

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): **August 9, 2023**

PENN Entertainment, Inc.

(Exact Name of Registrant as Specified in Charter)

Pennsylvania
(State or Other Jurisdiction of
Incorporation)

0-24206
(Commission File
Number)

23-2234473
(I.R.S. Employer Identification
No.)

**825 Berkshire Blvd., Suite 200
Wyomissing, PA 19610**
(Address of Principal Executive Offices, and Zip Code)

610-373-2400
Registrant's Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 per share	PENN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02 Results of Operations and Financial Condition.

On August 9, 2023, PENN Entertainment, Inc. (the “Company”), issued a press release announcing the results of operations and financial condition for the three months ended June 30, 2023. A copy of this press release is being furnished as Exhibit 99.1 to this Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Exhibit
99.1	Press release dated August 9, 2023 of PENN Entertainment, Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

Date: August 9, 2023

PENN Entertainment, Inc.

By: /s/ Christopher Rogers
Christopher Rogers
Executive Vice President, Chief Strategy Officer



PENN Entertainment Reports Second Quarter Results

WYOMISSING, PA (August 9, 2023) - PENN Entertainment, Inc. ("PENN" or the "Company") (Nasdaq: PENN) today reported financial results for the three and six months ended June 30, 2023.

2023 Second Quarter Highlights:

- **Revenues** of \$1.67 billion, an increase of 2.9% year-over-year;
- **Net income** of \$78.1 million and net income margin of 4.7%, as compared to net income of \$26.1 million and net income margin of 1.6% in the prior year;
- **Adjusted EBITDAR** of \$476.8 million, a decrease of 5.5% year-over-year;
- **Adjusted EBITDA** of \$330.4 million a decrease of 30.7% year-over-year; and
- **Adjusted EBITDAR** margins of 28.5%, a decline of 250 bps year-over-year.
- **Stable Retail Business Trends and Successful Migration of Our Proprietary Sports Betting and iCasino Technology Platform in the U.S.**
- **Repurchased \$99.8 million of Common Stock at an Average Price of \$26.31**
- **Total liquidity of \$2.2 billion and Lease-Adjusted Net Leverage of 4.7x**

Jay Snowden, Chief Executive Officer and President, said: "The Company experienced stable property level performance this quarter with each month showing sequential improvement. Additionally, we are excited to have successfully re-launched our sportsbook app, which features major product improvements that significantly upgrade the user experience, including streamlined navigation, faster load times, expanded wagering markets, enhanced promotions and deeper media integrations. The migration reflects a significant achievement for our Company that was completed seamlessly and with minimal disruption to our customers. Our state-of-the-art technology platform continues to drive strong results for theScore Bet in Ontario. Additionally, as we announced yesterday, in connection with our agreement with ESPN, our online Barstool Sportsbook will be rebranded ESPN Bet in Fall 2023. The powerful combination of our operational expertise, improved product, unparalleled market access and industry leading PENN Play™ database with the #1 sports brands in both the U.S. and Canada with ESPN and theScore, will create a best-in-class user experience and allow us to significantly expand our digital footprint and more efficiently grow our customer database."

Summary of Second Quarter Results

<i>(in millions, except per share data, unaudited)</i>	For the three months ended June 30,	
	2023	2022
Revenues	\$ 1,674.8	\$ 1,626.9
Net income	\$ 78.1	\$ 26.1
Adjusted EBITDA ⁽¹⁾	\$ 330.4	\$ 476.5
Rent expense associated with triple net operating leases ⁽²⁾	146.4	28.0
Adjusted EBITDAR ⁽¹⁾	\$ 476.8	\$ 504.5
Payments to our REIT Landlords under Triple Net Leases ⁽³⁾	\$ 234.2	\$ 231.8
Diluted earnings per common share	\$ 0.48	\$ 0.15

(1) See the “Non-GAAP Financial Measures” section below for more information as well as the definitions of Adjusted EBITDA and Adjusted EBITDAR. Additionally, see below for reconciliations of these Non-GAAP financial measures to their GAAP equivalent financial measure.

(2) Consists of the operating lease components contained within our triple net master lease dated November 1, 2013 with Gaming and Leisure Properties, Inc. (Nasdaq: GLPI) (“GLPI”) that was amended and restated effective January 1, 2023 (referred to as the AR PENN Master Lease and prior to January 1, 2023 referred to as the PENN Master Lease); our triple net master lease effective January 1, 2023 entered in conjunction with and coterminous to the AR PENN Master Lease (referred to as the 2023 Master Lease); our individual triple net lease with GLPI for the real estate assets used in the operations of Hollywood Casino at The Meadows prior to the effective date of the 2023 Master Lease (referred to as the Meadows Lease); our individual triple net lease with GLPI for the real estate assets used in the operations of Tropicana Las Vegas which terminated on September 26, 2022 (referred to as the Tropicana Lease); as well as our individual triple net leases with VICI Properties Inc. (NYSE: VICI) (“VICI”) for the real estate assets used in the operations of Margaritaville Resort Casino (referred to as the Margaritaville Lease) and Hollywood Casino at Greektown (referred to as the Greektown Lease) and referred to collectively as our “triple net operating leases.”

Effective January 1, 2023, the Company and GLPI amended and restated the PENN Master Lease which was concluded to be a lease modification under ASC 842, “Leases.” As a result of the amendment and restatement, all the land and building components contained within the AR PENN Master Lease as well as all the land and building components contained within the 2023 Master Lease are classified as operating leases which are recorded to rent expense.

For the three and six months ended June 30, 2023, rent expense associated with triple net operating leases pertains to (i) the AR PENN Master Lease; (ii) the 2023 Master Lease; (iii) the Margaritaville Lease; and (iv) the Greektown Lease.

For the three and six months ended June 30, 2022, rent expense associated with triple net operating leases pertains to (i) the PENN Master Lease (specific to the land and building components associated with the operations of Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course); (ii) the Meadows Lease; (iii) the Margaritaville Lease; (iv) the Greektown Lease; and (v) the Tropicana Lease which terminated on September 26, 2022.

(3) Consists of payments made to GLPI and VICI (referred to collectively as our “REIT Landlords”) under the AR PENN Master Lease, the PENN Master Lease, the 2023 Master Lease, the Pinnacle Master Lease, the Meadows Lease (prior to the effective date of the 2023 Master Lease), the Perryville Lease (prior to the effective date of the 2023 Master Lease), the Margaritaville Lease, the Greektown Lease, the Morgantown Lease, and the Tropicana Lease and collectively referred to as our “Triple Net Leases.” The rent under the Tropicana Lease was nominal prior to lease termination.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
Segment Information

The Company aggregates its operations into five reportable segments: Northeast, South, West, Midwest, and Interactive.

<i>(in millions, unaudited)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Revenues:				
Northeast segment ⁽¹⁾	\$ 688.0	\$ 684.9	\$ 1,388.5	\$ 1,343.4
South segment ⁽²⁾	308.3	338.6	623.1	680.0
West segment ⁽³⁾	130.0	153.8	259.7	294.7
Midwest segment ⁽⁴⁾	293.3	296.3	588.6	579.2
Interactive ⁽⁵⁾	257.5	154.9	491.0	296.4
Other ⁽⁶⁾	6.2	5.9	12.0	13.2
Intersegment eliminations ⁽⁷⁾	(8.5)	(7.5)	(14.8)	(15.8)
Total revenues	\$ 1,674.8	\$ 1,626.9	\$ 3,348.1	\$ 3,191.1
Adjusted EBITDAR:				
Northeast segment ⁽¹⁾	\$ 217.3	\$ 214.4	\$ 430.2	\$ 419.6
South segment ⁽²⁾	120.9	143.3	244.5	289.8
West segment ⁽³⁾	49.6	59.7	98.7	110.9
Midwest segment ⁽⁴⁾	127.1	131.3	252.7	256.8
Interactive ⁽⁵⁾	(12.8)	(20.8)	(18.5)	(30.8)
Other ⁽⁶⁾	(25.3)	(23.4)	(52.6)	(47.1)
Total Adjusted EBITDAR ⁽⁸⁾	\$ 476.8	\$ 504.5	\$ 955.0	\$ 999.2

(1) The Northeast segment consists of the following properties: Ameristar East Chicago, Hollywood Casino at Greektown, Hollywood Casino Bangor, Hollywood Casino at Charles Town Races, Hollywood Casino Columbus, Hollywood Casino Lawrenceburg, Hollywood Casino Morgantown, Hollywood Casino at PENN National Race Course, Hollywood Casino Perryville, Hollywood Casino Toledo, Hollywood Casino York, Hollywood Gaming at Dayton Raceway, Hollywood Gaming at Mahoning Valley Race Course, Marquee by PENN, Hollywood Casino at The Meadows, and Plainridge Park Casino.

(2) The South segment consists of the following properties: 1st Jackpot Casino, Ameristar Vicksburg, Boomtown Biloxi, Boomtown Bossier City, Boomtown New Orleans, Hollywood Casino Gulf Coast, Hollywood Casino Tunica, L'Auberge Baton Rouge, L'Auberge Lake Charles, and Margaritaville Resort Casino.

(3) The West segment consists of the following properties: Ameristar Black Hawk, Cactus Petes and Horseshu, M Resort, Tropicana Las Vegas Hotel and Casino (sold on September 26, 2022), and Zia Park Casino.

(4) The Midwest segment consists of the following properties: Ameristar Council Bluffs, Argosy Casino Alton, Argosy Casino Riverside, Hollywood Casino Aurora, Hollywood Casino Joliet, our 50% investment in Kansas Entertainment, LLC, which owns Hollywood Casino at Kansas Speedway, Hollywood Casino St. Louis, Prairie State Gaming, and River City Casino.

(5) The Interactive segment includes all of our online sports betting, iCasino and social gaming operations, management of retail sports betting, media, and the operating results of Barstool (the remaining 64% of Barstool common stock, not already owned by PENN, was acquired on February 17, 2023). Interactive revenues are inclusive of a tax gross-up of \$88.5 million and \$180.8 million for the three and six months ended June 30, 2023, respectively, as compared to \$55.4 million and \$105.7 million for the three and six months ended June 30, 2022, respectively.

(6) The Other category, included in the tables to reconcile the segment information to the consolidated information, consists of the Company's stand-alone racing operations, namely Sanford-Orlando Kennel Club, Sam Houston and Valley Race Park, the Company's JV interests in Freehold Raceway and our management contract for Retama Park Racetrack. The Other category also includes corporate overhead costs, which consist of certain expenses, such as: payroll, professional fees, travel expenses, and other general and administrative expenses that do not directly relate to or have not otherwise been allocated. Corporate overhead costs were \$24.8 million and \$51.1 million for the three and six months ended June 30, 2023, respectively, as compared to \$23.6 million and \$48.4 million for the three and six months ended June 30, 2022, respectively.

- (7) Primarily represents the elimination of intersegment revenues associated with our retail sportsbooks, which are operated by PENN Interactive.
- (8) As noted within the “Non-GAAP Financial Measures” section below, Adjusted EBITDAR is presented on a consolidated basis outside the financial statements solely as a valuation metric or for reconciliation purposes.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
Reconciliation of Comparable GAAP Financial Measure to Adjusted EBITDA,
Adjusted EBITDAR, and Adjusted EBITDAR Margin

<i>(in millions, unaudited)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net income	\$ 78.1	\$ 26.1	\$ 592.5	\$ 77.7
Income tax expense	34.7	56.3	202.6	103.9
Interest expense, net	115.6	195.0	228.6	356.2
Interest income	(9.9)	(1.4)	(20.3)	(1.8)
Income from unconsolidated affiliates	(7.2)	(1.8)	(9.8)	(10.5)
Gain on Barstool Acquisition, net ⁽¹⁾	—	—	(83.4)	—
Gain on REIT transactions, net ⁽²⁾	—	—	(500.8)	—
Loss on early extinguishment of debt	—	10.4	—	10.4
Other (income) expenses	(5.8)	17.8	(4.8)	58.5
Operating income	205.5	302.4	404.6	594.4
Stock-based compensation	19.7	14.5	36.2	31.5
Cash-settled stock-based awards variance ⁽³⁾	(6.2)	(9.5)	(9.1)	(12.4)
Loss on disposal of assets	—	7.3	—	7.2
Contingent purchase price	0.2	(0.9)	0.5	(1.0)
Pre-opening expenses	—	2.1	—	3.6
Depreciation and amortization	110.6	150.3	218.1	268.5
Insurance recoveries, net of deductible charges	(13.6)	—	(13.6)	(8.8)
Income from unconsolidated affiliates	7.2	1.8	9.8	10.5
Non-operating items of equity method investments ⁽⁴⁾	0.9	0.3	5.4	2.1
Other expenses	6.1	8.2	10.7	15.5
Adjusted EBITDA	330.4	476.5	662.6	911.1
Rent expense associated with triple net operating leases	146.4	28.0	292.4	88.1
Adjusted EBITDAR	\$ 476.8	\$ 504.5	\$ 955.0	\$ 999.2
Net income margin	4.7 %	1.6 %	17.7 %	2.4 %
Adjusted EBITDAR margin	28.5 %	31.0 %	28.5 %	31.3 %

- (1) Includes a gain of \$66.5 million associated with Barstool related to remeasurement of the equity investment immediately prior to the acquisition date of February 17, 2023 and a gain of \$16.9 million related to the acquisition of the remaining 64% of Barstool common stock.
- (2) Upon the execution of the February 21, 2023 AR PENN Master Lease and the 2023 Master Lease, both effective January 1, 2023, we recognized a gain of \$500.8 million as a result of the reclassification and remeasurement of lease components.
- (3) Our cash-settled stock-based awards are adjusted to fair value each reporting period based primarily on the price of the Company's common stock. As such, significant fluctuations in the price of the Company's common stock during any reporting period could cause significant variances to budget on cash-settled stock-based awards.
- (4) Consists principally of interest expense, net, income taxes, depreciation and amortization, and stock-based compensation expense associated with Barstool prior to us acquiring the remaining 64% of Barstool common stock and our Kansas Entertainment, LLC joint venture.

PENN ENTERTAINMENT, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)

<i>(in millions, except per share data, unaudited)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Revenues				
Gaming	\$ 1,292.8	\$ 1,325.6	\$ 2,617.4	\$ 2,616.8
Food, beverage, hotel, and other	382.0	301.3	730.7	574.3
Total revenues	<u>1,674.8</u>	<u>1,626.9</u>	<u>3,348.1</u>	<u>3,191.1</u>
Operating expenses				
Gaming	710.6	713.6	1,440.1	1,400.2
Food, beverage, hotel, and other	267.8	186.8	512.1	358.7
General and administrative	380.3	273.8	773.2	569.3
Depreciation and amortization	110.6	150.3	218.1	268.5
Total operating expenses	<u>1,469.3</u>	<u>1,324.5</u>	<u>2,943.5</u>	<u>2,596.7</u>
Operating income	205.5	302.4	404.6	594.4
Other income (expenses)				
Interest expense, net	(115.6)	(195.0)	(228.6)	(356.2)
Interest income	9.9	1.4	20.3	1.8
Income from unconsolidated affiliates	7.2	1.8	9.8	10.5
Gain on Barstool Acquisition, net	—	—	83.4	—
Gain on REIT transactions, net	—	—	500.8	—
Loss on early extinguishment of debt	—	(10.4)	—	(10.4)
Other	5.8	(17.8)	4.8	(58.5)
Total other income (expenses)	<u>(92.7)</u>	<u>(220.0)</u>	<u>390.5</u>	<u>(412.8)</u>
Income before income taxes	112.8	82.4	795.1	181.6
Income tax expense	(34.7)	(56.3)	(202.6)	(103.9)
Net income	78.1	26.1	592.5	77.7
Less: Net loss attributable to non-controlling interest	0.3	—	0.4	0.1
Net income attributable to PENN Entertainment	<u>\$ 78.4</u>	<u>\$ 26.1</u>	<u>\$ 592.9</u>	<u>\$ 77.8</u>
Earnings per share:				
Basic earnings per share	\$ 0.51	\$ 0.16	\$ 3.86	\$ 0.47
Diluted earnings per share	\$ 0.48	\$ 0.15	\$ 3.54	\$ 0.45
Weighted-average common shares outstanding—basic	152.8	164.8	153.0	166.5
Weighted-average common shares outstanding—diluted	167.9	180.2	168.2	182.3

Selected Financial Information

Balance Sheet Data

<i>(in millions, unaudited)</i>	June 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 1,271.6	\$ 1,624.0
Bank debt	\$ 1,512.5	\$ 1,531.2
Notes ⁽¹⁾	1,130.5	1,130.5
Other long-term obligations ⁽²⁾	37.3	38.1
Total traditional debt	2,680.3	2,699.8
Financing obligation ⁽³⁾	134.9	118.0
Less: Debt discounts and debt issuance costs	(36.2)	(40.3)
	\$ 2,779.0	\$ 2,777.5
Total traditional debt	\$ 2,680.3	\$ 2,699.8
Less: Cash and cash equivalents	(1,271.6)	(1,624.0)
Traditional net debt ⁽⁴⁾	\$ 1,408.7	\$ 1,075.8

(1) Inclusive of our 5.625% Notes due 2027, 4.125% Notes due 2029 and our 2.75% Convertible Notes due 2026.

(2) Other long-term obligations as of June 30, 2023 primarily includes \$27.4 million related to relocation fees due for both Hollywood Gaming at Dayton Raceway and Hollywood Gaming at Mahoning Valley Race Course, and \$9.9 million related to our repayment obligation on a hotel and event center located near Hollywood Casino Lawrenceburg.

(3) Represents cash proceeds received and non-cash interest on certain claims of which the principal repayment is contingent and classified as a financing obligation under Accounting Standards Codification Topic 470, "Debt."

(4) Traditional net debt in the table above is calculated as "Total traditional debt," which is the principal amount of debt outstanding (excludes the financing obligation associated with cash proceeds received and non-cash interest on certain claims of which the principal repayment is contingent) less "Cash and cash equivalents." Management believes that Traditional net debt is an important measure to monitor leverage and evaluate the balance sheet. With respect to Traditional net debt, cash and cash equivalents are subtracted from the GAAP measure because they could be used to reduce the Company's debt obligations. A limitation associated with using traditional net debt is that it subtracts cash and cash equivalents and therefore may imply that there is less Company debt than the most comparable GAAP measure indicates. Management believes that investors may find it useful to monitor leverage and evaluate the balance sheet.

Cash Flow Data

The table below summarizes certain cash expenditures incurred by the Company.

<i>(in millions, unaudited)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cash payments to our REIT Landlords under Triple Net Leases	\$ 234.2	\$ 231.8	\$ 467.4	\$ 461.1
Cash payments related to income taxes, net	\$ 64.9	\$ 44.5	\$ 66.0	\$ 45.5
Cash paid for interest on traditional debt	\$ 32.4	\$ 17.5	\$ 78.8	\$ 48.3
Capital expenditures	\$ 69.6	\$ 60.0	\$ 132.8	\$ 125.6

Non-GAAP Financial Measures

The Non-GAAP Financial Measures used in this press release include Adjusted EBITDA, Adjusted EBITDAR, and Adjusted EBITDAR margin. These non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP.

We define Adjusted EBITDA as earnings before interest expense, net; interest income; income taxes; depreciation and amortization; stock-based compensation; debt extinguishment charges; impairment losses; insurance recoveries, net of deductible charges; changes in the estimated fair value of our contingent purchase price obligations; gain or loss on disposal of assets; the difference between budget and actual expense for cash-settled stock-based awards; pre-opening expenses; non-cash gains/losses associated with REIT transactions; non-cash gains/losses associated with partial and step acquisitions as measured in accordance with ASC 805 "Business Combinations"; and other. Adjusted EBITDA is inclusive of income or loss from unconsolidated affiliates, with our share of non-operating items (such as interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense) added back for Barstool (prior to our acquisition of Barstool on February 17, 2023) and our Kansas Entertainment, LLC joint venture. Adjusted EBITDA is inclusive of rent expense associated with our triple net operating leases with our REIT landlords. Although Adjusted EBITDA includes rent expense associated with our triple net operating leases, we believe Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of our consolidated results of operations.

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

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

referenced herein. Adjusted EBITDAR margin is defined as Adjusted EBITDAR on a consolidated basis (as defined above) divided by revenues on a consolidated basis. Adjusted EBITDAR margin is presented on a consolidated basis outside the financial statements solely as a valuation metric.

Each of these non-GAAP financial measures is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure of comparing performance among different companies. See the table above, which presents reconciliations of these measures to the GAAP equivalent financial measures.

Management Presentation, Conference Call, Webcast and Replay Details

PENN is hosting a conference call and simultaneous webcast at 9:00 am ET today, both of which are open to the general public. During the call, management will review a presentation regarding the previously announced transaction with ESPN that can be accessed at <https://investors.pennentertainment.com/events-and-presentations/presentations>.

The conference call number is 212-231-2913; please call five minutes in advance to ensure that you are connected prior to the presentation. Interested parties may also access the live call at www.pennentertainment.com; allow 15 minutes to register and download and install any necessary software. Questions and answers will be reserved for call-in analysts and investors. A replay of the call can be accessed for thirty days at www.pennentertainment.com.

This press release, which includes financial information to be discussed by management during the conference call and disclosure and reconciliation of non-GAAP financial measures, is available on the Company's web site, www.pennentertainment.com, in the "Investors" section (select link for "Press Releases").

About PENN Entertainment

PENN Entertainment, Inc., together with its subsidiaries ("PENN," the "Company," "we," "our," or "us"), is North America's leading provider of integrated entertainment, sports content, and casino gaming experiences. As of June 30, 2023, PENN operated 43 properties in 20 states, online sports betting in 17 jurisdictions and iCasino in five jurisdictions, under a portfolio of well-recognized brands including Hollywood Casino®, L'Auberge®, Barstool Sportsbook® and theScore Bet Sportsbook and Casino®. In August 2023, PENN entered into a transformative, exclusive long-term strategic alliance with ESPN, Inc. and ESPN Enterprises, Inc. (together, "ESPN") relating to online sports betting within the United States. In the fall of 2023, the existing Barstool Sportsbook will be rebranded across all online platforms in the United States as ESPN Bet, and our online product will include a Hollywood-branded integrated iCasino where permitted. PENN's ability to leverage the leading sports media brands in the United States. (ESPN) and Canada (theScore) will position us to significantly expand our digital footprint and efficiently grow our customer ecosystem. This highly differentiated strategy, which is focused on organic cross-sell opportunities, is reinforced by our investment in market-leading retail casinos, sports media assets and technology, including a proprietary state-of-the-art, fully integrated digital sports and iCasino betting platform and an in-house iCasino content studio. PENN's portfolio is further bolstered by our industry-leading PENN Play™ customer loyalty program, which offers our approximately 27 million members a unique set of rewards and experiences across business channels.

Forward Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of forward-looking terminology such as "expects," "believes," "estimates," "projects," "intends," "plans," "goal," "seeks," "may," "will," "should," or "anticipates" or the negative or other variations of these or similar words, or by discussions of future events, strategies or risks and uncertainties. Specifically, forward-looking statements include, but are not limited to, statements regarding: future revenue and Adjusted EBITDAR; the

Company's anticipated share repurchases; the Company's expectations of future results of operations and financial condition, the assumptions provided regarding the guidance, including the scale and timing of the Company's product and technology investments; the Company's expectations regarding results, and the impact of competition, in retail/mobile/online sportsbooks, iCasino, social gaming, and retail operations; the Company's development and launch of its Interactive segment's products in new jurisdictions and enhancements to existing Interactive segment products, including the content for the ESPN Bet and theScore Bet Sportsbook and Casino apps and the expected timing of the rebrand of the Barstool Sportsbook as ESPN Bet on our proprietary player account management system and risk and trading platforms; the Company's expectations regarding its Sportsbook Agreement with ESPN and the future success of its products; the Company's expectations with respect to the integration and synergies related to the Company's integration of theScore and the continued growth and monetization of the Company's media business; the Company's expectations with respect to the ongoing introduction and the potential benefits of the cashless, cardless and contactless (3C's) technology; the Company's development projects, including the prospective development projects at Hollywood Casinos Aurora, Joliet, Columbus, and the M Resort Spa Casino; our ability to obtain financing for our development projects on attractive terms; and the timing, cost and expected impact of planned capital expenditures on the Company's results of operations; the actions of regulatory, legislative, executive or judicial decisions at the federal, state, provincial or local level with regard to our business and the impact of any such actions.

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

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