CHURCHILL DOWNS
INCORPORATED

Mage Wins the 149th Running of the Kentucky Derby Presented by Woodford Reserve

May 7, 2023

149th Kentucky Derby Race, the Kentucky Derby Day Program, and Kentucky Derby Week Races All Set New Handle Records

LOUISVILLE, Ky., May 06, 2023 (GLOBE NEWSWIRE) -- Churchill Downs Incorporated ("CDI") (Nasdaq: CHDN) announced today that a spirited and vibrant crowd of 150,335 Derby fans at Churchill Downs Racetrack ("Churchill Downs") witnessed Mage claim the Garland of Roses at the 149th running of the Kentucky Derby presented by Woodford Reserve at 15-1 odds under mostly sunny skies. CDI also announced that wagering from all sources was the highest all-time on the Kentucky Derby race, the Kentucky Derby Day program, and Kentucky Derby Week races.

Mage, owned by OGMA Investments, LLC (Gustavo Delgado), Ramiro Restrepo, Sterling Racing (Sam Herzberg) and Commonwealth Thoroughbred LLC (Brian Doxtator and Chase Chamberlin), bred in Kentucky by Grandview Equine (Robert Clay), trained by Gustavo Delgado, and ridden by Javier Castellano, rallied to win by a length. Mage covered the mile and a quarter in 2.01.57 over a fast track.

Wagering from all sources on the Kentucky Derby Day program set a new record of $288.7 million, beating last year's record of $273.8 million. All-sources wagering on the Kentucky Derby race was a new record of $188.7 million, beating the previous record of $179.0 million set in 2022. All-sources handle for Derby Week rose to a new record of $412.0 million, beating last year's record of $391.8 million.

TwinSpires, the official betting partner of the Kentucky Derby, handled a new record of $73.6 million in wagering on Churchill Downs races for the Kentucky Derby Day program, compared to last year's record of $67.4 million. TwinSpires' handle on the Kentucky Derby race was a new record of $47.0 million, beating last year's record of $44.0 million.

"We were thrilled to debut our new First Turn Experience, a one-of-a-kind premium accommodation with exclusive views of the horses and the racetrack from the rail of the first turn, as we commemorated the 50th anniversary of Secretariat's victory in the Run for the Roses," said Bill Carstanjen, CEO of CDI. "We expect the Kentucky Derby Week Adjusted EBITDA to reflect a new record with $14 to $16 million of growth over the prior record set last year. We will now accelerate our focus on our year-long celebration in preparation for the 150th Kentucky Derby in May 2024."

Use of Non-GAAP Measures

In addition to the results provided in accordance with GAAP, the Company also uses non-GAAP measures, including adjusted net income, adjusted diluted EPS, EBITDA (earnings before interest, taxes, depreciation and amortization), and Adjusted EBITDA.

The Company uses non-GAAP measures as a key performance measure of the results of operations for purposes of evaluating performance internally. These measures facilitate comparison of operating performance between periods and help investors to better understand the operating results of the Company by excluding certain items that may not be indicative of the Company's core business or operating results. The Company believes the use of these measures enables management and investors to evaluate and compare, from period to period, the Company's operating performance in a meaningful and consistent manner. The non-GAAP measures are a supplemental measure of our performance that is not required by, or presented in accordance with, GAAP, and should not be considered as an alternative to, or more meaningful than, net income or diluted EPS (as determined in accordance with GAAP) as a measure of our operating results.

We use Adjusted EBITDA to evaluate segment performance, develop strategy, and allocate resources. We utilize the Adjusted EBITDA metric to provide a more accurate measure of our core operating results and enable management and investors to evaluate and compare from period to period our operating performance in a meaningful and consistent manner. Adjusted EBITDA should not be considered as an alternative to operating income as an indicator of performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure provided in accordance with GAAP. Our calculation of Adjusted EBITDA may be different from the calculation used by other companies and, therefore, comparability may be limited.

Adjusted net income and adjusted diluted EPS exclude discontinued operations net income or loss; net income or loss attributable to noncontrolling interest; changes in fair value for interest rate swaps related to Rivers Des Plaines; Rivers Des Plaines' legal reserves and transaction costs; transaction expense, which includes acquisition and disposition related charges, as well as legal, accounting, and other deal-related expense; pre-opening expense; and certain other gains, charges, recoveries, and expenses.

Adjusted EBITDA includes our portion of EBITDA from our equity investments.

Adjusted EBITDA excludes:

- Transaction expense, net which includes:
    - Acquisition, disposition, and land sale related charges;
    - Direct online Sports and Casino business exit costs; and
    - Other transaction expense, including legal, accounting, and other deal-related expense;
- Stock-based compensation expense;
- Rivers Des Plaines' impact on our investments in unconsolidated affiliates from:
    - The impact of changes in fair value of interest rate swaps; and
    - Legal reserves and transaction costs;
- Asset impairments;

- Gain on property sales;
- Legal reserves;
- Pre-opening expense; and
- Other charges, recoveries, and expenses

As of December 31, 2021, Arlington ceased racing and simulcast operations and the property was sold on February 15, 2023 to the Chicago Bears. Arlington's results in 2022 and 2023 are treated as an adjustment to EBITDA and are included in Other expenses, net in the Reconciliation of Comprehensive Income to Adjusted EBITDA.

About Churchill Downs Incorporated

Churchill Downs Incorporated (NASDAQ: CHDN) has been creating extraordinary entertainment experiences for nearly 150 years, beginning with the company’s most iconic and enduring asset, the Kentucky Derby. Headquartered in Louisville, Kentucky, CDI has expanded through the development of live and historical racing entertainment venues, the growth of the TwinSpires horse racing online wagering business and the operation and development of regional casino gaming properties. More information is available at http://www.churchilldownsincorporated.com.

This news release contains various “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by the use of terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “predict,” “project,” “seek,” “should,” “will,” and similar words or similar expressions (or negative versions of such words or expressions).

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors, among others, that may materially affect actual results or outcomes include the following: the occurrence of extraordinary events, such as terrorist attacks, public health threats, civil unrest, and inclement weather, including as a result of climate change; the effect of economic conditions on our consumers' confidence and discretionary spending or our access to credit, including the impact of inflation; additional or increased taxes and fees; the impact of the novel coronavirus (COVID-19) pandemic, including the emergence of variant strains, and related economic matters on our results of operations, financial conditions and prospects; lack of confidence in the integrity of our core businesses or any deterioration in our reputation; loss of key or highly skilled personnel, as well as disruptions in the general labor market; the impact of significant competition, and the expectation the competition levels will increase; changes in consumer preferences, attendance, wagering, and sponsorships; risks associated with equity investments, strategic alliances and other third-party agreements; inability to respond to rapid technological changes in a timely manner; concentration and evolution of slot machine and historical racing machine (HRM) manufacturing or other technology conditions that could impose additional costs; failure to enter into or maintain agreements with industry constituents, including horsemen and other racetracks; inability to successfully focus on market access and retail operations for our TwinSpires Sports and Casino business and effectively compete; online security risk, including cyber-security breaches, or loss or misuse of our stored information as a result of a breach; reliance on our technology services and catastrophic events and system failures disrupting our operations; inability to identify and / or complete, or fully realize the benefits of acquisitions, divestitures, development of new venues or the expansion of existing facilities on time, on budget, or as planned; difficulty in integrating recent or future acquisitions into our operations; cost overruns and other uncertainties associated with the development of new venues and the expansion of existing facilities; general risks related to real estate ownership and significant expenditures, including risks related to environmental liabilities; personal injury litigation related to injuries occurring at our racetracks; compliance with the Foreign Corrupt Practices Act or other similar laws and regulations, or applicable anti-money laundering regulations; payment-related risks, such as risk associated with fraudulent credit card or debit card use; work stoppages and labor problems; risks related to pending or future legal proceedings and other actions; highly regulated operations and changes in the regulatory environment could adversely affect our business; restrictions in our debt facilities limiting our flexibility to operate our business; failure to comply with the financial ratios and other covenants in our debt facilities and other indebtedness; increases to interest rates (due to inflation or otherwise), disruption in the credit markets or changes to our credit ratings may adversely affect our business; increase in our insurance costs, or inability to obtain similar insurance coverage in the future, and any inability to recover under our insurance policies for damages sustained at our properties in the event of inclement weather and casualty events; and other factors described under the heading “Risk Factors” in our most recent Annual Report on Form 10-K and other filings we make with the Securities and Exchange Commission.

We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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