



## Nevada Gold & Casinos Reports Second Quarter 2019 Results

December 17, 2018

LAS VEGAS, Dec. 17, 2018 (GLOBE NEWSWIRE) -- Nevada Gold & Casinos, Inc. (NYSE MKT: UWN) today announced financial results for the second quarter ended October 31, 2018.

Financial results for the three and six months ended October 31, 2018 are impacted by the sale of the South Dakota route, which closed June 30, 2018, and the agreement to sell Club Fortune, signed on July 27, 2018. Only two months of South Dakota operations are reflected in the current year and the Club Fortune operations are segregated as discontinued operations with the associated assets and liabilities classified as 'Held for Sale.'

For the second quarter of fiscal 2018, the Company reported net revenues of \$14.4 million compared to \$16.0 million in the second quarter of fiscal 2018. Operating expenses were \$13.8 million compared to \$15.0 million in the prior year period. Operating income was \$0.5 million compared to \$1.0 million, and net income was \$0.5 million, or \$0.03 per share, compared to net income of \$0.6 million, or \$0.04 per share, in the prior year period.

Net revenues from the Washington state gaming operations increased to \$14.4 million, from \$13.8 million in the prior year period, and adjusted EBITDA increased to \$2.0 million compared to \$1.7 million in the prior year. Increased poker revenue and a higher table games hold percentage, although in the normal range, was responsible for the majority of the revenue gain. Operating cost increases were primarily attributable to the increased minimum wage.

South Dakota slot route operations provided no revenue or EBITDA in the current quarter compared to revenue of \$2.2 million and adjusted EBITDA of \$0.2 in the prior year quarter. Corporate adjusted EBITDA was (\$0.7) million compared to (\$0.6) million in the prior year and on a consolidated basis adjusted EBITDA from continuing operations was \$1.4 million compared to \$1.3 million in the prior year.

Club Fortune revenues were \$3.2 million compared to \$3.4 million in the prior year period, and adjusted EBITDA decreased to \$0.2 million compared to \$0.4 million in the prior year.

The Company paid down \$1.1 million in debt during the fiscal year. The unrestricted cash balance at October 31, 2018 was \$9.8 million, and total outstanding borrowing was \$6.9 million.

On December 3, 2018 the Company filed a preliminary proxy statement concerning the merger / acquisition transaction with Maverick Casinos, LLC.

On December 5, 2018 the Nevada Gaming Control Board unanimously recommended approval of the Club Fortune sale transaction with Truckee Gaming, LLC. The matter now moves to the Nevada Gaming Commission for final consideration on December 20, 2018.

The Company anticipates closing on the Club Fortune sale on December 31, 2018, and the Maverick merger / acquisition transaction in the first calendar quarter of 2019.

For the six month period ended October 31, 2018, net revenues were \$29.2 million compared to \$31.0 million in the prior year period. Operating expenses were \$28.5 million compared to \$29.8 million in the prior year. Operating income was \$0.7 million compared to \$1.2 million in fiscal 2018. Net income was \$0.5 million, or \$0.03 per share, compared to \$0.8 million, or \$0.04 per share, in the prior year.

### Conference Call

The Company will host a conference call at 4:30 PM ET (1:30 PM PT) the same afternoon to discuss the financial results and provide a corporate update. The call can be accessed live by dialing (888) 394-8218. International callers can access the call by dialing (323) 701-0225.

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 5792658. The replay will be available through December 24, 2018.

### New Revenue Recognition Standard

On May 1, 2018, the Company adopted accounting standard update No. 2014-09 ("ASC 606") ("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 as of May 1, 2018.

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 complimentaries 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 and six months ended October 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 and six months ended October 31, 2018 at the end of this release.

### Non-GAAP Information

The term "adjusted EBITDA" is used by the Company in presentations, quarterly earnings calls, and other instances as appropriate. Adjusted EBITDA is defined as net income before interest, change in swap fair value, income taxes, depreciation and amortization, goodwill and other long-lived asset

impairment charges, write-offs of project development costs and acquisition expenses, sale related expenses, litigation charges, non-cash stock grants, non-cash employee stock purchase plan discounts, amortization of deferred rent, 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 tables reconcile net income from continuing operations to Adjusted EBITDA from continuing operations for the three months and six months ended October 31, 2018 and 2017:

	For the three months ended	
	October 31, 2018	October 31, 2017
Net income from continuing operations	\$ 344,900	\$ 626,148
Adjustments:		
Net interest expense and change in swap fair value	75,322	104,187
Income tax expense	97,933	257,359
Depreciation and amortization	114,218	224,651
Sale related expenses	715,614	-
Loss on sale of assets	23,335	5,465
Stock compensation	12,201	65,382
Amortization of deferred rent	(18,371)	(2,675)
Adjusted EBITDA from continuing operations	\$ 1,365,152	\$ 1,280,517

	For the six months ended	
	October 31, 2018	October 31, 2017
Net income from continuing operations	\$ 430,494	\$ 699,162
Adjustments:		
Net interest expense and change in swap fair value	182,548	256,202
Income tax expense	122,140	293,277
Depreciation and amortization	244,657	562,589
Sale related expenses	1,197,815	-
(Gain) Loss on sale of assets	(34,356)	5,465
Stock compensation	24,771	67,171
Amortization of deferred rent	(33,256)	(1,952)
Adjusted EBITDA from continuing operations	\$ 2,134,813	\$ 1,881,914

### 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 locals casino in Henderson, Nevada (clubfortunecasino.com). For more information, visit [www.nevadagold.com](http://www.nevadagold.com).

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	Three Months Ended		Six Months Ended	
	October 31, 2018	October 31, 2017	October 31, 2018	October 31, 2017
<b>Revenues:</b>				
Casino	\$ 11,491,669	\$ 14,205,937	\$ 23,504,388	\$ 27,457,249
Food and beverage	2,520,548	2,470,121	5,009,925	4,830,535
Other	342,237	387,414	720,310	799,011
<b>Gross revenues</b>	<b>14,354,454</b>	<b>17,063,472</b>	<b>29,234,623</b>	<b>33,086,795</b>
Less promotional allowances	-	(1,043,293 )	-	(2,064,685 )
<b>Net revenues</b>	<b>14,354,454</b>	<b>16,020,179</b>	<b>29,234,623</b>	<b>31,022,110</b>
<b>Expenses:</b>				
Casino	5,169,139	7,974,289	11,342,078	15,691,086
Food and beverage	2,244,719	1,293,078	4,448,208	2,534,873
Other	55,040	24,082	113,820	49,936
Marketing and administrative	4,393,961	4,357,146	8,868,945	8,716,577
Facility	437,086	461,798	885,559	881,581
Corporate	1,398,801	691,976	2,630,530	1,331,361
Depreciation and amortization	114,218	224,651	244,657	562,589
Loss on sale of assets	23,335	5,465	(34,356 )	5,465
Total operating expenses	13,836,299	15,032,485	28,499,441	29,773,468
<b>Operating income</b>	<b>518,155</b>	<b>987,694</b>	<b>735,182</b>	<b>1,248,642</b>
<b>Non-operating income (expenses):</b>				
Interest income	8,438	14,211	16,875	26,675
Interest expense and amortization of loan issue costs	(88,591 )	(163,820 )	(208,443 )	(324,335 )
Change in swap fair value	4,831	45,422	9,020	41,458
<b>Income from continuing operations before income tax expense</b>	<b>442,833</b>	<b>883,507</b>	<b>552,634</b>	<b>992,440</b>
Income tax expense	(97,933 )	(257,359 )	(122,140 )	(293,278 )
Income from continuing operations	344,900	626,148	430,494	699,162
Income from discontinued operations, net of taxes	194,190	12,829	56,752	63,816
<b>Net income</b>	<b>\$ 539,090</b>	<b>\$ 638,977</b>	<b>\$ 487,246</b>	<b>\$ 762,978</b>
<b>Per share information:</b>				
Income from continuing operations per common share - basic and diluted	\$ 0.02	\$ 0.04	\$ 0.03	\$ 0.04
Income from discontinued operations per common share - basic and diluted	\$ 0.01	\$ -	\$ -	\$ -
Net income per common share - basic and diluted	\$ 0.03	\$ 0.04	\$ 0.03	\$ 0.04

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

	October 31, 2018	April 30, 2018
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 9,784,582	\$ 9,508,931
Restricted cash	2,726,550	2,369,063
Accounts receivable, net of allowances	291,101	345,403
Prepaid expenses	1,034,600	1,058,726
Inventory and other current assets	345,337	341,299
Assets held for sale	13,890,758	607,180
<b>Total current assets</b>	<b>28,072,928</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	3,142,651	3,254,367

Deferred tax asset	568,216	704,044
Assets held for sale	-	13,597,772
Other assets	213,692	204,672
<b>Total assets</b>	<b>\$ 49,114,145</b>	<b>\$ 49,123,096</b>

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### Current liabilities:

Accounts payable and accrued liabilities	\$ 1,424,200	\$ 1,350,263
Accrued payroll and related	1,997,081	1,810,626
Accrued player's club points and progressive jackpots	2,606,088	2,273,655
Liabilities held for sale	925,544	902,720
<b>Total current liabilities</b>	<b>6,952,913</b>	<b>6,337,264</b>
Long-term debt	6,822,924	7,895,240
Other long-term liabilities	603,951	637,207
<b>Total liabilities</b>	<b>14,379,788</b>	<b>14,869,711</b>

##### Stockholders' equity:

Common stock, \$0.12 par value per share; 50,000,000 shares authorized; 18,743,185 and 18,715,985 shares issued and 16,875,382 and 16,848,182 shares outstanding at October 31, 2018, and April 30, 2018, respectively.	2,249,191	2,245,927
Additional paid-in capital	27,583,038	27,557,151
Retained earnings	14,096,060	13,644,239
Treasury stock, 1,867,803 shares at October 31, 2018, and April 30, 2018, at cost.	(9,193,932)	(9,193,932)
<b>Total stockholders' equity</b>	<b>34,734,357</b>	<b>34,253,385</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 49,114,145</b>	<b>\$ 49,123,096</b>

The amount by which each line item in continuing operations in our unaudited Condensed Consolidated Statement of Operations for the three and six months ended October 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:

	For the three months ended October 31, 2018		
	As Reported - With Adoption of ASC 606	As Adjusted - Without Adoption of ASC 606	Effect of Accounting Change Increase/(Decrease)
<b>Revenues:</b>			
Casino	\$ 11,491,669	\$ 12,466,911	\$ (975,242 )
Food and beverage	2,520,548	2,520,548	-
Other	342,237	342,237	-
<b>Gross revenues</b>	<b>14,354,454</b>	<b>15,329,696</b>	<b>(975,242 )</b>
Less promotional allowances	-	(975,242 )	975,242
<b>Net revenues</b>	<b>14,354,454</b>	<b>14,354,454</b>	<b>-</b>
<b>Expenses:</b>			
Casino	5,169,139	5,990,982	(821,843 )
Food and beverage	2,244,719	1,454,091	790,628
Other	55,040	23,825	31,215
Marketing and administrative	4,393,961	4,393,961	-
Facility	437,086	437,086	-
Corporate	1,398,801	1,398,801	-
Depreciation and amortization	114,218	114,218	-
Loss on sale of assets	23,335	23,335	-
Total operating expenses	13,836,299	13,836,299	-
<b>Operating income</b>	<b>\$ 518,155</b>	<b>\$ 518,155</b>	<b>\$ -</b>
<b>Net income</b>	<b>\$ 344,900</b>	<b>\$ 344,900</b>	<b>\$ -</b>



Source: Nevada Gold & Casinos, Inc.