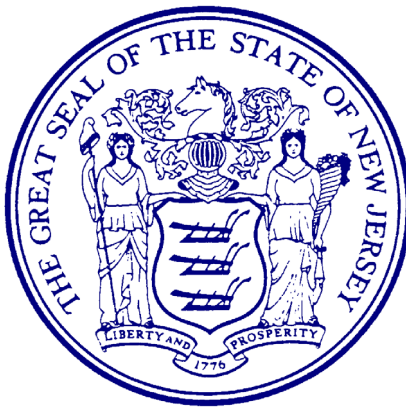


RESORTS DIGITAL GAMING, LLC
QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2021

**SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY**



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

RESORTS DIGITAL GAMING, LLC

BALANCE SHEETS

AS OF DECEMBER 31, 2021 AND 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$89,320	\$69,674
2	Short-Term Investments.....			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2021, \$3,532 ; 2020, \$1,305).....	2, 3	10,228	10,127
4	Inventories			
5	Other Current Assets.....		418	147
6	Total Current Assets.....		99,966	79,948
7	Investments, Advances, and Receivables.....			
8	Property and Equipment - Gross.....		247	140
9	Less: Accumulated Depreciation and Amortization.....		(86)	(36)
10	Property and Equipment - Net.....		161	104
11	Other Assets.....			
12	Total Assets.....		\$100,127	\$80,052
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$2,138	\$2,718
14	Notes Payable.....			
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....			
16	External.....			
17	Income Taxes Payable and Accrued.....			
18	Other Accrued Expenses.....		7,443	6,011
19	Other Current Liabilities.....	4, 6	93,057	71,616
20	Total Current Liabilities.....		102,638	80,345
	Long-Term Debt:			
21	Due to Affiliates.....			
22	External.....			
23	Deferred Credits	2, 7, 10	28,478	29,214
24	Other Liabilities.....			
25	Commitments and Contingencies.....	8		
26	Total Liabilities.....		131,116	109,559
27	Stockholders', Partners', or Proprietor's Equity.....		(30,989)	(29,507)
28	Total Liabilities and Equity.....		\$100,127	\$80,052

* Prior year amounts have been restated to conform with current year presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

RESORTS DIGITAL GAMING, LLC

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	Revenue:			
1	Casino.....	2	\$48,121	\$55,731
2	Rooms.....			
3	Food and Beverage.....			
4	Other.....		3,000	491
5	Net Revenue.....		51,121	56,222
	Costs and Expenses:			
6	Casino.....	2	22,187	22,181
7	Rooms, Food and Beverage.....			
8	General, Administrative and Other.....		13,944	12,881
9	Total Costs and Expenses.....		36,131	35,062
10	Gross Operating Profit.....		14,990	21,160
11	Depreciation and Amortization.....		50	11
	Charges from Affiliates Other than Interest:			
12	Management Fees.....			
13	Other.....	4	925	739
14	Income (Loss) from Operations.....		14,015	20,410
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....			
16	Interest Expense - External.....			
17	CRDA Related Income (Expense) - Net.....	5	(1,297)	(1,374)
18	Nonoperating Income (Expense) - Net.....			
19	Total Other Income (Expenses).....		(1,297)	(1,374)
20	Income (Loss) Before Taxes		12,718	19,036
21	Provision (Credit) for Income Taxes.....	7	1,763	2,301
22	Net Income (Loss).....		\$10,955	\$16,735

* Prior year amounts have been restated to conform with current year presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

RESORTS DIGITAL GAMING, LLC

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2021 AND 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	Revenue:			
1	Casino.....	2	\$10,275	\$14,573
2	Rooms.....			
3	Food and Beverage.....			
4	Other.....		2,569	188
5	Net Revenue.....		12,844	14,761
	Costs and Expenses:			
6	Casino.....	2	7,108	5,100
7	Rooms, Food and Beverage.....			
8	General, Administrative and Other.....		2,424	2,951
9	Total Costs and Expenses.....		9,532	8,051
10	Gross Operating Profit.....		3,312	6,710
11	Depreciation and Amortization.....		15	4
	Charges from Affiliates Other than Interest:			
12	Management Fees.....			
13	Other.....	5	231	185
14	Income (Loss) from Operations.....		3,066	6,521
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....			
16	Interest Expense - External.....			
17	CRDA Related Income (Expense) - Net.....		(296)	(331)
18	Nonoperating Income (Expense) - Net.....			
19	Total Other Income (Expenses).....		(296)	(331)
20	Income (Loss) Before Taxes		2,770	6,190
21	Provision (Credit) for Income Taxes.....	7	1,763	2,301
22	Net Income (Loss).....		\$1,007	\$3,889

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

RESORTS DIGITAL GAMING, LLC

STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2021

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	Special Equity Distribution (e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2019.....		\$5,000	\$15,927	(\$57,697)	(\$36,770)
2	Net Income (Loss) - 2020.....			16,735		16,735
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....				(11,773)	(11,773)
6	Prior Period Adjustments.....					0
7	Special Capital Contribution				2,301	2,301
8						0
9						0
10	Balance, December 31, 2020.....		5,000	32,662	(67,169)	(29,507)
11	Net Income (Loss) - 2021.....			10,955		10,955
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....				(14,200)	(14,200)
15	Prior Period Adjustments.....					0
16	Special Capital Contribution				1,763	1,763
17						0
18						0
19	Balance, December 31, 2021.....		\$5,000	\$43,617	(\$79,606)	(\$30,989)

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

RESORTS DIGITAL GAMING, LLC

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$42,471	\$52,742
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment.....		(107)	(75)
5	Proceeds from Disposition of Property and Equipment.....			
6	CRDA Obligations	5	(8,518)	(6,473)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(8,625)	(6,548)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....			
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....		(14,200)	(11,773)
21	Net Proceeds/Payments related party			
22				
23	Net Cash Provided (Used) By Financing Activities.....		(14,200)	(11,773)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		19,646	34,421
25	Cash and Cash Equivalents at Beginning of Period.....		69,674	35,253
26	Cash and Cash Equivalents at End of Period.....		\$89,320	\$69,674
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....			
28	Income Taxes.....			

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

RESORTS DIGITAL GAMING, LLC

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021 AND 2020

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2021 (c)	2020 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$10,955	\$16,735
30	Depreciation and Amortization of Property and Equipment...		50	11
31	Amortization of Other Assets.....			
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current			
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment.....			
36	(Gain) Loss on CRDA-Related Obligations.....		1,297	1,374
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		(100)	(4,671)
39	(Increase) Decrease in Inventories			
40	(Increase) Decrease in Other Current Assets.....		(271)	(69)
41	(Increase) Decrease in Other Assets.....			
42	Increase (Decrease) in Accounts Payable.....		(578)	525
43	Increase (Decrease) in Other Current Liabilities		29,210	36,850
44	Increase (Decrease) in Other Liabilities		(735)	(956)
45	Increase (Decrease) in Intercompany Payable		880	642
46	Non cash tax expense		1,763	2,301
47	Net Cash Provided (Used) By Operating Activities.....		\$42,471	\$52,742

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$107)	(\$75)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$107)	(\$75)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed.....			
55	Issuance of Stock or Capital Invested.....			
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....			
58	Less: Issuances to Settle Long-Term Debt.....			
59	Consideration in Acquisition of Business Entities.....			
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

* Prior year amounts have been restated to conform with current year presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

RESORTS DIGITAL GAMING, LLC

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms				
2	Food				
3	Beverage				
4	Travel				
5	Bus Program Cash				
6	Promotional Gaming Credits				
7	Complimentary Cash Gifts				
8	Entertainment				
9	Retail & Non-Cash Gifts				
10	Parking				
11	Other	142,663	9,440		
12	Total	142,663	\$9,440	0	\$0

FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms				
2	Food				
3	Beverage				
4	Travel				
5	Bus Program Cash				
6	Promotional Gaming Credits				
7	Complimentary Cash Gifts				
8	Entertainment				
9	Retail & Non-Cash Gifts				
10	Parking				
11	Other	31,942	2,203		
12	Total	31,942	\$2,203	0	\$0

*No item in this category (Other) exceeds 5%.

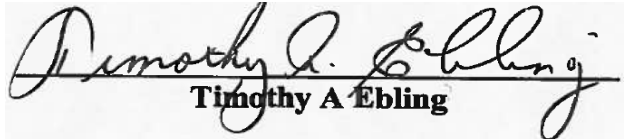
RESORTS DIGITAL GAMING, LLC STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2021

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Division's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.S.A. 5:12-84a(1)-(5) during the quarter.

03/31/22

Date



Timothy A Ebling

Vice President, CFO

Title

9194-11

License Number

On Behalf of:

RESORTS DIGITAL GAMING, LLC

Casino Licensee

RESORTS DIGITAL GAMING, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Division of Gaming Enforcement (“DGE”) and include the accounts of Resorts Digital Gaming, LLC (the “Company”), a New Jersey limited liability company that was formed on June 27, 2014. The Company is owned 100% by DGMB Casino Holding, LLC (“Holding”), a Delaware limited liability company, through a 99.5% direct ownership and a 0.5 % indirect ownership through DGMB Casino SPE Corp. (“SPE”), a Delaware corporation, which is the managing member of the Company. MGA Gaming NJ, LLC (MGA), a New Jersey limited liability company, is a non-managing member of Holding and 10% owner.

The Company holds a casino license issued on August 12, 2015 by the State of New Jersey Casino Control Commission (“Commission”) and, as an Internet Gaming Affiliate of DGMB Casino, LLC (“Resorts”), has been authorized by the DGE to operate real money online gaming in New Jersey under the Internet Gaming Permit (NJIGP-18-008) issued to Resorts. Resorts operates Resorts Casino Hotel located in Atlantic City, NJ.

The Company operates both the ResortsCasino.com and MoheganSunCasino.com online casino websites. In April 2014, Resorts entered into an agreement with TSG Interactive US Services Limited d/b/a PokerStars (“PokerStars”). The Company licensed PokerStars to operate an online casino website, which includes poker, utilizing the Company’s Internet Gaming Permit. PokerStars launched its gaming operations in March of 2016.

In 2018, legalized sports betting was approved in New Jersey and on May 21, 2018, the Company entered into an online gaming agreement with Crown NJ Gaming, Inc., d/b/a DraftKings (“DraftKings”) whereby the Company licensed DraftKings to operate (i) an online casino website (with the exception of poker) utilizing the Company’s Internet Gaming Permit and (ii) an online sports betting website utilizing the Company’s Sports Wagering License. DraftKings began operations in August of 2018. In addition, PokerStars, using the FoxBet brand through NJ.foxbet.com, and ResortsCasino.com were expanded to offer sports betting.

In addition, on September 1, 2020, the Company entered into an online gaming agreement with Penn Interactive Ventures, LLC, d/b/a Penn (“Penn”) whereby the Company licensed Penn to operate an online casino website (with the exception of poker) utilizing the Company’s Internet Gaming Permit. Penn launched its Barstool branded online casino website in August of 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires that the Company make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents- Cash and cash equivalents include cash on account and cash on hand. Amounts held in financial institutions are in excess of FDIC insurance limits.

Pursuant to NJAC 13:69O-1.3(k), a unique New Jersey bank account is maintained to segregate internet gaming patron’s funds on deposit, pending withdrawals, and active bets. The balance in this account at December 31, 2021 and 2020 was \$81.9 million and \$61.8 million, respectively. Unrestricted cash balance at December 31, 2021 and 2020 was \$7.4 million and \$7.8 million, respectively.

Receivables - Receivables consist of amounts due from patrons and third-party processors and online gaming platforms. As of December 31, 2021 and 2020, there was \$10.0 million and \$10.0 million, respectively, due from gaming platform providers. Accounts receivables are non-interest bearing and are initially recorded at cost.

RESORTS DIGITAL GAMING, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Allowance for Doubtful Accounts - The Company reserves an estimated amount for receivables that may not be collected. The methodology for estimating the allowance includes using specific reserves and applying various percentages to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific allowances. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating the allowance for doubtful accounts.

Deferred Revenue - Deferred revenue consists of amounts advanced from a third party and will be recognized in future periods as a component of gaming revenue.

Revenue Recognition - The company accounts for revenue recognition in accordance with the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), which provides a comprehensive revenue recognition model for all contracts with customers. The model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services.

The Company's revenue contracts with customers consist of gaming wagers, including sports wagering, and other transactions. The transaction price for a gaming wager contract is the difference between gaming wins and losses, not the total amount wagered. Gaming wager contracts involve two performance obligations for those customers earning points under the Company's players' club and a single performance obligation for customers who do not participate in the program. The Company applies a practical expedient by accounting for its gaming contracts on a portfolio basis because such wagers have similar characteristics, and the Company reasonably expects the effects on the financial statements of applying the revenue recognition guidance to the portfolio to not differ materially from that which would result if applying the guidance to an individual wagering contract. For purposes of allocating the transaction price in a wagering contract between the wagering performance obligation and the obligation associated with loyalty points earned, the Company allocates an amount to the loyalty credit obligation based on the stand-alone selling price of the points earned. An amount is allocated to the gaming wager performance obligation using the residual approach because the stand-alone price for wagers is highly variable and no set established price exists for such wagers. The allocated revenue for gaming wagers is recognized when the wagers occur because all such wagers settle immediately.

Loyalty Program - The Company provides customers with a loyalty program. Members of the loyalty program earn points based on gaming activity, and such points are redeemable for cash and free play based on the terms of the program. In addition, on a discretionary basis, the Company may award points to customers that can be redeemed for free play. The liability for these points is included in accrued expenses and other current liabilities on the accompanying balance sheets and totaled approximately \$161,000 and \$173,000 at December 31, 2021 and 2020, respectively.

Advertising

Advertising costs are expenses as incurred. Advertising expenses were approximately \$10.0 and \$9.2 million for the years ended December 31, 2021 and 2020, respectively. Advertising expenses are included in selling, general, and administrative expenses on the accompanying statements of operations.

Gaming Tax - The Company remits monthly to the State of New Jersey a tax equal to 15% of gross internet gaming revenue and a tax equal to 13% of gross internet sports wagering revenue, as defined. Gaming tax expense was \$1.8 million and \$2.0 million for the three months ended December 31, 2021 and 2020, respectively, and \$7.7 million and \$8.3 million for the twelve months ended December 31, 2021 and 2020, respectively. Gaming tax is included in casino expenses in the accompanying statements of income.

Income Taxes - The Company is treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of Holding and SPE. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, the Company is required to record a provision for New Jersey state income taxes (Note 7).

Deferred tax assets and liabilities represent the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets

RESORTS DIGITAL GAMING, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740 - *Income Taxes* on the basis of a two-step process in which (1) determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Generally, the statute of limitations for examination of the Company's tax returns is open for years ended December 31, 2017 through the current year.

Recent Accounting Pronouncements - In February 2016, the FASB issued ASU 2016-02 "Leases" which replaces the existing guidance in ASC 840 "Leases". The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021. This standard requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use ("ROU") asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the ROU asset and for operating leases the lessee would recognize a straight-line total lease expense. The Company is currently assessing the impact the adoption of this standard will have on its financial statements and footnote disclosures.

Use of Estimates – The preparation of the financial statements in conformity with GAAP requires that the Company makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Reclassification - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on the previously reported net income.

NOTE 3 - RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31 consisted of the following (in thousands):

	<u>2021</u>	<u>2020</u>
Gaming Related	\$ 2,062	\$ 1,436
Third Party Receivable	11,615	9,953
Other	83	43
Less reserve	(3,532)	(1,305)
Receivables, net	<u>\$ 10,228</u>	<u>\$ 10,127</u>

NOTE 4 – RELATED PARTY TRANSACTIONS

Resorts provides the Company with administrative services such as payroll, accounting, risk management, legal, treasury, and information systems in return for a fee pursuant to the Shared Services Agreement. This fee was \$924,000 and \$740,000 for the twelve months ended December 31, 2021 and 2020, respectively, and is included in general, administrative, and other in the accompanying statements of operations. The Company owed an affiliate, DGMB Casino, LLC, \$8.6 million and \$7.7 million as of December 31, 2021 and 2020, respectively, and is recorded in other current liabilities (note 6).

RESORTS DIGITAL GAMING, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

During 2015, agreements between PokerStars, NYX Digital Gaming (USA), LLC and Resorts were assigned to the Company. Between 2013 and 2015, the Company received \$32.0 million in cash advances from Pokerstars, which will be earned and recognized as revenue, as per the original agreement, based upon various events and conditions, through March 2026. In 2021, the agreement was amended, which among other things, gave PokerStars the option to extend the agreement for an additional two years. The company had approximately \$28.5 million and \$29.2 million recorded as deferred revenue as a result of these advances at December 31, 2021 and 2020, respectively.

NOTE 5 – CASINO REINVESTMENT DEVELOPMENT AUTHORITY

The New Jersey Casino Control Act provides, among other things, for an assessment of licensee equal to 2.5% of the Company's gross internet gaming revenues, and 1.25% of the Company's gross internet sports wagering revenue in lieu of an investment alternative tax equal to 5.0% of gross gaming revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestments Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, direct investments in approved CRDA projects may be donated to the CRDA. CRDA bonds have terms up to 50 years and bear interest at below-market rate.

On May 27, 2016, the New Jersey legislature enacted Senate Bill S1715, subsequently amended by Senate Bill S4007 in December 2021, which implements a Payment in Lieu of Taxes Program ((the "PILOT"). Commencing in 2017 and for a period of ten (10) years, each Atlantic City casino property owner would fulfill their financial obligations to all local governments serving Atlantic City thereby exempting casino gaming properties from ad valorem property taxation by the City of Atlantic City. The PILOT has an impact on, among other things, the disposition of future CRDA payments by reallocating the majority of casino investment alternative tax ("IAT") receipts collected by the CRDA to Atlantic City for the purpose of paying debt service on municipal bonds issued prior to the effective date of the bill until December 31, 2026. IAT revenues previously pledged for the payment of bonds issued by the CRDA, or any bonds issued to refund those bonds, or otherwise contractually obligated by the CRDA prior to the effective date of the bill, are excluded from the reallocation.

To date no bonds have been purchased by the Company and the current CRDA funds on deposit are being used to fund the previously pledged grant to an affiliate or the PILOT program.

NOTE 6 – OTHER CURRENT LIABILITES

Other current liabilities as of December 31 consisted of the following (in thousands):

	2021	2020
Patron Deposits	\$ 81,351	\$ 61,684
Intercompany Payable	8,623	7,743
CRDA Obligations	2,879	2,149
Other	204	40
	<u>\$ 93,057</u>	<u>\$ 71,616</u>

NOTE 7 – INCOME TAXES

The Company is subject to the State of New Jersey Income Tax and, as noted above, is not subject to federal income taxes. The Company is required to file a New Jersey consolidated return with other affiliates that conduct business with the casino. We calculate the provision for income taxes by using a "separate return" method. Under this method, we are assumed to file a separate return with the tax authority, thereby reporting our taxable income or loss and paying the applicable tax to or receiving the appropriate refund without our affiliates. Our current provision reflects the amount of tax payable or refundable based on a hypothetical, current-year separate return. We provide

RESORTS DIGITAL GAMING, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical separate return and assess the need for a valuation allowance based on our projected separate return results.

Components of income taxes for the years ended December 31, 2021 and 2020 were as follows (in thousands):

	<u>2021</u>	<u>2020</u>
Current	\$ 1,763	\$ 2,301
Deferred	-	-
Income tax provision	<u>\$ 1,763</u>	<u>\$ 2,301</u>

The Company's deferred tax assets and liabilities as of December 31, 2021 and 2020 were as follows (in thousands):

	<u>2021</u>	<u>2020</u>
Total deferred tax assets	\$ 2,584	\$ 2,268
Total Deferred Tax Liabilities	-	-
Valuation allowance	<u>(2,584)</u>	<u>(2,268)</u>
Total deferred tax assets, net	<u>\$ -</u>	<u>\$ -</u>

The significant component of the deferred tax assets deferred revenue.

Net deferred tax assets have been reduced by a valuation allowance of \$2.6 million and \$2.3 million at December 31, 2021 and 2020, respectively. After consideration of all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations, the Company believes certain net deferred tax assets are not likely to be utilized. In the event the Company determines it would be able to realize these net deferred tax assets in the future in an amount different from their recorded amount, the Company would make an adjustment to the valuation allowance, which would be recorded through the provision for income taxes.

The Company has not identified any uncertain tax positions to recognize as a liability as of December 31, 2021 and 2020.

The Coronavirus Aid Relief, and Economic Security ("CARES") Act, along with earlier issued Internal Revenue Service ("IRS") guidance, contained beneficial provisions to the Company, including the deferral of certain payroll taxes and a technical correction to depreciation related to qualified improvement property. The related effects were also reflected in the tax provision for the year ended December 31, 2020 through an adjustment to deferred temporary differences. The Company will continue to assess the effect of the CARES Act and ongoing government guidance related to COVID-19 as it is issued.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Litigation - The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, these matters will not have a material effect on the Company's financial position or results of operations.

Commitments - The Company entered into an agreement with Keybank National Association to be a co-borrower of debt with Resorts on March 11, 2021. The Company has not recorded any debt relating to this agreement on the financial statements as Resorts has agreed to pay the debt and the Company does not expect to pay any portion of the debt.

RESORTS DIGITAL GAMING, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 9 – LEASES

On November 15, 2017, the Company entered into a non-cancellable operating lease agreement with Bayport One, LLC c/o US Realty Management Company, LLC to rent office space for use in its business for a minimum of five years.

Future minimum rental commitments are as follows (in thousands):

<u>Years Ending December 31,</u>		
2022	\$	83
2023		<u>7</u>
	\$	<u><u>90</u></u>

Lease expense was approximately \$83,000 and \$60,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 – CONTRACT – RELATED LIABILITIES

The Company generally has two types of liabilities related to contracts with customers: (1) loyalty credit obligations, which represents the deferred allocation of revenue relating to the loyalty points and comps earned, as discussed in Note 2 and (2) deferred revenue from an agreement with TSG to provide the operation of and marketing strategy for online gaming in New Jersey for peer-to-peer poker and casino games. As discussed in Note 4, between 2013 and 2015, the Company received cash advances which were recorded as deferred revenue and are being recognized as revenue pursuant to terms of the related contract.

The table summarizes the activity related to contract and customer-related liabilities (in thousands):

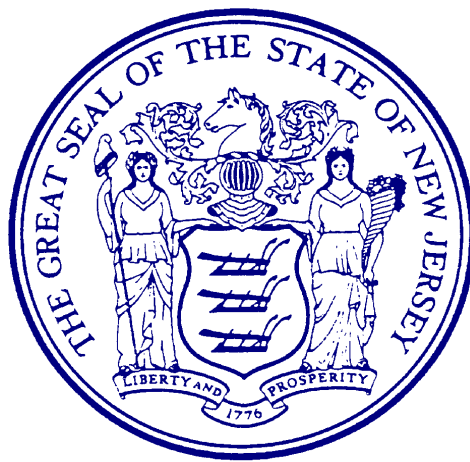
	Loyalty Credit Obligation		Deferred Revenue	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 173	\$ 13	\$ 29,214	\$ 30,170
Balance December 31	<u>161</u>	<u>173</u>	<u>28,478</u>	<u>29,214</u>
Increase/(Decrease)	<u>\$ (12)</u>	<u>\$ 160</u>	<u>\$ (736)</u>	<u>\$ (956)</u>

NOTE 11 – SUBSEQUENT EVENTS

The Company evaluated its 2021 financial statements for subsequent events through March 31, 2022, the date these financial statements were available to be issued.

Resorts Digital Gaming, LLC
ANNUAL FILINGS
FOR THE PERIOD DECEMBER 31, 2021

**SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY**



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

Resorts Digital Gaming, LLC

ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS FOR THE YEAR ENDED DECEMBER 31, 2021

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	Description (b)	Account Balance (c)	Allowance (d)	Accounts Receivable (Net of Allowance) (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$0		
2	Returned Patrons' Checks.....	1,906		
3	Total Patrons' Checks.....	1,906	\$1,869	\$37
4	Hotel Receivables.....	-	-	\$0
	Other Receivables:			
5	Receivables Due from Officers and Employees....	-		
6	Receivables Due from Affiliates.....	238	0	
7	Other Accounts and Notes Receivables.....	11,615	1663	
8	Total Other Receivables.....	11,853	1,663	\$10,190
9	Totals (Form DGE-205).....	\$13,759	\$3,532	\$10,227

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$0
11	Counter Checks Issued.....	-
12	Checks Redeemed Prior to Deposit.....	-
13	Checks Collected Through Deposits.....	-
14	Checks Transferred to Returned Checks.....	-
15	Other Adjustments.....	0
16	Ending Balance.....	\$0
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$0
19	Provision as a Percent of Counter Checks Issued.....	0.0%

Resorts Digital Gaming, LLC

ANNUAL EMPLOYMENT AND PAYROLL REPORT *

AT DECEMBER 31, 2021

(\$ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
1	CASINO: Table and Other Games				
2	Slot Machines				
3	Administration				
4	Casino Accounting				
5	Simulcasting				
6	Other				
7	Total - Casino	0			\$0
8	ROOMS				0
9	FOOD AND BEVERAGE				0
10	GUEST ENTERTAINMENT				0
11	MARKETING				0
12	OPERATION AND MAINTENANCE				0
13	ADMINISTRATIVE AND GENERAL: Executive Office				0
14	Accounting and Auditing				0
15	Security				0
16	Other Administrative and General				0
17	OTHER OPERATED DEPARTMENTS:				0
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	0	\$0	\$0	\$0

* Resorts Digital Gaming, LLC employees are included in the numbers reported under DGMB Casino, LLC