



## Nevada Gold & Casinos Reports First Quarter 2019 Financial Results

September 13, 2018

LAS VEGAS, Sept. 13, 2018 (GLOBE NEWSWIRE) -- Nevada Gold & Casinos, Inc. (NYSE MKT: UWN) today announced financial results for the first quarter ended July 31, 2018.

### New Revenue Recognition Standard

On May 1, 2018, the Company adopted accounting standard update No. 2014-09 ("ASC 606") and all the related amendments to all contracts ("new revenue standard"). The Company adopted ASC 606 using the modified retrospective method and recognized the cumulative effect of the initial application of the new revenue standard as an adjustment to the opening balance of retained earnings. The opening retained earnings adjustment related to the change in the accounting for the Company's point liability from the immediate revenue/cost method to a deferred revenue method.

The new revenue standard also resulted in reclassifications to and from revenues, promotional allowances and operating expenses. Pursuant to ASC 606, food and beverage and other complimentary items are now included as revenues within their respective categories, with a corresponding decrease in casino revenues, as the offsetting amount historically included in promotional allowances has been eliminated. In addition, the cost of providing these complimentary goods and services are now included as expenses within their respective categories.

Financial results for the three months ended July 31, 2017 have not been restated and are reported under the accounting standards in effect during that period. The Company has provided a reconciliation between the new revenue standard and the old revenue standard for the three months ended July 31, 2018 at the end of this release.

In addition, with the sale of the South Dakota route, which closed June 30, 2018, the current period reflects two months of operations compared to three months in the prior year. On July 27, 2018 we signed an agreement to sell Club Fortune and those operations are now segregated as discontinued operations and the associated assets and liabilities are now classified as "Held for Sale."

For the first quarter of fiscal 2019, the Company reported net revenues of \$14.9 million compared to \$15.0 million in the first quarter of fiscal 2018. Operating expenses were \$14.7 million in both periods. Operating income was \$0.2 million compared to \$0.3 million, while income from continuing operations was \$0.1 in both periods.

Net revenues from the Washington State gaming operations increased to \$14.1 million from \$13.1 million in the prior year period. A higher table games hold percentage, although normal in both periods, was responsible for approximately \$0.4 million in additional revenue for the quarter and poker revenue increased \$0.5 million. Adjusted EBITDA increased to \$1.8 million compared to \$1.2 million in the prior year.

Club Fortune revenues were \$3.2 million compared to \$3.4 million in the prior year and adjusted EBITDA declined by the same \$0.2 million. South Dakota route revenues were \$0.8 million compared to \$1.9 million in the prior period and adjusted EBITDA declined \$0.3 million due primarily to one month less of operations. Corporate adjusted EBITDA was negative \$0.7 million compared to negative \$0.6 million in the prior period and on a consolidated basis, adjusted EBITDA was \$1.0 million compared to \$1.1 million in the prior year period.

"Last year our Washington operations were challenged with beautiful weather, and while this year did not have much rain either, the unusually warm temperatures and high humidity tempered the draw of enjoying the beautiful outdoors," said Michael P. Shaunnassy, President and CEO.

The Company's outstanding bank debt was \$6.9 million as of July 31, 2018, and unrestricted cash on hand was \$8.4 million.

The exclusive negotiations for the sale of the Company are ongoing.

### Conference Call and Webcast

The Company will host a conference call at 4:30 PM ET (1:30 PM PT), today, September 13, 2018 to discuss the financial results and to provide a corporate update. The call can be accessed live by dialing (800) 289-0438. International callers can access the call by dialing (323) 794-2423.

A telephone replay of the conference call will be available after 7:30 PM ET and can be accessed by dialing (844) 512-2921. International callers can access the replay by dialing (412) 317-6671; the pin number is 2679122. The replay will be available through September 20, 2018.

### (1) Non-GAAP Information

The term "adjusted EBITDA" is used by us in presentations, quarterly earnings calls, and other instances as appropriate. Adjusted EBITDA is defined as net income before interest, income taxes, depreciation and amortization, non-cash goodwill and other long-lived asset impairment charges, write-offs of project development costs, litigation charges, non-cash stock grants, non-cash employee stock purchase plan discounts, exclusion of net income or loss from operations held for sale, and net losses/gains from asset dispositions. Adjusted EBITDA does not take into account greater or less than expected hold percentages in the gaming operations. Adjusted EBITDA is presented because it is a required component of financial ratios reported by us to our lenders, and it is also frequently used by securities analysts, investors, and other interested parties, in addition to and not in lieu of, U.S. Generally Accepted Accounting Principles ("GAAP") results to compare to the performance of other companies that also publicize this information. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to net income as an indicator of our operating performance or any other measure of performance derived in accordance with GAAP.

The following table reconciles net income from continuing operations to Adjusted EBITDA from continuing operations for the three months ended July 31, 2018 and 2017:

For the three months ended  
July 31, 2018                      July 31, 2017

Net income from continuing operations	\$ 85,594	\$ 73,015
Adjustments:		
Net interest expense and change in swap fair value	107,226	152,015
Income tax expense	24,207	35,918
Depreciation and amortization	130,439	337,938
Sale related expenses	482,202	-
Stock compensation	12,570	58,537
Gain on sale of assets	(57,692)	-
Amortization of deferred rent	(14,883)	724
Adjusted EBITDA from continuing operations	\$ 769,663	\$ 658,147

Adjusted EBITDA from discontinued operations was \$246,494 and \$452,651 for the three months ended July 31, 2018 and 2017, respectively.

### Forward-Looking Statements

This release contains forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We use words such as "anticipate," "believe," "expect," "future," "intend," "plan," and similar expressions to identify forward-looking statements. Forward-looking statements include, without limitation, our ability to increase income streams, to grow revenue and earnings, and to obtain additional gaming and other projects. These statements are only predictions and are subject to certain risks, uncertainties and assumptions, which are identified and described in the Company's public filings with the Securities and Exchange Commission.

### About Nevada Gold & Casinos

Nevada Gold & Casinos, Inc. (NYSE MKT:UWN) of Las Vegas, Nevada is a developer, owner and operator of nine gaming operations in Washington (wagoldcasinos.com), and a local casino in Henderson, Nevada (clubfortune.com).

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### Nevada Gold & Casinos, Inc. Consolidated Balance Sheets

	July 31, 2018	April 30, 2018
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 8,423,498	\$ 9,508,931
Restricted cash	2,517,272	2,369,063
Accounts receivable, net of allowances	297,858	345,403
Prepaid expenses	1,015,129	1,058,726
Inventory and other current assets	344,096	341,299
Assets held for sale	13,791,349	607,180
<b>Total current assets</b>	<b>26,389,202</b>	<b>14,230,602</b>
Real estate held for sale	750,000	750,000
Goodwill	14,092,154	14,092,154
Intangible assets, net of accumulated amortization	2,274,504	2,289,485
Property and equipment, net of accumulated depreciation	3,215,451	3,254,367
Deferred tax asset	718,495	704,044
Assets held for sale	-	13,597,772
Other assets	208,861	204,672
<b>Total assets</b>	<b>\$ 47,648,667</b>	<b>\$ 49,123,096</b>

### LIABILITIES AND STOCKHOLDERS' EQUITY

**Current liabilities:**

Accounts payable and accrued liabilities	\$ 1,410,571	\$ 1,350,263
Accrued payroll and related	1,302,381	1,810,626
Accrued player's club points and progressive jackpots	2,461,002	2,273,655
Liabilities held for sale	853,721	902,720
<b>Total current liabilities</b>	<b>6,027,675</b>	<b>6,337,264</b>
Long-term debt	6,817,794	7,895,240
Other long-term liabilities	622,322	637,207
<b>Total liabilities</b>	<b>13,467,791</b>	<b>14,869,711</b>

**Stockholders' equity:**

Common stock, \$0.12 par value per share; 50,000,000 shares authorized; 18,715,985 shares issued and 16,848,182 shares outstanding at July 31, 2018, and April 30, 2018.	2,245,927	2,245,927
Additional paid-in capital	27,571,911	27,557,151
Retained earnings	13,556,970	13,644,239
Treasury stock, 1,867,803 and 1,867,803 shares at July 31, 2018, and April 30, 2018, respectively, at cost	(9,193,932 )	(9,193,932 )
<b>Total stockholders' equity</b>	<b>34,180,876</b>	<b>34,253,385</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 47,648,667</b>	<b>\$ 49,123,096</b>

**Nevada Gold & Casinos, Inc.**  
**Consolidated Statements of Operations**  
(unaudited)

	<b>Three Months Ended</b>	
	<b>July 31,</b>	<b>July 31,</b>
	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>		
Casino	\$ 12,012,719	\$ 13,251,312
Food and beverage	2,489,377	2,360,414
Other	378,073	411,596
<b>Gross revenues</b>	<b>14,880,169</b>	<b>16,023,322</b>
Less promotional allowances	-	(1,021,392 )
<b>Net revenues</b>	<b>14,880,169</b>	<b>15,001,930</b>
<b>Expenses:</b>		
Casino	6,172,939	7,717,485
Food and beverage	2,203,490	1,241,092
Other	58,779	25,869
Marketing and administrative	4,474,984	4,359,431
Facility	448,474	419,783
Corporate	1,231,729	639,384
Depreciation and amortization	130,439	337,938
Gain on sale of assets	(57,692 )	-
Total operating expenses	14,663,142	14,740,982
<b>Operating income</b>	<b>217,027</b>	<b>260,948</b>
<b>Non-operating income (expenses):</b>		
Interest income	8,438	12,465
Interest expense and amortization of loan issue costs	(119,853 )	(160,515 )
Change in swap fair value	4,189	(3,965 )
<b>Income from continuing operations before income tax expense</b>	<b>109,801</b>	<b>108,933</b>
Income tax expense	(24,207 )	(35,918 )
Income from continuing operations	\$ 85,594	\$ 73,015
(Loss) Income from discontinued operations, net of taxes	(137,438 )	50,987
<b>Net (loss) income</b>	<b>\$ (51,844 )</b>	<b>\$ 124,002</b>
<b>Per share information:</b>		
Income from continuing operations per common share - basic	\$ 0.01	\$ 0.01
Income from continuing operations per common share - diluted	\$ -	\$ -
Income from discontinued operations per common share - basic and diluted	\$ (0.01 )	\$ -
Net income per common share - basic and diluted	\$ -	\$ 0.01

The amount by which each line item in continuing operations in our unaudited Condensed Consolidated Statement of Operations for the three months ended July 31, 2018 was affected by the new revenue standard as compared with the accounting guidance that was in effect before the change was as follows:

	<b>For the three months ended July 31, 2018</b>		
	<b>As Reported - With Adoption of ASC 606</b>	<b>As Adjusted - Without Adoption of ASC 606</b>	<b>Effect of Accounting Change Increase/(Decrease)</b>
<b>Revenues:</b>			
Casino	\$ 12,012,719	\$ 12,985,848	\$ (973,129 )
Food and beverage	2,489,377	2,489,377	-
Other	378,073	378,073	-
<b>Gross revenues</b>	<b>14,880,169</b>	<b>15,853,298</b>	<b>(973,129 )</b>
Less promotional allowances	-	(976,807 )	976,807
<b>Net revenues</b>	<b>14,880,169</b>	<b>14,876,491</b>	<b>3,678</b>
<b>Expenses:</b>			
Casino	6,172,939	6,986,273	(813,334 )
Food and beverage	2,203,490	1,417,389	786,101
Other	58,779	27,868	30,911
Marketing and administrative	4,474,984	4,474,984	-
Facility	448,474	448,474	-
Corporate	1,231,729	1,231,729	-
Depreciation and amortization	130,439	130,439	-
Gain on sale of assets	(57,692 )	(57,692 )	-
Total operating expenses	14,663,142	14,659,464	3,678
<b>Operating income</b>	<b>\$ 217,027</b>	<b>\$ 217,027</b>	<b>\$ -</b>
<b>Net loss</b>	<b>\$ (51,844 )</b>	<b>\$ (51,844 )</b>	<b>\$ -</b>



Source: Nevada Gold & Casinos, Inc.