

Mohegan Tribal Gaming Authority

Financial Statements and
Management's Discussion and Analysis

For the Interim Period ended March 31, 2025

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, 2025, 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, 2025 and 2024, 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, 2024

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, 2024, 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, which included a section relating to the Company’s ability to continue as a going concern, on those audited consolidated financial statements in our report dated December 31, 2024. In our opinion, the accompanying condensed consolidated balance sheet of the Company as of September 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

May 15, 2025

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

Item 1. Financial Statements

	March 31, 2025	September 30, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 128,442	\$ 145,702
Restricted cash and cash equivalents	9,264	9,048
Accounts receivable, net	67,994	66,567
Inventories	20,574	20,100
Due from Ontario Lottery and Gaming Corporation	11,509	12,213
Contract asset	1,154	5,057
Assets held for sale	—	3,652
Other current assets	41,278	40,910
Current assets of discontinued operations	—	136,192
Total current assets	280,215	439,441
Restricted cash and cash equivalents	17	17
Property and equipment, net	1,074,306	1,102,831
Right-of-use assets	256,863	273,153
Intangible assets, net	309,704	310,343
Contract asset, net of current portion	940	1,187
Other assets, net	66,052	61,335
Non-current assets of discontinued operations	—	1,257,862
Total assets	\$ 1,988,097	\$ 3,446,169
LIABILITIES AND CAPITAL		
Current liabilities:		
Current portion of long-term debt	\$ 22,905	\$ 29,791
Current portion of finance lease obligations	3,909	4,069
Current portion of operating lease obligations	6,516	6,504
Trade payables	24,743	18,629
Accrued payroll	53,970	59,166
Construction payables	4,982	6,392
Accrued interest payable	36,450	37,314
Due to Ontario Lottery and Gaming Corporation	5,884	6,312
Liabilities held for sale	—	7,652
Other current liabilities	316,112	177,656
Current liabilities of discontinued operations	—	524,218
Total current liabilities	475,471	877,703
Long-term debt, net of current portion	1,719,058	1,756,277
Finance lease obligations, net of current portion	22,198	25,009
Operating lease obligations, net of current portion	301,117	318,930
Warrants and put option liabilities	—	125,680
Other long-term liabilities	22,416	13,579
Non-current liabilities of discontinued operations	—	870,968
Total liabilities	2,540,260	3,988,146
Commitments and Contingencies		
Capital:		
Retained deficit	(555,483)	(488,432)
Accumulated other comprehensive loss	(1,745)	(56,842)
Total capital attributable to Mohegan Tribal Gaming Authority	(557,228)	(545,274)
Non-controlling interests	5,065	3,297
Total capital	(552,163)	(541,977)
Total liabilities and capital	\$ 1,988,097	\$ 3,446,169

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, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Revenues:				
Gaming	\$ 295,951	\$ 293,238	\$ 600,446	\$ 578,921
Food and beverage	44,671	40,668	90,214	82,182
Hotel	30,129	28,738	60,951	58,329
Retail, entertainment and other	48,089	63,197	102,617	126,532
Net revenues	418,840	425,841	854,228	845,964
Operating costs and expenses:				
Gaming, including related party transactions of \$901, \$903, \$1,803 and \$1,807, respectively	157,334	154,180	318,994	312,932
Food and beverage	36,463	33,227	73,573	67,063
Hotel, including related party transactions of \$2,161, \$2,161, \$4,322 and \$4,322, respectively	11,427	10,905	23,286	22,134
Retail, entertainment and other	26,454	21,441	55,090	46,172
Advertising, general and administrative, including related party transactions of \$11,994, \$12,237, \$23,099 and \$22,774, respectively	85,284	80,530	167,777	164,399
Corporate, including related party transactions of \$2,495, \$831, \$5,058 and \$3,199, respectively	16,121	12,719	34,821	27,084
Depreciation and amortization	24,071	25,567	48,200	51,057
Impairment of tangible assets	33	5,855	332	5,855
Other, net	1,924	2,341	1,958	11,270
Total operating costs and expenses	359,111	346,765	724,031	707,966
Income from continuing operations	59,729	79,076	130,197	137,998
Other expense:				
Interest income	265	320	583	970
Interest expense, net	(46,493)	(50,950)	(93,042)	(102,750)
Loss on modification and early extinguishment of debt	—	(8)	—	(124)
Gain (loss) on fair value adjustment	—	13,940	17,580	(48,640)
Other, net	35	191	(308)	(287)
Total other expense	(46,193)	(36,507)	(75,187)	(150,831)
Income (loss) before income tax	13,536	42,569	55,010	(12,833)
Income tax benefit (provision)	728	(1,784)	(1,355)	(1,906)
Net income (loss) from continuing operations	14,264	40,785	53,655	(14,739)
Income (loss) from discontinued operations, net of income tax	32,219	(85,244)	(90,941)	(126,687)
Income (loss) attributable to non-controlling interests	403	(1,620)	(1,768)	(1,672)
Net income (loss) attributable to Mohegan Tribal Gaming Authority	46,886	(46,079)	(39,054)	(143,098)
Comprehensive income (loss):				
Foreign currency translation adjustment	3,900	(15,590)	(24,043)	3,631
Reclassification adjustment for realized net losses from cumulative translation adjustments	79,201	—	79,201	—
Other	(132)	110	(61)	110
Other comprehensive income (loss)	82,969	(15,480)	55,097	3,741
Other comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	82,969	(15,480)	55,097	3,741
Comprehensive income (loss) attributable to Mohegan Tribal Gaming Authority	\$ 129,855	\$ (61,559)	\$ 16,043	\$ (139,357)

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, 2024	\$ (588,370)	\$ (84,714)	\$ (673,084)	\$ 5,468	\$ (667,616)
Net income (loss)	46,886	—	46,886	(403)	46,483
Foreign currency translation adjustment	—	3,900	3,900	—	3,900
Accumulated foreign currency translation adjustment of discontinued operations	—	79,201	79,201	—	79,201
Distributions to Mohegan Tribe	(13,999)	—	(13,999)	—	(13,999)
Other	—	(132)	(132)	—	(132)
Balance, March 31, 2025	<u>\$ (555,483)</u>	<u>\$ (1,745)</u>	<u>\$ (557,228)</u>	<u>\$ 5,065</u>	<u>\$ (552,163)</u>
Balance, September 30, 2024	\$ (488,432)	\$ (56,842)	\$ (545,274)	\$ 3,297	\$ (541,977)
Net income (loss)	(39,054)	—	(39,054)	1,768	(37,286)
Foreign currency translation adjustment	—	(24,043)	(24,043)	—	(24,043)
Accumulated foreign currency translation adjustment of discontinued operations	—	79,201	79,201	—	79,201
Distributions to Mohegan Tribe	(27,997)	—	(27,997)	—	(27,997)
Other	—	(61)	(61)	—	(61)
Balance, March 31, 2025	<u>\$ (555,483)</u>	<u>\$ (1,745)</u>	<u>\$ (557,228)</u>	<u>\$ 5,065</u>	<u>\$ (552,163)</u>
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>

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, 2025	March 31, 2024
Cash flows provided by (used in) operating activities:		
Net loss	\$ (37,286)	\$ (141,426)
Adjustments to reconcile net loss to net cash flows provided by operating activities:		
Gain on disposal of discontinued operations	(77,558)	—
Depreciation and amortization	62,441	63,505
Non-cash operating lease expense	3,140	4,234
Non-cash accretion expense	457	611
Amortization of discounts and debt issuance costs	100,918	17,515
Paid-in-kind interest	18,983	24,755
(Gain) loss on fair value adjustment	(17,580)	48,640
Provision for losses on receivables	2,262	2,912
Deferred income taxes	(3,272)	(4,057)
Impairment charges	332	5,855
Other, net	3,850	1,331
Changes in operating assets and liabilities:		
Accounts receivable, net	(12,217)	(21,504)
Inventories	(801)	(4,228)
Due from Ontario Lottery and Gaming Corporation	113	6,952
Contract asset	3,841	14,655
Assets held for sale	4,251	—
Other assets	(346)	(1,891)
Trade payables	13,300	10,518
Accrued interest payable	14,769	435
Due to Ontario Lottery and Gaming Corporation	(126)	4,480
Operating lease obligations	(2,170)	(2,541)
Liabilities held for sale	(7,652)	—
Other liabilities	(9,241)	12,858
Net cash flows provided by operating activities	60,408	43,609
Cash flows provided by (used in) investing activities:		
Purchases of property and equipment	(29,826)	(201,708)
Investments related to the Mohegan INSPIRE project	—	65,710
Disposal of subsidiaries	(84,352)	—
Other, net	(720)	199
Net cash flows used in investing activities	(114,898)	(135,799)
Cash flows provided by (used in) financing activities:		
Proceeds from revolving credit facilities	338,420	348,000
Repayments on revolving credit facilities	(350,420)	(330,000)
Proceeds from issuance of long-term debt	7,455	19,144
Repayments of long-term debt	(33,124)	(67,178)
Payments on finance lease obligations	(3,136)	(3,075)
Distributions to affiliates	(27,997)	(28,000)
Payments of financing fees	(103)	(417)
Other, net	(1,418)	(1,419)
Net cash flows used in financing activities	(70,323)	(62,945)

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

	Six Months Ended	
	March 31, 2025	March 31, 2024
Net decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	(124,813)	(155,135)
Effect of exchange rate on cash, cash equivalents, restricted cash and restricted cash equivalents	(4,732)	3,430
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	267,268	445,308
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	<u>\$ 137,723</u>	<u>\$ 293,603</u>
Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents to the condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 128,442	\$ 160,280
Restricted cash and cash equivalents, current	9,264	8,831
Cash and cash equivalents included in assets held for sale	—	7,981
Cash, restricted cash, and cash equivalents included in discontinued operations	—	116,494
Restricted cash and cash equivalents, non-current	17	17
Cash, cash equivalents, restricted cash and restricted cash equivalents	<u>\$ 137,723</u>	<u>\$ 293,603</u>
Supplemental disclosures:		
Cash paid for interest	\$ 99,809	\$ 121,798
Cash paid for taxes	\$ 6,589	\$ 5,908
Non-cash transactions:		
Right-of-use assets and obligations	\$ 357	\$ 1,193
Finance lease assets and obligations	\$ —	\$ 9,559
Paid-in-kind interest capitalized	\$ —	\$ 11,151
Paid-in-kind interest converted to debt	\$ 18,983	\$ 35,385
Non-cash tenant deposits	\$ 12,020	\$ —

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 manage two facilities in Canada. We also conduct iGaming in the United States and Canada.

See Note 2 for more details.

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, 2024. 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.

Discontinued Operations

In November 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 in February 2024. Mohegan INSPIRE is owned and operated by Inspire Integrated Resort Co., Ltd. (“Inspire”). Effective February 13, 2025, as a result of the Korea Transition (see Note 2), the Company is no longer an equity holder of Inspire or its direct or indirect owners. Accordingly, we have classified Inspire and its parent company, MGE Korea Limited, as discontinued operations as of March 31, 2025.

In accordance with US GAAP, the assets and liabilities of discontinued operations are presented separately in the Condensed Consolidated Balance Sheets, and results of discontinued operations are reported as a separate component in the Condensed Consolidated Statements of Operations for all periods presented, resulting in changes to the presentation of certain prior period amounts. Cash flows from discontinued operations are not reported separately in the Condensed Consolidated Statements of Cash Flows. All notes to these condensed consolidated financial statements present the results of continuing operations and exclude amounts related to discontinued operations for all periods presented.

See Note 2 for additional information on discontinued operations.

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

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.

Note 2 — Discontinued Operations

Inspire Financing

The construction of Mohegan INSPIRE was financed mainly through two debt financing transactions consummated in the fall of 2021, as further described below. These financings were conducted through a series of our subsidiaries formed for this purpose, including Inspire, a joint stock company organized and existing under the laws of the Republic of Korea, which directly owns Mohegan INSPIRE. Inspire is a direct, wholly-owned subsidiary of MGE Korea Limited, an English private company.

In September 2021, Inspire entered into a loan agreement providing for a loan commitment of up to 1.04 trillion Korean won (the “Korea Senior Credit Facility”) with certain Korean banking and other institutions as lenders, and Kookmin Bank Co., Ltd., as Facility Agent (the “Facility Agent”).

In November 2021, MGE Korea Limited entered into a \$275.0 million secured term loan facility agreement (the “Korea Term Loan”) with certain lenders, including affiliates of Bain Capital, and Serica Agency Limited, as Agent (the “Mezz Agent”).

Seizure of Inspire

On February 13, 2025, the Company received notice that affiliates of Bain Capital, the principal lenders to MGE Korea Limited, had caused the Mezz Agent to accelerate the Korea Term Loan and take effective ownership and control of Inspire (the “Korea Transition”) by appropriating the shares of MGE Korea Limited pursuant to an enforcement of the pledge over the shares of MGE Korea Limited. Neither the Company, nor any of its subsidiaries, is presently an equity holder of Inspire or its direct or indirect owners, and the Company no longer benefits financially from the performance of Mohegan INSPIRE.

Prior to the Korea Transition, we were neither actively marketing Mohegan INSPIRE for sale nor had intentions to abandon Mohegan INSPIRE and, as a result, did not present the related entities as held for sale or discontinued operations in prior financial statements. Effective February 13, 2025, the Company deconsolidated the affected subsidiaries, resulting in a net gain on disposal totaling \$77.6 million, and reclassified the related assets, liabilities, and results of operations to discontinued operations for all periods presented. The deconsolidation of the affected subsidiaries also required the Company to recognize \$137.0 million as a liability for the estimated value of certain subsidiary guarantees (described below) associated with Mohegan INSPIRE, which is included in the net gain on disposal of discontinued operations. As of March 31, 2025, the Company was not able to estimate the fair value of the offsetting consideration associated with these guarantees, so no expected consideration was recognized as part of the deconsolidation.

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

The major classes of assets and liabilities of the discontinued operations are as follows:

	March 31, 2025	September 30, 2024
Cash and cash equivalents	\$ —	\$ 105,894
Accounts receivable, net	—	17,899
Other current assets	—	12,399
Current assets of discontinued operations	—	136,192
Property and equipment, net	—	1,231,696
Right-of-use assets	—	24,226
Other assets, net	—	1,940
Non-current assets of discontinued operations	—	1,257,862
Assets of discontinued operations	\$ —	\$ 1,394,054
Current portion of long-term debt	\$ —	\$ 351,898
Trade payables	—	21,453
Accrued payroll	—	12,109
Accrued interest payable	—	8,246
Other current liabilities	—	130,512
Current liabilities of discontinued operations	—	524,218
Long-term debt	—	820,250
Finance lease obligations	—	6,296
Operating lease obligations	—	37,372
Other long-term liabilities	—	7,050
Non-current liabilities of discontinued operations	—	870,968
Liabilities of discontinued operations	\$ —	\$ 1,395,186

The major classes of line items constituting income (loss) before taxes of the discontinued operations are as follows:

	Three Months Ended		Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Net revenues	\$ 33,336	\$ 35,890	\$ 96,857	\$ 41,002
Operating cost and expenses:				
Gaming	10,822	15,383	34,455	15,719
Food and beverage	6,442	13,237	18,793	16,286
Hotel	3,157	9,247	8,968	9,713
Retail, entertainment and other	1,215	9,510	4,917	9,807
Advertising, general and administrative	10,613	12,628	32,826	24,491
Depreciation	4,551	9,637	14,241	12,448
Interest expense, net	41,746	37,263	144,936	51,683
Other	129	14,229	6,220	27,542
Loss from discontinued operations related to major classes	(45,339)	(85,244)	(168,499)	(126,687)
Gain on the disposal of discontinued operations	77,558	—	77,558	—
Income (loss) from discontinued operations before income tax	32,219	(85,244)	(90,941)	(126,687)
Income tax provision	—	—	—	—
Income (loss) from discontinued operations, net of income tax	\$ 32,219	\$ (85,244)	\$ (90,941)	\$ (126,687)

The net cash flows used in discontinued operations are as follows:

	Six Months Ended	
	March 31, 2025	March 31, 2024
Operating activities	\$ (22,050)	\$ (32,613)
Investing activities	(86,872)	\$ (113,601)

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

Inspire Contingent Liabilities

Discussions with Bain Capital are ongoing with respect to resolution of the Company's and its subsidiaries' ongoing connections to Mohegan INSPIRE, Inspire, MGE Korea Limited, and their creditors, including with respect to the full transition over time of the duties of the Company's subsidiaries under a management agreement with respect to Mohegan INSPIRE entered into in 2021. Until such transition is completed, certain of the Company's subsidiaries may continue to provide certain services to Inspire.

In addition, the Company is subject to certain contingent liabilities in connection with Inspire, as follows:

The Authority Credit Enhancement Support Agreement

When Inspire entered into the Korea Senior Credit Facility, the Company entered into a Credit Enhancement Support Agreement (the "Authority Support Agreement") to provide up to \$100.0 million of credit support for the payment by Inspire of principal, interest, and other sums due under the Korea Senior Credit Facility. Such credit support payments can be requested by the Facility Agent upon the failure of Inspire to make required payments under the Korea Senior Credit Facility. As of the date hereof, to the Company's knowledge, Inspire is current on all payment obligations. However, the Korea Senior Credit Facility matures November 29, 2025 and will need to be amended and extended or refinanced, as Inspire lacks the liquid resources to repay the Korea Senior Credit Facility in full.

As of the date of the Korea Transition, discussions regarding amendment and extension had begun and, to the Company's knowledge, such discussions remain underway as of the issuance date of this report. However, the Company has no ability to facilitate the process of obtaining the necessary refinancing or extension of the Korea Senior Credit Facility prior to its maturity nor do we have visibility into the operations of Inspire to anticipate whether such efforts would be successful.

The Authority Backstop Agreement

Also in connection with the Korea Senior Credit Facility, Hanwha Engineering & Construction and Hanwha Hotels & Resorts (collectively, "Hanwha") entered into a Cash Deficiency Support Agreement (the "Hanwha Support Agreement") whereby Hanwha agreed to pay interest on the Tranche B Facility of the Korea Senior Credit Facility to the extent Inspire fails to do so and if the Company fails to do so under the Authority Support Agreement referred to above. The Tranche B Facility is in a principal amount of 291 billion Korean won. Interest on the Tranche B Facility presently accrues at 7.0% per annum (fixed). Payments by Hanwha would take the form of subordinated loans by Hanwha to Inspire.

Pursuant to a backstop agreement (the "Authority Backstop Agreement"), dated September 27, 2021, the Company agreed to reimburse Hanwha's obligations under the Hanwha Support Agreement to the extent they exceed 3.75 billion Korean won per quarter. Accordingly, the Company could be liable for up to roughly 4 billion Korean won (as of March 31, 2025, equivalent to approximately \$3.0 million) in interest payments on the Korea Senior Credit Facility through its maturity date, in the event that Hanwha is required to make such payments. Hanwha would only be required to make such payments if the Company's payments under the Authority Support Agreement do not satisfy such obligations following Inspire's failure to satisfy them. The Company is required under the Authority Backstop Agreement to maintain a letter of credit with Hanwha with a face amount equal to one year's exposure under the Authority Backstop Agreement, which is 5.65 billion Korean won (equivalent to approximately \$3.8 million), as of March 31, 2025.

The Authority Indemnity Agreement

In connection with the Korea Term Loan, the Company entered into an indemnity agreement (the "Authority Indemnity Agreement") with the Mezz Agent and certain lenders under the Korea Term Loan, pursuant to which:

- The Authority agreed to indemnify the lenders for any losses arising from certain customary "bad boy" acts, including fraud, misappropriation and certain bankruptcy-related matters concerning Inspire and MGE Korea Limited. No claim in respect of such indemnity has been asserted as of the date hereof, and the Company has no reason to expect any such claim.
- The Authority committed to make additional equity investments in MGE Korea Limited or its parent entities of up to 50 billion Korean won (equivalent to approximately \$34.0 million, as of March 31, 2025), to be further invested as equity in Inspire, if such contribution is necessary for Inspire to maintain a specified minimum cash balance. No call or other claim in respect of this commitment has been asserted as of the issuance date of this report; however, the Company has no visibility into the operations of Inspire subsequent to the Korea Transition.

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- The Company provided a standby letter of credit in the amount of 24 billion Korean won (equivalent to approximately \$16.3 million, as of March 31, 2025) to secure Inspire's obligations to the Incheon International Airport Corporation with respect to expanded development outside of the current Inspire footprint ("Phase 1B"). As of the date of issuance of this report, the Company believes Inspire is in compliance with all such obligations.
- The Company committed to do the following with respect to the future Phase 1B expansion of Inspire:
 - To submit the base plan for the development of Phase 1B (the "1B Plan") to the Korean Ministry of Culture, Sports & Tourism by February 2025.
 - To ensure that the Phase 1B design, construction, financing and development plans to enable commencement of construction are submitted and approved by the applicable government authorities by February 2029, to the extent that failure to do so could reasonably be expected to result in termination of Inspire's gaming license.
 - To make equity contributions to Inspire in an amount equal to the total costs incurred or committed by Inspire in connection with the construction and development of Phase 1B.
 - The 1B Plan was submitted in February 2025, as required, and the 1B Plan does not contemplate that Inspire would make additional cash funding for Phase 1B. Therefore, the Company believes that we are in compliance with all provisions of the 1B Plan.

No claim in respect of the Authority Indemnity Agreement has been asserted as of the issuance date of this report.

The Authority Letter Agreement

In February 2023, in connection with the Korea Term Loan, the Company entered into a letter agreement (the "Authority Letter Agreement") pursuant to which the Company committed to making additional equity investments directly into Inspire of up to 30 billion Korean won (equivalent to approximately \$20.4 million, as of March 31, 2025) to fund certain pre-opening, construction and related costs relative to Inspire to the extent not covered by funds dedicated to such purposes.

As of the date of the Korea Transition, all such costs had been covered by Inspire's own dedicated funds, and the Company does not believe additional costs are owed relating to Inspire's development. However, the general contractor responsible for the Inspire development construction has claimed amounts in excess of the \$27.4 million due from Inspire (beyond amounts provided for by dedicated funds) for reimbursement of costs related to change orders and for certain other claims. Inspire has taken the position with the contractor that it has substantial defenses and offsetting claims to the claims asserted by the general contractor, including for delays and repairs, and does not believe further payments are due to the contractor that are in excess of funds available for such payment as of the Korea Transition. No claim in respect of the Authority Letter Agreement has been asserted as of the issuance date of this report.

Note 3 — Assets and Liabilities Held for Sale

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 disposition of Mohegan Casino Las Vegas did not meet the criteria to be classified as discontinued operations and, therefore, prior period financial information has not been restated to reclassify the assets, liabilities, and results of operations of Mohegan Casino Las Vegas to discontinued operations.

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In August 2024, we entered into a Casino Purchase Agreement (the “Purchase Agreement”) and an Amendment to Casino Lease (the “Lease Amendment”) with the landlord. Pursuant to the Purchase Agreement, the landlord would acquire Mohegan Casino Las Vegas for one hundred dollars on the Closing Date. Pursuant to the Lease Amendment, remaining lease payments were reduced to \$11.0 million, of which \$7.0 million was paid prior to September 30, 2024. The reduction in future minimum lease payments resulted in an additional \$15.9 million reduction in the lease liability, reduction of the related right of use asset to zero, and a \$5.5 million gain on lease modification. This gain was offset by a \$11.9 million impairment of the net assets held for sale during the year ended September 30, 2024. An incremental impairment totaling \$0.3 million was recorded during the six months ended March 31, 2025. The net impact of the gain and impairment was recorded within impairment of tangible assets. On February 28, 2025 the final lease payment of \$4.0 million, which represented the total remaining net liabilities of Mohegan Casino Las Vegas, was made and the landlord assumed ownership of Mohegan Casino Las Vegas.

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

	March 31, 2025	September 30, 2024
Cash	\$ —	\$ 6,608
Other current assets	—	3,647
Property and equipment, net	—	5,317
Valuation allowance	—	(11,920)
Assets held for sale	\$ —	\$ 3,652
Operating lease obligations	\$ —	\$ 4,000
Accrued payroll	—	547
Other current liabilities	—	3,103
Other long-term liabilities	—	2
Liabilities held for sale	\$ —	\$ 7,652

Note 4 — Long-Term Debt

		March 31, 2025		September 30, 2024
(in thousands)	Final Maturity	Face Value	Book Value	Book Value
Senior Secured Credit Facility ¹	November, 2025	\$ 13,000	\$ 13,000	\$ 25,000
Line of Credit ¹	November, 2025	—	—	—
2021 8% Senior Secured Notes ¹	February, 2026	1,175,000	1,171,141	1,168,979
2022 13.25% Senior Unsecured Notes ¹	December, 2027	502,457	484,024	481,358
2016 7.875% Senior Unsecured Notes	October, 2024	—	—	22,656
Niagara Revolving Facility	August, 2028	—	—	—
Niagara Capital Facility	August, 2028	55,116	54,855	67,880
Guaranteed Credit Facility	October, 2025	18,594	18,524	19,766
Other	Varies	419	419	429
Long-term debt		1,764,586	1,741,963	1,786,068
Current portion of long-term debt		(22,974)	(22,905)	(29,791)
Long-term debt, net of current portion		<u>\$ 1,741,612</u>	<u>\$ 1,719,058</u>	<u>\$ 1,756,277</u>
Unamortized discounts and debt issuance costs		\$ —	22,624	\$ 27,588

¹ Refinanced on April 10, 2025, and therefore classified as long-term debt, net of current portion. See Note 10.

As a result of the Korea Transition (see Note 2), we deconsolidated the Korea Senior Credit Facility (\$761.6 million face value at September 31, 2024), Korea Term Loan (\$441.8 million face value at September 31, 2024), and the Korea Convertible Bonds (\$127.7 million face value at September 31, 2024).

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Note 5 — Korea Warrant Agreement

In connection with the Korea Term Loan, in November 2021, Korea Holding III Limited (“Korea Holding III”), the parent entity of MGE Korea Limited, entered into a warrant agreement (the “Warrant Agreement”) to issue detachable warrants (the “Warrants”). The Warrants could be converted into up to a total of 4,400 shares of capital in Korea Holding III, representing 22.0% of the fully-diluted share capital of Korea Holding III, at an initial exercise price of \$0.01 per share. Shareholders of Korea Holding III have certain preemptive rights in relation to any proposed issuance of equity securities by Korea Holding III or certain affiliates (as defined in the Warrant Agreement), subject to customary exceptions.

Holders of unexercised Warrants have the right to require the parent of Korea Holding III (the “Parent”) to purchase all of the unexercised Warrants that they hold at certain relevant times (the “Put Option”). In turn, the Parent has the right to require the holders of unexercised Warrants to sell all of the unexercised Warrants they hold at certain relevant times (the “Call Option”). The aggregate cash purchase price for both the Put Option and the Call Option equals the higher of: (i) the fair market value of the relevant unexercised Warrants and (ii) \$110.0 million, multiplied by a fraction, the numerator of which is the number of the relevant unexercised Warrants and the denominator of which is the total number of Warrants.

Our warrants and put option were classified as long-term liabilities and were 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. As of December 31, 2024, the primary unobservable inputs utilized were the discount rate, which was 9.0%, and the expected volatility of the underlying stock price, which was 60%. In addition, projected cash flows are utilized in this valuation approach.

As a result of the Korea Transition (see Note 2), Korea Holding III no longer had an investment in MGE Korea Limited, its primary asset prior to the Korea Transition. As a result, the estimated fair value of the warrants was reduced to zero. Also in connection with the Korea Transition, all of the warrants were exercised and, therefore, the estimated fair value of the Put Option was reduced to zero.

Changes in the estimated fair value of the Warrants and Put Option prior to the Korea Transition are recognized in gain (loss) on fair value adjustment within net income (loss) from continuing operations. The reduction in fair value as a result of the Korea Transition has been included in gain on disposal of discontinued operations within income (loss) from discontinued operations, net of income tax.

Warrants and Put Option

(in thousands)

Balance, December 31, 2024	\$ 108,100
Realized gain	(108,100)
Balance, March 31, 2025	<u>\$ —</u>
Balance, September 30, 2024	\$ 125,680
Realized gain	(125,680)
Balance, March 31, 2025	<u>\$ —</u>

Note 6 — Derivative Instruments and Hedging Activities

The Company uses interest rate swap derivatives for hedging purposes to manage its exposure to changes in interest rates and to maintain an appropriate mix of fixed and variable-rate debt. The Company assesses at inception, and on an ongoing basis, whether a derivative instrument meets the criteria for hedge accounting. In order to qualify for hedge accounting, the derivative must be highly effective in offsetting the changes in the fair value or cash flows of the hedged item. The Company formally documents its risk management objective for undertaking the hedging transaction and its designation of the hedge. Under hedge accounting, derivative gains and losses are recorded in other comprehensive income until the hedged item is recognized in earnings. The fair value of the derivative instrument is recorded as an asset or liability on the Company’s Consolidated Balance Sheets. The balance of the derivative liability as of March 31, 2025 and September 30, 2024 totaled \$0.9 million and \$1.0 million, respectively.

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Note 7 — 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 two domestic facilities, two 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.

Revenue Disaggregation

Three Months Ended March 31, 2025					
<i>(in thousands)</i>	Domestic	International	Digital ¹	Other ²	Total
Gaming	\$ 200,370	\$ 39,015	\$ 56,566	\$ —	\$ 295,951
Food and beverage	34,240	10,453	(4)	(18)	44,671
Hotel	26,395	3,736	(1)	(1)	30,129
Retail, entertainment and other	36,989	13,887	(1)	(2,786)	48,089
Net revenues	<u>\$ 297,994</u>	<u>\$ 67,091</u>	<u>\$ 56,560</u>	<u>\$ (2,805)</u>	<u>\$ 418,840</u>

¹ Gaming revenues include \$12.3 million in iGaming tax reimbursement amounts from our iGaming partners.

² Includes intercompany revenue eliminations.

Three Months Ended March 31, 2024					
<i>(in thousands)</i>	Domestic	International	Digital ¹	Other ²	Total
Gaming	\$ 210,805	\$ 43,646	\$ 38,787	\$ —	\$ 293,238
Food and beverage	31,137	9,569	(7)	(31)	40,668
Hotel	24,809	3,932	(2)	(1)	28,738
Retail, entertainment and other	33,683	15,035	—	14,479	63,197
Net revenues	<u>\$ 300,434</u>	<u>\$ 72,182</u>	<u>\$ 38,778</u>	<u>\$ 14,447</u>	<u>\$ 425,841</u>

¹ Gaming revenues include \$8.8 million in iGaming tax reimbursement amounts from our iGaming partners.

² Includes intercompany revenue eliminations.

Six Months Ended March 31, 2025					
<i>(in thousands)</i>	Domestic	International	Digital ¹	Other ²	Total
Gaming	\$ 408,521	\$ 82,267	\$ 109,658	\$ —	\$ 600,446
Food and beverage	68,735	21,561	(12)	(70)	90,214
Hotel	53,270	7,685	(1)	(3)	60,951
Retail, entertainment and other	79,453	27,736	(4)	(4,568)	102,617
Net revenues	<u>\$ 609,979</u>	<u>\$ 139,249</u>	<u>\$ 109,641</u>	<u>\$ (4,641)</u>	<u>\$ 854,228</u>

¹ Gaming revenues include \$23.2 million in iGaming tax reimbursement amounts from our iGaming partners.

² Includes intercompany revenue eliminations.

Six Months Ended March 31, 2024					
<i>(in thousands)</i>	Domestic	International	Digital ¹	Other ²	Total
Gaming	\$ 413,480	\$ 90,420	\$ 75,021	\$ —	\$ 578,921
Food and beverage	62,466	19,808	(26)	(66)	82,182
Hotel	50,349	7,990	(8)	(2)	58,329
Retail, entertainment and other	69,030	28,119	(22)	29,405	126,532
Net revenues	<u>\$ 595,325</u>	<u>\$ 146,337</u>	<u>\$ 74,965</u>	<u>\$ 29,337</u>	<u>\$ 845,964</u>

¹ Gaming revenues include \$18.7 million in iGaming tax reimbursement amounts from our iGaming partners.

² Includes intercompany revenue eliminations.

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Lease Revenue

(in thousands)	Three Months Ended			
	March 31, 2025		March 31, 2024	
	Hotel	Retail, Entertainment and Other	Hotel	Retail, Entertainment and Other
Fixed rent	\$ 21,189	\$ 3,511	\$ 16,140	\$ 3,337
Variable rent	—	2,928	—	3,444
Total	\$ 21,189	\$ 6,439	\$ 16,140	\$ 6,781

(in thousands)	Six Months Ended			
	March 31, 2025		March 31, 2024	
	Hotel	Retail, Entertainment and Other	Hotel	Retail, Entertainment and Other
Fixed rent	\$ 51,033	\$ 7,954	\$ 32,522	\$ 6,818
Variable rent	431	6,945	—	6,568
Total	\$ 51,464	\$ 14,899	\$ 32,522	\$ 13,386

Contract and Contract-related Assets

Accounts Receivable

(in thousands)	March 31, 2025	September 30, 2024
Gaming	\$ 52,801	\$ 55,859
Food and beverage	—	1
Hotel	6,958	4,826
Retail, entertainment and other	33,245	32,831
Accounts receivable	93,004	93,517
Allowance for doubtful accounts	(25,010)	(26,950)
Accounts receivable, net	\$ 67,994	\$ 66,567

As of March 31, 2025 and September 30, 2024, 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 \$2.1 million and \$6.2 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:

(in thousands)	March 31, 2025	September 30, 2024
Outstanding gaming chips and slot tickets liability	\$ 7,315	\$ 8,280
Loyalty points deferred revenue liability	43,231	42,575
Customer advances and other liability	46,757	32,722
Total	\$ 97,303	\$ 83,577

As of March 31, 2025, we had long term customer contract liabilities totaling \$13.8 million primarily comprised of tenant security deposits and prepaid rent. There were no customer contract liabilities as of September 30, 2024.

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Note 8 — Income Taxes

Income Taxes

Effective for tax years beginning on or after January 1, 2024, the countries where we do business, including Canada, Japan, South Korea, and the United Kingdom, adopted a global minimum effective tax rate of 15% based on the Pillar Two framework issued by the Organization for Economic Cooperation and Development (“OECD”). Other countries where we do business are also actively considering adopting the framework or are in various stages of enacting the framework into their country’s laws. The Company is within a transitional safe harbor from the minimum tax until October 1, 2026.

While the Company continues to monitor legislative adoption of the Pillar Two rules by country, as well as additional guidance from the OECD, there is significant uncertainty that exists regarding the interpretation of the detailed Pillar Two rules, whether such rules will be implemented consistently across taxing jurisdictions, how such rules interact with existing national tax laws, and whether such rules are consistent with existing tax treaty obligations.

The OECD continues to release additional guidance, and we anticipate more countries will enact similar tax laws. These tax law changes and any additional contemplated tax law changes could increase tax expense in future periods. The Company will continue to monitor legislative developments and their implications on our financial position, results of operations, and disclosures.

Note 9 — 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. See Note 2 for Korea guarantees.

Note 10 — Subsequent Events

On April 10, 2025, Mohegan Escrow Issuer, LLC (the “Escrow Issuer”), a wholly owned subsidiary of the Company, closed a private offering (the “Offering”) of 8.25% first priority senior secured notes due 2030 (the “2030 Notes”) with an aggregate principal amount of \$750 million and 11.875% second priority senior secured notes due 2031 (the “2031 Notes”, and collectively with the 2030 Notes, the “Notes”) with an aggregate principal amount of \$450 million. The proceeds of the Offering were placed in escrow.

On April 24, 2025 the conditions for the release of the proceeds from escrow were satisfied, and the Company and MS Digital Entertainment Holdings, LLC (the “Co-Issuer”), a wholly owned subsidiary of the Company, executed supplemental indentures as successor issuers of the Notes and assumed the obligations of the Escrow Issuer.

Also on April 24, 2025, the Company entered into a new five-year \$250 million senior secured revolving credit facility.

The proceeds of the Offering and borrowings under the new revolving credit facility, together with cash on hand, will be used to fund the redemption and repayment of the Company’s 2021 8% Senior Secured Notes due in 2026 and all loans outstanding under its existing Senior Secured Credit Facility, and to pay related fees and expenses.

The Company and the Co-Issuer also consummated a private exchange (the “Notes Exchange”) with an investor (the “Investor”) pursuant to which the Company and the Co-Issuer exchanged approximately \$226 million in aggregate principal amount of the Company’s existing 2022 13.25% Senior Unsecured Notes due 2027 (the “2027 Notes”) for \$250 million in aggregate principal amount of 2031 Notes (such 2031 Notes, the “Exchange Notes”), in addition to those sold in the Offering.

Concurrent with the Notes Exchange, the Investor agreed to exchange approximately \$90 million in aggregate principal amount of 2027 Notes for the same principal amount of new 13.25% senior unsecured notes due 2029 of the Company and the Co-Issuer (the “2029 Notes”). The Company also agreed that it will permit the holders of the remaining 2027 Notes to exchange such 2027 Notes for the same principal amount of 2029 Notes.

In addition, the Mohegan Tribe acquired \$100 million in aggregate principal amount of the outstanding 2027 Notes in a separate private transaction. Simultaneously, the Tribe agreed with the Company to exchange such purchased 2027 Notes for an equivalent principal amount of new 13.25% senior unsecured notes due 2032 (the “2032 Notes”).

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We have evaluated events subsequent to March 31, 2025 through the issuance of the accompanying unaudited condensed consolidated financial statements on May 15, 2025, 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, 2025 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	
	2025	2024	\$	%	2025	2024	\$	%
Net revenues:								
Gaming	\$ 295,951	\$ 293,238	\$ 2,713	0.9 %	\$ 600,446	\$ 578,921	\$ 21,525	3.7 %
Food and beverage	44,671	40,668	4,003	9.8 %	90,214	82,182	8,032	9.8 %
Hotel	30,129	28,738	1,391	4.8 %	60,951	58,329	2,622	4.5 %
Retail, entertainment and other	48,089	63,197	(15,108)	(23.9)%	102,617	126,532	(23,915)	(18.9)%
Net revenues from continuing operations	<u>\$ 418,840</u>	<u>\$ 425,841</u>	<u>(7,001)</u>	<u>(1.6)%</u>	<u>\$ 854,228</u>	<u>\$ 845,964</u>	<u>8,264</u>	<u>1.0 %</u>
Operating costs and expenses:								
Gaming	\$ 157,334	\$ 154,180	\$ 3,154	2.0 %	\$ 318,994	\$ 312,932	\$ 6,062	1.9 %
Food and beverage	36,463	33,227	3,236	9.7 %	73,573	67,063	6,510	9.7 %
Hotel	11,427	10,905	522	4.8 %	23,286	22,134	1,152	5.2 %
Retail, entertainment and other	26,454	21,441	5,013	23.4 %	55,090	46,172	8,918	19.3 %
Advertising, general and administrative	85,284	80,530	4,754	5.9 %	167,777	164,399	3,378	2.1 %
Corporate	16,121	12,719	3,402	26.7 %	34,821	27,084	7,737	28.6 %
Depreciation and amortization	24,071	25,567	(1,496)	(5.9)%	48,200	51,057	(2,857)	(5.6)%
Impairment of tangible assets	33	5,855	(5,822)	(99.4)%	332	5,855	(5,523)	(94.3)%
Other, net	1,924	2,341	(417)	(17.8)%	1,958	11,270	(9,312)	(82.6)%
Total operating costs and expenses from continuing operations	<u>\$ 359,111</u>	<u>\$ 346,765</u>	<u>12,346</u>	<u>3.6 %</u>	<u>\$ 724,031</u>	<u>\$ 707,966</u>	<u>16,065</u>	<u>2.3 %</u>

Disaggregated Operating Results

(in thousands)	Three Months Ended March 31,		Variance		Six Months Ended March 31,		Variance	
	2025	2024	\$	%	2025	2024	\$	%
Net revenues:								
Domestic	\$ 297,994	\$ 300,434	\$ (2,440)	(0.8)%	\$ 609,979	\$ 595,325	\$ 14,654	2.5 %
Mohegan Digital	56,560	38,778	17,782	45.9 %	109,641	74,965	34,676	46.3 %
International	67,091	72,182	(5,091)	(7.1)%	139,249	146,337	(7,088)	(4.8)%
Corporate, development, and other	3,789	18,387	(14,598)	(79.4)%	8,838	37,552	(28,714)	(76.5)%
Eliminations	(6,594)	(3,940)	(2,654)	(67.4)%	(13,479)	(8,215)	(5,264)	(64.1)%
Net revenues from continuing operations	<u>\$ 418,840</u>	<u>\$ 425,841</u>	<u>(7,001)</u>	<u>(1.6)%</u>	<u>\$ 854,228</u>	<u>\$ 845,964</u>	<u>8,264</u>	<u>1.0 %</u>
Operating costs and expenses:								
Domestic	\$ 247,310	\$ 248,488	\$ (1,178)	(0.5)%	\$ 504,411	\$ 496,523	\$ 7,888	1.6 %
Mohegan Digital	29,805	18,829	10,976	58.3 %	57,889	38,599	19,290	50.0 %
International	67,230	64,081	3,149	4.9 %	130,133	134,918	(4,785)	(3.5)%
Corporate, development, and other	21,360	19,392	1,968	10.1 %	45,078	46,144	(1,066)	(2.3)%
Eliminations	(6,594)	(4,025)	(2,569)	(63.8)%	(13,480)	(8,218)	(5,262)	(64.0)%
Total operating costs and expenses from continuing operations	<u>\$ 359,111</u>	<u>\$ 346,765</u>	<u>12,346</u>	<u>3.6 %</u>	<u>\$ 724,031</u>	<u>\$ 707,966</u>	<u>16,065</u>	<u>2.3 %</u>

Domestic

Revenues

Net revenues decreased \$2.4 million, or 0.8%, for the three months ended March 31, 2025 compared with the same period in the prior year. The decrease was primarily the result of the sale of the Mohegan Casino Las Vegas in February 2025, combined with higher prior year revenues at Mohegan Pennsylvania from online gaming and accelerated amortization of non-cash license fee revenues, partially offset by growth at Mohegan Sun, particularly food and beverage revenues associated with newly opened restaurants. Excluding the impact of Mohegan Casino Las Vegas, revenues increased \$2.7 million when compared to the prior-year period, highlighting the continued strength in entertainment and related food and beverage revenues.

Net revenues increased \$14.7 million, or 2.5%, for the six months ended March 31, 2025 compared with the same period in the prior year. This increase was primarily due to higher entertainment volumes and related food and beverage sales. Excluding the impact of Mohegan Casino Las Vegas, revenues increased \$20.7 million when compared to the prior-year period, reflecting continued strength in entertainment and related food and beverage sales.

Operating Costs and Expenses

Operating costs and expenses decreased \$1.2 million, or 0.5%, for the three months ended March 31, 2025 compared with the same period in the prior year. The decrease is primarily the result of the sale of Mohegan Casino Las Vegas, partially offset by increased food and beverage, and sports and entertainment costs associated with continued growth in non-gaming revenues, as well as general administrative costs. Excluding the impact of Mohegan Casino Las Vegas, operating costs increased \$10.3 million due to higher entertainment volumes and related food and beverage sales.

Operating costs and expenses increased \$7.9 million, or 1.6%, for the six months ended March 31, 2025 compared with the same period in the prior year. The increases reflect increased sports and entertainment expenses commensurate with the increase in entertainment revenues combined with higher general administrative costs. Excluding the impact of Mohegan Casino Las Vegas, operating costs increased \$22.3 million driven primarily by the increased entertainment volumes and related food and beverage sales.

Mohegan Digital

Revenues

Net revenues increased \$17.8 million, or 45.9%, for the three months ended March 31, 2025 compared with the same period in the prior year. Net revenues increased \$34.7 million, or 46.3%, for the six months ended March 31, 2025 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, as well as the addition of online gaming operations in Pennsylvania.

Operating Costs and Expenses

Operating costs and expenses increased \$11.0 million, or 58.3%, for the three months ended March 31, 2025 compared with the same period in the prior year. Operating costs and expenses increased \$19.3 million, or 50.0%, for the six months ended March 31, 2025 compared with the same period in the prior year. These increases primarily reflect the addition of online gaming in Pennsylvania, as well as increased gaming taxes as a result of revenue growth.

International

Revenues

Net revenues decreased \$5.1 million, or 7.1%, for the three months ended March 31, 2025 compared with the same period in the prior year. Net revenues decreased \$7.1 million, or 4.8%, for the six months ended March 31, 2025 compared with the same period in the prior year. These decreases reflect lower table game revenues on lower gross table hold.

Operating Costs and Expenses

Operating costs and expenses increased \$3.1 million, or 4.9%, for the three months ended March 31, 2025 due to a favorable property tax adjustment related to the OLG Stage in the prior year period. Operating costs and expenses decreased \$4.8 million, or 3.5%, for the six months ended March 31, 2025 compared with the same period in the prior year. This decrease primarily reflects lower variable lease expense due to a favorable property tax adjustment related to the Fallsview Casino.

Corporate, Development and Other

Operating Costs and Expenses

Operating costs and expenses increased \$2.0 million, or 10.1%, for the three months ended March 31, 2025 compared with the same period in the prior year primarily due to higher employee incentive costs. Operating costs and expenses decreased \$1.1 million, or 2.3%, for the six months ended March 31, 2025 compared with the same period in the prior year primarily due to a decline in business transformation costs following the launch of the new ERP.

Other Income (Expense)

<i>(in thousands)</i>	Three Months Ended March 31,		Variance		Six Months Ended March 31,		Variance	
	2025	2024	\$	%	2025	2024	\$	%
Interest income	\$ 265	\$ 320	\$ (55)	(17.2)%	\$ 583	\$ 970	\$ (387)	(39.9)%
Interest expense, net	(46,493)	(50,950)	4,457	8.7 %	(93,042)	(102,750)	9,708	9.4 %
Loss on modification and early extinguishment of debt	—	(8)	8	N.M.	—	(124)	124	100.0 %
Gain (loss) on fair value adjustment	—	13,940	(13,940)	(100.0)%	17,580	(48,640)	66,220	N.M.
Other, net	35	191	(156)	(81.7)%	(308)	(287)	(21)	(7.3)%
Income tax benefit (provision)	728	(1,784)	2,512	N.M.	(1,355)	(1,906)	551	28.9 %

Interest Expense

Interest expense decreased \$4.5 million, or 8.7%, for the three months ended March 31, 2025 compared with the same period in the prior year. Interest expense decreased \$9.7 million, or 9.4%, for the six months ended March 31, 2025 compared with the same period in the prior year. The decreases in interest expense were due to a lower weighted average interest rate and weighted average outstanding debt.

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 prior to the exercise of the warrants in February 2025. No gain or loss was recognized in continuing operations for the three months ended March 31, 2025 compared with a gain of \$13.9 million in 2024. The reduction in fair value of the warrants and put option as a result of the Korea Transition in the second quarter of fiscal 2025 has been included in gain on disposal of discontinued operations within income from discontinued operations, net of income tax. Refer to Note 5 for additional information. We recognized a loss of \$17.6 million for the six months ended March 31, 2025 compared with a loss of \$48.6 million in 2024. The value of the warrants and put option closely correlate with the estimated fair value of Inspire equity owned by the Company. During the first quarter of fiscal 2024, Mohegan INSPIRE opened. Accordingly, the expected future cash flows increased during the first half of fiscal 2024. In addition, the discount rate utilized in the valuation was reduced from 12% to 10%. During the first quarter of fiscal 2025, the Korean Won to United States Dollar exchange rate decreased, lowering the estimated fair value of Mohegan INSPIRE in United States Dollars.

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, 2025 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, 2025 and September 30, 2024, we held cash and cash equivalents of \$128.4 million and \$145.7 million, respectively, of which \$26.4 million and \$42.7 million, respectively, was held at subsidiaries outside of the United States. 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 \$194.7 million of borrowing capacity under our senior secured credit facility as of March 31, 2025. In addition, inclusive of letters of credit which reduce borrowing availability, the Niagara Resorts had \$34.9 million of borrowing capacity under the Niagara revolving facility as of March 31, 2025.

Cash provided by operating activities increased \$16.8 million, or 38.5%, to \$60.4 million for the six months ended March 31, 2025 compared with \$43.6 million in the same period in the prior year. The increase in cash provided by operating activities was primarily driven by higher net income after factoring in non-cash items, partially offset by higher working capital requirements. Refer to “Discussion of Consolidated Operating Results” for additional information.

Cash used in investing activities decreased \$20.9 million, or 15.4%, to \$114.9 million for the six months ended March 31, 2025 compared with \$135.8 million in the same period in the prior year. The decrease in cash used in investing activities was primarily driven by lower purchases of property and equipment due to the disposal of Mohegan INSPIRE in connection with the Korea Transition, partially offset by cash balances held by Inspire at the time of its disposal.

Cash used in financing activities increased \$7.4 million or 11.7%, to \$70.3 million for the six months ended March 31, 2025 compared with \$62.9 million in the same period in the prior year. The increase in cash used in financing activities was primarily driven by higher repayments of revolving credit facilities, partially offset by lower proceeds from issuance of long-term debt when compared to the same period in the prior year.

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.