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

FORM 10-K

☑ **Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended: December 31, 2021

☐ **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. 001-32583

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 and zip code of principal executive offices)

(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	Name of Each Exchange on Which Registered
Common Stock, $0.0001 per Share	**FLL**	**The Nasdaq Stock Market LLC**

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

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

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

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 þ 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 þ 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	þ	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	þ		

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

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

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

The aggregate market value of Registrant's voting and non-voting common stock held by non-affiliates of the Registrant, as of June 30, 2021 (the last business day of the Registrant's most recently completed second fiscal quarter), was: $323.8 million. As of March 11, 2022, there were 34,242,581 shares of common stock, $0.0001 par value per share, outstanding.

Documents Incorporated by Reference

The information required by Part III of this Form 10-K is incorporated by reference from the Registrant's definitive proxy statement relating to the annual meeting of stockholders to be held in 2022, which definitive proxy statement is anticipated to be filed with the Securities and Exchange Commission within 120 days after the end of the Registrant's fiscal year ended December 31, 2021.

FULL HOUSE RESORTS, INC.
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PART I

Item 1. Business.

Introduction

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 five casinos: four on real estate that we own or lease and one located within a hotel owned by a third party. Construction continues for a sixth property, Chamonix Casino Hotel (“Chamonix”), adjacent to our existing Bronco Billy’s Casino and Hotel in Cripple Creek, Colorado. We also benefit from six permitted sports wagering “skins,” three in Colorado and three in Indiana. Other companies operate or will operate these online sports wagering sites under their brands, paying us a percentage of revenues, as defined, subject to annual minimum amounts.

In December 2021, we were selected to develop our “American Place” project in Waukegan, Illinois, a northern suburb of Chicago. We intend to open a temporary casino facility named The Temporary by American Place (“The Temporary”) in Summer 2022, subject to customary regulatory approvals. We expect to operate The Temporary until the opening of the permanent American Place facility and intend to include such operations as its own segment, Illinois. We also expect to receive one sports skin in Illinois upon the opening of The Temporary.

The following table presents selected information concerning our casino resort properties as of December 31, 2021:

Segments and Properties	Locations
Colorado	
Bronco Billy’s Casino and Hotel	Cripple Creek, CO (near Colorado Springs)
Chamonix Casino Hotel (under construction)	Cripple Creek, CO (near Colorado Springs)
Illinois	
American Place (under development)	Waukegan, IL (northern suburb of Chicago)
Indiana	
Rising Star Casino Resort	Rising Sun, IN (near Cincinnati)
Mississippi	
Silver Slipper Casino and Hotel	Hancock County, MS (near New Orleans)
Nevada	
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”)	Colorado
Three sports wagering websites (“skins”)	Indiana

We manage our casinos based primarily on geographic regions within the United States. Our 2021 results reflect a change in our operating segments. We now break out our on-site and online sports wagering skins in Colorado and Indiana as a standalone segment, Contracted Sports Wagering. Certain reclassifications were made to 2020 amounts to conform to current-period presentation for enhanced comparability. Such reclassifications had no effect on the previously reported results of operations or financial position. Our corporate headquarters is in Las Vegas, Nevada.

Our mission is to maximize stockholder value, while also being good employers and community participants. We seek to increase revenues by providing our customers with their favorite games and amenities, high-quality customer service, and appropriate customer loyalty programs. Our customers include nearby residents who represent a high potential for repeat visits, along with drive-in tourist patrons. We continuously focus on improving the operating results of our existing properties through a combination of revenue growth and expense management efforts. The casino resort industry is capital-intensive, and 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 also continually assess the potential impact of growth and development opportunities, including capital investments at our existing properties, the development of new properties, and the acquisition of existing properties.

Our casino properties generally operate 24 hours each day, 365 days per year. We also operate the hotel, food and beverage, and other on-site operations at Silver Slipper Casino and Hotel ("Silver Slipper"), Bronco Billy's Casino and Hotel ("Bronco Billy's"), Rising Star Casino Resort ("Rising Star") and Stockman's Casino ("Stockman's"), as well as a golf course, recreational vehicle (RV) park and ferry service at Rising Star and an RV park at Silver Slipper. At Grand Lodge Casino ("Grand Lodge"), the adjoining hotel and the food and beverage outlets are managed by Hyatt Regency Lake Tahoe Resort, Spa and Casino ("Hyatt Lake Tahoe").

Operating Properties

Silver Slipper Casino and Hotel *(Hancock County, Mississippi)*

The Silver Slipper is the western-most casino on the Mississippi Gulf Coast, midway between Biloxi, Mississippi and New Orleans, Louisiana. The property sits at the western end of an approximately eight-mile-long white sand beach, the closest such beach to the New Orleans and Baton Rouge metropolitan areas. Its customers are primarily from communities in southwestern Mississippi and southern Louisiana, including the North Shore of Lake Pontchartrain and the New Orleans and Baton Rouge metropolitan areas. In addition to its large, modern casino, the Silver Slipper offers 129 hotel rooms or suites, an on-site sportsbook, a fine-dining restaurant, a buffet, a quick-service restaurant, an oyster bar, a casino bar and a beachfront pool and bar. The Silver Slipper currently generates the most revenue and operating income of any of our properties.

The primary lease for the Silver Slipper includes approximately 38 acres, consisting of the seven-acre parcel on which the casino and hotel is situated and approximately 31 acres of protected marshlands. The lease term ends in April 2058. From April 1, 2022 through October 1, 2027, we have the option to buy out the lease.

We also manage a nearby 37-space beachfront RV park under a management contract, which expires on March 31, 2025, unless canceled by either party with prior notice of 180 days.

Bronco Billy's Casino and Hotel *(Cripple Creek, Colorado)*

Bronco Billy's is located in Cripple Creek, Colorado, a historical gold mining town located approximately one hour southwest of Colorado Springs and two hours from Denver. Its customers are primarily from the Colorado Springs/Pueblo/Cañon City metropolitan area, the second-largest metropolitan area in Colorado, with a population of approximately 900,000 residents. Its secondary market, the Denver metropolitan area, has a population of approximately four million people. Bronco Billy's occupies a significant portion of the key city block of Cripple Creek's "casino strip." In addition to gaming space, it currently offers 14 hotel rooms, a steakhouse, and a casual dining outlet. Bronco Billy's owns much of its real estate, but also leases certain parking lots and buildings, including a portion of the hotel and casino, under a long-term lease. The lease has six renewal options in three-year increments through January 2035, and we have the right to buy out the lease at any time during its term. We also commenced a three-year lease in August 2018 for a key corner on our block that was subsequently extended through August 2023, which also includes an option to buy out the lease.

We are allowed to offer online sports wagering through three sports “skins” in Colorado. Rather than operate these sports skins ourselves, we contracted with three companies to operate such skins under their own brands in exchange for a percentage of revenues, as defined in each contract, subject to annual minimum amounts paid to us. For Colorado, the sum of the minimum annual amounts is $3.5 million. If our percentage-share of sports revenue exceeds our contractual minimums, then we should receive in excess of $3.5 million on an annualized basis. We incur minimal expenses related to these revenues. As of December 31, 2021, all three of our skins had begun operations. However, one of our three skin operators subsequently informed us of their intent to cease operations on May 15, 2022. We are currently negotiating with other companies to be the replacement operator for such skin, though there can be no guarantee that any replacement contract will be entered into on similar terms or at all.

Chamonix Casino Hotel *(Cripple Creek, Colorado)*

In 2018, we began planning and design work on Chamonix, a new and distinct, luxury hotel and casino, to be located adjacent to Bronco Billy’s in Cripple Creek. Following changes made to the state’s gaming laws in November 2020, including the elimination of betting limits and the approval of new table games, we increased the size of Chamonix by 67% to approximately 300 luxury guest rooms and suites, from our previously planned 180 guest rooms. Such plans were approved by the Cripple Creek Historic Preservation Commission and Cripple Creek City Council in January and February 2021. Our construction budget for Chamonix is approximately $250 million. To fund such construction, on February 12, 2021 we issued $310 million aggregate principal amount of 8.25% Senior Secured Notes due 2028 (the “2028 Notes”) and placed a portion of such proceeds into a restricted cash account dedicated to Chamonix’s construction (see Note 6 to the consolidated financial statements set forth in Part II, Item 8. “Financial Statements and Supplementary Data”). We expect to open Chamonix in the second quarter of 2023.

Rising Star Casino Resort *(Rising Sun, Indiana)*

Rising Star is located on the banks of the Ohio River in Rising Sun, Indiana, approximately one hour from Cincinnati, Ohio, and within two hours of Indianapolis, Indiana, and Louisville and Lexington, Kentucky. In addition to its casino, Rising Star offers a land-based pavilion with approximately 31,500 square feet of meeting and convention space, a contiguous 190-guest-room hotel, an adjacent leased 104-guest-room hotel set on three acres, a 56-space RV park, four dining outlets, surface parking and an 18-hole golf course on over 230 acres. The 104-guest-room hotel is leased pursuant to an agreement that expires in October 2027 and contains a bargain purchase option, whereby we have the right to purchase the hotel and the landlord has the right to put the hotel to us, in both cases for $1 if exercised upon maturity of the lease. We also own 1.3 acres located in Burlington, Kentucky that is used as part of our ferry boat operations, as further described below.

We have completed several capital projects in recent years. In 2018, we renovated the entry pavilion and the adjoining hotel’s lobby and hallways. We also commenced operations of a ferry boat service that connects the more populous Boone County, Kentucky to our Rising Star property in Indiana. In the second half of 2019, we renovated and rebranded a casual restaurant as “Ben’s Bistro.”

We are allowed to offer online sports wagering through three sports “skins” in Indiana. As in Colorado, we contracted with three companies to operate such skins under their own brands in exchange for a percentage of revenues, as defined in each contract, subject to annual minimum amounts. The sum of the minimum annual amounts in Indiana is $3.5 million with minimal expected expenses, so that the total between the six contracts and two states is $7 million per year. If our percentage-share of sports revenue exceeds our contractual minimums in one or more contracts, then we should receive in excess of $7 million on an annualized basis. As of December 31, 2021, all three of our skins in Indiana were contractually live, with the last skin subsequently receiving gaming approval on February 28, 2022. However, one of our three skin operators subsequently informed us of their intent to cease operations on May 15, 2022. We are currently negotiating with other companies to be the replacement operator for such skin, though there can be no guarantee that any replacement contract will be entered into on similar terms or at all.

Stockman's Casino *(Fallon, Nevada)*

Stockman's is located in Churchill County, Nevada, approximately one hour from Reno, Nevada. Stockman's primarily serves the local market of Fallon and surrounding areas, including the nearby Naval Air Station, which is the Navy's premier air training facility, informally referred to as the "Top Gun" school. In addition to its casino, Stockman's offers a bar, fine-dining restaurant and coffee shop. In 2018, we completed numerous external improvements to the property, including a new porte cochère. In late 2019, we completed a significant renovation and rebranding of the Stockman's steakhouse.

Grand Lodge Casino *(Incline Village, Nevada)*

We operate Grand Lodge at the Hyatt Lake Tahoe under a lease with Incline Hotel, LLC. Grand Lodge is located within the Hyatt Lake Tahoe in Incline Village, Nevada on the north shore of Lake Tahoe and includes approximately 20,990 square feet of leased space. The Hyatt Lake Tahoe is one of three AAA Four Diamond hotels in the Lake Tahoe area. Our casino's customers consist of both locals and tourists visiting the Lake Tahoe area.

Our lease with Incline Hotel, LLC is set to expire in August 2023, but we own the personal property, including slot machines. The lease is secured by our interests under such lease, consisting of certain collateral (as defined and described in a security agreement), and is subordinate to the Notes. The landlord currently has an option to purchase our leasehold interest and operating assets of the Grand Lodge Casino at a defined price based partially on earnings.

American Place, Including The Temporary *(Waukegan, Illinois)*

In December 2021, we were chosen by the Illinois Gaming Board ("IGB") to develop American Place, a new gaming and entertainment destination located in Waukegan, Illinois, a northern suburb of Chicago, subject to final regulatory approvals. Waukegan has a population of approximately 89,000 and is the county seat of Lake County, which has a population of approximately 714,000. According to the U.S. Census Bureau, Lake County has a median household income of approximately $89,000 and is also the third most populous county in the state.

The permanent American Place facility is slated to include a world-class casino with a state-of-the-art sports book; a premium boutique hotel comprised of 20 luxurious villas, each ranging from 1,500 to 2,500 square feet with full butler service; a 1,500-seat live entertainment venue; a gourmet restaurant that will rival the finest restaurants in Chicago; additional eateries and bars; and other amenities that will attract gaming and non-gaming patrons from throughout Chicagoland and beyond.

While the larger, more lavish, permanent facility is under construction, we will operate a temporary casino facility, aptly named The Temporary by American Place. The Temporary is slated to include approximately 1,000 slot machines, 50 table games, a fine-dining restaurant, two additional restaurants, and a center bar. We intend to open The Temporary in Summer 2022, pending customary regulatory approvals.

In preparation for the opening of The Temporary, we recently agreed to purchase a "Sprung structure," which encloses an area of approximately 1.5 football fields and will house most of the temporary casino. The Sprung structure is expected to arrive on-site in April 2022. Additionally, we recently entered into an agreement to purchase approximately 10 acres of land adjoining the approximately 30-acre casino site to be leased from the city, providing space for additional parking and access to the casino site from a major road.

On February 7, 2022, we closed a private offering of $100 million aggregate principal amount of our 8.25% Senior Secured Notes due 2028 (the "Additional Notes"). The Additional Notes were sold at a price of 102.0% of the principal amount and were issued pursuant to an indenture under which we previously issued for the 2028 Notes on February 12, 2021 (collectively, the "Notes"). Also on February 7, 2022, we amended our senior secured revolving credit facility agreement to, among other things, increase our borrowing capacity from $15 million to $40 million (the "Credit Facility"), all of which remains undrawn as of this report date (see Note 6 to the consolidated financial statements set forth in Part II, Item 8. "Financial Statements and Supplementary Data"). The interest rate for borrowings under the Credit Facility, based on today's rates, would be less than 4%.

Government Regulation

The gaming industry is highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Each of our casinos is subject to extensive regulation under the laws, rules, and regulations of the jurisdiction in which it is located. These laws, rules, and regulations generally concern the responsibility, financial stability, and character of the owners, managers, and persons with financial interests in the gaming operations and include, without limitation, the following conditions and restrictions:

- Periodic license fees and taxes must be paid to state and local gaming authorities;
- Certain officers, directors, key employees, and gaming employees are required to be licensed or otherwise approved by the gaming authorities;
- Individuals who must be approved by the gaming authorities must submit comprehensive personal disclosure forms and undergo an extensive background investigation, the costs for which must be borne by the applicant;
- Changes in any licensed or approved individuals must be reported to and/or approved by the relevant gaming authority;
- Failure to timely file the required application forms by any individual required to be approved by the relevant gaming authority may result in that individual's denial and the gaming licensee may be required by the gaming authority to disassociate with that individual; and
- If any individual is found unsuitable by a gaming authority, the gaming licensee is required to disassociate with that individual.

Violations of gaming laws in one jurisdiction could result in disciplinary action in other jurisdictions. A summary of the governmental gaming regulations to which we are subject is filed as Exhibit 99.1 and is herein incorporated by reference.

Our businesses are also subject to other various federal, state, and local laws and regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employees, currency transactions, taxation, zoning and building codes, construction, land use, and marketing and advertising. We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operating results. See Part I, Item 1A. "Risk Factors" for additional discussion.

Costs and Effects of Compliance with Environmental Laws

We are subject to various federal, state and local environmental laws and regulations that govern our operations, including emissions and discharges into the environment, and the handling and disposal of hazardous and non-hazardous substances and wastes. For example, our Indiana property is subject to environmental regulations for its riverboat, ferry boat and golf club operations. Our Mississippi property is located near environmental wetlands. In Colorado and Illinois, we are building major new casino hotels and such construction must also adhere to certain environmental regulations. Our Colorado facilities, for example, are in historical mining areas. Failure to comply with applicable laws and regulations could result in costs for corrective action, penalties or the imposition of other liabilities or restrictions. We also are subject to laws and regulations that impose liability and clean-up responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, a current or previous owner or operator of the property may be liable for the costs of remediating contaminated soil or groundwater on or from its property, without regard to whether the owner or operator knew of, or caused, the contamination, and may also incur liability to third parties impacted by such contamination. The presence of contamination, or failure to remediate it properly, may adversely affect our ability to use, sell or rent the property. To date, none of these matters or other matters arising under environmental laws has had a material adverse effect on our business, financial condition, or results of operations; however, we cannot assure you that such matters will not have such an effect in the future.

Competition

The gaming industry is highly competitive. Gaming activities with which we compete include traditional commercial casinos and casino resorts in various states including on tribal lands and at racetracks, state-sponsored lotteries, video poker in restaurants, bars and hotels, pari-mutuel betting on horse and dog racing and jai alai, sports betting and card rooms. We also face competition from Internet lotteries, sweepstakes, and other Internet gaming services, beyond those in which we participate. Internet gaming services allow customers to wager on a wide variety of sporting events and play Las Vegas-style casino games from home or in non-casino settings. Although there is no meaningful evidence to date that this has been the case, this could divert customers from our properties, and thus, adversely affect our business. All of our casinos, as well as other casinos that we may develop or acquire, compete with all these forms of gaming. We also compete with any new forms or jurisdictions of gaming that may be legalized, as well as with other types of entertainment. Some of our competitors have more personnel and greater financial or other resources than we do. The principal methods of competition are: location, with casinos located closer to the feeder markets at an advantage; casino, lodging, entertainment and other hospitality product quality in terms of facilities, customer service and ease of access; breadth of offerings, including the types of casino games and other non-gaming amenities; and marketing, including the amount, quality, and frequency of promotions offered to guests.

Silver Slipper Casino and Hotel

Silver Slipper is in Mississippi, but is close to the North Shore of Lake Pontchartrain, one of the most affluent and fastest-growing regions in Louisiana. Louisiana law permits 15 riverboat casinos, one land-based casino, four casinos at racetracks, and in certain areas, a limited number of slot machines at qualifying truck stops. The legislation permitting riverboat and truck stop casinos requires a local referendum. At this time, all licenses for riverboat casinos in Louisiana have been granted and only one of such casinos is not currently in operation. In 2021, the owners of the closed casino attempted to move their gaming license from Bossier City to Slidell, Louisiana. Such efforts were not successful, as voters rejected the casino referendum by a vote of 63% to 37%. Mississippi does not have a limitation on the number of casino licenses, but requires casinos to be within approximately 800 feet of the Mississippi River shoreline or the Gulf of Mexico, as defined by state law. There are occasionally proposals to relocate casinos within Louisiana or to develop new casinos in Mississippi, but there are considerable political and economic constraints on such potential competition. Management does not believe such efforts will be successful in the foreseeable future.

Bronco Billy's Casino and Hotel and Chamonix Casino Hotel

Bronco Billy's and Chamonix are located in Cripple Creek, Colorado, which is a historical gold mining town located approximately one hour southwest of Colorado Springs, on the west side of Pikes Peak. Cripple Creek is one of only three cities in Colorado where commercial gaming is permitted. The other two cities adjoin each other and are approximately one hour west of Denver. Downtown Denver and Colorado Springs are approximately 70 miles apart and certain suburbs of each metropolitan area largely merge into the other. Two Native American gaming operations exist in southwestern Colorado and there are tribal casinos in Oklahoma, but these are much further from Colorado Springs and Denver than Cripple Creek. There are no federally-recognized Native American tribes in the Colorado Front Range, which includes Denver and Colorado Springs. As of December 31, 2021, Bronco Billy's was one of seven gaming facilities operating in Cripple Creek. One of those competitors added a 100-guest-room hotel in 2021. Chamonix, which is currently under construction, will be significantly larger and is planned to be higher in quality than any of the existing casinos in Cripple Creek.

Rising Star Casino Resort

Rising Star Casino Resort is located on the banks of the Ohio River in Rising Sun, Indiana, approximately one hour from Cincinnati, Ohio, and within two hours of Indianapolis, Indiana, and Louisville and Lexington, Kentucky. One of three riverboat casinos in southeastern Indiana, its closest competitors are each approximately 15 miles away, near bridges crossing the Ohio River. There is no bridge at Rising Star, but in September 2018, we commenced a ferry boat service connecting Rising Sun, Indiana, to the populous Northern Kentucky region. Rising Star also competes with a large casino near Louisville, which completed a significant investment to transition from a dockside riverboat casino to a new land-based casino in December 2019; casinos in Ohio and elsewhere in Indiana; and slot parlors associated with racetracks in Kentucky. In January 2020, the racetrack casinos near Indianapolis, which were previously limited to slot machines, began offering live table games.

Stockman's Casino

Stockman's Casino is the largest of several casinos in Churchill County, Nevada, which has a population of approximately 25,000 residents. Churchill County is also the home of Naval Air Station Fallon, the United States Navy's premier air training facility, informally referred to as the "Top Gun" school. While the Navy appears to be expanding its base in Fallon, a reduction of its activities at the base would likely have an adverse effect on Stockman's results of operations. Fallon is approximately 30 minutes east of the large Tesla battery factory and other developments in the Tahoe-Reno Industrial Center. Stockman's also competes with casinos in other rural communities in the area, as well as with casinos in Reno, some of which are significantly larger and offer more amenities.

Grand Lodge Casino

Grand Lodge is located in Incline Village, Nevada, and is one of four casinos located within a five-mile radius in the North Lake Tahoe area.

Grand Lodge Casino also competes with casinos in South Lake Tahoe and Reno. There are also numerous Native American casinos in California serving the Northern California market.

American Place and The Temporary

American Place will compete against two existing casinos which primarily serve the suburbs north of Chicago, a tribal casino in Milwaukee, and slot machines in bars (limited to six machines per bar) in many parts of Illinois. It will be the only full-service casino in Lake County, Illinois, which has a population of approximately 714,000 residents. Including areas neighboring Lake County, we estimate that American Place will be the closest casino to more than 1.0 million individuals. American Place is also designed to offer more, and better, amenities than any other casino operating today in Illinois.

Marketing

Our marketing efforts are conducted through various means, including our customer loyalty programs and specialized marketing campaigns, such as our seasonal "Christmas Casino" event at Rising Star Casino Resort. We advertise through various channels, including radio, television, Internet, billboards, newspapers and magazines, direct mail, email and social media. We also maintain websites to inform customers about our properties and utilize social media sites to promote our brands, unique events, and special deals. Our customer loyalty programs include the Slipper Rewards Club, the Bronco Billy's Mile High Rewards Club, the Rising Star VIP Club, the Grand Lodge Players Advantage Club®, and the Stockman's Winner's Club. Under these programs, customers earn points based on their volume of wagering that may be redeemed for various benefits, such as "free play," complimentary dining, and hotel stays.

Our properties do not have coordinated loyalty programs, due to the disparate locations of our properties. Instead, our loyalty programs focus on providing each casino's customers the amenities they most prefer in each market.

Intellectual Property

We use a variety of trademarks, patents and copyrights in our operations and believe that we have all the licenses necessary to conduct our continuing operations. We have registered several trademarks with the United States Patent and Trademark Office or otherwise acquired the licenses to use certain trademarks, patents and copyrights that are material to conduct our business.

Employees

As of March 1, 2022, we had 12 full-time corporate employees, three of whom are executive officers and one additional senior management employee. Our casino properties had 881 full-time and 265 part-time employees, as follows:

	March 1, 2022	
Employee Count by Property	**Full-time**	**Part-time**
Silver Slipper Casino and Hotel	407	91
Bronco Billy's Casino and Hotel	145	56
Rising Star Casino Resort	210	77
Grand Lodge Casino	67	38
Stockman's Casino	52	3
Corporate	12	—
Total Employees	893	265

We believe that our relationship with our employees is excellent. None of our employees are currently represented by labor unions.

Available Information

Our principal executive offices are located at Full House Resorts, Inc., One Summerlin, 1980 Festival Plaza Drive, Suite 680, Las Vegas, Nevada 89135, and our telephone number is (702) 221-7800. Our website address is www.fullhouseresorts.com. We make available, free of charge, on or through our Internet website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our Internet website and information contained on our Internet website are not part of this Annual Report on Form 10-K and are not incorporated by reference herein.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") for which the Private Securities Litigation Reform Act of 1995 provides a safe harbor. These forward-looking statements can be identified by use of terms such as "believes," "expects," "anticipates," "estimates," "plans," "intends," "objectives," "goals," "aims," "projects," "forecasts," "future," "possible," "seeks," "may," "could," "should," "will," "might," "likely," "enable," or similar words or expressions, as well as statements containing phrases such as "in our view," "we cannot assure you," "although no assurance can be given," or "there is no way to anticipate with certainty." Examples of forward-looking statements include, among others, statements we make regarding our plans, beliefs or expectations regarding our growth strategies; the impact of the coronavirus (COVID-19) pandemic; our expected construction budgets, estimated commencement and completion dates, expected amenities, and our expected operational performance for Chamonix, The Temporary, and American Place; our investments in capital improvements and other projects, including the amounts of such investments, the timing of commencement or completion of such capital improvements and projects and the resulting impact on our financial results; our sports wagering contracts with third-party providers, including the expected revenues and expenses and our expectations regarding our ability to replace our terminated sports wagering contracts in Colorado and Indiana and our ability to enter into a new sports wagering contract in Illinois; our ability to obtain the casino license for the Temporary and American Place; management's expectation to exercise its buyout option on the Silver Slipper Casino and Hotel; adequacy of our financial resources to fund operating requirements and planned capital expenditures and to meet our debt and contractual obligations; expected sources of revenue; anticipated sources of funds; anticipated or potential legislative actions; beliefs in connection with our marketing efforts; factors that affect the financial performance of our properties; adequacy of our insurance; competitive outlook; outcome of legal matters; impact of recently 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 beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements 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 outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the factors as discussed throughout Part I, Item 1A. “Risk Factors” and Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Annual Report on Form 10-K.

We undertake no obligation to update or revise any forward-looking statements as a result of future developments, events or conditions, except as required by law. New risks 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 or the extent to which any factor, or combination of factors, may cause actual results to differ significantly from those forecast in any forward-looking statements.

Item 1A. Risk Factors.

An investment in our securities is subject to risks inherent to our business. We have described below what we currently believe to be the material risks and uncertainties in our business. Before making an investment decision, you should carefully consider the risks and uncertainties described below, together with all of the other information included or incorporated by reference in this Annual Report on Form 10-K.

We also face other risks and uncertainties beyond what is described below. This Annual Report on Form 10-K is qualified in its entirety by these risk factors. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of securities, including our common stock, could decline significantly. You could lose all or part of your investment.

Summary of Risk Factors

The following is a summary of the risk factors discussed in Part I, Item 1A. “Risk Factors” of this Form 10-K. This summary should be read in conjunction with those Risk Factors and should not be relied upon as an exhaustive summary of the material risks facing our business.

Risks Related to our Business and Operations

- The outbreak of COVID-19 (coronavirus) has significantly impacted the global economy, including the gaming industry, and could have a material adverse effect on our results of operations, cash flows and liquidity.
- A prolonged closure of our casinos would negatively impact our ability to service our debt.
- We face significant competition from other gaming and entertainment operations.
- We may face revenue declines if discretionary consumer spending drops due to an economic downturn.
- We cannot assure you that any of our contracted sports betting parties, through the use of our permitted website “skins,” will be able to compete effectively, that our contracted sports parties will have the ability and/or willingness to sustain sports betting operations should they experience an extended period of unprofitability, or that we will have the ability to replace existing partners or vendors on similar terms as our existing contractual revenue minimums.
- Marine transportation is inherently risky, and insurance may be insufficient to cover losses that may occur to our assets or result from our ferry boat operations.
- Our Mississippi casino hotel currently generates a significant percentage of our revenues and Adjusted EBITDA. Our ability to meet our operating and debt service requirements is dependent, in part, upon the continued success of that property.
- We derive our revenues and operating income from our properties located in Mississippi, Colorado, Indiana and Nevada, and expect to commence operations in Illinois, and are especially subject to certain risks, including economic and competitive risks, associated with the conditions in those areas and in the states from which we draw patrons.
- Some of our operations are located on leased property. If the lessor of the Grand Lodge Casino exercises its buyout rights or if we default on this or certain of our other leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected casino.

- Adverse weather conditions, road construction, gasoline shortages and other factors affecting our facilities and the areas in which we operate could make it more difficult for potential customers to travel to our properties and deter customers from visiting our properties.
- Our results of operations and financial condition could be materially adversely affected by the occurrence of natural disasters, including as a result of climate change, such as hurricanes, floods, wildfires, pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases such as the coronavirus pandemic, or other catastrophic events, including war, terrorism and gun violence.
- Several of our properties, including Silver Slipper, Bronco Billy's and Rising Star, are accessed by our customers via routes that have few alternatives.
- We may incur property and other losses that are not adequately covered by insurance, including adequate levels of Weather Catastrophe Occurrence/Named Windstorm, Flood and Earthquake insurance coverage for our properties.
- We depend on our key personnel and our ability to attract and retain employees.
- Higher wage and benefit costs could adversely affect our business.
- Rising operating costs at our gaming properties could have a negative impact on our business.
- We face the risk of fraud and cheating.
- Win rates for our gaming operations depend on a variety of factors, some beyond our control.
- The concentration and evolution of the slot machine manufacturing industry could impose additional costs on us.
- Our business may be adversely affected by legislation prohibiting tobacco smoking.
- We rely on, among other things, trademarks, licenses, confidentiality procedures, and contractual provisions to protect our intellectual property rights and we may be unable to protect or may not be successful in protecting our intellectual property rights.
- Our commercial success depends upon us avoiding the infringement of intellectual property rights owned by others and any such infringements, including those that are inadvertent, may have a material adverse effect on our business.
- We are subject to risks related to corporate social responsibility and reputation.

Risks Related to Development and Growth Opportunities

- We are engaged from time to time in one or more construction and development projects, including Chamonix and American Place, and many factors could prevent us from completing them as planned.
- The construction costs for our growth projects, including Chamonix and American Place, may exceed budgeted amounts plus contingencies, which may result in insufficient funds to complete these projects or the need to raise additional capital.
- There is no assurance that our growth projects, including Chamonix and American Place, will not be subject to additional regulatory restrictions, delays, or challenges.
- There is no assurance that our growth projects, including Chamonix and American Place, will be successful.
- Failure to comply with the terms of our disbursement agreement related to Chamonix could limit our access to funds.
- We face a number of challenges prior to opening new or upgraded facilities.
- We may face disruption and other difficulties in integrating and managing facilities we have recently developed or acquired, or may develop or acquire in the future.
- The construction of Chamonix may inconvenience customers and disrupt business activity at the adjoining Bronco Billy's casino.
- The permanent American Place facility, additional growth projects or potential enhancements at our properties may require us to raise additional capital.
- The casino, hotel and resort industry is capital intensive, and we may not be able to finance expansion and renovation projects, which could put us at a competitive disadvantage.
- We may face risks related to our ability to receive regulatory approvals required to complete certain acquisitions, mergers, joint ventures, and other developments, as well as other potential delays in completing certain transactions.
- If we fail to obtain necessary government approvals in a timely manner, or at all, it can adversely impact our various expansion, development, investment and renovation projects.
- Insufficient or lower-than-expected results generated from our new developments and acquired properties may negatively affect our operating results and financial condition.

Risks Related to our Indebtedness

- Our significant indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations.
- The indenture governing the Notes and the Credit Facility impose restrictive covenants and limitations that could significantly affect our ability to operate our business and lead to events of default if we do not comply with the covenants.
- To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.
- We may not be able to generate sufficient cash flows to service all of our indebtedness and fund our operating expenses, working capital needs and capital expenditures, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.
- We depend on our subsidiaries for certain dividends, distributions and repayment of our indebtedness, including the Notes and any borrowings under the Credit Facility.
- Our ability to obtain additional financing on commercially reasonable terms may be limited.
- The obligations under the Notes and the Credit Facility are collateralized by a security interest in substantially all of our assets, so if we default on those obligations, the holders of the Notes and lenders under the Credit Facility could foreclose on our assets. In addition, the existence of these security interests may adversely affect our financial flexibility.
- We and our subsidiaries may still be able to incur substantially more debt, which could further exacerbate the risks described above.

Risks Related to our Legal and Regulatory Environment

- We face extensive regulation from gaming and other regulatory authorities and the cost of compliance or failure to comply with such regulations may adversely affect our business and results of operations.
- Changes in legislation and regulation of our business could have an adverse effect on our financial condition, results of operations and cash flows.
- Stockholders may be required to dispose of their shares of our common stock if they are found unsuitable by gaming authorities.
- We are subject to environmental laws and potential exposure to environmental liabilities.
- We are subject to litigation which, if adversely determined, could cause us to incur substantial losses.
- Our ferry boat service is highly regulated, which can adversely affect our operations.

Risks Related to Technology

- Our gaming operations rely heavily on technology services and an uninterrupted supply of electrical power. If we experience damage or service interruptions, we may have to cease some or all of our operations, which will result in a decrease in revenue.
- Our information technology and other systems are subject to cyber-security risk, misappropriation of customer information and other breaches of information security.

General Risks

- Our ability to utilize our net operating loss, or NOL, carryforwards and certain other tax attributes may be limited.
- The market price for our common stock may be volatile, and investors may not be able to sell our stock at a favorable price or at all.
- The exercise of outstanding options to purchase common stock may result in substantial dilution and may depress the trading price of our common stock.

Risks Related to our Business and Operations

The outbreak of COVID-19 (coronavirus) has significantly impacted the global economy, including the gaming industry, and could have a material adverse effect on our results of operations, cash flows and liquidity.

The COVID-19 pandemic and the efforts to contain it have significantly impacted the global economy, including the gaming industry in the United States and abroad. The ongoing outbreak resulted in extended shutdowns of non-essential businesses around the world, including our own casinos for approximately three months, beginning in March 2020.

The current circumstances regarding the COVID-19 pandemic are dynamic and the impacts of COVID-19 and its variants on our business operations, including the duration and impact on overall customer demand, is ongoing and uncertain. While case numbers are currently trending lower, COVID-19 and its variants continue to spread. As a result, we may from time to time elect or be required by governmental officials to undergo partial or full closures. Even as vaccines and boosters are readily available, the pandemic may still have the potential to have a material adverse impact on our business, results of operations, financial position and cash flows and may exacerbate many of the other risks described in this Annual Report on Form 10-K.

A prolonged closure of our casinos would negatively impact our ability to service our debt.

Our casinos are our primary sources of income and operating cash flows, which we rely upon to pay all of our obligations and to remain in compliance with debt covenants under any indebtedness we may incur and meet our obligations when due. Because we operate in several different jurisdictions, we are subject to different legal and market conditions in order to remain open. We have no control over and cannot predict the length of any future operating restrictions or future closures of our casinos and hotels due to the COVID-19 pandemic or any future pandemic. Any required closures may require us to seek to amend our debt agreements, though there is no certainty that we would be successful in such efforts. Additionally, we may be required to seek additional liquidity through the issuance of new debt or equity, or through the sale of certain assets. Our ability to obtain additional financing would depend in part on factors outside of our control.

We face significant competition from other gaming and entertainment operations.

The gaming industry is characterized by an increasingly high degree of competition among a large number of participants. Our casinos and contracted sport wagering businesses compete with other forms of gaming, such as casinos, racetracks, state-sponsored lotteries, sweepstakes, charitable gaming, video gaming terminals at bars, restaurants, taverns and truck stops, illegal slot machines and skill games, fantasy sports and internet or mobile-based gaming platforms, including online gaming and sports betting. Certain state and other jurisdictions are considering expansion of such forms of gaming. Each of these could divert customers from our casinos and services, and thus materially and adversely affect our business.

In most markets, we compete directly with other casino facilities operating in the immediate and surrounding market areas. In some markets, we face competition from nearby markets in addition to direct competition within our market areas. As competing properties and new markets are opened, our operating results may be negatively impacted. In addition, some of our direct competitors in certain markets may have superior facilities and/or operating conditions. We expect each existing or future market in which we participate to be highly competitive. The competitive position of each of our casino properties is discussed in Part I, Item 1. "Business – Competition."

In a broader sense, our casinos and sports wagering businesses face competition from all manner of leisure and entertainment activities, including other non-gaming resorts and vacation destinations, shopping, athletic events, television and movies, concerts, and travel.

We may face revenue declines if discretionary consumer spending drops due to an economic downturn.

Our revenues are highly dependent upon the volume and spending levels of customers at our properties and, as such, our business has been in the past, and could be in the future, adversely impacted by economic downturns. Decreases in discretionary consumer spending brought about by factors such as, but not limited to, lackluster recoveries from recessions; inflation; pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases such as COVID-19; high unemployment levels; higher income taxes; low levels of consumer confidence; weakness or uncertainty in the housing market; cultural and demographic changes; the impact of high energy, fuel, food and healthcare costs; fears of war or actual conflicts, such as the Russian invasion of Ukraine, civil unrest, terrorism or violence; and increased stock market volatility may negatively impact our revenues and operating cash flow. This could lead to a reduction in discretionary spending by our guests on entertainment and leisure activities, which could have a material adverse effect on our revenues, cash flow and results of operations. Furthermore, during periods of economic contraction, our revenues may decrease while many of our costs remain fixed and some costs may increase, resulting in decreased earnings.

We cannot assure you that any of our contracted sports betting parties, through the use of our permitted website "skins," will be able to compete effectively, that our contracted sports parties will have the ability and/or willingness to sustain sports betting operations should they experience an extended period of unprofitability, or that we will have the ability to replace existing partners or vendors on similar terms as our existing contractual revenue minimums.

Our contracted sports betting parties, through the use of our permitted website "skins," compete in a rapidly evolving and highly competitive market against an increasing number of competitors. The success of their sports betting operations is dependent on a number of factors that are beyond their control, and ours, including the ultimate tax rates and license fees charged by jurisdictions across the United States; their ability to gain market share in a newly developing market; the timeliness and the technological and popular viability of their products; their ability to compete with new entrants in the market; changes in consumer demographics and public tastes and preferences; and the availability and popularity of other forms of entertainment. While our current agreements with our contracted sports betting parties provide us with contractual minimums for revenue upon their launch of operations, we cannot assure you that any of our contracted sports parties will be able to compete effectively or that they will have the ability or willingness to sustain sports betting operations for an extended period of unprofitability. Should any of our contracted sports betting parties cease operations, whether due to unprofitability or for other reasons, there can be no assurance that we will be able to replace them on similar terms as our existing agreements. In February 2022, one of our skin operators informed us of their intent to cease operations through one of our skins in Colorado and one of our skins in Indiana on May 15, 2022. We have begun discussions with other companies to replace such operator in both Colorado and Indiana, though there can be no guarantee that any replacement contract will be entered into on similar terms or at all.

Marine transportation is inherently risky, and insurance may be insufficient to cover losses that may occur to our assets or result from our ferry boat operations.

The operation of our ferry boat is subject to various inherent risks, including:

- catastrophic marine disasters and accidents;
- adverse weather conditions or natural disasters;
- mechanical failure or equipment damage;
- hazardous substance spills; and
- navigation and human errors.

The occurrence of any of these events may result in, among other things, damage to or loss of our ferry boat, damage to other vessels and the environment, loss of revenues, short-term or long-term interruption of ferry boat service, termination of our vessel charter or other contracts, fines, penalties or other restrictions on conducting business, damage to our reputation and customer relationships, and death or injury to personnel and passengers. Such occurrences may also result in a significant increase in our operating costs or liability to third parties.

Our Mississippi casino hotel currently generates a significant percentage of our revenues and Adjusted EBITDA. Our ability to meet our operating and debt service requirements is dependent, in part, upon the continued success of that property.

For the year ended December 31, 2021, we generated 50.3% of our revenues and 54.3% of our Adjusted Segment EBITDA from our casino resort in Mississippi. Therefore, until our new developments are operating, our results will be dependent on the regional economies and competitive landscapes at our Mississippi property. Likewise, our ability to meet our operating and debt service requirements is dependent, in part, upon the continued success of this property.

We derive our revenues and operating income from our properties located in Mississippi, Colorado, Indiana and Nevada, and expect to commence operations in Illinois, and are especially subject to certain risks, including economic and competitive risks, associated with the conditions in those areas and in the states from which we draw patrons.

Because we derive our revenues and operating income from properties concentrated in four states, we are subject to greater risks from regional conditions than a gaming company with operating properties in a greater number of different geographic regions. A decrease in revenues from, or an increase in costs for, one of these locations is likely to have a proportionally greater impact on our business and operations than it would for a gaming company with more geographically diverse operating properties. Risks from regional conditions include the following:

- regional economic conditions;
- regional competitive conditions, including legalization or expansion of gaming in Mississippi, Colorado, Indiana, Nevada, Illinois or in neighboring states;
- allowance of new types of gaming, such as the introduction of live table games at Indiana racinos or Internet gaming;
- reduced land or air travel due to increasing fuel costs or transportation disruptions; and,
- increase in our vulnerability to economic downturns and competitive pressures in the markets in which we operate.

Some of our operations are located on leased property. If the lessor of the Grand Lodge Casino exercises its buyout rights or if we default on this or certain of our other leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected casino.

We lease certain parcels of land at our Silver Slipper Casino and Hotel in Mississippi, certain land and buildings at Bronco Billy's Hotel and Casino in Colorado (much of which is to be utilized for Chamonix) and one of the two hotels at our Rising Star Casino Resort in Indiana. We also lease casino space at our Grand Lodge Casino in Nevada. Unless we have a purchase option under such leases and exercise such option, we will have no interest in the improvements thereon at the expiration of the leases. We have purchase options on the leased property at the Silver Slipper, Bronco Billy's and for the leased hotel at Rising Star, but it is either currently more advantageous for us to continue to lease rather than exercise the buyout option, or we have certain restrictions which only allow us to exercise the purchase option during certain future time periods. The obligations under the Notes and the Credit Facility are collateralized by a security interest in substantially all of our assets. The Notes contain representations and warranties, financial 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, upon certain changes of control, or should the Company have certain unused funds in the construction disbursement account following the completion of Chamonix. 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 twelve-month period must equal or exceed the utilized portion of the Credit Facility, if drawn. Under certain circumstances and at the expirations of the underlying leases, we might be forced to exercise our buyout options in order to continue to operate those properties. There is no certainty that the funds could be raised at that time at a reasonable cost, or at all, to exercise some or all of the buyout options. The operating lease at the Grand Lodge Casino, which is set to expire on August 31, 2023, includes certain lessor buyout rights based upon a multiple of EBITDA that, if exercised, could result in the lessor purchasing our leasehold interest and the operating assets on terms that may be less than fair market value or financially unfavorable to us. Since we do not completely control the land, buildings, hotel and space underlying our leased properties, a lessor could take certain actions to disrupt our rights under the long-term leases, which are beyond our control. If the entity owning any leased land, buildings, hotel or space chose to disrupt our use either permanently or for a significant period of time, then the value of our assets could be impaired and our business and operations could be adversely affected. If we were to default on the lease, then the lessor could terminate the affected lease and we could lose possession of the affected land, buildings, hotel or space and any improvements thereon. The loss of the lease through exercise of buyout rights or through termination upon default could have a significant adverse effect on our business, financial condition and results of operations as we would then be unable to operate all or portions of the affected facilities, which, in turn, may result in a default under our debt agreements.

Adverse weather conditions, road construction, gasoline shortages and other factors affecting our facilities and the areas in which we operate could make it more difficult for potential customers to travel to our properties and deter customers from visiting our properties.

Our continued success depends upon our ability to draw customers from each of the geographic markets in which we operate. Adverse weather conditions or road construction can deter our customers from traveling to our facilities or make it difficult for them to frequent our properties. In recent years, there were severe cold temperatures that we believe adversely affected our Indiana and Mississippi properties' financial performance, and historically low snow levels and forest fires in the Lake Tahoe region adversely affected visitation and financial performance at Grand Lodge. Moreover, gasoline shortages or fuel price increases could make it more difficult for potential customers to travel to our properties and deter customers from visiting. Our dockside gaming facility in Indiana, as well as any additional riverboat or dockside casino properties that might be developed or acquired, are also subject to risks, in addition to those associated with land-based casinos, which could disrupt our operations. Although our Indiana casino vessel does not leave its moorings in normal operations, there are risks associated with the movement or mooring of vessels on waterways, including risks of casualty due to river turbulence, flooding, collisions with other vessels and severe weather conditions. Our ferry boat that we operate at Rising Star has similar risks as our Indiana casino vessel, as well as additional risks related to ferry boat operations discussed above.

Our results of operations and financial condition could be materially adversely affected by the occurrence of natural disasters, including as a result of climate change, such as hurricanes, floods, wildfires, pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases such as the coronavirus pandemic, or other catastrophic events, including war, terrorism and gun violence.

Natural disasters and extreme weather conditions, potentially exacerbated by climate change, such as major hurricanes, tornadoes, typhoons, floods, fires and earthquakes, could adversely affect our business and operating results. Certain of our properties are located in areas that may be subject to extreme weather conditions. Hurricanes are common in the area in which our Mississippi property is located, and the severity of such natural disasters is unpredictable. In October 2020, Hurricane Zeta caused the temporary closure of the Silver Slipper and caused approximately $5 million of damage, most of which was covered by insurance. In 2005, Hurricanes Katrina and Rita caused significant damage in the Gulf Coast region. Additionally, our Indiana property is at risk of flooding due to its proximity to the Ohio River. Wildfires are also increasing in frequency and intensity, and the Western United States and the Rocky Mountain Region have been experiencing continuing drought conditions. Bronco Billy's and Grand Lodge were adversely affected by nearby forest fires and the impacts therefrom. Changes in federal, state, and local legislation and regulation based on concerns about climate change could result in increased regulatory costs, which may include capital expenditures at our existing properties to ensure compliance with any new or updated regulations, which may potentially adversely affect our operations. There can be no assurance that the potential impacts of climate change and severe weather will not have a material adverse effect on our properties, operations or business.

If a pandemic, epidemic or outbreak of an infectious disease, such as the COVID-19 pandemic, occurs in the United States or on a global scale, our business may be adversely affected. As described elsewhere in these Risk Factors, such events may result in closures of our properties, a period of business disruption, and/or in reduced operations, any of which could materially affect our business, financial condition and results of operations.

Catastrophic events, such as terrorist and war activities in the United States and elsewhere, when they occur, have had a negative effect on travel and leisure expenditures, including lodging, gaming and tourism. Gun violence has also occurred at casinos, including a mass shooting at a casino in Las Vegas in 2017. We cannot accurately predict the extent to which such events may affect us, directly or indirectly, in the future. There also can be no assurance that we will be able to obtain or choose to purchase any insurance coverage with respect to occurrences of terrorist and violent acts and any losses that could result from these acts. If there is a prolonged disruption at our properties due to natural disasters, terrorist attacks or other catastrophic events, our results of operations and financial condition could be materially adversely affected.

Several of our properties, including Silver Slipper, Bronco Billy's and Rising Star, are accessed by our customers via routes that have few alternatives.

The Silver Slipper is located at the end of a dead-end road, with no other access. Bronco Billy's is accessed by most guests via a mountain pass; if that pass is closed for any reason, the alternative is longer. Rising Star's primary access from Cincinnati is via a road alongside the Ohio River; if this road were to close, the alternative routes involve a ferry boat or more winding roads through the rolling hills inland from the river. If access to any of these roads is blocked for any significant period, our results of operations and financial condition could be materially affected.

We may incur property and other losses that are not adequately covered by insurance, including adequate levels of Weather Catastrophe Occurrence/Named Windstorm, Flood and Earthquake insurance coverage for our properties.

Although we maintain insurance that our management believes is customary and appropriate for our business, there can be no assurance that insurance will be available at reasonable costs in any given year or adequate to cover all losses and damage to which our business or our assets might be subjected. The lack of adequate insurance for certain types or levels of risk could expose us to significant losses in the event that a catastrophe occurred for which we are uninsured or under-insured. Any losses we incur that are not adequately covered by insurance may decrease our future operating income, require us to find replacements or repairs for destroyed property, and reduce the funds available for payments of our obligations. In addition, certain casualty events, such as labor strikes, nuclear events, acts of war, declines in visitation and loss of income due to fear of terrorism or other acts of violence, loss of electrical power due to catastrophic events, rolling blackouts or otherwise, deterioration or corrosion, insect or animal damage, pandemic-related shutdowns and pollution, may not be covered at all under our policies. The occurrence of any of the foregoing could, therefore, expose us to substantial uninsured losses.

There is no certainty that insurance companies will continue to offer insurance at acceptable rates, or at all, in hurricane-prone areas or other areas affected by extreme weather, including the Mississippi Gulf Coast. Some insurance companies may significantly limit the amount of coverage they will write in these markets and increase the premiums charged for this coverage. Additionally, uncertainty can occur as to the viability of certain insurance companies. While we believe that the insurance companies from which we have purchased insurance policies will remain solvent, there is no certainty that this will be the case.

We depend on our key personnel and our ability to attract and retain employees.

We are highly dependent on the services of our executive management team and other members of our senior management team. Our ability to attract and retain key personnel is affected by the competitiveness of our compensation packages and the other terms and conditions of employment, our continued ability to compete effectively against other gaming companies, and our growth prospects. The loss of the services of any members of our senior management team could have a material adverse effect on our business, financial condition and results of operations. We have faced recent increased challenges in attracting and retaining qualified employees, particularly in light of the increase in employee resignations taking place throughout the United States as a result of the COVID-19 pandemic. If we fail to retain our current employees, it would be difficult and costly to identify, recruit and train replacements needed to continue to conduct and expand our business. There can be no assurance that we will be able to retain and motivate our employees.

Higher wage and benefit costs could adversely affect our business.

While the majority of our employees earn more than the minimum wage in their relative jurisdictions and many receive medical plan benefits from us, changes in federal and state minimum wage laws and other laws relating to employee benefits, including the Patient Protection and Affordable Care Act, have in the past, and could in the future, cause us to incur additional wage and benefits costs. Increased labor costs brought about by changes in either federal or state minimum wage laws, other regulations or prevailing market conditions have recently, and could in the future, further increase our expenses, which could have an adverse impact on our profitability, or decrease the number of employees we are able to employ, which could decrease customer service levels at our gaming facilities and therefore adversely impact revenues.

Rising operating costs at our gaming properties could have a negative impact on our business.

The operating expenses associated with our gaming properties could increase due to, among other reasons, the following factors:

- inflationary pressures;
- supply chain issues that are beyond our control;
- changes in federal, state or local tax or regulations, including state gaming regulations or gaming taxes, could impose additional restrictions or increase our operating costs;
- aggressive marketing and promotional campaigns by our competitors for an extended period of time could force us to increase our expenditures for marketing and promotional campaigns in order to maintain our existing customer base or attract new customers;
- as our properties age, we may need to increase our expenditures for repairs, maintenance, and to replace equipment necessary to operate our business in amounts greater than what we have spent historically;
- our reliance on slot play revenues and any additional costs imposed on us from slot machine vendors;
- availability and cost of the many products and services we provide our customers, including food, beverages, retail items, entertainment, hotel rooms, spa and golf;
- availability and costs associated with insurance;
- increases in costs of labor;
- our properties use significant amounts of electricity, natural gas and other forms of energy, and energy price increases may adversely affect our cost structure;
- our properties use significant amounts of water, and a water shortage may adversely affect our operations; and
- at Grand Lodge, we rely on Hyatt Lake Tahoe to provide certain items at reasonable costs, including food, beverages, parking and rooms. Any change in its pricing or the availability of such items may affect our ability to compete.

If our operating expenses increase without any offsetting increase in our revenues, our results of operations would suffer.

We face the risk of fraud and cheating.

Our gaming customers may attempt or commit fraud or cheat in order to increase winnings. Acts of fraud or cheating could involve the use of counterfeit chips or other tactics, possibly in collusion with our employees. Internal acts of cheating could also be conducted by employees directly or through collusion with dealers, surveillance staff, floor managers or other casino or gaming area staff. Failure to discover such acts or schemes in a timely manner could result in losses in our gaming operations. In addition, negative publicity related to such schemes could have an adverse effect on our reputation, potentially causing a material adverse effect on our business, financial condition, results of operations and cash flows.

Win rates for our gaming operations depend on a variety of factors, some beyond our control.

The gaming industry is characterized by an element of chance. In addition to the element of chance, win rates are also affected by other factors, including players' skill and experience, the mix of games played, the financial resources of players, the spread of table limits, the volume of bets played and the amount of time played. Our gaming profits are mainly derived from the difference between our casino winnings and the casino winnings of our gaming customers. Since there is an inherent element of chance in the gaming industry, we do not have full control over our winnings or the winnings of our gaming customers. If our winnings do not exceed the winnings of our gaming customers by enough to cover our operating costs, we may record a loss from our gaming operations, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The concentration and evolution of the slot machine manufacturing industry could impose additional costs on us.

A majority of our revenues are attributable to slot machines and related systems operated by us at our gaming facilities. It is important, for competitive reasons, that we offer popular and up-to-date slot machine games to our customers. A substantial majority of the slot machines sold in the U.S. in recent years were manufactured by only a few companies, and there has been recent consolidation activity within the gaming equipment sector. In recent years, slot machine manufacturers have frequently refused to sell slot machines featuring the most popular games, instead requiring participation lease arrangements. Participation slot machine leasing arrangements typically require the payment of a fixed daily rental or a percentage payment of coin-in or net win. Generally, a participation lease is more expensive over the long term than the cost to purchase a new machine. For competitive reasons, we may be forced to purchase new slot machines or enter into participation lease arrangements that are more expensive than our current costs associated with the continued operation of our existing slot machines. If the newer slot machines do not result in sufficient incremental revenues to offset the increased investment and participation lease costs, it could hurt our profitability.

Our business may be adversely affected by legislation prohibiting tobacco smoking.

Legislation in various forms to ban indoor tobacco smoking has been enacted or introduced in jurisdictions in which we operate. Except for our casino in Colorado, the gaming areas of our properties are not currently subject to tobacco restrictions. While gaming areas have generally been exempted from these restrictions, if additional restrictions on smoking are enacted in jurisdictions in which we operate, we could experience a decrease in gaming revenue. This is particularly the case if such restrictions are not applicable to all competitive facilities in that gaming market.

We rely on, among other things, trademarks, licenses, confidentiality procedures, and contractual provisions to protect our intellectual property rights and we may be unable to protect or may not be successful in protecting our intellectual property rights.

Our commercial success depends upon our ability to develop brands and to successfully obtain or acquire proprietary or statutory protection for our intellectual property rights and to implement new or improved technologies purchased or licensed from third parties. We rely on, among other things, trademarks, licenses, confidentiality procedures, and contractual provisions to protect our intellectual property rights. While we enter into license, confidentiality, and non-disclosure agreements to attempt to limit access to, and distribution of, proprietary and confidential information, it is possible that:

- some or all of our confidentiality and non-disclosure agreements will not be honored;
- disputes concerning the ownership of intellectual property will arise with our strategic partners, users or others;
- unauthorized disclosure or use of our intellectual property, including know-how or trade secrets, will occur;
- we will be unable to successfully enforce our trademark or copyright rights; or
- contractual provisions may not be enforceable.

There can be no assurance that we will be successful in protecting our intellectual property rights or that we will become aware of third-party infringements that might be occurring. Inability to protect our intellectual property rights could have a material adverse effect on our prospects, business, financial condition or results of operations.

Our commercial success depends upon us avoiding the infringement of intellectual property rights owned by others and any such infringements, including those that are inadvertent, may have a material adverse effect on our business.

The industries in which we compete have many participants that own, or claim to own, intellectual property, including participants that own intellectual property similar to our own, and proprietary rights for technologies similar to those used or licensed by us. Some of this intellectual property may provide very broad protection to the third-party owners thereof. Patents in particular can be issued very rapidly and there is often a great deal of secrecy surrounding pending patent applications. We cannot determine with certainty whether any existing third-party intellectual property or the issuance of any new third-party intellectual property would require our partners or suppliers to alter their technologies or services, pay for licenses, challenge the validity or enforceability of the intellectual property, or cease certain activities. Third parties may assert intellectual property infringement claims against us and against our partners and/or suppliers. We may be subject to these types of claims either directly or indirectly through indemnities assuming liability for these claims that we may provide to certain partners or suppliers. There can be no assurance that our attempts to negotiate favorable intellectual property indemnities in favor of us with our partners or suppliers for infringement of third-party intellectual property rights will be successful or that a partner's or supplier's indemnity will cover all damages and losses suffered by us and our partners and other suppliers due to infringing products, or that we can secure a license, modification or replacement of a partner's or supplier's products with non-infringing products that may otherwise mitigate such damages and losses.

Some of our competitors have, or are affiliated with companies that have, substantially greater resources than us, and these competitors may be able to sustain the costs of complex intellectual property infringement litigation to a greater degree and for longer periods of time than us. Regardless of whether third-party claims of infringement against us have any merit, these claims could:

- adversely affect our relationships with our customers;
- be time-consuming to evaluate and defend;
- result in costly litigation;
- result in negative publicity for us;
- divert our management's attention and resources;
- cause product and software delivery delays or stoppages;
- subject us to significant liabilities;
- require us to enter into costly royalty or licensing agreements;
- require us to develop possible workaround solutions that may be costly and disruptive to implement; or
- require us to cease certain activities or to cease providing services in certain markets.

In addition to being liable for potentially substantial damages relating to intellectual property following an infringement action against us, we may be prohibited from commercializing certain technologies, or products or services unless we obtain a license from the holder of the applicable intellectual property rights. There can be no assurance that we will be able to obtain any such license or acquire intellectual property on commercially reasonable terms, or at all. If we do not obtain such a license, our prospects, business, operating results and financial condition could be materially adversely affected and we could be required to cease related business operations in some markets and restructure our business to focus on continuing operations in other markets.

We are subject to risks related to corporate social responsibility and reputation.

Many factors influence our reputation and the value of our brands, including the perception held by our customers, business partners, other key stakeholders and the communities in which we do business. Our business faces increasing scrutiny related to environmental, social and governance activities and risk of damage to our reputation and the value of our brands if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, climate change, workplace conduct, human rights, philanthropy and support for local communities. Any harm to our reputation could impact employee engagement and retention and the willingness of customers and our partners to do business with us, which could have a material adverse effect on our business, results of operations and cash flows.

Risks Related to Development and Growth Opportunities

We are engaged from time to time in one or more construction and development projects, including Chamonix and American Place, and many factors could prevent us from completing them as planned.

We are currently constructing Chamonix in Cripple Creek, Colorado, adjoining and connected to our existing Bronco Billy's casino. We also intend to open The Temporary and, subsequently, American Place in Waukegan, Illinois.

Construction of these types of projects have certain inherent risks, including the risks of fire, structural collapse, human error and electrical, mechanical and plumbing malfunction. Our development and expansion projects are exposed to significant risks, including:

- shortage of materials, including due to supply chain issues that are beyond our control;
- shortage of skilled labor or work stoppages;
- unforeseen construction scheduling, engineering, excavation, environmental or geological problems;
- increases in the cost of steel and other raw materials for construction, driven by inflation, U.S. tariffs on imports, demand, higher labor and construction costs and other factors, may cause price increases beyond those anticipated in the budgets for our development projects;
- natural disasters, hurricanes, weather interference, changes in river levels, floods, fires, earthquakes, the impacts of pandemic such as coronavirus, or other casualty losses or delays;
- unanticipated cost increases or delays in completing the project;
- delays in obtaining, or inability to obtain or maintain, necessary license or permits;
- lack of sufficient funds, or delays in the availability of, financing;
- failure to comply with the terms of our disbursement agreements under our indenture could limit our access to funds for the projects;
- changes to plans or specifications;
- performance by contractors and subcontractors;
- disputes with contractors;
- mechanic's liens on real property collateral may have priority over the liens securing our indebtedness;
- personal injuries to workers and other persons;
- structural heights and the required use of cranes;
- disruption of our operations caused by diversion of management's attention to new development projects and construction at our existing properties;
- remediation of environmental contamination at some of our proposed construction sites, which may prove more difficult or expensive than anticipated in our construction budgets;
- failure to obtain and maintain necessary gaming regulatory approvals and licenses, or failure to obtain such approvals and licenses on a timely basis;
- requirements or government-established "goals" concerning union labor or requiring that a portion of the project expenditures be through companies controlled by specific ethnic or gender groups, goals that may not be obtainable, or may only be obtainable at additional project cost; and
- other unanticipated circumstances or cost increases.

The occurrence of any of the foregoing could increase the total costs of a project, or delay or prevent its construction, development, expansion or opening. Escalating construction costs may cause us to modify the design and scope of projects from those initially contemplated or cause the budgets for those projects to be increased. We generally carry insurance to cover certain liabilities related to construction, but not all risks are covered, and it is uncertain whether such insurance will provide sufficient payment in a timely fashion even for those risks that are insured and material to us.

The construction costs for our growth projects, including Chamonix and American Place, may exceed budgeted amounts plus contingencies, which may result in insufficient funds to complete these projects or the need to raise additional capital.

Delays in the completion of the plans and specifications for our growth projects, including Chamonix and American Place, could delay completion of the projects. In addition, completion of the plans and specifications while construction is in progress could cause inefficiencies, and certain items may need to be modified or replaced after they have been purchased, constructed or installed in order to conform to building code requirements or subsequently-developed plans and specifications. The Pre-Construction Services Agreement and Letter of Intent with our general contractor for Chamonix provides that the cost of construction may increase and the deadlines for the contractor's obligations to complete construction may be adjusted for alterations in the project's scope. We may enter into similar arrangements with the general contractor for American Place. We can give no assurance that changes in the scope of these projects will not increase the cost of the projects or extend their completion dates. We establish budgets for the projects based, in part, on our estimate of the cost of various construction goods and services for parts of the projects that, in some cases, are not yet fully designed. If the actual cost with respect to these allowance items exceeds the estimated amount, we will be responsible for the payment of those excess amounts out of the cash flow from our other operations and from cash balances. Our cash flow or cash reserves may not be adequate at any given time to address balancing of the construction budgets if there are increased costs. If our contingency, cash flow from operations and anticipated excess liquidity are insufficient to cover any shortfall, we may not have sufficient funds to complete the projects without seeking additional capital or at all.

There is no assurance that our growth projects, including Chamonix and American Place, will not be subject to additional regulatory restrictions, delays, or challenges.

We received approval of the plans for Chamonix from the Cripple Creek Historic Preservation Commission and Cripple Creek City Council in January and February 2021, respectively. Additionally, as part of these approvals, the Cripple Creek City Council voted to amend the prior Development Agreement with Bronco Billy's regarding the project, as an Amended & Restated Development Agreement. In the Amended & Restated Development Agreement, we are obligated to complete the project by December 31, 2022. If we do not complete the project by that date, the City may exercise its right of reversion for the previously vacated right of way of portions of 2nd Avenue and the alley. If the project is substantially underway at the deadline, it is likely that the City Council would agree to extend the deadline; however, there is no certainty that would be the case. We are still developing our plans related to American Place and the Temporary, and such plans will be subject to regulatory approval. Completion of these projects could also be delayed by weather, labor shortages or other construction delays. There is no assurance that these projects will not be subject to additional restrictions, delays, or challenges, as the projects will also require at least the following administrative approvals: a development plan, approved construction drawings required for a building permit, and a certification of occupancy.

There is no assurance that our growth projects, including Chamonix and American Place, will be successful.

In addition to the construction and regulatory risks associated with the development of our growth projects, including Chamonix and American Place, we cannot assure you that the level of consumer demand for these projects will meet our expectations. The operating results of these projects may be materially different than expected due to, among other factors, consumer spending and preferences in the geographic areas, competition from other markets, or other developments that may be beyond our control. In addition, these projects may be more sensitive than anticipated by management to certain risks, including risks associated with downturns in the economy. Further, these projects may not generate cash flows on our anticipated timeline. We may not be able to successfully implement our growth strategy with respect to these projects, capital investments, and acquisitions. There is no assurance that these projects will result in a more successful business operation, or that these projects will increase clientele or revenues. With respect to Chamonix, there is no assurance that a more modern expansion will attract new visitors to a city with historic architecture. The occurrence of any of these issues could adversely affect our prospects, financial condition and results of operations.

Failure to comply with the terms of our disbursement agreement related to Chamonix could limit our access to funds.

As of January 2022, we had approximately $221 million deposited in a construction disbursement account for Chamonix. The funds in the construction disbursement account, which will be used to fund the completion of the design, development, construction, equipping and opening costs of Chamonix, will be disbursed pursuant to the terms of our Cash Collateral and Disbursement Agreement. Funds will be distributed from this account only upon satisfaction of certain conditions, including the approval of the disbursements by an independent construction consultant, as contemplated by the Cash Collateral and Disbursement Agreement. If we fail to satisfy draw conditions or the independent construction consultant does not give its approval to construction draws, in each case under our Cash Collateral and Disbursement Agreement, we may not have access to funds when needed to pay such costs, which could cause delays in the construction of Chamonix.

We face a number of challenges prior to opening new or upgraded facilities.

No assurance can be given that, when we endeavor to open new or upgraded facilities, the expected timetables for opening such facilities will be met in light of the uncertainties inherent in the development of the regulatory framework, construction, the licensing process, legislative action and litigation. Delays in opening new or upgraded facilities could lead to increased costs and delays in receiving anticipated revenues with respect to such facilities and could have a material adverse effect on our business, financial condition and results of operations.

We may face disruption and other difficulties in integrating and managing facilities we have recently developed or acquired, or may develop or acquire in the future.

We may face certain challenges as we integrate the operational and administrative systems of recently developed or acquired facilities into our business. As a result, the realization of anticipated benefits may be delayed or substantially reduced. Events outside of our control, including changes in state and federal regulations and laws, as well as economic trends, also could adversely affect our ability to realize the anticipated benefits from the acquisition or future development.

We expect to continue pursuing expansion opportunities. We regularly evaluate opportunities for acquisition and development of new properties. We could face significant challenges in managing and integrating our expanded or combined operations and any other properties we may develop or acquire, particularly in new competitive markets. The integration of properties we may develop or acquire will require the dedication of management resources that may temporarily divert attention from our day-to-day business. The process of integrating properties that we may acquire also could interrupt the activities of those businesses, which could have a material adverse effect on our business, financial condition and results of operations. In addition, the development of new properties may involve construction, local opposition, regulatory, legal and competitive risks, as well as the risks attendant to partnership deals on these development opportunities. In particular, in projects where we team up with a joint venture partner, if we cannot reach agreement with such partners, or our relationships otherwise deteriorate, we could face significant increased costs and delays. Local opposition can delay or increase the anticipated cost of a project. Finally, given the competitive nature of these types of limited license opportunities, litigation is possible.

Management of new properties, especially in new geographic areas, may require that we increase our management resources. We cannot assure you that we will be able to manage the combined operations effectively or realize any of the anticipated benefits of our acquisitions. We also cannot assure you that, if acquisitions are completed, the acquired businesses will generate returns consistent with our expectations. Our ability to achieve our objectives in connection with any acquisition we may consummate may be highly dependent on, among other things, our ability to retain the senior-level property management teams of such acquisition candidates. If, for any reason, we are unable to retain these management teams following such acquisitions or if we fail to attract new capable executives, our operations after consummation of such acquisitions could be materially adversely affected. If we make new acquisitions or new investments, we may face additional risks related to our business, results of operations, financial condition, liquidity, ability to satisfy financial covenants and comply with other restrictive covenants under our indenture, and ability to pay or refinance our indebtedness.

The occurrence of some or all of the above-described events could have a material adverse effect on our business, financial condition and results of operations.

The construction of Chamonix may inconvenience customers and disrupt business activity at the adjoining Bronco Billy's casino.

Although we will attempt to minimize disruption of our existing Bronco Billy's operations, construction of Chamonix will require portions of the adjoining Bronco Billy's to be closed or disrupted. For example, Chamonix will be built, in part, on surface parking lots currently used by guests of Bronco Billy's. As a result, we will close such parking lots and relocate guest parking until the Chamonix's new parking garage is available for use. Similarly, hotel rooms at Bronco Billy's will be temporarily unavailable during construction. Any significant disruption in operations at Bronco Billy's could have a significant adverse effect on our business, financial condition and results of operations.

The permanent American Place facility, additional growth projects or potential enhancements at our properties may require us to raise additional capital.

We may need to access financial institution sources, capital markets, private sources or otherwise obtain additional funds to fund the permanent American Place facility, additional growth projects or potential enhancements we may undertake at our facilities. We do not know when or if financial institution sources, capital markets or private sources will permit us to raise additional funds for such phases and enhancements in a timely manner, on acceptable terms, or at all. Inability to access financial institution sources, capital markets or private sources, or the availability of capital only on less-than-favorable terms, may force us to delay, reduce or cancel our growth projects and enhancement projects.

Our ability to obtain financial institution sources, capital markets or private source financing for future offerings may also be limited by our financial condition, results of operations or other factors, such as our credit rating or outlook at the time of any such financing or offering and the covenants in our existing debt agreements, as well as by general economic conditions and contingencies and uncertainties that are beyond our control. As we seek additional financing, we will be subject to the risks of rising interest rates and other factors affecting the financial markets.

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

Our properties have an ongoing need for renovations and other capital improvements to remain competitive, including replacement, from time to time, of furniture, fixtures and equipment. We may also need to make capital expenditures at our casino properties to comply with our debt covenants, lease agreements and applicable laws and regulations.

Renovations and other capital improvements at our properties require significant capital expenditures. In addition, renovations and capital improvements usually generate little or no cash flow until the projects are completed. We may not be able to fund such projects solely from existing resources and cash provided from operating activities. Consequently, we may have to rely upon the availability of debt or equity capital to fund renovations and capital improvements, and our ability to carry them out will be limited if we cannot obtain satisfactory debt or equity financing, which will depend on, among other things, market conditions. We cannot assure you that we will be able to obtain additional equity or debt financing or that we will be able to obtain such financing on favorable terms. Our failure to renovate our properties may put us at a competitive disadvantage.

We may face risks related to our ability to receive regulatory approvals required to complete certain acquisitions, mergers, joint ventures, and other developments, as well as other potential delays in completing certain transactions.

Our growth may be fueled, in part, by the acquisition of existing gaming and development properties. In addition to standard closing conditions, our material transactions, including but not limited to acquisitions, are often conditioned on the receipt of regulatory approvals and other hurdles that create uncertainty and could increase costs. Such delays could significantly reduce the benefits to us of such transactions and could have a material adverse effect on our business, financial condition and results of operations.

If we fail to obtain necessary government approvals in a timely manner, or at all, it can adversely impact our various expansion, development, investment and renovation projects.

The scope of the approvals required for expansion, development, investment or renovation projects can be extensive and may include regulatory approvals, state and local land-use permits, and building and zoning permits. Unexpected changes or concessions required by local, state or federal regulatory authorities could involve significant additional costs and delay the scheduled openings of the facilities. We may not obtain the necessary permits, licenses, entitlements and approvals within the anticipated time frames, or at all.

Insufficient or lower-than-expected results generated from our new developments and acquired properties may negatively affect our operating results and financial condition.

We cannot assure you that the revenues generated from our new developments and acquired properties will be sufficient to pay related expenses if and when these developments are completed; or, even if revenues are sufficient to pay expenses, that the new developments and acquired properties will yield an adequate return or any return on our significant investments. As previously discussed, the development of new properties may involve construction, regulatory, legal and competitive risks or local opposition, any of which can significantly increase the anticipated cost of a project. Our projects, if completed, may not achieve the level of guest acceptance and patronage we anticipate and, for this or other reasons, may take significantly longer than we expect to generate returns, if any. If our new developments or acquired properties do not achieve the financial results anticipated, it could adversely affect our revenues and results of operations. Moreover, lower-than-expected results from the opening of a new facility may make it more difficult to raise capital.

Risks Related to our Indebtedness

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

As of February 7, 2022, the total principal amount of our indebtedness, excluding unamortized debt issuance costs, was $410 million, consisting entirely of the Notes. Our Credit Facility remains undrawn as of this report date and includes a letter of credit sub-facility. The Notes and the Credit Facility are summarized in Part I, Item 1. "Business — Operating Properties — American Place, Including The Temporary." We also have a finance lease at our Rising Star Casino Resort with an outstanding balance of $3.3 million.

Our debt could, among other things:

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

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

The indenture governing the Notes and the Credit Facility impose restrictive covenants and limitations that could significantly affect our ability to operate our business and lead to events of default if we do not comply with the covenants.

The indenture governing the Notes and the Credit Facility impose restrictive covenants on us and our subsidiaries that may limit our current and future operations. The restrictions that are imposed include, among other obligations, limitations on our and our subsidiaries' ability to:

- incur additional debt and guarantee indebtedness;
- make payments on subordinated obligations;
- make dividends or distributions and repurchase stock;
- make investments;
- enter into transactions with affiliates;
- grant liens on our property to secure debt;
- sell assets or enter into mergers or consolidations;
- sell equity interest in our subsidiaries;
- make capital expenditures; or
- amend or modify our subordinate indebtedness without obtaining certain consents from the holders of our indebtedness.

These restrictions could adversely affect our ability to:

- obtain additional financing for our operations;
- make needed capital expenditures;
- make strategic acquisitions or investments or enter into alliances;
- withstand a continued and sustained downturn in our business or the economy in general;
- engage in business activities, including future opportunities, that may be in our interest; and
- plan for or react to market conditions or otherwise execute our business strategies.

Our ability to comply with the covenants under the indenture, the Credit Facility, or in any instrument governing future indebtedness, may be affected by general economic conditions, industry conditions, and other events beyond our control, including delays in the completion of new projects under construction. As a result, there can be no assurance that we will be able to comply with these covenants. Our failure to comply with the covenants contained under the indenture the Credit Facility, or in any instrument governing future indebtedness, including failure to comply as a result of events beyond our control, could result in an event of default. If there were an event of default and it is not waived by the requisite parties (at their option), the agent, the trustee or holders, as applicable, could cause all the outstanding obligations under the Notes, the Credit Facility or other future indebtedness to be due and payable, subject to applicable grace periods, which could materially and adversely affect our operating results and our financial condition. Additionally, this could trigger cross-defaults under other debt obligations. We cannot assure you that our assets or cash flow would be sufficient to repay our obligations under the Notes, the Credit Facility or any future outstanding debt obligations, if accelerated upon an event of default, or that we would be able to borrow sufficient funds to refinance the Notes, the Credit Facility or any future debt instruments.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, and to fund planned capital expenditures and expansion efforts, will depend upon our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, including the impact of the coronavirus pandemic.

We cannot assure you that our business will generate sufficient cash flows from operations or asset sales, our anticipated growth in operations, including through our expansion efforts, will be realized, or that future borrowings will be available to us in amounts sufficient to enable us to repay the Notes, and any amounts outstanding under the Credit Facility and to fund our other liquidity needs. In addition, as we undertake substantial new developments or facility renovations or if we consummate significant acquisitions in the future, our cash requirements may increase significantly and we may need to obtain additional equity or debt financing or joint venture partners. Any increase in our level of indebtedness could impose additional cash requirements on us in order to support interest payments. If we incur additional debt, the related risks that we now face could intensify.

If we are not able to generate sufficient cash flows from operations to repay the Notes or any amounts outstanding under the Credit Facility, as needed, or to obtain adequate additional financing, we may have to adopt one or more alternatives, such as reducing or delaying planned expenses and capital expenditures, selling assets, or issuing equity.

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

Our ability to make scheduled payments on or refinance our indebtedness will depend upon our future operating performance and our ability to generate cash flow in the future, which are subject to general economic, financial, business, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness or fund our other liquidity needs. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investment and capital expenditures, dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to affect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative actions may not allow us to meet our scheduled debt service obligations. The indenture governing the Notes and the Credit Facility restrict our ability to dispose of assets and use the proceeds from asset dispositions, and may also restrict our ability to raise debt or equity capital to repay or service our indebtedness. If we cannot make scheduled payments on our debt, we will be in default and, as a result, our lenders could declare all outstanding amounts to be due and payable and foreclose against the collateral securing such debt, and we could be forced into bankruptcy or liquidation, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects and could result in you losing your investment in us.

We depend on our subsidiaries for certain dividends, distributions and repayment of our indebtedness, including the Notes and any borrowings under the Credit Facility.

The source of much of our cash flow to pay our obligations under the Notes and any borrowings under the Credit Facility and to make payments on any other indebtedness will be dividends and distributions from our subsidiaries. If our subsidiaries are unable to make dividend payments or distributions to us and sufficient cash or liquidity is not otherwise available, we may not be able to pay interest or principal under the Notes or borrowings under the Credit Facility. Unless they guarantee the Notes and the Credit Facility, our subsidiaries will not have any obligation to pay amounts due under the Notes and the Credit Facility or to make funds available for that purpose. Unless they guarantee the Notes and the Credit Facility, our subsidiaries may not be able to, or be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the Notes and the Credit Facility. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. In addition, while the indentures governing the Notes and the Credit Facility limit the ability of our restricted subsidiaries to restrict the payment of dividends or make other intercompany payments to us, these limitations will be subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes and the Credit Facility.

Our ability to obtain additional financing on commercially reasonable terms may be limited.

Although we believe that our cash, cash equivalents, working capital, future cash from operations, and the capital obtained from the Notes and available borrowing under the Credit Facility will provide adequate resources to fund completion of Chamonix, the Temporary at American Place and ongoing operating requirements, we may need to refinance or seek additional financing to compete effectively or grow our business, including to complete the permanent American Place facility. These financing strategies may not be completed on satisfactory terms, if at all. In addition, certain financing transactions require approval of gaming regulatory authorities. Some requirements may prevent or delay us from obtaining necessary capital. We cannot assure you that we will be able to obtain any additional financing, refinance our existing debt, or fund our growth efforts. If we are unable to obtain financing on commercially reasonable terms, it could:

- reduce funds available to us for purposes such as working capital, capital expenditures, strategic acquisitions and other general corporate purposes;
- restrict our ability to capitalize on business opportunities;
- increase our vulnerability to economic downturns and competitive pressures in the markets in which we operate; and
- place us at a competitive disadvantage.

The obligations under the Notes and the Credit Facility are collateralized by a security interest in substantially all of our assets, so if we default on those obligations, the holders of the Notes and lenders under the Credit Facility could foreclose on our assets. In addition, the existence of these security interests may adversely affect our financial flexibility.

The obligations under the Notes and any borrowings under the Credit Facility are secured by a security interest in substantially all of our assets. As a result, if we default under our obligations under the Notes or the Credit Facility, the holders of the Notes and the lenders under the Credit Facility, acting through their appointed agent, could foreclose on their security interests and liquidate some or all of these assets, which could harm our business, financial condition and results of operations and could require us to reduce or cease operations. In addition, the pledge of these assets and other restrictions may limit our flexibility in raising capital for other purposes. Because substantially all of our assets are pledged under these financing arrangements, our ability to incur additional secured indebtedness or to sell or dispose of assets to raise capital may be impaired, which could have an adverse effect on our financial flexibility.

We and our subsidiaries may still be able to incur substantially more debt, which could further exacerbate the risks described above.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The indentures governing the Notes and the Credit Facility do not fully prohibit us or our subsidiaries from doing so. If new debt is added to our or our subsidiaries' current debt levels, the related risks that we or they now face could intensify.

Risks Related to our Legal and Regulatory Environment

We face extensive regulation from gaming and other regulatory authorities and the cost of compliance or failure to comply with such regulations may adversely affect our business and results of operations.

Licensing. The gaming industry is highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. The ownership, management and operation of gaming facilities are subject to extensive state and local regulation in the jurisdiction in which it is located. These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers, and persons with financial interest in the gaming operations. The regulatory authorities in jurisdictions where we operate have broad discretion, and may, for any reason set forth in the applicable legislation, rules and regulations, limit, condition, suspend, fail to renew or revoke a license or registration to conduct gaming operations. Furthermore, because we are subject to regulation in each jurisdiction in which we operate, and because regulatory agencies within each jurisdiction review our compliance with gaming laws in other jurisdictions, it is possible that gaming compliance issues in one jurisdiction may lead to reviews and compliance issues in other jurisdictions.

Taxation and fees. We believe that the prospect of significant tax revenue is one of the primary reasons that jurisdictions permit legalized gaming. As a result, gaming companies are typically subject to significant revenue-based taxes and fees in addition to normal federal, state, local and provincial income and employment taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time to time, federal, state, local and provincial legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. In addition, any downturn in economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes and/or property taxes. It is not possible to determine with certainty the likelihood of changes in tax laws or in the administration of such laws. Any material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our business, financial condition and results of operations.

Compliance with other laws. In addition to gaming regulations, we are also subject to various federal, state, and local laws and regulations affecting businesses in general. These laws and regulations include, but are not limited to, environmental matters, employment, currency transactions, taxation, construction, zoning, construction and land-use laws, marketing and advertising, smoking, and regulations governing the serving of alcoholic beverages.

The Bank Secrecy Act, enforced by the Financial Crimes Enforcement Network (“FinCEN”) of the U.S. Treasury Department, requires us to report currency transactions in excess of $10,000 occurring within a gaming day, including identification of the guest by name and social security number, to the Internal Revenue Service (“IRS”). This regulation also requires us to report certain suspicious activity, including any transaction that exceeds $5,000 that we know, suspect or have reason to believe involves funds from illegal activity or is designed to evade federal regulations or reporting requirements. Periodic audits by the IRS and our internal audit function assess compliance with the Bank Secrecy Act, and substantial penalties can be imposed against us if we fail to comply with this regulation. In recent years, the U.S. Treasury Department has increased its focus on Bank Secrecy Act compliance throughout the gaming industry. Recent public comments by FinCEN suggest that casinos should make efforts to obtain information on each customer’s sources of income. This could impact our ability to attract and retain casino guests.

We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Any violations of anti-money laundering laws or regulations by any of our properties could have an adverse effect on our financial condition, results of operations or cash flows. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted.

Our riverboat, as well as our ferry boat operations, at Rising Star must comply with certain federal and state laws and regulations with respect to boat design, on-board facilities, equipment, personnel and safety. In addition, we are required to have third parties periodically inspect and certify our casino riverboat for safety, stability and single compartment flooding integrity. All of our casinos also must meet local fire safety standards. We could incur additional costs if our gaming facilities are not in compliance with one or more of these regulations.

Changes in legislation and regulation of our business could have an adverse effect on our financial condition, results of operations and cash flows.

Regulations governing the conduct of gaming activities and the obligations of gaming companies in any jurisdiction in which we have or in the future may have gaming operations are subject to change and could impose additional operating, financial, competitive or other burdens on the way we conduct our business.

In particular, certain areas of law governing new gaming activities, such as the federal and state law applicable to sports betting, are new or developing in light of emerging technologies. New and developing areas of law may be subject to the interpretation of the government agencies tasked with enforcing them. In some circumstances, a government agency may interpret a statute or regulation in one manner and then reconsider its interpretation at a later date. No assurance can be provided that government agencies will interpret or enforce new or developing areas of law consistently, predictably, or favorably. Moreover, legislation to prohibit, limit or add burdens to our business may be introduced in the future in states where gaming has been legalized. In addition, from time to time, legislators and special interest groups have proposed legislation that would expand, restrict or prevent gaming operations or which may otherwise adversely impact our operations in the jurisdictions in which we operate. Any expansion of gaming or restriction on or prohibition of our gaming operations or enactment of other adverse regulatory changes could have a material adverse effect on our operating results. For example, in January 2019, legal counsel for the U.S. Department of Justice ("DOJ") issued a legal opinion on the Interstate Wire Act of 1961 ("Wire Act"), which stated that the Wire Act bans any form of online gambling if it crosses state lines and reversed a 2011 DOJ legal opinion that stated that the Wire Act only applied to interstate sports betting. The validity of the 2019 DOJ legal opinion and the conflicting interpretations of the Wire Act by DOJ is presently the subject of ongoing litigation.

Stockholders may be required to dispose of their shares of our common stock if they are found unsuitable by gaming authorities.

While gaming authorities generally focus on stockholders with more than 5% and often 10% of a company's shares, such authorities generally can require that *any* beneficial owner of our common stock and other securities file an application for a finding of suitability. If a gaming authority requires a record or beneficial owner of our securities to file a suitability application, the owner must apply for a finding of suitability within 30 days or at an earlier time prescribed by the gaming authority. The gaming authority has the power to investigate an owner's suitability and the owner must pay all costs of the investigation. If the owner is found unsuitable, then the owner may be required by law to dispose of our securities. Our certificate of incorporation also provides us with the right to repurchase shares of our common stock from certain beneficial owners declared by gaming regulators to be unsuitable holders of our equity securities. The price we may pay to any such beneficial owner may be below the price such beneficial owner would otherwise accept for his or her shares of our common stock.

We are subject to environmental laws and potential exposure to environmental liabilities.

We are subject to various federal, state and local environmental laws and regulations that govern our operations, including emissions and discharges into the environment, and the handling and disposal of hazardous and non-hazardous substances and wastes. Failure to comply with such laws and regulations could result in costs for corrective action, penalties or the imposition of other liabilities or restrictions. We also are subject to laws and regulations that impose liability and clean-up responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, a current or previous owner or operator of property may be liable for the costs of remediating contaminated soil or groundwater on or from its property, without regard to whether the owner or operator knew of, or caused, the contamination, as well as incur liability to third parties impacted by such contamination. The presence of contamination, or failure to remediate it properly, may adversely affect our ability to use, sell or rent property. There can be no assurances that these matters or other matters arising under environmental laws will not have a material adverse effect on our business, financial condition, or results of operations in the future.

We are subject to litigation which, if adversely determined, could cause us to incur substantial losses.

From time to time during the normal course of operating our businesses, we are subject to various litigation claims and legal disputes. Some of the litigation claims may not be covered under our insurance policies, or our insurance carriers may seek to deny coverage. As a result, we might also be required to incur significant legal fees, which may have a material adverse effect on our financial position. In addition, because we cannot accurately predict the outcome of any action, it is possible that, as a result of current and/or future litigation, we will be subject to adverse judgments or settlements that could significantly reduce our earnings or result in losses.

Our ferry boat service is highly regulated, which can adversely affect our operations.

Our ferry boat service at the Rising Star Casino Resort is subject to stringent local, state and federal laws and regulations governing, among other things, the health and safety of our passengers and personnel, and the operation and insurance of our vessel. Many aspects of our ferry boat service are subject to regulation by a wide array of agencies, including the U.S. Coast Guard and other federal authorities, the State of Indiana and Commonwealth of Kentucky authorities, as well as local authorities in Ohio County, Indiana and Boone County, Kentucky. In addition, we are required by various governmental and quasi-governmental agencies to obtain, maintain and periodically renew certain permits, licenses and certificates with respect to our ferry boat service. Compliance with or the enforcement of applicable laws and regulations can be costly. In addition, failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or, in certain cases, the suspension or termination of our ferry boat service.

Risks Related to Technology

Our gaming operations rely heavily on technology services and an uninterrupted supply of electrical power. If we experience damage or service interruptions, we may have to cease some or all of our operations, which will result in a decrease in revenue.

Our gaming operations rely heavily on technology services and an uninterrupted supply of electrical power. Our security system and all of our slot machines are controlled by computers and reliant on electrical power to operate. A loss of electrical power or a failure of the technology services needed to run the computers could make us unable to run all or parts of our gaming operations. Any unscheduled interruption in our technology services or interruption in the supply of electrical power is likely to result in an immediate, and possibly substantial, loss of revenue due to a shutdown of our gaming operations. Although we have designed our systems around industry-standard designs to reduce downtime in the event of outages or catastrophic occurrences, they remain vulnerable to damage or interruption from floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial-of-service attacks and similar events. Additionally, substantial increases in the cost of electricity and natural gas could negatively affect our results of operations.

Our information technology and other systems are subject to cyber-security risk, misappropriation of customer information and other breaches of information security.

We rely extensively on our computer systems to process customer transactions, manage customer data, manage employee data and communicate with third-party vendors and other third parties, and we may also access the Internet to use our computer systems. Our operations require that we collect and store customer data, including credit card numbers and other personal information, for various business purposes, including marketing and promotional purposes. We also collect and store personal information about our employees. Breaches of our security measures or information technology systems or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive personal information or confidential data about us, or our customers, or our employees including the potential loss or disclosure of such information as a result of hacking or other cyber-attack, computer virus, fraudulent use by customers, employees or employees of third party vendors, trickery or other forms of deception or unauthorized use, or due to system failure, could expose us, our customers, our employees or other individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our reputation or brand names or otherwise harm our business. Additionally, disruptions in the availability of our computer systems, through cyber-attacks or otherwise, could impact our ability to service our customers and adversely affect our sales and the results of operations. We rely on proprietary and commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of customer information, such as payment card, employee information and other confidential or proprietary information. Our data security measures are reviewed and evaluated regularly; however, they might not protect us against increasingly sophisticated and aggressive threats. The cost and operational consequences of implementing further data security measures could be significant and there is no certainty that such measures, if purchased, could thwart all threats. Additionally, while we maintain cyber risk insurance to assist in the cost of recovery from a significant cyber event, such coverage may not be sufficient.

Additionally, the collection of customer and employee personal information imposes various privacy compliance related obligations on our business and increases the risks associated with a breach or failure of the integrity of our information technology systems. The collection and use of personal information are governed by privacy laws and regulations enacted in the United States and other jurisdictions around the world. Privacy regulations continue to evolve and on occasion may be inconsistent from one jurisdiction to another. Compliance with applicable privacy laws and regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our customers. In addition, non-compliance with applicable privacy laws and regulations by us (or in some circumstances non-compliance by third party service providers engaged by us) may also result in damage of reputation, result in vulnerabilities that could be exploited to breach our systems and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of personal information.

General Risks

Our ability to utilize our net operating loss, or NOL, carryforwards and certain other tax attributes may be limited.

Our ability to utilize our NOL carryforwards to offset potential future taxable income and related income taxes that would otherwise be due is dependent upon our generation of future taxable income before the expiration dates, if applicable, of the NOL carryforwards, and we cannot predict with certainty when, or whether, we will generate sufficient taxable income to use all of our NOL carryforwards.

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an “ownership change,” generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three-year period, the corporation’s ability to use its pre-change NOL carryforwards and other pre-change tax attributes (such as research and development tax credits) to offset its post-change income or taxes may be limited. We have experienced ownership changes in the past, and we may experience ownership changes in the future and/or subsequent shifts in our stock ownership (some of which may be outside our control). As a result, if we earn net taxable income, our ability to use our pre-change NOL carryforwards to offset U.S. federal taxable income may be subject to limitations under Section 382, which could potentially result in increased future tax liability to us. In addition, at the state level, there may be periods during which the use of NOL carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

The market price for our common stock may be volatile, and investors may not be able to sell our stock at a favorable price or at all.

Many factors could cause the market price of our common stock to rise and fall, including:

- actual or anticipated variations in our quarterly results of operations;
- the impact of the coronavirus pandemic on our business;
- change in market valuations of companies in our industry;
- change in expectations of future financial performance;
- regulatory changes;
- fluctuations in stock market prices and volumes;
- issuance of common stock market prices and volumes;
- the addition or departure of key personnel; and
- announcements by us or our competitors of acquisitions, investments, dispositions, joint ventures or other significant business decisions.

In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to companies’ operating performance, for example, as a result of the coronavirus epidemic. Broad market and industry factors may materially harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company’s securities, stockholder derivative lawsuits and/or securities class-action litigation has sometimes been instituted against that company. Such litigation, if instituted against us, could result in substantial costs and a diversion of management’s attention and resources.

The exercise of outstanding options to purchase common stock may result in substantial dilution and may depress the trading price of our common stock.

If our outstanding options to purchase shares of our common stock are exercised and the underlying shares of common stock issued upon such exercise are sold, our stockholders may experience substantial dilution and the market price of our shares of common stock could decline. Further, the perception that such securities might be exercised could adversely affect the trading price of our shares of common stock. During the time that such securities are outstanding, they may adversely affect the terms on which we could obtain additional capital.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Substantially all of our assets collateralize our indebtedness, as discussed in Note 6 to the consolidated financial statements set forth in Part II, Item 8. “Financial Statements and Supplementary Data.” The majority of our facilities are subject to leases of the underlying real estate assets, which, among other things, includes the land underlying the facility and the buildings used in business operations, as discussed in Note 7 to the consolidated financial statements set forth in Part II, Item 8. “Financial Statements and Supplementary Data.” See Part I, Item 1. “Business — Operating Properties” for additional discussions.

		December 31, 2021				
Segments and Properties	**Locations**	**Owned Land (acres)**	**Leased Land (acres)**	**Slot Machines**	**Table Games**	**Hotel Rooms**
Colorado						
Bronco Billy’s Casino and Hotel	Cripple Creek, CO	5.77	4.27	407	7	14
Chamonix Casino Hotel (under construction)	Cripple Creek, CO	(a)	(a)	—	—	—
Illinois						
American Place (under development)	Waukegan, IL	(b)	(b)	—	—	—
Indiana						
Rising Star Casino Resort	Rising Sun, IN	289.58	3.01	642	16	294
Mississippi						
Silver Slipper Casino and Hotel	Hancock County, MS	0.03	43.70	757	24	129
Nevada						
Grand Lodge Casino	Incline Village, NV	—	0.48	269	9	(c)
Stockman’s Casino	Fallon, NV	4.73	—	186	(d)	—

(a) Chamonix is being constructed mostly on land owned by us and partially on land leased by us.

(b) We are currently under contract to purchase approximately 10 acres of land adjoining the approximately 30-acre casino site to be leased from the City of Waukegan.

(c) Leased and part of the Hyatt Lake Tahoe, which offers 422 rooms.

(d) Table games operations remained closed during 2021. Electronic table games were installed as an alternative to meet this demand at Stockman’s.

Item 3. Legal Proceedings.

A discussion of our legal proceedings is contained in Note 10 to our consolidated financial statements set forth in Part II, Item 8. "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the Nasdaq Capital Market under the symbol "FLL."

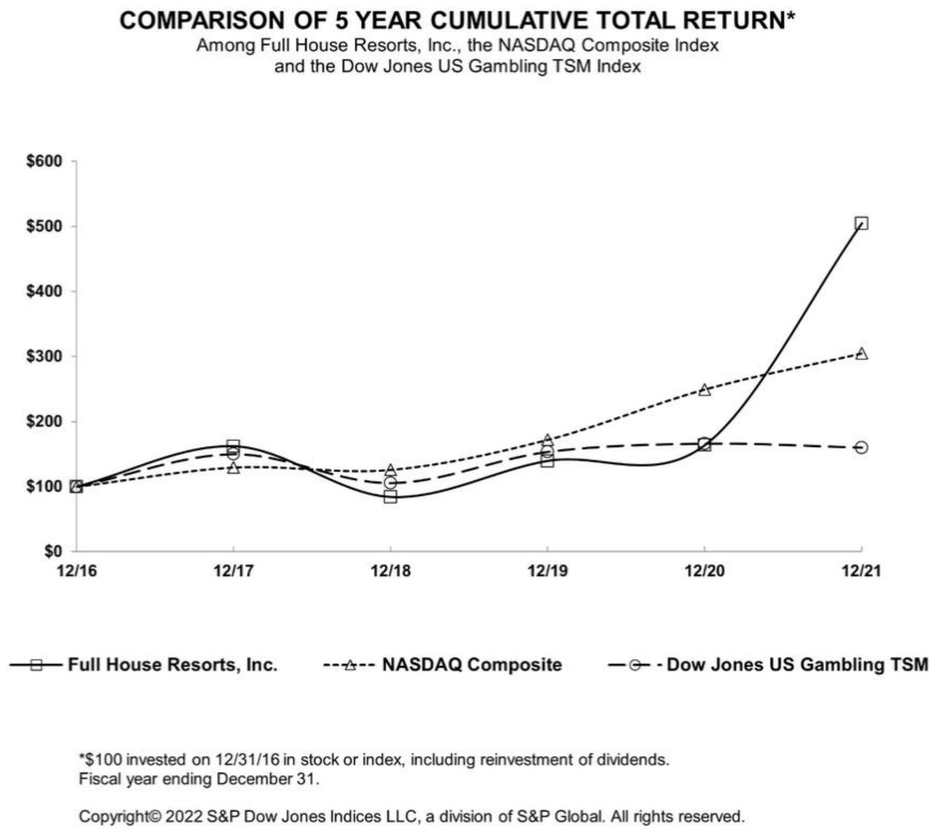
On March 11, 2022, we had 74 "registered holders" of record of our common stock. We believe that a substantial number of stockholders hold their common stock in "street name" or are otherwise beneficial holders whose shares of record are held by banks, brokers, and other financial institutions. Such holders are not included in the number of "registered holders" above.

Dividend Policy

We have not paid any dividends on our common stock to date. The payment of dividends in the future will be at the discretion of our board of directors and will be contingent upon our revenues and earnings, if any; the terms of our indebtedness; our capital requirements; growth opportunities; and general financial condition. Our debt covenants restrict the payment of dividends and it is the present intention of our board of directors to retain all earnings, if any, for use in our business operations, debt reduction and growth initiatives, reinvesting such earnings on behalf of stockholders. Accordingly, we do not anticipate paying any dividends in the foreseeable future.

Performance Graph

The following performance graph compares the performance of our common stock with the performance of the Nasdaq Composite Index and the Dow Jones U.S. Gambling Total Stock Market Index, during the five years ended December 31, 2021. The graph plots the changes in value of an initial $100 investment over the indicated time period, assuming all dividends are reinvested. Past stock price performance, including the stock price performance in this graph, is not necessarily indicative of future stock price performance.



	Cumulative Total Return					
	December 31,					
	2016	2017	2018	2019	2020	2021
Full House Resorts, Inc.	$ 100.00	$ 162.08	$ 84.17	$ 139.58	$ 163.75	$ 504.58
NASDAQ Composite	$ 100.00	$ 129.64	$ 125.96	$ 172.17	$ 249.51	$ 304.85
Dow Jones US Gambling TSM	$ 100.00	$ 149.98	$ 105.72	$ 153.55	$ 166.14	$ 160.17

The performance graph should not be deemed filed or incorporated by reference into any other of our filings under the Securities Act of 1933 or the Exchange Act of 1934, except to the extent we specifically incorporate the performance graph by reference therein.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our results of operations and financial condition should be read together with the other financial information and consolidated financial statements included in this Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from the results anticipated in the forward-looking statements as a result of a variety of factors, including those discussed in Part I, Item 1A. "Risk Factors" and elsewhere in this Annual Report on Form 10-K. 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."

Executive Overview

Our primary business is the ownership and/or operation of casino and related hospitality and entertainment facilities, which includes offering casino gambling, hotel accommodations, dining, golfing, RV camping, sports betting, entertainment and retail outlets, among other amenities. We currently own or operate five casino properties in four states – Mississippi, Colorado, Indiana and Nevada. We view our Mississippi, Colorado and Indiana properties as distinct operating segments and both of our Nevada properties as one operating segment. We also benefit from six permitted sports "skins" that we are allowed to operate, three in Colorado and three in Indiana. We have contracted with other companies to operate these online sports wagering sites under their own brands in exchange for a percentage of revenues, as defined, subject to annual minimum amounts.

Construction continues for a sixth property, Chamonix, which will be located adjacent to the Company's existing Bronco Billy's Casino and Hotel in Cripple Creek, Colorado. It is expected to open in the second quarter of 2023 and will be included in our Colorado segment. We are also developing American Place in Waukegan, Illinois, including a temporary casino facility named The Temporary that we intend to open in the summer of 2022. We expect to include American Place as its own segment.

Our portfolio consists of the following:

Property	Location
Silver Slipper Casino and Hotel	Hancock County, MS (near New Orleans)
Bronco Billy's Casino and Hotel	Cripple Creek, CO (near Colorado Springs)
Rising Star Casino Resort	Rising Sun, IN (near Cincinnati)
Stockman's Casino	Fallon, NV (one hour east of Reno)
Grand Lodge Casino (leased and part of the Hyatt Regency Lake Tahoe Resort, Spa and Casino)	Incline Village, NV (North Shore of Lake Tahoe)
Chamonix Casino Hotel (under construction)	Cripple Creek, CO (near Colorado Springs)
American Place (under development)	Waukegan, IL (northern suburb of Chicago)

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 where permitted by gaming regulations, most of our revenues are cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. Our revenues are primarily derived from slot machines, but also include other gaming activities, including table games, keno and sports betting. In addition, we 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 parks ("RV parks") owned at Rising Star and managed at Silver Slipper, and retail outlets and entertainment.

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 both Rising Star and Bronco Billy's, we have contracted with other companies to operate our on-site and 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, epidemics, widespread health emergencies, or outbreaks of infectious diseases such as the coronavirus.

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 or year are not necessarily comparable and may not be indicative of results in future periods.

Our market environment is highly competitive and capital-intensive. 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

COVID-19 Pandemic. In March 2020, the World Health Organization declared the outbreak of the novel coronavirus as a pandemic ("COVID-19"). Although COVID-19 continues to spread throughout the U.S. and the world, vaccines designed to inhibit the severity and the spread of COVID-19 are now being distributed. At the start of the pandemic, COVID-19 resulted in the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, business restrictions, closing of borders, "shelter-in-place" orders and business closures. In March 2020, pursuant to state government orders to prevent the spread of COVID-19, we temporarily closed all of our casino properties. As a result, we experienced a material decline in our revenues until our properties began reopening when permitted by local authorities. We reopened the Silver Slipper Casino and Hotel on May 21, 2020, Grand Lodge Casino and Stockman's Casino on June 4, 2020, and Bronco Billy's Casino and Hotel and Rising Star Casino Resort on June 15, 2020. During the shutdown period, we evaluated labor, marketing and other costs at our businesses so that, upon reopening, our properties could reopen with significantly lower operating costs. As a result, our operating performance since reopening in mid-2020 has been stronger than pre-pandemic levels, despite capacity restrictions throughout our facilities for portions of 2020 and 2021. The extent to which our financial and operating results in future periods may be affected by COVID-19 will largely depend on future developments, which are highly uncertain and cannot be accurately predicted. Significant uncertainties include the ability to operate; new information which may emerge concerning new strains or variants of COVID-19 and their severity; any additional actions imposed by governmental authorities to contain COVID-19 or minimize its impact; increased operating costs in light of social distancing requirements as a result of COVID-19; and general economic conditions, among others.

We believe we have a strong balance sheet and sufficient liquidity in place. As of December 31, 2021, we had total cash and cash equivalents of $265.3 million, which includes $176.6 million of restricted cash reserved to fund the construction of Chamonix, and an undrawn revolver. As noted below, we further augmented our liquidity in February 2022 through the issuance of $100.0 million of Additional Notes and an increase in the size of our Credit Facility from $15.0 million to $40.0 million.

American Place. In December 2021, we were selected by the IGB to develop and operate American Place, our proposal for a casino and entertainment destination in Waukegan, Illinois. The permanent American Place facility is expected to include a world-class casino with a state-of-the-art sportsbook; a premium boutique hotel comprised of twenty luxurious villas, each ranging from 1,500 to 2,500 square feet with full butler service; a 1,500-seat live entertainment venue; and various food and beverage outlets. While we construct the permanent American Place facility, we will operate a temporary casino facility named The Temporary by American Place. The Temporary is expected to include approximately 1,000 slot machines, 50 table games, a fine-dining restaurant, two additional restaurants, and a center bar. We intend to open The Temporary in Summer 2022, pending customary regulatory approvals.

Debt Financing. Subsequent to year-end, we successfully completed our funding of The Temporary, which is intended to open in Summer 2022. On February 7, 2022, we closed on our private offering of $100.0 million in Additional Notes. The Additional Notes were sold at a price of 102.0% of the principal amount and were issued pursuant to an indenture, dated as of February 12, 2021, under which we previously issued $310.0 million in 2028 Notes. Also in February 2022, we amended our Credit Facility to, among other things, increase its size from $15.0 million to $40.0 million, all of which is currently available to draw upon.

Key Performance Indicators

We use several key performance indicators to evaluate the operations of our properties. These key performance indicators include the following:

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.

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 at the tables 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.

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 furnished to customers free of charge, are included in the calculation of the hotel occupancy rate.

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

Management uses Adjusted EBITDA as a measure of our performance. For a description of Adjusted EBITDA see "Non-GAAP Measure." We utilize Adjusted Segment EBITDA 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 13 to the consolidated financial statements set forth in Part II, Item 8. "Financial Statements and Supplementary Data." Additionally, we use Adjusted Segment EBITDA Margin, which is calculated by dividing Adjusted Segment EBITDA by the property's revenues.

Results of Operations — 2021 Compared to 2020

Consolidated operating results

The following summarizes our consolidated operating results for the years ended December 31, 2021 and 2020, and reflects the mandatory closure of all of our properties for approximately three months beginning in March 2020 due to the pandemic.

(In thousands)	**Year Ended December 31, 2021**	**Year Ended December 31, 2020**	**Increase**
Revenues	$ 180,159	$ 125,589	43.5 %
Operating expenses	142,605	115,113	23.9 %
Operating income	37,554	10,476	258.5 %
Interest and other non-operating expenses, net	25,413	10,421	143.9 %
Income tax expense (benefit)	435	(92)	572.8 %
Net income	$ 11,706	$ 147	7,863.3 %

(In thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020	Increase
Casino revenues			
Slots	$ 113,612	$ 77,437	46.7 %
Table games	13,749	10,764	27.7 %
Other	3,070	2,611	17.6 %
	130,431	90,812	43.6 %
Non-casino revenues, net			
Food and beverage	27,347	19,766	38.4 %
Hotel	9,624	7,410	29.9 %
Other	12,757	7,601	67.8 %
	49,728	34,777	43.0 %
Total revenues	$ 180,159	$ 125,589	43.5 %

The following discussion is based on our consolidated financial statements for the years ended December 31, 2021 and 2020, unless otherwise described. Because all of our operations were closed due to COVID-19 government mandates from mid-March 2020 through much of the second quarter of 2020, the comparisons for these years are not particularly meaningful. The periods of closure were:

- Silver Slipper Casino and Hotel — closed from March 16, 2020 until May 21, 2020
- Grand Lodge Casino and Stockman's Casino — closed from March 17, 2020 until June 4, 2020
- Bronco Billy's Casino and Hotel — closed from March 17, 2020 until June 15, 2020
- Rising Star Casino Resort — closed from March 16, 2020 until June 15, 2020.

Revenues. Consolidated revenues increased by 43.5% in 2021, reflecting approximately three months of closure due to the pandemic in 2020. Growth in 2021 was due to a full year of operations, a gradual relaxation of pandemic-related restrictions, stronger operational performance at Silver Slipper, and contributions from our six contracted sports wagering agreements (compared to three that were live in 2020). "Other Non-casino Revenues" includes $5.9 million of revenue related to our contracted sports wagering agreements in 2021, compared to $2.2 million in 2020. See *"Operating Results — Reportable Segments"* below for details.

Operating expenses. Consolidated operating expenses increased 23.9% in 2021, primarily due to a partial year of operations during the 2020 period and variable costs that increased along with increases in guest volumes. Such variable costs included higher gaming taxes due to additional gaming revenue, and higher food costs related to additional restaurant covers, which altogether accounted for more than half of the increase in operating expenses in 2021. The remaining increase was from selling, general, and administrative expenses, reflecting additional professional fees, a gradual resumption of activities following the closure period in late 2020, an increase in accrued bonus compensation, and $2.1 million of expenses related to corporate initiatives that are not expected to recur in 2022.

While our operating costs increased in 2021, overall operating margins improved. Upon reopening in mid-2020, we improved operating efficiencies at all of our properties, in part by better matching customer demand with the operating hours of our food and beverage and table games departments. We also significantly reduced our marketing expenses upon reopening, benefiting from analytics provided by new slot marketing systems installed in late 2019. These changes affected marketing, payroll and related expenses across all departments at the Company.

See further information within our reportable segments described below.

Interest and other non-operating expense, net.

Interest Expense

(In thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020
Interest cost (excluding loan fee amortization)	$ 24,179	$ 9,400
Amortization of debt issuance costs and discount	1,349	1,276
Capitalized interest	(1,871)	(853)
	$ 23,657	$ 9,823

Interest expense increased primarily due to an increase in our debt levels. In February 2021, we refinanced all $106.8 million of our outstanding Senior Secured Notes due 2024 (the “Prior Notes”) with $310.0 million of 2028 Notes, in part to fund our Chamonix project (see Part I, Item 1. “Business — Operating Properties — Chamonix Casino Hotel”). See Note 6 to the consolidated financial statements set forth in Part II, Item 8. “Financial Statements and Supplementary Data” for a more detailed discussion.

Other non-operating expense, net

We incurred $1.8 million in 2021 and $0.6 million in 2020 of other non-operating expense, primarily from fair value adjustments of our common stock warrant liability. During the period that the warrants were outstanding, increases in our share price resulted in increases in the value of the warrants, causing non-cash expense; conversely, decreases in our share price resulted in decreases in the value of the warrants, causing non-cash income. In 2021, the final fair value adjustment to our outstanding warrants of $1.3 million was made when such warrants were repurchased in February 2021. Using a portion of the proceeds from the issuance of the 2028 Notes, we retired all outstanding warrants for $4.0 million in the first quarter of 2021.

Other non-operating expense in 2021 also includes a net loss of $0.4 million from the extinguishment of debts in 2021. This amount consists of a $6.1 million extinguishment loss related to the February 2021 refinancing of our Prior Notes, and a $5.7 million gain due to the forgiveness of principal and interest in December 2021 for CARES Act loans made to certain qualifying subsidiaries.

See Note 6 to the consolidated financial statements set forth in Part II, Item 8. “Financial Statements and Supplementary Data” for a more detailed discussion.

Income taxes. Our effective income tax rate for the years ended December 31, 2021 and 2020 was 3.6% and (167.3)%, respectively. Our tax rate differs from the statutory rate of 21.0% primarily due to the effects of changes in tax law, changes in valuation allowance, and items that are permanently treated differently for GAAP and tax purposes. During 2021, we continued to provide a valuation allowance against our deferred tax assets (“DTAs”), net of any available deferred tax liabilities. In future years, if it is determined that we meet the “more likely than not” threshold of utilizing our DTAs, then we may reverse some or all of our valuation allowance against our DTAs.

We do not expect to pay any federal income taxes or receive any federal tax refunds related to our 2021 results. We expect to use net operating loss carryforwards from previous years to offset all taxable income generated in 2021. Due to the level of uncertainty regarding sufficient prospective income as measured under GAAP, we maintain a valuation allowance against our DTAs, as mentioned above.

See Note 9 to the consolidated financial statements set forth in Part II, Item 8. “Financial Statements and Supplementary Data” for a more detailed discussion.

Operating results — reportable segments

We manage our casinos based primarily on geographic regions within the United States. Our 2021 results reflect a change in our operating segments. We now break out our on-site and online sports wagering skins in Colorado and Indiana as a standalone segment, Contracted Sports Wagering. Certain reclassifications were made to 2020 amounts to conform to current-period presentation for enhanced comparability. Such reclassifications had no effect on the previously reported results of operations or financial position. See Part I, Item 1. "Business — Introduction" for additional discussion.

The following table presents detail by segment of our consolidated revenue and Adjusted EBITDA. Management uses Adjusted Segment EBITDA as its measure of segment profit.

(In thousands)	**Year Ended December 31, 2021**	**Year Ended December 31, 2020**	**Increase**
Revenues			
Mississippi	$ 90,628	$ 62,513	45.0 %
Indiana	41,435	29,524	40.3 %
Colorado	23,660	19,614	20.6 %
Nevada	18,516	11,732	57.8 %
Contracted Sports Wagering	5,920	2,206	168.4 %
	$ 180,159	$ 125,589	43.5 %
Adjusted Segment EBITDA and Adjusted EBITDA			
Mississippi	$ 29,843	$ 14,669	103.4 %
Indiana	8,736	2,444	257.4 %
Colorado	5,545	3,790	46.3 %
Nevada	4,933	454	986.6 %
Contracted Sports Wagering	5,890	2,086	182.4 %
Adjusted Segment EBITDA	54,947	23,443	134.4 %
Corporate	(7,733)	(3,789)	104.1 %
Adjusted EBITDA	$ 47,214	$ 19,654	140.2 %
Adjusted Segment EBITDA Margin			
Mississippi	32.9 %	23.5 %	9.4 pts
Indiana	21.1 %	8.3 %	12.8 pts
Colorado	23.4 %	19.3 %	4.1 pts
Nevada	26.6 %	3.9 %	22.7 pts
Contracted Sports Wagering	99.5 %	94.6 %	4.9 pts

The following table summarizes the consolidated results of our casino activity by key performance indicators as previously defined:

(In thousands)	Year Ended December 31, 2021	2020	Increase
Slot coin-in	$ 1,951,311	$ 1,380,727	41.3 %
Slot win	$ 148,232	$ 102,861	44.1 %
Slot hold percentage[(1)]	7.6 %	7.4 %	0.2 pts
Table game drop	$ 77,104	$ 61,873	24.6 %
Table game win	$ 13,823	$ 10,962	26.1 %
Table game hold percentage[(1)]	17.9 %	17.7 %	0.2 pts

(1) The three-year averages for slot hold percentage and table game hold percentage were 7.4% and 17.5%, respectively.

Mississippi

Our Mississippi segment consists of the Silver Slipper Casino and Hotel. Pursuant to a pandemic-related order from the state gaming commission, we temporarily suspended operations for a portion of the prior year, from March 16, 2020 through May 21, 2020. During 2021, we saw the gradual relaxation of various pandemic-related business restrictions. As a result, revenues increased by 45.0% during 2021. Casino revenue increased by 48.5%, driven mainly by higher slot volumes, accompanied by increases to table games volume and hold.

Non-casino revenue increased by 37.5% during 2021, also due to the gradual lifting of pandemic-related business restrictions. The majority of our non-casino revenue is from our food and beverage outlets. Food and beverage revenues rose by 39.4%, due to additional buffet covers and strategic buffet promotions. Hotel revenues increased by 26.5%, wherein total occupied room-nights increased by 33.5% to 42,743 room-nights for 2021, despite lower average daily room rates as compared to 2020.

Adjusted Segment EBITDA increased by 103.4%, reflecting a focus on marketing and labor improvements. During the shutdown period, we reexamined our cost structure, specifically focusing on labor and marketing efficiencies company-wide. Upon reopening, we ensured that the hours of operations of our amenities were appropriately matched to our business levels. Additionally, Silver Slipper's operational performance reflects the benefit of numerous investments in the property in recent years. Such investments included a substantial renovation of the casino and the buffet, a renovated porte cochère and other sense-of-arrival improvements, the Beach Club, the Oyster Bar, and the introduction of on-site sports betting.

Indiana

Our Indiana segment consists of Rising Star Casino Resort. Pursuant to a pandemic-related order from the state gaming commission, we temporarily suspended operations for a portion of the prior year, from March 16, 2020 through June 15, 2020. Reflecting the gradual relaxation of pandemic-related business restrictions, revenues increased by 40.3% during 2021. Casino revenue rose by 46.3%, with slot revenues increasing by 53.0% and table games revenues increasing by 34.8%. Both our slot and table games departments benefited from relatively flat hold percentages on higher volumes during 2021.

Non-casino revenue increased by 27.1% during 2021 due to higher guest volumes, especially as capacity and operating restrictions continued to ease in 2021. Hotel revenues drove much of this increase, up 35.4%, reflecting an increase in daily average room rates and a 27.9% rise in total occupied room-nights to 51,951 room-nights in 2021. Food and beverage revenues increased by 31.4% during 2021 from increased covers.

Adjusted Segment EBITDA increased by 257.4%, reflecting our focus on controlling costs and our revamped marketing approach, as well as capital investments made in recent years. Such capital investments included commencement of our ferry boat service, renovations of the pavilion and much of the hotel, conversion of a deli into a new restaurant, the RV park and a new slot machine management system. Efforts to control costs included reducing staff, decreasing marketing expenses, and replacing our buffet with more efficient food and beverage service options. Additionally, new Indiana gaming legislation went into effect on July 1, 2021, including a reduction in certain gaming taxes for Rising Star.

Colorado

Our Colorado segment includes Bronco Billy's Casino and Hotel and the Chamonix project. Pursuant to pandemic-related state orders, we temporarily closed Bronco Billy's for a portion of the prior year, from March 17, 2020 through June 15, 2020. Upon reopening, we resumed construction of Chamonix, which adjoins and will be connected to Bronco Billy's. Such construction has resulted in the loss of all of Bronco Billy's on-site parking, many of its hotel rooms, and some of its casino and restaurant space. To alleviate the lack of on-site parking, we introduced complimentary valet parking, as well as a free shuttle service to an off-site parking lot. Additionally, with the gradual relaxation of pandemic-related business restrictions and elimination of betting limits, revenues increased by 20.6% during 2021. Casino revenue increased by 18.8%, with slot revenues rising by 17.3% and table games revenues increasing by 109.4%. Both the slot and table games departments had relatively flat hold percentages on higher volumes during 2021.

Non-casino revenue increased by 33.4% during 2021 due to higher guest volumes, especially as capacity and operating restrictions continued to ease in 2021. Food and beverage revenues drove much of this increase, up by 36.9% during 2021 due to increased covers and the reopening of our steakhouse. Hotel revenues followed with an increase of 23.7%, as higher average daily room rights offset the gradual loss of guestrooms due to Chamonix's construction during 2021 and the impact of the closure period.

Adjusted Segment EBITDA increased by 46.3%, reflecting an improved customer experience and analytics from Bronco Billy's new slot marketing system and labor controls that were partially offset by certain labor expenses related to the pandemic. Results also benefited from the increase in capacity and operations as described above.

Nevada

The Nevada segment consists of the Grand Lodge and Stockman's casinos. Our Nevada operations are seasonal, with the summer months accounting for a disproportionate share of annual revenues. Winter is a secondary peak season, as Grand Lodge Casino is located near several ski resorts, including Alpine Meadows, Northstar and Palisades Tahoe. We typically benefit from a "good" snow year, resulting in extended periods of operation at the nearby ski areas.

This business segment was more negatively affected by the COVID-19 pandemic than our other business segments, as pandemic-related restrictions at the nearby ski resorts in late 2020 and early 2021 affected destination travel to the region. Pursuant to pandemic-related state orders, we temporarily closed both Grand Lodge Casino and Stockman's Casino for a portion of the prior year, from March 17, 2020 through June 4, 2020. Reflecting the gradual relaxation of pandemic-related restrictions, revenues increased by 57.8% during 2021. Casino revenue accounted for most of this increase, rising by 59.0%. Slot revenue increased by 68.2% during 2021 and table games revenues rose by 19.7%, both due to higher slot and table games volumes at Grand Lodge. While we resumed table games operations starting in the third quarter of 2020 at Grand Lodge, such operations remained closed at Stockman's during 2021. Electronic table games have been installed as an alternative to meet this demand at Stockman's.

Adjusted Segment EBITDA increased by 986.6%. As restrictions eased in Nevada, both properties improved revenues while continuing to maintain control of overall expenses. Similar to our other properties, we focused on labor efficiencies at Grand Lodge and Stockman's upon reopening in mid-2020.

Contracted Sports Wagering

The Contracted Sports Wagering segment consists of our on-site and online sports wagering skins in Colorado and Indiana. Revenues and Adjusted Segment EBITDA were both $5.9 million during 2021, resulting in respective increases of 168.4% and 182.4%, as compared to 2020. Our fourth and fifth sports wagering skins commenced operations on April 1 and April 23, 2021, respectively, resulting in sequential growth in both revenues and Adjusted Segment EBITDA. Our sixth skin contractually went live on December 1, 2021, and subsequently received gaming approval on February 28, 2022. As a result, all of our six permitted sports wagering skins were in operation in the fourth quarter of 2021. We receive a percentage of defined revenues of each skin, subject to annual minimums. Such minimums total $7 million of revenue on an annualized basis under our current agreements, with minimal related expenses.

In February 2022, one of our contracted parties for sports wagering informed us of its intent to cease operations on May 15, 2022, which will create one available skin in each of Colorado and Indiana. We are currently negotiating with other companies to be the replacement operator for such skins. However, no assurance can be given that we will be able to enter into any replacement contract on similar terms or at all.

Additionally, we expect to have an available sports skin in Illinois, as we were recently chosen by the IGB to develop and operate a casino in Waukegan, Illinois. Illinois law allows one sports skin for each physical casino license, which results in fewer total sports skins than in each of Colorado and Indiana. Illinois is also the sixth most populous state in the country, with approximately 12.8 million residents. As a result, we expect to receive better terms for our expected Illinois skin than for any of our individual skins in Colorado or Indiana. However, no assurance can be given that we will be able to enter into a contract related to such skin, either on better terms than our other skins or at all.

Corporate

Corporate expenses increased by 104.1% in 2021, primarily due to $2.1 million of expenses related to corporate initiatives that are not expected to recur in 2022. Corporate expenses also increased due to additional professional fees, a gradual resumption of activities in late 2020 following the closure period, and an increase in accrued bonus compensation, reflecting our improved operating results. In Spring 2020, when our casinos were closed, we temporarily reduced our corporate staff to a small group of employees.

In 2020, we began allocating certain costs to the properties. Previously, such costs were carried at the corporate level. For 2021, a total of $1.9 million was allocated, compared to $0.8 million in 2020. We believe that such allocations are appropriate, as the corporate team provides additional support to each of our properties, and that such allocations make our segment results more comparable to other casino companies.

Non-GAAP Measure

“Adjusted EBITDA” is 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, and non-cash share-based compensation expense. Adjusted EBITDA information is presented solely as supplemental disclosure to measures reported in accordance with generally accepted accounting principles in the United States of America (“GAAP”) because management believes this measure is (i) a widely used measure of operating performance in the gaming and hospitality industries and (ii) a principal basis for valuation of gaming and hospitality companies. In addition, a version of Adjusted EBITDA (known as Consolidated Cash Flow) is utilized in the covenants within our credit facility, although not necessarily defined in the same way as above. Adjusted EBITDA is not, however, a measure of financial performance or liquidity under GAAP. Accordingly, this measure should be considered supplemental and not a substitute for net income (loss) or cash flows as an indicator of our operating performance or liquidity.

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

(In thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020
Net income	$ 11,706	$ 147
Income tax expense (benefit)	435	(92)
Interest expense, net of amounts capitalized	23,657	9,823
Loss on extinguishment of debt, net	409	—
Adjustment to fair value of warrants	1,347	598
Operating income	37,554	10,476
Project development costs	782	423
Preopening costs	17	—
Depreciation and amortization	7,219	7,666
Loss on disposal of assets, net	676	684
Stock-based compensation	966	405
Adjusted EBITDA	$ 47,214	$ 19,654

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

For the Year Ended December 31, 2021
(In thousands)

	Operating Income (Loss)	Depreciation and Amortization	Loss on Disposal of Assets	Project Development Costs	Preopening Costs	Stock-Based Compensation	Adjusted Segment EBITDA and Adjusted EBITDA
Reporting segments							
Mississippi	$ 26,553	$ 2,701	$ 589	$ —	$ —	$ —	$ 29,843
Indiana	6,396	2,340	—	—	—	—	8,736
Colorado	3,959	1,482	87	—	17	—	5,545
Nevada	4,386	547	—	—	—	—	4,933
Contracted Sports Wagering	5,890	—	—	—	—	—	5,890
	47,184	7,070	676	—	17	—	54,947
Other operations							
Corporate	(9,630)	149	—	782	—	966	(7,733)
	$ 37,554	$ 7,219	$ 676	$ 782	$ 17	$ 966	$ 47,214

For the Year Ended December 31, 2020
(In thousands)

	Operating Income (Loss)	Depreciation and Amortization	Loss on Disposal of Assets	Project Development Costs	Stock-Based Compensation	Adjusted Segment EBITDA and Adjusted EBITDA
Reporting segments						
Mississippi	$ 11,421	$ 3,004	$ 244	$ —	$ —	$ 14,669
Indiana	(34)	2,478	—	—	—	2,444
Colorado	2,336	1,450	4	—	—	3,790
Nevada	(562)	581	435	—	—	454
Contracted Sports Wagering	2,086	—	—	—	—	2,086
	15,247	7,513	683	—	—	23,443
Other operations						
Corporate	(4,771)	153	1	423	405	(3,789)
	$ 10,476	$ 7,666	$ 684	$ 423	$ 405	$ 19,654

Operating expenses deducted to arrive at operating income (loss) in the above tables include facility rents related to: (i) Mississippi of $2.3 million in 2021 and $1.6 million in 2020, (ii) Nevada of $1.8 million in both 2021 and 2020, and (iii) Colorado of $0.6 million in both 2021 and 2020. Finance lease payments of $0.7 million in both 2021 and 2020 related to Rising Star's smaller hotel within the Indiana segment are not deducted, as such payments are accounted for as interest expense and amortization of debt related to the finance obligation.

Liquidity and Capital Resources

Cash Flows

As of December 31, 2021, we had $265.3 million of cash and equivalents, including $176.6 million of restricted cash dedicated to the construction of Chamonix. We currently estimate that between $7 million and $9 million of cash is required for our day-to-day operations, including for on-site cash in our slot machines, change and redemption kiosks, and cages. We believe that current cash balances, together with the available borrowing capacity under our revolving credit facility and cash flows from operating activities, will be sufficient to meet our liquidity and capital resource needs for the next 12 months of operations.

Cash flows – operating activities. On a consolidated basis, cash provided by operations during 2021 was $29.5 million, compared to $9.0 million in 2020. Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but are also affected by changes in working capital accounts, such as receivables, prepaid expenses, and payables. Compared to 2020, the increase in our operating cash flows during 2021 was primarily due to our strong operating performance. Such results were brought on by a combination of higher volumes reflecting the gradual relaxation of pandemic-related business restrictions during the 2021 period, as well as more higher operating margins from the reexamination of our cost structure, specifically focusing on labor and marketing efficiencies company-wide.

Cash flows – investing activities. On a consolidated basis, cash used in investing activities during 2021 was $37.2 million, compared to $2.6 million 2020. Capital expenditures in 2021 primarily related to our Chamonix construction project, which continued to progress in 2021, and real estate purchases in Cripple Creek. This amount also includes approximately $2.0 million for capital expenditures made in 2021 at Silver Slipper to repair damage caused by Hurricane Zeta. Cash used in investing activities during 2020 were primarily related to capital expenditures for Chamonix.

Cash flows – financing activities. On a consolidated basis, cash provided by financing activities during 2021 was $235.3 million, while cash provided by financing activities during 2020 was $1.5 million. In February and March 2021, respectively, we received $310.0 million of gross proceeds from the issuance of our 2028 Notes and $46.0 million of gross proceeds from our underwritten equity offering. These cash inflows in 2021 were partially offset by the payoff of the Prior Notes (including the related prepayment premiums), as well as expenses related to our debt and offerings. Cash provided by financing activities in 2020 primarily reflect $5.6 million of unsecured loans under the CARES Act, which were forgiven in full in accordance with their terms by the U.S. Small Business Administration in December 2021.

Other Factors Affecting Liquidity

We have significant outstanding debt and contractual obligations, in addition to planned capital expenditures related to the construction of Chamonix and American Place. Our principal debt matures in February 2028. Certain planned capital expenditures designed to grow the Company, such as the permanent American Place facility and the potential 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 include the potential effects of COVID-19 and its variants. The extent to which our liquidity in future periods may be affected by COVID-19 and its variants may largely depend on future developments. Such future developments are highly uncertain and cannot be accurately predicted at this time, as discussed under *“Recent Developments.”*

Long-Term Debt. At December 31, 2021, we had $310.0 million of principal indebtedness outstanding under the 2028 Notes, and no drawn amounts under the Credit Facility or outstanding letters of credit. In December 2021, our qualifying subsidiaries’ $5.6 million of CARES Act Loans were forgiven in full per the terms of such loans. We also owe $3.3 million related to our finance lease of a hotel at Rising Star.

See Note 6 to the consolidated financial statements set forth in Part II, Item 8. “Financial Statements and Supplementary Data” for details on our debt obligations.

Hyatt Option to Purchase our Leasehold Interest and Related Assets. Our lease with Hyatt to operate the Grand Lodge Casino currently has an option for Hyatt to purchase our leasehold interest and related casino operating assets. See Note 7 to the consolidated financial statements set forth in Part II, Item 8. “Financial Statements and Supplementary Data” for further information about this option and related rental commitments that could affect our liquidity and capital resources.

Capital Investments. In 2021, we resumed construction of Chamonix after temporarily suspending all capital investments in March 2020 after the pandemic-related closure of our properties. Our capital investments are designed to drive revenue and income growth, to improve the guest experience at our properties, and to drive increased visitation.

Chamonix - As previously discussed above in “Operating Properties — Chamonix Casino and Hotel” under Part I, Item 1. “Business,” we increased the size of the Chamonix project’s hotel capacity by 67%, to approximately 300 luxury guest rooms and suites from our previously planned 180 guest rooms. We also revised our construction budget for Chamonix in January 2022, increasing it from $180 million to approximately $250 million to reflect supply chain issues, inflation, and a difficult construction environment. To fund Chamonix’s construction, we issued our 2028 Notes and placed a portion of such proceeds into a restricted cash account dedicated to Chamonix’s construction (see Note 6 to the consolidated financial statements set forth in Part II, Item 8. “Financial Statements and Supplementary Data”). As of February 28, 2022, the balance of such restricted cash account was approximately $221.4 million. We expect to invest approximately half of such amount in 2022 and the remainder in 2023, with an expected opening of Chamonix in the second quarter of 2023.

American Place - As discussed above in the "Executive Overview," we were selected by the IGB to develop and operate American Place in Waukegan, Illinois. While the larger permanent facility is under construction, we will operate a temporary casino named The Temporary by American Place. During 2022, we plan to invest approximately $100 million in The Temporary, which includes significant upfront gaming license payments and the purchase of slot machines that are expected to be transferred to the permanent casino once opened. To fund such construction, in February 2022, we issued $100.0 million of Additional Notes and increased the size of our revolving credit facility to $40.0 million, all of which is currently available to draw upon (see Note 6 to the consolidated financial statements set forth in Part II, Item 8. "Financial Statements and Supplementary Data"). We intend to open The Temporary in Summer 2022, pending customary regulatory approvals.

Other Capital Expenditures - Additionally, we may fund various other capital expenditure projects, depending on our financial resources. Our capital expenditures may fluctuate due to decisions regarding strategic capital investments in new or existing facilities, and the timing of capital investments to maintain the quality of our properties. No assurance can be given that any of our planned capital expenditure projects will be completed or that any completed projects will be successful. Our annual capital expenditures typically include some number of new slot 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 political environment, and the ability to secure the funding necessary to complete the development or acquisition, among other considerations. No assurance can be given that any additional projects will be pursued or completed or that any completed projects will be successful.

Principal Debt Arrangements

See Note 6 to the consolidated financial statements set forth in Part II, Item 8. "Financial Statements and Supplementary Data" for more information.

Critical Accounting Estimates and Policies

Our consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. Certain of our accounting policies require that we apply significant judgment in defining the appropriate assumptions for calculating estimates that affect reported amounts and disclosures. By their nature, judgments are subject to an inherent degree of uncertainty, and therefore, actual results may differ from our estimates. We believe the following critical accounting policies affect the most significant judgments and estimates used in the preparation of our consolidated financial statements.

Impairment of Long-lived Assets, Goodwill and Indefinite-Lived Intangibles

Our long-lived assets include property and equipment, goodwill, and indefinite-lived intangibles, and are evaluated at least annually (and more frequently when circumstances warrant) to determine if events or changes in circumstances indicate that the carrying value may not be recoverable. Examples of such events or changes in circumstances that might indicate impairment testing is warranted might include, as applicable, an adverse change in the legal, regulatory or business climate relative to gaming nationally or in the jurisdictions in which we operate, or a significant long-term decline in historical or forecasted earnings or cash flows or the fair value of our property or business, possibly as a result of competitive or other economic or political factors. In evaluating whether a loss in value is other than temporary, we consider: (i) the length of time and the extent to which the fair value or market value has been less than cost; (ii) the financial condition and near-term prospects of the casino property, including any specific events which may influence the operations; (iii) our intent related to the asset and ability to retain it for a period of time sufficient to allow for any anticipated recovery in fair value; (iv) the condition and trend of the economic cycle; (v) historical and forecasted financial performance; and (vi) trends in the general market.

We review the carrying value of our property and equipment used in our operations whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from estimated future undiscounted cash flows expected to result from its use and eventual disposition. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then an impairment is recorded based on the fair value of the asset. Fair value is typically measured using a discounted cash flow model whereby future cash flows are discounted using a weighted-average cost of capital, developed using a standard capital-asset pricing model, based on guideline companies in our industry.

We test our goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter or when a triggering event occurs. For our 2021 and 2020 annual impairment tests, we utilized the option to perform a qualitative analysis for our goodwill and indefinite-lived intangibles and concluded it was more likely than not that the fair values of such intangibles exceeded their carrying values. Any impairment charges incurred are not reversed if a subsequent evaluation concludes a higher valuation than the carrying value.

Fixed Asset Capitalization and Depreciation Policies

We define fixed assets as certain property and equipment with economic useful lives that extend beyond a year. Such fixed assets are stated at cost. For the majority of our property and equipment, cost was determined at the acquisition date based on estimated fair values. We acquired Bronco Billy's in May 2016, Silver Slipper in October 2012, Rising Star in April 2011 and Stockman's in January 2007. Project development costs, which are amounts expended on the pursuit of new business opportunities, and acquisition-related costs are expensed as incurred. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are also expensed as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. When we construct assets, we capitalize direct costs of the project, including fees paid to architects and contractors and property taxes. Salaries are capitalized only for employees working directly on the project. In addition, interest cost associated with major development and construction projects is capitalized as part of the cost of the project. Interest is typically capitalized on amounts expended on the project using the weighted-average cost of our outstanding borrowings. Capitalization of interest starts when construction activities begin and ceases when construction is substantially complete or development activity is suspended for more than a brief period.

We must make estimates and assumptions when accounting for capital expenditures. Whether an expenditure is considered a maintenance expense or a capital asset is sometimes a matter of judgment. When constructing or purchasing assets, we must determine whether existing assets are being replaced or otherwise impaired, which also may be a matter of judgment. In addition, our depreciation expense is highly dependent on the assumptions we make about our assets' estimated useful lives. We determine the estimated useful lives based on our experience with similar assets, engineering studies, and our estimate of the usage of the asset. Whenever events or circumstances occur, which would change the estimated useful life of an asset, we account for the change prospectively.

Income Taxes

We are subject to federal and state taxes in the United States. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities, and any valuation allowance recorded against our net DTAs. We make these estimates and judgments about our future taxable income that are based on assumptions that are consistent with our future plans. Tax laws, regulations, and administrative practices may be subject to change due to economic or political conditions, including fundamental changes to the applicable tax laws.

Our income tax returns are subject to examination by the IRS and other tax authorities. Positions taken in tax returns are sometimes subject to uncertainty in the tax laws and may not ultimately be accepted by the IRS or other tax authorities. We assess our tax positions using a two-step process. A tax position is recognized if it meets a "more likely than not" threshold. It is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized. Additionally, we recognize accrued interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Recently Issued Accounting Pronouncements Not Yet Adopted

See Note 2 to the consolidated financial statements set forth in Part II, Item 8. "Financial Statements and Supplementary Data" for a discussion of recently issued accounting pronouncements not yet adopted.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company during the year ended December 31, 2021, as defined by Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data.

The financial information included in the financial statement schedule should be read in conjunction with the consolidated financial statements. All other financial statement schedules have been omitted because they are not applicable or the required information is included in the consolidated financial statements or the notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Full House Resorts, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Full House Resorts, Inc. and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021 of the Company and our report dated March 15, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Deloitte & Touche LLP

Las Vegas, Nevada
March 15, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Full House Resorts, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Full House Resorts, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 15, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

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

Income Taxes ─ Valuation Allowance ─ Refer to Note 9 to the financial statements

Critical Audit Matter Description

The Company provides valuation allowances against deferred tax assets when it is deemed "more likely than not" that some portion or all of the deferred tax asset will not be realized within a reasonable period of time. Future realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences become deductible. Sources of taxable income include future reversals of deferred tax liabilities, projected future taxable income, ability to carry tax attributes back to prior years, and tax planning strategies, collectively referred to herein as "estimated taxable income sources". The Company's valuation allowance for its US federal and certain state deferred tax assets was $9.9 million as of December 31, 2021. We identified the Company's valuation allowance analysis and conclusion as a critical audit matter because of the estimates and judgments required by management in determining estimated taxable income sources. Auditing the estimated taxable income sources required a high degree of auditor judgment and increased audit effort, including the need to involve our income tax specialists in evaluating the appropriateness and reasonableness of such estimates.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the estimated taxable income sources included the following, among others:

- We tested the effectiveness of the internal controls over management's estimates of the realization of the deferred tax assets, including those over projected taxable income.
- We evaluated the reasonableness of management's projections of taxable income, including consideration of non-recurring items, by comparing actual results to management's historical estimates and considering the consistency of the estimates of projected future taxable income (adjusted for non-recurring items and the impact of future events, as applicable) with evidence obtained in other areas of the audit.
- With the assistance of our income tax specialists, we evaluated the reasonableness of management's assessment of the significance and weighting of negative and positive evidence that is objectively verifiable, as well as whether it was more likely than not that sufficient estimated taxable income sources would be generated in the future for all or a portion of the net deferred tax assets to be realized, including consideration of:
  - Relevant tax laws and regulations;
  - Future reversals of deferred tax liabilities;
  - Relevant tax planning strategies; and
  - Projected future taxable income, including adjustments for non-recurring items, as applicable.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada
March 15, 2022

We have served as the Company's auditor since 2019.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	Year Ended December 31,		
	2021	2020	2019
Revenues			
Casino	$ 130,431	$ 90,812	$ 113,390
Food and beverage	27,347	19,766	35,069
Hotel	9,624	7,410	11,535
Other operations, including contracted sports wagering	12,757	7,601	5,438
	180,159	125,589	165,432
Operating costs and expenses			
Casino	43,765	33,749	50,673
Food and beverage	23,757	19,378	33,950
Hotel	4,444	3,773	5,608
Other operations	1,980	1,855	3,557
Selling, general and administrative	59,965	47,585	56,052
Project development costs	782	423	1,037
Preopening costs	17	—	—
Depreciation and amortization	7,219	7,666	8,331
Loss on disposal of assets, net	676	684	8
	142,605	115,113	159,216
Operating income	37,554	10,476	6,216
Other expense			
Interest expense, net of amounts capitalized	(23,657)	(9,823)	(10,728)
Loss on extinguishment of debt, net	(409)	—	—
Adjustment to fair value of warrants	(1,347)	(598)	(1,230)
	(25,413)	(10,421)	(11,958)
Income (loss) before income taxes	12,141	55	(5,742)
Income tax expense (benefit)	435	(92)	80
Net income (loss)	$ 11,706	$ 147	$ (5,822)
Basic earnings (loss) per share	$ 0.36	$ 0.01	$ (0.22)
Diluted earnings (loss) per share	$ 0.33	$ 0.01	$ (0.22)
Basic weighted average number of common shares outstanding	32,516,758	27,093,656	26,979,829
Diluted weighted average number of common shares outstanding	34,945,951	27,783,654	26,979,829

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

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

	December 31,	
	2021	2020
ASSETS		
Current assets		
Cash and equivalents	$ 88,721	$ 37,698
Restricted cash	176,572	—
Accounts receivable, net	4,693	4,904
Inventories	1,660	1,511
Prepaid expenses and other	3,726	2,461
	275,372	46,574
Property and equipment, net	149,540	115,772
Operating lease right-of-use assets, net	15,814	17,361
Goodwill	21,286	21,286
Other intangible assets, net	10,896	10,963
Deposits and other	934	660
	$ 473,842	$ 212,616
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 8,411	$ 4,191
Accrued payroll and related	5,473	2,397
Accrued interest	9,861	38
Other accrued liabilities	10,252	10,772
Current portion of operating lease obligations	3,542	3,283
Current portion of finance lease obligation	514	491
Current portion of long-term debt	—	426
Common stock warrant liability	—	2,653
	38,053	24,251
Operating lease obligations, net of current portion	12,903	14,914
Finance lease obligation, net of current portion	2,783	3,298
Long-term debt, net	301,619	106,832
Deferred income taxes, net	1,055	620
Contract liabilities, net of current portion	4,714	5,398
Other long-term liabilities	—	626
	361,127	155,939
Commitments and contingencies (Note 10)		
Stockholders' equity		
Common stock, $0.0001 par value, 100,000,000 shares authorized; 35,302,549 and 28,385,299 shares issued and 34,242,581 and 27,124,292 shares outstanding	4	3
Additional paid-in capital	108,911	64,826
Treasury stock, 1,059,968 and 1,261,007 common shares	(1,292)	(1,538)
Retained earnings (accumulated deficit)	5,092	(6,614)
	112,715	56,677
	$ 473,842	$ 212,616

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

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock		(Accumulated Deficit) Retained Earnings	Total Stockholders' Equity
	Shares	Dollars		Shares	Dollars		
Balances, January 1, 2019	28,289	$ 3	$ 63,935	1,357	$ (1,654)	$ (939)	$ 61,345
Net loss	—	—	—	—	—	(5,822)	(5,822)
Exercise of stock options	35	—	119	(87)	106	—	225
Stock grants	22	—	48	—	—	—	48
Stock-based compensation	—	—	300	—	—	—	300
Balances, December 31, 2019	28,346	3	64,402	1,270	(1,548)	(6,761)	56,096
Net income	—	—	—	—	—	147	147
Exercise of stock options	8	—	19	(9)	10	—	29
Stock grants	31	—	54	—	—	—	54
Stock-based compensation	—	—	351	—	—	—	351
Balances, December 31, 2020	28,385	3	64,826	1,261	(1,538)	(6,614)	56,677
Net income	—	—	—	—	—	11,706	11,706
Equity offering, net	6,917	1	42,973	—	—	—	42,974
Exercise of stock options	—	—	146	(201)	246	—	392
Stock-based compensation	—	—	966	—	—	—	966
Balances, December 31, 2021	35,302	$ 4	$ 108,911	1,060	$ (1,292)	$ 5,092	$ 112,715

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

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2021	**2020**	**2019**
Cash flows from operating activities:			
Net income (loss)	$ 11,706	$ 147	$ (5,822)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	7,219	7,666	8,331
Amortization of debt issuance and warrant costs and other	1,349	1,276	1,184
Stock-based compensation	966	405	348
Change in fair value of stock warrants	1,347	598	1,230
Loss on disposal of assets, net	676	684	8
Proceeds from insurance related to property damage	1,334	—	—
Loss on extinguishment of debt, net	409	—	—
Increases and decreases in operating assets and liabilities:			
Accounts receivable	211	(2,698)	(171)
Prepaid expenses, inventories and other	(1,414)	1,660	(678)
Deferred taxes	435	(92)	80
Common stock warrant liability	(4,000)	—	—
Contract liabilities	(234)	785	5,985
Accounts payable and accrued expenses	9,500	(1,440)	(26)
Net cash provided by operating activities	29,504	8,991	10,469
Cash flows from investing activities:			
Purchase of property and equipment	(36,991)	(2,638)	(8,088)
Other	(226)	19	(582)
Net cash used in investing activities	(37,217)	(2,619)	(8,670)
Cash flows from financing activities:			
Proceeds from Senior Secured Notes due 2028 borrowings	310,000	—	—
Proceeds from equity offering, net of issuance costs	42,974	—	—
Proceeds from Senior Secured Notes due 2024 borrowings	—	—	10,000
Proceeds from CARES Act unsecured loans	—	5,606	—
Payment of debt discount and issuance costs	(9,429)	(2,548)	(1,188)
Repayment of Senior Secured Notes due 2024	(106,825)	(1,100)	(1,075)
Prepayment premiums of Senior Secured Notes due 2024	(1,261)	—	—
Repayment of finance lease obligation	(492)	(488)	(544)
Proceeds from exercise of stock options	392	29	225
Other	(51)	(24)	—
Net cash provided by financing activities	235,308	1,475	7,418
Net increase in cash, cash equivalents and restricted cash	227,595	7,847	9,217
Cash, cash equivalents and restricted cash, beginning of period	37,698	29,851	20,634
Cash, cash equivalents and restricted cash, end of period	$ 265,293	$ 37,698	$ 29,851
Supplemental Cash Flow Information:			
Cash paid for interest, net of amounts capitalized	$ 12,373	$ 8,514	$ 9,550
Non-Cash Investing Activities:			
Accounts payable related capital expenditures	$ 4,899	$ 298	$ 515
Non-Cash Financing Activities:			
Gain on extinguishment of CARES Act unsecured loans	$ 5,696	$ —	$ —

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

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. 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 five casinos: four on real estate that we own or lease and one located within a hotel owned by a third party. Construction continues for a sixth property, Chamonix Casino Hotel (“Chamonix”), adjacent to the Company’s existing Bronco Billy’s Casino and Hotel in Cripple Creek, Colorado. We also benefit from six permitted sports wagering “skins,” three in Colorado and three in Indiana. Other companies operate or will operate these online sports wagering sites under their brands, paying us a percentage of revenues, as defined, subject to annual minimum amounts.

In December 2021, Full House was selected by the Illinois Gaming Board (“IGB”) to develop its American Place project in Waukegan, Illinois, a northern suburb of Chicago. The Company intends to open a temporary casino facility named The Temporary by American Place (“The Temporary”) in Summer 2022, subject to customary regulatory approvals. The Company expects to operate The Temporary until the opening of the permanent American Place facility and intends to include such operations as its own segment, Illinois. Full House also expects to receive one sports skin in Illinois upon the opening of The Temporary.

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

Segments and Properties	Locations
Colorado	
Bronco Billy’s Casino and Hotel	Cripple Creek, CO (near Colorado Springs)
Chamonix Casino Hotel (under construction)	Cripple Creek, CO (near Colorado Springs)
Illinois	
American Place (under development)	Waukegan, IL (northern suburb of Chicago)
Indiana	
Rising Star Casino Resort	Rising Sun, IN (near Cincinnati)
Mississippi	
Silver Slipper Casino and Hotel	Hancock County, MS (near New Orleans)
Nevada	
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”)	Colorado
Three sports wagering websites (“skins”)	Indiana

The Company manages its casinos based on geographic regions within the United States. Our 2021 results reflect a change in our operating segments. We now break out our on-site and online sports wagering skins in Colorado and Indiana as a standalone segment, Contracted Sports Wagering. Certain reclassifications were made to 2020 amounts to conform to current-period presentation for enhanced comparability. Such reclassifications had no effect on the previously reported results of operations or financial position. See Note 13 for further information.

COVID-19 Pandemic Update. In March 2020, the World Health Organization declared the outbreak of the novel coronavirus as a pandemic ("COVID-19"). Although COVID-19 continues to spread throughout the U.S. and the world, vaccines and boosters designed to inhibit the severity and the spread of COVID-19 are now being distributed. As a result, the number of newly reported cases has recently been in decline in the U.S., though new variants could result in a reversal of these trends. For example, the Delta and Omicron variants resulted in large increases in the number of COVID-19 cases as it spread globally. COVID-19 has resulted in the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, business restrictions, closing of borders, "shelter-in-place" orders and business closures.

In March 2020, pursuant to state government orders, the Company temporarily closed all of its casino properties. As a result, the Company experienced a material decline in its revenues until its properties began reopening when permitted by local authorities. The reopening dates were:

- Silver Slipper Casino and Hotel — May 21, 2020
- Grand Lodge Casino and Stockman's Casino — June 4, 2020
- Bronco Billy's Casino and Hotel — June 15, 2020
- Rising Star Casino Resort — June 15, 2020.

During the shutdown period, the Company evaluated labor, marketing and other costs at its businesses so that, upon reopening, its properties could reopen with significantly lower operating costs. As a result, the Company's operating performance since reopening in mid-2020 has been stronger than pre-pandemic levels, despite business restrictions throughout its properties and additional pandemic-related costs. The extent to which the Company's financial and operating results in future periods may be affected by COVID-19, including Delta, Omicron and other variants, will largely depend on future developments, which are highly uncertain and cannot be accurately predicted at this time. Significant uncertainties include the ability to operate; new information which may emerge concerning new strains of COVID-19 and their severity; vaccination rates among the population; the effectiveness of COVID-19 vaccines against variants; any additional actions imposed by governmental authorities to contain or minimize the impact of COVID-19 and any variants (including the potential mandated vaccination or repeated testing of our employees); increased operating costs and constraints to implement sanitation and social distancing requirements; increased costs for materials due to supply chain constraints; and general economic conditions, among others.

The disruptions arising from COVID-19 continued to impact the Company during the year ended December 31, 2021. The duration and intensity of this global health emergency and related disruptions are uncertain. While each of the Company's properties are currently open and operating restrictions further eased during the fourth quarter of 2021, the current economic and regulatory environment in each of the Company's jurisdictions continues to evolve. The manner in which governments will react as the global and regional impact of the COVID-19 pandemic changes over time is uncertain, and such actions could significantly alter the Company's current operations.

As of December 31, 2021, the Company had total cash and cash equivalents of $265.3 million, which includes $176.6 million of restricted cash reserved to fund Chamonix, and an undrawn revolver. As detailed in Note 6 below, the Company issued $100.0 million of additional senior secured notes and increased the size of its revolving credit facility from $15.0 million to $40.0 million, which remained undrawn as of this report date.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Accounting. The consolidated financial statements include the accounts of Full House and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

Except when otherwise required by accounting principles generally accepted in the United States of America ("GAAP") and disclosed herein, the Company measures all of its assets and liabilities on the historical cost basis of accounting.

Use of Estimates. The consolidated financial statements have been prepared in conformity with GAAP. These principles require the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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, such as its common stock warrant liability and interest rate cap. Fair value measurements are also used in its 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.

The Company utilizes Level 1 inputs when measuring the fair value of its Notes (see Note 6).

The Company utilizes Level 2 inputs when measuring the fair value of its asset purchases and acquisitions (see Note 8).

The Company utilizes Level 3 inputs when measuring the fair value of net assets acquired in business combination transactions, subsequent assessments for impairment, and most financial instruments, including but not limited to the estimated fair value of common stock warrants at issuance and for recurring changes in the related warrant liability (see Notes 6 and 12).

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 initially totaling $180 million, which were placed into a construction reserve account to fund the completion of the Chamonix construction project. In January 2022, due to supply chain issues, inflation, and a difficult construction environment, the Company increased the balance of its construction reserve account to approximately $221 million, in accordance with its debt covenants. Such funds are being used to pay costs to develop the Chamonix property.

Accounts Receivable. Accounts receivable consist primarily of casino, hotel and other receivables, are typically non-interest bearing, and are carried net of an appropriate reserve to approximate fair value. 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 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. Management believes that, as of December 31, 2021, no significant concentrations of credit risk existed for which a reserve had not already been recorded.

(In thousands)	**December 31,**			
	2021		**2020**	
Accounts receivable	$	4,950	$	5,080
Reserves		(257)		(176)
	$	4,693	$	4,904

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

Property and Equipment. Property and equipment are stated at cost and are capitalized and depreciated, while normal repairs and maintenance are expensed in the period incurred. A significant amount of the Company's property and equipment was acquired through business combinations, and therefore, were recognized at fair value measured at the acquisition date. Gains or losses on dispositions of property and equipment are included in operating expenses, effectively as adjustments to depreciation estimates.

Certain events or changes in circumstances may indicate that the recoverability of the carrying amount of property, plant and equipment should be assessed, including, among others, a significant decrease in market value, a significant change in the business climate in a particular market, or a current period operating or cash flow loss combined with historical losses or projected future losses. For assets to be held and used, the Company reviews for impairment whenever indicators of impairment exist. When such events or changes in circumstances are present, the Company estimates the future cash flows expected to result from the use of the asset (or asset group) and its eventual disposition. These estimated future cash flows are consistent with those we use in our internal planning. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, then the Company would recognize an impairment loss based on the fair value of the asset, typically measured using a discounted cash flow model.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets or the term of the lease, whichever is appropriate under the circumstances. The Company determines the estimated useful lives based on our experience with similar assets, estimated usage of the asset, and industry practice. Whenever events or circumstances occur, which change the estimated useful life of an asset, the Company accounts for the change prospectively. Depreciation and amortization is provided over the following estimated useful lives:

Class of Assets	**Estimated Useful Lives**
Land improvements	15 to 18 years
Buildings and improvements	3 to 44 years
Furniture, fixtures and equipment	2 to 10 years

Capitalized Interest. Interest costs associated with major construction projects are capitalized and included in the cost of the projects. When no debt is incurred specifically for construction projects, interest is capitalized on amounts expended using the weighted average cost of the Company's outstanding borrowings. Capitalization of interest ceases when the project is substantially complete or construction activity is suspended for more than a brief period.

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.

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 and depreciation expense associated with the ROU asset; 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; as a result, the Company will 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. 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 on a straight-line basis over the shorter of the lease term or useful life of the ROU asset and the lease liability accretes interest based on the interest method using the discount rate determined at lease commencement.

Goodwill and Indefinite-lived Intangible Assets. Goodwill represents the excess of the purchase price of Bronco Billy's Casino and Hotel, Silver Slipper Casino and Hotel, Rising Star Casino Resort and Stockman's Casino over the estimated fair value of their net tangible and other intangible assets on the acquisition date, net of subsequent impairment charges. The Company's other indefinite-lived intangible assets primarily include certain license rights to conduct gaming in certain jurisdictions and trade names. Goodwill and other indefinite-lived intangible assets are not amortized, but are periodically tested for impairment. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value.

The evaluation of goodwill and other indefinite-lived intangible assets requires the use of estimates about future operating results, valuation multiples and discount rates to determine the estimated fair value. Changes in the assumptions can materially affect these estimates. Thus, to the extent that gaming volumes deteriorate in the near future, discount rates increase significantly, or reporting units do not meet projected performance, the Company could have impairments to record in the future and such impairments could be material. These tests for impairment are performed annually during the fourth quarter or when a triggering event occurs.

Finite-lived Intangible Assets. The Company's finite-lived intangible assets includes land lease acquisition costs and water rights. Finite-lived intangible assets are amortized over the shorter of their contractual or economic lives. The Company periodically evaluates the remaining useful lives of these intangible assets to determine whether events and circumstances warrant a revision to the remaining period of amortization and the possible need for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, then the Company would recognize an impairment loss.

Debt Issuance Costs and Debt Discounts. Debt issuance costs and debt discounts incurred in connection with the issuance of debt have been included as a component of the carrying amount of debt, and are amortized 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 such costs to interest expense using the effective interest method over the terms of the modified debt agreement.

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 its revenues are derived from casino gaming, principally slot machines.

Gaming revenue is the difference between gaming wins and losses, not the total amount wagered. The Company accounts for its gaming transactions on a portfolio basis, as such wagers have similar characteristics and it would not be practical to view each wager 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.

Many of the Company's customers choose to earn points under its customer loyalty programs. The Company's properties have separate customer loyalty programs: the Slipper Rewards Club, the Bronco Billy's Mile High Rewards Club, the Rising Star VIP Club, the Grand Lodge Players Advantage Club®, and the Stockman's Winner's Club. As points are accrued, the Company defers a portion of its gaming 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 under such loyalty programs for various benefits, such as "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. Liabilities based on the standalone retail value of such benefits were both $0.8 million for each of December 31, 2021 and 2020, and these amounts are included in "other accrued liabilities" on the consolidated balance sheets.

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 and Colorado, as well as on-site sports wagering at Rising Star Casino Resort and at Bronco Billy's Casino and Hotel (the "Sports Agreements"). As part of these long-term Sports Agreements, the Company received one-time market access fees totaling $6 million, which were recorded as long-term liabilities and are being recognized as revenue ratably over the initial term length of 10 years, beginning with the commencement of operations.

Indiana. Two of the Company's Sports Agreements commenced operations in December 2019 and April 2021, respectively. The third party for the remaining Sports Agreement went live contractually in December 2021, with the last skin subsequently receiving gaming approval on February 28, 2022.

Colorado. The Company's three Sports Agreements commenced online operations in June 2020, December 2020 and April 2021, respectively.

Deferred revenues also include a total of $2.0 million related to the annual prepayment of contracted revenue, as required in two of the Sports Agreements. We received $1.0 million of prepaid revenue for contracted sports operations that commenced in Colorado in December 2020, and $1.0 million for contracted sports operations that commenced in Indiana in April 2021. As of December 31, 2021, $0.8 million of such deferred revenue has been recognized.

Deferred revenues consisted of the following as discussed above:

(In thousands)		**December 31,**	
	Balance Sheet Location	**2021**	**2020**
Deferred revenue, current	Other accrued liabilities	$ 1,822	$ 1,372
Deferred revenue, net of current portion	Contract liabilities, net of current portion	4,714	5,398
		$ 6,536	$ 6,770

In February 2022, one of our three skin operators informed us of its intent to cease operations on May 15, 2022, which will create one available skin in each of Colorado and Indiana. We are currently negotiating with other companies to be the replacement operator for such skins, though there can be no guarantee that we will enter into any replacement contract on similar terms or at all.

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 13.

Advertising Costs. Costs for advertising are expensed as incurred, or the first time the advertising takes place, and are included in selling, general and administrative expenses. Total advertising costs were $2.8 million, $2.2 million, and $4.2 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Project Development and Acquisition Costs. Project development and acquisition costs consist of amounts expended on the pursuit of new business opportunities and acquisitions, which are expensed as incurred. During 2021, these costs were associated with our pursuit of available gaming licenses in Waukegan, Illinois, and Terre Haute, Indiana. In 2020, project development costs were associated with our pursuit to develop and operate American Place in Waukegan, Illinois, and also included option deposits to secure land in New Mexico totaling $250,000. Management wrote off these option deposits, which expired in July 2020.

Stock-based Compensation. Stock-based compensation costs are measured at the grant date, based on the estimated fair value of the award using the Black-Scholes option pricing model for stock options, and based on the closing share price of the Company's stock on the grant date for other stock-based awards. The cost is recognized as an expense on a straight-line basis over the employee's requisite service period (the vesting period of the award) net of forfeitures, which are recognized as they occur.

Income Taxes. We classify deferred tax assets and liabilities, along with any related valuation allowance, as non-current on the consolidated balance sheets. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are provided against deferred tax assets ("DTAs") when it is deemed "more likely than not" that some portion or all of the DTAs will not be realized within a reasonable time period.

Our income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities. Positions taken in tax returns are sometimes subject to uncertainty in the tax laws and may not ultimately be accepted by the IRS or other tax authorities. We assess our tax positions using a two-step process. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than 50 percent likely of being realized. Additionally, we recognize accrued interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC 740. The standard is effective for annual periods beginning after December 15, 2020 and interim periods within those fiscal years. The Company adopted ASU 2019-12 on January 1, 2021. The adoption of this update did not have a material impact on the Company's consolidated financial statements.

Earnings (loss) per share. Earnings (loss) per share is computed by dividing net income (loss) applicable to common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects the additional dilution for all potentially-dilutive securities, including stock options and warrants, using the treasury stock method.

(In thousands)	Year Ended December 31,		
	2021	2020	2019
Numerator:			
Net income (loss) — basic	$ 11,706	$ 147	$ (5,822)
Net income (loss) — diluted	$ 11,706	$ 147	$ (5,822)
Denominator:			
Weighted-average common and common share equivalents — basic	32,517	27,094	26,980
Potential dilution from share-based awards	2,429	690	—
Weighted-average common and common share equivalents — diluted	34,946	27,784	26,980
Anti-dilutive share-based awards excluded from the calculation of diluted loss per share	149	1,943	3,851

Recently Issued Accounting Pronouncements Not Yet Adopted. 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. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

(In thousands)	December 31,	
	2021	2020
Land and improvements	$ 16,797	$ 16,144
Buildings and improvements	119,696	114,911
Furniture and equipment	47,740	46,636
Construction in progress	44,847	11,735
	229,080	189,426
Less: Accumulated depreciation	(79,540)	(73,654)
	$ 149,540	$ 115,772

Property and equipment included assets under finance leases related to our hotel at Rising Star Casino Resort (Note 7) as follows:

(In thousands)	December 31,	
	2021	2020
Leased land and improvements	$ 215	$ 215
Leased buildings and improvements	5,787	5,787
Leased furniture and equipment	1,724	1,724
	7,726	7,726
Less: Accumulated amortization	(3,004)	(2,847)
	$ 4,722	$ 4,879

4. GOODWILL AND OTHER INTANGIBLES

Goodwill:

The following tables set forth changes in the carrying value of goodwill by segment:

(In thousands)	December 31, 2021		
	Gross Carrying Value	Accumulated Impairments	Balance at End of the Year
Mississippi	$ 14,671	$ —	$ 14,671
Colorado	4,806	—	4,806
Nevada	5,809	(4,000)	1,809
	$ 25,286	$ (4,000)	$ 21,286

(In thousands)	December 31, 2020		
	Gross Carrying Value	Accumulated Impairments	Balance at End of the Year
Mississippi	$ 14,671	$ —	$ 14,671
Colorado	4,806	—	4,806
Nevada	5,809	(4,000)	1,809
	$ 25,286	$ (4,000)	$ 21,286

Other Intangible Assets:

The following tables set forth changes in the carrying value of intangible assets other than goodwill:

(In thousands)	December 31, 2021				
	Estimated Life (Years)	Gross Carrying Value	Accumulated Amortization	Accumulated Impairments, Net	Other Intangible Assets, Net
Land Lease and Water Rights	46	1,420	(288)	—	1,132
Casino Lease Option	3	190	(190)	—	—
Gaming Licenses	Indefinite	18,046	—	(10,203)	7,843
Trade Names	Indefinite	1,800	—	—	1,800
Trademarks	Indefinite	121	—	—	121
		$ 21,577	$ (478)	$ (10,203)	$ 10,896

(In thousands)	December 31, 2020				
	Estimated Life (Years)	Gross Carrying Value	Accumulated Amortization	Accumulated Impairments, Net	Other Intangible Assets, Net
Land Lease and Water Rights	46	1,420	(257)	—	1,163
Casino Lease Option	3	190	(151)	—	39
Gaming Licenses	Indefinite	18,046	—	(10,203)	7,843
Trade Names	Indefinite	1,800	—	—	1,800
Trademarks	Indefinite	118	—	—	118
		$ 21,574	$ (408)	$ (10,203)	$ 10,963

There were no impairments to goodwill or other intangible assets for the years ended December 31, 2021, 2020, and 2019.

Land Lease Acquisition Costs and Water Rights. Silver Slipper recognized intangible assets related to its lease agreement with Cure Land Company, LLC (see Note 7). The lease was valued at $970,000 and represents the excess fair value of the land over the estimated net present value of the land lease payments, and the water rights value of $450,000 represents the fair value of the water rights based upon market rates in Hancock County, Mississippi.

Casino Lease Option. Casino lease option represents total amounts paid in order to extend the lease option for the Imperial Casino, previously known as the Christmas Casino at Bronco Billy's until September 2020. The Company is currently evaluating other concepts for the leased space, which is located on a key corner in Cripple Creek, Colorado. Although the Company has an option to buy out the lease prior to expiration of the lease term as extended, the option amounts paid cannot be applied to the purchase price. Therefore, the total option amounts paid were fully amortized in 2021 according to the initial lease term, which commenced in August 2018 (see Note 7).

Gaming Licenses. Gaming licenses primarily represent the value of the license to conduct gaming in certain jurisdictions, which are subject to highly extensive regulatory oversight and, in some cases, a limitation on the number of licenses available for issuance. The values of gaming licenses were primarily estimated using a multi-period excess earning method of the income approach, which examines the economic returns contributed by the identified tangible and intangible assets of a company, and then isolates the excess return, which is attributable to the asset being valued, based on cash flows attributable to the gaming license.

Trade Names. Trade names represents the value of the Bronco Billy's casino name, which has existed for approximately 30 years and provides brand recognition. The value was estimated using a relief-from-royalty method of the income approach based upon comparable trade name royalty agreements.

Current and Future Amortization. Intangible asset amortization expense was approximately $70,000, $95,000, and $94,000 for the years ended December 31, 2021, 2020, and 2019, respectively.

Future amortization expense for intangible assets is as follows:

(In thousands)

For Years ending December 31,	**Amortization Expense**
2022	$ 31
2023	31
2024	31
2025	31
2026	31
Thereafter	977
	$ 1,132

5. ACCRUED LIABILITIES

Other accrued liabilities consisted of the following:

(In thousands)	December 31, 2021	December 31, 2020
Contract and contract-related liabilities:		
Players club points and progressive jackpots	$ 2,971	$ 2,872
Outstanding chip liability	399	383
Unpaid wagers and other	245	298
Other gaming-related accruals	347	699
Contract liabilities, current	1,822	1,372
Other accrued liabilities:		
Gaming and other taxes	1,609	1,556
Real estate and personal property taxes	1,611	1,711
Professional fees	172	255
Insurance	126	491
Construction and facilities	411	356
Other	539	779
	$ 10,252	$ 10,772

6. LONG-TERM DEBT, COMMON STOCK WARRANT LIABILITY, AND SUBSEQUENT EVENTS

Long-Term Debt

Senior Secured Notes due 2028. On February 12, 2021, the Company refinanced all of its outstanding Senior Secured Notes due 2024 (the "Prior Notes") with the issuance of $310 million aggregate principal amount of 8.25% Senior Secured Notes due 2028 (the "2028 Notes"). The net proceeds from the sale of the 2028 Notes were used to redeem all of the outstanding Prior Notes (including a 0.90% prepayment premium) and to repurchase all outstanding warrants. Additionally, $180 million of bond proceeds were placed into a construction reserve account to fund construction of Chamonix. Net of transaction fees and expenses, approximately $8 million was added to unrestricted cash and equivalents following such refinancing.

On February 7, 2022, the Company closed a private offering of $100 million aggregate principal amount of additional 8.25% Senior Secured Notes due 2028 (the "Additional Notes"), which sold at a price of 102.0% of such principal amount. Proceeds from the sale of the Additional Notes are being used: (i) to develop, equip and open The Temporary, 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 the offer and sale of the Additional Notes and (iii) for general corporate purposes. The Additional Notes were issued pursuant to the indenture, dated as of February 12, 2021 (the "Indenture"), to which the Company issued the $310 million of 2028 Notes noted above (collectively, the "Notes"). In connection with the issuance of the Additional Notes, the Company and the subsidiary guarantors party to the Indenture entered into two Supplemental Indentures with Wilmington Trust, National Association, as trustee, dated February 1, 2022 and February 7, 2022, respectively. On March 3, 2022, the Company entered into a third Supplemental Indenture to establish a special record date for the initial interest payment for the Additional Notes.

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, with the next interest payment due on August 15, 2022.

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 will be the Company's and the Guarantor's general senior secured obligations, subject to the terms of the Collateral Trust Agreement (as defined in the Indenture), ranking senior in right of payment to all of the Company's and the Guarantor's 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, financial 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, upon certain changes of control, or should the Company have certain unused funds in the construction disbursement account following the completion of Chamonix.

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.

The Company may redeem some or all of the Notes at any time on or after February 15, 2024, 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 %

Prior Senior Secured Notes due 2024. On February 2, 2018, the Company sold $100 million of Prior Notes to qualified institutional buyers. On May 10, 2019, the Company sold an additional $10 million in aggregate principal amount of Prior Notes. Collectively, the Prior Notes were due to mature on February 2, 2024 and included quarterly principal payments as defined and interest based on the greater of the three-month London Interbank Offered Rate (“LIBOR”) or 1.0%, plus a margin rate of 7.0%.

The Prior Notes contained certain representations and warranties, events of default, and financial covenants that were more restrictive than the Notes. For example, the Company was required to maintain a total leverage ratio, which measured Consolidated EBITDA (as defined in the indenture) against outstanding debt. Due to the impact of the COVID-19 pandemic on the Company’s business operations in 2020, the Company executed amendments, and paid negotiated amendment fees, to delete the total leverage ratio covenant as of March 31, June 30, and September 30, 2020, among other items. As discussed above, the Prior Notes were refinanced through the issuance of the 2028 Notes.

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 “Credit Facility”). The amended $40.0 million senior secured revolving credit facility matures on March 31, 2026 and includes a letter of credit sub-facility. The Credit Facility may be used for working capital and other ongoing general purposes.

Prior to the First Amendment to Credit Agreement, the interest rate per annum applicable to loans under the Credit Facility was, at the Company’s option, either (i) LIBOR plus a margin equal to 3.50%, 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 would have been reduced to, at the Company’s option, either (i) LIBOR plus a margin equal to 3.00%, or (ii) a base rate plus a margin equal to 2.00%. The commitment fee per annum payable was equal to 0.50% of the unused portion of the Credit Facility. The Company also agreed to pay customary letter of credit fees, if any such letters of credit were issued. The Credit Facility was available, subject to the satisfaction of customary conditions, until March 31, 2026, at which time all amounts borrowed must be repaid. As of December 31, 2021, there were no drawn amounts under the Credit Facility or any outstanding letters of credit.

Under the First Amendment to Credit Agreement, the interest rate per annum applicable to loans under the Credit Facility was amended to be, 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. As of this report date, there were no drawn amounts under the Credit Facility or any outstanding letters of credit.

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 twelve-month period must equal or exceed the utilized portion of the Credit Facility, if drawn. The Company was in compliance with this financial covenant as of December 31, 2021.

Unsecured Loans Under the CARES Act. On May 8, 2020, two wholly-owned subsidiaries of the Company executed promissory notes (the "Promissory Notes") evidencing unsecured loans in the aggregate amount of $5,606,200 through programs established under the CARES Act (the "Loans") and administered by the U.S. Small Business Administration (the "SBA"). Such funds were principally used to rehire several hundred employees at Rising Star and Bronco Billy's in advance of, and subsequent to, their reopenings in mid-June. The Loans were made through Zions Bancorporation, N.A. dba Nevada State Bank (the "Lender"), bore interest at a rate of 1.00% per annum, and originally had a two-year term until federal legislation extended the maturity date to May 3, 2025. After a 15-month deferment period for principal and interest payments, the Company was required to make monthly loan payments totaling $128,557 beginning in September 2021 to the Lender. However, the Loans could be prepaid at any time prior to maturity with no prepayment penalties.

In December 2021, the SBA granted full forgiveness for each of the two Promissory Notes, in accordance with their terms and the rules set forth in the CARES Act. As the Company made no payments of principal or interest for the Loans prior to such forgiveness, this resulted in a gain of approximately $5.7 million, which was netted against the debt extinguishment costs related to the refinancing of the Prior Notes of approximately $6.1 million in February 2021. The net loss from extinguishment of debt is presented on the consolidated statement of operations during 2021 for $0.4 million.

Long-term debt, related discounts and issuance costs consisted of the following:

(In thousands)	**December 31,**	
	2021	**2020**
Revolving Credit Facility due 2026	$ —	$ —
Senior Secured Notes due 2028[(1)]	310,000	—
Senior Secured Notes due 2024[(2)]	—	106,825
Unsecured Loans (CARES Act)[(3)]	—	5,606
Less: Unamortized discounts and debt issuance costs	(8,381)	(5,173)
	301,619	107,258
Less: Current portion of long-term debt	—	(426)
	$ 301,619	$ 106,832

(1) As of December 31, 2021, the estimated fair value of these notes was approximately $327.5 million. The fair value was estimated using quoted market prices for these notes. Following the issuance of the Additional Notes on February 7, 2022, the new aggregate principal amount was increased to $410.0 million.

(2) The estimated fair value for this non-traded debt instrument can be approximated by its respective carrying value because management believes its terms are representative of market conditions.

(3) The estimated fair value for this non-traded debt instrument can be approximated by its respective carrying value because of its similar terms to other CARES Act loans.

Maturities of Long-Term Debt. Future maturities under the Notes is as follows as of December 31, 2021:

(In thousands)

For Years ending December 31,	Senior Secured Notes due 2028
2022	$ —
2023	—
2024	—
2025	—
2026	—
Thereafter	310,000
	$ 310,000

Interest expense, net. Interest expense, net, was as follows for the three years ended December 31, 2021:

(In thousands)	Year Ended December 31,		
	2021	**2020**	**2019**
Interest cost (excluding loan fee amortization)	$ 24,179	$ 9,400	$ 10,316
Amortization of debt issuance costs and discount	1,349	1,276	1,092
Change in fair value of interest rate cap agreement	—	—	92
Capitalized interest	(1,871)	(853)	(772)
	$ 23,657	$ 9,823	$ 10,728

Common Stock Warrant Liability

On February 12, 2021, the Company used a portion of the proceeds from the 2028 Notes offering to redeem all of its outstanding warrants. As part of the Company's former Second Lien Credit Facility, which was retired in 2018, the Company granted the second lien lenders 1,006,568 warrants. The settled repurchase price to redeem the warrants was $4.0 million.

The Company previously measured the fair value of the warrants at each reporting period. However, upon redemption of the warrants on February 12, 2021, the fair value was determined based on the negotiated repurchase price of $4.0 million. This resulted in a final incremental fair value adjustment of $1.3 million in the first quarter of 2021.

7. LEASES

The Company has no material leases in which it is the lessor. As lessee, the Company has one finance lease for a hotel and various operating leases for land, casino and office space, equipment, buildings, and signage. The Company's remaining lease terms, including extensions, range from one month to approximately 36 years. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants, but the land lease at Silver Slipper does include contingent rent as further discussed below.

Operating Leases

Silver Slipper Casino Land Lease through April 2058 and Options 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. The land lease includes base monthly payments of $77,500 plus contingent rents of 3% of monthly gross gaming revenue (as defined) in excess of $3.65 million, with no scheduled base rent increases through the remaining lease term ending in 2058. We recognized $2.1 million of rent expense, including $1.2 million of contingent rents, during 2021; $1.5 million of rent expense, including $0.7 million of contingent rents, during 2020; and, $1.6 million of rent expense, including $0.7 million of contingent rents, during 2019.

The Company executed a fourth amendment to the original lease with the landlord, effective March 2020, which granted a waiver of base rent for April and May of 2020. Such abatement totaled $155,000, which was amortized over the remaining term of the lease. From April 1, 2022 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. In the event that the Company sells or transfers either: (i) substantially all of the assets of Silver Slipper Casino Venture, LLC or (ii) its membership interests in Silver Slipper Casino Venture, LLC in its entirety, then the purchase price will increase to $17.1 million, plus the retained interest mentioned above. In either case, the Company also has an option to purchase a four-acre portion from the total 38 acres of leased land for $2.0 million in connection with the development of an owned hotel, which may be exercised at any time and would accordingly reduce the purchase price of the remaining land by $2.0 million.

Bronco Billy's / Chamonix Lease through January 2035 and Option to Purchase. Bronco Billy's leases certain parking lots and buildings, 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 considers the renewal options reasonably certain of being exercised through January 2026, with current annual lease payments of $0.4 million. The lease also 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.

Third Street Corner Building through August 2023 and Option to Purchase. The Company leased a nearby closed casino in August 2018 and reopened it in November 2018. The reopened casino did not produce enough incremental revenue to offset the incremental costs, and it was closed in September 2020. The Company currently has the right to purchase the casino at any time during the extended lease term for $2.8 million.

As part of the Chamonix development project, this building is currently used as office space for construction personnel, obviating the need for construction trailers. The lease includes a minimum three-year term with annual lease payments of $0.2 million, and was subsequently extended in June 2021 for an additional two years with current annual lease payments of $0.3 million.

Grand Lodge Casino Lease through August 2023. 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. The lease was assigned to Incline Hotel, LLC when it purchased the Hyatt Lake Tahoe in September 2021. 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 6). The lessor currently 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 twelve-month period preceding the acquisition (or pro-rated if less than twelve months remain on the lease), plus the fair market value of the Grand Lodge Casino's personal property. The current monthly rent of $166,667 is applicable through the remaining lease term ending in August 2023.

In July 2020, the Company executed a fifth amendment to the Hyatt lease that retroactively reduced rent amounts due during the closure period, specifically a 25% reduction in rent for March 2020 and a 50% reduction in rent for each of April and May of 2020. Such reductions totaled $208,000 and such benefit was amortized over the remaining life of the lease. We recognized $1.8 million of rent expense for each of 2021 and 2020, and $1.9 million of rent expense during 2019.

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.

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-room hotel at Rising Star Casino Resort. At any time during the lease term, the Company has the option to purchase the hotel at a price based upon the project's original cost of $7.7 million (see Note 3), reduced by the cumulative principal finance lease payments made by the Company during the lease term. At December 31, 2021, such net amount was $3.3 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.

Leases recorded on the balance sheet consist of the following:

(In thousands)

Leases	Balance Sheet Classification	December 31, 2021	December 31, 2020
Assets			
Operating lease assets	Operating Lease Right-of-Use Assets, Net	$ 15,814	$ 17,361
Finance lease assets	Property and Equipment, Net[1]	4,722	4,879
Total lease assets		$ 20,536	$ 22,240
Liabilities			
Current			
Operating	Current Portion of Operating Lease Obligations	$ 3,542	$ 3,283
Finance	Current Portion of Finance Lease Obligation	514	491
Noncurrent			
Operating	Operating Lease Obligations, Net of Current Portion	12,903	14,914
Finance	Finance Lease Obligation, Net of Current Portion	2,783	3,298
Total lease liabilities		$ 19,742	$ 21,986

(1) Finance lease assets are recorded net of accumulated amortization of $3.0 million and $2.8 million as of December 31, 2021 and 2020, respectively.

The components of lease expense are as follows:

(In thousands)

Lease Costs	Classification within Statement of Operations	Year Ended December 31, 2021	2020	2019
Operating leases:				
Fixed/base rent	Selling, General and Administrative Expenses	$ 4,680	$ 4,637	$ 3,920
Short-term payments	Selling, General and Administrative Expenses	72	—	—
Variable payments	Selling, General and Administrative Expenses	1,739	863	788
Finance lease:				
Amortization of leased assets	Depreciation and Amortization	157	157	158
Interest on lease liabilities	Interest Expense, Net	160	183	206
Total lease costs		$ 6,808	$ 5,840	$ 5,072

Maturities of lease liabilities are summarized as follows:

(In thousands)

Years Ending December 31,	**Operating Leases**	**Financing Lease**[(1)]
2022	$ 4,852	$ 597
2023	3,539	652
2024	1,663	652
2025	1,466	652
2026	965	652
Thereafter	29,140	543
Total future minimum lease payments	41,625	3,748
Less: Amount representing interest	(25,180)	(451)
Present value of lease liabilities	16,445	3,297
Less: Current lease obligations	(3,542)	(514)
Long-term lease obligations	$ 12,903	$ 2,783

(1) The Company's only material finance lease is at Rising Star Casino Resort for a 104-room hotel.

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

	December 31,	
Lease Term and Discount Rate	**2021**	**2020**
Weighted-average remaining lease term		
Operating leases	21.5 years	20.4 years
Finance lease	5.8 years	6.8 years
Weighted-average discount rate		
Operating leases	9.32 %	9.41 %
Finance lease	4.50 %	4.50 %

Supplemental cash flow information related to leases is as follows:

(In thousands)

	Year Ended December 31,		
Cash paid for amounts included in the measurement of lease liabilities:	**2021**	**2020**	**2019**
Operating cash flows for operating leases	$ 4,886	$ 4,462	$ 3,933
Operating cash flows for finance lease	$ 160	$ 183	$ 206
Financing cash flows for finance lease	$ 492	$ 488	$ 544

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8. ACQUISITIONS

Cripple Creek Land and Real Estate Purchase. As part of the development of Chamonix, the Company purchased Carr Manor, a boutique hotel with 14 guest rooms. This transaction closed on March 31, 2021 as an asset purchase for total consideration of $2.8 million. The purchase included five parcels of land, which adds to the Company's land ownership in Cripple Creek by approximately 1.6 acres and provides additional guest parking. The addition of Carr Manor allows Bronco Billy's to provide overnight accommodations to its guests during the construction of Chamonix, as all of Bronco Billy's existing hotel rooms are either currently closed, being utilized by construction personnel, or will be repurposed as part of the construction of Chamonix.

Additionally, on April 16, 2021, the Company purchased a lot and building near its operations in Cripple Creek, Colorado for $600,000.

9. INCOME TAXES

The income tax expense (benefit) attributable to the Company's income (loss) before income taxes consisted of the following:

(In thousands)	Year Ended December 31,		
	2021	2020	2019
Current Taxes			
Federal	$ —	$ —	$ —
State	—	—	—
	—	—	—
Deferred Taxes			
Federal	2,421	157	(1,014)
State	(744)	(395)	(743)
(Decrease) increase in valuation allowance	(1,242)	146	1,837
	435	(92)	80
	$ 435	$ (92)	$ 80

A reconciliation of the federal income tax statutory rate and the Company's effective tax rate is as follows:

(In thousands)	Year Ended December 31,					
	2021		2020		2019	
Tax Rate Reconciliation	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**
Federal income tax expense at U.S. statutory rate	21.0 %	$ 2,550	21.0 %	$ 12	21.0 %	$ (1,206)
State taxes, net of federal benefit	(4.8)%	(588)	(567.3)%	(312)	10.2 %	(587)
Change in valuation allowance	(10.2)%	(1,242)	265.5 %	146	(32.0)%	1,837
Permanent differences	(5.4)%	(657)	221.8 %	122	(3.7)%	215
Adjustment to deferred taxes	3.6 %	440	— %	—	— %	—
Credits	(0.6)%	(73)	(118.2)%	(65)	2.7 %	(156)
Other	— %	5	9.9 %	5	0.4 %	(23)
	3.6 %	$ 435	(167.3)%	$ (92)	(1.4)%	$ 80

The Company's deferred tax assets (liabilities) consisted of the following:

(In thousands)	December 31, 2021	December 31, 2020
Deferred tax assets:		
Deferred compensation	$ 1,568	$ 637
Intangible assets and amortization	2,950	3,293
Net operating loss carry-forwards	7,325	7,486
Accrued expenses	702	984
Allowance for doubtful accounts	61	40
Credits	761	733
Common stock warrant liability	—	558
Loan Fees	76	157
Interest valuation	63	64
Interest limitation	186	—
Lease liabilities	4,111	4,045
Charitable contribution carry-forward	137	137
Deferred revenues	1,287	1,408
Accrued Social Security	158	291
Valuation allowance	(9,866)	(11,108)
	9,519	8,725
Deferred tax liabilities:		
Depreciation of fixed assets	(671)	(1,054)
Amortization of indefinite-lived intangibles	(4,048)	(3,022)
Prepaid expenses	(822)	(571)
Effect of state taxes on future federal returns	(1,024)	(868)
Right of use assets	(3,960)	(3,856)
Other	(49)	26
	(10,574)	(9,345)
	$ (1,055)	$ (620)

As of December 31, 2021, the Company had federal net operating loss carryforwards totaling $14.1 million and state tax carryforwards of $86.3 million. The entire federal net operating loss carryforward can be carried forward indefinitely. Regarding the state tax carryforwards, $85.4 million can be carried forward 20 years and will begin to expire in 2035; the remaining amount can be carried forward indefinitely. The Company also has general business credits of $0.8 million which begin to expire in 2035.

In assessing the realizability of its DTAs, the Company considered whether it is “more likely than not” that some portion or all of the DTAs will not be realized. The ultimate realization of DTAs is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considered the scheduled reversal of existing deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The Company evaluated both positive and negative evidence in determining the need for a valuation allowance. The Company continues to assess the realizability of DTAs and concluded that it has not met the “more likely than not” threshold. As of December 31, 2021, 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. We have recorded a valuation allowance against all of our U.S. federal and certain state DTAs as of both December 31, 2021 and December 31, 2020. We intend to continue maintaining a full valuation allowance on these DTAs until there is sufficient evidence to support the reversal of all or some portion of these allowances. However, given our current earnings and anticipated future earnings, we believe that there is a reasonable possibility that within the next 12 months, sufficient positive evidence may become available to allow us to reach a conclusion that a significant portion or all of the valuation allowance in the U.S. federal jurisdiction will no longer be needed. Release of the valuation allowance would result in the recognition of certain DTAs and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that we are able to actually achieve.

As of December 31, 2021 and 2020, the Company had $1.1 million and $0.6 million, respectively, of deferred tax liabilities relating to goodwill and other indefinite-lived intangibles net of the maximum benefit allowed under the statute after netting with the indefinite-lived DTAs.

The Company’s utilization of net operating loss (NOL) and the general business tax credit carryforwards may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986 (IRC), and similar state provisions due to ownership changes that may have occurred or that could occur in the future. These ownership changes may limit the amount of NOL and tax credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period. The Company has completed a preliminary Section 382 analysis as of the date of this report and determined it is “more likely than not” that there have not been any of such greater-than-50% ownership changes within a three-year period during the last five years that would prohibit the Company from utilizing all of its tax attributes.

Management has made an annual analysis of its state and federal tax returns and concluded that the Company has no recordable liability, as of December 31, 2021 or 2020, for unrecognized tax benefits as a result of uncertain tax positions taken.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is generally not subject to examination for periods prior to December 31, 2018. However, as the Company utilizes its net operating losses, prior periods can be subject to examination.

10. 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 our financial position, results of operations and cash flows.

Options to Purchase or Lease Land

Fountain Square of Waukegan Land Purchase Under Contract. In connection with the development of its American Place project in Waukegan, Illinois, the Company entered into an agreement in January 2022 to purchase approximately 10 acres of land adjoining the approximately 30-acre casino site to be leased from the City, providing space for additional parking and access to the casino site from a major road. Subsequent to December 31, 2021, a deposit for $375,000 was applied towards the land purchase of $7.5 million.

Option Agreement for Public Trust Tidelands Lease in Mississippi. The Company has been evaluating the potential construction of an additional hotel tower and related amenities at Silver Slipper, a portion of which would extend out over the adjoining Gulf of Mexico. In contemplation for such potential future expansion, the Company paid $5,000 for an option agreement – entered into by the Company on June 8, 2021 and approved by the Governor of Mississippi on July 13, 2021 – for a 30-year lease of approximately a half-acre of tidelands, with a term extension for another 30 years, if exercised. This initial six-month option can be renewed for three additional six-month periods, with the payment of $5,000 for each extension. In November 2021, the Company paid an additional $5,000 to exercise its first six-month option extension through the end of May 2022.

Upon commencement of the lease, and for the first 18 months or until the beginning of the next six-month period after the opening of commercial operations on the leased premises, whichever occurs sooner, rent would be $10,000 for each six-month period (“Construction Rent”). Construction Rent would terminate no later than 18 months after the commencement of the lease. Thereafter, annual rent would be $105,300, with adjustments, based on the consumer price index on each anniversary. Before construction can commence, additional entitlements are necessary, including certain environmental approvals. There can be no certainty that the tidelands lease option will be exercised or that the contemplated Silver Slipper expansion will be built.

Defined Contribution Plan

The Company sponsors a defined contribution plan for all eligible employees providing for voluntary contributions by eligible employees and matching contributions made by the Company. In March 2020, upon the mandatory shutdown of all of the Company’s properties, the Company suspended matching contributions. In October 2021, the Company reinstated its employer matching of contributions at 50% up to 4% of eligible compensation. Matching contributions made by the Company were $47,000 for 2021, $66,000 for 2020, and $336,000 for 2019, excluding nominal administrative expenses.

Liquidity, Concentrations and Economic Risks and Uncertainties

The Company carries cash on deposit with financial institutions that may be in excess of federally-insured limits. The extent of any loss that might be incurred as a result of uninsured deposits in the event of a future failure of a bank or other financial institution, if any, is not subject to estimation at this time.

11. STOCK-BASED COMPENSATION

2015 Equity Incentive Plan. The 2015 Equity Incentive Plan (“2015 Plan”), as approved by stockholders and further amended in May 2017, allows for the issuance of up to 2,500,000 shares of common stock. The 2015 Plan allows for stock-based awards to be granted to directors, employees and consultants and allows for a variety of forms of awards, including stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents and performance-based compensation. Stock option awards have maximum 10-year terms and no awards issued under the 2015 Plan vest on an accelerated basis if there is a change in control of the Company, unless the awards are not assumed by the successor, as defined.

On May 19, 2021, stockholders approved an amendment to the 2015 Plan to increase the number of shares available for issuance by 2,000,000 shares, thereby allowing for the issuance of up to 4,500,000 shares of common stock under such plan.

Restricted Stock Awards and Performance-Based Shares. Also on May 19, 2021, the Company issued to non-executive members of its Board of Directors, as compensation for their annual service, a total of 31,512 restricted shares under the 2015 Plan with a one-year vesting period. Additionally, the Company issued 69,975 performance-based shares in January 2021 to the Company's CEO and a total of 20,750 performance-based shares to three of the Company's other executives in May 2021. 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, 2021, December 31, 2022, and December 31, 2023. For the 2021 period, one-third of such performance-based shares either vested or will vest on the anniversary date of the awards, as both of the Company's growth-rate targets for such period were achieved. Vesting of the remaining performance-based shares requires satisfaction of similar conditions for the 2022 and 2023 periods.

As of December 31, 2021, the Company had 1,740,478 stock-based awards authorized by stockholders and available for grant from the 2015 Plan.

Stock Options. The following table summarizes information related to the Company's common stock options:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding at January 1, 2021	3,183,708	$ 1.71		
Granted	315,620	7.25		
Exercised	(201,039)	1.97		
Canceled/Forfeited	(76,333)	3.33		
Expired	—	—		
Options outstanding at December 31, 2021	3,221,956	$ 2.19	5.12	$ 31,947,381
Options exercisable at December 31, 2021	2,601,337	$ 1.67	4.27	$ 27,170,404

Compensation Cost. Compensation expense is as follows for the three years ended December 31, 2021:

(In thousands)

	Year Ended December 31,		
Compensation Expense	**2021**	**2020**	**2019**
Stock options	$ 649	$ 405	$ 348
Restricted stocks and Performance-based shares	317	—	—
	$ 966	$ 405	$ 348

These costs are recognized on a straight-line basis over the vesting period of the awards net of forfeitures and are included in selling, general and administrative expense on the consolidated statements of operations.

As of December 31, 2021, there was approximately $1.5 million of unrecognized compensation cost related to unvested stock options granted by the Company, which is expected to be recognized over a weighted-average period of 2.1 years. As of such date, there was also $0.5 million of unrecognized compensation cost related to unvested restricted and performance shares, which is expected to be recognized over a weighted-average period of 1.3 years.

The Company estimates the fair value of each stock option award on the grant date using the Black-Scholes valuation model. Option valuation models require the input of highly subjective assumptions, and changes in assumptions used can materially affect the fair value estimate. Option valuation weighted-average assumptions were as follows:

	Year Ended December 31,		
	2021	2020	2019
Expected volatility	65.99 %	60.78 %	46.17 %
Expected dividend yield	— %	— %	— %
Expected term (in years)	6.00	5.94	5.94
Weighted average risk-free rate	0.97 %	0.41 %	1.87 %

Expected volatility is based on the historical volatility of our stock price. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant. The expected term considers the contractual term of the option as well as historical exercise and forfeiture behavior. The risk-free interest rate is based on the rates in effect on the grant date for U.S. Treasury instruments with maturities matching the relevant expected term of the award.

Therefore, the weighted-average grant date fair value of options granted is as follows for the three years ended December 31, 2021:

	Year Ended December 31,		
	2021	2020	2019
Weighted average grant date fair value	$ 5.68	$ 0.95	$ 0.94

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Management also believes that the carrying value of variable long-term debt also approximates their estimated fair value because the terms of the facilities are representative of current market conditions. While management believes the carrying value of our finance lease obligation approximates its fair value because certain terms of the lease were renegotiated, management also believes that precise estimates are not practical because of the unique nature of the relationships. Similarly, contract liabilities represent the sum of certain annual prepayments of contracted revenue and all six of one-time market access fees from the Company's Sports Agreements.

On March 31, 2021, the Interest Rate Cap the Company purchased to help manage potential interest rate increases on the Prior Notes expired.

The carrying amounts and estimated fair values by input level of the Company's financial instruments were as follows as of December 31, 2021 and 2020.

(In thousands)

Financial instruments not designated for hedging:	**Balance Sheet Location**	**December 31, 2021**			
		Level 1	**Level 2**	**Level 3**	**Total**
Interest rate cap	Deposits and other assets	$ —	$ —	$ —	$ —
Common stock warrants	Common stock warrant liability	$ —	$ —	$ —	$ —

(In thousands)

Financial instruments not designated for hedging:	**Balance Sheet Location**	**December 31, 2020**			
		Level 1	**Level 2**	**Level 3**	**Total**
Interest rate cap	Deposits and other assets	$ —	$ —	$ —	$ —
Common stock warrants	Common stock warrant liability	$ —	$ —	$ 2,653	$ 2,653

13. SEGMENT REPORTING AND DISAGGREGATED REVENUE

The Company manages its reporting segments based on geographic regions within the United States and type of income. Those five segments, as of 2021, are: Mississippi, Indiana, Colorado, Nevada, and Contracted Sports Wagering. The Company's management views the states where each of its casino resorts are located as operating segments, in addition to its contracted sports wagering segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate, and their management and reporting structure. During the first quarter of 2021, since it is a significantly different business than its core casino business, the Company changed the aggregation of its operations to present Contracted Sports Wagering as a separate segment. This change of the reportable segments reflects realignment within the Company stemming from the expansion of the Company's contracted on-site and online sports wagering skins. Additionally, this new segment breakout aims to enhance transparency of operations and allows for a more appropriate valuation of the Company's various business components.

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, 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 for enhanced comparability, which had no effect on previously reported results of operations or financial position.

The following tables present the Company’s segment information:

(In thousands)	Year Ended December 31, 2021					
	Mississippi	**Indiana**	**Colorado**	**Nevada**	**Contracted Sports Wagering**	**Total**
Revenues						
Casino	$ 63,318	$ 29,762	$ 20,342	$ 17,009	$ —	$ 130,431
Food and beverage	20,296	3,522	2,362	1,167	—	27,347
Hotel	4,930	4,057	637	—	—	9,624
Other operations, including contracted sports wagering	2,084	4,094	319	340	5,920	12,757
	$ 90,628	$ 41,435	$ 23,660	$ 18,516	$ 5,920	$ 180,159
Adjusted Segment EBITDA	$ 29,843	$ 8,736	$ 5,545	$ 4,933	$ 5,890	$ 54,947
Other operating costs and expenses:						
Depreciation and amortization						(7,219)
Corporate expenses						(7,733)
Project development costs						(782)
Preopening costs						(17)
Loss on disposal of assets, net						(676)
Stock-based compensation						(966)
Operating income						37,554
Other expenses:						
Interest expense, net						(23,657)
Loss on extinguishment of debt, net						(409)
Adjustment to fair value of warrants						(1,347)
						(25,413)
Income before income taxes						12,141
Income tax expense						435
Net income						$ 11,706

(In thousands)	Year Ended December 31, 2020					
	Mississippi	**Indiana**	**Colorado**	**Nevada**	**Contracted Sports Wagering**	**Total**
Revenues						
Casino	$ 42,653	$ 20,337	$ 17,127	$ 10,695	$ —	$ 90,812
Food and beverage	14,557	2,681	1,726	802	—	19,766
Hotel	3,899	2,996	515	—	—	7,410
Other operations, including contracted sports wagering	1,404	3,510	246	235	2,206	7,601
	$ 62,513	$ 29,524	$ 19,614	$ 11,732	$ 2,206	$ 125,589
Adjusted Segment EBITDA	$ 14,669	$ 2,444	$ 3,790	$ 454	$ 2,086	$ 23,443
Other operating costs and expenses:						
Depreciation and amortization						(7,666)
Corporate expenses						(3,789)
Project development costs						(423)
Loss on disposal of assets, net						(684)
Stock-based compensation						(405)
Operating income						10,476
Other expenses:						
Interest expense, net						(9,823)
Adjustment to fair value of warrants						(598)
						(10,421)
Income before income taxes						55
Income tax benefit						(92)
Net income						$ 147

(In thousands)	Year Ended December 31, 2019					
	Mississippi	Indiana	Colorado	Nevada	Contracted Sports Wagering	Total
Revenues						
Casino	$ 44,959	$ 29,585	$ 22,075	$ 16,771	$ —	$ 113,390
Food and beverage	21,759	6,980	4,354	1,976	—	35,069
Hotel	4,830	5,932	773	—	—	11,535
Other operations, including contracted sports wagering	1,653	2,992	305	357	131	5,438
	$ 73,201	$ 45,489	$ 27,507	$ 19,104	$ 131	$ 165,432
Adjusted Segment EBITDA	$ 13,159	$ 1,216	$ 3,000	$ 3,161	$ 114	$ 20,650
Other operating costs and expenses:						
Depreciation and amortization						(8,331)
Corporate expenses						(4,710)
Project development costs						(1,037)
Loss on disposal of assets, net						(8)
Stock-based compensation						(348)
Operating income						6,216
Other expenses:						
Interest expense, net						(10,728)
Adjustment to fair value of warrants						(1,230)
						(11,958)
Loss before income taxes						(5,742)
Income tax expense						80
Net loss						$ (5,822)

(In thousands)	December 31,	
	2021	2020
Total Assets		
Mississippi	$ 85,838	$ 83,809
Indiana	34,857	37,798
Colorado	258,436	44,961
Nevada	13,091	13,248
Contracted Sports Wagering	2,168	1,329
Corporate and Other	79,452	31,471
	$ 473,842	$ 212,616

(In thousands)	December 31,	
	2021	2020
Property and Equipment, net		
Mississippi	$ 52,382	$ 52,096
Indiana	28,705	30,571
Colorado	61,572	25,858
Nevada	6,105	6,322
Contracted Sports Wagering	—	—
Corporate and Other	776	925
	$ 149,540	$ 115,772

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES

For the Years Ended December 31, 2021, 2020 and 2019

(In thousands)

Description	Balance at Beginning of Year	Provision for Doubtful Accounts	Write-offs, Net of Recoveries	Balance at End of Year
Accounts receivable reserves:				
2019	$ 98	$ 448	$ (405)	$ 141
2020	$ 141	$ 124	$ (89)	$ 176
2021	$ 176	$ 142	$ (61)	$ 257

(In thousands)

Description	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
Deferred income tax asset valuation allowance:				
2019	$ 10,725	$ 783	$ (546)	$ 10,962
2020	$ 10,962	$ 249	$ (103)	$ 11,108
2021	$ 11,108	$ 1,149	$ (2,391)	$ 9,866

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures — As of December 31, 2021, we completed an evaluation, under the supervision and with the participation 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 December 31, 2021, our disclosure controls and procedures are effective at a reasonable assurance level.

We have established controls and procedures designed at the reasonable assurance level to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and is accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting — Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and our directors; and (iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) as of December 31, 2021. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on its assessment, management concluded that, as of December 31, 2021, our internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm's report on the effectiveness of our internal control over financial reporting appears herein.

Changes in Internal Control Over Financial Reporting — There have been no changes during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

On March 14, 2022, the Company's compensation committee approved cash bonuses to its named executive officers related to the Company's financial performance in 2021, successfully winning the competitive process for the available gaming license in Waukegan, Illinois, and the successful financing of The Temporary through the issuance of the Additional Notes. Mr. Lee received a cash bonus of $962,500 for the Company's financial performance in 2021. Mr. Fanger received cash bonuses of $406,250 for the Company's financial performance in 2021 and $100,000 for the successful financing of The Temporary. Ms. Guidroz received cash bonuses of $250,000 for the Company's financial performance in 2021 and $75,000 pursuant to the previously-disclosed financing milestone set forth in her employment agreement.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item will be set forth under the captions “Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” and elsewhere in the definitive Proxy Statement for our 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of December 31, 2021 (our “Proxy Statement”) and is incorporated herein by this reference.

Item 11. Executive Compensation.

The information required by this Item will be set forth under the caption “Executive Compensation” and elsewhere in our Proxy Statement and is incorporated herein by this reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item will be set forth under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Executive Compensation — Equity Compensation Plan Information” and elsewhere in our Proxy Statement and is incorporated herein by this reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item will be set forth under the caption “Certain Relationships and Related Transactions” and “Independence of Directors” and elsewhere in our Proxy Statement and is incorporated herein by this reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item will be set forth under the caption “Ratification of Independent Registered Public Accounting Firm” and elsewhere in our Proxy Statement and is incorporated herein by this reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial statements of the Company (including related Notes to consolidated financial statements) included herein under Item 8 of Part II hereof are listed below:

(b) Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation as amended to date (Incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q (SEC File No. 1-32583) filed on May 9, 2011).
3.2	Second Amended and Restated Bylaws of Full House Resorts, Inc., effective July 1, 2020 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on July 2, 2020).
4.1*	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 "Registered Securities of Full House Resorts, Inc."
4.2	Specimen Certificate for Shares of Full House Resorts, Inc.'s Common Stock, par value $.0001 per share (Incorporated by reference to the Registrant's Registration Statement on Form S-3 (SEC file No. 333-213123) filed on August 15, 2016).
4.3	Indenture (including form of Notes), dated as of February 12, 2021, among Full House Resorts, Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 12, 2021).
4.4	Form of Senior Secured Note due 2028 (included in Exhibit 4.3) (Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 12, 2021).
4.5	First Supplemental Indenture, dated as of February 1, 2022, among the Company, the guarantors party thereto and Wilmington Trust, National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 2, 2022).
4.6	Second Supplemental Indenture, dated as of February 7, 2022, among the Company, the guarantors party thereto and Wilmington Trust, National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 8, 2022).
4.7*	Third Supplemental Indenture, dated as of March 3, 2022, among Full House Resorts, Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee.
10.1	Lease Agreement with Option to Purchase dated as of November 17, 2004, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant. (Incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 6, 2013).
10.2	First Amendment to Lease Agreement with Option to Purchase dated as of March 13, 2009, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant. (Incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 6, 2013).
10.3	Second Amendment to Lease Agreement with Option to Purchase dated as of September 26, 2012, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant. (Incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 6, 2013).
10.4	Third Amendment to Lease Agreement with Option to Purchase dated as of February 26, 2013, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant. (Incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 6, 2013).
10.5	Fourth Amendment to Lease Agreement with Option to Purchase dated as of March 20, 2020, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (SEC File No. 1-32583) filed on May 13, 2020).
10.6	Casino Operations Lease dated June 28, 2011 by and between Hyatt Equities, L.L.C. and Gaming Entertainment (Nevada) LLC. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on June 30, 2011).

10.7	First Amendment to Casino Operations Lease dated April 8, 2013 by and between Hyatt Equities, L.L.C. and Gaming Entertainment (Nevada) LLC. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on April 11, 2013).
10.8	Second Amendment to Casino Operations Lease effective as of November 25, 2015, by and between Gaming Entertainment (Nevada) LLC, a Nevada limited liability company, and Hyatt Equities, L.L.C., a Delaware limited liability company (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on December 17, 2015).
10.9	Third Amendment to Casino Operations Lease, effective August 29, 2016, between Hyatt Equities, L.L.C. and Gaming Entertainment (Nevada) LLC (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on August 30, 2016).
10.10	Fourth Amendment to Casino Operations Lease dated November 13, 2019 by and between Hyatt Equities, L.L.C., as landlord, and Gaming Entertainment (Nevada) LLC, as tenant (Incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 12, 2021.
10.11	Fifth Amendment to Casino Operations Lease dated July 31, 2020 by and between Hyatt Equities, L.L.C., as landlord, and Gaming Entertainment (Nevada) LLC, as tenant (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q (SEC File No. 1-32583) filed on August 13, 2020).
10.12	Hotel Lease / Purchase Agreement dated August 15, 2013 by and between Rising Sun/Ohio County First, Inc. and Gaming Entertainment (Indiana) LLC. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K/A (SEC File No. 1-32583) filed on August 22, 2013).
10.13	First Amendment to Hotel Lease / Purchase Agreement dated March 16, 2016 by and between Rising Sun/Ohio County First, Inc. and Gaming Entertainment (Indiana) LLC. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on March 18, 2016).
10.14	Second Amendment to Hotel Lease/Purchase Agreement dated September 19, 2017, by and between Rising Sun/Ohio County First, Inc. and Gaming Entertainment (Indiana) LLC. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on 8-K (SEC File No. 1-32583) filed on September 21, 2017).
10.15+	2015 Equity Incentive Plan (as amended and restated by the Board effective April 6, 2021). (Incorporated by reference to Annex 2 to the Registrant's Proxy Statement on Schedule 14A (SEC File No. 1-32583) filed on April 14, 2021).
10.16+	Form of Award Agreement pursuant to the 2015 Equity Incentive Plan (Incorporated by reference to Exhibit 10.41 to the Registrant's Annual Report on Form 10-K (SEC File No. 1-32583) filed on March 8, 2018).
10.17+	Full House Resorts, Inc. Annual Incentive Plan for Executives (Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (SEC File No. 1-32583) filed on August 1, 2017).
10.18+	Employment Agreement, dated December 31, 2020, between Full House Resorts, Inc. and Daniel R. Lee (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on January 7, 2021).
10.19+	Inducement Stock Option Agreement dated November 28, 2014 by and between Full House Resorts, Inc. and Daniel R. Lee (Incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on December 1, 2014).
10.20+	Award Agreement, dated May 24, 2017, between Full House Resorts, Inc. and Daniel R. Lee (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on May 30, 2017).
10.21+	Employment Agreement, dated as of June 4, 2019 (and effective as of May 17, 2019), by and between Full House Resorts, Inc. and Lewis A. Fanger (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on June 4, 2019.
10.22+	Inducement Stock Option Agreement, dated as of January 30, 2015, by and between Full House Resorts, Inc. and Lewis A. Fanger (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 4, 2015).
10.23+	Employment Agreement, dated as of February 4, 2022, by and between Full House Resorts, Inc. and Elaine L. Guidroz (Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K (SEC File No. 1-32583) filed on February 10, 2022).

10.24	Credit Agreement, dated as of March 31, 2021, among the Company, as borrower, the subsidiary guarantors party thereto, the lender parties thereto, and Capital One, National Association, as administrative agent (incorporated by referenced to Exhibit 10.1 to the Company's Current Report on Form 8-K (SEC File No. 1-32583) filed on March 31, 2021).
10.25	First Amendment to Credit Agreement, dated as of February 7, 2022, among the Company, the guarantors party thereto and Capital One, National Association, as administrative agent (Incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8 K (SEC File No. 1-32583) filed on February 8, 2022).
21.1*	List of Subsidiaries of Full House Resorts, Inc.
23.1*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm to the Company.
31.1*	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.
31.2*	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.
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.
99.1*	Description of Governmental Gaming Regulations.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema 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 Inline XBRL File (included in Exhibit 101).

* Filed herewith.
** Furnished herewith.
\+ Executive compensation plan or arrangement.

Item 16. Form 10-K Summary.

We have elected not to disclose the optional summary information.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FULL HOUSE RESORTS, INC.

March 15, 2022

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name and Capacity	Date
/s/ DANIEL R. LEE Daniel R. Lee, Chief Executive Officer and Director (Principal Executive Officer)	March 15, 2022
/s/ LEWIS A. FANGER Lewis A. Fanger, Chief Financial Officer and Director (Principal Financial Officer and Principal Accounting Officer)	March 15, 2022
/s/ KENNETH R. ADAMS Kenneth R. Adams, Director	March 15, 2022
/s/ CARL G. BRAUNLICH Carl G. Braunlich, Director	March 15, 2022
/s/ KATHLEEN MARSHALL Kathleen Marshall, Director	March 15, 2022
/s/ ERIC J. GREEN Eric J. Green, Director	March 15, 2022
/s/ MICHAEL P. SHAUNNESSY Michael P. Shaunnessy, Director	March 15, 2022
/s/ MICHAEL A. HARTMEIER Michael A. Hartmeier, Director	March 15, 2022

Exhibit 4.1

FULL HOUSE RESORTS, INC.
DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Full House Resorts, Inc., a Delaware corporation (the "Company," "we," "us" or "our") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our Common Stock (as defined below).

The following description of our Common Stock is a summary and does not purport to be complete. This summary is subject to and qualified in its entirety by reference to the full text of our amended and restated certificate of incorporation, as amended ("Certificate of Incorporation") and our amended and restated bylaws ("By-laws"), each of which is filed as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. We encourage you to read our Certificate of Incorporation, our By-laws, and the applicable provisions of the General Corporation law of the State of Delaware (the "DGCL") for additional information.

Authorized Shares

Our authorized capital consists of 100,000,000 shares of common stock, par value $0.0001 per share ("Common Stock"), and 5,000,000 shares of preferred stock, par value $0.0001 per share ("Preferred Stock"). All outstanding shares of our Common Stock are fully paid and non-assessable. As of December 31, 2021, we had 34,242,581 shares of Common Stock issued and outstanding and no shares of Preferred Stock issued or are outstanding.

Common Stock

Dividends

Holders of our Common Stock are entitled to receive such dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. The declaration and payment of dividends on our Common Stock is a business decision to be made by our board of directors from time to time based upon results of our operations and our financial condition and any other factors as our board of directors considers relevant. Under the DGCL, we can only pay dividends to the extent that we have surplus — the extent by which the fair market value of our net assets exceeds the amount of our capital, or to the extent of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. In addition, the payment of dividends may be restricted by loan agreements, indentures and other transactions entered into us from time to time.

Voting Rights

Holders of Common Stock have the exclusive power to vote on all matters presented to our stockholders, including the election of directors, except as otherwise provided by the DGCL or as provided with respect to any other class or series of stock, if any. Holders of Common Stock are entitled to one vote per share. An affirmative vote of a majority of the votes cast at a meeting of stockholders at which a quorum is present and entitled to vote thereon is sufficient for approval of all matters submitted to a vote of stockholders. There is no cumulative voting.

Liquidation Rights

In the event we are dissolved and our affairs our wound up, after we pay or make adequate provision for all of our debts and liabilities in accordance with applicable law, each holder of our Common Stock will receive dividends pro rata out of assets that we can legally use to pay distributions.

Other Rights

Subject to the preferential rights of any other class or series of stock, all shares of Common Stock have equal dividend, distribution, liquidation and other rights, and have no preference or appraisal rights, except for any appraisal rights provided by the DGCL. Furthermore, holders of our Common Stock have no conversion, sinking fund or redemption rights, or rights to subscribe for any of our securities, except that our Certificate of Incorporation imposes certain obligations on holders of our Common Stock relating to compliance with the gaming authorities and empowers the Company to redeem shares of Common Stock under certain limited circumstances. For additional information, see "Description of Governmental Gaming Regulations" in Exhibit 99.1 of our Annual Report on Form 10-K for the year ended December 31, 2021.

Listing

Our Common Stock is listed on the Nasdaq Capital Market under the symbol "FLL."

Preferred Stock

Prior to the issuance of any shares of our Preferred Stock, an amendment to our Certificate of Incorporation must be adopted by our board of directors and approved by our stockholders to designate one or more series of such Preferred Stock and to fix, for each series, the designations, powers and preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations and restrictions thereof, as are permitted by the DGCL. Our Certificate of Incorporation does not include a "blank check" provision that would otherwise authorize our board of directors to issue our Preferred Stock in any number or series and to determine the rights of each series without needing additional stockholder approval.

Certain Anti-Takeover Effects of our Certificate of Incorporation and By-laws and Delaware Law

General. Certain provisions of our Certificate of Incorporation and our By-laws, and certain provisions of the DGCL could make our acquisition by a third party, a change in our incumbent management, or a similar change of control more difficult. These provisions, which are summarized below, are likely to reduce our vulnerability to an unsolicited proposal for the restructuring or sale of all or substantially all of our assets or an unsolicited takeover attempt. The summary of the provisions set forth below does not purport to be complete and is qualified in its entirety by reference to our Certificate of Incorporation and our By-laws and the applicable provisions of the DGCL.

Advance Notice Requirements. Stockholders wishing to nominate persons for election to our board of directors at an annual meeting or to propose any business to be considered by our stockholders at an annual meeting must comply with certain advance notice and other requirements set forth in our By-laws. Likewise, if our board of directors has determined that directors shall be elected at a special meeting of stockholders, stockholders wishing to nominate or re-nominate persons for election to our board of directors at such special meeting must comply with certain advance notice and other requirements set forth in our By-laws.

Special Meetings. Our By-laws provide that special meetings of stockholders may only be called by our board of directors or at the request in writing of stockholders owning at least forty percent (40%) of the shares entitled to vote.

Board Vacancies. Any vacancy on our board of directors may be filled by a majority vote of the directors then in office, though less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy shall hold office for a term expiring at the next annual meeting of stockholders and until their successors are elected and qualified. If one or more directors shall resign from our board of directors effective at a future date, a majority of directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided for the filling of other vacancies.

Exclusive Forum Bylaws Provision. Our By-laws require that, to the fullest extent permitted by law, and unless the Company consents in writing to an alternative forum, the Court of Chancery of the State of Delaware or the Eighth Judicial District Court of Clark County, Nevada, will be the sole and exclusive forum for any internal corporate claims. "Internal corporate claims" means claims, including claims in the right of the corporation, (i) that are based upon a violation of a duty by a current or former director or officer or stockholder in such capacity, or (ii) any action arising pursuant to any provision of the DGCL.

Although we believe this provision benefits us by providing increased consistency in the consistent application of law in the type of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Authorized but Unissued Shares. Our authorized but unissued shares of Common Stock are generally available for our board of directors to issue without stockholder approval. We may use these additional shares for a variety of corporate purposes, including future offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of our authorized but unissued shares of Common Stock could render more difficult or discourage an attempt to obtain control of our company by means of a proxy contest, tender offer, merger or other transaction.

Section 203 of the DGCL. We are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a Delaware corporation that is listed on a national securities exchange or held of record by more than 2,000 shareholders from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that such stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, certain mergers, asset or stock sales or other transactions resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's outstanding voting stock. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or

- at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least $66\,^2/_3\%$ of the outstanding voting stock which is not owned by the interested stockholder.

Exhibit 4.7

THIRD SUPPLEMENTAL INDENTURE

THIRD SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of March 3, 2022, among Full House Resorts, Inc., a Delaware corporation (the "*Issuer*"), the Guarantors (as defined in the Indenture referred to herein) and Wilmington Trust, National Association, as trustee under the Indenture referred to below (in such capacity, the "*Trustee*").

W I T N E S S E T H

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture, dated as of February 12, 2021 (the "*Base Indenture*"), providing for the issuance of an aggregate principal amount of $310,000,000 of 8.250% Senior Secured Notes due 2028 (the "*Notes*") and that certain First Supplemental Indenture dated as of February 1, 2022 (the "*First Supplemental Indenture*") and that certain Second Supplemental Indenture, dated as of February 7, 2022, (the "*Second Supplemental Indenture*" and, together with the Base Indenture and First Supplemental Indenture, the "*Indenture*"), providing for the issuance of an additional aggregate principal amount of $100,000,000 of the Notes (the "*New Notes*"), and capitalized terms not otherwise defined herein have the meanings set forth in the Indenture;

WHEREAS, Section 9.01(a) and Section 9.01(c) of the Indenture permit the execution and delivery of this Supplemental Indenture, without the consent of the Holders of the outstanding Notes, to make any change that would cure any ambiguity, defect or inconsistency or provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any Holder;

WHEREAS, the Issuer has heretofore delivered or is delivering contemporaneously herewith to the Trustee (i) copies of resolutions of the Boards of Directors (or equivalent governing bodies or persons) of the Issuer and the Guarantors authorizing the execution of this Supplemental Indenture, and (ii) the Officer's Certificate and Opinion of Counsel described in Sections 9.06 and 13.04 of the Indenture;

WHEREAS, pursuant to Section 9.06 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture;

WHEREAS, the Issuer has requested that the Trustee execute and deliver this Supplemental Indenture; and

WHEREAS, all other acts and proceedings required by law and the Indenture necessary to authorize the execution and delivery of this Supplemental Indenture and to make this Supplemental Indenture a valid and binding agreement for the purposes expressed herein, in accordance with its terms, have been complied with or have been duly done or performed.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually covenant and agree for the benefit of each other and the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. NEW SECTION 2.13. The following new Section 2.13 is hereby added to the Indenture:

Section 2.13. *Special Record Dates*.

The Company may set a special record date for any purpose, including but not limited to any payment to be made to Holders of the Notes, by notifying the Trustee in writing of the purpose of the special record date and the date of the special record date. If requested in writing by the Company, the Trustee, in the name and at the expense of the Company, will send to Holders a notice prepared by the Company that states the purpose of the special record date, the special record date, the related payment date (if any) and the amount to be paid (if any).

3. EFFECTIVE DATE OF THIS SUPPLEMENTAL INDENTURE. This Supplemental Indenture shall be executed, delivered and effective as of the date first written above

4. REFERENCE TO AND EFFECT ON INDENTURE. On and after the date upon which this Supplemental Indenture becomes operative, each reference in the Indenture to “this Indenture,” “hereunder,” “hereof,” or “herein” (and all references to the Indenture in any other agreements, documents or instruments) shall mean and be a reference to the Indenture as supplemented by this Supplemental Indenture, unless the context otherwise requires. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby. Except as specifically amended above, the Indenture shall remain in full force and effect and is hereby ratified and confirmed.

5. GOVERNING LAW; WAIVER OF JURY TRIAL. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH OF THE ISSUER, THE GUARANTORS, THE TRUSTEE AND EACH HOLDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

7. EFFECT OF HEADINGS. The Section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer, the Guaranteeing Subsidiary and the Guarantors.

9. SEVERABILITY. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

ISSUER:

FULL HOUSE RESORTS, INC.

By: /s/ Lewis A. Fanger
Name: Lewis A. Fanger
Title: Senior Vice President, Chief Financial Officer, and Treasurer

GUARANTEEING SUBSIDIARY

FHR-ILLINOIS LLC

By: /s/ Lewis A. Fanger
Name: Lewis A. Fanger
Title: Vice President and Treasurer

GUARANTORS:

FULL HOUSE SUBSIDIARY, INC.
FULL HOUSE SUBSIDIARY II, INC.
GAMING ENTERTAINMENT (NEVADA) LLC
GAMING ENTERTAINMENT (INDIANA) LLC
STOCKMAN'S CASINO
SILVER SLIPPER CASINO VENTURE LLC
GAMING ENTERTAINMENT (KENTUCKY) LLC
RICHARD AND LOUISE JOHNSON, LLC
FHR-COLORADO LLC
FHR-ATLAS LLC
FHR-ILLINOIS LLC

By: /s/ Lewis A. Fanger
Name: Lewis A. Fanger
Title: Vice President and Treasurer

TRUSTEE:

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Quinton M. DePompolo
Name: Quinton M. DePompolo
Title: Banking Officer

Exhibit 21.1

LIST OF SUBSIDIARIES OF FULL HOUSE RESORTS, INC.

Name of Subsidiary	Jurisdiction of Incorporation
FHR Atlas LLC	Nevada
FHR-Colorado LLC	Nevada
FHR-Illinois LLC	Delaware
Full House Subsidiary, Inc.	Delaware
Full House Subsidiary II, Inc.	Nevada
Gaming Entertainment (Indiana) LLC	Nevada
Gaming Entertainment (Kentucky) LLC	Nevada
Gaming Entertainment (Nevada) LLC	Nevada
Richard and Louise Johnson, LLC	Kentucky
Silver Slipper Casino Venture LLC	Delaware
Stockman’s Casino	Nevada

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-251778 and 333-260566 on Form S-3 and Registration Statement Nos. 333-203046, 333-204312, 333-219294, and 333-258729 on Form S-8 of our reports dated March 15, 2022, relating to the financial statements of Full House Resorts, Inc. and the effectiveness of Full House Resorts, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada
March 15, 2022

Exhibit 31.1

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 Annual Report on Form 10-K 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 make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) 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: March 15, 2022

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

Exhibit 31.2

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 Annual Report on Form 10-K 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 make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) 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: March 15, 2022

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

Exhibit 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**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Daniel R. Lee, Chief Executive Officer of Full House Resorts, Inc. (the “Company”), hereby certify, that, to my knowledge:

(1) The Annual Report on Form 10-K for the year ended December 31, 2021 of the Company as filed with the Securities and Exchange Commission on the date hereof (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 the Company.

Date: March 15, 2022

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

Exhibit 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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Lewis A. Fanger, Chief Financial Officer of Full House Resorts, Inc. (the “Company”), hereby certify, that, to my knowledge:

(1) The Annual Report on Form 10-K for the year ended December 31, 2021 of the Company as filed with the Securities and Exchange Commission on the date hereof (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 the Company.

Date: March 15, 2022

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

Exhibit 99.1

DESCRIPTION OF GOVERNMENTAL GAMING REGULATIONS

Nevada Regulatory Matters

In order to own or lease Stockman's Casino, the Grand Lodge Casino or any other gaming operation in Nevada, we are subject to the Nevada Gaming Control Act and to the licensing and regulatory control of the Nevada Gaming Control Board, the Nevada Gaming Commission, and various local, city and county regulatory agencies.

In May 2006, we applied for registration with the Nevada Gaming Commission as a publicly traded corporation, which was granted on January 25, 2007. We must regularly submit detailed financial and operating reports to the Nevada Gaming Control Board. Certain loans, leases, sales of securities and similar financing transactions must also be reported to or approved by the Nevada Gaming Commission.

The Nevada Gaming Commission may also require anyone having a material relationship or involvement with us to be found suitable or licensed, in which case those persons are required to pay the costs and fees of the Nevada Gaming Control Board in connection with the investigation.

Any person who acquires more than 5% of any class of our voting securities must report the acquisition to the Nevada Gaming Commission. Any person who becomes a beneficial owner of 10% or more of our voting securities is required to apply for a finding of suitability. The Nevada Gaming Commission may also, in its discretion, require any other holders of our debt or equity securities to file applications to be found suitable to own the debt or equity securities. If the Nevada Gaming Commission determines that a person is unsuitable to own such security, then pursuant to the regulations of the Nevada Gaming Commission, we may be sanctioned, including the loss of our approvals, if, without the prior approval of the Nevada Gaming Commission, we:

- pay to the unsuitable person any dividends, interest or any distribution whatsoever;
- recognize any voting right by such unsuitable person in connection with such securities;
- pay the unsuitable person remuneration in any form; or
- make any payment to the unsuitable person by way of principal, redemption, conversion exchange, liquidation or similar transaction.

Under certain circumstances, an "institutional investor," as such term is defined in the regulations of the Nevada Gaming Commission, which acquires more than 10%, but not more than 25% of our voting securities, may apply to the Nevada Gaming Commission for a waiver of such finding of suitability requirements, provided the institutional investor holds the voting securities for investment purposes only.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Gaming Commission may be found unsuitable based solely on such failure or refusal.

We are required to maintain a current stock ledger in Nevada which may be examined by the Nevada Gaming Commission at any time, and to file with the Nevada Gaming Commission, at least annually, a list of our stockholders. The Nevada Gaming Commission has the power to require our stock certificates to bear a legend indicating that the securities are subject to the Nevada Gaming Control Act and the regulations of the Nevada Gaming Commission.

As a licensee or registrant, we may not make certain public offerings of our securities without the prior approval of the Nevada Gaming Commission. We have received a waiver of the prior approval requirement with respect to public offerings of securities subject to certain conditions. Also, changes in control through merger, consolidation, acquisition of assets, management or consulting agreements or any form of takeover cannot occur without prior investigation by the Nevada Gaming Control Board and approval by the Nevada Gaming Commission.

The Nevada Legislature has declared that some repurchases of voting securities, corporate acquisitions opposed by management, and corporate defense tactics affecting Nevada gaming licensees, and registered companies that are affiliated with those operations, may be harmful to stable and productive corporate gaming. Because we are a registered company, approvals may be required from the Nevada Gaming Commission before we can make exceptional repurchases of voting securities above their current market price and before a corporate acquisition opposed by management can be consummated. The Nevada Gaming Control Act also requires prior approval of a plan of recapitalization proposed by a registered company's Board in response to a tender offer made directly to its stockholders for the purpose of acquiring control.

Licensee fees and taxes, computed in various ways depending on the type of gaming or activity involved, are payable to the State of Nevada and to the counties and cities in which the Nevada licensee's respective operations are conducted. Depending upon the particular fee or tax involved, these fees and taxes are payable monthly, quarterly or annually and are based upon either:

- a percentage of the gross revenues received;
- the number of gaming devices operated; or
- the number of table games operated.

A live entertainment tax is also paid on admission charges where entertainment is furnished. Nevada licensees that hold a license as an operator of a slot route, a manufacturer or a distributor also pay certain fees and taxes to the State of Nevada.

Any person who is licensed, required to be licensed, registered, required to be registered, or who is under common control with those persons, collectively, "licensees," and who proposes to become involved in a gaming venture outside of Nevada, is required to deposit with the Nevada Gaming Control Board, and thereafter maintain, a revolving fund in the amount of $10,000 to pay the expenses of investigation by the Nevada Gaming Control Board of the licensee's participation in foreign gaming. We currently comply with this requirement. The revolving fund is subject to increase or decrease at the discretion of the Nevada Gaming Commission. Licensees are required to comply with the reporting requirements imposed by the Nevada Gaming Control Act. A licensee is also subject to disciplinary action by the Nevada Gaming Commission if it:

- knowingly violates any laws of the foreign jurisdiction pertaining to the foreign gaming operation;
- fails to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;
- engages in any activity or enters into any association that is unsuitable because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect, discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to the gaming policies of Nevada;
- engages in activities or enters into associations that are harmful to the State of Nevada or its ability to collect gaming taxes and fees; or
- employs, contracts with or associates with a person in the foreign operation who has been denied a license or a finding of suitability in Nevada on the ground of unsuitability.

Our Nevada operations are subject to Governor Sisolak's Directives of Emergency addressing COVID-19 protocols for our business operations; the most recent being Directive 052 issued on February 10, 2022. In addition, the Nevada Gaming Control Board has issued corresponding Industry Notices to its licensees concerning COVID-19 operational requirements; the most recent being Emergency Directive 052 which was issued on February 10, 2022. The Nevada Gaming Commission has disciplined licensees for not adhering to the Governor's Directives of Emergency and/or the Nevada Gaming Control Board's Industry Notices concerning the COVID-19 operational protocols therein.

Indiana Regulatory Matters

We own and operate a wholly-owned subsidiary, Gaming Entertainment (Indiana) LLC, which acquired and operates Rising Star Casino Resort in Rising Sun, Indiana. The ownership and operation of casino facilities in Indiana are subject to extensive state and local regulation, including primarily the licensing and regulatory control of the Indiana Gaming Commission ("IGC").

The Indiana Riverboat Gaming Act ("Riverboat Act") and the Gambling Games at Racetracks Act, together and as amended (the "Indiana Acts"), allow up to thirteen commercial (non-tribal) casinos in the State of Indiana. Specifically, the IGC has presently authorized: (i) owner's licenses for the operation of four riverboat casinos in counties contiguous to Lake Michigan in northern Indiana, as well as five riverboat casinos in counties contiguous to the Ohio River in southern Indiana; (ii) one operating agent contract permitting a private company to operate a land based casino in French Lick, Indiana; and (iii) two gambling game licenses for the operation of land based casinos at Indiana's two pari-mutuel horse racing tracks. In 2019, the Indiana General Assembly passed legislation that allowed one of the owner's licenses allocated to one of the riverboats currently located in a county contiguous to Lake Michigan in northern Indiana to be relocated to a land based casino in Terre Haute, Indiana. The same legislation allowed the holder of another of the riverboat casino licenses located in northwest Indiana to move to a land based location, still located in a county contiguous to Lake Michigan, in Gary, Indiana.

In 2015, Indiana enacted legislation that would have allowed both racinos to begin offering live table games after March 1, 2021. However, the legislation enacted in 2019 (as noted above) enabled the racinos to begin offering live table games on January 1, 2020, which both locations implemented at that time. The 2015 legislation also authorized an increase of each racino's maximum size to 2,200 gambling games (beginning on January 1, 2021), while imposing a cap on the size of all other casino properties that is equal to the greatest number of gambling games offered by the applicable casino property since January 1, 2007. The 2015 legislation permitted riverboat owners to relocate an owner's gaming operation from a riverboat facility to an inland facility, provided such inland facility is, among other things, located on a parcel that is adjacent to the dock site of the licensed owner's riverboat. Any such inland casino is subject to the same gambling game cap applicable to the riverboat. Since passage of the 2015 legislation, the IGC has demonstrated a willingness to consider and approve requests to relocate certain gaming devices to off-riverboat locations that are adjacent to still-functioning riverboat casinos, thus enabling partial land-based gaming without relocating the entire gaming facility to land.

In 2015, Public Law 255-2015 specified a process for entering into tribal-state compacts concerning Indian Gaming, a procedure not previously contemplated under Indiana law. Prior to that, in May of 2012, the Pokagon Band of Potawatomi Indians (the "Band") submitted to the Bureau of Indian Affairs a fee-to-trust application to take 165 acres of land in South Bend into trust. In 2017, the Band opened a Class II gaming facility in South Bend, Indiana. In 2019, the Band began negotiations with the State of Indiana to enter into a tribal-state compact for Class III gaming at the facility in South Bend, Indiana. In April of 2021, the Indiana General Assembly passed legislation to ratify and codify a tribal-state compact negotiated between the Band and the State of Indiana. In May of 2021, it was announced that the Band had finalized and executed the compact with the State.

The Indiana Acts strictly regulate the facilities, persons, associations and practices related to gaming operations pursuant to the police powers of Indiana, including comprehensive law enforcement provisions. The Indiana Acts vest the IGC with the power and duties of administering, regulating and enforcing the system of casino gaming in Indiana. The IGC's jurisdiction extends to every person, association, corporation, partnership, owner, and trust involved in casino gaming operations in Indiana and grants the IGC the authority to request specific information from all such persons or entities.

An Indiana owner’s license allows the licensee to own and operate one riverboat per license granted and gaming equipment as part of a gaming operation. An owner’s license is not a property right and remains, at all times, the property of the State of Indiana. The Riverboat Act allows a person to hold up to a 100% ownership interest in not more than six of any combination of riverboat licenses or gambling game licenses issued under IC 4-35 (racino licenses). Each owner’s license is subject to renewal on an annual basis upon a determination by the IGC that the licensee continues to be suitable to hold an owner’s license pursuant to the Riverboat Act and the rules and regulations adopted thereunder. A licensee may not lease, hypothecate, borrow money against or lend money against an owner’s license. An ownership interest in an owner’s license may only be transferred in accordance with the regulations promulgated by the IGC under the Riverboat Act. Gaming Entertainment (Indiana) LLC applied for and, on March 15, 2011, was granted the transfer of a riverboat owner’s license. Thereafter, Gaming Entertainment (Indiana) LLC has renewed its license annually, effective on September 15 of each year.

The Riverboat Act requires that a licensed owner undergo a complete re-investigation every three years. If for any reason the license is terminated, the assets of the riverboat gaming operation cannot be disposed of without the approval of the IGC. The IGC also requires a comprehensive disclosure of financial and operating information by licensees, by their principal officers and by their parent corporations.

If an institutional investor acquires a beneficial ownership interest of 5% or more of any class of voting securities of a publicly traded corporation, the investor is required to notify the IGC and may be subject to licensure and a finding of suitability. Institutional investors who acquire a beneficial ownership interest of 15% or more of any class of voting securities are subject to a full investigation and finding of suitability. In addition, the IGC may require an institutional investor that acquires 15% or more of certain non-voting equity units to apply for a finding of suitability. Any person who is not an institutional investor that acquires beneficial ownership of 5% or more of any class of voting securities of a licensee is required to apply for a finding of suitability.

The Riverboat Act prohibits contributions to a candidate for any state, legislative, or local office; to a candidate’s committee; or to a regular party committee by: (i) the holder of an owner’s license; (ii) a person holding at least 1% interest in an owner licensee; (iii) an officer of an owner licensee; (iv) an officer of a person that holds at least 1% interest in an owner licensee; or (v) a political action committee of an owner licensee. The prohibition on political contributions is applicable while an owner licensee holds the license and for a period of three years following the expiration or termination of such license.

In 2009, the Indiana General Assembly enacted legislation requiring all casino operators to submit for approval by the IGC a written power of attorney identifying a person who would serve as a trustee to temporarily operate the casino in certain rare circumstances, such as: the revocation or non-renewal of any owner’s license; the denial of an owner’s license to a proposed transferee and the person attempting to sell the riverboat is unable or unwilling to retain ownership or control; the involuntary bankruptcy of the licensed owner; or a licensed owner’s agreement in writing to relinquish control of the riverboat. During any time period that the trustee is operating the casino, the trustee has exclusive and broad authority over the casino gambling operations. The IGC most recently approved Gaming Entertainment (Indiana) LLC’s power of attorney renewal in September of 2021.

The IGC requires licensees to maintain a cash reserve equal to a licensee’s average payout for a three-day period based on the licensee’s performance during the prior calendar quarter. The cash reserve can consist of cash on hand, cash maintained in Indiana bank accounts and cash equivalents not otherwise committed or obligated. The IGC also prohibits distributions, other than distributions for the payment of state or federal taxes, by a licensee to its partners, shareholders, itself or any affiliated entity if the distribution would impair the financial viability of the gaming operation.

The Indiana Acts do not limit the maximum bet or loss per patron. Each licensee sets minimum and maximum wagers on its own games. Players must use chips or tokens as, according to the Indiana Acts, wagering may not be conducted with money or other negotiable currency. No person under the age of 21 is permitted to wager or enter a casino, and wagers may only be taken from persons present at a licensed casino, with the exception of permitted sports wagers accepted through licensed mobile sports wagering operations, as is discussed in greater detail below.

Contracts to which Gaming Entertainment (Indiana) LLC is a party are subject to regulatory oversight by the IGC, including in certain circumstances, disclosure and approval processes imposed by Indiana regulations. An owner licensee may not enter into or perform any contract or transaction in which it transfers or receives consideration which is not commercially reasonable or which does not reflect the fair market value of the goods or services rendered or received. All contracts are subject to disapproval and/or cancellation by the IGC.

Through the establishment of purchasing goals for licensees, the IGC encourages minority business enterprises and women business enterprises to participate in the gaming industry. The goals must be derived from the statistical analysis of utilization studies of licensee contracts for goods and services. Any failure by a licensee to meet these goals will be scrutinized heavily by the IGC and the Riverboat Act authorizes the IGC to suspend, limit, or revoke an owner's gaming license, or to impose a fine, if the licensee does not demonstrate compliance within ninety days of a finding of noncompliance.

Pursuant to a 2019 amendment to the graduated wagering tax portion of the Riverboat Act, licensees that receive Adjusted Gross Receipts ("AGR") under $75 million in the preceding state fiscal year are subject to the following graduated wagering taxes (for state fiscal years beginning after June 30, 2021):

- 2.5% on the first $25 million of AGR for state fiscal years beginning after June 30, 2021.
- 10% on the AGR in excess of $25 million, but not exceeding $50 million, for state fiscal years beginning after June 30, 2021.
- 20% on the AGR in excess of $50 million, but not exceeding $75 million, for state fiscal years beginning after June 30, 2021.
- 30% of the AGR in excess of $75 million, but not exceeding $150 million.
- 35% of all AGR in excess of $150 million, but not exceeding $600 million.
- 40% of all AGR exceeding $600 million.

"AGR" is the total of all cash and property received from gaming, less cash paid out as winnings and uncollectible gaming receivables (not to exceed 2%). Legislation passed in 2013 permitted all Indiana casinos to begin deducting from AGR certain amounts attributable to "qualified wagering" incentives. Such qualified wagering incentives (commonly referred to as "free play") are defined as wagers made by patrons using non-cashable vouchers, coupons, electronic credits or electronic promotions offered by a licensee. For state fiscal years ending after June 30, 2013 and before July 1, 2015, the maximum amount of permitted qualified wagering deductions was $5 million per casino. In 2015, that maximum deduction was increased to $7 million for fiscal years following June 30, 2015. In 2019, the maximum deduction was increased to $9 million for fiscal years following June 30, 2021.

In addition to wagering taxes, an admissions tax of $3 per admission was previously assessed for all casinos other than the casino operating in French Lick, Indiana, the two racinos, and the land-based casino operating in Evansville, Indiana. Pursuant to legislation passed in 2017, as soon as the operator of the Evansville casino relocated its riverboat casino to a land-based facility, it began paying a "supplemental wagering tax" equal to three percent (3%) of AGR in lieu of continuing to pay admissions tax. Pursuant to the same 2017 legislation, all other casinos for whom the admissions tax had been applicable began paying a supplemental wagering tax on July 1, 2018. The supplemental wagering tax replaced the admissions tax for these casinos. The Supplemental wagering tax rate varies by location based on a statutory formula but was capped at four percent (4%) of AGR until June 30, 2019, and three and five tenths percent (3.5%) of AGR thereafter. The Riverboat Act provides for the suspension or revocation of a license if the wagering taxes, admissions taxes, and/or supplemental wagering taxes are not timely remitted.

Pursuant to a development agreement between the Company and the City of Rising Sun, Indiana, we are required to pay annually to the Rising Sun Regional Foundation a sum equal to either: (i) 1.55% of AGR, if AGR is $150 million or less; or (ii) 1.6% of AGR, if AGR is greater than $150 million.

Real property taxes are imposed on riverboats at rates determined by local taxing authorities. Income to us from Rising Star Casino Resort is also subject to the Indiana adjusted gross income tax, which has traditionally been calculated in a manner that required "adding back" the value of any federal income tax deductions that were allowable for wagering taxes paid to the state. Legislation passed in 2017 permits for the gradual phase-out of the add back calculation, such that beginning in the first taxable year following December 31, 2025, no such add back shall be required. Sales on a riverboat and at its related amenities, other than gaming revenues, are subject to applicable use, excise, and retail taxes. The Riverboat Act requires a licensee to directly reimburse the IGC for costs associated with gaming enforcement agents, which are required to be present at the casino while gaming is conducted.

An owner licensee may enter into debt transactions of $1 million or greater only with the prior approval of the IGC. Such approval is subject to compliance with requisite procedures and a showing that each person with whom the licensee enters into a debt transaction would be suitable for licensure under the Riverboat Act. Unless waived, approval of debt transactions requires consideration by the IGC at two business meetings. The IGC, by resolution, has authorized its executive director, subject to subsequent ratification by the IGC, to approve debt transactions. Such approval may occur following appropriate review of the transaction along with concurrence by: (i) the executive director, (ii) IGC's Chair, and (iii) the IGC member who is a certified public accountant.

The Riverboat Act provides that the sale of alcoholic beverages at casinos is subject to licensing, control and regulation pursuant to Title 7.1 of the Indiana Code and the rules adopted by the Indiana Alcohol and Tobacco Commission.

In 2019, the Indiana General Assembly passed legislation legalizing certain sports wagering and mobile sports wagering activities and operations in the State of Indiana (the "Indiana Sports Wagering Act") (See IC 4-38). In the same year, the IGC approved Emergency Rules (the "Emergency Rules") to regulate licensed sports wagering operations. The Indiana Sports Wagering Act allowed sports wagering operations to commence in Indiana on September 1, 2019, subject to regulatory approval by the IGC for individual operators to begin accepting wagers.

Under the Indiana Sports Wagering Act, a licensed owner is granted the opportunity to apply for and receive a Certificate of Authority to conduct sports wagering (thereby becoming a "certificate holder"). A certificate holder is entitled to operation of an on-site retail sportsbook at the casino property, as well as to contract with three individually branded vendors (a "vendor") for the conduct of mobile sports wagering through digital platforms. Gaming Entertainment (Indiana) LLC received authorization to offer its retail sportsbook commencing on November 7, 2019, as well as authorization to conduct mobile sports wagering through one of its mobile vendors on December 30, 2019; a second mobile vendor on March 25, 2021; and a third mobile vendor on February 28, 2022. Sports wagers may not be placed either in-person at a retail location or via mobile platform by an individual less than 21 years of age. All mobile sports wagering patrons must undergo "Know Your Customer" age and identification verification processes prior to using a mobile device to place sports wagers. This process may be undertaken via mobile device remotely and does not require in-person registration at a casino. Additionally, all mobile sports wagering patrons must undergo geolocation measures prior to placing wagers using a mobile device to ensure their physical presence in the State of Indiana. Each vendor is subject to corporate and individual licensing and findings of suitability by the IGC and is responsible for compliance with all relevant sports wagering laws and regulations relevant to their retail and/or mobile sports wagering operations.

Mississippi Regulatory Matters

Our ownership and operation of the Silver Slipper Casino and Hotel is subject to the Mississippi Gaming Control Act ("Mississippi Act") and to the licensing and regulatory control of the Mississippi Gaming Commission, the Mississippi Department of Revenue and various local, city and county regulatory agencies.

The Mississippi Act provides for legalized gaming in each of the fourteen counties that border the Gulf Coast or the Mississippi River; however, gaming is legal only if the voters in the county have not voted to prohibit gaming in that county. Voters have approved gaming in nine of the fourteen counties and currently occurs in seven counties. The Mississippi Act originally required gaming vessels to be located on the Mississippi River or on navigable waters in eligible counties along the Mississippi River, or in the waters lying south of the counties along the Mississippi Gulf Coast. However, the Mississippi Act was amended to permit licensees in the three counties along the Gulf Coast to establish casino structures that are located in whole or part on shore and land-based casino operations, provided the land-based gaming areas do not extend more than 800 feet beyond the nineteen-year mean high water line, (except in Harrison County where the 800-foot limit can be extended as far as the greater of 800 feet beyond the 19-year mean high water line or the southern boundary of Highway 90). Due to another change in the interpretation of the Mississippi Act, the Mississippi Gaming Commission has also permitted licensees in approved Mississippi River counties to conduct gaming operations on permanent structures, provided that the majority of the gaming floor in any such structure is located on the river side of the “bank full” line of the Mississippi River.

There are no limitations on the number of gaming licenses that may be granted. Further, the Mississippi Act provides for 24-hour gaming operations and does not limit the maximum bet or loss per patron or the percentage of space that may be utilized for gaming. In 2018, the Mississippi Gaming Commission adopted regulations permitting race books and sports pools to be operated by licensed Mississippi gaming operators. Although mobile wagering is permitted, such wagers may be made only while the patron is on the property of a licensed gaming establishment.

Our wholly-owned subsidiary, Silver Slipper Casino Venture LLC is licensed as the operator of the Silver Slipper Casino and Hotel. A Mississippi gaming licensee must maintain a gaming license from the Mississippi Gaming Commission, subject to certain conditions, including continued compliance with all applicable state laws and regulations. If we fail to satisfy the requirements of the Mississippi Act and regulations, we and Silver Slipper Casino Venture LLC cannot own or operate gaming facilities in Mississippi. Gaming licenses are issued for a three-year period, are not transferable, and must be renewed periodically thereafter. There is no assurance that a new license can be obtained at the end of each three-year period of a license. Silver Slipper Casino and Hotel was most recently granted a renewal of its license by the Mississippi Gaming Commission on June 17, 2021, effective July 20, 2021. The license expires on July 19, 2024.

The Mississippi Act and the Mississippi Gaming Commission regulations require that certain of our officers and directors and certain key employees of Silver Slipper Hotel and Casino be found suitable or approved by the Mississippi Gaming Commission. A finding of suitability is comparable to licensing, and both require submission of detailed personal and financial information followed by a thorough investigation. We believe that we have obtained, applied for or are in the process of applying for all necessary findings of suitability, although the Mississippi Gaming Commission, in its discretion, may require any individual who has a material relationship to, or material involvement with, a licensee to file an application to determine whether the individual is suitable to be associated with a gaming licensee.

As the sole member of Silver Slipper Casino Venture LLC, we applied for registration with the Mississippi Gaming Commission as a publicly traded corporation, which was granted on September 20, 2012. As a registered, publicly-traded corporation, we are required periodically to submit financial and operating reports, and any other information that the Mississippi Gaming Commission may require. Certain loans, leases, sales of securities and similar financing transactions must also be reported to or approved by the Mississippi Gaming Commission.

Any person who acquires more than 5% of any class of our voting securities must report the acquisition to the Mississippi Gaming Commission and may be required to file an application for a finding of suitability. If a security holder who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information, including a list of its beneficial owners. The Mississippi Gaming Commission may require us to disclose the identities of the holders of our debt or other securities, and, in its discretion, require such holders to file applications, be investigated and be found suitable to own our debt or equity securities. Although the Mississippi Gaming Commission generally does not require the individual holders of such securities to be investigated and found suitable, it retains the right to do so for any reason deemed necessary by the Mississippi Gaming Commission.

If the Mississippi Gaming Commission determines that a person is unsuitable to hold, directly or indirectly, voting securities of a registered publicly traded corporation, any beneficial ownership of such securities by the unsuitable person beyond such period of time as may be prescribed by the Mississippi Gaming Commission is a misdemeanor. We are subject to disciplinary action if, after we receive notice that a person is unsuitable to be a security holder or to have any other relationship with us, we:

- pay that person any dividend or interest upon our voting securities;
- recognize the exercise, directly or indirectly of any voting right conferred through securities held by that person;
- pay the unsuitable person any remuneration in any form for services rendered or otherwise, except in certain limited and specific circumstances; or
- fail to pursue all lawful efforts to require the unsuitable person to divest himself of the securities including, if necessary, the immediate purchase of the securities for cash at fair market value.

Under certain circumstances, an "institutional investor," as such term is defined in the regulations of the Mississippi Gaming Commission, which acquires more than 10%, but not more than 25% of our voting securities, may apply to the Mississippi Gaming Commission for a waiver of such finding of suitability requirements, provided the institutional investor holds the voting securities for investment purposes only.

No person may receive any percentage of gaming revenue from a Mississippi gaming licensee without first obtaining the necessary licensing and approvals from the Mississippi Gaming Commission. The Mississippi Gaming Commission may also require anyone having a material relationship or involvement with us to be found suitable or licensed, in which case those persons are required to pay the costs and fees of the Mississippi Gaming Commission in connection with the investigation. Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Mississippi Gaming Commission may be found unsuitable based solely on such failure or refusal.

We are required to maintain a current stock ledger in Mississippi, which may be examined by the Mississippi Gaming Commission at any time, and to file with the Mississippi Gaming Commission, at least annually, a list of our stockholders. The Mississippi Gaming Commission has the power to require our stock certificates to bear a legend indicating that the securities are subject to the Mississippi Gaming Control Act and the regulations of the Mississippi Gaming Commission. We obtained a waiver of this requirement on September 20, 2012.

Substantially all material loans, leases, sales of securities and similar financing transactions by a registered corporation or a Mississippi gaming licensee must be reported to and approved by the Mississippi Gaming Commission. Changes in control through merger, consolidation, acquisition of assets, management or consulting agreements or any form of takeover cannot occur without prior investigation and approval by the Mississippi Gaming Commission. We may not make certain public offerings of our securities without the prior approval of the Mississippi Gaming Commission. Such approval, if given, does not constitute a recommendation or approval of the investment merits of the securities subject to the offering. We have received a waiver of the prior approval requirement with respect to public offerings of securities subject to certain conditions.

The Mississippi legislature has declared that some repurchases of voting securities, corporate acquisitions opposed by management, and corporate defense tactics affecting Mississippi gaming licensees, and registered companies that are affiliated with those operations, may be harmful to stable and productive corporate gaming. Because we are a registered company, approvals may be required from the Mississippi Gaming Commission before we can make exceptional repurchases of voting securities above their current market price and before a corporate acquisition opposed by management can be consummated. The Mississippi Gaming Control Act also requires prior approval of a plan of recapitalization proposed by a registered company's Board in response to a tender offer made directly to its stockholders for the purpose of acquiring control.

A Mississippi licensee may not guarantee a security issued by an affiliated company pursuant to a public offering, or pledge its assets to secure payment or performance of the obligations evidenced by a security issued by an affiliated company, without the prior approval of the Mississippi Gaming Commission. We have obtained waivers from the Mississippi Gaming Commission for such guarantees, pledges and restrictions in connection with public offerings of our securities, subject to certain restrictions. A pledge of the stock of a Mississippi licensee and the foreclosure of such a pledge are ineffective without the prior approval of the Mississippi Gaming Commission.

All legal gaming conducted in the state is subject to taxation. Gaming fees and tax calculations are generally based upon a percentage of the gross revenue and the number of gaming devices and table games operated by the casino. The license fee payable to the State of Mississippi is based upon gross revenue (generally defined as gaming receipts less payout to customers as winnings) and equals 4% of gross revenue of $50,000 or less per calendar month, 6% of gross revenue in excess of $50,000 but less than $134,000 per calendar month, and 8% of gross revenue in excess of $134,000 per calendar month. Each licensee must pay an annual license fee of $5,000. Each licensee must pay an annual fee based on the number of games, both electronic gaming devices and table games, it operates at its establishment. Licensees operating thirty-five (35) games pay a fee of $81,200 for the first 35 games, plus $100 for each game over 35. Licensees located within certain municipalities or counties may be required to pay fees to those municipalities or counties based on the licensees' gross revenues. These fees are paid in the same manner as the state gross revenue fees. The fees payable to the county in which Silver Slipper Hotel and Casino operates is an amount not to exceed four percent (4%) of all gross revenue and an annual license fee of $100 per gaming device.

The Gaming Commission imposes a flat annual fee on each casino operator licensee, payable quarterly, covering all investigative fees for that year associated with an operator licensee, any entity registered as a holding company or publicly traded corporation of that licensee, and any person required to be found suitable in connection with that licensee or any holding company or publicly traded corporation of that licensee. The annual fee is based on the average number of gaming devices operated by the licensee during a twelve-month period, as reported to the Mississippi Gaming Commission. The investigative fee is $325,000 for licensees with 1,500 or more gaming devices, $250,000 for licensees with 1,000 to 1,499 gaming devices, and $150,000 for licensees with less than 1,000 gaming devices. The fee is payable in four equal quarterly installments.

Neither we nor Silver Slipper Casino Venture LLC may engage in gaming activities outside of Mississippi without approval of, or a waiver of such approval by, the Mississippi Gaming Commission. We have approval from the Mississippi Gaming Commission for foreign gaming operations in that such approval for foreign gaming operations is automatically granted under the Mississippi regulations in connection with foreign operations conducted within the 50 states or any territory of the United States, or on board any cruise ship embarking from a port located therein. However, the Mississippi Gaming Commission requires a formal foreign gaming waiver for involvement in Internet gaming.

A violation of the Mississippi gaming laws could result in a fine; revocation or suspension of, or a limitation or condition on, the gaming license, and criminal action. Disciplinary action in any jurisdiction may lead to disciplinary action in Mississippi, including, but not limited to, the revocation or suspension of the Silver Slipper Casino Venture, LLC gaming license.

Colorado Regulatory Matters

The Colorado Limited Gaming Control Commission (the "Colorado Commission") initially approved all our necessary licenses on February 18, 2016, to acquire the operating assets and assume certain liabilities of Bronco Billy's Casino and Hotel in Cripple Creek, Colorado, which closed on May 13, 2016. The license approvals included (i) an Operator's license for Full House Resorts, Inc.; (ii) three (3) Retail Licenses for our wholly owned subsidiary, FHR-Colorado, LLC; (iii) three (3) Master Sports Betting licenses, each associated with the three (3) Retail Licenses held by FHR-Colorado LLC; (iv) a Manufacturer/Distributor's License for FHR-Colorado, LLC; (v) findings of suitability for key personnel and our Board of Directors. We continue to renew these licenses every two years, with our licenses most recently renewed through February 18, 2024.

Under the Colorado Limited Gaming Act of 1991 (the "Colorado Act"), the ownership and operation of limited-stakes gaming facilities in Colorado are subject to the Colorado Gaming Regulations (the "Colorado Regulations") and final authority of the Colorado Commission. The Colorado Act also created the Colorado Division of Gaming (the "Division of Gaming") within the Colorado Department of Revenue to license, supervise and enforce the conduct of limited stakes gaming.

No person may offer limited gaming to the public unless such person holds a valid retail gaming license, which must be renewed every two years. Our licenses were most recently renewed on February 17, 2022, expiring on February 18, 2024. The Colorado Act requires that licensees file applications for renewal with the Colorado Commission not less than 120 days prior to their expiration.

Limited-stakes gaming became lawful in the cities of Central City, Black Hawk and Cripple Creek when the state constitution was amended, effective October 1, 1991 (“Colorado Amendment”). Currently, “limited-stakes gaming” means a maximum single bet of $100 on slot machines, blackjack, poker, craps and roulette, and it is permitted 24 hours a day.

Limited-stakes gaming is confined to the commercial districts of these cities as defined by Central City ordinance on October 7, 1981, by Black Hawk ordinance on May 4, 1978, and by Cripple Creek ordinance on December 3, 1973. Additionally, the Colorado Amendment restricts limited-stakes gaming to structures which conform to the architectural styles and designs which were common to the areas prior to World War I and that conform to the requirements of applicable city ordinances regardless of the age of the structures. Under the Colorado Amendment, no more than 35% of the square footage of any building and no more than 50% of any one floor of any building may be used for limited-stakes gaming. Persons under the age of 21 cannot participate in limited-stakes gaming. Under Colorado state law, smoking is not permitted in any indoor area, including limited gaming facilities and any other facilities in which any gaming or gambling activity is conducted.

The Colorado Commission has delegated authority to the Division of Gaming to conduct background investigations and review of financial documents, issue certain types of licenses, and approve certain limited changes in ownership. With limited exceptions applicable to licensees which are publicly traded entities, no person may sell, lease, purchase, convey or acquire any interest in a retail gaming, manufacturer or distributor, associated equipment supplier, or operator license or business without the prior approval of the Colorado Commission or the Division of Gaming.

As a general rule, the Colorado Act prohibits any person from having an “ownership interest” in more than three retail gaming licenses in Colorado. The Colorado Commission has ruled that a person does not have an ownership interest in a retail gaming licensee for purposes of the multiple license prohibition if any of the following apply:

- A person has less than a 5% ownership interest in an institutional investor that has an ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- A person has a 5% or more ownership interest in an institutional investor, but the institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- An institutional investor has less than a 5% ownership interest in a publicly traded licensee or publicly traded company affiliated with a licensee;
- An institutional investor possesses voting securities in a fiduciary capacity for another person and does not exercise voting control over 5% or more of the outstanding voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee;
- A registered broker or dealer retains possession of voting securities of a publicly traded licensee or of a publicly traded company affiliated with a licensee for its customers and not for its own account, and exercises voting rights for less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee;
- A registered broker or dealer acts as a market maker for the stock of a publicly traded licensee or of a publicly traded company affiliated with a licensee and exercises voting rights in less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee;
- An underwriter is holding securities of a publicly traded licensee or publicly traded company affiliated with a licensee as part of an underwriting for no more than 90 days after the beginning of such underwriting if it exercises voting rights of less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee;
- A book entry transfer facility holds voting securities for third parties, if it exercises voting rights with respect to less than 5% of the outstanding voting securities of a publicly traded licensee or publicly traded company affiliated with a licensee; or
- A person’s sole ownership interest is less than 5% of the outstanding voting securities of the publicly traded licensee or publicly traded company affiliated with a licensee.

The Colorado Commission has enacted Rule 4.5, which imposes requirements on publicly traded corporations holding gaming licenses in Colorado and on gaming licenses owned directly or indirectly by a publicly traded corporation, whether through a subsidiary or intermediary company. Such requirements automatically apply to any ownership interest held by a publicly traded corporation, holding company or intermediary company thereof, where the ownership interest directly or indirectly is, or will be upon approval of the Colorado Commission, 5% or more of the entire licensee. However, the Colorado Commission also has the discretion to require that any publicly traded corporation, subsidiary, intermediary, or holding company that it determines has the actual ability to exercise influence over a licensee, regardless of ownership percentage, comply with the disclosure regulations and requirements contained in Rule 4.5.

Additionally, the Colorado Regulations require that every officer, director and stockholder of private corporations or equivalent office or ownership holders for non-corporate applicants, and every officer, director or stockholder holding either a 5% or greater interest or controlling interest of a publicly traded corporation or owners of an applicant or licensee, shall be a person of good moral character and submit to, and pay for, a full background investigation conducted by the Division of Gaming and the Colorado Commission. The Colorado Commission may require any person having an interest in a license to undergo a full background investigation and pay the cost of investigation in the same manner as an applicant.

Licensees are required to provide information and file periodic reports with the Division of Gaming, including identifying (i) those who have a 5% or greater ownership, financial or equity interest in the licensee, (ii) those who have the ability to control or exercise significant influence over the licensee, (iii) those who loan money or other things of value to a licensee, and (iv) those who have the right to share in revenue derived from limited gaming, or to whom any interest or share in profits of limited gaming has been pledged as security for a debt or performance of an act. Additional reporting requirements include (i) notifying the Division of Gaming if any licensee, including its parent company or subsidiary, applies for, or holds a license to conduct foreign gaming operations, and (ii) reporting any criminal convictions or charges against all persons licensed by the Colorado Commission and any associated person of a licensee.

The Colorado Commission and Division of Gaming also may require information regarding every person who is a party to a "gaming contract," defined as an agreement where a person does business with, or that is conducted on the premises of, a licensed entity, or a lease with a licensee (or applicant). In that event, such person must promptly provide the Colorado Commission or the Division of Gaming requested information, which may include a financial history, description of financial holdings, real and personal property ownership, interests in other companies, criminal history, personal history and associations, character, reputation in the community and all other information which might be relevant to a determination of whether a person would be suitable to be licensed by the Colorado Commission. Failure to provide all information requested constitutes sufficient grounds for the Colorado Commission or the Division of Gaming to require a licensee or applicant to terminate its gaming contract or lease with any person who failed to provide the information requested. The Colorado Commission or the Division of Gaming may also require that the gaming contract be amended prior to approval of an application or commencement of the contract.

The Colorado Commission and the Division of Gaming have interpreted the Colorado Regulations to permit the Colorado Commission to investigate and find suitable persons or entities providing financing to or acquiring securities from us. As previously noted, any person or entity that is required to provide information, submit an application, or be found suitable, must pay all application and investigation fees and costs. Although the Colorado Regulations do not require prior approval for the execution of credit facilities or issuance of debt securities, the Colorado Commission reserves the right to approve, require changes to or require the termination of any financing, including, but not limited to, situations where a person or entity is required to be found suitable and is not found suitable. In any event, note holders, lenders and others providing financing will not be able to exercise certain rights and remedies without the prior approval of the Colorado Commission. Information regarding any changes in holders of securities may be required to be periodically reported to the Colorado Commission or the Division of Gaming. Any changes in lending relationships or terms or conditions must be immediately reported to the Division of Gaming.

The Colorado Constitution provides for a tax on the total amount wagered, less all payouts to players, which is known as the adjusted gross proceeds ("AGP"). For poker, the tax is calculated based on the sums wagered which are retained by the licensee as compensation, consistent with the minimum and maximum amounts established by the Colorado Commission. The Constitution sets a maximum tax rate of 40%, and voter approval of a constitutional amendment would be required to increase this maximum rate.

The Colorado Commission votes annually on the structure of the gaming taxes. Currently, the tax structure is tiered with a graduated rate of between .25% and 20% of AGP. Specifically, the rate tiers are:

- 0.25% up to and including $2 million of AGP;
- 2.0% on amounts from $2 million to $5 million of AGP;
- 9.0% on amounts from $5 million to $8 million of AGP;
- 11.0% on amounts from $8 million to $10 million of AGP;
- 16.0% on amounts from $10 million to $13 million of AGP; and
- 20.0% on amounts over $13 million of AGP.

These rates became effective July 1, 2012. Pursuant to the Colorado state constitution, any Commission decision to increase the tax levels on the adjusted gross proceeds of limited gaming requires statewide voter approval.

Effective July 1, 2021, the Colorado Commission also implemented a three-year pilot program to allow casinos to receive a quarterly tax rebate equal to the amount of tax paid on free play coupons for the preceding quarter. Casinos are eligible for this rebate if the gaming tax revenue paid to the State grew by at least 3.5%, compounded annually, over the preceding year. If eligible, the casino will receive a credit against the following month's tax payment. If total free play and total gaming revenue have grown by at least 10.87% after the first three years, the rebate program would become permanent, effective July 1, 2025. To date, there have been no tax credits granted to casinos under this program.

On November 5, 2019, Colorado voters approved sports betting offered at casinos in Cripple Creek, Black Hawk, and Central City or through Internet sports betting operators that are associated with brick-and-mortar casinos in those towns. The state imposes a tax of 10% on "net sports betting proceeds" which is distinct and taxed separately from limited gaming "adjusted gross proceeds." The state also imposes multiple fees to pay for: (1) the privilege of being licensed to operate as a sports betting licensee; (2) the costs of applicant investigation; and (3) the Colorado Division of Gaming's ongoing regulation of sports betting. The City of Cripple Creek may also impose device fees on sports betting gaming equipment used at casinos licensed if they are used to conduct a sports betting operation. Those device fees may be more, less, or the same as the current fee imposed by the City on limited gaming devices. Sports betting became legal in Colorado on May 1, 2020. In January 2020, FHR-Colorado LLC applied for three (3) master sports betting licenses to be associated with each of its three (3) retail licenses. Subject to regulatory licensing and other requisite approvals, FHR-Colorado LLC offers a retail sportsbook and mobile sports wagering through its third-party sports wagering vendors. We received our three (3) Master Licenses on March 19, 2020, and their renewal and expiration dates coincide with our three (3) Retail Licenses (February 18, 2024). FHR-Colorado LLC began offering mobile sports wagering through its three third-party vendors with one of its third-party vendors on June 4, 2020. Thereafter, FHR-Colorado offered its retail sports book on September 24, 2020, and mobile sports wagering on April 21, 2021, both through its second third-party vendor; and lastly, it began offering mobile sports wagering through its third third-party vendor on December 22, 2020. No person under 21 years of age may place any sports wager in Colorado. All mobile sports wagering patrons must undergo "Know Your Customer" age and identification verification processes prior to using a mobile device to place sports wagers. This process may be undertaken via mobile device remotely and does not require in-person registration at a casino. Additionally, all mobile sports wagering patrons must undergo geolocation measures prior to placing wagers using a mobile device to ensure their physical presence in the State of Colorado. Each third-party sports wagering vendor must be licensed by the Colorado Commission, and any vendor director, officer, key employee, and affiliated business may be required to either be licensed or found suitable by the Commission. Depending on whether they share in sports betting revenues or what types of goods or services they provided, businesses involved with sports wagering operations may also be required to be licensed. All licensed entities and licensed persons are responsible for compliance with all relevant sports wagering laws and regulations relevant to their retail and/or mobile sports wagering operations.

On November 3, 2020, Colorado voters approved Amendment 77, which allowed the Cities of Central City, Black Hawk, and Cripple Creek to (1) approve a maximum single bet limit of any amount and (2) expand allowable game types in addition to slot machines, blackjack, poker, roulette, and craps.

In the City of Cripple Creek, pursuant to Article 5 of the municipal code, the City Clerk is authorized to calculate, collect, and enforce a gaming device fee, which may be amended from time to time by the City Council. For purposes of Article 5, a gaming device means "any slot machine, poker table and/or blackjack table. The term gaming device shall include each table manned by a single dealer for the games of blackjack and/or poker and shall include each slot machine."

Currently, this gaming device fee is paid quarterly, in advance, on the first day of the month for each quarter. The fee amount depends on a number of factors, including when the device is placed into service, and the total number of gaming devices the licensee has in operation. For example, each gaming licensee shall pay $300 per gaming device for its first three (3) months of operation, and each new gaming device added shall have a gaming device fee of $300, regardless of the day the device is placed into service. Subsequently, the gaming device fee is charged per device, at the following rates:

- First fifty (50) gaming devices - $50 for the first quarter, $100 for the second quarter, $225 for the third quarter, and $225 for the fourth quarter.
- Each device in excess of fifty (50) - $300 per quarter.

The sale of alcoholic beverages in gaming establishments is subject to strict licensing, control and regulation by State and local authorities. There are various classes of retail liquor licenses which may be issued under the Colorado Liquor Code, and no person may be financially interested in more than one such class of liquor license. A retail gaming tavern licensee may sell malt, vinous or spirituous liquors only by the individual drink for consumption on the premises. An application for an alcoholic beverage license in Colorado requires notice, posting and a public hearing before the local liquor licensing authority prior to approval. The Colorado Department of Revenue's Liquor Enforcement Division must also approve the application on behalf of the state. Each Bronco Billy's location has been approved for and holds a retail gaming tavern liquor license for its casino, hotel and restaurant operations.

All persons who directly or indirectly hold a 10% or greater interest in, or 10% or more of the issued and outstanding capital stock of, a licensee must file applications and may possibly be investigated by state and local liquor authorities. The Colorado liquor authorities also may investigate persons who, directly or indirectly, loan money to or have any financial interest in liquor licensees. In addition, there are restrictions on stockholders, directors and officers of liquor licensees preventing such persons from being a stockholder, director, officer or otherwise interested in certain persons who lend money to liquor licensees and from making loans to other liquor licensees. Persons directly or indirectly interested in any of our Colorado gaming properties may be limited with regard to certain other types of liquor licenses in which they may have an interest, and specifically cannot have an interest in a retail liquor store license. No person can hold more than three retail gaming tavern liquor licenses. In addition, the remedies of certain lenders may be limited by applicable liquor laws and regulations. Alcoholic beverage licenses are revocable and nontransferable. State and local licensing authorities have full power to limit, condition, suspend for as long as six months or revoke any such licenses for violations of the liquor and regulatory requirements, which could have a material adverse effect upon our operations.

Our Colorado operations are subject to Governor Polis' Disaster Declaration, as it may be amended from time to time, addressing COVID-19 protocols for our business operations; In Colorado, our operations are also subject to the Colorado Department of Public Health & Environment and Teller County COVID-19 restrictions. The Colorado Commission could discipline licensees for not adhering to the Governor's Disaster Declaration and/or the Colorado Department of Public Health & Environment and Teller County restrictions concerning the COVID-19 operational protocols therein.

Illinois Regulatory Matters

Following a competitive bidding process, on December 8, 2021, the Illinois Gaming Board (the "IGB") unanimously granted preliminary suitability to Full House for the development of a new casino, American Place, to be located in Waukegan, Illinois. At its meeting on January 27, 2022, the IGB unanimously granted approval for Full House to (i) amend its application pending before the IGB to change the applicant thereunder from Full House to FHR-Illinois LLC, a wholly-owned subsidiary of Full House, on the express condition that FHR-Illinois LLC assume all agreements, obligations and commitments made by Full House to the IGB, State of Illinois and City of Waukegan in its application; and (ii) allow all prior actions, approvals and findings (including the finding of preliminary suitability) made by the IGB with respect to Full House to be applicable, binding and transferable to FHR-Illinois LLC. The granting of preliminary suitability is a significant step toward us being issued a temporary operating permit (and, ultimately, an owners license) authorizing us to conduct gambling operations at American Place. As an applicant for an owners license we are, and as an owners licensee we will be, subject to extensive regulation under the Illinois Gambling Act (the "Illinois Act") and the regulations promulgated thereunder by the IGB.

In February 1990, the State of Illinois legalized riverboat gambling. Initially, the Illinois Act authorized the IGB to issue up to ten owners licenses authorizing the holders thereof to conduct gambling operations on riverboats located on any water within the State of Illinois or any water other than Lake Michigan which constitutes a boundary of the State of Illinois. The Illinois Act restricted the location of the riverboats operated by some (but not all) of these ten owners licensees. Three of the licenses were for riverboats to be located on the Mississippi River. One riverboat was to be located on the Illinois River south of Marshall County and another riverboat was to be located on the Des Plaines River in Will County. The remaining licenses were not restricted as to location. The original ten owners licenses were in operation in Alton, Aurora, East Peoria, East St. Louis, Elgin, Metropolis, Rock Island, Des Plaines, and two licenses in Joliet.

On June 28, 2019, Governor Pritzker signed into law Public Act 101-0091 ("PA 101-0091") which implemented historic gaming expansion throughout Illinois. Among other things, PA 101-0091 amended the Illinois Act to: (a) authorize an additional six new casinos in the following locations: City of Chicago, City of Danville, City of Waukegan, City of Rockford, Williamson County and any one of the following townships in Cook County – Bloom, Bremen, Calumet, Rich, Thornton or Worth; (b) permit casinos to be land-based (including allowing Illinois' existing riverboat casinos to relocate on land); and (c) permit each racetrack facility licensed pursuant to the Illinois Horse Racing Act of 1975 ("Organization Licensees") to apply for an Organization Gaming license, which authorizes table games and slot machines at the Organization Licensee's racetrack facilities.

The Illinois Act strictly regulates the facilities, persons, associations and practices related to gaming operations. It grants the IGB specific powers and duties, and all other powers necessary and proper to fully and effectively execute the Illinois Act for the purpose of administering, regulating and enforcing the system of casino gaming. The IGB has authority over every person, association, corporation, partnership and trust involved in casino gaming operations in the State of Illinois.

The Illinois Act requires the owner of a casino gaming operation to hold an owners license issued by the IGB and restricts the number of gaming positions for each owners license. Each of Illinois' original ten owners licensees were limited to operating 1,200 gaming positions. PA 101-0091 authorized each of these existing ten owners licensees to expand gaming operations from 1,200 to 2,000 gaming positions, subject to the payment of a per gaming position fee of $17,500 (or $30,000 if located within Cook County) (the "Position Fee"). The potential owners license in the City of Chicago is authorized to have up to 4,000 gaming positions, the owners license in Williamson County is limited to 1,200 gaming positions and the other four new owners licenses, including the owners license expected to be issued to us , are permitted a maximum of 2,000 gaming positions, subject to payment of the applicable Position Fee. The number of gaming positions are determined in accordance with the IGB's rules.

Each owners licensee of the six new casinos authorized by PA101-0091 (including us) must make a reconciliation payment (the "Reconciliation Payment") to the State of Illinois. The Reconciliation Payment is calculated 3 years after the date the owners licensee begins operating in an amount equal to 75% of the adjusted gross receipts for the most lucrative 12-month period of operations, minus an amount equal to the aggregate Position Fee paid by such owners licensee. The Reconciliation Fee is paid as follows: (1) $15,000,000 is paid upon issuance of the owners license; and (2) the remainder of the Reconciliation Fee, if any, is paid in installments over a period of six years (without interest) beginning in year four of the owners licensee's operations. If the calculation of the Reconciliation Fee results in a negative amount, the owners licensee is not entitled to reimbursement of any fees previously paid.

Each owners license is valid for four years. The fee for the issuance or renewal of a new owners license is $250,000. An owners licensee is eligible for renewal upon payment of the applicable fee and a determination by the IGB that the licensee continues to meet all of the requirements of the Illinois Act and IGB's rules. An ownership interest in an owners license may not be transferred or pledged as collateral without the prior approval of the IGB.

Pursuant to the Illinois Act, in determining whether to approve direct or indirect ownership or control of an owners license, the IGB must consider the impact of any economic concentration caused by such ownership or control. No direct or indirect ownership or control may be approved which will result in undue economic concentration of the ownership of a casino gambling operation in Illinois. The Illinois Act specifies a number of criteria for the IGB to consider in determining whether the approval of the issuance, transfer or holding of a license will create undue economic concentration. The IGB's application of such criteria could reduce the number of potential purchasers for American Place.

The Illinois Act does not limit the maximum bet or per patron loss. Minimum and maximum wagers on games are set by the holder of the owners license. Wagering may only be conducted with money or other negotiable currency. No person under the age of 21 is permitted to wager and wagers only may be received from a person present at the casino. With respect to electronic gaming devices, the payout percentage may not be less than 80% or more than 100%.

Illinois imposes an admission tax and a wagering tax on all Illinois casinos. From time to time, the Illinois legislature has taken actions to change these taxes. Historically, these legislative changes have resulted in tax increases. Currently, the admission tax is $3.00 per person admitted into the casino (with the exception of the casino in Rock Island, which is subject to an admissions tax of $2.00 per person admitted). The wagering tax is imposed on the "adjusted gross receipts," as defined in the Illinois Act, of a gambling operation. The owners licensee is required, on a daily basis, to wire the wagering tax payment to the IGB. Currently, the wagering tax for all gambling games other than table games, including, but not limited to, slot machines, video game of chance gambling, and electronic gambling games is at the following rates:

- 15.0% of annual adjusted gross receipts up to and including $25.0 million;
- 22.5% of annual adjusted gross receipts in excess of $25.0 million but not exceeding $50.0 million;
- 27.5% of annual adjusted gross receipts in excess of $50.0 million but not exceeding $75.0 million;
- 32.5% of annual adjusted gross receipts in excess of $75.0 million but not exceeding $100.0 million;
- 37.5% of annual adjusted gross receipts in excess of $100.0 million but not exceeding $150.0 million;
- 45.0% of annual adjusted gross receipts in excess of $150.0 million but not exceeding $200.0 million; and
- 50.0% of annual adjusted gross receipts in excess of $200.0 million.
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The wagering tax for table games is at the following rates:

- 15.0% of annual adjusted gross receipts up to and including $25.0 million;
- 20.0% of annual adjusted gross receipts in excess of $25.0 million

A holder of any gaming license in Illinois is subject to imposition of fines, suspension or revocation of such license, or other action for any act or failure to act by the licensee or the licensee's agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the State of Illinois, or that would discredit or tend to discredit the Illinois gaming industry or the State of Illinois. The IGB may revoke or suspend licenses, as the IGB may determine and, in compliance with applicable Illinois law regarding administrative procedures, may suspend an owners license, without notice or hearing, upon a determination that the safety or health of patrons or employees is jeopardized by continuing such gambling operations. The suspension may remain in effect until the IGB determines that the cause for suspension has been abated and it may revoke the owners license upon a determination that the owner has not made satisfactory progress toward abating the hazard.

If the IGB has suspended, revoked or refused to renew an owners license or if a casino gambling operation is closing and the owner is voluntarily surrendering its owners license, the IGB may petition the local circuit court in which the casino is situated for appointment of a receiver. The circuit court has sole jurisdiction over any and all issues pertaining to the appointment of a receiver. The IGB specifies the powers, duties and limitations of the receiver.

The IGB requires that each "Key Person" of an owners licensee submit a Personal Disclosure or Business Entity Form and be investigated and approved by the IGB. The IGB determines which positions, individuals or Business Entities are required to be approved by the Board as Key Persons. Once approved, such Key Person status must be maintained. Key Persons include:

- any Business Entity and any individual with an ownership interest or voting rights of more than 5% in the licensee or applicant and the trustee of any trust holding such ownership interest or voting rights;
- the directors of the licensee or applicant and its chief executive officer, president and chief operating officer or their functional equivalents;
- a Gaming Operations Manager (as defined in the IGB's rules) or any other business entity or individual who has influence and/or control over the conduct of gaming or the Casino Gaming Operation (as defined in the IGB's rules); and

- all other individuals or Business Entities that, upon review of the applicant's or licensee's organizational structure, the Board determines hold a position or a level of ownership, control or influence that is material to the regulatory concerns and obligations of the IGB for the specified licensee or applicant.

Each owners licensee must provide a means for the economic disassociation of a Key Person in the event such economic disassociation is required by an order of the IGB. Based upon findings from an investigation into the character, reputation, experience, associations, business probity and financial integrity of a Key Person, the IGB may enter an order upon the licensee or require the economic disassociation of the Key Person.

Applicants for and holders of an owners license are required to obtain the IGB's approval for changes in the following: (i) Key Persons; (ii) type of entity; (iii) equity and debt capitalization of the entity; (iv) investors and/or debt holders; (v) sources of funds; (vi) economic development plans or proposals; (vii) casino capacity or significant design changes; (viii) gaming positions; (ix) anticipated economic impact; or (x) agreements, oral or written, relating to the acquisition or disposition of property (real or personal) of a value greater than $1 million. Illinois regulations provide that a holder of an owners license may make distributions to its stockholders only to the extent that such distributions do not impair the financial viability of the owner. Additionally, the IGB requires each holder of an owners license to obtain the IGB's approval prior to issuing a guaranty of any indebtedness.

The IGB requires that each "institutional investor," as that term is defined by IGB, that, individually or jointly with others, cumulatively acquires, directly or indirectly, 5% or more of any class of voting securities of a publicly-traded licensee (like Full House) or a licensee's publicly-traded parent corporation shall, within no less than ten days after acquiring such securities, notify the IGB of such ownership and shall, upon request, provide such additional information as may be required by the IGB (which additional information may include requiring the filing of an "Institutional Investor Disclosure Form"). An institutional investor that, individually or jointly with others, cumulatively acquires, directly or indirectly, 10% or more of any class of voting securities of a publicly-traded licensee or a licensee's publicly-traded parent corporation must file an "Institutional Investor Disclosure Form," provided by the IGB, within 45 days after cumulatively acquiring such level of ownership interest, unless such requirement is waived by the IGB. Additionally, we must notify the IGB as soon as possible after we become aware that we are involved in an ownership acquisition by an institutional investor.

The IGB may waive any licensing requirement or procedure provided by rule if it determines that the waiver is in the best interests of the public and the gaming industry. Also, the IGB may, from time to time, amend or change its rules.

Effective August 1, 2020, the IGB established benchmark contract utilization goals for owners licensees as set forth below:

- 11% for minority-owned businesses;
- 7% for women-owned businesses;
- 2% for businesses owned by persons with disabilities; and
- 3% for veteran-owned businesses.

Each owners licensee is required to submit to the IGB proposed contracting goals for the coming calendar year and final contracting goals shall be established through a consultation process with each owners licensee and subsequent IGB evaluation and approval. By March 31st of each year, each owners licensee is required to file with the IGB an annual report of its utilization of minority-owned businesses, women-owned businesses, businesses owned by persons with disabilities and veteran-owned businesses during the preceding calendar year. The IGB strongly encourages compliance with these benchmarking goals. Any failure by an owners licensee to meet these goals will be scrutinized by the IGB, and if the IGB determines that its goals and policies are not being met by an owners licensee, then the Board may recommend remedies for these violations in accordance with the IGB's rules.

On January 1, 2008, Illinois' statewide public smoking ban became effective. Smoking is illegal in Illinois' casinos, bars, restaurants and other public establishments.

On July 13, 2009, Illinois enacted the Video Gaming Act, which initially legalized the use of up to five video gaming terminals in most bars, restaurants, fraternal organizations and veterans' organizations holding valid Illinois liquor licenses, as well as at qualifying truck stops. Effective October 9, 2012, video gaming in Illinois became operational. The video gaming terminals in licensed establishments allow patrons to play games such as video poker, line up and blackjack. PA101-0091 similarly expanded the Video Gaming Act by authorizing the use of up to six video gaming terminals in most bars, restaurants, fraternal organizations and veterans' organizations holding valid Illinois liquor licenses and created a new category of licensure for "large truck stop establishments" that are authorized to operate up to ten video gaming terminals. As of December 2022, nearly 7,900 licensed establishments were operating approximately 42,000 video gaming terminals. Revenues at American Place may be adversely impacted by the availability of video gaming terminals in non-casino establishments proximately located to its customer base.

From time to time, various proposals have been introduced in the Illinois legislature that, if enacted, would affect the taxation, regulation, operation or other aspects of the gaming industry. The Illinois legislature regularly considers proposals that would expand gaming opportunities in Illinois. Some of this legislation, if enacted, could adversely affect the gaming industry. No assurance can be given whether such or similar legislation will be enacted.