

Investor Presentation

February 2021



Forward Looking Information

This presentation contains certain forward-looking information that generally can be identified by the context of the statement or the use of forward-looking terminology, such as “believes,” “estimates,” “anticipates,” “intends,” “expects,” “plans,” “is confident that,” “should” or words of similar meaning, with reference to Monarch Casino & Resort or our management. Similarly, statements that describe our future plans, objectives, strategies, financial results or position, operational expectations, or goals are forward-looking statements. It is possible that our expectations may not be met due to various factors, many of which are beyond our control, and we therefore cannot give any assurance that such expectations will prove to be correct. For a discussion of relevant factors, risks, and uncertainties that could materially affect our future results, attention is directed to Risk Factors and Management’s Discussion and Analysis of Financial Condition and Results of Operations in our latest 10-K and other filings under the Securities and Exchange Act of 1934.



Business Recovery Ongoing

Majority of Company's revenues come from guests who live within an hour drive of Atlantis and Black Hawk

- Nearly all of Monarch Black Hawk's revenues come from drive-in guests
- Approximately 80% of Atlantis revenues come from drive-in guests
- Drive-to visitation could be tailwind for Black Hawk as guests may be more likely to drive 45 minutes from Denver rather than fly to other gaming destinations

Current restrictions as of February 24, 2021 include:

- **Black Hawk:** Limited casino and restaurant occupancy
- **Reno :** Limited casino and restaurant occupancy



Investment Summary

Prime locations and assets

Results-oriented management with strong operating track record

- Record gaming market share at both properties

Strong underlying economic fundamentals in both markets

- Reno's population growth of 8.1% from 2014 to 2019 (national average: 3.1%) is attributable to economic diversification with a focus on technology and advanced manufacturing industry growth
- Denver's economy is one of the nation's strongest, with healthy population growth of 7.7% from 2014 to 2019

Significant growth opportunities

- Recently opened Black Hawk resort, Colorado bet limit removal and table game additions beginning 5/1/21, Monarch Rewards loyalty program and potential M&A

Attractive financial profile / balance sheet

- Net leverage of 3.5x as of 12/31/20
- 6 months ending 4Q20 Adjusted EBITDA¹ of \$34.6 million is company record



Company History

Reno, NV

1991
Phase I – Atlantis

- First high-rise tower opens
- 160 rooms
- 16,000 square feet of gaming space
- 500 slot machines
- 21 table games
- Additional restaurant

1994
Phase II - Atlantis

- Second high-rise tower opens, adding:
 - 283 rooms
 - 14,000 square feet of gaming space
 - 450 slot machines
 - 14 table games
 - 300-seat buffet restaurant

1999
Phase III - Atlantis

- Third high-rise tower opens, adding:
 - 388 rooms
 - Over 300 slot machines
 - Several new restaurants
 - 14,500 square feet of meeting space

2008
Phase IV – Atlantis

- Property features:
 - 969 rooms, since reduced to 818
 - ~1,450 slot machines
 - 36 table games
 - 61,000 square feet of gaming space
 - 52,000 square feet of meeting space
 - 40 acres of land

Black Hawk, CO

2012
Black Hawk

- Acquired Riviera Black Hawk
- 48,000 square feet
- 750 slot machines
- 8 table games
- Contiguous 1.5-acre land parcel

2015
Black Hawk

- Completed renovation of existing casino

2016
Black Hawk

- Completion of new parking structure

2017
Black Hawk

- Hotel tower and casino expansion begins

2020
Black Hawk

- Expanded resort began opening in November



Monarch Casino Resort Spa Black Hawk

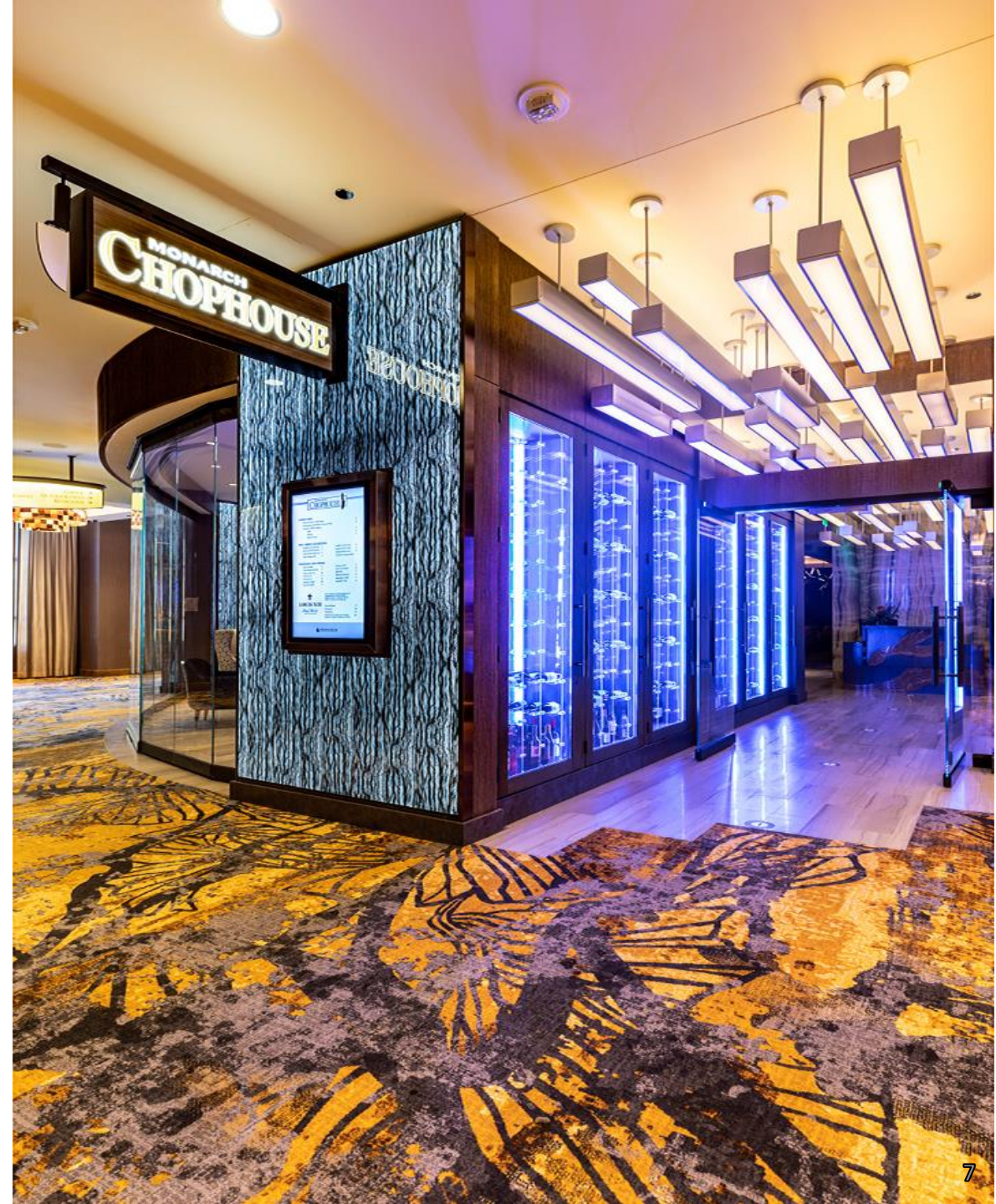
Monarch Casino Resort Spa Black Hawk - Overview

Acquired in 2012

- Transaction price of \$76.0 million
- Acquisition multiple of 6.7x reduced to 4.9x after first year of Monarch ownership

Amenities pre-expansion include:

- 32,000 square foot casino with ~743 slots and 14 tables
- Buffet restaurant and snack bar
- Self managed mobile sports betting app and on-site betting kiosks



Resort / Casino Expansion

Monarch Casino Resort Spa began phased opening in 4Q20

Financed through combination of cash flow from operations and Company's existing credit facility

Amenities at completed resort to include:

- All new 23-story tower with 516 hotel rooms (20% suites)
- ~60,000 square foot casino
 - ~1,200 slot machines; ~40 table games; sports betting lounge; poker room; keno counter
- World-class spa and pool facility on the top floor of hotel tower
- 4 restaurants, gourmet coffee bar and 10 bars/lounges
- 9 story parking garage with ~1,350 spaces plus additional existing valet spaces for ~1,500 total spaces

As of February 24, 2021 expanded operations include:

- Hotel rooms and suites, pool, spa and gym
- Expanded casino floor with all new High Limit area
- Three new restaurants, gourmet coffee bar, new casino bars, VIP Lounge, Concierge Lounge, Pool Bar and retail outlet





Black Hawk Gaming Market

Pre-COVID closure, market¹ consisted of:

- 15 casinos
 - Only four casinos offered more than 500 slot machines
- 6,837 slot machines
- 149 table games
- 988 hotel rooms spread across four gaming facilities
 - Largest is Ameristar at 536 hotel rooms

Monarch Casino Resort Spa is expected to be market's largest property by gaming positions

- Gaming positions as of 2/24/21 (impacted by COVID restrictions)
 - ~750 slot machine
 - 12 table games



Prime Property Location

Easy access from Front Range population centers and heavily-trafficked I-70 ski corridor

- ~35 miles west of Denver
- ~35 miles southwest of Boulder
- ~20 miles west of Golden
- ~77 miles east of Vail

Strategically located at the entrance to Black Hawk

First property encountered by visitors arriving from Denver and other major population centers via Highway 119 (as pictured)



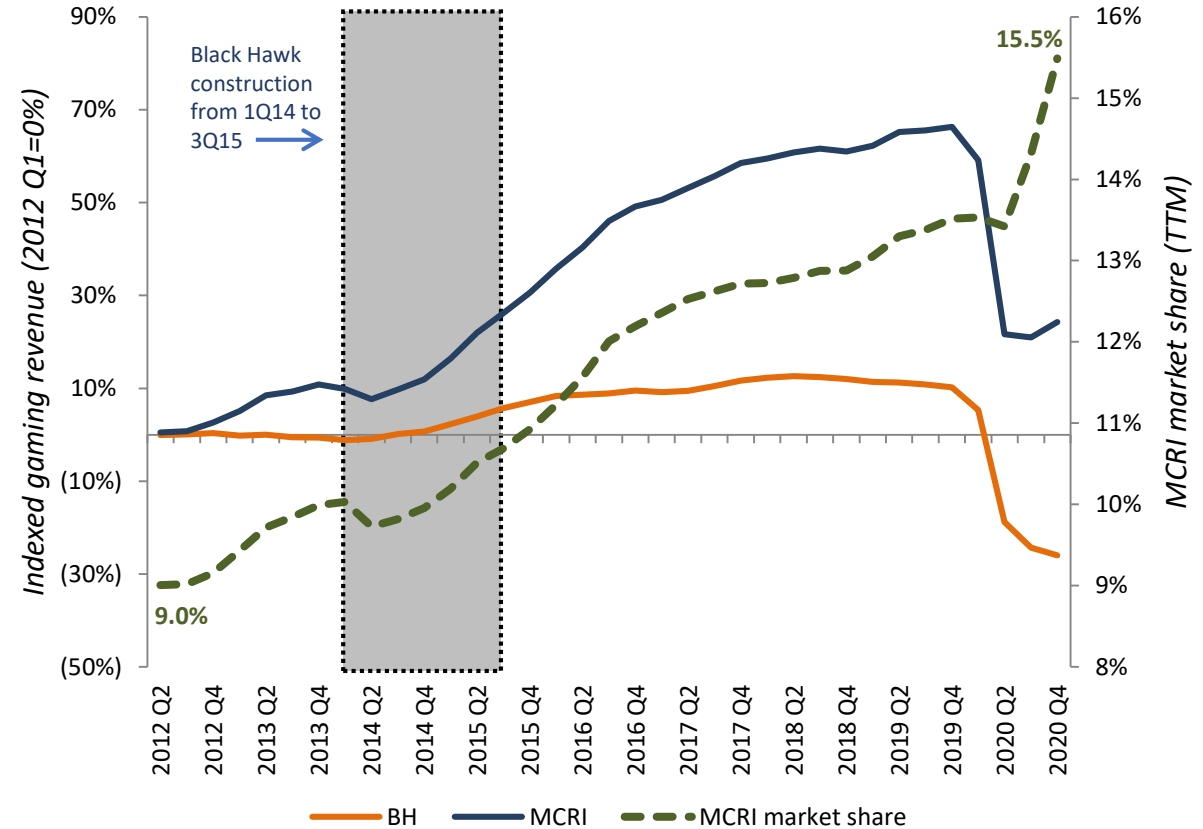
Black Hawk Market Share

Monarch Casino Resort Spa has grown market share for 26 straight quarters

- TTM market share was 15.5% as of December 31, 2020
- Represents increase of 650 basis points compared to market share of 9.0% at the time of the acquisition
- Market share gains began in 2014 when the first phase of the casino redesign was completed and continued despite construction disruption through 2020
- Market share gains accelerated in 4Q20 when the first hotel rooms and expanded casino came online

Monarch will retain high service levels and amenities post-COVID

- Monarch is committed to delivering market-leading safety and cleanliness standards
- Long-term amenity offerings will continue to feature the high-level of service and quality which has made Monarch successful



Market share growth has taken off with the resort expansion and hotel rooms coming online in November 2020

Rationale for Black Hawk Investment

Denver metro area an attractive target market

- Population of more than 3 million
- Median household income of \$85,641¹ is 30% above the national average
- Sixth largest source of air traffic to Las Vegas in 2019 (originating passengers only)

Black Hawk underserved by quality casino product and hotel rooms

- Only other true “resort quality” product in the market today is Ameristar
- Adding quality room product expected to grow market and generate attractive return
 - Monarch’s investment has driven all major competitors to invest in facility upgrades, positively impacting the perception of visitors to the city
- Reno, with more than 15,000 hotel rooms, has more than 10 times Black Hawk’s room inventory but generates about the same amount of gaming revenue as Black Hawk

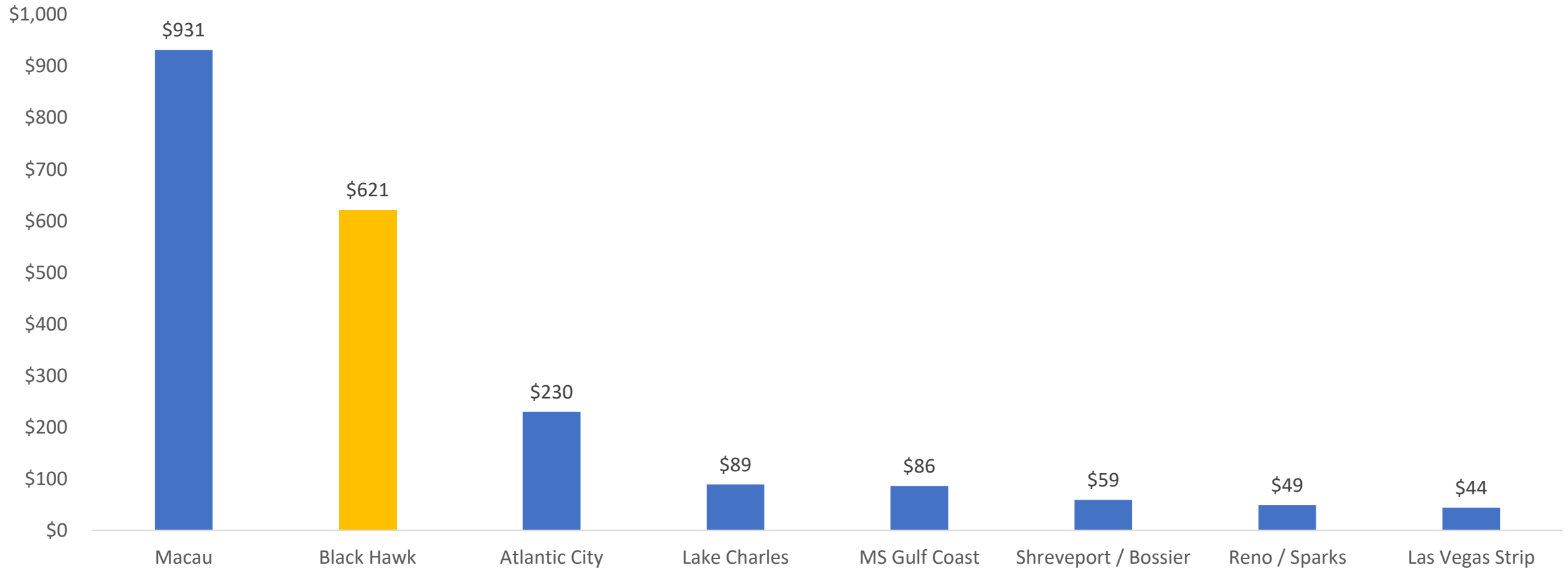
Barriers to entry limit the threat of potential new competition

- Scarcity of available and developable land in Black Hawk
- Commercial gaming in Colorado is restricted to three mountain towns
 - Black Hawk, Central City, Cripple Creek represent 71%, 10% and 19% of total CO gaming revenue respectively



Black Hawk Market Underserved by Hotel Rooms

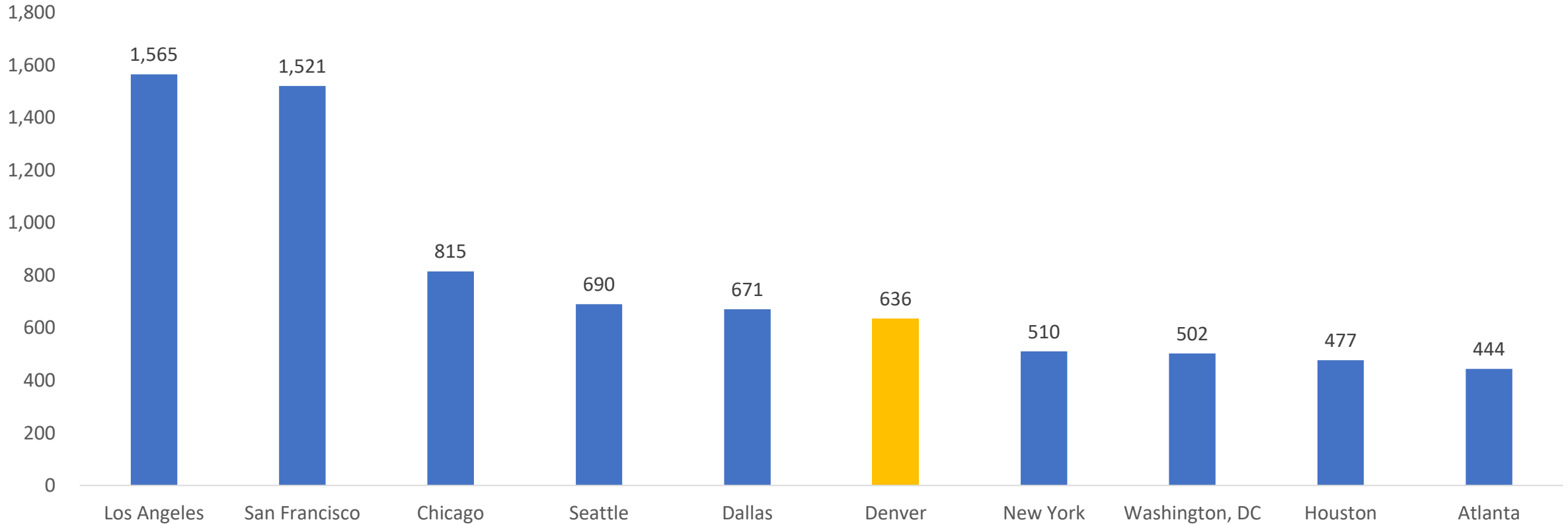
2019 Gross Gaming Revenue per Hotel Room



Black Hawk has the highest GGR per hotel room nationwide at \$621K, and is second only to Macau GGR per hotel room worldwide

Denver Metro Area Provides Significant Air Traffic to Las Vegas

Top Las Vegas Feeder Markets (2019 Originating Passengers in Thousands)



Denver airlift to Las Vegas grew at 2.8% CAGR from 2015 to 2019; strong potential to attract travelers to a well-appointed Black Hawk resort with upside from upcoming changes to table game bet limits and game types

Colorado Bet Limit Changes

Amendment 77 passed statewide on November 3

- Industry led initiative
- Concurrent local ballot passed authority to City Council of Black Hawk to approve changes
- On December 1, 2020, City Council of Black Hawk approved changes that will go into effect on May 1, 2021
 - Removal of bet limits (casinos allowed to set betting limits at their discretion)
 - Current bet limits capped at \$100 per bet
 - Addition of many new games, including baccarat, pai gow tiles and keno

Monarch will be significant beneficiary due to superior product, service, and location





Atlantis
CASINO RESORT SPA

Atlantis Casino Resort Spa Reno

Atlantis Overview

Award-winning facility

- **TripAdvisor** - Rated #1 Reno resort last 7 years, consistently boasting the majority of city's top 5 restaurants
- **USA Today Travel** - #1 casino outside Las Vegas
- **AAA** - "Four Diamond" rating
- **Forbes** - Four-Star Award for Spa Atlantis (only four-star venue in Reno)
- **U.S. News & World Report** - #1 Reno Hotel

61,000 square foot casino floor

- ~1,400 slot and video poker machines
- 36 tables; poker room; 24-hour live keno lounge
- Race/sports book (self managed live and mobile app)

Amenities include:

- 818 rooms and suites
- 8 restaurants, 2 coffee bars and 1 snack bar
- ~52,000 square feet of banquet, convention, meeting space



Prime Reno Location

Ideally located in the heart of south Reno's restaurant, shopping and convention district

- ~3 miles south of downtown in more affluent area
- Close to Highway 395, main north/south artery
- ~3 miles from Reno-Tahoe International Airport

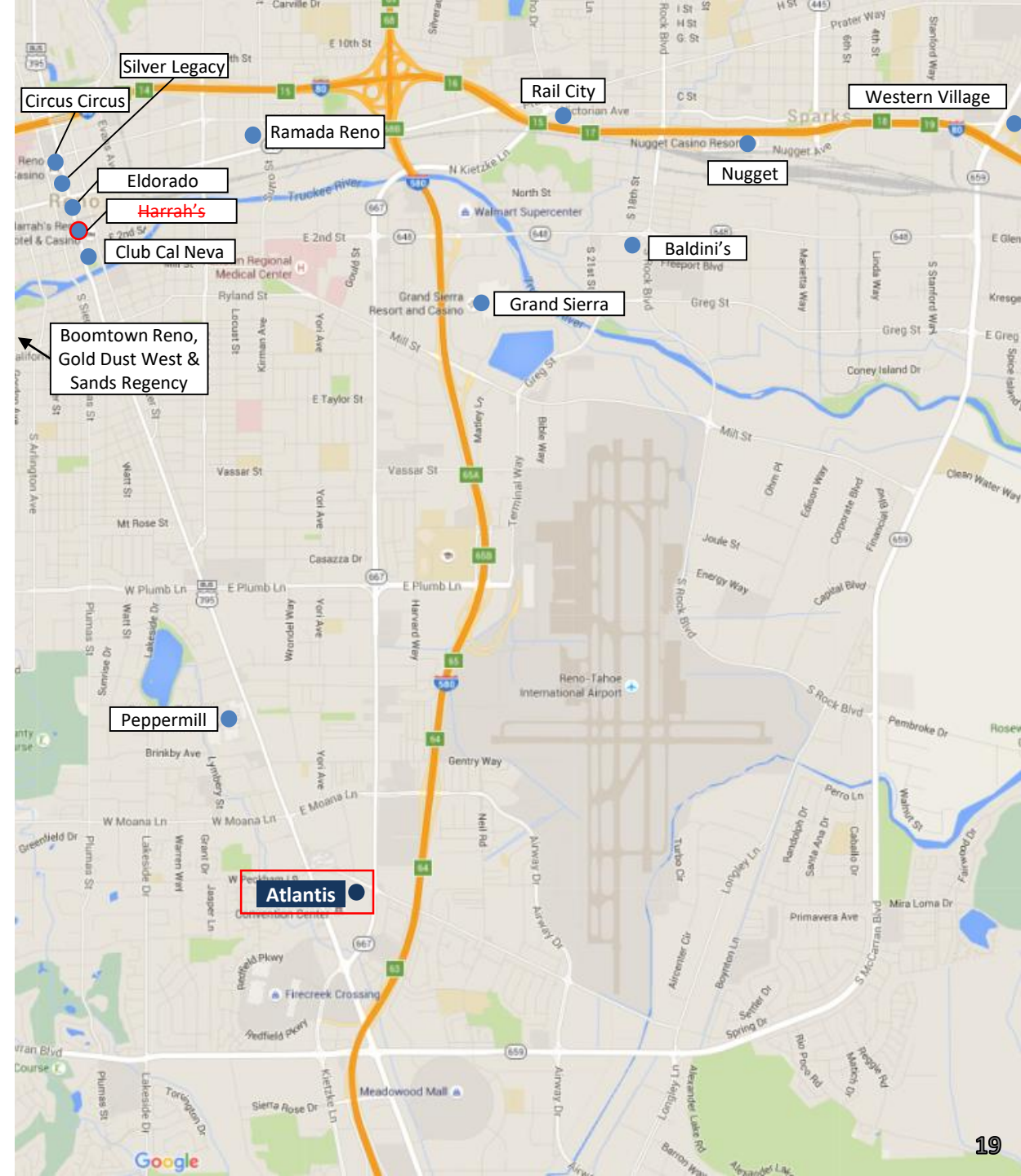
Property includes ~40 acres on both sides of South Virginia Street for potential future expansion

Only property with bridge access connecting to Reno-Sparks Convention Center

- 500,000 square foot facility located across the street

35 miles from Lake Tahoe and less than an hour away from various Lake Tahoe ski resorts

Reno rated as one of the 12 best places to live by Outside Magazine (2019)



Fast-Growing Reno Market

Population approaching 500,000

- Reno metro's population has grown 8.1% in the past five years (national average: 3.1%)

Reno diversifying to broader base of industries

- Expanded list of industries include manufacturing, distribution and technology

Reno undertaking significant redevelopment efforts

- Reno is now a flourishing commercial, cultural and recreational hub

Tesla Motors' "Gigafactory"

- Represents a to-date investment of over \$6 billion
- Created a halo effect for Reno, spiking interest among other companies looking to either relocate to or establish ancillary offices in Reno

Tahoe Reno Industrial Center

- Provides one day shipping for eleven western states, 1/4 of US population



Positive Market Characteristics

“Reno, NV, moves up seven spots to secure fourth place. Its job growth, wage growth, and high-tech GDP growth are among the best of the large metros. Even more impressive, Reno’s one-year job growth and short-term job growth top all large metros in our rankings.”

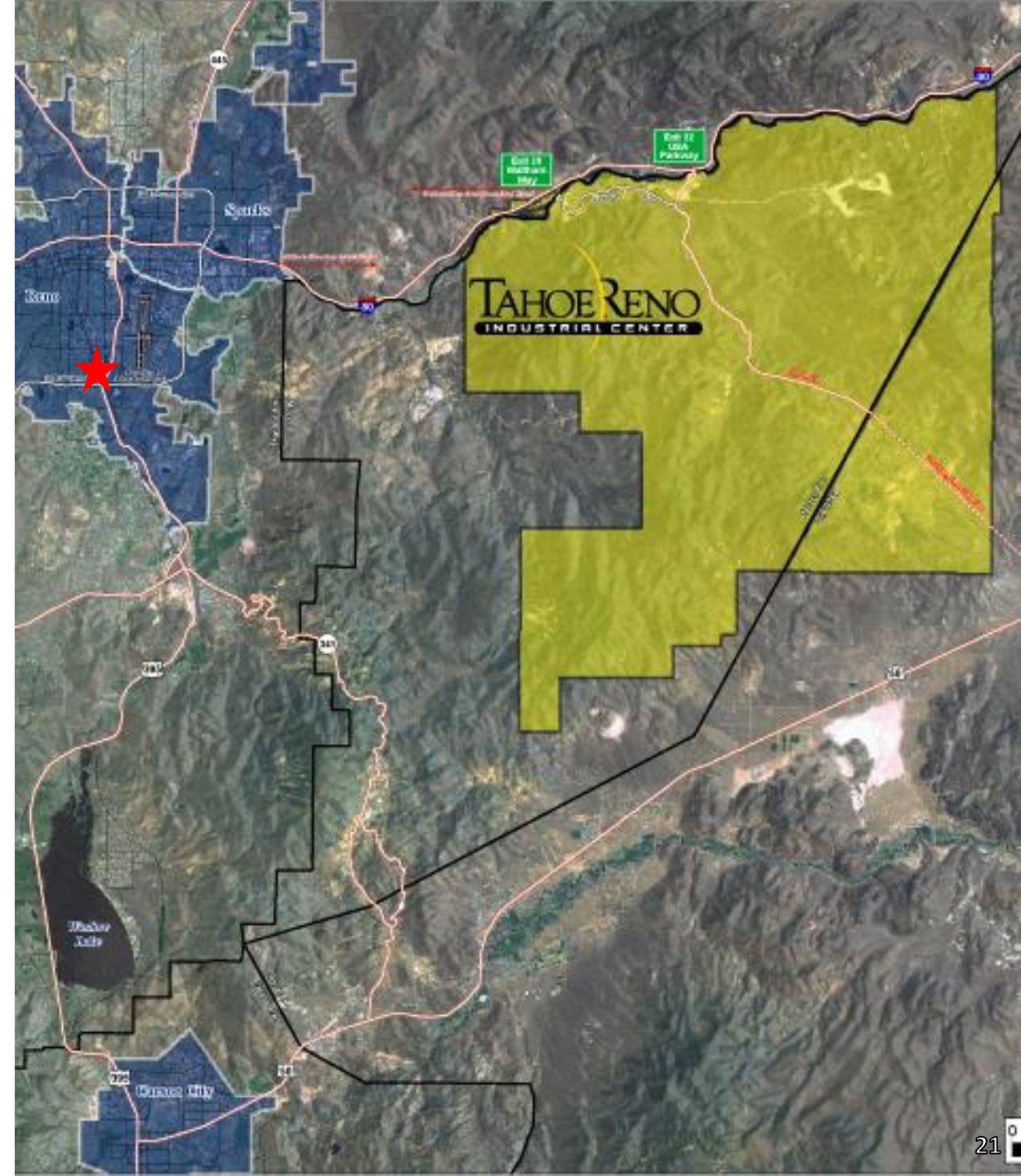
- “Best-Performing Cities 2020” *Milkeninstitute.org*, September 17, 2020

“Natural assets and growing infrastructure make ‘little city’ Reno a big-time destination for visitors and talent.”

- “America’s Best Small Cities” *Bestcities.org*, June 23, 2020

“Where they go when they leave typically includes places with a lower cost of living and relative ease of doing business. Reno is the top destination for tech founders leaving Silicon Valley, for instance. The city has become a growing hub for tech behemoths; Apple, Google, and Tesla all built data centers in the area in the past six years. Reno has also seen large increases in population and annual salaries, according to the Milken Institute.”

- “Why More Entrepreneurs are Moving Away from Major U.S. Startup Hubs” *Inc.*, February 18, 2020



Continuous Market Share Gains

Atlantis Casino Resort Spa has consistently outperformed the greater Reno-Sparks market for the last 24 years

- Primary focus has always been providing best-in-class and best-in-market experiences, amenities, and service

Property enhancements

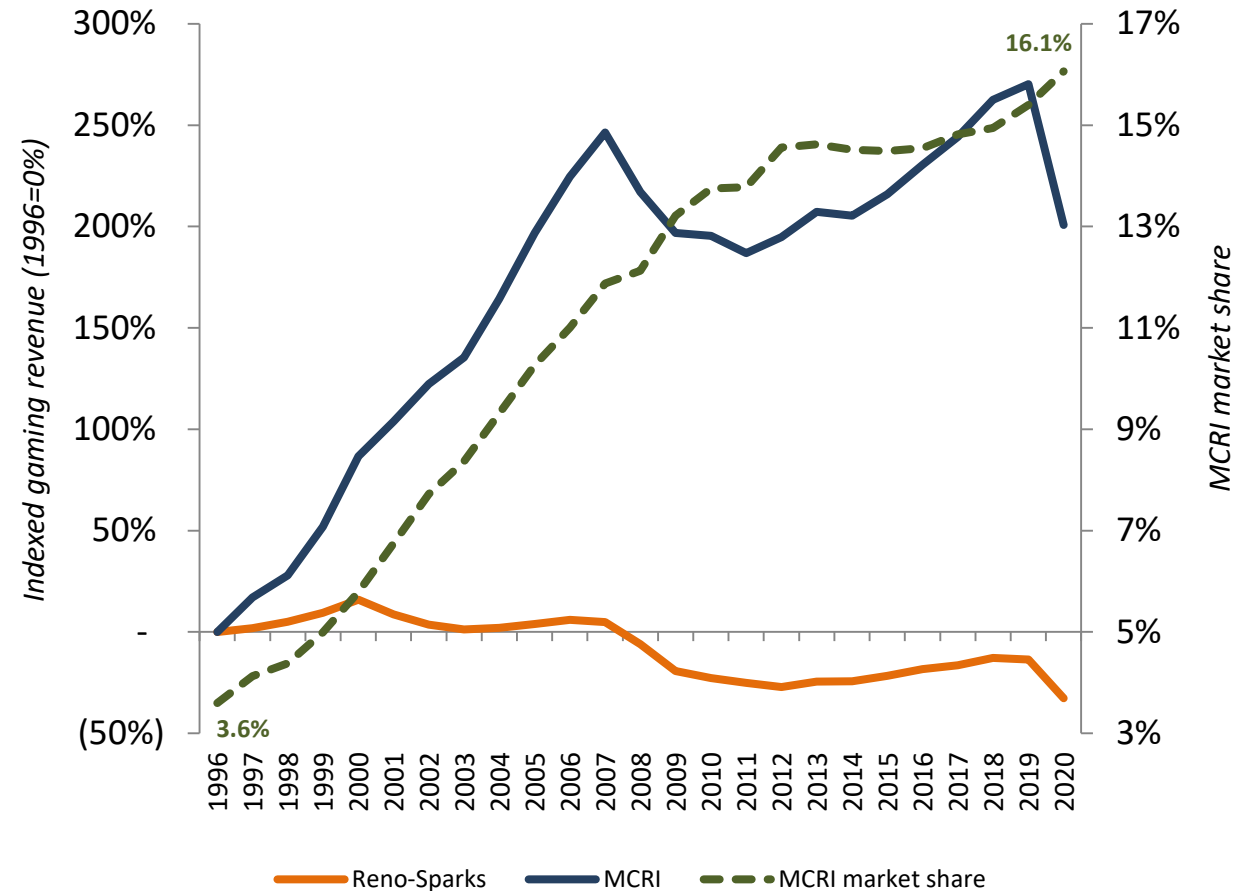
- Committed to outstanding restaurants, as proven by TripAdvisor rankings
- New Atrium Cocktail Lounge and Red Bloom restaurant opened 4Q20
- Upgraded Manhattan Deli in 2020

Continuous effort to drive profitability

- Monarch leverages proprietary player segmentation tools and methodologies

Retaining high service levels and amenities post-COVID

- Company has re-opened its market-leading buffet
- Long-term amenity offerings likely to remain largely unchanged as customers value high-level of service and amenities
- Market share growth has recently accelerated



Atlantis has historically grown share in the fiercely competitive northern Nevada market, with share gains over the past seven consecutive quarters to reach a new annual record of 16.1%

Atlantis Enhancements

All-new enhancements from 4Q20

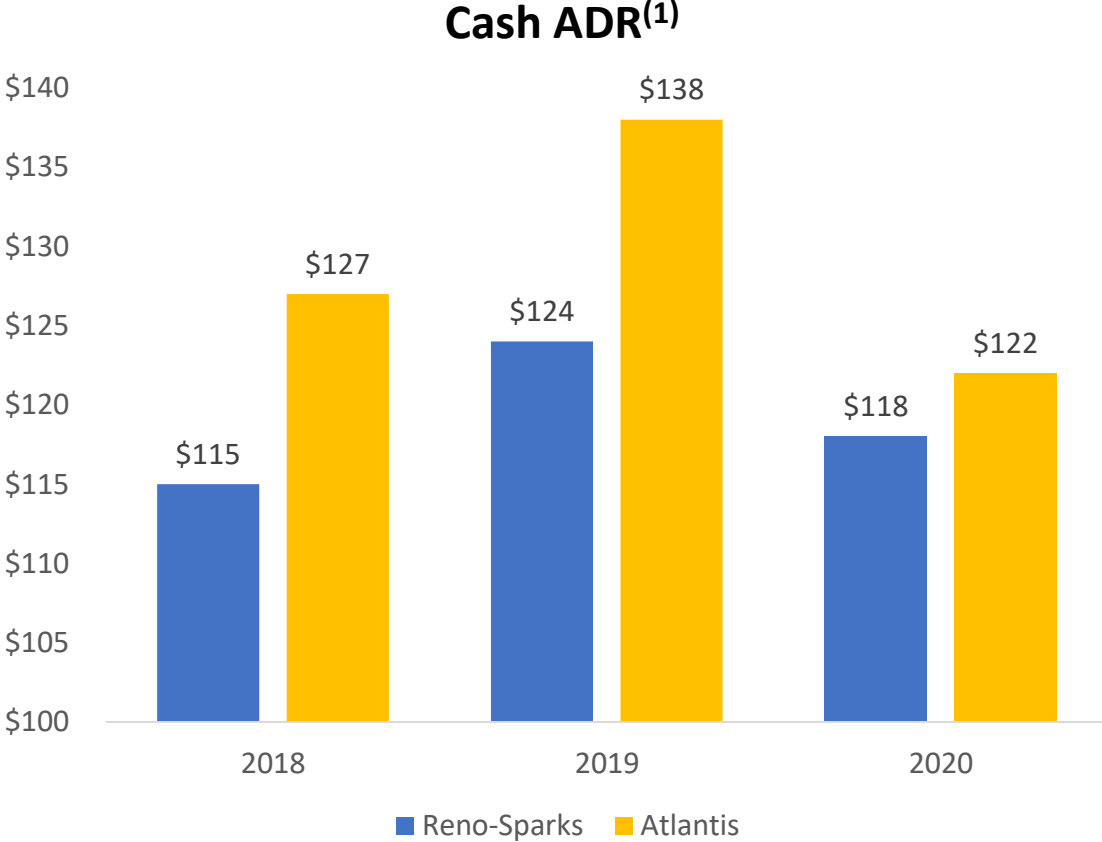
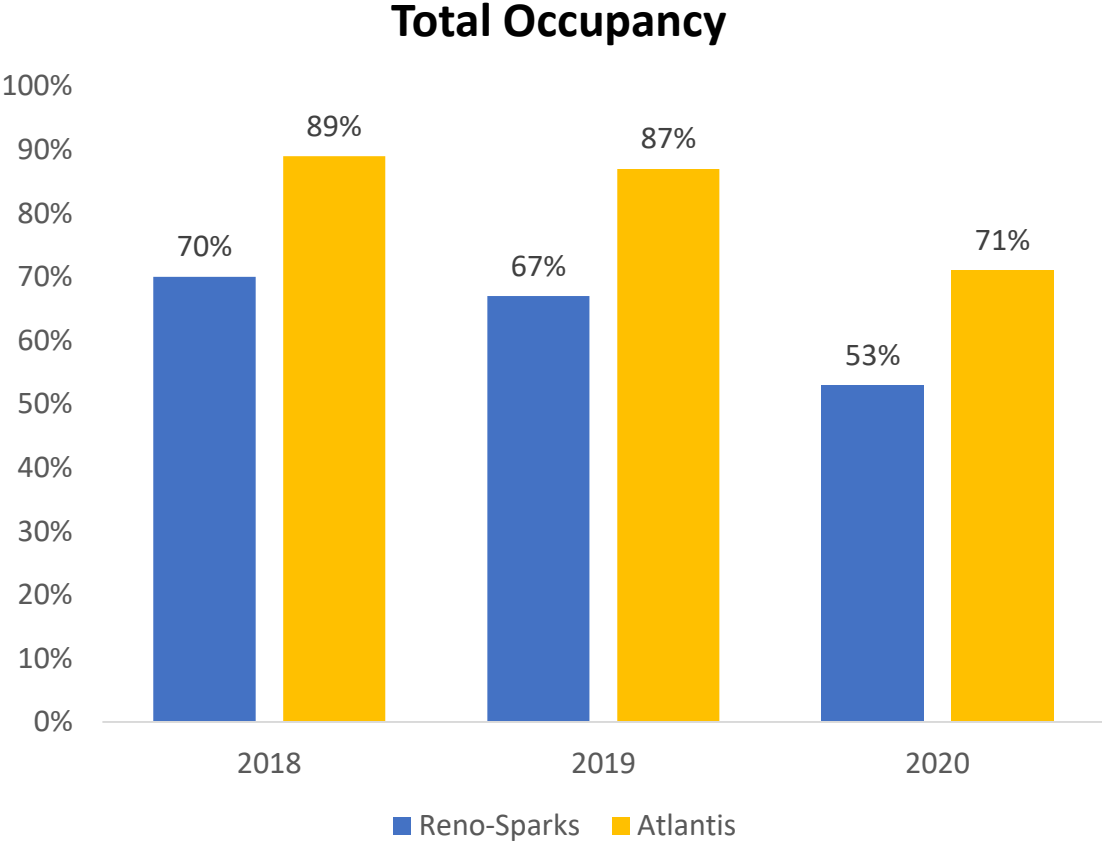
- Atrium Cocktail Lounge
- Red Bloom serving authentic Asian cuisine

2021 enhancements in process

- Standard room and bathroom redesign and upgrades
- All-new top-tier suites
- Conveyance system improvements
- New retail outlet



Atlantis Hotel Occupancy and Cash ADR



Atlantis occupancy and cash ADR¹ outperforms the market

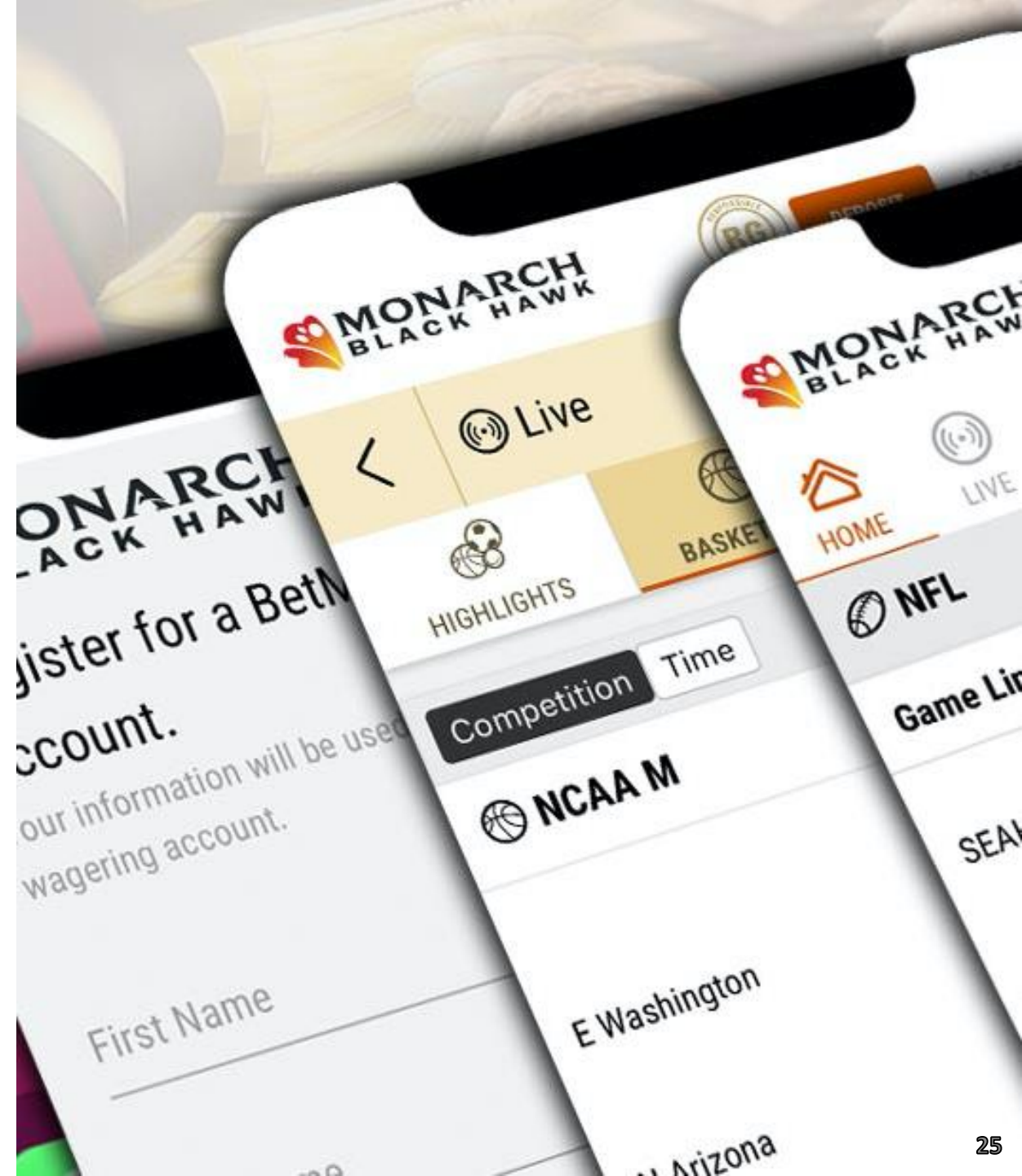
Sports Betting

Monarch owns & operates its sportsbook—a unique approach

- App content and lines managed internally by Reno-based bookmaking team
- **Atlantis Race and Sports** mobile app launched in Nevada in 2015
- **BetMonarch** mobile app launched in Colorado in May 2020 as one of state's first mobile sports betting operators
 - Low operating cost structure and existing player database have allowed BetMonarch to achieve growth and profitability in its first year

Effective customer acquisition tool

- Drives traffic to Company's properties as well as brand loyalty
- Both betting apps are tied into the Monarch Rewards loyalty program, allowing guests to earn comp points while betting from anywhere in their respective states



Leverage Loyalty Program

Rebranded as Monarch Rewards in June 2019

Atlantis Casino Resort Spa Reno has benefited from cross property play since the Black Hawk casino was purchased in 2012

The new Monarch Casino Resort Spa Black Hawk will now benefit from the loyal Atlantis database

The 'One Card' platform allows for:

- Increased repeat visits
- Enhanced ability to build guest loyalty
- Additional cross-play opportunities for current and future guests

Company accelerating use of electronic marketing to improve results and increase efficiency of spend



Balance Sheet Management

\$179.7 million of debt¹ as of December 31, 2020

Company and lenders entered into a restated credit agreement in September 2020, including:

- Extended the maturity date of the Company's Amended Credit Facility to September 2023
- Increased the aggregate principal amount of the facility to \$270 million
 - \$200 million term loan
 - \$70 million revolving credit facility
 - Includes option to expand the facility by an additional \$75 million
- Carries rate of LIBOR plus 1.75% - 3.25% depending on the Company's leverage
 - Includes 0.50% LIBOR floor

Monarch owns substantially all its real estate and is not subject to any material rent payments



Long-term Growth Through M&A

Monarch's priorities for use of future cash flow include:

- Debt pay-down
- Opportunities for growth via M&A

Company continually evaluates potential M&A with a focus on:

- Driving EBITDA growth by deploying Monarch's superior service levels, industry product/marketing best practices and successful execution of capex ROI
- "Looking for the next Black Hawk"
 - Monarch grew Riviera Black Hawk EBITDA by 55% in the first 14 months of ownership

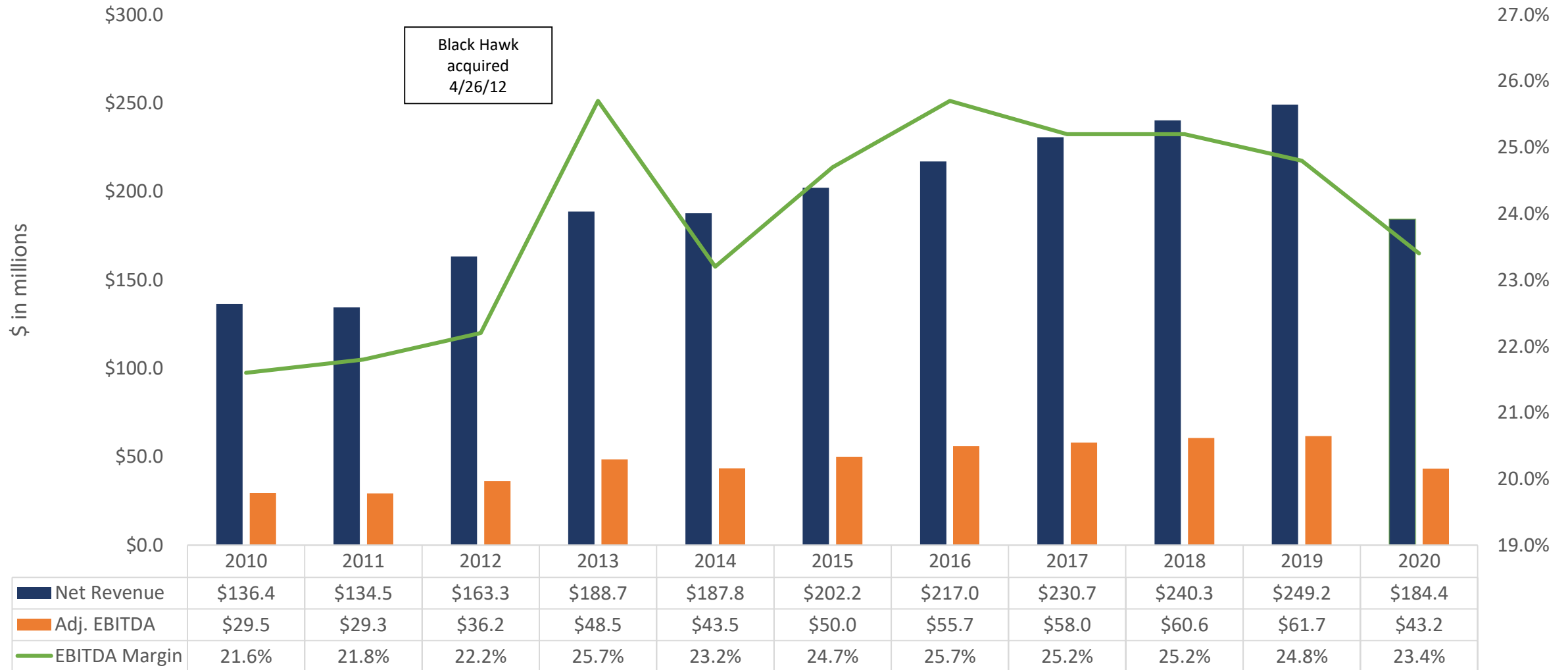
Key criteria for target markets is regulatory stability





Financial Results

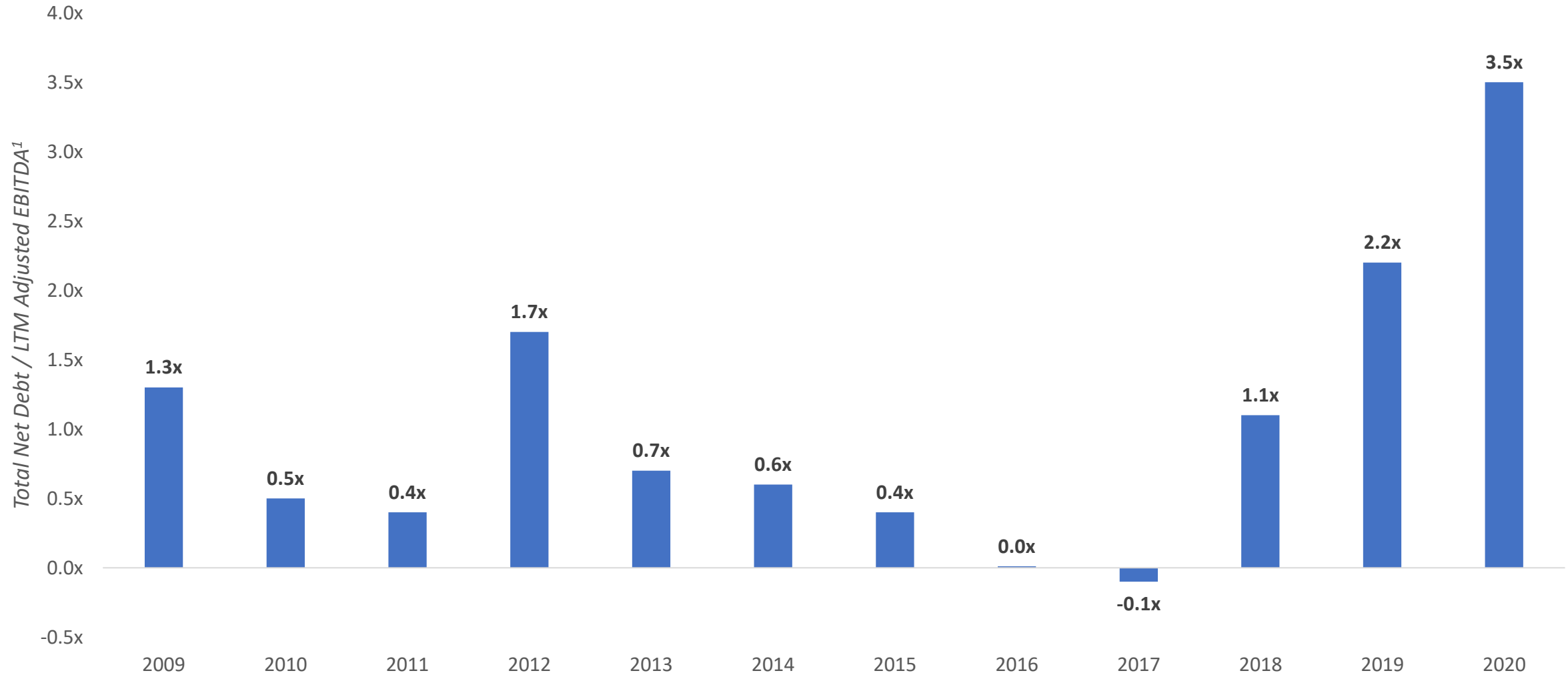
Historical Financial Performance



Source: Monarch Casino & Resort analysis

1. EBITDA is adjusted for stock option, pre-opening and construction litigation expenses, and one-time charges.
2. 2016 Adjusted EBITDA includes \$1.7 million in one-time expenses related to Atlantis buffet remodeling project.

Historical Net Leverage Ratio



Income Statement Overview

	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	Increase / (Decrease)	2020	2019	(Decrease)
Net revenue	\$ 58,377	\$ 62,080	(6.0%)	\$184,413	\$ 249,166	(26.0%)
Adjusted EBITDA⁽¹⁾	13,898	14,142	(1.7%)	43,161	61,687	(30.0%)
Net income	\$15,260	\$6,196	146.3%	\$ 23,678	\$ 31,816	(25.6%)
Basic EPS	\$0.84	\$0.34	147.1%	\$1.30	\$1.77	(26.6%)
Diluted EPS	\$0.81	\$0.33	145.5%	\$1.25	\$1.70	(26.5%)

1. Definition: Adjusted EBITDA, a non-GAAP financial measure, consists of net income plus loss on disposal of assets, provision for income taxes, stock-based compensation expense, other one-time charges, pre-opening expenses, construction litigation expenses, acquisition expenses, interest expense, depreciation and amortization less interest income, any benefit for income taxes and gain on disposal of assets. Adjusted EBITDA should not be construed as an alternative to operating income (as determined in accordance with US Generally Accepted Accounting Principles), as an indicator of the Company's operating performance, as an alternative to cash flows from operating activities (as determined in accordance with US GAAP) or as a measure of liquidity. This measure enables comparison of the Company's performance over multiple periods, as well as against the performance of other companies in our industry that report Adjusted EBITDA, although some companies do not calculate this measure in the same manner and, therefore, the measure as presented may not be comparable to similarly titled measures presented by other companies.

Balance Sheet Overview

	December 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 28,310	\$ 60,539
Net property and equipment	572,507	501,483
Other assets	71,060	48,856
Total assets	<u>\$671,877</u>	<u>\$610,878</u>
Long-term debt ¹ (including current maturities)	\$179,662	\$195,415
Other liabilities	124,148	74,262
Total liabilities	<u>\$303,810</u>	<u>\$269,677</u>
Total stockholders' equity	<u>\$368,067</u>	<u>\$341,201</u>
Total liabilities and stockholders' equity	<u>\$671,877</u>	<u>\$610,878</u>

Adjusted EBITDA Reconciliation

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Adjusted EBITDA	\$13,898	\$14,142	\$43,161	\$61,687
Expenses:				
Stock based compensation	(1,104)	(1,180)	(3,855)	(4,125)
Depreciation and amortization	(5,780)	(3,891)	(17,324)	(14,875)
Interest expense, net of amount capitalized	(273)	1	(273)	1
Provision for income taxes	10,320	(1,503)	8,680	(7,760)
Pre-opening expenses	(866)	(937)	(2,807)	(2,514)
Construction litigation expenses	(823)	(151)	(1,611)	(313)
COVID-19 expenses	(54)	-	(738)	-
Colorado legislation lobbying expenses	-	-	(1,397)	-
Acquisition opportunity expenses	-	(285)	-	(285)
Loss on disposition of assets	(58)	-	(158)	-
Net income	\$15,260	\$6,196	\$23,678	\$31,816

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