baly-20240630false2024Q20001747079--12-31http://fasb.org/us-gaap/2023#AccruedLiabilitiesCurrenthttp://fasb.org/us-gaap/2023#AccruedLiabilitiesCurrenthttp://fasb.org/us-gaap/2023#PrepaidExpenseAndOtherAssetsCurrenthttp://fasb.org/us-gaap/2023#OtherAssetsNoncurrenthttp://fasb.org/us-gaap/2023#PrepaidExpenseAndOtherAssetsCurrenthttp://fasb.org/us-gaap/2023#OtherAssetsNoncurrenthttp://fasb.org/us-gaap/2023#OtherLiabilitiesNoncurrenthttp://fasb.org/us-gaap/2023#AccruedLiabilitiesCurrenthttp://fasb.org/us-gaap/2023#AccruedLiabilitiesCurrenthttp://fasb.org/us-gaap/2023#OtherLiabilitiesNoncurrenthttp://fasb.org/us-gaap/2023#AccruedLiabilitiesCurrenthttp://fasb.org/us-gaap/2023#AccruedLiabilitiesCurrenthttp://fasb.org/us-gaap/2023#RevenueFromContractWithCustomerExcludingAssessedTaxxbrli:sharesiso4217:USDiso4217:USDxbrli:sharesxbrli:purebaly:yeariso4217:GBPbaly:renewalTermbaly:segmentbaly:Prope
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STATESSECURITIES AND EXCHANGE COMMISSIONWASHINGTON, D.C. 20549FORM 10-Q (Mark One)â˜'QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended June 30, 2024 ORâ˜TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934Commission file number: 001-38850Ballyâ€™s Corporation (Exact name of registrant as specified in its charter)Delaware20-0904604(State or other jurisdiction of incorporation or organization)(I.R.S. Employer Identification No.)100 Westminster StreetProvidence,RI02903(Address of principal executive offices)(Zip Code)(401) 475-8474 (Registrantâ€™s telephone number, including area code)Securities registered pursuant to Section 12(b) of the Act:Title of each classTrading SymbolName of each exchange on which registeredCommon stock, $0.01 par valueBALYNew York Stock ExchangeIndicate by check mark whether the registrant (1)Â has filed all reports required to be filed by SectionÂ 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)Â has been subject to such filing requirements for the past 90 days. YesÂ Â â˜'Â Â Â Â NoÂ Â â˜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 (Â§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YesÂ Â â˜'Â Â Â Â NoÂ Â â˜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 â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act.Large Accelerated Filerâ˜Accelerated filerâ˜'Non-accelerated filerâ˜SmallerÂ reportingÂ companyâ˜Emerging growth companyâ˜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. â˜ Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Â YesÂ Â â˜Â Â Â NoÂ Â â˜'As of JulyÂ 25, 2024, the number of shares of the registrantâ€™s $0.01 par value common stock outstanding was 40,632,047. For additional information regarding the Companyâ€™s shares outstanding, refer to Note 16 â€œStockholdersâ€™ Equity.â€BALLYâ€™S CORPORATIONTABLE OF CONTENTSPage No.Â PART I - FINANCIAL INFORMATIONÂ ITEM 1.Financial Statements3Condensed Consolidated Balance Sheets (unaudited)3Condensed Consolidated Statements of Operations (unaudited)4Condensed Consolidated Statements of Comprehensive Income (Loss) (unaudited)5Condensed Consolidated Statements of Stockholdersâ€™ Equity (unaudited)6Condensed Consolidated Statements of Cash Flows (unaudited)7Notes to Condensed Consolidated Financial Statements (unaudited)9ITEM 2.Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations40ITEM 3.Quantitative and Qualitative Disclosures About Market Risk53ITEM 4. Controls and Procedures 54PART II - OTHER INFORMATIONÂ ITEM 1.Legal Proceedings55ITEM 1A.Risk Factors55ITEM 5.Other Information55ITEM 6.Exhibits56Signatures572PART I.Â Â Â Â FINANCIAL INFORMATIONITEM 1.Â Â Â Â Financial StatementsBALLYâ€™S CORPORATIONCONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)(In thousands, except share data)June 30,2024December 31,2023AssetsÂ Cash and cash equivalents$154,733Â $163,194Â Restricted cash169,616Â 152,068Â Accounts receivable, net65,823Â 70,328Â Inventory18,082Â 14,629Â Tax receivable29,315Â 62,215Â Prepaid expenses and other current assets118,030Â 108,096Â Assets held for saleâ€"Â 1,815Â Total current assets555,599Â 572,345Â Property and equipment, net1,124,546Â 1,174,888Â Right of use assets, net1,131,211Â 1,160,288Â Goodwill1,910,316Â 1,935,803Â Intangible assets, net1,760,490Â 1,871,428Â Deferred tax asset2,848Â 36,034Â Other assets105,208Â 110,317Â Total assets$6,590,218Â $6,861,103Â Liabilities and Stockholdersâ€™ EquityCurrent portion of long-term debt$19,450Â $19,450Â Current portion of lease liabilities56,389Â 54,842Â Accounts payable94,116Â 69,161Â Accrued income taxes35,482Â 78,301Â Accrued and other current liabilities717,811Â 651,719Â Liabilities related to assets held for saleâ€"Â 1,307Â Total current liabilities923,248Â 874,780Â Long-term debt, net 3,653,681Â 3,643,185Â Long-term portion of financing obligation200,000Â 200,000Â Long-term portion of lease liabilities1,126,826Â 1,148,407Â Deferred tax liability147,375Â 125,590Â Commercial rights liabilities55,521Â 113,626Â Other long-term liabilities90,016Â 119,661Â Total liabilities6,196,667Â 6,225,249Â Commitments and contingencies (Note 17)Stockholdersâ€™ equity:Common stock ($0.01 par value, 200,000,000 shares authorized; 40,619,356 and 39,973,202 shares issued; 40,619,356 and 39,973,202 shares outstanding)406Â 400Â Preferred stock ($0.01 par value; 10,000,000 shares authorized; no shares outstanding)â€"Â â€"Â Additional paid-in-capital1,407,118Â 1,400,479Â Treasury stock, at cost, no shares outstanding as of JuneÂ 30, 2024 and DecemberÂ 31, 2023â€"Â â€"Â Accumulated deficit(790,005)(555,895)Accumulated other comprehensive loss(224,396)(209,558)Total Ballyâ€™s Corporation stockholdersâ€™ equity393,123Â 635,426Â Non-controlling interest428Â 428Â Total stockholdersâ€™ equity393,551Â 635,854Â Total liabilities and stockholdersâ€™ equity$6,590,218Â $6,861,103Â See accompanying notes to condensed consolidated financial statements.3BALLYâ€™S CORPORATIONCONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)(In thousands, except per share data)Three Months Ended June 30,Six Months Ended June 30,Â 2024202320242023Revenue:Â Â Gaming$524,751Â $493,296Â $1,040,808Â $980,191Â Non-gaming96,906Â 112,910Â 199,331Â 224,735Â Total revenue621,657Â 606,206Â 1,240,139Â 1,204,926Â Operating (income) costs and expenses:Gaming236,170Â 218,939Â 472,314Â 436,600Â Non-gaming48,713Â 52,276Â 96,824Â 104,620Â General and administrative252,419Â 249,957Â 500,855Â 501,565Â Gain from sale-leaseback, netâ€"Â (135)â€"Â (374,321)Depreciation and amortization78,782Â 79,187Â 238,528Â 153,748Â Total operating costs and expenses616,084Â 600,224Â 1,308,521Â 822,212Â Income (loss) from operations5,573Â 5,982Â (68,382)382,714Â Other (expense) income:Interest expense, net(74,200)(67,093)(147,331)(130,357)Other non-operating income, net6,930Â 6,811Â 11,484Â 9,421Â Total other expense, net(67,270)(60,282)(135,847)(120,936)(Loss) income before income taxes(61,697)(54,300)(204,229)261,778Â (Benefit) provision for income taxes(1,501)(28,649)29,881Â 109,093Â Net (loss) income$(60,196)$(25,651)$(234,110)$152,685Â Basic (loss) earnings per share(1.24)(0.48)(4.85)2.82Â Weighted average common shares outstanding - basic48,498Â 53,942Â 48,308Â 54,173Â Diluted (loss) earnings per share(1.24)(0.48)(4.85)2.80Â Weighted average common shares outstanding - diluted48,498Â 53,942Â 48,308Â 54,582Â See accompanying notes to condensed consolidated financial statements.4BALLYâ€™S CORPORATIONCONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (unaudited)(In thousands)Three Months Ended June 30,Six Months Ended June 30,2024202320242023Net (loss) income$(60,196)$(25,651)$(234,110)$152,685Â Other comprehensive (loss) income:Foreign currency translation adjustments(8,885)38,625Â (46,679)90,698Â Net unrealized derivative gain on cash flow hedges, net of tax2,304Â â€"Â 14,587Â â€"Â Net unrealized derivative gain on net investment hedges, net of tax5,788Â â€"Â 17,254Â â€"Â Other comprehensive (loss) income(793)38,625Â (14,838)90,698Â Total comprehensive (loss) income$(60,989)$12,974Â $(248,948)$243,383Â See accompanying notes to condensed consolidated financial statements.5BALLYâ€™S CORPORATIONCONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERSâ€™ EQUITY (unaudited)(In thousands, except share data)Â Common StockAdditionalPaid-in CapitalTreasuryStockAccumulated DeficitAccumulated Other Comprehensive LossNon-controlling InterestTotal Stockholdersâ€™EquityÂ Shares OutstandingAmountBalance as of December 31, 202339,973,202Â $400Â $1,400,479Â $â€"Â $(555,895)$(209,558)$428Â $635,854Â Issuance of restricted stock and other stock awards423,805Â 4Â (2,778)â€"Â â€"Â â€"Â â€"Â (2,774)Share-based compensationâ€"Â â€"Â 3,058Â â€"Â â€"Â â€"Â â€"Â 3,058Â Settlement of consideration86,368Â 1Â (125)â€"Â â€"Â â€"Â â€"Â (124)Other â€"Â â€"Â 1,750Â â€"Â â€"Â â€"Â â€"Â 1,750Â Other comprehensive lossâ€"Â â€"Â â€"Â â€"Â â€"Â (14,045)â€"Â (14,045)Net lossâ€"Â â€"Â â€"Â â€"Â (173,914)â€"Â â€"Â (173,914)Balance as of March 31, 202440,483,375Â $405Â $1,402,384Â $â€"Â $(729,809)$(223,603)$428Â $449,805Â Issuance of restricted stock and other stock awards135,981Â 1Â 262Â â€"Â â€"Â â€"Â â€"Â 263Â Share-based compensationâ€"Â â€"Â 4,472Â â€"Â â€"Â â€"Â â€"Â 4,472Â Other comprehensive lossâ€"Â â€"Â â€"Â â€"Â â€"Â (793)â€"Â (793)Net lossâ€"Â â€"Â â€"Â â€"Â (60,196)â€"Â â€"Â (60,196)Balance as of June 30, 202440,619,356Â $406Â $1,407,118Â $â€"Â $(790,005)$(224,396)$428Â $393,551Â Â Common StockAdditionalPaid-in CapitalTreasuryStockAccumulated DeficitAccumulated Other Comprehensive LossNon-controlling InterestTotal Stockholdersâ€™EquityÂ Shares OutstandingAmountBalance as of December 31, 202246,670,057Â $466Â $1,636,366Â $â€"Â $(535,373)$(295,640)$428Â $806,247Â Issuance of restricted stock and other stock awards124,050Â 1Â (1,332)â€"Â â€"Â â€"Â â€"Â (1,331)Share-based compensationâ€"Â â€"Â 6,040Â â€"Â â€"Â â€"Â â€"Â 6,040Â Retirement of treasury sharesâ€"Â (10)(35,987)19,753Â 16,244Â â€"Â â€"Â â€"Â Share repurchases(1,026,343)â€"Â â€"Â (19,753)â€"Â â€"Â â€"Â (19,753)Other comprehensive incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 52,073Â â€"Â 52,073Â Net incomeâ€"Â â€"Â â€"Â â€"Â 178,336Â â€"Â â€"Â 178,336Â Balance as of March 31, 202345,767,764Â $457Â $1,605,087Â $â€"Â $(340,793)$(243,567)$428Â $1,021,612Â Issuance of restricted stock and other stock awards125,842Â 1Â (495)529Â â€"Â â€"Â â€"Â 35Â Share-based compensationâ€"Â â€"Â 6,290Â â€"Â â€"Â â€"Â â€"Â 6,290Â Retirement of treasury sharesâ€"Â (7)(25,279)10,176Â 14,805Â â€"Â â€"Â (305)Share repurchases(748,502)â€"Â â€"Â (10,705)â€"Â â€"Â â€"Â (10,705)Issuance of MKF penny warrantsâ€”Â â€”Â 7,371Â â€”Â â€”Â â€”Â â€”Â 7,371Â Penny warrants exercised377,253Â 4Â â€”Â â€”Â â€”Â â€”Â â€”Â 4Â Settlement of consideration to SportCaller103,656Â 1Â 1,883Â â€”Â â€”Â â€”Â â€”Â 1,884Â Other comprehensive incomeâ€”Â â€”Â â€”Â â€”Â â€”Â 38,625Â â€”Â 38,625Â Net lossâ€”Â â€”Â â€”Â â€”Â (25,651)â€”Â â€”Â (25,651)Balance as of June 30, 202345,626,013Â $456Â $1,594,857Â $â€”Â $(351,639)$(204,942)$428Â $1,039,160Â See accompanying notes to condensed consolidated financial statements.6BALLYâ€™S CORPORATIONCONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)Six Months Ended June 30,(in thousands)20242023Cash flows from operating activities:Â Â Net (loss) income $(234,110)$152,685Â Adjustments to reconcile net (loss) income to net cash provided by operating activities:Depreciation and amortization238,528Â 153,748Â Non-cash lease expense28,876Â 28,117Â Share-based compensation7,530Â 12,330Â Impairment charges12,757Â 9,653Â Amortization of debt discount and debt issuance costs5,781Â 5,563Â Gain on sale-leasebackâ€”Â (374,321)Gain on extinguishment of debtâ€”Â (4,044)Deferred income taxes31,654Â 48,870Â Net gain on assets and liabilities measured at fair value(6,066)(293)Gain on equity method investments(789)(3,090)Change in value of commercial rights liabilities(6,317)(7,291)Change in contingent consideration payable(795)1,024Â Foreign exchange (gain) loss(3,799)5,947Â Proceeds from interest rate contracts4,399Â â€”Â Other operating activities2,277Â 1,041Â Changes in operating assets and liabilities(40,227)34,111Â Net cash provided by operating activities39,699Â 64,050Â Cash flows from investing activities:Cash paid for acquisitions, net of cash acquired208Â (38,243)Proceeds from sale-leasebackâ€”Â 411,000Â Proceeds from net investment hedges2,051Â â€”Â Capital expenditures(63,762)(119,546)Cash paid for capitalized software(24,209)(14,342)Acquisition of gaming licenses(1,211)(10,150)Other investing activities(679)(4,743)Net cash (used in) provided by investing activities(87,602)223,976Â Cash flows from financing activities:Issuance of long-term debt230,000Â 35,000Â Repayments of long-term debt(224,725)(177,345)Deferred payables60,796Â â€”Â Share repurchases â€”Â (30,458)Other financing activities(6,269)(1,716)Net cash provided by (used in) financing activities59,802Â (174,519)Effect of foreign currency on cash and cash equivalents(2,812)(4,195)Change in cash and cash equivalents and restricted cash held for saleâ€”Â (1,648)Net change in cash and cash equivalents and restricted cash9,087Â 107,664Â Cash and cash equivalents and restricted cash, beginning of period315,262Â 265,184Â Cash and cash equivalents and restricted cash, end of period$324,349Â $372,848Â 7BALLYâ€™S CORPORATIONCONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)Six Months Ended June 30,(in thousands)20242023Supplemental disclosure of cash flow information:Cash paid for interest, net of amounts capitalized$158,505Â $134,266Â Income taxes paid, net of refunds(13,630)9,722Â Non-cash investing and financing activities:Unpaid property and equipment$25,746Â $26,793Â Ballyâ€™s Chicago - land development liability1,931Â 135,290Â Unpaid internally developed software781Â 904Â Investment in GLP Capital, L.P.â€”Â 14,412Â Investment in RI Joint Ventureâ€”Â 17,832Â June 30,December 31,Reconciliation of cash and cash equivalents and restricted cash:20242023Cash and cash equivalents$154,733Â $163,194Â Restricted cash169,616Â 152,068Â Total cash and cash equivalents and restricted cash$324,349Â $315,262Â See accompanying notes to condensed consolidated financial statements.8BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)1.Â Â Â Â GENERAL INFORMATIONDescription of BusinessBallyâ€™s Corporation (the â€œCompany,â€ or â€œBallyâ€™sâ€) is a global gaming, hospitality and entertainment company with casinos and resorts and online gaming (â€œiGamingâ€) businesses. The Company owns and manages the following properties within its Casinos & Resorts reportable segment:Casinos & ResortsLocationTypeBuilt/AcquiredBallyâ€™s Twin River Lincoln Casino Resort (â€œBallyâ€™s Twin Riverâ€)Lincoln, Rhode IslandCasino and Resort2004Ballyâ€™s Arapahoe ParkAurora, ColoradoRacetrack/OTB Site2004Hard Rock Hotel & Casino Biloxi (â€œHard Rock Biloxiâ€)(2)Biloxi, MississippiCasino and Resort2014Ballyâ€™s Tiverton Casino & Hotel (â€œBallyâ€™s Tivertonâ€)(2)Tiverton, Rhode IslandCasino and Hotel2018Ballyâ€™s Dover Casino Resort (â€œBallyâ€™s Doverâ€)(2)Dover, DelawareCasino, Resort and Raceway2019Ballyâ€™s Black Hawk(1)(2)Black Hawk, ColoradoThree Casinos2020Ballyâ€™s Kansas City Casino (â€œBallyâ€™s Kansas Cityâ€)Kansas City, MissouriCasino2020Ballyâ€™s Vicksburg Casino (â€œBallyâ€™s Vicksburgâ€)Vicksburg, MississippiCasino and Hotel2020Ballyâ€™s Atlantic City Casino Resort (â€œBallyâ€™s Atlantic Cityâ€)Atlantic City, New JerseyCasino and Resort2020Ballyâ€™s Shreveport Casino & Hotel (â€œBallyâ€™s Shreveportâ€)Shreveport, LouisianaCasino and Hotel2020Ballyâ€™s Lake Tahoe Casino Resort (â€œBallyâ€™s Lake Tahoeâ€)Lake Tahoe, NevadaCasino and Resort2021Ballyâ€™s Evansville Casino & Hotel (â€œBallyâ€™s Evansvilleâ€)(2)Evansville, IndianaCasino and Hotel2021Ballyâ€™s Quad Cities Casino & Hotel (â€œBallyâ€™s Quad Citiesâ€)(2)Rock Island, IllinoisCasino and Hotel2021Tropicana Las Vegas Casino and Resort (â€œTropicana Las Vegasâ€)(2)(4)Las Vegas, NevadaCasino and Resort2022Ballyâ€™s Chicago Casino (â€œBallyâ€™s Chicagoâ€)(3)Chicago, IllinoisCasino2023Ballyâ€™s Golf Links at Ferry Point (â€œBallyâ€™s Golf Linksâ€)Bronx, New YorkGolf Course2023__________________________________(1)Â Â Â Â Includes Ballyâ€™s Black Hawk North Casino, Ballyâ€™s Black Hawk West Casino and Ballyâ€™s Black Hawk East Casino.(2)Â Â Â Â Properties leased from Gaming and Leisure Properties, Inc. (â€œGLPIâ€). Refer to Note 15 â€œLeasesâ€ for further information.(3)Â Â Â Â Temporary casino facility as permanent casino resort is constructed.(4)Â Â Â Â This property closed on April 2, 2024 as part of a plan to redevelop the site with a state-of-the-art integrated resort and ballpark.The Companyâ€™s International Interactive reportable segment primarily includes the interactive activities in Europe and Asia of Gamesys Group Ltd. (â€œGamesysâ€), an iCasino and online bingo platform provider and operator.The North America Interactive reportable segment includes a portfolio of sports betting, iGaming, and free-to-play gaming brands, and the North American operations of Gamesys.Refer to Note 18 â€œSegment Reportingâ€ for further information. 2.Â Â Â Â SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESBasis of PresentationThe accompanying unaudited condensed consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and entities the Company identifies as variable interest entities (â€œVIEsâ€), of which the Company is determined to be the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current yearâ€™s presentation. The financial statements of our foreign subsidiaries are translated into US Dollars (â€œUSDâ€) using exchange rates in effect at period-end for assets and liabilities and average exchange rates during each reporting period for results of operations. Adjustments resulting from financial statement translations are reflected as a separate component of accumulated other comprehensive loss. Foreign currency transaction gains and losses are included in net loss.9BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules of the Securities and Exchange Commission (the â€œSECâ€) for interim financial information, including the instructions to Form 10-Q and Rule 10-01 of the SECâ€™s Regulation S-X. Accordingly, certain information and note disclosures normally required in complete financial statements prepared in conformity with accounting principles generally accepted in the United States (â€œGAAPâ€) have been condensed or omitted. In the Companyâ€™s opinion, these condensed consolidated financial statements include all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Companyâ€™s Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023.We have made estimates and judgments affecting the amounts reported in our condensed consolidated financial statements and the accompanying notes. The actual results that we experience may differ materially from our estimates.Equity Method InvestmentsOn January 1, 2023, the Company and International Game Technology PLC (â€œIGTâ€) contributed certain tangible assets and leases to Rhode Island VLT Company, LLC (the â€œRI Joint Ventureâ€) in exchange for equity interests of the RI Joint Venture. The Company contributed video lottery terminals (â€œVLTsâ€) and player tracking equipment to the joint venture for a 40% equity interest of the RI Joint Venture. The 40% ownership in the joint venture qualifies for equity method accounting. In addition to this joint venture, the Company also has other investments in unconsolidated subsidiaries, which are accounted for using equity method accounting. The Company records its share of net income or loss within â€œOther non-operating income, netâ€ in the condensed consolidated statements of operations. For the three months ended JuneÂ 30, 2024 and 2023, the Company recorded income from equity method investments of $0.2 million and $1.0 million, respectively, and for the six months ended JuneÂ 30, 2024 and 2023, the Company recorded income from equity method investments of $0.8 million and $3.1 million, respectively.Variable Interest EntitiesThe Company evaluates entities for which control is achieved through means other than voting rights to determine if it is the primary beneficiary of a VIE. An entity is a VIE if it has any of the following characteristics (i) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support (ii) equity holders, as a group, lack the characteristics of a controlling financial interest or (iii) the entity is structured with non-substantive voting rights. The primary beneficiary of the VIE is generally the entity that has (a) the power to direct the activities of the VIE that most significantly impact the VIEâ€™s economic performance and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The Company consolidates its investment in a VIE when it determines that it is its primary beneficiary.In determining whether it is the primary beneficiary of the VIE, the Company considers qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIEâ€™s economic performance and which party controls such activities and significance of the Companyâ€™s investment and other means of participation in the VIEâ€™s expected profits/losses. Significant judgments related to these determinations include estimates about the current and future fair values and performance of assets held by these VIEs and general market conditions.Management has analyzed and concluded that Breckenridge Curacao B.V. (â€œBreckenridgeâ€) is a VIE because it does not have sufficient equity investment at risk. The Company has determined that it is the primary beneficiary and consolidates the VIE because (a) although the Company does not control all decisions of Breckenridge, the Company has the power to direct the activities of Breckenridge that most significantly impact its economic performance through various contracts with the entity and (b) the nature of these agreements between Breckenridge and the Company provides the Company with the obligation to absorb losses and the right to receive benefits based on fees that are based upon off-market rates and commensurate to the level of services provided. The Company receives significant benefits in the form of fees that are not at market and commensurate to the level of services provided. As a result, the Company consolidates all of the assets, liabilities and results of operations of Breckenridge and its subsidiaries in the accompanying condensed consolidated financial statements. As of JuneÂ 30, 2024 and DecemberÂ 31, 2023, Breckenridge had total assets of $147.2 million and $161.3 million, respectively, and total liabilities of $78.2 million and $87.7 million, respectively. Breckenridge had revenues of $46.5 million and $76.5 million for the three months ended JuneÂ 30, 2024 and 2023, respectively, and $108.4 million and $160.5 million for the six months ended JuneÂ 30, 2024 and 2023, respectively.10BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)The Company may change its original assessment of a VIE upon subsequent events such as the modification of contractual arrangements that affect the characteristics or adequacy of the entityâ€™s equity investments at risk and the disposition of all or a portion of an interest held by the primary beneficiary. The Company performs this analysis on an ongoing basis.Cash and Cash Equivalents and Restricted CashCash and cash equivalents includes cash balances and highly liquid investments with an original maturity of three months or less. Restricted cash includes cash collateral in connection with amounts due to the Chicago Tribune (refer to Note 8 â€œProperty and Equipmentâ€), player deposits, payment service provider deposits, and VLT and table games related cash payables to certain states where we operate, which are unavailable for the Companyâ€™s use. Accounts Receivable, Net Accounts receivable, net consists of the following:June 30,December 31,(in thousands)20242023Amounts due from Rhode Island and Delaware(1)$15,563Â $13,028Â Gaming receivables23,179Â 26,127Â Non-gaming receivables33,274Â 37,221Â Accounts receivable72,016Â 76,376Â Less: Allowance for credit losses(6,193)(6,048)Accounts receivable, net$65,823Â $70,328Â __________________________________(1)Â Â Â Â Represents the Companyâ€™s share of VLT and table games revenue for Ballyâ€™s Twin River and Ballyâ€™s Tiverton due from the State of Rhode Island and for Ballyâ€™s Dover from the State of Delaware.Deferred PayablesIn order to execute on its strategy of improving working capital efficiency, the Company will, from time to time, participate in trade finance or deferred payable initiatives, including programs that may securitize or accelerate liquidity realized from receivables, or alternatively extend trade terms with certain suppliers or vendors. In certain cases, where the Company is not able to extend payment terms directly with suppliers or vendors, the Company will consider deferred payable solutions that simulate such trade term extensions. These solutions generally involve entering into exchange agreements with intermediary institutions who will make payment to the supplier or vendor within the original terms on behalf of the Company, in exchange for a new bill with terms that conforms to the Companyâ€™s payment policy of net 90 days. The Company will then pay the new bill to the intermediary institutions, inclusive of any embedded premium, which the Company records as â€œInterest expense, net,â€ within three months or less.During the three and six months ended JuneÂ 30, 2024, the Company borrowed $60.1Â million and $102.3Â million, respectively, under these deferred payable arrangements and during the three months ended JuneÂ 30, 2024 repaid $41.5Â million. Amounts outstanding under these deferred payable arrangements were $60.2Â million as of JuneÂ 30, 2024 and are included in â€œAccrued and other current liabilitiesâ€ on the condensed consolidated balance sheets. For theÂ three and six months ended JuneÂ 30, 2024, the Company incurred $1.4Â million and $2.2Â million of interest expense, respectively, under these arrangements. These arrangements were not utilized by the Company during the three and six months ended JuneÂ 30, 2023.Gaming ExpensesGaming expenses include, among other things, payroll costs and expenses associated with the operation of VLTs, slots and table games, including gaming taxes payable to jurisdictions in which the Company operates outside of Rhode Island and Delaware, and marketing costs directly associated with the Companyâ€™s iGaming products and services. These marketing expenses are included within Gaming expenses in the condensed consolidated statements of operations and were $47.0Â million and $47.8Â million for the three months ended JuneÂ 30, 2024 and 2023, respectively, and $93.2Â million and $93.7Â million for the six months ended JuneÂ 30, 2024 and 2023, respectively. Gaming expenses also include racing expenses comprised of payroll costs, off track betting (â€œOTBâ€) commissions and other expenses associated with the operation of live racing and simulcasting.11BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Advertising ExpenseThe Company expenses advertising costs as incurred. For theÂ three months ended JuneÂ 30, 2024 and 2023, advertising expense was $4.0Â million and $3.2Â million, respectively, and for the six months ended JuneÂ 30, 2024 and 2023, advertising expense was $9.6Â million and $8.6Â million, respectively. Advertising costs are included in â€œGeneral and administrativeâ€ on the condensed consolidated statements of operations.Share-Based Compensation The Company recognized total share-based compensation expense of $4.5 million and $6.3 million for the three months ended JuneÂ 30, 2024 and 2023, respectively, and $7.5 million and $12.3 million for the six months ended JuneÂ 30, 2024 and 2023, respectively. The total income tax benefit for share-based compensation arrangements was $1.2 million and $1.7 million for the three months ended JuneÂ 30, 2024 and 2023, respectively, and $2.0 million and $3.2 million for the six months ended JuneÂ 30, 2024 and 2023, respectively.Strategic Partnership - Sinclair Broadcast GroupIn 2020, the Company and Sinclair Broadcast Group, Inc. (â€œSinclairâ€) entered into a Framework Agreement (the â€œFramework Agreementâ€), which provides for a long-term strategic relationship between Sinclair and the Company. Under the Framework Agreement, the Company issued warrants and options and agreed to share tax benefits and received naming, integration and other rights, including access to Sinclairâ€™s Tennis Channel, Stadium Sports Network and STIRR streaming service. Under a Commercial Agreement (the â€œCommercial Agreementâ€) contemplated by the Framework Agreement, the Company paid annual fees to Diamond Sports Group (â€œDiamondâ€), a Sinclair subsidiary, for naming rights over Diamondâ€™s regional sports networks (â€œRSNsâ€) and other consideration. The Company accounted for this relationship as an asset acquisition in accordance with the â€œAcquisition of Assets Rather Than a Businessâ€ subsections of ASC 805-50, Business Combinationsâ€”Related Issues, using a cost accumulation model. The total intangible asset (â€œCommercial rights intangible assetâ€) represents the present value of the naming rights fees and other consideration, including the fair value of the warrants and options, and an estimate of the tax-sharing payments, each explained below. The Commercial rights intangible asset, net of accumulated amortization, was $210.4Â million and $225.9Â million as of JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively. Amortization was $7.8Â million and $7.7Â million for the three months ended JuneÂ 30, 2024 and 2023, respectively, and $15.6Â million and $15.5Â million for the six months ended JuneÂ 30, 2024 and 2023, respectively. Refer to Note 9 â€œGoodwill and Intangible Assetsâ€ for further information.The present value of the naming rights fees was recorded as part of intangible assets, with a corresponding liability, which was accreted through interest expense. As of December 31, 2023, the total value of the liability was $57.7Â million, with $8.0Â million recorded within â€œAccrued and other current liabilitiesâ€ related to the short-term portion of the liability, and $49.7Â million related to the long-term portion of the liability reflected as â€œCommercial rights liabilityâ€ in the condensed consolidated balance sheets. Accretion expense reported in â€œInterest expense, netâ€ in our condensed consolidated statements of operations was $1.1Â million and $2.2Â million for the three and six months ended JuneÂ 30, 2023, respectively. In the first quarter of 2024, the Companyâ€™s obligation to pay Diamond for the naming rights terminated upon the bankruptcy courtâ€™s approval of certain settlement terms, which the court approved on March 1, 2024. Refer to Note 17 â€œCommitments and Contingenciesâ€ for further information.Under the Framework Agreement, the Company issued to SBG Gaming, LLC, a designated subsidiary of Sinclair (â€œSBGâ€) (i) an immediately exercisable warrant to purchase up to 4,915,726 shares of the Company at an exercise price of $0.01 per share (â€œthe Penny Warrantsâ€), (ii) a warrant to purchase up to a maximum of 3,279,337 additional shares of the Company at a price of $0.01 per share subject to the achievement of various performance metrics (the â€œPerformance Warrantsâ€), and (iii) an option to purchase up to 1,639,669 additional shares in four tranches with purchase prices ranging from $30.00 to $45.00 per share, exercisable over a seven-year period beginning on the fourth anniversary of the November 18, 2020 closing (the â€œOptionsâ€). The exercise and purchase prices and the number of shares issuable upon exercise of the warrants and options are subject to customary anti-dilution adjustments. Refer to Note 20 â€œSubsequent Eventsâ€ for further information. The Penny Warrants and Options are equity classified instruments under ASC 815. The fair value of the Penny Warrants approximates the fair value of the underlying shares and was $150.4Â million on November 18, 2020 at issuance, and was recorded to â€œAdditional paid-in-capitalâ€ in the condensed consolidated balance sheets, with an offset to the Commercial rights intangible asset. 12BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)The Performance Warrants are accounted for as a derivative liability because the underlying performance metrics represent an adjustment to the settlement amount that is not indexed to the Companyâ€™s own stock and thus equity classification is precluded under ASC 815. Refer to Note 11 â€œFair Value Measurementsâ€ for further information. Under the Framework Agreement, the Company agreed to share 60% of the tax benefits it realizes from the Penny Warrants, Options, Performance Warrants and other related payments. Changes in the estimate of the tax benefit to be realized and tax rates in effect at the time, among other changes, are treated as an adjustment to the intangible asset. The liability for these obligations was $17.0Â million and $19.1Â million as of JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively, and is reflected in â€œCommercial rights liabilitiesâ€ within our condensed consolidated balance sheets. Provision for Income TaxesDuring the six months ended JuneÂ 30, 2024 and 2023, the Company recorded a provision for income tax of $29.9Â million, at an effective year to date tax rate of (14.6)% and a provision for income tax of $109.1Â million, at an effective year to date tax rate of 41.7%, respectively. The 2024 year to date effective tax rate differed from the US federal statutory tax rate of 21%, creating a provision for income tax on the Companyâ€™s Loss before income taxes, largely due to an increase in the valuation allowance, coupled with a tax liability for foreign discrete items. The 2023 year to date effective tax rate was higher than the US federal statutory tax rate of 21%, largely due to an increase in the valuation allowance and a tax liability for a discrete item related to the deferred gain on sale leaseback transactions in Mississippi and Rhode Island.3.Â Â Â Â CONSOLIDATED FINANCIAL INFORMATIONGeneral and Administrative ExpenseAmounts included in General and administrative for the three and six months ended JuneÂ 30, 2024 and 2023 were as follows:Three Months EndedJune 30,Six Months EndedJune 30,(in thousands)2024202320242023Advertising, general and administrative$233,441Â $223,760Â $458,412Â $444,765Â Acquisition and integration5,845Â 13,104Â 10,697Â 26,885Â Restructuring 376Â 3,440Â 18,989Â 20,262Â Impairment charges(1)12,757Â 9,653Â 12,757Â 9,653Â Total general and administrative$252,419Â $249,957Â $500,855Â $501,565Â __________________________________(1)Â Â Â Â Includes impairment charges on long-lived assets within the International Interactive segment in the second quarter of 2024 and impairment charges related to assets held-for-sale within the North America Interactive segment in 2023.Other Non-Operating Income, NetAmounts included in Other non-operating income, net for the three and six months ended JuneÂ 30, 2024 and 2023 were as follows: Three Months EndedJune 30,Six Months EndedJune 30,(in thousands)2024202320242023Change in value of commercial rights liabilities$6,317Â $7,558Â $6,317Â $7,291Â Net income from equity method investments234Â 990Â 789Â 3,090Â Gain on extinguishment of debtâ€”Â â€”Â â€”Â 4,044Â Foreign exchange gain (loss)983Â (1,639)3,799Â (5,947)Other, net(604)(98)579Â 943Â Total other non-operating income, net$6,930Â $6,811Â $11,484Â $9,421Â 13BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)4.Â Â Â Â RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTSStandards to Be ImplementedIn October 2023, the FASB issued ASU No. 2023-06, Disclosure Improvements - Codification Amendments in Response to the SECâ€™s Disclosure Update and Simplification Initiative. The amendments in this update align the requirements in the ASC to the SECâ€™s regulations. The effective date for each amended topic in the ASC is the date on which the SECâ€™s removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective. If by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective. Early adoption is prohibited. The Company is currently in the process of evaluating the impact of this amendment on its condensed consolidated financial statements and related disclosures.In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures. The amendments in this update enhance the disclosures required for significant segment expenses on an annual and interim basis. The guidance will apply retrospectively and is effective for annual reporting periods in fiscal years beginning after December 15, 2023, and interim reporting periods in fiscal years beginning after December 31, 2024. The Company is currently in the process of evaluating the impact of this amendment on its condensed consolidated financial statements and related disclosures.In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures. The amendments in this update enhance the transparency and decision usefulness of income tax disclosures. This update will be effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently in the process of evaluating the impact of this amendment on its condensed consolidated financial statements and related disclosures.In March 2024, the FASB issued ASU 2024-02, Codification Improvements - Amendments to Remove References to the Concepts Statements. This amendment to the Codification removes references to various Concepts Statements. This update will be effective for public business entities for fiscal years beginning after December 15, 2024, with early adoption permitted if adopted as of the beginning of the fiscal year that includes that interim period. The Company is currently in the process of evaluating the impact of this amendment on its condensed consolidated financial statements and related disclosures.5.Â Â Â Â REVENUE RECOGNITIONThe Company recognizes revenue in accordance with ASC 606, Revenue from Contracts with Customers, which requires the revenue to be recognized when a performance obligation is satisfied by transferring the control of promised goods or services and is measured at the transaction price or the amount of consideration that the Company expects to receive through satisfaction of the identified performance obligations.The Company generates revenue from four principal sources: (1) gaming (which includes retail gaming, online gaming, sports betting and racing), (2) hotel, (3) food and beverage and (4) retail, entertainment and other. Sales tax and other taxes collected on behalf of governmental authorities are accounted for on a net basis and are not included in revenue or operating expenses.Gaming RevenuePerformance ObligationsRetail gaming service contracts involving our land-based casinos, each have an obligation to honor the outcome of a wager and to pay out an amount equal to the stated odds, including the return of the initial wager, if the customer receives a winning hand. These elements of honoring the outcome of the hand of play and generating a payout are considered one performance obligation, with an additional performance obligation for those customers earning incentives under the Companyâ€™s player loyalty program. Online gaming and sports betting represent a single performance obligation for the Company to operate contests or games and award prizes or payouts to users based on results of the arrangement. Additionally, the use of incentives across the online gaming products create future customer rights and are a separate performance obligation. 14BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Racing revenue is earned through advance deposit wagering, which consists of patrons wagering through an advance deposit account. Each wagering contract contains a single performance obligation.Transaction PriceThe Company applies a practical expedient to account for its gaming contracts on a portfolio basis as such wagers have similar characteristics and the Company reasonably expects the impact on the consolidated financial statements of applying the revenue recognition guidance to the portfolio would not differ materially from the application of an individual wagering contract. The transaction price for a retail gaming, online gaming or sports betting wagering contract is the difference between wins and losses, not the total amount wagered. In addition, in the event of a multi-stage contest, the Company will allocate transaction price ratably from contest start to the contestâ€™s final stage. The transaction price for racing operations, inclusive of live racing events conducted at the Companyâ€™s racing facilities, is the commission received from the pari-mutuel pool less contractual fees and obligations, primarily consisting of purse funding requirements, simulcasting fees, tote fees and certain pari-mutuel taxes that are directly related to the racing operations. For purposes of allocating the transaction price in a wagering contract between the wagering performance obligation and the obligation associated with incentives earned under loyalty programs, the Company allocates an amount to the loyalty program contract liability based on the stand-alone selling price of the incentive earned. The performance obligation related to loyalty program incentives are deferred and recognized as revenue upon redemption by the customer.Revenue RecognitionThe allocated revenue for retail gaming wagers is recognized when the wagering occurs as all such wagers settle immediately. Online gaming revenue is recognized at the point in time when the player completes a gaming session and payout occurs. Sports betting involves a player wagering money on an outcome or series of outcomes. If a player wins the wager, the Company pays the player a pre-determined amount known as fixed odds, and its revenue is recognized as total wagers net of payouts made and incentives awarded to players. Racing revenue includes several of our casinos and resortsâ€™ share of wagering from live racing and the import of simulcast signals, and is recognized upon completion of the wager based upon an established take-out percentage. The estimated retail value related to goods and services provided to customers without charge or upon redemption under the Companyâ€™s player loyalty programs included in departmental revenues, and therefore reducing gaming revenues, are as follows for the three and six months ended JuneÂ 30, 2024 and 2023:Â Three Months EndedJune 30,Six Months EndedJune 30,(in thousands)2024202320242023Hotel$20,435Â $24,123Â $40,906Â $46,558Â Food and beverage20,302Â 19,823Â 40,515Â 39,297Â Retail, entertainment and other2,442Â 2,420Â 4,870Â 5,011Â Â $43,179Â $46,366Â $86,291Â $90,866Â Non-gaming RevenuePerformance ObligationsHotel, food and beverage, and retail, entertainment and other services have been determined to be separate, stand-alone performance obligations and revenue is recognized as the good or service is transferred at the point in time of the transaction. Transaction PriceThe transaction price for hotel, food and beverage, and retail, entertainment and other, is the net amount collected from the customer for such goods and services. The estimated standalone selling price of hotel rooms is determined based on observable prices. The standalone selling price of these goods and services are determined based upon the actual retail prices charged to customers for those items.15BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Revenue RecognitionHotel revenue is recognized when the customer obtains control through occupancy of the room over their stay at the hotel. Advance deposits for hotel rooms are recorded as liabilities until revenue recognition criteria are met. Food, beverage and retail revenues are recognized at the time the goods are sold from Company-operated outlets. Other revenue includes cancellation fees for hotel and meeting space services, which are recognized upon cancellation by the customer, and golf revenues from the Companyâ€™s operations of Ballyâ€™s Golf Links, which are recognized at the time of sale. Additionally, other revenue includes market access and business-to-business service revenue generated by the International Interactive and North America Interactive reportable segments, which is recognized at the time the goods are sold or the service is provided, and are included in Non-gaming revenue within our condensed consolidated statements of operations.The following tables provide a disaggregation of revenue by segment (in thousands):Three Months Ended June 30, 2024Casinos & ResortsInternational InteractiveNorth America InteractiveTotalGaming$255,545Â $227,149Â $42,057Â $524,751Â Non-gaming:Hotel35,264Â â€”Â â€”Â 35,264Â Food and beverage33,123Â â€”Â â€”Â 33,123Â Retail, entertainment and other19,119Â 2,247Â 7,153Â 28,519Â Total non-gaming revenue87,506Â 2,247Â 7,153Â 96,906Â Total revenue$343,051Â $229,396Â $49,210Â $621,657Â Three Months Ended June 30, 2023Gaming$231,018Â $243,167Â $19,111Â $493,296Â Non-gaming:Hotel51,391Â â€”Â â€”Â 51,391Â Food and beverage35,224Â â€”Â â€”Â 35,224Â Retail, entertainment and other15,529Â 4,607Â 6,159Â 26,295Â Total non-gaming revenue102,144Â 4,607Â 6,159Â 112,910Â Total revenue$333,162Â $247,774Â $25,270Â $606,206Â Six Months Ended June 30, 2024Gaming$505,963Â $458,416Â $76,429Â $1,040,808Â Non-gaming:Hotel76,354Â â€”Â â€”Â 76,354Â Food and beverage68,075Â â€”Â â€”Â 68,075Â Retail, entertainment and other34,988Â 5,663Â 14,251Â 54,902Â Total non-gaming revenue179,417Â 5,663Â 14,251Â 199,331Â Total revenue$685,380Â $464,079Â $90,680Â $1,240,139Â Six Months Ended June 30, 2023Gaming$464,125Â $480,348Â $35,718Â $980,191Â Non-gaming:Hotel98,723Â â€”Â â€”Â 98,723Â Food and beverage68,832Â â€”Â â€”Â 68,832Â Retail, entertainment and other30,268Â 12,998Â 13,914Â 57,180Â Total non-gaming revenue197,823Â 12,998Â 13,914Â 224,735Â Total revenue$661,948Â $493,346Â $49,632Â $1,204,926Â 16BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Contract Assets and Contract Related LiabilitiesThe Companyâ€™s receivables related to contracts with customers are primarily comprised of marker balances, interactive platform business-to-business service receivables, other amounts due from gaming activities, amounts due for hotel stays and amounts due from tracks and OTB locations. The Companyâ€™s receivables related to contracts with customers were $33.5 million and $38.5 million as of JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively. The Company has the following liabilities related to contracts with customers: liabilities for loyalty programs, advance deposits made for goods and services yet to be provided and unpaid wagers. All of the contract liabilities are short-term in nature and are included in â€œAccrued and other current liabilitiesâ€ in the condensed consolidated balance sheets.Loyalty program incentives earned by customers are typically redeemed within one year from when they are earned and expire if a customerâ€™s account is inactive for more than 12Â months; therefore, the majority of these incentives outstanding at the end of a period will either be redeemed or expire within the next 12 months.Advance deposits are typically interactive player deposits and customer deposits for future banquet events, hotel room reservations, and gift cards. The Company holds restricted cash for interactive player deposits and records a corresponding withdrawal liability. The banquet and hotel reservation deposits are usually received weeks orÂ months in advance of the event or hotel stay. Unpaid wagers include the Companyâ€™s outstanding chip liability and unpaid slot, pari-mutuel and sports betting tickets. Liabilities related to contracts with customers as of JuneÂ 30, 2024 and December 31, 2023 were as follows: June 30,December 31,(in thousands)20242023Advanced deposits from customers$28,464Â $29,052Â Loyalty programs14,775Â 16,803Â Unpaid wagers11,704Â 20,481Â Total$54,943Â $66,336Â The Company recognized $7.8 million and $9.9 million of revenue related to loyalty program redemptions for the three months ended JuneÂ 30, 2024 and 2023, respectively, and $15.5 million and $17.6 million of revenue related to loyalty program redemptions for the six months ended JuneÂ 30, 2024 and 2023, respectively.6.Â Â Â Â BUSINESS COMBINATIONSCasinos & Resorts AcquisitionsBallyâ€™s Golf Links - On September 12, 2023, the Company completed the acquisition of Trump Golf Links at Ferry Point, subsequently renamed Ballyâ€™s Golf Links at Ferry Point, which includes the assignment of a license agreement to operate an 18-hole links-style golf course located in the Bronx, New York.The total purchase consideration included cash paid, net of cash acquired and net working capital adjustments, which amounted to $55.0 million. This acquisition continues the Companyâ€™s strategic objective of developing a diversified portfolio within its Casinos & Resorts segment.Total purchase consideration also includes contingent consideration valued at $58.6 million, which is the fair value, under GAAP, of expected cash payments totaling up to $125Â million to the seller, based upon future events, which are uncertain. The contingent consideration was recorded at fair value, using discounted cash flow analyses with level 3 inputs, and is remeasured quarterly, with fair value adjustments recognized in earnings, until the contingencies are resolved. Inputs to this valuation approach include the Companyâ€™s estimated probabilities of achieving the conditions for payment, expected terms between 1.5 and 3 Years, and discount rates between 7.2% and 7.8%. The settlement of the contingent consideration liabilities will be due to the seller in the event the license agreement is extended or if the Company is successful in its bid for a casino license.17BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)The following table summarizes the consideration paid and the fair values of the assets acquired and liabilities assumed in connection with the Casinos & Resorts acquisition as of JuneÂ 30, 2024:Ballyâ€™s Golf Links(in thousands)Preliminary(2)Total current assets$1,108Â Property and equipment, net505Â Intangible assets, net(1)6,500Â Other assets2,000Â Goodwill103,824Â Total current liabilities(345)Total purchase price$113,592Â __________________________________(1)Â Â Â Â Ballyâ€™s Golf Linksâ€™ intangible assets include a concessionaire license of $6.5 million, which is being amortized over its estimated useful life of approximately 12 years.(2)Â Â Â Â The Company recorded adjustments to the preliminary purchase price allocation during the six months ended JuneÂ 30, 2024 which decreased Goodwill and the total purchase price by $0.2 million.Goodwill recognized is deductible for local tax purposes and has been assigned as of the acquisition date to the Companyâ€™s Casinos & Resorts reportable segment, which includes the reporting unit expected to benefit from the synergies of the acquisitions. Qualitative factors that contribute to the recognition of goodwill include expected synergies from integrating the business into the Companyâ€™s casino portfolio and future development of its omni-channel strategy.The Company incurred $0.1 million and $0.3 million of acquisition costs related to the above Casinos & Resorts acquisition during the three and six months ended JuneÂ 30, 2024, respectively. There were no acquisition costs related to the above Casinos & Resorts acquisition during the three and six months ended JuneÂ 30, 2023. These costs are included within â€œGeneral and administrativeâ€ of the condensed consolidated statements of operations.International Interactive AcquisitionCasino Secret - On January 5, 2023, the Company completed the acquisition of BACA Limited (â€œCasino Secretâ€), a European based online casino that offers slots, tables and live dealer games to Asian markets for total consideration of $50.4 million. Cash paid by the Company, net of $8.3 million cash acquired, was $38.7 million, excluding transaction costs.The following table summarizes the consideration paid and the fair values of the assets acquired and liabilities assumed in connection with the International Interactive acquisition:(in thousands)Casino SecretFinal(2)Total current assets$8,862Â Property and equipment, net50Â Intangible assets, net(1)29,471Â Goodwill18,422Â Total current liabilities(6,371)Total purchase price$50,434Â ________________________________(1)Â Â Â Â Casino Secret intangible assets include player relationships and trade names of $26.0 million and $3.5 million, respectively, which are both being amortized on a straight-line basis over their estimated useful lives of approximately 7 years. (2)Â Â Â Â The Company did not record adjustments to the preliminary purchase price allocation during the six months ended JuneÂ 30, 2024.18BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Total goodwill recorded in connection with the above acquisition was $18.4 million, and is not deductible for local tax purposes. Qualitative factors that contribute to the recognition of goodwill include certain intangible assets that are not recognized as separate identifiable intangible assets apart from goodwill, which consist primarily of benefits from acquiring a talented technology workforce and management team experienced in the online gaming industry, and securing buyer-specific synergies expected to contribute to the Companyâ€™s omni-channel strategy which are expected to increase revenue and profits within the Companyâ€™s International Interactive reportable segment. The goodwill of the acquisition has been assigned, as of the acquisition date, to the Companyâ€™s International Interactive reportable segment.The Company incurred $1.2 million of acquisition costs related to the above International Interactive acquisition during the six months ended JuneÂ 30, 2023. There were no acquisition costs related to the International Interactive acquisition during the three months ended JuneÂ 30, 2023 or three and six months ended JuneÂ 30, 2024. These costs are included within â€œGeneral and administrativeâ€ of the condensed consolidated statements of operations.7.Â Â Â Â PREPAID EXPENSES AND OTHER CURRENT ASSETSAs of JuneÂ 30, 2024 and DecemberÂ 31, 2023, prepaid expenses and other current assets was comprised of the following: June 30,December 31,(in thousands)20242023Services and license agreements$45,777Â $32,466Â Prepaid marketing12,406Â 8,685Â Short term derivative assets11,191Â 9,530Â Gaming taxes and licenses10,518Â 9,309Â Prepaid insurance10,321Â 12,181Â Due from payment service providers9,025Â 12,662Â Sales tax5,429Â 7,565Â Purse funds4,810Â 6,404Â Other8,553Â 9,294Â Total prepaid expenses and other current assets$118,030Â $108,096Â 8.Â Â Â Â PROPERTY AND EQUIPMENTAs of JuneÂ 30, 2024 and DecemberÂ 31, 2023, property and equipment was comprised of the following:June 30,December 31,(in thousands)20242023Land$238,997Â $238,997Â Land improvements164,424Â 162,211Â Building and improvements686,039Â 673,071Â Equipment279,013Â 264,398Â Furniture and fixtures68,980Â 68,746Â Construction in process108,337Â 73,810Â Total property, plant and equipment1,545,790Â 1,481,233Â Less: Accumulated depreciation(421,244)(306,345)Property and equipment, net$1,124,546Â $1,174,888Â 19BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Depreciation expense relating to property and equipment was $19.8 million and $19.0 million for the three months ended JuneÂ 30, 2024 and 2023, respectively, and $119.3 million and $37.6 million for the six months ended JuneÂ 30, 2024 and 2023, respectively. Depreciation expense during the six months ended JuneÂ 30, 2024 included $80.1 million of accelerated depreciation related to the closure of the Tropicana Las Vegas property on April 2, 2024. Refer to Note 13 â€œRestructuring Expenseâ€ for further information. The Company recorded capitalized interest of $2.1 million during each of the three months ended JuneÂ 30, 2024 and 2023, and $3.9 million and $5.0 million during the six months ended JuneÂ 30, 2024 and 2023, respectively.Ballyâ€™s Chicago A wholly-owned indirect subsidiary of the Company, Ballyâ€™s Chicago Operating Company, LLC entered into a Lease Termination and Short Term License Agreement with Chicago Tribune Company, LLC (â€œTribuneâ€), effective March 31, 2023, which, among other things, provided that the Company will have possession of 777 West Chicago Avenue, Chicago, Illinois 60610 on or before July 5, 2024, subject to $150Â million in payments by the Company to Tribune payable in full upon Tribune vacating the site on or prior to July 5, 2024 (the â€œPaymentâ€). $10Â million of the Payment was paid upon execution of the Lease Termination and Short Term License Agreement and $90Â million of the Payment was paid during the third quarter of 2023. The balance Payment amount of $50Â million was secured by cash-collateralized letters of credit, issued by Citizens Bank. Cash collaterals are reported as restricted cash as of JuneÂ 30, 2024. The Company paid the remaining $50Â million on July 9, 2024 and gained possession of the property per the agreement with Tribune.The Company recorded the present value of the remaining payments of $49.7Â million within â€œAccrued and other current liabilitiesâ€ with an offsetting increase to â€œProperty and equipment, netâ€ within the condensed consolidated balance sheets as of JuneÂ 30, 2024.9.Â Â Â Â GOODWILL AND INTANGIBLE ASSETSThe change in intangible assets, net for the six months ended JuneÂ 30, 2024 is as follows (in thousands):Intangible assets, net as of December 31, 2023$1,871,428Â Effect of foreign exchange (17,031)Internally developed software23,099Â Other intangibles acquired2,234Â Less: Accumulated amortization(119,240)Intangible assets, net as of JuneÂ 30, 2024$1,760,490Â 20BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)The Companyâ€™s identifiable intangible assets consist of the following:June 30, 2024(in thousands)Gross Carrying AmountAccumulatedAmortizationNetAmortizable intangible assets:Â Â Â Commercial rights - Sinclair(1)$315,847Â $(105,483)$210,364Â Trade names37,190Â (20,131)17,059Â Hard Rock license8,000Â (2,424)5,576Â Customer relationships956,596Â (378,122)578,474Â Developed technology263,241Â (103,416)159,825Â Internally developed software82,644Â (19,889)62,755Â Gaming licenses46,654Â (16,037)30,617Â Other11,491Â (4,453)7,038Â Total amortizable intangible assets1,721,663Â (649,955)1,071,708Â Intangible assets not subject to amortization:Gaming licenses586,971Â â€”Â 586,971Â Trade names99,774Â â€”Â 99,774Â Other2,037Â â€”Â 2,037Â Total unamortizable intangible assets688,782Â â€”Â 688,782Â Total intangible assets, net$2,410,445Â $(649,955)$1,760,490Â ________________________________(1)Â Â Â Commercial rights intangible asset in connection with the Framework Agreement. Refer to Note 2 â€œSummary of Significant Accounting Policiesâ€ for further information.December 31, 2023(in thousands)Gross Carrying AmountAccumulatedAmortizationNetAmortizable intangible assets:Â Â Â Commercial rights - Sinclair(2)$315,847Â $(89,901)$225,946Â Trade names37,042Â (18,125)18,917Â Hard Rock license8,000Â (2,303)5,697Â Customer relationships974,286Â (314,053)660,233Â Developed technology267,927Â (86,119)181,808Â Internally developed software61,687Â (13,091)48,596Â Gaming licenses45,008Â (11,964)33,044Â Other11,505Â (3,621)7,884Â Total amortizable intangible assets1,721,302Â (539,177)1,182,125Â Intangible assets not subject to amortization:Gaming licenses586,971Â â€”Â 586,971Â Trade names100,544Â â€”Â 100,544Â Other1,788Â â€”Â 1,788Â Total unamortizable intangible assets689,303Â â€”Â 689,303Â Total intangible assets, net$2,410,605Â $(539,177)$1,871,428Â ________________________________(2)Â Â Â Â See note (1) above.21BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Amortization of intangible assets was approximately $59.0 million and $60.2 million for the three months ended JuneÂ 30, 2024 and 2023, respectively, and $119.2 million and $116.1 million for the six months ended JuneÂ 30, 2024 and 2023, respectively.The following table reflects the remaining amortization expense associated with the finite-lived intangible assets as of JuneÂ 30, 2024:(in thousands)Remaining 2024$116,527Â 2025230,930Â 2026229,146Â 2027228,074Â 2028172,565Â Thereafter94,466Â Total$1,071,708Â 10.Â Â Â Â DERIVATIVE INSTRUMENTSThe Company utilizes derivative instruments in order to mitigate interest rate and currency exchange rate risk in accordance with its financial risk and liability management policy.In 2023, the Company entered into a series of interest rate contracts and cross currency swap derivative transactions with multiple bank counterparties in order to synthetically convert a notional aggregate amount of $500.0Â million of the Companyâ€™s USD denominated variable rate Term Loan Facility, as disclosed in Note 14 â€œLong-Term Debt,â€ into fixed rate debt over five years and $200Â million of the Term Loan Facility, to an equivalent GBP denominated floating rate instrument over three years. These contracts mature in October, 2028 and 2026, respectively. Derivative Instruments Designated as Hedging InstrumentsNet Investment HedgesCross Currency Swaps - The Company is exposed to fluctuations in foreign exchange rates on investments it holds in its European foreign entities. The Company uses fixed and fixed-cross-currency swaps to hedge its exposure to changes in the foreign exchange rate on its foreign investment in Europe and their exposure to changes in the EUR-GBP exchange rate. Currency forward agreements involve fixing the USD-EUR exchange rate for delivery of a specified amount of foreign currency on a specified date. The currency forward agreements are typically cash settled in USD for their fair value at or close to their settlement date. Cross-currency swaps involve the receipt of functional-currency-fixed-rate amounts from a counterparty in exchange for the Company making foreign-currency-fixed-rate payments over the life of the agreement. These derivative arrangements qualify as net investment hedges under ASC 815, with the gain or loss resulting from changes in the spot value of the derivative reported in other comprehensive income (loss). Amounts are reclassified out of other comprehensive income (loss) into earnings when the hedged net investment is either sold or substantially liquidated. Additionally, the accrual of foreign currency and USD denominated coupons will be recognized in â€œInterest expense, netâ€ in the condensed consolidated statements of operations. Refer to Note 11 â€œFair Value Measurementsâ€ and Note 16 â€œStockholdersâ€™ Equityâ€ for further information. The following tables summarize the Companyâ€™s net investment hedges as of JuneÂ 30, 2024 and DecemberÂ 31, 2023 (in thousands):Net Investment HedgesNotional SoldNotional PurchasedCross currency swapsâ‚¬461,595Â Â£387,531Â Cross currency swapsÂ£546,759Â $700,000Â 22BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Cash Flow HedgesInterest Rate Contracts - The Companyâ€™s objectives in using interest rate derivatives are to hedge its exposure to variability in cash flows on a portion of its floating-rate debt, to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps and collars as part of its financial risk and liability management policy. The Companyâ€™s interest rate swaps and collars are designated as cash flow hedges under ASC 815. The changes in the fair value of these instruments are recorded as a component of accumulated other comprehensive income (loss) and reclassified into â€œInterest expense, netâ€ in the condensed consolidated statements of operations in the same period in which the hedged interest payments associated with the Companyâ€™s borrowings are recorded. Refer to Note 11 â€œFair Value Measurementsâ€ and Note 16 â€œStockholdersâ€™ Equityâ€ for further information. The following table summarizes the Companyâ€™s cash flow hedges as of JuneÂ 30, 2024 and DecemberÂ 31, 2023 (in thousands):Cash Flow HedgesNotional AmountIndexCapFloor(1)Interest rate contracts - swaps$500,000Â US - SOFRâ€”â€”Interest rate contracts - collars$500,000Â US - SOFR4.25%3.22%________________________________(1)Â Â Â Â Weighted average rate.11.Â Â Â Â FAIR VALUE MEASUREMENTSThe following tables summarize the Companyâ€™s assets and liabilities measured at fair value on a recurring basis. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:June 30, 2024(in thousands)Balance Sheet LocationLevel 1Level 2Level 3Assets:Cash and cash equivalentsCash and cash equivalents$154,733Â $â€”Â $â€”Â Restricted cashRestricted cash169,616Â â€”Â â€”Â Convertible loansOther assetsâ€”Â â€”Â 4,086Â Investments in equity securitiesOther assets2,368Â â€”Â â€”Â Investment in GLPI partnershipOther assetsâ€”Â 12,959Â â€”Â Derivative assets designated as hedging instruments:Interest rate contractsPrepaid expenses and other current assetsâ€”Â 6,575Â â€”Â Interest rate contractsOther assetsâ€”Â 1,764Â â€”Â Cross currency swapsPrepaid expenses and other current assetsâ€”Â 4,616Â â€”Â Cross currency swapsOther assetsâ€”Â 8,909Â â€”Â Total derivative assets at fair valueâ€”Â 21,864Â â€”Â Total assets$326,717Â $34,823Â $4,086Â Liabilities:Contingent considerationOther long-term liabilities$â€”Â $â€”Â $57,785Â Derivative liabilities not designated as hedging instruments:Sinclair Performance Warrants Commercial rights liabilitiesâ€”Â â€”Â 38,386Â Derivative liabilities designated as hedging instruments:Interest rate contractsOther long-term liabilitiesâ€”Â 3,814Â â€”Â Cross currency swapsAccrued and other current liabilitiesâ€”Â 1,022Â â€”Â Cross currency swapsOther long-term liabilitiesâ€”Â 19,331Â â€”Â Total derivative liabilities at fair valueâ€”Â 24,167Â 38,386Â Total liabilities$â€”Â $24,167Â $96,171Â 23BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)DecemberÂ 31, 2023(in thousands)Balance Sheet LocationLevel 1Level 2Level 3Assets:Cash and cash equivalentsCash and cash equivalents$163,194Â $â€”Â $â€”Â Restricted cashRestricted cash152,068Â â€”Â â€”Â Convertible loansOther assetsâ€”Â â€”Â 4,115Â Investments in equity securitiesOther assets3,409Â â€”Â â€”Â Investment in GLPI partnershipOther assetsâ€”Â 14,146Â â€”Â Derivative assets designated as hedging instruments:Interest rate contractsPrepaid expenses and other current assetsâ€”Â 5,356Â â€”Â Cross currency swapsPrepaid expenses and other current assetsâ€”Â 4,174Â â€”Â Cross currency swapsOther assetsâ€”Â 6,477Â â€”Â Total derivative assets at fair valueâ€”Â 16,007Â â€”Â Total assets$318,671Â $30,153Â $4,115Â Liabilities:Contingent considerationOther long-term liabilities$â€”Â $â€”Â $58,580Â Derivatives not designated as hedging instrumentsSinclair Performance WarrantsCommercial rights liabilitiesâ€”Â â€”Â 44,703Â Derivative liabilities designated as hedging instruments:Interest rate contractsOther long-term liabilitiesâ€”Â 21,492Â â€”Â Cross currency swapsAccrued and other current liabilitiesâ€”Â 1,225Â â€”Â Cross currency swapsOther long-term liabilitiesâ€”Â 29,376Â â€”Â Total derivative liabilities at fair valueâ€”Â 52,093Â 44,703Â Total liabilities$â€”Â $52,093Â $103,283Â The following tables summarize the changes in fair value of the Companyâ€™s Level 3 assets and liabilities:(in thousands)Sinclair Performance WarrantsContingent ConsiderationConvertible LoansBeginning as of DecemberÂ 31, 2023$44,703Â $58,580Â $4,115Â Change in fair valueâ€”Â (1,835)(33)Ending as of MarchÂ 31, 2024$44,703Â $56,745Â $4,082Â Change in fair value(6,317)1,040Â 4Â Ending as of JuneÂ 30, 2024$38,386Â $57,785Â $4,086Â 24BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)(in thousands)Sinclair Performance WarrantsContingent ConsiderationConvertible LoansBeginning as of DecemberÂ 31, 2022$36,987Â $8,220Â $10,212Â Additions in the period (acquisition fair value)â€”Â â€”Â 500Â Change in fair value267Â 1,241Â 126Â Ending as of MarchÂ 31, 2023$37,254Â $9,461Â $10,838Â Additions in the period (acquisition fair value)â€”Â â€”Â 500Â Reductions in the periodâ€”Â (9,292)â€”Â Change in fair value(7,558)(169)136Â Ending as of JuneÂ 30, 2023$29,696Â $â€”Â $11,474Â The gains (losses) recognized in the condensed consolidated statements of operations for derivative instruments during the three and six months ended JuneÂ 30, 2024 and 2023 are as follows:Condensed Consolidated Statements of Operations LocationThree Months EndedJune 30,Six Months EndedJune 30,(in thousands)2024202320242023Derivatives not designated as hedging instrumentsSinclair Performance WarrantsOther non-operating income, net$6,317Â $7,558Â $6,317Â $7,291Â Derivatives designated as hedging instrumentsInterest rate contractsInterest expense, net$(2,809)$â€”Â $(5,695)$â€”Â Cross currency swapsInterest expense, net(1,325)â€”Â (2,536)â€”Â Interest Rate Contracts and Cross Currency SwapsThe fair values of interest rate contracts and cross currency swap assets and liabilities are classified within Level 2 of the fair value hierarchy as the valuation inputs are based on estimates using currency spot and forward rates and standard pricing models that consider the value of future cash flows as of the balance sheet date, discounted to a present value using discount factors that match both the time to maturity and currency of the underlying instruments. These standard pricing models utilize inputs that are derived from or corroborated by observable market data such as interest rate yield curves as well as currency spot and forward rates. Changes in the fair value of these contracts are reported as a component of other comprehensive income (loss). Sinclair Performance WarrantsSinclair Performance Warrants are accounted for as a derivative instrument classified as a liability within Level 3 of the hierarchy as the warrants are not traded in active markets and are subject to certain assumptions and estimates made by management related to the probability of meeting performance milestones. These assumptions and the probability of meeting performance targets may have a significant impact on the value of the warrant. The Performance Warrants are valued using an option pricing model, considering the Companyâ€™s estimated probabilities of achieving the performance milestones for each tranche. Inputs to this valuation approach include volatility between 40% and 67%, risk free rates between 3.84% and 4.79%, the Companyâ€™s common stock price for each period and expected terms between 1.5 and 6.3 years. The fair value is recorded within â€œCommercial rights liabilitiesâ€ of the condensed consolidated balance sheets.25BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Contingent ConsiderationContingent consideration related to acquisitions is recorded at fair value as a liability on the acquisition date and subsequently remeasured at each reporting date, based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The remeasurements are based primarily on the expected probability of achievement of the contingency targets which are subject to managementâ€™s estimates. These changes in fair value are recognized within â€œOther, non-operating expenses, netâ€ of the condensed consolidated statements of operations. In connection with the acquisitions of SportCaller and Monkey Knife Fight (â€œMKFâ€) in the first quarter of 2021, the Company recorded contingent consideration of $58.7 million. During the second quarter of 2023, the Company, in satisfaction of contingencies related to the respective acquisition agreements, settled the remaining contingent consideration of $9.3 million, comprised of 386,926 immediately exercisable penny warrants, 103,656 shares of Ballyâ€™s Corporation common stock and a de minimis payment in cash.In connection with the acquisition of Ballyâ€™s Golf Links on September 12, 2023, the Company recorded contingent consideration, which was valued at $57.8 million as of JuneÂ 30, 2024. Refer to Note 6 â€œBusiness Combinationsâ€ for further information.Convertible LoansThe Company has certain agreements with vendors to provide a portfolio of games to its customers. Pursuant to these agreements, the Company has issued loans to its vendors and has an option to convert the loans to shares of the vendorsâ€™ equity, exercisable within a specified time period. The Company recorded instruments within â€œOther assetsâ€ at their fair value. The fair value of the loans to vendors have share values based on unobservable inputs and are classified within Level 3 of the hierarchy, with changes to fair value included within â€œOther non-operating expenses, netâ€ of the condensed consolidated statements of operations.Investments in Equity SecuritiesThe Company has a long term investment in an unconsolidated entity which it accounts for under the equity method of accounting. The Company has elected the fair value option allowed by ASC 825, Financial Instruments, with respect to this investment. Under the fair value option, the investment is remeasured at fair value at each reporting period through earnings. The Company measures fair value using quoted prices in active markets that are classified within Level 1 of the hierarchy, with changes to fair value included within â€œOther non-operating expenses, netâ€ of the condensed consolidated statements of operations.Investment in GLPI PartnershipThe Company holds a limited partnership interest in GLP Capital, L.P., the operating partnership of GLPI. The investment is reported at fair value based on Level 2 inputs, with changes to fair value included within â€œOther non-operating expenses, netâ€ of the condensed consolidated statements of operations.Long-Term DebtThe fair value of the Companyâ€™s Term Loan Facility and senior notes are estimated based on quoted prices in active markets and are classified as Level 1 measurements. The fair value of the Revolving Credit Facility approximates its carrying amount as it is revolving, variable rate debt, and is also classified as a Level 1 measurement. In the table below, the carrying amounts of the Companyâ€™s long-term debt is net of debt issuance costs and debt discounts. Refer to Note 14 â€œLong-Term Debtâ€ for further information.Â June 30, 2024DecemberÂ 31, 2023(in thousands)Carrying AmountFair ValueCarrying AmountFair ValueTerm Loan Facility$1,865,020Â $1,808,248Â $1,871,330Â $1,888,100Â 5.625% Senior Notes due 2029737,467Â 535,313Â 736,447Â 596,250Â 5.875% Senior Notes due 2031720,644Â 502,556Â 719,858Â 570,544Â 26BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)12.Â Â Â Â ACCRUED AND OTHER CURRENT LIABILITIESAs of JuneÂ 30, 2024 and DecemberÂ 31, 2023, accrued and other current liabilities consisted of the following:(in thousands)June 30,2024December 31,2023Gaming liabilities$165,354Â $177,557Â Diamond Sports Group non-cash liability(1)202,572Â 144,883Â Compensation62,146Â 83,112Â Ballyâ€™s Chicago - land development liability49,671Â 47,739Â Interest payable66,278Â 66,587Â Other171,790Â 131,841Â Total accrued and other current liabilities$717,811Â $651,719Â __________________________________(1)Â Â Â Â Refer to Note 17 â€œCommitments and Contingenciesâ€ for further information.13.Â Â Â Â RESTRUCTURING EXPENSEOn January 18, 2023, the Company announced a restructuring plan of the Interactive business intended to reduce operating costs and continue the Companyâ€™s commitment to achieving profitable operations in its North America Interactive segment which included a reduction of the Companyâ€™s then current Interactive workforce by up to 15 percent. In furtherance of and as an expansion of the January 2023 restructuring plan, on October 20, 2023, the Company announced further restructuring initiatives targeted at reshaping the technology utilized by its Interactive segments. On January 29, 2024, the Company announced that it will cease its operations at the Tropicana Las Vegas on April 2, 2024 in order to redevelop the site with a state-of-the-art integrated resort and ballpark. As a result of the closure, the Company incurred restructuring charges representing employee related severance costs and accelerated depreciation of certain property and equipment. The components of restructuring charges by segment for the three and six months ended JuneÂ 30, 2024 and 2023 are summarized as follows (in thousands):Three Months EndedJune 30,Six Months EndedJune 30,2024202320242023Severance and employee related benefits(1)Casinos & Resorts$348Â $â€”Â $20,003Â â€”Â International Interactive3Â 1,595Â 55Â 10,927Â North America Interactiveâ€”Â 1,789Â (1,479)7,647Â Other25Â 56Â 410Â 1,688Â Total severance and employee related benefits376Â 3,440Â 18,989Â 20,262Â Accelerated depreciation expense(2)â€”Â â€”Â 80,117Â â€”Â Total restructuring charges$376Â 3,440Â 99,106Â 20,262Â __________________________________(1)Â Â Â Â Included within â€œGeneral and administrativeâ€ of the condensed consolidated statements of operations.(2)Â Â Â Â Included within â€œDepreciation and amortizationâ€ of the Casinos & Resorts reportable segment within the condensed consolidated statements of operations.27BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)The changes in the Companyâ€™s restructuring related liabilities for the six months ended JuneÂ 30, 2024 is as follows:(in thousands)Balance as of DecemberÂ 31, 2023$5,291Â Charges18,989Â Payments(21,927)Effect of foreign exchange(849)Balance as of JuneÂ 30, 2024$1,504Â The restructuring liability as of JuneÂ 30, 2024 and DecemberÂ 31, 2023 is included within â€œAccrued and other current liabilitiesâ€ on the condensed consolidated balance sheets.14.Â Â Â Â LONG-TERM DEBTAs of JuneÂ 30, 2024 and DecemberÂ 31, 2023, long-term debt consisted of the following:(in thousands)June 30,2024December 31,2023Term Loan Facility(1)$1,896,375Â $1,906,100Â Revolving Credit Facility350,000Â 335,000Â 5.625% Senior Notes due 2029750,000Â 750,000Â 5.875% Senior Notes due 2031735,000Â 735,000Â Less: Unamortized original issue discount(21,785)(23,756)Less: Unamortized deferred financing fees(36,459)(39,709)Long-term debt, including current portion3,673,131Â 3,662,635Â Less: Current portion of Term Loan and Revolving Credit Facility(19,450)(19,450)Long-term debt, net of discount and deferred financing fees, excluding current portion$3,653,681Â $3,643,185Â __________________________________(1)Â Â Â Â The Company has a series of interest rate and cross currency swap derivatives to synthetically convert $500.0Â million notional of the Companyâ€™s USD denominated variable rate Term Loan Facility into fixed rate debt through its maturity in 2028. Refer to Note 10 â€œDerivative Instrumentsâ€ for further information. Senior NotesOn August 20, 2021, two unrestricted subsidiaries (together, the â€œEscrow Issuersâ€) of the Company issued $750.0Â million aggregate principal amount of 5.625% senior notes due 2029 (the â€œ2029 Notesâ€) and $750.0Â million aggregate principal amount of 5.875% Senior Notes due 2031 (the â€œ2031 Notesâ€ and, together with the 2029 Notes, the â€œSenior Notesâ€). The Senior Notes were issued pursuant to an indenture, dated as of August 20, 2021, among the Escrow Issuers and U.S. Bank National Association, as trustee. Certain of the net proceeds from the Senior Notes offering were placed in escrow accounts for use in connection with the Gamesys acquisition. On October 1, 2021, upon the closing of the Gamesys acquisition, the Company assumed the issuer obligation under the Senior Notes. The Senior Notes are guaranteed, jointly and severally, by each of the Companyâ€™s restricted subsidiaries that guarantees the Companyâ€™s obligations under its Credit Agreement (as defined below).The 2029 Notes mature on September 1, 2029 and the 2031 Notes mature on September 1, 2031. Interest is payable on the Senior Notes in cash semi-annually on March 1 and September 1 of each year, beginning on March 1, 2022.The Company may redeem some or all of the Senior Notes at any time prior to September 1, 2024, in the case of the 2029 Notes, and September 1, 2026, in the case of the 2031 Notes, at prices equal to 100% of the principal amount of the Senior Notes to be redeemed plus certain â€œmake-wholeâ€ premiums, plus accrued and unpaid interest. In addition, prior to September 1, 2024, the Company may redeem up to 40% of the original principal amount of each series of the Senior Notes with proceeds of certain equity offerings at a redemption price equal to 105.625% of the principal amount, in the case of the 2029 Notes, and 105.875%, in the case of the 2031 Notes, plus accrued and unpaid interest. The Company may redeem some or all of the Senior Notes at any time on or after September 1, 2024, in the case of the 2029 Notes, and September 1, 2026, in the case of the 2031 Notes, at certain redemption prices set forth in the indenture plus accrued and unpaid interest. 28BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)During the six months ended June 30, 2023, the Company repurchased and retired $15.0Â million of the 2031 Notes at a weighted average price of 70.80% of the principal. In connection with the repurchase of these 2031 Notes, the Company recorded a gain on extinguishment of debt of $4.0 million recorded within â€œOther non-operating income, netâ€ in the condensed consolidated statements of operations. The indenture contains covenants that limit the ability of the Company and its restricted subsidiaries to, among other things, (1) incur additional indebtedness, (2) pay dividends on or make distributions in respect of capital stock or make certain other restricted payments or investments, (3) enter into certain transactions with affiliates, (4) sell or otherwise dispose of assets, (5) create or incur liens and (6) merge, consolidate or sell all or substantially all of the Companyâ€™s assets. These covenants are subject to exceptions and qualifications set forth in the indenture.Credit FacilityOn October 1, 2021, the Company and certain of its subsidiaries entered into a credit agreement (the â€œCredit Agreementâ€) with Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and the other lenders party thereto, providing for senior secured financing of up to $2.565Â billion, consisting of a senior secured term loan facility in an aggregate principal amount of $1.945Â billion (the â€œTerm Loan Facilityâ€), which will mature in 2028, and a senior secured revolving credit facility in an aggregate principal amount of $620.0Â million (the â€œRevolving Credit Facilityâ€), which will mature in 2026.The credit facilities allow the Company to increase the size of the Term Loan Facility or request one or more incremental term loan facilities or increase commitments under the Revolving Credit Facility or add one or more incremental revolving facilities in an aggregate amount not to exceed the greater of $650Â million and 100% of the Companyâ€™s consolidated EBITDA for the most recent four-quarter period plus or minus certain amounts as specified in the Credit Agreement, including an unlimited amount subject to compliance with a consolidated total secured net leverage ratio as set out in the Credit Agreement.The credit facilities are guaranteed by the Companyâ€™s restricted subsidiaries, subject to certain exceptions, and secured by a first-priority lien on substantially all of the Companyâ€™s and each of the guarantorsâ€™ assets, subject to certain exceptions.As of June 30, 2023, with the discontinuation of the LIBOR reference rate, borrowings under the credit facilities bear interest at a rate equal to, at the Companyâ€™s option, either (1) the term Secured Overnight Financing Rate (â€œSOFRâ€), adjusted for certain additional costs and subject to a floor of 0.50% in the case of term loans and 0.00% in the case of revolving loans or (2) a base rate determined by reference to the greatest of (a) the federal funds rate plus 0.50%, (b) the prime rate, (c) the one-month SOFR rate plus 1.00%, (d) solely in the case of term loans, 1.50% and (e) solely in the case of revolving loans, 1.00%, in each case of clauses (1) and (2), plus an applicable margin. In addition, on a quarterly basis, the Company is required to pay each lender under the Revolving Credit Facility a 0.50% or 0.375% commitment fee in respect of commitments under the Revolving Credit Facility, with the applicable commitment fee determined based on the Companyâ€™s total net leverage ratio.The credit facilities contain covenants that limit the ability of the Company and its restricted subsidiaries to, among other things, incur additional indebtedness, pay dividends or make certain other restricted payments, sell assets, make certain investments and grant liens. These covenants are subject to exceptions and qualifications set forth in the Credit Agreement. The Revolving Credit Facility contains a financial covenant regarding a maximum first lien net leverage ratio that applies when borrowings under the Revolving Credit Facility exceed 30% of the total revolving commitment. As of JuneÂ 30, 2024, the Company was in compliance with all such covenants.In an effort to mitigate the interest rate risk associated with the Companyâ€™s variable rate credit facilities, the Company entered into a series of interest rate and cross currency swap derivative transactions during the second half of 2023. Refer to Note 10 â€œDerivative Instrumentsâ€ for further information. 29BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)15.Â Â Â Â LEASESOperating LeasesThe Company is committed under various operating lease agreements for real estate and property used in operations. Certain leases include various renewal options which are included in the lease term when the Company has determined it is reasonably certain of exercising the options. Certain of these leases include percentage rent payments based on property revenues and/or rent escalation provisions determined by increases in the consumer price index (â€œCPIâ€). These percentage rent and escalation provisions are treated as variable lease payments and recognized as lease expense in the period in which the obligation for those payments are incurred. Discount rates used to determine the present value of the lease payments are based on the Companyâ€™s incremental borrowing rate commensurate with the term of the lease.The Company had total operating lease liabilities of $1.18 billion and $1.20 billion as of JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively, and right of use assets of $1.13 billion and $1.16 billion as of JuneÂ 30, 2024 and DecemberÂ 31, 2023, respectively, which were included in the condensed consolidated balance sheets.GLPI LeasesAs of JuneÂ 30, 2024, the Companyâ€™s Ballyâ€™s Evansville, Ballyâ€™s Dover, Ballyâ€™s Quad Cities, Ballyâ€™s Black Hawk, Ballyâ€™s Tiverton and Hard Rock Biloxi properties are leased under the terms of a master lease agreement (the â€œMaster Leaseâ€) with GLPI. All GLPI leases are accounted for as operating leases within the provisions of ASC 842, Leases (â€œASC 842â€), over the lease term or until a re-assessment event occurs. The Master Lease has an initial term of 15 years and includes four, five-year options to renew and requires combined minimum annual payments of $100.5 million, subject to minimum 1% annual escalation or greater escalation dependent on CPI. The renewal options are not reasonably certain of exercise as of JuneÂ 30, 2024.On January 3, 2023, the Company completed a transaction with GLP Capital, L.P (â€œGLPâ€)., an affiliate of GLPI, related to the land and real estate assets of Ballyâ€™s Tiverton and Hard Rock Biloxi for total consideration of $625.4Â million. The transaction was structured as a tax-free capital contribution and a substantial portion of the proceeds was used to reduce the Companyâ€™s debt. These properties were added to the Master Lease, increasing minimum annual payments by $48.5Â million. During the six months ended JuneÂ 30, 2023, the Company recorded a gain of $374.3Â million representing the difference in the transaction price and the derecognition of assets. This gain is reflected as â€œGain from sale-leaseback, netâ€ in the condensed consolidated statements of operations.In addition to the properties under the Master Lease explained above, the Company also entered into a lease with GLPI for the land associated with Tropicana Las Vegas. This lease has an initial term of 50 years (with a maximum term of 99 years with renewal options) at annual rent of $10.5Â million, subject to minimum 1% annual escalation or greater escalation dependent on CPI. The renewal options are not reasonably certain of exercise as of JuneÂ 30, 2024.Components of lease expense, included within â€œGeneral and administrativeâ€ in the condensed consolidated statements of operations, for operating leases during the three and six months ended JuneÂ 30, 2024 and 2023 are as follows:Three Months EndedJune 30,Six Months EndedJune 30,(in thousands)2024202320242023Operating leases:Operating lease cost$36,957Â $36,956Â $74,288Â $73,775Â Variable lease cost2,823Â 2,365Â 5,609Â 4,835Â Operating lease expense39,780Â 39,321Â 79,897Â 78,610Â Short-term lease expense5,633Â 3,785Â 11,488Â 6,111Â Total lease expense$45,413Â $43,106Â $91,385Â $84,721Â 30BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Supplemental cash flow and other information related to operating leases for the three and six months ended JuneÂ 30, 2024 and 2023 are as follows:Three Months EndedJune 30,Six Months EndedJune 30,(in thousands)2024202320242023Cash paid for amounts included in the lease liability - operating cash flows from operating leases$32,956Â $33,215Â $64,505Â $64,992Â Right of use assets obtained in exchange for operating lease liabilities$631Â $7,094Â $631Â $403,659Â June 30, 2024DecemberÂ 31, 2023Weighted average remaining lease term17.3 years17.6 yearsWeighted average discount rate7.5Â %7.5Â %As of JuneÂ 30, 2024, future minimum lease payments under noncancelable operating leases are as follows:(in thousands)June 30, 2024Remaining 2024$72,174Â 2025142,731Â 2026142,477Â 2027137,262Â 2028139,368Â Thereafter1,610,642Â Total lease payments2,244,654Â Less: present value discount(1,061,439)Lease obligations$1,183,215Â Future minimum lease payments disclosed in the table above include $87.7Â million related to extension options that are reasonably certain of being exercised.Financing ObligationBallyâ€™s Chicago Operating Company, LLC., an indirect wholly-owned subsidiary of the Company, entered into a ground lease for the land on which Ballyâ€™s Chicago will be built, which is accounted for as a financing obligation in accordance with ASC 470, Debt, as the transaction did not qualify as a sale under ASC 842. The lease commenced November 18, 2022 and has a 99-year term followed by ten separate 20-year renewals at the Companyâ€™s option.The Company recorded land within â€œProperty and equipment, netâ€ of $200.0Â million with a corresponding liability within â€Long-term portion of financing obligationâ€ of $200.0Â million on its condensed consolidated balance sheets as of JuneÂ 30, 2024 and DecemberÂ 31, 2023. All lease payments are recorded as interest expense and there is no reduction to the financing obligation over the lease term. Ballyâ€™s Chicago made cash payments, and recorded corresponding interest expense of $4.7Â million and $4.5Â million during the three months ended JuneÂ 30, 2024 and 2023, respectively, and $9.3Â million and $8.7Â million during the six months ended JuneÂ 30, 2024 and 2023, respectively.LessorThe Company leases its hotel rooms to patrons and records the corresponding lessor revenue in Non-gaming revenue within our condensed consolidated statements of operations. The Company had lessor revenues related to the rental of hotel rooms of $35.3Â million and $51.4Â million for the three months ended JuneÂ 30, 2024 and 2023, respectively, and $76.4Â million and $98.7Â million for the six months ended JuneÂ 30, 2024 and 2023, respectively. Hotel leasing arrangements vary in duration, but are short-term in nature.31BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)16.Â Â Â Â STOCKHOLDERSâ€™ EQUITYCapital Return Program The Company has a Board of Directors approved capital return program under which the Company may expend a total of up to $700Â million for share repurchases and payment of dividends. Future share repurchases may be effected in various ways, which could include open-market or private repurchase transactions, accelerated stock repurchase programs, tender offers or other transactions. The amount, timing and terms of any return of capital transaction will be determined based on prevailing market conditions and other factors. There is no fixed time period to complete share repurchases. As of JuneÂ 30, 2024 and December 31, 2023, $95.5 million was available for use under the capital return program.There was no share repurchase activity during the three and six months ended JuneÂ 30, 2024. Total share repurchase activity during the three and six months ended 2023 was as follows:(in thousands, except share and per share data)Three Months EndedJune 30, 2023Six Months EndedJune 30, 2023Number of common shares repurchased748,502Â 1,774,845Â Total cost$10,705Â $30,458Â Average cost per share, including commissions$14.30Â $17.16Â All shares repurchased during the three and six months ended JuneÂ 30, 2023 were transferred to treasury stock and 712,122 and 1,738,465 shares were retired during those same periods, respectively. The shares were returned to the status of authorized but unissued. As of JuneÂ 30, 2024, there were no shares remaining in treasury.There were no cash dividends paid during the three and six months ended JuneÂ 30, 2024 and 2023.Common Stock Offering On April 20, 2021, the Company issued a total of 12,650,000 shares of Ballyâ€™s common stock in an underwritten public offering at a price to the public of $55.00 per share. Net proceeds from the offering were approximately $671.4Â million, after deducting underwriting discounts, but before expenses. On April 20, 2021, the Company issued to affiliates of Sinclair a warrant to purchase 909,090 common shares for an aggregate purchase price of $50.0Â million, or $55.00 per share. The net proceeds were used to finance a portion of the purchase price of the Gamesys acquisition. The exercise price of the warrant is nominal and its exercise is subject to, among other conditions, requisite gaming authority approvals. Sinclair agreed not to acquire more than 4.9% of Ballyâ€™s outstanding common shares without such approvals. In addition, in accordance with the agreements that Ballyâ€™s and Sinclair entered into in November 2020, Sinclair exchanged 2,086,908 common shares for substantially identical warrants.Preferred StockThe Company has authorized the issuance of up to 10Â million shares of $0.01 par value preferred stock. As of JuneÂ 30, 2024 and DecemberÂ 31, 2023, no shares of preferred stock have been issued. 32BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Shares OutstandingAs of JuneÂ 30, 2024, the Company had 40,619,356 common shares issued and outstanding. The Company issued warrants, options and other contingent consideration in acquisitions and strategic partnerships that are expected to result in the issuance of common shares in future periods resulting from the exercise of warrants and options or the achievement of certain performance targets. These incremental shares are summarized below:Sinclair Penny Warrants (Note 2)7,911,724Sinclair Performance Warrants (Note 2)3,279,337Sinclair Options(1) (Note 2)1,639,669MKF penny warrants (Note 11)44,128Telescope contingent shares (Note 11)8,626Outstanding awards under Equity Incentive Plans1,643,10314,526,587__________________________________(1)Â Â Â Â Consists of four equal tranches to purchase shares with exercise prices ranging from $30.00 to $45.00 per share, exercisable over a seven-year period beginning on the fourth anniversary of the November 18, 2020 closing of the Framework Agreement.Accumulated Other Comprehensive Income (Loss)The following tables reflect the changes in accumulated other comprehensive loss by component for the six months ended JuneÂ 30, 2024 and 2023, respectively:(in thousands)Foreign Currency Translation AdjustmentBenefit PlansCash Flow Hedges(1)Net Investment HedgesTotalAccumulated other comprehensive (loss) income at December 31, 2023$(177,203)$886Â $(11,246)$(21,995)$(209,558)Other comprehensive income (loss) before reclassifications(46,679)â€”Â 26,356Â 15,597Â (4,726)Reclassifications from accumulated other comprehensive income (loss) to earningsâ€”Â â€”Â (5,695)(2,536)(8,231)Tax effectâ€”Â â€”Â (6,074)4,193Â (1,881)Accumulated other comprehensive (loss) income at JuneÂ 30, 2024$(223,882)$886Â $3,341Â $(4,741)$(224,396)__________________________________(1)Â Â Â Â As of JuneÂ 30, 2024, approximately $7.3Â million of existing gains and losses are estimated to be reclassified into earnings within the next 12 months.(in thousands)Foreign Currency Translation AdjustmentBenefit PlansTotalAccumulated other comprehensive (loss) income at December 31, 2022$(295,984)$344Â $(295,640)Other comprehensive income90,698Â â€”Â 90,698Â Accumulated other comprehensive (loss) income at JuneÂ 30, 2023$(205,286)$344Â $(204,942)33BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)17.Â Â Â Â COMMITMENTS AND CONTINGENCIESLitigationDiamond commenced reorganization proceedings under Chapter 11 of the Bankruptcy Code in March 2023. In July 2023, Diamond commenced litigation against Sinclair, Ballyâ€™s and others as part of its bankruptcy proceedings, challenging a series of transactions between Sinclair and Diamond. One of the 19 counts in the complaint includes Ballyâ€™s as a defendant, alleging that the Commercial Agreement with Sinclair involved fraudulent transfers and unlawful distributions. In the first quarter of 2024, Diamond agreed to settle these claims against all defendants, including Ballyâ€™s. Under the settlement terms, Diamond would receive payments from Sinclair and would reject the Commercial Agreement. Ballyâ€™s would continue to have naming rights on Diamondâ€™s RSNs through the 2024 major league baseball season at no cost to either party (unless Diamond agrees with a new counterparty that will pay for such naming rights). Ballyâ€™s, in turn, would receive a release of all claims Diamond may have against it. Ballyâ€™s obligation to pay Diamond for the naming rights terminated upon the bankruptcy courtâ€™s approval of the settlement terms, which the court approved on March 1, 2024, and the Company derecognized the rights fees liability against the non-cash liability established at December 31, 2023. Ballyâ€™s has recorded a $202.6Â million non-cash liability to reflect the effect of the termination of naming rights on its remaining commercial rights intangible asset originally recorded at the time that the arrangement was agreed, which is expected to occur in 2024.The Company is a party to other various legal and administrative proceedings which have arisen in the ordinary course of its business. Estimated losses are accrued for these proceedings when the loss is probable and can be estimated. The current liability for the estimated losses associated with these proceedings is not material to the Companyâ€™s consolidated financial condition and those estimated losses are not expected to have a material impact on results of operations. Although the Company maintains what it believes is adequate insurance coverage to mitigate the risk of loss pertaining to covered matters, legal and administrative proceedings can be costly, time-consuming and unpredictable.Although no assurance can be given, the Company does not believe that the final outcome of these matters, including costs to defend itself in such matters, will have a material adverse effect on the companyâ€™s consolidated financial statements. Further, no assurance can be given that the amount or scope of existing insurance coverage will be sufficient to cover losses arising from such matters.Capital Expenditure CommitmentsBallyâ€™s Atlantic City - As part of the regulatory approval process with the State of New Jersey, the Company committed to spend $100Â million in capital expenditures over a five year period to invest in and improve the property. The commitment calls for expenditures of no less than $85Â million in aggregate by 2023. The remaining $15Â million of committed capital must be spent over 2024 and 2025. From 2021 through 2025, no less than $35Â million must be invested in the hotel and no less than $65Â million must be invested in non-hotel projects. As of JuneÂ 30, 2024, all investment requirements had been met and noÂ commitment to invest in non-hotel projects remains.Ballyâ€™s Twin River - Pursuant to the terms of the Regulatory Agreement in Rhode Island, the Company is committed to invest $100Â million in its Rhode Island properties over the term of the master contract through June 30, 2043, including an expansion and the addition of new amenities at Ballyâ€™s Twin River. As of JuneÂ 30, 2024, approximately $55.9Â million of the commitment remains.Ballyâ€™s Chicago - Pursuant to the Host Community Agreement with the City of Chicago, the Companyâ€™s indirect subsidiary is required to spend at least $1.34Â billion on the design, construction and outfitting of the temporary casino and the permanent resort and casino. The actual cost of the development may exceed this minimum capital investment requirement. In addition, land acquisition costs and financing costs, among other types of costs, are not counted toward meeting this requirement.City of Chicago GuarantyIn connection with the Host Community Agreement, entered into by Ballyâ€™s Chicago Operating Company, LLC (the â€œDeveloperâ€), a wholly-owned indirect subsidiary of the Company, the Company provided the City of Chicago with a performance guaranty whereby the Company agreed to have and maintain available financial resources in an amount reasonably sufficient to allow the Developer to complete its obligations under the host community agreement. In addition, upon notice from the City of Chicago that the Developer has failed to perform various obligations under the host community agreement, the Company has agreed to indemnify the City of Chicago against any and all liability, claim or reasonable and documented expense the City of Chicago may suffer or incur by reason of any nonperformance of any of the Developerâ€™s obligations.34BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Ballyâ€™s Chicago Casino FeesUnder the Illinois Gambling Act, the Company will be responsible to pay the Illinois Gaming Board a reconciliation fee payment three years after the date operations commenced (in a temporary or permanent facility) in an amount equal to 75% of the adjusted gross receipt (â€œAGRâ€) for the most lucrative 12-month period of operations, minus the amount equal to the initial payment per gaming position paid.Sponsorship CommitmentsAs of JuneÂ 30, 2024, the Company has entered into multiple sponsorship agreements with various professional sports leagues and teams. These agreements commit a total of $139.0Â million through 2037 and grant the Company rights to use official league marks for branding and promotions, among other benefits.Interactive Technology CommitmentsThe Company has certain multi-year agreements with its various market access and content providers, as well as its online sports betting platform partners, that require the Company to pay variable fees based on revenue, with minimum annual guarantees. As of JuneÂ 30, 2024, the cumulative minimum obligation committed in these agreements is approximately $44.8Â million through 2029.18.Â Â Â Â SEGMENT REPORTINGThe Company has three operating and reportable segments: Casinos & Resorts, International Interactive and North America Interactive. The â€œOtherâ€ category includes interest expense for the Company and certain unallocated corporate operating expenses and other adjustments, including eliminations of transactions among segments to reconcile to the Companyâ€™s consolidated results including, among other expenses, share-based compensation, acquisition and other transaction costs and certain non-recurring charges. The Companyâ€™s three reportable segments as of JuneÂ 30, 2024 are:Casinos & Resorts - Includes the Companyâ€™s 15 casino and resort properties, one horse racetrack and one golf course.International Interactive - Gamesysâ€™ European and Asian operations.North America Interactive - A portfolio of sports betting, iGaming, and free-to-play gaming brands, and the North American operations of Gamesys.As of JuneÂ 30, 2024, the Companyâ€™s operations were predominately in the US, Europe and Asia with a less substantive footprint in other countries world-wide. For geographical reporting purposes, revenue generated outside of the US has been aggregated into the International Interactive reporting segment, and consists primarily of revenue from the UK and Japan. Revenue generated from the UK and Japan represented approximately 28% and 7% of total revenue, respectively, for the three months ended June 30, 2024, approximately 26% and 12%, respectively for the three months ended June 30, 2023, approximately 27% and 8%, respectively for the six months ended June 30, 2024, and approximately 25% and 12%, respectively for the six months ended June 30, 2023. The Company does not have any revenues from any individual customers that exceed 10% of total reported revenues. Beginning in the third quarter of 2023, the Company updated its measure of segment performance to Adjusted EBITDAR (defined below) from Adjusted EBITDA. The prior year results presented below were reclassified to conform to the new segment presentation. Management believes segment Adjusted EBITDAR is representative of its ongoing business operations including its ability to service debt and to fund capital expenditures, acquisitions and operations, in addition to it being a commonly used measure of performance in the gaming industry and used by industry analysts to evaluate operations and operating performance. The following table sets forth revenue and Adjusted EBITDAR for the Companyâ€™s three reportable segments and reconciles Adjusted EBITDAR on a consolidated basis to net (loss) income. The Other category is included in the following tables in order to reconcile the segment information to the Companyâ€™s condensed consolidated financial statements.35BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Three Months EndedJune 30,Six Months EndedJune 30,(in thousands)2024202320242023RevenueCasinos & Resorts$343,051Â $333,162Â $685,380Â $661,948Â International Interactive229,396Â 247,774Â 464,079Â 493,346Â North America Interactive49,210Â 25,270Â 90,680Â 49,632Â Total$621,657Â $606,206Â $1,240,139Â $1,204,926Â Adjusted EBITDAR(1)Casinos & Resorts$99,801Â $111,005Â $189,219Â $216,128Â International Interactive81,292Â 84,574Â 164,824Â 164,875Â North America Interactive(6,757)(17,685)(16,915)(28,248)Other(12,537)(16,536)(27,214)(33,804)Total161,799Â 161,358Â 309,914Â 318,951Â Operating (expense) incomeRent expense associated with triple net operating leases(2)(31,737)(31,320)(63,384)(62,558)Depreciation and amortization(78,782)(79,187)(238,528)(153,748)Transaction costs(11,119)(16,434)(17,913)(38,452)Restructuring (376)(3,440)(18,989)(20,262)Tropicana Las Vegas demolition costs(12,261)â€”Â (12,261)â€”Â Share-based compensation(4,472)(6,290)(7,530)(12,330)Gain on sale-leasebackâ€”Â 135Â â€”Â 374,321Â Impairment charges(12,757)(9,653)(12,757)(9,653)Other(4,722)(9,187)(6,934)(13,555)Income (loss) from operations5,573Â 5,982Â (68,382)382,714Â Other (expense) incomeInterest expense, net of interest income(74,200)(67,093)(147,331)(130,357)Other6,930Â 6,811Â 11,484Â 9,421Â Total other expense, net(67,270)(60,282)(135,847)(120,936)(Loss) income before income taxes(61,697)(54,300)(204,229)261,778Â Provision for income taxes1,501Â 28,649Â (29,881)(109,093)Net (loss) income$(60,196)$(25,651)$(234,110)$152,685Â __________________________________(1)Â Â Â Â Adjusted EBITDAR is defined as earnings, or loss, for the Company before interest expense, net of interest income, provision (benefit) for income taxes, depreciation and amortization, non-operating (income) expense, acquisition, integration and restructuring expense, share-based compensation, and certain other gains or losses as well as, when presented for our reporting segments, an adjustment related to the allocation of corporate cost among segments, plus rent expense associated with triple net operating leases. Adjusted EBITDAR should not be construed as an alternative to GAAP net income, its most directly comparable GAAP measure, nor is it directly comparable to similarly titled measures presented by other companies.(2)Â Â Â Â Consists primarily of the operating lease components contained within certain triple net leases with GLPI. Refer to Note 15 â€œLeasesâ€ for further information.36BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)Three Months Ended June 30,Six Months Ended June 30,(in thousands)2024202320242023Capital ExpendituresCasinos & Resorts$13,278Â $34,477Â $23,157Â $59,702Â International Interactive112Â 876Â 358Â 1,657Â North America Interactive429Â 1,032Â 689Â 1,558Â Other(1)21,890Â 39,483Â 39,558Â 56,629Â Total$35,709Â $75,868Â $63,762Â $119,546Â __________________________________(1)Â Â Â Â Includes $21.6 million and $39.1 million related to our future Ballyâ€™s Chicago permanent facility during the three and six months ended JuneÂ 30, 2024, respectively.Total assets are not regularly reviewed for each operating segment when assessing segment performance or allocating resources and accordingly, are not presented. As of JuneÂ 30, 2024 and DecemberÂ 31, 2023, carrying values of goodwill by reportable segment are as follows: (in thousands)June 30, 2024December 31, 2023GoodwillCasinos & Resorts(1)$313,285Â $313,493Â International Interactive1,561,449Â 1,586,590Â North America Interactive(2)35,582Â 35,720Â Total$1,910,316Â $1,935,803Â __________________________________(1)Â Â Â Â Net of accumulated goodwill impairment charges of $5.4Â million.(2)Â Â Â Â Net of accumulated goodwill impairment charges of $140.4Â million.19.Â Â Â Â EARNINGS (LOSS) PER SHAREDiluted earnings per share includes the determinants of basic earnings per share and, in addition, reflects the dilutive effect of the common stock deliverable for stock options, using the treasury stock method, and for RSUs, RSAs and PSUs for which future service is required as a condition to the delivery of the underlying common stock.Â Three Months EndedJune 30,Six Months EndedJune 30,(in thousands, except per share data)2024202320242023Net (loss) income applicable to common stockholders$(60,196)$(25,651)$(234,110)$152,685Â Weighted average common shares outstanding, basic48,498Â 53,942Â 48,308Â 54,173Â Weighted average effect of dilutive securitiesâ€”Â â€”Â â€”Â 409Â Weighted average common shares outstanding, diluted48,498Â 53,942Â 48,308Â 54,582Â Basic earnings per share(1.24)(0.48)(4.85)2.82Â Diluted earnings per share(1.24)(0.48)(4.85)2.80Â There were 4,951,558 and 5,193,897 share-based awards that were considered anti-dilutive for the three months ended JuneÂ 30, 2024 and 2023, respectively, and 5,254,089 and 5,091,986 share-based awards that were considered anti-dilutive for the six months ended JuneÂ 30, 2024 and 2023, respectively.37BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)On November 18, 2020, the Company issued Penny Warrants, Performance Warrants and Options which participate in dividends with the Companyâ€™s common stock subject to certain contingencies. In the period in which the contingencies are met, those instruments are participating securities to which income will be allocated using the two-class method. The Performance Warrants and Options do not participate in net losses. The Penny Warrants were considered exercisable for little to no consideration and are therefore included in basic shares outstanding at their issuance date. For the three and six months ended JuneÂ 30, 2024 and 2023, the shares underlying the Performance Warrants were anti-dilutive as certain contingencies were not met. Refer to Note 2 â€œSummary of Significant Accounting Policiesâ€ for further information regarding the Framework Agreement.20.Â Â Â Â SUBSEQUENT EVENTS Construction and Financing ArrangementOn July 11, 2024, the Company entered into a Binding Term Sheet to form a strategic construction and financing arrangement with GLP, an affiliate of GLPI, which includes the funding to complete the construction of Ballyâ€™s Chicagoâ€™s permanent casino. GLP has agreed to acquire the real estate underlying the Ballyâ€™s Chicago project, for which the Company is currently subject to a financing obligation with an unrelated party, referenced in Note 15 â€œLeasesâ€. GLP will amend the existing land lease through a new master lease agreement with Ballyâ€™s Chicago Operating Company, LLC (â€œChicago MLAâ€). The Chicago MLA will include annual rent of $20Â million, subject to customary escalation provisions. The Chicago MLA will also provide up to $940Â million in construction financing, subject to conditions and approvals. The Company will pay additional rent under the Chicago MLA based on a 8.5% capitalization rate on funded amounts. The initial lease term for the Chicago MLA is 15 years with renewal options to be agreed upon by the parties. The Company will also sell and lease back from GLP its properties in Kansas City and Shreveport for $395Â million, with initial annual rent of $32.2Â million, subject to escalation. In addition, the Company plans to sell and lease back its Ballyâ€™s Twin River property to GLP by the end of 2026 for $735Â million, with initial annual rent of $58.8Â million. GLP has the right to call this transaction starting October 2026. All such transactions are subject to required regulatory approvals.Agreement and Plan of MergerOn July 25, 2024, the Company entered into an Agreement and Plan of Merger (the â€œMerger Agreementâ€) with SG Parent LLC, a Delaware limited liability company (â€œParentâ€), The Queen Casino & Entertainment, Inc., a Delaware corporation and affiliate of Parent (â€œQueenâ€), Epsilon Sub I, Inc., a Delaware corporation and wholly owned subsidiary of the Company (â€œMerger Sub Iâ€), Epsilon Sub II, Inc., a Delaware corporation and wholly owned subsidiary of the Company (â€œMerger Sub IIâ€, and together with the Company and Merger Sub I, the â€œCompany Partiesâ€), and, solely for purposes of specified provisions of the Merger Agreement, SG CQ Gaming LLC, a Delaware limited liability company (â€œSG Gamingâ€ and together with Parent and Queen, the â€œBuyer Partiesâ€).The Merger Agreement provides, among other things and on the terms and subject to the conditions in the Merger Agreement, in connection with the closing of the transaction, (i) SG Gaming will contribute to the Company all shares of common stock of Queen that it owns (the â€œQueen Share Contributionâ€) in exchange for shares of common stock of the Company (â€œCompany Common Stockâ€) based on a 2.45368905950 share exchange ratio, (ii) immediately thereafter, Merger Sub I will merge with and into the Company (the â€œCompany Mergerâ€), with the Company surviving the Company Merger and (iii) immediately thereafter, Merger Sub II will merge with and into Queen (the â€œQueen Merger,â€ and together with the Company Merger, the â€œMergersâ€), with Queen surviving the Queen Merger as a direct, wholly owned subsidiary of the Company.38BALLYâ€™S CORPORATIONNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)The transaction is expected to close in the second calendar quarter of 2025, subject to the satisfaction of closing conditions contained in the Merger Agreement, including approval of the Company Merger by (a) the affirmative vote of the holders of a majority of all of the outstanding shares of Company Common Stock entitled to vote; (b) the affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock held by the unaffiliated stockholders of the Company entitled to vote; (c) the expiration of any waiting period applicable to the consummation of the Queen Share Contribution or Mergers under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and (d) receipt of specified gaming approvals by the Company and Queen (as defined in the Merger Agreement). Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the â€œEffective Timeâ€), each share of the Companyâ€™s Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of common stock owned by (i) the Company or any of its wholly owned subsidiaries, (ii) Parent or any of Parentâ€™s affiliates, (iii) by holders exercising statutory appraisal rights; (iv) by SG Gaming following the Queen Share Contribution; or (v) by holders who have elected to have such shares remain issued and outstanding following the Company Merger (a â€œRolling Share Electionâ€)) will be converted into the right to receive cash consideration equal to $18.25 per share of common stock (the â€œPer Share Priceâ€). Each holder of shares of Company Common Stock (other than the Company or its subsidiaries) will have the option to make a Rolling Share Election.The Merger Agreement contains customary representations, warranties and covenants of the Company Parties and the Buyer Parties, including, among others, covenants by each the Company and Queen relating (i) to conduct of their respective business prior to the closing of the Queen Share Contribution and the Mergers in the ordinary course during the period between the execution of the Merger Agreement and consummation of the Merger and (ii) not to engage in certain expressly enumerated transactions during such period. Under the terms of the Merger Agreement, the Company is subject to a customary â€œno-shopâ€ provision that restricts the Company and its representatives from soliciting an alternative acquisition proposal (as described in the Merger Agreement) from third parties or providing information to or participating in any discussions or negotiations with third parties regarding any alternative acquisition proposal. However, prior to the receipt of the requisite approval of the holders of Company Common Stock, the â€œno-shopâ€ provision permits the Company, under certain circumstances and in compliance with certain obligations set forth in the Merger Agreement, to provide non-public information and engage in discussions and negotiations with respect to an unsolicited alternative acquisition that would reasonably be expected to lead to a Superior Proposal (as defined in the Merger Agreement).The Merger Agreement also contains certain termination rights for the Company and Parent, with a termination fee equal to $11,100,000 payable by the Company to Parent under certain circumstances and a termination fee equal to $22,200,000 in cash or stock payable by Parent to the Company under certain circumstances. In addition, the Company or Parent may terminate the Merger Agreement if the Merger is not consummated by July 25, 2025.The Merger Agreement, the Merger and the transactions contemplated thereby were (i) unanimously recommended by a special committee of the board of directors of the Company (the â€œBoardâ€), consisting solely of disinterested members of the Board, on July 24, 2024 and (ii) approved by the disinterested members of the Board on July 24, 2025.The foregoing descriptions of the Merger, the Merger Agreement, and the transactions contemplated thereby are not complete and are subject to and qualified in their entirety by the full text of the Merger Agreement, which is attached as an exhibit to, and described in, the Companyâ€™s Form 8-K filed with the SEC on July 25, 2024.Concurrently with the execution of the Merger Agreement, the Company and Parent entered into support agreements with SRL (the â€œSG Support Agreementâ€), SBG (the â€œSBG Support Agreementâ€), and Noel Hayden (the â€œHayden Support Agreementâ€), each dated as of July 25, 2024 (collectively, the â€œSupport Agreementsâ€), pursuant to which each of them agreed, among other things, to vote their shares of Company Common Stock to adopt and approve the Merger Agreement and the other transactions contemplated by the Merger Agreement and to make a Rolling Share Election with respect to all shares of Company Common Stock owned or acquired by them, if any, including via the exercise of outstanding options or warrants. In addition, with respect to the SBG Support Agreement, the Company and SBG agreed that SBG would waive the right to receive the Per Share Price as the result of any exercise of performance warrants or options held by SBG. The SBG Support Agreement provides also that, simultaneously with the consummation of the transactions contemplated by the Merger Agreement, SBG will deliver to the Company the options it previously acquired from the Company to purchase 1,639,669 shares of Company Common Stock at prices between $30.00 and $45.00 per share for cancellation and retirement and in exchange therefor, the Company will issue to SBG warrants to purchase 384,536 shares of Company Common Stock containing terms substantially similar to the terms set forth in certain warrants currently held by SBG.The foregoing descriptions of the Support Agreements are not complete and are subject to and qualified in their entirety by reference to each of the SG Support Agreement, SBG Support Agreement and Hayden Support Agreement, each of which is attached as an exhibit to, and described in, the Companyâ€™s Form 8-K filed with the SEC on July 25, 2024.39ITEM 2.Â Â Â Â MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSCautionary Note Regarding Forward-Looking StatementsThis Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of the securities laws. Forward-looking statements are statements as to matters that are not historical facts, and include statements about our plans, objectives, expectations and intentions.Forward-looking statements are not guarantees and are subject to risks and uncertainties. Forward-looking statements are based on our current expectations and assumptions. Although we believe that our expectations and assumptions are reasonable at this time, they should not be regarded as representations that our expectations will be achieved. Actual results may vary materially. Forward-looking statements speak only as of the time of this report and we do not undertake to update or revise them as more information becomes available, except as required by law.Important factors beyond those that apply to most businesses, some of which are beyond our control, that could cause actual results to differ materially from our expectations and assumptions include:â€¢risks related to the Mergers, including:â—¦the timing, receipt and terms and conditions of any required governmental or regulatory approvals of the Mergers; â—¦the ability of the parties to satisfy the conditions precedent and consummate the proposed Mergers;â—¦the timing of the consummation of the proposed Mergers;â—¦the ability of the parties to secure any required stockholder approval in a timely manner or on the terms desired or anticipated;â—¦failure of the parties to obtain the financing required to consummate the company merger;â—¦the ability to achieve anticipated benefits and savings expected from the proposed Mergers; â—¦risks related to the potential disruption of managementâ€™s attention from our ongoing business operations due to the pending Mergers; andâ—¦the outcome of any legal proceedings related to the proposed Mergers. â€¢unexpected costs, difficulties integrating and other events impacting our completed acquisitions and our ability to realize anticipated benefits;â€¢risks associated with our rapid growth, including those affecting customer and employee retention, integration and controls;â€¢risks associated with the impact of the digitalization of gaming on our casino operations, our expansion into sports betting and iGaming and the highly competitive and rapidly changing aspects of our businesses generally;â€¢the very substantial regulatory restrictions applicable to us, including costs of compliance; â€¢restrictions and limitations in agreements to which we are subject, including our debt; andâ€¢other risks identified in Part I. Item 1A. â€œRisk Factorsâ€ of Ballyâ€™s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 as filed with the SEC on March 15, 2024 and other filings with the SEC.The foregoing list of important factors is not exclusive and does not include matters like changes in general economic conditions that affect substantially all gaming businesses. You should not place undue reliance on our forward-looking statements.40OverviewWe are a global gaming, hospitality and entertainment company with a portfolio of casinos and resorts and online gaming businesses. We provide our customers with physical and interactive entertainment and gaming experiences, including traditional casino offerings, iGaming, online bingo, sportsbook and free-to-play (â€œF2Pâ€) games.As of JuneÂ 30, 2024, we own and manage 15 land-based casinos in 10 states across the United States (â€œUSâ€), one golf course in New York, and one horse racetrack in Colorado operating under the Ballyâ€™s brand. Our land-based casino operations include approximately 14,800 slot machines, 600 table games and 4,000 hotel rooms, along with various restaurants, entertainment venues and other amenities. In 2021, we acquired London-based Gamesys Group Ltd. (â€œGamesysâ€) to expand our geographical and product footprints to include an iGaming business with well-known brands providing iCasino and online bingo experiences to our global online customer base with concentrations in Europe and Asia and a growing presence in North America. Our revenues are primarily generated by these gaming and entertainment offerings. Our proprietary software and technology stack is designed to allow us to provide consumers with differentiated offerings and exclusive content.Our Strategy and Business DevelopmentsWe seek to continue to grow our business by actively pursuing the acquisition and development of new gaming opportunities and reinvesting in our existing operations. We believe that interactive gaming represents a significant strategic opportunity for the future growth of Ballyâ€™s and we will continue to actively focus resources in markets that we believe will regulate iGaming. We seek to increase revenues at our casinos and resorts through enhancing the guest experience by providing popular games, restaurants, hotel accommodations, entertainment and other amenities in attractive surroundings with high-quality guest service. We believe that our recent acquisitions have expanded and diversified us from financial and market exposure perspectives, while continuing to mitigate our susceptibility to regional economic downturns, idiosyncratic regulatory changes and increases in regional competition.We continue to make progress on the integration of our acquired assets and deploying capital on our strategic growth projects. These steps have positioned us as a prominent, full-service, vertically integrated iGaming company, with physical casinos and online gaming solutions united under a single, leading brand. Agreement and Plan of MergerOn July 25, 2024, we entered into the Merger Agreement with SG Parent, LLC, the Queen Casino & Entertainment, Inc., Epsilon Sub I, Epsilon Sub II and SG Gaming. Subject to the terms and conditions set forth in the Merger Agreement, in connection with the closing of the transaction, SG Gaming will contribute to the Company all shares of common stock of Queen that it owns in exchange for shares of common stock of the Company, immediately thereafter, Merger Sub I will merge into the Company with the Company surviving the Company Merger and immediately thereafter, Merger Sub II will merge into Queen with Queen surviving the Queen Merger as a direct, wholly owned subsidiary of the Company. Refer to Note 20 â€œSubsequent Eventsâ€ in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information on the Merger Agreement and the Merger.Operating StructureOur business is organized into three reportable segments: (i) Casinos & Resorts, (ii) International Interactive, and (iii) North America Interactive.41Casinos & Resorts - includes our 15 land-based casino properties, one horse racetrack and one golf course:Property NameLocationBallyâ€™s Atlantic City Casino Resort (â€œBallyâ€™s Atlantic Cityâ€)Atlantic City, New JerseyBallyâ€™s Black Hawk(1)(2)Black Hawk, ColoradoBallyâ€™s Chicago Casino (â€œBallyâ€™s Chicagoâ€)(3)Chicago, IllinoisBallyâ€™s Dover Casino Resort (â€œBallyâ€™s Doverâ€)(2)Dover, DelawareBallyâ€™s Evansville Casino & Hotel (â€œBallyâ€™s Evansvilleâ€)(2)Evansville, IndianaBallyâ€™s Kansas City Casino (â€œBallyâ€™s Kansas Cityâ€)Kansas City, MissouriBallyâ€™s Lake Tahoe Casino Resort (â€œBallyâ€™s Lake Tahoeâ€)Lake Tahoe, NevadaBallyâ€™s Quad Cities Casino & Hotel (â€œBallyâ€™s Quad Citiesâ€)(2)Rock Island, IllinoisBallyâ€™s Shreveport Casino & Hotel (â€œBallyâ€™s Shreveportâ€)Shreveport, LouisianaBallyâ€™s Tiverton Casino & Hotel (â€œBallyâ€™s Tivertonâ€)(2)Tiverton, Rhode IslandBallyâ€™s Twin River Lincoln Casino Resort (â€œBallyâ€™s Twin Riverâ€)Lincoln, Rhode IslandBallyâ€™s Vicksburg Casino (â€œBallyâ€™s Vicksburgâ€)Vicksburg, MississippiHard Rock Hotel & Casino Biloxi (â€œHard Rock Biloxiâ€)(2)Biloxi, MississippiBallyâ€™s Arapahoe ParkAurora, ColoradoBallyâ€™s Golf Links at Ferry Point (â€œBallyâ€™s Golf Linksâ€)Bronx, New York__________________________________(1)Â Â Â Â Consists of three casino properties: Ballyâ€™s Black Hawk North Casino, Ballyâ€™s Black Hawk West Casino and Ballyâ€™s Black Hawk East Casino.(2)Â Â Â Â Properties leased from Gaming and Leisure Properties, Inc. (â€œGLPIâ€). Refer to Note 15 â€œLeasesâ€ for further information.(3)Â Â Â Â Temporary casino facility while permanent casino resort is constructed.International Interactive - includes Gamesys, primarily a business-to-consumer (â€œB2Câ€) iCasino operator.North America Interactive - includes the following North America businesses:â€¢Ballyâ€™s Interactive, primarily a B2C online iGaming and online sportsbook operator; andâ€¢Consumer facing service and marketing engines, including SportCaller, a business-to-business (â€œB2Bâ€) and F2P game provider for sports betting companies; Live at the Bike, an online subscription streaming service featuring livestream and on-demand poker videos and podcasts; an investment in the Association of Volleyball Professionals (â€œAVPâ€), a professional beach volleyball organization and host of the longest-running domestic beach volleyball tour; and an investment in Watch Stadium, a content distribution channel focused on sporting events.The North America Interactive reportable segment also includes the North American operations of Gamesys.Refer to Note 18 â€œSegment Reportingâ€ to our condensed consolidated financial statements for additional information on our segment reporting structure. Rhode Island Regulatory Agreement We are party to an Amended and Restated Regulatory Agreement (the â€œRegulatory Agreementâ€), with the Rhode Island Department of Business Regulation (â€œDBRâ€) and the State Lottery Division of the Rhode Island Department of Revenue (â€œDoLâ€). The Regulatory Agreement contains financial and other covenants that, among other things, (i) restrict the acquisition of stock and other financial interests in us, (ii) relate to the licensing and composition of members of our management and Board of Directors (the â€œBoardâ€), (iii) prohibit certain competitive activities and related-party transactions and (iv) restrict our ability to declare or make restricted payments (including dividends), incur additional indebtedness or take certain other actions, if our leverage ratio exceeds 5.50 to 1.00 (in general being gross debt divided by Adjusted EBITDA, each as defined in the Regulatory Agreement). 42The Regulatory Agreement also provides affirmative obligations, including setting a minimum number of employees that we must employ in Rhode Island and providing the DBR and DoL with periodic information updates about us. Among other things, the Regulatory Agreement prohibits us and our subsidiaries from owning, operating, managing or providing gaming specific goods and services to any properties in Rhode Island (other than Ballyâ€™s Twin River and Ballyâ€™s Tiverton), Massachusetts, Connecticut or New Hampshire. A failure to comply with the Regulatory Agreement could subject us to injunctive or monetary relief, payments to the Rhode Island regulatory agencies and ultimately the revocation or suspension of our licenses to operate in Rhode Island.In addition, our master contracts with Rhode Island extended through June 30, 2043, and allow for consolidation of promotional points between Ballyâ€™s Twin River and Ballyâ€™s Tiverton, obligate Ballyâ€™s Twin River to build a 50,000 square foot expansion, obligate Ballyâ€™s to lease at least 20,000 square feet of commercial space in Providence, and commit us to invest $100 million in Rhode Island over the term, including an expansion and the addition of new amenities at Ballyâ€™s Twin River. As a licensed Technology Provider since July 1, 2021, Ballyâ€™s Twin River is entitled to an additional share of net terminal income on Video Lottery Terminals (â€œVLTsâ€) which they owned or leased. June 2021 legislation in Rhode Island also authorized a joint venture between Ballyâ€™s and IGT Global Solutions Corporation (â€œIGTâ€) to become a licensed technology provider and supply the State of Rhode Island with all VLTs at both Ballyâ€™s Twin River and Ballyâ€™s Tiverton for a 20.5-year period starting January 1, 2023. The joint venture was organized as the Rhode Island VLT Company, LLC, with IGT owning 60% of the membership interests and Ballyâ€™s or its affiliates owning 40% of the membership interests (â€œRI Joint Ventureâ€). On December 30, 2022, Ballyâ€™s Twin River and Ballyâ€™s Tiverton purchased additional machines directly from IGT to effectively own 40% of the machines. On January 1, 2023, Ballyâ€™s Twin River and Ballyâ€™s Tiverton contributed all of their machines to the RI Joint Venture in return for an aggregate 40% membership interest, and IGT contributed all of their machines at Ballyâ€™s Twin River and Ballyâ€™s Tiverton to the RI Joint Venture in return for a 60% membership interest.Macroeconomic and Other FactorsOur business is subject to risks caused by global economic challenges, including those caused by public health crises such as the COVID-19 pandemic, the impact of global and regional conflicts, rising inflation, rising interest rates and supply-chain disruptions, that can cause economic uncertainty and volatility. These challenges can negatively impact discretionary consumer spending and could result in a reduction in visitors to our properties, including those that stay in our hotels, or discretionary spending by our customers on entertainment and leisure activities. In addition, inflation generally affects our business by increasing our cost of labor. In periods of sustained inflation, it may be difficult to effectively control such increases to our costs and retain key personnel.Key Performance IndicatorsThe key performance indicator used in managing our business is consolidated Adjusted EBITDA and segment Adjusted EBITDAR which are non-GAAP measures. Adjusted EBITDA is defined as earnings, or loss, for the Company, or where noted its reporting segments, before, in each case, interest expense, net of interest income, provision (benefit) for income taxes, depreciation and amortization, non-operating (income) expense, acquisition and other transaction related costs, share-based compensation and certain other gains or losses as well as, when presented for our reporting segments, an adjustment related to the allocation of corporate cost among segments. Segment Adjusted EBITDAR is Adjusted EBITDA (as defined above) for the Companyâ€™s reportable segments, plus rent expense associated with triple net operating leases with GLPI for the real estate assets used in the operation of the Ballyâ€™s casinos and the assumption of the lease for real estate and land underlying the operations of the Ballyâ€™s Lake Tahoe property. We use consolidated Adjusted EBITDA and segment Adjusted EBITDAR to analyze the performance of our business and they are used as determining factors for performance-based compensation for members of our management team. We use consolidated Adjusted EBITDA and segment Adjusted EBITDAR when evaluating operating performance because we believe that the inclusion or exclusion of certain recurring and non-recurring items is necessary to provide a more fulsome understanding of our core operating results and as a means to evaluate period-to-period performance. Also, we present consolidated Adjusted EBITDA and segment Adjusted EBITDAR because they are used by some investors and creditors as indicators 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. Consolidated Adjusted EBITDA and segment Adjusted EBITDAR information is presented because management believes that they are commonly used measures of performance in the gaming industry and that they are considered by many to be key indicators of our operating results. 43Consolidated Adjusted EBITDAR is used outside of our financial statements solely as a valuation metric. Consolidated Adjusted EBITDAR is defined as consolidated Adjusted EBITDA plus rent expense associated with triple net operating leases. Consolidated Adjusted EBITDAR is an additional metric used by analysts in valuing gaming companies subject to triple net leases since it eliminates the effects of variability in leasing methods and capital structures. This metric is included as supplemental disclosure because (i) we believe Consolidated Adjusted EBITDAR is used by gaming operator analysts and investors to determine the equity value of gaming operators and (ii) financial analysts refer to Consolidated Adjusted EBITDAR when valuing our business. We believe Consolidated 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 Consolidated 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. Consolidated Adjusted EBITDA and segment Adjusted EBITDAR should not be construed as alternatives to net income, the most directly comparable GAAP measure, as indicators of our performance. In addition, consolidated Adjusted EBITDA and segment Adjusted EBITDAR as used by us may not be defined in the same manner as other companies in our industry, and, as a result, may not be comparable to similarly titled non-GAAP financial measures of other companies. Consolidated Adjusted EBITDAR 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 with GLPI and the lease for real estate and land underlying the operations of the Ballyâ€™s Lake Tahoe property.Second Quarter 2024 and First Six Months 2024 ResultsThe following table presents, for the periods indicated, certain revenue and income items:Â Three Months Ended June 30,Six Months Ended June 30,(in millions)2024202320242023Total revenue$621.7Â $606.2Â $1,240.1Â $1,204.9Â Income (loss) from operations5.6Â 6.0Â (68.4)382.7Â Net (loss) income(60.2)(25.7)(234.1)152.7Â The following table presents, for the periods indicated, certain income and expense items expressed as a percentage of total revenue:Â Three Months EndedJune 30,Six Months EndedJune 30,Â 2024202320242023Total revenue100.0Â %100.0Â %100.0Â %100.0Â %Gaming and non-gaming expenses45.8Â %44.7Â %45.9Â %44.9Â %General and administrative40.6Â %41.2Â %40.4Â %41.6Â %Gain from sale-leaseback, netâ€"Â %â€"Â %â€"Â %(31.1)%Depreciation and amortization12.7Â %13.1Â %19.2Â %12.8Â %Total operating costs and expenses99.1Â %99.0Â %105.5Â %68.2Â %Income (loss) from operations0.9Â %1.0Â %(5.5)%31.8Â %Other (expense) income:Â Â Â Interest expense, net(11.9)%(11.1)%(11.9)%(10.8)%Other non-operating income, net1.1Â %1.1Â %0.9Â %0.8Â %Total other expense, net(10.8)%(9.9)%(11.0)%(10.0)%(Loss) income before income taxes(9.9)%(9.0)%(16.5)%21.7Â %(Benefit) provision for income taxes(0.2)%(4.7)%2.4Â %9.1Â %Net (loss) income(9.7)%(4.2)%(18.9)%12.7Â %________________________________Note: Amounts in table may not subtotal due to rounding. 44Segment PerformanceThe following table sets forth certain financial information associated with results of operations for theÂ three and six months ended JuneÂ 30, 2024 and 2023:Three Months Ended June 30,Six Months Ended June 30,(in thousands, except percentages)20242023$ Change20242023$ ChangeRevenue:GamingCasinos & Resorts$255,545Â $231,018Â $24,527Â $505,963Â $464,125Â $41,838Â International Interactive227,149Â 243,167Â (16,018)458,416Â 480,348Â (21,932)North America Interactive42,057Â 19,111Â 22,946Â 76,429Â 35,718Â 40,711Â Total Gaming revenue524,751Â 493,296Â 31,455Â 1,040,808Â 980,191Â 60,617Â Non-gamingÂ Â Â Â Casinos & Resorts87,506Â 102,144Â (14,638)179,417Â 197,823Â (18,406)International Interactive2,247Â 4,607Â (2,360)5,663Â 12,998Â (7,335)North America Interactive7,153Â 6,159Â 994Â 14,251Â 13,914Â 337Â Total Non-gaming revenue96,906Â 112,910Â (16,004)199,331Â 224,735Â (25,404)Total revenue$621,657Â $606,206Â $15,451Â $1,240,139Â $1,204,926Â $35,213Â Operating costs and expenses:Â Â Â Â GamingÂ Â Â Â Casinos & Resorts$94,039Â $79,927Â $14,112Â $189,242Â $162,350Â $26,892Â International Interactive105,528Â 118,549Â (13,021)211,339Â 236,478Â (25,139)North America Interactive36,603Â 20,463Â 16,140Â 71,733Â 37,772Â 33,961Â Total Gaming expenses236,170Â 218,939Â 17,231Â 472,314Â 436,600Â 35,714Â Non-gamingÂ Â Â Â Casinos & Resorts42,476Â 47,266Â (4,790)88,586Â 92,545Â (3,959)International Interactive2,575Â 2,050Â 525Â 3,702Â 6,910Â (3,208)North America Interactive3,662Â 2,960Â 702Â 4,536Â 5,165Â (629)Total Non-gaming expenses48,713Â 52,276Â (3,563)96,824Â 104,620Â (7,796)General and administrativeÂ Â Â Â Casinos & Resorts157,272Â 129,883Â 27,389Â 322,091Â 258,000Â 64,091Â International Interactive53,417Â 48,470Â 4,947Â 96,484Â 106,397Â (9,913)North America Interactive16,620Â 35,467Â (18,847)31,009Â 60,397Â (29,388)Other25,110Â 36,137Â (11,027)51,271Â 76,771Â (25,500)Total General and administrative$252,419Â $249,957Â $2,462Â $500,855Â $501,565Â $(710)Margins:Gaming expenses as a percentage of Gaming revenue45Â %44Â %45Â %45Â %Non-gaming expenses as a percentage of Non-gaming revenue50Â %46Â %49Â %47Â %General and administrative as a percentage of Total revenue41Â %41Â %40Â %42Â %45Three and Six Months Ended JuneÂ 30, 2024 Compared to Three and Six Months Ended JuneÂ 30, 2023 Total RevenueTotal revenue for the three and six months ended JuneÂ 30, 2024 and 2023 consisted of the following (in thousands):Three Months Ended June 30,Six Months Ended June 30,Â 20242023$ Change% Change20242023$ Change% ChangeGaming$524,751Â $493,296Â $31,455Â 6.4Â %$1,040,808Â $980,191Â $60,617Â 6.2Â %Hotel35,264Â 51,391Â (16,127)(31.4)%76,354Â 98,723Â (22,369)(22.7)%Food and beverage33,123Â 35,224Â (2,101)(6.0)%68,075Â 68,832Â (757)(1.1)%Retail, entertainment and other28,519Â 26,295Â 2,224Â 8.5Â %54,902Â 57,180Â (2,278)(4.0)%Total revenue$621,657Â $606,206Â $15,451Â 2.5Â %$1,240,139Â $1,204,926Â $35,213Â 2.9Â %Total revenue for the three months ended June 30, 2024 increased 2.5% to $621.7 million, from $606.2 million in the same period last year and total revenue for the six months ended June 30, 2024 increased 2.9% to $1.24 billion, from $1.20 billion in the same period last year. We saw total revenue increase in our Casinos & Resorts reporting segment, mainly due to the inclusion of our Ballyâ€™s Chicago temporary casino property, which contributed approximately $32.6 million and $64.2 million during the three and six months ended June 30, 2024, respectfully, partially offset by the incremental decrease in revenue associated with the closure of our Tropicana Las Vegas property during the second quarter of 2024 of approximately $24.9 million. Additionally, the expanded operating jurisdictions within our North America Interactive reporting segment contributed incremental revenue of approximately $16.3 million and $26.1 million for the three and six months ended June 30, 2024, respectively, compared to the prior year.Gaming and Non-gaming ExpensesGaming and non-gaming expenses for the three months ended June 30, 2024 increased $13.7 million, from $271.2 millionÂ in 2023, and for the six months ended June 30, 2024 increased $27.9 million, from $541.2 millionÂ in 2023. The increase in gaming and non-gaming expenses from the prior year was mainly attributable to the inclusion of expenses from our recently opened Ballyâ€™s Chicago temporary casino which contributed approximately $16.6 million and $33.0 million to the increase in both gaming and non-gaming expenses during the three and six months ended June 30, 2024, respectively, partially offset by the incremental decrease in expense associated with the closure of our Tropicana Las Vegas property of $12.8 million. General and AdministrativeGeneral and administrative expense for the three months ended June 30, 2024 increased $2.5 million from $250.0 millionÂ in the same period last year, and for the six months ended June 30, 2024 decreased $0.7 million from $501.6 millionÂ in the same period last year. The year to date fluctuation in general and administrative expense is primarily attributable to higher operating expenses associated with the opening of our Ballyâ€™s Chicago property, offset by decreased acquisition and integration costs and severance and employee related restructuring costs compared to prior year. Depreciation and AmortizationDepreciation and amortization for the three months ended June 30, 2024 was $78.8 million, a decrease of $0.4 million compared to the same period last year, and for the six months ended June 30, 2024 was $238.5 million, an increase of $84.8 million compared to the same period last year. The year to date increase was primarily driven by our Tropicana Las Vegas property, where we recorded accelerated depreciation of $80.1 million on assets as a result of the recent closure of the property on April 2, 2024. Income (Loss) From OperationsIncome from operations was $5.6 million for the three months ended June 30, 2024 compared to income from operations of $6.0 million in the same period last year. Loss from operations was $68.4 million for the six months ended June 30, 2024 compared to income from operations of $382.7 million in the same period last year. The change year-over-year was driven by depreciation at our Tropicana Las Vegas property in the current year, as noted above, combined with the gain on sale-leaseback of $374.3 million recorded during the first quarter of 2023 related to our Hard Rock Biloxi and Ballyâ€™s Tiverton properties.46Other Income (Expense)Total other expense increased $7.0 million to $67.3 million for the three months ended June 30, 2024 from $60.3 million, and increased $14.9 million to $135.8 million for the six months ended June 30, 2024 from $120.9 million, each compared to the same periods last year. The increase in other expense was primarily attributable to an increase in interest expense due to higher interest rates of our borrowings year-over-year, partially offset by increased interest income recognized on our derivative instruments and increased foreign currency gains. Provision (Benefit) for Income TaxesBenefit for income taxes for the three months ended June 30, 2024 was $1.5 million compared to $28.6 million, and provision for income taxes for the six months ended June 30, 2024 was $29.9 million compared to $109.1 million, each compared to the prior year. The effective tax rate for the second quarter of 2024 was 2.4% compared to 52.8% in the prior year. The 2024 year to date effective tax rate differed from the US federal statutory tax rate of 21%, creating a provision for income tax on the Companyâ€™s Loss before income taxes, largely due to an increase in the valuation allowance, coupled with a tax liability for foreign discrete items.On December 15, 2022, the European Union (â€œEUâ€) Member States formally adopted the EUâ€™s Pillar Two Directive, which generally provides for a minimum effective tax rate of 15%, as established by the Organization for Economic Co-operation and Development Pillar Two Framework that was supported by over 130 countries worldwide. The EU effective dates are January 1, 2024 and January 1, 2025, for different aspects of the directive. A significant number of other countries are also implementing similar legislation. The estimated impact of this directive is immaterial to the Companyâ€™s consolidated financial statements in the current year.Net Income (Loss) and Earnings (Loss) Per ShareNet loss for the three months ended June 30, 2024 was $60.2 million, or $(1.24) per diluted share, compared to $25.7 million, or $0.48 per diluted share, for the three months ended June 30, 2023. Net loss for the six months ended June 30, 2024 was $234.1 million, or $(4.85) per diluted share, compared to net income of $152.7 million, or $2.80 per diluted share, for the six months ended June 30, 2023. Adjusted EBITDA and Adjusted EBITDAR by SegmentConsolidated Adjusted EBITDA was $130.1 million for the three months ended JuneÂ 30, 2024 compared to $130.0 million for the same period last year. Consolidated Adjusted EBITDA was $246.5 million for the six months ended JuneÂ 30, 2024, a decrease of $9.9 million, or 3.8%, from $256.4 million in the same period last year.Adjusted EBITDAR for the Casinos & Resorts segment for the three months ended JuneÂ 30, 2024 decreased $11.2 million to $99.8 million and for the six months ended JuneÂ 30, 2024 decreased $26.9 million to $189.2 million, each compared to the same prior year periods. These decreases were primarily attributable to winter weather impacts across multiple properties in the first quarter and the closure of the Tropicana Las Vegas in the second quarter, partially offset by the inclusion of Ballyâ€™s Chicago that opened in the third quarter of 2023.Adjusted EBITDAR for the International Interactive segment for the three months ended JuneÂ 30, 2024 decreased $3.3 million to $81.3 million and for the six months ended JuneÂ 30, 2024 decreased $0.1 million to $164.8 million, each compared to the same prior year periods, driven by softness in our non-UK operations year-over-year.Adjusted EBITDAR loss for the North America Interactive segment for the three months ended JuneÂ 30, 2024 was $(6.8) million compared to an adjusted EBITDAR loss of $(17.7) million for the three months ended JuneÂ 30, 2023. For the six months ended JuneÂ 30, 2024, adjusted EBITDAR loss was $(16.9) million compared to an adjusted EBITDAR loss of $(28.2) million for the six months ended JuneÂ 30, 2023. The decrease in adjusted EBITDAR losses is largely driven by expanded operating jurisdictions and stronger performance in iGaming and sportsbook in the current year.47The following table presents segment Adjusted EBITDAR, which is our reportable segment GAAP measure and our primary measure for profit or loss for our reportable segments, and consolidated Adjusted EBITDA. The following table reconciles consolidated Adjusted EBITDA, which is a non-GAAP measure, to net income (loss), as derived from our financial statements (in thousands): Three Months EndedJune 30,Six Months EndedJune 30,(in thousands)2024202320242023Adjusted EBITDARCasinos & Resorts$99,801Â $111,005Â $189,219Â $216,128Â International Interactive81,292Â 84,574Â 164,824Â 164,875Â North America Interactive(6,757)(17,685)(16,915)(28,248)Other(12,537)(16,536)(27,214)(33,804)Total161,799Â 161,358Â 309,914Â 318,951Â Rent expense associated with triple net operating leases(1)(31,737)(31,320)(63,384)(62,558)Adjusted EBITDA130,062Â 130,038Â 246,530Â 256,393Â Interest expense, net of interest income(74,200)(67,093)(147,331)(130,357)Provision for income taxes1,501Â 28,649Â (29,881)(109,093)Depreciation and amortization(78,782)(79,187)(238,528)(153,748)Non-operating (income) expense(2)3,127Â 5,395Â 2,130Â 9,252Â Foreign exchange (gain)/loss983Â (1,639)3,799Â (5,947)Transaction costs(3)(11,119)(16,434)(17,913)(38,452)Restructuring charges(4)(376)(3,440)(18,989)(20,262)Tropicana Las Vegas demolition costs(5)(12,261)â€"Â (12,261)â€"Â Decommissioning costs(6)â€"Â (2,343)â€"Â (2,343)Share-based compensation(4,472)(6,290)(7,530)(12,330)Gain on sale-leasebackâ€"Â 135Â â€"Â 374,321Â Planned business divestiture(7)â€"Â (190)â€"Â (2,054)Impairment charges(8)(12,757)(9,653)(12,757)(9,653)Other(9)(1,902)(3,599)(1,379)(3,042)Net (loss) income$(60,196)$(25,651)$(234,110)$152,685Â ________________________________(1)Â Â Â Â Consists of the operating lease components contained within our triple net master lease with GLPI for the real estate assets used in the operation of Ballyâ€™s Evansville, Ballyâ€™s Dover, Ballyâ€™s Quad Cities, Ballyâ€™s Black Hawk, Hard Rock Biloxi and Ballyâ€™s Tiverton, the individual triple net lease with GLPI for the land underlying the operations of Tropicana Las Vegas, and the triple net lease assumed in connection with the acquisition of Ballyâ€™s Lake Tahoe for real estate and land underlying the operations of the Ballyâ€™s Lake Tahoe facility.(2)Â Â Â Â Non-operating (income) expense includes: (i) change in value of commercial rights liabilities, (ii) gain on extinguishment of debt, (iii) non-operating items of equity method investments including our share of net income or loss on an investment and depreciation expense related to our Rhode Island joint venture, and (iv) other (income) expense, net.(3)Â Â Â Â Includes acquisition, integration and other transaction related costs, including costs incurred to address the Standard General takeover bid and financing costs incurred in connection with the prior year sale lease-back transaction. (4)Â Â Â Â Restructuring charges representing the severance and employee related benefits related to the announced Interactive business restructuring initiatives and the closure of the Companyâ€™s Tropicana Las Vegas property on April 2, 2024.

(5)Â Â Â Â Demolition costs associated with the Tropicana Las Vegas property which is part of the plan to redevelop the site with a state-of-the-art integrated resort and ballpark. As part of the binding term sheet, GLPI has agreed to reimburse the Company for such expenses and will increase rent to reflect the additional funding.(7)Â Â Â Â Losses related to a North America Interactive business that Ballyâ€™s was marketed as held-for-sale in 2023.(6)Â Â Â Â Costs related to the decommissioning of the Companyâ€™s sports betting platform in favor of outsourcing the platform solution to third parties. (8)Â Â Â Â Includes impairment charges on long-lived assets in the second quarter of 2024 and impairment charges related to assets held-for-sale in 2023. (9)Â Â Â Â Other includes the following items: (i) non-routine legal expenses and settlement charges for matters outside the normal course of business, (ii) insurance and business interruption recoveries, and (iii) other individually de minimis expenses.48Critical Accounting EstimatesThere were no material changes in critical accounting estimates during the period covered by this Quarterly Report on Form 10-Q. Refer to Item 7 of the Companyâ€™s Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 for a complete list of our Critical Accounting Estimates. Recent Accounting Pronouncements Refer to Note 4 â€œRecently Issued Accounting Pronouncementsâ€ in Part I, Item 1 of this Quarterly Report on Form 10-Q for a description of recent accounting pronouncements that affect us.Liquidity and Capital Resources OverviewWe are a holding company. Our ability to fund our obligations depends on existing cash on hand, cash flow from our subsidiaries and our ability to raise capital. Our primary sources of liquidity and capital resources have been cash on hand, cash flow from operations, borrowings under our Revolving Credit Facility (as defined herein) and proceeds from the issuance of debt and equity securities. We assess liquidity in terms of the ability to generate cash or obtain financing in order to fund operating, investing and debt service requirements. Our primary ongoing cash requirements include the funding of operations, capital expenditures, acquisitions and other investments in line with our business strategy and debt repayment obligations and interest payments. Our strategy has been to maintain moderate leverage and substantial capital resources in order to take advantage of opportunities, to invest in our businesses and acquire properties at what we believe to be attractive valuations. As such, we have continued to invest in our land-based casino business and build on our interactive/iGaming gaming business. We believe that existing cash balances, operating cash flows and availability under our Revolving Credit Facility, as explained below, will be sufficient to meet funding needs for operating, capital expenditure and debt service purposes. Cash Flows SummarySix Months Ended June 30,(in thousands)20242023Net cash provided by operating activities$39,699Â $64,050Â Net cash (used in) provided by investing activities(87,602)223,976Â Net cash provided by (used in) financing activities59,802Â (174,519)Effect of foreign currency on cash and cash equivalents(2,812)(4,195)Change in cash and cash equivalents and restricted cash held for saleâ€"Â (1,648)Net change in cash and cash equivalents and restricted cash9,087Â 107,664Â Cash and cash equivalents and restricted cash, beginning of period315,262Â 265,184Â Cash and cash equivalents and restricted cash, end of period$324,349Â $372,848Â Operating ActivitiesNet cash provided by operating activities for the six months ended JuneÂ 30, 2024 was $39.7 million, compared to $64.1 million for the six months ended JuneÂ 30, 2023. The decrease in cash provided by operating activities was primarily driven by the $374.3 million gain on sale-leaseback in the first half of 2023 coupled with the accelerated depreciation of our Tropicana Las Vegas assets in the current year, offset by decreased deferred income taxes, changes in working capital and our net income position in the prior year compared to a net loss position in 2024.Investing ActivitiesNet cash used in investing activities for the six months ended JuneÂ 30, 2024 was $87.6 million, an increase of $311.6 millionÂ compared to net cash provided by investing activities of $224.0 million for the six months ended JuneÂ 30, 2023. This change was primarily driven by the proceeds from sale-leaseback transactions in the prior year and a decrease in cash paid for acquisitions and capital expenditures year-over-year. 49Financing ActivitiesNet cash provided by financing activities for the six months ended JuneÂ 30, 2024 was $59.8 million compared to net cash used in financing activities of $174.5 million for the six months ended JuneÂ 30, 2023. This increase was mainly attributable to an increase in long term debt borrowings offset by higher payments made year-over-year and a decrease in stock repurchases. Capital Return Program As of JuneÂ 30, 2024, there was $95.5 million available for use under the capital return program, subject to limitations in our regulatory and debt agreements. Future share repurchases may be effected in various ways, which could include open-market or private repurchase transactions, accelerated stock repurchase programs, tender offers or other transactions. The amount, timing and terms of any return of capital transaction will be determined based on prevailing market conditions and other factors. There is no fixed time period to complete share repurchases.We did not pay cash dividends during the six months ended JuneÂ 30, 2024 or 2023, nor do we currently intend to pay any dividends on our common stock in the foreseeable future. Any future determinations relating to our dividend policies will be made at the discretion of our Board and will depend on conditions then existing, including our financial condition, results of operations, contractual restrictions, capital and regulatory requirements and other factors our Board may deem relevant.Debt and Lease ObligationsSenior NotesOn August 20, 2021, we issued $750.0 million aggregate principal amount of 5.625% senior notes due 2029 and $750.0 million aggregate principal amount of 5.875% Senior Notes due 2031 (together, the â€œSenior Notesâ€). The indenture governing the Senior Notes contains covenants that limit the ability of the Company and its restricted subsidiaries to, among other things, (i) incur additional indebtedness, (ii) pay dividends on or make distributions in respect of capital stock or make certain other restricted payments or investments, (iii) enter into certain transactions with affiliates, (iv) sell or otherwise dispose of assets, (v) create or incur liens and (vi) merge, consolidate or sell all or substantially all of the Companyâ€™s assets. These covenants are subject to exceptions and qualifications set forth in the indenture.Credit FacilityOn October 1, 2021, we entered into the Credit Agreement providing for a senior secured term loan facility in an aggregate principal amount of $1.945 billion (the â€œTerm Loan Facilityâ€), which will mature in 2028, and a senior secured revolving credit facility in an aggregate principal amount of $620.0 million (the â€œRevolving Credit Facilityâ€), which will mature in 2026. The credit facilities allow us to increase the size of the Term Loan Facility or request one or more incremental term loan facilities or increase commitments under the Revolving Credit Facility or add one or more incremental revolving facilities in an aggregate amount not to exceed the greater of $650 million and 100% of the Companyâ€™s consolidated EBITDA for the most recent four-quarter period plus or minus certain amounts as specified in the Credit Agreement, including an unlimited amount subject to compliance with a consolidated total secured net leverage ratio. The credit facilities contain covenants that limit the ability of the Company and its restricted subsidiaries to, among other things, incur additional indebtedness, pay dividends or make certain other restricted payments, sell assets, make certain investments, and grant liens. These covenants are subject to exceptions and qualifications set forth in the Credit Agreement. The Revolving Credit Facility also includes certain financial covenants the Company is required to maintain throughout the term of the credit facility. These financial covenants include a provision where, in the event borrowings under the Revolving Credit Facility exceed 30% of the total revolving commitment, the Company is required to maintain a first lien secured indebtedness to Adjusted EBITDA ratio of 5.00 to 1.00. As of JuneÂ 30, 2024, the Company was in compliance with all applicable covenants.50During 2023, the Company entered into certain currency swaps to synthetically convert $500 million of its Term Loan Facility to an equivalent fixed-rate Euro-denominated instrument, due October 2028, with a weighted average fixed interest rate of approximately 6.69% per annum. The Company also entered into additional currency swaps to synthetically convert $200 million, notional, of its floating rate Term Loan Facility, to an equivalent GBP-denominated floating rate instrument, due October 2026. Additionally, as part of the Companyâ€™s risk management program to manage its overall interest rate exposure, the Company entered into a notional aggregate amount of $500 million interest rate collar arrangements maturing in 2028 where the Companyâ€™s SOFR floating rate interest under its Term Loan Facility is capped at 4.25%, with a weighted average SOFR floor rate of 3.22%, pursuant to the interest rate collar arrangements.Refer to Note 10 â€œDerivative Instrumentsâ€ and Note 14 â€œLong-Term Debtâ€ in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.Operating Leases The Company is committed under various operating lease agreements for real estate and property used in operations. Minimum rent payable under operating leases was $2.24 billion as of JuneÂ 30, 2024, of which $72.2 million is due within the current year. Refer to Note 15 â€œLeasesâ€ in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.GLPI LeasesAs of JuneÂ 30, 2024, the Companyâ€™s Ballyâ€™s Evansville, Ballyâ€™s Dover, Ballyâ€™s Quad Cities, Ballyâ€™s Black Hawk, Ballyâ€™s Tiverton and Hard Rock Biloxi properties were leased under the terms of a master lease agreement (the â€œMaster Leaseâ€) with GLPI. The Master Lease has an initial term of 15 years and includes four, five-year options to renew and requires combined minimum annual payments of $100.5 million, subject to a minimum 1% annual escalation or greater escalation dependent on CPI. During 2023, the Companyâ€™s Ballyâ€™s Tiverton and Hard Rock Biloxi properties were added to the Master Lease on January 3, 2023, as a result of a transaction with GLP Capital, L.P. (â€œGLPâ€), an affiliate of GLPI, related to the land and real estate assets for a total consideration of $625.4 million. The transaction was structured as a tax-free capital contribution and a substantial portion of the proceeds were used to reduce the Companyâ€™s debt. These properties increased the minimum annual payments under the Master Lease by $48.5 million.In addition to the properties under the Master Lease, the Company leases the land associated with Tropicana Las Vegas. This lease has an initial term of 50 years (with a maximum term of 99 years with renewal options) at annual rent of $10.5Â million, subject to minimum 1% annual escalation or greater escalation dependent on CPI. On July 11, 2024, the Company entered into a Binding Term Sheet to form a strategic construction and financing arrangement with GLP, which includes the funding to complete the construction of Ballyâ€™s Chicago permanent casino. GLP has agreed to acquire the real estate underlying the Ballyâ€™s Chicago project, for which the Company is currently subject to a financing obligation with an unrelated party. GLP will amend the existing land lease through a new master lease agreement with Ballyâ€™s Chicago Operating Company, LLC (â€œChicago MLAâ€). The new land lease sets annual rent at $20 million, subject to customary escalation provisions. The Chicago MLA will also provide up to $940 million in construction financing, subject to conditions and approvals. The Company will pay additional rent under the Chicago MLA based on a 8.5% capitalization rate on funded amounts. The initial lease term for the Chicago MLA is 15 years with renewal options to be agreed upon by the parties. The Company will also sell and lease back from GLP its properties in Kansas City and Shreveport for $395 million, with initial annual rent of $32.2 million, subject to escalation. In addition, the Company plans to sell and lease back its Ballyâ€™s Twin River property to GLP by 2026 for $735 million, with initial annual rent of $58.8 million. GLP has the right to call this transaction starting October 2026. All such transactions are subject to required regulatory approvals.Financing ObligationBallyâ€™s Chicago Operating Company, LLC, an indirect wholly-owned subsidiary of the Company, leases the land on which Ballyâ€™s Chicago will be built. The lease commenced November 18, 2022 and has a 99-year term followed by ten separate 20-year renewals at the Companyâ€™s option. The Company recorded this lease with a corresponding long-term financing obligation of $200.0Â million as of JuneÂ 30, 2024 and December 31, 2023.51Capital ExpendituresCapital expenditures are accounted for as either project, maintenance or capitalized software expenditures. Project capital expenditures are for fixed asset additions that expand an existing facility or create a new facility. Maintenance capital expenditures are expenditures to replace existing fixed assets with a useful life greater than one year that are obsolete, worn out or no longer cost effective to repair, along with spending on other small projects that do not fit into the project category. Capitalized software expenditures relate to the creation, production and preparation of software for use in our online gaming operations.For the six months ended JuneÂ 30, 2024, capital expenditures were $63.8 million compared to $119.5 million in the same period last year. During the six months ended JuneÂ 30, 2024, we continued our spending on our planned projects and maintenance at our casino properties, the most significant being our future Ballyâ€™s Chicago permanent facility. Ballyâ€™s Twin River - In connection with our partnership with IGT, we have committed to invest $100 million in Ballyâ€™s Twin River over the term of our master contract, ending in 2043, with Rhode Island to expand the property and add additional amenities along with other capital improvements. As a major component of this, we have constructed and opened a 14,000 square foot Korean-style spa, and a 40,000 square foot casino expansion, both of which opened in the first half of 2023. Approximately $55.9Â million of the committed investment remains as of JuneÂ 30, 2024. Ballyâ€™s Atlantic City - Construction on our Ballyâ€™s Atlantic City property commenced in 2021. We are committed to invest approximately $100 million over five years to refurbish and upgrade Ballyâ€™s Atlantic Cityâ€™s facilities and expand its amenities, including renovated hotel rooms and suites, outdoor beer hall and lobby bar. As of JuneÂ 30, 2024, all investment requirements had been met and noÂ commitment to invest in non-hotel projects remains.Centre County, PA - On December 31, 2020, we signed a framework agreement with entities affiliated with an established developer to design, develop, construct and manage a Category 4 licensed casino in Centre County, Pennsylvania. Subject to receipt of regulatory approvals, which remain pending, it will house up to 750 slot machines and 30 table games. The casino will also provide, subject to receipt of separate licenses and certificates, retail sports betting, online sports betting and online gaming. We estimate the total cost of the project, including construction, licensing and iGaming/sports betting operations, to be approximately $120 million. If completed, we will acquire a majority equity interest in the partnership, including 100% of the economic interests of all retail sports betting, online sports betting and iGaming activities associated with the project.Ballyâ€™s Chicago - On June 9, 2022, a wholly-owned indirect subsidiary of the Company, Ballyâ€™s Chicago Operating Company, LLC (the â€œDeveloperâ€), signed a host community agreement with the City of Chicago to develop a destination casino resort, to be named Ballyâ€™s Chicago, in downtown Chicago, Illinois that will include approximately 3,400 slot machines, 170 table games, 10 food and beverage venues, 500 hotel rooms, a 65,000 square foot entertainment and event center, 20,000 square feet of exhibition space, 3,300 parking spaces and an outdoor green space. The project also provides the Company with the exclusive right to operate a temporary casino for up to three years while the permanent casino resort is constructed. The temporary casino commenced operations on September 9, 2023 at the Medinah Temple and includes approximately 800 gaming positions and 3 food and beverage venues. The Company currently estimates the permanent casino construction to be completed by the end of 2026. In 2024, we estimate spending of approximately $190.2 million primarily dedicated to demolition and site preparation. We expect future funding of the permanent casino construction to be financed through the GPLI agreement noted above. In connection with the entry into the host community agreement with the City of Chicago, the Company will be required to pay annual fixed host community impact fees of $4.0 million. Additionally, in connection with the host community agreement, the Company provided the City of Chicago with a performance guaranty whereby the Company agreed to have and maintain available financial resources in an amount reasonably sufficient to allow the Developer to complete its obligations under the host community agreement. In addition, upon notice from the City of Chicago that the Developer has failed to perform various obligations under the host community agreement, the Company has indemnified the City of Chicago against any and all liability, claim or reasonable and documented expense the City of Chicago may suffer or incur by reason of any nonperformance of any of the Developerâ€™s obligations.In furtherance of these obligations, the host community agreement requires us to spend at least $1.34 billion on the design, construction and outfitting of our temporary casino and our permanent resort and casino. The actual cost of the development may exceed this minimum capital investment requirement. In addition, land acquisition costs and financing costs, among other types of costs, do not count towards satisfying such minimum expenditure.52Other Contractual ObligationsSponsorship Commitments - The Company has entered into several sponsorship agreements with various professional sports leagues and teams, allowing the Company use of official league marks for branding and promotions, among other rights. As of JuneÂ 30, 2024, obligations related to these agreements were $139.0Â million, with contracts extending through 2037.Interactive Technology Partnerships - The Company has certain multi-year agreements with its various market access and content providers, as well as its online sports betting platform partners, that require the Company to pay variable fees based on revenue, with minimum annual guarantees. As of JuneÂ 30, 2024, the cumulative minimum obligation committed in these agreements is approximately $44.8Â million, extending through 2029.ITEM 3.Â Â Â Â QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKMarket risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. We are exposed to changes in interest rates primarily from variable rate long-term debt arrangements and foreign currency risk attributable to our operations outside of the US. Inflation generally affects us by increasing our cost of labor. Ballyâ€™s does not believe that inflation had a material effect on our business, financial condition or results of operations during the three months ended JuneÂ 30, 2024 and 2023.Interest Rate RiskAs of JuneÂ 30, 2024, interest on borrowings under our credit facility was subject to fluctuation based on changes in short-term interest rates. On JuneÂ 30, 2024, we had $2.25 billion of variable rate debt outstanding under our Term Loan and Revolving Credit Facilities and $1.49 billion of unsecured senior notes. Based upon a sensitivity analysis of our debt levels on JuneÂ 30, 2024, a hypothetical increase of 1% in the effective interest rate would cause an increase in interest expense of approximately $22.5Â million over the next twelve months while a decrease of 1% in the effective interest rate, not to exceed the interest rate floor, would cause a decrease in interest expense of approximately $22.5Â million over the same period.We evaluate our exposure to market risk by monitoring interest rates in the marketplace and we have utilized derivative financial instruments to help manage this risk. As part of the Companyâ€™s risk management and hedging program, the Company utilizes interest rate swaps and collars used to hedge and offset, respectively, the variable interest rates on the credit facility as described in Note 10, â€œDerivative Instrumentsâ€ to our condensed consolidated financial statements presented in Part I, Item 1 of this Quarterly Report on Form 10-Q.We have not historically utilized derivative financial instruments for trading purposes. We do not believe that fluctuations in interest rates had a material effect on our business, financial condition or results of operations during the three months ended JuneÂ 30, 2024 and 2023.Foreign Currency RiskWe are exposed to fluctuations in currency exchange rates as a result of our net investments and operations in countries other than the US. A vast majority of our revenues are from the UK market and are conducted in British Pound Sterling (â€œGBPâ€) and are therefore susceptible to any movements in exchange rates between the GBP and US Dollar. Foreign currency transaction gains for the three and six months ended JuneÂ 30, 2024 were $1.0 million and $3.8 million, respectively, while foreign currency transaction losses for the three and six months ended JuneÂ 30, 2023 were $1.6 million and $5.9 million, respectively. Movements in currency exchange rates could impact the translation of assets and liabilities of these foreign operations which are translated at the exchange rate in effect on the balance sheet date. We have utilized operational hedges or forward currency exchange rate contracts, as well as derivative financial instruments, such as cross currency swaps, to manage the impact of currency exchange rate fluctuations on earnings and cash flows.53ITEM 4.Â Â Â Â CONTROLS AND PROCEDURES Managementâ€™s Evaluation of Disclosure Controls and ProceduresOur management, with the participation of our chief executive officer (principal executive officer) and chief financial officer (principal financial officer), conducted an evaluation of the effectiveness of our disclosure controls and procedures for the reporting period ended JuneÂ 30, 2024 as such terms is defined in Rule 13a-15(f) under the Exchange Act. Based on that evaluation, our chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, the Companyâ€™s disclosure controls and procedures were not effective due to material weaknesses in the Companyâ€™s internal control over financial reporting as previously disclosed in the Companyâ€™s Annual Report on Form 10-K for the year ended December 31, 2023.Ongoing Remediation of Previously Identified Material WeaknessesThe Companyâ€™s management is in the process of designing and implementing effective measures to improve our internal controls over financial reporting and remediate the material weaknesses. These remediation actions are ongoing and include:â€¢Realigning resources and, where applicable, hiring qualified staff or using third-party subject matter experts with the appropriate level of experience and training to segregate key functions within our financial processes in order to support the review of significant and complex accounting matters, including appropriately analyzing, recording and disclosing accounting matters timely and accurately, specifically around assumptions used in certain estimates.â€¢Educating control owners within our International Interactive reportable segment of the appropriate design elements of journal entry controls and enhancing our monitoring control to ensure that these control activities are performed and that journal entries have a separate preparer and independent reviewer.â€¢Strengthening controls over account reconciliations and account analyses within our International Interactive reportable segment to support financial reporting requirements. Specifically, controls will address the timeliness of the review and the quality of information used in the review to ensure completeness and accuracy.â€¢Implementing a new enterprise resource planning (â€œERPâ€) system, which we believe will enhance the flow of financial information, improve data management and control and provide timely information to our management team will enable us to remediate segregation of duties over journal entries. As the implementation of the new ERP system progresses, we may change our processes and procedures which, in turn, could result in further changes to our internal control over financial reporting. As such changes occur, we will evaluate quarterly whether such changes materially affect our internal control over financial reporting.While we believe our remediation efforts above will improve the effectiveness of our internal control over financial reporting, we cannot assure that the measures will be sufficient to remediate the material weaknesses we have identified or will prevent potential future material weaknesses. The material weaknesses cannot be considered remediated until applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Accordingly, we will continue to monitor and evaluate the effectiveness of our internal control over financial reporting.Changes in Internal Control over Financial ReportingThere has been no change in our internal control over financial reporting that occurred during the second quarter of 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.54PART IIITEM 1.Â Â Â Â LEGAL PROCEEDINGSWe are party to various legal proceedings that have arisen in the normal course of our business. Such proceedings can be costly, time consuming and unpredictable and, therefore, no assurance can be given that the final outcome of such proceedings will not materially impact our consolidated financial condition or results of operations. While we maintain insurance coverage that we believe is adequate to mitigate the risks of such proceedings, no assurance can be given that the amount or scope of existing insurance coverage will be sufficient to cover losses arising from such matters. Estimated losses are accrued for these proceedings when the loss is probable and can be estimated. The current liability for the estimated losses associated with these proceedings is not material to our consolidated financial condition and those estimated losses are not expected to have a material impact on our results of operations.ITEM 1A.Â Â Â Â RISK FACTORS There have been no material changes to our risk factors contained in Part I. Item IA. â€œRisk Factorsâ€ of our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023.ITEM 5.Â Â Â Â OTHER INFORMATIONDuring the three months ended JuneÂ 30, 2024, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any â€œnon-Rule 10b5-1 trading arrangement,â€ as defined in Item 408(a) of Regulation S-K.55ITEM 6.Â Â Â Â EXHIBITSEXHIBIT INDEXExhibit No.Description 31.1*Certification of Principal Executive Officer pursuant to SectionÂ 302 of the Sarbanes-Oxley Act of 200231.2*Certification of Principal Financial Officer pursuant to SectionÂ 302 of the Sarbanes-Oxley Act of 200232.1*Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 200232.2*Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002101.INSXBRL Instance Document - the instance document does not appear in the interactive data file because XBRL tags are embedded within the inline XBRL document101.SCHInline XBRL Taxonomy Extension Schema Document101.CALInline XBRL Taxonomy Extension Calculation Linkbase Document101.DEFInline XBRL Taxonomy Extension Definition Linkbase Document101.LABInline XBRL Taxonomy Extension Label Linkbase Document101.PREInline XBRL Taxonomy Extension Presentation Linkbase Document104The cover page from Ballyâ€™s Corporationâ€™s Quarterly report on Form 10-Q for the quarter ended June 30, 2024, formatted in inline XBRL contained in Exhibit 101____*Â Â Â Â Filed herewith.56SIGNATURESPursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on AugustÂ 2, 2024.Â BALLYâ€™S CORPORATIONBy:Â /s/ MARCUS GLOVERMarcus GloverChief Financial Officer(Principal Financial and Accounting Officer)/s/ ROBESON M. REEVESRobeson M. ReevesChief Executive Officer(Principal Executive Officer)57DocumentExhibitÂ 31.1BALLY'S CORPORATIONCERTIFICATIONI, Robeson M. Reeves, certify that:1.Â Â Â Â I have reviewed this quarterly report on Form 10-Q of Bally's Corporation;2.Â Â Â Â Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Â Â Â Â Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.Â Â Â Â The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:a)Â Â Â Â Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;b)Â Â Â Â Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;c)Â Â Â Â Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; andd)Â Â Â Â Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and5.Â Â Â Â The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):a)Â Â Â Â All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; andb)Â Â Â Â Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.Date:August 2, 2024By:/s/ ROBESON M. REEVESÂ Â Â Robeson M. ReevesÂ Â Â Chief Executive Officer(Principal Executive Officer)DocumentExhibitÂ 31.2BALLY'S CORPORATIONCERTIFICATIONI, Marcus Glover, certify that:1.Â Â Â Â I have reviewed this quarterly report on Form 10-Q of Bally's Corporation;2.Â Â Â Â Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Â Â Â Â Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.Â Â Â Â The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:a)Â Â Â Â Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;b)Â Â Â Â Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;c)Â Â Â Â Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; andd)Â Â Â Â Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and5.Â Â Â Â The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):a)Â Â Â Â All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; andb)Â Â Â Â Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.Date:August 2, 2024By:/s/ MARCUS GLOVERÂ Â Â Marcus GloverÂ Â Â Chief Financial Officer(Principal Financial Officer)DocumentExhibitÂ 32.1BALLY'S CORPORATIONCERTIFICATIONIn connection with the Quarterly Report of Bally's Corporation (the "Company") on FormÂ 10-Q for the quarterly period ended JuneÂ 30, 2024 as filed with the Securities and Exchange Commission (the "Report"),Â I, Robeson M. Reeves, Chief Executive Officer of the Company, hereby certify as of the date hereof, pursuant to 18 U.S.C. Â§ 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:(1)Â Â Â Â the Report fully complies with the requirements of SectionÂ 13(a)Â or 15(d), as applicable, of the Securities Exchange Act of 1934, and(2)Â Â Â Â the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.Date:August 2, 2024By:/s/ ROBESON M. REEVESÂ Â Â Robeson M. ReevesÂ Â Â Chief Executive Officer(Principal Executive Officer)A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and will not be deemed â€œfiledâ€ for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, except to the extent that the Company specifically incorporates it by reference.DocumentExhibitÂ 32.2BALLY'S CORPORATIONCERTIFICATIONIn connection with the Quarterly Report of Bally's Corporation (the "Company") on FormÂ 10-Q for the quarterly period ended JuneÂ 30, 2024 as filed with the Securities and Exchange Commission (the "Report"),Â I, Marcus Glover, Chief Financial Officer of the Company, hereby certify as of the date hereof, pursuant to 18 U.S.C. Â§ 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:(1)Â Â Â Â the Report fully complies with the requirements of SectionÂ 13(a)Â or 15(d), as applicable, of the Securities Exchange Act of 1934, and(2)Â Â Â Â the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.Date:August 2, 2024By:/s/ MARCUS GLOVERÂ Â Â Marcus GloverÂ Â Â Chief Financial Officer(Principal Financial Officer)A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and will not be deemed â€œfiledâ€ for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, except to the extent that the Company specifically incorporates it by reference.