

# Mohegan Tribal Gaming Authority

**Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations  
For the Quarterly Period ended March 31, 2023**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the Management Board of Mohegan Tribal Gaming Authority:

### **Results of Review of Interim Financial Information**

We have reviewed the accompanying condensed consolidated balance sheet of Mohegan Tribal Gaming Authority and subsidiaries (the "Company") as of March 31, 2023, and the related condensed consolidated statements of operations and comprehensive income (loss), changes in capital, and cash flows for the three-month and six-month periods ended March 31, 2023 and 2022, and the related notes (collectively referred to as the "interim financial information").

### **Conclusion on Accounting Principles Generally Accepted in the United States of America as Promulgated by the Financial Accounting Standards Board**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

### **Conclusion on Accounting Principles Generally Accepted in the United States of America for Governmental Entities**

Based on our reviews, material modifications should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America for governmental entities.

### **Basis for Review Results**

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusions.

As described in Note 1 to the interim financial information, the Company is a governmental entity as defined by the Governmental Accounting Standards Board (GASB). Accordingly, the standards as promulgated by GASB are the appropriate accounting standards for the Company to follow. However, the Company has prepared its interim financial information in accordance with accounting standards as promulgated by the FASB even though the entity meets the "governmental" criteria. The effects on the interim financial information of the variances between the accounting policies described in Note 1 to the interim financial information and generally accepted accounting principles for governmental entities, although not reasonably determinable, are presumed to be material.

### **Responsibilities of Management for the Interim Financial Information**

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

**Report on Condensed Consolidated Balance Sheet as of September 30, 2022**

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of September 30, 2022, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in capital, and cash flows for the year then ended (not presented herein); and in our report dated December 20, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of September 30, 2022, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

*Deloitte & Touche LLP*

May 11, 2023

**Item 1. Financial Statements**

**MOHEGAN TRIBAL GAMING AUTHORITY  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)  
(unaudited)**

	March 31, 2023	September 30, 2022
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 188,760	\$ 164,671
Restricted cash and cash equivalents	5,414	8,838
Accounts receivable, net	48,620	45,995
Inventories	20,010	19,662
Due from Ontario Lottery and Gaming Corporation	7,052	8,906
Contract asset	38,546	35,478
Other current assets	42,701	35,551
Total current assets	351,103	319,101
Restricted cash and cash equivalents	410,972	347,005
Property and equipment, net	1,926,548	1,643,790
Right-of-use assets	307,702	305,480
Intangible assets, net	311,167	311,526
Contract asset, net of current portion	33,287	51,979
Notes receivable	2,514	2,514
Other assets, net	69,671	67,522
Total assets	\$ 3,412,964	\$ 3,048,917
<b>LIABILITIES AND CAPITAL</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 47,977	\$ 47,402
Current portion of finance lease obligations	4,597	4,491
Current portion of operating lease obligations	6,207	5,473
Trade payables	13,803	16,465
Accrued payroll	55,741	64,332
Construction payables	98,564	61,166
Accrued interest payable	41,662	38,947
Due to Ontario Lottery and Gaming Corporation	—	3,582
Other current liabilities	172,460	165,048
Total current liabilities	441,011	406,906
Long-term debt, net of current portion	2,615,231	2,304,551
Finance lease obligations, net of current portion	106,451	107,977
Operating lease obligations, net of current portion	362,515	357,139
Warrants and put option liabilities	69,550	47,300
Other long-term liabilities	35,687	38,943
Total liabilities	3,630,445	3,262,816
<b>Commitments and Contingencies</b>		
<b>Capital:</b>		
Retained deficit	(167,848)	(130,551)
Accumulated other comprehensive loss	(54,423)	(88,146)
Total capital attributable to Mohegan Tribal Gaming Authority	(222,271)	(218,697)
Non-controlling interests	4,790	4,798
Total capital	(217,481)	(213,899)
Total liabilities and capital	\$ 3,412,964	\$ 3,048,917

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
**(in thousands)**  
**(unaudited)**

	Three Months Ended		Six Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Revenues:</b>				
Gaming	\$ 285,458	\$ 261,494	\$ 566,347	\$ 547,223
Food and beverage	37,492	28,916	75,905	60,535
Hotel	27,817	24,860	57,370	54,733
Retail, entertainment and other	55,080	43,206	112,846	97,948
Net revenues	405,847	358,476	812,468	760,439
<b>Operating costs and expenses:</b>				
Gaming, including related party transactions of \$902, \$809, \$1,803 and \$1,618, respectively	143,009	137,244	286,326	285,027
Food and beverage	32,098	23,868	64,588	50,203
Hotel, including related party transactions of \$2,161, \$2,161, \$4,322 and \$4,322, respectively	12,521	11,249	25,199	22,438
Retail, entertainment and other	20,459	13,778	43,464	35,786
Advertising, general and administrative, including related party transactions of \$11,828, \$13,236, \$24,196 and \$24,562, respectively	79,573	71,604	159,651	147,393
Corporate, including related party transactions of \$2,138, \$2,304, \$4,075 and \$4,020, respectively	16,050	13,698	30,048	35,102
Depreciation and amortization	25,483	26,145	50,503	51,568
Impairment of tangible assets	—	—	—	17,679
Impairment of intangible assets	—	—	—	12,869
Other, net	12,837	3,440	18,643	9,729
Total operating costs and expenses	342,030	301,026	678,422	667,794
Income from operations	63,817	57,450	134,046	92,645
<b>Other income (expense):</b>				
Interest income	574	136	966	249
Interest expense, net	(60,043)	(52,255)	(116,447)	(97,086)
Loss on modification and early extinguishment of debt	(730)	—	(3,363)	—
Loss on fair value adjustment	(13,450)	(6,161)	(22,250)	(6,161)
Other, net	(86)	(1,887)	(691)	(2,678)
Total other expense	(73,735)	(60,167)	(141,785)	(105,676)
Loss before income tax	(9,918)	(2,717)	(7,739)	(13,031)
Income tax benefit (provision)	276	276	(1,096)	(1,019)
Net loss	(9,642)	(2,441)	(8,835)	(14,050)
(Income) loss attributable to non-controlling interests	8	(342)	8	(413)
Net loss attributable to Mohegan Tribal Gaming Authority	(9,634)	(2,783)	(8,827)	(14,463)
<b>Comprehensive income (loss):</b>				
Foreign currency translation adjustment	(14,435)	(8,440)	33,723	(13,416)
Other comprehensive income (loss)	(14,435)	(8,440)	33,723	(13,416)
Other comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	(14,435)	(8,440)	33,723	(13,416)
Comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	\$ (24,069)	\$ (11,223)	\$ 24,896	\$ (27,879)

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL**  
(in thousands)  
(unaudited)

	Retained Deficit	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Total Capital Attributable to Mohegan Tribal Gaming Authority	Non-controlling Interests	Total Capital
<b>Balance, December 31, 2022</b>	\$ (143,744)	\$ —	\$ (39,988)	\$ (183,732)	\$ 4,798	\$ (178,934)
Net loss	(9,634)	—	—	(9,634)	(8)	(9,642)
Foreign currency translation adjustment	—	—	(14,435)	(14,435)	—	(14,435)
Distributions to Mohegan Tribe	(14,000)	—	—	(14,000)	—	(14,000)
Distributions to Salishan Company, LLC	(470)	—	—	(470)	—	(470)
<b>Balance, March 31, 2023</b>	<u>\$ (167,848)</u>	<u>\$ —</u>	<u>\$ (54,423)</u>	<u>\$ (222,271)</u>	<u>\$ 4,790</u>	<u>\$ (217,481)</u>
<b>Balance, September 30, 2022</b>	\$ (130,551)	\$ —	\$ (88,146)	\$ (218,697)	\$ 4,798	\$ (213,899)
Net loss	(8,827)	—	—	(8,827)	(8)	(8,835)
Foreign currency translation adjustment	—	—	33,723	33,723	—	33,723
Distributions to Mohegan Tribe	(28,000)	—	—	(28,000)	—	(28,000)
Distributions to Salishan Company, LLC	(470)	—	—	(470)	—	(470)
<b>Balance, March 31, 2023</b>	<u>\$ (167,848)</u>	<u>\$ —</u>	<u>\$ (54,423)</u>	<u>\$ (222,271)</u>	<u>\$ 4,790</u>	<u>\$ (217,481)</u>
<b>Balance, December 31, 2021</b>	\$ (159,107)	\$ —	\$ (7,041)	\$ (166,148)	\$ 1,981	\$ (164,167)
Net income (loss)	(2,783)	—	—	(2,783)	342	(2,441)
Foreign currency translation adjustment	—	—	(8,440)	(8,440)	—	(8,440)
Contributions from Mohegan Tribe	—	325	—	325	—	325
Distributions to Mohegan Tribe	(13,675)	(325)	—	(14,000)	—	(14,000)
Distributions to Salishan Company, LLC	(222)	—	—	(222)	—	(222)
<b>Balance, March 31, 2022</b>	<u>\$ (175,787)</u>	<u>\$ —</u>	<u>\$ (15,481)</u>	<u>\$ (191,268)</u>	<u>\$ 2,323</u>	<u>\$ (188,945)</u>
<b>Balance, September 30, 2021</b>	\$ (133,087)	\$ —	\$ (2,065)	\$ (135,152)	\$ 1,910	\$ (133,242)
Net income (loss)	(14,463)	—	—	(14,463)	413	(14,050)
Foreign currency translation adjustment	—	—	(13,416)	(13,416)	—	(13,416)
Contributions from Mohegan Tribe	—	325	—	325	—	325
Distributions to Mohegan Tribe	(27,675)	(325)	—	(28,000)	—	(28,000)
Distributions to Salishan Company, LLC	(562)	—	—	(562)	—	(562)
<b>Balance, March 31, 2022</b>	<u>\$ (175,787)</u>	<u>\$ —</u>	<u>\$ (15,481)</u>	<u>\$ (191,268)</u>	<u>\$ 2,323</u>	<u>\$ (188,945)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Six Months Ended	
	March 31, 2023	March 31, 2022
<b>Cash flows provided by operating activities:</b>		
Net loss	\$ (8,835)	\$ (14,050)
Adjustments to reconcile net loss to net cash flows provided by operating activities:		
Depreciation and amortization	50,503	51,568
Non-cash operating lease expense	3,460	4,408
Accretion of discounts	735	1,183
Amortization of discounts and debt issuance costs	12,373	7,340
Paid-in-kind interest	20,789	11,047
Loss on fair value adjustment	22,250	6,161
(Recovery) provision for losses on receivables	(374)	2,924
Deferred income taxes	1,098	1,344
Impairment charges	—	30,548
Other, net	(671)	2,707
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,268)	(3,361)
Inventories	(307)	(938)
Due from Ontario Lottery and Gaming Corporation	1,931	(1,717)
Contract asset	16,897	10,069
Other assets	(7,767)	26,113
Trade payables	(2,778)	(12,532)
Accrued interest payable	2,636	250
Due to Ontario Lottery and Gaming Corporation	(3,647)	(7,677)
Operating lease obligations	(1,408)	(2,397)
Other liabilities	(8,683)	16,254
Net cash flows provided by operating activities	<u>96,934</u>	<u>129,244</u>
<b>Cash flows used in investing activities:</b>		
Purchases of property and equipment	(251,569)	(144,665)
Investments related to the Inspire Korea project	—	(5,611)
Other, net	852	(3,068)
Net cash flows used in investing activities	<u>(250,717)</u>	<u>(153,344)</u>
<b>Cash flows provided by financing activities:</b>		
Proceeds from revolving credit facilities	452,358	588,775
Repayments on revolving credit facilities	(435,793)	(600,287)
Proceeds from issuance of long-term debt	235,207	537,464
Repayments of long-term debt	(14,715)	(16,298)
Payments on finance lease obligations	(2,112)	(3,309)
Contributions from affiliates	—	325
Distributions to affiliates	(28,470)	(28,562)
Payments of financing fees	(2,051)	(66,173)
Other, net	(1,418)	(2,927)
Net cash flows provided by financing activities	<u>203,006</u>	<u>409,008</u>
Net increase in cash, cash equivalents, restricted cash and restricted cash equivalents	49,223	384,908
Effect of exchange rate on cash, cash equivalents, restricted cash and restricted cash equivalents	35,409	(8,908)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	520,514	164,697
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	<u>\$ 605,146</u>	<u>\$ 540,697</u>



**Six Months Ended**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
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**Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents to the condensed consolidated balance sheets:**

Cash and cash equivalents	\$ 188,760	\$ 167,736
Restricted cash and cash equivalents, current	5,414	6,854
Restricted cash and cash equivalents, non-current	410,972	366,107
Cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 605,146	\$ 540,697

**Supplemental disclosures:**

Cash paid for interest	\$ 100,490	\$ 78,602
Non-cash transactions:		
Right-of-use assets and obligations reductions	\$ —	\$ 27,785
Paid-in-kind interest capitalized	\$ 7,058	\$ 5,775
Paid-in-kind interest converted to debt	\$ 28,158	\$ 12,077
Increase in construction payables	\$ 37,398	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**Note 1 — Organization and Basis of Presentation**

***Organization***

The Mohegan Tribal Gaming Authority (the “Company,” “we,” “us” or “our”) was established by the Mohegan Tribe of Indians of Connecticut (the “Mohegan Tribe”) in July 1995. We have the exclusive authority to conduct and regulate gaming activities for the Mohegan Tribe on tribal lands and the non-exclusive authority to conduct such activities elsewhere.

We are primarily engaged in the ownership, operation and development of integrated entertainment facilities. We currently own two facilities in the United States and operate or manage five other facilities in the United States and Canada. We also conduct online casino gaming and sports wagering operations in the United States and Canada. In addition, we are currently developing a facility in South Korea, the Inspire Entertainment Resort located adjacent to the Incheon International Airport (“Inspire Korea”).

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for interim financial information. The accompanying unaudited condensed consolidated financial statements do not include all of the information and footnotes required by US GAAP for complete consolidated financial statements. The accompanying year-end condensed consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by US GAAP. All adjustments, including normal recurring accruals and adjustments, necessary for a fair statement of our operating results for the interim period have been included.

Our results of operations for interim periods are not necessarily indicative of operating results for other quarters, a full fiscal year or any other period.

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report for the fiscal year ended September 30, 2022. The preparation of financial statements in conformity with US GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures of contingent assets and liabilities.

***Financial Accounting Standards Board versus Governmental Accounting Standards Board Reporting***

The Mohegan Tribe prepares its combined financial statements, including the accounts of the Company, in accordance with pronouncements issued by the Governmental Accounting Standards Board (“GASB”). As a separate instrumentality of the Mohegan Tribe, we are a governmental entity as defined by GASB. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with pronouncements issued by the Financial Accounting Standards Board (the “FASB”). We believe primary differences between the FASB and GASB pronouncements, as they relate to us, are the accounting for revenues, leases and asset impairments, the presentation of cash flow activities and certain additional disclosures of fixed assets.

***Warrant and Put Option***

Our warrants and put option related to Inspire Korea are classified as long-term liabilities and are re-measured at their estimated fair values at each reporting date. The estimated fair value of the warrants and put option was determined by utilizing the income approach (discounted cash flow method) and a binomial lattice model. This valuation approach utilized Level 3 inputs. The primary unobservable inputs utilized were the discount rate, which was 11.5%, and the expected volatility of the underlying stock price, which was 55.0%. In addition, projected cash flows are utilized in this valuation approach.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

*Warrants and Put Option*

(in thousands)

<b>Balance, December 31, 2022</b>	\$	56,100
Unrealized loss		13,450
<b>Balance, March 31, 2023</b>	<b>\$</b>	<b>69,550</b>
<b>Balance, September 30, 2022</b>	<b>\$</b>	<b>47,300</b>
Unrealized loss		22,250
<b>Balance, March 31, 2023</b>	<b>\$</b>	<b>69,550</b>

**Income Taxes**

In December 2022, the government of South Korea passed tax legislation adopting the Pillar Two framework of the Organization for Economic Co-operation and Development. This framework establishes a global minimum corporate tax rate and is effective for tax years beginning on or after January 1, 2024. We are currently assessing whether, or to what extent, this legislation will impact us.

**Recently Issued Accounting Pronouncements**

ASU 2021-10

In November 2021, the FASB issued ASU 2021-10, “Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance” (“ASU 2021-10”), which requires business entities to provide certain disclosures about government transactions that are accounted for by applying a grant or contribution accounting model by analogy to other accounting guidance. ASU 2021-10 was effective for annual reporting periods beginning after December 15, 2021. There was no effect on the Company’s disclosures from adopting this new standard.

**Note 2 — Long-Term Debt**

(in thousands)	Final Maturity	March 31, 2023		September 30, 2022
		Face Value	Book Value	Book Value
Senior Secured Credit Facility	2025	\$ 16,000	\$ 16,000	\$ —
Line of Credit	2024	18,565	18,565	18,000
2021 8% Senior Secured Notes	2026	1,175,000	1,162,987	1,161,164
2022 13.25% Senior Unsecured Notes	2027	502,457	474,449	—
2016 7.875% Senior Unsecured Notes	2024	22,658	22,559	495,531
Niagara Term Loan Facility	2024	60,043	59,692	60,453
Niagara Convertible Debenture	2040	29,560	29,560	29,108
Korea Credit Facility	2025	559,325	511,914	315,475
Korea Term Loan	2027	340,156	240,392	211,425
Korea Convertible Bonds	2032	128,462	77,273	—
Guaranteed Credit Facility	2025	23,844	23,704	24,875
Redemption Note Payable	2024	27,400	25,542	35,261
Other	Varies	571	571	661
Long-term debt		2,904,041	2,663,208	2,351,953
Current portion of long-term debt		(47,977)	(47,977)	(47,402)
Long-term debt, net of current portion		<u>\$ 2,856,064</u>	<u>\$ 2,615,231</u>	<u>\$ 2,304,551</u>
Fair value		\$ 2,627,018		
Unamortized discounts and debt issuance costs			\$ 240,833	\$ 170,250

**Senior Secured Credit Facility**

On February 14, 2023, we entered into an amendment to our senior secured revolving credit facility (the “Senior Secured Credit Facility”). Among other things, the amendment extended the maturity date of the Senior Secured Credit Facility from April 12, 2024 to November 1, 2025, reduced the borrowing capacity from \$262.875 million to \$233.5 million, effective April 12, 2024, and modified our financial maintenance covenants pertaining to total leverage and secured leverage. We incurred \$1.9 million

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

in new costs in connection with this transaction. These costs were capitalized as an asset and are being amortized over the term of the Senior Secured Credit Facility using the effective interest method.

***Refinancing Transactions***

*2022 13.25% Senior Unsecured Notes*

We entered into an exchange agreement and a related amendment on November 29, 2022 and December 9, 2022, respectively, (the “Exchange Agreement”) with certain holders of our 2016 7.875% Senior Unsecured Notes (the “2016 Senior Unsecured Notes”). The Exchange Agreement provided for the exchange of the holders’ approximately \$475 million 2016 Senior Unsecured Notes for newly issued senior unsecured notes with interest at 13.25% per annum (the “2022 Senior Unsecured Notes”). The 2022 Senior Unsecured Notes were issued at a ratio of \$1,052.63 in principal amount for each \$1,000 aggregate principal amount of 2016 Senior Unsecured Notes. We completed a series of settlements under the Exchange Agreement on December 9, 2022, December 14, 2022 and December 19, 2022, whereby we issued \$502.5 million in aggregate principal amount of 2022 Senior Unsecured Notes, under an indenture dated as of December 9, 2022, and cancelled \$477.3 million in aggregate principal amount of 2016 Senior Unsecured Notes. The incremental \$25.2 million in 2022 Senior Unsecured Notes issued was reflected as a debt discount, which will be amortized over the term of the 2022 Senior Unsecured Notes using the effective interest method.

The 2022 Senior Unsecured Notes mature on December 15, 2027. Interest on the 2022 Senior Unsecured Notes is payable semi-annually in arrears on June 15 and December 15, commencing on June 15, 2023.

The 2022 Senior Unsecured Notes are redeemable by us at a price equal to 100% of the principal amount through June 15, 2024, and at specified, fixed premiums thereafter, in each case plus accrued interest. The 2022 Senior Unsecured Notes are unsecured, unsubordinated obligations and are guaranteed by certain of our restricted subsidiaries, as well as certain future restricted subsidiaries that guarantee more than \$25.0 million in debt.

*2016 7.875% Senior Unsecured Notes*

In connection with the Exchange Agreement, we cancelled \$477.3 million in aggregate principal amount of 2016 Senior Unsecured Notes. Following the settlements, \$22.7 million in aggregate principal amount of 2016 Senior Unsecured Notes remain outstanding.

We also entered into a supplemental indenture to the existing indenture governing the 2016 Senior Unsecured Notes. The supplemental indenture now removes substantially all of the restrictive covenants contained in the existing indenture governing the 2016 Senior Unsecured Notes, including, but not limited to, covenants limiting our and our restricted subsidiaries ability to incur additional debt, pay dividends or distributions, make certain investments, create liens on assets, enter into transactions with affiliates or sell assets.

*Financing Fees*

We incurred \$2.8 million in new costs in connection with these refinancing transactions. New transaction costs totaling \$2.6 million were recorded as a loss on modification and early extinguishment of debt. The remaining costs totaling \$0.2 million were reflected as a debt discount and are being amortized over the term of the 2022 Senior Unsecured Notes using the effective interest method.

***Korea Convertible Bonds***

On December 27, 2022, Inspire Integrated Resort Co., Ltd. (“Inspire Integrated Resort”), a wholly-owned subsidiary, and a third-party investor executed a junior convertible bonds subscription agreement (the “Korea Convertible Bonds Subscription Agreement”) pursuant to which Inspire Integrated Resort agreed to issue non-registered, non-guaranteed junior convertible bonds (the “Korea Convertible Bonds”) in the amount of 100.0 billion Korean won (approximately \$77 million as of March 31, 2023). The Korea Convertible Bonds were funded on December 30, 2022 and March 30, 2023 in two equal tranches of 50.0 billion Korean won.

The Korea Convertible Bonds accrue interest at a fixed rate of 5.5% per annum and mature on December 30, 2032. Interest on the Korea Convertible Bonds is payable every three months, commencing on the date that is three months after the funding of each respective tranche. At maturity, Inspire Integrated Resort is required to pay a redemption amount equal to a yield-to-maturity rate of 10% per annum, compounding annually, applicable to the principal amount of any Korea Convertible Bonds then outstanding, less the amount of interest paid on such principal as of the maturity date (the “YTM Amount”). This redemption amount totaling \$50.4 million was reflected as an increase to the face value of the Korea Convertible Bonds as of the first funding date, offset by a corresponding debt discount which will be amortized over the term of the Korea Convertible Bonds using the effective interest method.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

Commencing on the 36-month anniversary of the funding of each respective tranche, Inspire Integrated Resort may pay prior to maturity an amount not to exceed 70% of the aggregate face value of the Korea Convertible Bonds at a redemption price equal to 100% of the principal amount of the Korea Convertible Bonds redeemed, plus an amount equal to the YTM Amount.

Commencing on the 60-month anniversary of the funding of each respective tranche, the third-party investor is entitled to require Inspire Integrated Resort to prepay before maturity all or part of the outstanding principal of the Korea Convertible Bonds at a redemption price equal to 100% of the principal amount of the Korea Convertible Bonds redeemed, plus accrued interest.

In addition, commencing on the 60-month anniversary of the funding of each respective tranche, the third-party investor shall have the right to convert the Korea Convertible Bonds into common shares of Inspire Integrated Resort, not to exceed 5% of the total number of outstanding shares of Inspire Integrated Resort, at an initial conversion price equal to 99,960 Korean won per share (the “Conversion Price”). The Conversion Price is subject to adjustment from time to time upon certain events as defined under the Korea Convertible Bonds Subscription Agreement.

All obligations of Inspire Integrated Resort are secured, on a class 3 beneficiary basis, by liens on substantially all assets of, and the equity interests in, Inspire Integrated Resort as of the execution date or acquired thereafter and certain assets related thereto, in each case, subject to certain exceptions and limitations.

The Korea Convertible Bonds are junior in priority to borrowings under the Korea Credit Facility and Korea Term Loan and no amounts other than interest may be paid to the third-party investor under the Korea Convertible Bonds Subscription Agreement until Inspire Integrated Resort has repaid any amounts due to its senior lenders, unless otherwise agreed by the senior lenders. Accordingly, the third-party investor may not, among other things, accelerate payment of the Korea Convertible Bonds or foreclose on any security prior to the repayment of any amounts due to the senior lenders.

### **Note 3 — Revenue Recognition**

#### ***Revenue Disaggregation***

We are primarily engaged in the ownership, operation, management and development of integrated entertainment facilities both domestically and internationally. We, either directly or through subsidiaries, operate Mohegan Sun, along with our other Connecticut operations, Mohegan Pennsylvania, along with our other Pennsylvania operations, the Niagara Resorts, along with our other Niagara operations, and Mohegan Digital, which includes our online casino gaming and sports wagering operations. We generate revenues by providing the following types of goods and services: gaming, food and beverage, hotel and retail, entertainment and other, which includes management and development fees earned.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

*Revenue Disaggregation*

	Three Months Ended March 31, 2023					
<i>(in thousands)</i>	Mohegan Sun	Mohegan Pennsylvania	Niagara Resorts	Mohegan Digital	Other	Total
Gaming	\$ 155,727	\$ 55,702	\$ 45,871	\$ 21,831	\$ 6,327	\$ 285,458
Food and beverage	23,763	4,289	8,221	(5)	1,224	37,492
Hotel	22,328	1,520	3,972	—	(3)	27,817
Retail, entertainment and other	24,105	1,737	12,686	884	15,668	55,080
Net revenues	<u>\$ 225,923</u>	<u>\$ 63,248</u>	<u>\$ 70,750</u>	<u>\$ 22,710</u>	<u>\$ 23,216</u>	<u>\$ 405,847</u>

	Three Months Ended March 31, 2022					
<i>(in thousands)</i>	Mohegan Sun	Mohegan Pennsylvania	Niagara Resorts	Mohegan Digital	Other	Total
Gaming	\$ 152,023	\$ 55,804	\$ 41,762	\$ 5,916	\$ 5,989	\$ 261,494
Food and beverage	20,877	3,376	3,634	—	1,029	28,916
Hotel	20,553	1,367	2,941	—	(1)	24,860
Retail, entertainment and other	22,031	1,617	3,923	—	15,635	43,206
Net revenues	<u>\$ 215,484</u>	<u>\$ 62,164</u>	<u>\$ 52,260</u>	<u>\$ 5,916</u>	<u>\$ 22,652</u>	<u>\$ 358,476</u>

	Six Months Ended March 31, 2023					
<i>(in thousands)</i>	Mohegan Sun	Mohegan Pennsylvania	Niagara Resorts	Mohegan Digital	Other	Total
Gaming	\$ 313,511	\$ 108,437	\$ 98,442	\$ 33,032	\$ 12,925	\$ 566,347
Food and beverage	48,421	8,525	16,508	(38)	2,489	75,905
Hotel	46,683	2,837	7,855	—	(5)	57,370
Retail, entertainment and other	56,711	3,227	21,965	880	30,063	112,846
Net revenues	<u>\$ 465,326</u>	<u>\$ 123,026</u>	<u>\$ 144,770</u>	<u>\$ 33,874</u>	<u>\$ 45,472</u>	<u>\$ 812,468</u>

	Six Months Ended March 31, 2022					
<i>(in thousands)</i>	Mohegan Sun	Mohegan Pennsylvania	Niagara Resorts	Mohegan Digital	Other	Total
Gaming	\$ 321,364	\$ 113,279	\$ 92,010	\$ 7,211	\$ 13,359	\$ 547,223
Food and beverage	43,654	7,014	7,722	—	2,145	60,535
Hotel	45,444	2,930	6,362	—	(3)	54,733
Retail, entertainment and other	56,594	3,156	8,998	(4)	29,204	97,948
Net revenues	<u>\$ 467,056</u>	<u>\$ 126,379</u>	<u>\$ 115,092</u>	<u>\$ 7,207</u>	<u>\$ 44,705</u>	<u>\$ 760,439</u>

*Lease Revenue*

	Three Months Ended			
	March 31, 2023		March 31, 2022	
<i>(in thousands)</i>	Hotel	Retail, Entertainment and Other	Hotel	Retail, Entertainment and Other
Fixed rent	\$ 15,562	\$ 2,093	\$ 14,448	\$ 1,615
Variable rent	—	2,920	—	2,554
Total	<u>\$ 15,562</u>	<u>\$ 5,013</u>	<u>\$ 14,448</u>	<u>\$ 4,169</u>

	Six Months Ended			
	March 31, 2023		March 31, 2022	
<i>(in thousands)</i>	Hotel	Retail, Entertainment and Other	Hotel	Retail, Entertainment and Other
Fixed rent	\$ 32,204	\$ 3,846	\$ 32,014	\$ 3,443
Variable rent	—	5,578	—	4,674
Total	<u>\$ 32,204</u>	<u>\$ 9,424</u>	<u>\$ 32,014</u>	<u>\$ 8,117</u>

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

***Contract and Contract-related Assets***

***Accounts Receivable***

<i>(in thousands)</i>	<b>March 31, 2023</b>	<b>September 30, 2022</b>
Gaming	\$ 49,658	\$ 40,385
Food and beverage	34	18
Hotel	4,602	5,601
Retail, entertainment and other	16,430	24,009
Accounts receivable	70,724	70,013
Allowance for doubtful accounts	(22,104)	(24,018)
Accounts receivable, net	<u>\$ 48,620</u>	<u>\$ 45,995</u>

As of March 31, 2023 and September 30, 2022, contract assets related to the Niagara Resorts Casino Operating and Services Agreement with the Ontario Lottery and Gaming Corporation totaled \$71.8 million and \$87.5 million, respectively.

***Contract and Contract-related Liabilities***

A difference may exist between the timing of cash receipts from customers and the recognition of revenues, resulting in a contract or contract-related liability. In general, we have three types of such liabilities: (1) outstanding gaming chips and slot tickets liability, which represents amounts owed in exchange for outstanding gaming chips and slot tickets held by customers, (2) loyalty points deferred revenue liability and (3) customer advances and other liability, which primarily represents funds deposited in advance by customers for gaming and advance payments by customers for goods and services such as advance ticket sales, deposits on rooms and convention space and gift card purchases. These liabilities are generally expected to be recognized as revenues within one year and are recorded within other current liabilities.

<i>(in thousands)</i>	<b>March 31, 2023</b>	<b>September 30, 2022</b>
Outstanding gaming chips and slot tickets liability	\$ 11,645	\$ 9,743
Loyalty points deferred revenue liability	40,921	40,873
Customer advances and other liability	37,267	30,528
Total	<u>\$ 89,833</u>	<u>\$ 81,144</u>

As of March 31, 2023 and September 30, 2022, customer contract liabilities related to Mohegan Pennsylvania’s revenue sharing agreement with Unibet Interactive Inc. totaled \$13.8 million and \$14.4 million, respectively, and were primarily recorded within other long-term liabilities.

**Note 4 — Segment Reporting**

We, either directly or through subsidiaries, operate Mohegan Sun, along with our other Connecticut operations, Mohegan Pennsylvania, along with our other Pennsylvania operations, the Niagara Resorts, along with our other Niagara operations, and Mohegan Digital, which includes our online casino gaming and sports wagering operations. Certain other properties that are managed or under development are identified as the management, development and other reportable segment.

Our chief operating decision makers currently review and assess the performance and operating results and determine the proper allocation of resources to Mohegan Sun, Mohegan Pennsylvania, the Niagara Resorts, Mohegan Digital and the properties managed or under development on a separate basis. Accordingly, we have five separate reportable segments: (i) Mohegan Sun, (ii) Mohegan Pennsylvania, (iii) the Niagara Resorts, (iv) Mohegan Digital and (v) management, development and other. Certain other gaming and entertainment operations (“all other”), which are not individually reportable segments, our corporate functions and inter-segment activities are each disclosed separately in the following segment disclosures to reconcile to consolidated results.

**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

***Net Revenues***

<i>(in thousands)</i>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Mohegan Sun	\$ 225,923	\$ 215,484	\$ 465,326	\$ 467,056
Mohegan Pennsylvania	63,248	62,164	123,026	126,379
Niagara Resorts	70,750	52,260	144,770	115,092
Mohegan Digital	22,710	5,916	33,874	7,207
Management, development and other	15,500	15,627	30,345	29,517
All other	8,168	7,374	16,621	16,248
Corporate	143	241	302	386
Inter-segment	(595)	(590)	(1,796)	(1,446)
Net revenues	<u>\$ 405,847</u>	<u>\$ 358,476</u>	<u>\$ 812,468</u>	<u>\$ 760,439</u>

***Income (Loss) from Operations***

<i>(in thousands)</i>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Mohegan Sun	\$ 45,493	\$ 44,650	\$ 96,832	\$ 106,344
Mohegan Pennsylvania	10,368	10,235	19,576	21,724
Niagara Resorts	(131)	2,735	7,835	9,604
Mohegan Digital	17,810	1,544	24,923	1,967
Management, development and other	2,812	8,757	7,936	(25,214)
All other	(791)	(1,409)	(1,388)	(2,225)
Corporate	(12,127)	(9,039)	(22,181)	(19,541)
Inter-segment	383	(23)	513	(14)
Income from operations	<u>\$ 63,817</u>	<u>\$ 57,450</u>	<u>\$ 134,046</u>	<u>\$ 92,645</u>

***Capital Expenditures Incurred***

<i>(in thousands)</i>	<b>Six Months Ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Mohegan Sun	\$ 11,879	\$ 17,243
Mohegan Pennsylvania	3,733	4,445
Niagara Resorts	8,004	8,304
Mohegan Digital	—	—
Management, development and other	265,576	105,078
All other	454	(262)
Corporate	562	12
Capital expenditures incurred	<u>\$ 290,208</u>	<u>\$ 134,820</u>

***Total Assets***

<i>(in thousands)</i>	<b>March 31, 2023</b>	<b>September 30, 2022</b>
	Mohegan Sun	\$ 1,201,843
Mohegan Pennsylvania	406,064	405,455
Niagara Resorts	470,015	474,281
Mohegan Digital	33,032	11,203
Management, development and other	1,252,192	869,117
All other	85,175	87,744
Corporate	1,039,824	1,010,984
Inter-segment	(1,075,181)	(1,036,556)
Total assets	<u>\$ 3,412,964</u>	<u>\$ 3,048,917</u>

**Note 5 — Commitments and Contingencies**

We are a defendant in various claims and legal actions resulting from our normal course of business, primarily relating to personal injuries to customers and damages to customers' personal assets. We estimate litigation claims expense and accrue for



**MOHEGAN TRIBAL GAMING AUTHORITY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(unaudited)**

such liabilities based upon historical experience. In management's opinion, the aggregate liability, if any, arising from such legal actions will not have a material impact on our financial position, results of operations or cash flows.

**Note 6 — Subsequent Events**

***Guaranteed Credit Facility***

On April 24, 2023, we entered into an amendment to certain loan agreements under the Indian Loan Guaranty, Insurance and Interest Subsidy Program (the “Guaranteed Credit Facility”). Among other things, the amendment extended the maturity date of the Guaranteed Credit Facility from October 1, 2023 to October 1, 2025, replaced the interest rate based on the London Interbank Offered Rate with an interest rate based on a Secured Overnight Financing Rate and modified our financial maintenance covenants.

We have evaluated events subsequent to March 31, 2023 through the issuance of the accompanying unaudited condensed consolidated financial statements on May 11, 2023, and have not identified any additional events for disclosure.

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

The statements in this discussion regarding our expectations related to our future performance, liquidity and capital resources, and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Our actual results may differ materially from those contained in or implied by any forward-looking statements. See “Cautionary Statements Regarding Forward-Looking Information” within this quarterly report.

The following discussion and analysis of our financial condition and results of operations for the three and six months ended March 31, 2023 should be read in conjunction with our financial statements and the notes thereto and other financial information included elsewhere within this quarterly report.

For a discussion of our net income before interest, income taxes, depreciation and amortization, adjusted to exclude certain non-cash and other items (“Adjusted EBITDA”), refer to our quarterly operating results press releases on our website at [www.mohegaming.com](http://www.mohegaming.com), under the “Investor Relations/Financial Updates” section.

### Discussion of Consolidated Operating Results

The most significant factors and trends that impacted our operating performance were as follows:

- a return to normal operating conditions at the Niagara Resorts; and
- the continued ramp up of our online casino gaming and sports wagering operations.

#### Consolidated Operating Results

(in thousands)	Three Months Ended March 31,		Variance		Six Months Ended March 31,		Variance	
	2023	2022	\$	%	2023	2022	\$	%
<b>Net revenues:</b>								
Gaming	\$ 285,458	\$ 261,494	\$ 23,964	9.2 %	\$ 566,347	\$ 547,223	\$ 19,124	3.5 %
Food and beverage	37,492	28,916	8,576	29.7 %	75,905	60,535	15,370	25.4 %
Hotel	27,817	24,860	2,957	11.9 %	57,370	54,733	2,637	4.8 %
Retail, entertainment and other	55,080	43,206	11,874	27.5 %	112,846	97,948	14,898	15.2 %
Net revenues	<u>\$ 405,847</u>	<u>\$ 358,476</u>	47,371	13.2 %	<u>\$ 812,468</u>	<u>\$ 760,439</u>	52,029	6.8 %
<b>Operating costs and expenses:</b>								
Gaming	\$ 143,009	\$ 137,244	\$ 5,765	4.2 %	\$ 286,326	\$ 285,027	\$ 1,299	0.5 %
Food and beverage	32,098	23,868	8,230	34.5 %	64,588	50,203	14,385	28.7 %
Hotel	12,521	11,249	1,272	11.3 %	25,199	22,438	2,761	12.3 %
Retail, entertainment and other	20,459	13,778	6,681	48.5 %	43,464	35,786	7,678	21.5 %
Advertising, general and administrative	79,573	71,604	7,969	11.1 %	159,651	147,393	12,258	8.3 %
Corporate	16,050	13,698	2,352	17.2 %	30,048	35,102	(5,054)	(14.4)%
Depreciation and amortization	25,483	26,145	(662)	(2.5)%	50,503	51,568	(1,065)	(2.1)%
Impairment of tangible assets	—	—	—	—	—	17,679	(17,679)	(100.0)%
Impairment of intangible assets	—	—	—	—	—	12,869	(12,869)	(100.0)%
Other, net	12,837	3,440	9,397	273.2 %	18,643	9,729	8,914	91.6 %
Total operating costs and expenses	<u>\$ 342,030</u>	<u>\$ 301,026</u>	41,004	13.6 %	<u>\$ 678,422</u>	<u>\$ 667,794</u>	10,628	1.6 %

## Segment Operating Results

(in thousands)	Three Months Ended March 31,		Variance		Six Months Ended March 31,		Variance	
	2023	2022	\$	%	2023	2022	\$	%
<b>Net revenues:</b>								
Mohegan Sun	\$ 225,923	\$ 215,484	\$ 10,439	4.8 %	\$ 465,326	\$ 467,056	\$ (1,730)	(0.4)%
Mohegan Pennsylvania	63,248	62,164	1,084	1.7 %	123,026	126,379	(3,353)	(2.7)%
Niagara Resorts	70,750	52,260	18,490	35.4 %	144,770	115,092	29,678	25.8 %
Mohegan Digital	22,710	5,916	16,794	283.9 %	33,874	7,207	26,667	370.0 %
Management, development and other	15,500	15,627	(127)	(0.8)%	30,345	29,517	828	2.8 %
All other	8,168	7,374	794	10.8 %	16,621	16,248	373	2.3 %
Corporate	143	241	(98)	(40.7)%	302	386	(84)	(21.8)%
Inter-segment	(595)	(590)	(5)	(0.8)%	(1,796)	(1,446)	(350)	(24.2)%
Net revenues	<u>\$ 405,847</u>	<u>\$ 358,476</u>	47,371	13.2 %	<u>\$ 812,468</u>	<u>\$ 760,439</u>	52,029	6.8 %
<b>Operating costs and expenses:</b>								
Mohegan Sun	\$ 180,430	\$ 170,834	\$ 9,596	5.6 %	\$ 368,494	\$ 360,712	\$ 7,782	2.2 %
Mohegan Pennsylvania	52,880	51,929	951	1.8 %	103,450	104,655	(1,205)	(1.2)%
Niagara Resorts	70,881	49,525	21,356	43.1 %	136,935	105,488	31,447	29.8 %
Mohegan Digital	4,900	4,372	528	12.1 %	8,951	5,240	3,711	70.8 %
Management, development and other	12,688	6,870	5,818	84.7 %	22,409	54,731	(32,322)	(59.1)%
All other	8,959	8,783	176	2.0 %	18,009	18,473	(464)	(2.5)%
Corporate	12,270	9,280	2,990	32.2 %	22,483	19,927	2,556	12.8 %
Inter-segment	(978)	(567)	(411)	(72.5)%	(2,309)	(1,432)	(877)	(61.2)%
Total operating costs and expenses	<u>\$ 342,030</u>	<u>\$ 301,026</u>	41,004	13.6 %	<u>\$ 678,422</u>	<u>\$ 667,794</u>	10,628	1.6 %

### Mohegan Sun

#### Revenues

Net revenues increased \$10.4 million, or 4.8%, for the three months ended March 31, 2023 compared with the same period in the prior year. This increase primarily reflected higher slot, food and beverage and hotel revenues. The increase in slot revenues was primarily driven by higher slot volumes, while food and beverage and hotel revenues benefited from strong hotel group business. Net revenues decreased \$1.7 million, or 0.4%, for the six months ended March 31, 2023 compared with the same period in the prior year. This decrease was primarily due to declines in both slot and table game revenues, combined with lower entertainment revenues. Slot revenues were negatively impacted by lower hold percentage, while the decline in table game revenues reflected lower table game volumes and hold percentage. The decrease in entertainment revenues was due, in part, to a weaker overall entertainment calendar featuring fewer headliner shows. These results were partially offset by higher food and beverage and hotel revenues.

#### Operating Costs and Expenses

Operating costs and expenses increased \$9.6 million, or 5.6%, for the three months ended March 31, 2023 compared with the same period in the prior year. Operating costs and expenses increased \$7.8 million, or 2.2%, for the six months ended March 31, 2023 compared with the same period in the prior year. These increases were primarily driven by higher payroll costs.

### Mohegan Pennsylvania

#### Revenues

Net revenues increased \$1.1 million, or 1.7%, for the three months ended March 31, 2023 compared with the same period in the prior year. This increase primarily reflected higher slot and food and beverage revenues driven by increased slot volumes and meals served, respectively. Net revenues decreased \$3.4 million, or 2.7%, for the six months ended March 31, 2023 compared with the same period in the prior year. This decrease was primarily due to declines in both slot and table game revenues. Slot revenues were negatively impacted by lower hold percentage, while the decline in table game revenues reflected lower table game volumes and hold percentage.

#### Operating Costs and Expenses

Operating costs and expenses increased \$1.0 million, or 1.8%, for the three months ended March 31, 2023 compared with the same period in the prior year. This increase was primarily driven by higher payroll costs. Operating costs and expenses decreased \$1.2 million, or 1.2%, for the six months ended March 31, 2023 compared with the same period in the prior year.

This decrease primarily reflected lower Pennsylvania slot machine and table game tax expenses, partially offset by higher payroll costs.

### ***Niagara Resorts***

#### **Revenues**

Net revenues increased \$18.5 million, or 35.4%, for the three months ended March 31, 2023 compared with the same period in the prior year. Net revenues increased \$29.7 million, or 25.8%, for the six months ended March 31, 2023 compared with the same period in the prior year. The growth in net revenues was due to increases in both slot and table game revenues, as well as higher non-gaming revenues. In general, these results were driven by strong overall business volumes reflecting a return to normal operating conditions compared with the same periods in the prior year, which were negatively impacted by various COVID-19 related restrictions. Net revenues for the three and six months ended March 31, 2023 also benefited from the opening of our 5,000-seat entertainment center, the OLG Stage at Fallsview Casino, in October 2022.

#### **Operating Costs and Expenses**

Operating costs and expenses increased \$21.4 million, or 43.1%, for the three months ended March 31, 2023 compared with the same period in the prior year. Operating costs and expenses increased \$31.4 million, or 29.8%, for the six months ended March 31, 2023 compared with the same period in the prior year. These increases primarily reflected higher operating costs and expenses commensurate with the growth in net revenues, combined with higher overall costs and expenses associated with normal operating conditions.

### ***Mohegan Digital***

#### **Revenues**

Net revenues increased \$16.8 million, or 283.9%, for the three months ended March 31, 2023 compared with the same period in the prior year. Net revenues increased \$26.7 million, or 370.0%, for the six months ended March 31, 2023 compared with the same period in the prior year. These increases were primarily driven by the continued ramp up of our online casino gaming and sports wagering operations in Connecticut, combined with incremental revenues generated by our new online casino gaming operations in the Province of Ontario, Canada, which launched in August 2022. The growth in net revenues for the three and six months ended March 31, 2023 also reflected a cumulative update to the revenue share allocation from our online gaming partner in Connecticut.

#### **Operating Costs and Expenses**

Operating costs and expenses increased \$0.5 million, or 12.1%, for the three months ended March 31, 2023 compared with the same period in the prior year. Operating costs and expenses increased \$3.7 million, or 70.8%, for the six months ended March 31, 2023 compared with the same period in the prior year. These results primarily reflect incremental operating costs and expenses associated with our online casino gaming and sports wagering operations in Connecticut and our new online casino gaming operations in the Province of Ontario, Canada.

### ***Management, Development and Other***

#### **Revenues**

Net revenues decreased \$0.1 million, or 0.8%, for the three months ended March 31, 2023 compared with the same period in the prior year. Net revenues increased \$0.8 million, or 2.8%, for the six months ended March 31, 2023 compared with the same period in the prior year. The increase in net revenues for the six months ended March 31, 2023 was primarily driven by higher management and development fees from ilani Casino Resort.

#### **Operating Costs and Expenses**

Operating costs and expenses increased \$5.8 million, or 84.7%, for the three months ended March 31, 2023 compared with the same period in the prior year. This increase was primarily driven by higher pre-opening costs and expenses related to Inspire Korea. Operating costs and expenses decreased \$32.3 million, or 59.1%, for the six months ended March 31, 2023 compared with the same period in the prior year. This decrease primarily reflected the impact of \$30.5 million in non-recurring impairment charges related to Inspire Korea in the same period in the prior year.

### ***All Other***

#### **Revenues**

Net revenues increased \$0.8 million, or 10.8%, for the three months ended March 31, 2023 compared with the same period in the prior year. Net revenues increased \$0.4 million, or 2.3%, for the six months ended March 31, 2023 compared with the same period in the prior year. These results reflect revenues generated by Mohegan Casino Las Vegas, which were relatively flat compared with the same periods in the prior year.

#### **Operating Costs and Expenses**

Operating costs and expenses increased \$0.2 million, or 2.0%, for the three months ended March 31, 2023 compared with the same period in the prior year. Operating costs and expenses decreased \$0.5 million, or 2.5%, for the six months ended

March 31, 2023 compared with the same period in the prior year. Operating costs and expenses for Mohegan Casino Las Vegas were relatively flat compared with the same periods in the prior year.

## Corporate

### Revenues

Net revenues decreased \$0.1 million, or 40.7%, for the three months ended March 31, 2023 compared with the same period in the prior year. Net revenues decreased \$0.1 million, or 21.8%, for the six months ended March 31, 2023 compared with the same period in the prior year. Net revenues were relatively flat compared with the same periods in the prior year.

### Operating Costs and Expenses

Operating costs and expenses increased \$3.0 million, or 32.2%, for the three months ended March 31, 2023 compared with the same period in the prior year. Operating costs and expenses increased \$2.6 million, or 12.8%, for the six months ended March 31, 2023 compared with the same period in the prior year. These increases were primarily driven by higher costs related to payroll and certain other consulting services.

### **Other Income (Expense)**

(in thousands)	Three Months Ended March 31,		Variance		Six Months Ended March 31,		Variance	
	2023	2022	\$	%	2023	2022	\$	%
Interest income	\$ 574	\$ 136	\$ 438	322.1 %	\$ 966	\$ 249	\$ 717	288.0 %
Interest expense, net	(60,043)	(52,255)	(7,788)	(14.9)%	(116,447)	(97,086)	(19,361)	(19.9)%
Loss on modification and early extinguishment of debt	(730)	—	(730)	N.M.	(3,363)	—	(3,363)	N.M.
Loss on fair value adjustment	(13,450)	(6,161)	(7,289)	(118.3)%	(22,250)	(6,161)	(16,089)	(261.1)%
Other, net	(86)	(1,887)	1,801	95.4 %	(691)	(2,678)	1,987	74.2 %
Income tax benefit (provision)	276	276	—	— %	(1,096)	(1,019)	(77)	(7.6)%

N.M. - Not Meaningful.

### Interest Expense

Interest expense increased \$7.8 million, or 14.9%, for the three months ended March 31, 2023 compared with the same period in the prior year. Interest expense increased \$19.4 million, or 19.9%, for the six months ended March 31, 2023 compared with the same period in the prior year. The increases in interest expense were due to higher weighted average interest rate and weighted average outstanding debt. Refer to Note 2 for additional information. Capitalized interest related to Inspire Korea totaled \$15.0 million and \$5.7 million for the three months ended March 31, 2023 and 2022, respectively. Capitalized interest related to Inspire Korea totaled \$25.9 million and \$9.7 million for the six months ended March 31, 2023 and 2022, respectively.

### Modification and Early Extinguishment of Debt

Loss on modification and early extinguishment of debt primarily represented transaction costs expensed in connection with our December 2022 refinancing transactions. Refer to Note 2 for additional information.

### Fair Value Adjustment

Loss on fair value adjustment represented changes in the estimated fair value of the warrants and put option related to Inspire Korea. Refer to Note 1 for additional information.

### Income Tax

Income tax benefit or provision was primarily driven by taxable losses incurred or taxable income generated by the Niagara Resorts.

### **Seasonality**

The gaming markets in the Northeastern United States and Niagara Falls, Canada, are seasonal in nature, with peak gaming activities often occurring during the months of May through August. Accordingly, our operating results for the three and six months ended March 31, 2023 are not necessarily indicative of operating results for other interim periods or an entire fiscal year.

## **Liquidity and Capital Resources**

### **Liquidity**

As of March 31, 2023 and September 30, 2022, we held cash and cash equivalents of \$188.8 million and \$164.7 million, respectively, of which the Niagara Resorts held \$56.9 million and \$37.5 million, respectively. As a result of the cash-based nature of our business, operating cash flow levels tend to follow trends in our operating income, excluding the effects of non-

cash charges, such as depreciation and amortization and impairment charges. Inclusive of letters of credit, which reduce borrowing availability, we had \$226.2 million of borrowing capacity under our senior secured credit facility and line of credit as of March 31, 2023. In addition, inclusive of letters of credit, which reduce borrowing availability, the Niagara Resorts had \$121.9 million of borrowing capacity under the Niagara revolving facility and Niagara swingline facility as of March 31, 2023.

In connection with Inspire Korea, we have agreed to make additional investments of up to 155 billion Korean won (approximately \$119 million as of March 31, 2023) to fund costs to complete the project, of which approximately 36 billion Korean won (approximately \$28 million) was contributed in March 2023.

Cash provided by operating activities decreased \$32.3 million, or 25.0%, to \$96.9 million for the six months ended March 31, 2023 compared with \$129.2 million in the same period in the prior year. The decline in cash provided by operating activities was primarily driven by higher working capital requirements due, in part, to a return to normal operating conditions at all of our properties. Refer to “Discussion of Consolidated Operating Results” for additional information.

Cash used in investing activities increased \$97.4 million, or 63.5%, to \$250.7 million for the six months ended March 31, 2023 compared with \$153.3 million in the same period in the prior year. The increase in cash used in investing activities was primarily driven by higher capital expenditures related to Inspire Korea.

Cash provided by financing activities decreased \$206.0 million, or 50.4%, to \$203.0 million for the six months ended March 31, 2023 compared with \$409.0 million in the same period in the prior year. The decrease in cash provided by financing activities was primarily driven by lower borrowings related to Inspire Korea.

### **Sufficiency of Resources**

We believe that existing cash balances, financing arrangements and operating cash flows will provide us with sufficient resources to meet our existing debt obligations, finance and operating lease obligations, distributions to the Mohegan Tribe, capital expenditures and working capital requirements for the next twelve months; however, we can provide no assurance in this regard.

## Cautionary Statements Regarding Forward-Looking Information

Some information included within this quarterly report contains forward-looking statements. Such statements include information relating to business development activities, as well as capital spending, financing sources, the effects of regulation, including gaming and tax regulation, and increased competition. These statements can sometimes be identified by our use of forward-looking words such as “may,” “will,” “anticipate,” “estimate,” “expect” or “intend” and similar expressions. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated future results and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by us or on our behalf. These risks and uncertainties include, but are not limited to, those relating to the following:

- the COVID-19 pandemic and the related social and economic disruptions;
- the financial performance of our various operations;
- the local, regional, national or global economic climate;
- increased competition, including the expansion of gaming in jurisdictions in which we own or operate gaming facilities;
- our leverage and ability to meet our debt service obligations and maintain compliance with financial debt covenants;
- the continued availability of financing;
- our dependence on existing management;
- our ability to integrate new amenities from expansions to our facilities into our current operations and manage the expanded facilities;
- changes in federal, state or international tax laws or the administration of such laws;
- changes in gaming laws or regulations, including the limitation, denial or suspension of licenses required under gaming laws and regulations;
- cyber security risks relating to our information technology and other systems or that of our partners or vendors, including misappropriation of customer information or other breaches of information security;
- changes in applicable laws pertaining to the service of alcohol, smoking or other amenities offered at our facilities;
- our ability to successfully implement our diversification strategy;
- an act of terrorism;
- our customers' access to inexpensive transportation to our facilities and changes in oil, fuel or other transportation-related expenses;
- a variety of uncontrollable events that could impact our operations, such as health concerns, adverse weather and climate conditions, catastrophic events or natural disasters or international, political or military developments, including social unrest;
- risks associated with operations in foreign jurisdictions such as Canada or South Korea;
- failure by our employees, agents, affiliates, vendors or businesses to comply with applicable laws, rules and regulations, including state gaming laws and regulations and anti-bribery laws such as the United States Foreign Corrupt Practices Act, and similar anti-bribery laws in other jurisdictions; and
- fluctuations in foreign currency exchange rates.

The forward-looking statements included within this quarterly report are made only as of the date of this report. We do not undertake any obligation to update or supplement any forward-looking statements to reflect subsequent events or circumstances. We cannot assure you that projected results or events will be achieved or will occur.