Secured Party in a disproportionately adverse manner as compared to the other Secured Parties without its consent), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, and shall issue to each of the Secured Parties, in each case, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

Section 8.11 Security Documents and Collateral Agent. The Lenders and the other Secured Parties authorize the Collateral Agent to release any Collateral or Guarantors in accordance with Section 9.18 or if approved, authorized or ratified in accordance with Section 9.08.

The Lenders and the other Secured Parties hereby authorize the Administrative Agent and the Collateral Agent to release any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent under any Loan Document (i) to the holder of any Lien on such property that is permitted by clauses (i) or (mm) of Section 6.02 or Section 6.02(a) (if the Liens thereunder are of a type

that is contemplated by any of the foregoing clauses) in each case to the extent the contract or agreement pursuant to which such Lien is granted prohibits any other Liens on such property or (ii) that is or becomes Excluded Property; and the Administrative Agent and the Collateral Agent shall do so upon request of the Borrower; provided, that prior to any such request, the Borrower shall have in each case delivered to the Administrative Agent a certificate of a Responsible Officer of the Borrower certifying (x) that such Lien is permitted under this Agreement, (y) in the case of a request pursuant to clause (i) of this sentence, that the contract or agreement pursuant to which such Lien is granted prohibits any other Lien on such property and (z) in the case of a request pursuant to clause (ii) of this sentence, that (A) such property is or has become Excluded Property and (B) if such property has become Excluded Property as a result of a contractual restriction, such restriction does not violate Section 6.09(c).

Section 8.12 Right to Realize on Collateral and Enforce Guarantees. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, (i) the Administrative Agent (irrespective of whether the principal of any Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise (A) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of any or all of the Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent and any Subagents allowed in such judicial proceeding, and (B) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and (ii) any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under the Loan Documents. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, the Administrative Agent, the Collateral Agent and each Secured Party hereby agree that (a) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guarantee, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties in accordance with the terms hereof and all powers, rights and remedies under the Security Documents may be exercised solely by the Collateral Agent, and (b) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, either of the Agents or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale or other Disposition.

Section 8.13 Withholding Tax. To the extent required by any applicable Requirement of Law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent

to any applicable withholding Tax. If the Internal Revenue Service or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by any applicable Loan Party and without limiting the obligation of any applicable Loan Party to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including penalties, fines, additions to Tax and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this Section 8.13.

ARTICLE IX

Miscellaneous

Section 9.01 Notices; Communications. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 9.01(b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier or other electronic means as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Loan Party or the Administrative Agent, to the address or electronic mail address specified for such person on Schedule 9.01; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided, that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication.

The Administrative Agent or the Borrower may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by them, provided that approval of such procedures may be limited to particular notices or communications.

(c) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 9.01(b) above shall be effective as provided in such Section 9.01(b).

(d) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

(e) Documents required to be delivered pursuant to Section 5.04 may be delivered electronically (including as set forth in Section 9.17) and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 9.01, or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender entitled to access thereto and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided, that (A) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender, and (B) the Borrower shall notify the Administrative Agent (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Except for such certificates required by Section 5.04(d), the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 9.02 Survival of Agreement. All covenants, agreements, representations and warranties made by the Loan Parties herein, in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans and the execution and delivery of the Loan Documents, regardless of any investigation made by such persons or on their behalf, and shall continue in full force and effect until the Termination Date. Without prejudice to the survival of any other agreements contained herein, indemnification and reimbursement obligations contained herein (including pursuant to Sections 2.15, 2.16, 2.17 and 9.05) shall survive the Termination Date.

Section 9.03 Binding Effect. This Agreement shall become effective when it shall have been executed by Holdings, the Borrower and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of Holdings, the Borrower, the Administrative Agent and each Lender and their respective permitted successors and assigns.

Section 9.04 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 permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 9.04. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in clause (c) of this Section 9.04), and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement or the other Loan Documents.

(a) (i) Subject to the conditions set forth in subclause (ii) below, any Lender may assign to one or more assignees (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at

the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower, which consent, with respect to the assignment of a Term Loan, will be deemed to have been given if the Borrower has not responded within 10 Business Days after the delivery of any request for such consent; provided, that no consent of the Borrower shall be required (i) for an assignment of a Term Loan to a Lender, an Affiliate of a Lender or an Approved Fund (as defined below), (ii) for an assignment of a Revolving Facility Commitment or Revolving Facility Loan to a Revolving Facility Lender, an Affiliate of a Revolving Facility Lender or Approved Fund with respect to a Revolving Facility Lender, (iii) in the case of an assignment of a Term Loan, if an Event of Default has occurred and is continuing or (iv) in the case of an assignment of a Revolving Facility Commitment or Revolving Facility Loan, if an Event of Default under Section 7.01(b), (c), (h) or (i) has occurred and is continuing; and

(B) the Administrative Agent; provided, that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Term Loan to a Lender, an Affiliate of a Lender or an Approved Fund.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans under any Facility, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than (x) \$1,000,000 in the case of Term Loans and (y) \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof in the case of Revolving Facility Loans or Revolving Facility Commitments, unless each of the Borrower (so long as (I) in the case of Term Loans, no Event of Default has occurred and is continuing, and (II) in the case of Revolving Facility Loans or Revolving Facility Commitments, no Event of Default under Section 7.01(b), (c), (h) or (i) has occurred and is continuing, in which case no consent under this clause (ii)(A) regarding the amount to be assigned is required) and the Administrative Agent otherwise consent; provided, that such amounts shall be aggregated in respect of each Lender and its Affiliates or Approved Funds (with simultaneous assignments to or by two or more Related Funds shall be treated as one assignment), if any;

(B) the parties to each assignment shall (1) execute and deliver to the Administrative Agent an Assignment and Acceptance via an electronic settlement system acceptable to the Administrative Agent or (2) if previously agreed with the Administrative Agent, manually execute and deliver to the Administrative Agent an Assignment and Acceptance, in each case together with a processing and recordation fee of \$3,500 (which fee may be waived or reduced in the reasonable discretion of the Administrative Agent);

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and receipt by the Administrative Agent of all documentation and other information with respect to the assignee that is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT ACT, including any tax forms required to be delivered pursuant to Section 2.17; and

(D) (i) no Lender holding Term B-2 Loans may assign Term B-2 Loans to any person without the consent of HPS and (ii) no Affiliate Lender may assign any Loans or commitments to any person without the consent of HPS.

For the purposes of this Section 9.04, "Approved Fund" shall mean any person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

Notwithstanding the foregoing or anything to the contrary herein, no Lender shall be permitted to assign or transfer any portion of its rights and obligations under this Agreement to (A) any Defaulting Lender or any of its Subsidiaries, or any person who, upon becoming a Lender hereunder, would constitute any of the foregoing persons described in this clause (A) or (B) a natural person. Any assigning Lender shall, in connection with any potential assignment, provide to the Borrower a copy of its request (including the name of the prospective assignee) concurrently with its delivery of the same request to the Administrative Agent except upon the occurrence and during the continuance of an Event of Default under Section 7.01(h) or (i).

(iii) Subject to acceptance and recording thereof pursuant to subclause (v) below, from and after the effective date specified in each Assignment and Acceptance the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.05 (subject to the limitations and requirements of those Sections)). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (d) of this Section 9.04 (except to the extent such participation is not permitted by such clause (d) of this Section 9.04, in which case such assignment or transfer shall be null and void).

(iv) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of (and interest amounts on) the Loans owing to each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and the Lenders, at any reasonable time and from time to time upon reasonable prior written notice; provided, that no Lender shall, in such capacity, have access to, or be otherwise permitted to review, any information in the Register other than information with respect to such Lender.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Assignee, the Assignee's completed Administrative Questionnaire and all documentation and other information with respect to the assignee that is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT ACT (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b) of this

Section, if applicable, and any written consent to such assignment required by clause (b) of this Section and any applicable tax forms, the Administrative Agent shall accept such Assignment and Acceptance and promptly record the information contained therein in the Register. No assignment, whether or not evidenced by a promissory note, shall be effective for purposes of this Agreement unless and until it has been recorded in the Register as provided in this subclause (v).

(b) [Reserved].

(c) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations in Loans and Commitments to one or more banks or other entities other than any Defaulting Lender or any of its Subsidiaries, or any person who, upon becoming a Lender hereunder, would constitute any of the foregoing persons (a “Participant”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided, that (A) such Lender’s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided, that (x) such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that both (1) requires the consent of each Lender directly affected thereby pursuant to clauses (i), (ii), (iii) or (vi) of the first proviso to Section 9.08(b) and (2) directly adversely affects such Participant (but, for the avoidance of doubt, not any waiver of any Default or Event of Default) and (y) no other agreement with respect to amendment, modification or waiver may exist between such Lender and such Participant. Subject to clause (d)(iii) of this Section 9.04, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the limitations and requirements of those Sections and Section 2.19) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 9.04. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender; provided, that such Participant shall be subject to Section 2.18(c) as though it were a Lender.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts of (and interest amounts on) each Participant’s interest in the Loans or other obligations under the Loan Documents (the “Participant Register”). The entries in the Participant Register shall be conclusive absent manifest error, and each party hereto shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. Without limitation of the requirements of Section 9.04(d), no Lender shall have any obligation to disclose all or any portion of a Participant Register to any person (including the identity of any Participant or any information relating to a Participant’s interest in any Commitments, Loans or other Loan Obligations under any Loan Document), except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other Loan Obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or is otherwise required by applicable law. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(iii) A Participant shall not be entitled to receive any greater payment under Section 2.15, 2.16 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent, which consent shall state that it is being given pursuant to this Section 9.04(d)(iii); provided, that each potential Participant shall provide such information as is reasonably requested by the Borrower in order for the Borrower to determine whether to provide its consent.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank and in the case of any Lender that is an Approved Fund, any pledge or assignment to any holders of obligations owed, or securities issued, by such Lender, including to any trustee for, or any other representative of, such holders, and this Section 9.04 shall not apply to any such pledge or assignment of a security interest; provided, that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(e) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in clause (e) above.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent. Each of Holdings, the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto and each Loan Party for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

(g) [Reserved].

(h) [Reserved].

(i) [Reserved].

(j) In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any other Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Revolving Facility Percentage; provided that notwithstanding the foregoing, in the event

that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Section 9.05 Expenses; Indemnity. (a) The Borrower agrees to pay

(i) all reasonable and documented out-of-pocket expenses (including Other Taxes) incurred by the Administrative Agent or the Collateral Agent in connection with the preparation of this Agreement and the other Loan Documents, or by the Administrative Agent or the Collateral Agent in connection with the administration of this Agreement and any amendments, modifications or waivers of the provisions hereof or thereof, including the reasonable fees, charges and disbursements of Milbank, Tweed, Hadley & McCloy LLP, counsel for the Administrative Agent and the Collateral Agent, and, if necessary, the reasonable fees, charges and disbursements of one local counsel per jurisdiction, and (ii) all reasonable and documented out-of-pocket expenses (including Other Taxes) incurred by the Agents or any Lender in connection with the enforcement of their rights in connection with this Agreement and the other Loan Documents, in connection with the Loans made hereunder, including the fees, charges and disbursements of a single counsel for all such persons, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such persons, taken as a whole (and, in the case of an actual or perceived conflict of interest where such person affected by such conflict informs the Borrower of such conflict and thereafter retains its own counsel with, in the case of any Lender, the Borrower's prior written consent (not to be unreasonably withheld), of another firm of counsel for such affected person).

(a) The Borrower agrees to indemnify the Administrative Agent, the Collateral Agent, each Lender, each of their respective Affiliates, successors and assignors, and each of their respective directors, officers, employees, agents, trustees, advisors and members (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements (excluding the allocated costs of in house counsel and limited to not more than one counsel for all such Indemnitees, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such Indemnitees, taken as a whole (and, in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict informs the Borrower of such conflict and thereafter retains its own counsel with, in the case of any Lender, the Borrower's prior written consent (not to be unreasonably withheld), of another firm of counsel for such affected Indemnitee)), incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby, (ii) the use of the proceeds of the Loans, (iii) any violation of or liability under Environmental Laws to the extent relating in any way to the Borrower or any Subsidiary, (iv) any actual or alleged presence, Release or threatened Release of or exposure to Hazardous Materials at, under, on, from or to any property owned, leased or operated by the Borrower or any Subsidiary or (v) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto and regardless of whether such matter is initiated by a third party or by Holdings, the Borrower or any of their subsidiaries or Affiliates; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee or any of its Related Parties, (y) arose from a material breach of such Indemnitee's or any of its Related Parties' obligations under any Loan Document (as determined by a court of competent jurisdiction in a final, non-appealable judgment) or (z) arose from any claim, actions, suits, inquiries, litigation,

investigation or proceeding that does not involve an act or omission of the Borrower or any of its Affiliates and is brought by an Indemnitee against another Indemnitee (other than any claim, actions, suits, inquiries, litigation, investigation or proceeding against any Agent in its capacity as such). None of the Indemnitees (or any of their respective affiliates) shall be responsible or liable to the Fund, Holdings, the Borrower or any of their respective subsidiaries, Affiliates or stockholders or any other person or entity for any special, indirect, consequential or punitive damages, which may be alleged as a result of the Facilities or the Transactions. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the 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 Administrative Agent or any Lender. All amounts due under this Section 9.05 shall be payable within 15 days after written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(b) Except as expressly provided in Section 9.05(a) with respect to Other Taxes, which shall not be duplicative with any amounts paid pursuant to Section 2.17, this Section 9.05 shall not apply to any Taxes (other than Taxes that represent losses, claims, damages, liabilities and related expenses resulting from a non-Tax claim), which shall be governed exclusively by Section 2.17 and, to the extent set forth therein, Section 2.15.

(c) To the fullest extent permitted by applicable law, Holdings and the Borrower shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(d) The agreements in this Section 9.05 shall survive the resignation of the Administrative Agent or the Collateral Agent, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations and the termination of this Agreement.

Section 9.06 Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of Holdings, the Borrower or any Subsidiary against any of and all the obligations of Holdings or the Borrower now or hereafter existing under this Agreement or any other Loan Document held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.22 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such

Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender may have.

Section 9.07 Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (OTHER THAN AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY PRINCIPLE OF CONFLICTS OF LAW THAT COULD REQUIRE THE APPLICATION OF ANY OTHER LAW.

Section 9.08 Waivers; Amendment. (a) No failure or delay of the Administrative Agent or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Holdings, the Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by clause (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings, the Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances.

(a) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) as provided in Section 2.14 or Section 2.21 (in respect of Term B-2 Loan Commitments permitted to be established pursuant to Section 2.21), (y) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Required Lenders (or, (A) in respect of any waiver, amendment or modification of Section 4.01 or 2.10(b) after the Closing Date, the Required Revolving Facility Lenders, rather than the Required Lenders, or (B) in respect of any waiver, amendment or modification of Section 2.11(b) or (c), the Required Prepayment Lenders, rather than the Required Lenders), and (z) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by each Loan Party party thereto and the Administrative Agent and consented to by the Required Lenders; provided, however, that no such agreement shall:

(i) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification); provided, that any amendment to the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (i),

(ii) increase or extend the Commitment of any Lender, or decrease the Commitment Fees or any other Fees of any Lender without the prior written consent of such Lender (which, notwithstanding the foregoing, such consent of such Lender shall be the only consent required hereunder to make such modification); provided, that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default, mandatory prepayments or of a

mandatory reduction in the aggregate Commitments shall not constitute an increase or extension of the Commitments of any Lender for purposes of this clause (ii),

(iii) extend or waive any Term Loan Installment Date or reduce the amount due on any Term Loan Installment Date or extend any date on which payment of interest on any Loan or any Fees is due, without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification),

(iv) amend the provisions of Section 7.02 or Section 2.18(c) with respect to the pro rata application of payments required thereby in a manner that by its terms modifies the application of such payments required thereby to be on a less than pro rata basis, without the prior written consent of each Lender adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification),

(v) amend or modify the provisions of this Section 9.08 or the definition of the terms "Required Lenders," "Majority Lenders," "Required Prepayment Lenders," "Required Revolving Facility Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender adversely affected thereby, in each case except, for the avoidance of doubt, as otherwise provided in Section 9.08(d) and (e) (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date),

(vi) release all or substantially all of the Collateral or all or substantially all of the Subsidiary Loan Parties from their respective Guarantees under the Subsidiary Guarantee Agreement, unless, in the case of a Subsidiary Loan Party, all or substantially all the Equity Interests of such Subsidiary Loan Party is sold or otherwise disposed of in a transaction permitted by this Agreement, without the prior written consent of each Lender other than a Defaulting Lender,

(vii) effect any waiver, amendment or modification that by its terms adversely affects the rights in respect of payments or collateral of Lenders participating in any Facility differently from those of Lenders participating in another Facility, without the consent of the Majority Lenders participating in the adversely affected Facility except, for the avoidance of doubt, as otherwise provided in Section 9.08(d) and (e) (it being agreed that the Required Lenders may waive, in whole or in part, any prepayment or Commitment reduction required by Section 2.11 so long as the application of any prepayment or Commitment reduction still required to be made is not changed);

provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Collateral Agent hereunder without the prior written consent of the Administrative Agent or the Collateral Agent acting as such at the effective date of such agreement, as applicable. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any Assignee of such Lender.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have the right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be affected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any

Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

(b) Without the consent of any Lender, the Loan Parties and the Administrative Agent and/or the Collateral Agent may (in their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment, modification or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law or this Agreement or in each case to otherwise enhance the rights or benefits of any Lender under any Loan Document.

(c) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, Holdings and the Borrower (a) to permit additional extensions of credit to be outstanding hereunder from time to time and the accrued interest and fees and other obligations in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Facility Loans and the accrued interest and fees and other obligations in respect thereof and (b) to include appropriately the holders of such extensions of credit in any determination of the requisite lenders required hereunder, including Required Lenders, Required Prepayment Lenders and the Required Revolving Facility Lenders.

(d) Notwithstanding the foregoing, technical and conforming modifications to the Loan Documents may be made with the consent of the Borrower and the Administrative Agent (but without the consent of any Lender) to the extent necessary (A) to integrate any Term B-2 Loan Commitments in a manner consistent with the Fourth Incremental Assumption and Amendment Agreement, (B) to effect an alternate interest rate in a manner consistent with Section 2.14 or (C) to cure any ambiguity, omission, defect or inconsistency.

(e) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be necessary to ensure that all Term Loans established pursuant to Section 2.21 after the Closing Date that will be included in an existing Class of Term Loans outstanding on such date (an "Applicable Date"), when originally made, are included in each Borrowing of outstanding Term Loans of such Class (the "Existing Class Loans"), on a pro rata basis, and/or to ensure that, immediately after giving effect to such new Term Loans (the "New Class Loans" and, together with the Existing Class Loans, the "Class Loans"), each Lender holding Class Loans will be deemed to hold its Pro Rata Share of each Class Loan on the Applicable Date (but without changing the amount of any such Lender's Term Loans), and each such Lender shall be deemed to have effectuated such assignments as shall be required to ensure the foregoing. The "Pro Rata Share" of any Lender on the Applicable Date is the ratio of (1) the sum of such Lender's Existing Class Loans immediately prior to the Applicable Date plus the amount of New Class Loans made by such Lender on the Applicable Date over (2) the aggregate principal amount of all Class Loans on the Applicable Date.

(f) Notwithstanding the foregoing, this Agreement may be amended, waived or otherwise modified with the written consent of the Required Revolving Facility Lenders, the



Administrative Agent, Holdings and the Borrower with respect to (i) the provisions of Section 4.01, solely as they relate to the Revolving Facility Loans, and (ii) the provisions of Section 2.10(b).

(g) Notwithstanding anything in this Agreement to the contrary, each Affiliate Lender:

(1) hereby agrees that in connection with any (i) consent (or decision not to consent) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document, (ii) other action on any matter related to any Loan Document or (iii) direction to the Administrative Agent, the Collateral Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, in each case, except with respect to any amendment, modification, waiver, consent or other action (x) described in clauses (i), (ii), (iii) or (iv) of the first proviso of Section 9.08(b) or (y) that adversely affects such Affiliate Lender (in its capacity as a Lender) in a disproportionately adverse manner as compared to other Lenders, such Affiliate Lender shall be deemed to have voted its interest as a Lender without discretion in such proportion as the allocation of voting with respect to such matter by Lenders who are not Affiliate Lenders;

(2) if a proceeding under any Debtor Relief Law shall be commenced by or against the Borrower or any other Loan Party at a time when such Lender is an Affiliate Lender, hereby irrevocably authorizes and empowers the Administrative Agent to vote on behalf of such Affiliate Lender with respect to the Loans held by such Affiliate Lender in the same proportion as the vote of Lenders who are not Affiliate Lenders on the relevant matter, unless the Administrative Agent instructs such Affiliate Lender to vote, in which case such Affiliate Lender shall vote with respect to the Loans held by it in the same proportion as the vote of Lenders who are not Affiliate Lenders on the relevant matter; provided that (x) such Affiliate Lender shall be entitled to vote in accordance with its sole discretion (and not in accordance with the direction of the Administrative Agent) and (y) the Administrative Agent shall not be entitled to vote on behalf of such Affiliate Lender, in each case, in connection with any matter to the extent that any such matter proposes to treat any Obligations held by such Affiliate Lender in a manner that is different in an adverse way than the proposed treatment of similar Obligations held by Lenders who are not Affiliate Lenders.

(3) will not be entitled to (A) attend (including by telephone) any meeting or discussions (or portion thereof) among the Administrative Agent or any Lender or among Lenders to which the Loan Parties or their representatives are not invited, (B) receive any information or material prepared by the Administrative Agent or any Lender or any communication by or among Administrative Agent and one or more Lenders, except to the extent such information or materials have been made available to any Loan Party or its representatives (and in any case, other than the right to receive Continuation Notices and other administrative notices in respect of its Term Loans required to be delivered to Lenders pursuant to Article II) or (C) make or bring (or participate in, other than as a passive participant in or recipient of its pro rata benefits of) any claim, in its capacity as a Lender, against the Administrative Agent or the Collateral Agent with respect to any duties or obligations or alleged duties or obligations of such Agent under the Loan Documents; and

(4) shall not have any right to receive advice of counsel to the Administrative Agent or to Lenders other than Affiliate Lenders or to challenge the Lenders' attorney-client privilege in its capacity as a Lender.

Each Affiliate Lender hereby irrevocably appoints the Administrative Agent (such appointment being coupled with an interest) as such Affiliate Lender's attorney-in-fact, with full authority in the place and stead of such Affiliate Lender and in the name of such Affiliate Lender, from time to time in the Administrative Agent's discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of Section 9.08(h).

Section 9.09 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges that are treated as interest under applicable law (collectively, the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender, shall be limited to the Maximum Rate; provided, that such excess amount shall be paid to such Lender on subsequent payment dates to the extent not exceeding the legal limitation.

Section 9.10 Entire Agreement. This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 9.11 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

Section 9.12 Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart to this Agreement by facsimile transmission (or other electronic transmission

pursuant to procedures approved by the Administrative Agent) shall be as effective as delivery of a manually signed original.

Section 9.14 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 9.15 Jurisdiction; Consent to Service of Process. (a) The Borrower and each other Loan Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, the Collateral Agent, any Lender, or any Affiliate of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York sitting in New York County, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or any other Loan Party or its properties in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement or any other Loan Document to serve process in any other manner permitted by law.

Section 9.16 Confidentiality. Each of the Lenders and each of the Agents agrees that it shall maintain in confidence any information relating to Holdings, any Parent Entity, the Borrower and any Subsidiary furnished to it by or on behalf of Holdings, any Parent Entity, the Borrower or any Subsidiary (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender or such Agent without violating this Section 9.16 or (c) was available to such Lender or such Agent from a third party having, to such person's knowledge, no obligations of confidentiality to Holdings, any Parent Entity, the Borrower or any other Loan Party) and shall not reveal the same other than to its directors, trustees, officers, employees and advisors with a need to know and any numbering, administration or settlement service providers or to any person that approves or administers the Loans on behalf of such Lender (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), except: (A) to the extent necessary to comply with law or any legal process or the requirements of any Governmental Authority, the National Association of Insurance Commissioners or of

any securities exchange on which securities of the disclosing party or any Affiliate of the disclosing party are listed or traded, (B) as part of normal reporting or review procedures to, or examinations by, Governmental Authorities or self-regulatory authorities, including the National Association of Insurance Commissioners or the Financial Industry Regulatory Authority, Inc., (C) to its parent companies, Affiliates, auditors and leverage facility providers (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), (D) in order to enforce its rights under any Loan Document in a legal proceeding, (E) to any pledgee under Section 9.04(d) or any other prospective assignee of, or prospective Participant in, any of its rights under this Agreement (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), (F) to any direct or indirect contractual counterparty in Hedging Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section 9.16) and (G) to any rating agency when required by it, provided that, such information shall be generally of the type provided pursuant to Section 5.04; provided further that, prior to any disclosure, such rating agency shall undertake in writing to preserve the confidentiality of any confidential information relating to Loan Parties received by it from any Agent or any Lender.

Section 9.17 Platform; Borrower Materials. The Borrower hereby acknowledges that (a) the Administrative Agent will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform"), and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information (or, if Holdings is not at the time a public reporting company, material information of a type that would not reasonably be expected to be publicly available if Holdings was a public reporting company) with respect to Holdings, the Borrower or its Subsidiaries or any of their respective securities) (each, a "Public Lender"). The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (i) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof, (ii) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as solely containing information that is either (A) publicly available information or (B) not material (although it may be sensitive and proprietary) with respect to Holdings, the Borrower or its Subsidiaries or any of their respective securities for purposes of United States Federal and state securities laws (provided, however, that such Borrower Materials shall be treated as set forth in Section 9.16, to the extent such Borrower Materials constitute information subject to the terms thereof), (iii) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (iv) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

Section 9.18 Release of Liens and Guarantees.

(a) The Lenders and the other Secured Parties hereby irrevocably agree that the Liens granted to the Collateral Agent by the Loan Parties on any Collateral shall be automatically released: (i) in full upon the occurrence of the Termination Date as set forth in Section 9.18(d) below; (ii) upon the Disposition of such Collateral by any Loan Party to a person that is not (and is not required to become) a Loan Party in a transaction permitted by this Agreement (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (iii) to the extent that

such Collateral comprises property leased to a Loan Party, upon termination or expiration of such lease (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (iv) if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders (or such other percentage of the Lenders whose consent may be required in accordance with Section 9.08), (v) to the extent that the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the Guarantee in accordance with the Holdings Guarantee Agreement, the Subsidiary Guarantee Agreement or clause (b) below (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (vi) as provided in Section 8.11 (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), and (vii) as required by the Collateral Agent to effect any Disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Security Documents. Any such release (other than pursuant to clause (i) above) shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any Disposition, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Loan Documents.

(b) In addition, (i) the Lenders and the other Secured Parties hereby irrevocably agree that the Guarantors shall be automatically released from the Guarantees upon consummation of any transaction not prohibited hereunder resulting in such Subsidiary ceasing to constitute a Subsidiary Loan Party or otherwise becoming an Excluded Subsidiary (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (ii) [reserved] and (iii) immediately prior to the incurrence of an Original Content Financing pursuant to Section 6.01(h), the Guarantee incurred by Redbox Entertainment and any of its Subsidiaries of the Obligations shall automatically terminate and Redbox Entertainment and its Subsidiaries shall be released from their obligations under the Loan Documents, shall cease to be Loan Parties and any Liens created by any Loan Documents on any assets or Equity Interests owned by Redbox Entertainment and its Subsidiaries shall automatically be released; provided that (i) upon the termination of an Original Content Financing, Redbox Entertainment shall be joined as a Guarantor in accordance with the Collateral and Guarantee Requirement and (ii) the release of Redbox Entertainment and any of its Subsidiaries shall only be permitted if at the time of such release the aggregate outstanding amount of cash Investments (valued at the time of making thereof, and without giving effect to any write downs or write offs thereof) made in Redbox Entertainment does not exceed \$5,000,000.

(c) The Lenders and the other Secured Parties hereby authorize the Administrative Agent and the Collateral Agent, as applicable, to execute and deliver any instruments, documents, and agreements necessary or desirable to evidence and confirm the release of any Guarantor or Collateral pursuant to the foregoing provisions of this Section 9.18 and to return to Holdings or the Borrower all possessory collateral (including share certificates (if any)) held by it in respect of any Collateral so released, all without the further consent or joinder of any Lender or any other Secured Party. Any representation, warranty or covenant contained in any Loan Document relating to any such Collateral or Guarantor shall no longer be deemed to be made. In connection with any release hereunder, the Administrative Agent and the Collateral Agent shall promptly (and the Secured Parties hereby authorize the Administrative Agent and the Collateral Agent to) take such action and execute any such documents as may be reasonably requested by the Borrower and at the Borrower's expense in connection with the release of any Liens created by any Loan Document in respect of such Subsidiary, property or asset; provided, that the Administrative

Agent shall have received a certificate of a Responsible Officer of the Borrower containing such certifications as the Administrative Agent shall reasonably request.

(d) Notwithstanding anything to the contrary contained herein or any other Loan Document, on the Termination Date, all Liens granted to the Collateral Agent by the Loan Parties on any Collateral under the Loan Documents and all obligations of the Borrower and the other Loan Parties under any Loan Documents (other than such obligations that survive the Termination Date pursuant to the terms hereof) shall, in each case, be automatically released and, upon request of the Borrower, the Administrative Agent and/or the Collateral Agent, as applicable, shall (without notice to, or vote or consent of, any Secured Party) take such actions as shall be required to evidence the release its security interest in all Collateral granted to it pursuant to the Loan Documents (including returning to Holdings or the Borrower all possessory collateral (including share certificates (if any)) held by it pursuant to the Loan Documents in respect of any Collateral so released), and to evidence the release of all obligations under any Loan Document (other than such obligations that survive the Termination Date pursuant to the terms hereof), whether or not on the date of such release there may be any (i) obligations in respect of any Secured Hedge Agreements and (ii) contingent indemnification obligations or expense reimburse claims not then due; provided, that the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower containing such certifications as the Administrative Agent shall reasonably request. Any such release of obligations shall be deemed subject to the provision that such obligations shall be reinstated if after such release any portion of any payment in respect of the obligations guaranteed thereby shall be rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payment had not been made. The Borrower agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent or the Collateral Agent (and their respective representatives) in connection with taking such actions to release security interest in all Collateral and all obligations under the Loan Documents as contemplated by this Section 9.18(d).

(e) Obligations of the Borrower or any of its Subsidiaries under any Secured Hedge Agreement (after giving effect to all netting arrangements relating to such Secured Hedge Agreements) shall be secured and guaranteed pursuant to the Security Documents only to the extent that, and for so long as, the other Obligations are so secured and guaranteed. No person shall have any voting rights under any Loan Document solely as a result of the existence of obligations owed to it under any such Secured Hedge Agreement. For the avoidance of doubt, no release of Collateral or Guarantors effected in the manner permitted by this Agreement shall require the consent of any holder of obligations under Secured Hedge Agreements.

Section 9.19 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrower in respect of any such sum due from it to the Administrative Agent or the Lenders hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement

Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent from the Borrower in the Agreement Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent in such currency, the Administrative Agent agrees to return the amount of any excess to the Borrower (or to any other person who may be entitled thereto under applicable law).

Section 9.20 USA PATRIOT Act Notice. Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the USA PATRIOT Act.

Section 9.21 [Reserved].

Section 9.22 Agency of the Borrower for the Loan Parties. Each of the other Loan Parties hereby appoints the Borrower as its agent for all purposes relevant to this Agreement and the other Loan Documents, including the giving and receipt of notices and the execution and delivery of all documents, instruments and certificates contemplated herein and therein and all modifications hereto and thereto.

Section 9.23 [Reserved].

Section 9.24 Acknowledgment and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

Section 9.25 Subordination Terms.

(a) The provisions of this Section 9.25 are the “Subordination Terms”.

(b) All Term B-2 Loans and all other Subordinated Obligations are subordinated in right of payment to all Senior Obligations, such that the holders of the Senior Obligations (each such holder, a “Senior Lender”) shall be entitled to receive Payment in Full of the amounts constituting the Senior Obligations that are due and payable before any holder from time to time of Subordinated Obligations (together with its successors, transferees and assigns, each a “Subordinated Lender”) is entitled to receive any payment on account of the Subordinated Obligations and, in connection therewith, unless and until the principal of, premium, and interest on, and all other amounts that are due and payable in respect of, all Senior Obligations shall have been Paid in Full:

(i) no payment on account of the principal of, premium, or interest on, or any other amount in respect of the Subordinated Indebtedness (and no payment on account of the purchase or redemption or other acquisition in respect of the Subordinated Indebtedness) shall be made by or on behalf of any Loan Party; and

(ii) no Subordinated Lender shall (A) ask, demand, sue for, accelerate or take or receive from any Loan Party, by set-off or in any other manner, any payment on account of the principal of, premium, or interest on, or any other amount in respect of the Subordinated Indebtedness or (B) seek any other remedy allowed at law or in equity (including instituting any insolvency proceeding) against any Loan Party for breach of such Loan Party’s obligations hereunder or thereunder;

provided that, the Loan Parties may make, and each Subordinated Lender shall be entitled to receive and retain from time to time, regularly scheduled payments of Interest on the Term B-2 Loans due and payable on a non-accelerated basis and required to be paid in cash in accordance with this Agreement, so long as (x) no Event of Default has occurred and is continuing and (y) in the case of the payment of Cash Interest on the Term B-2 Loans, the Senior Lenders shall have received in cash all interest then due and payable on the Senior Obligations (which shall include for purposes of this provision payment in cash of all interest previously paid on the Senior Obligations in the form of PIK Interest (any such payment, a “Catch-Up Cash Interest Payment”)); provided, further, that (i) each Catch-Up Cash Interest Payment shall be treated as a voluntary prepayment of the Senior Obligations and the aggregate outstanding principal amount of the Senior Obligations shall be automatically reduced by an aggregate amount equal to the previously paid PIK Interest payment related to such Catch-Up Cash Interest Payment and (ii) if on any Interest Payment Date the Subordinated Lenders are not entitled to receive payment of Cash Interest on the Term B-2 Loans, Interest on the Term B-2 Loans shall be payable as PIK Interest.

(c) Prior to the Payment in Full of the Senior Obligations, if any payment or distribution of any character, whether in cash, securities or other property, in respect of the Subordinated Obligations shall be received by a Subordinated Lender in contravention of these Subordination Terms, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the Administrative Agent for distribution to the holders of the Senior Indebtedness, ratably according to the respective aggregate amounts remaining unpaid thereon, to the extent necessary to pay all Senior Indebtedness in full in cash.

(d) These Subordination Terms shall not be affected by (i) any amendment or modification of, or addition or supplement to any Loan Document, (ii) any exercise or non-exercise of any right, power or remedy under or in respect of this Agreement or any other Loan Document or (iii) any waiver, consent, release, extension, renewal, modification, delay, or other action, inaction or omission in respect of this Agreement or any other Loan Document, except to the extent these Subordination Terms are expressly amended or modified.

(e) If in connection with (i) any enforcement action or exercise of remedies by the Administrative Agent under this Agreement or the other Loan Documents or (ii) any agreement between the Senior Lenders and the Borrower or any other Loan Party to release any Loan Party from its obligations under the Loan Documents, the Administrative Agent, for itself or on behalf of any of the Senior Lenders, in any such case, releases any Loan Party from its obligations under the Loan Documents, then the obligations of such Loan Party under the Loan Debt Documents owing to the Subordination Lenders shall be automatically, unconditionally and simultaneously released. The Subordinated Lenders shall promptly execute and deliver to the Administrative Agent such releases and other documents as the Administrative Agent may request to effectively confirm such release. Until all Senior Obligations shall have been Paid in Full, the Subordinated Lenders hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent of the Administrative Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Subordinated Lender or in the Administrative Agent's own name, from time to time in the Administrative Agent's discretion, for the purpose of carrying out the terms of this clause (e), to take any and all appropriate action and to execute any and all documents and instruments which may be necessary to accomplish the purposes of this clause (e), including any endorsements or other instruments of transfer or release. This power is coupled with an interest and is irrevocable until the Payment in Full of the Senior Obligations.

(f) The provisions of these Subordination Terms constitute a continuing agreement and shall (i) remain in full force and effect until this Agreement has been terminated and all Senior Obligations have been Paid in Full, (ii) be binding upon each Subordinated Lender, the Loan Parties and the other parties hereto and their respective successors, transferees and assignees, and (iii) inure to the benefit of, and be enforceable by, the Senior Lenders. These Subordination Terms are a "subordination agreement" under Section 510(a) of the United States Bankruptcy Code or any similar provision of any other bankruptcy law, shall be effective before, during and after the commencement of any insolvency or liquidation proceeding.

(g) The foregoing provisions are solely for the purpose of defining the relative rights of the holders of the Senior Indebtedness on the one hand and the Subordinated Lenders on the other hand, and nothing herein shall impair, as between the Loan Parties and the Subordinated Lenders, the obligations of the Loan Parties, which are unconditional and absolute, to pay to the Subordinated Lenders the principal, interest and other amounts owing on the Subordinated Indebtedness in accordance with the terms hereof. These Subordination Terms shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Loan Party in respect of the Senior Indebtedness is rescinded or must be otherwise restored by any holder of any of the Senior Indebtedness, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

(h) These Subordination Terms shall be binding on and enforceable against all Subordinated Lenders (including their assignees and transferees).

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated July 7, 2021, with respect to the consolidated financial statements of Redwood Intermediate, LLC and Subsidiaries included in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus, and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Chicago, IL

November 30, 2021

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Redbox Entertainment Inc. on Form S-1 of our report dated April 2, 2021, except for the effects of the restatement discussed in Note 2 to which the date is May 26, 2021, and for the effects of the second amendment restatement related to redeemable common shares discussed in Note 2 to which the date is November 22, 2021, with respect to our audit of the financial statements of Seaport Global Acquisition Corp. as of December 31, 2020 and for the period from July 24, 2020 (inception) through December 31, 2020, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum LLP
Marcum LLP
Houston, Texas
November 30, 2021
