



March 16, 2017

Nevada Gold & Casinos Reports Third Quarter Results

LAS VEGAS, March 16, 2017 (GLOBE NEWSWIRE) -- Nevada Gold & Casinos, Inc. (NYSE MKT:UWN) today announced financial results for the third quarter ended January 31, 2017. The company will host a conference call at 4:30 PM ET (1:30 PM PT) today to discuss these results and provide a corporate update.

For the third quarter of fiscal 2017, net revenue decreased to \$18.0 million compared to \$18.4 million in the third quarter of fiscal 2016. This decrease was primarily driven by a \$1.4 million decline in Washington, partially offset by a \$1.2 million increase from Club Fortune Casino, which was acquired on December 1, 2015. Operating expenses were \$18.5 million compared to \$17.2 million in the prior year period. The Company recorded an impairment loss of \$1.1 million, writing off the remaining goodwill associated with its South Dakota operation. Operating loss was \$0.5 million compared to \$1.2 million in the prior year period. Net loss was \$0.7 million compared to net income of \$0.5 million in the prior year period.

For the third quarter of fiscal 2017, the Company reported adjusted EBITDA of \$1.4 million compared to a record \$2.3 million in the prior year quarter. This decrease was due to a challenging environment in the Washington portfolio, but was aided by three full months of operations of Club Fortune Casino, compared to two months for the third quarter of 2016.

"Our Washington portfolio endured harsh weather conditions beginning in mid-December and continued into mid-February," stated President and CEO Michael Shaunnessy. "The growth in volumes we had seen in the first two quarters stalled, and we continued to be plagued by a softer than normal hold percentage, particularly compared to the prior year. On a more positive note, Club Fortune generated its highest quarterly revenue and EBITDA since acquisition."

Net revenues from the Washington state gaming operations decreased to \$13.2 million compared to \$14.6 million in the prior year. Of the \$1.4 million revenue decline, lower table drop was responsible for \$0.5 million, lower hold percentage for \$0.6 million and poker for \$0.3 million. Adjusted EBITDA decreased to \$1.6 million compared to a record \$2.8 million in the prior year period.

Club Fortune net revenues were \$3.6 million and adjusted EBITDA was \$0.6 million compared to prior year's first two months of operations which yielded \$2.4 million in revenues and adjusted EBITDA of \$0.3 million

South Dakota revenues declined \$174,000 to \$1.2 million, which was partially offset by operating expense reductions leading to a \$48,000 decrease in EBITDA compared to the prior year.

Corporate expenses were \$0.6 million compared to \$0.8 million, net of acquisition expenses in the prior period. On a consolidated basis, adjusted EBITDA was \$1.4 million compared to \$2.3 million in the prior year period.

The Company paid down \$1.5 million in debt during the quarter. The unrestricted cash balance at January 31, 2017 was \$9.6 million, and total outstanding borrowing was \$14.0 million.

In July 2016, the Board authorized a \$2.0 million stock repurchase program. During the quarter the Company acquired 68,188 shares for \$132,443, an average cost of \$1.94. Since inception approximately 258,000 shares have been acquired at a cost of approximately \$477,000, leaving \$1.5 million available under this authorization.

For the nine month period of fiscal 2017, net revenues were \$54.8 million compared to \$50.4 million in fiscal year 2016. Operating expenses were \$55.0 million, which includes the \$1.1 million impairment charge, compared to \$47.5 million in the prior period. Operating income decreased to \$0.1 million compared to \$3.0 million in fiscal 2016. Net loss was \$0.6 million compared to net income of \$1.5 million in the prior year.

Conference Call and Webcast

The company will host a conference call today at 4:30 PM ET (1:30 PM PT). The call can be accessed live by dialing (888) 724-9513. International callers can access the call by dialing (913) 312-1500.

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 8993337. The replay will be available through March 23, 2017. The archived webcast will also be available on the company's website.

(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, 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, 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.

Adjusted EBITDA reconciliations for the three months and nine months ended January 31, 2017 and January 31, 2016 are shown below:

Reconciliation of net (loss) income to Adjusted EBITDA:

	For the three months ended	
	January 31, 2017	January 31, 2016
Net (loss) income	\$ (683,046)	\$ 466,351
Adjustments:		
Net interest expense and change in swap fair value	8,418	432,252
Income tax expense	189,738	283,592
Depreciation and amortization	756,606	739,699
Acquisition expenses	-	368,824
Stock compensation and employee stock purchases	1,787	30,177
Loss (gain) on disposal of assets	42,574	(2,271)
Impairment of goodwill	1,101,471	-
Amortization of deferred rent	8,946	11,639
Adjusted EBITDA	\$ 1,426,494	\$ 2,330,263

Reconciliation of net (loss) income to Adjusted EBITDA:

	For the nine months ended	
	January 31, 2017	January 31, 2016
Net (loss) income	\$ (632,596)	\$ 1,542,338
Adjustments:		
Net interest expense and change in swap fair value	290,253	623,484
Income tax expense	212,592	812,226
Depreciation and amortization	2,306,628	1,739,902
Acquisition expenses	113,900	629,603
Stock compensation and employee stock purchases	117,393	90,672
Loss (gain) on disposal of assets	56,490	(163,702)
Impairment of goodwill	1,101,471	-
Amortization of deferred rent	30,899	24,502
Adjusted EBITDA	\$ 3,597,030	\$ 5,298,325

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 9 gaming operations in Washington (wagoldcasinos.com), a local casino in Henderson, Nevada (clubfortunecasino.com) and a slot route operation in Deadwood, South Dakota (dakotaplayersclub.com). For more information, visit www.nevadagold.com.

Nevada Gold & Casinos, Inc. Consolidated Balance Sheets

	January 31, 2017	April 30, 2016
	<u>(unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,583,671	\$ 11,583,107
Restricted cash	1,722,247	1,433,728
Accounts receivable, net of allowances	362,644	665,549
Prepaid expenses	1,338,878	1,206,825
Notes receivable, current portion	499,361	208,294
Inventory and other current assets	415,773	416,022
Total current assets	<u>13,922,574</u>	<u>15,513,525</u>
Real estate held for sale	750,000	750,000
Notes receivable, net of current portion	4,650	900,775
Goodwill	16,923,588	18,025,059
Intangible assets, net of accumulated amortization	4,320,863	5,003,981
Property and equipment, net of accumulated depreciation	14,384,547	15,147,061
Deferred tax asset	2,135,707	2,348,299
Other assets	70,000	70,000
Total assets	<u>\$ 52,511,929</u>	<u>\$ 57,758,700</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,361,973	\$ 1,702,366
Accrued payroll and related	1,250,576	2,094,250
Accrued player's club points and progressive jackpots	2,085,896	1,872,566
Total current liabilities	<u>4,698,445</u>	<u>5,669,182</u>
Long-term debt	13,735,976	16,839,148
Other long-term liabilities	685,807	881,426
Total liabilities	<u>19,120,228</u>	<u>23,389,756</u>
Stockholders' equity:		
Common stock, \$0.12 par value per share; 50,000,000 shares authorized; 18,625,167 and 18,571,693 shares issued and 17,584,354 and 17,788,856 shares outstanding at January 31, 2017, and April 30, 2016, respectively	2,235,028	2,228,612
Additional paid-in capital	27,441,270	27,315,517
Retained earnings	11,124,254	11,756,850
Treasury stock, 1,040,813 and 782,837 shares at January 31, 2017 and April 30, 2016, respectively, at cost	(7,408,851)	(6,932,035)
Total stockholders' equity	<u>33,391,701</u>	<u>34,368,944</u>
Total liabilities and stockholders' equity	<u>\$ 52,511,929</u>	<u>\$ 57,758,700</u>

(unaudited)

	Three Months Ended		Nine Months Ended	
	January 31, 2017	January 31, 2016	January 31, 2017	January 31, 2016
Revenues:				
Casino	\$ 15,791,598	\$ 16,217,164	\$ 48,441,682	\$ 44,578,057
Food and beverage	3,383,641	3,294,142	10,014,949	8,216,330
Other	534,011	529,568	1,622,271	1,437,452
Gross revenues	19,709,250	20,040,874	60,078,902	54,231,839
Less promotional allowances	(1,722,078)	(1,680,127)	(5,251,980)	(3,794,103)
Net revenues	17,987,172	18,360,747	54,826,922	50,437,736
Expenses:				
Casino	8,612,371	8,323,508	27,327,792	24,128,321
Food and beverage	1,573,445	1,508,918	4,588,565	4,117,607
Other	61,112	76,050	215,515	179,965
Marketing and administrative	5,149,807	4,886,618	15,583,962	13,335,935
Facility	547,123	524,892	1,627,828	1,510,113
Corporate	627,553	1,121,138	2,148,422	2,612,247
Depreciation and amortization	756,606	739,699	2,306,628	1,739,202
Loss (gain) on disposal of assets	42,574	(2,271)	56,490	(163,702)
Impairment of goodwill	1,101,471	-	1,101,471	-
Total operating expenses	18,472,062	17,178,552	54,956,673	47,459,688
Operating (loss) income	(484,890)	1,182,195	(129,751)	2,978,048
Non-operating income (expenses):				
Interest income	19,149	22,794	65,241	73,424
Interest expense and amortization of loan issue costs	(178,100)	(187,894)	(482,432)	(401,514)
Interest rate swap expense	(29,526)	(21,006)	(99,582)	(51,332)
Change in swap fair value	180,059	(246,146)	226,520	(244,062)
(Loss) income before income tax expense	(493,308)	749,943	(420,004)	2,354,564
Income tax expense	(189,738)	(283,592)	(212,592)	(812,226)
Net (loss) income	\$ (683,046)	\$ 466,351	\$ (632,596)	\$ 1,542,338
Per share information:				
Net (loss) income per common share - basic and diluted	\$ (0.04)	\$ 0.03	\$ (0.04)	\$ 0.09

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 [Primary Logo](#)

Source: Nevada Gold & Casinos, Inc.

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