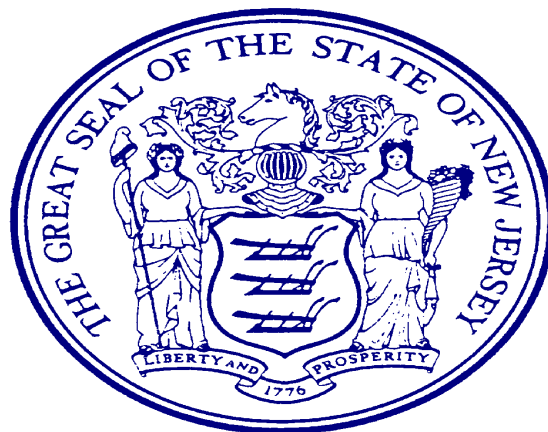


RESORTS DIGITAL GAMING, LLC
QUARTERLY REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2023

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, 2023 AND 2022

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$85,316	\$85,608
2	Short-Term Investments.....			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2023, \$192 ; 2022, \$2,293).....	2, 3	16,332	12,026
4	Inventories			
5	Other Current Assets.....		109	375
6	Total Current Assets.....		101,757	98,009
7	Investments, Advances, and Receivables.....			
8	Property and Equipment - Gross.....		306	269
9	Less: Accumulated Depreciation and Amortization.....		(189)	(140)
10	Property and Equipment - Net.....		117	129
11	Other Assets.....	2, 9	170	246
12	Total Assets.....		\$102,044	\$98,384
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$1,643	\$2,842
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.....		12,159	9,737
19	Other Current Liabilities.....	4, 6	82,756	85,237
20	Total Current Liabilities.....		96,558	97,816
	Long-Term Debt:			
21	Due to Affiliates.....			
22	External.....			
23	Deferred Credits	2, 10	20,450	24,645
24	Other Liabilities.....	2, 9	90	170
25	Commitments and Contingencies.....	8		
26	Total Liabilities.....		117,098	122,631
27	Stockholders', Partners', or Proprietor's Equity.....		(15,054)	(24,247)
28	Total Liabilities and Equity.....		\$102,044	\$98,384

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, 2023 AND 2022

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	Revenue:			
1	Casino.....	1, 2, 4, 10	\$38,311	\$43,719
2	Rooms.....			
3	Food and Beverage.....			
4	Other.....		1,346	1,220
5	Net Revenue.....		39,657	44,939
	Costs and Expenses:			
6	Casino.....	2	17,536	19,126
7	Rooms, Food and Beverage.....			
8	General, Administrative and Other.....		9,880	10,406
9	Total Costs and Expenses.....		27,416	29,532
10	Gross Operating Profit.....		12,241	15,407
11	Depreciation and Amortization.....		49	54
	Charges from Affiliates Other than Interest:			
12	Management Fees.....			
13	Other.....	4	1,229	1,044
14	Income (Loss) from Operations.....		10,963	14,309
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....			
16	Interest Expense - External.....			
17	CRDA Related Income (Expense) - Net.....	5	(950)	(1,111)
18	Nonoperating Income (Expense) - Net.....		31	0
19	Total Other Income (Expenses).....		(919)	(1,111)
20	Income (Loss) Before Taxes		10,044	13,198
21	Provision (Credit) for Income Taxes.....	7	527	996
22	Net Income (Loss).....		\$9,517	\$12,202

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, 2023 AND 2022

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	Revenue:			
1	Casino.....	1, 2, 4, 10	\$7,679	\$8,717
2	Rooms.....			
3	Food and Beverage.....			
4	Other.....		325	316
5	Net Revenue.....		8,004	9,033
	Costs and Expenses:			
6	Casino.....	2	4,147	4,648
7	Rooms, Food and Beverage.....			
8	General, Administrative and Other.....		2,323	1,441
9	Total Costs and Expenses.....		6,470	6,089
10	Gross Operating Profit.....		1,534	2,944
11	Depreciation and Amortization.....		11	16
	Charges from Affiliates Other than Interest:			
12	Management Fees.....			
13	Other.....	5	389	261
14	Income (Loss) from Operations.....		1,134	2,667
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....			
16	Interest Expense - External.....			
17	CRDA Related Income (Expense) - Net.....		(227)	(256)
18	Nonoperating Income (Expense) - Net.....		3	0
19	Total Other Income (Expenses).....		(224)	(256)
20	Income (Loss) Before Taxes		910	2,411
21	Provision (Credit) for Income Taxes.....	7	527	996
22	Net Income (Loss).....		\$383	\$1,415

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, 2022
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2023

(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, 2021.....		\$5,000	\$43,617	(\$79,606)	(\$30,989)
2	Net Income (Loss) - 2022.....			12,202		12,202
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....				(6,456)	(6,456)
6	Prior Period Adjustments.....					0
7	Special Capital Contribution	7			996	996
8						0
9						0
10	Balance, December 31, 2022.....		5,000	55,819	(85,066)	(24,247)
11	Net Income (Loss) - 2023.....			9,517		9,517
12	Capital Contributions.....					0
13	Capital Withdrawals.....					0
14	Partnership Distributions.....				(851)	(851)
15	Prior Period Adjustments.....					0
16	Special Capital Contribution	7			527	527
17						0
18						0
19	Balance, December 31, 2023.....		\$5,000	\$65,336	(\$85,390)	(\$15,054)

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, 2023 AND 2022

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$16,483	\$13,762
	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.....		(37)	(22)
5	Proceeds from Disposition of Property and Equipment.....			
6	CRDA Obligations	5	(15,887)	(10,996)
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.....		(15,924)	(11,018)
	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.....		0	0
21	Net Proceeds/Payments related party		(851)	(6,456)
22				
23	Net Cash Provided (Used) By Financing Activities.....		(851)	(6,456)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(292)	(3,712)
25	Cash and Cash Equivalents at Beginning of Period.....		85,608	89,320
26	Cash and Cash Equivalents at End of Period.....		\$85,316	\$85,608
	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, 2023 AND 2022

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2023 (c)	2022 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$9,517	\$12,202
30	Depreciation and Amortization of Property and Equipment...		49	54
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.....		950	1,111
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		(1,349)	(1,798)
39	(Increase) Decrease in Inventories			
40	(Increase) Decrease in Other Current Assets.....		266	43
41	(Increase) Decrease in Other Assets.....		76	0
42	Increase (Decrease) in Accounts Payable.....		(1,199)	705
43	Increase (Decrease) in Other Current Liabilities		20,821	6,963
44	Increase (Decrease) in Other Liabilities		(4,275)	(3,834)
45	Increase (Decrease) in Intercompany Payable		(8,900)	(2,680)
46	Non cash tax expense		527	996
47	Net Cash Provided (Used) By Operating Activities.....		\$16,483	\$13,762

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$37)	(\$22)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$37)	(\$22)
	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

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, 2023
(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	119,328	8,921		
12	Total	119,328	\$8,921	0	\$0

FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

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	30,182	1,936		
12	Total	30,182	\$1,936	0	\$0

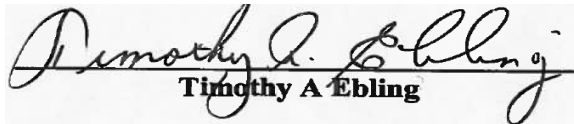
*No item in this category (Other) exceeds 5%.

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

FOR THE QUARTER ENDED DECEMBER 31, 2023

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.

03/28/24
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 2018, legalized sports betting was approved in New Jersey. 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 January of 2021, PokerStars, using the FoxBet brand, launched sportsbook operations in New Jersey. In August 2023, FoxBet brand closed operations.

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 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. On December 6, 2022, an amendment was executed to allow DraftKings to offer poker on its online casino website.

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. In August of 2023, Penn rebranded from Barstool to ESPN Bet.

Under these agreements, the Company is paid a fixed percentage of the operator’s net gaming revenue, as defined, with some contractual annual minimums and maximums. Revenue generated from these activities are recognized in Casino Revenues in the accompanying financials. All expenses associated with the third-party operations under the Company’s license are recognized under selling, general, and administrative within the accompanying financials. Other expenses reimbursed from third party partners to the Company are recognized in Other Revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Concentrations of Credit Risk - Cash includes cash on account and cash on hand. The Company maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2023, and December 31, 2022, the Company had approximately \$85.0 million and \$85.0 million, respectively, in excess of FDIC-insured limits.

Restricted Cash - 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 withdraws, and active bets.

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

Reconciliation of Cash and Restricted Cash – The following table provides a reconciliation of cash and cash equivalents and restricted cash reported on the balance sheets that sum to the total of the same amounts shown on the statements of cash flows at December 31 (in thousands):

	<u>2023</u>	<u>2022</u>
Cash	\$ 6,765	\$ 9,627
Restricted Cash	78,551	75,981
Total Cash and Restricted Cash	<u>\$ 85,316</u>	<u>\$ 85,608</u>

Receivables and Allowance for Credit Losses- Receivables consist primarily of amounts due from patrons and third-party processors. Receivables also include approximately \$13.2 million and \$11.5 million from online gaming platforms at December 31, 2023 and 2022, respectively. Receivables are non-interest bearing and are initially recorded at cost. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company’s previous loss history, the customer’s current ability to pay its obligation to the Company, and condition of the general economy and the industry as a whole.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for receivables held at December 31, 2023 and 2022 because the composition of the receivables at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at December 31, 2023 and 2022 totaled approximately \$192,000 and \$2,293,000, respectively.

Changes in the Company’s allowance for credit losses are as follows for the year ended December 31, 2023 (in thousands):

Beginning Balance	\$ 2,293
Bad Debt Expense	180
Account Write-Offs and Recoveries	(2,281)
	<hr/>
Total Allowance for Credit Losses	<u>\$ 192</u>

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

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

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.

Right-of-Use Assets and Lease Liabilities -Right-of-use (ROU) assets from operating leases are amortized on the straight-line method over the shorter of the lease term or their respective estimated useful lives. Operating lease ROU asset amortization is included in selling, general, and administrative in the statement of operations. See Note 9 for further disclosure of the Company's lease contracts.

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 accompany balance sheets and totaled approximately \$106,000 and \$133,000 at December 31, 2023 and 2022, respectively.

Advertising- Advertising costs are expenses as incurred. Advertising expenses were approximately \$8.4 and \$9.8 million for the years ended December 31, 2023 and 2022, respectively. Advertising expenses are included in selling, general, and administrative expenses on the accompanying statements of operations.

Entities Under Common Control - Management has elected an accounting policy alternative such that, when certain conditions exist, management does not apply variable interest entity guidance for assessing whether it should consolidate legal entities under common control. The Company has adopted this standard as management believes the presentation of the Company-only financial information is more relevant to the users of the financial statements.

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 \$1.3 million and \$1.5 million for the three months ended December 31, 2023 and 2022, respectively, and \$5.7 million and \$6.6 million for the twelve months ended December 31, 2023 and 2022, 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 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.

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

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.

Adoption of New Accounting Standard - On January 1, 2023, the Company adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision useful information about the expected losses on financial instruments.

The Company adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The adoption of the new standard did not materially impact the Company's balance sheets, statements of operations, statements of members' deficit, or statements of cash flows.

NOTE 3 - RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31, 2023 and 2022 consisted of the following (in thousands):

	<u>2023</u>	<u>2022</u>
Third Party Receivable	13,180	11,504
Gaming Related	\$ 387	\$ 2,449
Less reserve	(192)	(2,293)
Due from Affiliates	2,957	-
Other	-	366
Receivables, net	<u>\$ 16,332</u>	<u>\$ 12,026</u>

NOTE 4 – ENTITIES UNDER COMMON CONTROL

The Company and Resorts are under common control. 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 \$1.2 and \$1.1 million for the twelve months ended December 31, 2023 and 2022, respectively, and is included in general, administrative, and other in the accompanying statements of operations. Amounts due from DGMB Casino, LLC totaled approximately \$3.0 million at December 31, 2023, while amounts due to DGMB Casino, LLC totaled approximately \$5.9 million at December 31, 2022. Amounts are recorded in receivables and other current liabilities, respectively. In addition, as discussed in Note 7, the Company is a co-borrower on Resorts' debt.

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

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

will be earned and recognized as revenue 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 \$20.5 million and \$24.6 million recorded as deferred revenue as a result of these advances at December 31, 2023 and 2022, 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, 2023 and 2022 consisted of the following (in thousands):

	2023	2022
Patron Deposits	\$ 77,992	\$ 75,468
Intercompany Payable	-	5,943
CRDA Obligations	4,342	3,614
Other	422	212
	\$ 82,756	\$ 85,237

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 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 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.

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

Components of income taxes for the years ended December 31, 2023 and 2022 were as follows (in thousands):

	<u>2023</u>	<u>2022</u>
Current	\$ 527	\$ 996
Deferred	-	-
Income tax provision	<u>\$ 527</u>	<u>\$ 996</u>

The Company's deferred tax assets and liabilities as of December 31, 2023 and 2022 were as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Total deferred tax assets	\$ 1,131	\$ 2,067
Valuation allowance	(1,131)	(2,067)
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 \$1.1 million and \$2.1 million at December 31, 2023 and 2022, 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, 2023 and 2022.

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 Fifth Third Bank, National Association to be a co-borrower of debt and a line of credit with Resorts on July 7, 2022. 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. The maximum potential liability in the event of Resorts defaulting on the loan is the outstanding principal balance of the debt, which was approximately \$55.5 million for the note and \$7.5 million for the line of credit, at December 31, 2023.

NOTE 9 – LEASES

The Company has real estate operating leases that primarily consist of the lease of office space. These leases have contractual terms that range from 3 to 5 years, with certain leases including options for early termination. The Company does not anticipate exercising the early termination clause for any of its real estate leases. Certain leases contain renewal options for periods ranging from 1 year to 3 years. The Company has included lease payments as part of its right-of-use assets and lease liabilities for the extension periods to the extent that it is reasonably certain to exercise such options. The Company's real estate leases may include variable lease payments related to common area

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

maintenance (CAM), insurance, and taxes, which are excluded from the measurement of the Company's right-of-use assets and lease liabilities.

For its real estate leases, the Company has elected the practical expedient to not separate a lease into lease and nonlease components. The Company's real estate leases do not contain residual value guarantees, options to purchase underlying assets, or material restrictive covenants.

For all its leases, the Company discounts its unpaid lease payments using the interest rate implicit in the lease or, if the rate cannot be readily determined, a risk-free rate. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Company generally derives a discount rate at the lease commencement date by utilizing a risk-free rate.

The components of rent expense for the Company's leases recorded in the statements of income (loss) were as follows for the years ended December 31, 2023 and 2022 (in thousands):

	2023	2022
Operating Lease Cost	\$ 83	\$ 83

Total rent expense under noncancelable leases was approximately \$0.1 million for both years ended December 31, 2023 and 2022.

The following table summarizes the supplemental cash flow information for the years ended December 31, 2023 and 2022 (in thousands):

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 83	83

Key estimates and judgments related to operating lease assets and lease liabilities that are outstanding and presented in the balance sheets are as follows as of December 31, 2023 and 2022:

	2023	2022
Weighted-Average Remaining Lease Term	2.08 Years	3.08 Years
Operating Leases		
Weighted-Average Discount Rate	4.02%	4.02%
Operating Leases		

Maturities of undiscounted operating lease liabilities remaining at December 31, 2023, with a reconciliation to the present value of operating lease liabilities recorded in the balance sheets, are as follows (in thousands):

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	80
2025	85
2026	<u>13</u>
Total undiscounted lease payments	178
Less Interest	(8)
Total Operating Lease Liabilities	<u>\$ 170</u>

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):

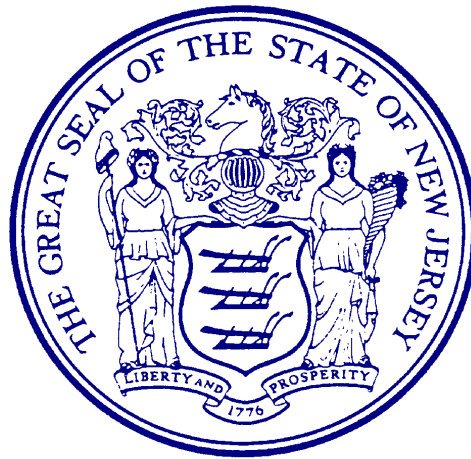
	Loyalty Credit Obligation		Deferred Revenue	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 133	\$ 161	\$ 24,645	\$ 28,478
Balance December 31	<u>106</u>	<u>133</u>	<u>20,450</u>	<u>24,645</u>
Increase/(Decrease)	<u>\$ (27)</u>	<u>\$ (28)</u>	<u>\$ (4,195)</u>	<u>\$ (3,833)</u>

NOTE 11 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 28th, 2024, the date which the financial statements were available to be issued.

RESORTS DIGITAL GAMING, LLC
ANNUAL FILINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 QUARTER ENDED DECEMBER 31, 2023
(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.....	192		
3	Total Patrons' Checks.....	192	\$192	\$0
4	Hotel Receivables.....	-		0
	Other Receivables:			
5	Receivables Due from Officers and Employees.	-		
6	Receivables Due from Affiliates.....	3,152		
7	Other Accounts and Notes Receivables.....	13,180		
8	Total Other Receivables.....	16,332		16,332
9	Totals (Form DGE-205).....	\$16,524	\$192	\$16,332

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

RESORTS DIGITAL GAMING, LLC

ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2023

(\$ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO:				
1	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
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office				0
14	Accounting and Auditing				0
15	Security				0
16	Other Administrative and General				0
	OTHER OPERATED DEPARTMENTS:				
17					0
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	0	\$0	\$0	\$0