
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 13, 2017

GOLDEN ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

| | | |
|--|--|--|
| Minnesota <small>(State or other jurisdiction of incorporation)</small> | 000-24993 <small>(Commission File Number)</small> | 41-1913991 <small>(IRS Employer Identification No.)</small> |
| 6595 S Jones Blvd., Las Vegas, Nevada <small>(Address of principal executive offices)</small> | | 89118 <small>(Zip Code)</small> |

Registrant's telephone number, including area code: (702) 893-7777

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On March 13, 2017, Golden Entertainment, Inc. issued a press release announcing its financial results for the quarter ended December 31, 2016. A copy of the press release is furnished herewith as Exhibit 99.1.

In accordance with General Instruction B.2. of Form 8-K, the information in this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

- (d) Exhibits
 - 99.1 Press Release dated March 13, 2017
-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GOLDEN ENTERTAINMENT, INC.
(Registrant)

Date: March 13, 2017

/s/ Charles H. Protell

Name: Charles H. Protell
Title: Executive Vice President,
Chief Strategy and Financial Officer

EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|------------------------------------|
| 99.1 | Press Release dated March 13, 2017 |



**GOLDEN ENTERTAINMENT'S FOURTH QUARTER NET REVENUE
RISES 21.9% TO A RECORD \$105.4 MILLION**

**Net Revenue Growth Drives 4Q Net Income of \$10.0 Million and
29.1% Increase in Adjusted EBITDA to \$12.2 Million**

**Full Year Revenue Increases 16.7% to a Record \$403.2 Million with Net Income
of \$16.3 Million and 20.2% Growth in Adjusted EBITDA to \$48.6 Million**

LAS VEGAS- March 13, 2017 – Golden Entertainment, Inc. (NASDAQ:GDEN) (“Golden Entertainment” or the “Company”), a leading distributed gaming operator and owner of taverns and casinos, today announced financial results for the fourth quarter and year ended December 31, 2016 as summarized below. For comparative purposes, the 2015 results as presented include unaudited results of Sartini Gaming, Inc. (“Sartini Gaming”), which merged with a subsidiary of Lakes Entertainment (the “Merger”) on July 31, 2015 to form Golden Entertainment.

Consolidated Results (2016) and Combined Results (2015)
(Unaudited, in thousands)

| | Three Months Ended | | | Twelve Months Ended | | |
|--------------------------------------|----------------------|----------------------|---------------|----------------------|-------------------------------------|---------------|
| | December 31, 2016 | December 31, 2015 | % Change | December 31, 2016 | December 31, 2015 ⁽¹⁾ | % Change |
| Net Revenues | | | | | | |
| Distributed Gaming | \$ 81,190 | \$ 63,277 | 28.3% | \$ 305,792 | \$ 249,287 | 22.7% |
| Casinos | 24,101 | 23,108 | 4.3% | 97,132 | 95,777 | 1.4% |
| Corporate and other | 95 | 50 | 90.0% | 280 | 373 | -24.9% |
| | <u>\$ 105,386</u> | <u>\$ 86,435</u> | <u>21.9%</u> | <u>\$ 403,204</u> | <u>\$ 345,437</u> | <u>16.7%</u> |
| Net Income (Loss) | | | | | | |
| Distributed Gaming | \$ 5,243 | \$ 6,316 | -17.0% | \$ 22,323 | \$ 25,096 | -11.0% |
| Casinos | 3,723 | 3,021 | 23.2% | 16,117 | 9,304 | 73.2% |
| Corporate and other | 993 | 14,069 | -92.9% | (22,140) | (15,242) | 45.3% |
| | <u>\$ 9,959</u> | <u>\$ 23,406</u> | <u>-57.5%</u> | <u>\$ 16,300</u> | <u>\$ 19,158</u> | <u>-14.9%</u> |
| Adjusted EBITDA⁽²⁾ | | | | | | |
| Distributed Gaming | \$ 11,490 | \$ 8,971 | 28.1% | \$ 43,555 | \$ 36,710 | 18.6% |
| Casinos | 5,453 | 4,787 | 13.9% | 23,571 | 20,044 | 17.6% |
| Corporate and other | (4,780) | (4,333) | 10.3% | (18,531) | (16,337) | 13.4% |
| | <u>\$ 12,163</u> | <u>\$ 9,425</u> | <u>29.1%</u> | <u>\$ 48,595</u> | <u>\$ 40,417</u> | <u>20.2%</u> |

- (1) The combined financial information for the twelve months ended December 31, 2015 includes the Company’s audited consolidated statement of operations for the 2015 full year period and Sartini Gaming’s unaudited consolidated statement of operations for the seven months ended July 31, 2015. Combined select operating results have been prepared for illustrative purposes only and do not purport to be indicative of the results had the Merger occurred on the first day of such period. The combined results do not conform to SEC rules for pro forma financial information; however, we believe they provide investors with a meaningful comparison for the periods presented.
- (2) Adjusted EBITDA is a non-GAAP financial measure and definitions and disclosures, including reconciliations, are included at the end of the press release.



Blake L. Sartini, Chairman and Chief Executive Officer of Golden Entertainment, commented, “Golden Entertainment’s record fourth quarter, including 21.9% net revenue and 29.1% Adjusted EBITDA growth, marked the conclusion to another successful and active year. Full year 2016 net revenues and Adjusted EBITDA were also records, growing 16.7% and 20.2% year-over-year over combined net revenues and combined adjusted EBITDA, respectively. Our strong fourth quarter and full year results reflect the ongoing expansion of our distributed gaming business, including the successful integration during the year of two acquisitions in Montana, where we now have a strong market position. In 2016, we also further grew our portfolio of wholly-owned taverns with five new openings and meaningfully improved the operating performance at our casinos.

“Today, Golden Entertainment is a distributed gaming leader, with more than 10,000 devices at nearly 1,000 locations, including the largest footprint in Nevada and the second largest in Montana. Fourth quarter 2016 distributed gaming Adjusted EBITDA rose 28.1% year-over-year and benefited from the addition of approximately 2,900 gaming devices in Montana and five newly branded taverns in Las Vegas which opened during 2016. Last year’s Montana acquisitions extend our long-term record of success in building our distributed gaming business, and we are well positioned for organic and transaction-related growth in this market in 2017. In Nevada, we continue to transition our recurring-revenue, distributed gaming portfolio towards a greater percentage of higher margin, wholly-owned taverns. This is expected to increase our operating margin and allow for the re-allocation of capital and human resources to higher return opportunities. To this point, our market-leading Nevada taverns delivered 6.6% same store sales growth for 2016.

“Our casino operations also performed well in the fourth quarter, with year-to-date Adjusted EBITDA rising 13.9% year-over-year over combined adjusted EBITDA, as we began to benefit from capital upgrades in Nevada and Maryland during the year. Our three casinos in Pahrump grew combined Adjusted EBITDA in 2016 despite construction disruptions, and our focus on disciplined operations led to a healthy rise in Adjusted EBITDA margins. At Rocky Gap Casino, we added gaming devices, updated the interior and expanded parking while refining our branding and marketing programs, leading to double digit Adjusted EBITDA growth in 2016 and healthy Adjusted EBITDA margin expansion. Importantly, Rocky Gap continued to grow revenues year-over-year despite the opening of a new casino property in Maryland in December 2016.

“Looking forward, Golden Entertainment is well positioned for continued growth in 2017 and beyond. We are on schedule to open seven new Las Vegas taverns in 2017 and are already establishing a strong pipeline of new openings for 2018. As the largest branded tavern and distributed gaming operator in Nevada, we are a beneficiary of the state’s ongoing positive macroeconomic trends, and we expect our casinos to build on their strong fourth quarter momentum throughout 2017. Overall, our team remains focused on expanding our operations across existing and potential new markets, and we are evaluating strategic opportunities to add further scale to both our distributed gaming and casino businesses to create additional long-term value for shareholders.”

Results for the Three Months Ended December 31, 2016

Net revenues for the quarter were \$105.4 million, compared to \$86.4 million in the prior-year quarter, with the increase due primarily to the Company’s recently acquired Montana distributed gaming businesses and the opening of five new branded taverns in the Las Vegas Valley during 2016. Net revenues for the 2016 fourth quarter increased 21.9% compared to the prior year quarter.

For the quarter, net income was \$10.0 million, or \$0.44 per diluted share, compared to \$23.4 million, or \$1.06 per diluted share, in the prior year quarter. The 2016 fourth quarter included a \$5.1 million income tax benefit related to the release of a portion of the valuation allowance against deferred tax assets, while the prior year quarter benefited from a \$23.6 million gain on the recovery of impaired notes receivable. During the fourth quarter of 2016, the Company incurred \$0.6 million in preopening expenses compared to \$0.3 million in the prior-year period. The results for the prior year quarter also included \$0.9 million in Merger-related expenses.



Adjusted EBITDA for the quarter was \$12.2 million, an increase of 29.1% compared to \$9.4 million in the prior year quarter, with the increase due primarily to the growth in the Company's net revenues and a reduction in corporate expenses as a percentage of net revenues.

Balance Sheet and Liquidity

As of December 31, 2016, the Company had cash and cash equivalents of \$46.9 million and total outstanding debt of \$185.7 million. Outstanding debt under the Company's senior credit facility included \$150 million in senior secured term loans and \$30 million in borrowings under the Company's revolving credit facility. As of December 31, 2016, the Company had \$20 million of additional availability under its revolving credit facility. The full year weighted average effective interest rate on outstanding borrowings under these facilities was approximately 3.3%. Both the Company's term loans and revolving credit facilities mature in July 2020.

Charles H. Protell, Chief Strategy and Financial Officer, commented, "Given our portfolio of leading distributed gaming and casino assets, strong balance sheet and attractive cost of capital, we are well positioned to execute on our organic growth plan for 2017. We expect to fund planned 2017 capital expenditures of approximately \$26 million as well as scheduled debt amortization of \$12 million from operating cash flow. In addition, the Company continues to actively review strategic opportunities that could accelerate its growth profile while meaningfully increasing the Company's financial scale."

Investor Conference Call and Webcast

The Company will host a webcast and conference call today, March 13, 2017 at 5:00 p.m. Eastern Time, to discuss the fourth quarter and full year 2016 results. The conference call may be accessed live by dialing 844/465-3054 or 480/685-5227 for international callers and entering the passcode 50816227. A replay will be available beginning at 8:00 p.m. ET on March 13, 2017 and may be accessed by dialing 855/859-2056 or 404/537-3406 for international callers; the passcode is 50816227. The replay will be available until March 16, 2017. The call will also be webcast live through the "Investors" section of the Company's website, www.goldenent.com. A replay of the audio webcast will also be archived on the Company's website, www.goldenent.com.

If you have questions about Golden Entertainment or are interested in conducting a conference call with Golden Entertainment management, please contact JCIR at 212/835-8500 or gden@jcir.com.

Forward-Looking Statements

This press release may be deemed to contain forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934. Forward-looking statements can generally be identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "project," "potential," "seek," "should," "think," "will," "would" and similar expressions. In addition, forward-looking statements include statements regarding the Company's strategies, objectives, business opportunities and plans for future expansion, developments or acquisitions, anticipated future growth and trends in the Company's business or key markets, projections of future financial condition, operating results, capital expenditures, or other financial items, anticipated regulatory and legislative changes, the Company's ability to utilize the net operating loss carryforwards ("NOLs") to offset future taxable income, as well as other statements that are not statements of historical fact. Forward-looking statements are based on the Company's current expectations and assumptions regarding the Company's business, the economy and other future conditions. These forward-looking statements are subject to assumptions, risks and uncertainties that may change at any time, and readers are therefore cautioned that actual results could differ materially from those expressed in any forward-looking statements. Factors that could cause actual results to differ include: the Company's ability to realize the anticipated cost savings, synergies and other benefits of the Merger and the acquisitions of distributed gaming assets in



Montana, and integration risks relating to such transactions, changes in national, regional and local economic and market conditions, legislative and regulatory matters (including the cost of compliance or failure to comply with applicable laws and regulations), increases in gaming taxes and fees in the jurisdictions in which the Company operates, litigation, increased competition, the Company's ability to renew its distributed gaming contracts, reliance on key personnel (including our Chief Executive Officer, Chief Operating Officer and Chief Strategy and Financial Officer), the level of the Company's indebtedness and the Company's ability to comply with covenants in its debt facilities, terrorist incidents, natural disasters, severe weather conditions, the effects of environmental and structural building conditions, the effects of disruptions to the Company's information technology and other systems and infrastructure, the occurrence of an "ownership change" as defined in Section 382 of the Internal Revenue Code, and factors affecting the gaming, entertainment and hospitality industries generally. In addition, please refer to the risk factors contained in the Company's SEC filings available at www.sec.gov, including the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this press release. The Company undertakes no obligation to revise or update any forward-looking statements for any reason.

Non-GAAP Financial Measures

To supplement the Company's consolidated financial statements presented in accordance with United States generally accepted accounting principles ("GAAP"), the Company uses Adjusted EBITDA, Combined Net Revenues, Combined Net Income (Loss) and Combined Adjusted EBITDA, which measures the Company believes are appropriate to provide meaningful comparison with, and to enhance an overall understanding of, the Company's past financial performance and prospects for the future. The Company believes Adjusted EBITDA and Combined Adjusted EBITDA (and associated margin calculations) provide useful information to both management and investors by excluding specific expenses and gains that the Company believes are not indicative of its core operating results. Further, Adjusted EBITDA is a measure of operating performance used by management, as well as industry analysts, to evaluate operations and operating performance and is widely used in the gaming industry. The presentation of this additional information is not meant to be considered in isolation or as a substitute for measures of financial performance prepared in accordance with GAAP. In addition, other companies in the gaming industry may calculate Adjusted EBITDA differently than the Company does. Reconciliations of Adjusted EBITDA, Combined Adjusted EBITDA and Combined Net Income (Loss) to net income (loss) are provided in the financial information tables below. Additionally, a reconciliation of net revenues to Combined Net Revenues is provided in the financial information tables below.

The Company defines "Adjusted EBITDA" as earnings before interest and other non-operating income (expense), income taxes, depreciation and amortization, preopening expenses, Merger expenses, share-based compensation expenses, executive severance and sign-on bonuses, impairments and other gains and losses. "Adjusted EBITDA" for a particular segment is Adjusted EBITDA before corporate overhead, which is not allocated to each segment. The Company defines "Adjusted EBITDA margins" for the Company or a particular segment as Adjusted EBITDA divided by net revenues for the Company or such segment, as applicable.

About Golden Entertainment, Inc.

Golden Entertainment, Inc. owns and operates gaming properties across two divisions – distributed gaming and resort and casino operations. Golden Entertainment operates more than 12,000 gaming devices and nearly 30 table games in Nevada, Maryland and Montana. The Company owns four casino properties, more than 50 taverns and operates approximately 980 distributed gaming locations in multiple jurisdictions. Golden Entertainment is focused on maximizing the value of its portfolio by leveraging its scale, leadership position, and proven management capabilities across its two divisions. For more information, visit www.goldenent.com.



Contacts

Investor Relations

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Media Relations

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Vice President Corporate Communications

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Golden Entertainment, Inc.
Consolidated Statements of Operations and Comprehensive Income
(Unaudited, in thousands, except per share data)

| | Three Months Ended | | Twelve Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| Revenues | | | | |
| Gaming | \$ 90,073 | \$ 73,701 | \$ 346,039 | \$ 148,447 |
| Food and beverage | 16,813 | 13,264 | 58,659 | 25,584 |
| Rooms | 2,004 | 1,804 | 7,853 | 6,814 |
| Other operating | 3,255 | 2,018 | 11,844 | 5,079 |
| Gross revenues | <u>112,145</u> | <u>90,787</u> | <u>424,395</u> | <u>185,924</u> |
| Less: Promotional allowances | (6,759) | (4,352) | (21,191) | (8,882) |
| Net revenues | <u>105,386</u> | <u>86,435</u> | <u>403,204</u> | <u>177,042</u> |
| Expenses | | | | |
| Gaming | 63,782 | 49,984 | 248,075 | 98,268 |
| Food and beverage | 10,110 | 10,230 | 35,355 | 19,373 |
| Rooms | 416 | 325 | 1,336 | 968 |
| Other operating | 2,373 | 705 | 5,566 | 2,260 |
| Selling, general and administrative | 17,911 | 16,166 | 68,155 | 38,708 |
| Merger expenses | — | 934 | 614 | 11,525 |
| Disposition of notes receivable | — | (23,590) | — | (23,590) |
| Loss on disposal of property and equipment | 68 | 10 | 54 | 16 |
| Gain on sale of investment | — | — | — | (750) |
| Impairments and other losses | — | — | — | 682 |
| Preopening expenses | 578 | 292 | 2,471 | 421 |
| Executive severance and sign-on bonuses | 1,009 | — | 1,037 | — |
| Depreciation and amortization | 7,644 | 3,939 | 27,506 | 10,798 |
| Total expenses | <u>103,891</u> | <u>58,995</u> | <u>390,169</u> | <u>158,679</u> |
| Income from operations | <u>1,495</u> | <u>27,440</u> | <u>13,035</u> | <u>18,363</u> |
| Non-operating income (expense) | | | | |
| Interest expense, net | (1,668) | (1,305) | (6,454) | (2,728) |
| Loss on extinguishment of debt | — | — | — | (1,174) |
| Gain on sale of land held for sale | 4,195 | — | 4,525 | — |
| Other, net | 851 | 4 | 869 | 90 |
| Total non-operating income (expense), net | <u>3,378</u> | <u>(1,301)</u> | <u>(1,060)</u> | <u>(3,812)</u> |
| Income before income tax benefit (provision) | <u>4,873</u> | <u>26,139</u> | <u>11,975</u> | <u>14,551</u> |
| Income tax benefit (provision) | 5,086 | (2,733) | 4,325 | 9,969 |
| Net income | <u>9,959</u> | <u>23,406</u> | <u>16,300</u> | <u>24,520</u> |
| Other comprehensive income | — | — | — | 22 |
| Comprehensive income | <u>\$ 9,959</u> | <u>\$ 23,406</u> | <u>\$ 16,300</u> | <u>\$ 24,542</u> |
| Weighted-average common shares outstanding | | | | |
| Basic | 22,230 | 21,790 | 22,135 | 16,878 |
| Dilutive impact of stock options | 440 | 281 | 319 | 225 |
| Diluted | <u>22,670</u> | <u>22,071</u> | <u>22,454</u> | <u>17,103</u> |
| Net income per share | | | | |
| Basic | <u>\$ 0.45</u> | <u>\$ 1.07</u> | <u>\$ 0.74</u> | <u>\$ 1.45</u> |
| Diluted | <u>\$ 0.44</u> | <u>\$ 1.06</u> | <u>\$ 0.73</u> | <u>\$ 1.43</u> |



Golden Entertainment, Inc.
Consolidated Balance Sheets
(Unaudited, in thousands)

| | December 31, 2016 | December 31, 2015 |
|--|--------------------------|--------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 46,898 | \$ 69,177 |
| Accounts receivable, net | 6,697 | 3,033 |
| Income taxes receivable | 2,340 | 2,078 |
| Prepaid expenses | 9,761 | 6,005 |
| Inventories | 2,605 | 2,439 |
| Other | 1,346 | 912 |
| Total current assets | 69,647 | 83,644 |
| Property and equipment, net | 137,581 | 114,309 |
| Other assets | | |
| Goodwill | 105,655 | 96,288 |
| Customer relationships, net | 71,168 | 57,456 |
| Other intangible assets, net | 27,435 | 23,368 |
| Land held for sale | — | 960 |
| Other | 7,592 | 2,759 |
| Total other assets | 211,850 | 180,831 |
| Total assets | \$ 419,078 | \$ 378,784 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Current portion of long-term debt, net | 15,012 | 9,180 |
| Accounts payable | 11,739 | 8,237 |
| Accrued taxes, other than income taxes | 3,024 | 831 |
| Accrued payroll and related | 3,478 | 3,494 |
| Other accrued expenses | 3,846 | 3,604 |
| Total current liabilities | 37,099 | 25,346 |
| Long-term debt, net | 168,430 | 136,918 |
| Deferred income taxes | 38 | 4,471 |
| Other long-term obligations | 4,085 | 1,564 |
| Total liabilities | 209,652 | 168,299 |
| Commitments and contingencies | | |
| Shareholders' equity | | |
| Common stock, \$.01 par value; authorized 100,000 shares; 22,232 and 21,868 common shares issued and outstanding, respectively | 223 | 219 |
| Additional paid-in capital | 290,157 | 283,991 |
| Accumulated deficit | (80,954) | (73,725) |
| Total shareholders' equity | 209,426 | 210,485 |
| Total liabilities and shareholders' equity | \$ 419,078 | \$ 378,784 |



Golden Entertainment, Inc.
Reconciliation of Adjusted EBITDA to Net Income
(Unaudited, in thousands)

| | Three Months Ended | | Twelve Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| Adjusted EBITDA | \$ 12,163 | \$ 9,425 | \$ 48,595 | \$ 18,274 |
| Merger expenses | — | (934) | (614) | (11,525) |
| Disposition of notes receivable | — | 23,590 | — | 23,590 |
| Loss on disposal of property and equipment | (68) | (10) | (54) | (16) |
| Gain on sale of investment | — | — | — | 750 |
| Impairments and other losses | — | — | — | (682) |
| Share-based compensation | (1,369) | (400) | (3,878) | (809) |
| Preopening expenses | (578) | (292) | (2,471) | (421) |
| Executive severance and sign-on bonuses | (1,009) | — | (1,037) | — |
| Depreciation and amortization | (7,644) | (3,939) | (27,506) | (10,798) |
| Income from operations | <u>1,495</u> | <u>27,440</u> | <u>13,035</u> | <u>18,363</u> |
| Non-operating income (expense) | | | | |
| Interest expense, net | (1,668) | (1,305) | (6,454) | (2,728) |
| Loss on extinguishment of debt | — | — | — | (1,174) |
| Gain on sale of land held for sale | 4,195 | — | 4,525 | — |
| Other, net | 851 | 4 | 869 | 90 |
| Total non-operating income (expense), net | <u>3,378</u> | <u>(1,301)</u> | <u>(1,060)</u> | <u>(3,812)</u> |
| Income before income tax benefit (provision) | 4,873 | 26,139 | 11,975 | 14,551 |
| Income tax benefit (provision) | 5,086 | (2,733) | 4,325 | 9,969 |
| Net income | <u>\$ 9,959</u> | <u>\$ 23,406</u> | <u>\$ 16,300</u> | <u>\$ 24,520</u> |



Golden Entertainment, Inc.
Reconciliation of Segment Adjusted EBITDA to Segment Net Income
(Unaudited, in thousands)

| | Three Months Ended December 31, 2016 | | |
|---|---|-----------------|----------------------------|
| | Distributed Gaming | Casinos | Corporate and other |
| Adjusted EBITDA | \$ 11,490 | \$ 5,453 | \$ (4,780) |
| Gain (loss) on disposal of property and equipment | 26 | (94) | — |
| Share-based compensation | — | — | (1,369) |
| Preopening expenses | (524) | — | (54) |
| Executive severance and sign-on bonuses | — | — | (1,009) |
| Depreciation and amortization | (5,723) | (1,631) | (290) |
| Income (loss) from operations | 5,269 | 3,728 | (7,502) |
| Non-operating income (expense) | | | |
| Interest expense, net | (26) | (5) | (1,637) |
| Gain on sale of land held for sale | — | — | 4,195 |
| Other, net | — | — | 851 |
| Total non-operating income (expense), net | (26) | (5) | 3,409 |
| Income (loss) before income tax benefit | 5,243 | 3,723 | (4,093) |
| Income tax benefit | — | — | 5,086 |
| Net income | \$ 5,243 | \$ 3,723 | \$ 993 |

| | Three Months Ended December 31, 2015 | | |
|--|---|-----------------|----------------------------|
| | Distributed Gaming | Casinos | Corporate and other |
| Adjusted EBITDA | \$ 8,971 | \$ 4,787 | \$ (4,333) |
| Merger expenses | — | — | (934) |
| Disposition of notes receivable | — | — | 23,590 |
| Loss on disposal of property and equipment | — | (10) | — |
| Share-based compensation | — | — | (400) |
| Preopening expenses | (253) | — | (39) |
| Depreciation and amortization | (2,363) | (1,325) | (251) |
| Income from operations | 6,355 | 3,452 | 17,633 |
| Non-operating income (expense) | | | |
| Interest expense, net | (40) | — | (1,265) |
| Other, net | 1 | (431) | 434 |
| Total non-operating expense, net | (39) | (431) | (831) |
| Income before income tax provision | 6,316 | 3,021 | 16,802 |
| Income tax provision | — | — | (2,733) |
| Net income | \$ 6,316 | \$ 3,021 | \$ 14,069 |



Golden Entertainment, Inc.
Reconciliation of Segment Adjusted EBITDA to Segment Net Income (Loss)
(Unaudited, in thousands)

| | Twelve Months Ended December 31, 2016 | | |
|--|--|------------------|----------------------------|
| | Distributed Gaming | Casinos | Corporate and other |
| Adjusted EBITDA | \$ 43,555 | \$ 23,571 | \$ (18,531) |
| Merger expenses | — | — | (614) |
| Gain (loss) on disposal of property and equipment | 40 | (94) | — |
| Share-based compensation | — | — | (3,878) |
| Preopening expenses | (2,179) | — | (292) |
| Executive severance and sign-on bonuses | — | — | (1,037) |
| Depreciation and amortization | (18,889) | (7,351) | (1,266) |
| Income (loss) from operations | <u>22,527</u> | <u>16,126</u> | <u>(25,618)</u> |
| Non-operating income (expense) | | | |
| Interest expense, net | (144) | (9) | (6,301) |
| Gain on sale of land held for sale | — | — | 4,525 |
| Other, net | — | — | 869 |
| Total non-operating expense, net | <u>(144)</u> | <u>(9)</u> | <u>(907)</u> |
| Income (loss) before income tax benefit (provision) | 22,383 | 16,117 | (26,525) |
| Income tax benefit (provision) | (60) | — | 4,385 |
| Net income (loss) | <u>\$ 22,323</u> | <u>\$ 16,117</u> | <u>\$ (22,140)</u> |

| | Twelve Months Ended December 31, 2015 | | |
|--|--|-----------------|----------------------------|
| | Distributed Gaming | Casinos | Corporate and other |
| Adjusted EBITDA | \$ 14,254 | \$ 14,390 | \$ (10,370) |
| Merger expenses | — | — | (11,525) |
| Disposition of notes receivable | — | — | 23,590 |
| Loss on disposal of property and equipment | — | (8) | (8) |
| Gain on sale of investment | — | — | 750 |
| Impairments and other losses | — | — | (682) |
| Share-based compensation | — | — | (809) |
| Preopening expenses | (380) | — | (41) |
| Depreciation and amortization | (5,315) | (4,928) | (555) |
| Income from operations | <u>8,559</u> | <u>9,454</u> | <u>350</u> |
| Non-operating income (expense) | | | |
| Interest expense, net | (68) | (626) | (2,034) |
| Loss on extinguishment of debt | — | (1,174) | — |
| Other, net | 1 | (1,798) | 1,887 |
| Total non-operating expense, net | <u>(67)</u> | <u>(3,598)</u> | <u>(147)</u> |
| Income before income tax benefit | 8,492 | 5,856 | 203 |
| Income tax benefit | — | — | 9,969 |
| Net income | <u>\$ 8,492</u> | <u>\$ 5,856</u> | <u>\$ 10,172</u> |



Sartini Gaming, Inc.
Reconciliation of Segment Adjusted EBITDA to Segment Net Income (Loss)
(Unaudited, in thousands)

| | Seven Months Ended July 31, 2015 | | |
|---|---|-----------------|----------------------------|
| | Distributed Gaming | Casinos | Corporate and other |
| Adjusted EBITDA | \$ 22,456 | \$ 5,654 | \$ (5,967) |
| Merger expenses | — | — | (1,372) |
| Debt restructuring expense | — | — | (2,408) |
| Preopening expenses | (215) | — | (350) |
| Depreciation and amortization | (5,453) | (2,191) | (628) |
| Other, net | (119) | (11) | (1,963) |
| Income (loss) from operations | <u>16,669</u> | <u>3,452</u> | <u>(12,688)</u> |
| Non-operating income (expense) | | | |
| Interest expense, net | (65) | (4) | (12,726) |
| Total non-operating expense, net | <u>(65)</u> | <u>(4)</u> | <u>(12,726)</u> |
| Net income (loss) | <u>\$ 16,604</u> | <u>\$ 3,448</u> | <u>\$ (25,414)</u> |



Golden Entertainment, Inc.
Reconciliation of Net Revenues to Combined Net Revenues
(Unaudited, in thousands)

| | <u>Golden Entertainment, Inc.</u> <u>Twelve Months Ended</u> <u>December 31, 2015</u> | <u>Sartini Gaming, Inc.</u> <u>Seven Months Ended</u> <u>July 31, 2015</u> | <u>Combined Net Revenues</u> <u>Golden Entertainment, Inc.</u> <u>Twelve Months Ended</u> <u>December 31, 2015</u> |
|---------------------|---|--|---|
| Distributed Gaming | \$ 103,610 | \$ 145,677 | \$ 249,287 |
| Casinos | 73,245 | 22,532 | 95,777 |
| Corporate and other | 187 | 186 | 373 |
| Net Revenues | \$ 177,042 | \$ 168,395 | \$ 345,437 |

Golden Entertainment, Inc.
Reconciliation of Net Income (Loss) to Combined Net Income (Loss)
(Unaudited, in thousands)

| | <u>Golden Entertainment, Inc.</u> <u>Twelve Months Ended</u> <u>December 31, 2015</u> | <u>Sartini Gaming, Inc.</u> <u>Seven Months Ended</u> <u>July 31, 2015</u> | <u>Combined Net Income (Loss)</u> <u>Golden Entertainment, Inc.</u> <u>Twelve Months Ended</u> <u>December 31, 2015</u> |
|--------------------------|---|--|--|
| Distributed Gaming | \$ 8,492 | \$ 16,604 | \$ 25,096 |
| Casinos | 5,856 | 3,448 | 9,304 |
| Corporate and other | 10,172 | (25,414) | (15,242) |
| Net Income (Loss) | \$ 24,520 | \$ (5,362) | \$ 19,158 |

Golden Entertainment, Inc.
Reconciliation of Adjusted EBITDA to Combined Adjusted EBITDA
(Unaudited, in thousands)

| | <u>Golden Entertainment, Inc.</u> <u>Twelve Months Ended</u> <u>December 31, 2015</u> | <u>Sartini Gaming, Inc.</u> <u>Seven Months Ended</u> <u>July 31, 2015</u> | <u>Combined Adjusted EBITDA</u> <u>Golden Entertainment, Inc.</u> <u>Twelve Months Ended</u> <u>December 31, 2015</u> |
|------------------------|---|--|--|
| Distributed Gaming | \$ 14,254 | \$ 22,456 | \$ 36,710 |
| Casinos | 14,390 | 5,654 | 20,044 |
| Corporate and other | (10,370) | (5,967) | (16,337) |
| Adjusted EBITDA | \$ 18,274 | \$ 22,143 | \$ 40,417 |

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