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Report of Independent Auditors

To the Member of Genting New York LLC

Opinion

We have audited the consolidated financial statements of Genting New York LLC (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will



always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

March 7, 2024

GENTING NEW YORK LLC
CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

	December 31, 2023	December 31, 2022
	<i>(in thousands)</i>	
Assets		
Current assets		
Cash and cash equivalents.....	\$ 267,733	\$ 221,623
Accounts receivable, net	6,645	4,690
Related party, net	125,676	102,193
Prepaid expenses and other current assets.....	10,058	9,944
Total current assets	410,112	338,450
Property and equipment, net.....	757,220	800,608
Right of use asset.....	125	200
Long term related party loan receivables.....	159,240	154,961
Deferred financing cost, net.....	1,904	2,332
Construction deposits	134	78
Gaming license	600	633
Prepaid ground rent	74,435	78,629
Total assets.....	\$ 1,403,770	\$ 1,375,891
Liabilities and Member's Equity		
Current liabilities		
Accounts payable.....	\$ 10,972	\$ 8,175
Construction payable.....	774	1,245
Financing lease, current portion.....	58	75
Deferred revenue, current portion.....	12,681	28,112
Accrued expenses and other current liabilities.....	46,349	44,081
Total current liabilities	70,834	81,688
Long-term debt	693,753	690,424
Interest payable.....	6,497	6,497
Financing lease, less current portion.....	93	151
Total liabilities	771,177	778,760
Member's Equity		
Contributed capital	466,435	466,435
Retained earnings	166,158	130,696
Total member's equity	632,593	597,131
Total liabilities and member's equity.....	\$ 1,403,770	\$ 1,375,891

GENTING NEW YORK LLC
CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2023 and 2022

	Year ended December 31, 2023	Year ended December 31, 2022
	<i>(in thousands)</i>	
Revenue		
Gaming	\$ 293,835	\$ 279,274
Room	22,151	15,937
Food, beverage and other	34,393	28,143
Total revenue	350,379	323,354
Operating expenses		
Salaries and benefits	126,454	113,193
Cost of goods sold	5,358	4,759
Professional fees	3,352	3,467
Nassau Off Track Betting hosting agreement.....	29,538	27,747
Other operating expenses	102,629	94,050
Depreciation	56,459	53,796
Grant income	(42,602)	(42,480)
Lease expense.....	4,308	4,757
Loss on disposal of assets.....	64	98
Pre-opening costs	14,387	12,486
Total operating expenses.....	299,947	271,873
Total operating income	50,432	51,481
Nonoperating income (expense)		
Interest and other income	20,667	15,162
Interest expense	(35,637)	(28,963)
Total nonoperating expense	(14,970)	(13,801)
Net Income.....	\$ 35,462	\$ 37,680

GENTING NEW YORK LLC

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY

Years ended December 31, 2023 and 2022

	Contributed Capital	Retained Earnings	Total
		<i>(in thousands)</i>	
Balance, December 31, 2021 As			
Adjusted	\$ 466,435	\$ 118,016	\$ 584,451
Dividend to parent.....	-	(25,000)	(25,000)
Net income	-	37,680	37,680
Balance, December 31, 2022.....	\$ 466,435	\$ 130,696	\$ 597,131
Net income	-	35,462	35,462
Balance, December 31, 2023	\$ 466,435	\$ 166,158	\$ 632,593

GENTING NEW YORK LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2023 and 2022

	Year ended December 31, 2023	Year ended December 31, 2022
	<i>(in thousands)</i>	
Cash flows from operating activities		
Net income (loss).....	\$ 35,462	\$ 37,680
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation.....	56,459	53,796
Non-cash lease expense for prepaid ground rent and right of use assets.....	4,275	4,724
Amortization of deferred financing costs and accretion of debt discount.....	4,651	4,074
Amortization of gaming license.....	33	33
Paid in kind interest from related parties.....	(4,279)	(7,170)
Loss on disposal of assets.....	64	98
Changes in operating assets and liabilities		
Related party, net.....	(23,483)	(7,069)
Prepaid expenses and other current assets.....	(115)	(5,658)
Accounts receivable.....	(1,955)	(1,683)
Accrued expenses and other current liabilities.....	2,267	3,841
Accounts payable.....	2,799	(22,299)
Deferred revenue.....	(15,431)	(17,229)
Net cash provided by operating activities.....	60,747	43,138
Cash flows from investing activities		
Construction deposits.....	(56)	225
Proceeds from disposal of assets.....	207	-
Purchases of property, plant and equipment, net.....	(13,813)	(10,355)
Net cash used in investing activities.....	(13,662)	(10,130)
Cash flows from financing activities		
Dividend to parent.....	-	(25,000)
Payments of financing fees.....	(894)	(918)
Repayment of principal on finance lease.....	(81)	(1,123)
Net cash used in financing activities.....	(975)	(27,041)
Net change in cash, cash equivalents and restricted cash during the year.....	46,110	5,967
Cash, cash equivalents and restricted cash		
Beginning of year.....	221,623	215,656
End of year.....	\$ 267,733	\$ 221,623
Supplemental disclosures of cash flow information:		
Cash paid for interest.....	\$ 31,724	\$ 25,837
Supplemental schedule of noncash investing and financing activities:		
Fixed asset expenditures included in construction payables.....	\$ 774	\$ 1,245

1. Organization and Nature of Business

Organization

Genting Berhad, its subsidiaries and affiliates operate under the “Genting” name. Genting North America Holdings LLC (“GNAH”) is the sole member of Genting New York LLC (“GENNY” or the “Company”) and an indirect wholly-owned subsidiary of Genting Americas Inc. (“GAI”) and ultimately Genting Malaysia Berhad. GENNY has constructed and operates a Video Lottery Facility (“VLF”) in Queens, New York that commenced operations on October 28, 2011. The VLF has various amenities including food and beverage outlets and an entertainment stage. In 2017, the Company broke ground on an expansion project (“Expansion Project”), which included the development of a hotel on the facility premises, the expansion of the gaming space at the VLF, and the development and expansion of related amenities, including retail, food and beverage facilities, and meeting space. The first phase of the gaming expansion was opened in September of 2019. The hotel, retail, food and beverage and meeting space components of the Expansion Project were completed and opened in the third quarter of 2021.

Regulation and Licensing

The gaming industry is highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. GENNY is subject to extensive regulation under the laws, rules and regulations of New York State (“NYS”). These laws, rules, and regulations generally concern the conduct of operations as well as the responsibility, financial stability, and character of the facilities, owners, managers, and persons with financial interests in the gaming operations. Individuals and entities, including investors and vendors conducting business with us, must file license/registration applications with the New York State Gaming Commission (“NYSGC”), and in some instances must submit to background investigations by the NYS Police in order to prove suitability for licensure/registration. Application, fingerprinting and investigative fees must be paid by us or by the individual or entity seeking licensure or registration. Failure to obtain and maintain a license or registration, as applicable, could require us to sever our relationship with such individuals and/or entities, which could have a material adverse effect on our operations.

Our businesses are also subject to various federal, state and local laws and regulations in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employees, currency transactions, taxation, zoning and building codes, construction, land use, and marketing and advertising, as well as a requirement that we obtain preapproval by the NYSGC for indebtedness that we incur. We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering (“AML”) laws. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operations.

In January 2023, NYS formally started a process to seek competitive bids for up to three Class III casino licenses. GENNY intends to submit an application. New licenses are expected to be issued sometime in 2025. However, a specific timeline has not been published by the state. The Company has incurred pre-opening costs related to the aforementioned license application which are discussed in Footnote 2.

Gaming Act

The operations of GENNY are subject to regulation by the NYSGC, Division of Gaming. The Gaming Act provides, among other things, the statutory framework for the regulation of full-scale casino gaming. However, gaming facility licenses for such casinos are not currently authorized in Bronx, Kings, New York, Queens or Richmond counties and there is an exclusivity period through 2023 during which no further such gaming facility licenses can be granted by the NYSGC without NYS legislative action. Therefore, our gaming operations at GENNY currently consist solely of video lottery terminals, and we are subject to regulation regarding the number of and types of such terminals we may have at GENNY, including electronic slot machines, other electronic games and electronic table gaming. Further, free play allowances are not established by the Gaming Act, but the NYSGC has promulgated a regulation that limits non-taxable free play, although the NYSGC may, at its discretion, authorize deviations from these limitations.

The Gaming Act also authorized two video lottery facilities to be located in each of Nassau County and Suffolk County on Long Island. After unsuccessful efforts by Nassau County’s OTB (“NOTB”) to find an acceptable VLF site within county limits, NOTB and GENNY reached an agreement, which was signed into law

in April 2016, permitting us to “host” up to 1,000 electronic table games on behalf of NOTB at GENNY. The law allows GENNY to be taxed at NOTB’s preferential 60% gaming tax rate for these 1,000 hosted games (as compared to the normal 70% gaming tax rate for GENNY’s other games) in return for annual payments to NOTB of \$25 million (with cost-of-living increases). See footnote 2.

Additionally, the law allows GENNY to participate in NYS’s casino Capital Award program for the Expansion Project, provided we are able demonstrate that the Expansion Project’s new non-gaming amenities could reasonably drive increased gaming revenues. Pursuant to the Capital Award program, GENNY was awarded an aggregate amount of \$419 million in gaming tax relief on GENNY non-hosted games. See footnote 2.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis for Presentation

The consolidated financial statements and notes as of December 31, 2023 and December 31, 2022 include the accounts of Genting New York LLC and its subsidiaries. All intercompany balances and transactions are eliminated in consolidation. Our financial statements require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent liabilities. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

The Company classifies deposits that can be redeemed on demand and investments with an original maturity of three months or less when purchased as cash and cash equivalents. Cash equivalents are carried at cost, which approximates market value. For financial reporting purposes, cash and cash equivalents include all operating cash. The Company did not hold any cash equivalents at December 31, 2023 and 2022.

Accounts Receivable

GENNY, through transactions in the ordinary course of business, has accounts receivable related to performance fees on certain gaming devices, cash advance fees, cash machine transaction fees and shared services costs receivable from the New York Racing Association (“NYRA”). At December 31, 2023 and 2022, the accounts receivable balance was \$6.6 million and \$4.7 million, respectively, related to these transactions. The Company has no history of credit losses. The Company assessed the need for a reserve for bad debts by continuously evaluating historical experience and other relevant information. At December 31, 2023 and 2022, the Company has determined there are no expected credit losses.

Lease Arrangement

In conjunction with the development of the Video Lottery Facility, GENNY has entered into several transactions with various parties to complete the project. GENNY paid the State of New York a fee of \$380 million in consideration for the right to design, construct and operate the VLF for the term of thirty (30) years. GENNY has an option to extend the term with new consideration agreed upon by both parties. NYRA has assigned its existing ground lease from the New York Lottery to GENNY, who then subleased a portion of land and pre-existing improvements thereon to NYRA, allowing NYRA to continue its racing and related activities at the Aqueduct Racetrack. The fee paid by GENNY to the State of New York was allocated to several components based upon their fair values. An amount of \$130 million was allocated as prepaid rent. This fair value was obtained with the assistance of a third-party valuation firm and represents the fair value of the ground lease assigned to GENNY over the transaction period. Under Accounting Standards Codification (“ASC”) topic 842, Leases, the prepaid rent is an operating right-of-use asset and is recognized on a straight-line basis as rent expense over a period of thirty-one (31) years, which approximates the total of the construction and occupancy period. During both 2023 and 2022, \$4.2 million was recognized as rent expense. An amount of \$250 million was allocated as a construction deposit and represents the amount that GENNY was reimbursed from the Empire State Development Corporation (“ESDC”) for eligible construction related expenses incurred in the development and construction of the VLF.

The Company leases various equipment under finance lease arrangements.

Components of lease costs and other information related to the Company’s leases was as follows for the years ended December 31, 2023 and 2022:

	2023	2022
	<i>(in thousands)</i>	
Finance Lease Costs		
Interest expense	\$ 6	\$ 14
Amortization expense	75	516
Total finance lease costs (1)	<u>\$ 81</u>	<u>\$ 530</u>

(1) Recorded in Lease expense in Statements of Operations

Weighted-average remaining lease term (years)

Finance leases 1.92

Weighted-average discount rate (%)

Finance leases 3.72%

Maturities of finance lease liabilities are as follows (in thousands):

Year ending December 31,		
2024.....		81
2025.....		74
Total future minimum lease payments		<u>155</u>
Less: Amount of lease payments representing interest.....		<u>(4)</u>
Present value of future minimum lease payments		151
Less: Current portion.....		<u>(58)</u>
Long-term lease obligations	<u>\$</u>	<u>93</u>

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is recorded over the estimated useful lives of the assets, other than land, on a straight-line basis. Leasehold improvements are amortized over the shorter of the lease terms or the estimated useful lives of the improvements. Estimated useful lives by asset categories are as follows:

Building and land improvements.....	20 - 30 years
Furniture fixtures and equipment	3-5 years

The costs of significant improvements are capitalized. Costs of normal repairs and maintenance are expensed as incurred. Gains or losses on disposition of property and equipment are included in the determination of net income.

The Company's property and equipment are assessed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If it is determined that the carrying amounts may not be recoverable based on current and future levels of income and expected future cash flows, as well as other factors, an impairment loss will be recognized at such time.

Debt Issuance Costs

Debt issuance costs are amortized using the effective interest method over the term of the related debt. The amortization is included within interest expense.

Gaming License

Gaming License is for the acquisition of the New York State Video Lottery License ("the License") which entitles the Company to operate the VLF for a period of thirty (30) years. GENNY began to amortize the intangible asset over thirty (30) years upon commencement of operations. In connection with the acquisition of the License, the Company recorded a gaming license intangible asset of \$1 million.

The Company evaluates the recoverability of its intangibles whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. Should such evaluations indicate that the related future undiscounted cash flows are not sufficient to recover the carrying values of the assets, such carrying values

would be reduced to fair value and this adjusted carrying value would become the assets' new cost basis. Expected amortization of the license for the next five (5) years is \$33,333 annually.

Fair Value of Financial Instruments

The Company has adopted fair value provisions in accordance with authoritative guidance issued by the Financial Accounting Standards Board ("FASB") pertaining to financial assets and liabilities. The guidance clarifies how companies are required to use a fair value measure for recognition and disclosure by establishing a common definition of fair value, a framework for measuring fair value and expanded disclosures about fair value measurements. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels:

- Level 1 Quoted prices for identical assets or liabilities in active markets;
- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets or valuations based on models where the significant inputs are observable or can be corroborated by observable market data; and
- Level 3 Valuations based on models where the significant inputs are not observable. The unobservable inputs reflect the Company's estimates or assumptions that market participants would use in pricing the asset or liability.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy.

The carrying amount of the Company's financial assets and liabilities approximate fair value at December 31, 2023 and 2022 due to the short-term nature of these instruments.

Revenue Recognition

The Company's patron transactions consist of gaming wagers, hotel room, as well as food and beverage purchases. The Company recognizes gaming revenues as the portion of the net win (commission) that is retained by GENNY as the operator of the VLF. The Company utilizes a deferred revenue model to reduce gaming revenues by the estimated fair value of loyalty points earned by patrons and recognizes the related revenues when such loyalty points are redeemed. Unredeemed Genting Points are recognized based upon the estimated stand-alone selling price ("SSP") after factoring in the likelihood of redemption. Revenues from hotel, food and beverage, retail, entertainment and other services, including revenues associated with loyalty point redemptions and complimentary, are recognized at the time such service is performed.

Food and beverage revenues include (i) revenues generated from transactions with patrons for such goods and/or services, (ii) revenues recognized through the redemption of points from our loyalty programs for such goods and/or services, and (iii) revenues generated as a result of providing such goods and/or services on a complimentary basis in conjunction with gaming activities. Food and beverage revenues are recognized when goods are delivered. In general, performance obligations associated with these transactions are satisfied at a point-in-time. The Company's performance obligation liabilities are included in "Accrued expenses and other current liabilities" in our consolidated balance sheets. The transaction price for hotel room and food and beverage purchases is the net amount collected from the patron for such goods and services. Hotel room and food and beverage services have been determined to be separate, standalone transactions and the transaction price for such services is recorded as revenue as the good or service is transferred to the patron over the duration of the patron's stay at the hotel or when the Company provides the food and beverage services. The Company collects advanced deposits from hotel patrons for future reservations representing obligations of the Company until the room stay is provided to the patron.

Other revenues primarily include commissions received on ATM transactions and cash advances, as well as lottery tickets, which are recorded on a net basis as the Company represents the agent in its relationship with the third-party service providers. Other revenues also include the sale of retail goods, which are recognized at the time the goods are delivered to the customer.

The Company's performance obligation related to its loyalty point obligation is generally completed within one year, as a patron's loyalty point balance is forfeited after six months of inactivity, as defined in the loyalty

programs. Loyalty points are generally earned and redeemed constantly over time, and the decrease is primarily attributed to the expiration of points, per policy.

Complimentary food and beverage revenues, and complimentary room revenues for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>		<u>2022</u>
		<i>(in thousands)</i>	
Complimentary food, beverage and other revenue.....	\$ 5,231	\$	4,250
Complimentary hotel revenue	\$ 1,852	\$	2,574

A difference may exist between the timing of cash receipts from patrons and the recognition of revenues, resulting in a performance obligation. In general, the Company has two types of such performance obligations: (1) outstanding gaming voucher liability, which represents amounts owed in exchange for outstanding gaming voucher held by patrons; and (2) loyalty points deferred revenue liability, as discussed above. The loyalty points liability is generally expected to be recognized as revenues within one year and are recorded within other current liabilities.

The following table summarizes these liabilities at December 31, 2023 and 2022:

	<u>2023</u>		<u>2022</u>
		<i>(in thousands)</i>	
Unredeemed point liability	\$ 1,485	\$	1,850
Gaming voucher liability	3,825		1,895
Total	<u>\$ 5,310</u>	<u>\$</u>	<u>3,745</u>

Nassau OTB and Capital Allowance

On October 15, 2016, GENNY began hosting Nassau OTB (“NOTB”) machines, pursuant to an agreement with Nassau OTB to purchase a license to operate up to an additional 1,000 VLTs. Under the terms of the agreement, GENNY is designated an additional 1% (for 400 to 999 NOTB machines) of net win or 4% (once all 1,000 NOTB machines are on the floor) as a capital allowance for future capital expenditure projects (“qualifying assets”) related to the gaming facility. The NOTB agreement also allows GENNY to retain 10% of the daily win on NOTB machines, provided the above conditions are met for those funds. As of December 31, 2023 and 2022, 1,000 NOTB machines were being hosted by GENNY.

Under Section 1612 of the NY Tax Code, the capital allowance is considered a state grant. Under applicable accounting guidance relating to state grants, grants are not recognized in the consolidated statement of operations until there is “reasonable assurance” that the primary condition of the award is satisfied which is defined as when the qualifying assets are placed into service. Therefore, the capital award reimbursement received each period was recorded on the consolidated balance sheet as deferred revenue until the primary condition was met. Once the qualifying assets are placed in service, capital award income is recorded in the consolidated statement of operations on a systematic basis over the useful life of the assets and deferred revenue is reduced. Prior to 2021 a portion of the qualifying assets were placed in service and upon completion of the Expansion Project in the third quarter of 2021 the remaining qualifying assets relating to the capital award were placed in service. The conditions of recognition of the capital award have been fully met. The Company has recognized part of the deferred revenue and recorded as grant income an amount equal to the depreciation expense and direct financing costs relating to those qualifying assets beginning with the year they were placed in service.

At December 31, 2023, the Company has recorded a total of \$12.7 million in deferred revenue, all of which is classified as a current liability. At December 31, 2022, the Company has recorded a total of \$28.1 million in deferred revenue, all of which is classified as a current liability. The Company recognized as grant income a portion of the deferred revenue relating to qualifying assets placed in service within the consolidated statement of operations.

Advertising

The Company records in other operating expenses the costs of general advertising, promotion and marketing programs at the time those costs are incurred. Advertising expense was approximately \$8.1 million and \$8.6 million for the years ended December 31, 2023 and December 31, 2022, respectively.

Pre-opening costs

The Company records costs relating to current and future development projects that do not meet the accounting criteria to capitalize as pre-opening costs. These costs include, but are not limited to, payroll and other operating expenses incurred prior to project opening, professional service fees, feasibility studies, and pre-construction expenses. The Company incurred pre-opening costs for the years ended December 31, 2023 and 2022 of \$14.4 million and \$12.5 million, respectively.

Income Taxes

GENNY is a disregarded single member LLC, and its activity is included on the consolidated federal and state returns filed for GAI. GENNY follows ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, recording income taxes for a disregarded single member LLC not subject to income tax. In accordance with ASU 2019-12, GENNY previously elected to not record income taxes. Tax expense related to the consolidated federal and state tax provisions is recorded at GAI, and GAI makes income tax payments for the US consolidated group that includes GENNY.

The Company has adopted authoritative guidance within ASC 740 which clarified the accounting for uncertainty in income taxes recognized in the financial statements. The Company accounts for uncertain income tax positions using a benefit recognition model with a two-step approach, a more-likely-than-not recognition criterion and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50% likely of being ultimately realized upon ultimate settlement in accordance with ASC 740. If it is not more likely than not that the benefit will be sustained on its technical merits, no benefit will be recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold.

Comprehensive Income

Comprehensive income equals net income for all periods presented.

New Accounting Standards

Financial instruments-Credit Losses

In June 2016, the FASB issued ASC 326 “Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments” (“ASC 326”), which replaces the existing incurred loss model with a current expected credit loss (“CECL”) model that requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company would be required to use a forward-looking CECL model for accounts receivables, guarantees, and other financial instruments. The Company adopted ASC 326 on January 1, 2023 which did not have a material impact on the financial statements.

3. Property and Equipment

Property and equipment at December 31, 2023 and 2022 consist of:

	2023	2022
	<i>(in thousands)</i>	
Building and improvements	\$ 1,010,340	\$ 1,003,017
Furniture, fixtures and equipment	147,753	136,381
Assets under construction.....	2,947	9,434
	<u>\$ 1,161,040</u>	<u>\$ 1,148,832</u>
Less: Accumulated depreciation.....	(403,820)	(348,224)
	<u>\$ 757,220</u>	<u>\$ 800,608</u>

The VLTs in our facility are owned by the gaming vendors and, accordingly, our consolidated financial statements include neither the cost nor the depreciation for these gaming devices with the exception of certain electronic gaming table devices.

Depreciation expense for the years ended December 31, 2023 and 2022 was approximately \$56.5 million and \$53.8 million, respectively. Capitalized interest for the years ended December 31, 2023 and 2022 was \$0.0 million for both years.

4. Long Term Related Party Loan Receivables

On March 9, 2015, GENNY entered into a loan agreement with its sister entity, Bimini Superfast Operations LLC (“Bimini”), to lend Bimini funds in the amount up to and including \$41.0 million. Between 2015 and 2017, the loan agreement was amended to increase the loan amount to \$216.0 million, at a monthly interest rate of 5% plus the Bahama Prime Lending Rate. At December 31, 2023, the interest rate under the loan agreement was 9.25%. The loan agreement entered into is due to mature ten (10) years from the date of the final draw down, with principal plus accrued interest payable upon maturity of the agreement, or at an earlier date when GENNY chooses to call the loan. At both December 31, 2023 and 2022, the related party loan receivable principal balance was \$131.2 million and is included in the Long term related party loan receivable balance. Accrued interest receivable was \$19.6 million and \$16.0 million at December 31, 2023 and 2022, respectively and is included in the Long term related party loan receivable balance. Interest income on the loan receivable is recognized as it is earned. During 2023 and 2022, interest income on the loan receivable was \$14.0 million and \$13.4 million, respectively.

On August 15, 2016, GENNY entered into an agreement with its sister entity, Resorts World Omni LLC (“Omni”), to lend Omni funds in the amount up to \$10.0 million, and subsequently \$14.0 million as amended on May 15, 2017, at a rate of 1-month LIBOR plus 3.25%. On June 30, 2023, LIBOR ceased as an interest rate reference and was replaced with Secured Overnight Financing Rate (“SOFR”). The Company amended the loan agreement to revise the interest rate to 2.9% per annum above the applicable one-month SOFR. All other terms of the loan remained the same. At December 31, 2023, the interest rate under the loan agreement was 8.7%. The loan agreement entered into is due to mature ten (10) years from the date of the initial draw down, with principal plus accrued interest payable upon maturity of the agreement, or at an earlier date when GENNY chooses to call the loan. At both December 31, 2023 and 2022, the related party loan receivable principal balance was \$6.3 million and is included in the Long term related party and related party loan receivable balance. Accrued interest receivable was \$2.2 million and \$1.5 million at December 31, 2023 and 2022, respectively, and is included in the long term related party loan receivable balance. Interest income on the loan receivable is recognized as it is earned. During 2023 and 2022, interest income on the loan receivable was \$0.7 million and \$0.4 million, respectively.

Long term related party loan receivables at December 31, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
	<i>(in thousands)</i>	
Bimini Superfast Operations LLC	\$ 150,780	\$ 147,189
Resorts World Omni LLC	8,460	7,772
Long term related party loan receivables.....	<u>\$ 159,240</u>	<u>\$ 154,961</u>

5. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<i>(in thousands)</i>	
Accrued payroll	\$ 15,412	\$ 15,881
Accrued property, occupancy, sales and use tax	11,517	11,133
Deferred revenue-loyalty points	1,485	1,850
Liability for progressive jackpots	3,214	2,962
Gaming voucher liability	3,825	1,895
Accrued other	10,896	10,360
Accrued expenses and other current liabilities	<u>\$ 46,349</u>	<u>\$ 44,081</u>

6. Long-term Debt

Long-term debt consisted of the following at December 31, 2023 and 2022:

	2023	2022
	<i>(in thousands)</i>	
3.300% Senior Notes	\$ 525,000	\$ 525,000
Term Loan A	175,000	175,000
Total long-term debt	700,000	700,000
Less: Debt issuance costs	(6,247)	(9,576)
Total long-term debt, net	\$ 693,753	\$ 690,424

In June 2017, GENNY refinanced a prior syndicate loan agreement with credit facilities in the amount of \$675 million, which were collateralized by the cash flows from the operations of the VLF. The credit facilities consisted of a \$175 million revolving credit facility, a \$290 million fully funded term loan facility (“Term Loan”) and a \$210 million delayed draw term loan facility (“Building Term Loan”, and together “Syndicate Loans”).

In January of 2021, GENNY Capital Inc. (“GENNY Capital”) was formed as a wholly-owned subsidiary of GENNY solely for the purpose of acting as a co-Issuer of debt securities of GENNY. GENNY Capital does not have any operations or assets.

In February of 2021, GENNY and GENNY Capital Inc. issued \$525 million in aggregate principal amount of 3.300% senior notes due 2026 (the “Notes”).

In February of 2021, GENNY amended and extended the Syndicate Loans with a \$175 million term loan facility (“Term Loan A”), a \$175 million delayed draw term loan facility (“DDTL”) and a \$25 million revolving credit facility (“RCF”), together the Amended Credit Facilities (“Amended Credit Facilities”). The Amended Credit Facilities (i) extended the maturity date applicable to the Existing Term Loan Facility to 2025, (ii) amended the Applicable Rate applicable to the Existing Term Loan Facility, and (iii) amended certain financial and other covenants. The interest rate at December 31, 2023 was 2.25% based on the Applicable Rate as defined in Amended Credit Facilities. The Company drew down \$175 million on the Amended Credit Facilities at the closing of the transaction.

The proceeds from this transaction were utilized to pay off the existing Syndicate Loans consisting of the \$290 million Term Loan draw, the outstanding draw against the revolving credit facility of \$125 million and the outstanding draw against the Building Term Loan of \$110 million.

The Amended Credit Facilities include a consolidated total net leverage ratio covenant of 5.50:1.00 with step-downs over time and an interest coverage ratio covenant of 3.00:1.00. In December 2023, an amendment was passed to set a fixed total net leverage ratio covenant of 4.25:1.00 starting with the same quarter and each test date thereafter. With respect to the revolving credit facility, a consolidated senior secured net leverage ratio covenant of 2.25:1.00 is to be tested at each borrowing under the revolving credit facility and quarterly while such revolving credit facility is drawn. As of December 31, 2023, the Company was in compliance with the covenants set forth in the loan agreements.

Upon issuance of the Notes and Amended Credit Facilities, capitalized debt issuance costs related to the RCF were recorded as deferred financing costs in the accompanying consolidated balance sheets and will be amortized over the term of the related debt. Capitalized debt issuance costs related to the Notes and Term Loan A were capitalized as contra-liabilities and included in long-term debt in the accompanying consolidated balance sheets and will be amortized over the term of the related debt.

GENNY incurred interest expense of \$31.0 million and \$24.6 million under the Syndicate Loans, Amended Credit Facilities and Notes for years ended December 31, 2023 and 2022, respectively. Unamortized debt issuance costs totaling \$1.9 million and \$2.3 million were classified as assets at December 31, 2023 and 2022, respectively, and debt discounts of \$6.2 million and \$9.6 million were reflected as contra-liabilities and included in long-term debt, in the accompanying consolidated balance sheet at December 31, 2023 and 2022, respectively.

At December 31, 2023 and 2022, \$175.0 million was drawn on the Term Loan A. There were no draws on the DDTL or RCF at December 31, 2023 and 2022.

The aggregate amount of future principal payments for the Syndicate Loans of long-term debt at December 31, 2023 are as follows:

	<i>(in thousands)</i>
2024.....	-
2025.....	175,000
2026.....	525,000
Total	<u>\$ 700,000</u>

7. Related Party Transactions

In addition to the related party loans described in Note 5 above, during 2023 and 2022, GENNY entered into transactions with affiliated companies for various operating support services. Amounts due to and due from affiliated companies at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	<i>(in thousands)</i>	
Due from Genting Americas Inc.	\$ 124,793	\$ 103,358
Due from related parties.....	124,793	103,358
Due from (to) Resorts World Inc. Pte Ltd.	\$ 883	\$ (1,165)
Due from (to) related parties.....	883	(1,165)
Net due from related parties.....	<u>\$ 125,676</u>	<u>\$ 102,193</u>

GENNY entered into transactions with GAI whereby GENNY provides various support services to and pays certain expenses on behalf of GAI. The Due to Resorts World Inc. Pte Ltd. balance relates to amounts accrued for royalties owed to Resorts World Inc. Pte Ltd. (“RWI”) for the use of the Resorts World logo. As the royalty income is paid to a foreign person, the Company, as the withholding agent, is obligated to withhold 30% of the gross royalties and remit that portion to the IRS. At December 31, 2023 and 2022 the Company has accrued \$0.5 million and \$1.4 million, respectively, of taxes payable to the IRS which is recorded in accrued expenses and other current liabilities in the accompanying balances sheets.

8. Member’s Equity

Contributed capital consists of 100,000,100 authorized units with a unit value of \$1 each. In addition, in 2010 GENNY entered into a loan agreement with Resorts World Capital Limited, an affiliated company. In December 2018, this loan was assigned to GNAH, the immediate parent of the Company, through an equity contribution to the Company. The amount of principal and interest assigned and equity contributed totaled \$366.4 million. The Company issued a dividend to GNAH of \$0.0 million and \$25.0 million in the year’s 2023 and 2022, respectively.

9. Benefit Plans

The Company contributes to various multiemployer defined benefit pension plans, National Pension Fund, Pension Hospitalization and Benefit Plan, Joint Industry Engineers Union Local 30 Pension Trust Plan and New York Hotel and Motel Trades Council and Hotel Association of New York, Inc. Pension Fund, under the terms of collective-bargaining agreements that cover certain of its union-represented employees. The risks of participating in these multiemployer pension plans are different from single-employer pension plans in that (i) contributions made by the Company to the multiemployer pension plans may be used to provide benefits to employees of other participating employers; (ii) if the Company chooses to stop participating in certain of these multiemployer pension plans, it may be required to pay those plans an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability; and (iii) actions taken by a participating employer that lead to a deterioration of the financial health of a multiemployer pension plan may result in the unfunded obligations of the multiemployer pension plan being borne by its remaining participating employers.

The Company also contributes to a defined contribution plan through the Company’s 401 (k) plan (“the Plan”). The Plan covers all employees of the Company, except certain collectively bargained employees, who are age 21 or older and have completed three months of service. Each year, participants may contribute from 1% to 90% of their eligible compensation on a pretax and/or Roth basis, as defined in the Plan. The Company may make matching contributions equal to a discretionary percentage, to be determined by the Company, of the participant’s elective deferral. During July 2022, the Company created a multi-employer plan with related party companies Resorts World Las Vegas, Genting Empire Resorts and GAI, which is administered by Resorts World Las Vegas. No changes to the current plan participation or contributions rates were made at the time of migration.

Total contributions made by the Company to multiemployer defined benefit pension plans and the defined contribution plan for the years ended December 31, 2023 and 2022 were \$7.3 million and \$6.3 million, respectively.

10. Commitments and Contingencies

In 2013, New York State passed enabling legislation allowing for video gaming facilities in both Nassau and Suffolk Counties (the “OTB VGM Facilities”). The legislation stated that once the OTB VGM Facilities opened, the NYSGC was required to make annual racing support payments (“Racing Support Payments”) to NYRA from the Net Win from the new OTB VGM Facilities. These Racing Support Payments, when combined with the Racing Support Payments from GENNY, were to be no less than the Racing Support Payments realized by NYRA from GENNY alone in 2013, as adjusted by the consumer price index for all urban consumers. Effectively, New York State agreed to make NYRA whole (“Make Whole”) for any declines in Racing Support Payments as a result of a reduction of GENNY’s gaming revenue from the new market entrants.

In 2016, as part of the legislation to approve GENNY’s Hosting Agreement with Nassau OTB, new legislation was enacted to require that GENNY assume the responsibilities of NYSGC for the Make Whole obligation with NYRA.

From time to time, GENNY is subject to certain legal proceedings and claims that arise in the normal course of business. As of December 31, 2023 and 2022, other than the items noted above, no litigation related loss contingencies were recorded as there were no legal proceedings or claims outstanding that were probable and reasonably estimable. Where it is reasonably possible such legal proceedings or claims outstanding could result in a possible loss, an estimate or range of possible loss cannot currently be made.

11. Significant Agreements

On January 15, 2020 GENNY entered into a franchise agreement with Hyatt Corporation (“Hyatt”) to brand the hotel as the Hyatt Regency JFK at RWNYC (the “Franchise Agreement”). The Franchise Agreement permits GENNY to obtain a franchise to use the Hyatt hotel system and to operate a Hyatt Regency Hotel under the Hyatt proprietary marks and Hyatt Regency flag. The Franchise Agreement expires on December 31st of the fifteenth full calendar year from and after the opening date of the hotel. Unless earlier terminated, GENNY has the right extend the initial term for up to two periods of five calendar years without payment of a renewal fee or other fee for such extension. The Company incurred fees relating to this agreement of \$0.9 million and \$0.4 million for the years ended December 31, 2023 and 2022, respectively.

12. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 7, 2024, the date at which the consolidated financial statements were available to be issued, and determined there are no items to disclose other than the items noted above.