UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ___________

Commission file number 0-22900

CENTURY CASINOS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

84-1271317
(I.R.S. Employer Identification No.)

455 E. Pikes Peak Ave., Suite 210, Colorado Springs, Colorado 80903
(Address of principal executive offices, including zip code)

(719) 527-8300
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Per Share Par Value	CNTY	Nasdaq Capital Market, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐
Non-accelerated Filer ☐
Accelerated Filer ☑
Smaller Reporting Company ☑
Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 30,682,603 shares of common stock, $0.01 par value per share, were outstanding as of May 3, 2024.

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PART I – FINANCIAL INFORMATION
Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

Amounts in thousands, except for share and per share information	March 31, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 136,543	$ 171,327
Receivables, net	15,679	18,253
Prepaid expenses	18,235	11,859
Inventories	4,613	4,652
Other current assets	1,005	926
Total Current Assets	176,075	207,017
Property and equipment, net	917,695	913,561
Leased right-of-use assets, net	24,767	25,973
Goodwill	80,356	80,583
Intangible assets, net	91,806	93,207
Deferred income taxes	42,412	37,646
Note receivable, net of current portion and unamortized discount	316	316
Deposits and other	2,065	1,359
Total Assets	$ 1,335,492	$ 1,359,662
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ 4,937	$ 8,468
Current portion of operating lease liabilities	3,411	3,395
Current portion of finance lease liabilities	194	199
Accounts payable	14,203	15,279
Accrued liabilities	38,887	29,056
Accrued payroll	14,696	16,221
Taxes payable	8,962	21,001
Total Current Liabilities	85,290	93,619
Long-term debt, net of current portion and deferred financing costs (Note 5)	323,611	324,212
Long-term financing obligation to VICI Properties, Inc. subsidiaries (Note 6)	654,763	658,007
Operating lease liabilities, net of current portion	24,701	25,834
Finance lease liabilities, net of current portion	371	427
Taxes payable and other	47,636	41,758
Deferred income taxes	171	1,364
Total Liabilities	1,136,543	1,145,221
Commitments and Contingencies (Note 7)		
Equity:		
Preferred stock; $0.01 par value; 20,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock; $0.01 par value; 50,000,000 shares authorized; 30,682,603 and 30,359,931 shares issued and outstanding	307	304
Additional paid-in capital	124,359	124,094
Retained (loss) earnings	(4,477)	9,067
Accumulated other comprehensive loss	(14,138)	(12,073)
Total Century Casinos, Inc. Shareholders' Equity	106,051	121,392
Non-controlling interests	92,898	93,049
Total Equity	198,949	214,441
Total Liabilities and Equity	$ 1,335,492	$ 1,359,662

See notes to unaudited condensed consolidated financial statements.

CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF LOSS (Unaudited)

Amounts in thousands, except for per share information	For the three months ended March 31, 2024	2023
Operating revenue:		
Gaming	$ 105,418	$ 94,297
Pari-mutuel, sports betting and iGaming	3,389	3,385
Hotel	9,302	2,522
Food and beverage	12,745	5,767
Other	5,163	2,537
Net operating revenue	136,017	108,508
Operating costs and expenses:		
Gaming	55,905	48,062
Pari-mutuel, sports betting and iGaming	3,751	3,712
Hotel	4,414	797
Food and beverage	12,231	5,645
Other	1,474	223
General and administrative	37,924	26,479
Depreciation and amortization	12,031	6,855
(Gain) on sale of casino operations (Note 1)	—	(574)
Total operating costs and expenses	127,730	91,199
Earnings from equity investment	—	1,091
Earnings from operations	8,287	18,400
Non-operating (expense) income:		
Interest income	686	145
Interest expense	(25,815)	(17,649)
Gain on foreign currency transactions, cost recovery income and other (Note 1)	1,162	3,758
Non-operating (expense) income, net	(23,967)	(13,746)
(Loss) earnings before income taxes	(15,680)	4,654
Income tax benefit (expense)	3,986	(1,623)
Net (loss) earnings	(11,694)	3,031
Net earnings attributable to non-controlling interests	(1,850)	(4,274)
Net loss attributable to Century Casinos, Inc. shareholders	$ (13,544)	$ (1,243)
Loss per share attributable to Century Casinos, Inc. shareholders:		
Basic	$ (0.45)	$ (0.04)
Diluted	$ (0.45)	$ (0.04)
Weighted average shares outstanding - basic	30,420	30,056
Weighted average shares outstanding - diluted	30,420	30,056

See notes to unaudited condensed consolidated financial statements.

CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)

Amounts in thousands	For the three months ended March 31, 2024		2023	
Net (loss) earnings	**$**	(11,694)	**$**	3,031
Other comprehensive (loss) income				
Foreign currency translation adjustments		(2,105)		641
Other comprehensive income		(2,105)		641
Comprehensive (loss) income	$	(13,799)	$	3,672
Comprehensive loss attributable to non-controlling interests				
Net earnings attributable to non-controlling interests		(1,850)		(4,274)
Foreign currency translation adjustments		40		(175)
Comprehensive loss attributable to Century Casinos, Inc. shareholders	**$**	(15,609)	**$**	(777)

See notes to unaudited condensed consolidated financial statements.

CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

Amounts in thousands, except for share information	For the three months ended March 31, 2024	2023
Common Stock		
Balance, beginning of period	$ 304	$ 299
Performance stock unit issuance	3	4
Balance, end of period	307	303
Additional Paid-in Capital		
Balance, beginning of period	$ 124,094	$ 121,653
Amortization of stock-based compensation	503	736
Performance stock unit issuance	(238)	(1,294)
Balance, end of period	124,359	121,095
Accumulated Other Comprehensive Loss		
Balance, beginning of period	$ (12,073)	$ (15,189)
Foreign currency translation adjustment	(2,065)	466
Balance, end of period	(14,138)	(14,723)
Retained (Loss) Earnings		
Balance, beginning of period	$ 9,067	$ 37,265
Net loss	(13,544)	(1,243)
Balance, end of period	(4,477)	36,022
Total Century Casinos, Inc. Shareholders' Equity	**$ 106,051**	**$ 142,697**
Non-controlling Interests		
Balance, beginning of period	$ 93,049	$ 10,171
Net earnings	1,850	4,274
Foreign currency translation adjustment	(40)	175
Distributions to non-controlling interests	(1,961)	(3,536)
Balance, end of period	92,898	11,084
Total Equity	**$ 198,949**	**$ 153,781**
Common shares issued	322,672	464,384

See notes to unaudited condensed consolidated financial statements.

CENTURY CASINOS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Amounts in thousands	For the three months ended March 31, 2024	2023
Cash Flows (used in) provided by Operating Activities:		
Net (loss) earnings	$ (11,694)	$ 3,031
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:		
Depreciation and amortization	12,031	6,855
Lease amortization	865	965
Loss on disposition of fixed assets	594	480
Income from equity investment	—	(1,091)
Amortization of stock-based compensation expense	503	736
Amortization of deferred financing costs	674	674
Gain on debt repurchase (Note 5)	(146)	—
Gain on sale of operations (Note 1)	—	(574)
Deferred taxes	(5,959)	(1,866)
Changes in Operating Assets and Liabilities:		
Receivables, net	2,485	2,821
Prepaid expenses and other assets	(5,944)	1,010
Accounts payable	(2,403)	(2,127)
Other current and long-term liabilities	11,004	325
Inventories	23	(90)
Accrued payroll	(1,379)	(467)
Taxes payable	(12,133)	1,598
Net cash (used in) provided by operating activities	(11,479)	12,280
Cash Flows (used in) provided by Investing Activities:		
Purchases of property and equipment	(18,400)	(13,619)
Smooth Bourbon dividends (Note 3)	—	2,256
Purchase of intangible assets - casino license	(1,176)	—
Proceeds from disposition of assets	48	—
Century Casino Calgary sale earn out	—	572
Net cash used in investing activities	(19,528)	(10,791)
Cash Flows (used in) provided by Financing Activities:		
Proceeds from borrowings	5,900	5,900
Principal payments	(4,628)	(1,411)
Distributions to non-controlling interests	(1,961)	(3,536)
Repurchase of shares to satisfy tax withholding	(235)	(1,290)
Net cash used in financing activities	(924)	(337)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	$ (2,854)	$ (179)
(Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	$ (34,785)	$ 973
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	$ 171,590	$ 202,131
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 136,805	$ 203,104
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 15,913	$ 16,703
Income taxes paid	$ 12,680	$ 776
Non-Cash Investing Activities:		
Purchase of property and equipment on account	$ 6,725	$ 5,957

See notes to unaudited condensed consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Century Casinos, Inc. (the "Company") is a casino entertainment company with operations primarily in North America. The Company's operations as of March 31, 2024 are detailed below.

The Company owns, operates and manages the following casinos through wholly-owned subsidiaries in North America:

- The Century Casino & Hotel in Central City, Colorado ("Central City" or "CTL")
- The Century Casino & Hotel in Cripple Creek, Colorado ("Cripple Creek" or "CRC")
- Mountaineer Casino, Resort & Races in New Cumberland, West Virginia ("Mountaineer" or "MTR") (1)
- The Century Casino & Hotel in Cape Girardeau, Missouri ("Cape Girardeau" or "CCG") (1)
- The Century Casino Caruthersville, Missouri ("Caruthersville" or "CCV") (1)
- Nugget Casino Resort in Reno-Sparks, Nevada ("Nugget" or "NUG") (2)
- Rocky Gap Casino, Resort & Golf in Flintstone, Maryland ("Rocky Gap" or "ROK") (1)
- The Century Casino & Hotel in Edmonton, Alberta, Canada ("Century Resorts Alberta" or "CRA") (1)
- The Century Casino St. Albert in Edmonton, Alberta, Canada ("St. Albert" or "CSA") (1); and
- Century Mile Racetrack and Casino in Edmonton, Alberta, Canada ("Century Mile" or "CMR") (1)

(1) Subsidiaries of VICI Properties Inc. ("VICI"), an unaffiliated third party, own the real estate assets underlying these properties, and subsidiaries of the Company lease these properties under a master lease with VICI.
(2) Smooth Bourbon, LLC ("Smooth Bourbon"), a 50% owned subsidiary of the Company, owns the real estate assets underlying this property. Smooth Bourbon is consolidated as a subsidiary for which the Company has a controlling financial interest. See discussion below.

The Company's Colorado, West Virginia and Nevada subsidiaries have partnered with sports betting and iGaming operators to offer sports wagering and online betting through mobile apps.

The Company has a controlling financial interest through its wholly-owned subsidiary Century Resorts Management GmbH ("CRM") in the following majority-owned subsidiaries:

- The Company owns 66.6% of Casinos Poland Ltd ("CPL" or "Casinos Poland"). CPL owns and operates casinos throughout Poland. As of March 31, 2024, CPL operated seven casinos throughout Poland. CPL is consolidated as a majority-owned subsidiary for which the Company has a controlling financial interest. Polish Airports Company ("Polish Airports") owns the remaining 33.3% of CPL, which is reported as a non-controlling financial interest. See Note 4 for additional information regarding CPL's gaming licenses and casinos.

- The Company owns 75% of United Horsemen of Alberta Inc. dba Century Downs Racetrack and Casino ("CDR" or "Century Downs"). CDR operates Century Downs Racetrack and Casino, a racetrack and entertainment center ("REC") in Balzac, a north metropolitan area of Calgary, Alberta, Canada. CDR is consolidated as a majority-owned subsidiary for which the Company has a controlling financial interest. The remaining 25% of CDR is owned by unaffiliated shareholders and is reported as a non-controlling financial interest. A subsidiary of VICI owns the real estate assets underlying this property.

Through its wholly owned subsidiary Century Nevada Acquisition, Inc., the Company has a 50% equity interest in Smooth Bourbon. The Company reported this interest as an equity investment through April 2, 2023. On April 3, 2023, following the Company's acquisition of Nugget Casino Resort, the Company began consolidating Smooth Bourbon as a subsidiary for which it has a controlling financial interest. The Company determined it has a controlling financial interest in Smooth Bourbon based on the Nugget being the primary beneficiary of Smooth Bourbon. The remaining 50% of Smooth Bourbon is owned by Marnell Gaming, LLC ("Marnell") and is reported as a non-controlling financial interest. See "Equity Investment" below in this Note 1 for additional information regarding the consolidation of Smooth Bourbon and Note 3 for additional information about Smooth Bourbon.

The Company previously operated several ship-based casinos. The Company's last concession agreement to operate a ship-based casino ended on April 16, 2023.

Other Projects and Developments

Nugget Casino Resort in Reno-Sparks, Nevada

In February 2022, the Company entered into a definitive agreement with Marnell, pursuant to which a newly formed subsidiary of the Company agreed to purchase from Marnell (i) 50% of the membership interests in Smooth Bourbon, and (ii) 100% of the membership interests in Nugget. Nugget owns and operates the Nugget Casino Resort in Reno-Sparks, Nevada, and Smooth Bourbon owns the real property on which the casino is located.

The Company purchased 50% of the membership interests in Smooth Bourbon for approximately $95.0 million (the "Smooth Bourbon Acquisition") at the first closing, which occurred on April 1, 2022 (the "First Closing"). At the second closing (the "Second Closing") on April 3, 2023, the Company purchased 100% of the membership interests in Nugget for approximately $104.7 million (subject to certain adjustments) (the "OpCo Acquisition" and, together with the Smooth Bourbon Acquisition, the "Nugget Acquisition"). Following the Second Closing, the Company owns the Nugget Casino Resort and 50% of the membership interests in Smooth Bourbon. The Company also has a five year option through April 1, 2027 to acquire the remaining 50% of the membership interests in Smooth Bourbon for $105.0 million plus 2% per annum. At the First Closing, Smooth Bourbon entered into a lease with Nugget for an annual rent of $15.0 million. See Note 3, "Acquisition and Equity Investment – Acquisition – Nugget" for additional information.

Rocky Gap Casino, Resort & Golf in Flintstone, Maryland

In August 2022, the Company entered into a definitive agreement with Golden Entertainment Inc. ("Golden"), Lakes Maryland Development, LLC, a subsidiary of Golden ("Lakes Maryland"), and VICI Properties, L.P., an affiliate of VICI ("VICI PropCo"), pursuant to which the Company agreed to acquire the operations of Rocky Gap Casino, Resort & Golf ("Rocky Gap" and, such transaction, the "Rocky Gap Acquisition"). Pursuant to a real estate purchase agreement, dated August 24, 2022, by and between Evitts Resort, LLC, a subsidiary of Golden ("Evitts"), and an affiliate of VICI PropCo ("VICI PropCo Buyer"), VICI PropCo Buyer agreed to acquire a related interest in the land and building associated with Rocky Gap from Evitts.

On July 25, 2023, the Company purchased the operations of Rocky Gap for approximately $59.1 million (subject to certain adjustments), and VICI PropCo Buyer purchased a related interest in the land and building associated with Rocky Gap for approximately $203.9 million. In connection with the Rocky Gap Acquisition, subsidiaries of the Company and a subsidiary of VICI PropCo amended their triple net lease agreement (the "Master Lease"). See Note 3 "Acquisitions and Equity Investment – Acquisition – Rocky Gap" and Note 6, "Long-Term Financing Obligation" for additional information regarding the Rocky Gap Acquisition and the amendment to the Master Lease, respectively.

Canada Real Estate Sale

On May 16, 2023, the Company entered into definitive agreements for subsidiaries of VICI to acquire the real estate assets of Century Casino & Hotel Edmonton in Edmonton, Alberta, Century Casino St. Albert in Edmonton, Alberta, Century Mile Racetrack and Casino in Edmonton, Alberta and Century Downs Racetrack and Casino in Calgary, Alberta (collectively, the "Century Canadian Portfolio"). The transaction closed on September 6, 2023, for an aggregate purchase price of CAD 221.7 million ($162.6 million based on the exchange rate on September 6, 2023) in cash (the "Canada Real Estate Sale"). Simultaneous with the closing of the transaction, subsidiaries of the Company and of VICI PropCo amended the Master Lease. See Note 6 "Long-Term Financing Obligation" for additional information regarding the amendment to the Master Lease.

Caruthersville Land-Based Casino and Hotel

The Company is building a new land-based casino with a 38 room hotel adjacent to and connected with the existing casino pavilion building. Construction on the project began in December 2022 and it is expected to be completed in the fourth quarter of 2024 with an estimated project cost of $51.9 million. The Company is financing this project through financing provided by VICI PropCo. As of March 31, 2024, the Company has received $46.0 million in financing from VICI PropCo and has spent approximately $27.4 million of those funds on this project. As of March 31, 2024, the Company had approximately $19.9 million of cash included in its consolidated balance sheet that was previously funded by VICI PropCo but has not yet been spent on the project.

Cape Girardeau Hotel

The Company opened its 69 room hotel at its Cape Girardeau location called The Riverview on April 4, 2024. The Riverview is a six story building with 68,000 square feet that is adjacent to and connected with the existing casino building. Construction on the project was completed in March 2024. The project cost approximately $30.5 million. The Company financed the project with cash on hand.

Terminated Projects

Century Sports

In December 2020, the Company sold its Century Casino Calgary casino operations. The definitive agreement to sell the casino operations provided for a three year quarterly earn out that ended on August 4, 2023. The Company received an earn out payment of CAD 0.8 million ($0.6 million based on the exchange rate on March 31, 2023) that it recorded to gain on sale of casino operations in its condensed consolidated statements of loss for the three months ended March 31, 2023. The earn out payments are included in the Canada reportable segment.

Preparation of Financial Statements

The accompanying condensed consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial reporting, the rules and regulations of the Securities and Exchange Commission which apply to interim financial statements and the instructions to Form 10-Q. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. The accompanying condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated.

In the opinion of management, all adjustments considered necessary for the fair presentation of financial position, results of operations and cash flows of the Company have been included. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The results of operations for the three months ended March 31, 2024 are not necessarily indicative of the operating results for the full year.

Reclassifications – Certain prior period amounts have been reclassified to conform to the current presentation in the condensed consolidated financial statements and the accompanying notes thereto.

Cash, Cash Equivalents and Restricted Cash **–** A reconciliation of cash, cash equivalents and restricted cash as stated in the Company's condensed consolidated statements of cash flows is presented in the following table:

Amounts in thousands		**March 31, 2024**		**March 31, 2023**
Cash and cash equivalents	$	136,543	$	102,707
Restricted cash		—		100,200
Restricted cash included in deposits and other		262		197
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	$	136,805	$	203,104

As of March 31, 2024, the Company had $0.2 million related to payment of prizes and giveaways for Casinos Poland and $0.1 million related to an insurance policy in restricted cash included in deposits and other on its condensed consolidated balance sheet. As of March 31, 2023, the Company had $100.2 million in restricted cash on its condensed consolidated balance sheet deposited in escrow on the First Closing date in connection with the Nugget Acquisition, and $0.2 million related to payments of prizes and giveaways for Casinos Poland, and less than $0.1 million related to an insurance policy in restricted cash included in deposits and other on its condensed consolidated balance sheet.

Use of Estimates **–** The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates. Management's use of estimates includes estimates for property and equipment, goodwill, intangible assets and income tax.

Presentation of Foreign Currency Amounts **–** The Company's functional currency is the US dollar ("USD" or "$"). Foreign subsidiaries with a functional currency other than the US dollar translate assets and liabilities at current exchange rates at the end of the reporting periods, while income and expense accounts are translated at average exchange rates for the respective periods. The Company and its subsidiaries enter into various transactions made in currencies different from their functional currencies. These transactions are typically denominated in the Canadian dollar ("CAD"), Euro ("EUR") and Polish zloty ("PLN"). Gains and losses resulting from changes in foreign currency exchange rates related to these transactions are included in income from operations as they occur.

The exchange rates to the US dollar used to translate balances at the end of the reported periods are as follows:

Ending Rates	**As of March 31, 2024**	**As of December 31, 2023**
Canadian dollar (CAD)	1.3552	1.3232
Euros (EUR)	0.9281	0.9030
Polish zloty (PLN)	3.9983	3.9155

The average exchange rates to the US dollar used to translate balances during each reported period are as follows:

	For the three months ended March 31,		
Average Rates	**2024**	**2023**	**% Change**
Canadian dollar (CAD)	1.3476	1.3523	0.3%
Euros (EUR)	0.9209	0.9324	1.2%
Polish zloty (PLN)	3.9899	4.3913	9.1%

Source: Xe Currency Converter

Equity Investment – On April 1, 2022, the Company purchased 50% of the membership interests in Smooth Bourbon at the First Closing. Smooth Bourbon owns the real property on which the Nugget Casino is located. The additional 50% of the membership interests in Smooth Bourbon is held by Marnell. At the time of the purchase of its membership interests in Smooth Bourbon, the Company completed an assessment of whether Smooth Bourbon is a variable interest entity in which it has a financial interest. Based on this assessment, the Company concluded that Smooth Bourbon was not subject to consolidation under the guidance for variable interest entities prior to the Nugget Acquisition because Nugget is the primary beneficiary of Smooth Bourbon and reported its interest in Smooth Bourbon as an equity investment. After the Second Closing on April 3, 2023, the Company began consolidating Smooth Bourbon as a subsidiary for which it has a controlling financial interest and no longer reports its interest in Smooth Bourbon as an equity investment. See Note 3 for additional information about Smooth Bourbon.

2. SIGNIFICANT ACCOUNTING POLICIES

Accounting Pronouncements Pending Adoption –

In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, *Disclosure Improvements – Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative* ("ASU 2023-06"). The objective of ASU 2023-06 is to update and simplify disclosure requirements and is intended to align US GAAP and SEC requirements. Early adoption of ASU 2023-06 is not permitted. The guidance relates to various topics and is effective on the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective. The Company is reviewing the updates provided by this standard. The Company does not expect the adoption of the standard to have a material impact on the Company's financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280); Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). The objective of ASU 2023-07 is to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses, as well enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss and other disclosure requirements. Early adoption of ASU 2023-07 is permitted. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company is reviewing the updates provided by this standard.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740); Improvements to Income Tax Disclosures* ("ASU 2023-09"). The objective of ASU 2023-09 is to improve income tax disclosure requirements. Under ASU 2023-09, entities must annually (1) disclose specific categories in the income tax rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. Early adoption of ASU 2023-07 is permitted. The guidance is effective for annual periods beginning after December 15, 2024. The Company is reviewing the updates provided by this standard.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its financial statements or notes thereto.

3. ACQUISITION AND EQUITY INVESTMENT

Acquisition – Nugget

On the Second Closing on April 3, 2023, the Company completed its previously announced Nugget Acquisition of 100% of the membership interests in Nugget Sparks, LLC from Marnell. Nugget Sparks, LLC operates the Nugget Casino Resort, located in Reno-Sparks, Nevada. The purchase price paid at the Second Closing was from proceeds of the term loan ("Goldman Term Loan") under the credit agreement ("Goldman Credit Agreement") with Goldman Sachs Bank USA ("Goldman") deposited in escrow ("Acquisition Escrow") on the First Closing date. In connection with the Nugget Acquisition, the Company made an initial payment to Marnell of $104.7 million on April 3, 2023 consisting of a base price of $100.0 million plus adjustments based on working capital of Nugget at closing. The Company made an additional working capital adjustment payment of $0.8 million on August 29, 2023.

As of April 3, 2023, the Company began consolidating Nugget as a wholly-owned subsidiary. Nugget contributed $18.4 million in net operating revenue and ($3.0) million in net loss attributable to Century Casinos, Inc. shareholders for the three months ended March 31, 2024.

The Company accounted for the transaction as a business combination, and accordingly, the acquired assets of $256.6 million (including $6.8 million in cash) and liabilities of $194.8 million were included in the Company's consolidated balance sheet at April 3, 2023. The Nugget Acquisition generated $43.7 million of tax deductible goodwill for the Company's United States segment. The goodwill from the Nugget Acquisition is attributable to the business expansion opportunity for the Company.

The fair value of the assets acquired and liabilities assumed (excluding cash received) was determined to be $55.1 million as of the acquisition date. The fair values of the acquired tangible and intangible assets were determined using variations of the income, market and cost approaches, including the following methods which the Company considered appropriate:

- multi-period excess earnings method;
- cost method;
- capitalized cash flow method;
- relief from royalty method;
- discounted cash flow method; and
- direct market value approach.

Both the income and market approach valuation methodologies used for the identifiable net assets acquired in the Nugget Acquisition make use of Level 3 inputs and are provisional pending development of a final valuation.

Trade receivables and payables, inventory and other current and noncurrent assets and liabilities were valued at the existing carrying values as they represented a reasonable approximation of the fair value of those items at the Nugget Acquisition date, based on management's judgment and estimates.

The personal property components of the fixed assets were primarily valued utilizing the market and cost approaches. Certain personal property with an active and identifiable secondary market value were valued using the market approach. This property included, but was not limited to, certain gaming/slot equipment, information and technology equipment and vehicles. The cost approach was utilized to value all other personal property. The cost approach estimates fair value as the current cost of replacing or reproducing the utility of an asset, or group of assets and adjusting it for any depreciation resulting from one or more of the following: physical deterioration, functional obsolescence, and/or economic obsolescence.

The real estate assets that are owned by Smooth Bourbon were adjusted to fair value concurrently with the Nugget Acquisition. The fair value was determined utilizing the direct capitalization method of the income approach. The fair value of the acquired real estate assets was determined to be $184.7 million. The income approach incorporates all tangible and intangible property and served as a ceiling for the fair values of the acquired assets of the ongoing business enterprise, while still taking into account the premise of highest and best use.

The fair value of the customer relationships from the player's club list was valued using the incremental cash flow method under the income approach. The incremental cash flow method is used to estimate the fair value of an intangible asset based on a residual cash flow notion. This method measures the benefits (e.g., cash flows) derived from ownership of an acquired intangible asset as if it were in place, as compared to the acquirer's expected cash flows as if the intangible asset were not in place (i.e., with-and-without). The present value difference in the two cash flow streams is ascribable to the intangible asset. The Company has assigned a 10 year useful life to the player loyalty program based on estimated revenue attrition among the player's club members, based on historical operations as estimated by management.

The fair value of the Nugget trademark was valued using the relief from royalty method. The relief from royalty method presumes that, without ownership of the asset, the Company would have to make a stream of payments to a brand or franchise owner in return for the right to use their name. By virtue of this asset, the Company avoids any such payments and records the related intangible value of the trademark. The primary assumptions in the valuation included projected revenue, a pre-tax royalty rate, the trademark's useful life, and tax expense. The Company has assigned the Nugget trademark a 10 year useful life after considering, among other things, the expected use of the asset, the expected useful life of other related assets or asset groups, any legal, regulatory, or contractual provisions that may limit the useful life, the effects of obsolescence, demand and other economic factors, and the maintenance expenditures required to promote and support the trademark.

The Company has finalized the allocation of the purchase price of the Nugget Acquisition. Details of the purchase price allocation for the Nugget Acquisition in the table below are based on fair values of assets and liabilities as of April 3, 2023. The Nugget Acquisition was accounted for using the acquisition method of accounting. Assets acquired and liabilities assumed in connection with the Nugget Acquisition have been recorded at their fair values.

Amounts in thousands		
Cash	$	6,764
Receivables		1,689
Prepaid expenses		3,715
Inventories		2,681
Property and equipment		211,811
Intangible assets		29,940
Accounts payable		(2,622)
Accrued liabilities		(4,092)
Accrued payroll		(2,348)
Taxes payable		(998)
Finance lease liabilities		(184,700)
Net identifiable assets acquired		61,840
Add: Goodwill		43,716
Net assets acquired	$	105,556

The following table details the purchase consideration net cash outflow.

Amounts in thousands		
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration	$	100,000
Working capital adjustments		5,556
Less: Cash balances acquired		(6,764)
Net cash used in investing activities	$	98,792

<u>*Acquisition-related costs*</u>

The Company incurred acquisition costs of less than $0.1 million for the three months ended March 31, 2023 in connection with the Nugget Acquisition. These costs include legal and accounting fees and have been recorded as general and administrative expenses in the Corporate Other segment.

<u>*Ancillary Agreements*</u>

In connection with the Nugget Acquisition, the Company and the sellers entered into a consulting agreement dated December 19, 2022, whereby the sellers agreed to provide the Company with certain consulting services following the Nugget Acquisition. The agreement compensates the sellers for services following the Nugget Acquisition as performed by employees at a monthly rate. There were no fees incurred under the agreement for the three months ended March 31, 2023. The agreement ended on September 30, 2023.

<u>*Acquisition-Related Contingencies*</u>

Nugget is party to various legal and administrative proceedings, which have arisen in the normal course of business and relate to underlying events that occurred on or before April 3, 2023. Estimated losses have been accrued as of the Nugget Acquisition date for these proceedings in accordance with Accounting Standards Codification Topic 450 “Contingencies” (“ASC Topic 450”), which requires that an amount be accrued if the loss is probable and can be estimated. The current liability for the estimated losses associated with these proceedings is not material to the Company’s consolidated financial condition and those estimated losses are not expected to have a material impact on its results of operations. The Company estimated the range of these contingencies to be between $0.1 million and $0.2 million as of March 31, 2024.

Acquisition – Rocky Gap

On July 25, 2023, the Company completed its previously announced Rocky Gap Acquisition of 100% of the membership interests in Evitts Resort, LLC from Lakes Maryland. Evitts Resort, LLC operates Rocky Gap Casino, Resort & Golf, located in Flintstone, Maryland. Simultaneous with the closing of the Rocky Gap Acquisition, affiliates of VICI purchased the land and building associated with Rocky Gap. On July 25, 2023, the Company amended its Master Lease to add the Rocky Gap property. The Rocky Gap Acquisition was financed with $30.0 million borrowed under the revolving credit facility (“Revolving Facility”) of the Goldman Credit Agreement and cash on hand. In connection with the Rocky Gap Acquisition, the Company made an initial payment to Lakes Maryland of $59.1 million on July 25, 2023. This amount included a base price of $56.1 million plus an adjustment based on the estimated working capital of Rocky Gap at closing. The Company paid an additional $0.1 million in working capital adjustments on December 18, 2023.

As of July 25, 2023, the Company began consolidating Rocky Gap as a wholly-owned subsidiary. Rocky Gap contributed $14.9 million in net operating revenue and ($2.9) million in net loss attributable to Century Casinos, Inc. shareholders for the three months ended March 31, 2024.

The Company accounted for the transaction as a business combination, and accordingly, the acquired assets of $244.9 million (including $6.7 million in cash) and liabilities of $212.1 million were included in the Company's consolidated balance sheet at July 25, 2023. The Rocky Gap Acquisition generated $26.5 million of tax deductible goodwill for the Company's United States segment. The goodwill from the Rocky Gap Acquisition is attributable to the business expansion opportunity for the Company.

The fair value of the assets acquired and liabilities assumed (excluding cash received) was determined to be $26.1 million as of the acquisition date. The fair values of the acquired tangible and intangible assets were determined using variations of the income, market and cost approaches, including the following methods which the Company considered appropriate:

- multi-period excess earnings method;
- cost method;
- capitalized cash flow method;
- relief from royalty method;
- discounted cash flow method; and
- direct market value approach.

Both the income and market approach valuation methodologies used for the identifiable net assets acquired in the Rocky Gap Acquisition make use of Level 3 inputs and are provisional pending development of a final valuation.

Trade receivables and payables, inventory and other current and noncurrent assets and liabilities were valued at the existing carrying values as they represented a reasonable approximation of the fair value of those items at the Rocky Gap Acquisition date, based on management's judgment and estimates.

The personal property components of the fixed assets were primarily valued utilizing the market and cost approaches. Certain personal property with an active and identifiable secondary market value were valued using the market approach. This property included, but was not limited to, certain gaming/slot equipment, information and technology equipment and vehicles. The cost approach was utilized to value all other personal property. The cost approach estimates fair value as the current cost of replacing or reproducing the utility of an asset, or group of assets, and adjusting it for any depreciation resulting from one or more of the following: physical deterioration, functional obsolescence, and/or economic obsolescence.

The real estate assets that were sold to VICI and leased back to the Company were adjusted to fair value concurrently with the Rocky Gap Acquisition. The fair value was determined utilizing the direct capitalization method of the income approach. The fair value of the acquired real estate assets was determined to be $203.9 million. The income approach incorporates all tangible and intangible property and served as a ceiling for the fair values of the acquired assets of the ongoing business enterprise, while still taking into account the premise of highest and best use.

The fair value of the customer relationships from the player's club list was valued using the incremental cash flow method under the income approach. The incremental cash flow method is used to estimate the fair value of an intangible asset based on a residual cash flow notion. This method measures the benefits (e.g., cash flows) derived from ownership of an acquired intangible asset as if it were in place, as compared to the acquirer's expected cash flows as if the intangible asset were not in place (i.e., with-and-without). The present value difference in the two cash flow streams is ascribable to the intangible asset. The Company has assigned a 10 year useful life to the player loyalty program based on estimated revenue attrition among the player's club members, from historical operations as estimated by management.

The fair value of the Rocky Gap trademark was valued using the relief from royalty method. The relief from royalty method presumes that, without ownership of the asset, the Company would have to make a stream of payments to a brand or franchise owner in return for the right to use their name. By virtue of this asset, the Company avoids any such payments and records the related intangible value of the trademark. The primary assumptions in the valuation included projected revenue, a pre-tax royalty rate, the trademark's useful life, and tax expense. The Company has assigned the Rocky Gap trademark a 10 year useful life after considering, among other things, the expected use of the asset, the expected useful life of other related assets or asset groups, any legal, regulatory, or contractual provisions that may limit the useful life, the effects of obsolescence, demand and other economic factors, and the maintenance expenditures required to promote and support the trademark.

Details of the Rocky Gap Acquisition in the table below are based on estimated fair values of assets and liabilities as of July 25, 2023. The Rocky Gap Acquisition was accounted for using the acquisition method of accounting. Assets acquired and liabilities assumed in connection with the Rocky Gap Acquisition have been recorded at their preliminary fair values. Certain estimated values for the Rocky Gap Acquisition for accrued liabilities, property and equipment, intangible assets, and deferred income taxes are not yet finalized pending the final purchase price allocations and the receipt of additional information from Rocky Gap. As a result, the Company's estimates and assumptions are subject to change within the measurement period as valuations are finalized. The Company expects to finalize the allocation of the purchase price within one year of the Rocky Gap Acquisition date.

Amounts in thousands		
Cash	$	6,653
Receivables		79
Prepaid expenses		876
Inventories		724
Other current assets		33
Property and equipment		209,764
Leased right-of-use assets		3,441
Intangible assets		23,290
Deposits and other		37
Accounts payable		(611)
Accrued liabilities		(2,564)
Accrued payroll		(1,393)
Taxes payable		(202)
Operating lease liabilities		(3,441)
Finance lease liabilities		(203,925)
Net identifiable assets acquired		32,761
Add: Goodwill		26,473
Net assets acquired	$	59,234

The following table details the purchase consideration net cash outflow.

Amounts in thousands		
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration	$	56,075
Working capital adjustments		3,159
Less: Cash balances acquired		(6,653)
Net cash used in investing activities	$	52,581

Acquisition-related costs

The Company incurred acquisition costs of approximately $0.1 million for the three months ended March 31, 2023 in connection with the Rocky Gap Acquisition. These costs include legal and accounting fees and have been recorded as general and administrative expenses in the Corporate Other segment.

Ancillary Agreements

In connection with the Rocky Gap Acquisition, the Company and the sellers entered into a consulting agreement dated July 25, 2023, whereby the sellers agreed to provide the Company with certain transitional services following the Rocky Gap Acquisition. The agreement compensates the sellers for services following the Rocky Gap Acquisition as performed by employees at a monthly rate. The agreement ended on October 8, 2023. There were no fees incurred under the agreement for the three months ended March 31, 2023.

Acquisition-Related Contingencies

Rocky Gap is party to various legal and administrative proceedings, which have arisen in the normal course of business and relate to underlying events that occurred on or before the July 25, 2023 closing of the Rocky Gap Acquisition. Estimated losses have been accrued as of the Rocky Gap Acquisition date for these proceedings in accordance with ASC Topic 450, which requires that an amount be accrued if the loss is probable and can be estimated. The current liability for the estimated losses associated with these proceedings is not material to the Company's consolidated financial condition and those estimated losses are not expected to have a material impact on its results of operations. The Company estimated the range of these contingencies to be between $0.1 million and $0.2 million as of March 31, 2024.

Pro forma results (Unaudited)

The following table provides unaudited pro forma information of the Company as if the Nugget Acquisition and Rocky Gap Acquisition had occurred at the beginning of the earliest comparable period presented. The unaudited pro forma financial results include adjustments for transaction-related costs that are directly attributable to the Nugget Acquisition and Rocky Gap Acquisition for the three months ended March 31, 2023 including (i) pro forma adjustments to record interest expense related to the Goldman Credit Agreement, borrowing of the Revolving Facility under the Goldman Credit Agreement, and interest on the VICI financing obligation, (ii) pro forma adjustments to record depreciation and amortization for assets acquired in the Nugget Acquisition and Rocky Gap Acquisition, (iii) an estimated tax impact, and (iv) pro forma adjustments to record Smooth Bourbon as a consolidated subsidiary as of January 1, 2023. This pro forma information is not necessarily indicative either of the combined results of operations that actually would have been realized had the acquisitions been consummated during the periods for which the pro forma information is presented, or of future results.

	For the three months ended March 31,			
Amounts in thousands, except for per share information		**2024**		**2023**
Net operating revenue	$	136,017	$	145,770
Net loss attributable to Century Casinos, Inc. shareholders	$	(13,544)	$	(4,549)

Equity Investment – Smooth Bourbon

The Company purchased membership interests in Smooth Bourbon on April 1, 2022. The Company began consolidating Smooth Bourbon on April 3, 2023 after the Nugget Acquisition and therefore no longer reports its interest in Smooth Bourbon as an equity investment. Following is summarized financial information regarding Smooth Bourbon for the three months ended March 31, 2023:

Amounts in thousands		**For the three months ended March 31, 2023**
Operating Results		
Net operating revenue	$	3,852
Earnings from continuing operations	$	3,729
Net earnings	$	2,181
Net earnings attributable to Century Casinos, Inc.	$	1,091

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill represents the future economic benefits of a business combination to the extent that the purchase price exceeds the fair value of the net identified tangible and intangible assets acquired and liabilities assumed. The Company determines the estimated fair value of the net identified tangible and intangible assets acquired and liabilities assumed after review and consideration of relevant information including discounted cash flows, quoted market prices, and estimates made by management.

The Company tests goodwill for impairment as of October 1 each year, or more frequently as circumstances indicate it is necessary. Testing compares the estimated fair values of our reporting units to the reporting units' carrying values. The reportable segments with goodwill balances as of March 31, 2024 included the United States, Canada and Poland. For the quantitative goodwill impairment test, the current fair value of each reporting unit with goodwill balances is estimated using a combination of (i) the income approach using the discounted cash flow method for projected revenue, EBITDAR and working capital, (ii) the market approach observing the price at which comparable companies or shares of comparable companies are bought or sold, and (iii) fair value measurements using either quoted market price or an estimate of fair value using a present value technique. The cost approach, estimating the cost of reproduction or replacement of an asset, was considered but not used because it does not adequately capture an operating company's intangible value. If the carrying value of a reporting unit exceeds its estimated fair value, the Company will recognize an impairment for the amount by which the carrying value exceeds the reporting unit's fair value. The impairment analysis requires management to make estimates about future operating results, valuation multiples and discount rates and assumptions based on historical data and consideration of future market conditions. Changes in the assumptions can materially affect these estimates. Given the uncertainty inherent in any projection, actual results may differ from the estimates and assumptions used, or conditions may change, which could result in additional impairment charges in the future. Such impairments could be material.

Changes in the carrying amount of goodwill related to the United States, Canada and Poland segments are as follows:

Amounts in thousands	United States	Canada	Poland	Total
Gross carrying value January 1, 2024	$ 89,975	$ 7,233	$ 6,536	$ 103,744
Currency translation	—	(92)	(135)	(227)
Gross carrying value March 31, 2024	89,975	7,141	6,401	103,517
Accumulated impairment losses January 1, 2024	(19,786)	(3,375)	—	(23,161)
Accumulated impairment losses March 31, 2024	(19,786)	(3,375)	—	(23,161)
Net carrying value at January 1, 2024	$ 70,189	$ 3,858	$ 6,536	$ 80,583
Net carrying value at March 31, 2024	$ 70,189	$ 3,766	$ 6,401	$ 80,356

Intangible Assets

The Company tests its indefinite-lived intangible assets as of October 1 each year, or more frequently as circumstances indicate it is necessary. The fair value is determined primarily using the multi-period excess earnings methodology and the relief from royalty method under the income approach.

Intangible assets at March 31, 2024 and December 31, 2023 consisted of the following:

Amounts in thousands	March 31, 2024	December 31, 2023
Finite-lived		
Casino licenses	$ 3,626	$ 2,499
Less: accumulated amortization	(1,546)	(1,417)
	2,080	1,082
Trademarks	16,718	16,718
Less: accumulated amortization	(2,259)	(1,843)
	14,459	14,875
Players club lists	59,253	59,253
Less: accumulated amortization	(15,949)	(14,272)
	43,304	44,981
Total finite-lived intangible assets, net	59,843	60,938
Indefinite-lived		
Casino licenses	30,329	30,604
Trademarks	1,634	1,665
Total indefinite-lived intangible assets	31,963	32,269
Total intangible assets, net	$ 91,806	$ 93,207

Trademarks

The Company currently owns five trademarks: Century Casinos, Mountaineer, Nugget, Rocky Gap and Casinos Poland. The trademarks are reported as intangible assets on the Company's condensed consolidated balance sheets.

Trademarks: Finite-Lived

The Company has determined that the Mountaineer, Nugget and Rocky Gap trademarks, all reported in the United States segment, have useful lives of ten years after considering, among other things, the expected use of the asset, the expected useful life of other related assets or asset groups, any legal, regulatory, or contractual provisions that may limit the useful life, the effects of obsolescence, demand and other economic factors, and the maintenance expenditures required to promote and support the trademark. As such, the trademarks will be amortized over their useful lives. Costs incurred to renew trademarks that are finite-lived are expensed over the renewal period to general and administrative expenses on the Company's condensed consolidated statements of loss.

Changes in the carrying amount of the United States trademarks are as follows:

Amounts in thousands	Balance at January 1, 2024	Amortization	Balance at March 31, 2024
United States	$ 14,875	$ (416)	$ 14,459

As of March 31, 2024, estimated amortization expense of the United States trademarks over the next five years was as follows:

Amounts in thousands	
2024	$ 1,249
2025	1,665
2026	1,665
2027	1,665
2028	1,487
Thereafter	6,728
	$ 14,459

The weighted-average amortization period of the United States trademarks is 8.0 years.

Trademarks: Indefinite-Lived

The Company has determined that the Casinos Poland trademark, reported in the Poland segment, and the Century Casinos trademark, reported in the Corporate and Other segment, have indefinite useful lives and therefore the Company does not amortize these trademarks. Costs incurred to renew trademarks that are indefinite-lived are expensed over the renewal period as general and administrative expenses on the Company's condensed consolidated statements of loss.

Changes in the carrying amount of the indefinite-lived trademarks are as follows:

Amounts in thousands	Balance at January 1, 2024	Currency translation	Balance at March 31, 2024
Poland	$ 1,557	$ (31)	$ 1,526
Corporate and Other	108	—	108
	$ 1,665	$ (31)	$ 1,634

Casino Licenses: Finite-Lived

As of March 31, 2024, Casinos Poland had eight casino licenses, each with an original term of six years, which are reported as finite-lived intangible assets and are amortized over their respective useful lives.

Changes in the carrying amount of the Casinos Poland licenses are as follows:

Amounts in thousands	Balance at January 1, 2024	New Casino License	Amortization	Currency translation	Balance at March 31, 2024
Poland	$ 1,082	$ 1,176	$ (157)	$ (21)	$ 2,080

As of March 31, 2024, estimated amortization expense for the CPL casino licenses over the next five years was as follows:

Amounts in thousands	
2024	$ 338
2025	388
2026	361
2027	361
2028	323
Thereafter	309
	$ 2,080

These estimates do not reflect the impact of future foreign exchange rate changes or the continuation of the licenses following their expiration. The weighted average period before the next license expiration is 3.0 years. In Poland, gaming licenses are not renewable. Once a gaming license has expired, any gaming company can apply for the license.

Casino Licenses: Indefinite-Lived

The Company has determined that the casino licenses held in the United States segment from the Missouri Gaming Commission, the West Virginia Lottery Commission and the Nevada Gaming Commission (held by Smooth Bourbon) and those held in the Canada segment from the Alberta Gaming, Liquor and Cannabis Commission and Horse Racing Alberta are indefinite-lived. Costs incurred to renew licenses that are indefinite-lived are expensed over the renewal period to general and administrative expenses on the Company's condensed consolidated statements of loss. Changes in the carrying amount of the licenses are as follows:

Amounts in thousands	Balance at January 1, 2024	Currency translation	Balance at March 31, 2024
United States	$ 18,962	$ —	$ 18,962
Canada	11,642	(275)	11,367
	$ 30,604	$ (275)	$ 30,329

Player's Club Lists

The Company has determined that the player's club lists, reported in the United States segment, have useful lives of seven to 10 years based on estimated revenue attrition among the player's club members over each property's historical operations as estimated by management. As such, the player's club lists will be amortized over their useful lives. Changes in the carrying amount of the player's club lists are as follows:

Amounts in thousands	Balance at January 1, 2024	Amortization	Balance at March 31, 2024
United States	$ 44,981	$ (1,677)	$ 43,304

As of March 31, 2024, estimated amortization expense for the player's club lists over the next five years was as follows:

Amounts in thousands	
2024	$ 5,099
2025	6,799
2026	6,556
2027	3,888
2028	3,888
Thereafter	17,074
	$ 43,304

The weighted-average amortization period for the player's club lists is 5.3 years.

5. LONG-TERM DEBT

Long-term debt and the weighted average interest rates as of March 31, 2024 and December 31, 2023 consisted of the following:

Amounts in thousands	March 31, 2024		December 31, 2023	
Goldman term loan	$ 339,509	11.56%	$ 343,875	11.44%
UniCredit term loan	2,514	3.06%	2,954	3.21%
Total principal	$ 342,023	11.49%	$ 346,829	10.89%
Deferred financing costs	(13,475)		(14,149)	
Total long-term debt	$ 328,548		$ 332,680	
Less current portion	(4,937)		(8,468)	
Long-term portion	$ 323,611		$ 324,212	

Goldman Credit Agreement

On April 1, 2022, the Company entered into the Goldman Credit Agreement by and among the Company, as borrower, the subsidiary guarantors party thereto, Goldman Sachs Bank USA, as administrative agent and collateral agent, Goldman Sachs Bank USA and BOFA Securities, Inc., as joint lead arrangers and joint bookrunners, and the Lenders and L/C Lenders party thereto. The Goldman Credit Agreement replaced the Macquarie Credit Agreement. The Goldman Credit Agreement provides for the $350.0 million Goldman Term Loan and a $30.0 million Revolving Facility. As of March 31, 2024, the outstanding balance of the Goldman Term Loan was $339.5 million and the Company had $30.0 million available to borrow on the Revolving Facility. The Company used the Goldman Term Loan to fund the Nugget Acquisition (including the Acquisition Escrow), for the repayment of approximately $166.2 million outstanding under the Macquarie Credit Agreement and for related fees and expenses. The Company borrowed $30.0 million from the Revolving Facility on July 20, 2023 to fund the Rocky Gap Acquisition, and repaid the full amount of this borrowing on September 21, 2023.

The Goldman Term Loan matures on April 1, 2029, and the Revolving Facility matures on April 1, 2027. The Revolving Facility includes up to $10.0 million available for the issuance of letters of credit. The Goldman Term Loan requires scheduled quarterly payments of $875,000 equal to 0.25% of the original aggregate principal amount of the Goldman Term Loan, with the balance due at maturity. The Company repurchased approximately $3.5 million principal amount of the Goldman Term Loan for 97% of its value in February 2024.

Borrowings under the Goldman Credit Agreement bear interest at a rate equal to, at the Company's option, either (a) the Adjusted Term SOFR (as defined in the Goldman Credit Agreement), plus an applicable margin (each loan, being a "SOFR Loan") or (b) the ABR (as defined in the Goldman Credit Agreement), plus an applicable margin (each loan, being a "ABR Loan"). The applicable margin for the Goldman Term Loan is 6.00% per annum with respect to SOFR Loans and 5.00% per annum with respect to ABR Loans. For the three months ended March 31, 2023 and 2024, the weighted average interest rates under the Goldman Term Loan were 10.62% and 11.56%, respectively. The applicable margin for loans under the Revolving Facility ("Revolving Loans") is (1) so long as the Consolidated First Lien Net Leverage Ratio (as defined in the Goldman Credit Agreement) of the Company is greater than 2.75 to 1.00, the applicable margin for Revolving Loans that are SOFR Loans will be 5.25% per annum, and for Revolving Loans that are ABR Loans will be 4.25% per annum; (2) so long as the Consolidated First Lien Net Leverage Ratio of the Company is less than or equal to 2.75 to 1.00 but greater than 2.25 to 1.00, the applicable margin for Revolving Loans that are SOFR Loans will be 5.00% per annum, and for Revolving Loans that are ABR Loans will be 4.00% per annum; and (3) so long as the Consolidated First Lien Net Leverage Ratio of the Company is less than or equal to 2.25 to 1.00, the applicable margin for Revolving Loans that are SOFR Loans will be 4.75% per annum, and for Revolving Loans that are ABR Loans will be 3.75% per annum.

In addition, on a quarterly basis, the Company is required to pay each lender under the Revolving Facility a commitment fee in respect of any unused commitments under the Revolving Facility at a per annum rate of 0.50% of the principal amount of unused commitments of such lender, subject to a stepdown to 0.375% based upon the Company's Consolidated First Lien Net Leverage Ratio. The Company is also required to pay letter of credit fees equal to the applicable margin then in effect for SOFR Loans that are Revolving Loans multiplied by the average daily maximum aggregate amount available to be drawn under all letters of credit, plus such letter of credit issuer's customary documentary and processing fees and charges and a fronting fee in an amount equal to 0.125% of the face amount of such letter of credit. The Company is also required to pay customary agency fees. Fees related to the Goldman Credit Agreement of less than $0.1 million were recorded as interest expense in the consolidated statements of loss for each of the three months ended March 31, 2024 and 2023.

The Goldman Credit Agreement requires the Company to prepay the Term Loan, subject to certain exceptions, with:

- 100% of the net cash proceeds of certain non-ordinary course asset sales or certain casualty events, subject to certain exceptions; and
- 50% of the Company's annual Excess Cash Flow (as defined in the Goldman Credit Agreement) (which percentage will be reduced to 25% if the Consolidated First Lien Net Leverage Ratio is greater than 2.25 to 1.00 but less than or equal to 2.75 to 1.00, and to 0% if the Consolidated First Lien Net Leverage Ratio is less than or equal to 2.25 to 1.00).

The Goldman Credit Agreement provides that the Term Loan may be prepaid without a premium or penalties.

The borrowings under the Goldman Credit Agreement are guaranteed by the material subsidiaries of the Company, subject to certain exceptions (including the exclusion of the Company's non-domestic subsidiaries), and are secured by a pledge (and, with respect to real property, mortgage) of substantially all of the existing and future property and assets of the Company and the guarantors, subject to certain exceptions.

The Goldman Credit Agreement contains customary representations and warranties, affirmative, negative and financial covenants, and events of default. All future borrowings under the Goldman Credit Agreement are subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties. The Company was in compliance with all applicable financial covenants under the Goldman Credit Agreement as of March 31, 2024.

Deferred financing costs consist of the Company's costs related to financings. Amortization expenses relating to the Goldman Credit Agreement were $0.7 million for each of the three months ended March 31, 2024 and 2023. These costs are included in interest expense in the condensed consolidated statements of loss for the three months ended March 31, 2024 and 2023.

Casinos Poland
As of March 31, 2024, CPL had a short-term line of credit with mBank S.A. ("mBank") used to finance current operations. The line of credit bears an interest rate of overnight WIBOR plus 2.00% with a borrowing capacity of PLN 5.0 million and is available through June 4, 2024. As of March 31, 2024, the credit facility had no outstanding balance and PLN 5.0 million ($1.3 million based on the exchange rate in effect on March 31, 2024) was available for additional borrowing. The credit agreement is secured by a building owned by CPL in Warsaw. The credit facility contains a number of covenants applicable to CPL, including covenants that require CPL to maintain certain liquidity and liability to asset ratios.

Under Polish gaming law, CPL is required to maintain PLN 4.8 million in the form of deposits or bank guarantees for payment of casino jackpots and gaming tax obligations. mBank issued guarantees to CPL for this purpose totaling PLN 4.8 million ($1.2 million based on the exchange rate in effect on March 31, 2024). The mBank guarantees are secured by land owned by CPL in Kolbaskowo, Poland as well as a deposit of PLN 1.7 million ($0.4 million based on the exchange rate in effect on March 31, 2024) with mBank and will terminate in June 2024 and September 2030, respectively. CPL also is required to maintain deposits or provide bank guarantees for payment of additional prizes and giveaways at the casinos. The amount of these deposits varies depending on the value of the prizes. CPL maintained PLN 0.7 million ($0.2 million based on the exchange rate in effect on March 31, 2024) in deposits for this purpose as of March 31, 2024. These deposits are included in deposits and other on the Company's condensed consolidated balance sheets.

Century Resorts Management
CRM previously had a GBP 2.0 million term loan with UniCredit Bank Austria AG ("UniCredit") that was converted to a USD loan in November 2021. The loan was paid in full in September 2023 and bore an interest rate of LIBOR plus 1.625%.

As of March 31, 2024, CRM had a credit agreement with UniCredit originally entered into in August 2018 as a $7.4 million line of credit for acquisitions and capital expenditures at the Company's existing operations or new operations. The line of credit was converted to a EUR 6.0 million term loan in June 2021 (the "UniCredit Term Loan"). The term loan matures on December 31, 2025 and bears interest at a rate of 2.875%. As of March 31, 2024, the amount outstanding was EUR 2.3 million ($2.5 million based on the exchange rate in effect on March 31, 2024) and the Company had no further borrowings available. The UniCredit Term Loan is secured by a EUR 6.0 million guarantee by the Company and has no financial covenants.

As of March 31, 2024, scheduled repayments related to long-term debt were as follows:

Amounts in thousands	**Goldman Term Loan**	**UniCredit Term Loan**	**Total**
2024	$ 2,625	$ 1,078	$ 3,703
2025	3,500	1,436	4,936
2026	3,500	—	3,500
2027	3,500	—	3,500
2028	3,500	—	3,500
Thereafter	322,884	—	322,884
Total	$ 339,509	$ 2,514	$ 342,023

6. LONG-TERM FINANCING OBLIGATION

In December 2019, certain subsidiaries of the Company (collectively, the "Tenant") and certain subsidiaries of VICI PropCo (collectively, the "Landlord") entered into a sale and leaseback transaction in connection with the acquisition of the Company's West Virginia and Missouri properties and entered into the Master Lease to lease the real estate assets. See Note 1 for a list of the Company's subsidiaries and properties under the Master Lease.

The Master Lease has been modified as follows:

- On December 1, 2022, an amendment provided for (i) modifications with respect to certain project work to be done by the Company related to Century Casino Caruthersville, (ii) modifications to rent under the Master Lease to provide for an increase in initial annualized rent by approximately $4.2 million after completion of the Caruthersville casino project and (iii) other related modifications.
- On July 25, 2023, an amendment (i) added Rocky Gap to the Master Lease, (ii) increased initial annualized rent by approximately $15.5 million and (iii) extended the initial Master Lease term for 15 years from the date of the amendment (subject to the existing four five year renewal options).
- On September 6, 2023, an amendment (i) added the Century Canadian Portfolio to the Master Lease, (ii) increased initial annualized rent by approximately CAD 17.3 million ($12.8 million based on the exchange rate on March 31, 2024) and (iii) extended the initial Master Lease term for 15 years from the date of the amendment (subject to the existing four five year renewal options).

The Master Lease does not transfer control of the properties under the Master Lease to VICI PropCo subsidiaries. The Company accounts for the transaction as a failed sale-leaseback financing obligation. When cash proceeds are exchanged, a failed sale-leaseback financing obligation is equal to the proceeds received for the assets that are sold and then leased back. The value of the failed sale-leaseback financing obligations recognized in this transaction was determined to be the fair value of the leased real estate assets. In subsequent periods, a portion of the periodic payment under the Master Lease will be recognized as interest expense with the remainder of the payment reducing the failed sale-leaseback financing obligation using the effective interest method. The failed sale-leaseback obligations will not be reduced to less than the net book value of the leased real estate assets as of the end of the lease term.

The fair values of the real estate assets and the related failed sale-leaseback financing obligation were estimated based on the present value of the estimated future payments over the term plus renewal options of 35 years, using an average imputed discount rate of approximately 8.9%. The value of the failed sale-leaseback financing obligation is dependent upon assumptions regarding the amount of the payments and the estimated discount rate of the payments required by a market participant.

The Master Lease provides for the lease of land, buildings, structures and other improvements on the land, easements and similar appurtenances to the land and improvements relating to the operations of the leased properties. The Master Lease has a term of 15 years with no purchase option. At the Company's option, the Master Lease may be extended for up to four five year renewal terms beyond the 15 year term. The Company exercised one five year renewal option when the Master Lease was amended on December 1, 2022. The renewal terms are effective as to all, but not less than all, of the property then subject to the Master Lease. The Company does not have the ability to terminate its obligations under the Master Lease prior to its expiration without the Landlord's consent.

The Master Lease has a triple-net structure, which requires the Tenant to pay substantially all costs associated with the Company's properties that are subject to the Master Lease, including real estate taxes, insurance, utilities, maintenance and operating costs. The Master Lease contains certain covenants, including minimum capital improvement expenditures. The Company has provided a guarantee of the Tenant's obligations under the Master Lease.

The rent under the Master Lease currently escalates at the greater of either 1.0125% (the "Base Rent Escalator") or the increase in the Consumer Price Index ("CPI"). The CPI rent escalator for the Century Canadian Portfolio is capped at 2.5%. The Base Rent Escalator is subject to adjustment from and after the 6th year if the Minimum Rent Coverage Ratio (as defined in the Master Lease) is not satisfied.

The estimated future payments in the table below include payments and adjustments to reflect estimated payments as described in the Master Lease, including an annual escalator of up to 1.0125%. The estimated future payments are not adjusted for increases based on the CPI or the $4.2 million in additional annual rent related to the Caruthersville casino project that is anticipated to be completed in the fourth quarter of 2024. Remaining cash rent payments adjusted for CPI for the year ending December 31, 2024 are estimated to be $42.5 million.

Amounts in thousands		
2024	$	40,802
2025		55,082
2026		55,771
2027		56,468
2028		57,174
Thereafter		2,070,706
Total payments		2,336,003
Residual value		21,131
Less imputed interest		(1,702,371)
Total	$	654,763

Total payments and interest expense related to the Master Lease for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31,			
Amounts in thousands		**2024**		**2023**
Payments made per Master Lease	$	9,071	$	6,455
CPI increase		373		411
Total payments made including CPI increase		9,444		6,866
Cash paid for principal [1]	$	—	$	—
Cash paid for interest		9,444		6,866
Interest expense	$	15,199	$	7,120

1. For the initial periods of the Master Lease, cash payments are less than the interest expense recognized, which causes the financing obligation to increase.

7. COMMITMENTS AND CONTINGENCIES

Litigation – From time to time, the Company is subject to various legal proceedings arising from normal business operations. Based on management's knowledge, the Company does not expect the outcome of such currently pending or threatened proceedings, either individually or in the aggregate, to have a material effect on its financial position, cash flows or results of operations.

8. INCOME TAXES

Income tax expense or benefits are recorded relative to the jurisdictions that recognize book earnings. For the three months ended March 31, 2024, the Company recognized an income tax benefit of 4.0 million on pre-tax loss of ($15.7) million, representing an effective income tax rate of 25.4% compared to an income tax expense of $1.6 million on pre-tax earnings of $4.7 million, representing an effective income tax rate of 34.9% for the same period in 2023.

For the three months ended March 31, 2024, the Company computed an annual effective tax rate using forecasted information. Based on current forecasts, the Company's effective tax rate is expected to be highly sensitive to changes in earnings. The Company concluded that computing its effective tax rate using forecasted information would be appropriate in estimating tax expense for the three months ended March 31, 2024.

A number of items caused the effective income tax rate for the three months ended March 31, 2024 to differ from the US federal statutory income tax rate of 21%, including certain nondeductible business expenses in Poland, various exchange rate benefits, and income attributable to the non-controlling interest holder of Smooth Bourbon, which is taxed as a partnership for US federal income tax purposes. Further, the Company expects to incur withholding tax on future repatriation of current earnings in certain non-US subsidiaries. As of March 31, 2024, the Company continues to maintain a full valuation allowance on deferred tax assets for CMR, CRM and Century Resorts International Ltd.

The Company has unrecognized income tax benefits of $0.5 million due to the Company's ability to utilize pre-acquisition net operating losses. The Company received notification of an examination by Canada Revenue Agency, and it will assess the ability to recognize the $0.5 million in income tax benefits upon completion of the examination. The Company believes that the examination will conclude during 2024.

9. EARNINGS (LOSS) PER SHARE

The calculation of basic loss per share considers only weighted average outstanding common shares in the computation. The calculation of diluted earnings per share gives effect to all potentially dilutive stock options. The calculation of diluted earnings per share is based upon the weighted average number of common shares outstanding during the period, plus, if dilutive, the assumed exercise of stock options using the treasury stock method. Weighted average shares outstanding for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31,	
Amounts in thousands	**2024**	**2023**
Weighted average common shares, basic	30,420	30,056
Dilutive effect of stock options	—	—
Weighted average common shares, diluted	30,420	30,056

The following stock options are anti-dilutive and have not been included in the weighted average shares outstanding calculation:

	For the three months ended March 31,	
Amounts in thousands	**2024**	**2023**
Stock options	581	2,545

10. FAIR VALUE MEASUREMENTS AND DERIVATIVE INSTRUMENTS REPORTING

Fair Value Measurements

The Company follows fair value measurement authoritative accounting guidance for all assets and liabilities measured at fair value. That authoritative accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Market or observable inputs are the preferred sources of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. The fair value hierarchy for grouping these assets and liabilities is based on the significance level of the following inputs:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant value drivers are observable
- Level 3 – significant inputs to the valuation model are unobservable

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The Company reflects transfers between the three levels at the beginning of the reporting period in which the availability of observable inputs no longer justifies classification in the original level. There were no transfers between the three levels for the three months ended March 31, 2024 and 2023.

Non-Recurring Fair Value Measurements

The Company applies the provisions of the fair value measurement standard to its non-recurring, non-financial assets and liabilities measured at fair value. The Company applied the acquisition method of accounting for the Nugget Acquisition and Rocky Gap Acquisition. Identifiable assets and liabilities assumed were recognized and measured at fair value as of the acquisition dates. See

Note 3 for more information about and accounting for the Nugget Acquisition and Rocky Gap Acquisition. There were no assets or liabilities measured at fair value on a non-recurring basis as of March 31, 2024.

Debt – The carrying value of the Goldman Credit Agreement, the UniCredit Term Loan and CPL's short-term line of credit approximate fair value based on the variable interest paid on the obligations. The estimated fair values of the outstanding balances under the Goldman Credit Agreement and UniCredit Term Loan are designated as Level 2 measurements in the fair value hierarchy based on quoted prices in active markets for similar liabilities. The carrying values of the Company's finance lease obligations approximate fair value based on the similar terms and conditions currently available to the Company in the marketplace for similar financings.

Other Estimated Fair Value Measurements – The estimated fair value of the Company's other assets and liabilities, such as cash and cash equivalents, accounts receivable and accounts payable, have been determined to approximate carrying value based on the short-term nature of those financial instruments. As of March 31, 2024 and December 31, 2023, the Company had no cash equivalents.

11. REVENUE RECOGNITION

The Company derives revenue and other income from contracts with customers and financial instruments. A breakout of the Company's derived revenue and other income is presented in the table below.

	For the three months ended March 31,	
Amounts in thousands	**2024**	**2023**
Revenue from contracts with customers	$ 136,017	$ 108,508
Cost recovery income	—	3,501
Century Casino Calgary sale earn out revenue	—	574
Total revenue	$ 136,017	$ 112,583

The Company operates gaming establishments as well as related lodging, restaurant, horse racing (including off-track betting), sports betting, iGaming, and entertainment facilities around the world. The Company generates revenue at its properties by providing the following types of products and services: gaming, pari-mutuel and sports betting, iGaming, hotel, food and beverage, and other.

Disaggregation of the Company's revenue from contracts with customers by type of revenue and reportable segment is presented in the tables below.

	For the three months ended March 31, 2024				
Amounts in thousands	**United States**	**Canada**	**Poland**	**Corporate and Other**	**Total**
Gaming	$ 72,307	$ 12,015	$ 21,096	$ —	$ 105,418
Pari-mutuel, sports betting and iGaming	1,297	2,092	—	—	3,389
Hotel	9,177	125	—	—	9,302
Food and beverage	9,822	2,727	196	—	12,745
Other	3,431	1,362	357	13	5,163
Net operating revenue	$ 96,034	$ 18,321	$ 21,649	$ 13	$ 136,017

	For the three months ended March 31, 2023				
Amounts in thousands	**United States**	**Canada**	**Poland**	**Corporate and Other**	**Total**
Gaming	$ 58,393	$ 10,598	$ 25,249	$ 57	$ 94,297
Pari-mutuel, sports betting and iGaming	1,282	2,103	—	—	3,385
Hotel	2,403	119	—	—	2,522
Food and beverage	3,110	2,426	231	—	5,767
Other	1,181	1,257	99	—	2,537
Net operating revenue	$ 66,369	$ 16,503	$ 25,579	$ 57	$ 108,508

For the majority of the Company's contracts with customers, payment is made in advance of the services and contracts are settled on the same day the sale occurs with revenue recognized on the date of the sale. For contracts that are not settled, a contract liability is created. The expected duration of the performance obligation is less than one year.

The amount of revenue recognized that was included in the opening contract liability balance was $2.8 million for the three months ended March 31, 2024 and $1.1 million for the three months ended March 31, 2023. This revenue consists primarily of the Company's deferred gaming revenue from player points earned through play at the Company's casinos located in the United States. Activity in the Company's receivables and contract liabilities is presented in the tables below.

	For the three months ended March 31, 2024		For the three months ended March 31, 2023	
Amounts in thousands	**Receivables**	**Contract Liabilities**	**Receivables**	**Contract Liabilities**
Opening	$ 1,640	$ 4,714	$ 1,351	$ 2,417
Closing	1,109	6,064	638	2,185
(Decrease)/Increase	$ (531)	$ 1,350	$ (713)	$ (232)

Receivables are included in accounts receivable and contract liabilities are included in accrued liabilities on the Company's condensed consolidated balance sheets.

Substantially all of the Company's contracts and contract liabilities have an original duration of one year or less. The Company applies the practical expedient for such contracts and does not consider the effects of the time value of money. Further, because of the short duration of these contracts, the Company has not disclosed the transaction price for the remaining performance obligations as of the end of each reporting period or when the Company expects to recognize this revenue.

12. LEASES

The Company determines if an arrangement is a lease at inception. The right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate in each of the jurisdictions in which its subsidiaries operate to calculate the present value of lease payments. Lease terms may include options to extend or terminate the lease. These options are included in the lease term when it is reasonably certain that the Company will exercise those options. Operating lease expense is recorded on a straight-line basis over the lease term.

The Company accounts for lease agreements with lease and non-lease components as a single lease component for all asset classes. The Company does not establish ROU assets or lease liabilities for operating leases with terms of 12 months or less.

The Company's operating and finance leases include land, casino space, corporate offices, and gaming and other equipment. The leases have remaining lease terms of one month to 48 years.

The components of lease expense were as follows:

	For the three months ended March 31,	
Amounts in thousands	**2024**	**2023**
Operating lease expense	$ 1,313	$ 1,334
Finance lease expense:		
Amortization of right-of-use assets	$ 33	$ 24
Interest on lease liabilities	11	9
Total finance lease expense	$ 44	$ 33
Variable lease expense	$ 264	$ 293

Variable lease expense relates primarily to rates based on changes in indexes that are excluded from the lease liability and fluctuations in foreign currency related to leases in Poland.

Supplemental cash flow information related to leases was as follows:

Amounts in thousands	For the three months ended March 31, 2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 11	$ 9
Operating cash flows from operating leases	1,155	1,249
Financing cash flows from finance leases	46	38
Right-of-use assets obtained in exchange for operating lease liabilities	$ 92	$ 48

Supplemental balance sheet information related to leases was as follows:

Amounts in thousands	As of March 31, 2024	As of December 31, 2023
Operating leases		
Leased right-of-use assets, net	$ 24,767	$ 25,973
Current portion of operating lease liabilities	3,411	3,395
Operating lease liabilities, net of current portion	24,701	25,834
Total operating lease liabilities	28,112	29,229
Finance leases		
Finance lease right-of-use assets, gross	1,004	1,028
Accumulated depreciation	(323)	(296)
Property and equipment, net	681	732
Current portion of finance lease liabilities	194	199
Finance lease liabilities, net of current portion	371	427
Total finance lease liabilities	565	626
Weighted-average remaining lease term		
Operating leases	14.8 years	14.6 years
Finance leases	3.2 years	3.4 years
Weighted-average discount rate		
Operating leases	8.8%	8.7%
Finance leases	7.8%	7.7%

Maturities of lease liabilities as of March 31, 2024 were as follows:

Amounts in thousands	Operating Leases	Finance Leases
2024	$ 3,787	$ 177
2025	4,145	215
2026	3,798	140
2027	3,736	70
2028	3,619	38
Thereafter	36,146	—
Total lease payments	55,231	640
Less imputed interest	(27,119)	(75)
Total	$ 28,112	$ 565

13. SEGMENT INFORMATION

The Company reports its financial performance in three reportable segments based on the geographical locations in which its casinos operate: the United States, Canada and Poland. The Company views each casino or other operation within its operating segments as a reporting unit. Operating segments are aggregated within reportable segments based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate, and their management and reporting structure. The Company's operations related to certain other corporate and management operations have not been identified as separate reportable segments; therefore, these operations are included in Corporate and Other in the following segment disclosures to reconcile to consolidated results. All intercompany transactions are eliminated in consolidation.

The table below provides information about the aggregation of the Company's reporting units and operating segments into reportable segments:

Reportable Segment	Operating Segment	Reporting Unit
United States	East	Mountaineer Casino, Resort & Races (1)
		Rocky Gap Casino, Resort & Golf (1)
	Midwest	Century Casino & Hotel — Central City
		Century Casino & Hotel — Cripple Creek
		Century Casino & Hotel — Cape Girardeau (1)
		Century Casino Caruthersville and The Farmstead (1)
	West	Nugget Casino Resort and Smooth Bourbon, LLC
Canada	Canada	Century Casino & Hotel — Edmonton (1)
		Century Casino St. Albert (1)
		Century Mile Racetrack and Casino (1)
		Century Downs Racetrack and Casino (1)
Poland	Poland	Casinos Poland
Corporate and Other	Corporate and Other	Cruise Ships & Other (2)
		Corporate Other (3)

(1) The real estate assets, except The Riverview hotel in Cape Girardeau and The Farmstead hotel in Caruthersville, are owned by VICI PropCo.
(2) The Company operated on ship-based casinos through April 16, 2023. See Part I, Item 1 Note 1.
(3) Prior to the Nugget Acquisition, the Company's equity investment in Smooth Bourbon was included in the Corporate Other reporting unit.

The Company's chief operating decision maker is a management function comprised of two individuals. These two individuals are the Company's Co-Chief Executive Officers. The Company's chief operating decision makers and management utilize Adjusted EBITDAR as the primary profit measure for its reportable segments.

Adjusted EBITDAR

Adjusted EBITDAR is a non-US GAAP measure defined as net earnings (loss) attributable to Century Casinos, Inc. shareholders before interest expense (income), net, income taxes (benefit), depreciation, amortization, non-controlling interest earnings (loss) and transactions, pre-opening expenses, acquisition costs, non-cash stock-based compensation charges, asset impairment costs, (gain) loss on disposition of fixed assets, discontinued operations, (gain) loss on foreign currency transactions, cost recovery income and other, gain on business combination and certain other one-time transactions. Expense related to the Master Lease is included in the interest expense (income), net line item. Intercompany transactions consisting primarily of management and royalty fees and interest, along with their related tax effects, are excluded from the presentation of net earnings (loss) attributable to Century Casinos, Inc. shareholders and Adjusted EBITDAR reported for each segment. Non-cash stock-based compensation expense is presented under Corporate and Other in the tables below as the expense is not allocated to reportable segments when reviewed by the Company's chief operating decision makers. Not all of the aforementioned items occur in each reporting period, but have been included in the definition based on historical activity. These adjustments have no effect on the consolidated results as reported under US GAAP. Adjusted EBITDAR is not considered a measure of performance recognized under US GAAP.

The following tables provide information regarding the Company's reportable segments:

	For the three months ended March 31, 2024				
Amounts in thousands	United States	Canada	Poland	Corporate and Other	Total
Net operating revenue	$ 96,034	$ 18,321	$ 21,649	$ 13	$ 136,017
(Loss) earnings before income taxes	(3,278)	1,931	156	(14,489)	(15,680)
Net (loss) earnings attributable to Century Casinos, Inc. shareholders	$ (2,782)	$ 1,132	$ 3	$ (11,897)	$ (13,544)
Interest expense (income), net [1]	11,746	2,907	(35)	10,511	25,129
Income tax (benefit) expense	(2,273)	728	151	(2,592)	(3,986)
Depreciation and amortization	10,288	1,149	538	56	12,031
Net earnings attributable to non-controlling interests	1,777	71	2	—	1,850
Non-cash stock-based compensation	—	—	—	503	503
Gain on foreign currency transactions, cost recovery income and other	—	(809)	(143)	(356)	(1,308)
Loss (gain) on disposition of fixed assets	390	(37)	241	—	594
Acquisition costs	—	—	—	(19)	(19)
Adjusted EBITDAR	$ 19,146	$ 5,141	$ 757	$ (3,794)	$ 21,250

(1) Interest expense in the United States and Canada segments primarily relates to the Master Lease.

	For the three months ended March 31, 2023				
Amounts in thousands	United States	Canada	Poland	Corporate and Other	Total
Net operating revenue [1]	$ 66,369	$ 16,503	$ 25,579	$ 57	$ 108,508
Earnings from equity investment	—	—	—	1,091	1,091
Earnings (loss) before income taxes	7,151	6,989	2,992	(12,478)	4,654
Net earnings (loss) attributable to Century Casinos, Inc. shareholders	$ 5,375	$ 1,867	$ 1,574	$ (10,059)	$ (1,243)
Interest expense (income), net [2]	7,119	523	(95)	9,957	17,504
Income tax expense (benefit)	1,776	1,634	632	(2,419)	1,623
Depreciation and amortization	5,032	1,127	635	61	6,855
Net earnings attributable to non-controlling interests	—	3,488	786	—	4,274
Non-cash stock-based compensation	—	—	—	736	736
(Gain) loss on foreign currency transactions and cost recovery income [3]	—	(4,085)	(254)	7	(4,332)
Loss on disposition of fixed assets	470	3	1	5	479
Acquisition costs	—	—	—	158	158
Adjusted EBITDAR	$ 19,772	$ 4,557	$ 3,279	$ (1,554)	$ 26,054

(1) Net operating revenue for Corporate and Other primarily related to the Company's cruise ship operations, which ceased in April 2023.

(2) Interest expense in the United States and Canada segments primarily relates to the Master Lease. Expense related to the CDR land lease was recorded as interest expense in the Canada segment. The CDR land lease ended on September 6, 2023 in conjunction with the Canada Real Estate Sale.

(3) Includes $3.5 million related to cost recovery income for CDR and $0.6 million related to the earn out from the sale of casino operations in Calgary in 2020.

14. TRANSACTIONS WITH RELATED PARTIES

The Company has entered into an agreement with Marnell, which along with the Company owns 50% of Smooth Bourbon, for general contracting and consulting services. The Company had a liability of less than $0.1 million related to open invoices in accounts payable on its consolidated balance sheet as of December 31, 2023. There were no assets or liabilities related to Marnell on the Company's condensed consolidated balance sheet as of March 31, 2024.

15. SUBSEQUENT EVENTS

The Company evaluated subsequent events and accounting and disclosure requirements related to material subsequent events in its condensed consolidated financial statements and related notes.

The Company opened its 69 room hotel at its Cape Girardeau location called The Riverview on April 4, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements, Business Environment and Risk Factors

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In addition, Century Casinos, Inc. (together with its subsidiaries, the "Company") may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements as to industry trends and future expectations of the Company and other matters that do not relate strictly to historical facts and are based on certain assumptions by management at the time such statements are made. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. These statements are based on the beliefs and assumptions of the management of the Company based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in the section entitled "Risk Factors" under Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2023. We caution the reader to carefully consider such factors. Furthermore, such forward-looking statements speak only as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

References in this item to "we," "our," or "us" are to the Company and its subsidiaries on a consolidated basis unless the context otherwise requires. The term "USD" refers to US dollars, the term "CAD" refers to Canadian dollars, and the term "PLN" refers to Polish zloty. Certain terms used in this Item 2 without definition are defined in Item 1.

Amounts presented in this Item 2 are rounded. As such, rounding differences could occur in period over period changes and percentages reported throughout this Item 2.

EXECUTIVE OVERVIEW

Overview

Since our inception in 1992, we have been primarily engaged in developing and operating gaming establishments and related lodging, restaurant and entertainment facilities. Our primary source of revenue is from the net proceeds of our gaming machines and tables, with ancillary revenue generated from hotel, restaurant, horse racing (including off-track betting), sports betting, iGaming and entertainment facilities that are in most instances a part of the casinos.

We view each region in which we operate as a separate operating segment and each casino or other operation within those markets as a reporting unit. We aggregate all operating segments into three reportable segments based on the geographical locations in which our casinos operate: United States, Canada and Poland. We have additional business activities including certain other corporate and management operations that we report as Corporate and Other.

The reporting units, except for Century Downs Racetrack and Casino and Casinos Poland, are owned, operated and managed through wholly-owned subsidiaries. Our ownership and operation of Century Downs Racetrack and Casino and Casinos Poland are discussed below.

The table below provides information about the aggregation of our operating segments and reporting units into reportable segments.

Reportable Segment	Operating Segment	Reporting Unit
United States	East	Mountaineer Casino, Resort & Races (1)
		Rocky Gap Casino, Resort & Golf (1)
	Midwest	Century Casino & Hotel — Central City
		Century Casino & Hotel — Cripple Creek
		Century Casino & Hotel — Cape Girardeau (1)
		Century Casino Caruthersville and The Farmstead (1)
	West	Nugget Casino Resort and Smooth Bourbon, LLC
Canada	Canada	Century Casino & Hotel — Edmonton (1)
		Century Casino St. Albert (1)
		Century Mile Racetrack and Casino (1)
		Century Downs Racetrack and Casino (1)
Poland	Poland	Casinos Poland
Corporate and Other	Corporate and Other	Cruise Ships & Other (2)
		Corporate Other (3)

(1) The real estate assets, except The Riverview hotel in Cape Girardeau and The Farmstead hotel in Caruthersville, are owned by VICI PropCo.
(2) We operated ship-based casinos through April 16, 2023.
(3) Prior to the Nugget Acquisition, our equity investment in Smooth Bourbon was included in the Corporate Other reporting unit.

We have controlling financial interests through our subsidiary CRM in the following reporting units:

- We have a 66.6% ownership interest in CPL and we consolidate CPL as a majority-owned subsidiary for which we have a controlling financial interest. Polish Airports owns the remaining 33.3% of CPL. We account for and report the 33.3% Polish Airports ownership interest as a non-controlling financial interest. CPL has been in operation since 1989. As of March 31, 2024, CPL had casino licenses for eight casinos and operated seven casinos throughout Poland. The following table summarizes information about CPL's casinos as of March 31, 2024.

City	Location	License Expiration	Number of Slots	Number of Tables
Warsaw	Marriott Hotel	September 2028	70	37
Warsaw	Hilton Hotel	June 2025	70	24
Warsaw	LIM Center	July 2024	67	4
Bielsko-Biala(1)	Hotel President	February 2030	52	5
Katowice(1)	Park Inn by Radisson	February 2030	16	4
Wroclaw(2)	Double Tree Hilton Hotel	December 2029	—	—
Krakow	Dwor Kosciuszko Hotel	May 2024	70	5
Lodz(3)	Manufaktura Entertainment Complex	March 2030	70	9

(1) We closed the casinos in Katowice and Bielsko-Biala in October 2023 due to the expiration of the gaming licenses. We were awarded both licenses in February 2024. The Bielsko-Biala casino reopened in February 2024, and the Katowice casino reopened in March 2024 with a reduced gaming floor. We anticipate reopening the full gaming floor at the Katowice casino in the second quarter of 2024.
(2) We closed the Wroclaw casino in November 2023 due to the expiration of the gaming license. We were awarded the license in December 2023; however, we have not reopened the casino because we are relocating it to a new location. The Wroclaw casino is expected to reopen in the third quarter of 2024.
(3) We were awarded a new license for the Lodz casino in March 2024.

- We have a 75% ownership interest in CDR, and we consolidate CDR as a majority-owned subsidiary for which we have a controlling financial interest. We account for and report the remaining 25% ownership interest in CDR as a non-controlling financial interest. CDR operates Century Downs Racetrack and Casino, a REC in Balzac, a north metropolitan area of Calgary, Alberta, Canada. CDR is the only horse racetrack in the Calgary area and is located less than one-mile north of the city limits of Calgary and 4.5 miles from the Calgary International Airport.

Through our wholly owned subsidiary Century Nevada Acquisition, Inc., we have a 50% equity interest in Smooth Bourbon. Prior to the Nugget Acquisition, we reported this interest as an equity investment in the Corporate Other reportable segment. On April

3, 2023, as a result of closing the Nugget Acquisition, we began consolidating Smooth Bourbon as a subsidiary for which we have a controlling financial interest. The remaining 50% of Smooth Bourbon is owned by Marnell and is reported as a non-controlling financial interest.

The Company previously operated several ship-based casinos. The Company's last concession agreement to operate a ship-based casino ended on April 16, 2023. See "Corporate and Other" below.

Recent Developments Related to Economic Uncertainty

Current macroeconomic conditions remain very dynamic, including impacts from rising inflation and interest rates, volatile changes in foreign currency exchange rates, political unrest and armed conflicts, and other factors. Any worsening in economic conditions in the regions we operate or globally, or the perception that conditions may worsen, could reduce consumer discretionary spending or increase our costs and erode our net income and cash flows.

Other Projects and Developments

Nugget Casino Resort in Reno-Sparks, Nevada

In February 2022, we entered into a definitive agreement with Marnell, pursuant to which we agreed to purchase from Marnell (i) 50% of the membership interests in Smooth Bourbon, and (ii) 100% of the membership interests in Nugget. Nugget owns and operates the Nugget Casino Resort in Reno-Sparks, Nevada, and Smooth Bourbon owns the real property on which the casino is located.

We purchased 50% of the membership interests in Smooth Bourbon for approximately $95.0 million at the First Closing on April 1, 2022. We purchased 100% of the membership interests in Nugget for approximately $104.7 million (subject to certain adjustments) at the Second Closing on April 3, 2023. Following the Second Closing, we own the Nugget Casino Resort and 50% of the membership interests in Smooth Bourbon. We also have a five-year option through April 1, 2027 to acquire the remaining 50% of the membership interests in Smooth Bourbon for $105.0 million plus 2% per annum. At the First Closing, Smooth Bourbon entered into a lease with Nugget for an annual rent of $15.0 million plus an annual escalator.

Rocky Gap Casino, Resort & Golf in Flintstone, Maryland

In August 2022, we entered into a definitive agreement with Golden, Lakes Maryland, a subsidiary of Golden, and VICI PropCo, pursuant to which we agreed to acquire the operations of Rocky Gap. Pursuant to a real estate purchase agreement, dated August 24, 2022, by and between Evitts and VICI PropCo Buyer, VICI PropCo Buyer agreed to acquire a related interest in the land and building associated with Rocky Gap.

On July 25, 2023, we completed the Rocky Gap Acquisition. We paid approximately $59.1 million (subject to certain adjustments), and VICI PropCo Buyer purchased a related interest in the land and building associated with Rocky Gap for approximately $203.9 million. In connection with the closing of this transaction, one of our subsidiaries and a subsidiary of VICI PropCo entered into an amendment to the Master Lease. See Part I, Item 1. Note 6, "Long-Term Financing Obligation" for a discussion of the Master Lease as amended to date.

Canada Real Estate Sale

In May 2023, we entered into definitive agreements for subsidiaries of VICI to acquire the real estate assets of the Century Canadian Portfolio. The sale was completed on September 6, 2023 for an aggregate purchase price of CAD 221.7 million ($162.6 million based on the exchange rate on September 6, 2023). The CDR land lease ended on September 6, 2023 in conjunction with the Canada Real Estate Sale. Simultaneous with the closing of the transaction, our existing Master Lease was amended. See Part I, Item 1. Note 6 "Long-Term Financing Obligation" for a discussion of the Master Lease as amended to date.

Caruthersville Land-Based Casino

We are building a new land-based casino with a 38 room hotel adjacent to and connected with the existing casino pavilion building. We estimate the project will cost $51.9 million. Construction started in December 2022 with completion expected in the fourth quarter of 2024. We are funding this project with financing provided by VICI PropCo. Following completion, VICI PropCo will own the real estate improvements associated with the Caruthersville project. See Part I, Item 1. Note 6 "Long-Term Financing Obligation" for a discussion of the Master Lease as amended to date. As of March 31, 2024, we had received $46.0 million from VICI PropCo and have spent approximately $27.4 million of those funds on this project.

Cape Girardeau Hotel

We opened our 69 room hotel at our Cape Girardeau location called The Riverview on April 4, 2024. The Riverview is a six story building with 68,000 square feet that is adjacent to and connected with the existing casino building. Construction on the project began in September 2022, and was completed in April 2024. The project cost approximately $30.5 million. We financed the project with cash on hand. As of March 31, 2024, we have spent approximately $28.9 million on this project.

Additional Gaming Projects
We currently are exploring additional potential gaming projects and acquisition opportunities. Along with the capital needs of potential projects, there are various other risks which, if they materialize, could affect our ability to complete a proposed project or acquisition or could eliminate its feasibility altogether.

Presentation of Foreign Currency Amounts
The average exchange rates to the US dollar used to translate balances during each reported period are as follows:

	For the three months ended March 31,		
Average Rates	**2024**	**2023**	**% Change**
Canadian dollar (CAD)	1.3476	1.3523	0.3%
Euros (EUR)	0.9209	0.9324	1.2%
Polish zloty (PLN)	3.9899	4.3913	9.1%

Source: Xe Currency Converter

We recognize in our condensed consolidated statements of loss foreign currency transaction gains or losses resulting from the translation of casino operations and other transactions that are denominated in a currency other than US dollars. Our casinos in Canada and Poland represent a significant portion of our business, and the revenue generated and expenses incurred by these operations are generally denominated in Canadian dollars and Polish zloty. A decrease in the value of these currencies in relation to the value of the US dollar would decrease the earnings from our foreign operations when translated into US dollars. An increase in the value of these currencies in relation to the value of the US dollar would increase the earnings from our foreign operations when translated into US dollars.

DISCUSSION OF RESULTS

Century Casinos, Inc. and Subsidiaries

	For the three months ended March 31,			
Amounts in thousands	**2024**	**2023**	**Change**	**% Change**
Gaming Revenue	$ 105,418	$ 94,297	$ 11,121	11.8%
Pari-mutuel, Sports Betting and iGaming Revenue	3,389	3,385	4	0.1%
Hotel Revenue	9,302	2,522	6,780	268.8%
Food and Beverage Revenue	12,745	5,767	6,978	121.0%
Other Revenue	5,163	2,537	2,626	103.5%
Net Operating Revenue	136,017	108,508	27,509	25.4%
Gaming Expenses	(55,905)	(48,062)	7,843	16.3%
Pari-mutuel, Sports Betting and iGaming Expenses	(3,751)	(3,712)	39	1.1%
Hotel Expenses	(4,414)	(797)	3,617	453.8%
Food and Beverage Expenses	(12,231)	(5,645)	6,586	116.7%
Other Expenses	(1,474)	(223)	1,251	561.0%
General and Administrative Expenses	(37,924)	(26,479)	11,445	43.2%
Depreciation and Amortization	(12,031)	(6,855)	5,176	75.5%
Gain on Sale of Casino Operations	—	574	574	100.0%
Total Operating Costs and Expenses	(127,730)	(91,199)	36,531	40.1%
Earnings from Equity Investment	—	1,091	(1,091)	(100.0%)
Earnings from Operations	8,287	18,400	(10,113)	(55.0%)
Income Tax Benefit (Expense)	3,986	(1,623)	5,609	345.6%
Net Earnings Attributable to Non-Controlling Interests	(1,850)	(4,274)	2,424	56.7%
Net Loss Attributable to Century Casinos, Inc. Shareholders	(13,544)	(1,243)	(12,301)	(989.6%)
Adjusted EBITDAR [(1)]	$ 21,250	$ 26,054	$ (4,804)	(18.4%)
Net Loss Per Share Attributable to Century Casinos, Inc. Shareholders				
Basic	$ (0.45)	$ (0.04)	$ (0.41)	(1025.0%)
Diluted	$ (0.45)	$ (0.04)	$ (0.41)	(1025.0%)

(1) For a discussion of Adjusted EBITDAR and reconciliation of Adjusted EBITDAR to net earnings attributable to Century Casinos, Inc. shareholders, see “Non-US GAAP Measures – Adjusted EBITDAR” below.

Comparability Impacts

Items impacting comparability of the results include the following:

United States (Nugget) – We acquired the operations of the Nugget on April 3, 2023. The Nugget is reported in the United States reportable segment and contributed $18.4 million in net operating revenue and ($3.0) million in net loss attributable to Century Casinos, Inc. shareholders for the three months ended March 31, 2024. The Nugget is in a gaming jurisdiction that is new to us, and we incurred additional general and administrative expenses related to the acquisition in 2023.

United States (Rocky Gap) – We acquired the operations of Rocky Gap on July 25, 2023. Rocky Gap is reported in the United States reportable segment and contributed $14.9 million in net operating revenue and ($2.9) million in net loss attributable to Century Casinos, Inc. shareholders for the three months ended March 31, 2024. Rocky Gap is in a gaming jurisdiction that is new to us, and we incurred additional general and administrative expenses related to the acquisition in 2023.

Increased Interest Expense – Increased interest expense negatively impacted net loss attributable to Century Casinos, Inc. shareholders in 2023 and 2024. Interest expense increased $8.2 million in the three months ended March 31, 2024 compared to the three months ended March 31, 2023 due to additional properties added to the Master Lease and increased interest rates under the Goldman Credit Agreement.

Canada (Calgary) – In March 2023, we received an earn out payment of CAD 0.8 million ($0.6 million based on the exchange rate on March 31, 2023) related to the 2020 sale of our Calgary casino operations. The earn out period ended in August 2023, and we did not receive any earn out payments during the three months ended March 31, 2024.

Inflation and Staffing – We have seen material increases in our operating expenses at our properties, including payroll wages and benefits, insurance and utilities, maintenance costs and food and beverage costs. We have also experienced difficulties attracting and retaining staff at some locations in the US and Canada. As a result, we have had to adjust hours of some food and beverage outlets, the number of table games open and the number of rooms available at some of our hotels. We have been able to make adjustments during non-peak times to mitigate some of the impact to our operating results.

Weather – Inclement weather in the United States impacted revenue for the three months ended March 31, 2024 compared to March 31, 2023 for our Colorado and West Virginia properties.

Summary of Changes by Reportable Segment

Net operating revenue increased by $27.5 million, or 25.4%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Following is a breakout of net operating revenue by segment for the three months ended March 31, 2024 compared to the three months ended March 31, 2023:

- United States increased by $29.7 million, or 44.7%.
- Canada increased by $1.8 million, or 11.0%.
- Poland decreased by ($3.9) million, or (15.4%).
- Corporate and Other remained constant.

Operating costs and expenses increased by $36.5 million, or 40.1%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Following is a breakout of operating costs and expenses by segment for the three months ended March 31, 2024 compared to the three months ended March 31, 2023:

- United States increased by $35.5 million, or 68.1%.
- Canada increased by $1.8 million, or 14.3%.
- Poland decreased by ($1.3) million, or (5.5%).
- Corporate and Other increased by $0.5 million, or 14.7%.

Earnings from operations decreased by ($10.1) million, or (55.0%), for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Following is a breakout of earnings from operations by segment for the three months ended March 31, 2024 compared to the three months ended March 31, 2023:

- United States decreased by ($5.8) million, or (40.7%).
- Canada remained constant.
- Poland decreased by ($2.7) million, or (100.8%).
- Corporate and Other decreased by ($1.7) million, or (66.6%).

Net earnings attributable to Century Casinos, Inc. shareholders decreased by ($12.3) million, or (989.6%), for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Items deducted from or added to earnings from operations to arrive at net earnings attributable to Century Casinos, Inc. shareholders include interest income, interest expense, gains (losses) on foreign currency transactions and other, income tax expense (benefit) and non-controlling interests. Items that impacted the comparability of the results are discussed above. For a discussion of these items, see "*Non-Operating Income (Expense)*" and *"Taxes"* below in this Item 2.

Other

Pari-Mutuel

Pari-mutuel revenue includes live racing, export, advanced deposit wagering and off-track betting. Pari-mutuel expenses relate to pari-mutuel revenue and the operation of our racetracks.

Other

Other revenue and other expenses include gift shops, entertainment, golf and spa. Other revenue also includes revenue from ATM and credit card commissions.

Non-GAAP Measures Definitions and Calculations

Adjusted EBITDAR

Adjusted EBITDAR is used outside of our financial statements as a valuation metric. We define Adjusted EBITDAR as net (loss) earnings attributable to Century Casinos, Inc. shareholders before interest expense (income), net, including interest expense related to the Master Lease as discussed below, income taxes (benefit), depreciation, amortization, non-controlling interests net earnings (losses) and transactions, pre-opening expenses, acquisition costs, non-cash stock-based compensation charges, asset impairment costs, loss (gain) on disposition of fixed assets, discontinued operations, (gain) loss on foreign currency transactions, cost recovery income and other, gain on business combination and certain other one-time transactions. Intercompany transactions consisting primarily of management and royalty fees and interest, along with their related tax effects, are excluded from the presentation of net earnings (loss) attributable to Century Casinos, Inc. shareholders and Adjusted EBITDAR reported for each reportable segment. Not all of the aforementioned items occur in each reporting period, but have been included in the definition based on historical activity. These adjustments have no effect on the consolidated results as reported under US generally accepted accounting principles ("US GAAP").

The Master Lease is accounted for as a financing obligation. As such, a portion of the periodic payment under the Master Lease is recognized as interest expense with the remainder of the payment impacting the financing obligation using the effective interest method.

Adjusted EBITDAR information is a non-GAAP measure that is a valuation metric, should not be used as an operating metric, and is presented solely as a supplemental disclosure to reported US GAAP measures because we believe this measure is widely used by analysts, lenders, financial institutions, and investors as a principal basis for the valuation of gaming companies. Management believes that presenting Adjusted EBITDAR to investors provides them with information used by management for financial and operational decision-making in order to understand the Company's operating performance and evaluate the methodology used by management to evaluate and measure such performance.

Adjusted EBITDAR should not be viewed as a measure of overall operating performance as an indicator of our performance, considered in isolation, or construed as an alternative to operating income or net income, the most directly comparable GAAP measure, or as an alternative to cash flows from operating activities, as a measure of liquidity, or as an alternative to any other measure determined in accordance with generally accepted accounting principles because this measure is not presented on a US GAAP basis and excludes certain expenses, including the rent expense related to our Master Lease, and is provided for the limited purposes discussed herein. In addition, Adjusted EBITDAR as used by us may not be defined in the same manner as other companies in our industry, and, as a result, may not be comparable to similarly titled non-GAAP financial measures of other companies. Consolidated Adjusted EBITDAR should not be viewed as a measure of overall operating performance or considered in isolation or as an alternative to net income, because it excludes the rent expense associated with our Master Lease and certain other items.

The reconciliation of Adjusted EBITDAR to net (loss) earnings attributable to Century Casinos, Inc. shareholders is presented below.

	For the three months ended March 31, 2024				
Amounts in thousands	**United States**	**Canada**	**Poland**	**Corporate and Other**	**Total**
Net (loss) earnings attributable to Century Casinos, Inc. shareholders	$ (2,782)	$ 1,132	$ 3	$ (11,897)	$ (13,544)
Interest expense (income), net (1)	11,746	2,907	(35)	10,511	25,129
Income tax (benefit) expense	(2,273)	728	151	(2,592)	(3,986)
Depreciation and amortization	10,288	1,149	538	56	12,031
Net earnings attributable to non-controlling interests	1,777	71	2	—	1,850
Non-cash stock-based compensation	—	—	—	503	503
Gain on foreign currency transactions, cost recovery income and other	—	(809)	(143)	(356)	(1,308)
Loss (gain) on disposition of fixed assets	390	(37)	241	—	594
Acquisition costs	—	—	—	(19)	(19)
Adjusted EBITDAR	$ 19,146	$ 5,141	$ 757	$ (3,794)	$ 21,250

(1) See "Non-Operating Income (Expense) – Interest" below for a breakdown of interest expense (income), net and "Liquidity and Capital Resources" below for more information on the rent payments related to the Master Lease.

	For the three months ended March 31, 2023				
Amounts in thousands	**United States**	**Canada**	**Poland**	**Corporate and Other**	**Total**
Net earnings (loss) attributable to Century Casinos, Inc. shareholders	$ 5,375	$ 1,867	$ 1,574	$ (10,059)	$ (1,243)
Interest expense (income), net (1)	7,119	523	(95)	9,957	17,504
Income tax expense (benefit)	1,776	1,634	632	(2,419)	1,623
Depreciation and amortization	5,032	1,127	635	61	6,855
Net earnings attributable to non-controlling interests	—	3,488	786	—	4,274
Non-cash stock-based compensation	—	—	—	736	736
(Gain) loss on foreign currency transactions and cost recovery income (2)	—	(4,085)	(254)	7	(4,332)
Loss on disposition of fixed assets	470	3	1	5	479
Acquisition costs	—	—	—	158	158
Adjusted EBITDAR	$ 19,772	$ 4,557	$ 3,279	$ (1,554)	$ 26,054

(1) See "Non-Operating Income (Expense) – Interest" below for a breakdown of interest expense (income), net and "Liquidity and Capital Resources" below for more information on the rent payments related to the Master Lease.
(2) Includes $3.5 million cost recovery income for CDR and $0.6 million related to the earn out payment from the sale of casino operations in Calgary in 2020.

Net Debt
We define Net Debt as total long-term debt (including current portion) plus deferred financing costs minus cash and cash equivalents. Net Debt is not considered a liquidity measure recognized under US GAAP. Management believes that Net Debt is a valuable measure of our overall financial situation. Net Debt provides investors with an indication of our ability to pay off all of our long-term debt if it became due simultaneously. The reconciliation of Net Debt is presented below.

Amounts in thousands	**March 31, 2024**	**March 31, 2023**
Total long-term debt, including current portion	$ 328,548	$ 349,005
Deferred financing costs	13,475	16,170
Total principal	$ 342,023	$ 365,175
Less: Cash and cash equivalents	$ 136,543	$ 102,707
Net Debt	$ 205,480	$ 262,468

REPORTABLE SEGMENTS

The following discussion provides further detail of consolidated results by reportable segment.

United States

Amounts in thousands	For the three months ended March 31, 2024	2023	Change	% Change
Gaming Revenue	$ 72,307	$ 58,393	$ 13,914	23.8%
Pari-mutuel, Sports Betting and iGaming Revenue	1,297	1,282	15	1.2%
Hotel Revenue	9,177	2,403	6,774	281.9%
Food and Beverage Revenue	9,822	3,110	6,712	215.8%
Other Revenue	3,431	1,181	2,250	190.5%
Net Operating Revenue	96,034	66,369	29,665	44.7%
Gaming Expenses	(39,474)	(29,662)	9,812	33.1%
Pari-mutuel, Sports Betting and iGaming Expenses	(483)	(631)	(148)	(23.5%)
Hotel Expenses	(4,349)	(733)	3,616	493.3%
Food and Beverage Expenses	(8,825)	(2,542)	6,283	247.2%
Other Expenses	(1,447)	(198)	1,249	630.8%
General and Administrative Expenses	(22,700)	(13,301)	9,399	70.7%
Depreciation and Amortization	(10,288)	(5,032)	5,256	104.5%
Total Operating Costs and Expenses	(87,566)	(52,099)	35,467	68.1%
Earnings from Operations	8,468	14,270	(5,802)	(40.7%)
Income Tax Benefit (Expense)	2,273	(1,776)	4,049	228.0%
Net Earnings Attributable to Non-Controlling Interests	(1,777)	—	(1,777)	(100.0%)
Net (Loss) Earnings Attributable to Century Casinos, Inc. Shareholders	(2,782)	5,375	(8,157)	(151.8%)
Adjusted EBITDAR	$ 19,146	$ 19,772	$ (626)	(3.2%)

We opened The Riverview on April 4, 2024. The Riverview is a 69 room, six-story building with 68,000 square feet that is adjacent to and connected with Century Casino Cape Girardeau. We estimate that the hotel will incrementally increase our annual net revenue by $10.0 million to $12.0 million, net of an estimated impact from the Walker's Bluff Casino in Illinois, which opened in August 2023. The Walker's Bluff Casino has increased competition for our Missouri casinos, primarily our Cape Girardeau casino. However, we believe that our marketing efforts have been effective in offsetting this competition to date.

We began consolidating Nugget and Smooth Bourbon in the United States segment on April 3, 2023 following the Second Closing of the Nugget Acquisition, and we began consolidating Rocky Gap on July 25, 2023 following the closing of the Rocky Gap Acquisition.

We partner with sports betting operators that conduct sports wagering at our Colorado, West Virginia and Nevada locations. Each agreement with the sports betting operators provides for a share of net gaming revenue and the Colorado agreements also provide for a minimum revenue guarantee each year. In addition, we operate internet and mobile interactive gaming applications in West Virginia with two iGaming partners. The agreements provide for a share of net iGaming revenue. A petition campaign in Missouri to allow voters to determine whether to amend the state constitution to allow sports wagering in the state has gained sufficient signatures to go to a vote as soon as November 2024. If approved, sports betting could be legalized in Missouri by mid-2025. We have partnered with sports betting operators to conduct sports betting at our Missouri casinos if legalized.

In Cripple Creek, a competitor across the street from our casino completed an expansion in late December 2023. The increased availability of hotel rooms in Cripple Creek increased the overall Cripple Creek market, and revenue at our Cripple Creek property increased for the first quarter of 2024 compared to the first quarter of 2023. We believe that we will continue to benefit from any increases in the overall market from nearby expanded hotels or otherwise; however, future periods also could be negatively impacted by this new competitor, either through decreased market share or revenue or increased costs of promotional offers by us in order to compete.

In Central City, two potential competing casinos may open in late 2024. An increase in competitors in that market could lead to a decrease in visitors at our casino and have a negative impact on our results of operations in Central City.

The table below provides results by operating segment within the United States reportable segment.

Amounts in millions	For the three months ended March 31, 2024	2023	Change	% Change
Net Operating Revenue				
East	$ 38.5	$ 26.7	$ 11.8	44.5%
Midwest	39.2	39.7	(0.5)	(1.4%)
West	18.4	—	18.4	100.0%
Total United States	96.1	66.4	29.7	44.7%
Operating Costs and Expenses (1)				
East	$ 34.0	$ 22.7	$ 11.3	49.8%
Midwest	24.8	24.3	0.5	2.1%
West	18.4	—	18.4	100.0%
Total United States	77.2	47.0	30.2	64.3%

(1) Operating costs and expenses are calculated as total operating costs and expenses less depreciation and amortization.

Three Months Ended March 31, 2024 and 2023

The following discussion highlights results for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

East – Increased net operating revenue and operating costs and expenses were due to the acquisition of Rocky Gap. Net operating revenue from our West Virginia operations decreased due to decreased gaming, hotel and food and beverage revenue. In Maryland and West Virginia, snow and inclement weather negatively impacted revenue over three weekends, which are generally our busier days of the week. Moreover, revenue in West Virginia has not rebounded to the levels we saw prior to the legalization of sports betting in Ohio in January 2023. Operating expenses in West Virginia decreased primarily due to gaming-related expenses.

Midwest – Net operating revenue decreased primarily due to decreased gaming revenue at our Cape Girardeau location. Revenue at our Central City property was negatively impacted by inclement weather in the first quarter of 2024. Despite the casino closing for two days due to inclement weather, revenue at our Cripple Creek property increased during the first quarter of 2024 compared to the first quarter of 2023 due to the increase in the Cripple Creek market size from our competitor's casino and hotel expansion as well as events in the city. Operating expenses in the Midwest operating segment increased due to increased payroll costs.

West – As a new operating segment, all increases are due to the acquisition of the Nugget on April 3, 2023. Inclement weather over holiday weekends negatively impacted revenue during the first quarter of 2024. Beginning in the second quarter of 2024 we have implemented cost saving measures at the Nugget. These measures include marketing improvements, staffing changes and a change to our housekeeping program in the hotels.

A reconciliation of net (loss) earnings attributable to Century Casinos, Inc. shareholders to Adjusted EBITDAR can be found in the "Non-US GAAP Measures – Adjusted EBITDAR" discussion above.

Canada

Amounts in thousands	For the three months ended March 31, 2024	2023	Change	% Change
Gaming Revenue	$ 12,015	$ 10,598	$ 1,417	13.4%
Pari-mutuel, Sports Betting and iGaming Revenue	2,092	2,103	(11)	(0.5%)
Hotel Revenue	125	119	6	5.0%
Food and Beverage Revenue	2,727	2,426	301	12.4%
Other Revenue	1,362	1,257	105	8.4%
Net Operating Revenue	18,321	16,503	1,818	11.0%
Gaming Expenses	(2,398)	(2,257)	141	6.2%
Pari-mutuel, Sports Betting and iGaming Expenses	(3,268)	(3,081)	187	6.1%
Hotel Expenses	(65)	(64)	1	1.6%
Food and Beverage Expenses	(2,535)	(2,182)	353	16.2%
Other Expenses	(27)	(25)	2	8.0%
General and Administrative Expenses	(4,850)	(4,340)	510	11.8%
Depreciation and Amortization	(1,149)	(1,127)	22	2.0%
Gain on Sale of Casino Operations	—	574	574	100.0%
Total Operating Costs and Expenses	(14,292)	(12,502)	1,790	14.3%
Earnings from Operations	4,029	4,001	28	0.7%
Income Tax Expense	(728)	(1,634)	(906)	(55.4%)
Net Earnings Attributable to Non-Controlling Interests	(71)	(3,488)	3,417	98.0%
Net Earnings Attributable to Century Casinos, Inc. Shareholders	1,132	1,867	(735)	(39.4%)
Adjusted EBITDAR	$ 5,141	$ 4,557	$ 584	12.8%

In March 2023, we received an earn out payment of CAD 0.8 million ($0.6 million based on the exchange rate on March 31, 2023) from the sale of the Calgary casino operations in 2020 that is recorded to gain on sale of casino operations in our condensed consolidated statement of loss for the three months ended March 31, 2023.

In February 2023, the AGLC, Alberta's gaming regulatory agency, approved a temporary increase from 15% of slot machine net sales retained by casinos to 17% effective from April 1, 2023 through March 31, 2025. The increase in the slot machine net sales retention percentage has had a positive impact on net operating revenue and results of operations at our Canadian properties. Effective August 1, 2023, the AGLC extended the operating hours for slot machines by 30 minutes on weekdays and 90 minutes on weekends.

In September 2023, we completed the Canada Real Estate Sale. Interest expense increased $2.9 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 due to the addition of the Canadian properties to the Master Lease.

Results in US dollars were impacted by a 0.3% increase in the average exchange rate between the US dollar and Canadian dollar for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

The tables below provide results for the Canada reportable segment.

Amounts in CAD, in millions	For the three months ended March 31, 2024	2023	Change	% Change
Net Operating Revenue				
Canada	24.7	22.4	2.3	10.6%
Operating Costs and Expenses (1)				
Canada	17.7	15.4	2.3	14.9%

Amounts in USD, in millions	For the three months ended March 31, 2024	2023	Change	% Change
Net Operating Revenue				
Canada	$ 18.3	$ 16.5	$ 1.8	11.0%
Operating Costs and Expenses (1)				
Canada	$ 13.1	$ 11.9	$ 1.2	10.1%

(1) Operating costs and expenses are calculated as total operating costs and expenses less depreciation and amortization and gain on sale of casino operations.

Three Months Ended March 31, 2024 and 2023

The following discussion highlights results for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Explanations below are provided based on CAD results.

Gaming and food and beverage revenue increased at all of our Canada locations. The increase in gaming revenue was due primarily to the additional 2% slot machine net sales retained starting April 1, 2023. Operating costs and expenses increased due to increased payroll, cost of goods sold and utility costs.

A reconciliation of net earnings attributable to Century Casinos, Inc. shareholders to Adjusted EBITDAR can be found in the "Non-US GAAP Measures – Adjusted EBITDAR" discussion above.

Poland

Amounts in thousands	For the three months ended March 31, 2024	2023	Change	% Change
Gaming Revenue	$ 21,096	$ 25,249	$ (4,153)	(16.4%)
Food and Beverage Revenue	196	231	(35)	(15.2%)
Other Revenue	357	99	258	260.6%
Net Operating Revenue	21,649	25,579	(3,930)	(15.4%)
Gaming Expenses	(14,033)	(16,101)	(2,068)	(12.8%)
Food and Beverage Expenses	(871)	(921)	(50)	(5.4%)
General and Administrative Expenses	(6,229)	(5,279)	950	18.0%
Depreciation and Amortization	(538)	(635)	(97)	(15.3%)
Total Operating Costs and Expenses	(21,671)	(22,936)	(1,265)	(5.5%)
(Loss) Earnings from Operations	(22)	2,643	(2,665)	(100.8%)
Income Tax Expense	(151)	(632)	481	76.1%
Net Earnings Attributable to Non-Controlling Interests	(2)	(786)	784	99.7%
Net Earnings Attributable to Century Casinos, Inc. Shareholders	3	1,574	(1,571)	(99.8%)
Adjusted EBITDAR	$ 757	$ 3,279	$ (2,522)	(76.9%)

In Poland, casino gaming licenses are granted for a term of six years. These licenses are not renewable. Before a gaming license expires for a particular city, there is a public notification of the available license and any gaming company can apply for a new license for that city. We closed our Wroclaw casino in November 2023 due to the expiration of the gaming license. We were awarded a license for the Wroclaw casino in December 2023 and anticipate reopening the casino in a new location in the third quarter of 2024. We closed the casinos in Bielsko-Biala and Katowice in October 2023 due to the expiration of the gaming licenses. New licenses were awarded in February 2024 for each, and the casinos were reopened in February 2024 and March 2024, respectively. The next license expiration for a CPL casino occurs in May 2024 in Krakow. CPL has applied for a casino license in Krakow ahead of that license's expiration, but the license has not yet been awarded. There can be no assurance that such license will be received.

Results in US dollars were impacted by a 9.1% increase in the average exchange rate between the US dollar and Polish zloty for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

The tables below provide results for the Poland reportable segment.

Amounts in PLN, in millions	For the three months ended March 31, 2024	2023	Change	% Change
Net Operating Revenue				
Poland	86.4	112.3	(25.9)	(23.1%)
Operating Costs and Expenses [(1)]				
Poland	84.3	97.9	(13.6)	(13.9%)

Amounts in USD, in millions	For the three months ended March 31, 2024	2023	Change	% Change
Net Operating Revenue				
Poland	$ 21.6	$ 25.6	$ (4.0)	(15.4%)
Operating Costs and Expenses [(1)]				
Poland	$ 21.1	$ 22.3	$ (1.2)	(5.4%)

(1) Operating costs and expenses are calculated as total operating costs and expenses less depreciation and amortization.

<u>Three Months Ended March 31, 2024 and 2023</u>

The following discussion highlights results for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Explanations below are provided based on PLN results.

Net operating revenue decreased primarily due to licensing-related closures at our Bielsko-Biala, Krakow and Wroclaw locations during the first quarter of 2024. Operating costs and expenses decreased due to decreased gaming-related expenses.

A reconciliation of net earnings attributable to Century Casinos, Inc. shareholders to Adjusted EBITDAR can be found in the "Non-US GAAP Measures – Adjusted EBITDAR" discussion above.

Corporate and Other

Amounts in thousands	For the three months ended March 31, 2024	2023	Change	% Change
Gaming Revenue	$ —	$ 57	$ (57)	(100.0%)
Other Revenue	13	—	13	100.0%
Net Operating Revenue	13	57	(44)	(77.2%)
Gaming Expenses	—	(42)	(42)	(100.0%)
General and Administrative Expenses	(4,145)	(3,559)	586	16.5%
Depreciation and Amortization	(56)	(61)	(5)	(8.2%)
Total Operating Costs and Expenses	(4,201)	(3,662)	539	14.7%
Earnings from Equity Investment	—	1,091	(1,091)	(100.0%)
Loss from Operations	(4,188)	(2,514)	(1,674)	(66.6%)
Income Tax Benefit	2,592	2,419	173	7.2%
Net Loss Attributable to Century Casinos, Inc. Shareholders	(11,897)	(10,059)	(1,838)	(18.3%)
Adjusted EBITDAR	$ (3,794)	$ (1,554)	$ (2,240)	(144.1%)

As of March 31, 2023, we had a concession agreement with TUI Cruises for one ship-based casino. The agreement ended on April 16, 2023.

<u>Three Months Ended March 31, 2024 and 2023</u>

The following discussion highlights results for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

Net operating revenue decreased because the remaining ship-based casino contract ended in April 2023. Total operating costs and expenses, including general and administrative expenses, increased due to increased professional services expenses. Earnings from equity investment relates to income from our 50% membership interest in Smooth Bourbon prior to its consolidation in the United States reportable segment on April 3, 2023.

A reconciliation of net loss attributable to Century Casinos, Inc. shareholders to Adjusted EBITDAR can be found in the "Non-US GAAP Measures – Adjusted EBITDAR" discussion above.

Non-Operating Income (Expense)

Non-operating income (expense) was as follows:

	For the three months ended March 31,			
Amounts in thousands	**2024**	**2023**	**$ Change**	**% Change**
Interest Income	$ 686	$ 145	$ 541	373.1%
Interest Expense	(25,815)	(17,649)	(8,166)	(46.3%)
Gain on Foreign Currency Transactions, Cost Recovery Income and Other	1,162	3,758	(2,596)	(69.1%)
Non-Operating (Expense) Income	$ (23,967)	$ (13,746)	$ (10,221)	(74.4%)

Interest income

Interest income is primarily related to interest earned on our cash reserves and, for the three months ended March 31, 2023, interest from the Acquisition Escrow. We earned approximately $0.6 million in interest income in Canada from the funds from the Canada Real Estate Sale for the three months ended March 31, 2024. The Acquisition Escrow was used to fund the Nugget Acquisition on April 3, 2023.

Interest expense

Interest expense is directly related to interest owed on our borrowings under our Goldman Credit Agreement, our financing obligation with VICI PropCo, our CPL and CRM borrowings, our capital lease agreements and, prior to the Canada Real Estate Sale, interest expense related to the CDR land lease. Increases in interest expense were primarily due to increased interest related to the addition of Rocky Gap and the Century Canadian Portfolio to the financing obligation under the Master Lease with VICI.

A breakdown of interest expense is below.

	For the three months ended March 31,	
Amounts in thousands	**2024**	**2023**
Interest Expense	$ 43	$ 86
Interest Expense - Credit Agreements	9,899	9,256
Interest Expense - VICI Financing Obligation	15,199	7,120
Interest Expense - CDR Land Lease	—	513
Interest Expense - Deferred Financing Costs	674	674
Total Interest Expense	$ 25,815	$ 17,649

Gain on foreign currency transactions, cost recovery income and other

CDR receives cost recovery income related to infrastructure built during the development of the Century Downs REC project. The distribution to CDR's non-controlling shareholders through non-controlling interest is part of an agreement between CRM and CDR. There was no cost recovery income received by CDR for the three months ended March 31, 2024. Cost recovery income of $3.5 million was received by CDR for the three months ended March 31, 2023.

Taxes

Income tax expense is recorded relative to the jurisdictions that recognize book earnings. During the three months ended March 31, 2024, we recognized an income tax benefit of $4.0 million on pre-tax loss of ($15.7) million, representing an effective income tax rate of 25.4% compared to an income tax expense of $1.6 million on pre-tax income of $4.7 million, representing an effective income tax rate of 34.9% for the same period in 2023. For further discussion of our effective income tax rates and an analysis of our effective income tax rate compared to the US federal statutory income tax rate, see Note 8, "Income Taxes," to our condensed consolidated financial statements included in Part I, Item 1 of this report.

LIQUIDITY AND CAPITAL RESOURCES

Our business is capital intensive, and we rely heavily on the ability of our casinos to generate operating cash flow. We use the cash flows that we generate to maintain operations, fund reinvestment in existing properties for both refurbishment and expansion projects, repay third party debt, and pursue additional growth via new development and acquisition opportunities. When necessary and available, we supplement the cash flows generated by our operations with either cash on hand or funds provided by bank borrowings, other debt or equity financing activities or funding arrangements with third-party partners, such as VICI.

Cash Flows – Summary

Our cash flows; cash, cash equivalents and restricted cash; and working capital consisted of the following:

Amounts in thousands	For the three months ended March 31, 2024	2023
Net cash (used in) provided by operating activities	$ (11,479)	$ 12,280
Net cash used in investing activities	(19,528)	(10,791)
Net cash used in financing activities	(924)	(337)

Amounts in thousands	As of March 31, 2024	2023
Cash, cash equivalents and restricted cash [1]	$ 136,805	$ 203,104
Working capital [2]	$ 90,785	$ 161,237

(1) Cash, cash equivalents and restricted cash as of March 31, 2024 includes $19.9 million of cash previously funded by VICI PropCo but has not yet been spent on our Caruthersville project, and as of March 31, 2023 included $100.2 million related to the Acquisition Escrow.

(2) Working capital is defined as current assets minus current liabilities and included the $100.2 million related to the Acquisition Escrow as of March 31, 2023.

Operating Activities

Our cash flows from operations have historically been positive and sufficient to fund ordinary operations. Cash flows from operations decreased during the three months ended March 31, 2024, primarily due to $12.2 million in income tax payments related to the Canada Real Estate Sale and increased interest expense. Trends in our operating cash flows tend to follow trends in earnings from operations, excluding non-cash charges. Please refer to the condensed consolidated statements of cash flows in Part I, Item 1 of this Form 10-Q and to management's discussion of the results of operations above in this Item 2 for a discussion of earnings from operations.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2024 consisted of $1.2 million for casino licenses in Poland, $0.4 million for various hotel renovations and $0.1 million in restaurant renovations to the Mountaineer property in West Virginia, $0.8 million in slot machine purchases in Maryland, $6.1 million for our hotel project in Cape Girardeau, $6.7 million for our casino project in Caruthersville, $0.2 million for slot machine purchases at our Missouri properties, $0.6 million for slot machine purchases and $0.1 million in various renovations in Nevada, $0.2 million for slot machine purchases, $0.1 million in gaming-related purchases and $0.2 million in hotel renovations at our Colorado properties, $0.4 million related to racing related updates at Century Downs in Canada and $2.5 million in other fixed asset additions at our properties, offset by less than $0.1 million in proceeds from the disposal of assets.

Net cash used in investing activities for the three months ended March 31, 2023 consisted of $0.9 million for slot machine purchases and $0.2 million in gaming-related purchases in West Virginia, $4.3 million for our hotel project in Cape Girardeau, $3.2 million for our casino project in Caruthersville, $0.2 million for our stand-alone hotel project in Caruthersville, $0.3 million for slot machine purchases and $0.4 million for surveillance equipment at our Missouri properties, $0.1 million for slot machine purchases, $0.2 million in gaming-related purchases and $0.1 million in camera upgrades at our Colorado properties, $3.1 million in slot machine purchases in Poland, $0.4 million related to adding sportsbooks at our Canada properties and $0.3 million in other fixed asset additions at our properties, offset by $0.6 million in proceeds from the earn out related to the sale of casino operations in Calgary in 2020 and $2.3 million in dividends from Smooth Bourbon.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2024 consisted of $2.0 million in distributions to non-controlling interests and $0.2 million to repurchase shares to satisfy tax withholding related to our performance stock unit awards, offset by $1.3 million in proceeds from borrowings net of principal payments.

Net cash used in financing activities for the three months ended March 31, 2023 consisted of $1.3 million to repurchase shares to satisfy tax withholding related to our performance stock unit awards and $3.5 million in distributions to non-controlling interests in CDR offset by $4.5 million in proceeds from borrowings net of principal payments.

Borrowings and Repayments of Long-Term Debt and Lease Agreements

As of March 31, 2024, our total debt under bank borrowings and other agreements, net of $13.5 million related to deferred financing costs, was $328.5 million, of which $323.6 million was long-term debt and $4.9 million was the current portion of long-term debt. The current portion relates to payments due within one year under our Goldman Credit Agreement and the UniCredit Term Loan.

Our Goldman Credit Agreement provides for a $350.0 million Term Loan, drawn in April 2022, and a $30.0 million Revolving Facility. No amounts are currently outstanding under the Revolving Facility. For a description of our debt agreements, see Note 5, "Long-Term Debt" to our condensed consolidated financial statements included in Part I, Item 1 of this report. Net Debt was $205.5 million as of March 31, 2024 compared to $262.5 million as of March 31, 2023. The decrease in net debt is due to increased cash from the Canada Real Estate Sale, decreased debt due to the purchase of the land that was subject to the land lease at CDR in conjunction with the Canada Real Estate Sale and approximately $3.5 million under our Goldman Term Loan that we repurchased for 97% of its value in February 2024. The CDR land lease was treated as a financing obligation. For the definition and reconciliation of Net Debt to the most directly comparable US GAAP measure, see "Non-US GAAP Measures – Net Debt" above.

The following table lists the amount of 2024 maturities of our debt as of March 31, 2024:

Amounts in thousands

Goldman Term Loan (1)	UniCredit Term Loan	Total
$ 2,625	$ 1,078	$ 3,703

(1) The Goldman Term Loan requires scheduled quarterly payments of $875,000, equal to 0.25% of the original aggregate principal amount of the Goldman Term Loan, with the balance due at maturity.

The following table lists the amount of remaining 2024 payments due under our operating and finance lease agreements:

Amounts in thousands

Operating Leases	Finance Leases
$ 3,787	$ 177

As of March 31, 2024, estimated cash payments due under the Master Lease for the remainder of 2024 are $42.5 million, which includes a CPI increase but does not include $4.2 million in annual increased rent related to the Caruthersville project. Cash payments to the non-controlling partners under the lease between Smooth Bourbon and Nugget (the "Nugget Lease") for the remainder of 2024 are $5.7 million.

The following table details cash payments under the Master Lease, CDR Land Lease, which ended in September 2023, and 50% of the cash payments under the Nugget Lease for the three months ended March 31, 2024 and three months ended March 31, 2023.

Amounts in thousands	For the three months ended March 31, 2024	2023
Master Lease	$ 9,444	$ 6,866
CDR land lease	—	486
Nugget Lease (1)	1,263	—

(1) Represents payments with respect to the 50% interest in the Nugget Lease owned by Marnell through Smooth Bourbon. Smooth Bourbon is a 50% owned subsidiary of the Company that owns the real estate assets underlying the Nugget Casino Resort.

Rent expense related to the Master Lease and CDR Land Lease is included in interest expense on our condensed consolidated statements of loss. The Nugget Lease is considered an intercompany lease, and income and expense related to the lease are eliminated in consolidation. The 50% interest in the Nugget Lease owned by Marnell through Smooth Bourbon is recorded as noncontrolling interest on our condensed consolidated statements of loss.

Common Stock Repurchase Program

Since March 2000, we have had a discretionary program to repurchase our outstanding common stock. The total amount remaining under the repurchase program was $14.7 million as of March 31, 2024. We did not repurchase any common stock during the three months ended March 31, 2024. The repurchase program has no set expiration or termination date.

Potential Sources and Uses of Liquidity and Short-Term Liquidity

Historically, our primary source of liquidity and capital resources has been cash flow from operations. As of March 31, 2024, we had $136.5 million in cash and cash equivalents compared to $171.3 million in cash and cash equivalents at December 31, 2023. Cash and cash equivalents decreased primarily due to tax payments related to the Canada Real Estate Sale of $12.2 million and purchases of property and equipment of $18.4 million as discussed in "Investing Activities" above. When necessary and available, we supplement the cash flows generated by our operations with funds provided by bank borrowings or other debt or equity financing activities. As of March 31, 2024, we had $30.0 million available on our Revolving Facility.

Planned Projects
Planned capital expenditures for the remainder of 2024 include approximately $22.3 million in gaming equipment and renovations to various properties. We are constructing a new land-based casino with a small hotel adjacent to and connected with the existing pavilion building at Century Casino Caruthersville. Construction began in December 2022 with completion expected in the fourth quarter of 2024. We estimate this project will cost $51.9 million. The project is being financed with financing provided by VICI PropCo. As of March 31, 2024, we have received $46.0 million from VICI PropCo and have spent approximately $27.4 million of those funds on this project. As of March 31,2024, we had approximately $19.9 million of cash included in our consolidated balance sheet that was previously funded by VICI PropCo but has not yet been spent on the project. We estimate that we will spend approximately $24.5 million on this project in the remainder of 2024. We completed construction on The Riverview, a hotel at our Cape Girardeau location, in March 2024. We estimate this project cost approximately $30.5 million. We funded the project with cash on hand. As of March 31, 2024, we have spent approximately $28.9 million on this project. We estimate that we will spend approximately $1.6 million on this project in the second quarter of 2024.

We may be required to raise additional capital to address our liquidity and capital needs. We have a shelf registration statement with the SEC that became effective in June 2023 under which we may issue, from time to time, up to $100 million of common stock, preferred stock, debt securities and other securities.

If necessary, we may seek to obtain further term loans, mortgages or lines of credit with commercial banks or other debt or equity financings to supplement our working capital and investing requirements. Our access to and cost of financing will depend on, among other things, global economic conditions, conditions in the financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings. A financing transaction may not be available on terms acceptable to us, or at all, and a financing transaction may be dilutive to our current stockholders. The failure to raise the funds necessary to fund our debt service and rent obligations and finance our operations and other capital requirements could have a material and adverse effect on our business, financial condition and liquidity.

We estimate that approximately $80.8 million of our total $136.5 million in cash and cash equivalents at March 31, 2024 is held by our foreign subsidiaries and is not available to fund US operations unless repatriated. We intend to repatriate current year earnings in Canada in the form of a cash dividend, which would generally be exempt from taxation except for withholding taxes. Management does not currently anticipate a need or intend to repatriate earnings from other foreign jurisdictions.

Critical Accounting Estimates
As of the filing date of this report, there were no significant changes in our critical accounting estimates from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023. See Note 2 to our Unaudited Condensed Consolidated Financial Statements for accounting pronouncements issued but not yet adopted that may impact the Company's consolidated financial position, earnings, cash flows or disclosures.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We had no material changes in our exposure to market risks from that previously reported in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures – Our management, with the participation of our principal executive officers and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, for the period covered by this report. Based on such evaluation, our principal executive officers and principal financial officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting – We have completed our review and implementation of financial internal controls for the Nugget and Rocky Gap, which were acquired in April 2023 and July 2023, respectively.

Other than the foregoing, there have not been any changes in our internal control over financial reporting during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become subject to various legal proceedings arising from normal business operations. See Note 7 to our Unaudited Condensed Consolidated Financial Statements for additional information regarding legal actions and proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Repurchases

In March 2000, our board of directors approved a discretionary program to repurchase up to $5.0 million of our outstanding common stock. In November 2009, our board of directors approved an increase of the amount available to be repurchased under the program to $15.0 million. The repurchase program has no set expiration or termination date and had approximately $14.7 million remaining as of March 31, 2024. There were no repurchases of common stock during the three months ended March 31, 2024.

Item 5. Other Information

None of our directors or executive officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the fiscal quarter ended March 31, 2024.

Item 6. Exhibits

Exhibit No.	Document
3.1P	Certificate of Incorporation of Century Casinos, Inc. is hereby incorporated by reference to the Company's Proxy Statement for the 1994 Annual Meeting of Stockholders.
3.2	Amended and Restated Bylaws of Century Casinos, Inc. is hereby incorporated by reference to Exhibit 11.14 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2002.
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Co-Chief Executive Officer.
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Co-Chief Executive Officer and President.
31.3*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Chief Financial Officer.
32.1**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Co-Chief Executive Officer.
32.2**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Co-Chief Executive Officer and President.
32.3**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Chief Financial Officer.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File, formatted in Inline XBRL and contained in Exhibit 101

* Filed herewith.
** Furnished herewith.
P Filed on Paper

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTURY CASINOS, INC.

/s/ Margaret Stapleton
Margaret Stapleton
Chief Financial Officer
Date: May 8, 2024