

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

FORM 10-Q

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

For the quarterly period ended March 31, 2025

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 001-33998

**Churchill Downs Incorporated**

(Exact name of registrant as specified in its charter)

**Kentucky**

(State or other jurisdiction of incorporation or organization)

**600 North Hurstbourne Parkway, Suite 400**

**Louisville, Kentucky**

(Address of Principal Executive Offices)

**61-0156015**

(I.R.S. Employer Identification No.)

**40222**

(Zip Code)

**(502) 636-4400**

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, No Par Value	CHDN	The Nasdaq Global Select Market LLC

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 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

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

The number of shares outstanding of registrant's common stock at April 16, 2025 was 72,232,103 shares.

**CHURCHILL DOWNS INCORPORATED**  
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**For the Quarter Ended March 31, 2025**

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**CHURCHILL DOWNS INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

(in millions, except per common share data)

	Three Months Ended March 31,	
	2025	2024
<b>Net revenue:</b>		
Live and Historical Racing	\$ 272.5	\$ 245.1
Wagering Services and Solutions	106.9	106.6
Gaming	263.2	239.2
All Other	—	—
<b>Total net revenue</b>	642.6	590.9
<b>Operating expense:</b>		
Live and Historical Racing	189.7	157.2
Wagering Services and Solutions	67.2	67.9
Gaming	192.1	178.5
All Other	4.1	2.1
Selling, general and administrative expense	54.5	54.8
Transaction expense, net	0.4	4.1
<b>Total operating expense</b>	508.0	464.6
<b>Operating income</b>	134.6	126.3
<b>Other (expense) income:</b>		
Interest expense, net	(72.3)	(70.4)
Equity in income of unconsolidated affiliates	33.3	37.8
Miscellaneous, net	0.3	8.1
<b>Total other (expense) income</b>	(38.7)	(24.5)
Income from operations before provision for income taxes	95.9	101.8
Income tax provision	(18.7)	(21.4)
Net income	77.2	80.4
Net income attributable to noncontrolling interest	0.5	—
<b>Net income and comprehensive income attributable to Churchill Downs Incorporated</b>	\$ 76.7	\$ 80.4
<b>Net income attributable to Churchill Downs Incorporated per common share data:</b>		
Basic net income	\$ 1.02	\$ 1.09
Diluted net income	\$ 1.02	\$ 1.08
Weighted average shares outstanding:		
Basic	73.7	74.1
Diluted	74.4	74.7

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

**CHURCHILL DOWNS INCORPORATED**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(in millions)

	March 31, 2025	December 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 174.2	\$ 175.5
Restricted cash	97.0	77.2
Accounts receivable, net	108.6	98.7
Income taxes receivable	—	14.5
Other current assets	72.6	46.4
Total current assets	452.4	412.3
Property and equipment, net	2,907.3	2,874.9
Investment in and advances to unconsolidated affiliates	663.1	661.2
Goodwill	900.2	900.2
Other intangible assets, net	2,406.3	2,409.0
Other assets	17.8	18.3
Total assets	\$ 7,347.1	\$ 7,275.9
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 207.1	\$ 180.3
Accrued expenses and other current liabilities	423.6	402.0
Income taxes payable	4.8	—
Current deferred revenue	146.8	52.9
Current maturities of long-term debt	63.1	63.1
Dividends payable	0.7	31.0
Total current liabilities	846.1	729.3
Long-term debt, net of current maturities and loan origination fees	1,736.5	1,767.9
Notes payable, net of debt issuance costs	3,077.4	3,076.2
Non-current deferred revenue	20.0	20.0
Deferred income taxes	432.8	432.7
Other liabilities	141.2	146.5
Total liabilities	6,254.0	6,172.6
Commitments and contingencies		
Redeemable noncontrolling interest	21.4	19.7
Shareholders' equity:		
Preferred stock	—	—
Common stock	—	—
Retained earnings	1,072.7	1,084.6
Accumulated other comprehensive loss	(1.0)	(1.0)
Total Churchill Downs Incorporated shareholders' equity	1,071.7	1,083.6
Total liabilities and shareholders' equity	\$ 7,347.1	\$ 7,275.9

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

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2025

**CHURCHILL DOWNS INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Unaudited)

	Common Stock			Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
<i>(in millions)</i>						
<b>Balance, December 31, 2024</b>	73.5	\$ —	\$	1,084.6	\$ (1.0)	\$ 1,083.6
Net income attributable to Churchill Downs Incorporated				76.7		76.7
Issuance of common stock	0.1					—
Repurchase of common stock	(0.8)			(88.4)		(89.4)
Taxes paid related to net share settlement of stock awards				(3.9)		(3.9)
Stock-based compensation				4.9		4.9
Other				(0.2)		(0.2)
<b>Balance, March 31, 2025</b>	<u>72.8</u>	<u>\$ —</u>	<u>\$</u>	<u>1,072.7</u>	<u>\$ (1.0)</u>	<u>\$ 1,071.7</u>

	Common Stock			Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
<i>(in millions)</i>						
<b>Balance, December 31, 2023</b>	74.5	\$ —	\$	894.5	\$ (0.9)	\$ 893.6
Net income attributable to Churchill Downs Incorporated				80.4		80.4
Issuance of common stock	0.3					—
Repurchase of common stock	(1.2)			(138.5)		(145.7)
Taxes paid related to net share settlement of stock awards	(0.1)			(7.6)		(7.6)
Stock-based compensation				7.2		7.2
Other				(1.0)		(1.0)
<b>Balance, March 31, 2024</b>	<u>73.5</u>	<u>\$ —</u>	<u>\$</u>	<u>827.8</u>	<u>\$ (0.9)</u>	<u>\$ 826.9</u>

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

**CHURCHILL DOWNS INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>(in millions)</i>	Three Months Ended March 31,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net income	\$ 77.2	\$ 80.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	59.2	46.9
Distributions from unconsolidated affiliates	31.4	45.0
Equity in income of unconsolidated affiliates	(33.3)	(37.8)
Stock-based compensation	3.6	7.2
Deferred income taxes	—	4.9
Amortization of operating lease assets	1.6	1.4
Other	2.3	1.7
Changes in operating assets and liabilities:		
Income taxes	19.0	17.0
Deferred revenue	93.9	80.1
Other assets and liabilities	(8.4)	7.9
Net cash provided by operating activities	246.5	254.7
<b>Cash flows from investing activities:</b>		
Capital maintenance expenditures	(12.6)	(12.4)
Capital project expenditures	(67.5)	(142.6)
Other	—	1.6
Net cash used in investing activities	(80.1)	(153.4)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings under long-term debt obligations	219.7	355.5
Repayments of borrowings under long-term debt obligations	(251.4)	(266.7)
Payment of dividends	(30.1)	(28.6)
Repurchase of common stock	(86.4)	(141.7)
Taxes paid related to net share settlement of stock awards	(3.9)	(10.4)
Debt issuance costs	(0.3)	—
Change in bank overdraft	4.6	(8.6)
Other	(0.1)	(0.6)
Net cash used in financing activities	(147.9)	(101.1)
<b>Net increase in cash, cash equivalents and restricted cash</b>	18.5	0.2
Cash, cash equivalents and restricted cash, beginning of period	252.7	221.8
<b>Cash, cash equivalents and restricted cash, end of period</b>	\$ 271.2	\$ 222.0

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

**CHURCHILL DOWNS INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
**(Unaudited)**

*(in millions)*

	Three Months Ended March 31,			
	2025		2024	
<b>Supplemental disclosures of cash flow information:</b>				
Cash paid for interest	\$	44.6	\$	50.8
Cash paid for income taxes		1.0		0.2
Cash received from income tax refunds		1.4		0.1
<b>Schedule of non-cash operating, investing and financing activities:</b>				
Property and equipment additions included in accounts payable and accrued expenses	\$	48.2	\$	83.9
Right-of-use assets obtained in exchange for lease obligations in operating leases		5.9		0.1
Right-of-use assets obtained in exchange for lease obligations in finance leases		—		3.6
Repurchase of common stock included in accrued expense and other current liabilities		6.0		4.0

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

## 1. DESCRIPTION OF BUSINESS

### *Basis of Presentation*

Churchill Downs Incorporated (the "Company" or "CDI") financial statements are presented in conformity with the requirements of this Quarterly Report on Form 10-Q and consequently do not include all of the disclosures normally required by U.S. generally accepted accounting principles ("GAAP") or those normally made in our Annual Report on Form 10-K. The December 31, 2024 Condensed Consolidated Balance Sheet data was derived from audited financial statements but does not include all disclosures required by GAAP.

The following information is unaudited. All per share amounts assume dilution unless otherwise noted. This report should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2024.

In the opinion of management, all adjustments necessary for a fair statement of this information have been made, and all such adjustments are of a normal, recurring nature.

In April 2024, the Company closed on the sale of 49% of the United Tote Company ("United Tote"), a wholly owned subsidiary of CDI, to NYRA Content Management Solutions, LLC ("NYRA"), a subsidiary of the New York Racing Association, Inc. Refer to Note 10, Redeemable Noncontrolling Interest, for further information on the transaction.

We conduct our business through three reportable segments: Live and Historical Racing, Wagering Services and Solutions, and Gaming. The Wagering Services and Solutions segment was previously known as the TwinSpires segment. We aggregate our other businesses as well as certain corporate operations in All Other. We report net revenue and operating expense associated with these reportable segments in the accompanying Condensed Consolidated Statements of Comprehensive Income.

## 2. RECENT ACCOUNTING PRONOUNCEMENTS

### *Recent Accounting Pronouncements - Effective in 2025 or thereafter*

In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, Disclosure Improvements: Codification Amendments in Response to the Securities and Exchange Commission's ("SEC") Disclosure Update and Simplification Initiative, to amend certain disclosure and presentation requirements for a variety of topics within FASB's Accounting Standards Codification ("ASC"). These amendments align the requirements in the ASC regarding the removal of certain disclosure requirements set out in Regulation S-X and Regulation S-K, announced by the SEC. The effective date for each amended topic in the ASC is either the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or on June 30, 2027, if the SEC has not removed the requirements by that date. Early adoption is prohibited. The Company is currently evaluating the impact of this standard on the consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. Early adoption is permitted. The amendments are expected to be applied prospectively to all annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of this standard on the consolidated financial statements and related disclosures.

In November 2024, FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. Under ASU 2024-03, a public entity would be required to disclose information about purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion for each income statement line item that contains those expenses. This standard is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently assessing the impact of this standard on the consolidated financial statements and related disclosures.

## 3. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill was \$900.2 million as of March 31, 2025 and December 31, 2024.

**Churchill Downs Incorporated**  
**Notes to Condensed Consolidated Financial Statements**  
(Unaudited)

Other intangible assets are comprised of the following:

<i>(in millions)</i>	March 31, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets	\$ 95.9	\$ (36.9)	\$ 59.0	\$ 95.9	\$ (34.2)	\$ 61.7
Indefinite-lived intangible assets			2,347.3			2,347.3
Total			\$ 2,406.3			\$ 2,409.0

The Company is continuing to monitor the current economic conditions and the impacts on the results of operations of Presque Isle Downs and Casino due to historical impairments recorded in prior periods related to the gaming rights and trademark. Future economic conditions could have a negative impact on the estimates and assumptions utilized in our asset impairment assessments. These potential impacts could increase the risk of a future impairment of assets at Presque Isle.

#### 4. INCOME TAXES

The Company's effective income tax rate of 19.4% for the three months ended March 31, 2025 was lower than the U.S. federal statutory rate of 21.0% primarily resulting from a \$6.0 million benefit from the remeasurement of deferred income tax liabilities, as a result of certain entity classification elections that were made in the first quarter of 2025 decreasing income attributable to states with higher tax rates compared to prior year, partially offset by an unfavorable impact from state income taxes and non-deductible officer's compensation.

The Company's effective income tax rate for the three months ended March 31, 2024 was equal to the U.S. federal statutory rate of 21.0%. The Company's effective income tax rate for the three months ended March 31, 2024 included an unfavorable impact from state income taxes and non-deductible officer's compensation that was offset by a \$5.6 million benefit from the remeasurement of deferred income tax liabilities as a result of certain entity classification elections that were made in the first quarter of 2024 decreasing income attributable to states with higher tax rates compared to prior year.

#### 5. SHAREHOLDERS' EQUITY

##### *Stock Repurchase Programs*

On March 12, 2025, the Board of Directors of the Company approved a new common stock repurchase program of up to \$500.0 million (the "2025 Stock Repurchase Program"). The 2025 Stock Repurchase Program includes and is not in addition to any unspent amount remaining under the prior authorizations, including an unused authorization of \$125.6 million from the 2021 Stock Repurchase Program. Share repurchases may be made at management's discretion from time to time in the open market (either with or without a 10b5-1 plan) or through privately negotiated transactions. The repurchase program has no time limit and may be suspended or discontinued at any time. We had approximately \$434.6 million of repurchase authority remaining under the 2025 Stock Repurchase Program at March 31, 2025, based on trade date.

During the three months ended March 31, 2025 and 2024, we repurchased the following shares under our stock repurchase programs:

<i>(in millions, except share data)</i>	Three Months Ended March 31,			
	2025		2024	
	Shares	Aggregate Purchase Price	Shares	Aggregate Purchase Price
<b>Repurchase Program</b>				
2025 Stock Repurchase Program	586,238	\$ 65.4	—	\$ —
2021 Stock Repurchase Program	212,012	24.0	184,821	22.0
<b>Total</b>	798,250	\$ 89.4	184,821	\$ 22.0

As of March 31, 2025 and December 31, 2024, we had \$6.0 million and \$3.0 million, respectively, accrued for the future cash settlement of executed repurchases of our common stock.

***The Duchossois Group Share Repurchase***

On January 2, 2024, the Company closed on an agreement, dated December 18, 2023, with an affiliate of The Duchossois Group ("TDG") to repurchase 1,000,000 shares of the Company's common stock, for \$123.75 per share in a privately negotiated transaction for an aggregate purchase price of \$123.8 million. This represented a discount of 4.03% to the closing price on December 15, 2023 of \$128.95. The repurchase of shares of common stock from TDG was approved by the Company's Board of Directors separately from and did not reduce the authorized amount remaining under any existing common stock repurchase programs. The repurchase of the shares was funded using available cash and borrowings under the Company's senior secured credit facility.

**6. STOCK-BASED COMPENSATION PLANS**

On February 18, 2025, our Board of Directors approved the replacement of the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan (the "2016 Plan") with a new plan, the Churchill Downs Incorporated 2025 Omnibus Stock and Incentive Plan (the "2025 Plan"). The 2025 Plan was approved by shareholders at the Company's 2025 Annual Meeting of Shareholders held on April 22, 2025, and no further awards will be granted under the 2016 Plan. We have stock-based employee compensation plans with awards outstanding under the 2016 Plan and the Executive Long-Term Incentive Compensation Plan, which was adopted pursuant to the 2016 Plan. Our total stock-based compensation expense, which includes expenses related to restricted stock awards ("RSAs"), restricted stock unit awards ("RSUs"), performance share unit awards ("PSUs"), and stock options associated with our employee stock purchase plan was \$3.6 million for the three months ended March 31, 2025 and \$7.2 million for the three months ended March 31, 2024. At March 31, 2025 and December 31, 2024, the Company had \$9.1 million and \$25.0 million, respectively, recorded as liability-classified awards, which are included in accrued expense and other liabilities in the accompanying Condensed Consolidated Balance Sheets.

During the three months ended March 31, 2025, the Company awarded RSUs to employees, as well as RSUs and PSUs to certain named executive officers ("NEOs"). The vesting criteria for the PSU awards granted in 2025 were based on a three-year service period with two performance conditions and a market condition related to relative total shareholder return ("TSR") consistent with prior year grants. The total compensation cost we will recognize under the PSUs is determined using the Monte Carlo valuation methodology, which factors in the value of the TSR market condition when determining the grant date fair value of the PSU. Compensation cost for each PSU is recognized during the performance and service period based on the probable achievement of the two performance criteria. The PSUs can be converted into shares of our common stock at the time the PSU award value is finalized.

A summary of the RSUs and PSUs granted during 2025 is presented below (units in thousands):

<b>Grant Year</b>	<b>Award Type</b>	<b>Number of Units Awarded<sup>(1)</sup></b>	<b>Vesting Terms</b>
2025	RSU	161	Vest equally over three service periods ending in 2027
2025	PSU	87	Three-year performance and service period ending in 2027

<sup>(1)</sup> PSUs reflect the target number of units for the original PSU grant.

**7. DEBT**

The following table presents our total debt outstanding:

(in millions)

	March 31, 2025	December 31, 2024
Term Loan B-1 due 2028	\$ 288.0	\$ 288.8
Term Loan A due 2029	1,157.4	1,172.4
Revolver	361.7	377.5
2027 Senior Notes	600.0	600.0
2028 Senior Notes	700.0	700.0
2030 Senior Notes	1,200.0	1,200.0
2031 Senior Notes	600.0	600.0
Total debt	4,907.1	4,938.7
Current maturities of long-term debt	(63.1)	(63.1)
Unamortized premium and deferred finance charges	(30.1)	(31.5)
Total debt, net of current maturities and costs	\$ 4,813.9	\$ 4,844.1

**Credit Agreement**

At March 31, 2025, the Company's senior secured credit facility (as amended from time to time, the "Credit Agreement") consisted of a \$1.2 billion revolving credit facility (the "Revolver"), \$288.0 million senior secured term loan B-1 (the "Term Loan B-1"), \$1.2 billion senior secured term loan A (the "Term Loan A"), and \$100.0 million swing line commitment. On July 3, 2024, the Company closed an amendment of the Credit Agreement to (i) extend the maturity date of the Revolver and Term Loan A from 2027 to 2029 subject to an earlier "springing maturity" if certain indebtedness in respect of outstanding notes or other material indebtedness having a maturity date prior to July 3, 2029, is not refinanced or extended to a date after July 3, 2029, at least 91 days prior to such other debt's stated maturity date, and (ii) amend certain other provisions of the Credit Agreement.

On February 14, 2025, the Company announced that it closed the seventh amendment of the Credit Agreement. The seventh amendment to the Credit Agreement (i) reduced the interest rate margin applicable to the Term Loan B-1 by 0.25% from Secured Overnight Financing Rate ("SOFR") plus 200 basis points to SOFR plus 175 basis points, (ii) eliminated the 0.10% credit spread adjustment previously applicable to the Term Loan B-1, and (iii) made certain other amendments to the Credit Agreement.

The Term Loan B-1 requires quarterly payments of 0.25% of the original \$300.0 million balance and may be subject to additional mandatory prepayment from excess cash flow on an annual basis per the provisions of the Credit Agreement.

The Revolver and Term Loan A bear interest at SOFR plus 10 basis points, plus a variable applicable margin which is determined by the Company's net leverage ratio. As of March 31, 2025, that applicable margin was 150 basis points, which was based on the pricing grid in the Credit Agreement. The Company had \$830.9 million available borrowing capacity, after consideration of \$7.4 million in outstanding letters of credit, under the Revolver as of March 31, 2025.

The Company is required to pay a commitment fee on the unused portion of the Revolver, as determined by a pricing grid based on the consolidated total net secured leverage ratio of the Company. For the period ended March 31, 2025, the Company's commitment fee rate was 0.25%.

**2027 Senior Notes**

As of March 31, 2025, we had \$600.0 million in aggregate principal amount of 5.500% senior unsecured notes that mature on April 1, 2027 (the "2027 Senior Notes"). The 2027 Senior Notes were issued at par in a private offering to qualified institutional buyers, with interest payable in arrears on April 1st and October 1st of each year, commencing on October 1st, 2019. The Company may redeem some or all of the 2027 Senior Notes at redemption prices set forth in the 2027 Indenture.

**2028 Senior Notes**

As of March 31, 2025, we had a total of \$700.0 million in aggregate principal amount of 4.750% senior unsecured notes (the "2028 Senior Notes") maturing on January 15, 2028. The 2028 Senior Notes consist of \$500.0 million notes issued at par and \$200.0 million notes issued at 103.25%. The 2028 Senior Notes were issued in a private offering to qualified institutional buyers, with interest payable in arrears on January 15th and July 15th of each year, commencing on July 15th, 2018. The 3.25% premium is being amortized through interest expense, net over the term of the notes. The Company may redeem some or all the 2028 Senior Notes at redemption prices set forth in the 2028 Indenture.

**2030 Senior Notes**

As of March 31, 2025, we had \$1.2 billion in aggregate principal amount of 5.750% senior unsecured notes that mature on April 13, 2030 (the "2030 Senior Notes"). The 2030 Senior Notes were issued at par in a private offering to qualified institutional buyers, with interest payable in arrears on April 1st and October 1st of each year, commencing on October 1st, 2022. The Company may redeem some or all the 2030 Senior Notes at redemption prices set forth in the 2030 Indenture.

**2031 Senior Notes**

As of March 31, 2025, we had \$600.0 million in aggregate principal amount of 6.750% senior unsecured notes that mature on April 25, 2031 (the "2031 Senior Notes"). The 2031 Senior Notes were issued at par in a private offering to qualified institutional buyers, with interest payable in arrears on May 1st and November 1st of each year, commencing on November 1st, 2023. The Company may redeem some or all of the 2031 Senior Notes at any time prior to April 25, 2025, at redemption prices set forth in the 2031 Offering Memorandum.

**8. REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Performance Obligations**

As of March 31, 2025, our Live and Historical Racing segment had remaining performance obligations on contracts with a duration greater than one year relating to television rights, sponsorships, personal seat licenses, and admissions, with an aggregate transaction price of \$290.4 million. The revenue we expect to recognize on these remaining performance obligations is \$67.3 million for the remainder of 2025, \$62.8 million in 2026, \$49.6 million in 2027, and the remainder thereafter.

As of March 31, 2025, our remaining performance obligations on contracts with a duration greater than one year in segments other than Live and Historical Racing were not material.

**Contract Assets and Contract Liabilities**

As of March 31, 2025 and December 31, 2024, contract assets were not material.

As of March 31, 2025 and December 31, 2024, contract liabilities were \$174.2 million and \$81.5 million, respectively, which are included in current deferred revenue, non-current deferred revenue, and accrued expense in the accompanying Condensed Consolidated Balance Sheets. Contract liabilities primarily relate to the Live and Historical Racing segment and the increase was primarily due to deferred revenue related to the 151st Kentucky Derby. We recognized \$6.0 million of revenue during the three months ended March 31, 2025, which was included in the contract liabilities balance at December 31, 2024. We recognized \$5.8 million of revenue during the three months ended March 31, 2024, which was included in the contract liabilities balance at December 31, 2023.

**Disaggregation of Revenue**

The Company has included its disaggregated revenue disclosures as follows:

- For the Live and Historical Racing segment, revenue is disaggregated between Churchill Downs Racetrack and historical racing properties given that Churchill Downs Racetrack revenue primarily revolves around live racing events, while our other Live and Historical Racing properties' revenues primarily revolve around historical racing. This segment is also disaggregated by location given the geographic economic factors that affect the revenue of service offerings. Within the Live and Historical Racing segment, revenue is further disaggregated between live and simulcast racing, historical racing, racing event-related services, gaming, and other services.
- For the Wagering Services and Solutions segment, revenue is disaggregated between live and simulcast racing, gaming, and other services.

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- For the Gaming segment, revenue is disaggregated by location given the geographic economic factors that affect the revenue of Gaming service offerings. Within the Gaming segment, revenue is further disaggregated between live and simulcast racing, historical racing, racing event-related services, gaming, and other services.

We believe that these disclosures depict how the amount, nature, timing, and uncertainty of cash flows are affected by economic factors. The tables below present net revenue from external customers and intercompany revenue from each of our segments:

<i>(in millions)</i>	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Net revenue from external customers:</b>		
<b>Live and Historical Racing:</b>		
Churchill Downs Racetrack	\$ 3.6	\$ 3.1
Louisville	52.2	53.7
Northern Kentucky	31.2	28.5
Southwestern Kentucky	40.5	38.6
Western Kentucky	12.4	6.8
Virginia	129.3	111.2
New Hampshire	3.3	3.2
Total Live and Historical Racing	\$ 272.5	\$ 245.1
<b>Wagering Services and Solutions:</b>	\$ 106.9	\$ 106.6
<b>Gaming:</b>		
Florida	\$ 25.3	\$ 26.1
Iowa	23.5	23.4
Indiana	31.6	—
Louisiana	44.6	44.3
Maine	25.0	26.8
Maryland	20.8	21.6
Mississippi	25.1	26.0
New York	43.4	45.0
Pennsylvania	23.9	26.0
Total Gaming	\$ 263.2	\$ 239.2
All Other	—	—
Net revenue from external customers	\$ 642.6	\$ 590.9
<b>Intercompany net revenues:</b>		
Live and Historical Racing	\$ 3.9	\$ 3.8
Wagering Services and Solutions	8.9	7.5
Gaming	4.0	4.0
All Other	2.0	—
Eliminations	(18.8)	(15.3)
Intercompany net revenue	\$ —	\$ —

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	<b>Three Months Ended March 31, 2025</b>					
<i>(in millions)</i>	<b>Live and Historical Racing</b>	<b>Wagering Services and Solutions</b>	<b>Gaming</b>	<b>Total Segments</b>	<b>All Other</b>	<b>Total</b>
<b>Net revenue from external customers</b>						
Pari-mutuel:						
Live and simulcast racing	\$ 11.2	\$ 80.1	\$ 10.7	\$ 102.0	\$ —	\$ 102.0
Historical racing <sup>(a)</sup>	236.4	—	9.7	246.1	—	246.1
Racing event-related services	1.4	—	0.7	2.1	—	2.1
Gaming <sup>(a)</sup>	3.3	3.9	213.7	220.9	—	220.9
Other <sup>(a)</sup>	20.2	22.9	28.4	71.5	—	71.5
<b>Total</b>	<b>\$ 272.5</b>	<b>\$ 106.9</b>	<b>\$ 263.2</b>	<b>\$ 642.6</b>	<b>\$ —</b>	<b>\$ 642.6</b>

	<b>Three Months Ended March 31, 2024</b>					
<i>(in millions)</i>	<b>Live and Historical Racing</b>	<b>Wagering Services and Solutions</b>	<b>Gaming</b>	<b>Total Segments</b>	<b>All Other</b>	<b>Total</b>
<b>Net revenue from external customers</b>						
Pari-mutuel:						
Live and simulcast racing	\$ 11.0	\$ 79.8	\$ 10.6	\$ 101.4	\$ —	\$ 101.4
Historical racing <sup>(a)</sup>	212.1	—	8.8	220.9	—	220.9
Racing event-related services	1.1	—	2.2	3.3	—	3.3
Gaming <sup>(a)</sup>	3.1	5.7	193.1	201.9	—	201.9
Other <sup>(a)</sup>	17.8	21.1	24.5	63.4	—	63.4
<b>Total</b>	<b>\$ 245.1</b>	<b>\$ 106.6</b>	<b>\$ 239.2</b>	<b>\$ 590.9</b>	<b>\$ —</b>	<b>\$ 590.9</b>

(a) Food and beverage, hotel, and other services furnished to customers for free as an inducement to wager or through the redemption of our customers' loyalty points are recorded at the estimated standalone selling prices in other revenue with a corresponding offset recorded as a reduction in historical racing pari-mutuel revenue for HRMs or gaming revenue for our casino properties. These amounts were \$14.4 million for the three months ended March 31, 2025 and \$13.4 million for the three months ended March 31, 2024.

**9. SUPPLEMENTAL BALANCE SHEET INFORMATION**

***Accounts receivable, net***

Accounts receivable is comprised of the following:

*(in millions)*

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Trade receivables	\$ 36.3	\$ 37.3
Simulcast and online wagering receivables	50.6	40.2
Other receivables	26.8	26.1
	113.7	103.6
Allowance for credit losses	(5.1)	(4.9)
Total	<u>\$ 108.6</u>	<u>\$ 98.7</u>

***Other current assets***

*(in millions)*

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Inventory	\$ 11.6	\$ 11.6
Prepaid technology costs	12.0	6.4
Prepaid insurance and taxes	22.2	7.7
Other prepaid costs	22.9	16.0
Insurance deposits and other	3.9	4.7
Total	<u>\$ 72.6</u>	<u>\$ 46.4</u>

***Accrued expenses and other current liabilities***

Accrued expenses and other current liabilities consisted of the following:

*(in millions)*

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Account wagering deposits liability	\$ 72.6	\$ 63.1
Accrued salaries and related benefits	32.9	57.7
Purses payable	41.0	35.4
Accrued interest	75.5	48.2
Accrued fixed assets	47.1	42.7
Accrued gaming liabilities	35.3	35.3
Accrued insurance	12.7	13.1
Accrued property taxes	12.8	9.7
Current lease liabilities	8.6	8.7
Other	85.1	88.1
Total	<u>\$ 423.6</u>	<u>\$ 402.0</u>

**10. REDEEMABLE NONCONTROLLING INTEREST**

In April 2024, the Company closed on the sale of 49% of United Tote, a wholly owned subsidiary of CDI, to NYRA. NYRA's interest includes certain embedded redemption features, such as a put right, that are not exclusively within the Company's control. NYRA's interest is treated as redeemable noncontrolling interest and is presented outside of permanent equity on the Company's Condensed Consolidated Balance Sheets.

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The redeemable noncontrolling interest is initially accounted for at fair value and subsequently adjusted to the greater of the redemption value or the carrying value. Redeemable noncontrolling interest adjustments of carrying value to redemption value are reflected in retained earnings and are also included as an adjustment to income available to the Company's shareholders in the calculation of earnings per share (See Note 14, Net Income Per Common Share Computations). The table below depicts changes in the Company's redeemable noncontrolling interest balance.

(in millions)

Balance, December 31, 2024	\$	19.7
Net income attributable to redeemable noncontrolling interest		0.5
Redemption value adjustment		1.2
Balance, March 31, 2025	\$	21.4

**11. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES**

Investments in and advances to unconsolidated affiliates as of March 31, 2025 and December 31, 2024 primarily consisted of interests in Rivers Casino Des Plaines ("Rivers Des Plaines") and Miami Valley Gaming and Racing ("MVG").

***Rivers Casino Des Plaines***

The ownership of Rivers Des Plaines is comprised of the following: (1) the Company owns 61.3%, (2) High Plains Gaming, LLC ("High Plains"), an affiliate of Rush Street Gaming, LLC, owns 36.0%, and (3) Casino Investors, LLC owns 2.7%. Both the Company and High Plains have participating rights over Rivers Des Plaines, and both must consent to certain operating, investing and financing decisions. As a result, we account for Rivers Des Plaines using the equity method. As of March 31, 2025, the net aggregate basis difference between the Company's investment in Rivers Des Plaines and the amounts of the underlying equity in net assets was \$833.0 million.

Our investment in Rivers Des Plaines was \$548.4 million and \$547.1 million as of March 31, 2025 and December 31, 2024, respectively. The Company received distributions from Rivers Des Plaines of \$20.9 million and \$34.5 million for the three months ended March 31, 2025 and 2024, respectively.

***Miami Valley Gaming and Racing***

The Company owns a 50% interest in MVG and Delaware North Companies Gaming & Entertainment Inc. ("DNC") owns the remaining 50% interest in MVG. Since both the Company and DNC have participating rights over MVG, and both must consent to certain operating, investing, and financing decisions, we account for MVG using the equity method.

Our investment in MVG was \$114.7 million and \$114.1 million as of March 31, 2025 and December 31, 2024, respectively. The Company received distributions from MVG of \$10.5 million in each of the three month periods ended March 31, 2025 and 2024.

***Summarized Financial Results for our Unconsolidated Affiliates***

Summarized below are the financial results for our unconsolidated affiliates.

(in millions)

	Three Months Ended March 31,	
	2025	2024
Net revenue	\$ 205.3	\$ 216.9
Operating and SG&A expense	130.3	134.9
Depreciation and amortization	6.2	6.3
<b>Operating income</b>	68.8	75.7
Interest and other, net	(10.6)	(11.0)
<b>Net income</b>	\$ 58.2	\$ 64.7

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(in millions)

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
<b>Assets</b>		
Current assets	\$ 103.5	\$ 100.5
Property and equipment, net	324.4	325.6
Other assets, net	270.2	267.5
Total assets	<u>\$ 698.1</u>	<u>\$ 693.6</u>
<b>Liabilities and Members' Deficit</b>		
Current liabilities	\$ 116.4	\$ 89.9
Long-term debt	816.5	839.8
Other liabilities	0.4	1.7
Members' deficit	(235.2)	(237.8)
Total liabilities and members' deficit	<u>\$ 698.1</u>	<u>\$ 693.6</u>

**12. FAIR VALUE OF ASSETS AND LIABILITIES**

We endeavor to utilize the best available information in measuring fair value. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate.

**Restricted Cash**

Our restricted cash accounts held in money market and interest-bearing accounts qualify for Level 1 in the fair value hierarchy, which includes unadjusted quoted market prices in active markets for identical assets.

**Debt**

The fair value of the Company's 2031 Senior Notes, 2030 Senior Notes, 2028 Senior Notes, and 2027 Senior Notes are estimated based on unadjusted quoted prices for identical or similar liabilities in markets that are not active and as such are Level 2 measurements. The fair values of the Company's Term Loan B-1, Term Loan A, and Revolver under the Credit Agreement approximate the gross carrying value of the variable rate debt and as such are Level 2 measurements.

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The carrying amounts and estimated fair values by input level of the Company's financial instruments are as follows:

<i>(in millions)</i>	<b>March 31, 2025</b>				
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets:					
Restricted cash	\$ 97.0	\$ 97.0	\$ 97.0	\$ —	\$ —
Financial liabilities:					
Term Loan B-1	285.9	288.0	—	288.0	—
Term Loan A	1,152.0	1,157.4	—	1,157.4	—
Revolver	361.7	361.7	—	361.7	—
2027 Senior Notes	597.8	593.2	—	593.2	—
2028 Senior Notes	699.1	677.3	—	677.3	—
2030 Senior Notes	1,188.5	1,171.8	—	1,171.8	—
2031 Senior Notes	592.0	602.6	—	602.6	—

<i>(in millions)</i>	<b>December 31, 2024</b>				
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets:					
Restricted cash	\$ 77.2	\$ 77.2	\$ 77.2	\$ —	\$ —
Financial liabilities:					
Term Loan B-1	286.8	288.8	—	288.8	—
Term Loan A	1,166.7	1,172.4	—	1,172.4	—
Revolver	377.5	377.5	—	377.5	—
2027 Senior Notes	597.6	593.2	—	593.2	—
2028 Senior Notes	699.0	675.2	—	675.2	—
2030 Senior Notes	1,187.9	1,172.6	—	1,172.6	—
2031 Senior Notes	591.7	605.2	—	605.2	—

### 13. CONTINGENCIES

We are involved in litigation arising in the ordinary course of conducting business. We carry insurance for workers' compensation claims from our employees and general liability for claims from independent contractors, customers, and guests. We are self-insured up to an aggregate stop loss for our general liability and workers' compensation coverages.

We review all litigation on an ongoing basis when making accrual and disclosure decisions. For certain legal proceedings, we cannot reasonably estimate losses or a range of loss, if any, particularly for proceedings that are in the early stages of development or where the plaintiffs seek indeterminate damages. Various factors, including but not limited to, the outcome of potentially lengthy discovery and the resolution of important factual questions, may need to be determined before probability can be established or before a loss or range of loss can be reasonably estimated. In accordance with current accounting standards for loss contingencies and based upon information currently known to us, we establish reserves for litigation when it is probable that a loss associated with a claim or proceeding has been incurred and the amount of the loss or range of loss can be reasonably estimated. When no amount within the range of loss is a better estimate than any other amount, we accrue the minimum amount of the estimable loss. To the extent that such litigation against us may have an exposure to a loss in excess of the amount we have accrued, we believe that such excess would not be material to our consolidated financial condition, results of operations, or cash flows. Legal fees are expensed as incurred.

If the loss contingency in question is not both probable and reasonably estimable, we do not establish an accrual and the matter will continue to be monitored for any developments that would make the loss contingency both probable and reasonably estimable. In the event that a legal proceeding results in a substantial judgment against us, or settlement by us, there can be no assurance that any resulting liability or financial commitment would not have a material adverse impact on our business.

**14. NET INCOME PER COMMON SHARE COMPUTATIONS**

The following is a reconciliation of the numerator and denominator of the net income per common share computations:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<i>(in millions, except per share data)</i>		
Numerator for basic and diluted net income per common share:		
Net income attributable to Churchill Downs Incorporated	\$ 76.7	\$ 80.4
Adjustments related to redeemable noncontrolling interest	1.2	—
Net income attributable to common shareholders	\$ 75.5	\$ 80.4
Denominator for net income per common share:		
Basic	73.7	74.1
Plus dilutive effect of stock awards	0.7	0.6
Diluted	74.4	74.7
Net income per common share data:		
Basic net income	\$ 1.02	\$ 1.09
Diluted net income	\$ 1.02	\$ 1.08

**15. SEGMENT INFORMATION**

We manage our operations through three reportable segments: Live and Historical Racing, Wagering Services and Solutions, and Gaming. Our operating segments reflect the internal management reporting used by our chief operating decision maker, our Chief Executive Officer, to evaluate results of operations and to assess performance and allocate resources.

Eliminations include the elimination of intersegment transactions. We utilize non-GAAP measures, including EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA. Our chief operating decision maker utilizes Adjusted EBITDA to evaluate segment performance, develop strategy, and allocate resources. Adjusted EBITDA includes the following adjustments, as applicable in each period:

Adjusted EBITDA includes our portion of EBITDA from our equity investments and the portion of EBITDA attributable to a noncontrolling interest.

Adjusted EBITDA excludes:

- Transaction expense, net which includes:
  - Acquisition, disposition, and property sale related charges;
  - 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 legal reserves and transaction costs;
- Asset impairments;
- Gain on property sales;
- Legal reserves;
- Pre-opening expense; and
- Other charges, recoveries and expenses

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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. For segment reporting, Adjusted EBITDA includes intercompany revenue and expense totals that are eliminated in the accompanying Condensed Consolidated Statements of Comprehensive Income.

The tables below present net revenue from external customers, Adjusted EBITDA by segment and reconciles comprehensive income to Adjusted EBITDA:

Net revenue by segment is comprised of the following:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<i>(in millions)</i>		
Live and Historical Racing	\$ 272.5	\$ 245.1
Wagering Services and Solutions	106.9	106.6
Gaming	263.2	239.2
All Other	—	—
<b>Net Revenue</b>	<b>\$ 642.6</b>	<b>\$ 590.9</b>

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Adjusted EBITDA by segment is comprised of the following:

<i>(in millions)</i>	<b>Three Months Ended March 31, 2025</b>		
	<b>Live and Historical Racing</b>	<b>Wagering Services and Solutions</b>	<b>Gaming</b>
Revenues	\$ 276.4	\$ 115.8	\$ 267.2
Pari-mutuel taxes and purses	(71.9)	(4.4)	(14.6)
Gaming taxes	(1.5)	(0.4)	(72.4)
Marketing and advertising	(13.8)	(1.4)	(8.2)
Salaries and benefits	(32.7)	(8.1)	(44.3)
Content expense	(1.4)	(43.7)	(1.8)
Selling, general and administrative expense	(10.5)	(5.2)	(11.1)
Maintenance, insurance and utilities	(10.4)	(0.9)	(9.5)
Gaming equipment rental and technology costs	(11.8)	(0.7)	(4.2)
Food and beverage costs	(3.6)	—	(4.2)
Other operating expense <sup>(1)</sup>	(16.9)	(9.7)	(16.8)
Equity in income of unconsolidated affiliates	—	—	43.2
Other income	0.1	—	0.2
Adjusted EBITDA	<u>\$ 102.0</u>	<u>\$ 41.3</u>	<u>\$ 123.5</u>

<i>(in millions)</i>	<b>Three Months Ended March 31, 2024</b>		
	<b>Live and Historical Racing</b>	<b>Wagering Services and Solutions</b>	<b>Gaming</b>
Revenues	\$ 248.9	\$ 114.1	\$ 243.2
Pari-mutuel taxes and purses	(63.6)	(4.1)	(14.2)
Gaming taxes	(1.4)	(0.8)	(66.3)
Marketing and advertising	(9.3)	(1.2)	(7.8)
Salaries and benefits	(26.8)	(7.9)	(38.0)
Content expense	(1.3)	(44.0)	(1.8)
Selling, general and administrative expense	(8.8)	(4.5)	(10.2)
Maintenance, insurance and utilities	(10.3)	(1.0)	(9.6)
Gaming equipment rental and technology costs	(10.1)	(1.0)	(3.3)
Food and beverage costs	(3.1)	—	(3.8)
Other operating expense <sup>(1)</sup>	(13.4)	(10.0)	(14.6)
Equity in income of unconsolidated affiliates	—	—	47.5
Other income	—	—	1.7
Adjusted EBITDA	<u>\$ 100.8</u>	<u>\$ 39.6</u>	<u>\$ 122.8</u>

<sup>(1)</sup> Other operating expense primarily includes supplies, regulatory licenses and fees, property taxes, and third-party service fees and costs.

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	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<i>(in millions)</i>		
<b>Reconciliation of Comprehensive Income to Adjusted EBITDA:</b>		
Net income and comprehensive income attributable to Churchill Downs Incorporated	\$ 76.7	\$ 80.4
Net income attributable to noncontrolling interest	0.5	—
<b>Net income</b>	<b>77.2</b>	<b>80.4</b>
<b>Adjustments</b>		
Depreciation and amortization	59.2	46.9
Interest expense	72.3	70.4
Income tax provision	18.7	21.4
Stock-based compensation expense	3.6	7.2
Pre-opening expense	4.2	8.3
Other expenses, net	(0.4)	0.2
Transaction expense, net	0.4	4.1
Other income, expense:		
Interest, depreciation and amortization expense related to equity investments	9.9	10.3
Other charges and recoveries, net	—	(6.7)
Total adjustments	167.9	162.1
<b>Adjusted EBITDA</b>	<b>\$ 245.1</b>	<b>\$ 242.5</b>
<b>Adjusted EBITDA by segment:</b>		
Live and Historical Racing	\$ 102.0	\$ 100.8
Wagering Services and Solutions	41.3	39.6
Gaming	123.5	122.8
Total segment Adjusted EBITDA	266.8	263.2
All Other	(21.7)	(20.7)
<b>Total Adjusted EBITDA</b>	<b>\$ 245.1</b>	<b>\$ 242.5</b>

The table below presents total asset information for each of our segments:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
<i>(in millions)</i>		
<b>Total assets:</b>		
Live and Historical Racing	\$ 4,192.0	\$ 4,143.3
Wagering Services and Solutions	479.7	460.6
Gaming	1,945.2	1,953.7
Total segment assets	6,616.9	6,557.6
All Other	730.2	718.3
<b>Total assets</b>	<b>\$ 7,347.1</b>	<b>\$ 7,275.9</b>

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The table below presents total capital expenditures for each of our segments:

<i>(in millions)</i>	Three Months Ended March 31,	
	2025	2024
<b>Capital expenditures:</b>		
Live and Historical Racing	\$ 67.6	\$ 84.8
Wagering Services and Solutions	6.6	3.8
Gaming	4.8	61.3
Total segment capital expenditures	79.0	149.9
All Other	1.1	5.1
<b>Total capital expenditures</b>	<b>\$ 80.1</b>	<b>\$ 155.0</b>

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains various "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"), which provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made in this report are made pursuant to the Act. The reader is cautioned that such forward-looking statements are based on information available at the time and / or management's good faith belief with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Forward-looking statements speak only as of the date that the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. 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," "scheduled", and similar words or similar expressions (or negative versions of such words or expressions), although some forward-looking statements are expressed differently.

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 that could cause actual results to differ materially from expectations 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;
- changes in, or new interpretations of, applicable tax law or rulings that could result in additional tax liabilities;
- the impact of any pandemics, epidemics, or outbreaks of infectious diseases, 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;
- negative shifts in public opinion regarding gambling that could result in increased regulation of, or new restrictions on, the gaming industry;
- loss of key or highly skilled personnel, as well as general disruptions in the general labor market;
- the impact of significant competition, and the expectation that 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 and 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 sports betting 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 including customers' personal information could lead to government enforcement actions or other litigation;
- costs of compliance with increasingly complex laws and regulations regarding data privacy and protection of personal information;
- reliance on our technology services and catastrophic events and system failures disrupting our operations;
- inability to identify, complete, or fully realize the benefits of, our proposed 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 in 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.

*The following information is unaudited. Tabular dollars are in millions, except per share amounts. All per share amounts assume dilution unless otherwise noted. This report should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2024, including Part I - Item 1A, "Risk Factors" of our Form 10-K for a discussion regarding some of the reasons that actual results may be materially different from those we anticipate.*

## Our Business

Churchill Downs Incorporated ("CDI" or the "Company") has been creating extraordinary entertainment experiences for over 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 horse racing online wagering business, expanded pari-mutuel content and technology services to B2C platforms, and the operation and development of regional casino gaming properties.

We conduct our business through three reportable segments: Live and Historical Racing, Wagering Services and Solutions, and Gaming. We aggregate our other businesses as well as certain corporate operations in All Other.

### Key Indicators to Evaluate Business Results and Financial Condition

Our management monitors a variety of key indicators to evaluate our business results and financial condition. These indicators include changes in net revenue, operating expense, operating income, earnings per share, outstanding debt balance, operating cash flow, and capital spend.

Our consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"). We also use non-GAAP measures, including EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA. We believe that the use of Adjusted EBITDA as a key performance measure of results of operations enables management and investors to evaluate and compare from period to period our operating performance in a meaningful and consistent manner. Our chief operating decision maker utilizes Adjusted EBITDA to evaluate segment performance, develop strategy, and allocate resources. Adjusted EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with GAAP) as a measure of our operating results.

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, adjusted for the following:

Adjusted EBITDA includes our portion of EBITDA from our equity investments and the portion of EBITDA attributable to a noncontrolling interest.

Adjusted EBITDA excludes, as applicable in each period:

- Transaction expense, net which includes:
  - Acquisition, disposition, and property sale related charges;
  - 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 legal reserves and transaction costs;
- Asset impairments;
- Gain on property sales;
- Legal reserves;
- Pre-opening expense; and
- Other charges, recoveries and expenses

For segment reporting, Adjusted EBITDA includes intercompany revenue and expense totals that are eliminated in the Condensed Consolidated Statements of Comprehensive Income. See the Reconciliation of Comprehensive Income to Adjusted EBITDA included in this section for additional information.

### Governmental Regulations and Legislative Changes

We are subject to various federal, state, and international laws and regulations that affect our businesses. The ownership, operation, and management of our Live and Historical Racing, Wagering Services and Solutions, and Gaming segments, as well as our other operations, are subject to regulation under the laws and regulations of each of the jurisdictions in which we operate. The ownership, operation, and management of our businesses and properties are also subject to legislative actions at both the federal and state level. The following update on our regulatory and legislative actions should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2024, including Part I - Item 1, "Business" for a discussion of regulatory and legislative changes.

## Specific State Gaming Regulations

### Louisiana

In Louisiana, the 2021 Historical Horse Racing Act (the "2021 HHR Act") allows off-track betting facilities ("OTBs") to have up to 50 HRMs. On October 25, 2022, a number of individual plaintiffs associated with video poker and truckstops, filed a lawsuit in the 19th Judicial District Court in East Baton Rouge, Louisiana against certain racetracks in Louisiana, including our Fair Grounds Racecourse and Slots property, alleging that the 2021 HHR Act is unconstitutional to the extent it purports to permit historical racing in a parish without a referendum. On June 8, 2023, plaintiffs filed a motion for summary judgment on the constitutional issues raised in their complaint and a hearing was conducted on September 11, 2023.

On February 23, 2024, the judge issued a ruling in favor of plaintiffs granting summary judgment stating that: (i) historical horseracing is a new form of gaming not specifically authorized by law prior to 1996; (ii) historical horseracing may not be conducted in any parish of the state unless voters approve it through referendum; and (iii) the 2021 HHR Act that authorized historical horseracing is unconstitutional. The summary judgment, which was certified as final for purposes of appeal, was entered on March 18, 2024, and the Company, along with other interested parties including the Louisiana Racing Commission, filed a joint motion for a suspensive appeal, which was entered on March 26, 2024. The suspensive appeal allows the continued operation of HHR during the pendency of the appeal before the Louisiana Supreme Court. Oral arguments took place before the Louisiana Supreme Court on January 27, 2025, and an opinion was issued on March 21, 2025. The opinion affirmed the ruling of the District Court, which stated the 2021 HHR Act is unconstitutional, and that before historical horse racing is licensed or permitted to be conducted in a parish it first requires a voter referendum in an affected parish. The Company submitted an Application for Rehearing to the Louisiana Supreme Court on April 4, 2025. Should this request be denied, the opinion will become final and enforceable.

As of March 31, 2025, the Company had approximately 500 HRMs in OTBs in Louisiana. A final opinion by the Louisiana Supreme Court declaring the 2021 HHR Act unconstitutional could have an adverse impact on our Louisiana HRM results which are reported in our Gaming segment.

### Consolidated Financial Results

The following table reflects our net revenue, operating income, net income attributable to Churchill Downs Incorporated, Adjusted EBITDA, and certain other financial information:

(in millions)	Three Months Ended March 31,		Change
	2025	2024	
Net revenue	\$ 642.6	\$ 590.9	\$ 51.7
Operating income	134.6	126.3	8.3
Operating income margin	21 %	21 %	
Net income attributable to Churchill Downs Incorporated	76.7	80.4	(3.7)
Adjusted EBITDA	245.1	242.5	2.6

### Three Months Ended March 31, 2025, Compared to Three Months Ended March 31, 2024

- Net revenue increased \$51.7 million driven by a \$27.4 million increase from the Live and Historical Racing segment primarily due to the opening of The Rose Gaming Resort in November 2024 and the opening of Owensboro Racing and Gaming in February 2025, a \$24.0 million increase from the Gaming segment primarily driven by the opening of the Terre Haute Casino Resort in April 2024, and a \$0.3 million increase from all other sources.
- Operating income increased \$8.3 million driven by a \$10.4 million increase from the Gaming segment primarily due to the opening of the Terre Haute Casino Resort in April 2024 that was partially offset by regional gaming softness and increased competition, a \$1.0 million increase in the Wagering Services and Solutions segment primarily due to Exakta, a \$3.7 million decrease in transaction expenses, and a \$0.3 million decrease in selling, general and administrative expenses. Partially offsetting these increases was a \$5.1 million decrease in the Live and Historical segment and a \$2.0 million increase in All Other operating expenses driven primarily by increased insurance expense and depreciation.

- Net income attributable to Churchill Downs Incorporated decreased \$3.7 million. The following impacted the comparability of the Company's net income for the three months ended March 31, 2025 compared to the three months ended March 31, 2024: a \$6.7 million after-tax decrease in other recoveries, net primarily driven by insurance claim proceeds recorded in the prior year quarter, partially offset by a \$5.6 million after-tax decrease in transaction, pre-opening, and other expenses. Excluding these items, net income decreased \$4.8 million primarily due to a \$3.0 million after-tax decrease in equity income from our unconsolidated affiliates, a \$2.0 million after-tax increase in interest expense, and a \$0.5 million after-tax decrease due to a portion of United Tote's income being recognized as noncontrolling interest, partially offset by a \$0.7 million after-tax increase primarily driven by the results of our operations.
- Adjusted EBITDA increased \$2.6 million driven by a \$1.2 million increase from the Live and Historical Racing segment primarily due to the opening of The Rose Gaming Resort in November 2024 and Owensboro Racing and Gaming in February 2025, an \$1.7 million increase from the Wagering Services and Solutions segment primarily due to Exakta, and a \$0.7 million increase from the Gaming segment driven by the opening of the Terre Haute Casino Resort in April 2024 that was partially offset by regional gaming softness and increased competition. These increases were partially offset by a decrease of All Other adjusted EBITDA of \$1.0 million.

#### Revenue by Segment

The following table presents net revenue for our segments, including intercompany revenue:

<i>(in millions)</i>	Three Months Ended March 31,		Change
	2025	2024	
Live and Historical Racing	\$ 276.4	\$ 248.9	\$ 27.5
Wagering Services and Solutions	115.8	114.1	1.7
Gaming	267.2	243.2	24.0
All Other	2.0	—	2.0
Eliminations	(18.8)	(15.3)	(3.5)
<b>Net Revenue</b>	<b>\$ 642.6</b>	<b>\$ 590.9</b>	<b>\$ 51.7</b>

#### Three Months Ended March 31, 2025, Compared to Three Months Ended March 31, 2024

- Live and Historical Racing revenue increased \$27.5 million due to an \$18.2 million increase at our Virginia HRM venues, an \$8.9 million increase from our Kentucky HRM venues, and a \$0.4 million increase from our other Live and Historical Racing properties. The Virginia HRM increase of \$18.2 million was primarily due to the November 2024 opening of The Rose Gaming Resort in Northern Virginia, partially offset by a decrease from our other Virginia HRM venues primarily due to lower unrated play from consumer softness and competition, inclement weather, and one less day in the quarter due to the 2024 leap year. The Kentucky HRM increase of \$8.9 million was primarily due to the February 2025 opening of Owensboro Racing and Gaming in Western Kentucky and growth from our Northern and Southwestern Kentucky properties, partially offset by a decrease at our Louisville properties due to the impact of weather and one less day in the quarter due to 2024 leap year.
- Wagering Services and Solutions revenue increased \$1.7 million due to a \$3.1 million increase from Exakta due to incremental HRMs in Virginia and New Hampshire and a \$0.8 million increase in TwinSpires Horse Racing. These increases were partially offset by a \$2.2 million decrease from our sports betting business.
- Gaming revenue increased \$24.0 million due to a \$31.6 million increase from the April 2024 opening of the Terre Haute Casino Resort, partially offset by a \$7.6 million decrease primarily due to regional gaming softness, increased competition, one less day in the quarter due to the 2024 leap year, and the impact of weather at certain properties.
- All Other revenue increased \$2.0 million due to intercompany revenue related to the captive insurance company that was established in April 2024. All captive revenue is eliminated in consolidation.

**Consolidated Operating Expense**

The following table is a summary of our consolidated operating expense:

	Three Months Ended March 31,			Change
	2025	2024		
<i>(in millions)</i>				
Gaming taxes and purses	\$ 165.2	\$ 150.4	\$	14.8
Salaries and benefits	85.7	74.9		10.8
Content expense	37.9	38.2		(0.3)
Selling, general and administrative expense	54.5	54.8		(0.3)
Depreciation and amortization	59.2	46.9		12.3
Marketing and advertising	23.9	19.2		4.7
Maintenance, insurance and utilities	21.0	20.9		0.1
Property and other taxes	6.8	6.4		0.4
Transaction expense, net	0.4	4.1		(3.7)
Other operating expense	53.4	48.8		4.6
Total expense	\$ 508.0	\$ 464.6	\$	43.4

**Three Months Ended March 31, 2025, Compared to Three Months Ended March 31, 2024**

Operating expenses increased \$43.4 million for the three months ended March 31, 2025 compared to March 31, 2024 primarily due to the opening of Terre Haute Casino Resort in Indiana in April 2024 and the hotel in May 2024, and The Rose Gaming Resort in Virginia in November 2024.

**Adjusted EBITDA**

We believe that the use of Adjusted EBITDA as a key performance measure of the results of operations enables management and investors to evaluate and compare from period to period our operating performance in a meaningful and consistent manner. Adjusted EBITDA is a supplemental measure of our performance that is not required by or presented in accordance with GAAP. 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.

	Three Months Ended March 31,			Change
	2025	2024		
<i>(in millions)</i>				
Live and Historical Racing	\$ 102.0	\$ 100.8	\$	1.2
Wagering Services and Solutions	41.3	39.6		1.7
Gaming	123.5	122.8		0.7
Total Segment Adjusted EBITDA	266.8	263.2		3.6
All Other	(21.7)	(20.7)		(1.0)
Total Adjusted EBITDA	\$ 245.1	\$ 242.5	\$	2.6

**Three Months Ended March 31, 2025, Compared to Three Months Ended March 31, 2024**

- Live and Historical Racing Adjusted EBITDA increased \$1.2 million due to a \$3.1 million increase at our Kentucky HRM venues, partially offset by a \$1.9 million decrease primarily from our Virginia HRM venues. Our Kentucky HRM venues increase was primarily due to the February 2025 opening of Owensboro Racing and Gaming in Western Kentucky and growth at our Northern and Southwestern Kentucky properties, partially offset by a decrease from our Louisville properties due to inclement weather and one less day in the quarter due to the 2024 leap year. Our Virginia HRM venues decreased \$2.0 million primarily due to lower unrated play from consumer softness and competition, the impact of weather, increased handle tax and racing-related expenses, and one less day in the quarter due to the 2024 leap year, partially offset by the November 2024 opening of The Rose Gaming Resort.

- Wagering Services and Solutions Adjusted EBITDA increased \$1.7 million due to a \$3.8 million from Exakta due to a \$2.7 million increase primarily from incremental HRMs in Virginia and New Hampshire and \$1.1 million decrease from lower compensation expense. These increases were partially offset by a \$1.1 million decrease from our sports betting business and a \$1.0 million decrease attributable to TwinSpires Horse Racing from increased legal expenses.
- Gaming Adjusted EBITDA increased \$0.7 million due to an \$11.5 million increase attributable to the opening of the Terre Haute Casino Resort in April 2024, partially offset by a \$6.6 million decrease from our wholly owned gaming properties and a \$4.2 million decrease from our equity investments primarily due to regional gaming softness, increased competition, higher labor and benefit expense, one less day in the quarter due to the 2024 leap year, and the impact of weather at certain properties.
- All Other Adjusted EBITDA decreased \$1.0 million driven primarily by increased corporate compensation related expenses and other corporate administrative expenses driven by enterprise growth.

#### Reconciliation of Comprehensive Income to Adjusted EBITDA

<i>(in millions)</i>	Three Months Ended March 31,		Change
	2025	2024	
Net income and comprehensive income attributable to Churchill Downs Incorporated	\$ 76.7	\$ 80.4	\$ (3.7)
Net income attributable to noncontrolling interest	0.5	—	0.5
<b>Net income</b>	<b>77.2</b>	<b>80.4</b>	<b>(3.2)</b>
Adjustments:			
Depreciation and amortization	59.2	46.9	12.3
Interest expense	72.3	70.4	1.9
Income tax provision	18.7	21.4	(2.7)
Stock-based compensation expense	3.6	7.2	(3.6)
Pre-opening expense	4.2	8.3	(4.1)
Other expense, net	(0.4)	0.2	(0.6)
Transaction expense, net	0.4	4.1	(3.7)
Other income, expense:			
Interest, depreciation and amortization expense related to equity investments	9.9	10.3	(0.4)
Other charges and recoveries, net	—	(6.7)	6.7
Total adjustments	167.9	162.1	5.8
<b>Adjusted EBITDA</b>	<b>\$ 245.1</b>	<b>\$ 242.5</b>	<b>\$ 2.6</b>

#### Consolidated Balance Sheet

The following is a summary of our overall financial position:

<i>(in millions)</i>	March 31, 2025	December 31, 2024	Change
Total assets	\$ 7,347.1	\$ 7,275.9	\$ 71.2
Total liabilities	6,254.0	6,172.6	81.4
Total equity	1,071.7	1,083.6	(11.9)

Significant items affecting the comparability of our Condensed Consolidated Balance Sheets include:

- Total assets increased \$71.2 million driven by increased capital expenditures primarily at Churchill Downs Racetrack and Owensboro Racing and Gaming, and an increase in other current assets driven by prepaid insurance and information technology related items.
- Total liabilities increased \$81.4 million driven primarily by increased current deferred revenue primarily related to advance ticket sales and sponsorships for the Kentucky Oaks and Derby, partially offset by decreased dividends

payable due to the payment of the annual dividend, and decreased long-term debt primarily due to payments on the Revolver and Term Loan A.

- Total equity decreased \$11.9 million driven by share repurchases, partially offset by net income.

### Liquidity and Capital Resources

The following table is a summary of our liquidity and cash flows:

(in millions)

Cash flows from:	Three Months Ended March 31,		Change
	2025	2024	
Operating activities	\$ 246.5	\$ 254.7	\$ (8.2)
Investing activities	(80.1)	(153.4)	73.3
Financing activities	(147.9)	(101.1)	(46.8)

### Three Months Ended March 31, 2025, Compared to the Three Months Ended March 31, 2024

- Cash flows provided by operating activities decreased \$8.2 million driven primarily a decrease in cash used for working capital and an increase in operating income, partially offset by increased interest paid and decreased distributions from our unconsolidated affiliates in 2025. We anticipate that cash flows from operations and availability of borrowings under our credit facility over the next twelve months will be adequate to fund our business operations and capital expenditures.
- Cash flows used in investing activities decreased \$73.3 million primarily driven by decreased capital expenditures in 2025.
- Cash flows used in financing activities increased \$46.8 million primarily driven by payments on the Revolver, increased payment of dividends, partially offset by decreased stock repurchases in 2025.

We have announced several project capital investments, including the following: Starting Gate Pavilion and Courtyard as well as enhancements to The Mansion and Finish Line Suites at Churchill Downs Racetrack; Marshall Yards Racing and Gaming in Southwestern Kentucky; expansion of the Richmond, Virginia HRM venue; and the Roseshire HRM entertainment venue in Henrico County, Virginia. We currently expect our project capital to be approximately \$250.0 to \$290.0 million in 2025, although this amount may vary significantly based on the timing of work completed, unanticipated delays, and timing of payments to third parties. The 2025 project capital range was reduced to reflect the temporary pause of The Skye, Conservatory, and Infield General Admission capital projects at Churchill Downs Racetrack.

### Common Stock Repurchase Program

On March 12, 2025, the Board of Directors of the Company approved a common stock repurchase program of up to \$500.0 million (the "2025 Stock Repurchase Program"). The 2025 Stock Repurchase Program includes and is not in addition to any unspent amount remaining under the prior authorization. Share repurchases may be made at management's discretion from time to time in the open market (either with or without a 10b5-1 plan) or through privately negotiated transactions. The repurchase program has no time limit and may be suspended or discontinued at any time. We had approximately \$434.6 million of repurchase authority remaining under the 2025 Stock Repurchase Program at March 31, 2025, based on trade date.

On January 2, 2024, the Company closed on an agreement, dated December 18, 2023, with an affiliate of The Duchossois Group ("TDG") to repurchase 1,000,000 shares of the Company's common stock, for \$123.75 per share in a privately negotiated transaction for an aggregate purchase price of \$123.8 million. This represented a discount of 4.03% to the closing price on December 15, 2023 of \$128.95. The repurchase of shares of common stock from TDG was approved by the Company's Board of Directors separately from and did not reduce the authorized amount remaining under the existing common stock repurchase program. The repurchase of the shares was funded using available cash and borrowings under the Company's senior secured credit facility.

### Credit Facilities and Indebtedness

The following table presents our debt outstanding:

<i>(in millions)</i>	March 31, 2025	December 31, 2024	Change
Revolver	\$ 361.7	\$ 377.5	\$ (15.8)
Term Loan B-1 due 2028	288.0	288.8	(0.8)
Term Loan A due 2029	1,157.4	1,172.4	(15.0)
2027 Senior Notes	600.0	600.0	—
2028 Senior Notes	700.0	700.0	—
2030 Senior Notes	1,200.0	1,200.0	—
2031 Senior Notes	600.0	600.0	—
Total debt	4,907.1	4,938.7	(31.6)
Current maturities of long-term debt	(63.1)	(63.1)	—
Total debt, net of current maturities	4,844.0	4,875.6	(31.6)
Issuance costs, net of premiums and discounts	(30.1)	(31.5)	1.4
Net debt	\$ 4,813.9	\$ 4,844.1	\$ (30.2)

### Credit Agreement

At March 31, 2025, the Company's senior secured credit facility (as amended from time to time, the "Credit Agreement") consisted of a \$1.2 billion revolving credit facility (the "Revolver"), \$288.0 million senior secured term loan B-1 (the "Term Loan B-1"), \$1.2 billion senior secured term loan A (the "Term Loan A"), and \$100.0 million swing line commitment. On July 3, 2024, the Company closed an amendment of the Credit Agreement to (i) extend the maturity date of the Revolver and Term Loan A from 2027 to 2029 and (ii) amend certain other provisions to the Credit Agreement.

On February 14, 2025, the Company announced that it closed the seventh amendment of the Credit Agreement. The seventh amendment to the Credit Agreement (i) reduced the interest rate margin applicable to the Term Loan B-1 by 0.25%, from Secured Overnight Financing Rate ("SOFR") plus 200 basis points to SOFR plus 175 basis points, (ii) eliminated the 0.10% credit spread adjustment previously applicable to the Term Loan B-1, and (iii) made certain other amendments to the Credit Agreement, as set forth therein.

Term Loan B-1 requires quarterly payments of 0.25% of the original \$300.0 million balance. The Term Loan B-1 may be subject to additional mandatory prepayment from excess cash flow on an annual basis per the provisions of the Credit Agreement.

The Revolver and Term Loan A bear interest at SOFR plus 10 basis points, plus a variable applicable margin which is determined by the Company's net leverage ratio. As of March 31, 2025, that applicable margin was 150 basis points which was based on the pricing grid in the Credit Agreement. The Company had \$830.9 million available borrowing capacity, after consideration of \$7.4 million in outstanding letters of credit, under the Revolver as of March 31, 2025.

The Company is required to pay a commitment fee on the unused portion of the Revolver as determined by a pricing grid based on the consolidated total net secured leverage ratio of the Company. For the period ended March 31, 2025, the Company's commitment fee rate was 0.25%.

The estimated contractual payments, including interest, under the Credit Agreement for the next twelve months are estimated to be \$170.4 million assuming no change in the weighted average borrowing rate of 5.95%, which was in place as of March 31, 2025. During the three months ended March 31, 2025, we had repayments of principal and interest on the Credit Agreement of \$279.2 million.

### 2027 Senior Notes

As of March 31, 2025, we had \$600.0 million in aggregate principal amount of 5.500% senior unsecured notes that mature on April 1, 2027 (the "2027 Senior Notes"). The 2027 Senior Notes were issued at par in a private offering to qualified institutional buyers, with interest payable in arrears on April 1st and October 1st of each year, commencing on October 1st, 2019. The Company may redeem some or all of the 2027 Senior Notes at redemption prices set forth in the 2027 Indenture.

### **2028 Senior Notes**

As of March 31, 2025, we had a total of \$700.0 million in aggregate principal amount of 4.750% senior unsecured notes (the "2028 Senior Notes") maturing on January 15, 2028. The 2028 Senior Notes consist of \$500.0 million notes issued at par and \$200.0 million notes issued at 103.25%. The 2028 Senior Notes were issued in a private offering to qualified institutional buyers, with interest payable in arrears on January 15th and July 15th of each year, commencing on July 15th, 2018. The 3.25% premium is being amortized through interest expense, net over the term of the notes. The Company may redeem some or all the 2028 Senior Notes at redemption prices set forth in the 2028 Indenture.

### **2030 Senior Notes**

As of March 31, 2025, we had \$1.2 billion in aggregate principal amount of 5.750% senior unsecured notes that mature on April 13, 2030 (the "2030 Senior Notes"). The 2030 Senior Notes were issued at par in a private offering to qualified institutional buyers, with interest payable in arrears on April 1st and October 1st of each year, commencing on October 1st, 2022. The Company may redeem some or all the 2030 Senior Notes at redemption prices set forth in the 2030 Indenture.

### **2031 Senior Notes**

As of March 31, 2025, we had \$600.0 million in aggregate principal amount of 6.750% senior unsecured notes that mature on April 25, 2031 (the "2031 Senior Notes"). The 2031 Senior Notes were issued at par in a private offering to qualified institutional buyers, with interest payable in arrears on May 1st and November 1st of each year, commencing on November 1st, 2023. The Company may redeem some or all of the 2031 Senior Notes at any time prior to April 25, 2025, at redemption prices set forth in the 2031 Offering Memorandum.

### **Leases**

The Company leases certain real estate and other property. Most of our building and land leases have terms of 2 to 10 years and include one or more options to renew, with renewal terms that can extend the lease term from 1 to 5 years or more. Certain of our lease agreements include lease payments based on a percentage of net gaming revenue and others include rental payment adjustments periodically for inflation. As of March 31, 2025, minimum rent payable under operating leases was \$34.1 million, with \$6.7 million due in the next twelve months. As of March 31, 2025, minimum rent payable accounted for as financing obligations was \$53.8 million, with \$5.1 million due in the next twelve months.

### **Other Contractual Obligations**

The Company has other contractual obligations with commitments of \$12.4 million, \$1.6 million of which is due within the next twelve months.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risks arising from adverse changes in:

- general economic trends; and
- interest rate and credit risk.

### **General economic trends**

Our business is sensitive to consumer confidence and reductions in consumers' discretionary spending, which may result from challenging economic conditions, inflation, unemployment levels and other changes in the economy. Demand for entertainment and leisure activities is sensitive to consumers' disposable incomes, which can be adversely affected by economic conditions and unemployment levels. This could result in fewer patrons visiting our racetracks, HRM entertainment venues, online wagering sites, and gaming facilities, and/or may impact our customers' ability to wager with the same frequency and to maintain wagering levels.

### **Interest rate and credit risk**

Our primary exposure to market risk relates to changes in interest rates. On March 31, 2025, we had \$1.8 billion outstanding under our Credit Agreement, which bears interest at SOFR based variable rates. We are exposed to market risk on variable rate debt due to potential adverse changes in these rates. Assuming the outstanding balance of the debt facility remains constant, a one-percentage point increase in the SOFR rate would reduce net income and cash flows from operating activities by \$13.4 million.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### ***Evaluation of Disclosure Controls and Procedures***

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our reports that we file under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

As required by the Securities and Exchange Commission Rule 13a-15(e), we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2025. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

##### ***Changes in Internal Control over Financial Reporting***

There has been no change in our internal controls over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Our process for evaluating controls and procedures is continuous and encompasses constant improvement of the design and effectiveness of established controls and procedures.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We are involved in ordinary routine litigation matters which are incidental to our business. Refer to Note 13, Contingencies, in the notes to our condensed consolidated financial statements, for further information.

### ITEM 1A. RISK FACTORS

There have been no material changes to our risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### Issuer Purchases of Common Stock

The following table provides information with respect to shares of common stock that we repurchased during the quarter ended March 31, 2025:

Period	Total Number of Shares Purchased <sup>(1)(2)</sup>	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in millions) <sup>(1)</sup>
January 2025	478	\$ 132.91	—	\$ 149.6
February 2025	147,385	119.78	68,888	141.6
March 2025	729,435	111.61	729,362	434.6
Total	877,298	\$ 112.99	798,250	

(1) On March 12, 2025, the Board of Directors of the Company approved a common stock repurchase program of up to \$500.0 million (the "2025 Stock Repurchase Program"). The 2025 Stock Repurchase Program includes and is not in addition to the \$125.6 million remaining under the prior 2021 Stock Repurchase Program authorization. For the three months ended March 31, 2025, we purchased 212,012 shares of our common stock under the 2021 Stock Repurchase Program at the aggregate purchase price of \$24.0 million based on trade date, and we purchased 586,238 shares of our common stock under the 2025 Stock Repurchase Program at the aggregate purchase price of \$65.4 million based on trade date. Share repurchases may be made at management's discretion from time to time in the open market (either with or without a 10b5-1 plan) or through privately negotiated transactions. The repurchase program has no time limit and may be suspended or discontinued at any time.

(2) Includes shares withheld to pay taxes on the vesting of restricted stock and restricted stock units or to pay taxes on the exercise of stock options granted to employees.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

During the fiscal quarter ended March 31, 2025, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1 or any non-Rule 10b5-1 trading arrangement.

**ITEM 6. EXHIBITS**

<u>Number</u>	<u>Description</u>	<u>By reference to:</u>
10.01	Seventh Amendment to Credit Agreement, dated February 14, 2025, by and among Churchill Downs Incorporated, the guarantors party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and fronting lender	Exhibit 10.01 to Current Report on Form 8-K filed February 14, 2025
10.02	Third Amendment to Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan*†	
31(a)	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*	
31(b)	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*	
32	Certification of Chief Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Rule 13a – 14(b))**	
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	
101.SCH	Inline XBRL Taxonomy Extension Schema Document*	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*	
104	Cover Page Interactive Data File (embedded as Inline XBRL and contained in Exhibit 101)	

† Management contract or compensatory plan or arrangement  
\*filed herewith  
\*\*furnished herewith

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**CHURCHILL DOWNS INCORPORATED**

April 23, 2025

/s/ William C. Carstanjen

William C. Carstanjen  
Chief Executive Officer  
(Principal Executive Officer)

April 23, 2025

/s/ Marcia A. Dall

Marcia A. Dall  
Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

**THIRD AMENDMENT TO  
CHURCHILL DOWNS INCORPORATED  
2016 OMNIBUS STOCK INCENTIVE PLAN**

**WHEREAS**, Churchill Downs Incorporated (the "Company") has heretofore adopted the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan, as amended by that certain First Amendment to the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan and that certain Second Amendment to the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan (as amended, the "Plan"); and

**WHEREAS**, the Company wishes to amend the Plan to permit for the cash settlement of restricted share unit awards granted thereunder;

**NOW, THEREFORE**, the Plan shall be amended, effective as of the date hereof, as follows:

1. Section 8 of the Plan is hereby amended to add the following subsection 8.6:

Payment of Restricted Share Units. Each grant shall specify the time and manner of payment of Restricted Share Units that shall have been earned, and any grant may specify that any such amount may be paid by the Company in cash, Shares or any combination thereof as specified in the Award Agreement, including any amendment thereto, and may either grant to the Participant or reserve to the Committee the right to elect among those alternatives.

2. Except as modified herein, the remaining terms of the Plan shall remain unchanged and in full force and effect.

**IN WITNESS WHEREOF**, the undersigned officer of the Company, acting pursuant to authority granted to the officer by the Board of Directors of the Company, has executed this instrument on this 6<sup>th</sup> day of February, 2025.

**CHURCHILL DOWNS INCORPORATED**

By: M. Katherine Armstrong

Name: M. Katherine Armstrong  
Title: Senior Vice President of Human Resources



## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, William C. Carstanjen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Churchill Downs Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2025

/s/ William C. Carstanjen  
William C. Carstanjen  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Marcia A. Dall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Churchill Downs Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2025

/s/ Marcia A. Dall

Marcia A. Dall  
Executive Vice President and Chief Financial Officer  
(Principal Financial & Accounting Officer)

**Certification of Chief Executive Officer and Chief Financial Officer Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Churchill Downs Incorporated (the "Company") for the quarterly period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), William C. Carstanjen, as Chief Executive Officer (Principal Executive Officer) of the Company, and Marcia A. Dall, as Executive Vice President and Chief Financial Officer (Principal Financial & Accounting Officer) of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his or her knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William C. Carstanjen

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William C. Carstanjen  
Chief Executive Officer  
(Principal Executive Officer)  
April 23, 2025

/s/ Marcia A. Dall

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Marcia A. Dall  
Executive Vice President and Chief Financial Officer  
(Principal Financial & Accounting Officer)  
April 23, 2025

This certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report and shall not be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

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 Churchill Downs Incorporated and will be retained by Churchill Downs Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.