

REFINITIV

DELTA REPORT

10-Q

FLL - FULL HOUSE RESORTS INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1131

■ CHANGES	189
■ DELETIONS	561
■ ADDITIONS	381

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **September 30, 2023** **March 31, 2024**
or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File No. 1-32583

FULL HOUSE RESORTS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

13-3391527

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

One Summerlin, 1980 Festival Plaza Drive, Suite 680

Las Vegas, Nevada

89135

(Address of principal executive offices)

(Zip Code)

(702) 221-7800

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	FLL	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer Accelerated filer Emerging growth company
Non-accelerated filer Smaller reporting company

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

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

As of November 6, 2023 May 6, 2024, there were 34,587,350 34,637,361 shares of Common Stock, \$0.0001 par value per share, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Revenues						
Casino	\$ 50,240	\$ 29,721	\$ 131,586	\$ 88,293	\$ 51,673	\$ 35,987
Food and beverage	9,086	6,811	25,419	20,255	9,769	7,660
Hotel	2,560	2,490	7,052	7,076	2,852	2,144
Other operations, including contracted sports wagering	9,657	2,371	16,974	11,575	5,630	4,315
	<u>71,543</u>	<u>41,393</u>	<u>181,031</u>	<u>127,199</u>	<u>69,924</u>	<u>50,106</u>
Operating costs and expenses						
Casino	19,437	10,292	49,771	30,273	20,575	13,344
Food and beverage	8,330	6,814	24,815	20,134	9,760	7,455
Hotel	1,164	1,256	3,611	3,524	2,163	1,219
Other operations	691	587	1,878	1,594	791	482
Selling, general and administrative	22,017	15,218	61,823	44,795	24,935	18,229
Project development costs, net	21	(149)	45	33	—	7
Project development costs					—	7
Preopening costs	1,051	2,594	12,634	4,914	1,663	10,497
Depreciation and amortization	8,468	2,386	22,482	6,012	10,625	5,859
Loss on disposal of assets	7	—	7	3	18	—
	<u>61,186</u>	<u>38,998</u>	<u>177,066</u>	<u>111,282</u>	<u>70,530</u>	<u>57,092</u>
Operating income	<u>10,357</u>	<u>2,395</u>	<u>3,965</u>	<u>15,917</u>		
Operating loss					<u>(606)</u>	<u>(6,986)</u>
Other (expense) income						
Interest expense, net	(5,867)	(5,838)	(16,319)	(19,225)	(10,250)	(4,819)
Loss on modification of debt	—	(105)	—	(4,530)		
Gain on settlements	29	—	384	—		
Gain on insurance settlement					—	355
	<u>(5,838)</u>	<u>(5,943)</u>	<u>(15,935)</u>	<u>(23,755)</u>	<u>(10,250)</u>	<u>(4,464)</u>
Income (loss) before income taxes	<u>4,519</u>	<u>(3,548)</u>	<u>(11,970)</u>	<u>(7,838)</u>		
Income tax (benefit) provision	(74)	29	452	(16)		
Net income (loss)	<u>\$ 4,593</u>	<u>\$ (3,577)</u>	<u>\$ (12,422)</u>	<u>\$ (7,822)</u>		
Loss before income taxes					<u>(10,856)</u>	<u>(11,450)</u>
Income tax provision (benefit)					416	(35)
Net loss					<u>\$ (11,272)</u>	<u>\$ (11,415)</u>
Basic earnings (loss) per share	\$ 0.13	\$ (0.10)	\$ (0.36)	\$ (0.23)		
Diluted earnings (loss) per share	<u>\$ 0.13</u>	<u>\$ (0.10)</u>	<u>\$ (0.36)</u>	<u>\$ (0.23)</u>		

Basic loss per share	\$ (0.33)	\$ (0.33)
Diluted loss per share	<u><u>\$ (0.33)</u></u>	<u><u>\$ (0.33)</u></u>

See **condensed** notes to **condensed** consolidated financial statements.

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FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands, except share data)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
ASSETS				
Current assets				
Cash and equivalents	\$ 25,945	\$ 56,589	\$ 25,682	\$ 36,155
Restricted cash	58,047	134,587	20,606	37,639
Accounts receivable, net	8,272	4,082		
Accounts receivable, net of provision for credit losses of \$1,299 and \$1,189			5,050	5,332
Inventories	1,736	1,479	1,935	1,839
Prepaid expenses and other	6,570	6,184	3,999	3,674
	100,570	202,921	57,272	84,639
Property and equipment, net	432,719	339,057	459,955	457,907
Operating lease right-of-use assets, net	45,480	15,771	43,900	44,704
Finance lease right-of-use assets, net	2,661	3,808	1,983	2,318
Goodwill	21,286	21,286	21,286	21,286
Other intangible assets, net	61,097	10,869		
Other intangible assets, net of accumulated amortization of \$8,148 and \$8,140			84,713	76,271
Deposits and other	1,291	1,617	1,330	1,332
	\$ 665,104	\$ 595,329	\$ 670,439	\$ 688,457
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	\$ 5,861	\$ 4,602	\$ 13,628	\$ 12,794
Income taxes payable			489	489
Construction payable	23,007	30,279	11,328	20,667
Accrued payroll and related	4,190	3,784	6,156	4,097
Accrued interest	4,758	12,966	4,655	14,248
Other accrued expenses and current liabilities	13,603	9,964	19,838	19,779
Current portion of operating lease obligations	4,141	2,485	4,803	4,784
Current portion of finance lease obligations	1,659	1,581	1,731	1,694
	57,219	65,661	62,628	78,552
Operating lease obligations, net of current portion	41,627	13,418	39,488	40,248

Finance lease obligations, net of current portion	3,141	4,727	2,258	2,705
Other long-term liabilities, net of current portion	1,235	—	24,824	16,075
Long-term debt, net	464,401	401,852	465,895	465,153
Deferred income taxes, net	1,476	1,024	2,100	1,684
Contract liabilities, net of current portion	6,432	8,856	5,961	6,192
	<u>575,531</u>	<u>495,538</u>	<u>603,154</u>	<u>610,609</u>
Commitments and contingencies (Note 6)				
Stockholders' equity				
Common stock, \$0.0001 par value, 100,000,000 shares authorized; 35,302,549 and 35,302,549 shares issued and 34,587,350 and 34,407,654 shares outstanding	4	4		
Common stock, \$0.0001 par value, 100,000,000 shares authorized; 35,302,549 and 35,302,549 shares issued and 34,590,150 and 34,590,150 shares outstanding			4	4
Additional paid-in capital	112,575	110,590	114,038	113,329
Treasury stock, 715,199 and 894,895 common shares	(872)	(1,091)		
Treasury stock, 712,399 and 712,399 common shares			(869)	(869)
Accumulated deficit	(22,134)	(9,712)	(45,888)	(34,616)
	<u>89,573</u>	<u>99,791</u>	<u>67,285</u>	<u>77,848</u>
	<u>\$ 665,104</u>	<u>\$ 595,329</u>	<u>\$ 670,439</u>	<u>\$ 688,457</u>

See **condensed** notes to **condensed** consolidated financial statements.

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FULL HOUSE RESORTS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

(In thousands)

	Additional						Total						Additional						Total						
	Common Stock		Paid-in		Treasury Stock		Accumulated		Stockholders' Equity		Common Stock		Paid-in		Treasury Stock		Accumulated		Stockholders' Equity						
	Shares	Dollars	Shares	Dollars	Shares	Dollars	Deficit	Equity	Shares	Dollars	Shares	Dollars	Deficit	Equity	Shares	Dollars	Shares	Dollars	Deficit	Equity	Shares	Dollars	Shares	Dollars	
Balance, January 1, 2023	35,302	\$ 4	\$ 110,590	895	\$ (1,091)	\$ (9,712)	\$ 99,791																		
Options exercised	—	—	12	(4)	5	—	17																		
Balance, January 1, 2024																									
Stock-based compensation	—	—	748	—	—	—	748	—	—	709	—	—	—	—	—	—	—	—	—	—	—	—	—	709	
Net loss	—	—	—	—	—	(11,415)	(11,415)	—	—	—	—	—	—	—	—	—	—	(11,272)	(11,272)						
Balance, March 31, 2023	35,302	4	111,350	891	(1,086)	(21,127)	89,141																		

Options exercised and restricted	—	—	(65)	(166)	202	—	137
Stock-based compensation	—	—	655	—	—	—	655
Net loss	—	—	—	—	—	(5,600)	(5,600)
Balance, June							
30, 2023	35,302	4	111,940	725	(884)	(26,727)	84,333
Restricted	—	—	(91)	(10)	12	—	(79)
stocks vested	—	—	726	—	—	—	726
Stock-based compensation	—	—	—	—	—	—	—
Net income	—	—	—	—	—	4,593	4,593
Balance,							
September 30,							
2023	35,302	\$ 4	\$ 112,575	715	\$ (872)	\$ (22,134)	89,573
Balance, March							
31, 2024							

	Retained Earnings						Additional				Total			
	Common Stock		Paid-in Capital		Treasury Stock		Common Stock		Paid-in Capital		Treasury Stock		Accumulated Stockholders Deficit	Total Equity
	Shares	Dollars	Shares	Dollars	Shares	Dollars	Shares	Dollars	Shares	Dollars	Shares	Dollars		
Balance,														
January 1,														
2022	35,302	\$ 4	\$ 108,911	1,060	\$ (1,292)	\$ (1,292)	5,092	\$ 112,715						
Options exercised and restricted	—	—	14	(103)	125	—	—	139						
stocks vested	—	—	343	—	—	—	—	343						
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—		
Net income	—	—	—	—	—	—	110	110						
Balance, March														
31, 2022	35,302	4	109,268	957	(1,167)	\$ (1,167)	5,202	113,307						
Restricted	—	—	(47)	(39)	47	—	—	—						
stocks vested	—	—	487	—	—	—	—	487						
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—		
Net loss	—	—	—	—	—	(4,355)	(4,355)	(4,355)						
Balance, June														
30, 2022	35,302	4	109,708	918	(1,120)	\$ (1,120)	847	109,439						
Balance,														
January 1,														
2023														
Options exercised	—	—	9	(15)	18	—	27	—	—	12	(4)	5	—	
Stock-based compensation	—	—	532	—	—	—	532	—	—	748	—	—	748	
Net loss	—	—	—	—	—	(3,577)	(3,577)	(3,577)	—	—	—	(11,415)	(11,415)	

Balance,					
September 30,					
2022	35,302	\$ 4 \$ 110,249	903 \$ (1,102)	\$ (2,730)	106,421
Balance, March					
31, 2023					
	35,302	\$ 4 \$ 111,350	891 \$ (1,086)	\$ (21,127)	89,141

See **condensed** notes to **condensed** consolidated financial statements.

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FULL HOUSE RESORTS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)

	Nine Months Ended		Three Months Ended	
	September 30,	2023	March 31,	2024
Cash flows from operating activities:				
Net loss	\$ (12,422)	\$ (7,822)	\$ (11,272)	\$ (11,415)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	22,482	6,012	10,625	5,859
Amortization of debt issuance costs, discounts and premiums	2,042	1,227	743	547
Non-cash change in ROU operating lease assets	2,810	2,506	804	1,026
Stock-based compensation	2,129	1,362	709	748
Loss on disposal of assets	7	3	18	—
Gain on settlements	(384)	—	—	—
Loss on modification of debt	—	4,530	—	—
Provision for (recovery of) credit losses			255	(50)
Gain on insurance settlement			—	(355)
Other operating activities	437	—	—	390
Deferred income taxes	452	(16)	416	(35)
Increases and decreases in operating assets and liabilities:				
Accounts receivable	(4,190)	1,887	27	(1,520)
Prepaid expenses, inventories and other	(643)	(2,784)	(421)	18
Operating lease liabilities	(2,654)	(2,626)	(741)	(997)
Contract liabilities	(1,611)	2,635	(1,714)	643
Accounts payable and other liabilities	(5,248)	(6,874)	(3,849)	(2,151)
Net cash provided by operating activities	3,207	40	(4,400)	(7,292)
Cash flows from investing activities:				
Capital expenditures	(119,898)	(116,148)	(22,636)	(51,832)
Proceeds from insurance settlement related to property damage	355	—	—	355
Acquisition of intangible assets	(50,251)	—	(1)	(50,250)
Other	—	(1,086)	2	—
Net cash used in investing activities	(169,794)	(117,234)	(22,635)	(101,727)

Cash flows from financing activities:				
Proceeds from Senior Secured Notes due 2028 borrowings	40,000	100,000	—	40,000
Proceeds from premium on Senior Secured Notes due 2028 borrowings	—	2,000	—	40,000
Payment of debt discount and issuance costs	(6,494)	(7,945)	—	(6,420)
Borrowings under revolving credit facility	42,950	—	3,000	36,000
Repayment of revolving credit facility borrowings	(15,950)	—	(3,000)	(9,000)
Repayment of finance lease obligations	(1,159)	(383)	(410)	(358)
Proceeds from exercise of stock options	75	166	—	17
Other	(19)	(108)	(61)	—
Net cash provided by financing activities	59,403	93,730	(471)	60,239
Net cash (used in) provided by financing activities				
Net decrease in cash, cash equivalents and restricted cash	(107,184)	(23,464)	(27,506)	(48,780)
Cash, cash equivalents and restricted cash, beginning of period	191,176	265,293	73,794	191,176
Cash, cash equivalents and restricted cash, end of period	\$ 83,992	\$ 241,829	\$ 46,288	\$ 142,396

See **condensed** notes to **condensed** consolidated financial statements.

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FULL HOUSE RESORTS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) – (Continued)
(In thousands)

	Nine Months Ended		
	September 30,	2023	2022
Supplemental Cash Flow Disclosure:			
Cash paid for interest, net of amounts capitalized	\$ 25,539	\$ 27,726	
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Accounts and construction payables related to property and equipment	\$ 23,065	\$ 17,312	
Note payable incurred for asset acquisition	1,500	—	
Right-of-use assets obtained in exchange for operating lease liabilities	30,178	475	
Right-of-use asset and liability remeasurements:			
Operating leases	2,341	1,773	
Financing leases	(151)	—	
Three Months Ended			
March 31,			
	2024	2023	
Supplemental Cash Flow Disclosure:			
Cash paid for interest, net of amounts capitalized	\$ 19,037	\$ 14,048	
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Payables and accruals incurred for capital expenditures	\$ 7,136	\$ 31,375	
Accrued liability related to asset acquisition	8,449	—	

Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	—	29,238
Right-of-use asset and liability remeasurements:		
Operating leases	—	2,341
Financing leases	—	(207)

See **condensed** notes to **condensed** consolidated financial statements.

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FULL HOUSE RESORTS, INC. AND SUBSIDIARIES

CONDENSED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. ORGANIZATION

Organization. Formed as a Delaware corporation in 1987, Full House Resorts, Inc. owns, leases, operates, develops, manages, and/or invests in casinos and related hospitality and entertainment facilities. References in this document to "Full House," the "Company," "we," "our," or "us" refer to Full House Resorts, Inc. and its subsidiaries, except where stated or the context otherwise indicates.

The Company currently operates **six** **seven** casinos: **five** **six** on real estate that we own or lease and one located within a hotel owned by a third party. **We** **In** **February 2023, we opened our temporary American Place facility, which we are currently constructing** **permitted to operate until August 2027; we have already begun the design work for the permanent replacement facility.** **In December 2023, we began the phased opening of our seventh** **newest** **property, Chamonix Casino Hotel ("Chamonix"), located adjacent to our existing Bronco Billy's Casino and Hotel in Cripple Creek, Colorado.** **We are also designing our permanent American Place casino destination, which will be built adjacent to a temporary facility that we opened in February 2023, named The Temporary by American Place ("The Temporary").** Additionally, we benefit from seven permitted sports wagering "skins" – three in Colorado, three in Indiana, and one in Illinois. Other companies **currently operate or will operate these** **the active** online sports wagering websites under their brands, paying us a percentage of revenues, as defined, subject to annual minimum amounts. **Regarding our remaining idle skins, we continue to evaluate whether to operate our remaining idle skins ourselves or to have other third parties operate them.** However, there is no certainty that we will be able to enter into agreements with replacement operators or successfully operate the skins ourselves.

Starting in the first quarter of 2023, the Company updated its reportable segments to Midwest & South, West, and Contracted Sports Wagering. This change reflects a realignment within the Company as a result of our continued growth. See [Note 9](#) for additional information about the Company's segments. **segments, see [Note 8](#).**

The following table presents selected information concerning our segments:

Segments and Properties	Locations
Midwest & South	
The Temporary by American Place (opened on February 17, 2023) and American Place (under development)*	Waukegan, IL (northern) (northern suburb of Chicago)
Silver Slipper Casino and Hotel	Hancock County, MS (near New Orleans)
Rising Star Casino Resort	Rising Sun, IN (near Cincinnati)
West	
Bronco Billy's Casino and Chamonix Casino Hotel*	Cripple Creek, CO (near Colorado Springs)
Chamonix Casino Hotel (scheduled to open on December 26, 2023)	Cripple Creek, CO (near Colorado Springs)

Grand Lodge Casino (leased and part of the Hyatt Regency Lake Tahoe Resort, Spa and Casino)	Incline Village, NV (North Shore of Lake Tahoe)
Stockman's Casino	Fallon, NV (one hour east of Reno)
Contracted Sports Wagering	
Three sports wagering websites ("skins"), one of which is currently idle	Colorado
Three sports wagering websites ("skins"), two of which are currently idle	Indiana
One sports wagering website ("skin"), commenced in August 2023	Illinois

* The temporary American Place facility and Chamonix opened on February 17 and December 27, 2023, respectively.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. As permitted by the rules and regulations of the Securities and Exchange Commission ("SEC"), certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") have been condensed or omitted. These **condensed** consolidated financial statements should be read in conjunction with the Company's **2022** **2023** annual consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

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The interim **condensed** consolidated financial statements of the Company included herein reflect all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of annualized results for an entire year.

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The **condensed** consolidated financial statements include the accounts of Full House and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Fair Value and the Fair Value Input Hierarchy. Fair value measurements affect the Company's accounting for net assets acquired in acquisition transactions and certain financial assets and liabilities. Fair value measurements are also used in the Company's periodic assessments of long-lived tangible and intangible assets for possible impairment, including for property and equipment, goodwill, and other intangible assets. Fair value is defined as the expected price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

GAAP categorizes the inputs used for fair value into a three-level hierarchy:

- Level 1: Observable inputs, such as quoted prices in active markets for identical assets or liabilities;
- Level 2: Comparable inputs other than quoted prices that are observable for similar assets or liabilities in less active markets; and
- Level 3: Unobservable inputs which may include metrics that market participants would use to estimate values, such as revenue and earnings multiples and relative rates of return.

Methods and assumptions used to estimate the fair value of financial instruments are affected by the duration of the instruments and other factors used by market participants to estimate value. The carrying amounts for cash and equivalents, restricted cash, accounts receivable, and accounts payable approximate their estimated fair value because of the short durations of the instruments and inconsequential rates of interest.

Cash Equivalents and Restricted Cash. Cash equivalents include cash involved in operations and cash in excess of daily requirements that is invested in highly liquid, short-term investments with initial maturities of three months or less when purchased.

Restricted cash balances consist of funds placed into **a construction reserve**, an interest-bearing account to fund the completion of the Chamonix construction project, in accordance with the Company's debt covenants.

Accounts Receivable, Receivable and Credit Risk. Accounts receivable consist primarily of casino, hotel, **certain sports wagering contracts that pay us in arrears**, and other **receivables, receivables**. Accounts receivable are typically non-interest bearing, **recorded initially at cost**, and are carried net of an appropriate reserve to approximate fair value. **Reserves** **Loss reserves** are estimated based on specific review of customer accounts including the customers' willingness and ability to pay and nature of collateral, if any, as well as historical collection experience and current **and expected** economic and business conditions. Accounts are written off when management deems the account to be uncollectible and recoveries of accounts previously written off are recorded when received.

(In thousands)	September 30, 2023		December 31, 2022		March 31, 2024	December 31, 2023
	\$	8,508	\$	4,331		
Accounts receivable						
Less: Reserves		(236)		(249)		
Casino					\$ 356	\$ 343
Trade Accounts					3,106	3,479
Other Operations, excluding Contracted Sports Wagering					154	185
Contracted Sports Wagering					2,428	1,932
Other					305	582
	\$	8,272	\$	4,082	6,349	6,521
Less: Provision for credit losses					(1,299)	(1,189)
	\$	5,050	\$	5,332		

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The following table shows the movement in the provision for credit losses recognized for accounts receivable that occurred during the period:

(In thousands)	2024		2023	
	\$	1,189	\$	249
Balance at January 1				
Current period provision for (recovery of) credit losses		255		(50)
Write-offs		(145)		—
Balance at March 31	\$	1,299	\$	199

At September 30, 2023 March 31, 2024, estimated loss reserves for the balance in accounts receivables includes \$3.6 million current year include an additional provision of \$250,000 in connection with two online sports wagering agreements, that ceased operations which remain active in September 2023. We received all of such amount in October 2023.

Management believes that, Colorado and Indiana as of September 30, 2023 this report date. Management regularly evaluates the adequacy of the Company's recorded reserves. As of March 31, 2024, we believe that no significant concentrations of credit risk existed for which a reserve had not already been recorded.

Other Intangible Assets. In March 2023, the Company paid \$50.3 million to the Illinois Gaming Board ("IGB") for required gaming license fees to operate ~~The Temporary~~, the temporary American Place facility, and upon its opening, ~~American Place~~, the permanent facility. Management has deemed the gaming license in Illinois as having an indefinite economic life, as such license is eligible for renewal every four years if all regulatory requirements are met. There ~~may be is~~ an additional one-time reconciliation fee, ~~depending~~ based on interim gaming revenues, which is calculated three years after commencing operations and can operations. The minimum present value of this long-term obligation was determined as of March 31, 2024 to be paid over a six-year period, \$23.4 million, which also corresponds to the increase in cost basis for the gaming license in Illinois. See [Note 6](#) for details.

9 The long-term obligation for the Company's gaming license in Illinois consisted of the following, as discussed above:

(In thousands)	March 31,	December 31,
	2024	2023
IGB Reconciliation Fee due 2026*	\$ 33,870	\$ 22,092
Less: Amount representing interest	(10,516)	(7,187)
Present value of IGB Reconciliation Fee	\$ 23,354	\$ 14,905

* This one-time fee will be paid in six annual installments beginning in February 2026.

Revenue Recognition:

Accrued Club Points and Customer Loyalty Programs: Operating Revenues and Related Costs and Expenses. The Company's revenues consist primarily of casino gaming, food and beverage, hotel, and other revenues (such as sports wagering, golf, RV park operations, and entertainment). The majority of the Company's revenues are derived from casino gaming, principally slot machines.

The transaction price for a casino wager is the difference between gaming wins and losses, not the total amount wagered. As such wagers have similar characteristics, the Company accounts for its gaming transactions on a portfolio basis by recognizing net win per gaming day versus on an individual basis.

The Company sometimes provides discretionary complimentary goods and services ("discretionary comps"). For these types of transactions, the Company allocates revenue to the department providing the complimentary goods or services based upon its estimated standalone selling price, offset by a reduction in casino revenues.

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Many of the Company's casino customers choose to earn points under its customer loyalty programs. As points are accrued, the Company defers a portion of its casino revenue based on the estimated standalone value of loyalty points being earned by the customer. The standalone value of loyalty points is derived from the retail value of food, beverages, hotel rooms, and other goods or services for which such points may be redeemed. A liability related to these customer loyalty points is recorded, net of estimated breakage and other factors, until the customer redeems these points for various loyalty program benefits, primarily for "free casino play," complimentary dining, or hotel stays, among others, depending on each property's specific offers. Upon redemption, the related revenue is recognized at retail value within the department providing the goods or services. Unredeemed points are forfeited if the customer becomes and remains inactive for a specified period of time. Such liabilities were approximately

\$0.8 million for September 30, 2023 each of March 31, 2024 and \$0.7 million for December 31, 2022 December 31, 2023, and these amounts are included in "other accrued expenses and current liabilities" on the condensed consolidated balance sheets.

Revenue for food and beverage, hotel, and other revenue transactions, is typically the net amount collected from customers for such goods and services, plus as described in "Other Revenues" below, includes the retail value of (i) discretionary comps and (ii) comps provided in return for redemption of loyalty points. The Company records such revenue as the good or service is transferred to the customer. Additionally, the Company may collect deposits in advance for future hotel reservations or entertainment, among other services, which represent obligations of the Company until the service is provided to the customer.

Deferred Revenues: Market Access Fees from Sports Wagering Agreements. The Company entered into several agreements with various unaffiliated companies allowing for online sports wagering within Indiana, Colorado and Illinois, as well as on-site sports wagering at The Temporary/American Place (the "Sports Agreements"). As part of these long-term Sports Agreements, the Company received one-time "market access" fees, which are recorded as long-term liabilities and then recognized as revenue ratably over the initial contract terms (or as accelerated due to early termination), beginning with the earlier of operations commencement or contractual commencement. One of the Company's contracted parties recently announced that it was ceasing online operations in several states, including in Indiana and Colorado. Accordingly, this accelerated the revenue recognition of \$1.5 million in related market access fees, which was recognized in the third quarter of 2023, a contracted party ceased online operations in Indiana and created Colorado, thus creating one available skin in each of Indiana and Colorado state.

Indiana. The Company's three Sports Agreements commenced operations in December 2019, April 2021 and December 2021. Two of these Sports Agreements ceased operations, one in May 2022 and the second in September 2023. Under the Company's remaining one active Sports Agreement in Indiana that commenced in December 2021, we receive a percentage of revenues (as defined), subject to an annualized minimum of \$1.0 million, while the \$1.0 million market access fee is being amortized over the initial 10-year term of the agreement. For its two idle skins, the Company could operate the skins itself or utilize replacement operators. There is no certainty that the Company will be able to enter into agreements with replacement operators or successfully operate the skins itself.

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Colorado. The Company's three original Sports Agreements commenced operations in June 2020, December 2020 and April 2021. Two of these Sports Agreements ceased operations, one in May 2022 and the second in September 2023. In December 2022, the Company signed a Sports Agreement with a new third party for one of its available skins. The upfront fee was capitalized upon signing. In March 2023, when the Sports Agreement began its contractual term, we began amortization of the upfront fee over the 10-year term of the agreement. Under the Company's two current active Sports Agreements in Colorado, we receive a percentage of revenues (as defined), subject to annualized minimums totaling \$2.0 million. Market access fees of \$1.0 million for each agreement, which commenced in June 2020 and March 2023, are being amortized over their 10-year terms. For its idle skin, the Company could operate the skin itself or utilize a replacement operator. There is no certainty that the Company will be able to enter into an agreement with a replacement operator or successfully operate the skin itself.

Illinois. In May 2022, Under the Company signed a Company's Sports Agreement for its sole in Illinois, sports skin and received an upfront fee of \$5.0 million, which was capitalized. In August 2023, when the Sports Agreement began its contractual term, we began amortization of the upfront fee over the eight-year term of the agreement. The Company will also receive a percentage of revenues (as defined), subject to a minimum of \$5.0 million per year. A market access fee of \$5.0 million is being amortized over the eight-year term of the Sports Agreement, which began its contractual term in August 2023.

In addition to the "market access" market access fees, deferred revenue includes quarterly and annual prepayments of contracted revenue, as required in four two of the Sports Agreements. As of September 30, 2023 March 31, 2024, \$3.4 \$1.5 million of such deferred revenue has been recognized during the year.

Deferred revenues consisted of the following, as discussed above:

(In thousands)	September 30, December 31,	March 31, December
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	Balance Sheet Location	2023	2022	Balance Sheet Location	2024	2023
Deferred revenue, current	Other accrued expenses and current liabilities\$	2,435	\$ 1,651	Other accrued expenses and current liabilities\$	4,692	\$ 6,666
Deferred revenue, net of current portion	Contract liabilities, net of current portion	6,432	8,856	Contract liabilities, net of current portion	5,961	6,666
		\$ 8,867	\$ 10,507		\$ 10,653	\$ 12,332

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Other Revenues. The transaction price of rooms, food and beverage, and retail contracts is the net amount collected from the customer for such goods and services. The transaction price for such contracts is recorded as revenue when the good or service is transferred to the customer over their stay at the hotel or when the delivery is made for the food, beverage, retail and other contracts. Sales and usage-based taxes are excluded from revenues.

Revenue by Source. The Company presents earned revenue as disaggregated by the type or nature of the good or service (casino, food and beverage, hotel, and other operations comprised mainly of retail, golf, entertainment, and contracted sports wagering) and by relevant geographic region within [Note 9.B](#).

Income Taxes. For interim income tax reporting for the three and nine months ended [September 30, 2023](#) [March 31, 2024](#), the Company estimates its annual effective tax rate and applies it to its year-to-date pretax income or loss.

Reclassifications. The Company made certain minor financial statement presentation reclassifications to prior-period amounts to conform to the current-period presentation. Such reclassifications had no effect on the previously reported results of operations or financial position.

Earnings (Loss) Per Share. Earnings (loss) per share is net income (loss) applicable to common stock divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects additional dilutive effects for all potentially-dilutive securities, including share-based awards outstanding under the Company's stock compensation plan, using the treasury stock method.

Leases. The Company determines if a contract is, or contains, a lease at inception or modification of the agreement. A contract is, or contains, a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. Control over the use of the identified asset means that the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset.

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For material leases with terms greater than a year, the Company records right-of-use ("ROU") assets and lease liabilities on the balance sheet, as measured on a discounted basis. For finance leases, the Company recognizes interest expense associated with the lease liability, as well as depreciation (or amortization) expense associated with the ROU asset, depending on whether those ROU assets are expected to transfer to the

Company upon lease expiration. If ownership of a finance lease ROU asset is expected to transfer to the Company upon lease expiration, then it is included with the Company's property and equipment; other qualifying finance lease ROU assets, based on other classifying criteria under Accounting Standards Codification 842 ("ASC 842"), are disclosed separately as "Finance Lease Right-of-Use Assets, Net." For operating leases, the Company recognizes straight-line rent expense.

The Company does not recognize ROU assets or lease liabilities for leases with a term of 12 months or less. However, costs related to short-term leases with terms greater than one month, which the Company deems material, are disclosed as a component of lease expenses when applicable. Additionally, the Company accounts for new and existing leases containing both lease and non-lease components ("embedded leases") together as a single lease component by asset class for gaming-related equipment; therefore, the Company does not allocate contract consideration to the separate lease and non-lease components based on their relative standalone prices.

Finance and operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement, plus any qualifying initial direct costs paid prior to commencement for ROU assets. As the implicit rate is not determinable in most of the Company's leases, management uses the Company's incremental borrowing rate as estimated by third-party valuation specialists in determining the present value of future payments based on the information available at the commencement date and/or modification date. The expected lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term for operating leases. For finance leases, the ROU asset depreciates/amortizes on a straight-line basis over the shorter of the lease term or useful life of the ROU asset as applicable, and the lease liability accretes interest based on the interest method using the discount rate determined at lease commencement.

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Preopening costs. Preopening costs are related to the preopening phases of new ventures, in accordance with accounting standards regarding start-up activities, and are expensed as incurred. These costs consist of payroll, advertising, outside services, organizational costs and other expenses directly related to both the Chamonix and **The Temporary/American Place** developments.

Debt Issuance Costs and Debt Discounts/Premiums. Debt issuance costs and debt discounts/premiums incurred in connection with the issuance of debt have been included as a component of the carrying amount of debt, and are amortized/accreted over the contractual term of the debt to interest expense, using the straight-line method, which approximates the effective interest method. When its existing debt agreements are determined to have been modified, the Company amortizes/accretes such costs to interest expense using the effective interest method over the terms of the modified debt agreement.

Recently Issued Accounting Pronouncements Not Yet Adopted. Pronouncements:

ASU 2023-09, Income Taxes, Topic 740, Improvements to Income Tax Disclosures ("Update 2023-09"). In December 2023, the FASB issued Update 2023-09 to improve income tax disclosure requirements, primarily related to rate reconciliations and income taxes paid. Update 2023-09 is effective for financial statements issued for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the impact of the adoption of Update 2023-09 to the condensed consolidated financial statements.

ASU 2023-07, Segment Reporting, Topic 280, Improvements to Reportable Segment Disclosures ("Update 2023-07"). In November 2023, the FASB issued Update 2023-07 to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Update 2023-07 is to be applied retrospectively and is effective for financial statements issued for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the impact of the adoption of Update 2023-07 on the condensed consolidated financial statements.

The Company believes that there are no other recently-issued accounting standards not yet effective that are currently likely to have a material impact on its financial statements.



3. LEASES

The Company has no material leases in which it is the lessor. As lessee, the Company has finance leases for a hotel and certain equipment, **and as well as** operating leases for land, casino and office space, equipment, and buildings. The Company's remaining lease terms, including extensions, range from one month to approximately **99.98** years. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants, but the land leases at Silver Slipper and **The Temporary/American Place** do include contingent rent, as further discussed below.

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Operating Leases

Waukegan Ground Lease through February 2122 and Option to Purchase. In January 2023, the Company's subsidiary, FHR-Illinois, LLC, entered into a 99-year ground lease (the "Ground Lease") for approximately 32 acres of land (the "City-Owned Parcel") with the City of Waukegan in Illinois (the "City"). The ground lease commenced concurrently with the opening of **The Temporary American Place** on February 17, 2023. The City-Owned Parcel and an adjacent 10-acre parcel owned by the Company comprise the location of American Place, including **The Temporary, its temporary facility**. Annual rent under the Ground Lease is the greater of (i) \$3.0 million (the "Annual Guaranteed Minimum Rent"), or (ii) 2.5% of gross gaming revenue (as defined in the lease) generated by **either the Temporary or American Place**.

The Company has the right to purchase the City-Owned Parcel at any time during the term of the Ground Lease for \$30 million. If it does so prior to the opening of the permanent American Place facility, then it must continue to pay rent due to the City under the Ground Lease until the permanent casino is open.

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Silver Slipper Casino Land Lease through April 2058 and Option to Purchase. In 2004, the Company's subsidiary, Silver Slipper Casino Venture, LLC, entered into a land lease **with Cure Land Company, LLC** for approximately 31 acres of marshlands and a seven-acre parcel on which the Silver Slipper Casino and Hotel is situated. Annual minimum rent is \$0.9 million throughout the lease term until 2058, plus contingent rents of 3% of gross gaming revenue (as defined in the lease) in excess of \$3.65 million per month.

Through October 1, 2027, the Company may buy out the lease for \$15.5 million, plus a seller-retained interest in Silver Slipper Casino and Hotel's operations of 3% of net income (as defined) for 10 years following the purchase date.

Bronco Billy's / Chamonix Lease through January 2035 and Option to Purchase. The Company's subsidiary, **FHR-Colorado LLC**, leases certain parcels, including a portion of the hotel and casino, under a long-term lease. The lease term includes six renewal options in three-year increments to 2035. The Company exercised its third renewal option to extend the lease term through January 2026, with current annual lease payments of \$0.4 million. Annual minimum rent will increase to \$0.5 million starting in February 2026 with adjustments on each anniversary thereafter, based on the consumer price index. The lease contains a \$7.6 million purchase option exercisable at any time during the lease term, or as extended, and a right of first refusal on any sale of the property.

The Company's related ROU asset and liability balances on its balance sheet factor in all renewal terms through January 2035, as the Company is deemed likely to exercise each renewal unless it exercises its purchase buyout right.



Grand Lodge Casino Lease through December 2024. The Company's subsidiary, Gaming Entertainment (Nevada), LLC, has a lease with Incline Hotel, LLC, the owner of the Hyatt Regency Lake Tahoe Resort ("Hyatt Lake Tahoe"), to operate the Grand Lodge Casino. It is collateralized by the Company's interests under the lease and property (as defined in the lease) and is subordinate to the liens of the Notes (see [Note 4](#)). The lessor has an option to purchase the Company's leasehold interest and related operating assets of the Grand Lodge Casino, subject to assumption of applicable liabilities. The option price is an amount equal to the Grand Lodge Casino's positive working capital, plus Grand Lodge Casino's earnings before interest, income taxes, depreciation and amortization ("EBITDA") for the 12-month period preceding the acquisition (or pro-rated if less than 12 months remain on the lease), plus the fair market value of the Grand Lodge Casino's personal property.

The current annual rent of \$2.0 million is applicable through the remaining lease term. In February 2023, the lease was amended to extend the current term through December 31, 2024 (with no changes to rent). Accordingly, the Company remeasured this lease's related ROU asset and liability balances on its balance sheet upon the effective date of the amendment.

Corporate Office Lease through January 2025. The Company leases 4,479 square feet of office space in Las Vegas, Nevada. Annual rent is approximately \$0.2 million and the term of the office lease expires in January 2025.

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Finance Lease

Rising Star Casino Hotel Lease through October 2027 and Option to Purchase. The Company's Indiana subsidiary, Gaming Entertainment (Indiana) LLC, leases a 104-guestroom hotel at Rising Star Casino Resort. At any time during the lease term, the Company has the option to purchase the hotel, and approximately 3.01 acres of land on which it resides, at a price based upon the hotel's original cost of \$7.7 million, reduced by the cumulative principal payments made by the Company during the lease term. At [September 30, 2023](#) [March 31, 2024](#), such potential purchase price was ~~\$2.4~~ \$2.1 million. Upon expiration of the lease term in October 2027, (i) the landlord has the right to sell the hotel to the Company, and (ii) the Company has the option to purchase the hotel. In either case, the purchase price is \$1 plus closing costs.

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The components of lease expenses are as follows:

<i>(In thousands)</i>	Classification within Statement of Operations	Three Months Ended		Nine Months Ended		Classification within Statement of Operations
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	
Lease Costs						
Operating leases:						
Fixed/base rent	Selling, General and Administrative Expenses	\$ 2,008	\$ 1,206	\$ 5,970	\$ 3,549	Selling, General and Administrative
Short-term payments	Selling, General and Administrative Expenses	—	33	22	103	Selling, General and Administrative
Variable payments	Selling, General and Administrative Expenses	281	314	935	1,069	Selling, General and Administrative
Finance leases:						
Amortization of leased assets	Depreciation and Amortization	412	39	1,113	118	Depreciation and Amortization
Interest on lease liabilities	Interest Expense, Net	89	34	309	106	Interest Expense, Net
Total lease costs		\$ 2,790	\$ 1,626	\$ 8,349	\$ 4,945	

Leases recorded on the balance sheet consist of the following:

(In thousands)		September 30, December 31,			March 31,	
Leases	Balance Sheet Classification	2023	2022	Balance Sheet Classification	2024	
Assets						
Operating lease assets	Operating Lease Right-of-Use Assets, Net	\$ 45,480	\$ 15,771	Operating Lease Right-of-Use Assets, Net	\$ 43,9	
Finance lease assets	Property and Equipment, Net ⁽¹⁾	4,448	4,566	Property and Equipment, Net ⁽¹⁾	4,3	
Finance lease assets	Finance Lease Right-of-Use Assets, Net ⁽²⁾	2,661	3,808	Finance Lease Right-of-Use Assets, Net ⁽²⁾	1,9	
Total lease assets		\$ 52,589	\$ 24,145		\$ 50,2	
Liabilities						
Current						
Operating	Current Portion of Operating Lease Obligations	\$ 4,141	\$ 2,485	Current Portion of Operating Lease Obligations	\$ 4,8	
Finance	Current Portion of Finance Lease Obligations	1,659	1,581	Current Portion of Finance Lease Obligations	1,7	
Noncurrent						
Operating	Operating Lease Obligations, Net of Current Portion	41,627	13,418	Operating Lease Obligations, Net of Current Portion	39,4	
Finance	Finance Lease Obligations, Net of Current Portion	3,141	4,727	Finance Lease Obligations, Net of Current Portion	2,2	
Total lease liabilities		\$ 50,568	\$ 22,211		\$ 48,2	

- (1) Finance lease assets are recorded net of accumulated amortization of \$2.8 million for March 31, 2024 and \$2.7 million (after the effects of \$0.6 million in disposals) for September 30, 2023 and \$3.2 million for December 31, 2022 December 31, 2023.
(2) These finance lease assets are recorded separately from Property and Equipment due to meeting qualifying classification criteria under ASC 842, but ownership of such assets is not expected to transfer to the Company upon term expiration. Additionally, amortization of these assets are expensed over the duration of the lease term or the assets' estimated useful lives, whichever is earlier.

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Maturities of lease liabilities as of September 30, 2023 March 31, 2024 are summarized as follows:

(In thousands)	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Years Ending December 31,				
2023 (excluding the nine months ended September 30, 2023)	\$ 1,923	\$ 489		
2024	7,735	1,957		
2024 (excluding the three months ended March 31, 2024)			\$ 5,835	\$ 1,468
2025	5,722	1,721	5,722	1,721
2026	4,864	652	4,864	652
2027	4,515	489	4,515	489

2028			4,515	—
Thereafter	316,582	—	312,066	—
Total future minimum lease payments	341,341	5,308	337,517	4,330
Less: Amount representing interest	(295,573)	(508)	(293,226)	(341)
Present value of lease liabilities	45,768	4,800	44,291	3,989
Less: Current lease obligations	(4,141)	(1,659)	(4,803)	(1,731)
Long-term lease obligations	\$ 41,627	\$ 3,141	\$ 39,488	\$ 2,258

Other information related to lease term and discount rate is as follows:

Lease Term and Discount Rate	September 30,	December 31,	March 31, December 31,	
	2023	2022	2024	2023
Weighted-average remaining lease term				
Operating leases	67.1 years	23.2 years	68.8 years	67.9 years
Finance leases	3.0 years	3.7 years	2.6 years	2.8 years
Weighted-average discount rate				
Operating leases	10.90 %	9.73 %	10.91 %	10.91 %
Finance leases	7.56 %	7.08 %	7.34 %	7.46 %

Supplemental cash flow information related to leases is as follows:

(In thousands)	Nine Months Ended				Three Months Ended	
	September 30,		March 31,			
	2023	2022	2024	2023		
Cash paid for amounts included in the measurement of lease liabilities:						
Operating cash flows for operating leases	\$ 5,813	\$ 3,670	\$ 1,901	\$ 1,763		
Operating cash flows for finance leases	\$ 309	\$ 106	\$ 79	\$ 111		
Financing cash flows for finance leases	\$ 1,159	\$ 383	\$ 410	\$ 378		

4. LONG-TERM DEBT

Long-term debt consists of the following:

(In thousands)	September 30,	December 31,	March 31, December 31,	
	2023	2022	2024	2023
Revolving Credit Facility due 2026	\$ 27,000	\$ —	\$ 27,000	\$ 27,000
8.25% Senior Secured Notes due 2028	450,000	410,000	450,000	450,000
Less: Unamortized debt issuance costs and discounts/premiums, net	(12,599)	(8,148)	(11,105)	(11,847)
	\$ 464,401	\$ 401,852	\$ 465,895	\$ 465,153

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Senior Secured Notes due 2028. On February 12, 2021, the Company issued \$310.0 million aggregate principal amount of 8.25% Senior Secured Notes due 2028 (the “2028 Notes”) to refinance all of its prior notes and repurchase all of its outstanding warrants. Additionally, \$180 million of bond proceeds were initially placed into a construction reserve account to fund the construction of Chamomix, which was later increased to \$221 million in January 2022 to reflect an expansion of the project.

On February 7, 2022, the Company closed a private offering for an additional \$100.0 million of Senior Secured Notes due 2028, which sold at a price of 102.0% of such principal amount. Proceeds from this sale were used: (i) to develop, equip and open **The Temporary, the temporary American Place facility**, which the Company intends to operate while it designs and constructs its permanent **American Place** facility, (ii) to pay the transaction fees and expenses of such offer and sale, and (iii) for general corporate purposes. The additional notes from this sale were issued pursuant to the indenture, dated as of February 12, 2021 (the “Original Indenture”), to which the Company issued the \$310.0 million of 2028 Notes described above. In connection with the issuance of the additional notes in February 2022, the Company and the subsidiary guarantors party to the Original Indenture also entered into three Supplemental Indentures with Wilmington Trust, National Association, as trustee.

On February 21, 2023, the Company issued an additional \$40.0 million of senior secured notes (the “Additional Notes”), thereby increasing the outstanding borrowing under the 2028 Notes to \$450.0 million (collectively, the “Notes”). Related to the issuance of the Additional Notes, the Company further amended the indenture governing the Notes (collectively, the “Amended Indenture”) and amended its revolving credit facility. Proceeds from the offering of the Additional Notes, net of related expenses and discounts, were approximately \$34 million and were used: (i) to open **The Temporary, American Place**, including the payment of related Illinois gaming license fees in March 2023, and (ii) for general corporate purposes. The Additional Notes are essentially identical to the 2028 Notes, as they are treated as a single series of senior secured debt securities with the 2028 Notes and also as a single class for all purposes under the Amended Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

The Notes bear interest at a fixed rate of 8.25% per year and mature on February 15, 2028. There is no mandatory debt amortization prior to the maturity date. Interest on the Notes is payable on February 15 and August 15 of each year.

The Notes are guaranteed, jointly and severally (such guarantees, the “Guarantees”), by each of the Company’s restricted subsidiaries (collectively, the “Guarantors”). The Notes and the Guarantees are the Company’s and the Guarantors’ general senior secured obligations, subject to the terms of the Collateral Trust Agreement (as defined in the Amended Indenture), ranking senior in right of payment to all of the Company’s and the Guarantors’ existing and future debt that is expressly subordinated in right of payment to the Notes and the Guarantees, if any. The Notes and the Guarantees will rank equally in right of payment with all of the Company’s and the Guarantors’ existing and future senior debt.

The Notes contain representations and warranties, covenants, and restrictions on dividends customary for notes of this type. Mandatory prepayments, in whole or in part, of the Notes will be required upon the occurrence of certain events, including sales of certain assets (unless such net proceeds are reinvested in the business), upon certain changes of control, or should the Company have certain unused funds in the construction disbursement account following the completion of **Chamomix**. **Chamomix** (expected around mid-2024).

On or prior to February 15, 2024, the Company may redeem up to 35% of the original principal amount of the Notes with proceeds of certain equity offerings at a redemption price of 108.25%, plus accrued and unpaid interest to the redemption date. In addition, the Company may redeem some or all of the Notes prior to February 15, 2024 at a redemption price of 100% of the principal amount of the Notes, plus accrued and unpaid interest to the redemption date and a “make-whole” premium.

At any time on or after February 15, 2024, the Company may redeem some or all of the Notes for cash at the following redemption prices:

Redemption Periods	Percentage Premium
February 15, 2024 to February 14, 2025	104.125 %
February 15, 2025 to February 14, 2026	102.063 %
February 15, 2026 and Thereafter	100.000 %

Revolving Credit Facility due 2026. On February 7, 2022, the Company entered into a First Amendment to Credit Agreement with Capital One, N.A. ("Capital One"), which, among other things, increased the borrowing capacity under the Company's Credit Agreement, dated as of March 31, 2021, from \$15.0 million to \$40.0 million. The amended \$40.0 million senior secured revolving credit facility matures on March 31, 2026 and includes a letter of credit sub-facility. The senior secured revolving credit facility may be used for working capital and other ongoing general purposes.

On February 21, 2023, the Company entered into a Second Amendment to Credit Agreement with Capital One, which, among other things, increased the amount of additional indebtedness permitted under the Company's Credit Agreement from \$25.0 million to \$40.0 million (collectively, the "Credit Facility"). Such amendment permitted the issuance of the Additional Notes, as described above.

The interest rate per annum applicable to loans under the Credit Facility is currently, at the Company's option, either (i) the Secured Overnight Financing Rate ("SOFR") plus a margin equal to 3.50% and a Term SOFR adjustment of 0.15%, or (ii) a base rate plus a margin equal to 2.50%. Upon completion of Chamonix (as defined in the agreement), the interest rate per annum applicable to loans under the Credit Facility will be reduced to, at the Company's option, either (i) SOFR plus a margin equal to 3.00% and a Term SOFR adjustment of 0.15%, or (ii) a base rate plus a margin equal to 2.00%. **Terms regarding the annual commitment fee, customary letter of credit fees, and repayment date of March 31, 2026, remain unchanged from the original Credit Agreement, dated as of March 31, 2021.**

The Credit Facility is equally and ratably secured by the same assets and guarantees securing the Notes. The Company may make prepayments of any amounts outstanding under the Credit Facility (without any reduction of the revolving commitments) in whole or in part at any time without penalty.

The Credit Facility contains a number of negative covenants that, subject to certain exceptions, are substantially similar to the covenants contained in the Notes. The Credit Facility also requires compliance with a financial covenant as of the last day of each fiscal quarter, such that Adjusted EBITDA (as defined) for the trailing 12-month period must equal or exceed the utilized portion of the Credit Facility, if drawn. As of **September 30, 2023** **March 31, 2024**, the Company was in compliance with this financial covenant and \$27.0 million of borrowings **remain** **were** outstanding under the Credit Facility.

Fair Value of Long-Term Debt. The estimated fair value of the Notes was approximately **\$394.7** **\$431.9** million for **September 30, 2023** **March 31, 2024** and **\$360.6** **\$423.0** million for **December 31, 2022** **December 31, 2023**, which values were estimated using quoted market prices (Level 1 inputs). The fair value of the Credit Facility approximates its carrying amount, as it is revolving, variable rate debt, and is classified as a Level 2 measurement.

5. INCOME TAXES

The Company's effective income tax **rates** **rate** for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2023** was **(1.6%)** **March 31, 2024** and **2023** was **(3.8%)** and **(3.8%)** **0.3%**, respectively, compared to effective income tax rates of **(0.8%)** and **0.2%** for the corresponding prior-year periods, respectively. The **changes** **change** in the effective income tax **rates** **rate** was primarily due to the Company's projections for pre-tax book income in **2023**, **2024**, the effects of tax amortization on indefinite-lived intangibles in **2023**, **2024**, valuation allowances, and certain permanent differences between tax and financial reporting purposes. The Company's income tax provision or benefit for interim periods has been determined using an estimate of its annual effective tax rate ("AETR"), adjusted for discrete items.

The Company continues to assess the realizability of deferred tax assets ("DTAs") and concluded that it has not met the "more likely than not" "more-likely-than-not" threshold. As of **September 30, 2023** **March 31, 2024**, the Company continues to provide a valuation allowance against its DTAs that cannot be offset by existing deferred tax liabilities. In accordance with Accounting Standards Codification 740 ("ASC 740"), this assessment has taken into consideration the jurisdictions in which these DTAs reside. **The valuation allowance against DTAs has no effect on the actual taxes paid or owed by the Company.**



6. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is party to a number of pending legal proceedings related to matters that occurred in the normal course of business. Management does not expect that the outcome of any such proceedings, either individually or in the aggregate, will have a material effect on the Company's financial position, results of operations and cash flows.

Contingent Gaming License Fees in Illinois

As required for its gaming licensure at The Temporary/American Place, the Company ~~may be~~ is required to make a "Reconciliation Payment" to the State of Illinois. The Reconciliation Payment is calculated three years after the commencement of gaming operations in Illinois in an amount equal to 75% of the adjusted gross receipts for the most lucrative trailing 12-month period of operations, offset by certain licensing fees ~~already~~ paid by the Company in the first quarter of 2023. ~~If such calculation of the Reconciliation Payment results in a negative amount, then the Company is not entitled to reimbursement of any licensing fees previously paid. The Reconciliation Payment if any, is due in annual installments over a period of six years, beginning in the fourth year of gaming operations, 2026.~~

7. EARNINGS (LOSS) PER SHARE

The table below reconciles basic and diluted ~~earnings (loss)~~ ~~loss~~ per share of common stock:

(In thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
Numerator:						
Net income (loss) – basic	\$ 4,593	\$ (3,577)	\$ (12,422)	\$ (7,822)		
Net income (loss) – diluted	\$ 4,593	\$ (3,577)	\$ (12,422)	\$ (7,822)		
Net loss – basic					\$ (11,272)	\$ (11,415)
Net loss – diluted					\$ (11,272)	\$ (11,415)
Denominator:						
Weighted-average common shares – basic	34,583	34,390	34,497	34,339	34,590	34,410
Potential dilution from share-based awards	2,090	89	—	60	—	—
Weighted-average common and common share equivalents – diluted	36,673	34,479	34,497	34,399	34,590	34,410
Anti-dilutive share-based awards excluded from the calculation of diluted earnings (loss) per share	1,108	3,512	3,998	2,466		
Anti-dilutive share-based awards excluded from the calculation of diluted loss per share					4,212	3,846

8. SHARE-BASED COMPENSATION

Performance-Based Shares. In January 2023, the Company issued a total of 40,541 performance-based shares to the Company's CEO under the terms of his employment agreement. In the second quarter of 2023, an additional total of 79,815 performance-based shares were issued to four other Company executives. The vesting for these performance-based shares is based on the compounded annual growth rate of the Company's Adjusted EBITDA and Free Cash Flow Per Share, as defined, for the three-year periods ending December 31, 2023, December 31, 2024, and December 31, 2025. For the 2023 period, one-sixth of such performance-based shares will vest on the anniversary date of the award if the Company's annual Adjusted EBITDA for 2023 reflects at least 10% per annum growth since 2020, and one-sixth of such performance-based shares will vest on the anniversary date if the Company's annual Free Cash Flow Per Share for 2023 reflects at least 12% per annum growth since 2020.

Vesting of the performance-based shares is similar for the 2024 and 2025 periods.

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In April 2023, the Compensation Committee approved the satisfaction of certain performance criteria related to our operations in 2022. Such performance measures involved multi-year growth rates for EBITDA and free cash flow per share. As a result, a total of 73,885 shares were approved to vest upon the later of (a) such approval by the Compensation Committee or (b) the anniversary date of their grant. During the second quarter of 2023, a total of 64,223 shares vested, while the remaining 9,662 shares vested in the third quarter of 2023.

Restricted Stock Awards. On May 18, 2023, the Company issued to non-executive members of its Board of Directors, as compensation for their annual service, a total of 70,945 restricted shares under the Company's 2015 Equity Incentive Plan (the "2015 Plan") with a one-year vesting period.

As of September 30, 2023, the Company had 671,041 share-based awards authorized by shareholders and available for grant from the 2015 Plan.

The following table summarizes information related to the Company's common stock options as of September 30, 2023:

	Number of Stock Options	Weighted Average Exercise Price
Options outstanding at January 1, 2023	3,503,235	\$ 2.80
Granted	350,754	7.40
Exercised	(53,962)	1.38
Canceled/Forfeited	(20,000)	6.88
Expired	(20,000)	3.22
Options outstanding at September 30, 2023	<u>3,760,027</u>	<u>\$ 3.22</u>
Options exercisable at September 30, 2023	<u>3,062,668</u>	<u>\$ 2.27</u>

Components of compensation expense are as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Compensation Expense				
Stock options	\$ 394	\$ 325	\$ 1,096	\$ 846
Restricted and performance-based shares	332	207	1,033	516
	<u>\$ 726</u>	<u>\$ 532</u>	<u>\$ 2,129</u>	<u>\$ 1,362</u>

As of September 30, 2023, there was approximately \$2.5 million of unrecognized compensation cost related to unvested stock options previously granted that is expected to be recognized over a weighted-average period of approximately 2.0 years. As of such date, there was also \$1.7 million of unrecognized compensation cost related to unvested restricted and performance-based shares, which is expected to be recognized over a weighted-average period of 1.3 years.

9. SEGMENT REPORTING AND DISAGGREGATED REVENUE

The Company manages its reporting segments based on geographic regions within the United States and type of income. Starting in the first quarter of 2023, the Company changed its reportable segments to Midwest & South, West, and Contracted Sports Wagering. This change reflects a realignment within the Company as a result of its continued growth. The Company's management views the regions where each of its casino resorts are located as reportable segments, in addition to its contracted sports wagering segment. Reportable segments are aggregated based on geography, economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate, and their management and reporting structure.

The Company utilizes Adjusted Segment EBITDA as the measure of segment profitability in assessing performance and allocating resources at the reportable segment level. Adjusted Segment EBITDA is defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening expenses, certain impairment charges, asset write-offs, recoveries, gain (loss) from asset disposals,

project development and acquisition costs, non-cash share-based compensation expense, and corporate-related costs and expenses that are not allocated to each segment.

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The Company utilizes Adjusted Segment EBITDA as following tables present the measure of Company's segment profit in assessing performance and allocating resources at the reportable segment level. Adjusted Segment EBITDA is defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening expenses, impairment charges, asset write-offs, recoveries, gain (loss) from asset disposals, project development and acquisition costs, non-cash share-based compensation expense, and corporate-related costs and expenses that are not allocated to each segment.

As a result of the change in reportable segments described above, the Company has recast previously-reported segment information to conform to the current presentation in the following tables: information:

	Three Months Ended September 30, 2023						
	Contracted						
	Midwest & South		West	Sports	Wagering		
Revenues							
Casino	\$ 40,341	\$ 9,899	\$ —	\$ —	\$ 50,240		
Food and beverage	8,242	844	—	—	9,086		
Hotel	2,369	191	—	—	2,560		
Other operations, including contracted sports wagering	1,601	151	7,905	7,905	9,657		
	<u>\$ 52,553</u>	<u>\$ 11,085</u>	<u>\$ 7,905</u>	<u>\$ 7,905</u>	<u>\$ 71,543</u>		
Adjusted Segment EBITDA	\$ 11,750	\$ 2,308	\$ 7,852	\$ 7,852	\$ 21,910		
Other operating costs and expenses:							
Depreciation and amortization					(8,468)		
Corporate expenses					(1,280)		
Project development costs					(21)		
Preopening costs					(1,051)		
Loss on disposal of assets					(7)		
Stock-based compensation					(726)		
Operating income					<u>10,357</u>		
Other (expense) income:							
Interest expense, net					(5,867)		
Gain on settlements					29		
					<u>(5,838)</u>		
Income before income taxes					<u>4,519</u>		
Income tax benefit					(74)		
Net income					<u>\$ 4,593</u>		

	Three Months Ended March 31, 2024						
	Contracted						
	Midwest & South		West	Sports	Wagering		
Revenues							
Casino	\$ 40,909	\$ 10,764	\$ —	\$ —	\$ 51,673		

Food and beverage	8,510	1,259	—	9,769
Hotel	2,008	844	—	2,852
Other operations, including contracted sports wagering	3,205	165	2,260	5,630
	<u>\$ 54,632</u>	<u>\$ 13,032</u>	<u>\$ 2,260</u>	<u>\$ 69,924</u>
Adjusted Segment EBITDA	\$ 12,682	\$ (133)	\$ 1,935	\$ 14,484
Other operating costs and expenses:				
Depreciation and amortization			(10,625)	
Corporate expenses			(2,075)	
Preopening costs			(1,663)	
Loss on disposal of assets			(18)	
Stock-based compensation			(709)	
Operating loss			<u>(606)</u>	
Other expense:				
Interest expense, net			(10,250)	
			<u>(10,250)</u>	
Loss before income taxes			<u>(10,856)</u>	
Income tax expense			416	
Net loss			<u>\$ (11,272)</u>	

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(In thousands)	Three Months Ended September 30, 2022				
	Contracted				
	Midwest & South		West	Wagering	Total
Revenues					
Casino	\$ 20,153	\$ 9,568	\$ —	\$ 29,721	
Food and beverage	6,078	733	—	6,811	
Hotel	2,267	223	—	2,490	
Other operations, including contracted sports wagering	1,122	151	1,098	2,371	
	<u>\$ 29,620</u>	<u>\$ 10,675</u>	<u>\$ 1,098</u>	<u>\$ 41,393</u>	
Adjusted Segment EBITDA	\$ 5,578	\$ 2,316	\$ 1,083	\$ 8,977	
Other operating costs and expenses:					
Depreciation and amortization			(2,386)		
Corporate expenses			(1,219)		
Project development costs			149		
Preopening costs			(2,594)		
Stock-based compensation			(532)		
Operating income			<u>2,395</u>		
Other expenses:					
Interest expense, net			(5,838)		
Loss on modification of debt			<u>(105)</u>		

Loss before income taxes							<u>(5,943)</u>
Income tax provision							<u>(3,548)</u>
Net loss							<u>29</u>
							<u>\$ (3,577)</u>

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	Nine Months Ended September 30, 2023						
	Contracted Sports						
	Midwest & South	West	Wagering	Total			
Revenues							
Casino	\$ 107,474	\$ 24,112	\$ —	\$ 131,586			
Food and beverage	23,032	2,387	—	25,419			
Hotel	6,638	414	—	7,052			
Other operations, including contracted sports wagering	6,123	384	10,467	16,974			
	<u>\$ 143,267</u>	<u>\$ 27,297</u>	<u>\$ 10,467</u>	<u>\$ 181,031</u>			
Adjusted Segment EBITDA	\$ 31,830	\$ 2,538	\$ 10,373	\$ 44,741			
Other operating costs and expenses:							
Depreciation and amortization				(22,482)			
Corporate expenses				(3,479)			
Project development costs				(45)			
Preopening costs				(12,634)			
Loss on disposal of assets				(7)			
Stock-based compensation				(2,129)			
Operating income				3,965			
Other (expense) income:							
Interest expense, net				(16,319)			
Gain on settlements				384			
				<u>(15,935)</u>			
Loss before income taxes				(11,970)			
Income tax provision				452			
Net loss				<u>\$ (12,422)</u>			

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(In thousands)	Nine Months Ended September 30, 2022					Three Months Ended March 31, 2023			
	Contracted Sports Wagering				Total	Contracted Sports			Total
	Midwest & South	West	Wagering	Total		Midwest & South	West	Wagering	
Revenues									
Casino	\$ 62,747	\$ 25,546	\$ —	\$ 88,293	\$ 28,852	\$ 7,135	\$ —	\$ 35,987	
Food and beverage	18,126	2,129	—	20,255	6,897	763	—	7,660	
Hotel	6,573	503	—	7,076	2,040	104	—	2,144	
Other operations, including contracted sports wagering	5,055	422	6,098	11,575	3,013	122	1,180	4,315	
	<u>\$ 92,501</u>	<u>\$ 28,600</u>	<u>\$ 6,098</u>	<u>\$ 127,199</u>	<u>\$ 40,802</u>	<u>\$ 8,124</u>	<u>\$ 1,180</u>	<u>\$ 50,106</u>	
Adjusted Segment EBITDA	\$ 21,816	\$ 4,508	\$ 6,047	\$ 32,371	\$ 10,687	\$ 56	\$ 1,161	\$ 11,904	
Other operating costs and expenses:									
Depreciation and amortization				(6,012)				(5,859)	
Corporate expenses				(4,130)				(1,779)	
Project development costs				(33)				(7)	
Preopening costs				(4,914)				(10,497)	
Loss on disposal of assets				(3)					
Stock-based compensation				(1,362)				(748)	
Operating income				<u>15,917</u>					
Other expenses:									
Operating loss								(6,986)	
Other (expense) income:									
Interest expense, net				(19,225)				(4,819)	
Loss on modification of debt				(4,530)					
Gain on insurance settlement								355	
				(23,755)				(4,464)	
Loss before income taxes				(7,838)				(11,450)	
Income tax benefit				(16)				(35)	
Net loss				<u>\$ (7,822)</u>				<u>\$ (11,415)</u>	

(In thousands)	September 30, 2023		December 31, 2022		March 31, 2024	December 31, 2023
Total Assets						
Midwest & South	\$ 287,358	\$ 194,033	\$ 300,099	\$ 298,072		
West	359,610	351,069	359,974	372,875		
Contracted Sports Wagering	5,027	1,658	1,222	977		
Corporate and Other	13,109	48,569	9,144	16,533		
	<u>\$ 665,104</u>	<u>\$ 595,329</u>	<u>\$ 670,439</u>	<u>\$ 688,457</u>		

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis of financial condition and results of operations contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions that may cause our actual results to differ materially from those discussed in the forward-looking statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes for the fiscal year ended December 31, 2022 December 31, 2023, which were included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on March 16, 2023 March 15, 2024. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. Full House Resorts, Inc., together with its subsidiaries, may be referred to as "Full House," the "Company," "we," "our" or "us," except where stated or the context otherwise indicates.

Executive Overview

Our primary business is the ownership and/or operation of casino and related hospitality and entertainment facilities, which includes offering, among other amenities, casino gambling, hotel accommodations, dining, golf, RV camping, sports betting, entertainment and retail outlets, among other amenities. We currently operate six seven casinos: five six on real estate that we own or lease and one located within a hotel owned by a third party. Construction continues In February 2023, we opened our temporary American Place facility, which we are permitted to operate until August 2027; we have already begun the design work for a seventh permanent replacement facility. In December 2023, we began the phased opening of our newest property, Chamonix Casino Hotel ("Chamonix"), located adjacent to our existing Bronco Billy's Casino and Hotel in Cripple Creek, Colorado. We are also designing our permanent American Place casino destination, which will be built adjacent to a temporary facility that we opened in February 2023 named The Temporary by American Place ("The Temporary"). Additionally, we benefit from seven permitted sports wagering "skins" – three in Colorado, three in Indiana, and one in Illinois. Other companies operate or will operate these online the active sports wagering websites under their brands, paying us a percentage of revenues, as defined, and subject to annual minimum amounts. Regarding our remaining idle skins, we continue to evaluate whether to operate them ourselves or to have other third parties operate them. However, there is no certainty that we will be able to enter into agreements with replacement operators or successfully operate the skins ourselves.

The following table identifies our segments, along with properties and their locations:

Segments and Properties	Locations
Midwest & South	
The Temporary by American Place (opened on February 17, 2023) and American Place (under development)*	Waukegan, IL (northern suburb of Chicago)
Silver Slipper Casino and Hotel	Hancock County, MS (near New Orleans)
Rising Star Casino Resort	Rising Sun, IN (near Cincinnati)
West	
Bronco Billy's Casino and Chamonix Casino Hotel*	Cripple Creek, CO (near Colorado Springs)
Chamonix Casino Hotel (scheduled to open on December 26, 2023)	Cripple Creek, CO (near Colorado Springs)
Grand Lodge Casino (leased and part of the Hyatt Regency Lake Tahoe Resort, Spa and Casino)	Incline Village, NV (North Shore of Lake Tahoe)
Stockman's Casino	Fallon, NV (one hour east of Reno)
Contracted Sports Wagering	
Three sports wagering websites ("skins"), one of which is currently idle	Colorado
Three sports wagering websites ("skins"), two of which are currently idle	Indiana
One sports wagering website ("skin"), commenced in August 2023	Illinois

* The temporary American Place facility and Chamonix opened on February 17 and December 27, 2023, respectively.

We manage our casinos based primarily on geographic regions within the United States and type of income. Starting in the first quarter of 2023, we updated our reportable segments to Midwest & South, West, and Contracted Sports Wagering, reflecting a realignment within the Company as a result of our continued growth.

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Our financial results are dependent upon the number of patrons that we attract to our properties and the amounts those guests spend per visit. While we provide credit at some of our casinos if where permitted by local gaming regulations, most of our revenues are cash-based, through customers wagering with cash or pay paying for non-gaming services with cash or credit cards. Our gaming revenues are primarily derived from slot machines, but also include other gaming activities, including table games, keno and sports betting. In addition, we receive derive a significant amount of revenue from our hotels and our food and beverage outlets. We also derive revenues from our golf course and ferry boat service at Rising Star, our recreational vehicle RV parks ("RV parks") as owned at Rising Star and managed at Silver Slipper, our ferry service at Rising Star, and retail outlets and entertainment. We often provide hotel rooms, food and beverages, entertainment, ferry usage, and golf privileges to casino customers on a complimentary basis; the value of such services is included as revenue in those categories, offset by contra-revenue in the casino revenue category. As a result, the casino revenues in our financial statements reflect patron gaming wins and losses, reduced by the retail value of complimentary services, the value of free play provided to customers, the value of points earned by casino customers that can be redeemed for services or free play, and adjustments for certain progressive jackpots offered by the Company.

We set minimum and maximum betting limits for our slot machines and table games based on market conditions, customer demand and other factors. Our gaming revenues are derived from a broad base of guests that includes both high- and low-stakes players. At Silver Slipper, our sports book operations are in partnership with a company specializing in race and sports betting. At Rising Star, Bronco Billy's, and American Place, we have contracted with other companies to operate our online sports wagering skins under their own brands in exchange for a percentage of revenues, as defined, subject to annual minimum amounts. Our operating results may also be affected by, among other things, overall economic conditions affecting the disposable income of our guests, weather conditions affecting access to our properties, achieving and maintaining cost efficiencies, taxation and other regulatory changes, and competitive factors, including but not limited to, additions and improvements to the competitive supply of gaming facilities, as well as pandemics and similar widespread health emergencies.

We may experience significant fluctuations in our quarterly operating results due to seasonality, variations in gaming hold percentages, and other factors. Consequently, our operating results for any quarter, especially contrasted with different seasonal quarters, are not necessarily comparable. Results for any particular quarter or year may not be indicative of future periods' results.

Our market environment is highly competitive and capital-intensive. Nevertheless, there are significant restrictions and barriers to entry vis-à-vis opening new casinos in most of the markets in which we operate. We rely on the ability of our properties to generate operating cash flow to pay interest, repay debt, and fund maintenance and certain growth-related capital expenditures. We continuously focus on improving the operating margins of our existing properties through a combination of revenue growth and expense management. We also assess growth and development opportunities, which include capital investments at our existing properties, the development of new properties, and the acquisition of existing properties.

Recent Developments

Chamonix Casino Hotel. Designed to integrate with our adjacent Bronco Billy's Casino, Chamonix is the only luxury casino hotel located near the Colorado Springs metropolitan area. On December 27, 2023, we began its phased opening, starting with the casino, meeting space, and approximately one-third of its 300 guestrooms. The remainder of Chamonix's guestrooms came online gradually during the first quarter. Our high-end steakhouse, 980 Prime by Barry Dakake, began welcoming its first guests on April 19, 2024, and our pool and spa are expected to begin operations before Memorial Day weekend.

American Place. In February 2023, we opened The Temporary by our temporary American Place a temporary facility in Waukegan, Illinois, that which we will are permitted to operate while we design and construct the larger, permanent until August 2027, American Place facility. The Temporary currently includes approximately 940 slot machines, 48 table games, a fine-dining restaurant, two additional restaurants, a center bar and a sportsbook. We expect to open a fine-dining restaurant later this year. The have already begun design work for the permanent American Place



facility, which is expected to include a world-class casino, with a state-of-the-art sportsbook, a premium boutique hotel comprised of 20 luxurious villas, and various food and beverage outlets. To accommodate operations for The Temporary, as well as construction of the permanent American Place facility, we entered into a 99-year ground lease and purchase option with the City of Waukegan. For more information, see [Note 3](#).

Contracted Sports Wagering. In May 2022, the Company signed a Sports Agreement for its sole Illinois sports skin and received an upfront fee of \$5.0 million, which was capitalized. In August 2023, when the Sports Agreement began its contractual term, we began amortization of the upfront fee over the eight-year term of the agreement. The Company will also receive: (a) a percentage of mobile sports revenues (as defined), subject to a minimum of \$5.0 million per year; and (b) a percentage of retail sports revenues (as defined). For more information, see [Note 2](#).

In September 2023, two of our sports wagering agreements were effectively terminated, as one of our contracted parties announced that it was ceasing online operations in several states. Accordingly, this accelerated the recognition of revenue totaling \$5.8 million, which was recognized in the third quarter of 2023, and created one available skin in each of Indiana and Colorado. As a result, we currently have one active skin in Indiana (from which we expect to receive an annualized minimum of \$1.0 million in revenues) and two idle skins. In Colorado, we currently have two active skins (from which we expect to receive \$2.0 million in annualized minimum revenues) and one idle skin. As noted above, our one permitted skin in Illinois is currently in use. For more information, see [Note 2](#).

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Debt Financing. In February 2023, we issued an additional \$40 million of senior secured notes (the "Additional Notes") and further amended the indenture governing the 2028 Notes (collectively, the "Amended Indenture"). The Additional Notes are treated as a single series of senior secured debt securities with the existing \$410 million aggregate principal amount of 8.25% Senior Secured Notes due 2028 (the "2028 Notes") and as a single class for all purposes under the Amended Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Proceeds from the offering of our Additional Notes, net of related expenses and discounts, were approximately \$34 million and were used: (i) to open The Temporary, including the payment of related Illinois gaming license fees in March 2023, and (ii) for general corporate purposes.

Also in February 2023, we entered into a Second Amendment to our Credit Agreement with Capital One (the "Credit Facility"), which, among other things, increased the amount of additional indebtedness permitted under the Credit Facility, thereby allowing for the issuance of the Additional Notes. For more information, see [Note 4](#).

Key Performance Indicators

We use several key performance indicators to evaluate the operations of our properties. These key operating measures are presented as supplemental disclosures because management uses these measures to better understand period-over-period fluctuations in our casino and hotel operating revenues. These key performance indicators include the following and are disclosed in our discussions, where applicable, for certain jurisdictions on segment performance:

Gaming revenue indicators:

Slot coin-in is the gross dollar amount wagered in slot machines and table game drop is the total amount of cash or credit exchanged into chips at table games for use by our customers. Slot coin-in and table game drop are indicators of volume, and are monitored on a consolidated basis in relation to slot and table game win. Such metrics can be influenced by marketing activity and are not necessarily indicative of profitability trends.

Slot win is the difference between customer wagers and customer winnings on slot machines. Table game hold is the difference between the amount of money or markers exchanged into chips and customer winnings paid. Slot win and table game hold percentages represent the relationship between slot win and coin-in and table game win and drop. Both the slot win and table game hold percentages are monitored on a consolidated basis in our evaluation of Company performance.

Room revenue indicators:

Hotel occupancy rate is an indicator of the utilization of our available rooms. Complimentary room sales, or the retail value of accommodations gratuitously furnished to customers, are included in the calculation of the hotel occupancy rate.

Adjusted EBITDA, Adjusted Segment EBITDA, Adjusted Segment EBITDA Margin and Adjusted Property EBITDA:

Management uses Adjusted EBITDA as a measure of our performance. For a description of Adjusted EBITDA, see "Non-GAAP Financial Measure." We utilize Adjusted Segment EBITDA, a financial measure in accordance with generally accepted accounting principles in the United States of America ("GAAP"), as the measure of segment profitability in assessing performance and allocating resources at the reportable segment level. For information regarding our operating segments, see [Note 98](#). In addition, we use Adjusted Segment EBITDA Margin, which is calculated by dividing Adjusted Segment EBITDA by the segment's total revenues.

Same-store Adjusted Segment EBITDA is Adjusted Segment EBITDA further adjusted to exclude the Adjusted Property EBITDA of properties that have not been in operation for a full year. Adjusted Property EBITDA is defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening expenses, [certain](#) impairment charges, asset write-offs, recoveries, gain (loss) from asset disposals, project development and acquisition costs, non-cash share-based compensation expense, and corporate-related costs and expenses that are not allocated to each property.

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Results of Operations

Consolidated operating results

The following tables summarize our consolidated operating results for the three and nine months ended [September 30, 2023](#) [March 31, 2024](#) and [2022](#); [2023](#):

<i>(In thousands)</i>	Three Months Ended			Nine Months Ended			Three Months Ended		
	September 30,		Increase / (Decrease)	September 30,		Increase / (Decrease)	March 31,		Increase / (Decrease)
	2023	2022		2023	2022		2024	2023	
Revenues	\$ 71,543	\$ 41,393	72.8 %	\$181,031	\$127,199	42.3 %	\$ 69,924	\$ 50,106	39.6 %
Operating expenses	61,186	38,998	56.9 %	177,066	111,282	59.1 %	70,530	57,092	23.5 %
Operating income	10,357	2,395	332.4 %	3,965	15,917	(75.1)%			
Operating loss							(606)	(6,986)	91.3 %
Interest and other non-operating expenses, net	5,838	5,943	(1.8)%	15,935	23,755	(32.9)%	10,250	4,464	129.6 %
Income tax (benefit) provision	(74)	29	(355.2)%	452	(16)	2,925.0 %			
Net income (loss)	\$ 4,593	\$ (3,577)	228.4 %	\$ (12,422)	\$ (7,822)	58.8 %			
Income tax expense (benefit)							416	(35)	1,288.6 %
Net loss							\$ (11,272)	\$ (11,415)	1.3 %

<i>(In thousands)</i>	Three Months Ended			Nine Months Ended			Three Months Ended		
	September 30,		Increase / (Decrease)	September 30,		Increase / (Decrease)	March 31,		Increase / (Decrease)
	2023	2022		2023	2022		2024	2023	
Casino revenues									
Slots	\$ 41,215	\$ 25,788	59.8 %	\$ 110,764	\$ 77,151	43.6 %	\$ 42,509	\$ 31,528	34.8 %
Table games	8,898	3,712	139.7 %	20,497	10,524	94.8 %	9,040	4,351	107.8 %
Other	127	221	(42.5)%	325	618	(47.4)%	124	108	14.8 %
	50,240	29,721	69.0 %	131,586	88,293	49.0 %	51,673	35,987	43.6 %
Non-casino revenues, net									

Food and beverage	9,086	6,811	33.4 %	25,419	20,255	25.5 %	9,769	7,660	27.5 %
Hotel	2,560	2,490	2.8 %	7,052	7,076	(0.3)%	2,852	2,144	33.0 %
Other	9,657	2,371	307.3 %	16,974	11,575	46.6 %	5,630	4,315	30.5 %
	21,303	11,672	82.5 %	49,445	38,906	27.1 %	18,251	14,119	29.3 %
Total revenues	\$ 71,543	\$ 41,393	72.8 %	\$ 181,031	\$ 127,199	42.3 %	\$ 69,924	\$ 50,106	39.6 %

(In thousands)	Three Months Ended			Nine Months Ended			Three Months Ended		
	September 30,		Increase /	September 30,		Increase /	March 31,		Increase /
	2023	2022	(Decrease)	2023	2022	(Decrease)	2024	2023	(Decrease)
Slot coin-in	\$727,889	\$485,970	49.8 %	\$ 1,932,114	\$ 1,418,874	36.2 %	\$724,849	\$540,228	34.2 %
Slot win ⁽¹⁾	\$ 52,713	\$ 35,542	48.3 %	\$ 142,384	\$ 105,018	35.6 %	\$ 53,132	\$ 41,165	29.1 %
Slot hold percentage ⁽²⁾	7.2 %	7.3 %	(0.1)pts	7.4 %	7.4 %	— pts	7.3 %	7.6 %	(0.3)pts
Table game drop	\$ 47,621	\$ 21,657	119.9 %	\$ 113,330	\$ 55,746	103.3 %	\$ 46,928	\$ 25,955	80.8 %
Table game win ⁽¹⁾	\$ 8,998	\$ 3,791	137.4 %	\$ 20,711	\$ 10,668	94.1 %	\$ 9,260	\$ 4,417	109.6 %
Table game hold percentage ⁽²⁾	18.9 %	17.5 %	1.4 pts	18.3 %	19.1 %	(0.8)pts	19.7 %	17.0 %	2.7 pts

- (1) Does not reflect reductions in casino revenues from "discretionary comps" (see [Note 2](#) for more information on our customer loyalty programs).
 (2) The three-year averages for slot hold percentage and table game hold percentage were 7.5% 7.4% and 18.3%, respectively. A significant portion of our results in the recent and prospective quarters reflect ~~at the opening of two new property, and the casinos. Their win percentages at that new property may be different from the other casinos in our portfolio. As a result, consolidated win percentages in the future~~ may differ from those in the past ~~historical averages~~.

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The following discussion is based on our ~~condensed~~ consolidated financial statements for the three ~~and nine~~ months ended ~~September 30, 2023~~ ~~March 31, 2024~~ and ~~2022~~ ~~2023~~.

Revenues. Consolidated total revenues increased by ~~72.8%~~ ~~39.6%~~ (or \$30.2 million) and 42.3% (or \$53.8 ~~\$19.8~~ million) for the ~~respective~~ three ~~and nine~~ months ended ~~September 30, 2023~~ ~~March 31, 2024~~ compared to the prior-year period. This was primarily due to a full quarter of operations in 2024 at American Place, which opened on February 17, 2023. ~~These increases reflect Revenues during the February 2023 first quarter of 2024 also benefited from the phased opening of The Temporary, Chamonix, which contributed \$23.9 million and \$54.6 million began on December 27, 2023. Gaming revenues from our integrated Bronco Billy's/Chamonix facility increased by \$3.6 million (or 115.6%), respectively. They also reflect the termination of two sports wagering agreements in September 2023, which contributed \$5.8 million in accelerated revenues (including \$2.2 million of fees that were prepaid, but were capitalized and being amortized over the original anticipated contract lives) for both the three and nine months ended September 30, 2023. Lower helped offset gaming volumes in both periods revenue declines at the Company's other properties contributed to gaming revenue declines of \$1.9 million (6.5%) and \$7.9 million (8.9% ~~\$2.0~~ million (or 8.6%), respectively, when compared to the prior-year periods.~~ period.

For more information, see "Supplemental Information – Same-store Operating Results."

Operating Expenses. Consolidated operating expenses increased by ~~56.9%~~ ~~23.5%~~ (or \$22.2 million) and 59.1% (or \$65.8 ~~\$13.4~~ million) for the three ~~and nine~~ months ended ~~September 30, 2023~~ ~~March 31, 2024~~, respectively, compared to the prior-year period. These increases were primarily due to the commencement of operations at ~~The Temporary, including \$6.7~~ American Place in February 2023 and Chamonix in December 2023. For American Place, these expenses included \$6.2 million in selling, general and administrative costs, and ~~\$6.6~~ \$5.5 million in depreciation and amortization. Similarly for Chamonix, these expenses included \$1.5 million of preopening costs, \$3.8 million in selling, general and administrative costs, and \$3.7 million in depreciation and amortization for the three months ended ~~September 30, 2023~~ ~~March 31, 2024~~. For the nine months ended September 30, 2023, The Temporary contributed to increases in operating expenses, including \$15.8 million in selling, general and administrative costs, \$16.9 million in depreciation and amortization, and \$9.9 million of preopening costs. Operating expenses also included

\$1.3 million and \$2.8 million of preopening costs for the respective three and nine months ended September 30, 2023, related to the construction and development of Chamonix.

See further information within our reportable segments described below.

Interest and Other Non-Operating Expenses.

Interest Expense

Interest expense, net, consists of the following:

(In thousands)	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Interest expense (excluding bond fee amortization and discounts/premiums)	\$ 10,436	\$ 8,682	\$ 29,518	\$ 24,733	\$ 10,208	\$ 9,020
Amortization of debt issuance costs and discounts/premiums	751	430	2,042	1,227	743	547
Capitalized interest	(4,522)	(3,039)	(12,092)	(6,500)	(361)	(3,472)
Interest income and other	(798)	(235)	(3,149)	(235)	(340)	(1,276)
	\$ 5,867	\$ 5,838	\$ 16,319	\$ 19,225	\$ 10,250	\$ 4,819

Net The increase in net interest expense for the three months ended September 30, 2023 March 31, 2024 was relatively flat, reflecting an increase primarily due to reductions in capitalized interest, related to as construction of the temporary American Place and Chamonix facilities are largely complete. Additionally, as we invested cash into the construction of Chamonix and additional interest income earned from both projects, our cash balances which nearly offset an increase were lower during the 2024 period, resulting in reduced interest expense due to additional borrowings income. Further, we issued \$40.0 million in Additional Notes in February 2023, so the first prior-year period reflects only a partial quarter of 2023. For the nine months ended September 30, 2023, net related interest expense declined primarily due to an increase in capitalized interest related to construction of The Temporary and Chamonix, as well as additional income earned from our cash balances, expense.

Other Non-Operating Expenses, Net

For the three months ended September 30, 2023 March 31, 2024, we had no other non-operating expense. The corresponding prior-year period had \$355,000 of other non-operating income, of \$29,000, consisting of net settlement proceeds from a sports wagering contract that ended in May 2022. For the nine months ended September 30, 2023, we had other non-operating income of \$0.4 million, consisting primarily of insurance settlement proceeds from hurricane damage at Silver Slipper in 2020. For the corresponding prior-year periods, we had approximately \$0.1 million and \$4.5 million of other non-operating expenses, primarily consisting of debt modification costs related to our Additional Notes offering in February 2022.

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Income Tax Expense. We recognized an income tax benefit provision of \$74,000 \$416,000 and an income tax provision benefit of \$0.5 million \$35,000 for the respective three and nine months ended September 30, 2023, March 31, 2024 and 2023, which resulted in effective income tax rates of (1.6% (3.8%) and (3.8%), respectively. For the three and nine months ended September 30, 2022, we recognized a respective income tax provision of \$29,000 and an income tax benefit of \$16,000, which resulted in effective income tax rates of (0.8%) and 0.2% 0.3%, respectively. The changes change in the effective income tax rates were rate was primarily due to the effects of tax amortization on indefinite-lived intangibles in 2023, 2024, as well as certain permanent differences between tax and financial reporting purposes.

We do not expect to pay any federal income taxes or receive any federal tax refunds related to our 2023 results, as 2024 results. As we have incurred losses in prior periods, and we anticipate an overall any current-year taxable loss for the period, income will be offset by tax carryforwards from prior years. We continue to evaluate on a quarterly basis, (a) the ability to realize our deferred tax assets and (b) the need for a valuation



allowance, allowance on a quarterly basis. The valuation allowance, and the potential reversal of such allowance, have no bearing on the taxes actually paid by the Company.

Operating Results – Reportable Segments

We manage our casinos based primarily on geographic regions within the United States and type of income. For more information, please refer to our earlier discussion within "Executive Overview" above.

The following table presents detail by segment of our consolidated revenues and Adjusted EBITDA; see "Non-GAAP Financial Measure" for additional information. Additionally, management uses Adjusted Segment EBITDA as the measure of segment profitability in accordance with GAAP.

(In thousands)			
Revenues			
Adjusted Segment EBITDA and			
(In thousands)			
	Three Months Ended		
	March 31,		
	2024	2023	
Revenues			
Midwest & South	\$ 54,632	\$ 40,802	
West	13,032	8,124	
Contracted Sports Wagering	2,260	1,180	
	\$ 69,924	\$ 50,106	
Adjusted Segment EBITDA and			
Adjusted EBITDA			
Midwest & South	\$ 11,750	\$ 10,687	
West	2,308 (133)	2,316 56	
Contracted Sports Wagering	7,852 1,935	1,083 1,161	
Adjusted Segment EBITDA	\$ 21,910	14,484	
Corporate	(1,280) (2,075)	(1,219) (1,779)	
Adjusted EBITDA	\$ 20,630	12,409	
Adjusted Segment EBITDA Margin			
Midwest & South	22.4 23.2 %	18.8 26.2 %	
West	20.8 (1.0) %	21.7 0.7 %	
Contracted Sports Wagering	99.3 85.6 %	98.6 98.4 %	
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Supplemental Information – Same-store Operating Results

The following table presents the financial results of our Midwest & South operations on a same-store basis for the three and nine months and 2022 2023 for revenues and Adjusted Segment EBITDA; see "Non-GAAP Financial Measure" for additional information.

Same-store operations exclude results of new and acquired operating segments that have not been in operations for longer than a year, acquisition through the end of the reporting period. Accordingly, for Midwest & South, we have excluded the results of The Temporary by American Place from commencement of operations.

(In thousands)	Three Months Ended			Nine Months Ended		
	September 30,		Increase / (Decrease)	September 30,		Increase / (Decrease)
	2023	2022		2023	2022	
Midwest & South same-store total revenues ⁽¹⁾	\$ 28,663	\$ 29,620	(3.2)%	\$ 88,629	\$ 92,501	(4.2)%
The Temporary by American Place	23,890	—	N.M.	54,638	—	N.M.
American Place						
Midwest & South total revenues	\$ 52,553	\$ 29,620	77.4 %	\$ 143,267	\$ 92,501	54.9 %
Midwest & South same-store						
Adjusted Segment EBITDA ⁽¹⁾	\$ 4,966	\$ 5,578	(11.0)%	\$ 17,341	\$ 21,816	(20.5)%
The Temporary by American Place	6,784	—	N.M.	14,489	—	N.M.
American Place						
Midwest & South Adjusted Segment EBITDA	\$ 11,750	\$ 5,578	110.6 %	\$ 31,830	\$ 21,816	45.9 %
Midwest & South same-store						
Adjusted Segment EBITDA margin ⁽¹⁾	17.3 %	18.8 %	(1.5)pts	19.6 %	23.6 %	(4.0) %
The Temporary by American Place	28.4 %	— %	28.4 pts	26.5 %	— %	26.5 %
American Place						
Midwest & South						
Adjusted Segment EBITDA margin	22.4 %	18.8 %	3.6 pts	22.2 %	23.6 %	(1.4) %

N.M. Not meaningful.

(1) Same-store operations exclude results from The Temporary by American Place, which opened on February 17, 2023.

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The following table presents the financial results of our Contracted Sports Wagering operations on a same-store basis for the **130, 2023** **March 31, 2024** and **2022 2023** for revenues and Adjusted Segment EBITDA; see "Non-GAAP Financial Measure" for additional information.

Same-store operations exclude results of new and acquired operating segments that have not been in operations for longer than a year, acquisition through the end of the reporting period. Accordingly, for Contracted Sports Wagering, we have excluded the results in Illinois from commencement of revenue payments. For comparability, we also excluded accelerated revenues due to contract terminations from same-store op

(In thousands)	Three Months Ended			Nine Months Ended		
	September 30,		Increase / (Decrease)	September 30,		Increase / (Decrease)
	2023	2022		2023	2022	
Contracted Sports Wagering						
same-store total revenues ⁽¹⁾	\$ 1,370	\$ 1,098	24.8 %	\$ 3,932	\$ 4,457	(11.8)%
Accelerated revenues due to contract terminations ⁽²⁾	5,794	—	N.M.	5,794	1,641	253.1 %
Illinois	741	—	N.M.	741	—	N.M.
Contracted Sports Wagering total revenues	\$ 7,905	\$ 1,098	619.9 %	\$ 10,467	\$ 6,098	71.6 %

Contracted Sports Wagering										
same-store Adjusted Segment EBITDA ⁽¹⁾	\$ 1,336	\$ 1,083	23.4 %	\$ 3,857	\$ 4,406	(12.5)%				
Accelerated revenues due to contract terminations ⁽²⁾	5,794	—	N.M.	5,794	1,641	253.1%				
Illinois	722	—	N.M.	722	—	N.M.				
Contracted Sports Wagering										
Adjusted Segment EBITDA	<u>\$ 7,852</u>	<u>\$ 1,083</u>	625.0 %	<u>\$ 10,373</u>	<u>\$ 6,047</u>	71.5%				

Contracted Sports Wagering same-store										
Adjusted Segment EBITDA margin ⁽¹⁾	97.5 %	98.6 %	(1.1)pts	98.1 %	98.9 %	(0.8)%				
Illinois	97.4 %	— %	97.4 pts	97.4 %	— %	97.4 %				
Contracted Sports Wagering										
Adjusted Segment EBITDA margin	99.3 %	98.6 %	0.7 pts	99.1 %	99.2 %	(0.1)%				

N.M. Not meaningful.

(1) Same-store operations exclude results from Illinois, which contractually commenced on August 15, 2023. For enhanced comparability, we also excluded accelerated revenues due to contract terminations from same-store operations.

(2) For enhanced comparability, we also excluded accelerated revenues due to contract terminations from same-store operations. Such adjustments were primarily driven by the opening of The Temporary in February 2023, and two sports skins that ceased operations in the third quarter of 2023, and two sports skins that ceased operations in the second quarter of 2022.

Midwest & South

Our Midwest & South segment includes Silver Slipper Casino and Hotel, Rising Star Casino Resort and The Temporary by American Place. Total revenues for the respective three and nine months ended September 30, 2023 March 31, 2024 increased by 77.4% (\$50.8 million), primarily due to the opening of The Temporary operations from American Place. Excluding results from The Temporary, revenues declined by 3.2% (5.1% (or \$1.0 million) and 4.2% (or \$3.9 million) for the respective three and nine months ended September 30, 2023 March 31, 2024. The decline in revenues was driven by lower casino revenue for both periods, resulting in lower casino revenue for both periods.

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Reflecting the February 2023 opening of The Temporary, American Place, casino revenue increased by 100.2% (41.8% (or \$20.2 million) for the respective three and nine months ended September 30, 2023 March 31, 2024. Slot revenue for the segment increased by 88.2% (30.3% (or \$15.1 million) for the respective periods. Table games revenue also increased up 201.1% by 130.2% (or \$4.8 million) and 130.4% (or \$9.6 million) for the respective periods. The Temporary, American Place, same-store casino revenue declined by 11.2% (10.4% (or \$2.3 million) and 10.3% (or \$6.5 million) for the respective three and nine months ended September 30, 2023 March 31, 2024, primarily due to lower slot and table games hold percentages volumes at Silver Slipper and changes in prior-year periods. To a lesser extent, same-store slot revenue for both periods was adversely impacted by lower slot volumes at period. In addition, the opening of Rising Star versus the prior-year periods, likely due to the opening of competing with a relatively new competing racetrack casino in Kentucky.

Non-casino revenue increased by 29.0% (14.8% (or \$2.7 million) and 20.3% (or \$6.0 million) for the respective three and nine months ended September 30, 2023 March 31, 2024, largely due to increases in food and beverage revenue. Food and beverage revenue rose 35.6% (23.4% (or \$2.2 million) and 20.3% (or \$1.6 million) for the respective periods, including \$1.0 million and \$2.5 million opening of additional food and beverage revenue, respectively, generated by The Temporary throughout 2023 and early 2024. Hotel revenues for the segment remained relatively flat (declined by 1.6% (or \$32,000) for the respective three and nine months ended September 30, 2023 March 31, 2024, as The Temporary American Place does not currently have hotel operations.

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Adjusted Segment EBITDA increased by **110.6% 18.7%** (or \$6.2 million) and 45.9% (or \$10.0 **\$2.0** million) for the respective three and nine months ended **September 30, 2023** **March 31, 2024**. These increases reflect the February 2023 opening. This increase reflects a full quarter of The Temporary, operating **\$6.8 million and \$14.5** **\$7.4** million of Adjusted Property EBITDA, offsetting a decline in same-store Adjusted Segment EBITDA declines of **\$0.6** **\$4.5** million (20.5% or 25.5%) for the respective three and nine months ended **September 30, 2023** **March 31, 2024**. Same-store operations were over several weekends, when the majority of guests typically visit our casinos, declines in casino revenues and higher operating costs at Silver S as well as increases in labor expenses generally.

Of note, The Temporary is not yet operating at full capacity. The Temporary operated only one of its major restaurants in the first quarter, followed by the opening of the second restaurant in April. The Temporary's high-end restaurant is expected to open before the end of 2023. Also, in September 2023, an on-site sportsbook commenced.

West

Our West segment includes Grand Lodge, Casino, Stockman's Casino, Bronco Billy's Casino and Hotel, and upon its **expected opening** of the new Casino Hotel, which began its phased opening on December 27, 2023. The market in Cripple Creek, Colorado, is seasonal, favoring the summer months. Historically, the market has been seasonal, with the summer months accounting for a disproportionate share of annual revenues. Additionally, snowfall levels can impact operations, as Grand Lodge Casino is located near several major ski resorts. While Grand Lodge typically benefits from a "good" snow year, resulting in increased客流量, excessive snow levels can also result in challenging driving conditions or the closure of roads leading to the property.

Total revenues increased by **3.8% 60.4%** (or **\$0.4** **\$4.9** million) for the three months ended September 30, 2023 from improved holds, but decreased for the nine months ended September 30, 2023 **March 31, 2024**, primarily due to the phased opening of Chamonix, which was designed to integrate the two properties. Results for the prior-year period reflected planned business disruptions to accommodate the construction of Chamonix. These significant construction delays impacted gaming and restaurant capacity, as well as the temporary absence of all on-site hotel rooms and on-site self-parking. To alleviate the lack of on-site parking, the company and incurs the cost of offering complimentary valet parking, as well as a free shuttle service to an off-site parking lot.

Casino revenue increased by **3.5% 50.9%** (or **\$0.3** **\$3.6** million) for the three months ended **September 30, 2023** **March 31, 2024**, reflecting the opening of Chamonix. For the nine months ended September 30, 2023, casino revenue decreased by 5.6% (or \$1.4 million), largely due to the construction disruptions at Bronco Billy's mentioned above. Bronco Billy's Slot revenue declined **increased** by **0.9% 53.6%** (or \$0.1 million) and 8.3% (or \$1 million) for the three and nine months ended **September 30, 2023** **March 31, 2024**, despite an increase in slot hold percentage. Volumes at Bronco Billy's Grand Lodge and Chamonix increased for the three and nine months ended **September 30, 2023** **March 31, 2024**, with increased table games hold percentages at Grand Lodge, as well as improved volumes at Bronco Billy's during 2023 overall, as the property's operations, including Chamonix, accounting for the prior-year period when the property was undergoing its casino refurbishment starting in May 2023. The nine months ended September 30, 2023 were impacted by adverse weather in Nevada, especially at Grand Lodge, where heavy snowfall in February 2024 delayed the return of guests to the property, driving conditions and trip cancellations to our property. During the second quarter of 2023, lingering snowfall near Lake Tahoe delayed the return of guests to the property, which also adversely affected Grand Lodge's results. **entire period-over-period change.**

Non-casino revenue improved by **\$0.1** **\$1.3** million for each of the respective three and nine months ended **September 30, 2023** **March 31, 2024**, reflecting the opening of Chamonix. Non-casino revenue increased by 15.1% (or \$0.1 million) and 12.1% (or \$0.3 million) for the respective three and nine months ended September 30, 2023, which were primarily for the reasons noted above at Bronco Billy's.

Adjusted Segment EBITDA was relatively flat at \$2.3 **\$0.5** million for the three months ended **September 30, 2023** **March 31, 2024**, and decreased by **\$2.0** **\$0.7** million. These improvements came from Chamonix, which benefited from the opening of its 300-room hotel, gradually through increases in guest volumes at Chamonix's and Bronco Billy's restaurants.

Adjusted Segment EBITDA of **(\$0.1)** million for the **nine** **three** months ended September 30, 2023. Both periods were affected by disruptions in the construction prior-year period. Current-period results reflect the phased opening of Chamonix described above, including Casino revenue.

efficiently than expected in future quarters. Elevated expenses include the training of new employees and additional operating expenses related to operations. Results in the current period also reflect significant snowfall over several weekends, when guest traffic at our casinos is typically stronger. The operation of our new valet and parking shuttle service. The casino has also maintained much of its payroll, despite reduced activity levels. The larger workforce required to open and operate Chamonix. As mentioned, there was also adverse weather at Grand Lodge during the first half of 2022.

In addition to construction disruption due to our neighboring Chamonix project, we are currently undergoing a modest refurbishment of a portion of our Bronco Billy's properties. While Bronco Billy's casino refurbishment was completed in December 2022, the restaurant refurbishment will continue to impact the property. When Chamonix opens, Bronco Billy's will share the on-site parking garage, valet and surface parking capacity of the new casino, and also benefit from the larger workforce required to open and operate Chamonix. As mentioned, there was also adverse weather at Grand Lodge during the first half of 2022.

Contracted Sports Wagering

The Contracted Sports Wagering segment consists of our on-site and online sports wagering skins in Colorado, Indiana and Illinois.

For the three months ended **September 30, 2023** **March 31, 2024**, revenues and Adjusted Segment EBITDA were both **\$7.9** **grew 91.5%** million in the prior-year period. For the nine months ended September 30, 2023, revenues were **\$10.5** **period to \$2.3** million, and Adjusted Segment EBITDA increased from the respective **\$6.1** million and **\$6.0** **\$1.2** million in the prior-year period.

The segment to **\$1.9** million. These results of this segment reflect the start/launch of operations our permitted Illinois sports skin in **August 2023**. Under the Sports Agreement, which allows an unrelated third party to operate on-site and online sports betting in Illinois. Under such wagering agreement (as defined), subject to an annualized minimum of **\$5** million, **\$5 million**, with minimal expected expenses. Additionally, we receive a percentage of on-site and online sports betting revenues. Sports Agreement Such agreement contributed **\$0.7** million for each of **\$1.4** million in revenues, as well as Adjusted Segment EBITDA, during the three months ended **September 30, 2023** **2024 period**.

Additionally, these results reflect the acceleration of revenues from the termination of two contracted sports wagering agreements in September 2022. Revenues and Adjusted Segment EBITDA for each of the three and nine months ended September 30, 2023. For the prior-year period, revenues were **\$1.6** million for the nine months ended September 30, 2022, when one of our contracted parties ended its online and retail operations in May 2022. The termination of these terminated contracts in December 2022, when we entered into a sports wagering agreement in Colorado; this Sports Agreement began when it began its contractual term.

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Additionally, these results reflect the commencement of a replacement contract in Colorado, which began contributing to our results in November 2023. Revenues and Adjusted Segment EBITDA for the three and nine months ended December 31, 2023. For the prior-year period, revenues were **\$0.3** million in losses on sports wagering receivables of **\$0.3** million in the first quarter of 2024. There was no such provision for the prior-year period.

We currently have two idle sports skins in Indiana and one idle sports skin in Colorado. We could continue to evaluate whether to operate these skins ourselves or to have other third parties operate them. However, there is no certainty that we will be able to enter into agreements with replacement operators to have other third parties operate them. We currently have two idle sports skins in Indiana and one idle sports skin in Colorado. We could continue to evaluate whether to operate these skins ourselves or to have other third parties operate them. However, there is no certainty that we will be able to enter into agreements with replacement operators to have other third parties operate them.

Corporate

Corporate expenses for the three months ended **September 30, 2023** **March 31, 2024** rose **5.0%** **16.6%** (or **\$0.1** **\$0.3** million), with professional services, nearly offset by a decrease in accrued bonus compensation, as compared to the prior-year period. However, for the nine months ended December 31, 2023, corporate expenses declined by 15.8% (or **\$0.7** million) as the increase in third-party professional services was more than offset by a decrease in accrued bonus compensation. Revenues and Adjusted Segment EBITDA for the three and nine months ended December 31, 2023. For the prior-year period, revenues were **\$1.3** **\$2.1** million and **\$1.2** **\$1.8** million for the three months ended **September 30, 2023** **March 31, 2024** and 2022, respectively. For the nine months ended December 31, 2023, corporate expenses were **\$3.5** million and **\$4.1** million, 2023, respectively.

Non-GAAP Financial Measure

"Adjusted EBITDA" is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preoper asset write-offs, recoveries, gain (loss) from asset disposals, project development and acquisition costs, and non-cash share-based compensation presented solely as supplemental disclosure to measures reported in accordance with generally accepted accounting principles in the Un management believes this measure is (i) a widely used measure of operating performance in the gaming and hospitality industries and (ii) a hospitality companies. In addition, a version of Adjusted EBITDA (known as Consolidated Cash Flow) is utilized in the covenants within the Credit the same way as above. Adjusted EBITDA is not, however, a measure of financial performance or liquidity under GAAP. Accordingly, this meas not a substitute for net income (loss) or cash flows as an indicator of the Company's operating performance or liquidity.

The following table presents a reconciliation of net income (loss) loss and operating income loss to Adjusted EBITDA:

(In thousands)	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2023	2022	2021	2023	2022	2021
Net income (loss)	\$ 4,593	\$ (3,577)	\$ 29	\$ 20,630	\$ 7,758	\$ 34,31
Income tax (benefit) provision	(74)	29	—	—	—	—
Net loss	—	—	—	—	—	—
Income tax expense (benefit)	—	—	—	—	—	—
Interest expense, net	5,867	5,838	—	—	—	—
Loss on modification of debt	—	105	—	—	—	—
Gain on settlements	(29)	—	—	—	—	—
Operating income	10,357	2,395	—	—	—	—
Project development costs, net	21	(149)	—	—	—	—
Gain on insurance settlement	—	—	—	—	—	—
Operating loss	—	—	—	—	—	—
Project development costs	—	—	—	—	—	—
Preopening costs	1,051	2,594	—	—	—	—
Depreciation and amortization	8,468	2,386	—	—	—	—
Loss on disposal of assets	7	—	—	—	—	—
Stock-based compensation	726	532	—	—	—	—
Adjusted EBITDA	<u>\$ 20,630</u>	<u>\$ 7,758</u>	<u>\$ 34,31</u>	—	—	—

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The following tables present reconciliations of operating income (loss) to Adjusted Segment EBITDA and Adjusted EBITDA.

Three Months Ended September 30, 2023

Three
Months
Ended
March 31,
2024

(In thousands)

	Operating Income (Loss)	Depreciation and Amortization	Loss on Disposal of Assets	Project Development Costs	Preopening Costs	Stock-Based Compensation	EBITDA and Adjusted EBITDA	Operating Income (Loss)

Three Months Ended September 30, 2022

Three Months Ended March

31, 2023

(In thousands)

Three Months End

							Adjusted Segment			
Reporting segments	Reporting segments	Operating Income		Depreciation and Amortization	Project Development Costs		Stock-Based Compensation	EBITDA and Adjusted EBITDA	Operating Income	Dep Amortization
		(Loss)	Costs	Preopening Costs	EBITDA	(Loss)				
Midwest & South		\$ 2,062	\$ 1,279	—	\$ 2,237	—	\$ 5,578	\$ (4,666)	\$ (4,666)	\$ (4,666)
West		1,138	821	—	357	—	2,316		(916)	(916)
Contracted Sports Wagering		1,083	—	—	—	—	1,083		1,161	1,161
		4,283	2,100	—	2,594	—	8,977		(4,421)	(4,421)
Other operations	Other operations									
Corporate		(1,888)	286	(149)	—	532	(1,219)		(2,565)	(2,565)
		\$ 2,395	\$ 2,386	(\$ 149)	\$ 2,594	\$ 532	\$ 7,758		\$ (6,986)	\$ (6,986)

Operating expenses deducted to arrive at operating income (loss) in the above tables for the three-month periods ended September included facility rents related to: (i) Midwest & South of \$1.4 million in 2023, 2024 and \$0.5 million in 2022, 2023, and (ii) West of \$0.5 million in 2022, \$0.7 million in 2023.

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Nine Months Ended September 30, 2023

(In thousands)

Operating Depreciation Loss on Project

	Income (Loss)	and Amortization	Disposal of Assets	Development Costs	Preopening Costs	Co
Reporting segments						
Midwest & South	\$ 1,322	\$ 20,640	\$ 7	\$ —	\$ 9,861	\$ —
West	(1,985)	1,750	—	—	—	2,773
Contracted Sports Wagering	10,373	—	—	—	—	—
	<u>9,710</u>	<u>22,390</u>	<u>7</u>	<u>—</u>	<u>—</u>	<u>12,634</u>
Other operations						
Corporate	(5,745)	92	—	45	—	—
	<u>\$ 3,965</u>	<u>\$ 22,482</u>	<u>\$ 7</u>	<u>\$ 45</u>	<u>\$ 12,634</u>	<u>\$ —</u>

Nine Months Ended September 30, 2022

(In thousands)

	Loss / (gain)						Adjusted Segment EBITDA and Adjusted EBITDA
	Operating Income (Loss)	Depreciation and Amortization	on Disposal of Assets	Project Development Costs	Preopening Costs	Stock- Based Compensation	
Reporting segments							
Midwest & South	\$ 14,088	\$ 3,831	\$ 8	\$ —	\$ 3,889	\$ —	\$ 21,816
West	1,655	1,833	(5)	—	1,025	—	4,508
Contracted Sports	—	—	—	—	—	—	—
Wagering	6,047	—	—	—	—	—	6,047
	<u>21,790</u>	<u>5,664</u>	<u>3</u>	<u>—</u>	<u>4,914</u>	<u>—</u>	<u>32,371</u>
Other operations							
Corporate	(5,873)	348	—	33	—	1,362	(4,130)
	<u>\$ 15,917</u>	<u>\$ 6,012</u>	<u>\$ 3</u>	<u>\$ 33</u>	<u>\$ 4,914</u>	<u>\$ 1,362</u>	<u>\$ 28,241</u>

Operating expenses deducted to arrive at operating income (loss) in the above tables for the nine-month periods ended September 30, 2023 and March 31, 2024, were as follows: (i) Midwest & South of \$3.7 million in 2023 and \$1.5 million in 2022, and (ii) West of \$1.5 million in 2023 and \$1.4 million in 2022.

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Liquidity and Capital Resources

Cash Flows

As of September 30, 2023 March 31, 2024, we had \$84.0 \$46.3 million of cash and equivalents, including \$58.0 \$20.6 million of cash held in escrow for Chamonix's construction. We estimate that approximately between \$10 to \$15 million of cash is used in our current day-to-day operations, including the cost of machines, change and redemption kiosks, and cages. We believe that current cash balances, together with the available borrowing capacity under our credit facility and cash flows from operating activities, will be sufficient to meet our liquidity and capital resource needs for the next 12 months. Over the next several years, we invested in two large construction activities. projects that are now open to the public: American Place, which opened in February 2023, and the new American Place in December 2023.

Cash flows – operating activities. On a consolidated basis, cash provided by used in operations during the nine three months ended September 30, 2023 was \$3.2 \$4.4 million, compared to cash provided by used in operations of \$40,000 \$7.3 million in the prior-year period. Trends in our operating cash flows are as follows:

income, excluding non-cash charges, but are also affected by changes in working capital. During the current period, we benefited from the opening of American Place, which opened in February 2023. Additionally, net interest expense declined when compared to the prior-year period, benefiting capitalized interest, as we continue to invest in our Chamonix construction project in advance of its opening later this year.

Cash flows – investing activities. On a consolidated basis, cash used in investing activities during the nine months ended \$169.8 million, primarily related to Chamonix. Cash used in investing activities during the prior-year period was \$101.7 million, which includes \$50.3 million required to open The Temporary/American Place, as well as capital expenditures for to construct Chamonix and The Temporary. Activities during the prior-year period was \$117.2 million, which primarily related to capital expenditures for Chamonix and The Temporary.

Cash flows – financing activities. On a consolidated basis, cash provided by used in financing activities during the nine months ended was \$59.4 million, compared to cash provided by financing activities of \$93.7 million in the prior-year period. During 2023, net I \$27.0 million, and we received \$40.0 million of gross proceeds from the issuance of our Additional Notes to open The Temporary. In February, proceeds from the issuance of additional notes to develop The Temporary, American Place.

Other Factors Affecting Liquidity

We have significant outstanding debt and contractual obligations, in addition to planned capital expenditures related to the construction of Place, Chamonix. Our principal debt matures in February 2028. Certain planned capital expenditures designed to grow the Company, such as the to and the potential future expansion of Silver Slipper, may require additional financing and/or temporarily reduce the Company's ability to repay debt.

Our operations are subject to financial, economic, competitive, regulatory and other factors, many of which are beyond our control. Such factors cannot be accurately predicted at this time.

Debt

Long-term Debt. At September 30, 2023 March 31, 2024, we had \$450.0 million of principal indebtedness outstanding under the Note Credit Facility. We also owe \$2.4 million related to our finance lease of a hotel at Rising Star. With the exception of the Credit Facility, we have our debt debt is at fixed interest rates. See Note 4 for details on our debt obligations.

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Other

Capital Investments. In addition to normal maintenance capital expenditures, we expect to make significant capital investments related and, in the future, the permanent American Place facility.

Chamonix. We began the phased opening of Chamonix on December 27, 2023. To fund Chamonix's construction, we issued our 2028 Note into a restricted cash account dedicated to the completion of Chamonix's construction (see Note 4). As of December 31, 2022 March 31, 2024, it was approximately \$134.6 million of cash was reserved under our bond indentures to complete the construction of Chamonix, excluding pre-opening costs. We \$20.6 million, which we expect to invest approximately \$100 million in the second and third quarters of such amount 2024. In April 2024, we open the spa and rooftop pool are expected to open in 2023 and the remaining balance in 2024, with a scheduled opening second quarter of Chamonix on I

The Temporary / American Place. We were selected by the IGB to develop and operate American Place in Waukegan, Illinois. With development, we are operating The Temporary by the temporary American Place facility, which opened in February 2023. As previously noted, we expect to complete the temporary American Place facility until August 2027, thus delaying any expected meaningful capital expenditures for the permanent American Place. In 2023, 2024, we currently expect to invest approximately \$75 million modest additional amounts into this project (excluding pre-opening expenses of \$50 million of upfront gaming license payments remitted in the first quarter of 2023 (see Note 2), costs temporary American Place facility, primarily of The Temporary's the property's high-end restaurant and, potentially, modest additional amounts related to construction as well as professional fees for the permanent American Place facility. We While we expect to internally generate a portion of the needed funds to complete American Place, we will complete the permanent American Place facility. As detailed below, lawsuits as well. Lawsuits filed by an unsuccessful competitor bidder for the parties unrelated to us – may impact our ability to arrange such financing and, therefore, delay the start of meaningful construction.

Other Capital Expenditures. Additionally, we may fund various other capital expenditure projects, depending on our financial resources. Our decisions regarding strategic capital investments in new or existing facilities, and the timing of capital investments to maintain the quality of our any of our planned capital expenditure projects will be completed or that any completed projects will be successful. Our annual capital expenditure machines and related equipment; to some extent, we can coordinate such purchases to match our resources.

We evaluate projects based on a number of factors, including profitability forecasts, length of the development period, the regulatory and financial risks involved, the time required to secure the funding necessary to complete the development or acquisition, among other considerations. No assurance can be given that any additional funding will be available on acceptable terms, or that any completed projects will be successful.

Hyatt Owner's Option to Purchase our Leasehold Interest and Related Assets. Our lease with the owner of the Hyatt Lake Tahoe to an option for the lessor to purchase our leasehold interest and related casino operating assets. The lease, which has been extended several times, currently expires on December 31, 2024. We believe that we have an excellent and synergistic relationship with the lessor and hope to acquire the assets, but there is no certainty that this will be the case. See [Note 3](#) for more information.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, that have, or are reasonably likely to have, a condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are reasonably likely to have a material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources.

Critical Accounting Estimates and Policies

We describe our critical accounting estimates and policies in Note 2, Basis of Presentation and Summary of Significant Accounting Policies included in our Form 10-K for the year ended December 31, 2022. We also discuss our critical accounting estimates, Discussion and Analysis of Financial Condition and Results of Operations, in our Form 10-K for the year ended December 31, 2022. We describe the change in our estimation methods since the end of 2022.

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Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act ("Act") for which the Private Securities Litigation Reform Act of 1995 provides a safe harbor. These forward-looking statements can be identified by "anticipates," "estimates," "plans," "intends," "objectives," "goals," "aims," "projects," "forecasts," "future," "possible," "seeks," "may," "could," "should" words or expressions, as well as statements containing phrases such as "in our view," "we cannot assure you," "although no assurance can be given with certainty." Examples of forward-looking statements include, among others, statements we make regarding our plans, beliefs or expectations regarding construction budgets, estimated commencement and completion dates, expected amenities, and our expected operational performance for Chalet, Inc. and our expectations regarding the legal proceedings related to the process whereby we were granted the gaming license for American Place; our expectations regarding operating cash flow and to obtain debt financing on reasonable terms and conditions for the construction of the permanent American Place facility and other projects, including the amounts of such investments, the timing of commencement or completion of such capital improvements and financial results; our sports wagering contracts with third-party providers, including the expected revenues and expenses and our expectations regarding available idle sports wagering contracts, our ability to replace our idle any terminated sports wagering contracts in Colorado and Indiana, and our contracts ourselves; management's expectation to exercise its buyout option on the Silver Slipper Casino and Hotel; our expectations regarding the hotel tower and related amenities at Silver Slipper Casino and Hotel; our expectations regarding our ability to extend the lease at the Grand Hotel and resources to fund operating requirements and planned capital expenditures and to meet our debt and contractual obligations; expected sources of anticipated or potential legislative actions; beliefs in connection with our marketing efforts; factors that affect the financial performance of our business; competitive outlook; outcome of legal and litigation matters, including those regarding third party litigation potentially impacting The Temporary/Interim/Definitive Agreement; issued accounting standards; and estimates regarding certain accounting and tax matters, among others.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current knowledge of the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. To the extent that they relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are beyond our control. Such forward-looking statements are not guarantees of future performance and actual results may differ materially from those projected.

and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of the factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements included in Part I, Item 1A—Risk Factors and throughout Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2022 December 31, 2023, and in Part II, Item 1A—Risk Factors and elsewhere of this Form 10-Q. In addition, you should consider the other filings with the SEC or in company press releases (and the documents that we reference in this Form 10-Q and have filed with the SEC, and our Annual Report on Form 10-K for the year ended December 31, 2023) for other factors that may cause actual results to differ materially from those projected. The understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what is projected.

We undertake no obligation to publicly update or revise any forward-looking statements as a result of future developments, events or circumstances that may emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business. A combination of factors, may cause actual results to differ significantly from those forecast in any forward-looking statements. You should also be aware that, from time to time with securities analysts, we do not disclose to them any material non-public information, internal forecasts or other confidential business information. We assume that we agree with any statement or report issued by any analyst, irrespective of the content of the statement or report. To the extent that these reports contain projections, forecasts or opinions, those reports are not our responsibility and are not endorsed by us.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures — As of September 30, 2023 March 31, 2024, we completed an evaluation, under the supervision and direction of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in the Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024, our disclosure controls and procedures are effective at a reasonable assurance level in timely alerting them to material information relating to our periodic SEC filings.

We have established controls and procedures designed at the reasonable assurance level to ensure that information required to be disclosed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Act, accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decision making.

Changes in Internal Control Over Financial Reporting — There have been no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 5. Other Information

Insider Trading Arrangements — On March 13, 2024, Elaine Guidroz, our Senior Vice President, Secretary and General Counsel, adopted a plan to trade securities of our common stock (a "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to various legal and administrative proceedings relating to personal injuries, employment matters, commercial transactions and the course of business. We do not believe that the final outcome of these matters will have a material adverse effect on our condensed consolidated financial statements. We maintain what we believe is adequate insurance coverage to further mitigate the risks of such proceedings.

Item 1A. Risk Factors

In addition to the risk factors previously disclosed under Part I, Item 1A "Risk Factors" section, for the year ended December 31, 2022, the following risk factor updates were identified: December 31, 2023.

We received approval of our plans for Chamonix from the appropriate Cripple Creek authorities in 2021. Our Development Agreement requires that we complete the project by December 31, 2023. Otherwise, the City may exercise its right of reversion for previously-vacated rights of way or land. As the casino is currently scheduled to open on December 26, 2023, management believes that the Company will satisfy the requirements in the Development Agreement. An extension will not be necessary. However, there is no certainty that an extension would be granted if it were needed and requested.

Regarding The Temporary and American Place, on October 21, 2019, the Forest County Potawatomi Community, the owner/operator of The Temporary, and one of the unsuccessful bidders for the Waukegan casino license, sued the City of Waukegan seeking further consideration of its casino proposal.

In its complaint, the plaintiff alleges several violations of law and seeks monetary damages from the City of Waukegan. In January 2020, the plaintiff filed a complaint in the U.S. District Court for the Northern District of Illinois (the "Federal Action"). The City of Waukegan has moved for summary judgment on all motions. The motion has been fully briefed since January 2022, and the parties are waiting for the judge's ruling on the motion.

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On November 17, 2021, the same plaintiff filed a second lawsuit in the Circuit Court of Cook County against the City of Waukegan, the Illinois Gaming Board (IGB), and the IGB Administrator (the "State Action"). Per the State Action, the plaintiff sought, among other relief, temporary, preliminary, and permanent injunctions from taking formal steps toward issuing the Waukegan casino license; a declaration that the City failed to comply with the statutory requirements of the Illinois Gambling Act; and a declaration that the IGB, therefore, had no jurisdiction to issue an owner's license for the Waukegan casino. The judge denied the plaintiff's request for a preliminary injunction, which was later affirmed by the Appellate Court. On May 13, 2022, defendants in the State Action filed a motion to dismiss the State Action based upon the plaintiff's failure to state a claim. The court denied the motion, finding that the plaintiff had standing to pursue its claims. The Illinois Appellate Court decision was recently affirmed by the Illinois Supreme Court. Although we are not a party to either lawsuit, court rulings in these actions could negatively impact our ability to secure financing for American Place or otherwise affect our licensing. If the City of Waukegan and/or regulatory agencies were found to have operated improperly, we would likely have to close the Waukegan investment. If the plaintiff were found to be filing frivolous lawsuits to delay the development of a competing casino, we also could have to close the Waukegan investment.

Under Illinois law, a temporary casino is permitted to operate for two years, unless the IGB approves an additional year to accommodate a change in law. We were approved by the IGB to operate The Temporary for this third year. Given the Potawatomi lawsuits and their possible negative impact on American Place, it is possible that we will not be able to complete construction of American Place prior to the end of the third year, thus resulting in the closing of The Temporary and the opening of American Place. We intend to attempt to reduce the operations gap, if any. We could, for example, continue operation of The Temporary, which would permit continued employment and tax revenues while construction of the permanent American Place. Legislative relief is currently under consideration, but there is no certainty that the contemplated legislative changes will be passed. Further, completion of the

American Place or Chamonix, generally, can be delayed by any number of items outside of our control, including by weather, labor shortages delays. There is no assurance that these projects will not be subject to additional restrictions, delays, or challenges which would negatively impact

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Item6. Exhibits

Exhibit Number	Description
31.1*	Certification of principal executive officer pursuant to Exchange Act Rule 13a-14(a)/15(d)-14(a), as adopted pursuant to 2002
31.2*	Certification of principal financial officer pursuant to Exchange Act Rule 13a-14(a)/15(d)-14(a), as adopted pursuant to 2002
32.1**	Certification of principal executive officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of principal financial officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in the document)

* Filed herewith.

** Furnished herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed by the following persons on behalf of the Company and in the capacities indicated.

FULL HOUSE RESORTS, INC.

Date: **November 8, 2023** **May 8, 2024**

By: **/s/ DANIEL R. LEE**

Daniel R. Lee
Chief Executive Officer
(on behalf of the Registrant and as principal executive officer)

Date: **November 8, 2023** **May 8, 2024**

By: /s/ LEWIS A. FANGER
Lewis A. Fanger
Chief Financial Officer
(on behalf of the Registrant and as principal financial officer)

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
EXCHANGE ACT RULE 13A-14(A)/15(D)-14(A) AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Daniel R. Lee, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Full House Resorts, Inc.;
2. 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 fairly present in all material respects the operations and cash flows of the registrant as of, and for, the periods presented in this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. 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(f) and 15d-15(f)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and the registrant's consolidated subsidiaries;

 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, prior to the preparation of the report;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external financial reporting in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during 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; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to materially affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) 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: **November 8, 2023** **May 8, 2024**

By: /s/ DANIEL R. LEE
Daniel R. Lee
Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
EXCHANGE ACT RULE 13A-14(A)/15(D)-14(A) AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Lewis A. Fanger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Full House Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. 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(f) and 15d-15(f)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, prior to the preparation of the report;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external financial reporting under accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) 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; and
 - (b) 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: **November 8, 2023** **May 8, 2024**

By: /s/ LEWIS A. FANGER
Lewis A. Fanger
Chief Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Full House Resorts, Inc. for the quarter ended **September 30, 2023** **March 31, 2024** a
Commission on the date hereof (the "Report"), I, Daniel R. Lee, Chief Executive Officer of Full House Resorts, Inc., hereby certify pursuant
pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Full

Date: **November 8, 2023** **May 8, 2024**

By: /s/ DANIEL R. LEE
Daniel R. Lee

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Full House Resorts, Inc. for the quarter ended **September 30, 2023** **March 31, 2024** a Commission on the date hereof (the "Report"), I, Lewis A. Fanger, Chief Financial Officer of Full House Resorts, Inc., hereby certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Full

Date: **November 8, 2023** **May 8, 2024**

By: /s/ LEWIS A. FANGER
Lewis A. Fanger
Chief Financial Officer

DISCLAIMER

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