



# FIRST QUARTER 2023 EARNINGS PRESENTATION

May 4, 2023

# FORWARD-LOOKING STATEMENTS

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This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of forward-looking terminology such as “expects,” “believes,” “estimates,” “projects,” “intends,” “plans,” “goal,” “seeks,” “may,” “will,” “should,” or “anticipates” or the negative or other variations of these or similar words, or by discussions of future events, strategies or risks and uncertainties. Specifically, forward-looking statements include, but are not limited to, statements regarding: future revenues and Adjusted EBITDAR; the Company’s anticipated share repurchases; the Company’s expectations of future results of operations and financial condition, including the scale and timing of the Company’s product and technology investments; the Company’s expectations regarding results, and the impact of competition, in retail/mobile/online sportsbooks, iCasino, online social gaming, and retail operations; the Company’s development and launch of its Interactive segment’s products in new jurisdictions and enhancements to existing Interactive segment products, including the content for the Barstool Sportsbook and Casino and theScore Bet Sportsbook and Casino apps and the migration of the Barstool Sportsbook into both our proprietary player account management system and risk and trading platforms; the Company’s expectations regarding its acquisition of Barstool Sports and the future success of its products; the Company’s expectations with respect to the integration and synergies related to the Company’s integration of theScore and Barstool Sports; the continued growth and monetization of the Company’s media business; the Company’s expectations with respect to the ongoing introduction and the potential benefits of the cashless, cardless and contactless (3C’s) technology; the Company’s development projects, including the prospective development projects at Hollywood Casinos Aurora, Joliet, Columbus, and the M Resort Spa Casino; our ability to obtain financing for our development projects on attractive terms; and the timing, cost and expected impact of planned capital expenditures on the Company’s results of operations; the actions of regulatory, legislative, executive or judicial decisions at the federal, state, provincial or local level with regard to our business and the impact of any such actions.

Such statements are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company’s future financial results and business. Accordingly, the Company cautions that the forward-looking statements contained herein are qualified by important factors that could cause actual results to differ materially from those reflected by such statements. Such factors include: the effects of economic and market conditions in the markets in which the Company operates; competition with other entertainment, sports content, and casino gaming experiences; the timing, cost and expected impact of product and technology investments; risks relating to international operations, permits, licenses, financings, approvals and other contingencies in connection with growth in new or existing jurisdictions; and additional risks and uncertainties described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the U.S. Securities and Exchange Commission. The Company does not intend to update publicly any forward-looking statements except as required by law. Considering these risks, uncertainties and assumptions, the forward-looking events discussed in this presentation may not occur.

# NON-GAAP FINANCIAL MEASURES



In addition to GAAP financial measures, management uses Adjusted EBITDA, Adjusted EBITDAR, Adjusted EBITDA margin, and Adjusted EBITDAR margin as non-GAAP financial measures. These non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. Each of these non-GAAP financial measures is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure of comparing performance among different companies. We define Adjusted EBITDA as earnings before interest expense, net; interest income, income taxes; depreciation and amortization; stock-based compensation; debt extinguishment charges; impairment losses; insurance recoveries, net of deductible charges; changes in the estimated fair value of our contingent purchase price obligations; gain or loss on disposal of assets; the difference between budget and actual expense for cash-settled stock-based awards; pre-opening expenses; and other. Adjusted EBITDA excludes (i) non-cash gains/losses associated with REIT transactions (including our transactions with GLPI entered into on February 21, 2023); and (ii) non-cash gains/losses associated with partial and step acquisitions as measured in accordance with ASC 805 "Business Combinations" (including the Barstool Acquisition). Adjusted EBITDA is inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (such as interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense) added back for Barstool Sports, Inc. (prior to our acquisition on February 17, 2023) and our Kansas Entertainment, LLC joint venture. Adjusted EBITDA is inclusive of rent expense associated with our triple net operating leases with our REIT landlords. Although Adjusted EBITDA includes rent expense associated with our triple net operating leases, we believe Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our consolidated results of operations. We define Adjusted EBITDA margin as Adjusted EBITDA divided by consolidated revenues.

Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of our business, and is especially relevant in evaluating large, long-lived casino-hotel projects because it provides a perspective on the current effects of operating decisions separated from the substantial non-operational depreciation charges and financing costs of such projects. We present Adjusted EBITDA because it is used by some investors and creditors as an indicator of the strength and performance of ongoing business operations, including our ability to service debt, and to fund capital expenditures, acquisitions and operations. These calculations are commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare operating performance and value companies within our industry. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their Adjusted EBITDA calculations of certain corporate expenses that do not relate to the management of specific casino properties. However, Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with GAAP. Adjusted EBITDA information is presented as a supplemental disclosure, as management believes that it is a commonly used measure of performance in the gaming industry and that it is considered by many to be a key indicator of the Company's operating results.

We define Adjusted EBITDAR as Adjusted EBITDA (as defined above) plus rent expense associated with triple net operating leases (which is a normal, recurring cash operating expense necessary to operate our business). Adjusted EBITDAR is presented on a consolidated basis outside the financial statements solely as a valuation metric. Management believes that Adjusted EBITDAR is an additional metric traditionally used by analysts in valuing gaming companies subject to triple net leases since it eliminates the effects of variability in leasing methods and capital structures. This metric is included as supplemental disclosure because (i) we believe Adjusted EBITDAR is traditionally used by gaming operator analysts and investors to determine the equity value of gaming operators and (ii) Adjusted EBITDAR is one of the metrics used by other financial analysts in valuing our business. We believe Adjusted EBITDAR is useful for equity valuation purposes because (i) its calculation isolates the effects of financing real estate; and (ii) using a multiple of Adjusted EBITDAR to calculate enterprise value allows for an adjustment to the balance sheet to recognize estimated liabilities arising from operating leases related to real estate. However, Adjusted EBITDAR when presented on a consolidated basis is not a financial measure in accordance with GAAP and 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 triple net operating leases and is provided for the limited purposes referenced herein. Adjusted EBITDAR margin is defined as Adjusted EBITDAR on a consolidated basis divided by revenues on a consolidated basis. Adjusted EBITDAR margin is presented on a consolidated basis outside the financial statements solely as a valuation metric. We further define Adjusted EBITDAR margin by reportable segment as Adjusted EBITDAR for each segment divided by segment revenues.

The Company does not provide a reconciliation of projected Adjusted EBITDA and Adjusted EBITDAR because it is unable to predict with reasonable accuracy the value of certain adjustments that may significantly impact the Company's results, including realized and unrealized gains and losses on equity securities, re-measurement of cash-settled stock-based awards, contingent purchase payments associated with prior acquisitions, and income tax (benefit) expense, which are dependent on future events that are out of the Company's control or that may not be reasonably predicted.

# Q1 SUMMARY RESULTS



Q1 results reflect consistent retail performance across most of our portfolio, with revenue growth in Interactive driven in part by our acquisition of Barstool Sports

REVENUES

**\$1,673.3**

NET INCOME

**\$514.4**

NET INCOME MARGIN

**30.7%**

ADJ. EBITDAR

**\$478.2**

ADJ. EBITDA

**\$332.2**

ADJ. EBITDAR MARGIN

**28.6%**

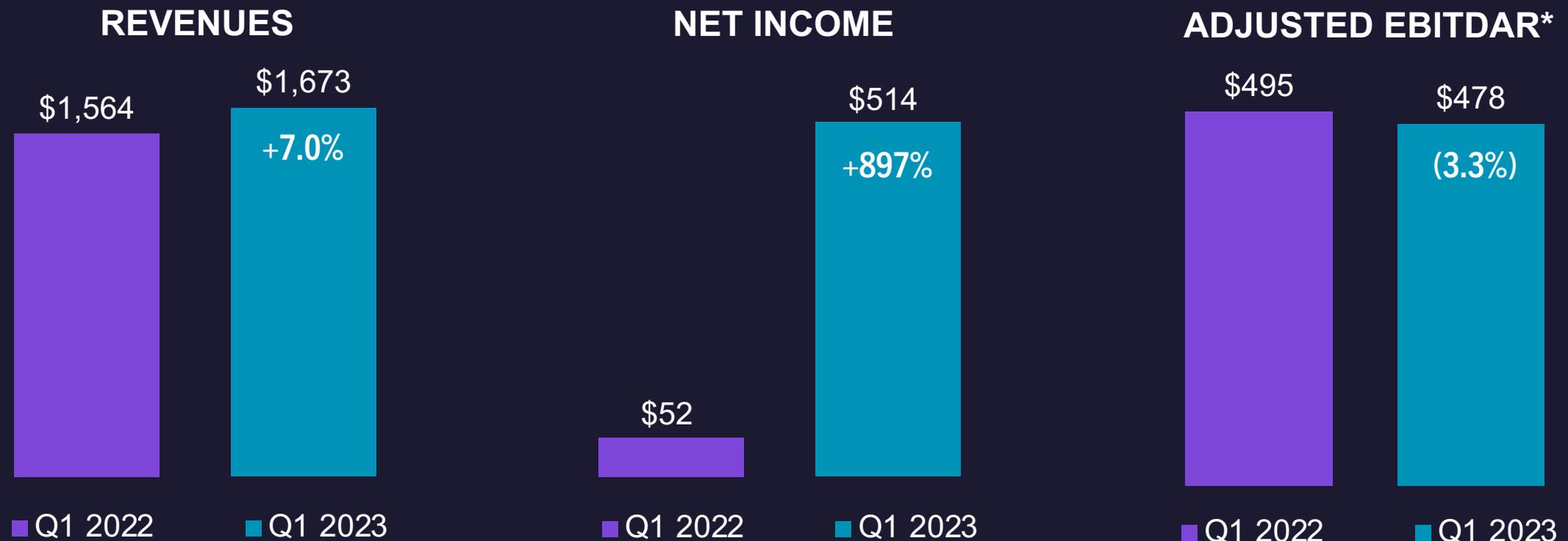
Increasing 2023 revenue guidance range to \$6.37-\$6.81 billion from \$6.15-\$6.58 billion to reflect our now 100% ownership of Barstool Sports. Our \$1.875-\$2.0 billion EBITDAR guidance range is unchanged.

(\$ in millions)

# Q1 FINANCIAL HIGHLIGHTS



**Strong performance in our Northeast Segment mostly offset softer y/y results in the South Segment, while margins were impacted by approximately 100 bps from a shift in revenue to higher tax jurisdictions and, to a lesser extent, the settlement of certain litigation matters**



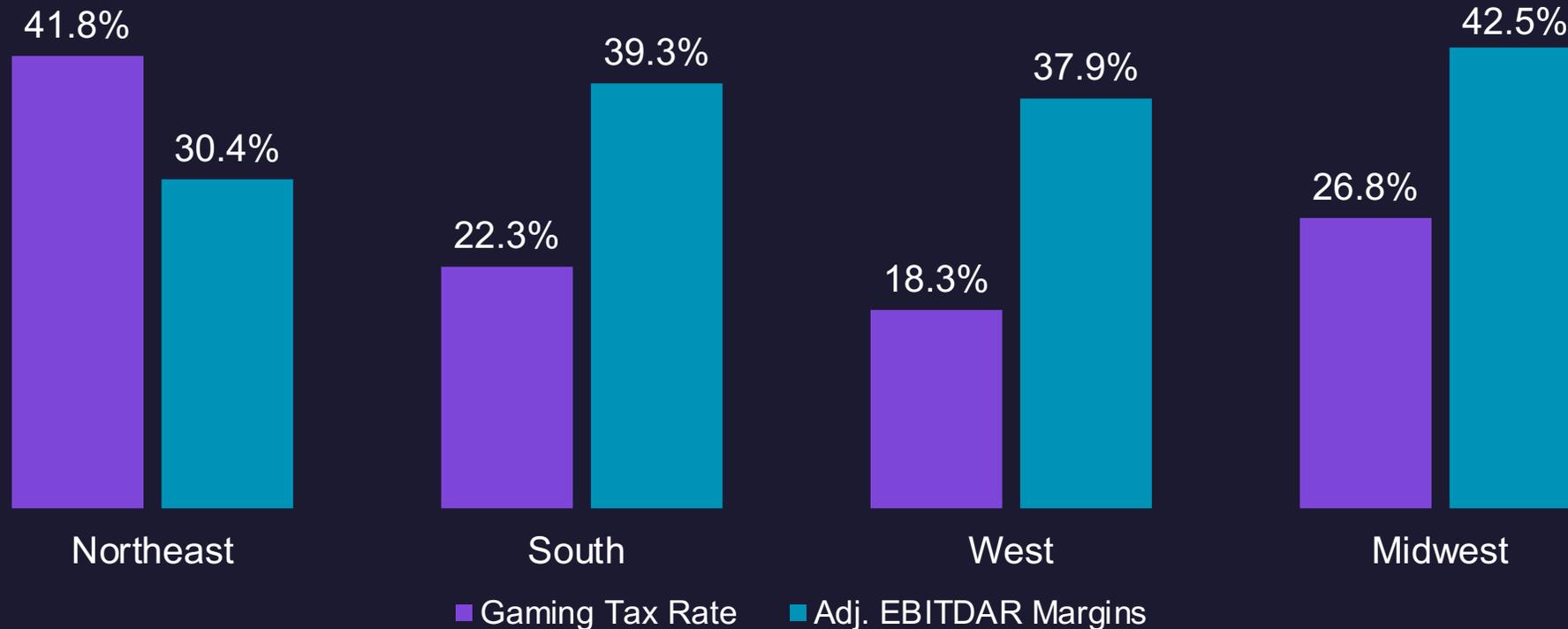
(\$ in millions)

\* Q1 2023 Adjusted EBITDA was \$332.2 million compared to Q1 2022 Adjusted EBITDA of \$434.6 million

# RETAIL SEGMENT TAX RATES AND MARGINS

Our property-level margins are impacted by applicable gaming tax rates; as a result, our overall property-level margins are affected by relative contribution by segment

### Q1'23 Gaming Tax and Margins by Segment



Gaming tax rate reflects all gaming and admissions taxes as a percentage of revenue by segment.

# Q1 INTERACTIVE SEGMENT RESULTS



Interactive segment results reflect our launches in Ohio and Massachusetts, as well as the acquisition of the remainder of Barstool Sports

## REVENUES

**\$233.5**  
million

## ADJ. EBITDA

**(\$5.7)**  
million

## Segment Notes

- Interactive includes all of our online sports betting, iCasino and online social gaming operations, management of retail sports betting and media (including Barstool Sports)
- Revenues include \$28.2 million related to Barstool Sports following our acquisition on February 17, 2023\*
- Revenues also include \$92.3 million related to the gross-up of gaming tax reimbursements from third-party skin partners (v. \$50.3 million in Q1'22)
- Excluding the impact of these gaming tax reimbursements and Barstool Sports, the segment's revenues grew approximately 24% year-over-year

\* Prior to February 17, 2023, PENN owned 36% of Barstool Sports, during which time we recorded our portion of Barstool's net income or loss, including adjustments to Adjusted EBITDAR, one quarter in arrears.

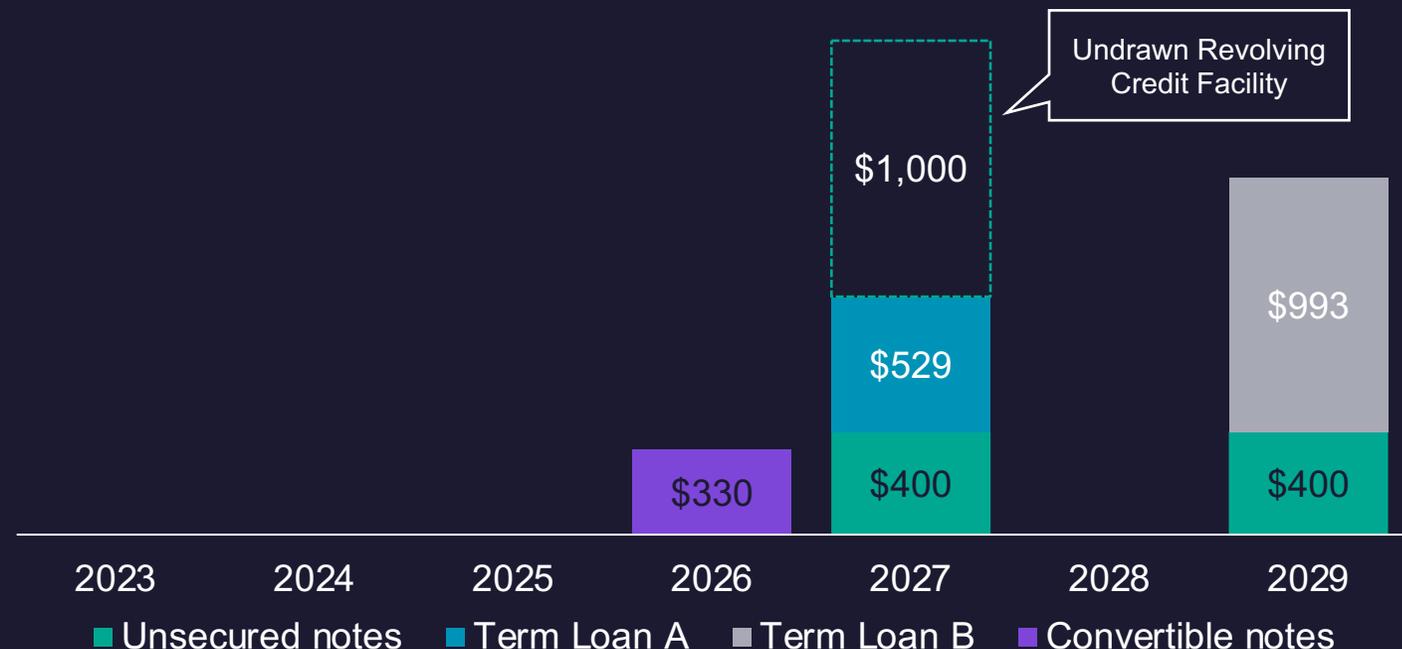
# HEALTHY BALANCE SHEET & LIQUIDITY POSITION



**Our strong balance sheet enabled us to repurchase 1,646,963 shares during the first quarter under our stock repurchase authorization at an average price of \$30.36**

As of 03/31/2023	(\$M)
Cash Balance	\$1,311
Liquidity <sup>(2)</sup>	\$2,288
Total Traditional Debt	\$2,690
Traditional Net Debt <sup>(3)</sup>	\$1,378
Lease-Adjusted Net Leverage <sup>(4)</sup>	4.6x
% of Fixed Rate Debt <sup>(5)</sup>	85%

## DEBT MATURITIES<sup>(1)</sup>



(1) Amounts shown exclude \$163.5 million of other-long-term obligations.

(2) Liquidity is calculated as unrestricted cash plus revolver availability, net of Letters of Credit outstanding.

(3) Traditional net debt is calculated as "Total Traditional Debt" which is the principal amount of debt outstanding (and excludes the financing obligation associated with cash proceeds and non-cash interest on certain claims of which the principal repayment is Contingent) less "Cash and cash equivalents".

(4) Numerator is cash rent payments to REIT landlords capitalized at 8x plus Total traditional debt, less Cash and cash equivalents; denominator is Adjusted EBITDAR for the trailing 12 months ended March 31, 2023.

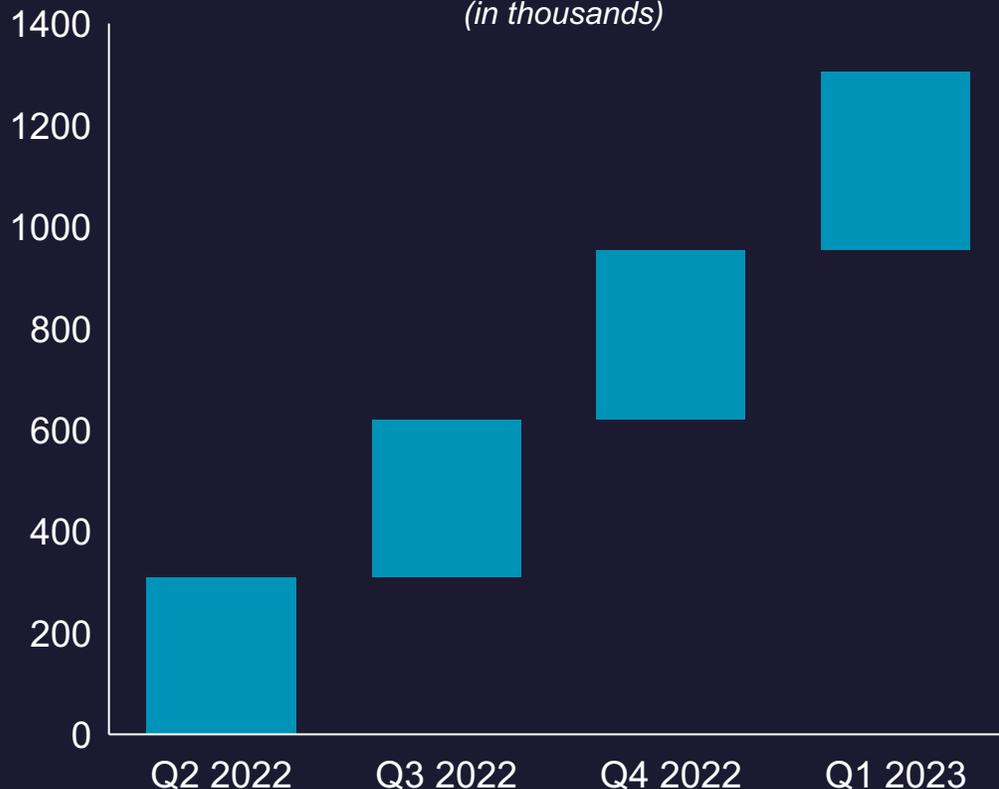
(5) Fixed rate debt is based on total traditional debt plus the cash rent payments to REIT landlords capitalized at 8x.

# DATABASE HIGHLIGHTS

As our database continues to build, we saw strong growth in rated theo from our older demographics in Q1, particularly the 65 and over segment

## PENN Play™ Registrations by Quarter

(in thousands)



## Y/Y Change in Rated Theo By Age\*

(5%)

21 to 34

2%

35 to 44

5%

45 to 54

4%

55 to 64

9%

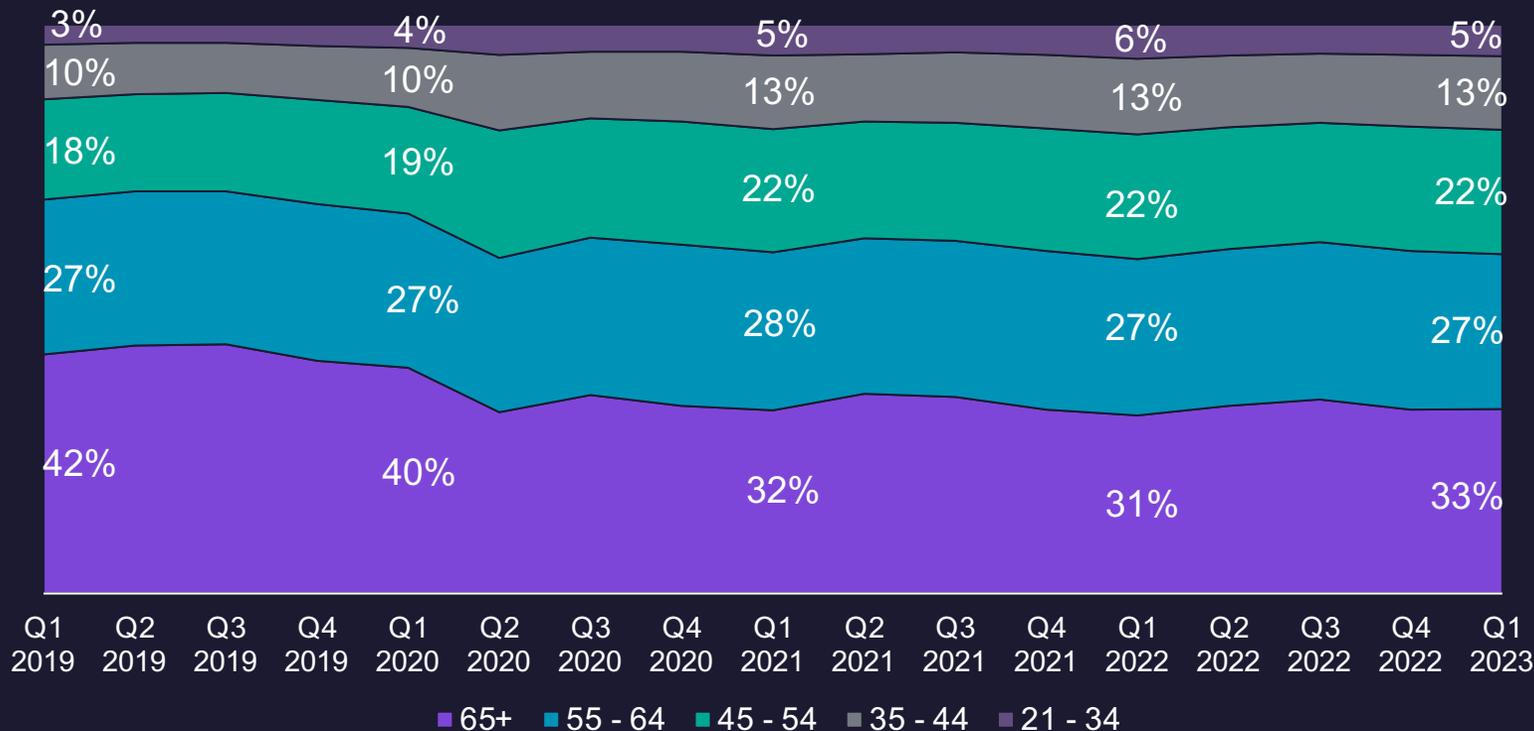
65 and over

\* Represents change in average daily theoretical win by segment in Q1'23 v. Q1'22.

# AGE SEGMENT DATABASE TRENDS

The 21 to 44 year old age demographic was stable in Q1 after significant growth throughout 2021 and 2022, as the segment grew from 13.1% of total retail theo in Q1'19 to 18.5% in Q1'23

**% of Company Rated Theo By Segment\***



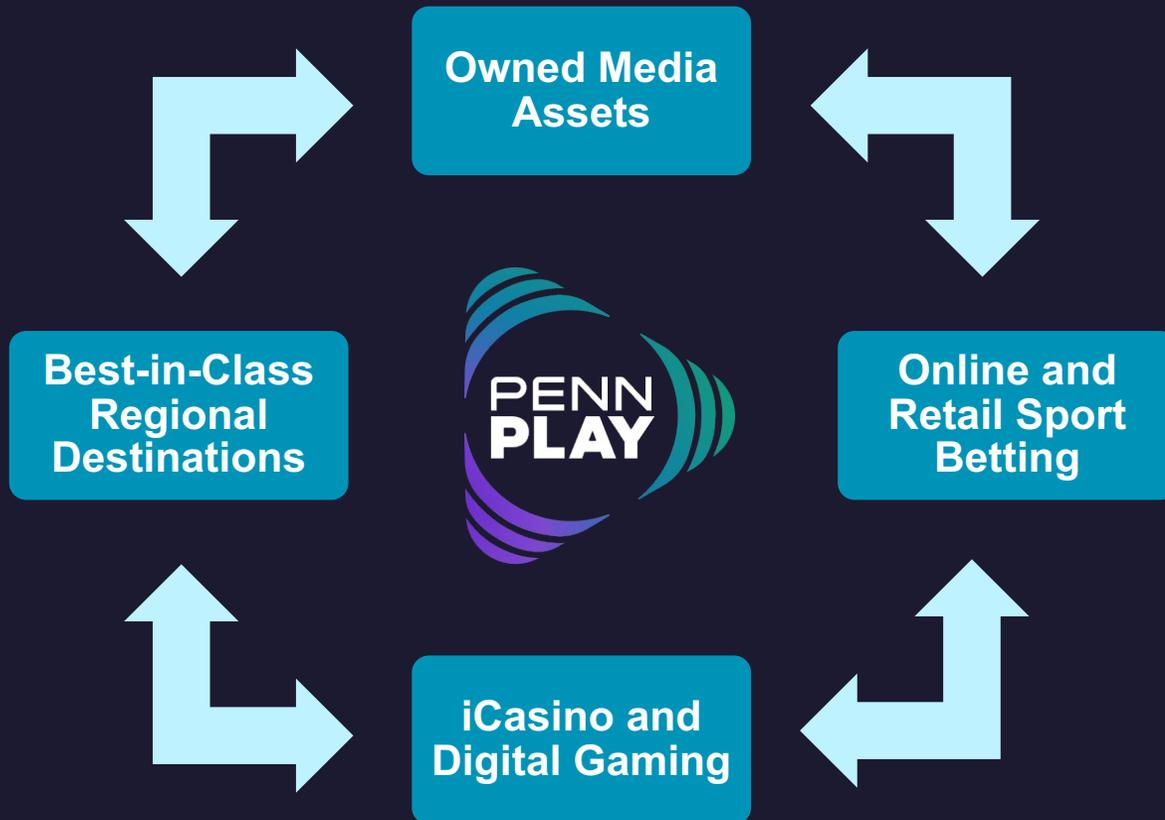
## Change in Rated Theo Mix Q1'19 to Q1'23

21 to 34	+200 bps
35 to 44	+340 bps
45 to 54	+420 bps
55 to 64	0 bps
65 and over	(960 bps)

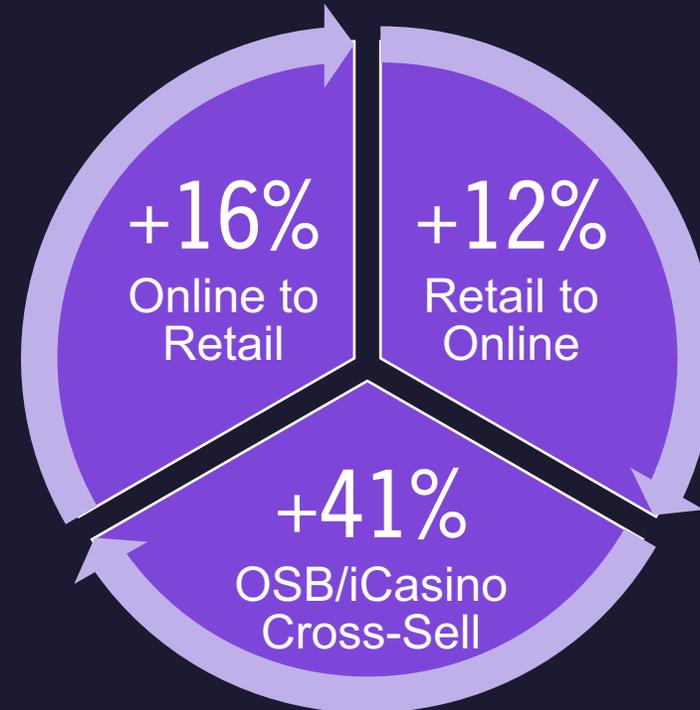
\* Represents average daily theoretical win by segment.

# CROSS-CHANNEL TRENDS

Our omni-channel strategy drove impressive y/y increases in rated theo from cross-play across our retail and digital offerings



Y/Y Increase in Rated Theo from Cross-Sell\*



\* Represents change in average daily theoretical win by segment in Q1'23 v. Q1'22.

# MYCHOICE REWARDS IS NOW PENN PLAY



## A NEW ERA OF **LOYALTY**

Launched April 24, 2023

**Better connects to the PENN Entertainment brand to reinforce our unified ecosystem of entertainment**

**Further leverages structural advantages to drive omni-channel cross-sell and monetization across products**

**Accelerates database growth, consumer reach, and engagement across play type, age segments, and ADT**

# BENEFITS OF THE PENN PLAY LOYALTY PROGRAM



**More Ways to Earn and Redeem Across the Ecosystem (Retail and Online Gaming, Non-Gaming, and Partners)**



**Growing Network of Leading Partners to Expand Reach and Provide Additional Value**



**Reimagined Play and Promotions for Differentiated Benefits**



**Digitally Powered to Acquire, Engage, and Retain Members**

# BEST-IN-CLASS RETAIL SPORTSBOOKS

During March Madness, notable Barstool personalities participated in live streams from our market leading retail sportsbooks in Ohio and Louisiana, leading to increased brand awareness and digital engagement



**32**

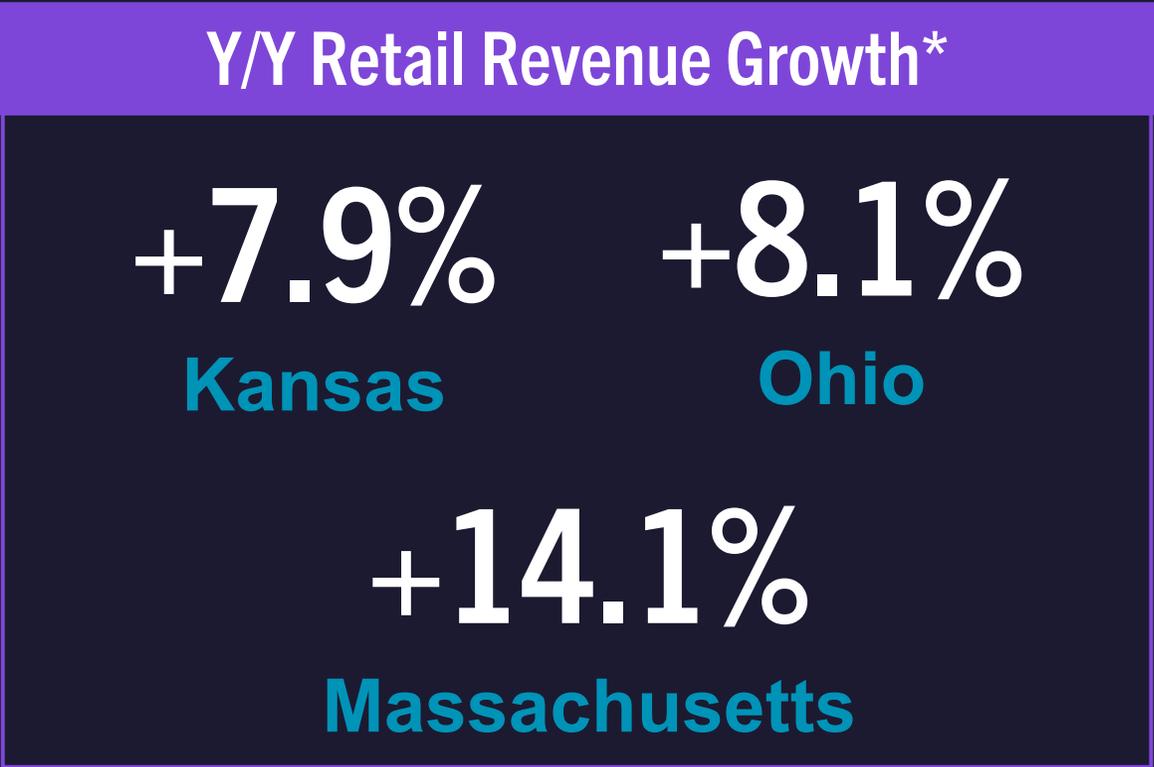
Total Retail Books  
Across 15 States

**18%**

Handle Market Share  
ex-NV (Jan23-Feb23)

# RECENT SPORTS BETTING LAUNCHES

Our recent retail and online sports betting launches in Kansas, Ohio and Massachusetts have helped drive strong performance at our retail properties



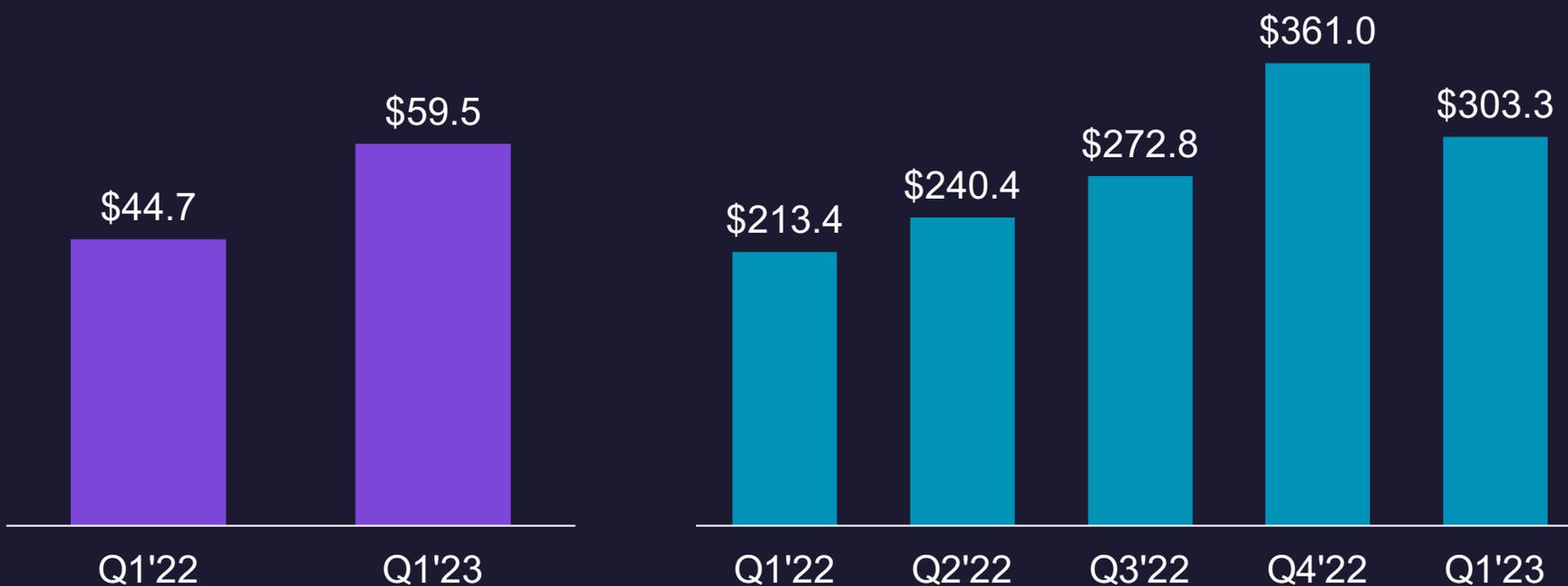
\* Represents revenue growth from Q1'22 to Q1'23

# iCASINO & PENN GAME STUDIOS GROWTH

We are seeing solid growth in our iCasino business and continue to develop and launch proprietary games from Penn Game Studios across the U.S. and Ontario

**iCasino GGR\***  
(\$ in millions)

**Penn Game Studios Handle\*\***  
(\$ in millions)



**Legendary Larry™**

**Launched January 2023**

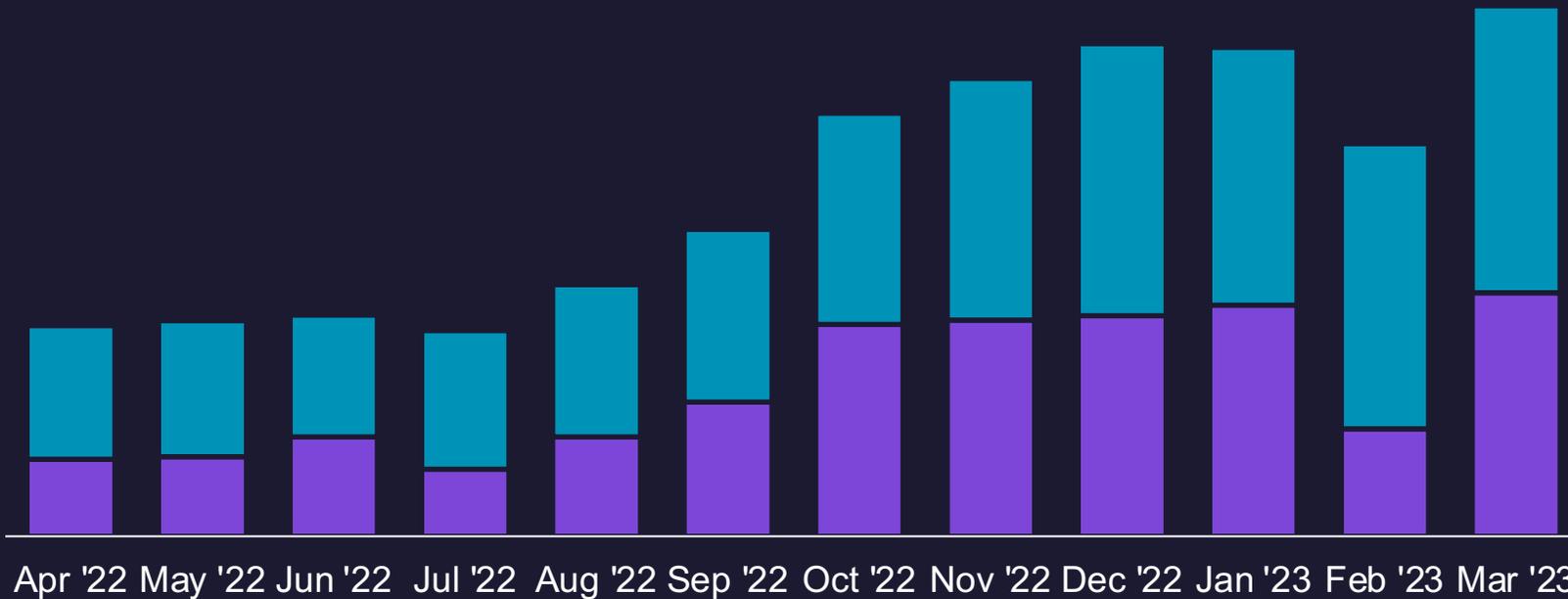
\* Includes revenues across theScore Bet (Ontario), Hollywood Casino (PA) and Barstool Casino (PA, MI, NJ and WV)

\*\* Includes handle across theScore Bet (Ontario) and Barstool Casino (PA, MI, NJ and WV). Prior periods reflect data reconciliations with third-party platform provider.

# STRONG ONTARIO PERFORMANCE

Ontario continues to be our top market in North America for both sports betting and iCasino, with strong growth and encouraging trends through the NBA and NHL seasons

### GGR By Month



***theScore* | BET**

While February was impacted by low hold in Sports Betting, we experienced record months for both Sports Betting and iCasino GGR in March



Sports Betting



iCasino

# BENEFITS OF TECH STACK BECOMING EVIDENT

Our performance in Ontario illustrates the meaningful strategic advantages of a fully owned tech stack and provides a blueprint for success in the U.S. post-migration

## Ontario Performance v. U.S. Performance Since Migration



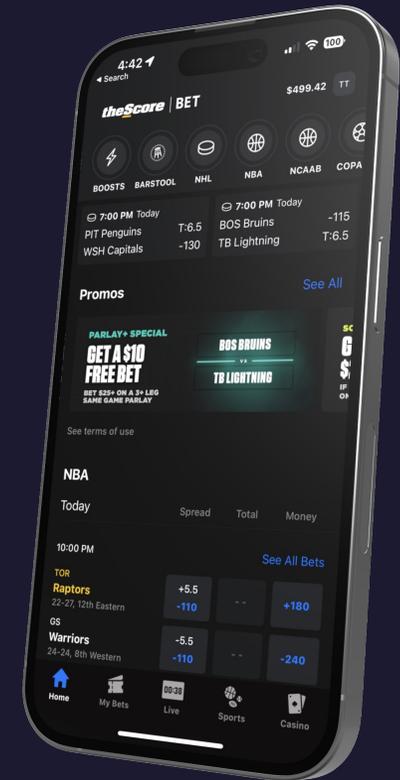
**+118%**

**6-Month  
Retention**



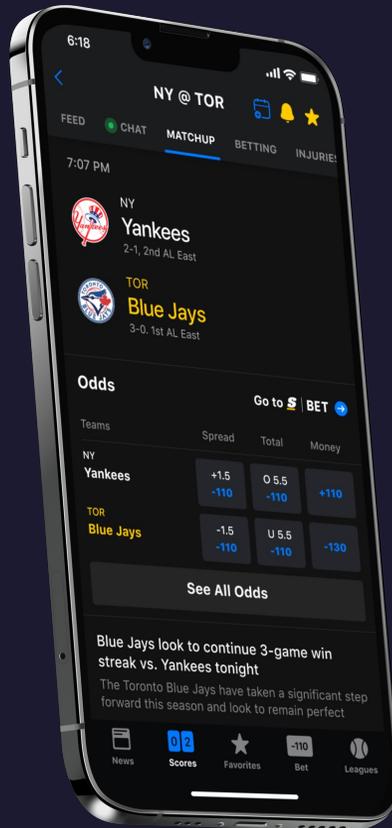
**+26%**

**Cross-Sell into  
iCasino**



# theSCORE MEDIA PERFORMANCE

Leveraging our expansive reach and a highly engaged user base, theScore's mobile media business recorded another quarter of growth



## ENGAGEMENT

*Award winning media app continuing to drive audience and engagement growth*

**1.9b**

**Q3 Total Sessions\***

**+22%**

**Y/Y Monthly Sessions\* Growth**

\* Sessions represent the total number of times the app was launched by users

On February 17, we completed our acquisition of Barstool Sports, which continues to build its audience through a diversified mix of highly engaging content



#1

Sports Podcast



#1

Hockey Podcast



#1

Publisher on TikTok



Unrivaled influence in Golf



BET Hip Hop Awards  
"Best Hip Hop  
Platform" Nominee

# 20

## Year Anniversary

100+ Personalities

90+ Shows

60+ Brands



# BARSTOOL SPORTS Q1 HIGHLIGHTS

Barstool demonstrated strong audience and viewership growth in Q1, achieving record cross-platform views (>40% YoY) and growing >60% in both YouTube subscribers and TikTok followers

The brand continues to lead with a wide variety of content in Sports, Pop Culture, and Comedy across Audio, Video, Social Media, and Live Events

## Q1 Highlights

### Barstool Golf x PGA Tour

Officially partnered with the PGA Tour, launching co-branded merch at The Players and Waste Management



### Super Bowl Week Coverage

Daily 2-hour Barstool Live shows at the Barstool bar in Scottsdale throughout Super Bowl Week



### New Lifestyle Show

Launched 2<sup>nd</sup> show with Gillie & Wallo, hosts of podcast *Million Dollaz Worth of Game* called *Gillie & Wallo Adventures*



### Sundae Conversation

Caleb Pressley's *Sundae Conversation* is now one of Barstool's largest shows, with the Drake episode generating >31m cross-platform views



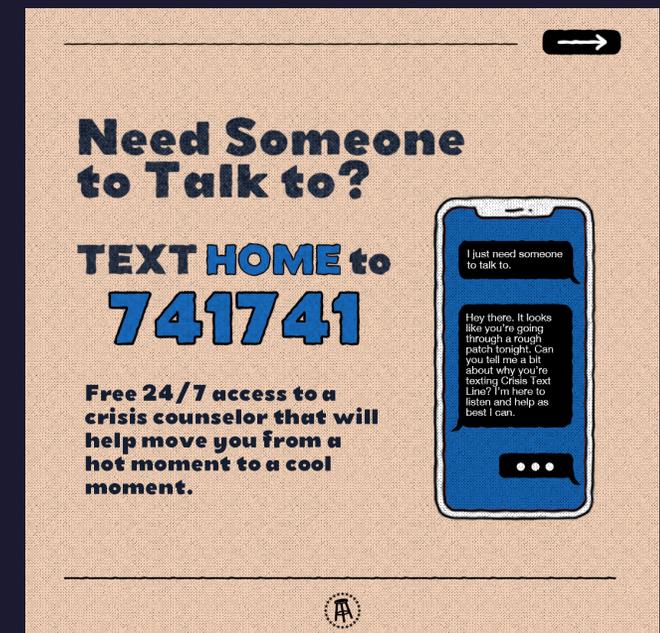
### Top Celebrity Guests

Barstool continues to book the biggest names in Sports & Entertainment as guests  
Q1: Drew Barrymore, Michael B. Jordan, Stephen A. Smith, & many more...



# RECENT ESG HIGHLIGHTS

- On April 25th, we issued our 2022 Corporate Social Responsibility Report, which details the significant progress PENN has made in advancing our Environmental, Social and Governance (“ESG”) priorities over the last year.
- In February, to help celebrate Black History Month, we organized numerous events to support our Diversity, Equity & Inclusion efforts.
- We also celebrated women’s achievements during the month of March and, on International Women’s Day, our Women Leading at PENN Program featured a panel with two of our female Board members.
- Additionally, following the devastating tornados in the Rolling Fork area of Mississippi, our Ameristar Casino Vicksburg and Hollywood Casino Tunica teams donated pallets of water, food and essential items, as well as providing temporary housing to displaced team members.
- Finally, in April Barstool launched a major mental health awareness push as part of its Viceroy and Chicks Ambassador Program on college campuses, reaching over 500 universities, 1,200 unique social media channels, and 20 million cross-platform followers.



**Need Someone to Talk to?**

**TEXT HOME to 741741**

**Free 24/7 access to a crisis counselor that will help move you from a hot moment to a cool moment.**

I just need someone to talk to.

Hey there. It looks like you're going through a rough patch tonight. Can you tell me a bit about why you're texting Crisis Text Line? I'm here to listen and help as best I can.





# APPENDICES



# PENN

ENTERTAINMENT

**NORTH AMERICA'S LEADING PROVIDER OF INTEGRATED ENTERTAINMENT,  
SPORTS CONTENT AND CASINO GAMING EXPERIENCES**



## Strong Balance Sheet and Free Cash Flow

Our diversified portfolio of leading regional casinos is generating significant and consistent free cash flow to fund future growth and/or return capital to shareholders

## Cutting-Edge Tech and High Growth Digital Business

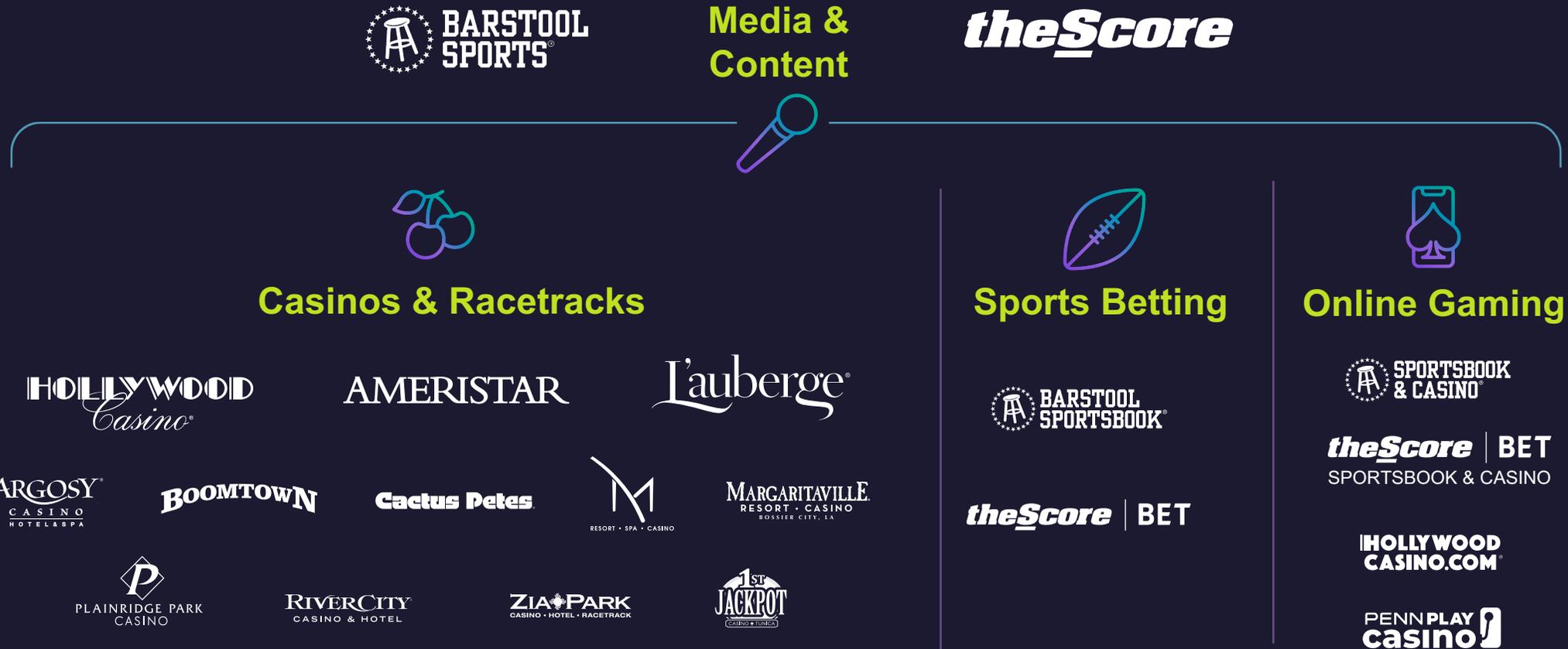
Our Interactive segment is growing rapidly, with a differentiated strategy that leverages our proprietary technology and the industry's lowest customer acquisition costs

## Dynamic Media Businesses

Our media businesses are expanding our ecosystem and providing organic cross-sell opportunities and new channels for growth, including advertising and commerce

# OMNI-CHANNEL STRATEGY

Highly differentiated strategy focused on organic cross-sell opportunities from our portfolio of leading brands



# EXECUTING ON OUR STRATEGY

**We are focusing on organic cross-sell opportunities, reinforced by our investments in market-leading retail casinos, sports media assets and technology, including a state-of-the-art fully integrated media, betting and casino platform**



## LEVERAGING OUR STRUCTURAL ADVANTAGES

We are benefiting from organic customer acquisition for mobile sports betting and iCasino from Barstool Sports, theScore and the PENN Play database, while improving cross-sell and monetization



## EFFICIENTLY MONETIZING ACROSS MULTIPLE CHANNELS

Our retail operations generate strong revenues, Adjusted EBITDAR and cash flow, while our Interactive segment has continued to experience rapid growth while maintaining our disciplined approach



## BUILDING OUR ECOSYSTEM

Our PENN Play database has grown significantly to approximately 27 million members, and we are continuing to build our audience and reach through the combination of our retail, interactive and media businesses, especially in the younger demographics



## INVESTING IN PRODUCT AND TECHNOLOGY

In July 2022, we successfully migrated theScore Bet in Ontario to our in-house trading platform, with migration of the Barstool Sportsbook in the U.S. expected to occur in July 2023; meanwhile we continue to expand our market leading 3C's technology at our retail casinos

# RETAIL SPORTSBOOKS

We now operate 32 retail sportsbooks across the country, which are capturing outsized share while providing highly profitable cross-sell opportunities

## Colorado

- Ameristar Black Hawk\*

## Illinois

- Argosy Alton
- Hollywood Aurora
- Hollywood Joliet

## Indiana

- Ameristar East Chicago\*
- Hollywood Lawrenceburg\*

## Iowa

- Ameristar Council Bluffs

## Kansas

- Hollywood Speedway\*

## Louisiana

- Boomtown Bossier City

- Boomtown New Orleans
- L'Auberge Baton Rouge\*
- L'Auberge Lake Charles\*
- Margaritaville

## Maryland

- Hollywood Perryville\*

## Massachusetts

- Plainridge Park

## Michigan

- Hollywood Greektown\*

## Mississippi

- 1<sup>st</sup> Jackpot
- Ameristar Vicksburg
- Boomtown Biloxi
- Hollywood Gulf Coast
- Hollywood Tunica

## Ohio

- Hollywood Columbus\*
- Hollywood Toledo\*
- Hollywood Dayton\*
- Hollywood Mahoning Valley\*

## Pennsylvania

- Hollywood Meadows\*
- Hollywood Morgantown\*
- Hollywood PNRC\*
- Hollywood York\*

## Washington

- 7 Cedars Casino\*\*

## West Virginia

- Hollywood Charles Town\*

## Wisconsin

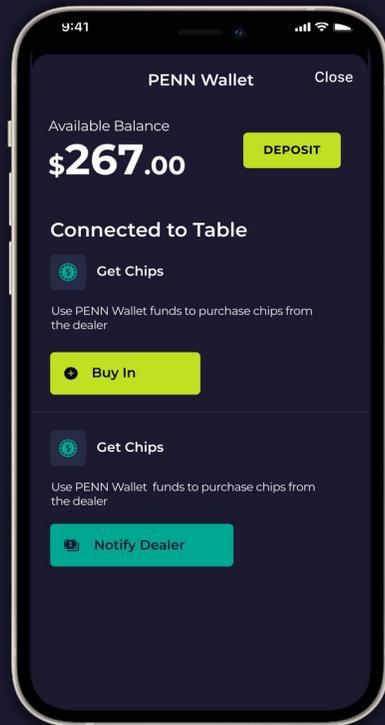
- Mole Lake\*\*

\* Barstool-branded Sportsbook

\*\* Operated pursuant to third-party management contract

# INDUSTRY LEADING CASHLESS SOLUTION

Our 3C's (cashless, cardless and contactless) technology is rapidly gaining adoption and delivering very encouraging results



## 195k

Total PENN Wallet customers\*

## \$104m

Total PENN wallet deposits\*

We have now deployed the 3C's at 21 properties, which collectively represent approximately 70% of our retail EBITDAR

### 3C's Deployment To-Date

- Indiana (2)
- Kansas (1)
- Louisiana (3)
- Michigan (1)
- Mississippi (2)
- Missouri (3)
- Ohio (4)
- Pennsylvania (4)
- West Virginia (1)

# RETAIL GROWTH PROJECTS

We are continuing to progress on four exciting retail growth projects, all of which we expect to open by the end of 2025



## Anticipated Budgets

- Aurora relocation - \$360 million
- Joliet relocation - \$185 million
- M Hotel 2<sup>nd</sup> Tower - \$205 million
- Columbus hotel - \$100 million

## Capital Investments

- GLPI will fund up to \$575 million in the aggregate for the projects, with the City of Aurora contributing \$50 million for Hollywood Casino Aurora
- Construction is expected to begin in late 2023, with the bulk of spend in 2024 and 2025

# HISTORICAL REGIONAL RESILIENCY

Regional markets performed far better than the Las Vegas Strip following the 2007-08 downturn, and the current operating environment is more favorable

Gross Gaming Revenue Growth (as %)\*

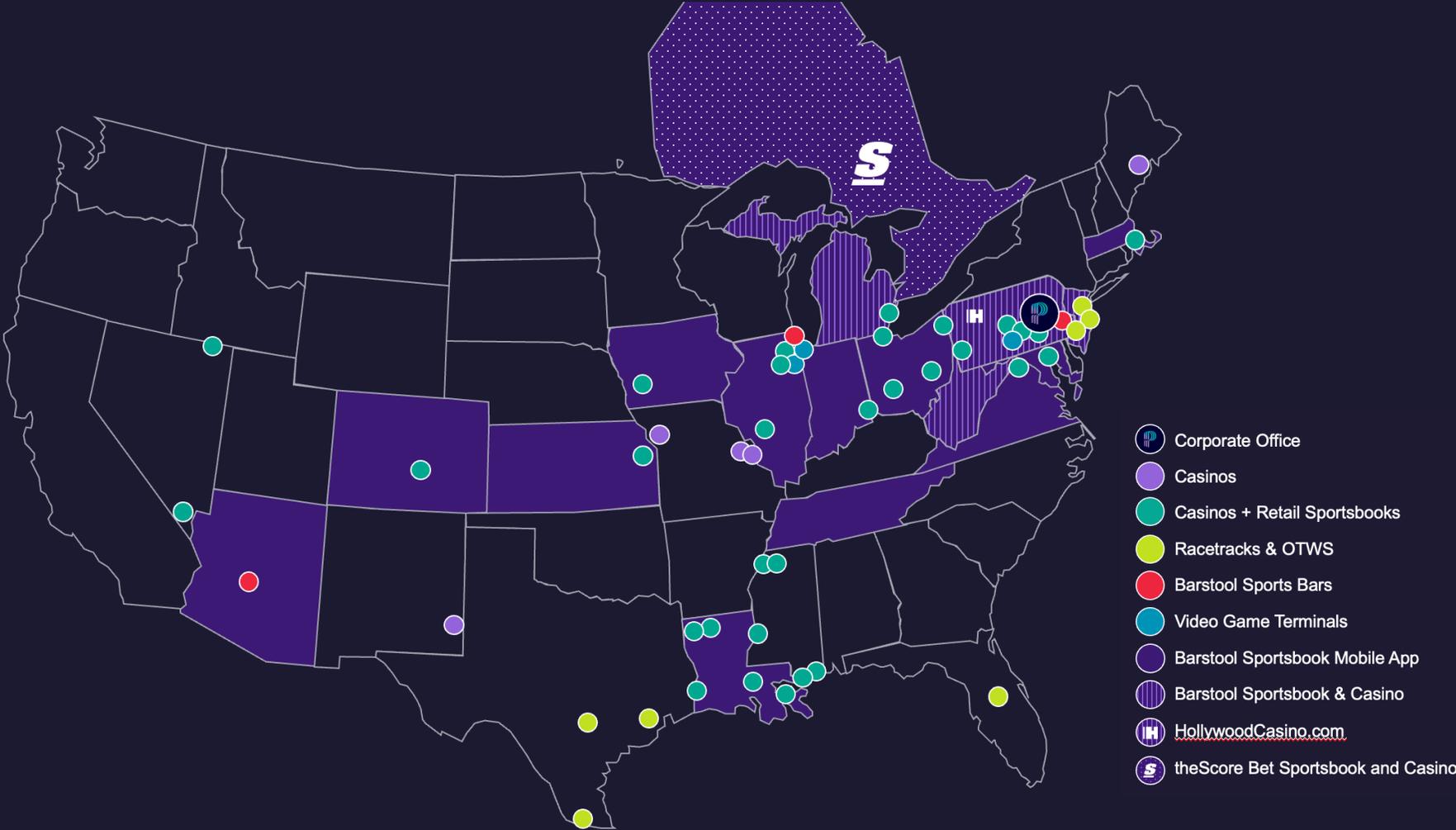


## Favorable Operating Environment

- Rational promotional and marketing reinvestment environment
- 2007-08 experience provides roadmap for adjusting to any reduction in volumes
- Post-COVID learnings have helped us optimize our business model
- Growth in younger demographic can offset declines in older demos

# GEOGRAPHIC DIVERSIFICATION

**Our geographically diversified footprint helps reduce the impact of local economic pressures, while our ability to offer both retail and interactive experiences positions us to take advantage of changes in consumer behavior**



# ILLUSTRATIVE IMPACT OF A RECESSION

Although business trends remain strong, we are prepared to offset nearly half of any revenue declines through aggressive cost mitigation measures

Hypothetical Revenue Decline	Estimated Property-Level Margins
0%	~37%
5%	35.0 – 36.5%
10%	34.0 – 35.5%
15%	33.0 – 34.5%
20%	30.0 – 33.0%

We estimate approximately

**45%**

of any revenue declines can be offset through expense reductions

Our strong balance sheet, flexible business model and disciplined approach to capex provide us with multiple levers to maintain free cash flow in an economic downturn

# LEASE SUMMARY (EFFECTIVE AS OF JAN 1, 2023)



**Our leased properties are subject to modest and capped annual escalators**

	AR PENN Master Lease	PNK Master Lease	VICI Leases	2023 Master Lease
<b>Properties Covered</b>	PENN legacy properties, excluding those moved to 2023 Master Lease	Pinnacle legacy properties plus Plainridge Park	<ul style="list-style-type: none"> <li>Greektown (separate lease)</li> <li>Margaritaville (separate lease)</li> </ul>	Aurora, Joliet, Columbus, Toledo, M Resort, Perryville and The Meadows
<b>Rent Components</b>	<ul style="list-style-type: none"> <li>Land Based (Fixed)</li> <li>Building Base subject to annual escalator</li> <li>Variable Percentage Rent as Adjusted</li> </ul>			All Rent subject to annual escalator (no Land Based or Percentage Rent)
<b>Annual Escalator</b>	Max. of 2% subject to Adjusted Revenue to Rent Ratio (as defined in the leases) of 1.8x to 1		Max. of 2% subject to a ratio set forth in the leases	Fixed at 1.5% per year*
<b>Variable Percentage Rent Adjustment</b>	Adjusted every 5 years (AR PENN) or 2 years (PNK and VICI) by 4% of change in revenues above baseline			N/A

Summary does not include stand-alone Morgantown ground lease, which has a maximum escalator of 1.5%, dropping to 1.25% subject to CPI requirements after the third year

\* There is also a one-time rent increase of \$1.4 million effective November 1, 2027

# GAAP TO NON-GAAP RECONCILIATION



(\$ in millions, unaudited)	For the three months ended March 31,	
	2023	2022
Net income	\$ 514.4	\$ 51.6
Income tax expense	167.9	47.6
Interest expense, net	113.0	161.3
Interest income	(10.4)	(0.5)
Income from unconsolidated affiliates	(2.6)	(8.7)
Gain on Barstool Acquisition, net <sup>(1)</sup>	(83.4)	-
Gain on REIT transactions, net <sup>(2)</sup>	(500.8)	-
Other expenses	1.0	40.7
<b>Operating income</b>	<b>199.1</b>	<b>292.0</b>
Stock-based compensation	16.5	17.0
Cash-settled stock-based awards variance <sup>(3)</sup>	(2.9)	(2.9)
Loss on disposal of assets	-	(0.1)
Contingent purchase price	0.3	(0.1)
Pre-opening expenses	-	1.5
Depreciation and amortization	107.5	118.2
Insurance recoveries, net of deductible charges	-	(8.8)
Income from unconsolidated affiliates	2.6	8.7
Non-operating items of equity method investments <sup>(4)</sup>	4.5	1.8
Other expenses	4.6	7.3
<b>Adjusted EBITDA</b>	<b>332.2</b>	<b>434.6</b>
Rent expense associated with triple net operating leases	146.0	60.1
<b>Adjusted EBITDAR</b>	<b>\$ 478.2</b>	<b>\$ 494.7</b>
Net income margin	30.7%	3.3%
Adjusted EBITDAR margin	28.6%	31.6%

(1) Includes a gain of \$66.5 million associated with Barstool related to remeasurement of the equity investment immediately prior to the acquisition date of February 17, 2023 and a gain of \$16.9 million related to the acquisition of the remaining 64% of Barstool common stock.

(2) Upon the execution of the February 21, 2023 AR PENN Master Lease and the 2023 Master Lease, both effective January 1, 2023, we recognized a gain of \$500.8 million as a result of the reclassification and remeasurement of lease components.

(3) Our cash-settled stock-based awards are adjusted to fair value each reporting period based primarily on the price of the Company's common stock. As such, significant fluctuations in the price of the Company's common stock during any reporting period could cause significant variances to budget on cash-settled stock-based awards.

(4) Consists principally of interest expense, net, income taxes, depreciation and amortization, and stock-based compensation expense associated with Barstool prior to us acquiring the remaining 64% of Barstool common stock and our Kansas Entertainment, LLC joint venture.



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