

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020  
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File No. 000-24993

### GOLDEN ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization)

41-1913991

(I.R.S. Employer Identification No.)

6595 S Jones Boulevard - Las Vegas, Nevada 89118  
(Address of principal executive offices)  
(702) 893-7777

(Registrant's telephone number, including area code)  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	GDEN	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth Company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Based upon the last sale price of the registrant's common stock, \$0.01 par value, as reported on the Nasdaq Global Market on June 30, 2020, the aggregate market value of the common stock held by non-affiliates of the registrant as of such date was \$166,784,661. For purposes of these computations only, all of the Registrant's executive officers and directors and entities affiliated with them have been deemed to be affiliates.

As of March 8, 2021, 28,159,028 shares of the registrant's common stock, \$0.01 par value, were outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant's 2021 annual meeting of shareholders, to be filed with the Securities and Exchange Commission within 120 days after the registrant's year ended December 31, 2020, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Except with respect to information specifically incorporated by reference in this Annual Report on Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.

**GOLDEN ENTERTAINMENT, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
**FOR FISCAL YEAR ENDED DECEMBER 31, 2020**

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## PART I

As used in this Annual Report on Form 10-K (“Annual Report”), unless the context suggests otherwise, the terms “Golden,” “we,” “our” and “us” refer to Golden Entertainment, Inc. and its subsidiaries.

### Forward-Looking Statements

This Annual Report, including Management’s Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). 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, or they may use future dates. In addition, forward-looking statements include statements regarding the impact of the 2019 novel coronavirus (“COVID-19”) pandemic on our business; our strategies, objectives, business opportunities and plans for future expansion, developments or acquisitions; anticipated future growth and trends in our business or key markets; projections of future financial condition, operating results, income, capital expenditures, costs or other financial items; anticipated regulatory and legislative changes; and other characterizations of future events or circumstances as well as other statements that are not statements of historical fact. Forward-looking statements are based on our current expectations and assumptions regarding our 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 our actual results to differ materially include: the uncertainty of the extent, duration and effects of the COVID-19 pandemic and the response of governments, including government-mandated closures or travel restrictions; 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 we operate; our ability to realize the anticipated cost savings, synergies and other benefits of our casino and other acquisitions; litigation; increased competition; our ability to renew our distributed gaming contracts; reliance on key personnel (including our Chief Executive Officer, President and Chief Financial Officer, and Chief Operating Officer); the level of our indebtedness and our ability to comply with covenants in our debt instruments; terrorist incidents; natural disasters; severe weather conditions (including weather or road conditions that limit access to our properties); the effects of environmental and structural building conditions; the effects of disruptions to our information technology and other systems and infrastructure; factors affecting the gaming, entertainment and hospitality industries generally; and other factors identified under the heading [“Risk Factors” in Part I, Item 1A](#) of this Annual Report, or appearing elsewhere in this report and in our other filings with the Securities and Exchange Commission (“SEC”). Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the filing date of this report. We undertake no obligation to revise or update any forward-looking statements for any reason.

## ITEM 1. BUSINESS

### Corporate Information

We were incorporated in Minnesota in 1998 under the name of GCI Lakes, Inc., which name was subsequently changed to Lakes Gaming, Inc. in August 1998, to Lakes Entertainment, Inc. in June 2002 and to Golden Entertainment, Inc. in July 2015. Our shares began trading publicly in January 1999. The mailing address of our headquarters is 6595 S Jones Boulevard, Las Vegas, Nevada 89118, and our telephone number at that location is (702) 893-7777.

### Overview

We own and operate a diversified entertainment platform, consisting of a portfolio of gaming assets that focus on resort casino operations and distributed gaming (including gaming in our branded taverns).

We conduct our business through two reportable operating segments: Casinos and Distributed Gaming. In our Casinos segment, we own and operate ten resort casino properties in Nevada and Maryland. Our Distributed Gaming segment involves the installation, maintenance and operation of slots and amusement devices in non-casino locations such as restaurants, bars, taverns, convenience stores, liquor stores and grocery stores in Nevada and Montana, and the operation of branded taverns targeting local patrons located primarily in the greater Las Vegas, Nevada metropolitan area.

## *Acquisitions*

On January 14, 2019, we completed the acquisition of Edgewater Gaming, LLC and Colorado Belle Gaming, LLC (the “Laughlin Entities”) from Marnell Gaming, LLC (“Marnell”) for \$156.2 million in cash (after giving effect to the post-closing adjustment provisions in the purchase agreement) and the issuance by us of 911,002 shares of our common stock to certain assignees of Marnell (the “Laughlin Acquisition”). The Laughlin Acquisition added two resort casino properties in Laughlin, Nevada to our casino portfolio: the Edgewater Hotel & Casino Resort (“Edgewater”) and the Colorado Belle Hotel & Casino Resort (“Colorado Belle”), which increase our scale and presence in the Southern Nevada market. The results of operations of the Laughlin Entities are included in our results subsequent to the acquisition date.

Refer to [“Note 3 — Acquisitions”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report for additional information regarding this acquisition.

## *Impact of COVID-19*

Since the declaration of COVID-19 as a pandemic on March 11, 2020, people across the globe have been advised to avoid non-essential travel, and steps have been taken by governmental authorities, including in the states in which we operate, to implement closures of non-essential operations to contain the spread of the virus. The pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. Following emergency executive orders issued by the Governors of Nevada, Maryland, and Montana, in the week of March 16, 2020, all of our properties were temporarily closed to the public and our Distributed Gaming operations at third-party locations were suspended. Our Distributed Gaming operations in Montana and Nevada resumed on May 4, 2020 and June 4, 2020, respectively, and our Casino operations in Nevada and Maryland resumed on June 4, 2020 and June 19, 2020, respectively. However, as a result of the impact of the pandemic, the operations of the Colorado Belle remain suspended. While all of our properties, except for the Colorado Belle, re-opened during the second quarter of 2020, our implementation of protocols intended to protect team members, gaming patrons and guests from potential COVID-19 exposure continues to limit our operations. These measures include enhanced sanitization, public gathering limitations of 25-50% of casino, tavern and venue capacity, patron social distancing requirements, restrictions on permitted hours of operations, limitations on casino operations, which include disabling electronic gaming machines, and face mask and temperature check requirements for patrons. Certain amenities at our casinos may remain closed or operate in a limited capacity, including restaurants, bars, and other food and beverage outlets, as well as table games, showrooms, meeting rooms, spas and pools. These measures limit the number of patrons that are able to attend these venues. We cannot predict when these restrictions on our operations will be changed or eliminated.

On July 10, 2020, the Governor of Nevada issued an emergency executive order mandating the closure of bar tops and bar areas in restaurants, bars, pubs, taverns, breweries, distilleries, wineries and related facilities that are licensed to serve food in seven counties, including Clark County (the location of most of our branded taverns). In response to the Governor’s executive order, we immediately closed most of our tavern locations. We implemented modifications of the gaming areas in our taverns which allowed us to re-open our tavern locations beginning in late July 2020 and all of our tavern locations had re-opened by the end of September 2020.

On November 24, 2020, the Governor of Nevada issued an emergency executive order limiting occupancy in gaming areas and non-gaming businesses including but not limited to retail stores, restaurants and bars, non-retail venues, pools and aquatic facilities, and other establishments in Nevada to not exceed 25% of the listed fire code capacity. On February 15, 2021 certain COVID-19 mitigation measures were eased by allowing the occupancy rate at gaming floors and food and beverage establishments, including restaurants, bars, pubs, wineries, distilleries and breweries, to increase to 35%. Occupancy at retail stores, pools and aquatic facilities increased to 50% of the listed fire code capacity. The February 15, 2021 order remained in effect as of the filing of this Annual Report and it is uncertain when COVID-19 mitigation measures will be further eased.

With respect to our operations in Montana, on November 20, 2020, the Governor of Montana issued an emergency executive order limiting operating capacity at all restaurants and bars to 50%. In addition, the order required all such businesses to close between the hours of 10 pm and 4 am. This order remained in effect as of December 31, 2020 and it is uncertain when it will be lifted.

Our Maryland operations have been subject to a reduced operating capacity requirement of 50% since re-opening on June 19, 2020. On November 17, 2020, the Governor of Maryland issued an emergency executive order further restricting food service establishments by requiring them to close from 10 pm to 6 am. During these closure hours, such establishments are allowed to take carry out and delivery orders off premises but such venues, including casinos, are not permitted to serve any beverages. This order remained in effect as of December 31, 2020 and it is uncertain when it will be lifted.

The disruptions arising from the COVID-19 pandemic had a significant adverse impact on our financial condition and results of operations for the year ended December 31, 2020. The duration and intensity of this global health emergency and related disruptions is uncertain, as it is unknown when the pandemic will end, when or how quickly the current travel restrictions, occupancy and other limitations will be modified or cease to be necessary, and how these uncertainties will impact our business and the willingness of customers to spend on travel and entertainment.

Temporary closures of our operations due to the COVID-19 pandemic resulted in lease concessions for certain of our taverns and route locations. Such concessions provided for deferral and, in some instances, forgiveness of rent payments with no substantive amendments to the consideration due per the terms of the original contract and did not result in a substantial changes in our obligations under such leases. Refer to [“Note 1 — Nature of Business”](#) for additional information.

The impact of COVID-19 on our operations qualified as a triggering event necessitating an evaluation of long-lived assets, goodwill, and indefinite-lived intangible assets for indicators of impairment as discussed in [“Note 4 — Property and Equipment”](#) and [“Note 5 — Goodwill and Intangible Assets”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report.

Our \$200 million revolving credit facility (the “Revolving Credit Facility”) was undrawn and available for borrowing as of December 31, 2020. In addition, we have implemented various mitigating actions to preserve liquidity, including delaying material capital expenditures, reducing operating expenses and implementing a cost reduction program with respect to discretionary expenditures. To further enhance our liquidity position or to finance any future acquisition or other business investment initiatives, we may obtain additional financing, which could consist of debt, convertible debt or equity financing from public or private credit and capital markets.

### Casinos

We own and operate ten resort casino properties in Nevada and Maryland. In light of COVID-19, certain amenities at our resort casino properties may remain closed or operate in a limited capacity, including restaurants, bars, and other food and beverage outlets, as well as table games, spas and pools.

The following table sets forth certain information regarding our properties as of December 31, 2020:

	Location	Slot Machines	Table Games	Hotel Rooms	Race and Sport Book	Bingo (seats)
<b>Nevada Casinos</b>						
The STRAT Hotel, Casino & SkyPod (“The Strat”)	Las Vegas, NV	714	45	2,429	1	—
Arizona Charlie’s Boulder	Las Vegas, NV	679	—	302	1	approx. 400
Arizona Charlie’s Decatur	Las Vegas, NV	754	10	259	1	approx. 400
Aquarius Casino Resort (“Aquarius”)	Laughlin, NV	1,077	29	1,906	1	—
Colorado Belle <sup>(1)</sup>	Laughlin, NV	—	—	—	—	—
Edgewater	Laughlin, NV	635	20	1,052	1	—
Gold Town Casino	Pahrump, NV	178	—	—	—	—
Lakeside Casino & RV Park	Pahrump, NV	160	—	—	—	approx. 100
Pahrump Nugget Hotel Casino (“Pahrump Nugget”)	Pahrump, NV	331	9	69	1	approx. 200
<b>Maryland Casino</b>						
Rocky Gap Casino Resort (“Rocky Gap”)	Flintstone, MD	665	16	198	—	—
<b>Totals</b>		<b>5,193</b>	<b>129</b>	<b>6,215</b>	<b>6</b>	

(1) We have implemented various mitigating actions to preserve liquidity in light of the COVID-19 pandemic. As a result, the operations of the Colorado Belle remain suspended. Refer to [“Note 5 — Goodwill and Intangible Assets”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report for financial statement impact associated with this matter.

*The Strat:* The Strat is our premier resort casino property, located on Las Vegas Boulevard on the north end of the Las Vegas Strip. The Strat comprises the iconic SkyPod, a casino, a hotel and a retail center. As of December 31, 2020, in addition to hotel rooms and gaming in an 80,000 square foot casino, The Strat offered nine restaurants, two rooftop pools, a fitness center, retail shops and entertainment facilities.\*

*Arizona Charlie's casinos:* Our Arizona Charlie's Boulder and Arizona Charlie's Decatur casino properties primarily serve local Las Vegas gaming patrons, and provide an alternative experience to the Las Vegas Strip. Arizona Charlie's Boulder is located on Boulder Highway, in an established retail and residential neighborhood in the eastern metropolitan area of Las Vegas. The property is easily accessible from I-515, the primary east/west highway in Las Vegas. Arizona Charlie's Decatur is located four miles west of the Las Vegas Strip in the heavily populated west Las Vegas area, and is easily accessible from US Route 95, a major highway in Las Vegas. As of December 31, 2020, in addition to hotel rooms, gaming and bingo facilities, Arizona Charlie's Decatur offered five restaurants and Arizona Charlie's Boulder offered four restaurants and an RV park with approximately 220 RV hook-up sites.\*

*Laughlin casinos:* We own and operate three resort casinos in Laughlin, Nevada, which is located approximately 90 miles from Las Vegas on the western riverbank of the Colorado River. Our Laughlin casinos are situated on 56 adjacent acres along the heart of the Laughlin Riverwalk and cater primarily to patrons traveling from Arizona and Southern California, as well as customers from Nevada seeking an alternative to the Las Vegas experience. As of December 31, 2020, in addition to hotel rooms and gaming, the Aquarius had nine restaurants, the Colorado Belle featured three restaurants, and the Edgewater offered six restaurants and dedicated entertainment venues, including the Laughlin Event Center. The Laughlin Event Center, which is situated within walking distance from the Edgewater and in close proximity to our other Laughlin properties, is an outdoor arena that can seat up to approximately 12,000 guests and hosts various entertainment programs throughout the year, such as concerts, festivals, bull riding, rodeo, off-road racing and extreme sports events. As noted above, as a result of the impact of the COVID-19 pandemic, the operations of the Colorado Belle remain suspended.\*

*Pahrump casinos:* We own and operate three casinos in Pahrump, Nevada, which is located approximately 60 miles from Las Vegas and is a gateway to Death Valley National Park. As of December 31, 2020, in addition to hotel rooms, gaming and bingo facilities at our Pahrump casino properties, Pahrump Nugget offered a bowling center and a 4,700 square foot banquet and event center and our Lakeside Casino & RV Park offered approximately 160 RV hook-up sites.\*

*Rocky Gap:* Rocky Gap is situated on approximately 270 acres in the Rocky Gap State Park in Maryland, which we lease from the Maryland Department of Natural Resources (the "Maryland DNR") under a 40-year ground lease expiring in 2052 (plus a 20-year option renewal). As of December 31, 2020, in addition to hotel rooms and gaming, Rocky Gap offered three restaurants, a spa and the only Jack Nicklaus signature golf course in Maryland. Rocky Gap is a AAA Four Diamond Award® winning resort and includes an event and conference center.\*

\* As a result of the COVID-19 pandemic and associated public health orders, we have reduced capacity or temporarily closed certain of our amenities at our resort casino properties.

### *Distributed Gaming*

Our Distributed Gaming segment involves the installation, maintenance and operation of slots and amusement devices in non-casino locations such as restaurants, bars, taverns, convenience stores, liquor stores and grocery stores in Nevada and Montana. We place our slots and amusement devices in locations where we believe they will receive maximum customer traffic, generally near a store's entrance. In addition, we own and operate branded taverns with slots, which target local patrons, primarily in the greater Las Vegas, Nevada metropolitan area. As of December 31, 2020, our distributed gaming operations comprised over 10,800 slots in over 1,000 locations. In August 2017, we became licensed as a video gaming terminal operator in Illinois and in October 2018, we received a conditional license to operate in Pennsylvania, providing for potential expansion into new jurisdictions.

Nevada law limits distributed gaming operations (also known as "restricted gaming" operations) to certain types of non-casino locations, including grocery stores, drug stores, convenience stores, restaurants, bars, taverns and liquor stores, where gaming is incidental to the primary business being conducted at the location and games are generally limited to 15 or fewer slots and no other forms of gaming activity. The gaming area in these business locations is typically small, and in many instances, segregated from the primary business area, including the use of alcoves in grocery stores and drug stores and installation of slots into the physical bar (also known as "bar top" slots) in bars and taverns. Such segregation provides greater oversight and supervision of the slots. Under Montana law, distributed gaming operations are limited to business locations licensed to sell alcoholic beverages for on-premises consumption only, with such locations generally restricted to offering a maximum of 20 slots.

In Nevada, we generally enter into three types of slot placement contracts as part of our distributed gaming business: space lease agreements, participation agreements and space lease agreements with revenue share provisions. Under space lease agreements that do not have revenue share provisions, we generally pay a fixed monthly rental fee for the right to install, maintain and operate our slots at a business location and we hold the applicable gaming license allowing us to operate such slots. Under participation agreements, the business location holds the applicable gaming license and retains a percentage of the gaming revenue generated from our slots. Space lease agreements with revenue share provisions are a hybrid model that has both space lease and participation elements and we pay the business a percentage of the gaming revenue generated from our slots placed at the location, rather than a fixed monthly rental fee. Under such arrangements, we hold the applicable gaming license to conduct gaming at the location and the business location is required to obtain separate regulatory approval to receive a percentage of the gaming revenue. In Montana, our slot and amusement device placement contracts are all participation agreements.

Our branded taverns offer a casual, upscale environment catering to local patrons offering superior food, craft beer and other alcoholic beverages, and typically include 15 onsite slots. As of December 31, 2020, we owned and operated 66 branded taverns, which offered a total of over 1,000 onsite slots. We continue to look for opportunistic and accretive opportunities to pursue additional tavern openings and acquisitions. Most of our taverns are located in the greater Las Vegas, Nevada metropolitan area and cater to local patrons seeking more convenient entertainment establishments than traditional casino properties. Our tavern patrons are typically younger than traditional casino customers, which diversifies our customer demographic. Our tavern brands include Sierra Junction, PT's Pub, PT's Place, PT's Gold, PT's Ranch, Sean Patrick's, Sierra Gold and SG Bar.

## **Sales and Marketing**

### *Casinos*

We market our Nevada resort casino properties to both the locals market and tourist traffic, targeting the value-driven customer. We seek to attract local residents to our Nevada casinos through promotions geared towards enhancing local play, including dining offerings at our casino restaurants and promotions of our bowling and bingo amenities. Promotional programs for out-of-market patrons focus primarily on The Strat casino property (with almost 600 newly renovated rooms, new and refreshed food and beverage outlets, and the iconic SkyPod), and our award-winning RV park surrounding a lake at the Lakeside Casino & RV Park.

Rocky Gap is located in western Maryland in close proximity to the affluent and heavily populated metropolitan areas of Pittsburgh, Pennsylvania, Baltimore, Maryland and Washington, D.C., as well as two major interstate freeways. Rocky Gap serves as a premier destination for both local and out-of-market patrons. Our marketing efforts for Rocky Gap are primarily focused on attracting patrons through local and regional campaigns promoting both the amenities of Rocky Gap and the vast array of outdoor activities available in the Rocky Gap State Park.

Our casino sales and marketing efforts also include our new consolidated loyalty program, True Rewards®, designed to encourage repeat business at our resort casino properties, as discussed below.

### *Distributed Gaming*

We conduct our operations in our Distributed Gaming segment in Nevada and Montana. Our Distributed Gaming customer base is comprised of the third party distributed gaming customers with whom we enter into slot and amusement device placement contracts for the installation, maintenance and operation of slots and amusement devices at non-casino locations, the primarily local patrons that use our slots and amusement devices in such locations and the primarily local patrons of our branded taverns. We seek to place our slots and amusement devices in strategic, high-traffic areas, including in our branded taverns, and the majority of our marketing efforts are focused on maximizing profitability from a high-frequency, convenience-driven customer base.

Our Distributed Gaming sales and marketing efforts also include our True Rewards loyalty program, which is designed to encourage repeat business at our branded taverns and at slots located at participating supermarkets, as discussed below.

## *True Rewards Loyalty Program*

Our marketing efforts also seek to capitalize on repeat visitation through the use of our True Rewards loyalty program. We offer our True Rewards loyalty program at all ten of our resort casino properties, as well as at all of our branded taverns and at participating supermarkets. Members of our True Rewards loyalty program may earn points based on gaming activity and amounts spent on rooms, food, beverage and resort activities at our resort casino properties, and on play and amounts spent on the purchase of food and beverages at our branded taverns and other participating Distributed Gaming locations. Loyalty points are redeemable for complimentary slot play, food, beverages, grocery gift cards and hotel rooms, among other items. All points earned in the loyalty program roll up into a single account balance which is redeemable enterprise-wide at participating locations.

Our rewards technology is designed to track customer behavior indicators such as visitation, customer spend and customer engagement. As of December 31, 2020, we had over 620,000 active players in our marketing database, providing us with an avenue to drive customer engagement and cross-marketing opportunities across our resort casino and distributed gaming platform.

## **Intellectual Property**

We pursue registration of our important trademarks and service marks in the states where we do business and with the United States Patent and Trademark Office. We have registered and/or have pending as trademarks with the United States Patent and Trademark Office, among other trademarks and service marks, “Golden Entertainment” and “Golden Gaming,” as well as various names, brands and logos relating to our resort casino properties, customer loyalty programs and branded taverns. In addition, we have also registered or applied to register numerous other trademarks in various jurisdictions in the United States in connection with our properties, facilities and development projects. We also hold a patent in the United States related to player tracking systems.

## **Competition**

The resort casino and distributed gaming industries are highly competitive. Our resort casino business competes with numerous casinos and casino-hotels of varying quality and size in our markets. We also compete with other non-gaming resorts and vacation destinations, and with various other casino and other entertainment businesses. The casino entertainment business is characterized by competitors that vary considerably in their size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity. Many of our regional and national competitors have greater brand recognition and significantly greater resources than we have. Their greater resources may also provide them with the ability to expand operations in the future.

Furthermore, several states are currently considering legalizing casino gaming in designated areas, and Native American tribes may develop or expand gaming properties in markets located more closely to our customer base (particularly Native American casinos located in California). The expansion of casino gaming in or near any geographic area from which we attract or expect to attract a significant number of our customers, including legalized casino gaming in neighboring states and on Native American land, could have a significant adverse effect on our business, financial condition, results of operations and prospects.

With respect to our distributed gaming businesses, we face direct competition from others involved in the distributed gaming business, as well as substantial competition for customers from other operators of casinos, hotels, taverns and other entertainment venues. Many of our regional and national competitors have greater brand recognition and significantly greater resources than we have. Their greater resources may also provide them with the ability to expand operations in the future.

In addition, in both of our segments we face ever-increasing competition from online gaming, including mobile gaming applications for smart phones and tablet computers, state-sponsored lotteries, card clubs, sports books, fantasy sports websites and other forms of legalized gaming. Various forms of internet gaming have been approved in Nevada, and legislation permitting internet gaming has been proposed by the federal government and other states. The expansion of internet gaming in Nevada and other jurisdictions could result in significant additional competition for our operations.

## **Regulation**

### *Gaming Regulation*

We are subject to extensive federal, state, and local regulation. State and local government authorities in the jurisdictions in which we operate require us to obtain gaming licenses and require our officers, key employees and business entity affiliates to demonstrate suitability to be involved in gaming operations. These are privileged licenses or approvals which are not guaranteed by statute or regulation. State and local government authorities may limit, condition, suspend or revoke a license,



impose substantial fines, and take other actions, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects. We cannot assure you that we will be able to obtain and maintain the gaming licenses and related approvals necessary to conduct our gaming operations. Any failure to maintain or renew our existing licenses, registrations, permits or approvals could have a material adverse effect on our business, financial condition, results of operations and prospects. Furthermore, if additional gaming laws or regulations are adopted, these regulations could impose additional restrictions or costs that could have a significant adverse effect on us and our business. For additional information, refer to the risk factor entitled *“Our business is subject to extensive gaming regulation, which is costly to comply with, and gaming authorities have significant control over our operations”* in [“Part I, Item 1A: Risk Factors”](#) of this Annual Report.

Gaming authorities may, in their sole and absolute discretion, require the holder of any securities issued by us to file applications, be investigated, and be found suitable to own our securities if they have reason to believe that the security ownership would be inconsistent with the declared policies of their respective states. Further, the costs of any investigation conducted by any gaming authority under these circumstances is typically required to be paid by the applicant, and refusal or failure to pay these charges may constitute grounds for a finding that the applicant is unsuitable to own the securities. Our articles of incorporation require our shareholders to cooperate with gaming authorities in such investigations and permit us to redeem the securities held by any shareholder whose holding of shares of our capital stock may result, in the judgment of our Board of Directors, in our failure to obtain or our loss of any license or franchise from any governmental agency held by us to conduct any portion of our business. If any gaming authority determines that a person is unsuitable to own our securities, then, under the applicable gaming laws and regulations, we can be sanctioned, including the loss of our privileged licenses or approvals, if, without the prior approval of the applicable gaming authority, we conduct certain business with the unsuitable person. For additional information, refer to the risk factor entitled *“Our shareholders are subject to extensive governmental regulation and, if a shareholder is found unsuitable by a gaming authority, that shareholder would not be able to beneficially own our common stock directly or indirectly. Our shareholders may also be required to provide information that is requested by gaming authorities and we have the right, under certain circumstances, to redeem a shareholder’s securities; we may be forced to use our cash or incur debt to fund redemption of our securities”* in [“Part I, Item 1A: Risk Factors”](#) of this Annual Report.

Our directors, officers and key employees are also subject to a variety of regulatory requirements and various privileged licensing and related approval procedures in the various jurisdictions in which we operate gaming facilities. If any gaming authority with jurisdiction over our business were to find any of our directors, officers or key employees unsuitable for licensing or unsuitable to continue having a relationship with us, we would have to sever our relationship with that person. Furthermore, such gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications. Either result could have a material adverse effect on our business, operations and prospects.

Applicable gaming laws and regulations also restrict our ability to issue securities, incur debt, and undertake other financing activities. Such transactions would generally require approval of gaming authorities, and our financing counterparties, including lenders, might be subject to various licensing and related approval procedures in the various jurisdictions in which we operate gaming facilities. If state regulatory authorities were to find any person unsuitable with regard to his, her or its relationship to us or any of our subsidiaries, we would be required to sever our relationship with that person, which could materially adversely affect our business.

The gaming industry also represents a significant source of tax revenue, particularly to the State of Nevada and its counties and municipalities. From time to time, various federal, state and local legislators and other government officials have proposed and adopted changes in tax laws, or in the administration or interpretation of such laws, affecting the gaming industry. It is not possible to determine the likelihood of possible changes in tax laws or in the administration or interpretation of such laws. Such changes, if adopted, could have a material adverse effect on our future financial position, results of operations, cash flows and prospects. For additional information, refer to the risk factor entitled *“Changes to gaming tax laws could increase our cost of doing business and have a material adverse effect on our financial condition”* in [“Part I, Item 1A: Risk Factors”](#) of this Annual Report.

From time to time, local and state lawmakers, as well as special interest groups, have proposed legislation that would expand, restrict or prevent gaming operations in the jurisdictions in which we operate. Any such change to the regulatory environment or the adoption of new federal, state or local government legislation could have a material adverse effect on our business, financial condition, results of operations and prospects.

## *Other Regulation*

Our business is subject to a variety of other federal, state and local laws, rules, regulations and ordinances. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, employees, currency transactions, taxation, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Changes to any of the laws, rules, regulations or ordinances to which we are subject, new laws or regulations, or material differences in interpretations by courts or governmental authorities could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our operations are subject to various environmental laws and regulations relating to emissions and discharges into the environment, and the storage, handling and disposal of hazardous and non-hazardous substances and wastes. These laws and regulations are complex, and subject to change, and violations can lead to significant costs for corrective action and remediation, fines and penalties. Under certain of these laws and regulations, a current or previous owner or operator of property may be liable for the costs of remediating contamination on its property, without regard to whether the owner or operator knew of, or caused, the presence of the contaminants, and regardless of whether the practices that resulted in the contamination were legal at the time that they occurred, as well as incur liability to third parties impacted by such contamination. The presence of contamination, or failure to remediate it properly, may adversely affect our ability to use, sell or rent property. As we acquire additional casino, resort and tavern properties, such as the casino properties we acquired in the Laughlin Acquisition, we may not know the full level of exposure that we may have undertaken despite appropriate due diligence. We endeavor to maintain compliance with environmental laws, but from time to time, current or historical operations on or adjacent to, our properties may have resulted or may result in noncompliance with environmental laws or liability for cleanup pursuant to environmental laws. In that regard, we may incur costs for cleaning up contamination relating to historical uses of certain properties.

Many of our employees, especially those that interact with our customers, receive a base salary or wage that is established by applicable state and federal laws that establish a minimum hourly wage that is, in turn, supplemented through tips and gratuities from customers. In 2017, several former employees filed two separate purported class action lawsuits against us and on behalf of similarly situated individuals employed by us in Nevada, which lawsuits were settled in 2019. The lawsuits alleged that we violated certain Nevada labor laws, including payment of an hourly wage below the statutory minimum wage without providing a qualified health insurance plan and an associated failure to pay proper overtime compensation. From time to time, state and federal lawmakers have increased the minimum wage. It is difficult to predict when such increases may take place. Any such change to the minimum wage could have a material adverse effect on our business, financial condition, results of operations and prospects.

Alcoholic beverage control regulations require each of our branded taverns and casino properties to apply to a state authority and, in certain locations, county or municipal authority for a license or permit to sell alcoholic beverages. In addition, each restaurant we operate must obtain a food service license from local authorities. Failure to comply with such regulations could cause our licenses to be revoked or our related business or businesses to be forced to cease operations. Moreover, state liquor laws may prevent the expansion of restaurant operations into certain markets.

## **Seasonality**

We believe that our Casinos and Distributed Gaming segments are affected by seasonal factors, including holidays, weather and travel conditions. Our casinos and distributed gaming businesses in Nevada have historically experienced lower revenues during the summer as a result of fewer tourists due to higher temperatures, as well as increased vacation activity by local residents. Rocky Gap typically experiences higher revenues during summer months and may be significantly adversely impacted by inclement weather during winter months. Our Nevada distributed gaming operations typically experience higher revenues during the fall which corresponds with several professional sports seasons. Our Montana distributed gaming operations typically experience higher revenues during the fall due to the inclement weather in the state and less opportunity for outdoor activities, in addition to the impact from professional sports seasons. While other factors like unemployment levels, market competition and the diversification of our business may either offset or magnify seasonal effects, some seasonality is likely to continue, which could result in significant fluctuation in our quarterly operating results.

## **Human Capital**

Golden is committed to recruiting, developing and retaining a superior workforce. We have a long history and deep cultural commitment to service and authenticity.

## *Employees and Collective Bargaining Agreements*

As of December 31, 2020, we had over 6,700 employees, of which approximately 1,800 were covered by various collective bargaining agreements. Other unions may seek to organize the workers of our resort casino properties from time to time. We believe we have good relationships with our employees, including those represented by unions.

In response to the COVID-19 pandemic and its disruptive impact on our operations, we made significant reductions to our headcount and, during the period of the mandatory temporary property closures and suspension of our Distributed Gaming operations, placed over 90% of our team members on furlough status in order to preserve liquidity. We started bringing our team members back from furlough upon re-opening of our properties during the second quarter of 2020 and maintained a headcount of over 6,700 employees for the rest of the year, which represents over 80% of the pre-pandemic headcount. Further, during 2020, we devoted significant attention to the public health orders related to the COVID-19 pandemic in order to protect our team members from potential COVID-19 exposure by implementing new protocols and processes to limit the spread of the virus. Such measures included the use of hand sanitizers and face coverings, enhanced cleaning and disinfecting protocols, temperature checks, testing and tracing and implementation of social distancing measures in restaurants, bars, and other food and beverage outlets, gaming floors, spas and pools, meeting rooms and other back-of-the house areas.

At The Strat, our employees are covered by four collective bargaining agreements. Our collective bargaining agreement with the International Union of Operating Engineers, Local 501, AFL-CIO expires on March 31, 2021. Our collective bargaining agreements with the Professional, Clerical and Miscellaneous Employees, Teamsters Local Union 986 (Valet and Warehouse) expire on March 31, 2024. Our collective bargaining agreement with the Culinary Workers Union, Local 226 and Bartenders Union, Local 165 expires on May 31, 2023.

At the Aquarius, our employees are covered by four collective bargaining agreements. Our collective bargaining agreement with the International Union of Operating Engineers, Local 501, AFL-CIO, as extended, expires on March 31, 2021. Our collective bargaining agreement with the International Union of Security, Police, and Fire Professionals of America expires on February 28, 2021. Our collective bargaining agreement with the United Steelworkers of America expires on March 31, 2021. Our collective bargaining agreement with the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, Its Territories and Canada, Local 720, Las Vegas, Nevada expires on November 30, 2022.

At Edgewater, our collective bargaining agreement with the United Brotherhood of Carpenters and Joiner of America, Local 1780, expires on July 31, 2021.

At Rocky Gap, our collective bargaining agreement with the United Food and Commercial Workers Union, Local 27 expires on November 1, 2023.

## *Mission and Values*

In 2020, we continued to emphasize our mission and values statements and as well as our “I CARE” guest service initiative. Our mission is to create authentic entertainment experiences where premium service is delivered without pretense, and at an exceptional value. This makes the average, everyday working person feel that they belong and that “this is their place.”

Our organizational values are:

- To give exceptional service
- To be accountable
- To show up with integrity
- To have speed with purpose

Our human capital initiatives reflect our commitment to aligning our workforce with the mission and values of the company.

## *Recruitment*

In 2020, we selected for hire 2,043 candidates from a total pool of over 22,000 applications. We recruit applicants from diverse sources to ensure the sustainability of our talent pipeline and ensure a diverse pool of applicants. Golden utilizes both referral and retention incentives to remain competitive in limited labor markets.

### *Team Member Benefits*

We engage with a nationally recognized compensation and benefits consulting firm to independently evaluate the effectiveness of our benefit program and to provide benchmarking against our peers within the industry. As a diverse organization, our team members annual enrollment experience is provided through multiple facets including telephonic, online or by app and we support multi-lingual options. Our comprehensive benefits program provides flexibility of choice for their medical, dental and vision plan options in addition to Telemedicine, flexible spending and health savings accounts, a retirement plan that provides an annual discretionary match and life insurance. We also offer a variety of voluntary options that allow our team members and their families to live healthier and more secure lives, including disability and expanded life coverage, critical illness and accident insurance, legal, identity theft, auto/home and pet insurance coverages. We view mental health services as a fundamental part of our program and offer a comprehensive suite of related benefits including online counseling through our team member assistance program. Additionally, Golden understands the age diversity of our team members and their changing financial needs. We provide no cost Medicare and Medicaid assistance programs and offer prescription savings solutions for those team members with chronic health conditions and diabetes.

### *Training and Development*

In 2020, we expanded our use of online learning tools, internally branded as “GEMS.” Although the system is used to deploy all types of learning, the primary learning focus for 2020 was safety and compliance, to include COVID-19 safety. Sixteen different compliance and safety learning modules were deployed in 2020, with over 47,000 individual course completions in that learning track.

### *Diversity and Gender Equity*

As of December 31, 2020, the organizational makeup was 50.5% female and 49.5% male with approximately 41% of management roles held by women. Average rate of pay for female salaried employees falls within 10% of the overall average pay for male employees in the same category.

As of December 31, 2020, the ethnic distribution of the overall workforce was 52% Caucasian and 48% non-Caucasian (all other races). The breakdown for salaried team members was 72.5% Caucasian and 27.5% non-Caucasian (all other races) with 24.6% of management roles held by non-Caucasian team members.

Among the overall workforce, as of December 31, 2020, 63% were over the age of 40 and 37% were under the age of 40. Of those over the age of 40, 10% were over the age of 65. Individuals over the age of 40 represented 67% of the salaried workforce.

### **Website and Available Information**

Our website is located at [www.goldenent.com](http://www.goldenent.com). Through a link on the Investors section of our website, we make the following filings available free of charge and as soon as reasonably practicable after they are electronically filed or furnished with the SEC: our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, and the rules and regulations promulgated thereunder. Copies of these documents are also available to our shareholders upon written request to our Chief Financial Officer at 6595 S Jones Boulevard, Las Vegas, Nevada 89118. Information on the website does not constitute part of this Annual Report.

These filings are also available free of charge on the SEC’s website at [www.sec.gov](http://www.sec.gov).

### **ITEM 1A. RISK FACTORS**

You should consider each of the following factors as well as the other information in this Annual Report in evaluating our business and prospects. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also materially adversely impact our business, financial condition, results of operations or prospects. If any of the following risks actually occur, our business, financial condition, results of operations or prospects could be materially harmed and the trading price of our common stock could decline. You should also refer to the other information set forth in this Annual Report, including the information in [Part II, Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations](#), as well as our consolidated financial statements and the related notes included in [Part II, Item 8](#).

## Risks Related to our Business and Operations

***The COVID-19 pandemic has resulted in temporary closures of our casino properties and branded taverns and disrupted our operations, resulting in lower revenues and cash flows. This adverse impact is anticipated to continue until the global COVID-19 pandemic is contained.***

The impact of the COVID-19 pandemic and measures to prevent its spread are expected to continue to impact our results, operations, cash flows and liquidity. We expect the impact of these disruptions, including the extent of their adverse impact on our financial and operational results, will be dictated by the length of time that such disruptions continue. As a result of orders issued by governmental authorities in the states in which our properties are located, all of our properties were closed in mid-March 2020. All of our properties except for the Colorado Belle re-opened during the second quarter of 2020, although our branded taverns were subsequently temporarily closed in the third quarter of 2020. The conditions of re-opening our properties have included occupancy limitations (including restrictions on the number of tables and seats available), restrictions on hours of operations, social distancing measures (such as increased slot machine spacing), increased sanitation measures and employee and guest health monitoring mandates (such as temperature checks and mask protection), which measures both increase fixed costs and decrease potential revenue. We cannot predict when these restrictions on our operations will be changed or eliminated.

The COVID-19 pandemic also makes it more challenging for management to estimate the future performance of our businesses, particularly over the near to medium term. In particular, the extent to which the COVID-19 pandemic will continue to impact our operational and financial performance will depend on many factors, including the duration and scope of the public health emergency, the extent, duration and effectiveness of containment actions taken, any reversal of the easing of lockdown restrictions (such as renewed closure orders, adverse changes in applicable occupancy limitations or permitted hours of operations or other more restrictive operating conditions in the event of a spike in COVID-19 infections), progress in vaccination rollout, and the impact on our business of the conditions imposed on our properties upon re-opening. Our businesses would also be impacted should the disruptions from the pandemic lead to prolonged changes in consumer behavior. For example, even once travel advisories and restrictions on our business are eased or cease to be necessary, demand for gaming and hotels may remain weak for a significant length of time and we cannot predict if and when the gaming and non-gaming activities of our properties will return to pre-outbreak levels of volume or pricing. In particular, future demand may be negatively impacted by the adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels and loss of personal wealth or reduced business spending for meetings, incentives, conventions and exhibitions resulting from the impact of the pandemic. The extent of changes in customer demand resulting from the economic downturn, widespread unemployment, reduced consumer confidence and consumer fears on the performance of our properties cannot reasonably be determined, but the impact of such factors may be significant and protracted.

The COVID-19 pandemic has had and will continue to have an adverse effect on our results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the COVID-19 pandemic and around the imposition or relaxation of protective measures, we cannot reasonably estimate the impact to our future results of operations, cash flows, or financial condition.

***Our business may be adversely affected by economic conditions, acts of terrorism, natural disasters, severe weather, contagious diseases and other factors affecting discretionary consumer spending, any of which could have a material adverse effect on our business.***

The demand for gaming, entertainment and leisure activities is highly sensitive to downturns in the economy and the corresponding impact on discretionary consumer spending. Any actual or perceived deterioration or weakness in general, regional or local economic conditions, unemployment levels, the job or housing markets, consumer debt levels or consumer confidence, as well as any increase in gasoline prices, tax rates, interest rates, inflation rates or other adverse economic or market conditions, may lead to our customers having less discretionary income to spend on gaming, entertainment and discretionary travel, any of which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Acts of terrorism, natural disasters, severe weather conditions and actual or perceived outbreaks of public health threats and pandemics could also significantly affect demand for gaming, entertainment and leisure activities and discretionary travel, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, our properties are subject to the risk that operations could be halted for a temporary or extended period of time, as a result of casualty, forces of nature, adverse weather conditions, flooding, mechanical failure, or extended or extraordinary maintenance, among other causes. If there is a prolonged disruption at any of our casino properties due to natural disasters, terrorist attacks or other catastrophic events, our business, financial condition, results of operations and prospects could be

materially adversely affected. Additionally, if extreme weather adversely impacts general economic or other conditions in the areas in which our properties are located or from which we draw our patrons or prevents patrons from easily coming to our properties, our business, financial condition, results of operations and prospects could be materially adversely affected.

***We face substantial competition in both of our business segments and may lose market share.***

The resort casino and distributed gaming industries are highly competitive. Our resort casino business competes with numerous casinos and casino-hotels of varying quality and size in our markets. We also compete with other non-gaming resorts and vacation destinations, and with various other casino and other entertainment businesses. The casino entertainment business is characterized by competitors that vary considerably in their size, quality of facilities, number of operations, brand identities, marketing and growth strategies, financial strength and capabilities, level of amenities, management talent and geographic diversity. Many of our regional and national competitors have greater brand recognition and significantly greater resources than we have. Their greater resources may also provide them with the ability to expand operations in the future.

If our competitors operate more successfully than we do, if they attract customers away from us as a result of aggressive pricing and promotion, if they are more successful than us in attracting and retaining employees, if their properties are enhanced or expanded, if they operate in jurisdictions that give them operating advantages due to differences or changes in gaming regulations or taxes, or if additional hotels and casinos are established in and around our markets, we may lose market share or the ability to attract or retain employees. Furthermore, several states are currently considering legalizing casino gaming in designated areas, and Native American tribes may develop or expand gaming properties in markets located more closely to our customer base (particularly Native American casinos located in California). The expansion of casino gaming in or near any geographic area from which we attract or expect to attract a significant number of our customers, including legalized casino gaming in neighboring states and on Native American land, could have a significant adverse effect on our business, financial condition, results of operations, and prospects.

With respect to our distributed gaming businesses, we face direct competition from others involved in the distributed gaming business, as well as substantial competition for customers from other operators of casinos, hotels, taverns and other entertainment venues. In addition, in both of our segments we face ever-increasing competition from online gaming, including mobile gaming applications for smart phones and tablet computers, state-sponsored lotteries, card clubs, sports books, fantasy sports websites and other forms of legalized gaming. Various forms of internet gaming have been approved in Nevada, and legislation permitting internet gaming has been proposed by the federal government and other states. The expansion of internet gaming in Nevada and other jurisdictions could result in significant additional competition for our operations.

***The casino, hotel and hospitality industry is capital intensive and we may not be able to finance development, expansion and renovation projects, which could put us at a competitive disadvantage.***

Our casino and tavern properties have an ongoing need for renovations and other capital improvements to remain competitive, including room refurbishments, amenity upgrades, and replacement, from time to time, of furniture, fixtures and equipment. We may also need to make capital expenditures to comply with applicable laws and regulations. Construction projects entail significant risks, which can substantially increase costs or delay completion of a project. Such risks include shortages of materials or skilled labor, unforeseen engineering, environmental or geological problems, work stoppages, weather interference and unanticipated cost increases. Most of these factors are beyond our control. In addition, difficulties or delays in obtaining any of the requisite licenses, permits or authorizations from regulatory authorities can increase the cost or delay the completion of an expansion or development. Significant budget overruns or delays with respect to expansion and development projects could materially adversely affect our results of operations.

Renovations and other capital improvements of casino properties in particular require significant capital expenditures. For example, between May 2018 and December 31, 2020 we invested approximately \$106.4 million in strategic renovations of The Strat. Any such renovations and capital improvements usually generate little or no cash flow until the projects are completed. We may not be able to fund such projects solely from cash provided from operating activities. Consequently, we may have to rely upon the availability of debt or equity capital to fund renovations and capital improvements, and our ability to carry them out will be limited if we cannot obtain satisfactory debt or equity financing, which will depend on, among other things, market conditions. We cannot assure you that we will be able to obtain additional equity or debt financing on favorable terms or at all. Our failure to renovate and maintain our casino and tavern properties from time to time may put us at a competitive disadvantage to casinos or taverns offering more modern and better maintained facilities, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Changes to gaming tax laws could increase our cost of doing business and have a material adverse effect on our financial condition.***

The gaming industry represents a significant source of tax revenue, particularly to the State of Nevada and its counties and municipalities. Gaming companies are currently subject to significant state and local taxes and fees in addition to normal federal and state corporate income taxes, and such taxes and fees are subject to increase at any time. From time to time, various federal, state and local legislators and other government officials have proposed and adopted changes in tax laws, or in the administration or interpretation of such laws, affecting the gaming industry. In addition, any worsening of economic conditions and the large number of state and local governments with significant current or projected budget deficits could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes and/or property taxes. It is not possible to determine with certainty the likelihood of changes in tax laws or in the administration or interpretation of such laws. Any material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our business is subject to extensive gaming regulation, which is costly to comply with, and gaming authorities have significant control over our operations.***

We are subject to a variety of gaming regulations in the jurisdictions in which we operate, including the extensive gaming laws and regulations of the State of Nevada. Compliance with these regulations is costly and time-consuming. Regulatory authorities at the federal, state and local levels have broad powers with respect to the regulation and licensing of casino and gaming operations and may revoke, suspend, condition or limit our gaming or other licenses, impose substantial fines on us and take other actions, any one of which could have a material adverse effect on our business, financial condition, results of operations and prospects. We cannot assure you that we will be able to obtain and maintain the gaming licenses and related approvals necessary to conduct our gaming operations. Any failure to maintain or renew our existing licenses, registrations, permits or approvals could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our directors, officers and key employees are also subject to a variety of regulatory requirements and must be approved by certain gaming authorities. If any gaming authority with jurisdiction over our business were to find an officer, director or key employee of ours unsuitable for licensing or unsuitable to continue having a relationship with us, we would be required to sever our relationship with that person. Furthermore, such gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications. Either result could have a material adverse effect on our business, operations and prospects.

Applicable gaming laws and regulations also restrict our ability to issue securities, incur debt and undertake other financing activities. Such transactions would generally require approval of gaming authorities, and our financing counterparties, including lenders, might be subject to various licensing and related approval procedures in the various jurisdictions in which we operate gaming facilities. Further, our gaming regulators can require us to disassociate ourselves from suppliers or business partners found unsuitable by the regulators. If any gaming authorities were to find any person unsuitable with regard to his, her or its relationship to us or any of our subsidiaries, we would be required to sever our relationship with that person, which could have a material adverse effect on our business, operations and prospects.

If additional gaming regulations are adopted in a jurisdiction in which we operate, such regulations could impose restrictions on us that would prevent us from operating our business as it is currently operated, or the increased costs associated with compliance with such regulations could lower our profitability. From time to time, various proposals are introduced in the legislatures of the jurisdictions in which we have operations that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the gaming industry and our company. Any such change to the regulatory environment or the adoption of new federal, state or local government legislation could impose additional restrictions or costs or could otherwise have a material adverse effect on our business, financial condition, results of operations and prospects.

***Any violation of applicable anti-money laundering laws or regulations or the Foreign Corrupt Practices Act could adversely affect our business, financial condition, results of operations and prospects.***

We handle significant amounts of cash in our operations and are subject to various reporting and anti-money laundering laws and regulations. Recently, U.S. governmental authorities have evidenced an increased focus on compliance with anti-money laundering laws and regulations in the gaming industry. Any violation of anti-money laundering laws or regulations could have a material adverse effect on our business, financial condition, results of operations and prospects. Internal control policies and procedures and employee training and compliance programs that we have implemented to deter prohibited practices may not be effective in prohibiting our employees, contractors or agents from violating or circumventing our policies and the law. If we or our employees or agents fail to comply with applicable laws or our policies governing our operations, we may face investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative

remedies and criminal sanctions. Any such government investigations, prosecutions or other legal proceedings or actions could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are subject to numerous other federal, state and local laws that may expose us to liabilities or have a significant adverse impact on our operations. Changes to any such laws could have a material adverse effect on our operations and financial condition.***

Our business is subject to a variety of other federal, state and local laws, rules, regulations and ordinances. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, environmental matters, employees, currency transactions, taxation, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Changes to any of the laws, rules, regulations or ordinances to which we are subject, new laws or regulations, or material differences in interpretations by courts or governmental authorities could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our operations are subject to various environmental laws and regulations relating to emissions and discharges into the environment, and the storage, handling and disposal of hazardous and non-hazardous substances and wastes. These laws and regulations are complex, and subject to change, and violations can lead to significant costs for corrective action and remediation, fines and penalties.

Under certain of these laws and regulations, a current or previous owner or operator of property may be liable for the costs of remediating contamination on its property, without regard to whether the owner or operator knew of, or caused, the presence of the contaminants, and regardless of whether the practices that resulted in the contamination were legal at the time that they occurred, as well as incur liability to third parties impacted by such contamination. The presence of contamination, or failure to remediate it properly, may adversely affect our ability to use, sell or rent property. As we acquire additional casino, resort and tavern properties, we may not know the full level of exposure that we may have undertaken despite appropriate due diligence. We endeavor to maintain compliance with environmental laws, but from time to time, current or historical operations on or adjacent to, our properties may have resulted or may result in noncompliance with environmental laws or liability for cleanup pursuant to environmental laws. In that regard, we may incur costs for cleaning up contamination relating to historical uses of certain of our properties.

Many of our employees, especially those that interact with our customers, receive a base salary or wage that is established by applicable state and federal laws that establish a minimum hourly wage that is, in turn, supplemented through tips and gratuities from customers. In 2017, several former employees filed two separate purported class action lawsuits against us and on behalf of similarly situated individuals employed by us in Nevada, which lawsuits were settled in 2019. The lawsuits alleged that we violated certain Nevada labor laws, including payment of an hourly wage below the statutory minimum wage without providing a qualified health insurance plan and an associated failure to pay proper overtime compensation. From time to time, state and federal lawmakers have increased the minimum wage. It is difficult to predict when such increases may take place. Any such change to the minimum wage could have a material adverse effect on our business, financial condition, results of operations and prospects.

Alcoholic beverage control regulations require each of our branded taverns and casino properties to apply to a state authority and, in certain locations, county or municipal authority for a license or permit to sell alcoholic beverages. In addition, each restaurant we operate must obtain a food service license from local authorities. Failure to comply with such regulations could cause our licenses to be revoked or our related business or businesses to be forced to cease operations. Moreover, state liquor laws may prevent the expansion of restaurant operations into certain markets. The loss or suspension of any liquor or food service license could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.***

Although we have comprehensive property and liability insurance policies for our properties in operation, with coverage features and insured limits that we believe are customary in their breadth and scope, each such policy has certain exclusions. Certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes, floods or terrorist acts, or certain liabilities may be uninsurable or too expensive to justify obtaining insurance. Market forces beyond our control may also limit the scope of the insurance coverage we can obtain or our ability to obtain coverage at reasonable rates. As a result, we may not be successful in obtaining insurance without increases in cost or decreases in coverage levels. In addition, in the event of a major casualty, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of our lost investment or in some cases could result in certain losses being totally uninsured. As a result, we could lose some or all of the capital we have invested in a property, as well as the anticipated future revenue from the property, and we could remain



obligated for debt or other financial obligations related to the property, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition to the damage caused to our property by a casualty loss (such as fire, natural disasters, acts of war or terrorism), we may suffer business interruption as a result of these events or be subject to claims by third parties injured or harmed. While we carry business interruption insurance and general liability insurance, this insurance may not be adequate to cover all losses in such event.

We renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to reduce our policy limits or agree to certain exclusions from our coverage. Among other factors, it is possible that regional political tensions, homeland security concerns, other catastrophic events or any change in government legislation governing insurance coverage for acts of terrorism could materially adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause us to elect to reduce our policy limits), additional exclusions from coverage or higher deductibles.

***Increasing prices or shortages of energy and water may increase our cost of operations.***

Our properties use significant amounts of water, electricity, natural gas and other forms of energy. Our Nevada properties in particular are located in a desert where water is scarce and the hot temperatures require heavy use of air conditioning. While we have not experienced any shortages of energy or water in the past, we cannot guarantee you that we will not in the future. Other states have suffered from electricity shortages. For example, California and Texas have experienced rolling blackouts due to excessive air conditioner use because of unexpectedly high temperatures in the past. We expect that potable water in Nevada, where the majority of our facilities are located, will become an increasingly scarce commodity at an increasing price.

***Work stoppages, labor problems and unexpected shutdowns may limit our operational flexibility and negatively impact our future profits.***

A number of employees at our casino properties are covered by collective bargaining agreements, which have staggered expirations over the next several years, including several that are scheduled to expire during the first quarter of 2021. We cannot ensure that, upon the expiration of existing collective bargaining agreements, new agreements will be reached without union action or that any such new agreements will be on terms satisfactory to us. The inability to negotiate and enter into a new collective bargaining agreement on favorable terms could result in an increase in our operating expenses or covered employees could strike or engage in other collective behaviors. Any renegotiation of these and other labor agreements could significantly increase our costs for wages, healthcare, pension plans and other benefits, and could have a material adverse effect on the business of our casino properties and our financial condition, results of operations and prospects.

Any work stoppage at one or more of our casino properties could cause significant disruption of our operations or require us to expend significant funds to hire replacement workers, and qualified replacement labor may not be available at reasonable costs, if at all. Strikes and work stoppages could also result in adverse media attention or otherwise discourage customers from visiting our casino properties. As a result, a strike or other work stoppage at one of our casino properties could have a material adverse effect on the business of our casino properties and our financial condition, results of operations and prospects.

Any unexpected shutdown of one of our casino properties could have an adverse effect on the business of our casino properties and our results of operations. There can be no assurance that we will be adequately prepared for unexpected events, including political or regulatory actions, which may lead to a temporary or permanent shutdown of any of our casino properties.

***Our reputation and business could be materially harmed as a result of data breaches, data theft, unauthorized access or hacking.***

Our success depends, in part, on the secure and uninterrupted performance of our information technology and other systems and infrastructure, including systems to maintain and transmit customers' personal and financial information, credit card settlements, credit card funds transmissions and mailing lists. We could encounter difficulties in developing new systems, maintaining and upgrading current systems and preventing security breaches. Among other things, our systems are susceptible to outages due to fire, floods, power loss, break-ins, cyber-attacks, network penetration, denial of service attacks and similar events. An increasing number of companies like us have experienced breaches of their security, some of which have involved sophisticated and highly targeted attacks on their computer networks. While we have and will continue to implement network security measures and data protection safeguards, our servers and other computer systems are vulnerable to viruses, malicious software, hacking, break-ins or theft, data privacy or security breaches, third-party security breaches, employee error or malfeasance and similar events. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems, change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. For example, in January 2021, we were affected by a ransomware cyber-attack that temporarily disrupted our access to certain information located on our network and incurred

expenses related thereto. Our financial information and business operations were not materially affected. We implemented a variety of measures to further enhance our cybersecurity protections and minimize the impact of any future cyber incidents. Nonetheless, if unauthorized parties gain access to our information technology and other systems, they may be able to misappropriate assets or sensitive information (such as personally identifiable information of our customers, business partners and employees), cause interruption in our operations, corruption of data or computers, or otherwise damage our reputation and business. In such circumstances, we may incur expenses to retrieve such data, could be held liable to our customers or other parties, or could be subject to regulatory or other actions for breaching privacy rules. Any compromise of our security could result in a loss of confidence in our security measures, and subject us to litigation, civil or criminal penalties, and negative publicity, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Further, if we are unable to comply with the security standards established by banks and the payment card industry, we may be subject to fines, restrictions, and expulsion from card acceptance programs, which could materially adversely affect our operations.

***Our revenues may be negatively impacted by volatility in our hold percentage, and we also face the risk of fraud or cheating.***

Casino revenue is recorded as the difference between gaming wins and losses or net win from gaming activities. Net win is impacted by variations in the hold percentage (the ratio of net win to total amount wagered), or actual outcome, on our slots, table games, race and sports betting, and all other games we provide to our customers. We use the hold percentage as an indicator of a game's performance against its expected outcome. Although each game generally performs within a defined statistical range of outcomes, actual outcomes may vary for any given period. The hold percentage and actual outcome on our games can be impacted by the level of a customer's skill in a given game, errors made by our employees, the number of games played, faults within the computer programs that operate our slots and the random nature of slot payouts. If our games perform below their expected range of outcomes, our cash flow may suffer.

In addition, gaming customers may attempt or commit fraud or otherwise cheat in order to increase their winnings. Acts of fraud or cheating could involve the use of counterfeit chips or other tactics and could include collusion with our employees. Internal acts of cheating could also be conducted by employees through collusion with dealers, surveillance staff, floor managers or other casino or gaming area staff. Failure to discover such acts or schemes in a timely manner could result in losses in our gaming operations, which could be substantial. In addition, negative publicity related to such schemes could have an adverse effect on our reputation, thereby materially adversely affecting our business, financial condition, results of operations, and prospects.

***Our business is geographically concentrated, which subjects us to greater risks from changes in local or regional conditions.***

We currently operate casinos resort properties solely in Nevada and in Flintstone, Maryland, and conduct our distributed gaming (including gaming in our branded taverns) business solely in Nevada and Montana. Due to this geographic concentration, our results of operations and financial condition are subject to greater risks from changes in local and regional conditions, such as:

- changes in local or regional economic conditions and unemployment rates;
- changes in local and state laws and regulations, including gaming laws and regulations;
- a decline in the number of residents in or near, or visitors to, our properties;
- changes in the local or regional competitive environment; and
- adverse weather conditions and natural disasters (including weather or road conditions that limit access to our properties).

Some of our casino properties and most of our tavern properties largely depend on the local markets for customers. Competition for local customers in Las Vegas in particular is intense. Local competitive risks and our failure to attract a sufficient number of guests, gaming customers and other visitors in these locations could adversely affect our business. In addition, the number of visitors to our Nevada casino properties may be adversely affected by increased transportation costs, the number and frequency of flights into or out of Las Vegas, and capacity constraints of the interstate highways that connect our casino properties with the metropolitan areas in which our customers reside.

As a result of the geographic concentration of our businesses, we face a greater risk of a negative impact on our business, financial condition, results of operations and prospects in the event that any of the geographic areas in which we operate is more severely impacted by any such adverse condition, as compared to other areas in the United States.

***We may experience seasonal fluctuations that could significantly impact our quarterly operating results.***

We may experience seasonal fluctuations that could significantly impact our quarterly operating results. Our casinos and distributed gaming businesses in Nevada have historically experienced lower revenues during the summer as a result of fewer tourists due to higher temperatures, as well as increased vacation activity by local residents. Rocky Gap typically experiences higher revenues during summer months and may be significantly adversely impacted by inclement weather during winter months. Our Nevada distributed gaming operations typically experience higher revenues during the fall which corresponds with several professional sports seasons. Our Montana distributed gaming operations typically experience higher revenues during the winter months due to the inclement weather in the state and less opportunity for outdoor activities, in addition to the impact from professional sports seasons. While other factors like unemployment levels, market competition and the diversification of our business may either offset or magnify seasonal effects, some seasonality is likely to continue, which could result in significant fluctuation in our quarterly operating results.

***The success of our distributed gaming business is dependent on our ability to renew our agreements.***

We conduct the majority of our distributed gaming business under space, revenue share and participation agreements with third parties. Agreements with chain store and other third party customers are renewable at the option of the owner of the applicable chain store or third party. As our distributed gaming agreements expire, we are required to compete for renewals. If we are unable to renew a material portion of our space, revenue share and participation agreements, this could have a material adverse effect on our business, financial condition, results of operations and prospects. We cannot assure you that our existing agreements will be renewed on reasonable or comparable terms, or at all.

***We may be subject to litigation which, even if without merit, can be expensive to defend and could expose us to significant liabilities, damage our reputation and result in substantial losses.***

From time to time, we are involved in a variety of lawsuits, claims, investigations and other legal proceedings arising in the ordinary course of business, including proceedings concerning labor and employment matters, personal injury claims, breach of contract claims, commercial disputes, business practices, intellectual property, tax and other matters. Refer to [“Note 13 — Commitments and Contingencies”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report for additional information. Certain litigation claims may not be covered entirely or at all by our insurance policies, or our insurance carriers may seek to deny coverage. In addition, litigation claims can be expensive to defend and may divert our attention from the operations of our businesses. Further, litigation involving visitors to our properties, even if without merit, can attract adverse media attention.

We evaluate all litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. We caution you that actual outcomes or losses may differ materially from those envisioned by our current assessments and estimates. As a result, litigation can have a significant adverse effect on our businesses and, because we cannot predict the outcome of any action, it is possible that adverse judgments or settlements could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We depend on a limited number of key employees who would be difficult to replace.***

We depend on a limited number of key personnel to manage and operate our business, including our Chief Executive Officer, our President and Chief Financial Officer, and our Chief Operating Officer. We believe our success depends to a significant degree on our ability to attract and retain highly skilled personnel. The competition for these types of personnel is intense and we compete with other potential employers for the services of our employees. As a result, we may not succeed in hiring and retaining the executives and other employees that we need. An inability to hire quality employees or the loss of key employees could have a material adverse effect on our business, financial condition, results of operations and prospects.

***From time to time we may make strategic acquisitions; any failure to successfully integrate our businesses and businesses we acquire could materially adversely affect our business, and we may not realize the full benefits of our strategic acquisitions.***

Our ability to realize the anticipated benefits of our strategic acquisitions will depend, to a large extent, on our ability to successfully integrate our businesses with the businesses we acquire. Integrating and coordinating the operations and personnel of multiple businesses and managing the expansion in the scope of our operations and financial systems involves complex

operational, technological and personnel-related challenges. The potential difficulties, and resulting costs and delays, relating to the integration of our business with our strategic acquisitions include:

- the difficulty in integrating newly acquired businesses and operations in an efficient and effective manner;
- the challenges in achieving strategic objectives, cost savings and other benefits expected from acquisitions;
- the diversion of management’s attention from day-to-day operations and additional demands on management relating to an increase in size or scope of our company following a significant acquisition;
- the assimilation of employees and the integration of different business cultures and challenges in retaining key personnel;
- the need to integrate information, accounting, finance, sales, billing, payroll and regulatory compliance systems; and
- challenges in combining product offerings and sales and marketing activities.

There is no assurance that we will successfully or cost-effectively integrate our businesses with the businesses we acquire, and the costs of achieving systems integration may substantially exceed the levels originally projected. Integration of recently acquired businesses into our own operations in particular can be time consuming and present financial, managerial and operational challenges. Issues that arise during this process may divert management’s attention away from our day-to-day operations, and any difficulties encountered in the integration process could cause internal disruption in general, which could adversely impact our relationships with customers, suppliers, employees and other constituencies. Combining our different systems, technology, networks and business practices could be more difficult and time consuming than we anticipated, and could result in additional unanticipated expenses. In addition, bringing the legacy systems for acquired businesses into compliance with the requirements of the Sarbanes-Oxley Act of 2002 may cause us to incur substantial additional expense.

### **Risks Related to our Indebtedness**

***Our significant indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations.***

We have a significant amount of indebtedness. As of December 31, 2020, our senior indebtedness, excluding unamortized debt issuance costs, was \$1.1 billion, which was comprised of \$772 million in principal amount of outstanding term loan borrowings under our senior secured credit facility with JPMorgan Chase Bank, N.A. (as administrative agent and collateral agent) (the “Credit Facility”) and \$375 million of 7.625% Senior Notes due 2026 (“2026 Unsecured Notes”). Our level of debt could, among other things:

- require us to dedicate a larger portion of our cash flow from operations to the servicing and repayment of our debt, thereby reducing funds available for working capital, capital expenditures and acquisitions, and other general corporate requirements;
- limit our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- restrict our ability to make strategic acquisitions or dispositions or to exploit business opportunities;
- increase our vulnerability to general adverse economic and industry conditions and increases in interest rates;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- adversely affect our credit rating or the market price of our common stock.

Any of these risks could impact our ability to fund our operations or limit our ability to expand our business, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may incur additional indebtedness, which could further increase the risks associated with our leverage.***

We may incur significant additional indebtedness in the future, which may include financing relating to capital expenditures, potential acquisitions or business expansion, working capital or general corporate purposes. Our Credit Facility includes a \$200 million Revolving Credit Facility, which was undrawn at December 31, 2020. In addition, our Credit Facility and the indenture governing the 2026 Unsecured Notes (the “Indenture”) permit us, subject to specific limitations, to incur additional indebtedness. If new indebtedness is added to our current level of indebtedness, the related risks that we now face could intensify.

***We may not be able to generate sufficient cash flows to service all of our indebtedness and fund our operating expenses, working capital needs and capital expenditures, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.***

Our ability to make scheduled payments on or refinance our indebtedness will depend upon our future operating performance and our ability to generate cash flow in the future, which are subject to general economic, financial, business, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us, in an amount sufficient to enable us to pay our indebtedness or fund our other liquidity needs. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investment and capital expenditures, dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative actions may not allow us to meet our scheduled debt service obligations. Our Credit Facility restricts our ability to dispose of assets and use the proceeds from asset dispositions and may also restrict our ability to raise debt or equity capital to repay or service our indebtedness. In addition, under the Indenture we are subject to certain limitations, including limitations on our ability to incur additional debt and sell assets. Moreover, our ability to raise additional capital in the future and our cost of financing will depend, among other things, on global economic conditions, conditions in global financial markets, our prospects and our credit ratings, any of which could negatively impact our access to and cost of capital. If we cannot make scheduled payments on our debt, we will be in default and, as a result, our lenders could declare all outstanding amounts to be due and payable, terminate or suspend their commitments to loan money and foreclose against the assets securing such debt, and we could be forced into bankruptcy or liquidation, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Covenants in our debt instruments restrict our business and could limit our ability to implement our business plan.***

Our Credit Facility and Indenture contain, and any future debt instruments likely will contain, covenants that may restrict our ability to implement our business plan, finance future operations, respond to changing business and economic conditions, secure additional financing, and engage in opportunistic transactions, such as strategic acquisitions. Our Credit Facility and Indenture include covenants restricting, among other things, our ability to incur indebtedness, issue redeemable or preferred stock, grant liens, sell assets (including capital stock of subsidiaries), pay dividends, redeem or repurchase capital stock, enter into affiliate transactions and merger or consolidated with another person.

In addition, our Credit Facility contains a financial covenant applying a maximum net leverage ratio when borrowings under our revolving credit facility exceed 30% of the total revolving commitment. Our Credit Facility is secured by liens on substantially all of our and the subsidiary guarantors' present and future assets (subject to certain exceptions).

If we default under the Credit Facility or Indenture because of a covenant breach or otherwise, all outstanding amounts thereunder could become immediately due and payable. We cannot assure you that we will be able to comply with the covenants in our Credit Facility or Indenture or that any covenant violations will be waived. Any violation that is not waived could result in an event of default and, as a result, our lenders could declare all outstanding amounts to be due and payable, terminate or suspend their commitments to loan money and foreclose against the assets securing such debt, and we could be forced into bankruptcy or liquidation, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

The borrowings under our Credit Facility are subject to variable rates of interest and expose us to interest rate risk. Increases in the interest rate generally, and particularly when coupled with any significant variable rate indebtedness, could materially adversely impact our interest expenses. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Each quarter point change in interest rates would result in a \$1.9 million change in annual interest expense on our indebtedness under our Credit Facility. We are not required to enter into interest rate swaps to hedge such indebtedness. If we decide not to enter into hedges on such indebtedness, our interest expense on such indebtedness will fluctuate based on variable interest rates. Consequently, we may have difficulties servicing such unhedged indebtedness and funding our other fixed costs, and our available cash flow for general corporate requirements may be materially adversely affected. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

## Risks Related to Share Ownership and Shareholder Matters

***Our executive officers and directors own or control a large percentage of our common stock, which permits them to exercise significant control over us.***

As of December 31, 2020, our executive officers and directors and entities affiliated with them owned, in the aggregate, approximately 33% of the outstanding shares of our common stock. Accordingly, these shareholders will be able to substantially influence all matters requiring approval by our shareholders, including the approval of mergers or other business combination transactions and the composition of our Board of Directors. This concentration of ownership may also delay, defer or even prevent a change in control of our company and would make some transactions more difficult or impossible without their support. Circumstances may arise in which the interests of these shareholders could conflict with the interests of our other shareholders.

***Our shareholders are subject to extensive governmental regulation and, if a shareholder is found unsuitable by a gaming authority, that shareholder would not be able to beneficially own our common stock directly or indirectly. Our shareholders may also be required to provide information that is requested by gaming authorities and we have the right, under certain circumstances, to redeem a shareholder's securities; we may be forced to use our cash or incur debt to fund redemption of our securities.***

Gaming authorities may, in their sole and absolute discretion, require the holder of any securities issued by us to file applications, be investigated, and be found suitable to own our securities if they have reason to believe that the security ownership would be inconsistent with the declared policies of their respective states. Gaming authorities have very broad discretion in determining whether an applicant should be deemed suitable. Subject to certain administrative proceeding requirements, gaming authorities have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities. The applicant must pay all costs of investigation incurred by the gaming authorities in conducting any such investigation. In evaluating individual applicants, gaming authorities typically consider the individual's reputation for good character and criminal and financial history, and the character of those with whom the individual associates. If any gaming authority determines that a person is unsuitable to own our securities, then, under the applicable gaming laws and regulations, we can be sanctioned, including the loss of our privileged licenses or approvals, if, without the prior approval of the applicable gaming authority, we conduct certain business with the unsuitable person or fail to redeem the unsuitable person's interest in our securities or take such other action with respect to the securities held by the unsuitable person as the applicable gaming authority requires.

For example, under Nevada gaming laws, each person who acquires, directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any non-voting security or any debt security, in a public corporation which is registered with the Nevada Gaming Commission (the "Gaming Commission") may be required to be found suitable if the Gaming Commission has reason to believe that his or her acquisition of that ownership, or his or her continued ownership in general, would be inconsistent with the declared public policy of Nevada, in the sole discretion of the Gaming Commission. Any person required by the Gaming Commission to be found suitable shall apply for a finding of suitability within 30 days after the Gaming Commission's request that he or she should do so and, together with his or her application for suitability, deposit with the Nevada Gaming Control Board, or the Control Board, a sum of money which, in the sole discretion of the Control Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of that application for suitability, and deposit such additional sums as are required by the Control Board to pay final costs and charges.

Furthermore, any person required by a gaming authority to be found suitable, who is found unsuitable by the gaming authority, may not hold directly or indirectly the beneficial ownership of any voting security or the beneficial or record ownership of any nonvoting security or any debt security of any public corporation which is registered with the gaming authority beyond the time prescribed by the gaming authority. A violation of the foregoing may constitute a criminal offense. A finding of unsuitability by a particular gaming authority impacts that person's ability to associate or affiliate with gaming licensees in that particular jurisdiction and could impact the person's ability to associate or affiliate with gaming licensees in other jurisdictions.

Many jurisdictions also require any person who acquires beneficial ownership of more than a certain percentage of voting securities of a gaming company and, in some jurisdictions, non-voting securities, typically 5%, to report the acquisition to gaming authorities, and gaming authorities may require such holders to apply for qualification or a finding of suitability, subject to limited exceptions for "institutional investors" that hold a company's voting securities for investment purposes only. Under Nevada gaming laws, any person who acquires or holds more than 5% of our voting power must report the acquisition or holding to the Gaming Commission. Except for certain pension or employee benefit plans, each person who acquires or holds the beneficial ownership of any amount of any class of voting power and who has the intent to engage in any "proscribed activity" shall (a) within 2 days after possession of such intent, notify the Chair of the Nevada Board in the manner prescribed

by the Chair; (b) apply to the Gaming Commission for a finding of suitability within 30 days after notifying the Chair pursuant to paragraph (a); and (c) deposit with the Nevada Board the sum of money required by the Nevada Board to pay the anticipated costs and charges incurred in the investigation and processing of the application. “Proscribed activity” means: 1. An activity that necessitates a change or amendment to our corporate charter, bylaws, management, policies or operation of the Company; 2. An activity that materially influences or affects the affairs of the Company; or 3. Any other activity determined by the Gaming Commission to be inconsistent with holding voting securities for investment purposes. Nevada gaming regulations also require that beneficial owners of more than 10% of our voting power apply to the Gaming Commission for a finding of suitability within 30 days after the Chairman of the Nevada Board mails written notice requiring such filing. Further, an “institutional investor,” as defined in the Nevada gaming regulations, that acquires more than 10%, but not more than 25%, of our voting power may apply to the Gaming Commission for a waiver of such finding of suitability if such institutional investor holds our voting securities for investment purposes only.

Similarly, under Maryland gaming laws, as interpreted by the Maryland Lottery and Gaming Control Commission, or the Maryland Commission, any person who acquires 5% or more of our voting securities must report the acquisition to the Maryland Commission and apply for a “Principal Employee” (if an individual) or “Principal Entity” (if an entity) license, both of which require a finding of qualification, or seek an institutional investor waiver. The granting of a waiver rests with the discretion of the Maryland Commission. Further, we may not sell or otherwise transfer in an issuer transaction more than 5% of the legal or beneficial interest in Rocky Gap without the approval of the Maryland Commission, after the Maryland Commission determines that the transferee is qualified or grants the transferee an institutional investor waiver.

Our Articles of Incorporation require our shareholders to provide information that is requested by authorities that regulate our current or proposed gaming operations. Our Articles of Incorporation also permit us to redeem the securities held by persons whose status as a security holder, in the opinion of our Board of Directors, jeopardizes our existing gaming licenses or approvals. The price paid for these securities is, in general, the average closing price for the 30 trading days prior to giving notice of redemption.

In the event a shareholder’s background or status jeopardizes our current or proposed gaming licensure, we may be required to redeem such shareholder’s securities in order to continue gaming operations or obtain a gaming license. This redemption may divert our cash resources from other productive uses and require us to obtain additional financing which, if in the form of equity financing, would be dilutive to our shareholders. Further, any debt financing may involve additional restrictive covenants and further leveraging of our fixed assets. The inability to obtain additional financing to redeem a disqualified shareholder’s securities may result in the loss of a current or potential gaming license.

***We expect our stock price to be volatile.***

The market price of our common stock has been, and is likely to continue to be, volatile. During 2020, the market price of our common stock has ranged from \$3.55 to \$21.67. The market price of our common stock may be significantly affected by many factors, including:

- changes in general or local economic or market conditions;
- quarterly variations in operating results;
- strategic developments by us or our competitors;
- developments in our relationships with our customers, distributors and suppliers;
- regulatory developments or any breach, revocation or loss of any gaming license;
- changes in our revenues, expense levels or profitability;
- changes in financial estimates and recommendations by securities analysts; and
- failure to meet the expectations of securities analysts.

Any of these events may cause the market price of our common stock to fall. In addition, the stock market in general has experienced significant volatility, which may adversely affect the market price of our common stock regardless of our operating performance.

***Future sales of our common stock could lower our stock price and dilute existing shareholders.***

We may from time to time file universal shelf registration statements for the future sale of common stock, preferred stock, debt securities and other securities, pursuant to which we may offer securities for sale from time to time. We may also issue additional shares of common stock to finance future acquisitions through the use of equity. For example, we issued

approximately 900,000 shares of our common stock in connection with the Laughlin Acquisitions in January 2019, and approximately 4.0 million shares of our common stock in connection with our acquisition of American Casino and Entertainment Properties LLC (“American”) in 2017. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options and other equity awards pursuant to our employee benefit plans. We cannot predict the size of future issuances of our common stock or the effect, if any, that future sales and issuances of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including upon the exercise of stock options and warrants or in connection with acquisition financing), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock. In addition, these sales may be dilutive to existing shareholders.

***Provisions in our Articles of Incorporation and Bylaws or our debt facilities may discourage, delay or prevent a change in control or prevent an acquisition of our business at a premium price.***

Some of the provisions of our Articles of Incorporation and our Bylaws and Minnesota law could discourage, delay or prevent an acquisition of our business, even if a change in control would be beneficial to the interests of our shareholders and was made at a premium price. These provisions:

- permit our Board of Directors to increase its own size and fill the resulting vacancies;
- authorize the issuance of “blank check” preferred stock that our Board of Directors could issue to increase the number of outstanding shares to discourage a takeover attempt; and
- permit shareholder action by written consent only if the consent is signed by all shareholders entitled to notice of a meeting.

Although we have amended our Bylaws to provide that Section 302A.671 (Control Share Acquisitions) of the Minnesota Business Corporation Act does not apply to or govern us, we remain subject to 302A.673 (Business Combinations) of the Minnesota Business Corporation Act, which generally prohibits us from engaging in business combinations with any “interested” shareholder for a period of four years following the shareholder’s share acquisition date, which may discourage, delay or prevent a change in control of our company. Under the Indenture, if certain specified change of control events occur, each holder of the 2026 Unsecured Notes may require us to repurchase all of such holder’s 2026 Unsecured Notes at a purchase price equal to 101% of the principal amount of such notes. In addition, our Credit Facility provides for an event of default upon the occurrence of certain specified change of control events.

**ITEM 1B. *UNRESOLVED STAFF COMMENTS***

Not applicable.

**ITEM 2. *PROPERTIES***

The location and characteristics of our properties are provided in [Part I, Item 1: Business](#) of this Annual Report.



The following table provides further information on our properties and identifies the facilities subject to leases of the underlying real estate assets, as of December 31, 2020:

Name and Location	Approximate Acres	Sq. Ft	Notes
<b>Casinos</b>			
The Strat (Las Vegas, NV)	34	4,215,721	Approximately 17 acres are undeveloped and reserved for future development.
Arizona Charlie's Boulder (Las Vegas, NV)	24	838,880	
Arizona Charlie's Decatur (Las Vegas, NV)	17	260,300	We lease office, storage and laundry space for our Arizona Charlie's Decatur in an adjacent shopping center. The lease is with an unrelated party and expires in 2097.
Aquarius (Laughlin, NV)	18	1,804,525	Approximately 1.6 acres are undeveloped and reserved for future development.
Colorado Belle (Laughlin, NV)	22	848,234	Due to the impact of the COVID-19 pandemic, we suspended operations of this resort casino property.
Edgewater (Laughlin, NV)	16	1,106,050	In addition, we lease approximately 20 acres of land for the Laughlin Event Center for our Laughlin casino properties. The lease is with an unrelated party and expires in 2027.
Gold Town Casino (Pahrump, NV)	9	33,120	The casino property is located on four leased parcels of land. The leases are with unrelated third parties and have various expiration dates beginning in 2026 (for the parcel on which our main casino building is located, which we lease from a competitor), and we sublease approximately two of the acres to an unrelated third party.
Lakeside Casino & RV Park (Pahrump, NV)	35	23,434	
Pahrump Nugget (Pahrump, NV)	40	60,000	Approximately 20 acres are undeveloped and reserved for future development.
Rocky Gap (Flintstone, MD)	270	164,400	Approximately 270 acres in the Rocky Gap State Park on which Rocky Gap is situated is leased from the Maryland DNR pursuant to a 40-year ground lease. The lease expires in 2052, with an option to renew for an additional 20 years.
<b>Distributed Gaming</b>			
Taverns (Las Vegas, NV and Reno, NV)	—	362,082	All tavern locations are leased with lease terms ranging from 5 to 20 years, with various renewal options from 5 to 25 years.
<b>Corporate and Other</b>			
Company headquarters (Las Vegas, NV)	—	41,124	The building is leased from a related party and expires on December 31, 2030. Refer to <a href="#">“Note 14 — Related Party Transactions”</a> in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report for further details.
Office and warehouse space (NV)	—	69,897	
Office and warehouse space (MT)	—	63,856	

**ITEM 3.                    *LEGAL PROCEEDINGS***

A discussion of our legal proceedings is contained in [“Note 13 — Commitments and Contingencies”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report.

**ITEM 4.                    *MINE SAFETY DISCLOSURES***

Not applicable.

## PART II

### ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Our common stock is traded on the Nasdaq Global Market under the ticker symbol "GDEN." As of March 8, 2021, there were approximately 259 shareholders of record of our common stock.

#### Dividends

Other than the special cash dividend that was made in July 2016 pursuant to the terms of the Sartini Gaming merger agreement, we have neither declared nor paid any cash dividends with respect to our common stock. The current policy of our Board of Directors is to retain all future earnings, if any, for use in the operation and development of our business. The payment of any cash dividends in the future will be at the discretion of our Board of Directors and will depend upon such factors as our financial condition, results of operations, capital requirements, our general business condition, restrictions under our Credit Facility and Indenture and any other factors deemed relevant by our Board of Directors.

#### Share Repurchase Program

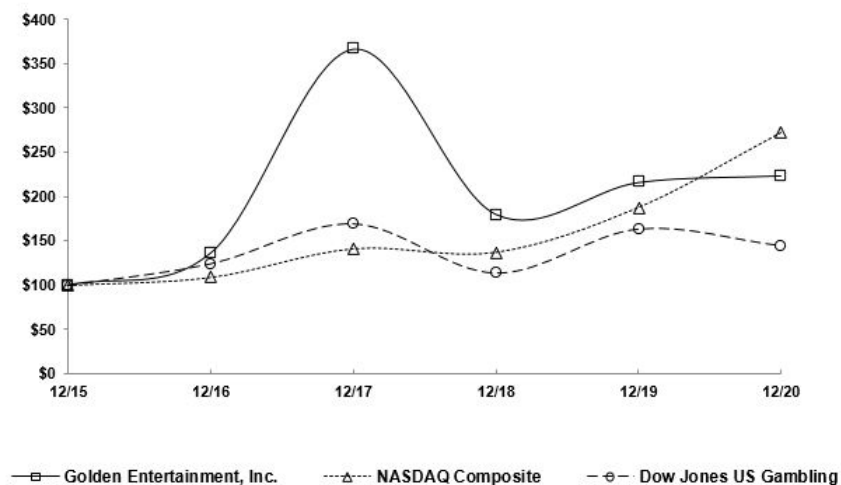
Our Board of Directors has authorized us to repurchase up to \$25.0 million worth of shares of common stock, subject to available liquidity, general market and economic conditions, alternate uses for the capital and other factors. Refer to ["Note 8 — Equity Transactions and Stock Incentive Plans"](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report for information regarding current year activity under our share repurchase program.

#### Stock Performance Graph

The following performance graph compares the cumulative five-year shareholders' returns (based on appreciation of the market price of our common stock) on an indexed basis with Nasdaq Composite Index and the Dow Jones US Gambling index, during the five years ended December 31, 2020. The graph plots the changes in value of an initial \$100 investment over the indicated time period, assuming all dividends are reinvested. The stock price performance in this graph is not necessarily indicative of future stock price performance.

#### COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\*

Among Golden Entertainment, Inc., the NASDAQ Composite Index  
and the Dow Jones US Gambling Index



\*\$100 invested on 12/31/15 in stock or index, including reinvestment of dividends.  
Fiscal year ending December 31.

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	Cumulative Total Returns - Year Ending December 31,					
	2015	2016	2017	2018	2019	2020
Golden Entertainment, Inc.	\$ 100.00	\$ 136.09	\$ 366.91	\$ 180.03	\$ 215.99	\$ 223.52
NASDAQ Composite	100.00	108.87	141.13	137.12	187.44	271.64
Dow Jones US Gambling	100.00	124.20	169.03	113.85	163.20	144.51

The performance graph and the related chart and text should not be deemed filed or incorporated by reference into any other filing by us under the Securities Act of 1933, as amended or the Exchange Act of 1934, as amended except to the extent we specifically incorporate the performance graph by reference herein.

## ITEM 6. *SELECTED FINANCIAL DATA*

The Selected Financial Data presented below should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report, and [“Management’s Discussion and Analysis of Financial Condition and Results of Operations”](#) included in Part II, Item 7 of this Annual Report.

Selected consolidated statement of operations data and consolidated balance sheet data are derived from our consolidated financial statements.

	For the Year Ended December 31,				
	2020	2019 <sup>(1)</sup>	2018 <sup>(2)</sup>	2017 <sup>(3)(4)</sup>	2016 <sup>(3)(5)</sup>
<i>(In millions, except per share amounts)</i>					
<b>Results of Continuing Operations:</b>					
Total revenues	\$ 694	\$ 973	\$ 852	\$ 507	\$ 400
(Loss) income from operations	\$ (67)	\$ 46	\$ 51	\$ 15	\$ 13
Net (loss) income	\$ (137)	\$ (40)	\$ (21)	\$ 2	\$ 16
Net (loss) income per share — basic	\$ (4.87)	\$ (1.43)	\$ (0.76)	\$ 0.09	\$ 0.74
Net (loss) income per share — diluted	\$ (4.87)	\$ (1.43)	\$ (0.76)	\$ 0.08	\$ 0.73
<b>Balance Sheet:</b>					
Cash and cash equivalents	\$ 104	\$ 112	\$ 116	\$ 91	\$ 47
Total assets	\$ 1,571	\$ 1,741	\$ 1,367	\$ 1,365	\$ 419
Total long-term liabilities	\$ 1,291	\$ 1,318	\$ 968	\$ 966	\$ 172
Shareholders’ equity	\$ 161	\$ 290	\$ 315	\$ 320	\$ 209

- (1) Our results for the year ended December 31, 2019 included the operating results of the Laughlin Entities from the closing date of the Laughlin Acquisition on January 14, 2019. We recorded \$90.4 million in revenues and \$1.8 million in net income from the operations of the Laughlin Entities for the year ended December 31, 2019. Income from operations for the year ended December 31, 2019 included approximately \$1.8 million in acquisition expenses primarily related to the Laughlin Acquisition. Net loss for the year ended December 31, 2019 included a loss on extinguishment and modification of debt of \$9.2 million.

We adopted Accounting Standards Update (“ASU”) No. 2016-02, Leases (“ASC 842”), as amended, as of January 1, 2019, and elected the option to apply the transition requirements in the new standard at the effective date of January 1, 2019 with the effects of initially applying ASC 842 recognized as a cumulative-effect adjustment to retained earnings on January 1, 2019. As a result, total assets and total long-term liabilities are not comparable to the prior periods in this first year of adoption.

- (2) Income from operations for the year ended December 31, 2018 included approximately \$1.2 million in preopening expenses primarily related to the opening of new taverns in the Las Vegas Valley and \$3.0 million in acquisition expenses primarily related to the Laughlin Acquisition. Net loss for the year ended December 31, 2018 included an income tax provision of \$9.6 million, which resulted primarily from the change in valuation allowance.
- (3) Selected financial data as of and for the years ended December 31, 2017 and 2016 have been retrospectively adjusted for the adoption of the revenue recognition standard discussed in [“Note 2 — Summary of Significant Accounting Policies”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report.

- (4) Our results for the year ended December 31, 2017 included the operating results of American from the closing date of the American Acquisition, on October 20, 2017. We recorded approximately \$76.3 million in revenues and \$5.5 million in net income from the operations of American for the year ended December 31, 2017. Income from operations for the year ended December 31, 2017 included approximately \$1.6 million in preopening expenses related to American and the non-capital costs associated with the opening of taverns, and \$5.0 million in acquisition expenses related to the acquisition of American. Net income for the year ended December 31, 2017 included an income tax benefit of \$7.9 million attributed primarily to a partial release of the valuation allowance on deferred tax assets and the impact of the Tax Cuts and Jobs Act.
- (5) Our results for the year ended December 31, 2016 included the operating results of the Montana distributed gaming businesses we acquired in 2016 from the closing dates of the respective transactions. We recorded approximately \$45.4 million in revenues and \$1.6 million in net income from the operations of the Montana distributed gaming businesses for the year ended December 31, 2016. Income from operations for the year ended December 31, 2016 included approximately \$2.5 million in preopening expenses related to the Montana distributed gaming businesses and the non-capital costs associated with the opening of taverns, and a gain on sale of land held for sale of \$4.5 million. Net income for the year ended December 31, 2016 included an income tax benefit of \$4.3 million attributed primarily to a partial release of the valuation allowance on deferred tax assets. On July 14, 2016, a special cash dividend of approximately \$23.5 million was paid to shareholders (other than shareholders that had waived their right to receive such dividend in connection with the Sartini Gaming merger).

**ITEM 7.                    *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

The following discussion should be read in conjunction with our consolidated financial statements and the related notes thereto and other financial information included in this Annual Report. In addition to the historical information, certain statements in this discussion are forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements. Refer to [“Forward-Looking Statements”](#) in Part I of this Annual Report for additional information regarding forward-looking statements.

**Overview**

We own and operate a diversified entertainment platform, consisting of a portfolio of gaming assets that focus on resort casino operations and distributed gaming (including gaming in our branded taverns).

We conduct our business through two reportable operating segments: Casinos and Distributed Gaming. In our Casinos segment, we own and operate ten resort casino properties in Nevada and Maryland. Our Distributed Gaming segment involves the installation, maintenance and operation of slots and amusement devices in non-casino locations such as restaurants, bars, taverns, convenience stores, liquor stores and grocery stores in Nevada and Montana, and the operation of branded taverns targeting local patrons located primarily in the greater Las Vegas, Nevada metropolitan area.

## Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report for the year ended December 31, 2020.

<i>(In thousands)</i>	Year Ended December 31,		
	2020	2019	2018
<b>Revenues by segment</b>			
Casinos	\$ 415,310	\$ 615,401	\$ 513,949
Distributed Gaming	278,256	357,239	337,067
Corporate and other	589	770	778
<b>Total revenues</b>	<b>694,155</b>	<b>973,410</b>	<b>851,794</b>
<b>Operating expenses by segment</b>			
Casinos	193,060	302,371	247,042
Distributed Gaming	224,737	275,104	263,953
Corporate and other	1,170	1,037	3,237
<b>Total operating expenses</b>	<b>418,967</b>	<b>578,512</b>	<b>514,232</b>
Selling, general and administrative	179,412	225,848	183,892
Depreciation and amortization	124,430	116,592	94,456
Impairment of goodwill and intangible assets	33,964	—	—
Acquisition and severance expenses	3,710	3,488	3,740
Loss on disposal of assets	803	919	3,336
Preopening expenses	308	1,934	1,171
<b>Total expenses</b>	<b>761,594</b>	<b>927,293</b>	<b>800,827</b>
<b>Operating (loss) income</b>	<b>(67,439)</b>	<b>46,117</b>	<b>50,967</b>
Non-operating expense, net	(69,111)	(87,538)	(62,242)
Income tax (provision) benefit	(61)	1,876	(9,639)
<b>Net loss</b>	<b>\$ (136,611)</b>	<b>\$ (39,545)</b>	<b>\$ (20,914)</b>

### Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

#### Revenues

The \$279.3 million, or 29%, decrease in revenues resulted primarily from decreases of \$102.1 million, \$90.9 million, \$60.8 million and \$25.5 million in gaming, food and beverage, room and other revenues, respectively, primarily due to mandated temporary property closures and the limitations on our operations following re-opening arising from our implementation of protocols and public health orders intended to protect our team members, gaming patrons and guests from potential COVID-19 exposure.

The \$200.1 million, or 33%, decrease in revenues related to our Casinos segment compared to the prior year resulted primarily from decreases of \$46.4 million, \$70.3 million, \$60.8 million and \$22.6 million in gaming, food and beverage, room and other revenues, respectively, primarily due to mandated temporary property closures and the limitations on our operations following re-opening arising from our implementation of protocols and public health orders intended to protect our team members, gaming patrons and guests from potential COVID-19 exposure.

The \$79.0 million, or 22%, decrease in revenues related to our Distributed Gaming segment resulted primarily from decreases of \$55.6 million, \$20.6 million and \$2.8 million in our gaming, food and beverage and other revenues, respectively, primarily due to the impact of mandated temporary tavern closures and suspension of our Distributed Gaming operations as a result of the COVID-19 pandemic and the limitations on our operations following re-opening arising from our implementation of protocols and public health orders intended to protect our team members, gaming patrons and guests from potential COVID-19 exposure.

During the year ended December 31, 2020, Adjusted EBITDA in our Casinos segment as a percentage of segment revenues (or Adjusted EBITDA margin) was 28%, compared to Adjusted EBITDA margin in our Distributed Gaming segment of 9% as compared to 29% and 15%, respectively, for the prior year. The lower Adjusted EBITDA margin in our Distributed Gaming segment relative to our Casinos segment reflects the fixed and variable amounts paid to third parties under our space lease and participation agreements as expenses in the Distributed Gaming segment (which includes the percentage of gaming revenues

paid to third parties under space lease agreements with revenue share provisions). Refer to [“Note 15 — Segment Information”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report for additional information regarding segment Adjusted EBITDA and a reconciliation of segment Adjusted EBITDA to segment net loss.

#### *Operating Expenses*

The \$159.5 million, or 28%, decrease in operating expenses compared to the prior year resulted primarily from \$59.9 million, \$67.5 million, \$22.6 million and \$9.5 million decreases in gaming, food and beverage, room and other expenses, respectively. These operating expense decreases primarily reflect the impact of mandated temporary property closures and suspension of our Distributed Gaming operations as a result of the COVID-19 pandemic and the various mitigating actions taken by Golden to preserve liquidity, including delaying material capital expenditures, reducing operating expenses and implementing a cost reduction program with respect to discretionary expenditures.

#### *Selling, General and Administrative Expenses*

The \$46.4 million, or 21%, decrease in selling, general and administrative (“SG&A”) expenses compared to the prior year was primarily due to the impact of mandated temporary property closures and suspension of our Distributed Gaming operations as a result of the COVID-19 pandemic, which resulted in a decrease in payroll, rent and other expenses.

Within our Casinos segment, SG&A expenses decreased \$31.2 million, or 23%, primarily due to mandated temporary closures of our casino properties as a result of the COVID-19 pandemic, which resulted in a decrease in payroll, marketing and advertising and other expenses. The majority of the SG&A expenses in this segment were comprised of payroll and payroll-related expenses, marketing and advertising, utilities expenses, repairs and maintenance, and property taxes.

Within our Distributed Gaming segment, SG&A expenses decreased \$2.6 million or 8%, primarily due to mandated temporary tavern closures and suspension of our Distributed Gaming operations as a result of the COVID-19 pandemic, which resulted in a decrease in payroll, rent and other expenses. The majority of SG&A expenses in this segment were comprised of payroll and payroll-related expenses, building and rent expense, utilities expenses, insurance, and property taxes.

Corporate SG&A expenses decreased \$12.6 million, or 22% compared to the prior year, primarily from a reduction in labor costs, utilities, shared based compensation and professional services in accounting compared to the prior year. The majority of SG&A expense in this segment were comprised of corporate office overhead, legal, accounting, third-party service providers, executive compensation, share based compensation, payroll and payroll-related expenses.

#### *Acquisition and Severance Expenses*

Severance expenses during the year ended December 31, 2020 were incurred as a result of mitigating actions we took to preserve liquidity in light of COVID-19. Acquisition expenses were incurred primarily during the year ended December 31, 2019 and related to consulting and other services in connection with the Laughlin Acquisition, which closed on January 14, 2019, and subsequent integration activities.

#### *Preopening Expenses*

Preopening expenses consist of labor, food, utilities, training, initial licensing, rent and organizational costs incurred. Non-capital costs associated with the opening of tavern and casino locations are also expensed as preopening expenses as incurred.

For the year ended December 31, 2020, preopening expenses primarily related to our planned expansion into new markets for our Distributed Gaming segment. For the year ended December 31, 2019, preopening expenses primarily related to costs incurred in the opening of new taverns in the Las Vegas Valley.

#### *Depreciation and Amortization*

Depreciation and amortization expenses increased \$7.8 million, or 7%, compared to the prior year, primarily due to the depreciation of the assets related to the remodel of The Strat and the amortization of intangible assets related to the Laughlin Acquisition.

#### *Non-Operating Expense, Net*

Non-operating expense, net decreased \$18.4 million, or 21%, compared to the prior year, primarily due to a \$9.2 million decrease in loss on extinguishment and modification of debt, \$5.1 million decrease in interest expense and a \$4.2 million decrease in loss related to change in fair value of derivative.



## *Income Taxes*

Income tax provision for the year ended December 31, 2020 was \$0.1 million, which resulted primarily from the change in valuation allowance. Income tax benefit for the year ended December 31, 2019 was \$1.9 million, attributable primarily to the change in valuation allowance. The effective tax rate was (0.04)% for the year ended December 31, 2020, which differed from the federal tax rate of 21% due primarily to the change in valuation allowance. The effective tax rate for the year ended December 31, 2019 was 4.5%, which differed from the federal tax rate of 21% due primarily to the change in valuation allowance.

As of December 31, 2020, we evaluated all available positive and negative evidence related to our ability to utilize our deferred tax assets. We considered the expected future taxable income (and losses) and deductions from existing deferred tax assets and liabilities, net operating loss carryforwards, tax credit carryforwards, and other factors in reaching the conclusion that the deferred tax assets are not currently expected to be realized, and that therefore, the valuation allowance against the deferred tax assets required adjustment.

The Company recognizes penalties and interest related to uncertain tax benefits in the provision for income taxes.

### **Year Ended December 31, 2019 Compared to Year Ended December 31, 2018**

For a discussion of our results of operations for the year ended December 31, 2019 as compared to the year ended December 31, 2018, see [“Management’s Discussion and Analysis of Financial Condition and Results of Operations”](#) in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2019.

### **Non-GAAP Measures**

To supplement our consolidated financial statements presented in accordance with United States generally accepted accounting principles (“GAAP”), we use Adjusted EBITDA, a measure we believe is appropriate to provide meaningful comparison with, and to enhance an overall understanding of, our past financial performance and prospects for the future. We believe Adjusted EBITDA provides useful information to both management and investors by excluding specific expenses and gains that we believe are not indicative of our 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 our industry may calculate Adjusted EBITDA differently than we do. A reconciliation of net loss to Adjusted EBITDA is provided in the table below.

We define “Adjusted EBITDA” as earnings before interest and other non-operating income (expense), income taxes, depreciation and amortization, impairment of goodwill and intangible assets, acquisition and severance expenses, preopening and related expenses, loss on disposal of assets, loss on extinguishment and modification of debt, share-based compensation expenses, other expenses and change in fair value of derivative.



The following table presents a reconciliation of net loss to Adjusted EBITDA:

<i>(In thousands)</i>	<b>Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Net loss</b>	\$ (136,611)	\$ (39,545)	\$ (20,914)
Depreciation and amortization	124,430	116,592	94,456
Impairment of goodwill and intangible assets	33,964	—	—
Acquisition and severance expenses	3,710	3,488	3,740
Preopening and related expenses <sup>(1)</sup>	533	4,548	1,171
Loss on disposal of assets	803	1,309	3,336
Share-based compensation	9,637	10,124	9,988
Other, net	3,275	2,216	1,088
Interest expense, net	69,110	74,220	64,028
Loss on extinguishment and modification of debt	—	9,150	—
Change in fair value of derivative	1	4,168	(1,786)
Income tax provision (benefit)	61	(1,876)	9,639
<b>Adjusted EBITDA</b>	<b>\$ 108,913</b>	<b>\$ 184,394</b>	<b>\$ 164,746</b>

(1) Preopening and related expenses include rent, organizational costs, non-capital costs associated with the opening of tavern and casino locations, and expenses related to The Strat rebranding and the launch of the True Rewards loyalty program.

### Liquidity and Capital Resources

As of December 31, 2020, we had \$103.6 million in cash and cash equivalents. We currently believe that our cash and cash equivalents, cash flows from operations and borrowing availability under our Revolving Credit Facility will be sufficient to meet our capital requirements during the next 12 months.

Our operating results and performance depend significantly on national, regional and local economic conditions and their effect on consumer spending. Declines in consumer spending would cause revenues generated in both our Casinos and Distributed Gaming segments to be adversely affected.

To further enhance our liquidity position or to finance any future acquisition or other business investment initiatives, we may obtain additional financing, which could consist of debt, convertible debt or equity financing from public and/or private credit and capital markets.

#### Cash Flows

Net cash provided by operating activities was \$36.7 million for the year ended December 31, 2020 compared to net cash provided by operating activities of \$113.9 million for the prior year. The decrease was primarily due to the impact of the COVID-19 pandemic on our operations (as discussed under “Overview — Impact of COVID-19” in [Part I, Item 1: Business](#)) and the timing of working capital spending.

Net cash used in investing activities was \$35.9 million for the year ended December 31, 2020 compared to \$256.1 million for the prior year. The decrease in net cash used in investing activities reflects the closing of the Laughlin Acquisition and capital expenditures made in 2019, and the deferral of material capital expenditures in light of the COVID-19 pandemic in 2020.

Net cash used in financing activities was \$9.0 million for the year ended December 31, 2020 compared to net cash provided by financing activities of \$137.8 million for the prior year. Net cash used in financing activities for the year ended December 31, 2020 primarily related to repayments of notes payable, payments under finance leases and a repurchase of shares of common stock under our share repurchase program. Net cash provided by financing activities for the year ended December 31, 2019 primarily related to \$375.0 million of proceeds from the issuance of the 2026 Unsecured Notes offset by \$220.0 million of repayments under our Credit Facility.

#### Long-Term Debt

For information regarding our Credit Facility and Indenture refer to “[Note 7 — Debt](#)” in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report.

### Share Repurchase Program

On November 7, 2018, our Board of Directors authorized the repurchase of up to \$25.0 million shares of common stock, subject to available liquidity, general market and economic conditions, alternate uses for the capital and other factors. During the year ended December 31, 2018, we repurchased approximately 1.2 million shares of our common stock in open market transactions for approximately \$19.6 million at an average price of \$16.06 per share. The November 7, 2018 authorization was replaced on March 12, 2019, when our Board of Directors authorized us to repurchase up to \$25.0 million worth of additional shares of common stock, subject to available liquidity, general market and economic conditions, alternate uses for the capital and other factors. Share repurchases may be made from time to time in open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements, including compliance with our finance agreements. There is no minimum number of shares that we are required to repurchase and the repurchase program may be suspended or discontinued at any time without prior notice.

On December 22, 2020, we repurchased 50,000 shares of our common stock from Lyle A. Berman, an independent non-employee member of our Board of Directors, pursuant to our share repurchase program at a price of \$19.00 per share, resulting in a charge to accumulated deficit for \$1.0 million. This transaction was approved by the Audit Committee of the Board of Directors prior to being executed. There were no other repurchase transactions under our share repurchase program during the year ended December 31, 2020.

### Other Items Affecting Liquidity

The outcome of the following specific matters, including our commitments and contingencies, may also affect our liquidity.

#### *Commitments, Capital Spending and Development*

We perform on-going refurbishment and maintenance at our facilities, of which certain maintenance costs are capitalized if such improvement or refurbishment extends the life of the related asset, while other maintenance costs that do not so qualify are expensed as incurred. The commitment of capital and the related timing thereof are contingent upon, among other things, negotiation of final agreements and receipt of approvals from the appropriate regulatory bodies. We intend to fund such capital expenditures through our Revolving Credit Facility and operating cash flows.

Refer to [“Note 13 — Commitments and Contingencies”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report for additional information regarding commitments and contingencies that may also affect our liquidity.

#### *Contractual Obligations*

The following table summarizes our contractual obligations as of December 31, 2020:

	2021	2022	2023	2024	2025	Thereafter	Total
<i>(In thousands)</i>							
Term Loan	\$ 4,000	\$ 8,000	\$ 8,000	\$ 752,000	\$ —	\$ —	\$ 772,000
2026 Unsecured Notes	—	—	—	—	—	375,000	375,000
Notes payable	3,635	639	99	—	—	—	4,373
Interest on long-term debt <sup>(1)</sup>	67,722	67,311	66,900	57,056	28,594	9,531	297,114
Operating leases <sup>(2)</sup>	45,456	39,346	33,627	32,416	16,922	90,230	257,997
Finance lease obligations <sup>(3)</sup>	3,978	3,301	801	338	306	3,628	12,352
Purchase obligations <sup>(4)</sup>	1,706	1,332	922	500	500	4,734	9,694
	<u>\$ 126,497</u>	<u>\$ 119,929</u>	<u>\$ 110,349</u>	<u>\$ 842,310</u>	<u>\$ 46,322</u>	<u>\$ 483,123</u>	<u>\$1,728,530</u>

(1) Represents estimated interest payments on our outstanding term loan borrowings under our Credit Facility based on interest rates as of December 31, 2020 until maturity. Includes interest on 2026 Unsecured Notes and notes payable.

(2) Includes total operating lease interest obligations of \$62.0 million.

(3) Includes total finance lease interest obligations of \$3.2 million.

(4) Represents obligations related to license agreements.

## *Other Opportunities*

We may investigate and pursue expansion opportunities in our existing or new markets from time to time. Such expansions will be influenced and determined by a number of factors, which may include licensing availability and approval, suitable investment opportunities and availability of acceptable financing. Investigation and pursuit of such opportunities may require us to make substantial investments or incur substantial costs, which we may fund through cash flows from operations or borrowing availability under our Revolving Credit Facility. To the extent such sources of funds are not sufficient, we may also seek to raise such additional funds through public or private equity or debt financings or from other sources. No assurance can be given that additional financing will be available or that, if available, such financing will be obtainable on terms favorable to us. Moreover, we can provide no assurances that the investigation or pursuit of an opportunity will result in a completed transaction.

## **Critical Accounting Policies and Estimates**

Management's discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenue and expenses during the reporting period. The SEC has defined critical accounting policies as those that are most important to the presentation of the financial position and results of operations, and which require management to make its most difficult and subjective judgments, often as a result of the need to make estimates about matters that are inherently uncertain. We have identified our critical accounting policies that meet this definition below. Other key accounting policies that involve the use of estimates, judgments, and assumptions are discussed in [“Note 2 — Summary of Significant Accounting Policies”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report. We believe that our estimates and assumptions are reasonable, based upon information presently available; however, actual results may differ from these estimates under different assumptions or conditions.

### *Valuation of Goodwill and Indefinite-Lived Intangible Assets*

As of December 31, 2020, the value of our goodwill and indefinite-lived intangible assets was \$158.4 million and \$46.8 million, respectively. As discussed in [“Note 5 — Goodwill and Intangible Assets”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report, for the year ended December 31, 2020 we recorded impairment charges to our goodwill and indefinite-lived intangible assets of \$27.1 million and \$6.9 million, respectively.

We test our goodwill and indefinite-lived intangible assets comprised of trade names for impairment annually during the fourth quarter of each year, and whenever events or circumstances indicate that it is more likely than not that impairment may have occurred. When performing testing for impairment, we either conduct a qualitative assessment to determine whether it is more likely than not that the asset is impaired, or elect to bypass this qualitative assessment and perform a quantitative test. Under the qualitative assessment, we consider both positive and negative factors, including macroeconomic conditions, industry events, financial performance and other changes, and make a determination of whether it is more likely than not that the fair value of goodwill is less than its carrying amount. If, after assessing the qualitative factors, we determine that it is more likely than not the asset is impaired, we then perform a quantitative test in which the estimated fair value of the reporting unit is compared with its carrying amount, including goodwill. The fair value of our trade names is estimated using the income approach to valuation at each of our reporting units.

The estimation of fair value for both goodwill and indefinite-lived intangible assets requires management to make critical estimates, judgments and assumptions, such as: the valuation methodology, the estimated future cash flows for each of our reporting units, the discount rate used to calculate the present value of such cash flows, our current valuation multiple and multiples of comparable publicly traded companies, and royalty rate to be applied to valuation of our trade names. Application of alternative estimates and assumptions could produce significantly different results, especially with regards to estimated future cash flows, as they are, by their nature, subjective and actual results may differ materially from such estimates. Cash flow estimates are unpredictable and inherently uncertain, since they are based on the current regulatory, political and economic climates, recent operating information and projections. Such estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, competition, events affecting various forms of travel and access to our properties, and other factors. If our estimates of future cash flows are not met or if there are changes in significant assumptions and judgments used in the estimation process, including the discount rate and market multiple, we may have to record impairment charges in the future.

## *Valuation of Long-Lived Assets at Colorado Belle*

As of December 31, 2020, the value of long-lived assets at Colorado Belle was \$36.8 million. As discussed elsewhere in this Annual Report, as a result of the impact of the COVID-19 pandemic, the operations of the Colorado Belle remain suspended. Since we review the carrying amounts of our long-lived assets, other than goodwill and indefinite-lived intangible assets, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable, suspension of this resort casino property's operations qualified as an indicator that impairment may exist related to our long-lived assets at Colorado Belle. As discussed in [“Note 4 — Property and Equipment”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report, the results of interim and annual assessments conducted during the year did not indicate an impairment of the long-lived assets at Colorado Belle as of and for the year ended December 31, 2020.

Recoverability of a long-lived asset is evaluated by comparing the estimated future cash flows of the asset, on an undiscounted basis, to its carrying amount. If the undiscounted estimated future cash flows exceed the carrying amount, no impairment is indicated. If the undiscounted estimated future cash flows do not exceed the carrying amount, impairment is recorded based on the difference between the asset's estimated fair value and its carrying amount. To estimate fair values, we generally use market comparables, when available, or a discounted cash flow model. The estimation of fair value utilizing a discounted cash flow model requires management to make critical estimates, judgments and assumptions with regards to estimated future cash flows, as they are, by their nature, subjective and actual results may differ materially from such estimates. Cash flow estimates are unpredictable and inherently uncertain, since they are based on the current regulatory, political and economic climates, recent operating information and projections. Such estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, competition, events affecting various forms of travel and access to our properties, and other factors. If our estimates of future cash flows are not met or if there are changes in significant assumptions and judgments used in the estimation process, we may have to record impairment charges in the future.

### **Recently Issued Accounting Pronouncements**

Refer to [“Note 2 — Summary of Significant Accounting Policies”](#) in Part II, Item 8: Financial Statements and Supplemental Data of this Annual Report for information regarding recently issued accounting pronouncements.

### **Regulation and Taxes**

The casino and distributed gaming industries are subject to extensive regulation by state gaming authorities. Changes in applicable laws or regulations could have a material adverse effect on us.

The gaming industry represents a significant source of tax revenues to regulators. From time to time, various federal and state legislators and officials have proposed changes in tax law, or in the administration of such law, affecting the gaming industry. It is not possible to determine the likelihood of possible changes in tax law or in the administration of such law. Such changes, if adopted, could have a material adverse effect on our future financial position, results of operations, cash flows and prospects. Refer to the “Regulation” section included in [Part I, Item 1: Business](#) of this Annual Report for further discussion of applicable regulations.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our primary exposure to market risk is interest rate risk associated with our variable rate long-term debt. As of December 31, 2020, our variable rate long-term debt primarily comprised our indebtedness under the Credit Facility.

As of December 31, 2020, we had \$772 million in principal amount of outstanding term loan borrowings under the Credit Facility with no outstanding borrowings under our \$200 million Revolving Credit Facility. Our primary interest rate under the Credit Facility is the Eurodollar rate plus an applicable margin. The weighted-average effective interest rate on our outstanding borrowings under the Credit Facility was approximately 3.97% for the year ended December 31, 2020. Assuming the outstanding balance under our Credit Facility remained constant over a year, a 50 basis point increase in the applicable interest rate would increase interest incurred, prior to effects of capitalized interest, by \$3.9 million over a twelve-month period.

As of December 31, 2020, our investment portfolio included \$103.6 million in cash and cash equivalents and we did not hold any short-term investments.

We continue to evaluate the potential impact of the eventual replacement of the LIBOR benchmark interest rate, which is set to transition out at the end of 2021. Although we are not able to predict what will become a widely accepted benchmark in place of LIBOR, or the exact impact such a transition may have on our business, financial condition, and results of operations, our current expectation is that this transition will not have a material impact on our business or results of operations.

ITEM 8.

*FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA*

**GOLDEN ENTERTAINMENT, INC. AND SUBSIDIARIES  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Golden Entertainment, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Golden Entertainment, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15 (a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 12, 2021 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

#### *Valuation of Goodwill and Indefinite-lived Assets as of December 31, 2020*

##### *Description of the Matter*

At December 31, 2020, the aggregate goodwill and indefinite-lived intangible assets was \$158.4 million and \$46.8 million, respectively. The Company recorded impairment charges in 2020 relating to the Company's goodwill and indefinite-lived intangible assets of \$27.1 million and \$6.9 million, respectively. As discussed in Note 2 to the consolidated financial statements, the Company tests its goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter of each year, and whenever events or circumstances indicate that it is more likely than not that impairment may have occurred.

Auditing the Company's computation of impairment is complex and highly judgmental due to the significant estimation required in determining the fair value of reporting units for goodwill and the fair value of indefinite-lived intangible assets. For goodwill, significant assumptions include the weighted average cost of capital, revenue growth rate, EBITDA Margin, and terminal growth rate. For indefinite-lived intangible assets, significant assumptions include revenue growth rate, royalty rate and discount rate. These assumptions are forward-looking and could be affected by future economic and market conditions.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's goodwill and indefinite-lived intangible assets impairment review process. For example, we tested controls over the quantitative impairment analyses of goodwill and indefinite-lived intangible assets, including management's review of the prospective financial information, valuation models and underlying assumptions used to develop such estimates.

To test the assumptions in the valuation process, our audit procedures included, among others, evaluating the valuation methodology and the prospective financial information utilized in the valuations. We compared the assumptions in the valuation process described above, used by management, to current industry and economic trends, historical Company results, changes to the Company's business model, regulatory changes, customer base or revenue mix and other relevant factors. We evaluated the Company's internal and external communications as well as third party industry and analyst reports to identify any corroboratory or contrary evidence. We assessed the historical accuracy of management's estimates and evaluated management's sensitivity assessment of the subjective assumptions to evaluate the changes in the analysis that would result from changes in these assumptions. In addition, we involved our valuation specialist to assist with our procedures, including, among others, in determining the reporting unit's discount rate, terminal growth rates and royalty rates.

***Valuation of long-lived assets at Colorado Belle as of December 31, 2020***

*Description of the Matter*

At December 31, 2020, the Company's long-lived assets at Colorado Belle totaled \$38.3 million. As discussed in Note 2, the Company reviews the carrying amounts of its long-lived assets, other than goodwill and indefinite-lived intangible assets, for indicators of impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. As a result of the impact of the COVID-19 pandemic discussed in Note 4, the operations of the Colorado Belle remained suspended as of December 31, 2020. Management identified an indicator of impairment related to the Colorado Belle reporting unit and performed an impairment test. No indicators of impairment for any other long-lived asset groups were identified.

Auditing the Company's Colorado Belle long-lived assets impairment assessment was challenging due to the highly judgmental nature of certain assumptions used in the estimate of future cash flows including, among others, future market conditions, including industry and economic trends, consumer preferences and changes to the Company's operations specific to the Colorado Belle, which impacted the Company's estimated revenue growth rates, EBITDA Margin and forecasted capital expenditures. These assumptions are forward-looking and could be affected by future economic and market conditions.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over the Company's impairment assessment of its long-lived assets. For example, we tested controls over the completeness and accuracy of the data and assumptions used in management's impairment assessment.



Our testing of the Company's impairment assessment for Colorado Belle's long-lived assets, included, among other procedures, assessing the prospective financial information utilized in the valuation, considering factors such as future market conditions, industry and economic trends, consumer preferences and changes to the Company's operations specific to the Colorado Belle. We also evaluated other assumptions used in preparing estimated future cash flows including revenue growth rates, EBITDA Margin and forecasted capital expenditures. We inquired of management as to their future operating plans for the Colorado Belle, comparing the results of our inquiries to the assumptions used in preparing their estimated future cash flows, as well as historical Company results, changes to the Company's business model, customer base or revenue mix and other relevant factors. We evaluated the Company's internal and external communications as well as third party industry and analyst reports to identify any corroboratory or contrary evidence. We assessed the historical accuracy of management's estimates and evaluated management's sensitivity assessment of the subjective assumptions to evaluate the changes in the analysis that would result from changes in these assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2018.

Las Vegas, Nevada  
March 12, 2021

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Golden Entertainment, Inc.

### **Opinion on Internal Control over Financial Reporting**

We have audited Golden Entertainment, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Golden Entertainment, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15 (a)(2), and our report dated March 12, 2021 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Las Vegas, Nevada  
March 12, 2021

**GOLDEN ENTERTAINMENT, INC.**  
**Consolidated Balance Sheets**  
*(In thousands, except per share data)*

	December 31,	
	2020	2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 103,558	\$ 111,678
Accounts receivable, net of allowance for credit losses of \$1,034 and \$599 at December 31, 2020 and 2019, respectively	13,708	16,247
Prepaid expenses	14,920	19,879
Inventories	5,639	8,237
Other	2,906	4,388
<b>Total current assets</b>	<b>140,731</b>	<b>160,429</b>
Property and equipment, net	975,750	1,046,536
Operating lease right-of-use assets, net	180,553	203,531
Goodwill	158,396	185,470
Intangible assets, net	106,109	134,006
Other assets	9,410	10,945
<b>Total assets</b>	<b>\$ 1,570,949</b>	<b>\$ 1,740,917</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Current portion of long-term debt and finance leases	\$ 11,142	\$ 8,497
Current portion of operating leases	35,725	33,883
Accounts payable	20,179	30,146
Accrued payroll and related	21,362	27,221
Accrued liabilities	30,305	33,017
<b>Total current liabilities</b>	<b>118,713</b>	<b>132,764</b>
Long-term debt, net and non-current finance leases	1,126,970	1,130,374
Non-current operating leases	160,248	184,301
Deferred income taxes	1,520	1,088
Other long-term obligations	2,236	2,646
<b>Total liabilities</b>	<b>1,409,687</b>	<b>1,451,173</b>
<b>Commitments and contingencies (Note 13)</b>		
<b>Shareholders' equity</b>		
Common stock, \$.01 par value; authorized 100,000 shares; 28,159 and 27,879 common shares issued and outstanding at December 31, 2020 and 2019, respectively	282	279
Additional paid-in capital	470,719	461,643
Accumulated deficit	(309,739)	(172,178)
<b>Total shareholders' equity</b>	<b>161,262</b>	<b>289,744</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,570,949</b>	<b>\$ 1,740,917</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**GOLDEN ENTERTAINMENT, INC.**  
**Consolidated Statements of Operations**  
*(In thousands, except per share data)*

	Year Ended December 31,		
	2020	2019	2018
<b>Revenues</b>			
Gaming	\$ 476,753	\$ 578,803	\$ 525,176
Food and beverage	112,081	202,933	170,453
Rooms	71,411	132,193	106,805
Other	33,910	59,481	49,360
<b>Total revenues</b>	<b>694,155</b>	<b>973,410</b>	<b>851,794</b>
<b>Expenses</b>			
Gaming	275,041	334,941	311,657
Food and beverage	92,202	159,728	138,114
Rooms	39,935	62,510	49,129
Other operating	11,789	21,333	15,332
Selling, general and administrative	179,412	225,848	183,892
Depreciation and amortization	124,430	116,592	94,456
Impairment of goodwill and intangible assets	33,964	—	—
Acquisition and severance expenses	3,710	3,488	3,740
Loss on disposal of assets	803	919	3,336
Preopening expenses	308	1,934	1,171
<b>Total expenses</b>	<b>761,594</b>	<b>927,293</b>	<b>800,827</b>
<b>Operating (loss) income</b>	<b>(67,439)</b>	<b>46,117</b>	<b>50,967</b>
<b>Non-operating (expense) income</b>			
Interest expense, net	(69,110)	(74,220)	(64,028)
Loss on extinguishment and modification of debt	—	(9,150)	—
Change in fair value of derivative	(1)	(4,168)	1,786
<b>Total non-operating expense, net</b>	<b>(69,111)</b>	<b>(87,538)</b>	<b>(62,242)</b>
<b>Loss before income tax (provision) benefit</b>	<b>(136,550)</b>	<b>(41,421)</b>	<b>(11,275)</b>
Income tax (provision) benefit	(61)	1,876	(9,639)
<b>Net loss</b>	<b>\$ (136,611)</b>	<b>\$ (39,545)</b>	<b>\$ (20,914)</b>
<b>Weighted-average common shares outstanding</b>			
Basic	28,080	27,746	27,553
Dilutive impact of stock options and restricted stock units	—	—	—
Diluted	28,080	27,746	27,553
<b>Net loss per share</b>			
Basic	\$ (4.87)	\$ (1.43)	\$ (0.76)
Diluted	\$ (4.87)	\$ (1.43)	\$ (0.76)

*The accompanying notes are an integral part of these consolidated financial statements.*

**GOLDEN ENTERTAINMENT, INC.**  
**Consolidated Statements of Shareholders' Equity**  
*(In thousands)*

	Common stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
<b>Balance, January 1, 2018</b>	26,413	\$ 264	\$ 399,510	\$ (79,861)	\$ 319,913
Issuance of stock on options exercised and restricted stock units vested	610	6	1,316	—	1,322
Repurchases of common stock	(1,219)	(12)	—	(19,586)	(19,598)
Share-based compensation	—	—	9,641	—	9,641
Tax benefit from share-based compensation	—	—	(820)	—	(820)
Issuance of common stock, net of offering costs	975	10	25,598	—	25,608
Net loss	—	—	—	(20,914)	(20,914)
<b>Balance, December 31, 2018</b>	26,779	\$ 268	\$ 435,245	\$ (120,361)	\$ 315,152
Cumulative effect, change in accounting for leases, net of tax	—	—	—	(12,272)	(12,272)
Issuance of stock on options exercised and restricted stock units vested	189	2	55	—	57
Share-based compensation	—	—	10,045	—	10,045
Tax benefit from share-based compensation	—	—	(301)	—	(301)
Share issuance related to business combination	911	9	16,599	—	16,608
Net loss	—	—	—	(39,545)	(39,545)
<b>Balance, December 31, 2019</b>	27,879	\$ 279	\$ 461,643	\$ (172,178)	\$ 289,744
Issuance of stock on options exercised and restricted stock units vested	330	3	—	—	3
Repurchases of common stock	(50)	—	—	(950)	(950)
Share-based compensation	—	—	9,525	—	9,525
Tax benefit from share-based compensation	—	—	(449)	—	(449)
Net loss	—	—	—	(136,611)	(136,611)
<b>Balance, December 31, 2020</b>	28,159	\$ 282	\$ 470,719	\$ (309,739)	\$ 161,262

*The accompanying notes are an integral part of these consolidated financial statements.*

**GOLDEN ENTERTAINMENT, INC.**  
**Consolidated Statements of Cash Flows**  
*(In thousands)*

	Year Ended December 31,		
	2020	2019	2018
<b>Cash flows from operating activities</b>			
Net loss	\$ (136,611)	\$ (39,545)	\$ (20,914)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	124,430	116,592	94,456
Impairment of goodwill and intangible assets	33,964	—	—
Share-based compensation	9,525	10,045	9,641
Amortization of debt issuance costs and discounts on debt	4,519	4,532	5,062
Loss on disposal of assets	803	919	3,336
Provision for credit losses	940	598	435
Loss on extinguishment and modification of debt	—	9,150	—
Change in fair value of derivative	1	4,168	(1,786)
Deferred income taxes	432	(1,505)	10,380
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	1,599	(2,450)	1,478
Prepaid expenses, inventories and other current assets	8,999	(1,037)	(306)
Other assets	1,518	265	(368)
Accounts payable and other accrued expenses	(13,740)	11,753	(5,039)
Other liabilities	356	420	1,575
Net cash provided by operating activities	<u>36,735</u>	<u>113,905</u>	<u>97,950</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment, net of change in construction payables	(36,502)	(107,267)	(68,175)
Acquisition of businesses, net of cash acquired	—	(148,953)	—
Purchase of intangibles and other assets	—	—	(1,134)
Proceeds from disposal of property and equipment	648	247	103
Other investing activities	—	(77)	—
Net cash used in investing activities	<u>(35,854)</u>	<u>(256,050)</u>	<u>(69,206)</u>
<b>Cash flows from financing activities</b>			
Repayments of revolving credit facility	(200,000)	(145,000)	—
Borrowings under revolving credit facility	200,000	145,000	—
Repayments of term loan	—	(220,000)	(8,000)
Proceeds from issuance of senior notes	—	375,000	—
Repayments of notes payable	(5,017)	(3,070)	(506)
Principal payments under finance leases	(2,588)	(2,485)	(1,039)
Payments for debt issuance costs	—	(6,686)	(219)
Debt extinguishment and modification costs	—	(4,763)	—
Tax withholding on share-based payments	(449)	(301)	(820)
Proceeds from exercise of common stock	3	57	26,930
Repurchases of common stock	(950)	—	(19,598)
Net cash (used in) provided by financing activities	<u>(9,001)</u>	<u>137,752</u>	<u>(3,252)</u>
<b>Cash and cash equivalents</b>			
Change in cash and cash equivalents	(8,120)	(4,393)	25,492
Balance, beginning of period	111,678	116,071	90,579
Balance, end of period	<u>\$ 103,558</u>	<u>\$ 111,678</u>	<u>\$ 116,071</u>

**GOLDEN ENTERTAINMENT, INC.**  
**Consolidated Statements of Cash Flows – (Continued)**  
*(In thousands)*

	Year Ended December 31,		
	2020	2019	2018
<b>Supplemental cash flow disclosures</b>			
Cash paid for interest	\$ 64,422	\$ 63,735	\$ 60,542
Cash received for income taxes, net	(1,483)	(193)	—
<b>Non-cash investing and financing activities</b>			
Payables incurred for capital expenditures	\$ 3,585	\$ 15,075	\$ 11,597
Assets acquired under finance lease obligations	559	7,559	2,398
Loss on extinguishment of debt	—	4,388	—
Impairment of right-of-use asset	—	12,272	—
Operating lease right-of-use assets obtained in exchange for lease obligations <sup>(1)</sup>	11,153	97,790	—
Common stock issued in connection with acquisitions	—	16,608	—

(1) For 2019, the amount includes operating lease right-of-use assets obtained in exchange for existing lease obligations due to the adoption of Accounting Standards Codification 842 — Leases.

*The accompanying notes are an integral part of these consolidated financial statements.*

**GOLDEN ENTERTAINMENT, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – Nature of Business**

Golden Entertainment, Inc. and its wholly-owned subsidiaries own and operate a diversified entertainment platform, consisting of a portfolio of gaming assets that focus on resort casino operations and distributed gaming (including gaming in the Company’s branded taverns). Unless otherwise indicated, the terms “Golden” and the “Company,” refer to Golden Entertainment, Inc. together with its subsidiaries.

The Company conducts its business through two reportable operating segments: Casinos and Distributed Gaming. The Company’s Casino segment involves the operation of ten resort casino properties in Nevada and Maryland, comprising:

The STRAT Hotel, Casino & SkyPod (“The Strat”)	Las Vegas, Nevada
Arizona Charlie’s Boulder	Las Vegas, Nevada
Arizona Charlie’s Decatur	Las Vegas, Nevada
Aquarius Casino Resort (“Aquarius”)	Laughlin, Nevada
Edgewater Hotel & Casino Resort (“Edgewater”)	Laughlin, Nevada
Colorado Belle Hotel & Casino Resort (“Colorado Belle”) <sup>(1)</sup>	Laughlin, Nevada
Pahrump Nugget Hotel Casino (“Pahrump Nugget”)	Pahrump, Nevada
Gold Town Casino	Pahrump, Nevada
Lakeside Casino & RV Park	Pahrump, Nevada
Rocky Gap Casino Resort (“Rocky Gap”)	Flintstone, Maryland

(1) As a result of the impact of the 2019 novel coronavirus (“COVID-19”) pandemic, the operations of the Colorado Belle remain suspended.

The Company’s Distributed Gaming segment involves the installation, maintenance and operation of slots and amusement devices in non-casino locations such as restaurants, bars, taverns, convenience stores, liquor stores and grocery stores in Nevada and Montana, and the operation of branded taverns targeting local patrons located primarily in the greater Las Vegas, Nevada metropolitan area.

*Acquisitions*

On January 14, 2019, the Company completed the acquisition of Edgewater Gaming, LLC and Colorado Belle Gaming, LLC (the “Laughlin Entities”) from Marnell Gaming, LLC (“Marnell”) for \$156.2 million in cash (after giving effect to the post-closing adjustment provisions in the purchase agreement) and the issuance of 911,002 shares of the Company’s common stock to certain assignees of Marnell (the “Laughlin Acquisition”). The results of operations of the Laughlin Entities are included in the Company’s results subsequent to the acquisition date. Refer to [“Note 3 — Acquisitions”](#) for additional information regarding this acquisition.

*Impact of COVID-19*

Since the declaration of COVID-19 as a pandemic on March 11, 2020, people across the globe have been advised to avoid non-essential travel, and steps have been taken by governmental authorities, including in the states in which the Company operates, to implement closures of non-essential operations to contain the spread of the virus. The pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. Following emergency executive orders issued by the Governors of Nevada, Maryland, and Montana, in the week of March 16, 2020, all of the Company’s properties were temporarily closed to the public and Golden’s Distributed Gaming operations at third-party locations were suspended. The Company’s Distributed Gaming operations in Montana and Nevada resumed on May 4, 2020 and June 4, 2020, respectively, and the Company’s Casino operations in Nevada and Maryland resumed on June 4, 2020 and June 19, 2020, respectively. However, as a result of the impact of the pandemic, the operations of the Colorado Belle remain suspended. While all of the Company’s properties, except for the Colorado Belle, re-opened during the second quarter of 2020, the Company’s implementation of protocols intended to protect team members, gaming patrons and guests from potential COVID-19 exposure continues to limit its operations. These measures include enhanced sanitization, public gathering limitations of 25-50% of casino, tavern and venue capacity, patron social distancing requirements, restrictions on permitted hours of operations, limitations on casino operations, which include disabling electronic gaming machines, and face mask and temperature check requirements for patrons. Certain amenities at the Company’s casinos may remain closed or operate in a



limited capacity, including restaurants, bars, and other food and beverage outlets, as well as table games, showrooms, meeting rooms, spas and pools. These measures limit the number of patrons that are able to attend these venues. The Company cannot predict when these restrictions on its operations will be changed or eliminated.

On July 10, 2020, the Governor of Nevada issued an emergency executive order mandating the closure of bar tops and bar areas in restaurants, bars, pubs, taverns, breweries, distilleries, wineries and related facilities that are licensed to serve food in seven counties, including Clark County (the location of most of our branded taverns). In response to the Governor's executive order, the Company immediately closed most of its tavern locations. The Company implemented modifications of the gaming areas in its taverns which allowed it to re-open its tavern locations beginning in late July 2020 and all of the tavern locations had re-opened by the end of September 2020.

On November 24, 2020, the Governor of Nevada issued an emergency executive order limiting occupancy in gaming areas and non-gaming businesses including but not limited to retail stores, restaurants and bars, non-retail venues, pools and aquatic facilities, and other establishments in Nevada to not exceed 25% of the listed fire code capacity. On February 15, 2021 certain COVID-19 mitigation measures were eased by allowing the occupancy rate at gaming floors and food and beverage establishments, including restaurants, bars, pubs, wineries, distilleries and breweries, to increase to 35%. Occupancy at retail stores, pools and aquatic facilities increased to 50% of the listed fire code capacity. The February 15, 2021 order remained in effect as of the filing of this Annual Report and it is uncertain when COVID-19 mitigation measures will be further eased.

With respect to the Company's operations in Montana, on November 20, 2020, the Governor of Montana issued an emergency executive order limiting operating capacity at all restaurants and bars to 50%. In addition, the order required all such businesses to close between the hours of 10 pm and 4 am. This order remained in effect as of December 31, 2020 and it is uncertain when it will be lifted.

The Company's Maryland operations have been subject to a reduced operating capacity requirement of 50% since re-opening on June 19, 2020. On November 17, 2020, the Governor of Maryland issued an emergency executive order further restricting food service establishments by requiring them to close from 10 pm to 6 am. During these closure hours, such establishments are allowed to take carry out and delivery orders off premises but such venues, including casinos, are not permitted to serve any beverages. This order remained in effect as of December 31, 2020 and it is uncertain when it will be lifted.

The disruptions arising from the COVID-19 pandemic had a significant adverse impact on the Company's financial condition and results of operations for the year ended December 31, 2020. The duration and intensity of this global health emergency and related disruptions is uncertain, as it is unknown when the pandemic will end, when or how quickly the current travel restrictions, occupancy and other limitations will be modified or cease to be necessary, and how these uncertainties will impact the Company's business and the willingness of customers to spend on travel and entertainment.

Temporary closures of the Company's operations due to the COVID-19 pandemic resulted in lease concessions for certain of the Company's taverns and route locations. Such concessions provided for deferral and, in some instances, forgiveness of rent payments with no substantive amendments to the consideration due per the terms of the original contract and did not result in a substantial changes in the Company's obligations under such leases. The Company elected to account for the deferred rent as variable lease payments, which resulted in a reduction of the rent expense in the amount of \$11.9 million for the year ended December 31, 2020. Rent expense that was not forgiven will be recorded in future periods as these deferred payments are paid to the Company's lessors.

The impact of COVID-19 on the Company's operations qualified as a triggering event necessitating an evaluation of long-lived assets, goodwill, and indefinite-lived intangible assets for indicators of impairment as discussed in [“Note 4 — Property and Equipment”](#) and [“Note 5 — Goodwill and Intangible Assets.”](#)

The Company's \$200 million revolving credit facility (the “Revolving Credit Facility”) was undrawn and available for borrowing as of December 31, 2020. In addition, the Company has implemented various mitigating actions to preserve liquidity, including delaying material capital expenditures, reducing operating expenses and implementing a cost reduction program with respect to discretionary expenditures. To further enhance its liquidity position or to finance any future acquisition or other business investment initiatives, the Company may obtain additional financing, which could consist of debt, convertible debt or equity financing from public or private credit and capital markets.

## Note 2 – Summary of Significant Accounting Policies

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *Basis of Presentation*

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation. Reclassifications were made to the Company’s prior period consolidated financial statements to conform to the current period presentation, where applicable. These reclassifications had no effect on previously reported net income.

### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and in banks and highly-liquid investments with original maturities of three months or less. Although these balances may at times exceed the federal insured deposit limit, the Company believes such risk is mitigated by the quality of the institutions holding such deposits.

### *Accounts Receivable*

Accounts receivable consist primarily of gaming, hotel and other receivables, net of allowance for credit losses. Accounts receivable are non-interest bearing and are initially recorded at cost. An estimated allowance for credit losses is maintained to reduce the Company’s accounts receivable to their expected net realizable value based on specific reviews of customer accounts, the age of such accounts, management’s assessment of the customer’s financial condition, historical and current collection experience and management’s expectations of future collection trends based on the current and forecasted economic and business conditions. Accounts are written off when management deems them to be uncollectible. Recoveries of accounts previously written off are recorded when received.

### *Inventories*

Inventories consist primarily of food and beverage and retail items and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out and the average cost inventory methods.

### *Property and Equipment*

Property and equipment is stated at cost less accumulated depreciation. Assets held under finance lease agreements are stated at the lower of the present value of the future minimum lease payments or fair value at the inception of the lease. Expenditures for major additions, renewals and improvements are capitalized while costs of routine repairs and maintenance are expensed when incurred. A significant amount of the Company’s property and equipment was acquired through business acquisitions and therefore was initially recognized at fair value on the effective date of the applicable acquisition transaction. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building and land improvements	10 - 40 years
Furniture and equipment	3 - 15 years
Leasehold improvements	2 - 15 years

The Company reviews the carrying amounts of its long-lived assets, other than goodwill and indefinite-lived intangible assets, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability is evaluated by comparing the estimated future cash flows of the asset, on an undiscounted basis, to its carrying amount. If the undiscounted estimated future cash flows exceed the carrying amount, no impairment is indicated. If the undiscounted estimated future cash flows do not exceed the carrying amount, impairment is recorded based on the difference between the asset’s estimated fair value and its carrying amount. To estimate fair values, the Company generally uses market comparables, when available, or a discounted cash flow model. The estimation of fair value requires significant judgment and is based on assumptions about future cash flows, including future growth rates, operating margins, economic and business conditions, all of which are unpredictable and inherently uncertain. The Company’s long-lived asset impairment tests are

performed at the reporting unit level. For the years ended December 31, 2020, 2019 and 2018, there were no impairment charges.

Assets to be disposed of are carried at the lower of their carrying amount or fair value less costs of disposal. The fair value of assets to be disposed of is generally estimated based on comparable asset sales, solicited offers or a discounted cash flow model. Sales and other disposals of property and equipment are recorded by removing the related cost and accumulated depreciation from the accounts with gains or losses on sales and other disposals recorded in the Company's consolidated statements of operations.

### *Goodwill*

The Company tests its goodwill for impairment annually during the fourth quarter of each year, and whenever events or circumstances indicate that it is more likely than not that impairment may have occurred. Impairment testing for goodwill is performed at the reporting unit level.

When performing testing for impairment, the Company either conducts a qualitative assessment to determine whether it is more likely than not that the asset is impaired, or elects to bypass this qualitative assessment and perform a quantitative test. Under the qualitative assessment, the Company considers both positive and negative factors, including macroeconomic conditions, industry events, financial performance and other changes, and makes a determination of whether it is more likely than not that the fair value of goodwill is less than its carrying amount. If, after assessing the qualitative factors, the Company determines that it is more likely than not the asset is impaired, it then performs a quantitative test in which the estimated fair value of the reporting unit is compared to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its estimated fair value, an impairment loss is recognized in an amount equal to the excess, limited to the amount of goodwill allocated to the reporting unit.

When performing the quantitative test, the Company estimates the fair value of each reporting unit using the expected present value of future cash flows along with value indications based on current valuation multiples of the Company and comparable publicly traded companies. The estimation of fair value requires significant judgment and is based on assumptions about future cash flows, including future growth rates, operating margins, economic and business conditions, all of which are unpredictable and inherently uncertain. Cash flow estimates are based on the current regulatory, political and economic climates, recent operating information and projections. Such estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, competition, events affecting various forms of travel and access to the Company's properties, and other factors, such that the actual results may differ materially from such estimates. If the Company's estimates of future cash flows are not met, it may be required to record goodwill impairment charges in the future.

### *Indefinite-Lived Intangible Assets*

The Company's indefinite-lived intangible assets are comprised of trade names. The fair value of the Company's trade names is estimated using the income approach to valuation at each of its reporting units. The Company tests its indefinite-lived intangible assets for impairment annually during the fourth quarter of each year, and whenever events or circumstances indicate that it is more likely than not that an asset is impaired. Indefinite-lived intangible assets are not amortized unless it is determined that an asset's useful life is no longer indefinite. The Company periodically reviews its indefinite-lived assets to determine whether events and circumstances continue to support an indefinite useful life. If an indefinite-lived intangible asset no longer has an indefinite life, the asset is tested for impairment and is subsequently accounted for as a finite-lived intangible asset.

### *Finite-Lived Intangible Assets*

The Company's finite-lived intangible assets primarily represent assets related to its customer relationships, player relationships, non-compete agreements, leasehold interest and licenses, which are amortized over their estimated useful lives using the straight-line method. The Company periodically evaluates the remaining useful lives of its finite-lived intangible assets to determine whether events and circumstances warrant a revision to the remaining period of amortization.

The Company's customer relationship assets represent the value associated with space lease agreements and participation agreements with its distributed gaming customers acquired in an asset purchase or business acquisition. The Company's player relationships represent the value associated with its rated casino guests. The initial fair value of these intangible assets was determined using the income approach. The recoverability of the finite-lived intangible assets could be affected by, among other things, increased competition within the gaming industry, a downturn in the economy, declines in customer spending which could impact the expected future cash flows associated with the rated casino guests, declines in the number of customer visits which could impact the expected attrition rate of the rated casino guests, and erosion of operating margins associated with rated casino guests. Should events or changes in circumstances cause the carrying amount of a customer relationship intangible asset

to exceed its estimated fair value, the Company will recognize an impairment charge in the amount of the excess of the carrying amount over its estimated fair value.

#### *Business Combinations*

The Company allocates the business combination purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over those fair values is recorded as goodwill. The fair value allocation methodology requires management to make assumptions and apply judgment to estimate the fair value of assets acquired and liabilities assumed. Management estimates the fair values of assets and liabilities primarily using discounted cash flows and replacement cost analysis. Provisional fair value measurements of assets acquired and liabilities assumed may be retrospectively adjusted with the corresponding offset to goodwill during the measurement period, which does not extend beyond one year from the acquisition date. The measurement period ends once the Company is able to determine it has obtained all necessary information that existed as of the acquisition date or once the Company determines that such information is unavailable.

#### *Long-Term Debt, Net*

Long-term debt, net is reported as the outstanding debt amount, net of unamortized debt issuance costs and debt discount. These include legal and other direct costs related to the issuance of debt and discounts granted to the initial purchasers or lenders of the Company's debt instruments, and are recorded as a direct reduction to the face amount of the Company's outstanding long-term debt on the consolidated balance sheets. The debt discount and debt issuance costs are accreted to interest expense using the effective interest method or, if the amounts approximate the effective interest method, on a straight-line basis over the contractual term of the underlying debt. The Company amortized \$4.5 million, \$4.5 million and \$5.1 million to interest expense for the years ended December 31, 2020, 2019 and 2018, respectively.

#### *Derivative Instruments*

The Company uses derivative financial instruments to manage interest rate exposure. The fair value of derivative financial instruments is recognized as an asset or liability at each balance sheet date, with changes in fair value recorded in earnings as the Company's derivative financial instruments do not qualify for hedge accounting. The fair value approximates the amount the Company would pay if these contracts were settled at the respective valuation dates.

#### *Leases*

The Company determines whether an arrangement is or contains a lease at inception or modification of a contract. An arrangement is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of the identified asset means the lessee has both the right to obtain substantially all economic benefits from the use of the asset and the right to direct the use of the asset.

Operating lease right-of-use ("ROU") assets and liabilities are recognized at the commencement date for the arrangements with a term of 12 months or longer and are initially measured based on the present value of lease payments over the defined lease term. The measurement of the operating lease ROU assets also includes any prepaid lease payments made and is net of lease incentives. If the implicit interest rate to be applied to the determination of the present value of lease payments over the lease term is not readily determinable, the Company estimates the incremental borrowing rate based on the information available at the commencement date. The Company's lease terms may include options to extend or terminate the lease. The Company assesses these options using a threshold of reasonably certain. For leases the Company is reasonably certain to renew, those option periods are included within the lease term and, therefore, the measurement of the ROU asset and lease liability. For operating leases, lease expense for lease payments is recognized on a straight-line basis over the lease term. For finance leases, the ROU asset depreciates on a straight-line basis over the shorter of the lease term or useful life of the ROU asset and the lease liability accretes interest based on the interest method using the discount rate determined at lease commencement.

The Company is the lessor under non-cancelable operating leases for retail and food and beverage outlet space within its resort casino properties. The Company also enters into operating lease agreements with certain equipment providers for placement of amusement devices and automated teller machines within its resort casino properties and taverns. The lease arrangements generally include minimum base rent and/or contingent rental clauses based on a percentage of net sales exceeding minimum base rent. Revenue is recorded on a straight-line basis over the term of the lease. The Company recognizes revenue for contingent rentals when the contingency has been resolved.

## *Revenue Recognition*

Revenue from contracts with customers primarily consists of casino wagers, room sales, food and beverage transactions, rental income from the Company's retail tenants and entertainment sales.

Casino gaming revenues are the aggregate of gaming wins and losses. The commissions rebated to premium players for cash discounts and other cash incentives to patrons related to gaming play are recorded as a reduction to casino gaming revenues. Gaming contracts include a performance obligation to honor the patron's wager and typically include a performance obligation to provide a product or service to the patron on a complimentary basis to incentivize gaming or in exchange for points earned under the Company's True Rewards® loyalty program.

The Company generally enters into three types of slot and amusement device placement contracts as part of its distributed gaming business: space lease agreements, participation agreements and space lease agreements with revenue share provisions. Under space lease agreements, that do not have revenue share provisions, the Company generally pays a fixed monthly rental fee for the right to install, maintain and operate the Company's slots at a business location and the Company holds the applicable gaming license allowing it to operate such slots. Under these agreements, the Company recognizes all gaming revenue and records fixed monthly rental fees as gaming expenses. Under participation agreements, the business location holds the applicable gaming license and retains a percentage of the gaming revenue generated from the Company's slots, which is recorded by the Company as an expense. Space lease agreements with revenue share provisions are a hybrid model that has both space lease and participation elements and the Company pays the business a percentage of the gaming revenue generated from its slots placed at the location, rather than a fixed monthly rental fee. Under such arrangements, the Company holds the applicable gaming license to conduct gaming at the location and the business location is required to obtain separate regulatory approval to receive a percentage of the gaming revenue. In Montana, the Company's slot and amusement device placement contracts are all participation agreements. In its distributed gaming business, the Company considers its customer to be the gaming player since the Company controls all aspects of the slot machines. Due to the maintaining of control of the services directly before they are transferred to the customer, the Company is considered to be the principal in these transactions and therefore, records revenue on a gross basis.

For wagering contracts that include complimentary products and services provided by the Company to incentivize gaming, the Company allocates the stand-alone selling price of each product and service to the respective revenue type. Complimentary products or services provided under the Company's control and discretion that are supplied by third parties are recorded as an operating expense in the consolidated statements of operations.

For wagering contracts that include products and services provided to a patron in exchange for points earned under the Company's loyalty program, the Company allocates the estimated stand-alone selling price of the points earned to the loyalty program liability. The loyalty program liability is a deferral of revenue until redemption occurs under ASC 606, Revenue from Contracts with Customers. Upon redemption of loyalty program points for Company-owned products and services, the stand-alone selling price of each product or service is allocated to the respective revenue type. For redemptions of points with third parties, the redemption amount is deducted from the loyalty program liability and paid directly to the third party. Any discounts received by the Company from the third party in connection with this transaction are recorded to other revenue. The Company's performance obligation related to its loyalty program is generally completed within one year, as participants' points expire after thirteen months of no activity.

After allocation to the other revenue types for products and services provided to patrons as part of a wagering contract, the residual amount is recorded to casino gaming revenue as soon as the wager is settled. As all wagers have similar characteristics, the Company accounts for its gaming contracts collectively on a portfolio basis. Gaming contracts are typically completed daily based on the outcome of the wagering transaction and include a distinct performance obligation to provide gaming activities.

Revenue from leases is recorded to "Other revenue" in the Company's consolidated statements of operations and is generated from base rents through long-term leases with retail tenants. Base rent, adjusted for contractual escalations as applicable, is recognized on a straight-lined basis over the term of the related lease. Overage rent is paid by a tenant when its sales exceed an agreed upon minimum amount and is not recognized by the Company until the threshold is met.

Food, beverage, and retail revenues are recorded at the time of sale. Room revenue is recorded at the time of occupancy. Sales taxes and surcharges collected from customers and remitted to governmental authorities are presented on a net basis.

### Contract and Contract Related Liabilities

The Company provides numerous products and services to its customers. There is often a timing difference between the cash payment by the customers and recognition of revenue for each of the associated performance obligations. The Company generally has three types of liabilities related to contracts with customers:

- *Outstanding Chip Liability* — The outstanding chip liability represents the collective amounts owed to customers in exchange for gaming chips in their possession. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of being purchased.
- *Loyalty Program* — The Company offers its new consolidated True Rewards loyalty program at all of its resort casino properties, as well as at all of its branded taverns and at participating supermarkets. Members of the Company's True Rewards loyalty program may earn points based on gaming and retail activity including food and beverage purchases and resort activities at the Company's resort casino properties, branded taverns and participating supermarkets. Loyalty points are redeemable for complimentary slot and table game play, food, beverages, grocery gift cards and hotel rooms, among other items. All points earned in the loyalty program roll up into a single account balance which is redeemable enterprise-wide at over 140 participating locations.

The Company records a liability based on the value of points earned, less an estimate for points not expected to be redeemed. This liability represents a deferral of revenue until such time as the participant redeems the points earned. Redemption history at the Company's casinos and taverns is used to assist in the determination of the estimated accruals. Loyalty program points are expected to be redeemed and recognized as revenue within one year of being earned, since participants' points expire after thirteen months of no activity. The True Rewards points accruals are included in current liabilities on the Company's consolidated balance sheets. Changes in the program, increases in membership and changes in the redemption patterns of the participants can impact this liability.

- *Customer Deposits and Other* — Customer deposits and other deferred revenue represent cash deposits made by customers for future non-gaming services to be provided by the Company. With the exception of tenant deposits, which are tied to the terms of the lease and typically extend beyond a year, the majority of these customer deposits and other deferred revenue are expected to be recognized as revenue or refunded to the customer within one year of the date the deposit was recorded.

The following table summarizes the Company's activity for contract and contract related liabilities:

<i>(In thousands)</i>	<b>Outstanding Chip Liability</b>		<b>Loyalty Program</b>		<b>Customer Deposits and Other</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 756	\$ 1,763	\$ 4,696	\$ 6,214	\$ 5,015	\$ 6,126
Balance at December 31	997	756	3,969	4,696	3,497	5,015
Increase (decrease)	\$ 241	\$ (1,007)	\$ (727)	\$ (1,518)	\$ (1,518)	\$ (1,111)

### Costs to Acquire a Contract with a Customer

As part of the Company's distributed gaming business, the Company incurs incremental costs to acquire customer contracts in the form of up-front fully recoverable consideration provided to a customer upon execution of the agreement. Such costs are recorded as other current and non-current assets in the Company's consolidated balance sheets and are amortized over the term of the contract. The amount of costs to acquire customer contracts recorded by the Company as of December 31, 2020 and 2019 was \$5.5 million and \$6.2 million, respectively.

### Gaming Taxes

The Company's Nevada casinos are subject to taxes based on gross gaming revenues and pay annual fees based on the number of slots and table games licensed during the year. Rocky Gap is subject to gaming taxes based on gross gaming revenues and also pays an annual flat tax based on the number of table games and video lottery terminals in operation during the year. The Company's distributed gaming operations in Nevada are subject to taxes based on the Company's share of non-restricted gross gaming revenue for those locations that have grandfathered rights to more than 15 slots for play, and/or annual and quarterly fees at all tavern and third party distributed gaming locations. The Company's distributed gaming operations in Montana are subject to taxes based on the Company's share of gross gaming revenue. These gaming taxes are recorded as gaming expenses in the consolidated statements of operations. Total gaming taxes and licenses were \$51.8 million, \$62.1 million and \$55.3 million for the years ended December 31, 2020, 2019 and 2018, respectively.

### *Advertising Expenses*

The Company expenses advertising, marketing and promotional costs as incurred. Advertising costs included in the “Selling, general and administrative” line in the Company’s consolidated statements of operations were \$6.9 million, \$13.1 million and \$10.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

### *Share-Based Compensation Expense*

The Company has various share-based compensation programs, which provide for equity awards including stock options, time-based restricted stock units (“RSUs”) and performance-based restricted stock units (“PSUs”). Share-based compensation expense is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense, net of forfeitures, over the employee’s requisite service period. Compensation costs related to stock option awards are calculated based on the fair value of the award on the date of grant using the Black-Scholes option pricing model. For RSUs and PSUs, compensation expense is calculated based on the fair market value of the Company’s common stock on the date of grant. All of the Company’s share-based compensation expense is recorded in selling, general and administrative expenses in the consolidated statements of operations.

### *Income Taxes*

The Company is subject to income taxes in the United States. Accounting standards require the recognition of deferred tax assets, net of applicable reserves, and liabilities for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on the income tax provision and deferred tax assets and liabilities generally is recognized in the results of operations in the period that includes the enactment date. Accounting standards also require recognition of a future tax benefit to the extent that realization of such benefit is more likely than not; otherwise, a valuation allowance is applied.

The Company’s income tax returns are subject to examination by the Internal Revenue Service and other tax authorities in the locations where it operates. The Company assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes. The accounting standards prescribe a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Uncertain tax position accounting standards apply to all tax positions related to income taxes. These accounting standards utilize a two-step approach for evaluating tax positions. If a tax position, based on its technical merits, is deemed more likely than not to be sustained, then the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon settlement.

The Company records estimated penalties and interest related to income tax matters, including uncertain tax positions, if any, as a component of income tax expense.

### *Net Income (Loss) per Share*

For all periods, basic net income (loss) per share is calculated by dividing net income by the weighted-average common shares outstanding. Diluted net income per share in profitable periods reflects the effect of all potentially dilutive common shares outstanding by dividing net income by the weighted-average of all common and potentially dilutive shares outstanding. Due to the net loss for the years ended December 31, 2020, 2019 and 2018, the effect of all potential common share equivalents was anti-dilutive, and therefore, all such shares were excluded from the computation of diluted weighted-average common shares outstanding for these periods. The amount of potential common share equivalents was 915,025, 916,907 and 2,014,012 for years ended December 31, 2020, 2019 and 2018, respectively.

### *Recent Accounting Pronouncements*

Changes to GAAP are established by the Financial Accounting Standards Board (“FASB”), in the form of ASUs, to the FASB’s Accounting Standards Codification (“ASC”). The Company considers the applicability and impact of all ASUs. While management continues to assess the possible impact of the adoption of new accounting standards and the future adoption of the new accounting standards that are not yet effective on the Company’s financial statements, management currently believes that the following new standards have or may have an impact on the Company’s consolidated financial statements and disclosures:

### *Accounting Standards Issued and Adopted*

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments — Credit Losses (Topic 326) (“ASC 326”). The new guidance replaced the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For trade and other receivables, loans and other financial instruments, the Company is required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. The Company adopted the standard effective January 1, 2020, and the adoption did not have a material impact on the Company’s financial statements and disclosures.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement (“ASC 820”). The new guidance amended the disclosure requirements for recurring and nonrecurring fair value measurements by removing, modifying, and adding certain disclosures on fair value measurements in ASC 820. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments are to be applied retrospectively to all periods presented upon their effective date. The Company adopted the standard effective January 1, 2020, and the adoption did not have a material impact on the Company’s financial statements and disclosures.

In August 2018, the FASB issued ASU No. 2018-15, Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. The ASU was intended to eliminate potential diversity in practice in accounting for costs incurred to implement cloud computing arrangements that are service contracts by requiring customers in such arrangements to follow internal-use software guidance with respect to such costs, with any resulting deferred implementation costs recognized over the term of the contract in the same income statement line item as the fees associated with the hosting element of the arrangement. The Company adopted the standard effective January 1, 2020, and the adoption did not have a material impact on the Company’s financial statements and disclosures.

### *Accounting Standards Issued But Not Yet Adopted*

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The ASU is intended to simplify the accounting for income taxes by removing certain exceptions for investments, intraperiod allocations, and interim calculations, and adds guidance to reduce the complexity of applying Topic 740. The standard is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its financial statements and disclosures; however, it does not expect the impact to be material.

No other recently issued accounting standards that are not yet effective have been identified that management believes are likely to have a material impact on the Company’s financial statements.

### **Note 3 – Acquisitions**

The Company did not have any material acquisitions during the year ended December 31, 2020 or 2018.

On January 14, 2019, the Company completed the acquisition of the Laughlin Entities from Marnell for \$156.2 million in cash (after giving effect to the post-closing adjustment provisions in the purchase agreement) and the issuance of 911,002 shares of the Company’s common stock to certain assignees of Marnell. The results of operations of the Laughlin Entities are included in the Company’s results subsequent to the acquisition date.

The Laughlin Acquisition was accounted for using the acquisition method of accounting. The determination of the fair value of the assets acquired and liabilities assumed (and the related determination of estimated lives of depreciable tangible and identifiable intangible assets) was completed in the fourth quarter of 2019.



The following table summarizes the allocation of the purchase price for the Laughlin Acquisition, based on estimates of the fair values of the assets acquired and liabilities assumed:

<i>(In thousands)</i>	<b>Preliminary Allocation as of March 31, 2019</b>	<b>Adjustments</b>	<b>Final Purchase Price Allocation</b>
Current assets	\$ 12,615	\$ (123)	\$ 12,492
Property and equipment	126,198	(1,131)	125,067
Right-of-use assets	2,620	—	2,620
Intangible assets	19,234	(324)	18,910
Goodwill	24,736	1,455	26,191
Other noncurrent assets	—	123	123
Liabilities	(10,023)	—	(10,023)
Lease liabilities	(2,620)	—	(2,620)
<b>Total assets acquired, net of liabilities assumed</b>	<b>\$ 172,760</b>	<b>\$ —</b>	<b>\$ 172,760</b>

The goodwill recognized is the excess of the purchase price over the final values assigned to the assets acquired and liabilities assumed. All of the goodwill was assigned to the Casinos segment and \$15.0 million is expected to be deductible for income tax purposes.

The following table summarizes the values assigned to acquired property and equipment in the Laughlin Acquisition and estimated useful lives by category:

<i>(In thousands)</i>	<b>Useful Life (Years)</b>	<b>Amount</b>
Land	Not applicable	\$ 4,160
Building and site improvements	10-30	102,450
Furniture and equipment	2-13	18,290
Construction in process	Not applicable	167
<b>Total property and equipment</b>		<b>\$ 125,067</b>

The following table summarizes the values assigned to acquired intangible assets in the Laughlin Acquisition and estimated useful lives by category:

<i>(In thousands)</i>	<b>Useful Life (Years)</b>	<b>Amount</b>
Non-compete agreements	5	\$ 3,630
Trade names	Indefinite	6,980
Player loyalty program	2	8,300
<b>Total intangible assets</b>		<b>\$ 18,910</b>

The following table summarizes the components of the purchase price paid by the Company to Marnell in the Laughlin Acquisition (after taking into account the adjustment to the cash portion of the purchase price pursuant to the post-closing adjustment provisions of the purchase agreement, as described above):

<i>(In thousands)</i>	<b>Amount</b>
Cash	\$ 156,152
Fair value of common stock issued (911,002 shares)	16,608
<b>Total purchase price</b>	<b>\$ 172,760</b>

#### Note 4 – Property and Equipment

Property and equipment, net, consisted of the following:

<i>(In thousands)</i>	December 31,	
	2020	2019
Land	\$ 125,240	\$ 125,240
Building and improvements	928,641	880,662
Furniture and equipment	246,292	222,938
Construction in process	6,714	49,869
<b>Property and equipment</b>	<b>1,306,887</b>	<b>1,278,709</b>
Accumulated depreciation	(331,137)	(232,173)
<b>Property and equipment, net</b>	<b>\$ 975,750</b>	<b>\$ 1,046,536</b>

Depreciation expense for property and equipment, including finance leases, totaled \$103.4 million, \$93.9 million and \$76.7 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The Company concluded that the impact of the current COVID-19 pandemic on its operations and financial results was an indicator that impairment may exist related to its long-lived assets. As a result, throughout the year the Company revised its cash flow projections to reflect the current economic environment, including the uncertainty around the nature, timing and extent of elimination or change of the restrictions on its operations, and utilized such projections in performing interim and annual qualitative and quantitative assessments of its property and equipment for potential impairment. The revised cash flow projections also reflected the Company's decision to keep operations of its Colorado Belle property suspended. Based on the results of interim and annual assessments conducted during the year, the Company concluded that there was no impairment of the Company's long-lived assets as of and for the year ended December 31, 2020.

To the extent the Company becomes aware of new facts and circumstances arising from the COVID-19 pandemic that impact its operations, the Company will revise its cash flow projections accordingly, as its estimates of future cash flows are highly dependent upon certain assumptions, including, but not limited to, the nature, timing, and extent of elimination or change of the restrictions on the Company's operations and the extent and timing of the economic recovery globally, nationally, and specifically within the gaming industry. If such assumptions are not accurate, the Company may be required to record impairment charges in future periods, whether in connection with its regular review procedures, or earlier, if an indicator of an impairment is present prior to such evaluation.

#### Note 5 – Goodwill and Intangible Assets

The Company tests goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter of each year, and whenever events or circumstances indicate that it is more likely than not that the carrying value of a reporting unit exceeds its fair value. Finite-lived intangible assets are evaluated for potential impairment whenever there is an indicator that the carrying value of an asset group may not be recoverable. Refer to [“Note 2 — Summary of Significant Accounting Policies”](#) for further information on the Company's accounting policies related to its goodwill and intangible assets.

During the first quarter of 2020, the Company concluded that the COVID-19 pandemic had an adverse impact on its operations and financial results, particularly within the Company's Casinos segment due to the mandatory property closures, which management considered an indicator of impairment, and necessitated a performance of interim qualitative and quantitative impairment tests. The Company's interim assessment resulted in recognition of an impairment of its Casinos segment goodwill of \$6.5 million.

The mandatory closure of all the Company's properties for a majority of the second quarter of 2020 resulted in deterioration of performance of the Company's resort casino properties in particular, which required the Company to revise its cash flow projections to reflect the current economic environment, including the uncertainty surrounding the nature, timing, and extent of elimination or change of the restrictions on the Company's operations. The revised cash flow projections also reflected the Company's decision to keep operations of its Colorado Belle property suspended. Interim qualitative and quantitative assessments of Golden's goodwill and intangible assets for potential impairment conducted during the second quarter of 2020 utilizing the updated projections resulted in recognition of an additional impairment of the goodwill of the Company's Casinos segment in the amount of \$18.8 million as of June 30, 2020. The assessment also indicated that the carrying value of an indefinite-lived trade name for certain of the Company's properties within the Casinos segment exceeded its fair value and resulted in recognition of an impairment charge of \$2.6 million.

The Company conducted its annual quantitative test of goodwill and indefinite-lived intangible assets for potential impairment during the fourth quarter of 2020 utilizing the cash flow projections that were further revised in response to the ongoing impact of the COVID-19 pandemic on the Company's operations, as discussed in ["Note 1 — Nature of Business."](#) The Company's annual test resulted in recognition of impairment charges to its goodwill and certain indefinite-lived trade names within the Casinos segment in the amount of \$1.8 million and \$4.3 million, respectively.

The estimated fair value of goodwill during the interim periods was determined using an income valuation approach utilizing discounted cash flow models. The annual quantitative test was conducted using a combination of an income valuation approach utilizing discounted cash flow models and a market valuation approach. The market valuation approach considers comparable market data based on multiples of revenue or earnings before interest, taxes, depreciation and amortization. The income valuation approach utilized the following Level 3 inputs: discount rate of 12.0% - 13.5%; long-term revenue growth rate of 2.0% - 3.0%.

The estimated fair value of indefinite-lived intangible assets for the interim and annual tests was determined using the income approach by applying the relief from royalty methodology using Level 3 inputs with a royalty rate of 0.75% to 2.0%, a discount rate of 12.0% to 13.5% and long-term revenue growth rate of 2.0% to 3.0%.

The following table summarizes goodwill activity by reportable segment:

<i>(In thousands)</i>	<b>Casinos</b>	<b>Distributed Gaming</b>	<b>Total Goodwill</b>
<b>Balance, January 1, 2019</b>	\$ 61,175	\$ 98,104	\$ 159,279
Goodwill acquired during the year <sup>(1)</sup>	26,191	—	26,191
<b>Balance, December 31, 2019</b>	\$ 87,366	\$ 98,104	\$ 185,470
Goodwill impairment	(27,074)	—	(27,074)
<b>Balance, December 31, 2020</b>	\$ 60,292	\$ 98,104	\$ 158,396

(1) Relates to the Laughlin Acquisition discussed in ["Note 3 — Acquisitions."](#)

Intangible assets, net, consisted of the following:

<i>(In thousands)</i>	<b>December 31, 2020</b>				
	<b>Useful Life (Years)</b>	<b>Gross Carrying Value</b>	<b>Cumulative Amortization</b>	<b>Impairment</b>	<b>Intangible Assets, Net</b>
<b>Indefinite-lived intangible assets</b>					
Trade names	Indefinite	\$ 53,690	\$ —	\$ (6,890)	\$ 46,800
		53,690	—	(6,890)	46,800
<b>Amortizing intangible assets</b>					
Customer relationships	4-16	81,105	(30,012)	—	51,093
Player relationships	2-14	42,990	(39,116)	—	3,874
Non-compete agreements	2-5	9,840	(7,385)	—	2,455
Gaming license <sup>(1)</sup>	15	2,100	(1,070)	—	1,030
In-place lease value	4	1,170	(918)	—	252
Leasehold interest	4	570	(504)	—	66
Other	4-25	1,814	(1,275)	—	539
		139,589	(80,280)	—	59,309
<b>Balance, December 31, 2020</b>		\$ 193,279	\$ (80,280)	\$ (6,890)	\$ 106,109

(1) Relates to Rocky Gap.

<i>(In thousands)</i>	December 31, 2019			
	Useful Life (Years)	Gross Carrying Value	Cumulative Amortization	Intangible Assets, Net
<b>Indefinite-lived intangible assets</b>				
Trade names	Indefinite	\$ 53,690	\$ —	\$ 53,690
		53,690	—	53,690
<b>Amortizing intangible assets</b>				
Customer relationships	4-16	81,105	(24,140)	56,965
Player relationships	2-14	42,990	(26,649)	16,341
Non-compete agreements	2-5	9,840	(5,467)	4,373
Gaming license <sup>(1)</sup>	15	2,100	(929)	1,171
In-place lease value	4	1,301	(724)	577
Leasehold interest	4	570	(345)	225
Other	4-25	1,814	(1,150)	664
		139,720	(59,404)	80,316
<b>Balance, December 31, 2019</b>		<b>\$ 193,410</b>	<b>\$ (59,404)</b>	<b>\$ 134,006</b>

(1) Relates to Rocky Gap.

Total amortization expense related to intangible assets was \$21.0 million, \$22.7 million and \$17.8 million for the years ended December 31, 2020, 2019 and 2018, respectively. Estimated future amortization expense related to intangible assets is as follows:

<i>(In thousands)</i>	2021	2022	2023	2024	2025	Thereafter	Total <sup>(1)</sup>
Estimated amortization expense	\$ 8,051	\$ 7,496	\$ 7,367	\$ 6,472	\$ 6,132	\$ 23,791	\$ 59,309

(1) The Company did not have intangible assets that were not placed in service as of December 31, 2020.

To the extent the Company becomes aware of new facts and circumstances arising from the COVID-19 pandemic that impact its operations, the Company will revise its cash flow projections accordingly, as its estimates of future cash flows are highly dependent upon certain assumptions, including, but not limited to, the nature, timing, and extent of elimination or change of the restrictions on the Company's operations and the extent and timing of the economic recovery globally, nationally, and specifically within the gaming industry. If such assumptions are not accurate, the Company may be required to record impairment charges in future periods, whether in connection with its regular review procedures, or earlier, if an indicator of an impairment is present prior to such evaluation.

#### Note 6 – Accrued Liabilities

Accrued liabilities consisted of the following:

<i>(In thousands)</i>	December 31,	
	2020	2019
Gaming liabilities	\$ 12,073	\$ 12,353
Accrued taxes, other than income taxes	6,152	7,495
Interest	6,118	6,562
Other accrued liabilities	4,751	3,873
Deposits	1,211	2,734
<b>Total current accrued liabilities</b>	<b>\$ 30,305</b>	<b>\$ 33,017</b>

## Note 7 – Debt

Long-term debt, net, consisted of the following:

<i>(In thousands)</i>	December 31,	
	2020	2019
Term Loan	\$ 772,000	\$ 772,000
2026 Unsecured Notes	375,000	375,000
Finance lease liabilities	9,182	12,463
Notes payable	4,373	6,369
<b>Total long-term debt and finance leases</b>	<b>1,160,555</b>	<b>1,165,832</b>
Unamortized discount	(15,570)	(18,885)
Unamortized debt issuance costs	(6,873)	(8,076)
<b>Total long-term debt and finance leases after debt issuance costs and discount</b>	<b>1,138,112</b>	<b>1,138,871</b>
Current portion of long-term debt and finance leases	(11,142)	(8,497)
<b>Long-term debt, net and finance leases</b>	<b>\$ 1,126,970</b>	<b>\$ 1,130,374</b>

### *Senior Secured Credit Facility*

In October 2017, the Company entered into a senior secured credit facility consisting of a \$900 million senior secured first lien credit facility (consisting of an \$800 million term loan (the “Term Loan”) and a \$100 million Revolving Credit Facility) with JPMorgan Chase Bank, N.A. (as administrative agent and collateral agent), the lenders party thereto and the other entities party thereto (the “Credit Facility”). The Revolving Credit Facility was subsequently increased from \$100 million to \$200 million in 2018.

As of December 31, 2020, the Company had \$772 million in principal amount of outstanding Term Loan borrowings under its Credit Facility, no outstanding letters of credit and no borrowings under the Revolving Credit Facility, such that full borrowing availability of \$200 million under the Revolving Credit Facility was available to the Company for re-borrowing.

### *Interest and Fees*

Borrowings under the Credit Facility bear interest, at the Company’s option, at either (1) a base rate equal to the greatest of the federal funds rate plus 0.50%, the applicable administrative agent’s prime rate as announced from time to time, or the LIBOR rate for a one-month interest period plus 1.00%, subject to a floor of 1.75% (with respect to the term loan) or 1.00% (with respect to borrowings under the revolving credit facility) or (2) the LIBOR rate for the applicable interest period, subject to a floor of 0.75% (with respect to the term loan only), plus in each case, an applicable margin. The applicable margin for the term loan under the Credit Facility is 2.00% for base rate loans and 3.00% for LIBOR rate loans. The applicable margin for borrowings under the revolving credit facility ranges from 1.50% to 2.00% for base rate loans and 2.50% to 3.00% for LIBOR rate loans, based on the Company’s net leverage ratio. The commitment fee for the revolving credit facility is payable quarterly at a rate of 0.375% or 0.50%, depending on the Company’s net leverage ratio, and is accrued based on the average daily unused amount of the available revolving commitment. The weighted-average effective interest rate on the Company’s outstanding borrowings under the Credit Facility was approximately 3.97% for the year ended December 31, 2020.

### *Optional and Mandatory Prepayments*

The Revolving Credit Facility matures on October 20, 2022, and the Term Loan matures on October 20, 2024. The Term Loan is repayable in 27 quarterly installments of \$2 million each, which commenced in March 2018, followed by a final installment of \$746 million at maturity. In April 2019, the Company made a \$18 million prepayment of the term loan under the Credit Facility with the proceeds from the issuance of the Company’s 7.625% Senior Notes due 2026 (the “2026 Unsecured Notes”).

### *Guarantees and Collateral*

Borrowings under the Credit Facility are guaranteed by each of the Company’s existing and future wholly-owned domestic subsidiaries (other than certain insignificant or unrestricted subsidiaries) and are secured by substantially all of the present and future assets of the Company and its subsidiary guarantors (subject to of certain exceptions).

### *Financial and Other Covenants*

Under the Credit Facility, the Company and its restricted subsidiaries are subject to certain limitations, including limitations on their respective ability to: incur additional debt, grant liens, sell assets, make certain investments, pay dividends and make certain other restricted payments. In addition, the Company will be required to pay down the term loan under the Credit Facility under certain circumstances if the Company or its restricted subsidiaries issue debt, sell assets, receive certain extraordinary receipts or generate excess cash flow (subject to exceptions). The Credit Facility contains a financial covenant regarding a maximum net leverage ratio that applies when borrowings under the Revolving Credit Facility exceed 30% of the total revolving commitment. The Credit Facility also prohibits the occurrence of a change of control, which includes the acquisition of beneficial ownership of 50% or more of the Company's capital stock (other than by certain permitted holders, which include, among others, Blake L. Sartini, Lyle A. Berman, and certain affiliated entities). If the Company defaults under the Credit Facility due to a covenant breach or otherwise, the lenders may be entitled to, among other things, require the immediate repayment of all outstanding amounts and sell the Company's assets to satisfy the obligations thereunder. The Company was in compliance with its financial covenants under the Credit Facility as of December 31, 2020.

### *Senior Unsecured Notes*

On April 15, 2019, the Company issued \$375 million in principal amount of 2026 Unsecured Notes in a private placement to institutional buyers at face value. The 2026 Unsecured Notes bear interest at 7.625%, payable semi-annually on April 15th and October 15th of each year.

In connection with the issuance of the 2026 Unsecured Notes, the Company incurred approximately \$6.7 million in debt financing costs and fees that have been deferred and are being amortized over the term of the 2026 Unsecured Notes using the effective interest method.

The net proceeds of the 2026 Unsecured Notes were used to (i) repay the Company's former \$200 million second lien term loan, (ii) repay outstanding borrowings under the Revolving Credit Facility, (iii) repay \$18 million of the outstanding Term Loan indebtedness under the Credit Facility, and (iv) pay accrued interest, fees and expenses related to each of the foregoing.

### *Optional Prepayments*

The 2026 Unsecured Notes may be redeemed, in whole or in part, at any time during the 12 months beginning on April 15, 2022 at a redemption price of 103.813%, during the 12 months beginning on April 15, 2023 at a redemption price of 101.906%, and at any time on or after April 15, 2024 at a redemption price of 100%, in each case plus accrued and unpaid interest, if any, thereon to the redemption date. Prior to April 15, 2022, the Company may redeem up to 40% of the 2026 Unsecured Notes at a redemption price of 107.625% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the redemption date, from the net cash proceeds of specified equity offerings. Prior to April 15, 2022, the Company may also redeem the 2026 Unsecured Notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and an Applicable Premium (as defined in the indenture governing the 2026 Unsecured Notes (the "Indenture")), if any, thereon to the redemption date.

### *Financial and Other Covenants*

The 2026 Unsecured Notes are guaranteed on a senior unsecured basis by each of the Company's existing and future wholly-owned domestic subsidiaries that guarantees the Credit Facility. The 2026 Unsecured Notes are the Company and its subsidiary guarantors' general senior unsecured obligations and rank equally in right of payment with all of the Company's respective existing and future unsecured unsubordinated debt. The 2026 Unsecured Notes are effectively junior in right of payment to the Company and its subsidiary guarantors' existing and future secured debt, including under the Credit Facility (to the extent of the value of the assets securing such debt), are structurally subordinated to all existing and future liabilities (including trade payables) of any of the Company's subsidiaries that do not guarantee the 2026 Unsecured Notes, and are senior in right of payment to all of the Company and its subsidiary guarantors' existing and future subordinated indebtedness.

Under the Indenture, the Company and its restricted subsidiaries are subject to certain limitations, including limitations on their respective ability to: incur additional debt, grant liens, sell assets, make certain investments, pay dividends and make certain other restricted payments. In the event of a change of control (which includes the acquisition of more than 50% of the Company's capital stock, other than by certain permitted holders, which include, among others, Blake L. Sartini, Lyle A. Berman, and certain affiliated entities), each holder will have the right to require the Company to repurchase all or any part of such holder's 2026 Unsecured Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the 2026 Unsecured Notes repurchased, plus accrued and unpaid interest, if any, to the date of purchase.

### *Expenses Related to Extinguishment and Modification of Debt*

In April 2019, the Company recognized a \$5.5 million loss on extinguishment of debt and \$3.7 million of expense related to modification of debt, related to the repayment of the Company's former second lien term loan and \$18 million prepayment of the Term Loan under its Credit Facility.

### *Derivative Instruments*

In November 2017, the Company entered into an interest rate cap agreement (the "Interest Rate Cap") with a notional value of \$650 million for a cash payment of \$3.1 million. The Interest Rate Cap established a range whereby the counterparty would pay the Company if one-month LIBOR exceeds the ceiling rate of 2.25%. The Interest Rate Cap settled monthly commencing in January 2018 through its expiration on December 31, 2020. No payments or receipts were required to be exchanged on the Interest Rate Cap unless interest rates rise above the pre-determined ceiling rate. The estimated fair value of the Company's Interest Rate Cap is derived from a market price obtained from a dealer quote. Such quote represents the estimated amount the Company would receive to terminate the contract. The fair value of the Company's Interest Rate Cap was zero as of December 31, 2019 and 2020.

### *Scheduled Principal Payments of Long-Term Debt*

The scheduled principal payments due on long-term debt are as follows (in thousands):

<b>Year Ending December 31,</b>	<b>Amount</b>
2021	\$ 11,142
2022	11,700
2023	8,829
2024	752,265
2025	219
Thereafter	376,400
<b>Total outstanding principal of long-term debt</b>	<b>\$ 1,160,555</b>

### **Note 8 – Equity Transactions and Stock Incentive Plans**

#### *Equity Transactions*

In January 2018, the Company completed an underwritten public offering pursuant to its universal shelf registration statement, in which certain of the Company's shareholders resold an aggregate of 6.5 million shares of the Company's common stock, and the Company sold 975,000 newly issued shares of its common stock pursuant to the exercise in full of the underwriters' over-allotment option to purchase additional shares. The Company's net proceeds from the offering were \$25.6 million after deducting underwriting discounts and offering expenses.

On November 7, 2018, the Board of Directors authorized the repurchase of up to \$25 million shares of common stock, subject to available liquidity, general market and economic conditions, alternate uses for the capital and other factors. The Company uses the par value method of accounting for its stock repurchases. As a result of the stock repurchases, the Company reduces common stock and records charges to accumulated deficit. During the year ended December 31, 2018, the Company repurchased approximately 1.2 million shares of its \$0.01 par value common stock in open market transactions at an average price of \$16.06 per share, resulting in a charge to accumulated deficit of \$19.6 million.

On March 12, 2019, the Board of Directors authorized the repurchase of up to \$25 million worth of additional shares of common stock, subject to available liquidity, general market and economic conditions, alternate uses for the capital and other factors, which replaces the November 2018 share repurchase program. Share repurchases may be made from time to time in open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements, including compliance with the Company's finance agreements. There is no minimum number of shares that the Company is required to repurchase and the repurchase program may be suspended or discontinued at any time without prior notice.



On December 22, 2020, the Company repurchased 50,000 shares of its common stock from Lyle A. Berman, an independent non-employee member of the Company’s Board of Directors, pursuant to its share repurchase program at a price of \$19.00 per share, resulting in a charge to accumulated deficit of \$1.0 million. This transaction was approved by the Audit Committee of the Board of Directors prior to being executed. There were no other repurchase transactions under the Company’s share repurchase program during the year ended December 31, 2020.

#### Overview of Stock Incentive Plans

On August 27, 2015, the Board of Directors of the Company approved the Golden Entertainment, Inc. 2015 Incentive Award Plan (the “2015 Plan”), which was approved by the Company’s shareholders at the Company’s 2016 annual meeting. The 2015 Plan authorizes the issuance of stock options, restricted stock, restricted stock units, dividend equivalents, stock payment awards, stock appreciation rights, performance bonus awards and other incentive awards. The 2015 Plan authorizes the grant of awards to employees, non-employee directors and consultants of the Company and its subsidiaries. Options generally have a ten-year term. Except as provided in any employment agreement between the Company and the employee, if an employee is terminated (voluntarily or involuntarily), any unvested options as of the date of termination will be forfeited.

The maximum number of shares of the Company’s common stock for which grants may be made under the 2015 Plan is 2.25 million shares, plus an annual increase on January 1<sup>st</sup> of each year during the ten-year term of the 2015 Plan equal to the lesser of 1.8 million shares, 4% of the total shares of the Company’s common stock outstanding (on an as-converted basis) and such smaller amount as may be determined by the Board of Directors in its sole discretion. The annual increase on January 1, 2020 was 1,066,403 shares. In addition, the maximum aggregate number of shares of common stock that may be subject to awards granted to any one participant during a calendar year is 2.0 million shares. As of December 31, 2020, a total of 1,501,007 shares of the Company’s common stock remained available for grants of awards under the 2015 Plan.

#### Stock Options

The following table summarizes the Company’s stock option activity:

	Stock Options Outstanding	Weighted- Average Remaining Term (in years)	Weighted- Average Exercise Price	Aggregate Intrinsic Value (in thousands)
<b>Outstanding at January 1, 2020</b>	3,126,521	6.1	\$ 11.61	
Granted	—		\$ —	
Exercised	(84,875)		\$ 3.88	
Cancelled	(2,292)		\$ 13.50	
Expired	(148,013)		\$ 26.61	
<b>Outstanding at December 31, 2020</b>	<u>2,891,341</u>	5.5	\$ 11.07	\$ 25,520
<b>Exercisable at December 31, 2020</b>	<u>2,854,813</u>	5.5	\$ 11.04	\$ 25,286

The total intrinsic value of stock options exercised was \$1.3 million, \$1.6 million and \$16.1 million for the years ended December 31, 2020, 2019 and 2018, respectively. The Company has not granted any stock options since 2017 and the amount of cash received from stock options exercised during the year ended December 31, 2020 was insignificant.

The Company issues new shares of common stock upon exercise of stock options.

The Company uses the Black-Scholes option pricing model to estimate the fair value and compensation cost associated with employee incentive stock options, which requires the consideration of historical employee exercise behavior data and the use of a number of assumptions including volatility of the Company’s stock price, the weighted-average risk-free interest rate and the weighted-average expected life of the options. The Company’s determination of fair value of share-based option awards on the date of grant using the Black-Scholes option pricing model is affected by the following assumptions regarding complex and subjective variables. Any changes in these assumptions may materially affect the estimated fair value of the share-based award.

- Expected dividend yield — As the Company has not historically paid dividends, with the exception of the Special Dividend, the dividend rate variable used in the Black-Scholes model is zero.
- Risk-free interest rate — The risk-free interest rate assumption is based on the U.S. Treasury yield curve in effect at the time of grant and with maturities consistent with the expected term of options.



- Expected term — The expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. It is based upon the Company’s experience as to the average historical term of option grants that were exercised, canceled or forfeited. Management believes historical data is reasonably representative of future exercise behavior.
- Expected volatility — The volatility assumption is based on the historical actual volatility of the Company’s stock. Management concluded there were no factors identified which were unusual and which would distort the volatility figure if used to estimate future volatility. Future volatility may be substantially less or greater than expected volatility.

### ***RSUs and PSUs***

On March 14, 2018, the Compensation Committee of the Board of Directors of the Company approved a new long-term incentive structure for equity awards to be granted to the executive officers of the Company under the 2015 Plan. Under this new structure, commencing in the first quarter of 2018, the executive officers of the Company receive long-term equity awards in a combination of RSUs and PSUs. The number of PSUs that will be eligible to vest with respect to these PSU awards will be determined based on the Company’s attainment of performance goals set by the Compensation Committee. Following the two-year performance period, the number of “vesting eligible” PSUs will then be subject to one additional year of time-based vesting. Share-based compensation costs related to RSU and PSU awards are calculated based on the market price on the date of the grant. The Company periodically reviews the estimates of performance against the defined criteria to assess the expected payout of each outstanding PSU grant and adjusts the stock compensation expense accordingly.

The following table summarizes the Company's RSU activity:

	RSUs		
	Shares	Weighted-Average Grant Date Fair Value	Total Fair Value of Shares Vested (in thousands)
<b>Outstanding at January 1, 2018</b>	—		
Granted	241,542	\$ 29.09	
Vested	—		\$ —
Cancelled	(9,243)	\$ 28.72	
<b>Outstanding at December 31, 2018</b>	232,299	\$ 29.10	
Granted	564,805	\$ 13.88	
Vested	(103,224)	\$ 29.61	\$ 1,596
Cancelled	(32,622)	\$ 20.77	
<b>Outstanding at December 31, 2019</b>	661,258	\$ 16.44	
Granted	624,415	\$ 9.65	
Vested	(308,222)	\$ 16.06	\$ 3,336
Cancelled	(33,494)	\$ 16.58	
<b>Outstanding at December 31, 2020</b>	943,957	\$ 12.06	

The following table summarizes the Company's PSU activity:

	PSUs		
	Shares <sup>(1)</sup>	Weighted-Average Grant Date Fair Value	Total Fair Value of Shares Vested (in thousands)
<b>Outstanding at January 1, 2018</b>	62,791	\$ 27.87	
Granted	108,957 <sup>(2)</sup>	\$ 28.72	
Vested	—		\$ —
Cancelled	—		
<b>Outstanding at December 31, 2018</b>	171,748	\$ 28.41	
Granted	204,580	\$ 14.13	
Vested	—		\$ —
Cancelled	—		
<b>Outstanding at December 31, 2019</b>	376,328	\$ 20.65	
Granted	404,880	\$ 8.86	
Vested	(5,254)	\$ 28.72	\$ 47
Cancelled	(32,235)	\$ 28.72	
<b>Outstanding at December 31, 2020</b>	743,719	\$ 13.82	

(1) The number of shares for the PSUs listed as outstanding at January 1, 2018 represents the actual number of PSUs granted to each recipient that are eligible to vest if the Company meets its performance goals for the applicable period. The number of shares listed as granted for PSUs granted after January 1, 2018 represents the “target” number of PSUs granted to each recipient eligible to vest if the Company meets its “target” performance goals for the applicable period. The actual number of PSUs eligible to vest for those PSUs will vary depending on whether or not the Company meets or exceeds the applicable threshold, target, or maximum performance goals for the PSUs, with 200% of the “target” number of PSUs eligible to vest at “maximum” performance levels.

(2) During the first quarter of 2020, the Company's financial results for the performance goals applicable to the PSUs granted in March 2018 were certified, which resulted in the reduction of the PSUs granted in 2018 to the number of PSUs eligible to vest from 108,957 to 76,722 shares (with the 32,235 share adjustment shown in the table above as “Cancelled”), 5,254 of which shares have since vested.

## Share-Based Compensation

The following table summarizes share-based compensation costs by award type:

<i>(In thousands)</i>	Year Ended December 31,		
	2020	2019	2018
Stock options	\$ 1,919	\$ 4,850	\$ 5,191
RSUs	5,264	4,284	3,383
PSUs	2,342	911	1,067
<b>Total share-based compensation costs</b>	<b>\$ 9,525</b>	<b>\$ 10,045</b>	<b>\$ 9,641</b>

As of December 31, 2020, the Company's unrecognized share-based compensation expenses related to stock options, RSUs and PSUs was \$0.2 million, \$6.5 million and \$3.4 million, respectively, which are expected to be recognized over a weighted-average period of 0.2 years for stock options and 1.9 years for both RSUs and PSUs.

## Note 9 – Income Taxes

Income tax provision (benefits) are summarized as follows:

<i>(In thousands)</i>	Year Ended December 31,		
	2020	2019	2018
<b>Current:</b>			
Federal	\$ (371)	\$ (371)	\$ (741)
State	—	—	—
<b>Total current tax benefit</b>	<b>\$ (371)</b>	<b>\$ (371)</b>	<b>\$ (741)</b>
<b>Deferred:</b>			
Federal	\$ 430	\$ (1,475)	\$ 9,872
State	2	(30)	508
<b>Total deferred tax provision (benefit)</b>	<b>432</b>	<b>(1,505)</b>	<b>10,380</b>
<b>Income tax provision (benefit)</b>	<b>\$ 61</b>	<b>\$ (1,876)</b>	<b>\$ 9,639</b>

Reconciliation of the statutory federal income tax rate to the Company's actual rate based on income (loss) before income tax provision (benefit) is summarized as follows:

	Year Ended December 31,		
	2020	2019	2018
Statutory federal tax rate	21.00 %	21.00 %	21.00 %
State income taxes, net of federal income taxes	0.89	1.20	4.50
Permanent tax differences – stock compensation	(0.43)	(0.70)	22.00
Permanent tax differences – business meals	(0.07)	(0.90)	(5.00)
Permanent tax differences – executive compensation and other	(0.86)	—	(0.20)
Purchase price allocation adjustment – merger	—	5.90	—
Change in valuation allowance	(19.09)	(32.30)	(144.50)
FICA credit generated	0.33	2.80	8.50
Impact of Tax Cuts and Jobs Act	—	—	(4.80)
Impact of ASC 842	—	7.70	—
Change in tax rate and apportionment	0.11	(0.30)	(4.30)
Deferred only adjustment to beginning deferred balances	(1.92)	0.10	17.30
<b>Effective tax rate</b>	<b>(0.04)%</b>	<b>4.50 %</b>	<b>(85.50)%</b>

The Company's current and non-current deferred tax assets (liabilities) are comprised of the following:

<i>(In thousands)</i>	December 31,	
	2020	2019
<b>Deferred tax assets:</b>		
Accruals and reserves	\$ 4,315	\$ 5,346
Share-based compensation expense	5,469	4,958
Alternative minimum tax credit carryforward	—	371
General business credit carryforward	4,500	3,936
State tax credits	5,500	5,500
Net operating loss carryforwards	42,146	27,269
Operating lease obligation	42,039	46,525
Amortization of intangible assets	1,073	—
Other	647	583
	<u>105,689</u>	<u>94,488</u>
Valuation allowances	(62,724)	(36,652)
	<u>\$ 42,965</u>	<u>\$ 57,836</u>
<b>Deferred tax liabilities:</b>		
Prepaid services	\$ (715)	\$ (288)
Amortization of intangible assets	—	(7,760)
Depreciation of fixed assets	(5,104)	(7,534)
Right-of-use assets	(38,666)	(43,342)
	<u>(44,485)</u>	<u>(58,924)</u>
<b>Net deferred tax liabilities</b>	<u>\$ (1,520)</u>	<u>\$ (1,088)</u>

Deferred tax assets are evaluated by considering historical levels of income, estimates of future taxable income and the impact of tax planning strategies. The Company's financial results for the year ended December 31, 2020, include a net increase in valuation allowance of \$26.1 million. The Company has performed a continuing evaluation of its deferred tax asset valuation allowance on a quarterly basis. The Company concluded that, as of December 31, 2020, negative evidence outweighs positive evidence for the realization of deferred tax assets and as a result has provided a full valuation allowance against its net deferred tax assets.

As of December 31, 2020, the Company had \$191.0 million of federal net operating loss carryforwards, which will begin to expire in 2033. These net operating losses have the potential to be used to offset future ordinary taxable income and reduce future cash tax liabilities. However, in connection with the acquisition of American Casino and Entertainment Properties LLC ("American"), the Company issued 4,046,494 shares of its common stock to a former American equity holder, which resulted in an "ownership change" under Section 382 that will generally limit the amount of net operating losses the Company can utilize annually. As of December 31, 2020, the Company has concluded that the acquisition of American will not result in a loss of net operating loss nor credit carryforwards.

Additionally, the Company had deferred tax assets of \$4.5 million related to general business credits. The general business credit carryforward begins to expire in 2037.

As of December 31, 2020, the Company's 2017 and 2018 federal tax returns were under audit by the IRS.

As of December 31, 2020, the Company had no material uncertain tax positions.

#### **Note 10 – Employee Retirement and Benefit Plans**

##### *Defined contribution employee savings plans*

Effective November 1, 2018 the Company combined its two qualified defined contribution employee savings plans. The Company's qualified defined contribution employee savings plan allows eligible participants to defer, within prescribed limits, up to 75% of their income on a pre-tax basis through a portion of their salary and accumulate tax-deferred earnings as a retirement fund. The Company contributed approximately \$0.6 million, \$0.6 million and \$0.2 million to its defined contribution employee savings plan during the years ended December 31, 2020, 2019 and 2018, respectively. The Company's contributions vest over a five-year period.

## Pension plans

As of December 31, 2020, approximately 1,800 of the Company's employees were members of various unions and covered by union-sponsored, collectively bargained, multiemployer health and welfare and defined benefit pension plans. The Company recorded \$7.1 million, \$11.8 million and \$11.0 million in expenses for these plans for the years ended December 31, 2020, 2019 and 2018, respectively. The Company has no obligation to fund the plans beyond payments made based upon hours worked. The risks of participating in multiemployer plans are different from single-employer plans, including in the following aspects:

- Assets contributed to multiemployer plans by one employer may be used to provide benefits to employees of other participating employers;
- If a participating employer stops contributing to a multiemployer plan, the unfunded obligations of the multiemployer plan may be required to be borne by the remaining participating employers; and
- If an entity chooses to stop participating in some of its multiemployer plans, the entity may be required to pay those plans an amount based on the underfunded status of those plans, referred to as a "withdrawal liability."

The Company considers the following multiemployer pension plans to be significant:

Multiemployer Pension Plans	EIN/Plan Number	Pension Protection Zone Status <sup>(1)</sup>		FIR/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date Of Collective-Bargaining Agreement
		2019	2018			
Central Pension Fund of the IUOE and Participating Employers	36-6052390-001	Green	Green	No	No	3/31/2021
Southern Nevada Culinary and Bartenders Pension Plan	88-6016617-001	Green	Green	No	No	5/31/2023

- (1) The Pension Protection Act of 2006 requires plans that are certified as endangered (yellow) or critical (red) to develop and implement a funding improvement plan.

The Company's contributions to each multiemployer pension and benefit plans are as follows:

(In thousands)	December 31,		
	2020	2019	2018
<b>Multiemployer pension plans</b>			
Central Pension Fund of the IUOE and Participating Employers	\$ 545	\$ 704	\$ 753
Southern Nevada Culinary and Bartenders Pension Plan	1,356	2,130	2,003
Other pension plans	142	198	191
<b>Total contributions</b>	<b>\$ 2,043</b>	<b>\$ 3,032</b>	<b>\$ 2,947</b>
<b>Multiemployer benefit plans (excluding pension plans)</b>			
HEREIU Welfare Fund	\$ 5,216	\$ 8,757	\$ 7,807
All other	3	4	6
<b>Total contributions</b>	<b>\$ 5,219</b>	<b>\$ 8,761</b>	<b>\$ 7,813</b>

For the 2019 plan year, the latest period for which plan data is available, the Company made less than 5% of total contributions for all multiemployer pension plans to which the Company contributes.

## Note 11 – Financial Instruments and Fair Value Measurements

Estimates of fair value for financial assets and liabilities are based on the framework established in the accounting guidance for fair value measurements. The framework defines fair value, provides guidance for measuring fair value and requires certain disclosures. The framework discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow) and the cost approach (cost to replace the service capacity of an asset or replacement cost). The framework utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Thus, assets and liabilities categorized as Level 3 may be measured at fair value using inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

#### *Financial Instruments*

The carrying values of the Company's cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short duration of these financial instruments.

The following table summarizes the fair value measurement of the Company's long-term debt:

<i>(In thousands)</i>	<b>December 31, 2020</b>		<b>Fair Value Hierarchy</b>
	<b>Carrying Amount</b>	<b>Fair Value</b>	
Term Loan	\$ 772,000	\$ 758,490	Level 2
2026 Unsecured Notes	375,000	402,638	Level 2
Finance lease liabilities	9,182	9,182	Level 3
Notes payable	4,373	4,373	Level 3
<b>Total debt</b>	<b>\$ 1,160,555</b>	<b>\$ 1,174,683</b>	

<i>(In thousands)</i>	<b>December 31, 2019</b>		<b>Fair Value Hierarchy</b>
	<b>Carrying Amount</b>	<b>Fair Value</b>	
Term Loan	\$ 772,000	\$ 776,806	Level 2
2026 Unsecured Notes	375,000	401,250	Level 2
Finance lease liabilities	12,463	12,463	Level 3
Notes payable	6,369	6,369	Level 3
<b>Total debt</b>	<b>\$ 1,165,832</b>	<b>\$ 1,196,888</b>	

The estimated fair value of the Company's Term Loan and 2026 Unsecured Notes is based on a relative value analysis performed as of December 31, 2020 and 2019. The finance lease liabilities and notes payable are fixed-rate debt, are not traded and do not have observable market inputs, therefore, the fair value is estimated to be equal to the carrying value.

The Company's Interest Rate Cap with a notional amount of \$650.0 million entered into for a cash payment of \$3.1 million expired on December 31, 2020. During the life of the agreement, the Company used Level 2 inputs to adjust the carrying value of the Interest Rate Cap to estimated fair value quarterly based upon observable market-based inputs that reflected the present values of the difference between estimated future fixed rate payments and future variable receipts. The fair value of the Company's Interest Rate Cap was zero as of December 31, 2020 and 2019.

#### *Business Combinations and Long-lived Assets*

In connection with business combinations, the Company recognizes assets acquired and liabilities assumed at estimated fair value and adjusts liabilities for contingent consideration to estimates of fair value quarterly. For the Laughlin Acquisition, these amounts were finalized during the fourth quarter of 2019 and all value metrics and estimates utilized Level 3 inputs.

Fair value estimates for land, land improvements, building and leasehold improvements, and other property and equipment are calculated with primary reliance on the cost approach, with secondary consideration being placed on the market/sales comparison approach. Significant inputs include consideration of highest and best use, replacement costs, sales comparisons (recent transactions of comparable properties), and market approaches (and the properties' ability to generate future benefits).

Fair value estimates for intangible assets are determined using variety of methods depending on the asset type. Valuation methods generally used by the Company include: a relief-from-royalty method under the income approach that includes an estimate for a reasonable royalty rate; an excess earnings method under the income approach and/or a cost-to-replace approach; and a lost profits method under the income approach using the with and without methodology.

## **Note 12 – Leases**

### *Company as Lessee*

The Company is a lessee under non-cancelable operating and finance leases for offices, taverns, land, vehicles, slot machines and equipment. In addition, slot placement contracts in the form of space lease agreements at chain stores are accounted for as operating leases. Under chain store space lease agreements, the Company pays fixed monthly rental fees for the right to install, maintain and operate its slots at business locations, which are recorded in gaming expenses. The Company's slot machine lease agreements with gaming equipment manufacturers are short-term in nature with majority of such leases being under variable rent structure, with amounts determined based on the performance of the leased machines. Certain other short-term slot machine lease agreements are under fixed fee payment structure.

The leases, excluding land, have remaining lease terms of 1 year to 77 years, some of which include options to extend the leases for an additional 1 to 25 years. Some equipment leases and space lease agreements include options to terminate the lease with 60 days to 1 year notice. The Company assesses the options to extend or terminate the lease using a threshold of reasonably certain. For leases the Company is reasonably certain to renew, those option periods are included within the lease term and, therefore, the measurement of the ROU asset and lease liability.

The Company's lease agreements for land, buildings and taverns with lease and non-lease components are accounted for separately. The lease and non-lease components of certain vehicle and equipment leases are accounted for as a single lease component. The Company's lease agreements do not contain any material residual value guarantees, restrictions or covenants.

Lease expense for arrangements with a fixed fee payment structure is recognized on a straight-line basis over the lease term. Lease expense for arrangements under a variable rent structure is recognized in the period in which the obligation for the payment is incurred.

The Company leases approximately 4.5 acres of undeveloped land in Carson City. Upon the adoption of ASC 842, the Company wrote off the associated ROU asset for this land lease of \$9.4 million with a charge to its beginning balance of retained earnings as of January 1, 2019. The Company is also lessee for several taverns and locations subject to space lease agreements that it does not plan to develop, operate, or sub-lease. The Company wrote off the associated ROU asset for these leases of \$2.9 million with a charge to its beginning balance of retained earnings as of January 1, 2019.

The Company leases its office headquarters building and the office space in a building adjacent to the Company's office headquarters building from a related party. Refer to [“Note 14 — Related Party Transactions”](#) for more detail.

The current and non-current obligations under finance leases are included in “Current portion of long-term debt and finance leases” and “Long-term debt, net and finance leases” in the Company's consolidated balance sheets, respectively. The majority of the finance leases relate to equipment for the Company's casinos.

The components of lease expense were as follows:

<i>(In thousands)</i>	Classification	Year Ended December 31,	
		2020	2019
<b>Operating lease cost</b>			
Operating lease cost	Operating and SG&A expenses	\$ 46,082	\$ 46,515
Variable lease cost	Operating and SG&A expenses	12,095	17,184
Short-term lease cost	Operating and SG&A expenses	4,964	6,617
<b>Total operating lease cost</b>		<b>\$ 63,141</b>	<b>\$ 70,316</b>
<b>Finance lease cost</b>			
Amortization of leased assets	Depreciation and amortization	\$ 2,376	\$ 2,389
Interest on lease liabilities	Interest expense, net	627	439
<b>Total finance lease cost</b>		<b>\$ 3,003</b>	<b>\$ 2,828</b>

The Company incurred \$55.7 million in operating lease expense for the year ended December 31, 2018. The expense was calculated on a straight-line basis and not retrospectively adjusted by the Company upon adoption of ASC 842.

Supplemental cash flow information related to leases was as follows:

<i>(In thousands)</i>	Year Ended December 31,	
	2020	2019
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
Operating cash flows from operating leases	\$ 44,774	\$ 47,084
Operating cash flows from finance leases	491	429
Financing cash flows from finance leases	2,588	2,485

Supplemental balance sheet information related to leases was as follows:

<i>(In thousands)</i>	December 31,	
	2020	2019
<b>Operating leases</b>		
Operating lease right-of-use assets, gross	\$ 214,548	\$ 226,884
Accumulated amortization	(33,995)	(23,353)
<b>Operating lease right-of-use assets, net</b>	<b>\$ 180,553</b>	<b>\$ 203,531</b>
<b>Operating lease liabilities</b>		
Current portion of operating leases	\$ 35,725	\$ 33,883
Non-current operating leases	160,248	184,301
<b>Total operating lease liabilities</b>	<b>\$ 195,973</b>	<b>\$ 218,184</b>
<b>Finance leases</b>		
Property and equipment, gross	\$ 16,404	\$ 19,920
Accumulated depreciation	(3,807)	(3,787)
<b>Property and equipment, net</b>	<b>\$ 12,597</b>	<b>\$ 16,133</b>
<b>Finance lease liabilities</b>		
Current portion of finance leases	\$ 3,507	\$ 3,662
Non-current finance leases	5,675	8,801
<b>Total finance lease liabilities</b>	<b>\$ 9,182</b>	<b>\$ 12,463</b>



The following presents additional information related to the Company's leases as of December 31, 2020:

	December 31,	
	2020	2019
<b>Weighted Average Remaining Lease Term</b>		
Operating leases	8.6 years	8.9 years
Finance leases	7.0 years	7.0 years
<b>Weighted Average Discount Rate</b>		
Operating leases	6.0 %	6.0 %
Finance leases	6.5 %	6.5 %

*Maturities of Lease Liabilities*

As of December 31, 2020, maturities of lease liabilities were as follows:

<i>(In thousands)</i>	Operating Leases	Finance Leases	Total
2021	\$ 45,456	\$ 3,978	\$ 49,434
2022	39,346	3,301	42,647
2023	33,627	801	34,428
2024	32,416	338	32,754
2025	16,922	306	17,228
Thereafter	90,230	3,628	93,858
<b>Total lease payments</b>	<b>257,997</b>	<b>12,352</b>	<b>270,349</b>
Amount of interest	(62,024)	(3,170)	(65,194)
<b>Present value of lease liabilities</b>	<b>\$ 195,973</b>	<b>\$ 9,182</b>	<b>\$ 205,155</b>

As of December 31, 2020, the Company did not have any leases that have not yet commenced but that create significant rights and obligations.

*Company as Lessor*

The Company leases space to third-party tenants under non-cancelable operating leases primarily for retail and food and beverage outlets within its resort casino properties. Golden also enters into operating lease agreements with certain equipment providers for placement of amusement devices and automated teller machines within its resort casino properties and taverns. The leases have remaining lease terms of 1 to 10 years, some of which include options to extend the leases for an additional 1 to 15 years.

Lease payments from tenants generally include minimum base rent, adjusted for contractual escalations as applicable, and/or contingent rental clauses based on a percentage of net sales exceeding minimum base rent. The Company records revenue on a straight-line basis over the term of the lease and recognizes revenue for contingent rentals when the contingency has been resolved. The Company combines lease and non-lease components for the purpose of measuring lease revenue, which is recorded in "Other revenue" in the Company's consolidated statements of operations.

Minimum and contingent operating lease income was as follows:

<i>(In thousands)</i>	Year Ended December 31,		
	2020	2019	2018
Minimum rental income	\$ 3,913	\$ 7,479	\$ 6,117
Contingent rental income	1,840	1,527	1,335
<b>Total rental income</b>	<b>\$ 5,753</b>	<b>\$ 9,006</b>	<b>\$ 7,452</b>

Future minimum rent payments to be received under operating leases are as follows (in thousands):

Year Ending December 31,	Amount
2021	\$ 3,498
2022	3,040
2023	2,371
2024	1,433
2025	1,431
Thereafter	1,489
<b>Total future minimum rent payments</b>	<b>\$ 13,262</b>

### Note 13 – Commitments and Contingencies

#### *Participation Agreements and Space Lease Agreements with Revenue Share Provisions*

In addition to the space lease agreements described in [“Note 12 — Leases”](#) and [“Note 2 — Summary of Significant Accounting Policies.”](#) the Company enters into slot placement contracts in the form of participation agreements and space lease agreements with revenue share provisions. Under participation agreements, the business location holds the applicable gaming license and retains a percentage of the gaming revenue generated from the Company’s slots. Space lease agreements with revenue share provisions are a hybrid model that has both space lease and participation elements and the Company pays the business a percentage of the gaming revenue generated from the Company’s slots placed at the location, rather than a fixed monthly rental fee. Under such arrangements, the Company holds the applicable gaming license to conduct gaming at the location and the business location is required to obtain separate regulatory approval to receive a percentage of the gaming revenue. The aggregate contingent payments recognized by the Company as gaming expenses under participation agreements and space lease agreements with revenue share provisions were \$133.2 million, \$158.6 million and \$147.7 million for the years ended December 31, 2020, 2019 and 2018, respectively, including \$0.7 million for the year ended December 31, 2020 and \$0.9 million for each of the years ended December 2019 and 2018 under the agreements with related parties described in [“Note 14 — Related Party Transactions.”](#)

#### *Collective Bargaining Agreements*

As of December 31, 2020 the Company had over 6,700 employees, of which approximately 1,800 were covered by various collective bargaining agreements. The Company’s collective bargaining agreements expire between 2021 and 2025. The Company cannot ensure that, upon the expiration of existing collective bargaining agreements, new agreements will be reached without union action or that any such new agreements will be on terms satisfactory to the Company.

#### *Employment Agreements*

The Company has entered into at-will employment agreements with certain of the Company’s executive officers. Under each employment agreement, in addition to the executive’s annual base salary, the executive is entitled to participate in the Company’s incentive compensation programs applicable to executive officers of the Company. The executive officers are also eligible to participate in all health benefits, insurance programs, pension and retirement plans and other employee benefit and compensation arrangements. Each executive officer is also provided with other benefits as set forth in his employment agreement. In the event of a termination without “cause” or a “constructive termination” of the Company’s executive officers (as defined in their respective employment agreements), the Company could be liable for estimated severance payments of up to \$5.7 million for Blake L. Sartini, \$3.0 million for Charles H. Protell, \$2.4 million for Stephen A. Arcana, and \$0.8 million for Blake L. Sartini II (assuming each officer’s respective annual salary and health benefit costs as of December 31, 2020, subject to amounts in effect at the time of termination and excluding potential expense related to acceleration of stock options, RSUs and PSUs).

#### *Legal Matters and Other*

From time to time, the Company is involved in a variety of lawsuits, claims, investigations and other legal proceedings arising in the ordinary course of business, including proceedings concerning labor and employment matters, personal injury claims, breach of contract claims, commercial disputes, business practices, intellectual property, tax and other matters for which the Company records reserves. Although lawsuits, claims, investigations and other legal proceedings are inherently uncertain and their results cannot be predicted with certainty, the Company believes that the resolution of its currently pending matters should not have a material adverse effect on its business, financial condition, results of operations or liquidity. Regardless of the outcome, legal proceedings can have an adverse impact on the Company because of defense costs, diversion of management

resources and other factors. In addition, it is possible that an unfavorable resolution of one or more such proceedings could in the future materially and adversely affect the Company's business, financial condition, results of operations or liquidity in a particular period.

On August 5, 2015 a prior employee filed a Charge of Discrimination with the Equal Employment Opportunity Commission ("EEOC") and subsequently filed an Amended Charge of Discrimination on January 2016 alleging that the Company engaged in disability discrimination under the Americans with Disabilities Act of 1990, as amended. The EEOC requested financial recovery as well as that the Company update certain policies and procedures. In late 2019 the EEOC issued a Letter of Determination and invited the Company to participate in a mediation on behalf of the plaintiff and similarly situated parties to work toward a resolution of this matter. This matter was settled with the complainant and the EEOC in October 2020.

While legal proceedings are inherently unpredictable and no assurance can be given as to the ultimate outcome of any of the above matters, based on management's current understanding of the relevant facts and circumstances, the Company believes that these proceedings should not have a material adverse effect on its financial position, results of operations or cash flows.

In January 2021, the Company was affected by a ransomware cyber-attack that temporarily disrupted the Company's access to certain information located on the Company's network and incurred expenses relating thereto. The Company's financial information and business operations were not materially affected. The Company implemented a variety of measures to further enhance its cybersecurity protections and minimize the impact of any future cyber incidents. The Company has insurance related to this event and is seeking to recover a portion, if not all, of the costs incurred by the Company to remediate this matter and will record insurance recovery when collection is probable.

#### **Note 14 – Related Party Transactions**

As of December 31, 2020, the Company leased its office headquarters building from a company 33% beneficially owned by Blake L. Sartini, 5% owned by a trust for the benefit of Mr. Sartini's immediate family members (including Blake L. Sartini, II) for which Mr. Sartini serves as trustee, and 3% beneficially owned by Stephen A. Arcana. The lease for the Company's office headquarters building expires on December 31, 2030. The rent expense for the office headquarters building was \$1.6 million for the year ended December 31, 2020 and \$1.3 million for each of the years ended December 31, 2019 and 2018. No amount was owed to the Company, and no amount was due and payable by the Company, under this lease arrangement as of December 31, 2020 and 2019. Additionally, a portion of the office headquarters building was sublet to Sartini Enterprises, Inc., a company controlled by Mr. Sartini. Rental income during each of the years ended December 31, 2020, 2019 and 2018 for the sublet portion of the office headquarters building was insignificant. No amount was owed to the Company under such sublease as of December 31, 2020 and 2019. In addition, Golden and Sartini Enterprises, Inc. participate in certain cost-sharing arrangements. The amount due and payable by the Company under such arrangements was insignificant as of December 31, 2020 and no amount was due and payable by the Company as of December 31, 2019. Mr. Sartini serves as the Chairman of the Board and Chief Executive Officer of the Company and is co-trustee of the Sartini Trust, which is a significant shareholder of the Company. Mr. Arcana serves as the Executive Vice President and Chief Operating Officer of the Company.

In November 2018, the Company entered into a lease agreement for office space in a building adjacent to the Company's office headquarters building to be constructed and owned by a company 33% beneficially owned by Mr. Sartini, 5% owned by a trust for the benefit of Mr. Sartini's immediate family members (including Blake L. Sartini, II) for which Mr. Sartini serves as trustee, and 3% beneficially owned by Mr. Arcana. The lease commenced in August 2020 and expires on December 31, 2030. The rent expense for the space was \$0.1 million for the year ended December 31, 2020. Additionally, the lease agreement includes a right of first refusal for additional space on the second floor of the building.

One tavern location that the Company had previously leased from a related party was sold in the second quarter of 2019 to an unrelated third party. As a result, the Company did not incur any rent expense for such tavern location for the year ended December 31, 2020 and the rent expense for such tavern was \$0.2 million (for the period within which it was leased by a related party) and \$0.4 million for the years ended December 31, 2019 and 2018, respectively. No tavern locations were leased from related parties as of December 31, 2020 and 2019.

From time to time, the Company's executive officers and employees use for Company business a private aircraft that is owned by or leased to Sartini Enterprises, Inc., pursuant to aircraft timesharing, co-user and cost-sharing agreements between the Company and Sartini Enterprises, Inc. that have been approved by the Audit Committee of the Board of Directors. The aircraft timesharing, co-user and cost-sharing agreements specify the maximum expense reimbursement that Sartini Enterprises, Inc. can charge the Company under the applicable regulations of the Federal Aviation Administration for the use of the aircraft and flight crew. Such costs include fuel, landing fees, hangar and tie-down costs away from the aircraft's operating base, flight planning and weather contract services, crew costs and other related expenses. The Company's compliance department regularly reviews these reimbursements. The Company paid \$0.5 million for the year ended December 31, 2020 and \$0.6 million for each of the years ended December 31, 2019 and 2018 under these arrangements. No amount was due and payable by the Company and no amount was owed to the Company under these agreements as of December 31, 2020 and 2019.

One of the distributed gaming locations at which the Company's slots are located was owned in part by Sean T. Higgins, who previously served as Executive Vice President of Government Affairs of the Company. This agreement was in place prior to Mr. Higgins's joining the Company on March 28, 2016. Net revenues recorded by the Company from the use of the Company's slots at this location were \$0.8 million for the year ended December 31, 2020 and \$1.0 million for each of the years ended December 31, 2019 and 2018. Gaming expenses related to this location were \$0.7 million for the year ended December 31, 2020 and \$0.9 million for each of the years ended December 31, 2019 and 2018. An insignificant amount was owed to the Company and due and payable by the Company related to this arrangement as of December 31, 2020 and 2019.

In connection with the Sartini Gaming merger, Lyle A. Berman, an independent non-employee member of the Company's Board of Directors, entered into a three-year consulting agreement with the Company pursuant to which the Company paid his wholly-owned consulting firm \$200,000 annually, plus reimbursements for certain health insurance, administrative assistant and office costs. The consulting agreement expired on July 31, 2018 and as such, there were no expenses incurred by the Company for the agreement for the years ended December 31, 2020 and 2019. The Company recorded less than \$0.1 million under this consulting arrangement with Mr. Berman for the year ended December 31, 2018.

On December 22, 2020, the Company repurchased 50,000 shares of its common stock from Mr. Berman pursuant to its share repurchase program at a price of \$19.00 per share, resulting in a charge to accumulated deficit for \$1.0 million. This transaction was approved by the Audit Committee of the Board of Directors prior to being executed.

#### **Note 15 – Segment Information**

The Company conducts its business through two reportable operating segments: Casinos and Distributed Gaming. The Company's Casinos segment involves the ownership and operation of resort casino properties in Nevada and Maryland. The Company's Distributed Gaming segment involves the installation, maintenance and operation of slots and amusement devices in non-casino locations such as restaurants, bars, taverns, convenience stores, liquor stores and grocery stores in Nevada and Montana, and the operation of branded taverns targeting local patrons located primarily in the greater Las Vegas, Nevada metropolitan area. The Corporate and Other segment includes the Company's cash and cash equivalents, miscellaneous receivables and corporate overhead. Costs recorded in the Corporate and Other segment have not been allocated to the Company's reportable operating segments because these costs are not easily allocable and to do so would not be practical.

The Company evaluates each segment's profitability based upon such segment's Adjusted EBITDA, which represents each segment's earnings before interest and other non-operating income (expense), income taxes, depreciation and amortization, impairment of goodwill and intangible assets, acquisition and severance expenses, preopening and related expenses, gain or loss on disposal of assets, loss on extinguishment and modification of debt, share-based compensation expenses, other expenses and change in fair value of derivative, calculated before corporate overhead (which is not allocated to each segment).

The information within the following tables sets forth, for the periods indicated, certain operating data for the Company's segments, and reconciles net (loss) income to Adjusted EBITDA:

<i>(In thousands)</i>	Year Ended December 31, 2020			
	Casinos	Distributed Gaming	Corporate and Other	Consolidated
<b>Revenues</b>				
Gaming	\$ 237,599	\$ 239,154	\$ —	\$ 476,753
Food and beverage	78,663	33,418	—	112,081
Rooms	71,411	—	—	71,411
Other <sup>(1)</sup>	27,637	5,684	589	33,910
<b>Total revenues</b>	<u>\$ 415,310</u>	<u>\$ 278,256</u>	<u>\$ 589</u>	<u>\$ 694,155</u>
<b>Net (loss) income</b>	<u>\$ (21,940)</u>	<u>\$ 1,963</u>	<u>\$ (116,634)</u>	<u>\$ (136,611)</u>
Depreciation and amortization	98,946	22,934	2,550	124,430
Impairment of goodwill and intangible assets	33,964	—	—	33,964
Acquisition and severance expenses	2,930	612	168	3,710
Preopening and related expenses <sup>(2)</sup>	225	57	251	533
Loss (gain) on disposal of assets	1,328	(413)	(112)	803
Share-based compensation	—	—	9,637	9,637
Other, net	1,238	705	1,332	3,275
Interest expense, net	837	488	67,785	69,110
Change in fair value of derivative	—	—	1	1
Income tax provision	—	—	61	61
<b>Adjusted EBITDA</b>	<u>\$ 117,528</u>	<u>\$ 26,346</u>	<u>\$ (34,961)</u>	<u>\$ 108,913</u>
	Year Ended December 31, 2019			
	Casinos	Distributed Gaming	Corporate and Other	Consolidated
<b>Revenues</b>				
Gaming	\$ 284,027	\$ 294,776	\$ —	\$ 578,803
Food and beverage	148,970	53,963	—	202,933
Rooms	132,193	—	—	132,193
Other <sup>(1)</sup>	50,211	8,500	770	59,481
<b>Total revenues</b>	<u>\$ 615,401</u>	<u>\$ 357,239</u>	<u>\$ 770</u>	<u>\$ 973,410</u>
<b>Net income (loss)</b>	<u>\$ 80,179</u>	<u>\$ 28,365</u>	<u>\$ (148,089)</u>	<u>\$ (39,545)</u>
Depreciation and amortization	92,918	22,035	1,639	116,592
Acquisition and severance expenses	575	35	2,878	3,488
Preopening and related expenses <sup>(2)</sup>	2,723	1,482	343	4,548
Loss (gain) on disposal of assets	1,124	(200)	385	1,309
Share-based compensation	11	5	10,108	10,124
Other, net	405	52	1,759	2,216
Interest expense, net	581	73	73,566	74,220
Loss on extinguishment and modification of debt	—	—	9,150	9,150
Change in fair value of derivative	—	—	4,168	4,168
Income tax benefit	—	—	(1,876)	(1,876)
<b>Adjusted EBITDA</b>	<u>\$ 178,516</u>	<u>\$ 51,847</u>	<u>\$ (45,969)</u>	<u>\$ 184,394</u>

(1) Includes lease revenue accounted for under ASC 842 for the arrangements in which the Company is a lessor. Refer to [“Note 2 — Summary of Significant Accounting Policies”](#) and [“Note 12 — Leases”](#) for details.

(2) Preopening and related expenses include rent, organizational costs, non-capital costs associated with the opening of tavern and casino locations, and expenses related to The Strat rebranding and the launch of the True Rewards loyalty program.

<i>(In thousands)</i>	Year Ended December 31, 2018			
	Casinos	Distributed Gaming	Corporate and Other	Consolidated
<b>Revenues</b>				
Gaming	\$ 246,623	\$ 278,553	\$ —	\$ 525,176
Food and beverage	119,636	50,817	—	170,453
Rooms	106,805	—	—	106,805
Other <sup>(1)</sup>	40,885	7,697	778	49,360
<b>Total revenues</b>	<b>\$ 513,949</b>	<b>\$ 337,067</b>	<b>\$ 778</b>	<b>\$ 851,794</b>
<b>Net income (loss)</b>	<b>\$ 82,556</b>	<b>\$ 25,870</b>	<b>\$ (129,340)</b>	<b>\$ (20,914)</b>
Depreciation and amortization	72,242	20,604	1,610	94,456
Acquisition and severance expenses	289	38	3,413	3,740
Preopening and related expenses <sup>(2)</sup>	170	365	636	1,171
Loss (gain) on disposal of assets	2,893	443	—	3,336
Share-based compensation	37	3	9,948	9,988
Other, net	188	408	492	1,088
Interest expense, net	110	93	63,825	64,028
Change in fair value of derivative	—	—	(1,786)	(1,786)
Income tax provision	—	—	9,639	9,639
<b>Adjusted EBITDA</b>	<b>\$ 158,485</b>	<b>\$ 47,824</b>	<b>\$ (41,563)</b>	<b>\$ 164,746</b>

(1) Includes lease revenue accounted for under ASC 842 for the arrangements in which the Company is a lessor. Refer to [“Note 2 — Summary of Significant Accounting Policies”](#) and [“Note 12 — Leases”](#) for details.

(2) Preopening and related expenses include rent, organizational costs, non-capital costs associated with the opening of tavern and casino locations, and expenses related to The Strat rebranding and the launch of the True Rewards loyalty program.

#### Assets

The Company’s assets by segment consisted of the following amounts:

<i>(In thousands)</i>	Casinos	Distributed Gaming	Corporate and Other	Consolidated
<b>Balance at December 31, 2020</b>	<b>\$ 1,085,510</b>	<b>\$ 430,791</b>	<b>\$ 54,648</b>	<b>\$ 1,570,949</b>
<b>Balance at December 31, 2019</b>	<b>\$ 1,204,574</b>	<b>\$ 482,294</b>	<b>\$ 54,049</b>	<b>\$ 1,740,917</b>

#### Capital Expenditures

The Company’s capital expenditures by segment consisted of the following amounts:

<i>(In thousands)</i>	Casinos <sup>(1)</sup>	Distributed Gaming <sup>(2)</sup>	Corporate and Other	Consolidated
<b>For the year ended December 31, 2020</b>	<b>\$ 27,091</b>	<b>\$ 6,886</b>	<b>\$ 2,525</b>	<b>\$ 36,502</b>
<b>For the year ended December 31, 2019</b>	<b>\$ 83,382</b>	<b>\$ 19,185</b>	<b>\$ 4,700</b>	<b>\$ 107,267</b>
<b>For the year ended December 31, 2018</b>	<b>\$ 45,634</b>	<b>\$ 15,942</b>	<b>\$ 6,599</b>	<b>\$ 68,175</b>

(1) Capital expenditures in the Casinos segment exclude non-cash purchases of property and equipment of \$1.1 million, \$19.1 million and \$8.8 million for the years ended December 31, 2020, 2019 and 2018, respectively.

(2) Capital expenditures in the Distributed Gaming segment exclude non-cash purchases of property and equipment of \$2.5 million, \$3.6 million and \$3.5 million for the years ended December 31, 2020, 2019 and 2018, respectively.

**Note 16 – Subsequent Events**

The Company's management evaluates subsequent events through the date of issuance of the consolidated financial statements. There have been no subsequent events that occurred during such period that would require adjustment to or disclosure in the consolidated financial statements as of and for the year ended December 31, 2020.

**ITEM 9.                    *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

**ITEM 9A.                *CONTROLS AND PROCEDURES***

**a.                    *Disclosure Controls and Procedures***

We maintain disclosure controls and procedures designed to provide reasonable assurance of achieving the objective that information in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified and pursuant to the requirements of the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2020, the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2020.

**b.                    *Management’s Annual Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2020.

The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by Ernst & Young LLP, our independent registered public accounting firm, as stated in their report in Part II, Item 8 of this Annual Report on Form 10-K.

**c.                    *Changes in Internal Control over Financial Reporting***

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B.                *OTHER INFORMATION***

None.

**PART III**

**ITEM 10.                *DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE***

The information required by this item regarding the members of our Board of Directors and our audit committee, including our audit committee financial expert, will be included in our definitive Proxy Statement to be filed with the SEC in connection with our 2021 annual meeting of shareholders (the “2021 Proxy Statement”) under the headings “Corporate Governance,” “Executive Officers,” “Election of Directors” and “Ownership of Securities,” and is incorporated herein by reference.

We have adopted a code of ethics applicable to all of our employees (including our principal executive officer, principal financial officer and principal accounting officer). The code of ethics is designed to deter wrongdoing and to promote honest



and ethical conduct and compliance with applicable laws and regulations. The full text of our code of ethics is published in the “Investors — Governance” section of our website at [www.goldenent.com](http://www.goldenent.com).

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item will be included in the 2021 Proxy Statement under the headings “Director Compensation” and “Executive Compensation,” and is incorporated herein by reference.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this item with respect to security ownership of certain beneficial owners will be included in the 2021 Proxy Statement under the heading “Ownership of Securities,” and is incorporated herein by reference.

The following table provides certain information as of December 31, 2020 with respect to our equity compensation plans:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Golden Entertainment, Inc. 2015 Incentive Award Plan <sup>(1)</sup>	2,829,347	\$ 11.05	1,501,007
2007 Lakes Stock Option and Compensation Plan	61,994	\$ 12.18	—
<b>Total</b>	<b>2,891,341</b>	<b>\$ 11.07</b>	<b>1,501,007</b>

(1) As of December 31, 2020, we had 943,957 RSUs and 743,719 PSUs outstanding that do not have an exercise price; therefore, the weighted-average exercise price per share only relates to outstanding stock options.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this item will be included in the 2021 Proxy Statement under the headings “Certain Relationships and Related Transactions” and “Corporate Governance,” and is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this item will be included in the 2021 Proxy Statement under the heading “Independent Registered Public Accounting Firm” and is incorporated herein by reference.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a)(1) Golden Entertainment, Inc. Consolidated Financial Statements (including related notes to Consolidated Financial Statements) filed in Part II of this report are listed below:

- [Reports of Independent Registered Public Accounting Firm](#)
- [Consolidated Balance Sheets as of December 31, 2020 and 2019](#)
- [Consolidated Statements of Operations for the years ended December 31, 2020, 2019 and 2018](#)
- [Consolidated Statements of Shareholders' Equity for the years ended December 31, 2020, 2019 and 2018](#)
- [Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018](#)
- [Notes to Consolidated Financial Statements](#)

(a)(2) Schedule II – Valuation and Qualifying Accounts

We have omitted all other financial statement schedules because they are not required or are not applicable, or the required information is shown in the consolidated financial statements or notes to the consolidated financial statements.

**GOLDEN ENTERTAINMENT, INC.**  
**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS**  
*(In thousands)*

	Balance at Beginning of Period	Increase	Decrease	Balance at End of Period
<b>Deferred income tax valuation allowance:</b>				
Year Ended December 31, 2020	\$ 36,652	\$ 26,072	\$ —	\$ 62,724
Year Ended December 31, 2019	23,276	13,376	—	36,652
Year Ended December 31, 2018	6,983	16,293	—	23,276

(a)(3) Exhibits:

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	<a href="#">Purchase Agreement, dated as of July 14, 2018, by and between Golden Entertainment, Inc. and Marnell Gaming, LLC.</a>	8-K	000-24993	2.1	7/16/2018	
3.1	<a href="#">Amended and Restated Articles of Incorporation of Golden Entertainment, Inc.</a>	8-K	000-24993	3.1	8/4/2015	
3.2	<a href="#">Seventh Amended and Restated Bylaws of Golden Entertainment, Inc.</a>	10-Q	000-24993	3.1	11/6/2020	
4.1	<a href="#">Indenture, dated as of April 15, 2019, between Golden Entertainment, Inc., the Guarantors party thereto and Wilmington Trust, National Association, as trustee</a>	10-Q	000-24993	4.1	5/10/2019	
4.2	<a href="#">Form of 7.625% Senior Note due 2026 of Golden Entertainment, Inc. (attached as Exhibit A to the Indenture incorporated by reference to Exhibit 4.1 to Golden Entertainment, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 filed on May 10, 2019)</a>	10-Q	000-24993	4.1	5/10/2019	
4.3	<a href="#">Description of Registered Securities</a>	10-K	000-24993	4.3	3/13/2020	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.1	<a href="#">First Lien Credit Agreement, dated as of October 20, 2017, by and among Golden Entertainment, Inc. (as borrower), the subsidiaries of Golden Entertainment, Inc. party thereto, JPMorgan Chase Bank, N.A. (as administrative agent and collateral agent) and the other lenders party thereto.</a>	8-K	000-24993	10.3	10/23/2017	
10.1.1	<a href="#">Incremental Joinder Agreement No. 1, dated as of June 11, 2018, by and among Golden Entertainment, Inc. (as borrower), the subsidiaries of Golden Entertainment, Inc. party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A. (as administrative agent)</a>	8-K	000-24993	10.1	6/12/2018	
10.1.2	<a href="#">Incremental Joinder Agreement No. 2, dated as of November 8, 2018, by and among Golden Entertainment, Inc. (as borrower), the subsidiaries of Golden Entertainment, Inc. party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A. (as administrative agent).</a>	10-Q	000-24993	10.1	11/9/2018	
10.2	<a href="#">Amended and Restated Ground Lease by and between Evitts Resort, LLC and the State of Maryland to the use of the Department of Natural Resources, effective August 3, 2012.</a>	8-K	000-24993	10.2	8/9/2012	
10.3	<a href="#">Registration Rights Agreement, dated as of July 31, 2015, by and between Golden Entertainment, Inc. and The Blake L. Sartini and Delise F. Sartini Family Trust</a>	8-K	000-24993	10.2	8/4/2015	
10.4	<a href="#">Stockholders Agreement, dated as of January 14, 2019, by and between Golden Entertainment, Inc. and the stockholders party thereto.</a>	8-K	000-24993	10.1	1/15/2019	
10.5	<a href="#">Noncompetition Agreement, dated as of July 31, 2015, between Golden Entertainment, Inc. and Blake L. Sartini</a>	8-K	000-24993	10.4	8/4/2015	
10.6	<a href="#">Noncompetition Agreement, dated as of July 31, 2015, between Golden Entertainment, Inc. and Lyle A. Berman</a>	8-K	000-24993	10.3	8/4/2015	
10.7#	<a href="#">Employment Agreement, dated as of October 1, 2015, by and between Golden Entertainment, Inc. and Blake Sartini</a>	8-K	000-24993	10.1	10/5/2015	
10.7.1#	<a href="#">First Amendment to Employment Agreement, dated as of February 9, 2016, by and between Golden Entertainment, Inc. and Blake L. Sartini</a>	10-K	000-24993	10.11.1	3/14/2016	
10.7.2#	<a href="#">Second Amendment to Employment Agreement, dated as of March 14, 2018, by and between Golden Entertainment, Inc. and Blake L. Sartini</a>	10-Q	000-24993	10.1	5/10/2018	
10.8#	<a href="#">Employment Agreement, dated as of November 15, 2016, by and between Golden Entertainment, Inc. and Charles Protell</a>	8-K	000-24993	10.2	11/17/2016	
10.8.1#	<a href="#">First Amendment to Employment Agreement, dated as of March 10, 2017, by and between Golden Entertainment, Inc. and Charles Protell</a>	10-K	000-24993	10.12.1	3/16/2017	
10.8.2#	<a href="#">Second Amendment to Employment Agreement, dated as of March 14, 2018, by and between Golden Entertainment, Inc. and Charles Protell</a>	10-Q	000-24993	10.3	5/10/2018	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.8.3#	<a href="#">Third Amendment to Employment Agreement, dated as of August 5, 2019, by and between Golden Entertainment, Inc. and Charles Protell</a>	10-Q	000-24993	10.1	11/8/2019	
10.9#	<a href="#">Employment Agreement, dated as of October 1, 2015, by and between Golden Entertainment, Inc. and Stephen Arcana</a>	8-K	000-24993	10.2	10/5/2015	
10.9.1#	<a href="#">First Amendment to Employment Agreement, dated as of February 9, 2016, by and between Golden Entertainment, Inc. and Stephen Arcana</a>	10-K	000-24993	10.12.1	3/14/2016	
10.9.2#	<a href="#">Second Amendment to Employment Agreement, dated as of March 10, 2017, by and between Golden Entertainment, Inc. and Stephen Arcana</a>	10-K	000-24993	10.11.2	3/16/2017	
10.9.3#	<a href="#">Third Amendment to Employment Agreement, dated as of March 14, 2018, by and between Golden Entertainment, Inc. and Stephen Arcana</a>	10-Q	000-24993	10.2	5/10/2018	
10.10#	<a href="#">Amended and Restated Employment Agreement, dated as of March 10, 2017, by and between Golden Entertainment, Inc. and Blake L. Sartini II</a>	10-K	000-24993	10.15	3/16/2017	
10.10.1#	<a href="#">First Amendment to Amended and Restated Employment Agreement, dated as of March 14, 2018, by and between Golden Entertainment, Inc. and Blake L. Sartini II</a>	10-Q	000-24993	10.4	5/10/2018	
10.11#	<a href="#">2007 Amended and Restated Stock Option and Compensation Plan</a>	DEF 14A	000-24993	Appendix D	6/24/2009	
10.11.1#	<a href="#">Form of Lakes Entertainment, Inc. Non-Qualified Stock Option Agreement (Employees)</a>	10-K	000-24993	10.16.1	3/14/2016	
10.11.2#	<a href="#">Form of Lakes Entertainment, Inc. Option Agreement (Directors)</a>	10-K	000-24993	10.16.2	3/14/2016	
10.11.3#	<a href="#">Form of Stock Option Grant Notice and Stock Option Award Agreement</a>	8-K	000-24993	10.5	11/17/2016	
10.12#	<a href="#">Golden Entertainment, Inc. 2015 Incentive Award Plan</a>	8-K	000-24993	10.1	9/2/2015	
10.12.1#	<a href="#">Form of Stock Option Grant Notice and Stock Option Agreement</a>	8-K	000-24993	10.2	9/2/2015	
10.12.2#	<a href="#">Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement</a>	8-K	000-24993	10.4	11/17/2016	
10.12.3#	<a href="#">Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement (time-based awards)</a>	10-Q	000-24993	10.5	5/10/2018	
10.12.4#	<a href="#">Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement (LTIP awards)</a>	10-Q	000-24993	10.6	5/10/2018	
10.13#	<a href="#">Golden Entertainment, Inc. Non-Employee Director Compensation Program</a>	10-Q	000-24993	10.2	8/9/2018	
21.1	<a href="#">Subsidiaries of Golden Entertainment, Inc.</a>					√
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm</a>					√
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					√

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					√
32.1	<a href="#">Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					√
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document					√
101.SCH	Inline XBRL Taxonomy Extension Schema					√
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					√
101.DEF	Inline XBRL Taxonomy Extension Calculation Definition Document					√
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					√
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					√
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					√
#	Management contract or compensatory plan or arrangement in which one or more executive officers or directors participates					

**ITEM 16. FORM 10-K SUMMARY**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: March 12, 2021

**GOLDEN ENTERTAINMENT, INC.**

*Registrant*

By: /s/ BLAKE L. SARTINI

Blake L. Sartini

Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of March 12, 2021.

<u>Name</u>	<u>Title</u>
<u>/s/ BLAKE L. SARTINI</u> Blake L. Sartini	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
<u>/s/ CHARLES H. PROTELL</u> Charles H. Protell	President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ THOMAS E. HAAS</u> Thomas E. Haas	Senior Vice President of Accounting (Principal Accounting Officer)
<u>/s/ LYLE A. BERMAN</u> Lyle A. Berman	Director
<u>/s/ ANN DOZIER</u> Ann Dozier	Director
<u>/s/ MARK A. LIPPARELLI</u> Mark A. Lipparelli	Director
<u>/s/ ANTHONY A. MARNELL III</u> Anthony A. Marnell III	Director
<u>/s/ ROBERT L. MIODUNSKI</u> Robert L. Miodunski	Director
<u>/s/ TERRENCE L. WRIGHT</u> Terrence L. Wright	Director