

Hall of Fame Resort revenue increases during second quarter

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CANTON – A growing number of events and a downtown hotel are generating revenue for Hall of Fame Resort & Entertainment Co., but the company remains focused on construction and the future of sports betting in Ohio.

Michael Crawford, president and chief executive officer, discussed ongoing construction and efforts to establish a sports betting business during a conference call Friday morning with investors.

The call followed the company's release of second quarter financial results. Hall of Fame Resort reported increased revenue, as well as a profit created because of an accounting adjustment.

Pro Football Hall of Fame: Prep work moves forward at Hall of Fame Village powered by Johnson Controls

Crawford and Jason Krom, chief financial officer, didn't focus on the second quarter numbers during the investor call. They discussed the company's efforts to grow.

Hall of Fame Resort is developing the Hall of Fame Village powered by Johnson Controls, a nearly \$1 billion project surrounding the Pro Football Hall of Fame. The company also is developing media and gaming business segments tied to the village and professional football.

Hall of Fame Village construction progressing

Crawford said the company continues working on a final construction loan for the second phase of the village project. The company had hoped to lock up the construction loan before the second quarter ended.

Construction has been ongoing, Crawford said, citing completion of a fan engagement area on the east end of Tom Benson Hall of Fame Stadium and work at the Constellation Center for Excellence west of the stadium.

In the coming month, foundations will be poured for the retail promenade. A hotel, football-themed water park and center for performance also are part of the \$300 million second phase.

Crawford said work is progressing on schedule. He expects construction will be finished by 2023, with the water park being the final building in the phase.

A final construction loan is part of the total financial package for the project that includes other financing sources, Crawford said. The company is working to secure the best loan option, he said.

"We want to make a good decision versus a quick decision," Crawford said.

Sports betting for the Hall of Fame Resort

The company also had hoped to have the sports betting question resolved before the second quarter ended.

Once factor in the delay has been the Ohio Legislature's failure to finalize a bill. Two bills are pending — one approved by the Senate and a second awaiting action in the House — and a decision is anticipated when legislators return in September.

Crawford said the company is closely connected with different legislators involved in developing Ohio's sports betting law. He is confident Hall of Fame Village would qualify for a sports betting license under the current proposals.

The company also is talking with potential partners if sports betting becomes legal in Ohio. He cited the agreement the company already has with Esports, which plans to locate a gaming center at Hall of Fame Village.

"I'm excited about the conversations we're having," Crawford said.

Other business segments

The three business segments being developed by Hall of Fame Resort are tied together through football, Crawford said.

The company benefited from the events tied to the Pro Football Hall of Fame Enshrinement Powered by Johnson Controls. The stadium and downtown hotel both generate revenue through the events.

The Constellation Center for Excellence should be finished before the end of September, with tenants moving in later this year.

The NFL Alumni Academy is set to resume this fall, which will generate money for use of stadium. The company's media segment is developing programming based on the academy, as well as programming tied to the "Heisman to Hall" project highlighting the 10 Heisman Trophy winners in the Pro Football Hall of Fame.

The company relaunched its NFT business, allowing credit and debit card purchases of the collectibles instead of cryptocurrencies. Crawford expects the company will develop more NFTs. "It's a marketplace that is evolving daily."

Second quarter numbers

The company reported net income of \$15.5 million, or 16 cents per share, for the quarter, compared with a loss of \$9.7 million, or \$1.78 per share, last year.

Revenue increased 38.8% to \$2.36 million from \$1.7 million last year. Revenue gains were fueled by \$795,222 from hotel operations. Last year the DoubleTree by Hilton was being remodeled and not open.

Through the first half of 2021, the company is carrying a loss of \$110.6 million, compared with a loss of \$22.8 million in 2020. Revenue has increased 16.7% to \$4.28 million compared with \$3.67 million last year.

The profit was primarily because of \$26.3 million of income related to a change in fair value of warrant liability, the company said. Meanwhile, the company's adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) was a loss of \$5.6 million, compared to \$1.3 million last year, resulting from increased investments in operations.