



April 4, 2024

Dear Fellow Shareholders:

Time flies.

Our current management team joined this company approximately nine years ago. We think about this company every day and try hard to make more good decisions than bad ones. Over time, we've built a very good company, with further prospects for improvement ahead.

Ten years ago, before the new management team arrived, Full House had four properties. Total Adjusted EBITDA in 2014 was \$10.5 million. It was in technical default on its bank agreement. A hotel tower being built at the Silver Slipper in Mississippi was stalled, over budget, and behind schedule. The stock was under \$1 per share.

Today, we have seven casinos. Total Adjusted EBITDA in 2023 was \$48.6 million, with our two newest casinos continuing to ramp up. We are in comfortable compliance with all our debt covenants.

The stock price ended 2023 at approximately \$5 per share, a five-fold increase from where it was 10 years ago. It actually peaked about two years ago at over \$12 per share, at a time when many gaming stocks enjoyed a nice surge. Given what we have in the pipeline, we believe the decrease in our stock price from that high was unwarranted. Even so, our stock has generally outperformed other gaming stocks over a 5- and 10-year time frame. We believe that will continue to be the case, as our recent and prospective expansions mature.

2023

We opened two new casinos in 2023, a major feat for a small company. In February, we opened American Place, midway between Chicago and Milwaukee. Despite being housed in a temporary structure, American Place has quickly become one of Illinois's higher-grossing casinos. We built and opened it only 14 months after being chosen by the Illinois Gaming Board to develop the only casino in this demographically rich area.

Then, on December 27, we opened the Chamonix Casino Hotel in Cripple Creek, Colorado. Cripple Creek is less than one hour from Colorado Springs and approximately two hours from Denver. We believe Chamonix offers the most luxurious gaming experience in the Rocky Mountain Front Range.

Construction of Chamonix affected operations at our neighboring Bronco Billy's casino, which we acquired in 2016. The Silver Slipper in Mississippi had the third-best year in its 17-year history. Rising Star did well despite competition from a new competitor in Northern Kentucky. Finally, our two small casinos in Northern Nevada declined somewhat due to the late return of seasonal residents near our Lake Tahoe casino.

Chamonix

Colorado legalized casino gaming in 1990 to support two historic gold mining locales that were quickly becoming ghost towns. One of those areas, the twin towns of Black Hawk and Central City, is about an hour west of Denver. The other is Cripple Creek, which is just under an hour west of Colorado Springs. The Denver MSA has approximately 4 million people, while the Colorado Springs/Pueblo/Cañon City MSA has approximately 1 million people. Together, they form the Colorado Front Range, which is one of the faster-growing areas of the country.

At first, Colorado gaming was limited to \$5 maximum bets, with further limits on the games that could be offered and the hours of operation. Over time, these limitations were loosened, with the limits on the size of bets being eliminated in 2021.

We acquired the small Bronco Billy's casino in Cripple Creek in 2016. It had a good location at the center of town, with large surface parking lots behind and adjoining it. Over several years, we acquired additional land and sought the City's approval to close two public streets, making a significant, contiguous site for development. We then carefully designed the Chamonix Casino Hotel, being cognizant of the historic nature of our location and blending new buildings with historic buildings that we are required to maintain.



Chamonix has a modern, luxurious, single-level casino that connects to the historic adjoining Bronco Billy's casino.

A set of escalators connects the casino to our spacious meeting facilities, including a large ballroom that can seat approximately 350 people for dinner or 530 people for an entertainment event. On that same level is our full-service spa and salon. The spa offers steam rooms, saunas, and an outdoor pool and terrace overlooking Bennett Avenue, the Arkansas River valley and the Sangre de Cristo mountains. The spa connects to the second floor of an adjoining historic saloon building, which accommodates the property's seven massage treatment rooms.

At the front of the property is 980 Prime, Chamonix's high-end restaurant. Overseen by famed Las Vegas chef Barry Dakake, 980 Prime aims to be one of the leading culinary experiences in the entire Rocky Mountain region.

Above all this, Chamonix features 300 guestrooms and suites, most of which have stunning views of the mountains and the historic town. We believe they are amongst the finest guestrooms and suites in Colorado and perhaps the finest offered by any regional casino. We also invested in two passenger elevator banks, plus two service elevators, so that guests do not have to share elevators with bellmen and room service carts and no guestroom is more than a few steps from the casino.



To replace the surface parking lots now occupied by Chamonix, we added a convenient parking garage with elevators that lead directly to the casino floor. We continue to have substantial surface parking, as well as complimentary valet parking.

All of this was rather complicated to build after a pandemic and in a small town at 10,000 feet above sea level, on the back side of Pikes Peak... at a time when the unemployment rate in El Paso County (i.e., Colorado Springs) has been at historically low levels. We worked through supply-chain issues and worked hard to find a stable, capable construction workforce. The good news is that we found good artisans and trade personnel. The bad news is that we didn't have large numbers of them. So we opted to open in stages, which allowed us to focus the tradespeople on the casino and meeting room space, then the hotel. We opened on December 27 with the entire casino, a temporary restaurant, and 120 of our 300 guestrooms.

We now have all 300 guestrooms available and plan to open 980 Prime shortly. At that point, we will focus on completing the spa, the jewelry store, and a unique bar we have in the casino. Later this summer, we plan to finish the project with our Italian restaurant, the lights and curbing of our parking lots, and completion of our employee dining room and other back-of-house spaces.

Chamonix's hotel is already full or nearly full on most weekends. We are now focused on improving midweek occupancy, as well as our day-trip business. Construction is still ongoing; midweek, we may have a couple of hundred people in hard hats working on the property. It also takes time to introduce a new venue to the 5 million people in the Front Range. Most live one to two hours away from us. Many may have visited Cripple Creek in the past, when it had small, lowbrow casinos.

We have a large database, thanks to the 32-year history of Bronco Billy's. Even with that database, it will take some time for people to realize that our claims of being the best casino in the Rocky Mountain region are backed by a truly superior property and an eager, friendly staff.

We believe that as Chamonix matures, it will become a strong asset for our company for many years. The gaming tax rates of Colorado are lower than most regional, non-tribal gaming destinations, an offset to the fact that casinos are only allowed in these remote mountain communities. There are plans for some of the other existing casinos to renovate their properties and perhaps add guestrooms. We hope that happens, as we believe it would be a positive for both Cripple Creek and Chamonix. Chamonix, however, is likely to be the leader in size, location, and quality for many years to come.

American Place

American Place is quite different. Chamonix has relatively few people living within a half-hour drive, then over 1 million people living within a two-hour drive. American Place has approximately 1 million people living within a 30-minute drive, but well-established competing casinos that are 45 minutes to an hour away. Customers at Chamonix want the hotel, spa, and other amenities, making it worth the modest drive. Chamonix offers a mini version of the Las Vegas Strip experience, with views of the Rocky Mountains, amidst a genuinely historic town...a Rocky Mountain equivalent to Virginia's Colonial Williamsburg.

The American Place location is more akin to a locals' casino in Las Vegas, such as Red Rock Casino, Green Valley Ranch, or the new Durango Casino. It offers a convenient place to gamble to a large number of people. It does not draw very many people from downtown Chicago or downtown Milwaukee; they have their own casinos that are reasonable in quality and more convenient. Our customers are primarily the 709,000 people who live in Lake County and the 300,000 people who live just past the county lines.

A limited number of casinos were approved in Illinois many years ago, with the first ones opening in 1991. In 2019, the state legislature approved several new locations for casinos, one of which was the Lake Michigan port city of Waukegan. We were then chosen for this opportunity in December 2021, pursuant to a competitive process outlined in the law, involving the City of Waukegan and the Illinois Gaming Board (IGB).

The legislation permitted construction of a temporary casino, creating jobs and tax revenues sooner as well as generating profits that can help fund the permanent structure. Soon after being chosen, we bought 10 acres of land that improved the size of and access to the City-owned casino site, then negotiated a long-term lease with a purchase option for the main parcel. We moved quickly to build storm sewers, bring in utilities, install fencing, and build surface parking lots and roadways that would be used for both the temporary and permanent casinos. We chose to put our temporary casino in a "sprung structure" at one end of the site, leaving the other end for construction of the permanent casino. The sprung structure itself was quickly erected, but then we had to build bathrooms, a cage, surveillance offices and other structures within the sprung structure, as well as installing heating, air conditioning, sprinkler systems, lighting, emergency power, surveillance cameras, and a foundation and raised floor, allowing for the substantial cabling needed for its 937 slot machines.

We leased two kitchens, designed to be temporary and mobile, which arrived in large shipping containers. We also leased office space, similar to that commonly used for large construction projects. To provide coffee and quick bites on the casino floor, we bought two classic Airstream trailers that were converted to food truck-style outlets and placed them on the casino floor. For our high-end restaurant, which opened recently, we contracted with a diner company to build a modular restaurant with the finishes of a steakhouse. The diner and Airstream trailers can be repurposed after the life of the temporary casino.

We then assembled and trained a staff of several hundred employees. We satisfied the IGB's standards as to our capabilities, integrity, and internal control procedures, plus paid the \$50 million up-front licensing fee, allowing us to open on February 17, 2023.



Finally, we had to tell the community that we exist and that the inside of the sprung structure is much more exciting than the outside. Our Players' Club, for example, started with zero names. Today, we have more than 65,000 people enrolled, many of whom are active customers.

Business has built gradually since we opened. The temporary casino earned \$18.4 million of Adjusted Property EBITDA in its 10-1/2 months of operation in 2023, making it our largest profit producer during the year. We just lapped the opening date, but it seems apparent that revenues in March and the months ahead will be substantially above the revenues of the prior-year period. Much of that increment should fall to the bottom line.

There is no firm deadline for us to open the permanent casino, although the IGB certainly expects us and the other casino operators to proceed diligently to fulfill the commitments we made. However, the legislation allows the temporary casino to operate for only two years, with an additional year upon approval by the IGB to help facilitate construction. We sought and received an additional year in June 2023.

We subsequently sought and received even more time to operate our temporary casino. One of the unsuccessful bidders for the Waukegan license filed a lawsuit asking the State to reverse the IGB's licensing decision. To allow that lawsuit time to work its way through the Illinois Supreme Court, the state legislature, governor, and IGB approved a specific change in the law that now allows us to operate our temporary casino until August 2027. To open the permanent casino before that date, we will need to begin construction in earnest approximately two years in advance. As construction funding tends to start slowly, we believe the initial year of construction can probably be funded from internally generated cash flow. As a result, we likely have a window extending into 2026 in which to fund the permanent American Place.

We believe that our internally generated cash flows between now and August 2027 can potentially fund up to half of the estimated \$325 million cost to build the permanent casino. Much of the \$175 million investment we've made to date, including the up-front license fee of \$50 million, approximately \$16 million of slot machines, the surface parking lots, and tens of millions to hire and train employees and to build market recognition for American Place, will also benefit the permanent casino. Our Airstream trailers, which have proven popular on our casino floor, might even find a place in the new facility.

Legacy Casinos

Our legacy casinos are the Silver Slipper in Mississippi, whose customers largely come from the north shore of Lake Pontchartrain; Rising Star, near Cincinnati; the Grand Lodge Casino at the Hyatt Lake Tahoe, on the north shore of Lake Tahoe; and Stockman's Casino in Fallon, Nevada, home of the Navy's "Top Gun" school. As they mature, we expect each of our new properties in Illinois and Colorado to earn more than the legacy properties, even taken as a group.

The Silver Slipper has long led this group in terms of income contribution. It achieved the third-best earnings in its 17-year history, exceeded only by stimulus-funding-assisted results in recent years.

Rising Star performed well, despite the opening of a major new competitor in September 2022 in Northern Kentucky.

Our results in Northern Nevada declined somewhat due to the late return of seasonal residents near our Lake Tahoe casino.

Online Sports Betting

In recent years, three of our markets have legalized online sports wagering, requiring it to be affiliated with a physical casino. We are permitted to operate three “skins” (akin to websites) in each of Indiana and Colorado and one in Illinois. We chose to do so by entering into arrangements with companies with more expertise in that business, whereby we receive a percentage of revenues subject to a minimum annual fee. Each affiliated company also paid an up-front “market access” fee, which we capitalized and amortize over the expected life of the agreement.

We originally had agreements with Churchill Downs, Wynn, and a private firm called Smarkets, which operates betting websites in Europe. Each of those companies contracted with us to operate in Indiana and Colorado.

In recent years, several states have legalized online sports betting. It has come to be dominated by a few large operators and some niche players. Some of the large operators have spent huge sums building market share, while the niche operators can still be profitable operating with a narrower focus. As a result of the evolution of the business, Churchill Downs and Wynn exited the mobile sports-betting business. Meanwhile, we entered into new agreements with Novig to operate in Colorado and with Circa for the Illinois market. Circa operates a very successful sports book operation at its casino in downtown Las Vegas and is expanding its national online presence, using the same sort of marketing to the sports aficionado that makes its Las Vegas casino successful.

Of those three states — Indiana, Colorado, and Illinois — Illinois has by far the largest population and the fewest sports gaming licenses. The new agreement with Circa substantially replaces, as part of our earnings, the agreements abandoned by Churchill and Wynn. Meanwhile, we continue to look for other players that might want to enter the Indiana and Colorado markets.

Liquidity

We funded the anticipated cost of Chamonix before beginning substantial construction through the issuance of high-yield bonds in 2021. We issued add-on bonds to that same issue in 2022 to fund the temporary casino in Illinois. Such bond issue totals \$450 million dollars, with a fixed interest rate of 8.25%. They are currently callable, mature in 2028, and constitute most of our debt.

We also have a \$40 million bank credit facility, of which \$27 million is drawn, as well as a capitalized lease on a hotel tower at Rising Star currently amounting to approximately \$2 million.

We lease the Grand Lodge casino within the Hyatt Lake Tahoe. This lease has always been a short-term lease, but it has been extended several times. It currently expires on December 31, 2024.

We also have some land and building leases at some of our properties. In every case where such leases are important to operations, we have the option to buy them out. We also lease our corporate offices in Las Vegas.

In 2023, our total cash interest expense was \$38.4 million and Adjusted EBITDA to pay that interest was \$48.6 million. This included the cost of the debt to build Chamonix, but no earnings from the new property, which partially opened only four days before year-end. It also included the debt to fund the temporary casino in Illinois, which was ramping up during that period. In 2024, we expect that our Illinois operations alone will come close to being able to pay all our company’s interest expense.

To that extent, we are at an inflection point. We borrowed extensively in 2021 and 2022 and have been gradually funding construction from the proceeds. Every quarter, we made money to approximately cover our interest expense, but paid for construction from our cash balances.

Now, we have the wrap-up construction expenses at Chamonix, and are starting to generate much larger cash flows from operations than we did historically. As to income taxes, we expect our income will be largely sheltered by the significant depreciation charges from our new properties, as well as from our tax-loss carryforwards.

We should generate significant free cash flow over the next few years. As our new properties mature, we expect to become one of the less leveraged companies in the casino industry. That should set us up well to refinance our bonds prior to their maturity, and to fund any amounts that will be necessary beyond internally generated cash flows to fund construction of the permanent American Place casino.

As always, I want to thank our shareholders, lenders, employees, customers, and communities for your continued support. We work hard on your behalf and hope to continue to meet and exceed everyone's expectations.

A handwritten signature in black ink, appearing to read 'D. R. Lee', with a stylized flourish extending to the right.

Daniel R. Lee
President and Chief Executive Officer

Note: This letter supplants the glossy annual reports that are still prepared by some companies; such a report would not be economical for our small company. For a full description of our financial results, please see our Annual Report on Form 10-K for the year ended December 31, 2023 that was filed with the Securities and Exchange Commission and that is available on our website, at www.fullhouseresorresorts.com.

This letter and the accompanying Notice and proxy statement contain statements that are “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical facts nor assurances of future performance. These forward-looking statements can be identified by use of terms such as “believes,” “expects,” “anticipates,” “plans,” “intends,” “projects,” “future,” “potential,” “may,” “could,” “would,” “should,” “will,” “might,” and similar references to future periods. Some of these forward-looking statements include, but are not limited to, our expected operating results, such as future cash flow or EBITDA; our plans, beliefs or expectations regarding our growth strategies; our expected construction budgets, estimated costs, estimated commencement and completion dates, expected amenities, and our expected operational performance for Chamonix and American Place; our expectations regarding the legal proceedings related to the process whereby we were granted the gaming license for American Place; our expectations regarding our ability to generate operating cash flow and to obtain debt financing on reasonable terms and conditions for the construction of the permanent American Place facility; our expectations regarding the operation and usage of our available idle sports wagering contracts; our investments in capital improvements, renovations and other projects, including the amounts of such investments, the timing of commencement or completion of such capital improvements, renovations and other projects and the resulting impact on our financial results; adequacy of our financial resources to fund operating requirements and planned capital expenditures and development costs and to meet our debt and contractual obligations; our expectations and plans regarding environmental, social and governance issues; anticipated sources of funds; our expectations regarding regulatory and business conditions in the gaming industry, including the possible authorization or expansion of gaming in the states we operate or nearby states; factors that affect the financial performance of our properties; and our competitive outlook, among others. 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. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements are included in the reports we file with the Securities and Exchange Commission, including, but not limited to, Part I, Item 1A. Risk Factors and Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the most recently completed fiscal year and our other periodic and current reports filed with the Securities and Exchange Commission. We are under no obligation to (and expressly disclaim any such obligation to) update or revise our forward-looking statements as a result of new information, future events or otherwise. Actual results may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements.

