

Mohegan Tribal Gaming Authority

Financial Statements and
Management's Discussion and Analysis

For the Interim Period ended March 31, 2024

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 sheets of Mohegan Tribal Gaming Authority and subsidiaries (the "Company") as of March 31, 2024, and the related condensed consolidated statements of operations and comprehensive income (loss), changes in capital, and cash flows for the three-month and six months periods ended March 31, 2024 and 2023, 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, 2023

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of September 30, 2023, 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 we expressed an unmodified opinion on those audited consolidated financial statements in our report dated December 21, 2023. In our opinion, the accompanying condensed consolidated balance sheet of the Company as of September 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

May 9, 2024

Item 1. Financial Statements

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

	March 31, 2024	September 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 197,794	\$ 217,336
Restricted cash and cash equivalents	8,831	6,989
Accounts receivable, net	81,121	64,003
Inventories	23,725	19,713
Due from Ontario Lottery and Gaming Corporation	10,784	17,488
Contract asset	16,168	30,726
Assets held for sale	20,625	—
Other current assets	45,782	112,029
Total current assets	404,830	468,284
Restricted cash and cash equivalents	78,997	220,983
Property and equipment, net	2,322,905	2,337,748
Right-of-use assets	300,209	302,500
Intangible assets, net	309,930	310,493
Contract asset, net of current portion	21,634	21,625
Other assets, net	58,729	54,557
Total assets	\$ 3,497,234	\$ 3,716,190
LIABILITIES AND CAPITAL		
Current liabilities:		
Current portion of long-term debt	\$ 38,020	\$ 26,232
Current portion of finance lease obligations	6,096	5,951
Current portion of operating lease obligations	7,094	6,310
Trade payables	28,250	18,662
Accrued payroll	51,398	60,637
Construction payables	41,058	147,667
Accrued interest payable	40,236	39,780
Due to Ontario Lottery and Gaming Corporation	5,570	1,158
Liabilities held for sale	31,625	—
Other current liabilities	213,282	184,270
Total current liabilities	462,629	490,667
Long-term debt, net of current portion	2,927,778	2,912,950
Finance lease obligations, net of current portion	32,468	107,180
Operating lease obligations, net of current portion	356,878	358,146
Warrants and put option liabilities	97,430	48,790
Other long-term liabilities	28,549	41,270
Total liabilities	3,905,732	3,959,003
Commitments and Contingencies		
Capital:		
Retained deficit	(353,267)	(182,169)
Accumulated other comprehensive loss	(62,766)	(66,507)
Total capital attributable to Mohegan Tribal Gaming Authority	(416,033)	(248,676)
Non-controlling interests	7,535	5,863
Total capital	(408,498)	(242,813)
Total liabilities and capital	\$ 3,497,234	\$ 3,716,190

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, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Revenues:				
Gaming	\$ 305,400	\$ 285,458	\$ 591,083	\$ 566,347
Food and beverage	48,924	37,492	92,631	75,905
Hotel	38,098	27,817	69,661	57,370
Retail, entertainment and other	69,312	55,080	133,591	112,846
Net revenues	<u>461,734</u>	<u>405,847</u>	<u>886,966</u>	<u>812,468</u>
Operating costs and expenses:				
Gaming, including related party transactions of \$903, \$902, \$1,807 and \$1,803, respectively	169,563	143,009	328,651	286,326
Food and beverage	46,464	32,098	83,349	64,588
Hotel, including related party transactions of \$2,161, \$2,161, \$4,322 and \$4,322, respectively	20,152	12,521	31,847	25,199
Retail, entertainment and other	30,949	20,459	55,979	43,464
Advertising, general and administrative, including related party transactions of \$12,237, \$11,828, \$22,774 and \$24,196, respectively	93,162	79,573	188,888	159,651
Corporate, including related party transactions of \$831, \$2,138, \$3,199 and \$4,075, respectively	12,737	16,050	27,174	30,048
Depreciation and amortization	35,204	25,483	63,505	50,503
Impairment of tangible assets	5,855	—	5,855	—
Other, net	16,438	12,837	38,538	18,643
Total operating costs and expenses	<u>430,524</u>	<u>342,030</u>	<u>823,786</u>	<u>678,422</u>
Income from operations	<u>31,210</u>	<u>63,817</u>	<u>63,180</u>	<u>134,046</u>
Other income (expense):				
Interest income	363	574	1,064	966
Interest expense, net	(88,256)	(60,043)	(154,528)	(116,447)
Loss on modification and early extinguishment of debt	(7)	(730)	(123)	(3,363)
Gain (loss) on fair value adjustment	13,940	(13,450)	(48,640)	(22,250)
Other, net	75	(86)	(473)	(691)
Total other expense	<u>(73,885)</u>	<u>(73,735)</u>	<u>(202,700)</u>	<u>(141,785)</u>
Loss before income tax	(42,675)	(9,918)	(139,520)	(7,739)
Income tax benefit (provision)	(1,784)	276	(1,906)	(1,096)
Net loss	(44,459)	(9,642)	(141,426)	(8,835)
(Income) loss attributable to non-controlling interests	(1,620)	8	(1,672)	8
Net loss attributable to Mohegan Tribal Gaming Authority	<u>(46,079)</u>	<u>(9,634)</u>	<u>(143,098)</u>	<u>(8,827)</u>
Comprehensive income (loss):				
Foreign currency translation adjustment	(15,590)	(14,435)	3,631	33,723
Other	110	—	110	—
Other comprehensive income (loss)	(15,480)	(14,435)	3,741	33,723
Other comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	<u>(15,480)</u>	<u>(14,435)</u>	<u>3,741</u>	<u>33,723</u>
Comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	<u>\$ (61,559)</u>	<u>\$ (24,069)</u>	<u>\$ (139,357)</u>	<u>\$ 24,896</u>

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	Accumulated Other Comprehensive Loss	Total Capital Attributable to Mohegan Tribal Gaming Authority	Non-controlling Interests	Total Capital
Balance, December 31, 2023	\$ (293,188)	\$ (47,286)	\$ (340,474)	\$ 5,915	\$ (334,559)
Net income (loss)	(46,079)	—	(46,079)	1,620	(44,459)
Foreign currency translation adjustment	—	(15,590)	(15,590)	—	(15,590)
Distributions to Mohegan Tribe	(14,000)	—	(14,000)	—	(14,000)
Other	—	110	110	—	110
Balance, March 31, 2024	<u>\$ (353,267)</u>	<u>\$ (62,766)</u>	<u>\$ (416,033)</u>	<u>\$ 7,535</u>	<u>\$ (408,498)</u>
Balance, September 30, 2023	\$ (182,169)	\$ (66,507)	\$ (248,676)	\$ 5,863	\$ (242,813)
Net income (loss)	(143,098)	—	(143,098)	1,672	(141,426)
Foreign currency translation adjustment	—	3,631	3,631	—	3,631
Distributions to Mohegan Tribe	(28,000)	—	(28,000)	—	(28,000)
Other	—	110	110	—	110
Balance, March 31, 2024	<u>\$ (353,267)</u>	<u>\$ (62,766)</u>	<u>\$ (416,033)</u>	<u>\$ 7,535</u>	<u>\$ (408,498)</u>
Balance, December 31, 2022	\$ (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)
Balance, March 31, 2023	<u>\$ (167,848)</u>	<u>\$ (54,423)</u>	<u>\$ (222,271)</u>	<u>\$ 4,790</u>	<u>\$ (217,481)</u>
Balance, September 30, 2022	\$ (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)
Balance, March 31, 2023	<u>\$ (167,848)</u>	<u>\$ (54,423)</u>	<u>\$ (222,271)</u>	<u>\$ 4,790</u>	<u>\$ (217,481)</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, 2024	March 31, 2023
Cash flows provided by operating activities:		
Net loss	\$ (141,426)	\$ (8,835)
Adjustments to reconcile net loss to net cash flows provided by operating activities:		
Depreciation and amortization	63,505	50,503
Non-cash operating lease expense	4,234	3,460
Non-cash accretion expense	611	735
Amortization of discounts and debt issuance costs	17,515	12,373
Paid-in-kind interest	24,755	20,789
Loss on fair value adjustment	48,640	22,250
(Recovery) provision for losses on receivables	2,912	(374)
Deferred income taxes	(4,057)	1,098
Impairment charges	5,855	—
Other, net	1,331	(671)
Changes in operating assets and liabilities:		
Accounts receivable, net	(21,504)	(1,268)
Inventories	(4,228)	(307)
Due from Ontario Lottery and Gaming Corporation	6,952	1,931
Contract asset	14,655	16,897
Other assets	(1,891)	(7,767)
Trade payables	10,518	(2,778)
Accrued interest payable	435	2,636
Due to Ontario Lottery and Gaming Corporation	4,480	(3,647)
Operating lease obligations	(2,541)	(1,408)
Other liabilities	12,858	(8,683)
Net cash flows provided by operating activities	<u>43,609</u>	<u>96,934</u>
Cash flows used in investing activities:		
Purchases of property and equipment	(201,708)	(251,569)
Investments related to the Mohegan INSPIRE project	65,710	—
Other, net	199	852
Net cash flows used in investing activities	<u>(135,799)</u>	<u>(250,717)</u>
Cash flows provided by (used in) financing activities:		
Proceeds from revolving credit facilities	348,000	452,358
Repayments on revolving credit facilities	(330,000)	(435,793)
Proceeds from issuance of long-term debt	19,144	235,207
Repayments of long-term debt	(67,178)	(14,715)
Payments on finance lease obligations	(3,075)	(2,112)
Distributions to affiliates	(28,000)	(28,470)
Payments of financing fees	(417)	(2,051)
Other, net	(1,419)	(1,418)
Net cash flows provided by (used in) financing activities	<u>(62,945)</u>	<u>203,006</u>
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	(155,135)	49,223
Effect of exchange rate on cash, cash equivalents, restricted cash and restricted cash equivalents	3,430	35,409
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	445,308	520,514
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	<u>\$ 293,603</u>	<u>\$ 605,146</u>

	Six Months Ended	
	March 31, 2024	March 31, 2023
Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents to the condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 197,794	\$ 188,760
Restricted cash and cash equivalents, current	8,831	5,414
Cash and cash equivalents included in assets held for sale	7,981	—
Restricted cash and cash equivalents, non-current	78,997	410,972
Cash, cash equivalents, restricted cash and restricted cash equivalents	<u>\$ 293,603</u>	<u>\$ 605,146</u>
Supplemental disclosures:		
Cash paid for interest	\$ 121,798	\$ 100,490
Cash paid for taxes	\$ 5,908	\$ —
Non-cash transactions:		
Right-of-use assets and obligations	\$ 1,193	\$ —
Finance lease assets and obligations	\$ 9,559	\$ —
Paid-in-kind interest capitalized	\$ 11,151	\$ 7,058
Paid-in-kind interest converted to debt	\$ 35,385	\$ 28,158
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 in July 1995 by the Mohegan Tribe (the “Mohegan Tribe”), a federally-recognized Indian tribe with an approximately 595-acre reservation situated in Uncasville, Connecticut. 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. The Indian Gaming Regulatory Act of 1988 permits federally-recognized Indian tribes to conduct full-scale casino gaming operations on tribal lands, subject to certain conditions, and the Mohegan Compact, as amended, permits the Mohegan Tribe to conduct casino and sportsbook operations on its tribal lands in Uncasville, Connecticut, along with online casino gaming and sports wagering (“iGaming”) in the state of Connecticut and on its tribal lands. We are governed and overseen by a nine-member Management Board, whose members also comprise the Mohegan Tribal Council, the governing body of the Mohegan Tribe.

We are primarily engaged in the ownership, operation and development of integrated entertainment facilities. We currently own two facilities in the United States and own, operate or manage six other facilities in the United States, Canada and South Korea. We also conduct iGaming in the United States and Canada.

On November 30, 2023, we opened the integrated entertainment resort phase of a facility in South Korea, Mohegan INSPIRE Entertainment Resort, located adjacent to the Incheon International Airport (“Mohegan INSPIRE”). The gaming phase opened on February 3, 2024.

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, 2023. 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 the 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.

Other Current Assets

As of September 30, 2023, other current assets included \$65.7 million relating to a foreign currency exchange hedging arrangement, in which the custodian settled the transaction prior to September 30, 2023, but released the funds to the Company subsequent to September 30, 2023.

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

Mohegan Casino Las Vegas Lease Termination

In March 2024, we commenced discussions with the landlord of Mohegan Casino Las Vegas regarding transferring the operation of the casino to the landlord. In connection with these discussions, on March 29, 2024, we issued a notice to the landlord communicating our intent to exercise our early termination option under the Las Vegas lease. Upon exercising this option, the remaining term of the lease was reduced to twelve months and the future minimum lease payments were reduced. Effective March 31, 2024, we reassessed the classification of the lease and remeasured the remaining lease liability. Based on the revised lease terms, the lease was reclassified from a finance lease to an operating lease. In addition, we recognized a \$55.3 million reduction in the lease liability and a corresponding reduction to the lease right-of-use asset.

In connection with these events, the assets and liabilities of Mohegan Casino Las Vegas were reclassified to held for sale, and remeasured at fair value less costs to sell. The remeasurement of the net assets resulted in an impairment charge of \$5.9 million.

The major classes of assets and liabilities held for sale are as follows:

	March 31, 2024
Cash	\$ 7,981
Other current assets	2,715
Property and equipment, net	5,414
Right-of-use assets	10,370
Other	—
Valuation allowance	(5,855)
Assets held for sale	\$ 20,625
Operating lease obligations	\$ 26,056
Accrued payroll	1,041
Other current liabilities	3,523
Other long term liabilities	1,005
Liabilities held for sale	\$ 31,625

Warrant and Put Option

Our warrants and put option related to Mohegan INSPIRE 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 10%, and the expected volatility of the underlying stock price, which was 60%. In addition, projected cash flows are utilized in this valuation approach.

Warrants and Put Option

(in thousands)

Balance, December 31, 2023	\$ 111,370
Unrealized gain	(13,940)
Balance, March 31, 2024	\$ 97,430
Balance, September 30, 2023	\$ 48,790
Unrealized loss	48,640
Balance, March 31, 2024	\$ 97,430

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.

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

Note 2 — Long-Term Debt

<i>(in thousands)</i>	March 31, 2024			September 30, 2023
	Final Maturity	Face Value	Book Value	Book Value
Senior Secured Credit Facility	2025	\$ 96,000	\$ 96,000	\$ 78,000
2021 8% Senior Secured Notes	2026	1,175,000	1,166,896	1,164,900
2022 13.25% Senior Unsecured Notes	2027	502,457	478,883	476,584
2016 7.875% Senior Unsecured Notes	2024	22,658	22,622	22,590
Niagara Term Loan Facility	2028	6,463	6,347	57,910
Niagara Capital Facility	2028	70,395	70,023	72,130
Korea Credit Facility	2025	742,907	711,363	680,228
Korea Term Loan	2027	405,917	309,773	272,923
Korea Convertible Bonds	2032	124,534	78,047	75,929
Guaranteed Credit Facility	2025	21,218	21,003	22,239
Redemption Note Payable	2024	4,440	4,399	15,267
Other	Varies	442	442	482
Long-term debt		3,172,431	2,965,798	2,939,182
Current portion of long-term debt		(38,061)	(38,020)	(26,232)
Long-term debt, net of current portion		<u>\$ 3,134,370</u>	<u>\$ 2,927,778</u>	<u>\$ 2,912,950</u>
Fair value		\$ 3,098,267		
Unamortized discounts and debt issuance costs			\$ 206,633	\$ 222,536

Line of Credit

On October 12, 2023, we entered into a \$5.0 million revolving line of credit facility with Fifth Third Bank, National Association. This facility will be used for general corporate purposes and matures on November 1, 2025.

Note 3 — Revenue Recognition

Revenue Disaggregation

We are primarily engaged in the ownership, operation, management and development of integrated entertainment facilities, as well as the provision of iGaming solutions, both domestically and internationally. We currently own, operate or manage five domestic facilities, three international facilities, and several digital iGaming solutions in the United States and Canada. 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, 2024

<i>(in thousands)</i>	Domestic	International (1)	Digital (2)	Other	Total
Gaming	\$ 210,805	\$ 55,808	\$ 38,787	\$ —	\$ 305,400
Food and beverage	31,137	17,824	(7)	(30)	48,924
Hotel	24,809	13,292	(2)	(1)	38,098
Retail, entertainment and other	33,683	21,147	—	14,482	69,312
Net revenues	<u>\$ 300,434</u>	<u>\$ 108,071</u>	<u>\$ 38,778</u>	<u>\$ 14,451</u>	<u>\$ 461,734</u>

(1) Includes revenues from Mohegan INSPIRE, which opened on November 30, 2023.

(2) Gaming revenues include \$8.8 million in iGaming tax reimbursement amounts from our iGaming partners.

Three Months Ended March 31, 2023

<i>(in thousands)</i>	Domestic	International	Digital	Other	Total
Gaming	\$ 217,949	\$ 45,871	\$ 21,831	\$ (193)	\$ 285,458
Food and beverage	29,298	8,221	(5)	(22)	37,492
Hotel	23,848	3,972	—	(3)	27,817
Retail, entertainment and other	26,244	12,686	884	15,266	55,080
Net revenues	<u>\$ 297,339</u>	<u>\$ 70,750</u>	<u>\$ 22,710</u>	<u>\$ 15,048</u>	<u>\$ 405,847</u>

Six Months Ended March 31, 2024

<i>(in thousands)</i>	Domestic	International (1)	Digital (2)	Other	Total
Gaming	\$ 413,480	\$ 102,582	\$ 75,021	\$ —	\$ 591,083
Food and beverage	62,466	30,256	(26)	(65)	92,631
Hotel	50,349	19,322	(8)	(2)	69,661
Retail, entertainment and other	69,030	35,179	(22)	29,404	133,591
Net revenues	<u>\$ 595,325</u>	<u>\$ 187,339</u>	<u>\$ 74,965</u>	<u>\$ 29,337</u>	<u>\$ 886,966</u>

(1) Includes revenues from Mohegan INSPIRE, which opened on November 30, 2023.

(2) Gaming revenues include \$18.7 million in iGaming tax reimbursement amounts from our iGaming partners.

Six Months Ended March 31, 2023

<i>(in thousands)</i>	Domestic	International	Digital	Other	Total
Gaming	\$ 435,334	\$ 98,442	\$ 33,032	\$ (461)	\$ 566,347
Food and beverage	59,500	16,508	(38)	(65)	75,905
Hotel	49,520	7,855	—	(5)	57,370
Retail, entertainment and other	60,619	21,965	880	29,382	112,846
Net revenues	<u>\$ 604,973</u>	<u>\$ 144,770</u>	<u>\$ 33,874</u>	<u>\$ 28,851</u>	<u>\$ 812,468</u>

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

Lease Revenue

<i>(in thousands)</i>	Three Months Ended			
	March 31, 2024		March 31, 2023	
	Hotel	Retail, Entertainment and Other	Hotel	Retail, Entertainment and Other
Fixed rent	\$ 26,115	\$ 3,411	\$ 15,562	\$ 2,093
Variable rent	211	4,610	—	2,920
Total	\$ 26,326	\$ 8,021	\$ 15,562	\$ 5,013

<i>(in thousands)</i>	Six Months Ended			
	March 31, 2024		March 31, 2023	
	Hotel	Retail, Entertainment and Other	Hotel	Retail, Entertainment and Other
Fixed rent	\$ 44,626	\$ 6,895	\$ 32,204	\$ 3,846
Variable rent	233	7,811	—	5,578
Total	\$ 44,859	\$ 14,706	\$ 32,204	\$ 9,424

Contract and Contract-related Assets

Accounts Receivable

<i>(in thousands)</i>	March 31, 2024	September 30, 2023
Gaming	\$ 63,576	\$ 48,124
Food and beverage	1	70
Hotel	8,526	5,399
Retail, entertainment and other	36,113	34,359
Accounts receivable	108,216	87,952
Allowance for doubtful accounts	(25,591)	(23,949)
Accounts receivable, net	\$ 82,625	\$ 64,003

As of March 31, 2024 and September 30, 2023, contract assets related to the Niagara Resorts Casino Operating and Services Agreement with the Ontario Lottery and Gaming Corporation totaled \$37.8 million and \$52.4 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.

The following contract liabilities are generally expected to be recognized as revenues within one year and are recorded within other current liabilities:

<i>(in thousands)</i>	March 31, 2024	September 30, 2023
Outstanding gaming chips and slot tickets liability	\$ 11,032	\$ 9,496
Loyalty points deferred revenue liability	42,227	41,751
Customer advances and other liability	71,231	36,052
Total	\$ 124,490	\$ 87,299

In addition, the following contract liabilities are recorded within other long-term liabilities as they are not expected to be recognized as revenues within one year:

<i>(in thousands)</i>	March 31, 2024	September 30, 2023
Customer advances and other liability	\$ 1,407	\$ 12,046

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

Note 4 — 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 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 5 — Subsequent Events

We have evaluated events subsequent to March 31, 2024 through the issuance of the accompanying unaudited condensed consolidated financial statements on May 9, 2024, 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, 2024 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.mohegangaming.com, under the “Investor Relations/Financial Updates” section.

Discussion of Consolidated Operating Results

Consolidated Operating Results

(in thousands)	Three Months Ended March 31,		Variance		Six Months Ended March 31,		Variance	
	2024	2023	\$	%	2024	2023	\$	%
Net revenues:								
Gaming	\$ 305,400	\$ 285,458	\$ 19,942	7.0 %	\$ 591,083	\$ 566,347	\$ 24,736	4.4 %
Food and beverage	48,924	37,492	11,432	30.5 %	92,631	75,905	16,726	22.0 %
Hotel	38,098	27,817	10,281	37.0 %	69,661	57,370	12,291	21.4 %
Retail, entertainment and other	69,312	55,080	14,232	25.8 %	133,591	112,846	20,745	18.4 %
Net revenues	<u>\$ 461,734</u>	<u>\$ 405,847</u>	55,887	13.8 %	<u>\$ 886,966</u>	<u>\$ 812,468</u>	74,498	9.2 %
Operating costs and expenses:								
Gaming	\$ 169,563	\$ 143,009	\$ 26,554	18.6 %	\$ 328,651	\$ 286,326	\$ 42,325	14.8 %
Food and beverage	46,464	32,098	14,366	44.8 %	83,349	64,588	18,761	29.0 %
Hotel	20,152	12,521	7,631	60.9 %	31,847	25,199	6,648	26.4 %
Retail, entertainment and other	30,949	20,459	10,490	51.3 %	55,979	43,464	12,515	28.8 %
Advertising, general and administrative	93,162	79,573	13,589	17.1 %	188,888	159,651	29,237	18.3 %
Corporate	12,737	16,050	(3,313)	(20.6)%	27,174	30,048	(2,874)	(9.6)%
Depreciation and amortization	35,204	25,483	9,721	38.1 %	63,505	50,503	13,002	25.7 %
Impairment of tangible assets	5,855	—	5,855	—	5,855	—	5,855	N.M.
Other, net	16,438	12,837	3,601	28.1 %	38,538	18,643	19,895	106.7 %
Total operating costs and expenses	<u>\$ 430,524</u>	<u>\$ 342,030</u>	88,494	25.9 %	<u>\$ 823,786</u>	<u>\$ 678,422</u>	145,364	21.4 %

Disaggregated Operating Results

(in thousands)	Three Months Ended March 31,		Variance		Six Months Ended March 31,		Variance	
	2024	2023	\$	%	2024	2023	\$	%
Net revenues:								
Domestic	\$ 300,434	\$ 297,339	\$ 3,095	1.0 %	\$ 595,325	\$ 604,973	\$ (9,648)	(1.6)%
International	108,071	70,750	37,321	52.8 %	187,339	144,770	42,569	29.4 %
Mohegan Digital	38,778	22,710	16,068	70.8 %	74,965	33,874	41,091	121.3 %
Management, development and other	18,369	17,503	866	4.9 %	37,537	40,366	(2,829)	(7.0)%
Corporate and other	22	142	(120)	(84.5)%	121	302	(181)	(59.9)%
Eliminations	(3,940)	(2,597)	(1,343)	(51.7)%	(8,321)	(11,817)	3,496	29.6 %
Net revenues	<u>\$ 461,734</u>	<u>\$ 405,847</u>	<u>55,887</u>	<u>13.8 %</u>	<u>\$ 886,966</u>	<u>\$ 812,468</u>	<u>74,498</u>	<u>9.2 %</u>

Operating costs and expenses:

Domestic	\$ 248,488	\$ 242,269	\$ 6,219	2.6 %	\$ 496,523	\$ 489,953	\$ 6,570	1.3 %
International	147,562	77,618	69,944	90.1 %	250,309	149,709	100,600	67.2 %
Mohegan Digital	18,829	4,900	13,929	284.3 %	38,599	8,951	29,648	331.2 %
Management, development and other	8,562	5,594	2,968	53.1 %	18,569	9,878	8,691	88.0 %
Corporate and other	11,108	13,352	(2,244)	(16.8)%	28,110	28,381	(271)	(1.0)%
Eliminations	(4,025)	(1,703)	(2,322)	(136.3)%	(8,324)	(8,450)	126	1.5 %
Total operating costs and expenses	<u>\$ 430,524</u>	<u>\$ 342,030</u>	<u>88,494</u>	<u>25.9 %</u>	<u>\$ 823,786</u>	<u>\$ 678,422</u>	<u>145,364</u>	<u>21.4 %</u>

Domestic

Revenues

Net revenues increased \$3.1 million, or 1.0%, for the three months ended March 31, 2024 compared with the same period in the prior year. The increase was primarily the result of increased entertainment volumes and related food and beverage sales, partially offset by a decrease in table games and slot revenues.

Net revenues decreased \$9.6 million, or 1.6%, for the six months ended March 31, 2024 compared with the same period in the prior year. This decrease was primarily due to declines in both slot and table game revenues, partially offset by an increase in entertainment volumes and related food and beverage sales.

Operating Costs and Expenses

Operating costs and expenses increased \$6.2 million, or 2.6%, for the three months ended March 31, 2024 compared with the same period in the prior year. Operating costs and expenses increased \$6.6 million, or 1.3%, for the six months ended March 31, 2024 compared with the same period in the prior year. The current year periods include a \$5.9 million impairment charge related to the remeasurement of net assets held for sale. Refer to Note 1 for additional information. The remaining increases reflect increased sports and entertainment expenses commensurate with the increase in entertainment revenues.

International

Revenues

Net revenues increased \$37.3 million, or 52.8%, for the three months ended March 31, 2024 compared with the same period in the prior year. Net revenues increased \$42.6 million, or 29.4%, for the six months ended March 31, 2024 compared with the same period in the prior year. These increases reflect the opening of Mohegan INSPIRE in November, 2023, as well as an increase in entertainment volumes and related food and beverage revenues at Niagara Resorts.

Operating Costs and Expenses

Operating costs and expenses increased \$69.9 million, or 90.1%, for the three months ended March 31, 2024 compared with the same period in the prior year. Operating costs and expenses increased \$100.6 million, or 67.2%, for the six months ended March 31, 2024 compared with the same period in the prior year. These increases primarily reflect the opening of Mohegan INSPIRE.

Mohegan Digital

Revenues

Net revenues increased \$16.1 million, or 70.8%, for the three months ended March 31, 2024 compared with the same period in the prior year. Net revenues increased \$41.1 million, or 121.3%, for the six months ended March 31, 2024 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 and the Province of Ontario, Canada. The increase in net revenues also reflects \$8.8 million and \$18.7 million in iGaming tax reimbursement amounts from our iGaming partners for the three and six months ended March 31, 2024, respectively.

Operating Costs and Expenses

Operating costs and expenses increased \$13.9 million, or 284.3%, for the three months ended March 31, 2024 compared with the same period in the prior year. Operating costs and expenses increased \$29.6 million, or 331.2%, for the six months ended March 31, 2024 compared with the same period in the prior year. These increases were primarily driven by the \$8.8 million and \$18.7 million in iGaming tax reimbursement amounts from our iGaming partners, combined with higher overall operating costs and expenses associated with our online casino gaming and sports wagering operations.

Management, Development and Other

Revenues

Net revenues increased \$0.9 million, or 4.9%, for the three months ended March 31, 2024 compared with the same period in the prior year. This increase is primarily due to increased inter-company entertainment revenue, offset by a decrease in management and development fees driven by the opening of Mohegan INSPIRE.

Net revenues decreased \$2.8 million, or 7.0%, for the six months ended March 31, 2024 compared with the same period in the prior year. This decrease reflects a decline in management and development fees as a result of the opening of Mohegan INSPIRE, partially offset by an increase in inter-company entertainment revenue.

Operating Costs and Expenses

Operating costs and expenses increased \$3.0 million, or 53.1%, for the three months ended March 31, 2024 compared with the same period in the prior year. Operating costs and expenses increased \$8.7 million, or 88.0%, for the six months ended March 31, 2024 compared with the same period in the prior year. This increase primarily reflects an increase in reimbursable entertainment contract expenses paid on behalf of the Niagara Resorts.

Corporate and Other

Operating Costs and Expenses

Operating costs and expenses decreased \$2.2 million, or 16.8%, for the three months ended March 31, 2024 compared with the same period in the prior year primarily due to Corporate labor savings. Operating costs and expenses decreased \$0.3 million, or 1.0%, for the six months ended March 31, 2024 compared with the same period in the prior year.

Other Income (Expense)

(in thousands)	Three Months Ended March 31,		Variance		Six Months Ended March 31,		Variance	
	2024	2023	\$	%	2024	2023	\$	%
Interest income	\$ 363	\$ 574	\$ (211)	(36.8)%	\$ 1,064	\$ 966	\$ 98	10.1 %
Interest expense, net	(88,256)	(60,043)	(28,213)	(47.0)%	(154,528)	(116,447)	(38,081)	(32.7)%
Loss on modification and early extinguishment of debt	(7)	(730)	723	N.M.	(123)	(3,363)	3,240	96.3 %
Gain (loss) on fair value adjustment	13,940	(13,450)	27,390	N.M.	(48,640)	(22,250)	(26,390)	(118.6)%
Other, net	75	(86)	161	N.M.	(473)	(691)	218	31.5 %
Income tax benefit (provision)	(1,784)	276	(2,060)	N.M.	(1,906)	(1,096)	(810)	(73.9)%

Interest Expense

Interest expense increased \$28.2 million, or 47.0%, for the three months ended March 31, 2024 compared with the same period in the prior year. Interest expense increased \$38.1 million, or 32.7%, for the six months ended March 31, 2024 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 combined with the reduction in capitalized interest following the opening of Mohegan INSPIRE in the first quarter of the current fiscal year. There was no capitalized interest related to Mohegan INSPIRE during the three months ended March 31, 2024. Capitalized interest related to Mohegan INSPIRE totaled \$15.0 million for the three months ended March 31, 2023, and totaled \$21.6 million and \$25.9 million for the six months ended March 31, 2024 and 2023, respectively.

Modification and Early Extinguishment of Debt

Loss on modification and early extinguishment of debt primarily represents transaction costs expensed in connection with refinancing transactions.

Fair Value Adjustment

Gain (loss) on fair value adjustment represents changes in the estimated fair value of the warrants and put option related to Mohegan INSPIRE. We recognized a gain of \$13.9 million for the three months ended March 31, 2024 compared with a loss of \$13.5 million in 2023. We recognized a loss of \$48.6 million for the six months ended March 31, 2024 compared with a loss of \$22.3 million in 2023. The value of the warrants and put option closely correlate with the equity value of Mohegan INSPIRE. Mohegan INSPIRE opened during the first quarter of fiscal 2024, accordingly, the expected future cash flows increased compared with the periods in fiscal 2023 with the anticipated completion of construction in the first quarter of fiscal 2024. In addition, the discount rate utilized in the valuation was reduced from 12% to 10%. Refer to Note 1 for additional information.

Income Tax

Income tax provision is primarily driven by 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. iGaming is also seasonal in nature, with peak gaming occurring during the months of September through March. Accordingly, our operating results for the three and six months ended March 31, 2024 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, 2024 and September 30, 2023, we held cash and cash equivalents of \$197.8 million and \$217.3 million, respectively, of which the Niagara Resorts held \$19.3 million and \$62.5 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 \$145.6 million of borrowing capacity under our senior secured credit facility as of March 31, 2024. In addition, inclusive of letters of credit, which reduce borrowing availability, the Niagara Resorts had \$36.9 million of borrowing capacity under the Niagara revolving facility as of March 31, 2024.

Cash provided by operating activities decreased \$53.3 million, or 55.0%, to \$43.6 million for the six months ended March 31, 2024 compared with \$96.9 million in the same period in the prior year. The decline in cash provided by operating activities was primarily driven by lower net income, after factoring in non-cash items, partially offset by lower working capital requirements. Refer to “Discussion of Consolidated Operating Results” for additional information.

Cash used in investing activities decreased \$114.9 million, or 45.8%, to \$135.8 million for the six months ended March 31, 2024 compared with \$250.7 million in the same period in the prior year. The decrease in cash used in investing activities was primarily driven by lower capital expenditures related to Mohegan INSPIRE, partially offset by funds received in connection with a foreign currency exchange hedging arrangement, in which the custodian settled the transaction prior to September 30, 2023, but released the funds subsequent to September 30, 2023.

Cash used in financing activities totaled \$62.9 million for the six months ended March 31, 2024 compared with cash provided by financing activities of \$203.0 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 Mohegan INSPIRE combined with an increase in repayments of long-term debt.

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 may 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.