

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2022
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number: 1-12882

BOYD GAMING
BOYD GAMING CORPORATION
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

88-0242733
(I.R.S. Employer
Identification No.)

6465 South Rainbow Boulevard, Las Vegas, NV 89118
(Address of principal executive offices) (Zip Code)
(702) 792-7200
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value	BYD	New York Stock Exchange

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares outstanding of the registrant's common stock as of October 31, 2022 was 104,375,084.

BOYD GAMING CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED SEPTEMBER 30, 2022
TABLE OF CONTENTS

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. Financial Statements (Unaudited)	3
Condensed Consolidated Balance Sheets as of September 30, 2022 and December 31, 2021	3
Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2022 and 2021	4
Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2022 and 2021	5
Condensed Consolidated Statements of Changes in Stockholders' Equity for each of the three month quarterly periods within the nine months ended September 30, 2022 and 2021	6
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2022 and 2021	7
Notes to Condensed Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3. Quantitative and Qualitative Disclosures about Market Risk	34
Item 4. Controls and Procedures	35
<u>PART II. OTHER INFORMATION</u>	
Item 1. Legal Proceedings	36
Item 1A. Risk Factors	36
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	36
Item 6. Exhibits	37
Signature Page	38

PART I. Financial Information**Item 1. Financial Statements (Unaudited)****BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)**

<i>(In thousands, except share data)</i>	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 252,344	\$ 344,557
Restricted cash	17,185	12,571
Accounts receivable, net	86,518	89,483
Inventories	22,323	20,090
Prepaid expenses and other current assets	60,962	41,102
Total current assets	439,332	507,803
Property and equipment, net	2,355,747	2,394,184
Operating lease right-of-use assets	836,921	884,241
Other assets, net	95,365	98,234
Intangible assets, net	1,357,218	1,368,420
Goodwill, net	971,287	971,287
Total assets	\$ 6,055,870	\$ 6,224,169
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 100,277	\$ 102,031
Current maturities of long-term debt	44,275	41,673
Accrued liabilities	426,938	412,945
Income taxes payable	4,323	393
Total current liabilities	575,813	557,042
Long-term debt, net of current maturities and debt issuance costs	2,825,052	2,989,921
Operating lease liabilities, net of current portion	768,703	815,974
Deferred income taxes	291,689	264,912
Other liabilities	53,817	57,574
Commitments and contingencies (Notes 5 and 6)		
Stockholders' equity		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized; 104,375,084 and 111,303,140 shares outstanding	1,044	1,113
Additional paid-in capital	412,267	827,725
Retained earnings	1,128,619	710,088
Accumulated other comprehensive loss	(1,134)	(180)
Total stockholders' equity	1,540,796	1,538,746
Total liabilities and stockholders' equity	\$ 6,055,870	\$ 6,224,169

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

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<i>(In thousands, except per share data)</i>				
Revenues				
Gaming	\$ 667,975	\$ 674,227	\$ 2,020,854	\$ 2,019,615
Food & beverage	67,792	61,101	201,834	162,641
Room	46,672	44,317	138,985	109,384
Other	94,824	63,415	270,783	198,329
Total revenues	877,263	843,060	2,632,456	2,489,969
Operating costs and expenses				
Gaming	251,814	249,685	756,356	741,176
Food & beverage	58,502	50,659	169,892	136,391
Room	17,783	15,074	51,058	41,413
Other	57,197	41,644	174,699	128,038
Selling, general and administrative	92,950	91,159	280,659	271,639
Master lease rent expense	26,828	26,306	79,788	78,396
Maintenance and utilities	40,789	35,868	108,196	95,256
Depreciation and amortization	64,956	67,586	194,191	199,332
Corporate expense	26,375	28,264	90,251	86,295
Project development, preopening and writedowns	9,645	10,646	528	13,515
Impairment of assets	5,575	—	5,575	—
Other operating items, net	(12,610)	3,023	(12,324)	15,295
Total operating costs and expenses	639,804	619,914	1,898,869	1,806,746
Operating income	237,459	223,146	733,587	683,223
Other expense (income)				
Interest income	(2,073)	(442)	(2,976)	(1,406)
Interest expense, net of amounts capitalized	36,001	45,171	110,125	158,192
Loss on early extinguishments and modifications of debt	—	42	19,809	65,517
Other, net	170	119	3,667	2,288
Total other expense, net	34,098	44,890	130,625	224,591
Income before income taxes	203,361	178,256	602,962	458,632
Income tax provision	(46,359)	(40,082)	(136,269)	(104,568)
Net income	\$ 157,002	\$ 138,174	\$ 466,693	\$ 354,064
Basic net income per common share	\$ 1.46	\$ 1.21	\$ 4.24	\$ 3.11
Weighted average basic shares outstanding	107,743	114,095	110,002	113,835
Diluted net income per common share	\$ 1.46	\$ 1.21	\$ 4.24	\$ 3.10
Weighted average diluted shares outstanding	107,840	114,284	110,135	114,099

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

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	\$ 157,002	\$ 138,174	\$ 466,693	\$ 354,064
Other comprehensive income (loss), net of tax:				
Fair value adjustments to available-for-sale securities	(151)	245	(954)	(119)
Comprehensive income	<u>\$ 156,851</u>	<u>\$ 138,419</u>	<u>\$ 465,739</u>	<u>\$ 353,945</u>

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

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
<i>(In thousands, except share data)</i>						
Balances, January 1, 2022	111,303,140	\$ 1,113	\$ 827,725	\$ 710,088	\$ (180)	\$ 1,538,746
Net income	—	—	—	162,928	—	162,928
Comprehensive loss, net of tax	—	—	—	—	(184)	(184)
Release of restricted stock units, net of tax	115,686	1	(2,720)	—	—	(2,719)
Release of performance stock units, net of tax	294,344	3	(8,113)	—	—	(8,110)
Shares repurchased and retired	(2,096,660)	(21)	(131,768)	—	—	(131,789)
Dividends declared (\$0.15 per share)	—	—	—	(16,480)	—	(16,480)
Share-based compensation costs	—	—	8,734	—	—	8,734
Balances, March 31, 2022	109,616,510	1,096	693,858	856,536	(364)	1,551,126
Net income	—	—	—	146,763	—	146,763
Comprehensive loss, net of tax	—	—	—	—	(619)	(619)
Stock options exercised	101,675	1	1,804	—	—	1,805
Release of restricted stock units, net of tax	140,899	1	(2)	—	—	(1)
Release of performance stock units, net of tax	307	—	(8)	—	—	(8)
Shares repurchased and retired	(3,018,031)	(30)	(167,954)	—	—	(167,984)
Dividends declared (\$0.15 per share)	—	—	—	(16,026)	—	(16,026)
Share-based compensation costs	—	—	14,099	—	—	14,099
Balances, June 30, 2022	106,841,360	1,068	541,797	987,273	(983)	1,529,155
Net income	—	—	—	157,002	—	157,002
Comprehensive loss, net of tax	—	—	—	—	(151)	(151)
Release of restricted stock units, net of tax	7,407	1	(212)	—	—	(211)
Shares repurchased and retired	(2,473,683)	(25)	(134,971)	—	—	(134,996)
Dividends declared (\$0.15 per share)	—	—	—	(15,656)	—	(15,656)
Share-based compensation costs	—	—	5,653	—	—	5,653
Balances, September 30, 2022	104,375,084	\$ 1,044	\$ 412,267	\$ 1,128,619	\$ (1,134)	\$ 1,540,796

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
<i>(In thousands, except share data)</i>						
Balances, January 1, 2021	111,830,857	\$ 1,118	\$ 876,433	\$ 246,242	\$ 150	\$ 1,123,943
Net income	—	—	—	102,161	—	102,161
Comprehensive loss, net of tax	—	—	—	—	(321)	(321)
Stock options exercised	158,568	2	1,743	—	—	1,745
Release of restricted stock units, net of tax	29,808	—	(609)	—	—	(609)
Release of performance stock units, net of tax	61,654	1	(1,901)	—	—	(1,900)
Share-based compensation costs	—	—	5,701	—	—	5,701
Balances, March 31, 2021	112,080,887	1,121	881,367	348,403	(171)	1,230,720
Net income	—	—	—	113,729	—	113,729
Comprehensive loss, net of tax	—	—	—	—	(43)	(43)
Stock options exercised	100,068	—	1,037	—	—	1,037
Release of restricted stock units, net of tax	43,036	1	—	—	—	1
Share-based compensation costs	—	—	12,823	—	—	12,823
Balances, June 30, 2021	112,223,991	1,122	895,227	462,132	(214)	1,358,267
Net income	—	—	—	138,174	—	138,174
Comprehensive income, net of tax	—	—	—	—	245	245
Stock options exercised	112,380	1	1,625	—	—	1,626
Release of restricted stock units, net of tax	8,894	—	(150)	—	—	(150)
Release of performance stock units, net of tax	329	—	(7)	—	—	(7)
Share-based compensation costs	—	—	9,783	—	—	9,783

Balances, September 30, 2021	<u>112,345,594</u>	<u>\$ 1,123</u>	<u>\$ 906,478</u>	<u>\$ 600,306</u>	<u>\$ 31</u>	<u>\$ 1,507,938</u>
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

<i>(In thousands)</i>	Nine Months Ended September 30,	
	2022	2021
Cash Flows from Operating Activities		
Net income	\$ 466,693	\$ 354,064
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	194,191	199,332
Amortization of debt financing costs and discounts on debt	6,307	8,627
Non-cash operating lease expense	46,892	46,702
Share-based compensation expense	28,486	28,307
Deferred income taxes	26,777	99,669
Non-cash impairment of assets	5,575	—
Gain on sale of assets	(12,800)	—
Loss on early extinguishments and modifications of debt	19,809	65,517
Other operating activities	8,422	9,765
Changes in operating assets and liabilities:		
Accounts receivable, net	2,965	(2,217)
Inventories	(2,233)	3,066
Prepaid expenses and other current assets	(19,333)	(14,313)
Income taxes payable, net	3,930	85
Other assets, net	1,896	(4,861)
Accounts payable and accrued liabilities	(3,932)	27,913
Operating lease liabilities	(46,892)	(46,702)
Other liabilities	1,281	2,762
Net cash provided by operating activities	<u>728,034</u>	<u>777,716</u>
Cash Flows from Investing Activities		
Capital expenditures	(173,032)	(139,176)
Insurance proceeds received from hurricane losses	530	44,480
Proceeds received from disposition of assets	21,350	—
Other investing activities	—	5,472
Net cash used in investing activities	<u>(151,152)</u>	<u>(89,224)</u>
Cash Flows from Financing Activities		
Borrowings under credit facilities	1,554,400	—
Payments under credit facilities	(1,412,897)	(18,175)
Proceeds from issuance of senior notes	—	900,000
Retirements of senior notes	(300,000)	(1,450,000)
Premium fees	(12,939)	(51,863)
Debt financing costs	(15,315)	(14,596)
Share-based compensation activities	(9,244)	1,743
Shares repurchased and retired	(434,769)	—
Dividends paid	(32,506)	—
Other financing activities	(1,211)	(2,282)
Net cash used in financing activities	<u>(664,481)</u>	<u>(635,173)</u>
Change in cash, cash equivalents and restricted cash	<u>(87,599)</u>	<u>53,319</u>
Cash, cash equivalents and restricted cash, beginning of period	<u>357,128</u>	<u>534,999</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 269,529</u>	<u>\$ 588,318</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest, net of amounts capitalized	\$ 102,553	\$ 150,675
Cash paid for income taxes	105,158	4,774
Supplemental Schedule of Non-cash Investing and Financing Activities		
Payables incurred for capital expenditures	\$ 3,786	\$ 4,070
Dividends declared not yet paid	15,656	—
Operating lease right-of-use asset and liability remeasurements	(11,224)	—

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

BOYD GAMING CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Boyd Gaming Corporation (and together with its subsidiaries, the "Company", "Boyd", "Boyd Gaming", "we" or "us") was incorporated in the state of Nevada in 1988 and has been operating since 1975. The Company's common stock is traded on the New York Stock Exchange under the symbol "BYD".

We are a geographically diversified operator of 28 wholly owned gaming entertainment properties. Headquartered in Las Vegas, we have gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Ohio and Pennsylvania. We also manage the Sky River Casino located in California under a management agreement with Wilton Rancheria. The Sky River Casino opened on August 15, 2022.

Impact of the COVID-19 Pandemic

In mid- March 2020, all of our gaming facilities were closed in compliance with orders issued by state officials as precautionary measures intended to slow the spread of COVID-19. As of September 30, 2022, 27 of our 28 gaming facilities are open and operating. One of our properties in Las Vegas remains closed due to the current levels of demand in the market. We cannot predict whether we will be required to temporarily close some or all of our open casinos in the future. Further, we cannot currently predict the ongoing impact of the pandemic on consumer demand and any potential negative effects on our workforce, suppliers, contractors and other partners.

The closures of our properties in 2020 had a material impact on our business, and the COVID-19 pandemic, the associated impacts on customer behavior and the requirements of health and safety protocols may further impact our business in the future. The severity and duration of such potential business impacts cannot currently be estimated, and the ultimate impact of the COVID-19 pandemic on our operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, potential resurgences or new variants of the virus, the logistics of distribution, level of participation and overall efficacy of vaccine programs and treatments, change in consumer behavior and demand and the related impact on economic activity, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in additional business disruptions, reduced customer traffic and reduced operations. Any resulting financial impact cannot be reasonably estimated at this time.

We currently anticipate funding our operations over the next 12 months with the cash being generated by our operations, supplemented, if necessary, by the cash we currently have available and the borrowing capacity available under our Revolving Credit Facility. We assessed the recoverability of our assets as of the end of the first quarter, second quarter and third quarter. See further discussion in Note 3, *Goodwill and Intangible Assets, Net*. If our expectations regarding projected revenues and cash flows related to our assets are not achieved, we may be subject to impairment charges in the future, which could have a material adverse impact on our consolidated financial statements.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all information and footnote disclosures necessary for complete financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes for the year ended December 31, 2021, as filed with the U.S. Securities and Exchange Commission ("SEC") on February 28, 2022.

The results for the periods indicated are unaudited but reflect all adjustments (consisting only of normal recurring adjustments) that management considers necessary for a fair presentation of financial position, results of operations and cash flows. Results of operations and cash flows for the interim periods presented herein are not necessarily indicative of the results that would be achieved during a full year of operations or in future periods.

The accompanying condensed consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in unconsolidated affiliates, which are 50% or less owned and do not meet the controlling financial interest consolidation criteria of the authoritative accounting guidance for voting interest or variable interest entities, are accounted for under the equity method. All intercompany accounts and transactions have been eliminated in consolidation.

BOYD GAMING CORPORATION AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)***as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021****Cash and Cash Equivalents***

Cash and cash equivalents include highly liquid investments, which include cash on hand and in banks, interest-bearing deposits and money market funds with maturities of three months or less at their date of purchase. The instruments are not restricted as to withdrawal or use and are on deposit with high credit quality financial institutions. Although these balances may at times exceed the federal insured deposit limit, we believe such risk is mitigated by the quality of the institution holding such deposit. The carrying values of these instruments approximate their fair values as such balances are generally available on demand.

Restricted Cash

Restricted cash consists primarily of advance payments related to: (i) amounts restricted by regulation for gaming and racing purposes; and (ii) future bookings with our Hawaiian travel agency. These restricted cash balances are invested in highly liquid instruments with a maturity of 90 days or less. These restricted cash balances are held by high credit quality financial institutions. The carrying values of these instruments approximate their fair values due to their short maturities.

The following table provides a reconciliation of cash, cash equivalents and restricted cash balances reported within the condensed consolidated balance sheets to the total balance shown in the condensed consolidated statements of cash flows.

<i>(In thousands)</i>	September 30, 2022	December 31, 2021	September 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 252,344	\$ 344,557	\$ 570,926	\$ 519,182
Restricted cash	17,185	12,571	17,392	15,817
Total cash, cash equivalents and restricted cash	\$ 269,529	\$ 357,128	\$ 588,318	\$ 534,999

Leases

Management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset. Operating lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. For our operating leases for which the rate implicit in the lease is not readily determinable, we generally use an incremental borrowing rate based on information available at the commencement date to determine the present value of future lease payments. Operating right-of-use ("ROU") assets and finance lease assets are recognized based on the amount of the initial measurement of the lease liability. Lease expense is recognized on a straight-line basis over the lease term. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease and non-lease components are accounted for separately.

Revenue Recognition

The Company's revenue contracts with customers consist of gaming wagers, hotel room sales, food & beverage offerings and other amenity transactions. The transaction price for a gaming wagering contract is the difference between gaming wins and losses, not the total amount wagered. Cash discounts, commissions and other cash incentives to customers related to gaming play are recorded as a reduction of gaming revenues. The transaction price for hotel, food & beverage and other contracts is the net amount collected from the customer for such goods and services. Hotel, food & beverage and other services have been determined to be separate, stand-alone performance obligations and the transaction price for such contracts is recorded as revenue as the good or service is transferred to the customer over their stay at the hotel, when the delivery is made for the food & beverage or when the service is provided for other amenity transactions.

Gaming wager contracts involve two performance obligations for those customers earning points under the Company's player loyalty programs and a single performance obligation for customers who do not participate in the programs. The Company applies a practical expedient by accounting for its gaming contracts on a portfolio basis as such wagers have similar characteristics and the Company reasonably expects the effects on the financial statements of applying the revenue recognition guidance to the portfolio to not differ materially from that which would result if applying the guidance to an individual wagering contract. For purposes of allocating the transaction price in a wagering contract between the wagering performance obligation and the obligation associated with the loyalty points earned, the Company allocates an amount to the loyalty point contract liability based on the stand-alone selling price of the points earned, which is determined by the value of a point that can be redeemed for a hotel room stay, food & beverage or other amenities. Sales and usage-based taxes are excluded from revenues. An amount is allocated to the gaming wager performance obligation using the residual approach as the stand-alone price for wagers is highly variable and no set established price exists for such wagers. The allocated revenue for gaming wagers, excluding race and sports wagers, is recognized when the wagers occur as all such wagers settle immediately. The allocated revenue for race and sports wagers is recognized when the specific event or game occurs. The loyalty point contract liability amount is deferred and recognized as revenue when the customer redeems the points for a hotel room stay, food & beverage or other amenities and such goods or services are delivered to the customer. See Note 4, *Accrued Liabilities*, for the balance outstanding related to player loyalty programs.

BOYD GAMING CORPORATION AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)***as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021*

The Company collects advance deposits from hotel customers for future hotel reservations and other future events such as banquets and ticketed events. These advance deposits represent obligations of the Company until the hotel room stay is provided to the customer or the banquet or ticketed event occurs. See Note 4, *Accrued Liabilities*, for the balance outstanding related to advance deposits.

The Company's outstanding chip liability represents the amounts owed in exchange for gaming chips held by a customer. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of being purchased. See Note 4, *Accrued Liabilities*, for the balance related to outstanding chips.

The retail value of hotel accommodations, food & beverage, and other services furnished to guests without charge is recorded as departmental revenues. Gaming revenues are net of incentives earned in our player loyalty programs such as cash and the estimated retail value of goods and services (such as complimentary rooms and food & beverage). We reward customers through the use of player loyalty programs, with points based on amounts wagered that can be redeemed for a specified period of time for complimentary slot play, food & beverage, hotel rooms and to a lesser extent for other goods or services, depending on the property.

The estimated retail values related to goods and services provided to customers without charge or upon redemption of points under our player loyalty programs included in departmental revenues, and therefore reducing our gaming revenues, are as follows:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Food & beverage	\$ 29,062	\$ 26,380	\$ 85,970	\$ 75,284
Room	16,879	15,721	48,668	43,970
Other	2,371	1,904	6,718	4,469

Gaming Taxes

We are subject to taxes based on gross gaming revenues in the jurisdictions in which we operate. These gaming taxes are assessed based on our gaming revenues and are recorded as a gaming expense in the condensed consolidated statements of operations. In addition, we are responsible for the payment of gaming taxes owed for the online gaming activities conducted by third party operators under certain collaborative arrangements. We are reimbursed for these taxes by the third-party operators. We report these gaming taxes paid as other expense and the reimbursements we receive as other revenues. Gaming taxes totaled approximately \$175.3 million and \$162.2 million for the three months ended September 30, 2022 and 2021, respectively, including taxes deposited pursuant to the online collaborative agreements of \$44.5 million and \$29.1 million for the three months ended September 30, 2022 and 2021, respectively. Gaming taxes totaled approximately \$527.5 million and \$498.6 million for the nine months ended September 30, 2022 and 2021, respectively, including taxes deposited pursuant to the online collaborative agreements of \$129.8 million and \$98.1 million for the nine months ended September 30, 2022 and 2021, respectively.

Income Taxes

Income taxes are recorded under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. We reduce the carrying amounts of deferred tax assets by a valuation allowance if, based on the available evidence, it is more likely than not that such assets will not be realized. Use of the term "more likely than not" indicates the likelihood of occurrence is greater than 50%. Accordingly, the need to establish valuation allowances for deferred tax assets is continually assessed based on a more-likely-than-not realization threshold. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of profitability and taxable income, the duration of statutory carryforward periods, our experience with the utilization of operating loss and tax credit carryforwards before expiration and tax planning strategies. In making such judgments, significant weight is given to evidence that can be objectively verified.

Other Long-Term Tax Liabilities

The Company's income tax returns are subject to examination by the Internal Revenue Service and other tax authorities in the locations where it operates. The Company assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes, which prescribe a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Uncertain tax position accounting standards apply to all tax positions related to income taxes. These accounting standards utilize a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if the position is deemed to be more likely than not to be sustained. The tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon settlement.

Tax positions failing to qualify for initial recognition are recognized in the first subsequent interim period that they meet the "more likely than not" standard. If it is subsequently determined that a previously recognized tax position no longer meets the "more likely than not" standard, it is required that the tax position is derecognized. Accounting standards for uncertain tax positions specifically prohibit the use of a valuation allowance as a substitute for derecognition of tax positions. As applicable, the Company will recognize accrued penalties and interest related to unrecognized tax benefits in the provision for income taxes.

Collaborative Arrangements

We hold a five percent equity ownership in and have a strategic partnership with FanDuel Group ("FanDuel"), one of the nation's leaders in online sports-

betting, to pursue sports-betting opportunities, both at our properties and online, across the country. Subject to state law and regulatory approvals, we have established a presence in the sports wagering industry, both at our properties and online, by leveraging FanDuel's technology and related services. We offer online sports wagering in Illinois, Indiana, Iowa, Kansas, Louisiana and Pennsylvania under either the FanDuel brand or under market access agreements with other companies. We also operate sportsbooks under the FanDuel brand at our properties in Mississippi and the states where we offer online sports wagering. In addition, we offer real money online casino gaming in Pennsylvania and New Jersey under the Stardust brand through our partnership with FanDuel. The activities related to these collaborative arrangements are recorded in other revenue and other expense on the condensed consolidated statements of operations.

BOYD GAMING CORPORATION AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)**

as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

Use of Estimates

The preparation of financial statements in conformity with GAAP requires 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 these estimates.

Recently Adopted Accounting Pronouncements

ASU 2021-08, Business Combinations, Topic 805 ("Update 2021-08")

In October 2021, the Financial Accounting Standards Board ("FASB") issued Update 2021-08 to improve the accounting for acquired revenue contracts with customers in a business combination. Under current GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination at fair value on the acquisition date. ASU 2021-08 requires acquiring entities to apply Topic 606, *Revenue Recognition*, to recognize and measure contract assets and liabilities in a business combination. Update 2021-08 is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted Update 2021-08 during third quarter 2022, and the guidance will be applied to the accounting for the Pala acquisition.

ASU 2021-05, Leases, Topic 842 ("Update 2021-05")

In July 2021, the FASB issued Update 2021-05 to clarify guidance for lessors with lease contracts that have variable lease payments that do not depend on a reference index or rate and would have resulted in the recognition of a selling loss at lease commencement if classified as sales-type or direct financing. Update 2021-05 is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The Company adopted Update 2021-05 during first quarter 2022, and the impact of the adoption to its condensed consolidated financial statements was not material.

Recently Issued Accounting Pronouncements

A variety of proposed or otherwise potential accounting standards are currently being studied by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, we have not yet determined the effect, if any, that the implementation of such proposed standards would have on our consolidated financial statements.

NOTE 2. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

<i>(In thousands)</i>	September 30, 2022	December 31, 2021
Land	\$ 335,234	\$ 343,963
Buildings and improvements	3,152,464	3,146,697
Furniture and equipment	1,728,254	1,653,451
Riverboats and barges	241,599	241,447
Construction in progress	62,649	912
Total property and equipment	5,520,200	5,386,470
Less accumulated depreciation	(3,164,453)	(2,992,286)
Property and equipment, net	\$ 2,355,747	\$ 2,394,184

Depreciation expense is as follows:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Depreciation expense	\$ 62,771	\$ 64,429	\$ 188,399	\$ 189,861

BOYD GAMING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)
as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021
NOTE 3. GOODWILL AND INTANGIBLE ASSETS, NET

Intangible assets, net consist of the following:

<i>(In thousands)</i>	September 30, 2022				
	Weighted Useful Life Remaining (in years)	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment Losses	Intangible Assets, Net
			\$	\$	\$
Amortizing intangibles					
Customer relationships	0.8	\$ 68,100	\$ (66,289)	\$ —	\$ 1,811
Host agreements	10.7	58,000	(16,756)	—	41,244
Development agreement (1)	6.9	21,373	(382)	—	20,991
		<u>147,473</u>	<u>(83,427)</u>	<u>—</u>	<u>64,046</u>
Indefinite lived intangible assets					
Trademarks	Indefinite	204,000	—	(32,775)	171,225
Gaming license rights	Indefinite	1,378,081	(33,960)	(222,174)	1,121,947
		<u>1,582,081</u>	<u>(33,960)</u>	<u>(254,949)</u>	<u>1,293,172</u>
Balances, September 30, 2022		<u>\$ 1,729,554</u>	<u>\$ (117,387)</u>	<u>\$ (254,949)</u>	<u>\$ 1,357,218</u>

(1) Amortization of the development agreement began on August 15, 2022 upon the opening of the Sky River Casino.

<i>(In thousands)</i>	December 31, 2021				
	Weighted Useful Life Remaining (in years)	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment Losses	Intangible Assets, Net
			\$	\$	\$
Amortizing intangibles					
Customer relationships	1.5	\$ 68,100	\$ (63,798)	\$ —	\$ 4,302
Host agreements	11.4	58,000	(13,856)	—	44,144
Development agreement	—	21,373	—	—	21,373
		<u>147,473</u>	<u>(77,654)</u>	<u>—</u>	<u>69,819</u>
Indefinite lived intangible assets					
Trademarks	Indefinite	204,000	—	(27,200)	176,800
Gaming license rights	Indefinite	1,377,935	(33,960)	(222,174)	1,121,801
		<u>1,581,935</u>	<u>(33,960)</u>	<u>(249,374)</u>	<u>1,298,601</u>
Balances, December 31, 2021		<u>\$ 1,729,408</u>	<u>\$ (111,614)</u>	<u>\$ (249,374)</u>	<u>\$ 1,368,420</u>

The following table presents the future amortization expense for our amortizing intangible assets as of September 30, 2022:

<i>(In thousands)</i>	Customer Relationships	Host Agreements	Development Agreement	Total
For the year ending December 31,				
2022 (excluding nine months ended September 30, 2022)	\$ 831	\$ 967	\$ 763	\$ 2,561
2023	940	3,867	3,053	7,860
2024	40	3,867	3,053	6,960
2025	—	3,867	3,053	6,920
2026	—	3,867	3,053	6,920
Thereafter	—	24,809	8,016	32,825
Total future amortization	<u>\$ 1,811</u>	<u>\$ 41,244</u>	<u>\$ 20,991</u>	<u>\$ 64,046</u>

As a result of our third quarter 2022 impairment review, the Company recorded an impairment charge of \$5.6 million for a trademark related to a property in our Midwest & South segment, which is included in impairment of assets for the three and nine months ended September 30, 2022. To the extent gaming volumes deteriorate in the near future, discount rates continue to increase significantly, or we do not meet our projected performance, we may recognize further impairments, and such impairments could be material.



BOYD GAMING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)
as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

Goodwill consists of the following:

<i>(In thousands)</i>	<u>Gross Carrying Value</u>	<u>Accumulated Amortization</u>	<u>Accumulated Impairment Losses</u>	<u>Goodwill, Net</u>
Goodwill, net by Reportable Segment				
Las Vegas Locals	\$ 593,567	\$ —	\$ (188,079)	\$ 405,488
Downtown Las Vegas	6,997	(6,134)	—	863
Midwest & South	666,798	—	(101,862)	564,936
Balances, September 30, 2022	<u>\$ 1,267,362</u>	<u>\$ (6,134)</u>	<u>\$ (289,941)</u>	<u>\$ 971,287</u>

There have been no changes in goodwill, net, during the nine months ended September 30, 2022.

NOTE 4. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

<i>(In thousands)</i>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Payroll and related	\$ 75,773	\$ 99,880
Interest	20,514	19,210
Gaming	83,555	78,552
Player loyalty program	24,471	28,430
Advance deposits	16,939	15,320
Outstanding chips	8,087	7,407
Dividends payable	15,656	—
Operating leases	85,787	84,884
Other	96,156	79,262
Total accrued liabilities	<u>\$ 426,938</u>	<u>\$ 412,945</u>

NOTE 5. LONG-TERM DEBT

Long-term debt, net of current maturities and debt issuance costs, consists of the following:

<i>(In thousands)</i>	September 30, 2022				
	<u>Interest Rates at September 30, 2022</u>	<u>Outstanding Principal</u>	<u>Unamortized Discount</u>	<u>Unamortized Origination Fees and Costs</u>	<u>Long-Term Debt, Net</u>
Credit Facility	4.236%	\$ 1,009,400	\$ —	\$ (18,756)	\$ 990,644
4.750% senior notes due 2027	4.750%	1,000,000	—	(10,227)	989,773
4.750% senior notes due 2031	4.750%	900,000	—	(11,796)	888,204
Other	5.208%	706	—	—	706
Total long-term debt		<u>2,910,106</u>	<u>—</u>	<u>(40,779)</u>	<u>2,869,327</u>
Less current maturities		44,275	—	—	44,275
Long-term debt, net		<u>\$ 2,865,831</u>	<u>\$ —</u>	<u>\$ (40,779)</u>	<u>\$ 2,825,052</u>

<i>(In thousands)</i>	December 31, 2021				
	<u>Interest Rates at December 31, 2021</u>	<u>Outstanding Principal</u>	<u>Unamortized Discount</u>	<u>Unamortized Origination Fees and Costs</u>	<u>Long-Term Debt, Net</u>
Prior Credit Facility	2.286%	\$ 867,897	\$ (293)	\$ (8,498)	\$ 859,106
4.750% senior notes due 2027	4.750%	1,000,000	—	(11,688)	988,312
8.625% senior notes due 2025	8.625%	300,000	—	(4,066)	295,934
4.750% senior notes due 2031	4.750%	900,000	—	(13,254)	886,746
Other	5.932%	1,496	—	—	1,496
Total long-term debt		<u>3,069,393</u>	<u>(293)</u>	<u>(37,506)</u>	<u>3,031,594</u>
Less current maturities		41,673	—	—	41,673

Long-term debt, net

\$ 3,027,720 \$ (293) \$ (37,506) \$ 2,989,921

BOYD GAMING CORPORATION AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)***as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021****Credit Facility******Credit Agreement***

On March 2, 2022 (the "Closing Date"), the Company entered into a credit agreement (the "Credit Agreement") among the Company, certain direct and indirect subsidiaries of the Company as guarantors (the "Guarantors"), Bank of America, N.A., as administrative agent, collateral agent and letter of credit issuer, Wells Fargo Bank, National Association, as swingline lender, and certain other financial institutions party thereto as lenders. The Credit Agreement replaced the Third Amended and Restated Credit Agreement, dated as of August 14, 2013 (the "Prior Credit Facility"), among the Company, certain direct and indirect subsidiaries of the Company as guarantors, Bank of America, N.A., as administrative agent and letter of credit issuer, Wells Fargo Bank, National Association, as swingline lender, and certain other financial institutions party thereto as lenders.

The Credit Agreement provides for (i) a \$1,450.0 million senior secured revolving credit facility (the "Revolving Credit Facility") and (ii) an \$880.0 million senior secured term A loan (the "Term A Loan," collectively with the Revolving Credit Facility, the "Credit Facility"). The Revolving Credit Facility and the Term A Loan mature on the fifth anniversary of the Closing Date (or earlier upon the occurrence or non-occurrence of certain events). The Term A Loan was fully funded on the Closing Date. Proceeds from the Credit Agreement were used to refinance all outstanding obligations under the Prior Credit Facility, including a senior secured term loan A facility (the "Prior Term A Loan") and senior secured term loan B facility (the "Prior Refinancing Term B Loan"), to fund transaction costs in connection with the Credit Agreement, and for general corporate purposes.

The outstanding principal amounts under the Credit Facility and Prior Credit Facility are comprised of the following:

<i>(In thousands)</i>	September 30, 2022	December 31, 2021
Revolving Credit Facility	\$ 75,000	\$ —
Term A Loan	858,000	—
Prior Term A Loan	—	118,153
Prior Refinancing Term B Loan	—	749,744
Swing Loan	76,400	—
Total outstanding principal amounts	\$ 1,009,400	\$ 867,897

With a total revolving credit commitment of \$1,450.0 million available under the Credit Facility, \$75.0 million and \$76.4 million in borrowings outstanding on the Revolving Credit Facility and the Swing Loan, respectively, and \$13.8 million allocated to support various letters of credit, there is a remaining contractual availability under the Credit Facility of \$1,284.8 million as of September 30, 2022.

Interest and Fees

The interest rate on the outstanding balance of the Revolving Credit Facility and the Term A Loan is based upon, at the Company's option, either: (i) a rate based on the Secured Overnight Financing Rate ("SOFR") administered by the Federal Reserve Bank of New York or (ii) the base rate, in each case, plus an applicable margin. Such applicable margin is a percentage per annum determined in accordance with a specified pricing grid based on the Consolidated Total Net Leverage Ratio and ranges from 1.25% to 2.25% (if using SOFR) and from 0.25% to 1.25% (if using the base rate). A fee of a percentage per annum (which ranges from 0.20% to 0.35% determined in accordance with a specified pricing grid based on the Consolidated Total Net Leverage Ratio) will be payable on the unused portions of the Revolving Credit Facility. The rates based on SOFR will be determined based upon, at the Company's option, (i) a forward-looking SOFR term rate administered by CME Group Benchmark Administration Limited or any successor administrator, and based on interest periods of one, three or six months or such other interest period that is twelve months or less subject to the consent of lenders and the administrative agent, or (ii) a daily SOFR rate published by the Federal Reserve Bank of New York, and will include credit spread adjustments as set forth in the Credit Agreement. The "base rate" under the Credit Agreement is the highest of (x) Bank of America's publicly-announced prime rate, (y) the federal funds rate published by the Federal Reserve Bank of New York plus 0.50%, or (z) the SOFR rate for a one month interest period plus 1.00%.

Optional and Mandatory Prepayments

Pursuant to the terms of the Credit Agreement (i) the loans under the Term A Loan will amortize in an annual amount equal to 5.00% of the original principal amount thereof, commencing June 30, 2022, payable on a quarterly basis, and (ii) the Company is required to use a portion of its annual excess cash flow to prepay loans outstanding under the Credit Agreement if the Consolidated Total Net Leverage Ratio (as defined in the Credit Agreement) exceeds certain thresholds set forth in the Credit Agreement.

Amounts outstanding under the Credit Agreement may be prepaid without premium or penalty, and the unutilized portion of the commitments may be terminated without penalty, subject to certain conditions.

Subject to certain exceptions, the Company may be required to repay the amounts outstanding under the Credit Agreement in connection with certain asset sales and issuances of certain additional non-permitted or refinancing indebtedness.

Guarantees and Collateral

The Company's obligations under the Credit Agreement, subject to certain exceptions, are guaranteed by certain of the Company's subsidiaries and are secured by the capital stock of certain subsidiaries. In addition, subject to certain exceptions, the Company and each of the guarantors granted the administrative agent first priority liens and security interests on substantially all of their real and personal property (other than gaming licenses and subject to certain other exceptions) as additional security for the performance of the secured obligations under the Credit Agreement.

The Credit Agreement includes an accordion feature which permits the incurrence of one or more new tranches of revolving credit commitments or term loans and increases to the Revolving Credit Facility and Term A Loan in an aggregate amount up to the sum of (i) \$1,000.0 million, (ii) the amount of certain voluntary prepayments of senior secured indebtedness of the Company and (iii) the maximum amount of incremental commitments which, after giving effect thereto, would not cause the Consolidated First Lien Net Leverage Ratio (as defined in the Credit Agreement) to exceed 3.00 to 1.00 on a pro forma basis, in each case, subject to the satisfaction of certain conditions.

BOYD GAMING CORPORATION AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)**

as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

Financial and Other Covenants

The Credit Agreement contains certain financial and other covenants, including, without limitation, various covenants (i) requiring the maintenance of a minimum consolidated interest coverage ratio on a quarterly basis of 2.50 to 1.00, (ii) requiring the maintenance of a maximum Consolidated Total Net Leverage Ratio on a quarterly basis, (iii) imposing limitations on the incurrence of indebtedness and liens, (iv) imposing limitations on transfers, sales and other dispositions and (v) imposing restrictions on investments, dividends and certain other payments.

The maximum permitted Consolidated Total Net Leverage Ratio is calculated as Consolidated Net Indebtedness to twelve-month trailing Consolidated EBITDA, as defined by the Credit Agreement. The maximum Consolidated Total Net Leverage Ratio for the fiscal quarter ending September 30, 2022 through the fiscal quarter ending June 30, 2023 must be no higher than 5.00 to 1.00 and for the fiscal quarter ending September 30, 2023 and each fiscal quarter thereafter, 4.50 to 1.00.

Redemption of 8.625% Senior Notes due June 2025

On June 1, 2022, we redeemed all outstanding 8.625% Senior Notes due June 2025 (the "8.625% Senior Notes") at a redemption price of 104.313% plus accrued and unpaid interest to the redemption date. The redemption, including the redemption premium, accrued and unpaid interest, fees, expenses and commissions related to this redemption, was funded through a combination of cash on hand and borrowings under our Revolving Credit Facility.

Early Extinguishments and Modifications of Debt

In accordance with authoritative accounting guidance for debt extinguishments and debt modifications, we accounted for the retirement of the Prior Term A Loan and the Prior Refinancing Term B Loan as extinguishments of debt, resulting in the write-off of unamortized deferred finance charges totaling \$2.8 million, which is included in loss on early extinguishments and modifications of debt for the nine months ended September 30, 2022. As the borrowing capacity of the Revolving Credit Facility under the Credit Agreement equaled or exceeded that under the Prior Credit Facility and the lenders under the Credit Agreement were substantially similar to the lenders under the Prior Credit Facility, we accounted for the Revolving Credit Facility as a modification of debt and \$4.3 million of unamortized deferred finance charges related to the Prior Credit Facility were added to the \$14.5 million incurred under the Credit Agreement and are being amortized over the term of the Credit Agreement. An additional \$0.5 million of unamortized deferred finance charges corresponding to the percentage of lenders under the Prior Credit Facility that did not continue to participate under the Credit Agreement is included in loss on early extinguishments and modifications of debt for the nine months ended September 30, 2022.

The 8.625% Senior Notes redemption (as discussed above) was accounted for as an extinguishment of debt and the premium paid and deferred finance charges written off are included in loss on early extinguishments and modifications of debt for the nine months ended September 30, 2022.

During the nine months ended September 30, 2021, the Company redeemed in full its \$750.0 million 6.375% Senior Notes due 2026 (the "6.375% Senior Notes") and its \$700.0 million 6.000% Senior Notes due 2026 (the "6.000% Senior Notes", and collectively with the 6.375% Senior Notes, the "Senior Notes"). The Senior Notes were accounted for as extinguishments of debt and the premiums paid and deferred finance charges written off are included in loss on early extinguishments and modifications of debt for the nine months ended September 30, 2021.

The components of the loss on early extinguishments and modifications of debt are as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(In thousands)	2022	2021	2022	2021
6.375% Senior Notes premium fees paid	\$ —	\$ —	\$ —	\$ 23,910
6.375% Senior Notes deferred finance charges written off	—	—	—	6,370
6.000% Senior Notes premium fees paid	—	—	—	27,953
6.000% Senior Notes deferred finance charges written off	—	—	—	7,242
8.625% Senior Notes premium fees paid	—	—	12,939	—
8.625% Senior Notes deferred finance charges written off	—	—	3,570	—
Prior Credit Facility deferred finance charges written off	—	42	3,300	42
Total loss on early extinguishments and modifications of debt	\$ —	\$ 42	\$ 19,809	\$ 65,517

Covenant Compliance

As of September 30, 2022, we were in compliance with the covenants of our debt instruments.

NOTE 6. COMMITMENTS AND CONTINGENCIES*Acquisition*

On November 1, 2022, the Company completed its previously announced acquisition of Pala Interactive, LLC ("Pala Interactive") and its subsidiaries, including its Canadian subsidiary Pala Canada Interactive Inc. ("Pala Canada"), for total net cash consideration of \$170.1 million. Pala Interactive is an innovative online gaming technology company that provides proprietary solutions on both a business-to-business ("B2B") and business-to-consumer ("B2C") basis in regulated markets across the United States and Canada. We financed the transaction with borrowings under our Revolving Credit Facility.

BOYD GAMING CORPORATION AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)**

as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

Wilton Rancheria Agreements

The Company has a development agreement and a management agreement with Wilton Rancheria. The development agreement obligated us to fund certain pre-development costs, which were estimated to be approximately \$1 million to \$2 million annually, to assist Wilton Rancheria in its development and oversight of the gaming facility construction. During the nine months ended September 30, 2022, we funded pre-development costs of approximately \$0.7 million. The pre-development costs funded by us will be repaid under the terms of a note receivable with Wilton Rancheria and are subject to restrictions under Wilton Rancheria's third-party credit agreement that provided funding for the construction project. Separately, the management agreement provides for us to manage the gaming facility upon opening and receive a monthly management fee for our services based on monthly performance of the gaming facility. The gaming facility construction was substantially complete this quarter and the Sky River Casino opened on August 15, 2022. The monthly management fee for our management services is recorded in other revenue on the condensed consolidated statement of operations.

Commitments

As of September 30, 2022, other than the acquisition of Pala Interactive as well as the opening of Sky River Casino and the related impact on agreements with Wilton Rancheria as discussed above, there have been no material changes to our commitments described under Note 8, *Commitments and Contingencies*, in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on February 28, 2022.

Contingencies**Legal Matters**

We are parties to various legal proceedings arising in the ordinary course of business. We believe that all pending claims, if adversely decided, would not have a material adverse effect on our business, financial position, results of operations or cash flows.

Hurricane Laura Insurance Recovery

On August 27, 2020, Hurricane Laura made landfall in Vinton, Louisiana, which caused the closure of our Delta Downs property for approximately three weeks. The Company maintains insurance, subject to certain deductibles, that covers business interruption, including lost profits. As the Company deemed it probable that insurance recoveries would exceed any loss incurred, the Company accounted for the proceeds in excess of the loss incurred as a gain contingency in the period received in accordance with authoritative accounting guidance. During the three months ended September 30, 2022, we settled our business interruption and lost profits claim with our insurance carriers and received payments totaling \$13.2 million. After consideration of expenses incurred related to the claim, included in other operating items, net for the three and nine months ended September 30, 2022 is a \$12.6 million gain representing business interruption insurance for lost profits from the closure of Delta Downs in 2020 due to Hurricane Laura.

NOTE 7. STOCKHOLDERS' EQUITY AND STOCK INCENTIVE PLANS**Share Repurchase Programs**

On October 21, 2021, our Board of Directors authorized a share repurchase program of \$300.0 million (the "Share Repurchase Program"). On June 1, 2022, our Board of Directors authorized a \$500.0 million increase to the Share Repurchase Program. As of September 30, 2022, \$345.8 million remains available under the Share Repurchase Program. Under the Share Repurchase Program, the Company may repurchase shares of its common stock from time to time on the open market or in privately negotiated transactions. We are not obligated to repurchase any shares under this program. Repurchases of common stock may also be made under Rule 10b5-1 plans, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The timing, volume and nature of share repurchases will be at the sole discretion of management, dependent on market conditions, applicable securities laws and other factors, and may be suspended or discontinued at any time.

The following table provides information regarding share repurchases during the referenced periods (1).

<i>(In thousands, except per share data)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Shares repurchased (2)	2,474	—	7,588	—
Total cost, including brokerage fees	\$ 134,996	\$ —	\$ 434,769	\$ —
Average repurchase price per share (3)	\$ 54.57	\$ —	\$ 57.29	\$ —

(1) Shares repurchased reflect repurchases settled during the three and nine months ended September 30, 2022. These amounts exclude repurchases, if any, traded but not yet settled on or before September 30, 2022.

(2) All shares repurchased have been retired and constitute authorized but unissued shares.

(3) Amounts in the table may not recalculate exactly due to rounding. Average repurchase price per share is calculated based on unrounded numbers.

Dividends

The dividends declared by the Board of Directors and reflected in the periods presented are:

Declaration date	Record date	Payment date	Amount per share
February 3, 2022	March 15, 2022	April 15, 2022	\$ 0.15
June 1, 2022	June 30, 2022	July 15, 2022	0.15
September 15, 2022	September 30, 2022	October 15, 2022	0.15

BOYD GAMING CORPORATION AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)***as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021***Share-Based Compensation**

We account for share-based awards exchanged for employee services in accordance with the authoritative accounting guidance for share-based payments. Under the guidance, share-based compensation expense is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense, net of estimated forfeitures, over the employee's requisite service period.

The following table provides classification detail of the total costs related to our share-based employee compensation plans reported in our condensed consolidated statements of operations.

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Gaming	\$ 191	\$ 230	\$ 712	\$ 656
Food & beverage	36	43	136	125
Room	18	21	65	60
Selling, general and administrative	967	1,169	3,618	3,337
Corporate expense	4,441	8,320	23,955	24,129
Total share-based compensation expense	\$ 5,653	\$ 9,783	\$ 28,486	\$ 28,307

Performance Shares

Our stock incentive plan provides for the issuance of Performance Share Units ("PSU") grants which may be earned, in whole or in part, upon passage of time and the attainment of performance criteria. We periodically review our estimates of performance against the defined criteria to assess the expected payout of each outstanding PSU grant and adjust our stock compensation expense accordingly.

The PSU grants awarded in fourth quarter 2018 and 2017 fully vested during first quarter 2022 and 2021, respectively. Common shares under the 2018 grant were issued based on the determination by the Compensation Committee of the Board of Directors of our actual achievement of net revenue growth and Earnings Before Interest, Taxes, Depreciation and Amortization and Rent under master leases ("EBITDAR") growth for the three-year performance period of the grant. Common shares under the 2017 grant were issued based on the determination by the Compensation Committee of the Board of Directors of our actual achievement of net revenue growth, Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") growth and customer service scores for the three-year performance period of the grant. As provided under the provisions of our stock incentive plan, certain of the participants elected to surrender a portion of the shares to be received to pay the withholding and other payroll taxes payable on the compensation resulting from the vesting of the PSUs.

The PSU grant awarded in November 2018 resulted in a total of 408,609 shares being issued during first quarter 2022, representing approximately 1.58 shares per PSU. Of the 408,609 shares issued, a total of 114,265 were surrendered by the participants for payroll taxes, resulting in a net issuance of 294,344 shares due to the vesting of the 2018 grant. The actual achievement level under the award metrics equaled the estimated performance as of the year-end 2021; therefore, the vesting of the PSUs did not impact compensation costs in our 2022 condensed consolidated statement of operations.

The PSU grant awarded in November 2017 resulted in a total of 90,444 shares being issued during first quarter 2021, representing approximately 0.33 shares per PSU. Of the 90,444 shares issued, a total of 30,129 were surrendered by the participants for payroll taxes, resulting in a net issuance of 60,315 shares due to the vesting of the 2017 grant. The actual achievement level under the award metrics equaled the estimated performance as of the year-end 2020; therefore, the vesting of the PSUs did not impact compensation costs in our 2021 condensed consolidated statement of operations.

Unamortized Stock Compensation Expense and Recognition Period

As of September 30, 2022, there was approximately \$9.2 million, \$3.1 million and \$1.5 million of total unrecognized share-based compensation costs related to unvested restricted stock units ("RSUs"), PSUs and career shares, respectively. As of September 30, 2022, the unrecognized share-based compensation costs related to our RSUs, PSUs and career shares are expected to be recognized over approximately 1.9 years, 1.9 years and 3.7 years, respectively.

NOTE 8. FAIR VALUE MEASUREMENTS

We have adopted the authoritative accounting guidance for fair value measurements, which does not determine or affect the circumstances under which fair value measurements are used, but defines fair value, expands disclosure requirements around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.

These inputs create the following fair value hierarchy:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

As required by the guidance for fair value measurements, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Thus, assets and liabilities categorized as Level 3 may be measured at fair value using inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

BOYD GAMING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)
as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021
Balances Measured at Fair Value

The following tables show the fair values of certain of our financial instruments:

<i>(In thousands)</i>	September 30, 2022			
	Balance	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 252,344	\$ 252,344	\$ —	\$ —
Restricted cash	17,185	17,185	—	—
Investment available for sale	13,953	—	—	13,953
December 31, 2021				
<i>(In thousands)</i>	Balance	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 344,557	\$ 344,557	\$ —	\$ —
Restricted cash	12,571	12,571	—	—
Investment available for sale	15,822	—	—	15,822
Liability				
Contingent payments	\$ 62	\$ —	\$ —	\$ 62

Cash and Cash Equivalents and Restricted Cash

The fair values of our cash and cash equivalents and restricted cash, classified in the fair value hierarchy as Level 1, are based on statements received from our banks as of September 30, 2022 and December 31, 2021.

Investment Available for Sale

We have an investment in a single municipal bond issuance of \$17.8 million aggregate principal amount of 7.5% Urban Renewal Tax Increment Revenue Bonds, Taxable Series 2007 with a maturity date of June 1, 2037. We are the only holder of this instrument and there is no quoted market price for this instrument. As such, the fair value of this investment is classified as Level 3 in the fair value hierarchy. The fair value of the instrument is estimated using a discounted cash flows approach and the significant unobservable input used in the valuation at September 30, 2022 and December 31, 2021 is a discount rate of 12.3% and 10.1%, respectively. Unrealized gains and losses on this instrument resulting from changes in the fair value of the instrument are not charged to earnings, but rather are recorded as other comprehensive income (loss) in the stockholders' equity section of the condensed consolidated balance sheets. At September 30, 2022 and December 31, 2021, \$0.7 million and \$0.6 million, respectively, of the carrying value of the investment available for sale is included as a current asset in prepaid expenses and other current assets, and at September 30, 2022 and December 31, 2021, \$13.3 million and \$15.2 million, respectively, is included in other assets, net on the condensed consolidated balance sheets. The discount associated with this investment of \$2.2 million and \$2.3 million as of September 30, 2022 and December 31, 2021, respectively, is netted with the investment balance and is being accreted over the life of the investment using the effective interest method. The accretion of such discount is included in interest income on the condensed consolidated statements of operations.

Contingent Payments

In connection with the development of the Kansas Star Casino ("Kansas Star"), Kansas Star agreed to pay a former casino project promoter 1% of Kansas Star's EBITDA each month for a period of ten years, which ended on December 20, 2021. The liability was recorded at the estimated fair value of the contingent payments using a discounted cash flows approach. There was no liability at September 30, 2022 and at December 31, 2021 there was a current liability of \$0.1 million, related to this agreement, which is recorded in accrued liabilities on the condensed consolidated balance sheet.

The following tables summarize the changes in fair value of the Company's Level 3 assets and liabilities:

<i>(In thousands)</i>	Three Months Ended			
	September 30, 2022		September 30, 2021	
	Asset	Liability	Asset	Liability
	Investment Available for Sale	Contingent Payments	Investment Available for Sale	Contingent Payments
Balance at beginning of reporting period	\$ 14,116	\$ —	\$ 15,696	\$ (489)
Total gains (losses) (realized or unrealized):				
Included in interest income (expense)	40	—	39	(4)
Included in other comprehensive income (loss)	(203)	—	328	—
Included in other items, net	—	—	—	18
Purchases, sales, issuances and settlements:				
Settlements	—	—	—	195
Balance at end of reporting period	\$ 13,953	\$ —	\$ 16,063	\$ (280)

BOYD GAMING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)
as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

	Nine Months Ended			
	September 30, 2022		September 30, 2021	
	Asset	Liability	Asset	Liability
	Investment Available for Sale	Contingent Payments	Investment Available for Sale	Contingent Payments
<i>(In thousands)</i>				
Balance at beginning of reporting period	\$ 15,822	\$ (62)	\$ 16,692	\$ (924)
Total gains (losses) (realized or unrealized):				
Included in interest income (expense)	125	—	121	(26)
Included in other comprehensive income (loss)	(1,359)	—	(160)	—
Included in other items, net	—	—	—	21
Purchases, sales, issuances and settlements:				
Settlements	(635)	62	(590)	649
Balance at end of reporting period	<u>\$ 13,953</u>	<u>\$ —</u>	<u>\$ 16,063</u>	<u>\$ (280)</u>

We are exposed to valuation risk on our Level 3 financial instruments. We estimate our risk exposure using a sensitivity analysis of potential changes in the significant unobservable inputs of our fair value measurements. Our Level 3 financial instruments are most susceptible to valuation risk caused by changes in the discount rate. If the discount rate in our fair value measurements increased or decreased by 100 basis points, the change would not cause the value of our fair value measurements to change significantly.

Balances Disclosed at Fair Value

The following tables provide the fair value measurement information about our obligation under assessment agreements and other financial instruments:

	September 30, 2022			
	Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
<i>(In thousands)</i>				
Liabilities				
Obligation under assessment arrangements	\$ 22,731	\$ 19,597	\$ 26,299	Level 3

	December 31, 2021			
	Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
<i>(In thousands)</i>				
Liabilities				
Obligation under assessment arrangements	\$ 24,306	\$ 20,734	\$ 26,908	Level 3

The following tables provide the fair value measurement information about our long-term debt:

	September 30, 2022			
	Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
<i>(In thousands)</i>				
Credit Facility	\$ 1,009,400	\$ 990,644	\$ 1,005,110	Level 2
4.750% senior notes due 2027	1,000,000	989,773	881,250	Level 1
4.750% senior notes due 2031	900,000	888,204	726,750	Level 1
Other	706	706	706	Level 3
Total debt	<u>\$ 2,910,106</u>	<u>\$ 2,869,327</u>	<u>\$ 2,613,816</u>	

	December 31, 2021			
	Outstanding Face Amount	Carrying Value	Estimated Fair Value	Fair Value Hierarchy
<i>(In thousands)</i>				
Prior Credit Facility	\$ 867,897	\$ 859,106	\$ 866,812	Level 2
4.750% senior notes due 2027	1,000,000	988,312	1,023,750	Level 1
8.625% senior notes due 2025	300,000	295,934	320,250	Level 1
4.750% senior notes due 2031	900,000	886,746	915,750	Level 1
Other	1,496	1,496	1,496	Level 3
Total debt	<u>\$ 3,069,393</u>	<u>\$ 3,031,594</u>	<u>\$ 3,128,058</u>	

The estimated fair value of our Credit Facility and Prior Credit Facility is based on a relative value analysis performed on or about September 30, 2022 and

December 31, 2021, respectively. The estimated fair values of our senior notes are based on quoted market prices as of September 30, 2022 and December 31, 2021. The other debt is fixed-rate debt consisting of: (i) finance leases with various maturity dates from 2024 to 2025; and (ii) a purchase obligation that matured in July 2022. The other debt is not traded and does not have an observable market input; therefore, we have estimated fair value to be equal to the carrying value for these obligations.

Other than the retirement of the 8.625% Senior Notes (Level 1) during the nine months ended September 30, 2022, that was funded through a combination of cash on hand and borrowings under the Credit Facility (Level 2), there were no transfers between Level 1, Level 2 and Level 3 measurements during the three and nine months ended September 30, 2022 and 2021.

BOYD GAMING CORPORATION AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)**

as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

NOTE 9. SEGMENT INFORMATION

We have aggregated our properties in order to present three Reportable Segments: (i) Las Vegas Locals; (ii) Downtown Las Vegas; and (iii) Midwest & South. The table below lists the classification of each of our properties.

Las Vegas Locals

Gold Coast Hotel and Casino	Las Vegas, Nevada
The Orleans Hotel and Casino	Las Vegas, Nevada
Sam's Town Hotel and Gambling Hall	Las Vegas, Nevada
Suncoast Hotel and Casino	Las Vegas, Nevada
Eastside Cannery Casino and Hotel (1)	Las Vegas, Nevada
Aliante Casino + Hotel + Spa	North Las Vegas, Nevada
Cannery Casino Hotel	North Las Vegas, Nevada
Jokers Wild	Henderson, Nevada

Downtown Las Vegas

California Hotel and Casino	Las Vegas, Nevada
Fremont Hotel & Casino	Las Vegas, Nevada
Main Street Station Hotel and Casino	Las Vegas, Nevada

Midwest & South

Par-A-Dice Casino (2)	East Peoria, Illinois
Belterra Casino Resort (4)	Florence, Indiana
Blue Chip Casino Hotel Spa	Michigan City, Indiana
Diamond Jo Casino	Dubuque, Iowa
Diamond Jo Worth	Northwood, Iowa
Kansas Star Casino	Mulvane, Kansas
Amelia Belle Casino	Amelia, Louisiana
Delta Downs Racetrack Hotel & Casino	Vinton, Louisiana
Evangeline Downs Racetrack & Casino	Opelousas, Louisiana
Sam's Town Shreveport	Shreveport, Louisiana
Treasure Chest Casino	Kenner, Louisiana
IP Casino Resort Spa	Biloxi, Mississippi
Sam's Town Hotel and Gambling Hall Tunica	Tunica, Mississippi
Ameristar Casino * Hotel Kansas City (4)	Kansas City, Missouri
Ameristar Casino * Resort * Spa St. Charles (4)	St. Charles, Missouri
Belterra Park (4)	Cincinnati, Ohio
Valley Forge Casino Resort (3)	King of Prussia, Pennsylvania

(1) Eastside Cannery remains closed since March 18, 2020 due to the current levels of demand in the market.

(2) Par-A-Dice was temporarily closed on November 20, 2020 and subsequently reopened on January 16, 2021.

(3) Valley Forge was temporarily closed on December 12, 2020 and subsequently reopened on January 4, 2021.

(4) Property is subject to a master lease agreement with a real estate investment trust.

Results of Operations - Total Reportable Segment Revenues and Adjusted EBITDAR

We evaluate each property's profitability based on Property Adjusted EBITDAR, which represents each property's earnings before interest expense, income taxes, depreciation and amortization, deferred rent, share-based compensation expense, project development, preopening and writedown expenses, impairments of assets, other operating items, net, gain or loss on early extinguishments and modifications of debt, other items, net and master lease rent expense, as applicable. Total Reportable Segment Adjusted EBITDAR is the aggregate sum of the Property Adjusted EBITDAR for each of the properties included in our Las Vegas Locals, Downtown Las Vegas, and Midwest & South segments. Results for Downtown Las Vegas include the results of our Hawaii-based travel agency and captive insurance company as our Downtown Las Vegas properties cater to the Hawaiian market. Results for our Midwest & South segment include the following non-reportable segments: (i) Lattner, our Illinois distributed gaming operator; (ii) online gaming operations, which are in New Jersey and six of the nine states in the Midwest & South where we operate properties; and (iii) our management agreement with Wilton Rancheria.

BOYD GAMING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)
as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

EBITDAR is a commonly used measure of performance in our industry that we believe, when considered with measures calculated in accordance with GAAP, facilitates comparisons between us and our competitors and provides our investors a more complete understanding of our operating results before the impact of investing transactions, financing transactions and income taxes. Management has historically adjusted EBITDAR when evaluating operating performance because we believe that the inclusion or exclusion of certain recurring and non-recurring items is necessary to provide a full understanding of our core operating results and as a means to evaluate period-to-period results.

The following tables set forth, for the periods indicated, departmental revenues for our Reportable Segments:

Three Months Ended September 30, 2022					
<i>(In thousands)</i>	Gaming Revenue	Food & Beverage Revenue	Room Revenue	Other Revenue	Total Revenue
Revenues					
Las Vegas Locals	\$ 172,263	\$ 21,120	\$ 19,982	\$ 12,426	\$ 225,791
Downtown Las Vegas	31,872	9,583	5,552	2,500	49,507
Midwest & South	463,840	37,089	21,138	79,898	601,965
Total Revenues	\$ 667,975	\$ 67,792	\$ 46,672	\$ 94,824	\$ 877,263

Three Months Ended September 30, 2021					
<i>(In thousands)</i>	Gaming Revenue	Food & Beverage Revenue	Room Revenue	Other Revenue	Total Revenue
Revenues					
Las Vegas Locals	\$ 179,441	\$ 20,412	\$ 20,176	\$ 11,235	\$ 231,264
Downtown Las Vegas	28,132	7,343	4,000	2,662	42,137
Midwest & South	466,654	33,346	20,141	49,518	569,659
Total Revenues	\$ 674,227	\$ 61,101	\$ 44,317	\$ 63,415	\$ 843,060

Nine Months Ended September 30, 2022					
<i>(In thousands)</i>	Gaming Revenue	Food & Beverage Revenue	Room Revenue	Other Revenue	Total Revenue
Revenues					
Las Vegas Locals	\$ 522,728	\$ 64,257	\$ 62,528	\$ 40,301	\$ 689,814
Downtown Las Vegas	99,249	29,865	17,152	6,624	152,890
Midwest & South	1,398,877	107,712	59,305	223,858	1,789,752
Total Revenues	\$ 2,020,854	\$ 201,834	\$ 138,985	\$ 270,783	\$ 2,632,456

Nine Months Ended September 30, 2021					
<i>(In thousands)</i>	Gaming Revenue	Food & Beverage Revenue	Room Revenue	Other Revenue	Total Revenue
Revenues					
Las Vegas Locals	\$ 516,174	\$ 52,959	\$ 49,344	\$ 31,305	\$ 649,782
Downtown Las Vegas	70,168	17,657	9,269	5,256	102,350
Midwest & South	1,433,273	92,025	50,771	161,768	1,737,837
Total Revenues	\$ 2,019,615	\$ 162,641	\$ 109,384	\$ 198,329	\$ 2,489,969

BOYD GAMING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) — (Continued)
as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

The following table reconciles, for the periods indicated, Total Reportable Segment Adjusted EBITDAR to net income, as reported in our accompanying condensed consolidated statements of operations:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Adjusted EBITDAR				
Las Vegas Locals	\$ 111,733	\$ 125,360	\$ 355,762	\$ 349,572
Downtown Las Vegas	17,704	13,222	58,216	31,083
Midwest & South	230,195	222,058	682,725	700,199
Corporate expense	(21,934)	(19,943)	(66,296)	(62,165)
Adjusted EBITDAR	337,698	340,697	1,030,407	1,018,689
Other operating costs and expenses				
Deferred rent	192	207	576	621
Master lease rent expense	26,828	26,306	79,788	78,396
Depreciation and amortization	64,956	67,586	194,191	199,332
Share-based compensation expense	5,653	9,783	28,486	28,307
Project development, preopening and writedowns	9,645	10,646	528	13,515
Impairment of assets	5,575	—	5,575	—
Other operating items, net	(12,610)	3,023	(12,324)	15,295
Total other operating costs and expenses	100,239	117,551	296,820	335,466
Operating income	237,459	223,146	733,587	683,223
Other expense (income)				
Interest income	(2,073)	(442)	(2,976)	(1,406)
Interest expense, net of amounts capitalized	36,001	45,171	110,125	158,192
Loss on early extinguishments and modifications of debt	—	42	19,809	65,517
Other, net	170	119	3,667	2,288
Total other expense, net	34,098	44,890	130,625	224,591
Income before income taxes	203,361	178,256	602,962	458,632
Income tax provision	(46,359)	(40,082)	(136,269)	(104,568)
Net income	\$ 157,002	\$ 138,174	\$ 466,693	\$ 354,064

For purposes of this presentation, corporate expense excludes its portion of share-based compensation expense. Corporate expense represents unallocated payroll, professional fees, aircraft expenses and various other expenses not directly related to our casino and hotel operations.

Total Reportable Segment Assets

The Company's assets by Reportable Segment consisted of the following amounts:

<i>(In thousands)</i>	September 30, 2022	December 31, 2021
Assets		
Las Vegas Locals	\$ 1,604,202	\$ 1,641,409
Downtown Las Vegas	249,654	228,161
Midwest & South	3,862,883	3,947,076
Total Reportable Segment Assets	5,716,739	5,816,646
Corporate	339,131	407,523
Total Assets	\$ 6,055,870	\$ 6,224,169

NOTE 10. SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred after September 30, 2022. During this period, up to the filing date, other than the \$170.1 million acquisition of Pala Interactive on November 1, 2022 as discussed in Note 6, *Commitments and Contingencies*, we did not identify any subsequent events, the effects of which would require disclosure or adjustment to our financial position or results of operations.

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

Executive Overview

Boyd Gaming Corporation (and together with its subsidiaries, the "Company", "Boyd", "Boyd Gaming", "we" or "us") was incorporated in the state of Nevada in 1988 and has been operating since 1975. The Company's common stock is traded on the New York Stock Exchange under the symbol "BYD".

In mid-March 2020, all of our gaming facilities were closed in compliance with orders issued by state officials as precautionary measures intended to slow the spread of COVID-19. As of September 30, 2022, and as reflected in the table below, 27 of our 28 gaming facilities are open and operating. One of our properties in Las Vegas remains closed due to the current levels of demand in the market. We cannot predict whether we will be required to temporarily close some or all of our open casinos in the future. Further, we cannot currently predict the ongoing impact of the pandemic on consumer demand and the negative effects on our workforce, suppliers, contractors and other partners.

The closures of our properties in 2020 had a material impact on our business, and the COVID-19 pandemic, the associated impacts on customer behavior and the requirements of health and safety protocols may further impact our business in the future. The severity and duration of such potential business impacts cannot currently be estimated, and the ultimate impact of the COVID-19 pandemic on our operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, potential resurgences or new variants of the virus, the logistics of distribution, level of participation and overall efficacy of vaccine programs and treatments, the development and effectiveness of COVID-19 treatments, change in consumer behavior and demand and the related impact on economic activity, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in additional business disruptions, reduced customer traffic and reduced operations. Any resulting financial impact cannot be reasonably estimated at this time.

After the property reopenings in 2020, we implemented a strategic shift in our operating philosophy to increase our focus on building loyalty with core customers and adopted a more efficient approach to doing business. This operating model is focused on maximizing gaming revenues, streamlining our cost structure, targeting our marketing investments and reducing lower margin offerings, which allows us to flow a higher percentage of our revenues to the bottom line. We continue this strategy in 2022 and remain focused on our disciplined approach to operating the business.

We currently anticipate funding our operations over the next 12 months with the cash generated from our operations, supplemented, as necessary, by the cash we currently have available and the borrowing capacity available under our Revolving Credit Facility.

[Table of Contents](#)

We are a geographically diversified operator of 28 gaming entertainment properties. Headquartered in Las Vegas, Nevada, we have gaming operations in Nevada, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Ohio and Pennsylvania. We view each operating property as part of an operating segment. For financial reporting purposes, we aggregate our properties into the following three reportable segments:

Las Vegas Locals

Gold Coast Hotel and Casino	Las Vegas, Nevada
The Orleans Hotel and Casino	Las Vegas, Nevada
Sam's Town Hotel and Gambling Hall	Las Vegas, Nevada
Suncoast Hotel and Casino	Las Vegas, Nevada
Eastside Cannery Casino and Hotel (1)	Las Vegas, Nevada
Aliante Casino + Hotel + Spa	North Las Vegas, Nevada
Cannery Casino Hotel	North Las Vegas, Nevada
Jokers Wild	Henderson, Nevada

Downtown Las Vegas

California Hotel and Casino	Las Vegas, Nevada
Fremont Hotel & Casino	Las Vegas, Nevada
Main Street Station Hotel and Casino	Las Vegas, Nevada

Midwest & South

Par-A-Dice Casino (2)	East Peoria, Illinois
Belterra Casino Resort (4)	Florence, Indiana
Blue Chip Casino Hotel Spa	Michigan City, Indiana
Diamond Jo Casino	Dubuque, Iowa
Diamond Jo Worth	Northwood, Iowa
Kansas Star Casino	Mulvane, Kansas
Amelia Belle Casino	Amelia, Louisiana
Delta Downs Racetrack Hotel & Casino	Vinton, Louisiana
Evangeline Downs Racetrack & Casino	Opelousas, Louisiana
Sam's Town Shreveport	Shreveport, Louisiana
Treasure Chest Casino	Kenner, Louisiana
IP Casino Resort Spa	Biloxi, Mississippi
Sam's Town Hotel and Gambling Hall Tunica	Tunica, Mississippi
Ameristar Casino * Hotel Kansas City (4)	Kansas City, Missouri
Ameristar Casino * Resort * Spa St. Charles (4)	St. Charles, Missouri
Belterra Park (4)	Cincinnati, Ohio
Valley Forge Casino Resort (3)	King of Prussia, Pennsylvania

(1) Eastside Cannery remains closed since March 18, 2020 due to the current levels of demand in the market.

(2) Par-A-Dice was temporarily closed on November 20, 2020 and subsequently reopened on January 16, 2021.

(3) Valley Forge was temporarily closed on December 12, 2020 and subsequently reopened on January 4, 2021.

(4) Property is subject to a master lease agreement with a real estate investment trust.

We also own and operate a travel agency and a captive insurance company that underwrites travel-related insurance, each located in Hawaii. As our Downtown Las Vegas properties cater to the Hawaiian market, financial results for these operations are included in our Downtown Las Vegas segment.

Results for Lattner Entertainment Group Illinois, LLC ("Lattner"), our Illinois distributed gaming operator, are included in our Midwest & South segment. Lattner's operations were temporarily suspended on November 20, 2020 due to a state mandated closure to stop the spread of COVID-19 and subsequently resumed on January 16, 2021.

We have online sports-betting or online real money casino gaming offerings through market-access agreements with other companies in New Jersey and six of the nine states where we operate throughout the Midwest & South segment. Financial results for online sports betting and real money casino gaming operations are included in our Midwest & South segment.

We also manage the Sky River Casino located in California under a management agreement with Wilton Rancheria. The Sky River Casino opened on August 15, 2022. Financial results under the management agreement are included in our Midwest & South segment.

Most of our gaming entertainment properties also include hotel, dining, retail and other amenities. Our main business emphasis is on slot revenues, which are highly dependent upon the number of visits and spending levels of customers at our properties.

Our properties have historically generated significant operating cash flow, with the majority of our revenue being cash-based. While we do provide casino credit, subject to certain gaming regulations and jurisdictions, most of our customers wager with cash and pay for non-gaming services with cash or by credit card.

Our industry is capital intensive, and we rely heavily on the ability of our properties to generate operating cash flow to fund maintenance capital expenditures, fund acquisitions, provide excess cash for future development, repay debt financing and associated interest costs and pay income taxes.

Our Strategy

Our strategy is to increase shareholder value by pursuing strategic initiatives that improve and grow our business.

Strengthening Our Balance Sheet

We are committed to finding opportunities to strengthen our balance sheet through diversifying and increasing cash flow. We intend to take a balanced approach to our cash flows, with a current emphasis on investing in our business and returning capital to shareholders.

Operating Efficiently

We are committed to operating efficiently. As we reopened our properties and adjusted our operations to address the impacts of the COVID-19 pandemic, the efficiencies of our disciplined business model positions us to flow a substantial portion of our revenue directly to the bottom line.

Evaluating Acquisition Opportunities

Our evaluations of potential investments and growth opportunities are strategic, deliberate, and disciplined. Our goal is to identify and pursue opportunities that grow our business, are available at the right price and deliver a solid return for shareholders. These investments can take the form of expanding and enhancing offerings and amenities at existing properties, development of new properties, acquisitions, or expanding and enhancing online sports wagering and real money casino gaming offerings as they are legalized in and around the states we operate today.

Maintaining Our Brand

The ability of our employees to deliver great customer service helps distinguish our Company and our brands from our competitors. Our employees are an important reason that our customers continue to choose our properties over the competition across the country.

Our Key Performance Indicators

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

- **Gaming revenue measures:** *slot handle*, which means the dollar amount wagered in slot machines, and *table game drop*, which means the total amount of cash deposited in table games drop boxes, plus the sum of markers issued at all table games, are measures of volume and/or market share. *Slot win* and *table game hold*, which mean the difference between customer wagers and customer winnings on slot machines and table games, respectively, represent the amount of wagers retained by us and recorded as gaming revenues. Slot win percentage and table game hold percentage, which are not fully controllable by us, represent the relationship between slot handle to slot win and table game drop to table game hold, respectively.
- **Food & beverage revenue measures:** *average guest check*, which means the average amount spent per customer visit and is a measure of volume and product offerings; *number of guests served* ("food covers"), which is an indicator of volume; and the *cost per guest served*, which is a measure of operating margin.
- **Room revenue measures:** *hotel occupancy rate*, which measures the utilization of our available rooms; and *average daily rate* ("ADR"), which is a price measure.

RESULTS OF OPERATIONS**Overview**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<i>(In millions)</i>				
Total revenues	\$ 877.3	\$ 843.1	\$ 2,632.5	\$ 2,490.0
Operating income	237.5	223.1	733.6	683.2
Net income	157.0	138.2	466.7	354.1

Total Revenues

Total revenues for the three months ended September 30, 2022 increased by \$34.2 million, or 4.1%, as compared to the prior year comparable period. The revenue growth in the third quarter was driven by increases in online gaming activities and the management fee we started earning upon the August 15, 2022 opening of Sky River Casino, a property in California that we manage on behalf of Wilton Rancheria. Total revenues for the nine months ended September 30, 2022, increased \$142.5 million, or 5.7%, as compared to the prior year comparable period. The revenue growth for the nine months ended September 30, 2022 was due primarily to the continued recovery from the COVID-19 pandemic. The second quarter of 2021 marked the point when many COVID-related restrictions impacting our business were lifted, vaccination rates started to rise, destination travel started to return and we opened additional amenities that had been closed. Additionally, we benefited from limited competing entertainment options early on in the prior year period. This recovery, while building since we reopened our properties, accelerated in the second quarter of 2021 and drove revenue growth in the first quarter of 2022 of \$107.4 million. We also continue to focus on our core customer, leveraging more robust marketing and analytical tools since reopening the majority of our properties in the second quarter of 2020.

Operating Income

Operating income increased \$14.3 million, or 6.4%, for the three months ended September 30, 2022, compared to the prior year comparable period primarily due to a 4.1% growth in revenues. Operating income was also favorably impacted by a \$12.6 million gain from insurance proceeds received in the third quarter of 2022 related to Hurricane Laura.

Operating income increased \$50.4 million, or 7.4%, during the nine months ended September 30, 2022, as compared to the prior year comparable period primarily due to a 5.7% growth in revenues year over year with continued recovery from the COVID-19 pandemic, including the impact of reopening additional amenities that were closed for all or a portion of the first quarter of 2021, our focus on our core customers, an increase in online gaming activities and the Sky River Casino management fee in the third quarter 2022, all as discussed above. In addition, we transformed our operating model after reopening our properties, and this streamlined operating model, with a focus and discipline on costs, has allowed us to flow a greater portion of our revenue growth to operating income. Operating income for the nine months ended September 30, 2022 was also favorably impacted by the following: (i) a \$12.8 million gain on disposition of assets; (ii) a \$12.6 million gain on insurance proceeds received related to Hurricane Laura; and offset by (iii) a \$5.6 million non-cash impairment charge for a trademark related to a property in our Midwest & South segment. Operating income for the nine months ended September 30, 2021 was unfavorably impacted by a \$10.7 million non-recurring employee bonus in the second quarter of 2021.

Net Income

Net income increased \$18.8 million for the three months ended September 30, 2022, compared to the prior year comparable period. The increase was primarily attributable to an increase in operating income of \$14.3 million, as discussed above, along with a decrease in interest expense of \$9.2 million as a result of a \$490.5 million decline in the weighted average debt balance. The reduction in the weighted average debt balance was driven by the retirement of the \$600.0 million aggregate principal amount of 8.625% Senior Notes due 2025 ("8.625% Senior Notes"), with \$300.0 million retired in each of November 2021 and June 2022. These items were offset by an increase in the income tax provision of \$6.3 million due to the Company's improved operational performance.

Net income increased \$112.6 million for the nine months ended September 30, 2022, compared to the prior year comparable period. The increase was attributable to the following: (i) operating income increase of \$50.4 million, as discussed above; (ii) interest expense decrease of \$48.1 million due to a \$706.0 million decline in the weighted average debt balance, which was driven by the retirements of the \$750.0 million aggregate principal amount of 6.375% Senior Notes due 2026 ("6.375% Senior Notes") and \$700.0 million aggregate principal amount of 6.000% Senior Notes due 2026 ("6.000% Senior Notes") in June 2021, the retirement of \$300.0 million aggregate principal amount of our 8.625% Senior Notes in November 2021 and the remaining \$300.0 million outstanding balance of our 8.625% Senior Notes in June 2022, offset by the issuance of \$900.0 million aggregate principal amount of 4.750% Senior Notes due 2031 ("4.750% Senior Notes due 2031") in June 2021; and (iii) decrease in loss on early extinguishments and modifications of debt of \$45.7 million arising from the retirements noted above (see additional discussion in "Liquidity and Capital Resources"). These items were offset by an increase in the income tax provision of \$31.7 million due to the Company's improved operational performance.

Operating Revenues

We derive the majority of our revenues from our gaming operations, which produced approximately 76% and 80% of revenues for the three months ended September 30, 2022 and 2021, respectively, and 77% and 81% for the nine months ended September 30, 2022 and 2021, respectively. Other revenues, which include online offerings and beginning in third quarter 2022, our Sky River Casino management fee, represent our next most significant revenue source, generating 11% and 8% of revenues for the three months ended September 30, 2022 and 2021, respectively, and 10% and 8% for the nine months ended September 30, 2022 and 2021, respectively. Food & beverage revenues and room revenues separately contributed 8% or less of revenues during these periods.

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
REVENUES				
Gaming	\$ 668.0	\$ 674.2	\$ 2,020.9	\$ 2,019.6
Food & beverage	67.8	61.1	201.8	162.6
Room	46.7	44.3	139.0	109.4
Other	94.8	63.5	270.8	198.4
Total revenues	\$ 877.3	\$ 843.1	\$ 2,632.5	\$ 2,490.0
COSTS AND EXPENSES				
Gaming	\$ 251.8	\$ 249.7	\$ 756.4	\$ 741.2
Food & beverage	58.5	50.7	169.9	136.4
Room	17.8	15.1	51.1	41.4
Other	57.2	41.6	174.7	128.0
Total costs and expenses	\$ 385.3	\$ 357.1	\$ 1,152.1	\$ 1,047.0
MARGINS				
Gaming	62.3%	63.0%	62.6%	63.3%
Food & beverage	13.7%	17.0%	15.8%	16.1%
Room	61.9%	65.9%	63.2%	62.2%
Other	39.7%	34.5%	35.5%	35.5%

Gaming

Gaming revenues are comprised primarily of the net win from our slot machine operations and to a lesser extent from table games win. The decrease in gaming revenues of \$6.3 million, or 0.9%, during the three months ended September 30, 2022, compared to the prior year comparable period, was primarily due to a 0.7% decrease in slot handle and a 0.5% decline in slot win. While we saw growth in our core customer year over year, we saw a decline in unrated play as gaming revenues for July 2021 were favorably impacted by government stimulus payments to our customers.

Gaming revenues remained consistent during the nine months ended September 30, 2022 as compared to the prior year comparable period.

Food & Beverage

Food & beverage revenues increased \$6.7 million, or 11.0%, during the three months ended September 30, 2022, compared to the prior year comparable period, primarily due to an increase in food covers of 7.0% and an increase in average guest check of 4.4%.

Food & beverage revenues increased \$39.2 million, or 24.1%, during the nine months ended September 30, 2022, compared to the prior year comparable period, primarily due to an increase in food covers of 16.0% and an increase in average guest check of 5.4%.

Room

Room revenues increased \$2.4 million, or 5.3%, during the three months ended September 30, 2022, compared to the prior year comparable period, primarily due to a 4.6% increase in occupancy and 2.3% increase in average daily rate in our Downtown Las Vegas Segment.

[Table of Contents](#)

Room revenues increased \$29.6 million, or 27.1%, during the nine months ended September 30, 2022, as compared to the prior year comparable period, primarily due to an increase in occupancy of 5.4% and an increase in average daily rate of 4.7%.

Other

Other revenues relate to: (i) our online gaming initiatives; (ii) patronage visits at the other amenities at our properties, including entertainment and nightclub revenues, retail sales, theater tickets and other venues; and (iii) beginning in the third quarter of 2022, our Sky River Casino management fee. Other revenues increased \$31.4 million, or 49.5%, and \$72.5 million, or 36.5%, during the three and nine months ended September 30, 2022, respectively, as compared to the corresponding periods of the prior year, due primarily to increased online gaming revenues, including the revenues from reimbursements of gaming taxes paid on behalf of our online partners, and as other amenities such as entertainment and group business started to return again after the COVID-related closures and lifting of large group restrictions. Corresponding period-over-period increases in other expenses reflect primarily the gaming taxes paid on behalf of our online partners and the corresponding costs of entertainment and group business.

Revenues and Adjusted EBITDAR by Reportable Segment

We determine each property's profitability based upon Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Rent ("Adjusted EBITDAR"), which represents earnings before interest expense, income taxes, depreciation and amortization, deferred rent, master lease rent expense, other operating items, net, share-based compensation expense, project development, preopening and writedown expenses, impairments of assets, loss on early extinguishments and modifications of debt and other items, net, as applicable. Reportable Segment Adjusted EBITDAR is the aggregate sum of the Adjusted EBITDAR for each of the properties comprising our Las Vegas Locals, Downtown Las Vegas and Midwest & South segments. Results for Downtown Las Vegas include the results of our travel agency and captive insurance company in Hawaii. Results for our non-reportable segments, including our Illinois distributed gaming operator, our online gaming initiatives and our management agreement with Wilton Rancheria are included in our Midwest & South segment. Corporate expense represents unallocated payroll, professional fees, aircraft expenses and various other expenses not directly related to our casino and hotel operations. Furthermore, for purposes of this presentation, corporate expense excludes its portion of share-based compensation expense.

EBITDAR is a commonly used measure of performance in our industry that we believe, when considered with measures calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"), facilitates comparisons between us and our competitors and provides our investors a more complete understanding of our operating results before the impact of investing transactions, financing transactions and income taxes. Management has historically adjusted EBITDAR when evaluating operating performance because we believe that the exclusion of certain recurring and non-recurring items is necessary to provide a full understanding of our core operating results and as a means to evaluate period-to-period results.

The following table presents our total revenues and Adjusted EBITDAR by Reportable Segment:

<i>(In millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Total revenues				
Las Vegas Locals	\$ 225.8	\$ 231.3	\$ 689.8	\$ 649.8
Downtown Las Vegas	49.5	42.1	152.9	102.4
Midwest & South	602.0	569.7	1,789.8	1,737.8
Total revenues	\$ 877.3	\$ 843.1	\$ 2,632.5	\$ 2,490.0
Adjusted EBITDAR (1)				
Las Vegas Locals	\$ 111.7	\$ 125.4	\$ 355.8	\$ 349.6
Downtown Las Vegas	17.7	13.2	58.2	31.1
Midwest & South	230.2	222.1	682.7	700.2
Corporate expense	(21.9)	(20.0)	(66.3)	(62.2)
Adjusted EBITDAR	\$ 337.7	\$ 340.7	\$ 1,030.4	\$ 1,018.7

(1) Refer to Note 9, *Segment Information*, in the notes to the condensed consolidated financial statements (unaudited) for a reconciliation of Adjusted EBITDAR to net income, as reported in accordance with GAAP in our accompanying condensed consolidated statements of operations.

Las Vegas Locals

Total revenues decreased by \$5.5 million, or 2.4%, during the three months ended September 30, 2022. For the three months ended September 30, 2022, gaming revenues decreased \$7.2 million primarily due to a decrease in slot win of 3.3% and table game hold of 14.1% from the prior year comparable period. The decline in gaming revenues was offset by an increase in other revenues of \$1.2 million as entertainment venues expanded the number of events.

Total revenues increased by \$40.0 million, or 6.2%, during the nine months ended September 30, 2022, as compared to the corresponding period of the prior year, reflecting revenue increases in all departmental categories. For the nine months ended September 30, 2022, room revenues increased \$13.2 million due to an increase in hotel occupancy rate of 6.6% and average daily rate of 13.0% from the prior year comparable period. Food & beverage revenues increased \$11.3 million due to an increase in food covers of 17.2% and average guest check of 4.9% from the prior year comparable period. Other revenues increased \$9.0 million as entertainment venues expanded the number of events and demand for other amenities grew over the prior year comparable period. Gaming revenues increased \$6.6 million primarily due to an increase in table game hold of 4.6% from the prior year comparable period. The Las Vegas Locals segment benefited from the COVID-19 recovery year over year as discussed further in the items impacting the Company's total revenue growth as well as the continued focus on our core customer.

Adjusted EBITDAR decreased by \$13.6 million during the three months ended September 30, 2022. The decline was primarily driven by the following: (i) a decrease in gaming revenues from the prior year comparable period, which is our highest margin revenue stream; (ii) declines in unrated play partially offset by

growth in our core customer, which impacts margins as there is no marketing investment in the unrated player; and (iii) an increase of \$2.5 million in maintenance and utility costs due to elevated business volumes and rising energy costs.

Adjusted EBITDAR increased by \$6.2 million during the nine months ended September 30, 2022, as compared to the prior year comparable period, due primarily to revenue growth offset by a change in revenue mix from the most profitable revenue stream to other lower margin non-gaming amenities coupled with a decline in unrated play as the prior year was impacted by government stimulus payments to our customers.

Downtown Las Vegas

Total revenues increased by \$7.4 million, or 17.5% , and \$50.5 million, or 49.4% , during the three and nine months ended September 30, 2022 , respectively, as compared to the corresponding periods of the prior year, reflecting revenue increases in all departmental categories, with the exception of other revenue for the three months ended September 30, 2022. The Downtown Las Vegas segment caters more to customers from Hawaii, which had stringent travel restrictions related to COVID-19 during the first half of 2021, and to the destination traveler, which was slower to return after the COVID-19 closures than our regional and local customer in other segments of our business. In addition to the revenue growth due to the reduction in COVID-19 restrictions, one of our downtown properties reopened in early September 2021 as destination travel started returning.

Adjusted EBITDAR increased by \$4.5 million and \$27.1 million during the three and nine months ended September 30, 2022, as compared to the corresponding periods of the prior year, due primarily to revenue growth from the Hawaiian customer and return of destination travel combined with the reopening of one of our properties, as discussed above.

Midwest & South

Total revenues increased by \$32.3 million during the three months ended September 30, 2022, as compared to the corresponding period of the prior year. The increase was primarily attributable to an increase in other revenues of \$30.4 million, which was primarily driven by the gaming taxes we pay and are reimbursed for related to our online revenue collaborative agreements as well as general online revenue growth supplemented by the management fee income for Sky River Casino.

Total revenues increased by \$51.9 million during the nine months ended September 30, 2022, as compared to the corresponding period of the prior year, reflecting revenue increases in all departmental categories, with the exception of gaming revenue. Other revenue increased \$62.1 million, as compared to the prior year comparable period, due to our online revenue growth, both the tax payment reimbursement and general overall growth, and Sky River Casino management fee income, as discussed above. Food & beverage revenue increased by \$15.7 million, as compared to the prior year comparable period, due primarily to a 3.1% increase in food covers and a 5.6% increase in average guest check. Room revenue increased by \$8.5 million, as compared to the prior year comparable period, as room occupancy and average daily rate increased 0.6% and 2.1%, respectively. These revenue increases were offset by a gaming revenue decline of \$34.4 million, as compared to the prior year comparable period, due to a 2.5% decrease in slot win driven primarily by government stimulus payments to our customers in the second quarter of 2021 and limited entertainment options during the nine months ended September 30, 2021.

Adjusted EBITDAR increased by \$8.1 million during the three months ended September 30, 2022, as compared to the corresponding period of the prior year, due primarily to management fee income for Sky River Casino.

Adjusted EBITDAR decreased by \$17.5 million during the nine months ended September 30, 2022, as compared to the corresponding period of the prior year, due primarily to the decline in gaming revenue.

Other Operating Costs and Expenses

The following costs and expenses, as presented in our condensed consolidated statements of operations, are further discussed below:

<i>(In millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Selling, general and administrative	\$ 93.0	\$ 91.2	\$ 280.7	\$ 271.6
Master lease rent expense	26.8	26.3	79.8	78.4
Maintenance and utilities	40.8	35.9	108.2	95.3
Depreciation and amortization	65.0	67.6	194.2	199.3
Corporate expense	26.4	28.3	90.3	86.3
Project development, preopening and writedowns	9.6	10.6	0.5	13.5
Impairment of assets	5.6	—	5.6	—
Other operating items, net	(12.6)	3.0	(12.3)	15.3

Selling, General and Administrative

Selling, general and administrative expenses were consistent, as a percentage of revenues, and were 10.6% and 10.8% during the three months ended September 30, 2022 and 2021, respectively, and 10.7% and 10.9% during the nine months ended September 30, 2022 and 2021, respectively. We continue to focus on our disciplined operating model and targeted marketing approach.

Master Lease Rent Expense

Master lease rent expense represents rent expense incurred by four of our properties which are subject to two master lease agreements with a real estate investment trust. Master lease rent expense remained consistent, as a percentage of revenues, and was 3.1% during both the three months ended September 30, 2022 and 2021 and 3.0% and 3.1% during the nine months ended September 30, 2022 and 2021, respectively.

Maintenance and Utilities

Maintenance and utilities expenses, as a percentage of revenues, remained generally consistent at 4.6% and 4.3% during the three months ended September 30, 2022 and 2021, respectively, and 4.1% and 3.8% during the nine months ended September 30, 2022 and 2021, respectively. The small growth in 2022 was driven primarily by rising energy costs.

Depreciation and Amortization

Depreciation and amortization expenses, as a percentage of revenues, remained consistent at 7.4% during the three and nine months ended September 30, 2022 compared to 8.0% during the three and nine months ended September 30, 2021. The percentage of revenue decrease to the comparable periods in the prior year was primarily attributable to revenue growth.

Corporate Expense

Corporate expense represents unallocated payroll, professional fees, rent and various other administrative expenses that are not directly related to our property operations, in addition to the corporate portion of share-based compensation expense. Corporate expense was generally consistent and represented 3.0% and 3.4% of revenues during the three months ended September 30, 2022 and 2021, respectively, and 3.4% and 3.5% during the nine months ended September 30, 2022 and 2021, respectively.

Project Development, Preopening and Writedowns

Project development, preopening and writedowns represents: (i) certain costs incurred and recoveries realized related to the activities associated with various acquisition opportunities, strategic initiatives, dispositions and other business development activities in the ordinary course of business; (ii) certain costs of start-up activities that are expensed as incurred in our ongoing efforts to develop gaming activities in new jurisdictions and expenses related to other new business development activities that do not qualify as capital costs; (iii) asset writedowns; and (iv) realized gains arising from asset dispositions. Such costs are generally nonrecurring in nature and vary from period to period as the volume of underlying activities fluctuate. During the three months ended September 30, 2022 and 2021, the Company incurred \$8.3 million and \$8.5 million, respectively, in non-cash asset writedowns. During the nine months ended September 30, 2022, the Company also benefited from a \$12.8 million gain on disposition of assets.

Impairment of assets

During the three and nine months ended September 30, 2022, as a result of our third quarter impairment review, the Company recorded an impairment charge of \$5.6 million for a trademark related to a property in our Midwest & South segment.

Other Operating Items, net

Other operating items, net, is generally comprised of miscellaneous non-recurring operating charges, including severance payments to separated employees, natural disasters and severe weather impact, including hurricane and flood expenses, and subsequent recoveries of such costs, as applicable. During the three and nine months ended September 30, 2022, \$12.6 million of other operating items, net, related to a gain from the settlement of our insurance claim for business interruption and lost profits from the closure of Delta Downs for approximately three weeks in August and September 2020 due to Hurricane Laura. During the nine months ended September 30, 2021, \$10.7 million of other operating items, net, related to non-recurring employee bonus payments.

Other Expenses

Interest Expense, net

The following table summarizes information with respect to our interest expense on outstanding indebtedness:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<i>(In millions)</i>				
Interest Expense, Net of Capitalized Interest and Interest Income	\$ 33.9	\$ 44.7	\$ 107.1	\$ 156.8
Average Long-Term Debt Balance (1)	2,888.1	3,378.5	2,998.0	3,704.0
Weighted Average Interest Rates	4.4%	4.8%	4.2%	5.2%

(1) Average debt balance calculation does not include the related discounts or deferred finance charges.

Interest expense, net of capitalized interest and interest income, for the three months ended September 30, 2022, decreased \$10.8 million, or 24.1%, from the prior year comparable period as a result of a \$490.5 million decline in the weighted average debt balance and a 40 basis point decrease in the weighted average interest rate, which was driven by the retirement of the \$600.0 million aggregate principal amount of 8.625% Senior Notes, with \$300.0 million retired in each of November 2021 and June 2022.

Interest expense, net of capitalized interest and interest income, for the nine months ended September 30, 2022, decreased \$49.6 million, or 31.7%, from the prior year comparable period. The decline was attributable to a \$706.0 million decline in the weighted average debt balance and a 100 basis point decrease in the weighted average interest rate, which was driven by the retirements of the 6.375% Senior Notes and 6.000% Senior Notes in June 2021, the retirement of \$300.0 million aggregate principal amount of 8.625% Senior Notes in November 2021 and the remaining \$300.0 million outstanding balance of 8.625% Senior Notes in June 2022, offset by the issuance of the 4.750% Senior Notes due 2031 in June 2021.

Loss on Early Extinguishments and Modifications of Debt

The components of the loss on early extinguishments and modifications of debt are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<i>(In millions)</i>				
6.375% Senior Notes premium fees paid	\$ —	\$ —	\$ —	\$ 23.9
6.375% Senior Notes deferred finance charges written off	—	—	—	6.4
6.000% Senior Notes premium fees paid	—	—	—	28.0
6.000% Senior Notes deferred finance charges written off	—	—	—	7.2
8.625% Senior Notes premium fees paid	—	—	12.9	—
8.625% Senior Notes deferred finance charges written off	—	—	3.6	—
Prior Credit Facility deferred finance charges written off	—	—	3.3	—
Total loss on early extinguishments and modifications of debt	\$ —	\$ —	\$ 19.8	\$ 65.5

Income Taxes

The effective tax rates during the nine months ended September 30, 2022 and 2021 were 22.6% and 22.8%, respectively. Our tax rate for the nine months ended September 30, 2022 and 2021 was unfavorably impacted by state taxes and certain nondeductible expenses which were partially offset by the inclusion of excess tax benefits related to equity compensation as a component of the provision for income taxes. As of December 31, 2021, the Company exhausted its federal net operating loss carryforwards which results in higher cash taxes in the current and prospective periods.

LIQUIDITY AND CAPITAL RESOURCES**Financial Position**

We generally operate with minimal or negative levels of working capital in order to minimize borrowings and related interest costs. At September 30, 2022 and December 31, 2021, we had balances of cash and cash equivalents of \$252.3 million and \$344.6 million, respectively. In addition, we held restricted cash balances of \$17.2 million and \$12.6 million at September 30, 2022 and December 31, 2021, respectively. Our working capital deficit at September 30, 2022 and December 31, 2021 was \$136.5 million and \$49.2 million, respectively.

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 twelve months, including our projected operating requirements, maintenance and development project capital expenditures and our acquisition of Pala Interactive LLC ("Pala Interactive") and its subsidiaries, including its Canadian subsidiary Pala Canada Interactive Inc. See "*Indebtedness*", below, for further detail regarding the Credit Facility.

The Company may also seek to secure additional working capital, repay respective current debt maturities, or fund respective development projects, in whole or in part, through incremental bank financing and additional debt or equity offerings, to the extent such offerings are allowed under our debt agreements.

Cash Flows Summary

<i>(In millions)</i>	Nine Months Ended September 30,	
	2022	2021
Net cash provided by operating activities	\$ 728.0	\$ 777.7
Cash flows from investing activities		
Capital expenditures	(173.0)	(139.2)
Insurance proceeds received for hurricane losses	0.5	44.5
Proceeds from disposition of assets	21.4	—
Other investing activities	—	5.5
Net cash used in investing activities	(151.1)	(89.2)
Cash flows from financing activities		
Net borrowings (payments) under credit facilities	141.5	(18.2)
Proceeds from issuance of senior notes	—	900.0
Retirements of senior notes	(300.0)	(1,450.0)
Premium fees	(12.9)	(51.9)
Debt financing costs	(15.3)	(14.6)
Share-based compensation activities	(9.2)	1.7
Shares repurchased and retired	(434.8)	—
Dividends paid	(32.6)	—
Other financing activities	(1.2)	(2.2)
Net cash used in financing activities	(664.5)	(635.2)
Increase (decrease) in cash, cash equivalents and restricted cash	\$ (87.6)	\$ 53.3

Cash Flows from Operating Activities

During the nine months ended September 30, 2022 and 2021, we generated operating cash flow of \$728.0 million and \$777.7 million, respectively. Generally, operating cash flows decreased during 2022 as compared to the prior year period due to the timing of working capital spend. Cash flows for the nine months ended September 30, 2022 are favorably impacted by \$12.6 million in business interruption insurance proceeds received related to Hurricane Laura.

Cash Flows from Investing Activities

Our industry is capital intensive and we use cash flows for acquisitions, facility expansions, investments in future development or business opportunities and maintenance capital expenditures.

During the nine months ended September 30, 2022, we incurred net cash outflows for investing activities of \$151.1 million comprised of capital expenditures of \$173.0 million, primarily related to furniture and equipment purchases and building projects at various properties, offset by \$21.4 million in proceeds from disposition of assets. During the nine months ended September 30, 2021, we incurred net cash outflows for investing activities of \$89.2 million comprised of capital expenditures of \$139.2 million, primarily related to building improvements at Delta Downs as a result of Hurricane Laura damage, which was offset by \$44.5 million of insurance recovery proceeds and \$6.7 million of development proceeds associated with the Wilton Rancheria project.

Cash Flows from Financing Activities

We rely upon our financing cash flows to provide funding for investment opportunities, repayments of obligations and ongoing operations.

The net cash outflows from financing activities during the nine months ended September 30, 2022, primarily reflect share repurchases, the retirement of the 8.625% Senior Notes, payment of the associated premium fees related to the retirement of the \$300.0 million 8.625% Senior Notes, debt financing costs related to the Credit Agreement and dividends paid, offset by an increase in the outstanding principal under the Credit Facility (see "*Indebtedness*"). The net cash outflows from financing activities in the nine months ended September 30, 2021, primarily reflect the retirements of the 6.375% Senior Notes and the 6.000% Senior Notes, payment of the associated premium fees related to both retirements, the quarterly payments on our Prior Term Loans and debt issuance costs for the 4.750% Senior Notes due 2031 offset by inflows for the nine months ended September 30, 2021 from the issuance of the 4.750% Senior Notes due 2031.

Indebtedness

The outstanding principal balances of long-term debt, before unamortized discounts and fees, and the changes in those balances are as follows:

<i>(In millions)</i>	September 30, 2022	December 31, 2021	Increase / (Decrease)
Credit Facility	\$ 1,009.4	\$ —	\$ 1,009.4
Prior Credit Facility	—	867.9	(867.9)
4.750% senior notes due 2027	1,000.0	1,000.0	—
8.625% senior notes due 2025	—	300.0	(300.0)
4.750% senior notes due 2031	900.0	900.0	—
Other	0.7	1.5	(0.8)
Total long-term debt	2,910.1	3,069.4	(159.3)
Less current maturities	44.3	41.7	2.6
Long-term debt, net of current maturities	\$ 2,865.8	\$ 3,027.7	\$ (161.9)

Credit Facility

Credit Agreement

On March 2, 2022 (the "Closing Date"), the Company entered into a credit agreement (the "Credit Agreement") among the Company, certain direct and indirect subsidiaries of the Company as guarantors (the "Guarantors"), Bank of America, N.A., as administrative agent, collateral agent and letter of credit issuer, Wells Fargo Bank, National Association, as swingline lender, and certain other financial institutions party thereto as lenders. The Credit Agreement replaced the Third Amended and Restated Credit Agreement, dated as of August 14, 2013 (the "Prior Credit Facility"), among the Company, certain direct and indirect subsidiaries of the Company as guarantors, Bank of America, N.A., as administrative agent and letter of credit issuer, Wells Fargo Bank, National Association, as swingline lender, and certain other financial institutions party thereto as lenders.

The Credit Agreement provides for (i) a \$1,450.0 million senior secured revolving credit facility (the "Revolving Credit Facility") and (ii) an \$880.0 million senior secured term A loan (the "Term A Loan," collectively with the Revolving Credit Facility, the "Credit Facility"). The Revolving Credit Facility and the Term A Loan mature on the fifth anniversary of the Closing Date (or earlier upon the occurrence or non-occurrence of certain events). The Term A Loan was fully funded on the Closing Date. Proceeds from the Credit Agreement were used to refinance all outstanding obligations under the Prior Credit Facility, including a senior secured term loan A facility (the "Prior Term A Loan") and senior secured term loan B facility (the "Prior Refinancing Term B Loan," and collectively with the Prior Term A Loan, the "Prior Term Loans"), and to fund transaction costs in connection with the Credit Agreement. For additional information, refer to Note 5, *Long-Term Debt* in the notes to our condensed consolidated financial statements included herein.

Amounts Outstanding

The outstanding principal amounts under the Credit Facility and Prior Credit Facility are comprised of the following:

<i>(In millions)</i>	September 30, 2022	December 31, 2021
Revolving Credit Facility	\$ 75.0	\$ —
Term A Loan	858.0	—
Prior Term A Loan	—	118.2
Prior Refinancing Term B Loan	—	749.7
Swing Loan	76.4	—
Total outstanding principal amounts	\$ 1,009.4	\$ 867.9

With a total revolving credit commitment of \$1,450.0 million available under the Credit Facility, \$75.0 million and \$76.4 million in borrowings outstanding on the Revolving Credit Facility and the Swing Loan, respectively, and \$13.8 million allocated to support various letters of credit, there is a remaining contractual availability under the Credit Facility of \$1,284.8 million as of September 30, 2022.

The blended interest rate for outstanding borrowings under the Credit Facility was 4.2% at September 30, 2022 and 2.3% at December 31, 2021.

Redemption of 8.625% Senior Notes due June 2025

On June 1, 2022, we redeemed the outstanding \$300.0 million 8.625% Senior Notes at a redemption price of 104.313% plus accrued and unpaid interest to the redemption date. The redemption, including the redemption premium, accrued and unpaid interest, fees, expenses and commissions related to this redemption, was funded through a combination of cash on hand and borrowings under our Revolving Credit Facility.

Debt Service Requirements

Debt service requirements for the Term A Loan include amortization in an annual amount equal to 5.00% of the original principal amount thereof, commencing June 30, 2022, payable on a quarterly basis. Additionally, under the Credit Facility we have monthly to quarterly interest payment obligations, depending on the rates we lock in, for the Term A Loan, unused line interest payments and any outstanding borrowings under the Revolving Credit Facility. Debt service requirements under our current outstanding senior notes consist of semi-annual interest payments (based upon a fixed annual interest rate of 4.750%) and principal repayments of our \$1.0 billion aggregate principal amount of 4.750% Senior Notes due 2027 ("4.750% Senior Notes due 2027") and our 4.750% Senior Notes due 2031.

Covenant Compliance

As of September 30, 2022, we were in compliance with the covenants of our debt instruments.

The indentures governing the senior notes contain provisions that allow for the incurrence of additional indebtedness, if after giving effect to such incurrence, the fixed charge coverage ratio (as defined in the respective indentures, essentially a ratio of our consolidated EBITDA to fixed charges, including interest) for the trailing four quarter period on a pro forma basis would be at least 2.0 to 1.0. Should this provision prohibit the incurrence of additional debt, we may still borrow under our existing Credit Facility to the extent that borrowing capacity remains under that agreement, as well as from other funding sources as provided under our debt agreements.

Guarantor Financial Information

In connection with the issuance of our 4.750% Senior Notes due 2027, our 8.625% Senior Notes and our 4.750% Senior Notes due 2031 (collectively, the "Guaranteed Notes"), certain of the Company's wholly owned subsidiaries (the "Guarantors") provide guarantees of those indentures. These Guaranteed Notes are fully and unconditionally guaranteed, on a joint and several basis, by certain of our current and future domestic restricted subsidiaries, all of which are 100% owned by us. On June 1, 2022, the remaining 8.625% Senior Notes were fully redeemed.

Summarized combined balance sheet information for the parent company and the Guarantors is as follows:

<i>(In millions)</i>	September 30, 2022	December 31, 2021
Current assets	\$ 410.2	\$ 487.7
Noncurrent assets	10,634.2	10,158.4
Current liabilities	547.9	538.1
Noncurrent liabilities	3,949.3	4,138.4

Summarized combined results of operations for the parent company and the Guarantors is as follows:

<i>(In millions)</i>	Nine Months Ended September 30, 2022
Revenues	\$ 2,699.4
Operating income	1,327.4
Income before income taxes	1,195.0
Net income	1,061.0

Share Repurchase Programs

Subject to applicable corporate securities laws, repurchases under our share repurchase program may be made at such times and in such amounts as we deem appropriate. We are subject to certain limitations regarding the repurchase of common stock, such as restricted payment limitations related to our outstanding senior notes and Credit Facility. Purchases under our share repurchase program can be discontinued at any time that we feel additional purchases are not warranted. We intend to fund the repurchases under the share repurchase program with existing cash resources, cash generated from operations and availability under our Credit Facility.

On October 21, 2021, our Board of Directors authorized a share repurchase program of \$300.0 million (the "Share Repurchase Program"). On June 1, 2022, our Board of Directors authorized a \$500.0 million increase to the Share Repurchase Program. We are not obligated to repurchase any shares under this program, and purchases under the Share Repurchase Program can be discontinued at any time at our sole discretion. We repurchased 2.5 million and 7.6 million shares during the three and nine months ended September 30, 2022, respectively. There were no share repurchases during the three and nine months ended September 30, 2021 as we had suspended all share repurchases in March 2020 due to the impact of the COVID-19 pandemic on our business. As of September 30, 2022, we are authorized to repurchase up to an additional \$345.8 million in shares of our common stock.

We have in the past, and may in the future, acquire our debt or equity securities, through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemptions or otherwise, upon such terms and at such prices as we may determine.

Quarterly Dividend Program

On February 3, 2022, the Company announced that its Board of Directors had authorized the reinstatement of the Company's cash dividend program.

The dividends declared by the Board of Directors under this program and reflected in the periods presented are:

Declaration date	Record date	Payment date	Amount per share
February 3, 2022	March 15, 2022	April 15, 2022	\$ 0.15
June 1, 2022	June 30, 2022	July 15, 2022	0.15
September 15, 2022	September 30, 2022	October 15, 2022	0.15

Other Items Affecting Liquidity

We anticipate funding our capital requirements, including the acquisition of Pala Interactive, using cash on hand, cash being generated by our properties and availability under our Revolving Credit Facility, to the extent borrowing capacity exists after we meet our working capital needs for the next twelve months. Any additional financing that is needed may not be available to us or, if available, may not be on terms favorable to us. The outcome of the specific matters discussed herein, including our commitments and contingencies, may also affect our liquidity.

Commitments

Acquisition
On November 1, 2022, the Company completed its previously announced acquisition of Pala Interactive, LLC ("Pala Interactive") and its subsidiaries, including its Canadian subsidiary Pala Canada Interactive Inc. ("Pala Canada"), for total net cash consideration of \$170.1 million. Pala Interactive is an innovative online gaming technology company that provides proprietary solutions on both a business-to-business ("B2B") and business-to-consumer ("B2C") basis in regulated markets across the United States and Canada. We financed the transaction with borrowings under our Revolving Credit Facility.

Capital Spending and Development

We currently estimate that our annual cash capital requirements to perform ongoing refurbishment and maintenance at our properties is approximately \$225 million to \$245 million. We fund our capital expenditures through cash on hand, our Credit Facility and operating cash flows.

[Table of Contents](#)

In addition to the capital spending discussed above, we continue to pursue other potential development projects that may require us to invest significant amounts of capital, including beginning construction on a land-based facility at Treasure Chest which will replace our existing riverboat, and expansion of the Fremont's casino space and dining options. Both of these projects are in addition to our maintenance capital spending, and we expect to spend an additional \$120 million related to these projects through the end of 2023.

Other Opportunities

We regularly investigate and pursue additional expansion opportunities in markets where casino gaming is currently permitted. We also pursue expansion opportunities in jurisdictions where casino gaming is not currently permitted in order to be prepared to develop projects upon approval of casino gaming. Such expansions will be affected and determined by several key factors, which may include the following:

- the outcome of gaming license selection processes;
- the approval of gaming in jurisdictions where we have been active but where casino gaming is not currently permitted;
- identification of additional suitable investment opportunities in current gaming jurisdictions; and
- availability of acceptable financing.

Additional projects may require us to make substantial investments or may cause us to incur substantial costs related to the investigation and pursuit of such opportunities, which we may fund through cash flow from operations or availability under our Credit Facility. To the extent such sources of funds are not sufficient, we may also seek to raise additional funds through public or private equity or debt financings or from other sources to the extent such financing is available.

Contingencies

Legal Matters

We are parties to various legal proceedings arising in the ordinary course of business. We believe that all pending claims, if adversely decided, would not have a material adverse effect on our business, financial position or results of operations.

Off Balance Sheet Arrangements

There have been no material changes to our off balance sheet arrangements described under Part II. Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on February 28, 2022.

Critical Accounting Policies

There have been no material changes to our critical accounting policies described under Part II. Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the period ended December 31, 2021, as filed with the SEC on February 28, 2022.

Recently Issued Accounting Pronouncements

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our condensed consolidated financial statements, see Note 1, *Summary of Significant Accounting Policies - Recently Issued Accounting Pronouncements*, in the notes to the condensed consolidated financial statements (unaudited).

Important Information Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements contain words such as "may," "will," "might," "expect," "believe," "anticipate," "could," "would," "estimate," "pursue," "target," "project," "intend," "plan," "seek," "should," "assume," and "continue," or the negative thereof or comparable terminology. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially from such forward-looking statements include:

- the factors that contribute to our ongoing success and our ability to be successful in the future;
- impacts caused by the COVID-19 pandemic or any other public health emergencies we may encounter;
- our business model, areas of focus and strategy for driving business results;
- competition, including expansion of gaming into additional markets including internet gaming, the impact of competition on our operations, our ability to respond to such competition, and our expectations regarding continued competition in the markets in which we compete;
- the general effect, and expectation, of the national and global economy on our business, including but not limited to interest rates and inflationary pressures, as well as the economies where each of our properties are located;
- indebtedness, including Boyd Gaming's ability to refinance or pay amounts outstanding under its credit agreement and Boyd Gaming's unsecured notes, when they become due and our compliance with related covenants, and our expectation that we will need to refinance all or a portion of our respective indebtedness at or before maturity;
- our expectation regarding the trends that will affect the gaming industry over the next few years and the impact of these trends on growth of the gaming industry, future development opportunities and merger and acquisition activity in general;
- our intention to pursue expansion opportunities, including acquisitions, that are a good fit for our business, deliver a solid return for stockholders, and are available at the right price;
- that our credit agreement and our cash flows from operating activities will be sufficient to meet our respective projected operating and maintenance capital expenditures for the next twelve months;

[Table of Contents](#)

- our belief that all pending litigation claims, if adversely decided, will not have a material adverse effect on our business, financial position or results of operations;
- that margin improvements will remain a driver of profit growth for us going forward;
- regulations, including anticipated taxes, tax credits or tax refunds expected, and the ability to receive and maintain necessary approvals for our projects;
- our expectations regarding the expansion of sports betting and online wagering;
- our asset impairment analyses and our intangible asset and goodwill impairment tests;
- the likelihood of interruptions to our rights in the land we lease under long-term leases for certain of our hotels and casinos;
- that estimates and assumptions made in the preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles may differ from actual results; and
- our estimates as to the effect of any changes in our Consolidated EBITDA on our ability to remain in compliance with certain covenants in the credit agreement.

Additional factors that could cause actual results to differ are discussed in Part I. Item 1A. *Risk Factors* of our Annual Report on Form 10-K for the period ended December 31, 2021, and in other current and periodic reports filed from time to time with the SEC. All forward-looking statements in this document are made as of the date hereof, based on information available to us as of the date hereof, and we assume no obligation to update any forward-looking statement.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We do not hold any market risk sensitive instruments for trading purposes. Our primary exposure to market risk is interest rate risk, specifically long-term U.S. treasury rates and the applicable spreads in the high-yield investment market, short-term and long-term SOFR rates, and their potential impact on our long-term debt. From March 2022 through September 2022, the Federal Reserve has increased the federal funds rate by 300 basis points. These recent increases in the federal funds rate may impact the interest paid on our variable-rate borrowings both now and in the future. We attempt to limit our exposure to interest rate risk by managing the mix of our long-term fixed-rate borrowings and short-term borrowings under our Credit Facility. We do not currently utilize derivative financial instruments for trading or speculative purposes.

As of September 30, 2022, our long-term variable-rate borrowings represented approximately 34.7% of total long-term debt. Based on September 30, 2022 debt levels, a 100 basis point change in the interest rate would cause our annual interest costs on variable-rate borrowings to change by approximately \$10.1 million. We believe there have been no other material changes in our exposure to market risks as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on February 28, 2022.

See also "Liquidity and Capital Resources" above.

Item 4. Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q (the "Report"), we carried out an evaluation, under the supervision and with the participation of 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 Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on the evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report.

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II. Other Information**Item 1. Legal Proceedings**

We are parties to various legal proceedings arising in the ordinary course of business. We believe that all pending claims, if adversely decided, would not have a material adverse effect on our business, financial position, results of operations or cash flows.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in Part I. Item 1A. *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on February 28, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table discloses share repurchases that we have made pursuant to our share repurchase program during the three months ended September 30, 2022.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Approximate Dollar Value That May Yet Be Purchased Under the Plan
July 1, 2022 through July 31, 2022	—	\$ —	—	\$ 480,832,551
August 1, 2022 through August 31, 2022	1,072,078	55.97	1,072,078	420,832,103
September 1, 2022 through September 30, 2022	1,401,605	53.51	1,401,605	345,836,872
Total	2,473,683	\$ 54.57	2,473,683	\$ 345,836,872

(1) All shares repurchased are covered by our share repurchase program as approved by our Board of Directors (the "Share Repurchase Program"). The Board of Directors approved \$300.0 million for our Share Repurchase Program on October 21, 2021 and an additional \$500.0 million on June 1, 2022, for a total authorization of \$800.0 million. The Share Repurchase Program has no expiration date.

[Table of Contents](#)**Item 6. Exhibits**

Exhibit Number	Document of Exhibit	Method of Filing
2.1	Purchase Agreement and Plan of Merger, dated as of March 28, 2022, by and among Boyd Interactive, Boyd Phoenix Acquisition, LLC, Boyd Phoenix Canada Inc., Pala Interactive, Pala Canada Holdings, LLC and Shareholder Representative Services LLC as representative of the holders of the membership interests of Pala Interactive.	Incorporated by reference to Exhibit 2.1 of the Registrant's Quarterly Report on Form 10-Q, filed with the SEC on May 6, 2022
22	List of Guarantor Subsidiaries of Boyd Gaming Corporation.	Incorporated by reference to Exhibit 22 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 28, 2022
31.1	Certification of the Chief Executive Officer of the Registrant pursuant to Exchange Act rule 13a-14(a).	Filed electronically herewith
31.2	Certification of the Chief Financial Officer of the Registrant pursuant to Exchange Act rule 13a-14(a).	Filed electronically herewith
32.1	Certification of the Chief Executive Officer of the Registrant pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. § 1350.	Furnished electronically herewith
32.2	Certification of the Chief Financial Officer of the Registrant pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. § 1350.	Furnished electronically herewith
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of September 30, 2022 and December 31, 2021, (ii) Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2022 and 2021, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2022 and 2021, (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for each of the three month quarterly periods within the nine months ended September 30, 2022 and 2021, (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2022 and 2021, and (vi) Notes to Condensed Consolidated Financial Statements.	Filed electronically herewith
104	Inline XBRL for cover page of the Company's Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set.	Filed electronically herewith

BOYD GAMING CORPORATION
CERTIFICATION

I, Keith E. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boyd Gaming Corporation;
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 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 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: November 3, 2022

By: /s/ Keith E. Smith

Keith E. Smith

President and Chief Executive Officer

BOYD GAMING CORPORATION
CERTIFICATION

I, Josh Hirsberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Boyd Gaming Corporation;
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 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 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: November 3, 2022

By: /s/ Josh Hirsberg

Josh Hirsberg

**Executive Vice President, Chief Financial Officer and
Treasurer**

BOYD GAMING CORPORATIONCERTIFICATION

In connection with the periodic report of Boyd Gaming Corporation (the "Company") on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, Keith E. Smith, President and Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: November 3, 2022

By: /s/ Keith E. Smith

Keith E. Smith

President and Chief Executive Officer

BOYD GAMING CORPORATIONCERTIFICATION

In connection with the periodic report of Boyd Gaming Corporation (the "Company") on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, Josh Hirsberg, Executive Vice President, Chief Financial Officer and Treasurer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: November 3, 2022

By: /s/ Josh Hirsberg

Josh Hirsberg

**Executive Vice President, Chief Financial Officer and
Treasurer**