

Mohegan Tribal Gaming Authority

Financial Statements and
Management's Discussion and Analysis

For the Interim Period ended June 30, 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 June 30, 2024, and the related condensed consolidated statements of operations and comprehensive income (loss), changes in capital, and cash flows for the three-month and nine-month periods ended June 30, 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

August 8, 2024

Item 1. Financial Statements

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

	June 30, 2024	September 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 180,858	\$ 217,336
Restricted cash and cash equivalents	10,623	6,989
Accounts receivable, net	110,634	64,003
Inventories	23,151	19,713
Due from Ontario Lottery and Gaming Corporation	7,125	17,488
Contract asset	8,646	30,726
Assets held for sale	18,577	—
Other current assets	41,971	112,029
Total current assets	401,585	468,284
Restricted cash and cash equivalents	55,119	220,983
Property and equipment, net	2,277,053	2,337,748
Right-of-use assets	295,316	302,500
Intangible assets, net	310,464	310,493
Contract asset, net of current portion	20,747	21,625
Other assets, net	59,517	54,557
Total assets	\$ 3,419,801	\$ 3,716,190
LIABILITIES AND CAPITAL		
Current liabilities:		
Current portion of long-term debt	\$ 30,055	\$ 26,232
Current portion of finance lease obligations	7,755	5,951
Current portion of operating lease obligations	7,258	6,310
Trade payables	47,358	18,662
Accrued payroll	58,415	60,637
Construction payables	34,955	147,667
Accrued interest payable	45,274	39,780
Due to Ontario Lottery and Gaming Corporation	6,500	1,158
Liabilities held for sale	29,576	—
Other current liabilities	217,853	184,270
Total current liabilities	484,999	490,667
Long-term debt, net of current portion	2,875,240	2,912,950
Finance lease obligations, net of current portion	31,982	107,180
Operating lease obligations, net of current portion	352,229	358,146
Warrants and put option liabilities	111,740	48,790
Other long-term liabilities	28,724	41,270
Total liabilities	3,884,914	3,959,003
Commitments and Contingencies		
Capital:		
Retained deficit	(400,709)	(182,169)
Accumulated other comprehensive loss	(72,094)	(66,507)
Total capital attributable to Mohegan Tribal Gaming Authority	(472,803)	(248,676)
Non-controlling interests	7,690	5,863
Total capital	(465,113)	(242,813)
Total liabilities and capital	\$ 3,419,801	\$ 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		Nine Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues:				
Gaming	\$ 335,797	\$ 281,932	\$ 926,880	\$ 848,279
Food and beverage	49,829	40,098	142,460	116,003
Hotel	39,435	30,385	109,096	87,755
Retail, entertainment and other	79,106	62,979	212,697	175,825
Net revenues	<u>504,167</u>	<u>415,394</u>	<u>1,391,133</u>	<u>1,227,862</u>
Operating costs and expenses:				
Gaming, including related party transactions of \$904, \$901, \$2,711 and \$2,704, respectively	182,571	140,519	511,222	426,845
Food and beverage	45,063	32,007	128,412	96,595
Hotel, including related party transactions of \$2,161, \$2,161, \$6,483 and \$6,483, respectively	15,560	12,504	47,407	37,703
Retail, entertainment and other	33,189	23,744	89,168	67,208
Advertising, general and administrative, including related party transactions of \$8,621, \$9,128, \$31,395 and \$33,324, respectively	104,003	83,264	292,891	242,915
Corporate, including related party transactions of \$4,097, \$2,135, \$7,296 and \$6,210, respectively	15,266	14,622	42,440	44,670
Depreciation and amortization	32,824	25,266	96,329	75,769
Impairment of tangible assets	(2,210)	—	3,645	—
Other, net	5,470	1,075	44,008	19,718
Total operating costs and expenses	<u>431,736</u>	<u>333,001</u>	<u>1,255,522</u>	<u>1,011,423</u>
Income from operations	<u>72,431</u>	<u>82,393</u>	<u>135,611</u>	<u>216,439</u>
Other income (expense):				
Interest income	318	583	1,382	1,549
Interest expense, net	(86,187)	(59,277)	(240,715)	(175,724)
Loss on modification and early extinguishment of debt	—	(54)	(123)	(3,417)
Gain (loss) on fair value adjustment	(14,310)	29,250	(62,950)	7,000
Other, net	(261)	(49)	(734)	(740)
Total other expense	<u>(100,440)</u>	<u>(29,547)</u>	<u>(303,140)</u>	<u>(171,332)</u>
Income (loss) before income tax	(28,009)	52,846	(167,529)	45,107
Income tax provision	(1,775)	(2,225)	(3,681)	(3,321)
Net income (loss)	(29,784)	50,621	(171,210)	41,786
Income attributable to non-controlling interests	(155)	(64)	(1,827)	(56)
Net income (loss) attributable to Mohegan Tribal Gaming Authority	<u>(29,939)</u>	<u>50,557</u>	<u>(173,037)</u>	<u>41,730</u>
Comprehensive income (loss):				
Foreign currency translation adjustment	(9,328)	(1,309)	(5,697)	32,414
Other	—	—	110	—
Other comprehensive income (loss)	(9,328)	(1,309)	(5,587)	32,414
Other comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	(9,328)	(1,309)	(5,587)	32,414
Comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	<u>\$ (39,267)</u>	<u>\$ 49,248</u>	<u>\$ (178,624)</u>	<u>\$ 74,144</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, March 31, 2024	\$ (353,267)	\$ (62,766)	\$ (416,033)	\$ 7,535	\$ (408,498)
Net income (loss)	(29,939)	—	(29,939)	155	(29,784)
Foreign currency translation adjustment	—	(9,328)	(9,328)	—	(9,328)
Distributions to Mohegan Tribe	(17,503)	—	(17,503)	—	(17,503)
Other	—	—	—	—	—
Balance, June 30, 2024	<u>\$ (400,709)</u>	<u>\$ (72,094)</u>	<u>\$ (472,803)</u>	<u>\$ 7,690</u>	<u>\$ (465,113)</u>
Balance, September 30, 2023	\$ (182,169)	\$ (66,507)	\$ (248,676)	\$ 5,863	\$ (242,813)
Net income (loss)	(173,037)	—	(173,037)	1,827	(171,210)
Foreign currency translation adjustment	—	(5,697)	(5,697)	—	(5,697)
Distributions to Mohegan Tribe	(45,503)	—	(45,503)	—	(45,503)
Other	—	110	110	—	110
Balance, June 30, 2024	<u>\$ (400,709)</u>	<u>\$ (72,094)</u>	<u>\$ (472,803)</u>	<u>\$ 7,690</u>	<u>\$ (465,113)</u>
Balance, March 31, 2023	\$ (167,848)	\$ (54,423)	\$ (222,271)	\$ 4,790	\$ (217,481)
Net income	50,557	—	50,557	64	50,621
Foreign currency translation adjustment	—	(1,309)	(1,309)	—	(1,309)
Distributions to Mohegan Tribe	(17,500)	—	(17,500)	—	(17,500)
Distributions to Salishan Company, LLC	(150)	—	(150)	—	(150)
Balance, June 30, 2023	<u>\$ (134,941)</u>	<u>\$ (55,732)</u>	<u>\$ (190,673)</u>	<u>\$ 4,854</u>	<u>\$ (185,819)</u>
Balance, September 30, 2022	\$ (130,551)	\$ (88,146)	\$ (218,697)	\$ 4,798	\$ (213,899)
Net income	41,730	—	41,730	56	41,786
Foreign currency translation adjustment	—	32,414	32,414	—	32,414
Distributions to Mohegan Tribe	(45,500)	—	(45,500)	—	(45,500)
Distributions to Salishan Company, LLC	(620)	—	(620)	—	(620)
Balance, June 30, 2023	<u>\$ (134,941)</u>	<u>\$ (55,732)</u>	<u>\$ (190,673)</u>	<u>\$ 4,854</u>	<u>\$ (185,819)</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)

	Nine Months Ended	
	June 30, 2024	June 30, 2023
Cash flows provided by operating activities:		
Net income (loss)	\$ (171,210)	\$ 41,786
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	96,329	75,769
Non-cash operating lease expense	6,459	5,977
Non-cash accretion expense	882	1,069
Amortization of discounts and debt issuance costs	29,004	20,148
Paid-in-kind interest	33,912	28,266
(Gain) loss on fair value adjustment	62,950	(7,000)
(Recovery) provision for losses on receivables	4,344	(192)
Deferred income taxes	(5,161)	3,059
Impairment charges	3,645	—
Other, net	910	464
Changes in operating assets and liabilities:		
Accounts receivable, net	(52,892)	(22,490)
Inventories	(3,795)	(500)
Due from Ontario Lottery and Gaming Corporation	10,505	(5,950)
Contract asset	22,643	25,590
Assets held for sale	1,085	—
Other assets	(164)	5,307
Trade payables	30,231	3,259
Accrued interest payable	5,524	8,512
Due to Ontario Lottery and Gaming Corporation	5,462	(3,702)
Operating lease obligations	(3,631)	(2,527)
Liabilities held for sale	(2,049)	—
Other liabilities	35,365	5,240
Net cash flows provided by operating activities	<u>110,348</u>	<u>182,085</u>
Cash flows used in investing activities:		
Purchases of property and equipment	(222,849)	(442,693)
Investments related to the Mohegan INSPIRE project	65,710	—
Other, net	255	1,205
Net cash flows used in investing activities	<u>(156,884)</u>	<u>(441,488)</u>
Cash flows provided by (used in) financing activities:		
Proceeds from revolving credit facilities	471,780	606,725
Repayments on revolving credit facilities	(507,600)	(592,471)
Proceeds from issuance of long-term debt	19,144	321,416
Repayments of long-term debt	(77,292)	(22,151)
Payments on finance lease obligations	(5,805)	(3,221)
Distributions to affiliates	(45,503)	(46,120)
Payments of financing fees	(456)	(2,285)
Other, net	(1,419)	(1,418)
Net cash flows provided by (used in) financing activities	<u>(147,151)</u>	<u>260,475</u>
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	(193,687)	1,072
Effect of exchange rate on cash, cash equivalents, restricted cash and restricted cash equivalents	(213)	30,364

	Nine Months Ended	
	June 30, 2024	June 30, 2023
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	\$ 251,408	\$ 551,950
Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents to the condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 180,858	\$ 188,163
Restricted cash and cash equivalents, current	10,623	5,899
Cash and cash equivalents included in assets held for sale	4,808	—
Restricted cash and cash equivalents, non-current	55,119	357,888
Cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 251,408	\$ 551,950
Supplemental disclosures:		
Cash paid for interest	\$ 174,064	\$ 150,456
Cash paid for taxes	\$ 9,040	\$ —
Non-cash transactions:		
Right-of-use assets and obligations	\$ 1,663	\$ —
Finance lease assets and obligations	\$ 13,527	\$ —
Paid-in-kind interest capitalized	\$ 10,067	\$ 14,415
Paid-in-kind interest converted to debt	\$ 42,953	\$ 42,936
Increase in construction payables	\$ —	\$ 110,261

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. The assets and liabilities held for sale are remeasured at fair value less costs to sell at each reporting date.

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

	June 30, 2024
Cash	\$ 4,808
Other current assets	1,729
Property and equipment, net	5,315
Right-of-use assets	10,370
Valuation allowance	(3,645)
Assets held for sale	\$ 18,577
Operating lease obligations	\$ 26,585
Accrued payroll	993
Other current liabilities	1,994
Other long-term liabilities	4
Liabilities held for sale	\$ 29,576

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 9.5%, 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, March 31, 2024	\$ 97,430
Unrealized loss	14,310
Balance, June 30, 2024	\$ 111,740
Balance, September 30, 2023	\$ 48,790
Unrealized loss	62,950
Balance, June 30, 2024	\$ 111,740

Income Taxes

In December 2022, the government of South Korea passed tax legislation adopting the Pillar Two framework of the Organization for Economic Cooperation 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>	June 30, 2024			September 30, 2023
	Final Maturity	Face Value	Book Value	Book Value
Senior Secured Credit Facility	2025	\$ 42,000	\$ 42,000	\$ 78,000
Line of Credit	2025	180	180	—
2021 8% Senior Secured Notes	2026	1,175,000	1,167,921	1,164,900
2022 13.25% Senior Unsecured Notes	2027	502,457	480,098	476,584
2016 7.875% Senior Unsecured Notes	2024	22,658	22,639	22,590
Niagara Term Loan Facility	2028	—	—	57,910
Niagara Capital Facility	2028	68,463	68,118	72,130
Korea Credit Facility	2025	722,808	696,513	680,228
Korea Term Loan	2027	423,551	330,238	272,923
Korea Convertible Bonds	2032	121,164	76,768	75,929
Guaranteed Credit Facility	2025	20,562	20,384	22,239
Redemption Note Payable	2024	—	—	15,267
Other	Varies	436	436	482
Long-term debt		3,099,279	2,905,295	2,939,182
Current portion of long-term debt		(30,055)	(30,055)	(26,232)
Long-term debt, net of current portion		<u>\$ 3,069,224</u>	<u>\$ 2,875,240</u>	<u>\$ 2,912,950</u>
Fair value		\$ 3,004,869		
Unamortized discounts and debt issuance costs			\$ 193,984	\$ 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 June 30, 2024

<i>(in thousands)</i>	Domestic	International (1)	Digital (2)	Other	Total
Gaming	\$ 211,186	\$ 82,742	\$ 41,869	\$ —	\$ 335,797
Food and beverage	31,659	18,208	(6)	(32)	49,829
Hotel	26,457	12,979	—	(1)	39,435
Retail, entertainment and other	41,445	21,500	(2)	16,163	79,106
Net revenues	<u>\$ 310,747</u>	<u>\$ 135,429</u>	<u>\$ 41,861</u>	<u>\$ 16,130</u>	<u>\$ 504,167</u>

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

(2) Gaming revenues include \$6.0 million in iGaming tax reimbursement amounts from our iGaming partners.

Three Months Ended June 30, 2023

<i>(in thousands)</i>	Domestic	International	Digital	Other	Total
Gaming	\$ 210,770	\$ 54,025	\$ 16,676	\$ 461	\$ 281,932
Food and beverage	30,558	9,593	(14)	(39)	40,098
Hotel	26,306	4,080	—	(1)	30,385
Retail, entertainment and other	35,095	13,388	(1)	14,497	62,979
Net revenues	<u>\$ 302,729</u>	<u>\$ 81,086</u>	<u>\$ 16,661</u>	<u>\$ 14,918</u>	<u>\$ 415,394</u>

Nine Months Ended June 30, 2024

<i>(in thousands)</i>	Domestic	International (1)	Digital (2)	Other	Total
Gaming	\$ 624,666	\$ 185,324	\$ 116,890	\$ —	\$ 926,880
Food and beverage	94,125	48,464	(32)	(97)	142,460
Hotel	76,806	32,301	(8)	(3)	109,096
Retail, entertainment and other	110,475	56,679	(24)	45,567	212,697
Net revenues	<u>\$ 906,072</u>	<u>\$ 322,768</u>	<u>\$ 116,826</u>	<u>\$ 45,467</u>	<u>\$ 1,391,133</u>

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

(2) Gaming revenues include \$24.7 million in iGaming tax reimbursement amounts from our iGaming partners.

Nine Months Ended June 30, 2023

<i>(in thousands)</i>	Domestic	International	Digital	Other	Total
Gaming	\$ 646,104	\$ 152,467	\$ 49,708	\$ —	\$ 848,279
Food and beverage	90,058	26,101	(52)	(104)	116,003
Hotel	75,826	11,935	—	(6)	87,755
Retail, entertainment and other	95,714	35,353	879	43,879	175,825
Net revenues	<u>\$ 907,702</u>	<u>\$ 225,856</u>	<u>\$ 50,535</u>	<u>\$ 43,769</u>	<u>\$ 1,227,862</u>

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

Lease Revenue

<i>(in thousands)</i>	Three Months Ended			
	June 30, 2024		June 30, 2023	
	Hotel	Retail, Entertainment and Other	Hotel	Retail, Entertainment and Other
Fixed rent	\$ 25,854	\$ 4,251	\$ 17,104	\$ 1,815
Variable rent	363	4,906	—	3,585
Total	\$ 26,217	\$ 9,157	\$ 17,104	\$ 5,400

<i>(in thousands)</i>	Nine Months Ended			
	June 30, 2024		June 30, 2023	
	Hotel	Retail, Entertainment and Other	Hotel	Retail, Entertainment and Other
Fixed rent	\$ 70,480	\$ 11,146	\$ 49,308	\$ 5,661
Variable rent	596	12,717	—	9,163
Total	\$ 71,076	\$ 23,863	\$ 49,308	\$ 14,824

Contract and Contract-related Assets

Accounts Receivable

<i>(in thousands)</i>	June 30, 2024	September 30, 2023
Gaming	\$ 68,259	\$ 48,124
Food and beverage	1	70
Hotel	9,137	5,399
Retail, entertainment and other	60,065	34,359
Accounts receivable	137,462	87,952
Allowance for doubtful accounts	(26,828)	(23,949)
Accounts receivable, net	\$ 110,634	\$ 64,003

As of June 30, 2024 and September 30, 2023, the aggregate of current and non-current contract assets related to the Niagara Resorts Casino Operating and Services Agreement with the Ontario Lottery and Gaming Corporation totaled \$29.4 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 settled within one year and are recorded within other current liabilities:

<i>(in thousands)</i>	June 30, 2024	September 30, 2023
Outstanding gaming chips and slot tickets liability	\$ 9,207	\$ 9,496
Loyalty points deferred revenue liability	43,033	41,751
Customer advances and other liability	55,303	36,052
Total	\$ 107,543	\$ 87,299

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

<i>(in thousands)</i>	June 30, 2024	September 30, 2023
Customer advances and other liability	\$ 1,271	\$ 12,046

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

Note 4 — Commitments and Contingencies

We are subject to 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 record a provision with respect to a claim or legal action when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In management's opinion, the aggregate liability, if any, arising from such claims or 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 June 30, 2024 through the issuance of the accompanying unaudited condensed consolidated financial statements on August 8, 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 nine months ended June 30, 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 June 30,		Variance		Nine Months Ended June 30,		Variance	
	2024	2023	\$	%	2024	2023	\$	%
Net revenues:								
Gaming	\$ 335,797	\$ 281,932	\$ 53,865	19.1 %	\$ 926,880	\$ 848,279	\$ 78,601	9.3 %
Food and beverage	49,829	40,098	9,731	24.3 %	142,460	116,003	26,457	22.8 %
Hotel	39,435	30,385	9,050	29.8 %	109,096	87,755	21,341	24.3 %
Retail, entertainment and other	79,106	62,979	16,127	25.6 %	212,697	175,825	36,872	21.0 %
Net revenues	<u>\$ 504,167</u>	<u>\$ 415,394</u>	88,773	21.4 %	<u>\$ 1,391,133</u>	<u>\$ 1,227,862</u>	163,271	13.3 %
Operating costs and expenses:								
Gaming	\$ 182,571	\$ 140,519	\$ 42,052	29.9 %	\$ 511,222	\$ 426,845	\$ 84,377	19.8 %
Food and beverage	45,063	32,007	13,056	40.8 %	128,412	96,595	31,817	32.9 %
Hotel	15,560	12,504	3,056	24.4 %	47,407	37,703	9,704	25.7 %
Retail, entertainment and other	33,189	23,744	9,445	39.8 %	89,168	67,208	21,960	32.7 %
Advertising, general and administrative	104,003	83,264	20,739	24.9 %	292,891	242,915	49,976	20.6 %
Corporate	15,266	14,622	644	4.4 %	42,440	44,670	(2,230)	(5.0)%
Depreciation and amortization	32,824	25,266	7,558	29.9 %	96,329	75,769	20,560	27.1 %
Impairment of tangible assets	(2,210)	—	(2,210)	—	3,645	—	3,645	N.M.
Other, net	5,470	1,075	4,395	408.8 %	44,008	19,718	24,290	123.2 %
Total operating costs and expenses	<u>\$ 431,736</u>	<u>\$ 333,001</u>	98,735	29.7 %	<u>\$ 1,255,522</u>	<u>\$ 1,011,423</u>	244,099	24.1 %

Disaggregated Operating Results

(in thousands)	Three Months Ended June 30,		Variance		Nine Months Ended June 30,		Variance	
	2024	2023	\$	%	2024	2023	\$	%
Net revenues:								
Domestic	\$ 310,747	\$ 302,729	\$ 8,018	2.6 %	\$ 906,072	\$ 907,702	\$ (1,630)	(0.2)%
International	135,429	81,086	54,343	67.0 %	322,768	225,856	96,912	42.9 %
Mohegan Digital	41,861	16,661	25,200	151.3 %	116,826	50,535	66,291	131.2 %
Management, development and other	22,489	21,463	1,026	4.8 %	60,026	61,829	(1,803)	(2.9)%
Corporate and other	27	10	17	170.0 %	148	312	(164)	(52.6)%
Eliminations	(6,386)	(6,555)	169	2.6 %	(14,707)	(18,372)	3,665	19.9 %
Net revenues	<u>\$ 504,167</u>	<u>\$ 415,394</u>	88,773	21.4 %	<u>\$ 1,391,133</u>	<u>\$ 1,227,862</u>	163,271	13.3 %

Operating costs and expenses:

Domestic	\$ 247,191	\$ 240,845	\$ 6,346	2.6 %	\$ 743,714	\$ 730,798	\$ 12,916	1.8 %
International	149,885	81,403	68,482	84.1 %	400,194	231,111	169,083	73.2 %
Mohegan Digital	18,905	5,188	13,717	264.4 %	57,504	14,139	43,365	306.7 %
Management, development and other	11,313	4,940	6,373	129.0 %	29,882	14,818	15,064	101.7 %
Corporate and other	10,825	11,620	(795)	(6.8)%	38,935	40,002	(1,067)	(2.7)%
Eliminations	(6,383)	(10,995)	4,612	41.9 %	(14,707)	(19,445)	4,738	24.4 %
Total operating costs and expenses	<u>\$ 431,736</u>	<u>\$ 333,001</u>	98,735	29.7 %	<u>\$ 1,255,522</u>	<u>\$ 1,011,423</u>	244,099	24.1 %

Domestic

Revenues

Net revenues increased \$8.0 million, or 2.6%, for the three months ended June 30, 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.

Net revenues decreased \$1.6 million, or 0.2%, for the nine months ended June 30, 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, as well as an increase in sports betting revenues.

Operating Costs and Expenses

Operating costs and expenses increased \$6.3 million, or 2.6%, for the three months ended June 30, 2024 compared with the same period in the prior year. Operating costs and expenses increased \$12.9 million, or 1.8%, for the nine months ended June 30, 2024 compared with the same period in the prior year. The increases reflect increased sports and entertainment expenses commensurate with the increase in entertainment revenues.

International

Revenues

Net revenues increased \$54.3 million, or 67.0%, for the three months ended June 30, 2024 compared with the same period in the prior year. Net revenues increased \$96.9 million, or 42.9%, for the nine months ended June 30, 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 \$68.5 million, or 84.1%, for the three months ended June 30, 2024 compared with the same period in the prior year. Operating costs and expenses increased \$169.1 million, or 73.2%, for the nine months ended June 30, 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 \$25.2 million, or 151.3%, for the three months ended June 30, 2024 compared with the same period in the prior year. Net revenues increased \$66.3 million, or 131.2%, for the nine months ended June 30, 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 \$6.0 million and \$24.7 million in iGaming tax reimbursement amounts from our iGaming partners for the three and nine months ended June 30, 2024, respectively.

Operating Costs and Expenses

Operating costs and expenses increased \$13.7 million, or 264.4%, for the three months ended June 30, 2024 compared with the same period in the prior year. Operating costs and expenses increased \$43.4 million, or 306.7%, for the nine months ended June 30, 2024 compared with the same period in the prior year. These increases were primarily driven by the \$6.0 million and \$24.7 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 \$1.0 million, or 4.8%, for the three months ended June 30, 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 as a result of the opening of Mohegan INSPIRE.

Net revenues decreased \$1.8 million, or 2.9%, for the nine months ended June 30, 2024 compared with the same period in the prior year. This decrease reflects a decline in management and development fees related to the opening of Mohegan INSPIRE, partially offset by an increase in inter-company entertainment revenue.

Operating Costs and Expenses

Operating costs and expenses increased \$6.4 million, or 129.0%, for the three months ended June 30, 2024 compared with the same period in the prior year. Operating costs and expenses increased \$15.1 million, or 101.7%, for the nine months ended June 30, 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 \$0.8 million, or 6.8%, for the three months ended June 30, 2024 compared with the same period in the prior year primarily due to corporate labor savings. Operating costs and expenses decreased \$1.1 million, or 2.7%, for the nine months ended June 30, 2024 compared with the same period in the prior year.

Other Income (Expense)

(in thousands)	Three Months Ended June 30,		Variance		Nine Months Ended June 30,		Variance	
	2024	2023	\$	%	2024	2023	\$	%
Interest income	\$ 318	\$ 583	\$ (265)	(45.5)%	\$ 1,382	\$ 1,549	\$ (167)	(10.8)%
Interest expense, net	(86,187)	(59,277)	(26,910)	(45.4)%	(240,715)	(175,724)	(64,991)	(37.0)%
Loss on modification and early extinguishment of debt	—	(54)	54	N.M.	(123)	(3,417)	3,294	96.4 %
Gain (loss) on fair value adjustment	(14,310)	29,250	(43,560)	N.M.	(62,950)	7,000	(69,950)	N.M.
Other, net	(261)	(49)	(212)	(432.7)%	(734)	(740)	6	0.8 %
Income tax benefit (provision)	(1,775)	(2,225)	450	20.2 %	(3,681)	(3,321)	(360)	(10.8)%

Interest Expense

Interest expense increased \$26.9 million, or 45.4%, for the three months ended June 30, 2024 compared with the same period in the prior year. Interest expense increased \$65.0 million, or 37.0%, for the nine months ended June 30, 2024 compared with the same period in the prior year. The increases in interest expense were due to a 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 June 30, 2024. Capitalized interest related to Mohegan INSPIRE totaled \$19.0 million for the three months ended June 30, 2023, and totaled \$21.6 million and \$44.9 million for the nine months ended June 30, 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 loss of \$14.3 million for the three months ended June 30, 2024 compared with a gain of \$29.3 million in 2023. We recognized a loss of \$63.0 million for the nine months ended June 30, 2024 compared with a gain of \$7.0 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 9.5%. 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 nine months ended June 30, 2024 are not necessarily indicative of operating results for other interim periods or an entire fiscal year.

Liquidity and Capital Resources

Liquidity

As of June 30, 2024 and September 30, 2023, we held cash and cash equivalents of \$180.9 million and \$217.3 million, respectively, of which the Niagara Resorts held \$29.5 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 \$170.0 million of borrowing capacity under our senior secured credit facility as of June 30, 2024. In addition, inclusive of letters of credit which reduce borrowing availability, the Niagara Resorts had \$36.5 million of borrowing capacity under the Niagara revolving facility as of June 30, 2024.

Cash provided by operating activities decreased \$71.7 million, or 39.4%, to \$110.3 million for the nine months ended June 30, 2024 compared with \$182.1 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 \$284.6 million, or 64.5%, to \$156.9 million for the nine months ended June 30, 2024 compared with \$441.5 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 \$147.2 million for the nine months ended June 30, 2024 compared with cash provided by financing activities of \$260.5 million in the same period in the prior year. The decrease in cash provided by financing activities was primarily driven by lower proceeds from issuance of long-term debt 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.