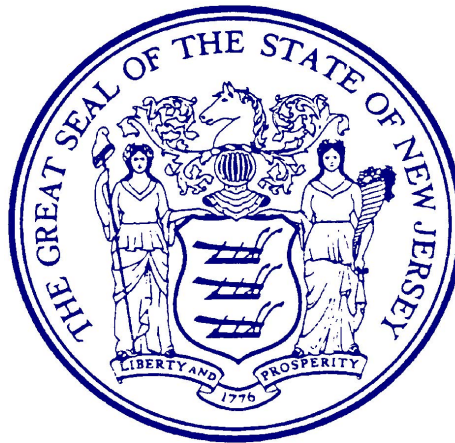


**PREMIER ENTERTAINMENT AC, LLC  
d/b/a BALLY'S ATLANTIC CITY  
QUARTERLY REPORT**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

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



**OFFICE OF FINANCIAL INVESTIGATIONS  
REPORTING MANUAL**

# PREMIER ENTERTAINMENT AC, LLC

## BALANCE SHEETS

AS OF SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	2	\$16,424	\$16,330
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2024, \$4,589; 2023, \$4,791 ).....	2, 5	8,201	8,040
4	Inventories .....	2	2,211	2,542
5	Other Current Assets.....	6	1,904	1,995
6	Total Current Assets.....		28,740	28,907
7	Investments, Advances, and Receivables.....		0	0
8	Property and Equipment - Gross.....	2,7	155,866	140,653
9	Less: Accumulated Depreciation and Amortization.....	2,7	(28,348)	(18,476)
10	Property and Equipment - Net.....	2,7	127,518	122,177
11	Other Assets.....	8	35,587	32,821
12	Total Assets.....		\$191,845	\$183,905
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$5,484	\$8,339
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....		0	0
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....	9	16,613	21,285
19	Other Current Liabilities.....	10	168,216	136,741
20	Total Current Liabilities.....		190,313	166,365
	Long-Term Debt:			
21	Due to Affiliates.....		0	0
22	External.....		0	0
23	Deferred Credits .....		20,743	22,124
24	Other Liabilities.....		2,883	3,343
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		213,939	191,832
27	Stockholders', Partners', or Proprietor's Equity.....		(22,094)	(7,927)
28	Total Liabilities and Equity.....		\$191,845	\$183,905

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

# PREMIER ENTERTAINMENT AC, LLC

## STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	Revenue:			
1	Casino.....		\$96,715	\$88,463
2	Rooms.....		32,937	39,031
3	Food and Beverage.....		18,972	19,231
4	Other.....		7,929	6,555
5	Net Revenue.....	2	156,553	153,280
	Costs and Expenses:			
6	Casino.....		76,321	73,198
7	Rooms, Food and Beverage.....		29,832	27,682
8	General, Administrative and Other.....		43,603	43,151
9	Total Costs and Expenses.....	2	149,756	144,031
10	Gross Operating Profit.....		6,797	9,249
11	Depreciation and Amortization.....	2,7	7,399	7,793
	Charges from Affiliates Other than Interest:			
12	Management Fees.....		0	0
13	Other.....	3	13,383	9,416
14	Income (Loss) from Operations.....		(13,985)	(7,960)
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....		0	0
17	CRDA Related Income (Expense) - Net.....		0	0
18	Nonoperating Income (Expense) - Net.....		37	70
19	Total Other Income (Expenses).....		37	70
20	Income (Loss) Before Taxes .....		(13,948)	(7,890)
21	Provision (Credit) for Income Taxes.....	2	(2,929)	(1,796)
22	Net Income (Loss).....		(\$11,019)	(\$6,094)

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

# PREMIER ENTERTAINMENT AC, LLC

## STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	Revenue:			
1	Casino.....		\$33,858	\$32,079
2	Rooms.....		13,336	16,434
3	Food and Beverage.....		7,770	8,375
4	Other.....		3,319	2,652
5	Net Revenue.....	2	58,283	59,540
	Costs and Expenses:			
6	Casino.....		25,369	27,194
7	Rooms, Food and Beverage.....		12,043	11,316
8	General, Administrative and Other.....		14,338	13,700
9	Total Costs and Expenses.....	2	51,750	52,210
10	Gross Operating Profit.....		6,533	7,330
11	Depreciation and Amortization.....	2, 7	2,375	2,606
	Charges from Affiliates Other than Interest:			
12	Management Fees.....		0	0
13	Other.....	3	5,554	2,969
14	Income (Loss) from Operations.....		(1,396)	1,755
	Other Income (Expenses):			
15	Interest Expense - Affiliates.....		0	0
16	Interest Expense - External.....		0	0
17	CRDA Related Income (Expense) - Net.....		0	0
18	Nonoperating Income (Expense) - Net.....		12	0
19	Total Other Income (Expenses).....		12	0
20	Income (Loss) Before Taxes .....		(1,384)	1,755
21	Provision (Credit) for Income Taxes.....	2	(291)	363
22	Net Income (Loss).....		(\$1,093)	\$1,392

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

# PREMIER ENTERTAINMENT AC, LLC

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND NINE MONTHS ENDED SEPTEMBER 30, 2024

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2022.....		0	\$0	0	\$0	\$32,022		(\$33,855)	(\$1,833)
2	Net Income (Loss) - 2023.....								(9,242)	(9,242)
3	Contribution to Paid-in-Capital....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	.....									0
7	.....									0
8	.....									0
9	.....									0
10	Balance, December 31, 2023.....		0	0	0	0	32,022	0	(43,097)	(11,075)
11	Net Income (Loss) - 2024								(11,019)	(11,019)
12	Contribution to Paid-in-Capital....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	.....									0
16	.....									0
17	.....									0
18	.....									0
19	Balance, September 30, 2024.....		0	\$0	0	\$0	\$32,022	\$0	(\$54,116)	(\$22,094)

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

**PREMIER ENTERTAINMENT AC, LLC**  
**STATEMENTS OF CASH FLOWS**  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023  
(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$3,369)	\$2,889
	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.....		(13,116)	(8,619)
5	Proceeds from Disposition of Property and Equipment.....		23	80
6	CRDA Obligations .....			
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.....		(13,093)	(8,539)
	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.....			
21	Intercompany Loan .....	3, 10	20,158	9,796
22				
23	Net Cash Provided (Used) By Financing Activities.....		20,158	9,796
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		3,696	4,146
25	Cash and Cash Equivalents at Beginning of Period.....		12,728	12,184
26	Cash and Cash Equivalents at End of Period.....		\$16,424	\$16,330
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....			
28	Income Taxes.....		\$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.

# PREMIER ENTERTAINMENT AC, LLC

## STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2024 (c)	2023 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$11,019)	(\$6,094)
30	Depreciation and Amortization of Property and Equipment...	7	7,316	7,652
31	Amortization of Other Assets.....	8	83	141
32	Amortization of Debt Discount or Premium.....		0	0
33	Deferred Income Taxes - Current .....		(2,929)	(1,796)
34	Deferred Income Taxes - Noncurrent .....		0	0
35	(Gain) Loss on Disposition of Property and Equipment.....		(19)	(70)
36	(Gain) Loss on CRDA-Related Obligations.....		0	0
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks .....		1,011	(1,325)
39	(Increase) Decrease in Inventories .....		37	(126)
40	(Increase) Decrease in Other Current Assets.....		(346)	1,094
41	(Increase) Decrease in Other Assets.....	8	516	(150)
42	Increase (Decrease) in Accounts Payable.....		838	3,231
43	Increase (Decrease) in Other Current Liabilities .....	10	1,491	670
44	Increase (Decrease) in Other Liabilities .....		(348)	(338)
45	.....			
46	.....			
47	Net Cash Provided (Used) By Operating Activities.....		(\$3,369)	\$2,889

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$13,116)	(\$8,619)
49	Less: Capital Lease Obligations Incurred.....		0	
50	Cash Outflows for Property and Equipment.....		(\$13,116)	(\$8,619)
	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.....		\$0	\$0
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.

# PREMIER ENTERTAINMENT AC, LLC

## SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024  
(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	138,620	\$20,575		
2	Food	144,276	4,875		
3	Beverage	618,406	4,947		
4	Travel	0		376	94
5	Bus Program Cash	0			
6	Promotional Gaming Credits	1,050,210	31,113		
7	Complimentary Cash Gifts	75	676		
8	Entertainment	3,788	156	508	89
9	Retail & Non-Cash Gifts	24,463	489	0	0
10	Parking	0	0	160,232	481
11	Other	193,306	5,202	128	20
12	Total	2,173,144	\$68,033	161,244	\$684

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	52,392	\$7,656		
2	Food	61,983	1,979		
3	Beverage	218,751	1,750		
4	Travel	0	0	187	47
5	Bus Program Cash	0	0		
6	Promotional Gaming Credits	379,213	10,976		
7	Complimentary Cash Gifts	33	266		
8	Entertainment	2,740	113	146	26
9	Retail & Non-Cash Gifts	9,569	191	0	0
10	Parking	0	0	60,514	182
11	Other	66,881	1,349	88	11
12	Total	791,562	\$24,280	60,935	\$266

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



**PREMIER ENTERTAINMENT AC, LLC  
STATEMENT OF CONFORMITY,  
ACCURACY, AND COMPLIANCE**

FOR THE QUARTER ENDED SEPTEMBER 30, 2024

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.

11/13/2024

Date



Alan Greenstein

Vice President of Finance

Title

9284-11

License Number

On Behalf of:

PREMIER ENTERTAINMENT  
AC, LLC

Casino Licensee

**PREMIER ENTERTAINMENT AC, LLC (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

**NOTE 1 – ORGANIZATION**

The accompanying financial statements include the accounts of Premier Entertainment AC, LLC d/b/a Bally's Atlantic City (the "Company") which operates Bally's Atlantic City ("the Property"), a casino hotel in Atlantic City, New Jersey. Bally's Management Group, LLC ("BMG"), formerly known as Twin River Management Group, Inc. ("TRMG") is a wholly owned subsidiary of Bally's Corporation ("Bally's"), and is the parent company of Premier Entertainment AC, LLC.

Additionally, in conjunction with Gamesys US LLC ("Gamesys"), which is a wholly owned subsidiary of Bally's Interactive, LLC, a wholly owned subsidiary of Bally's Corporation, the Company operates the New Jersey online gaming skins ballycasino.com and virgincasino.com under the Company's internet gaming license. Refer to Note 4 "Revenue Recognition" for further information.

In July 2024, Bally's entered into a definitive merger agreement (as amended in August 2024 and further amended in September 2024), pursuant to which Standard General L.P., its largest common stockholder, will acquire Bally's outstanding shares for \$18.25 per share. Pursuant to the agreement, Bally's will combine with The Queen Casino & Entertainment Inc., a regional casino operator majority-owned by funds managed by Standard General L.P.

**NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting periods. Management believes the accounting estimates are appropriate and reasonably stated; however, due to the inherent uncertainties in making these estimates, actual amounts could differ. Certain prior year amounts have been reclassified to conform to the current year's presentation.

*Cash and Cash Equivalents and Restricted Cash*

The Company considers cash and cash equivalents to be all cash accounts and short-term investments purchased with original maturities of three months or less and includes bank deposits in transit related to credit and debit card transactions. Restricted cash of \$1,422 on September 30, 2024 and \$1,198 on September 30, 2023 represents iGaming player deposits for ballycasino.com and virgincasino.com. Pursuant to New Jersey Administrative Code 13:69O-1.3(j), the Company maintains a separate bank account to ensure security of funds held in patrons' internet gaming accounts.

**PREMIER ENTERTAINMENT AC, LLC (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

*Receivables, net*

Receivables, net consist primarily of casino, hotel and other receivables, net of allowance for doubtful accounts. Receivables are typically noninterest bearing and are initially recorded at cost. An allowance for credit losses is determined to reduce the Company's receivables for amounts that may not be collected. The allowance is estimated based on historical collection experience, current economic and business conditions forecasts that affect the collectability, review of individual customer accounts, and any other known information. Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received.

*Inventories*

Inventories, which consist primarily of food, beverage, promotional items and operating supplies, are stated at the lower of cost or net realizable value on a first-in, first-out basis.

*Property and Equipment*

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if applicable. Expenditures for renewals and betterments that extend the life or value of an asset are capitalized and expenditures for repairs and maintenance are charged to expense as incurred. The costs and related accumulated depreciation applicable to assets sold or disposed of are removed from the balance sheet accounts and the resulting gains or losses are reflected in the statements of operations.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets or the related lease term, if any, as follows:

	<u>Years</u>
Land improvements	10-20
Building and improvements	2-50
Equipment	2-10
Furniture and fixtures	2-10

*Intangible Assets*

For its finite-lived intangible assets, consisting of customer relationships and hotel and conference pre-bookings, the Company establishes a useful life upon initial recognition based on the period over which the asset is expected to contribute to the future cash flows of the Company and periodically evaluates the remaining useful lives to determine whether events and circumstances warrant a revision to the remaining amortization period. Finite-lived intangible assets are amortized over their remaining useful lives in a pattern in which the economic benefits of the intangible asset are consumed, which is generally on a straight-line basis. Refer to Note 8 "Other Assets" for further information.

**PREMIER ENTERTAINMENT AC, LLC (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

*Leases*

The Company has real estate leasing arrangements with third-party lessees at the property. The remaining terms of these operating leases ranged from 1 to 9 years, some of which include options to extend the lease term for up to 5 years. In addition to minimum rental commitments, certain of our operating leases provide for contingent payments including contingent rentals based on a percentage of revenues in excess of specified amounts and reimbursements for common area maintenance and utilities charges. As the timing and pattern of transfer of both the lease and non-lease components are over the course of the lease term, the Company has elected to combine the revenue generated from lease and non-lease components into a single lease component based on the predominant component in the arrangement. In addition, to maintain the value of our leased assets, certain leases include specific maintenance requirements of the lessees or maintenance is performed by the Company on behalf of the lessees. Lease receivables are included in Receivables, net in the accompanying balance sheets.

*Long-lived Assets*

The Company reviews its long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an asset is still under development, the analysis includes the remaining construction costs. Cash flows expected to be generated by the related assets are estimated over the assets' useful lives based on updated projections. If the evaluation indicates that the carrying amount of an asset may not be recoverable, the potential impairment is measured based on a fair value discounted cash flow model.

*Self-Insurance Reserves*

The Company is self-insured for employee medical insurance coverage, general liability and workers' compensation up to certain stop loss amounts. Self-insurance liabilities are estimated based on the Company's claims experience using actuarial methods to estimate the future cost of claims and related expenses that have been reported but not settled, and that have been incurred but not yet reported. As of December 31, 2023, all self-insurance liabilities reside on corporate's books. The Company's self-insurance liability for general liability insurance is included in other accrued expenses in the accompanying balance sheets and was \$153 as of September 30, 2023.

*Advertising Expense*

Advertising costs are expensed as incurred. Advertising expenses are included in general, administrative and other expenses in the statements of income. For the nine months ended September 30, 2024 and 2023, Advertising expenses were \$939 and \$715 respectively.

*Income Taxes*

The Company operates as a disregarded entity for income tax purposes. Accordingly, income tax attributes of the Company pass through to its parent.

**PREMIER ENTERTAINMENT AC, LLC (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

*Defined Contribution Plan*

The company has a retirement savings plan under Section 401(k) of the Internal Revenue Code covering non-union employees and certain union employees. Under the plan, participating employees may defer up to the lesser of the Internal Revenue Code prescribed maximum amount or 100% of their income on a pre-tax basis through contributions to the plan. The employer contribution expense for this plan was \$511 and \$494 for the nine months ended September 30, 2024 and 2023, respectively.

*Multiemployer Defined Benefit Plans*

The Company contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The contributions and charges for these plans were \$1,113 and \$1,056 for the nine months ended September 30, 2024 and 2023, respectively.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

Operations, as well as assets and liabilities, directly associated with the business activities of the Company are included in the financial statements. The financial statements also include allocations of certain corporate and administrative services provided by BMG personnel of \$13,383 and \$9,416 for these services for the nine months ended September 30, 2024 and 2023, respectively. These services include, but are not limited to, management support for operations, marketing, human resources, accounting and finance, insurance and other administrative services, which management believes is commensurate with services provided at fair value. These fees are included within other charges from affiliates in the statements of operations. Transactions between the Company and Parent are considered to be effectively settled for cash at the time the transaction is recorded. The net effect of these transactions is included in the combined statements of cash flows as Financing from Bally's Corporation.

The Company participates in Bally's centralized cash management system. Accordingly, daily cash receipts are transferred to, and daily operations are funded with advances from, the Parent company and the Company reflects these amounts as a component of other current liabilities in the accompanying balance sheets.

The Company participates in a comprehensive insurance program maintained by Bally's for workers' compensation, general liability and medical. Risk-based expense allocations are calculated by Bally's and totaled \$3,036 and \$2,730 for the nine months ended September 30, 2024 and 2023, respectively.

**NOTE 4 – REVENUE RECOGNITION**

The Company accounts for revenue earned from contracts with customers under ASC 606, Revenue from Contracts with Customers, which requires companies to recognize revenue in a way that depicts the transfer of promised goods or services. In addition, the standard requires more

**PREMIER ENTERTAINMENT AC, LLC (Bally's Atlantic City)**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(All dollar amounts in thousands)**

detailed disclosures to enable readers of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company generates revenue from four principal sources: (1) gaming (which includes retail gaming, online gaming and sports betting), (2) hotel, (3) food and beverage and (4) retail, entertainment and other.

The Company determines revenue recognition through the following steps:

- Identify the contract, or contracts, with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to performance obligations in the contract; and
- Recognize revenue when or as the Company satisfies performance obligations by transferring the promised goods or services

The amount of revenue recognized by the Company is measured at the transaction price or the amount of consideration that the Company expects to receive through satisfaction of the identified performance obligations.

Retail gaming, online gaming and sports betting revenue, each as described below, contain two performance obligations. Retail gaming transactions have an obligation to honor the outcome of a wager and to pay out an amount equal to the stated odds, including the return of the initial wager, if the customer receives a winning hand. These elements of honoring the outcome of the hand of play and generating a payout are considered one performance obligation. Online gaming and sports betting represent a single performance obligation for the Company to operate contests or games and award prizes or payouts to users based on results of the arrangement. Revenue is recognized at the conclusion of each contest, wager or wagering game hand. Incentives can be used across online gaming products. The Company allocates a portion of the transaction price to certain customer incentives that create material future customer rights and are a separate performance obligation. In addition, in the event of a multi-stage contest, the Company will allocate transaction price ratably from contest start to the contest's final stage.

The transaction price for a gaming wagering contract is the difference between gaming wins and losses, not the total amount wagered. The transaction price for hotel, food, beverage, retail, entertainment and other is the net amount collected from the customer for such goods and services. Hotel, food, beverage, retail, entertainment and other services have been determined to be separate, stand-alone performance obligations and revenue is recognized as the good or service is transferred at the point in time of the transaction.

### *Gaming Revenue*

#### Retail Gaming

The Company recognizes retail gaming revenue as the net win from gaming activities, which is the difference between gaming inflows and outflows, not the total amount wagered. Progressive jackpots are estimated and recognized as revenue at the time the obligation to pay the jackpot is established. Gaming revenues are recognized net of certain cash and free play incentives.

**PREMIER ENTERTAINMENT AC, LLC (Bally's Atlantic City)**  
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Gaming services contracts have two performance obligations for those customers earning incentives under the Company's player loyalty programs and a single performance obligation for customers who do not participate in the programs. The Company applies a practical expedient by accounting for its gaming contracts on a portfolio basis as 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 incentives earned under loyalty programs, the Company allocates an amount to the loyalty program contract liability based on the stand-alone selling price of the incentive earned for a hotel room stay, food and beverage or other amenity. The performance obligations for the incentives earned under the loyalty programs are deferred and recognized as revenue when the customer redeems the incentive. The allocated revenue for gaming wagers is recognized when the wagers occur as all such wagers settle immediately.

Online gaming

The Company's online gaming operations generate revenue from player wagers net of payouts and incentives awarded to players. The revenue is earned from operating online casino website, ballycasino.com, which consists of the difference between total amounts wagered by players less winnings payable to players, bonuses allocated and jackpot contributions. Online gaming revenue is recognized at the point in time when the player completes a gaming session and payout occurs. There is no significant degree of uncertainty involved in quantifying the amount of gaming revenue earned, including bonuses, jackpot contributions and loyalty points. Bonuses, jackpot contributions and loyalty points are measured at fair value at each reporting date. There are no revenues or expenses related to the virgincasino.com website recorded in the Company's financial statements in 2024 or 2023.

Sports betting

Sports betting involves a player wagering money on an outcome or series of outcomes. If a player wins the wager, the Company pays the player a pre-determined amount known as fixed odds. Sports betting revenue is generated through built-in theoretical margins in each sports wagering opportunity offered to players. Revenue is recognized as total wagers net of payouts made and incentives awarded to players.

The Company has several multi-year agreements with third-party operators for online sports betting and iGaming market access in New Jersey from which the Company has received or expects to receive one-time, up front market access fees and certain other fees in cash generally based on a percentage of the gross gaming revenue generated by the operator, with certain annual minimum guarantees due to the Company. The one-time market access fees received have been recorded as deferred revenue and will be recognized as gaming revenue ratably over the respective contract terms, beginning with the commencement of operations of each respective agreement.

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*Hotel Revenue*

Hotel revenue is recognized at the time of occupancy, which is when the customer obtains control through occupancy of the room. The estimated standalone selling price of hotel rooms is determined based on observable prices. Advance deposits for hotel rooms are recorded as liabilities until revenue recognition criteria are met.

*Food and Beverage and Retail, Entertainment and Other Revenue*

Food and beverage revenue are recognized at the time the goods are sold from Company-operated outlets. All other revenues are recognized at the time the goods are sold or the service is provided. The standalone selling price of food and beverage as well as retail, entertainment and other goods and services are determined based upon the actual retail prices charged to customers for those items.

*Contract Assets and Contract Related Liabilities*

The Company's receivables related to contracts with customers are primarily comprised of marker balances and other amounts due from gaming activities, and amounts due for hotel stays. The Company has the following liabilities related to contracts with customers: liabilities for loyalty programs, advance deposits made for goods and services yet to be provided and unpaid wagers. Loyalty program incentives earned by customers are typically redeemed within one year from when they are earned and expire if a customer's account is inactive for more than 12 months; therefore, the majority of these incentives outstanding at the end of a period will either be redeemed or expire within the next 12 months. Advance deposits are typically for future banquet events, hotel room reservations and interactive player deposits. The banquet and hotel reservation deposits are usually received weeks or months in advance of the event or hotel stay. The Company holds restricted cash for interactive player deposits and records a corresponding withdrawal liability. Unpaid wagers include the Company's outstanding chip liability and unpaid slot and sports betting tickets.

*Gaming Tax*

The Company remits weekly to the NJ Division of Taxation a tax equal to eight percent of land based gross gaming revenue, as defined. In addition, the Company remits monthly to the NJ Division of Taxation a tax equal to eight and a half percent of retail sports book gross gaming revenue, thirteen percent of online sports gross gaming revenue and fifteen percent of online casino gross gaming revenue, as defined. Gaming taxes expensed to the Company's financial statements and paid to the NJ Division of Taxation for the nine months ended September 30, 2024 and 2023, were \$17,421 and \$15,417, respectively. These expenses are included in casino expenses in the accompanying statements of income.



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**NOTE 5 - RECEIVABLES AND PATRONS' CHECKS**

Receivables and patrons' checks as of September 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Casino Receivable (Net of allowance for credit losses \$2,911 in 2024, \$3,033 in 2023)	\$2,374	\$ 4,140
Other (Net of allowance for credit losses of \$1,678 in 2024 and \$1,758 in 2023)	5,827	3,900
	<u>\$8,201</u>	<u>\$8,040</u>

**NOTE 6 - OTHER CURRENT ASSETS**

Prepaid Expense and Other Current Assets as of September 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Prepaid Taxes & License Fees	\$739	\$883
Prepaid Agreements	694	604
Prepaid Utilities	195	140
Prepaid Marketing	168	221
Prepaid Insurance	0	9
Other	108	138
	<u>\$1,904</u>	<u>\$1,995</u>

**NOTE 7- PROPERTY AND EQUIPMENT**

Property and equipment as of September 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Land	\$16,909	\$16,898
Buildings and Improvements	94,360	91,444
Furniture, Fixtures and Equipment	31,208	27,194
Construction in Progress	13,389	5,117
	<u>155,866</u>	<u>140,653</u>
Less accumulated depreciation	<u>(28,348)</u>	<u>(18,476)</u>
	<u>\$127,518</u>	<u>\$122,177</u>

Depreciation expense related to property and equipment was \$7,316 and \$7,652 for the nine months ended September 30, 2024 and 2023, respectively.

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**NOTE 8 - OTHER ASSETS**

Other assets as of September 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Intangible asset - Customer relationships (net of accumulated amortization of \$426 in 2024 and \$315 in 2023)	\$464	\$575
Intangible asset - Pre-bookings (net of accumulated amortization of \$230 in 2024 and \$217 in 2023)	-	13
Deferred tax asset	35,082	31,677
Other	41	556
	<u>\$35,587</u>	<u>\$32,821</u>

**NOTE 9 - OTHER ACCRUED EXPENSES**

Other accrued expenses as of September 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Accrued payroll, taxes and benefits	\$6,543	\$5,709
Accrued gaming tax	2,621	1,584
Accrued gaming and internet gaming	2,216	7,880
Accrued sportsbook tickets	1,316	1,299
Accrued player points liability	795	1,126
Accrued utilities	771	777
Accrued sales tax	651	717
Accrued marketing	539	400
Accrued insurance	-	153
Other	1,161	1,640
	<u>\$16,613</u>	<u>\$21,285</u>

**NOTE 10 - OTHER CURRENT LIABILITIES**

Other current liabilities as of September 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Due to Gamesys	\$83,825	\$41,936
Due to BMG	80,933	90,531
Unredeemed chip liability	1,318	2,642
Deferred Revenue	518	471
Other	1,622	1,161
	<u>\$168,216</u>	<u>\$136,741</u>

The amounts due to Gamesys primarily represent marketing and third-party game fees related to

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the ballycasino.com online casino platform.

**NOTE 11 – LITIGATION, CONTRACTUAL COMMITMENTS AND CONTINGENCIES**

*City of Atlantic City Real Property Tax and Payment in Lieu of Taxes (PILOT)*

In accordance with the New Jersey Payment-in-Lieu-of-Taxes (“PILOT”) Program, and the Company’s 10-year financial agreement with the City of Atlantic City (the “City”) ending in 2027, the Company is required to make quarterly payments to the City of its allocated annual share, as referenced in the agreement, and will be subject to lien provisions if the payments are not made. The Company’s expenses were \$5,473 and \$4,954 for the nine months ended September 30, 2024 and 2023, respectively.

Additionally, the PILOT program agreement also provided for the abolishment of the Atlantic City Alliance and redirected funds to the State of NJ for Atlantic City fiscal relief. The Atlantic City casino industry is required to provide \$5.0 million annually, through 2026, to a Separate State Fund for marketing initiatives aimed at growing tourism in Atlantic City. The Company expensed \$205 and \$210 for the nine months ending September 30, 2024 and 2023, respectively.

*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.

**NOTE 12 – SUBSEQUENT EVENTS**

The Company has evaluated events and transactions for potential disclosure through November 15, 2024, the date the Company’s financial statements were available to be issued.