

REFINITIV

# DELTA REPORT

## 10-Q

CHDN - CHURCHILL DOWNS INC  
10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	696
CHANGES	152
DELETIONS	226
ADDITIONS	318

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, 2024** **June 30, 2024**

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

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

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

The number of shares outstanding of registrant's common stock at **April 17, 2024** **July 17, 2024** was **73,504,938** **73,416,581** shares.

CHURCHILL DOWNS INCORPORATED  
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For the Quarter Ended **March 31, 2024** **June 30, 2024**

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CHURCHILL DOWNS INCORPORATED					
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME					
(Unaudited)					
		Three Months Ended March 31,			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2024		2023	
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		2024		2023	
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		2024		2023	
		2024		2023	
		2024		2023	

Gaming
Gaming
All Other
All Other
All Other
Total net revenue
Total net revenue
Total net revenue
Operating expense:
Operating expense:
Operating expense:
Live and Historical Racing
Live and Historical Racing
Live and Historical Racing
TwinSpires
TwinSpires
TwinSpires
Gaming
Gaming
Gaming
All Other
All Other
All Other
Selling, general and administrative expense
Selling, general and administrative expense
Selling, general and administrative expense
Transaction expense, net
Transaction expense, net
Asset impairments
Transaction expense, net
Total operating expense
Total operating expense
Total operating expense
Operating income
Operating income
Operating income
Other (expense) income:
Other (expense) income:
Other (expense) income:
Interest expense, net
Interest expense, net
Interest expense, net
Equity in income of unconsolidated affiliates
Equity in income of unconsolidated affiliates
Equity in income of unconsolidated affiliates
Gain on sale of Arlington
Gain on sale of Arlington
Gain on sale of Arlington
Miscellaneous, net
Miscellaneous, net
Miscellaneous, net

Total other (expense) income
Total other (expense) income
Total other (expense) income
Income from operations before provision for income taxes
Income from operations before provision for income taxes
Income from operations before provision for income taxes
Income tax provision
Income tax provision
Income tax provision
Net income
Net income
Net income
Net income attributable to noncontrolling interest
Net income attributable to Churchill Downs Incorporated
Net income per common share data:
Net income per common share data:
Net income per common share data:
Net income attributable to Churchill Downs Incorporated per common share data:
Net income attributable to Churchill Downs Incorporated per common share data:
Net income attributable to Churchill Downs Incorporated per common share data:
Basic net income
Basic net income
Basic net income
Diluted net income
Diluted net income
Diluted net income
Weighted average shares outstanding:
Weighted average shares outstanding:
Weighted average shares outstanding:
Basic
Basic
Basic
Diluted
Diluted
Diluted

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

CHURCHILL DOWNS INCORPORATED				
CONDENSED CONSOLIDATED BALANCE SHEETS				
(Unaudited)				
	March 31,	December 31,	June 30,	December 31,
(in millions)	2024	2023	2024	2023
ASSETS				

Current assets:  
Current assets:  
Current assets:  
Cash and cash equivalents  
Cash and cash equivalents  
Cash and cash equivalents  
Restricted cash  
Accounts receivable, net  
Income taxes receivable  
Other current assets  
Total current assets  
Property and equipment, net  
Investment in and advances to unconsolidated affiliates  
Goodwill  
Other intangible assets, net  
Other assets  
Total assets  
Total assets  
Total assets

LIABILITIES AND SHAREHOLDERS' EQUITY  
LIABILITIES AND SHAREHOLDERS' EQUITY  
LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:  
Current liabilities:  
Current liabilities:  
Accounts payable  
Accounts payable  
Accounts payable  
Accrued expenses and other current liabilities  
Income taxes payable  
Current deferred revenue  
Current maturities of long-term debt  
Dividends payable  
Total current liabilities  
Long-term debt, net of current maturities and loan origination fees  
Notes payable, net of debt issuance costs  
Non-current deferred revenue  
Deferred income taxes  
Other liabilities  
Total liabilities

Commitments and contingencies	Commitments and contingencies	Commitments and contingencies
Redeemable noncontrolling interest		
Shareholders' equity:		
Preferred stock		
Preferred stock		
Preferred stock		
Common stock		
Retained earnings		
Accumulated other comprehensive loss		
Total shareholders' equity		
Total Churchill Downs Incorporated shareholders' equity		
Total liabilities and shareholders' equity		

Total liabilities and shareholders' equity  
Total liabilities and shareholders' equity

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

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, JUNE 30, 2024

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

	Common Stock	Common Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
(in millions)									
Balance, December 31, 2023									
Balance, December 31, 2023									
Balance, December 31, 2023									
Net income									
Net income attributable to Churchill Downs Incorporated									
Issuance of common stock									
Repurchase of common stock									
Taxes paid related to net share settlement of stock awards									
Stock-based compensation									
Other									
Balance, March 31, 2024									
Net income attributable to Churchill Downs Incorporated									
Repurchase of common stock									
Repurchase of common stock									
Repurchase of common stock									
Taxes paid related to net share settlement of stock awards									
Stock-based compensation									
Other									
Balance, June 30, 2024									
	Common Stock	Common Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
(in millions)									
Balance, December 31, 2022									

Balance, December 31, 2022
Balance, December 31, 2022
Net income
Issuance of common stock
Taxes paid related to net share settlement of stock awards
Taxes paid related to net share settlement of stock awards
Taxes paid related to net share settlement of stock awards
Stock-based compensation
Other
Balance, March 31, 2023
Net income
Taxes paid related to net share settlement of stock awards
Taxes paid related to net share settlement of stock awards
Taxes paid related to net share settlement of stock awards
Stock-based compensation
Other
Balance, June 30, 2023

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

CHURCHILL DOWNS INCORPORATED				
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS				
(Unaudited)				
	Three Months Ended March 31,		Six Months Ended June 30,	
(in millions)	(in millions) 2024	2023	(in millions) 2024	2023
Cash flows from operating activities:				
Net income				
Net income				
Net income				
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization				
Depreciation and amortization				
Depreciation and amortization				
Distributions from unconsolidated affiliates				
Equity in income of unconsolidated affiliates				
Stock-based compensation				
Deferred income taxes				
Amortization of operating lease assets				
Amortization of operating lease assets				



**Asset impairments**

Amortization of operating lease assets

Gain on sale of Arlington

Other

**Changes in operating assets and liabilities:**

Income taxes

Income taxes

Income taxes

Deferred revenue

Other assets and liabilities

Net cash provided by operating activities

**Cash flows from investing activities:**

Capital maintenance expenditures

Capital maintenance expenditures

Capital maintenance expenditures

Capital project expenditures

Proceeds from sale of Arlington

Proceeds from sale of Arlington

Proceeds from sale of Arlington

Other

Net cash (used in) provided by investing activities

Net cash used in investing activities

**Cash flows from financing activities:**

Proceeds from borrowings under long-term debt obligations

Proceeds from borrowings under long-term debt obligations

Proceeds from borrowings under long-term debt obligations

Repayments of borrowings under long-term debt obligations

Payment of dividends

Repurchase of common stock

Taxes paid related to net share settlement of stock awards

Debt issuance costs

Change in bank overdraft

Other

Net cash used in financing activities

**Net increase in cash, cash equivalents and restricted cash****Net increase in cash, cash equivalents and restricted cash****Cash flows from discontinued operations:**

Operating activities of discontinued operations

Operating activities of discontinued operations

Operating activities of discontinued operations

**Net increase in cash, cash equivalents and restricted cash**

Cash, cash equivalents and restricted cash, beginning of period

**Cash, cash equivalents and restricted cash, end of period**

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

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

	Three Months Ended March 31,		Six Months Ended June 30,	
(in millions)	(in millions) 2024	2023	(in millions) 2024	2023

**Supplemental disclosures of cash flow information:**

Cash paid for interest  
Cash paid for interest  
Cash paid for interest  
Cash paid for income taxes  
Cash received from income tax refunds

**Schedule of non-cash operating, investing and financing activities:**

Property and equipment additions included in accounts payable and accrued expenses  
Property and equipment additions included in accounts payable and accrued expenses  
Property and equipment additions included in accounts payable and accrued expenses  
Right-of-use assets obtained in exchange for lease obligations in operating leases  
Right-of-use assets obtained in exchange for lease obligations in operating leases  
Right-of-use assets obtained in exchange for lease obligations in operating leases  
Right-of-use assets obtained in exchange for lease obligations in finance leases  
Repurchase of common stock included in accrued expense and other current liabilities

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

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, JUNE 30, 2024

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

**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, 2023 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, 2023.

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 11, Redeemable Noncontrolling Interest, for further information on the transaction.

We conduct our business through three reportable segments: Live and Historical Racing, TwinSpires, and Gaming. We aggregate our other businesses as well as certain corporate operations and other immaterial joint ventures, 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 2024 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 November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which enhances the disclosures required for operating segments in the Company's annual and interim consolidated financial statements. The amendments are effective for the Company in fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption of the amendment is permitted, including adoption in any interim periods for which financial statements have not been issued. 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.

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2024

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Churchill Downs Incorporated

Notes to Condensed Consolidated Financial Statements

(Unaudited)

3. ACQUISITIONS

Exacta Systems

On August 22, 2023, the Company completed its acquisition of Exacta Systems, LLC ("Exacta") for a purchase consideration of \$248.2 million, net of cash acquired, which consisted of a \$241.3 million cash payment and \$6.9 million of deferred payments, which are payable over two years from acquisition (the "Exacta Transaction"). As of March 31, 2024 June 30, 2024, there were \$4.9 million deferred payments remaining. Exacta is a leading provider of central determinate system technology in Historical Racing Machines ("HRMs") across the country. The Exacta Transaction is enabling enables the Company to realize significant synergies related to the Company's HRM operations. Exacta operates within the Company's TwinSpires segment and will continue to service its growing portfolio of third-party HRM operators in Kentucky, Wyoming, and New Hampshire.

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

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Churchill Downs Incorporated

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Hampshire and plans to expand its international presence.

Goodwill of \$177.4 million related to the Exacta Transaction was recognized, of which \$96.0 million was allocated to the Live and Historical Racing segment and \$81.4 million was allocated to the TwinSpires segment. The goodwill related to the Exacta Transaction is deductible for tax purposes.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill, by segment, is composed of the following:

(in millions)	(in millions)	Live and Historical	TwinSpires	Gaming	All Other	Total	(in millions)	Live and Historical	TwinSpires	Gaming	All Other	Total
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Balances as of December 31, 2023

Adjustments

Balances as of March 31, 2024

Balances as of June 30, 2024

We performed our annual goodwill impairment analysis as of April 1, 2024, and no adjustment to the carrying value of goodwill was required. We assessed goodwill for impairment by performing qualitative or quantitative analyses for each reporting unit. We concluded that the fair values of our reporting units exceeded their carrying values, and therefore no impairments were identified.

Other intangible assets are comprised of the following:

		March 31, 2024			December 31, 2023					June 30, 2024			December 31, 2023		
		(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets															
Indefinite-lived intangible assets															
Total															

In the second quarter of 2023, the Company recognized a \$24.5 million non-cash impairment charge for the Presque Isle Downs and Casino ("Presque Isle") gaming rights and trademark. The Company continues to monitor the current economic conditions and the impacts on the results of operations of Presque Isle. 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.

We performed our annual indefinite-lived intangible assets impairment analysis as of April 1, 2024. We assessed our indefinite-lived intangible assets for impairment by performing qualitative or quantitative analyses for each asset. Based on the results of these analyses, no indefinite-lived intangible asset impairments were identified in connection with our annual impairment testing.

5. INCOME TAXES

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 income tax rate for the three months ended March 31, 2024 includes 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.

The Company's effective income tax rate for the three months ended March 31, 2023 June 30, 2024 was higher than the U.S. federal statutory rate of 21.0% primarily resulting from state income taxes and non-deductible officer's compensation. The Company's effective income tax rate for the six months ended June 30, 2024 was higher than the U.S. federal statutory rate of 21.0% primarily resulting from state income taxes and non-deductible officer's compensation, partially offset by a benefit from the remeasurement of deferred income tax liabilities, primarily related to certain entity classification elections made in the first quarter of 2024 that decreased income attributable to states with higher tax rates compared to the prior year.

The Company's effective income tax rate for the three months and six months ended June 30, 2023 was higher than the U.S. federal statutory rate of 21.0% primarily resulting from state income taxes and non-deductible officer's compensation.

## 6. SHAREHOLDERS' EQUITY

### Stock Repurchase Programs

On September 29, 2021, the Board of Directors of the Company approved a common stock repurchase program of up to \$500.0 million (the "2021 Stock Repurchase Program"). The 2021 Stock Repurchase Program includes and is not in addition to any unspent amount remaining under the prior program authorization. Repurchases may be made at management's discretion from time to time on 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 repurchased the following shares under the 2021 Stock Repurchase Program:

(in millions, except share data)	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
	Aggregate		Aggregate		Aggregate		Aggregate	
Repurchase Program	Shares	Purchase Price	Shares	Purchase Price	Shares	Purchase Price	Shares	Purchase Price
2021 Stock Repurchase Program	93,874	\$ 13.0	—	\$ —	278,695	\$ 35.0	—	\$ —

We had approximately \$192.9 \$179.9 million of repurchase authority remaining under the 2021 Stock Repurchase Program at March 31, 2024 June 30, 2024, based on trade date.

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We repurchased the following shares under the 2021 Stock Repurchase Program:

(in millions, except share data)	Three Months Ended March 31,			
	2024		2023	
	Aggregate		Aggregate	
Repurchase Program	Shares	Purchase Price	Shares	Purchase Price
2021 Stock Repurchase Program	184,821	\$ 22.0	—	\$ —

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.

### Two for One Stock Split

Effective May 22, 2023, the Company's common stock was split two-for-one with a proportionate increase in the number of its authorized shares of common stock. All share and per-share amounts in the Company's condensed consolidated financial statements and related notes have been retroactively adjusted to reflect the effects of the stock split.

## 7. STOCK-BASED COMPENSATION PLANS

We have stock-based employee compensation plans with awards outstanding under the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan (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 \$7.2 \$8.9 million and \$16.1 million for the three months and six months ended March 31, 2024 June 30, 2024 and \$8.6 \$8.1 million and \$16.7 million for the three months and six months ended March 31, 2023 June 30, 2023, respectively.

During the three six months ended March 31, 2024 June 30, 2024, the Company awarded RSUs to employees, RSUs and PSUs to certain named executive officers ("NEOs"), and RSAs and RSUs to directors. The vesting criteria for the PSU awards granted in 2024 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

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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 are converted into shares of our common stock at the time the PSU award value is finalized.

A summary of the RSAs, RSUs and PSUs granted during 2024 is presented below (units in thousands):

Grant Year	Grant Year	Award Type	Number of Units Awarded <sup>(1)</sup>	Vesting Terms	Grant Year	Award Type	Number of Units Awarded <sup>(1)</sup>	Vesting Terms
2024								
2024								
		RSU	132	Vest equally over three service periods ending in 2026		RSU	140	Vest equally over three service periods ending in 2026
2024		PSU	63	Three-year performance and service period ending in 2026		PSU	63	Three-year performance and service period ending in 2026
2024	2024				2024			
2024		RSA	4	One-year service period ending in 2025				

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

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## 8. DEBT

The following table presents our total debt outstanding:

(in millions)	(in millions)	March 31, 2024	December 31, 2023	(in millions)	June 30, 2024	December 31, 2023
Term Loan B-1 due 2028						
Term Loan B-1 due 2028						
Term Loan B-1 due 2028						
Term Loan A due 2027						
Term Loan A due 2029						
Revolver						
2027 Senior Notes						
2028 Senior Notes						
2030 Senior Notes						

## 2031 Senior Notes

### Total debt

Current maturities of long-term debt

Unamortized premium and deferred finance charges

Total debt, net of current maturities and costs

### Credit Agreement

At **March 31, 2024** **June 30, 2024**, 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"), **\$300.0** **\$290.2** million senior secured term loan B-1 **due 2028** (the "Term Loan B-1"), **\$1.3** **\$1.2** billion senior secured term loan A **due 2027** (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.**

Term Loan B-1 bears interest at the Secured Overnight Financing Rate ("SOFR") plus 210 basis points and 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, 2024** **June 30, 2024**, that applicable margin was 150 basis points which was based on the pricing grid in the Credit Agreement. The Company had **\$841.9** **\$893.5** million available borrowing capacity, after consideration of **\$5.1** **\$6.0** million in outstanding letters of credit, under the Revolver as of **March 31, 2024** **June 30, 2024**.

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, 2024** **June 30, 2024**, the Company's commitment fee rate was 0.25%.

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### Churchill Downs Incorporated

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### 2027 Senior Notes

As of **March 31, 2024** **June 30, 2024**, 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, 2024** **June 30, 2024**, 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, 2024** **June 30, 2024**, 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

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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, 2024** **June 30, 2024**, 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 Notes at any time prior to April 25, 2025, at redemption prices set forth in the 2031 Offering Memorandum.

**9. REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Performance Obligations**

As of **March 31, 2024** **June 30, 2024**, 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 **\$157.6 million** **\$252.3 million**. The revenue we expect to recognize on these remaining performance obligations is **\$61.2 million** **\$1.6 million** for the remainder of 2024, **\$47.4 million** **\$51.9 million** in 2025, **\$23.3 million** **\$52.7 million** in 2026, and the remainder thereafter.

As of **March 31, 2024** **June 30, 2024**, 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, 2024** **June 30, 2024** and December 31, 2023, contract assets were not material.

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, contract liabilities were **\$172.3 million** **\$46.6 million** and \$92.3 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** **decrease** was primarily due to **recognized** deferred revenue related to the 150th Kentucky Derby. We recognized **\$5.8 million** **\$67.2 million** and \$73.0 million of revenue during the three months and six months ended **March 31, 2024** **June 30, 2024**, respectively, which was included in the contract liabilities balance at December 31, 2023. We recognized **\$3.6** **\$38.8 million** and **\$42.4 million** of revenue during the three months and six months ended **March 31, 2023** **June 30, 2023**, respectively, which was included in the contract liabilities balance at December 31, 2022.

**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 **our racing facilities** **revenues** **Churchill Downs Racetrack revenue** primarily **revolve** **revolves** around live racing events while our **historical racing properties** **other Live and Historical Racing properties'** revenues primarily revolve around historical racing. This

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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, and other services.

- For the TwinSpires segment, revenue is disaggregated between live and simulcast racing, gaming, and other services.
- 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, 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:



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	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	(in millions)	2024	2023	2024
(in millions)				2023
(in millions)				
Net revenue from external customers:				
Net revenue from external customers:				
Net revenue from external customers:				
Live and Historical Racing:				
Live and Historical Racing:				
Live and Historical Racing:				
Churchill Downs Racetrack				
Churchill Downs Racetrack				
Churchill Downs Racetrack				
Louisville				
Louisville				
Louisville				
Northern Kentucky				
Northern Kentucky				
Northern Kentucky				
Northern Kentucky				
Southwestern Kentucky				
Southwestern Kentucky				
Southwestern Kentucky				
Southwestern Kentucky				
Western Kentucky				
Western Kentucky				
Western Kentucky				
Western Kentucky				
Virginia				
Virginia				
Virginia				
New Hampshire				
New Hampshire				
New Hampshire				
Total Live and Historical Racing				
Total Live and Historical Racing				
Total Live and Historical Racing				
TwinSpires:				
TwinSpires:				
TwinSpires:				
Gaming:				
Gaming:				
Gaming:				
Florida				

Florida
Florida
Iowa
Iowa
Iowa
Louisiana
Louisiana
Indiana
Louisiana
Maine
Maine
Maine
Maryland
Maryland
Maryland
Mississippi
Mississippi
Mississippi
New York
New York
New York
Pennsylvania
Pennsylvania
Pennsylvania
Total Gaming
Total Gaming
Total Gaming
All Other
All Other
All Other
Net revenue from external customers
Net revenue from external customers
Net revenue from external customers
Intercompany net revenues:
Intercompany net revenues:
Intercompany net revenues:
Live and Historical Racing
Live and Historical Racing
Live and Historical Racing
TwinSpires
TwinSpires
TwinSpires
Gaming
Gaming
Gaming
All Other
All Other
All Other
Eliminations
Eliminations
Eliminations

Intercompany net revenue  
Intercompany net revenue  
Intercompany net revenue

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Three Months Ended March 31, 2024							Three Months Ended June 30, 2024							
(in millions)	(in millions)	Live and Historical Racing	TwinSpires	Gaming	Total Segments	All Other	Total	(in millions)	Live and Historical Racing	TwinSpires	Gaming	Total Segments	All Other	Total
Net revenue from external customers														
Pari-mutuel:														
Pari-mutuel:														
Pari-mutuel:														
Live and simulcast racing														
Live and simulcast racing														
Live and simulcast racing														
Historical racing <sup>(a)</sup>														
Racing event-related services														
Gaming <sup>(a)</sup>														
Other <sup>(a)</sup>														
Total														

Three Months Ended March 31, 2023						
(in millions)	Live and Historical Racing	TwinSpires	Gaming	Total Segments	All Other	Total
Net revenue from external customers						
Pari-mutuel:						
Live and simulcast racing	\$ 11.0	\$ 79.4	\$ 11.6	\$ 102.0	\$ —	\$ 102.0
Historical racing(a)	185.3	—	6.0	191.3	—	191.3
Racing event-related services	1.0	—	1.9	2.9	—	2.9
Gaming(a)	2.6	4.4	205.5	212.5	—	212.5
Other(a)	14.5	11.0	25.0	50.5	0.3	50.8
Total	\$ 214.4	\$ 94.8	\$ 250.0	\$ 559.2	\$ 0.3	\$ 559.5

Three Months Ended June 30, 2023						
(in millions)	Live and Historical Racing	TwinSpires	Gaming	Total Segments	All Other	Total
Net revenue from external customers						
Pari-mutuel:						

Live and simulcast racing	\$	40.2	\$	117.5	\$	3.2	\$	160.9	\$	—	\$	160.9
Historical racing <sup>(a)</sup>		184.1		—		7.0		191.1		—		191.1
Racing event-related services		136.7		—		1.5		138.2		—		138.2
Gaming <sup>(a)</sup>		2.5		1.2		206.9		210.6		—		210.6
Other <sup>(a)</sup>		21.5		18.7		27.3		67.5		0.2		67.7
Total	\$	385.0	\$	137.4	\$	245.9	\$	768.3	\$	0.2	\$	768.5

- (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 \$13.4 \$14.2 million for the three months ended March 31, 2024 June 30, 2024 and \$12.1 \$12.3 million for the three months ended March 31, 2023 June 30, 2023.

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(in millions)	Six Months Ended June 30, 2024					
	Live and Historical Racing	TwinSpires	Gaming	Total Segments	All Other	Total
<b>Net revenue from external customers</b>						
Pari-mutuel:						
Live and simulcast racing	\$ 61.4	\$ 195.2	\$ 15.1	\$ 271.7	\$ —	\$ 271.7
Historical racing <sup>(a)</sup>	424.2	—	18.1	442.3	—	442.3
Racing event-related services	177.1	—	3.6	180.7	—	180.7
Gaming <sup>(a)</sup>	6.4	10.0	421.2	437.6	—	437.6
Other <sup>(a)</sup>	40.7	53.1	55.4	149.2	0.1	149.3
Total	\$ 709.8	\$ 258.3	\$ 513.4	\$ 1,481.5	\$ 0.1	\$ 1,481.6

Six Months Ended June 30, 2023

(in millions)	Live and					
	Historical Racing	TwinSpires	Gaming	Total Segments	All Other	Total
<b>Net revenue from external customers</b>						
Pari-mutuel:						
Live and simulcast racing	\$ 51.2	\$ 196.9	\$ 14.8	\$ 262.9	\$ —	\$ 262.9
Historical racing <sup>(a)</sup>	369.4	—	13.0	382.4	—	382.4
Racing event-related services	137.7	—	3.4	141.1	—	141.1
Gaming <sup>(a)</sup>	5.1	5.6	412.4	423.1	—	423.1
Other <sup>(a)</sup>	36.0	29.7	52.3	118.0	0.5	118.5
<b>Total</b>	<b>\$ 599.4</b>	<b>\$ 232.2</b>	<b>\$ 495.9</b>	<b>\$ 1,327.5</b>	<b>\$ 0.5</b>	<b>\$ 1,328.0</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 \$27.6 million for the six months ended June 30, 2024 and \$24.5 million for the six months ended June 30, 2023.

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**10. OTHER SUPPLEMENTAL BALANCE SHEET ITEMS INFORMATION**

**Accounts receivable, net**

Accounts receivable is comprised of the following:

(in millions)	(in millions)	March 31, 2024	December 31, 2023	(in millions)	June 30, 2024	December 31, 2023
Trade receivables						
Simulcast and online wagering receivables						
Other receivables						
		120.3				
		142.0				
Allowance for credit losses						
Total						

**Accrued expenses and other current liabilities**

Accrued expenses and other current liabilities consisted of the following:

(in millions)	(in millions)	March 31, 2024	December 31, 2023	(in millions)	June 30, 2024	December 31, 2023
Account wagering deposits liability						
Accrued salaries and related benefits						
Purses payable						
Accrued interest						
Accrued fixed assets						
Accrued gaming liabilities						
Other						
Total						

**11. 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.

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 15, Net Income Per Common Share Computations). The table below depicts changes in the Company's redeemable noncontrolling interest balance.

(in millions)

Balance, December 31, 2023	\$	—
Redeemable noncontrolling interest initial measurement		14.4
Net income attributable to redeemable noncontrolling interest		0.9
Redemption value adjustment		0.8
Balance, June 30, 2024	\$	16.1

11. 12. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

Investments in and advances to unconsolidated affiliates as of March 31, 2024 June 30, 2024 and December 31, 2023 primarily consisted of interests in Rivers Casino Des Plaines ("Rivers Des Plaines") and Miami Valley Gaming and Racing ("MVG").

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Rivers Casino Des Plaines

The ownership of Rivers Des Plaines is comprised of the following: (1) the Company owns 61.3%, (2) High Plaines Gaming, LLC ("High Plaines"), an affiliate of Rush Street Gaming, LLC, owns 36.0%, and (3) Casino Investors, LLC owns 2.7%. Both the Company and High Plaines 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, June 30, 2024, 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 \$832.7 \$832.8 million.

Our investment in Rivers Des Plaines was \$532.6 \$535.1 million and \$541.2 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The Company received distributions from Rivers Des Plaines of \$34.5 \$58.7 million and \$33.8 \$68.2 million for the three six months ended March 31, 2024 June 30, 2024 and 2023, 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 \$115.2 \$113.7 million and \$114.6 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The Company received distributions from MVG of \$10.5 \$23.0 million and \$12.0 \$23.5 million for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

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**Summarized Financial Results for our Unconsolidated Affiliates**

Summarized below are the financial results for our unconsolidated affiliates.

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,

(in millions)

(in millions)

(in millions)

Net revenue

Net revenue

Net revenue

Operating and SG&A expense

Operating and SG&A expense

Operating and SG&A expense

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Total operating expense

Total operating expense

Total operating expense

**Operating income**

**Operating income**

**Operating income**

Interest and other, net

Interest and other, net

Interest and other, net

**Net income**

**Net income**

**Net income**

(in millions)

(in millions)

**March 31, 2024**

**December 31, 2023**

(in millions)

**June 30, 2024**

**December 31, 2023**

**Assets**

Current assets

Current assets

Current assets

Property and equipment, net

Other assets, net

Total assets

**Liabilities and Members' Deficit**

Current liabilities

Current liabilities

Current liabilities

Long-term debt

Other liabilities

Members' deficit

Total liabilities and members' deficit

**12. 13. 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.

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**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:

		March 31, 2024					June 30, 2024						
(in millions)	(in millions)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3	(in millions)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3	
Financial assets:													
Restricted cash													
Restricted cash													
Restricted cash													
Financial liabilities:													
Term Loan B-1													
Term Loan B-1													
Term Loan B-1													
Term Loan A													
Revolver													
2027 Senior Notes													
2028 Senior Notes													



**13, 14. 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

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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.

Churchill Downs Incorporated

Notes to Condensed Consolidated Financial Statements

(Unaudited)

14.15. NET INCOME PER COMMON SHARE COMPUTATIONS

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

		Three Months Ended March 31,				
(in millions, except per share data)						
(in millions, except per share data)						
		Three Months Ended June 30,		Six Months Ended June 30,		
(in millions, except per share data)		(in millions, except per share data)	2024	2023	2024	2023
Numerator for basic and diluted net income per common share:						
Numerator for basic and diluted net income per common share:						
Numerator for basic and diluted net income per common share:						
Net income						
Net income						
Net income						
Net income attributable to Churchill Downs Incorporated						
Net income attributable to Churchill Downs Incorporated						
Net income attributable to Churchill Downs Incorporated						
Adjustments related to redeemable noncontrolling interest						
Net income attributable to common shareholders						
Denominator for net income per common share:						
Denominator for net income per common share:						
Denominator for net income per common share:						
Basic						
Basic						
Basic						
Plus dilutive effect of stock awards						
Plus dilutive effect of stock awards						
Plus dilutive effect of stock awards						
Diluted						
Diluted						
Diluted						
Net income per common share data:						
Net income per common share data:						
Net income per common share data:						
Basic net income						
Basic net income						
Basic net income						
Diluted net income						
Diluted net income						

Diluted net income

Diluted net income

## 15, 16. SEGMENT INFORMATION

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

On September 7, 2023, the Company began operating retail sports betting at its racetracks and HRM facilities in Kentucky. In addition to retail sports betting, third-party service providers began operating online sports wagering in partnership with the Company's racetracks on September 28, 2023. Our retail and online sports betting business is included in the TwinSpires segment.

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:

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

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### Churchill Downs Incorporated

### Notes to Condensed Consolidated Financial Statements

(Unaudited)

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

As of December 31, 2021, our property in Arlington Heights, Illinois ("Arlington") ceased racing and simulcast operations and the property was sold on February 15, 2023 to the Chicago Bears. Arlington's results and exit costs in 2023 are treated as an adjustment to EBITDA and are included in other expenses, net in the Reconciliation of Comprehensive Income to Adjusted EBITDA.

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

On June 26, 2023, the Company's management agreement for Lady Luck Casino Nemacolin ("Lady Luck") in Farmington, Pennsylvania expired and was not renewed. The Company completed the sale of substantially all its assets at Lady Luck for an immaterial amount.

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:

		Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	(in millions)	2024	2023			2024	2023
Live and Historical Racing							
Live and Historical Racing							
Live and Historical Racing							
TwinSpires							
TwinSpires							
TwinSpires							
Gaming							
Gaming							
Gaming							
All Other							
All Other							
All Other							
Net Revenue							
Net Revenue							
Net Revenue							

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

Adjusted EBITDA by segment is comprised of the following:

		Three Months Ended March 31,		Three Months Ended June 30,	
		2024		2024	
(in millions)	(in millions)	Live and Historical Racing	TwinSpires	(in millions)	Live and Historical Racing
					TwinSpires
					Gaming
Revenues					
Gaming taxes and purses					

Gaming taxes and purses  
Gaming taxes and purses  
Marketing and advertising  
Salaries and benefits  
Content expense  
Selling, general and administrative  
expense  
Maintenance, insurance and utilities  
Property and other taxes  
Other operating expense  
Other operating expense  
Other operating expense  
Other income  
Adjusted EBITDA

	Three Months Ended March 31, 2023				Three Months Ended June 30, 2023			
	(in millions)	Live and Historical Racing	TwinSpires	Gaming	(in millions)	Live and Historical Racing	TwinSpires	Gaming
(in millions)								
Revenues								
Gaming taxes and purses								
Gaming taxes and purses								
Gaming taxes and purses								
Marketing and advertising								
Salaries and benefits								
Content expense								
Selling, general and administrative expense								
Maintenance, insurance and utilities								
Property and other taxes								
Other operating expense								
Other operating expense								
Other operating expense								
Other income								
Adjusted EBITDA								

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

Six Months Ended June 30, 2024

(in millions)	Live and Historical		
	Racing	TwinSpires	Gaming
Revenues	\$ 739.1	\$ 274.0	\$ 517.6
Gaming taxes and purses	(165.0)	(12.2)	(164.0)
Marketing and advertising	(21.8)	(6.1)	(17.0)
Salaries and benefits	(63.3)	(15.9)	(78.3)
Content expense	(3.4)	(117.3)	(4.4)
Selling, general and administrative expense	(17.3)	(8.8)	(22.0)
Maintenance, insurance and utilities	(21.8)	(2.0)	(20.7)
Property and other taxes	(4.5)	(0.1)	(6.7)
Other operating expense	(62.2)	(25.8)	(38.5)
Other income	0.2	—	97.5
Adjusted EBITDA	\$ 380.0	\$ 85.8	\$ 263.5

Adjusted EBITDA by segment is comprised of the following:

(in millions)	Three Months Ended March 31,	
	2024	2023
<b>Reconciliation of Comprehensive Income to Adjusted EBITDA:</b>		
<b>Net income and comprehensive income</b>	\$ 80.4	\$ 155.7
Additions:		
Depreciation and amortization	46.9	37.9
Interest expense	70.4	64.7
Income tax provision	21.4	53.2
EBITDA	\$ 219.1	\$ 311.5
Adjustments to EBITDA:		
Stock-based compensation expense	\$ 7.2	\$ 8.6
Pre-opening expense	8.3	3.2
Other expenses, net	0.2	3.7
Transaction expense, net	4.1	(0.2)
Other income, expense:		
Interest, depreciation and amortization expense related to equity investments	10.3	9.8
Other charges and recoveries, net	(6.7)	0.3
Gain on sale of Arlington	—	(114.0)
Total adjustments to EBITDA	23.4	(88.6)
<b>Adjusted EBITDA</b>	\$ 242.5	\$ 222.9
<b>Adjusted EBITDA by segment:</b>		
Live and Historical Racing	\$ 100.8	\$ 82.1
TwinSpires	39.6	29.4
Gaming	122.8	129.5
Total segment Adjusted EBITDA	263.2	241.0
All Other	(20.7)	(18.1)
<b>Total Adjusted EBITDA</b>	\$ 242.5	\$ 222.9

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

(in millions)	March 31, 2024	December 31, 2023
<b>Total assets:</b>		
Live and Historical Racing	\$ 3,936.9	\$ 3,872.9
TwinSpires	465.1	473.9
Gaming	1,956.5	1,920.9

Total segment assets	6,358.5	6,267.7
All Other	708.3	687.8
<b>Total assets</b>	<b>\$ 7,066.8</b>	<b>\$ 6,955.5</b>

(in millions)	Six Months Ended June 30, 2023		
	Live and Historical		
	Racing	TwinSpires	Gaming
Revenues	\$ 623.8	\$ 235.5	\$ 499.5
Gaming taxes and purses	(141.9)	(12.0)	(165.3)
Marketing and advertising	(20.3)	(6.7)	(17.6)
Salaries and benefits	(52.1)	(13.7)	(74.0)
Content expense	(3.5)	(111.7)	(4.5)
Selling, general and administrative expense	(16.0)	(5.1)	(22.5)
Maintenance, insurance and utilities	(19.4)	(1.7)	(19.4)
Property and other taxes	(2.7)	(0.1)	(6.3)
Other operating expense	(62.5)	(22.2)	(34.3)
Other income	0.2	1.0	97.3
Adjusted EBITDA	<b>\$ 305.6</b>	<b>\$ 63.3</b>	<b>\$ 252.9</b>

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**Churchill Downs Incorporated**  
**Notes to Condensed Consolidated Financial Statements**  
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The table below presents total capital expenditures for each of our segments:

(in millions)	Three Months Ended March 31,	
	2024	2023
<b>Capital expenditures:</b>		
Live and Historical Racing	\$ 84.8	\$ 108.4
TwinSpires	3.8	3.0
Gaming	61.3	20.7
Total segment capital expenditures	149.9	132.1
All Other	5.1	2.6
<b>Total capital expenditures</b>	<b>\$ 155.0</b>	<b>\$ 134.7</b>

**16. SUBSEQUENT EVENTS**

On April 8, 2024, the Company closed on the sale of 49% Adjusted EBITDA by segment is comprised of the United Tote Company ("United Tote"), a wholly-owned subsidiary of CDI, to NYRA Content Management Solutions, LLC, a subsidiary of the New York Racing Association, Inc, following:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Reconciliation of Comprehensive Income to Adjusted EBITDA:</b>				
Net income attributable to Churchill Downs Incorporated	\$ 209.3	\$ 143.0	\$ 289.7	\$ 298.7
Net income attributable to noncontrolling interest	0.9	—	0.9	—

<b>Net income and comprehensive income</b>	210.2	143.0	290.6	298.7
Additions:				
Depreciation and amortization	49.2	41.8	96.1	79.7
Interest expense	73.5	65.2	143.9	129.9
Income tax provision	84.1	56.2	105.5	109.4
EBITDA	<u>\$ 417.0</u>	<u>\$ 306.2</u>	<u>\$ 636.1</u>	<u>\$ 617.7</u>
Adjustments to EBITDA:				
Stock-based compensation expense	\$ 8.9	\$ 8.1	\$ 16.1	\$ 16.7
Pre-opening expense	7.5	3.2	15.8	6.4
Arlington exit costs	—	5.9	—	9.3
Other expenses, net	0.1	6.6	0.3	6.9
Asset impairments	—	24.5	—	24.5
Transaction expense, net	0.6	0.5	4.7	0.3
Other income, expense:				
Interest, depreciation and amortization expense related to equity investments	10.5	9.9	20.8	19.7
Rivers Des Plaines' legal reserves and transaction costs	0.3	—	0.3	—
Other charges and recoveries, net	(0.1)	(1.2)	(6.8)	(0.9)
Gain on sale of Arlington	—	—	—	(114.0)
Total adjustments to EBITDA	<u>27.8</u>	<u>57.5</u>	<u>51.2</u>	<u>(31.1)</u>
<b>Adjusted EBITDA</b>	<u>\$ 444.8</u>	<u>\$ 363.7</u>	<u>\$ 687.3</u>	<u>\$ 586.6</u>
<b>Adjusted EBITDA by segment:</b>				
Live and Historical Racing	\$ 279.2	\$ 223.5	\$ 380.0	\$ 305.6
TwinSpires	46.2	33.9	85.8	63.3
Gaming	140.7	123.4	263.5	252.9
Total segment Adjusted EBITDA	466.1	380.8	729.3	621.8
All Other	(21.3)	(17.1)	(42.0)	(35.2)
<b>Total Adjusted EBITDA</b>	<u>\$ 444.8</u>	<u>\$ 363.7</u>	<u>\$ 687.3</u>	<u>\$ 586.6</u>

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

(in millions)	June 30, 2024	December 31, 2023
<b>Total assets:</b>		
Live and Historical Racing	\$ 4,040.0	\$ 3,872.9
TwinSpires	480.2	473.9
Gaming	1,944.4	1,920.9
Total segment assets	6,464.6	6,267.7
All Other	705.5	687.8
<b>Total assets</b>	<u>\$ 7,170.1</u>	<u>\$ 6,955.5</u>

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

Six Months Ended June 30,



(in millions)	2024	2023
<b>Capital expenditures:</b>		
Live and Historical Racing	\$ 188.3	\$ 239.8
TwinSpires	7.2	6.4
Gaming	88.5	62.4
Total segment capital expenditures	284.0	308.6
All Other	8.0	3.8
<b>Total capital expenditures</b>	<b>\$ 292.0</b>	<b>\$ 312.4</b>

## 17. SUBSEQUENT EVENTS

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 of the Credit Agreement.

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## 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;
- additional or increased taxes and fees;
- the impact of any pandemics, epidemics, or outbreaks of infectious diseases, including possible new variants of COVID-19, and related economic matters on our results of operations, financial conditions, and prospects;
- lack of confidence in the integrity of our core businesses or any deterioration in our reputation;
- loss of key or highly skilled personnel, as well as 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; racetracks;
- inability to successfully focus on market access and retail operations for our TwinSpires 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;
- 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;

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- 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, 2023, 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.*

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## Our Business

Churchill Downs Incorporated ("CDI" or the "Company") has been creating extraordinary entertainment experiences for nearly 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 TwinSpires 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, TwinSpires, and Gaming. We aggregate our other businesses as well as certain corporate operations and other immaterial joint ventures, 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, 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;
- Asset impairments;
- Gain on property sales;
- Legal reserves;
- Pre-opening expense; and
- Other charges, recoveries and expenses

As of December 31, 2021, our property in Arlington Heights, Illinois ("Arlington") ceased racing and simulcast operations and the property was sold on February 15, 2023 to the Chicago Bears. Arlington's results and exit costs in 2023 are treated as an adjustment to EBITDA and are included in other expenses, net in the Reconciliation of Comprehensive Income to Adjusted EBITDA.

On June 26, 2023, the Company's management agreement for Lady Luck Casino Nemacolin ("Lady Luck") in Farmington, Pennsylvania expired and was not renewed. The Company completed the sale of substantially all its assets at Lady Luck for an immaterial amount.

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.

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## 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, TwinSpires, 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, 2023, 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. The Company intends to vigorously defend the constitutionality of the HHR Act.

As of March 31, 2024 June 30, 2024, the Company had approximately 500 HRMs in OTBs in Louisiana. If the 2021 HHR Act is determined to be unconstitutional it 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:

	Three Months Ended March 31,			Three Months Ended June 30,		
(in millions)						
(in millions)						
(in millions)						
	2024	2023	Change	2024	2023	Change
Net revenue						
Net revenue						
Net revenue						
Operating income						
Operating income						
Operating income						
Operating income margin						
Operating income margin						
Operating income margin						
Net income						
Net income						
Net income						
Net income attributable to Churchill Downs Incorporated						
Net income attributable to Churchill Downs Incorporated						
Net income attributable to Churchill Downs Incorporated						
Adjusted EBITDA						
Adjusted EBITDA						
Adjusted EBITDA						

Three Months Ended March 31, 2024 June 30, 2024, Compared to Three Months Ended March 31, 2023 June 30, 2023

- Net revenue increased \$31.4 million \$122.2 million driven by a \$30.7 million \$79.7 million increase from the Live and Historical Racing segment primarily due to a record-breaking Derby Week at Churchill Downs Racetrack, the opening of our the Rosie's Emporia property in September 2023, and growth at our other HRM properties and an \$11.8 million properties; a \$28.3 million increase from the TwinSpires segment primarily due the Exakta Transaction. Partially offsetting these increases was an \$11.1 million decrease primarily from the Gaming segment primarily driven by the opening of the Terre Haute Casino Resort in April 2024, partially offset by our decision not to renew the management agreement at Lady Luck in at the end of June 2023, and inclement weather in January 2024 across many of our Gaming properties, April 2024; and a \$14.3 million increase from the TwinSpires segment primarily due to Exakta. All Other net revenue decreased \$0.1 million.
- Operating income increased \$6.4 million due to \$104.4 million driven by a \$16.8 million \$62.5 million increase in from the Live and Historical Racing segment primarily due to savings as a result of the record-breaking Derby Week at Churchill Downs Racetrack, Exakta Transaction, savings, the opening of our the Rosie's Emporia property in September 2023, and growth at our other HRM properties, a \$9.6 million properties; an increase in the TwinSpires segment primarily due to the Exakta Transaction, and decreased All Other net operating expenses of \$2.6 million primarily related to attributable

to the \$24.5 million non-cash impairment of Presque Isle intangible assets in the second quarter of 2023 that did not recur; a \$19.1 million increase from the Gaming segment primarily due to opening of the Terre Haute Casino Resort in April 2024, partially offset by inclement weather in April 2024; a \$5.7 million increase in the TwinSpires segment primarily due to Exakta; and an increase in All Other income of \$2.0 million primarily related to Arlington exit costs in 2023. 2023 that did not recur. Partially offsetting these increases to operating income was a \$15.8 million decrease in the Gaming segment primarily due to inclement weather at many of our Gaming properties in January 2024, a \$4.3 million increase in transaction expenses, and a \$2.5 million \$9.3 million increase in selling, general and administrative expenses and a \$0.1 million increase in transaction expenses.

- Net income decreased \$75.3 million attributable to Churchill Downs Incorporated increased \$66.3 million. The following impacted the comparability of the Company's net income for the three months ended March 31, 2024 June 30, 2024 compared to the three months ended March 31, 2023 June 30, 2023: an \$86.2 million \$18.5 million decrease in after-tax gain on the sale of the Arlington property non-cash impairment costs, a \$5.8 million after-tax decrease in the prior year quarter and a \$4.4 million after-

tax net increase in adjustments related to transaction, pre-opening pre-open, and other expenses primarily related to Arlington exit costs in 2023, partially offset by a \$5.2 million after-tax \$1.0 million increase of other recoveries, net related to non-recurring insurance claim recoveries, items. Excluding these items, net income increased \$10.1 million primarily \$43.0 million due to a \$14.7 million \$49.1 million after-tax increase primarily driven by the results of our operations, partially offset by a \$4.6 million \$6.1 million after-tax increase in interest expense associated with higher outstanding debt balances and higher interest rates.

- Adjusted EBITDA increased \$19.6 million \$81.1 million driven by an \$18.7 million a \$55.7 million increase from the Live and Historical Racing segment primarily due to \$5.8 million of savings as a result of the Exacta Transaction record-breaking Derby Week at Churchill Downs Racetrack and a \$12.9 million increase due to the growth at our HRM properties and properties; a \$17.3 million increase from the Gaming segment primarily driven by the opening of our the Terre Haute Casino Resort in April 2024, partially offset by inclement weather in April 2024; and a \$12.3 million increase from the TwinSpires segment primarily due to Exacta. These increases were partially offset by a decrease of All Other adjusted EBITDA of \$4.2 million.

#### Six Months Ended June 30, 2024, Compared to Six Months Ended June 30, 2023

- Net revenue increased \$153.6 million driven by a \$110.4 million increase from the Live and Historical Racing segment primarily due to a record-breaking Derby Week at Churchill Downs Racetrack, the opening of the Rosie's Emporia property in September 2023, and growth at our other HRM properties; a \$10.2 million \$26.1 million increase from the TwinSpires segment primarily due to Exacta; and a \$17.5 million increase from the Gaming segment primarily driven by the opening of the Terre Haute Casino Resort in April 2024, partially offset by our decision not to renew the management agreement at Lady Luck at the end of June 2023, and inclement weather in January and April 2024. All Other net revenue decreased \$0.4 million.
- Operating income increased \$110.8 million driven by a \$79.3 million increase from the Live and Historical Racing segment primarily due to a record-breaking Derby Week at Churchill Downs Racetrack, Exacta savings, the opening of the Rosie's Emporia property in September 2023, and growth at our other HRM properties; an increase attributable to the Exacta Transaction. Partially offsetting these increases was \$24.5 million non-cash impairment of Presque Isle intangible assets in the second quarter of 2023 that did not recur; a \$6.7 million decrease \$15.3 million increase in the TwinSpires segment primarily due to Exacta; an increase in All Other income of \$4.6 million primarily related to Arlington exit costs in 2023 that did not recur; and a \$3.3 million increase from the Gaming segment primarily due to opening of the Terre Haute Casino Resort in April 2024, partially offset by inclement weather in January 2024 at many and April 2024. Partially offsetting these increases to operating income was an \$11.8 million increase in selling, general and administrative expenses and a \$4.4 million increase in transaction expenses.
- Net income attributable to Churchill Downs Incorporated decreased \$9.0 million. The following impacted the comparability of the Company's net income for the six months ended June 30, 2024 compared to the six months ended June 30, 2023: an \$86.2 million after-tax gain on the sale of the Arlington property in the prior year, partially offset by an \$18.5 million decrease in after-tax non-cash impairment costs, a \$4.2 million after-tax increase of other recoveries, net related to non-recurring insurance claim recoveries, and a \$1.3 million decrease of other items. Excluding these items, net income increased \$53.2 million primarily due to a \$63.6 million after-tax increase primarily driven by the results of our Gaming properties operations, partially offset by a \$10.4 million after-tax increase in interest expense associated with higher outstanding debt balances and higher interest rates.
- Adjusted EBITDA increased \$100.7 million driven by a \$74.4 million increase from the Live and Historical Racing segment primarily due to a record-breaking Derby Week at Churchill Downs Racetrack and growth at our HRM properties; a \$22.5 million increase from the TwinSpires segment primarily due to Exacta; and a \$10.6 million increase from the Gaming segment driven by the opening of the Terre Haute Casino Resort in April 2024, partially offset by inclement weather in January and April 2024. These increases were partially offset by a decrease in of All Other adjusted EBITDA of \$2.6 million driven by increased corporate compensation expenses and administrative fees. \$6.8 million.

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#### Revenue by Segment

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

	Three Months Ended March 31,		Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
(in millions)								
Live and Historical Racing								
Live and Historical Racing								
Live and Historical Racing								
TwinSpires								
Gaming								
All Other								

Eliminations

Net Revenue

Three Months Ended March 31, 2024 June 30, 2024, Compared to Three Months Ended March 31, 2023 June 30, 2023

- Live and Historical Racing revenue increased \$33.1 million \$82.2 million due to an \$18.3 million a \$53.8 million increase attributable at Churchill Downs Racetrack, which includes a \$37.6 million increase due to growth at our Kentucky HRM properties; a \$13.5 million record-breaking Derby Week; a \$17.4 million increase attributable to growth at our Virginia properties and the opening of our the Rosie's Emporia property in September 2023, 2023; a \$10.3 million increase attributable to growth at our Kentucky HRM properties; and a \$1.3 million \$0.7 million increase at our other Live and Historical Racing properties.
- TwinSpires revenue increased \$17.8 million \$20.8 million due to a \$14.3 million \$14.7 million increase attributable to the Exacta, Transaction, a \$2.3 million \$4.3 million net increase in Horse Racing revenue primarily due to increased affiliate wagering handle partially offset by a decline in TwinSpires retail horse racing handle due to shifts in race days at other tracks and market access, and a \$1.8 million increase attributable to our retail and online sports betting business, market access agreements and a \$1.2 million increase in Horse Racing revenue. our retail sports betting business.
- Gaming revenue decreased \$8.4 million increased \$26.5 million due to a \$6.3 million \$33.9 million increase attributable to the opening of the Terre Haute Casino Resort in April 2024, and a \$1.9 million increase in New York, partially offset by a \$5.4 million decrease in Pennsylvania primarily due to our decision not to renew the management agreement at Lady Luck in at the end of June 2023, a \$2.7 million decrease in Maine primarily due to inclement weather in April 2024, and a \$2.1 million \$1.2 million net decrease at our other gaming Gaming properties.
- All Other revenue increased due to intercompany revenue related to the captive insurance company that was established in April 2024. All captive revenue is eliminated in consolidation.

Six Months Ended June 30, 2024, Compared to Six Months Ended June 30, 2023

- Live and Historical Racing revenue increased \$115.3 million due to a \$54.5 million increase at Churchill Downs Racetrack, which includes a \$38.0 million increase due to a record-breaking Derby Week; a \$30.9 million increase attributable to growth at our Virginia properties and the opening of the Rosie's Emporia property in September 2023; a \$28.5 million increase attributable to growth at our Kentucky HRM properties; and a \$1.4 million increase at our other Live and Historical Racing properties.
- TwinSpires revenue increased \$38.5 million due to a \$29.0 million increase attributable to Exacta, a \$5.5 million net increase in Horse Racing revenue primarily due to increased affiliate wagering handle partially offset by a decline in TwinSpires retail horse racing handle due to shifts in race days at other tracks and market access, and a \$4.0 million increase attributable to our online sports betting market access agreements and our retail sports betting business.
- Gaming revenue increased \$18.1 million due to a \$33.9 million increase attributable to the opening of the Terre Haute Casino Resort in April 2024, partially offset by an \$11.7 million decrease in Pennsylvania primarily due to our decision not to renew the management agreement at Lady Luck at the end of June 2023, and a \$4.1 million net decrease primarily due to inclement weather in January 2024 across several of our other Gaming properties and in Maine in April 2024.
- All Other revenue increased 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,			Six Months Ended June 30,	
	Three Months Ended June 30,	Change		Change	Change
(in millions)					
Gaming taxes and purses					
Gaming taxes and purses					
Gaming taxes and purses					
Salaries and benefits					
Content expense					
Selling, general and administrative expense					
Depreciation and amortization					
Marketing and advertising					
Maintenance, insurance and utilities					

Property and other taxes
Transaction expense, net
Other operating expense
Other operating expense
Asset impairments
Other operating expense
Total expense

Three and Six Months Ended March 31, 2024 June 30, 2024, Compared to Three and Six Months Ended March 31, 2023 June 30, 2023

Increased gaming taxes Operating expenses increased \$17.8 million and purses, salaries \$42.8 million for the three and benefits, selling, general and administrative, marketing and advertising, and depreciation and amortization increased six months ended June 30, 2024 compared to June 30, 2023 primarily due to the Exacta Transaction in August 2023, the opening of our Rosie's Emporia property in late September 2023, and our Derby City Gaming Downtown property in December 2023, and added costs related to Terre Haute Casino Resort in Indiana that opened on April 5, 2024 and the hotel on May 15, 2024; and the planned opening of The Rose HRM entertainment facility that is scheduled to open Gaming Resort in Virginia in late September 2024. These increases were offset by the \$24.5 million non-cash impairment of Presque Isle intangible assets in the second quarter of 2023 that did not recur.

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,			Six Months Ended June 30,	
	Three Months Ended June 30,	Change		Change	Change
(in millions)					
Live and Historical Racing					
Live and Historical Racing					
Live and Historical Racing					
TwinSpires					
Gaming					
Total Segment Adjusted EBITDA					
All Other					
Total Adjusted EBITDA					

Three Three Months Ended March 31, 2024 June 30, 2024, Compared to Three Months Ended March 31, 2023June 30, 2023

- Live and Historical Racing Adjusted EBITDA increased \$18.7 million \$55.7 million due to a \$12.9 million \$38.1 million increase at Churchill Downs Racetrack, which includes a \$32.2 million increase due to a record-breaking Derby Week; a \$16.1 million increase attributable to growth at our Virginia properties, which includes \$5.8 million of savings \$5.6 million related to the Exacta Transaction, savings; and an \$8.5 million a \$1.5 million increase from growth at our Kentucky other HRM properties. These increases were offset by a \$2.7 million decrease at Churchill Downs Racetrack driven by increased maintenance and promotional expenses in preparation for the 150th Kentucky Oaks and Derby.
- TwinSpires Adjusted EBITDA increased \$10.2 million due to a \$9.4 million increase attributable to the Exacta Transaction and a \$1.4 million increase attributable to our retail and online sports betting business, partially offset by a \$0.6 million decrease in Horse Racing primarily driven by lower retail volume.
- Gaming Adjusted EBITDA decreased \$6.7 million primarily due to inclement weather in January 2024 at many of our gaming properties.

- TwinSpires Adjusted EBITDA increased \$12.3 million due to a \$10.1 million increase attributable to Exacta, a \$1.9 million increase attributable to our online sports betting market access agreements and our retail sports betting business, and a \$0.3 million increase in Horse Racing from increased revenue that was mostly offset by higher content and related expenses.
- Gaming Adjusted EBITDA increased \$17.3 million due to a \$19.9 million increase attributable to the opening of the Terre Haute Casino Resort in April 2024 and a \$3.5 million increase in New York primarily due to union-related payments in 2023 that did not recur. The increase was partially offset by a \$2.2 million decrease in Maine

primarily due to inclement weather in April 2024, a \$0.9 million decrease in Pennsylvania primarily due to our decision not to renew the management agreement at Lady Luck at the end of June 2023, and a \$3.0 million net decrease at our other Gaming properties primarily driven by Louisiana, Maryland, and Mississippi.

- All Other Adjusted EBITDA decreased \$2.6 million \$4.2 million driven primarily by increased corporate compensation related expenses and other corporate administrative expenses.

#### Six Months Ended June 30, 2024, Compared to Six Months Ended June 30, 2023

- Live and Historical Racing Adjusted EBITDA increased \$74.4 million due to a \$35.3 million increase at Churchill Downs Racetrack, which includes a \$31.4 million increase due to a record-breaking Derby Week; a \$28.9 million increase attributable to growth at our Virginia properties, which includes \$11.3 million related to Exakta savings; and a \$10.2 million increase from growth at our other HRM properties.
- TwinSpires Adjusted EBITDA increased \$22.5 million due to a \$19.5 million increase attributable to Exakta, and a \$3.4 million increase attributable to our online sports betting market access agreements and our retail sports betting business, partially offset by a \$0.4 million decrease in Horse Racing primarily from higher content and related expenses.
- Gaming Adjusted EBITDA increased \$10.6 million due to a \$20.7 million increase attributable to the opening of the Terre Haute Casino Resort in April 2024, partially offset by a \$10.1 million decrease across many of our Gaming properties due to inclement weather in January 2024 and in Maine in April 2024.
- All Other Adjusted EBITDA decreased \$6.8 million driven primarily by increased corporate compensation related expenses and other corporate administrative expenses.

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#### Reconciliation of Comprehensive Income to Adjusted EBITDA

	Three Months Ended March 31,		Six Months Ended June 30,
	Three Months Ended June 30,	Change	Change
(in millions)			
Net income and comprehensive income			
Net income and comprehensive income			
Net income attributable to Churchill Downs Incorporated			
Net income attributable to Churchill Downs Incorporated			
Net income attributable to Churchill Downs Incorporated			
Net income attributable to noncontrolling interest			
Net income and comprehensive income			
Additions:			
Additions:			
Additions:			
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization			
Interest expense			
Income tax provision			
EBITDA			
Adjustments to EBITDA:			
Adjustments to EBITDA:			
Adjustments to EBITDA:			
Stock-based compensation expense			
Stock-based compensation expense			
Stock-based compensation expense			
Pre-opening expense			
Pre-opening expense			



Pre-opening expense
Arlington exit costs
Other expense, net
Transaction expense, net
Transaction expense, net
Asset impairments
Transaction expense, net
Other income, expense:
Interest, depreciation and amortization expense related to equity investments
Interest, depreciation and amortization expense related to equity investments
Interest, depreciation and amortization expense related to equity investments
Other charges and recoveries, net
Other charges and recoveries, net
Rivers Des Plaines' legal reserves and transactions costs
Rivers Des Plaines' legal reserves and transactions costs
Rivers Des Plaines' legal reserves and transactions costs
Other charges and recoveries, net
Gain on sale of Arlington
Total adjustments to EBITDA

Adjusted EBITDA

Consolidated Balance Sheet

The following is a summary of our overall financial position:

(in millions)	(in millions)	March 31, 2024	December 31, 2023	Change	(in millions)	June 30, 2024	December 31, 2023	Change
Total assets								
Total liabilities								
Total shareholders' equity								
Total equity								

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

- Total assets increased **\$111.3 million** **\$214.6 million** driven by increased capital expenditures primarily at the Terre Haute Casino Resort, Churchill Downs Racetrack, and The Rose Gaming Resort in **Dumfries, Virginia**.
- Total liabilities increased **\$178.0 million** **\$61.2 million** driven primarily by increased **long-term debt** **accounts payable** and **taxes payable**, partially offset by decreased **current deferred revenue** primarily due to **increased advanced ticket sales** **the recognition of revenue** related to the 150th Kentucky **Derby, Derby** and the payment of dividends.
- Total **shareholders' equity** decreased **\$66.7 million** **increased \$153.4 million** driven by **current year share repurchases** **net income** and the addition of a **redeemable noncontrolling interest**, partially offset by **net income** **share repurchases**.

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Liquidity and Capital Resources

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

(in millions)	(in millions)	Three Months Ended March 31,		(in millions)	Six Months Ended June 30,	
Cash flows from:			Change			Change
Operating activities						
Operating activities						
Operating activities						

Investing activities  
Financing activities

Three Six Months Ended March 31, 2024 June 30, 2024, Compared to the Three Six Months Ended March 31, 2023 June 30, 2023

- Cash flows provided by operating activities increased \$38.8 million \$69.1 million driven primarily by a decrease in cash used for working capital, an increase in operating income, and decreased partially offset by increased interest paid in 2024. 2024 and decreased distributions from our unconsolidated affiliates. 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 increased \$207.9 million \$171.1 million primarily driven by \$195.7 million proceeds from the Arlington sale received in 2023 and an increase that did not recur in capital project expenditures in 2024 primarily at the Terre Haute Casino Resort, Churchill Downs Racetrack, and The Rose Gaming Resort in Dumfries, Virginia. 2024.
- Cash flows used in financing activities decreased \$136.6 million increased \$125.8 million primarily driven by a net paydown of debt in the first quarter of 2023, partially offset by share repurchases in the first quarter of 2024.

We have announced several project capital investments, including the following: Grandstand Club and Pavilion Renovation at Churchill Downs Racetrack, Paddock Project, Owensboro Racing & Gaming in Owensboro, Kentucky, a New Hampshire HRM facility, and The Rose Gaming Resort in Dumfries, Virginia. Northern Virginia, Owensboro Racing and Gaming in Western Kentucky, an Oak Grove HRM annex in Southwestern Kentucky, and a Salem HRM entertainment venue in New Hampshire. We currently expect our project capital to be approximately \$450.0 to \$550.0 million in 2024, although this amount may vary significantly based on the timing of work completed, unanticipated delays, and timing of payments to third parties.

Common Stock Repurchase Program

On September 29, 2021, the Board of Directors of the Company approved a common stock repurchase program of up to \$500.0 million (the "2021 Stock Repurchase Program"). The 2021 Stock Repurchase Program includes and is not in addition to the unspent amount remaining under the prior authorization. Repurchases may be made at management's discretion from time to time on 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. During the first second quarter of 2024, we repurchased 184,821 93,874 shares of the Company's common stock under the 2021 Stock Repurchase Program for a total cost of \$22.0 million approximately \$13.0 million. We had approximately \$192.9 \$179.9 million of repurchase authority remaining under this program on March 31, 2024. June 30, 2024, 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:

(in millions)	(in millions)	March 31, 2024	December 31, 2023	Change	(in millions)	June 30, 2024	December 31, 2023	Change
Revolver								
Term Loan B-1 due 2028								
Term Loan B-1 due 2028								
Term Loan B-1 due 2028								
Term Loan A due 2027								
Term Loan A due 2029								
2027 Senior Notes								
2028 Senior Notes								
2030 Senior Notes								
2031 Senior Notes								
Total debt								
Current maturities of long-term debt								

Total debt, net of current maturities

Issuance costs, net of premiums and discounts

Net debt

#### Credit Agreement

At **March 31, 2024** **June 30, 2024**, 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"), **\$300.0 million** **\$290.2 million** senior secured term loan B-1 **due 2028** (the "Term Loan B-1"), **\$1.3 billion** **\$1.2 billion** senior secured term loan A **due 2027** (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.**

Term Loan B-1 bears interest at the Secured Overnight Financing Rate ("SOFR") plus 210 basis points and 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, 2024** **June 30, 2024**, that applicable margin was 150 basis points which was based on the pricing grid in the Credit Agreement. The Company had **\$841.9 million** **\$893.5 million** available borrowing capacity, after consideration of **\$5.1 million** **\$6.0 million** in outstanding letters of credit, under the Revolver as of **March 31, 2024** **June 30, 2024**.

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, 2024** **June 30, 2024**, 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 **\$198.5 million** **\$209.4 million** assuming no change in the weighted average borrowing rate of **7.01%** **7.04%**, which was in place as of **March 31, 2024** **June 30, 2024**. During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, we had repayments of principal and interest on the Revolver of **\$136.2 million** **\$577.7 million**.

#### 2027 Senior Notes

As of **March 31, 2024** **June 30, 2024**, 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, 2024** **June 30, 2024**, 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.

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FORM 10-Q FOR THE QUARTERLY PERIOD ENDED **MARCH 31, JUNE 30, 2024**

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#### 2030 Senior Notes

As of **March 31, 2024** **June 30, 2024**, 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, 2024** **June 30, 2024**, 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 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, 2024** **June 30, 2024**, minimum rent payable under operating leases was **\$24.4 million** **\$29.6 million**, with \$5.9 million due in the next twelve months. As of **March 31, 2024** **June 30, 2024**, minimum rent payable accounted for as financing obligations was **\$58.7 million** **\$57.5 million**, with **\$4.9 million** **\$5.0 million** due in the next twelve months.

#### Other Contractual Obligations

The Company has other contractual obligations **that consist primarily of minimum guarantees** with commitments of **\$14.0 million** **\$12.4 million**, **\$1.5 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, 2024** **June 30, 2024**, we had **\$1.9** **\$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 **\$13.7** **\$13.0** 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

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FORM 10-Q FOR THE QUARTERLY PERIOD ENDED **MARCH 31, 2024** **JUNE 30, 2024**

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effectiveness of the design and operation of our disclosure controls and procedures as of **March 31, 2024** **June 30, 2024**. 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.

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FORM 10-Q FOR THE QUARTERLY PERIOD ENDED **MARCH 31, 2024** **JUNE 30, 2024**

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## **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, 14**, 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, 2023.

### **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, 2024** **June 30, 2024**:

Period	Total Number of Shares Purchased	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 2024 <sup>(2)</sup>	1,000,000	\$ 123.75	—	\$ 214.9
February 2024	61,463	122.83	—	214.9
March 2024	184,964	118.74	184,821	192.9
Total	1,246,427	\$ 122.96	184,821	

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>
April 2024	101	\$ 123.09	—	\$ 192.9
May 2024	233	133.09	—	192.9
June 2024	94,434	138.41	93,874	179.9
Total	94,768	\$ 138.38	93,874	

- (1) On September 29, 2021, the Board of Directors of the Company approved a common stock repurchase program of up to \$500.0 million. The 2021 Stock Repurchase Program includes and is not in addition to the unspent amount remaining under the prior authorization. The repurchase program has no time limit and may be suspended or discontinued at any time.
- (2) On January 2, 2024, Includes shares withheld to pay taxes on the Company closed vesting of restricted stock and restricted stock units or to pay taxes on an agreement (the "2023 Stock Repurchase Agreement") with an affiliate the exercise of The Duchossois Group ("TDG") stock options granted to repurchase 1,000,000 shares of the Company's common stock, for \$123.75 per share. The repurchase of shares of common stock from TDG pursuant to the 2023 Stock Repurchase Agreement 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. 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, 2024** **June 30, 2024**, 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.

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### ITEM 6. EXHIBITS

<u>Number</u>	<u>Description</u>	<u>By reference to:</u>
10.01	Form of Churchill Downs Incorporated Non-Employee Director Restricted Stock Agreement	
10.02	Sixth Amendment to Credit Agreement, dated July 3, 2024, by and among Churchill Downs Incorporated, the guarantors party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent	Exhibit 10.01 to Current Report on Form 8-K filed July 3, 2024
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)	
	*filed herewith	
	**furnished herewith	

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FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, JUNE 30, 2024

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#### 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 July 24, 2024

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

April July 24, 2024

/s/ Marcia A. Dall  
\_\_\_\_\_  
Marcia A. Dall  
Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

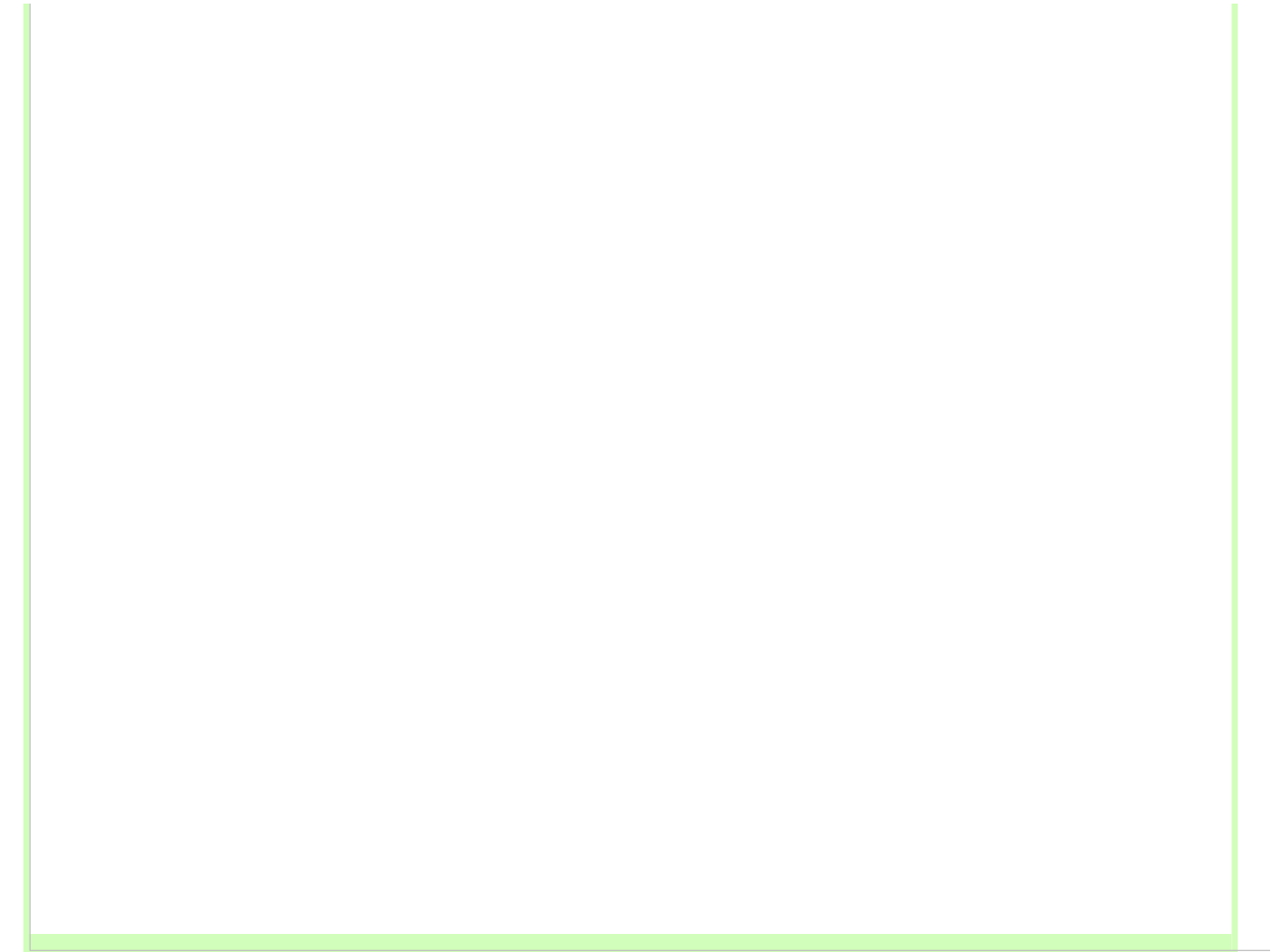
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CHURCHILL DOWNS INCORPORATED NON-EMPLOYEE DIRECTOR RESTRICTED STOCK AGREEMENT THIS RESTRICTED STOCK AGREEMENT (the "Agreement") is made as of the       day of       , 20       by and between       (the "Participant"), who resides at       , and Churchill Downs Incorporated (the "Company"), a Kentucky corporation with its principal place of business at 600 North Hursbourne Parkway, Suite 400, Louisville, KY 40222, pursuant to the provisions of the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan (the "Plan"). WITNESSETH: WHEREAS, the Compensation Committee of the Board of Directors of the Company (the "Board") has determined that part of the annual retainer compensation for the service of non-employee members of the Board ("Director") shall be paid in the form of restricted shares of the Company's common stock, no par value per share ("Common Stock"); WHEREAS, on February 24, 2016, the Board adopted the Plan, which was approved by the shareholders of the Company at the 2016 Annual Meeting of Shareholders on April 27, 2016; WHEREAS, the Plan provides for the granting of restricted shares of the Common Stock in accordance with the terms and provisions thereof; and WHEREAS, Participant is a non-employee Director who the Compensation Committee of the Board considers to be a person eligible for grants of restricted shares of the Common Stock and has determined that it would be in the best interest of the Company to grant the Participant the restricted Shares of the Common Stock documented herein. NOW, THEREFORE, in consideration of the foregoing and the mutual undertakings herein contained, and for other good and valuable consideration, the mutuality, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows: 1. Grant of Stock. In accordance with the terms of the Plan and subject to the further terms, conditions and restrictions contained in this Agreement, the Company hereby grants to the Participant       shares (the "Shares") of the Company's Common Stock on the date first above written, in consideration for services to be performed by the Participant as Director of the Company. As long as the Shares are subject to the Restrictions set forth in Section 4 of this Agreement, such shares shall be deemed to be, and are referred to in this Agreement as, the "Restricted Shares". 2. Certificates for Shares/Book Entry. Certificates (or alternatively, where applicable and permitted by applicable law and the rules of an applicable stock exchange, book entries) evidencing Restricted Shares shall be deposited (or recorded) with the Company to be held in escrow until such Shares are released to the Participant or forfeited in accordance with



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2 - this Agreement, The Participant shall, simultaneously with the execution and delivery of this Agreement, execute and deliver to the Company a stock power in blank with respect to the Restricted Shares. If any Restricted Shares are forfeited, the Company shall direct the transfer agent of the Common Stock to make the appropriate entries in its records showing the cancellation of the certificate or certificates (or, as applicable, the book entries) for such Restricted Shares.

3. Adjustments in Restricted Shares. (a) In the event of any change in the outstanding Common Stock by reason of a stock dividend or distribution (or distribution on Common Stock of any security convertible into securities of the Company), recapitalization, merger, consolidation, split-up, combination, subdivision, reclassification, exchange of shares or the like, the Compensation Committee shall make equitable adjustments in the Restricted Shares so that the shares represent the same percentage of the Company's equity as was the case immediately prior to such change. Any new, additional or different securities to which the Participant shall be entitled in respect of Restricted Shares by reason of such adjustment shall be deemed to be Restricted Shares and shall be subject to the same terms, conditions and restrictions as the Restricted Shares so adjusted. (b) In the event Company merges, consolidates or effects a share exchange with another entity, or all or a substantial portion of Company's assets or outstanding capital stock are acquired (whether by merger, purchase or otherwise) by another entity (any such entity being hereafter referred to as the "Successor") each of the Restricted Shares shall automatically be converted into and replaced by shares of common stock, or such other class of securities having rights and preferences no less favorable than the Restricted Shares of the Successor, and the number of Restricted Shares shall be correspondingly adjusted, so that the Participant shall have the right to that number of shares of common stock of the Successor that have a value equal, as of the date of the merger, conversion or acquisition, to the value, as of the date of the merger, conversion or acquisition, of the Restricted Shares.

4. Restrictions. During applicable period of restriction determined in accordance with Section 6 of this Agreement, Restricted Shares, and all rights with respect to such Shares, may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered or disposed of and shall be subject to the risk of forfeiture contained in Section 5 of this Agreement (such limitations on transferability and risk of forfeiture being herein referred to as the "Restrictions"), but the Participant shall have all other rights of a stockholder; provided, however, that, until such time as the Restrictions lapse, the Participant shall not have the right to vote the Restricted Shares; receive dividends thereon (dividends shall accrue and vest and be paid at the same time as the Restrictions lapse); or purchase any securities pursuant to that certain Rights Agreement dated as of March 19, 2008, between the Company and National City Bank, as amended, and as the same may be amended, modified or supplemented from time to time.



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3 - 5. Forfeiture of Restricted Shares. Subject to Section 6 below, in the event that the Participant ceases to serve as a Director of the Company for any reason, such event shall constitute an "Event of Forfeiture" and all Shares which at that time are Restricted Shares shall thereupon be forfeited by the Participant to the Company without payment of any consideration by the Company, and neither the Participant nor any heir, personal representative, successor or assign of the Participant shall have any right, title or interest in or to such Restricted Shares or any certificates (or book entries) evidencing the same. 6. Lapse of Restrictions. The Restrictions on the Restricted Shares shall lapse upon the earlier of (i) the twelve (12) month anniversary of the date of this Agreement and (ii) the day immediately preceding the annual meeting of shareholders of the Company next occurring after the date of this Agreement, provided that Participant is a Director of the Company on such date, or upon an earlier Change in Control, death or Disability. Notwithstanding the foregoing, actions taken in compliance with that certain Stockholder's Agreement dated as of September 8, 2000, among the Company, Duchossois Industries, Inc. and subsequent signatories thereto, as amended from time to time, shall not be deemed a Change in Control. For purposes of this Agreement, "Disability" means that Participant becomes "disabled" within the meaning of Section 409A(a)(2)(C) of the Code or any successor provision and the applicable regulations thereunder. Upon the lapse of the Restrictions in accordance with this Section, the Company shall, as soon as practicable thereafter, deliver to the Participant a certificate (or record as a book entry and deliver evidence of same to the Participant) (without any restrictive endorsement referring to such Restrictions) for the Shares that are no longer subject to such Restrictions. 7. Nature of Grant. In accepting the Restricted Shares, Participant acknowledges that: (i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated at any time, unless otherwise provided in this Agreement; (ii) the grant of the Restricted Shares does not create any contractual or other right to receive future grants of Restricted Shares, or benefits in lieu of Restricted Shares; (iii) all decisions with respect to future Restricted Share grants, if any, will be at the sole discretion of the Board; (iv) Participant is voluntarily entering into this Agreement; and (v) the value of Restricted Shares may increase or decrease in value, and no claim or entitlement to compensation or damages shall arise from forfeiture of Restricted Shares or from any diminution in value of the Restricted Shares. 8. Withholding Requirements. Whenever

Restrictions lapse with respect to Restricted Shares, the Company shall have the right to (i) withhold from sums due to the Participant; (ii) require the Participant to remit to the Company; or (iii) retain Shares otherwise deliverable to the Participant in an amount sufficient to satisfy any Federal, state or local withholding tax requirements prior to making such payments or delivering any such Shares to the Participant. 9. Effect Upon Position as a Director. Nothing contained in this Agreement shall confer upon Participant the right to continue in his or her position as a Director of the Company or affect any right that the Company may have to remove Participant as a Director of the Company.

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4 - 10. Captions. The captions and section headings used herein are for convenience only, shall not be deemed part of this Agreement and shall not in any way restrict or modify the context and substance of any section or paragraph of this Agreement. 11. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, personal representatives, successors and assigns. The Participant accepts the award of Shares hereunder subject to all of the terms and conditions of this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all reasonable decisions and interpretations of the Compensation Committee upon any questions arising under this Agreement, including without limitation, the interpretation of the Restrictions imposed upon the Shares. 12. Notices. Notices shall be deemed delivered if delivered personally or three days after being deposited in the United States mail to the Company in care of its Secretary at its executive offices at 600 North Hurstbourne Parkway, Suite 400, Louisville, KY 40222, and to Participant at the current address shown on the payroll records of the Company, or at such other address as either party may hereafter designate in writing to the other. 13. Investment Representation. If the Shares awarded to the Participant under this Agreement are not registered under the Securities Act of 1933, as amended, pursuant to an effective registration statements, the Participant, if the Compensation Committee shall reasonably deem it advisable, may be required to represent and agree in writing (i) that any Shares acquired by the Participant under this Agreement will not be sold except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or pursuant to an exemption from registration under such Act, and (ii) that the Participant has acquired such Shares for his own account and not with a view to the distribution thereof. 14. Compliance with Section 16(b). This Agreement and the grant of Shares hereunder are intended to comply with all applicable conditions of Rule 16(b)-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended. All transactions involving the Company's Directors and employees are subject to such conditions, regardless of whether the conditions are expressly set forth in this Agreement. Any provision of this Agreement that is contrary to a condition of Rule 16b-3 shall not apply. 15. Compliance With Other Laws And Regulations. The rights of the Participant and the obligations of Company under this Agreement shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. Company shall not be required to issue or deliver certificates for shares of Common Stock before (i) the listing of such shares on any stock exchange or over-the-counter market, such as NASDAQ, on which the Common Stock may then be listed or traded, and (ii) the completion of any registration or qualification of any governmental body which Company shall, in its sole discretion, determines to be necessary or advisable. The Company agrees to use its best efforts to procure any such listing, registration or qualification. 16. Severability. The invalidity or unenforceability of any provision of the Agreement shall not affect the validity or enforceability of the remaining provisions of the

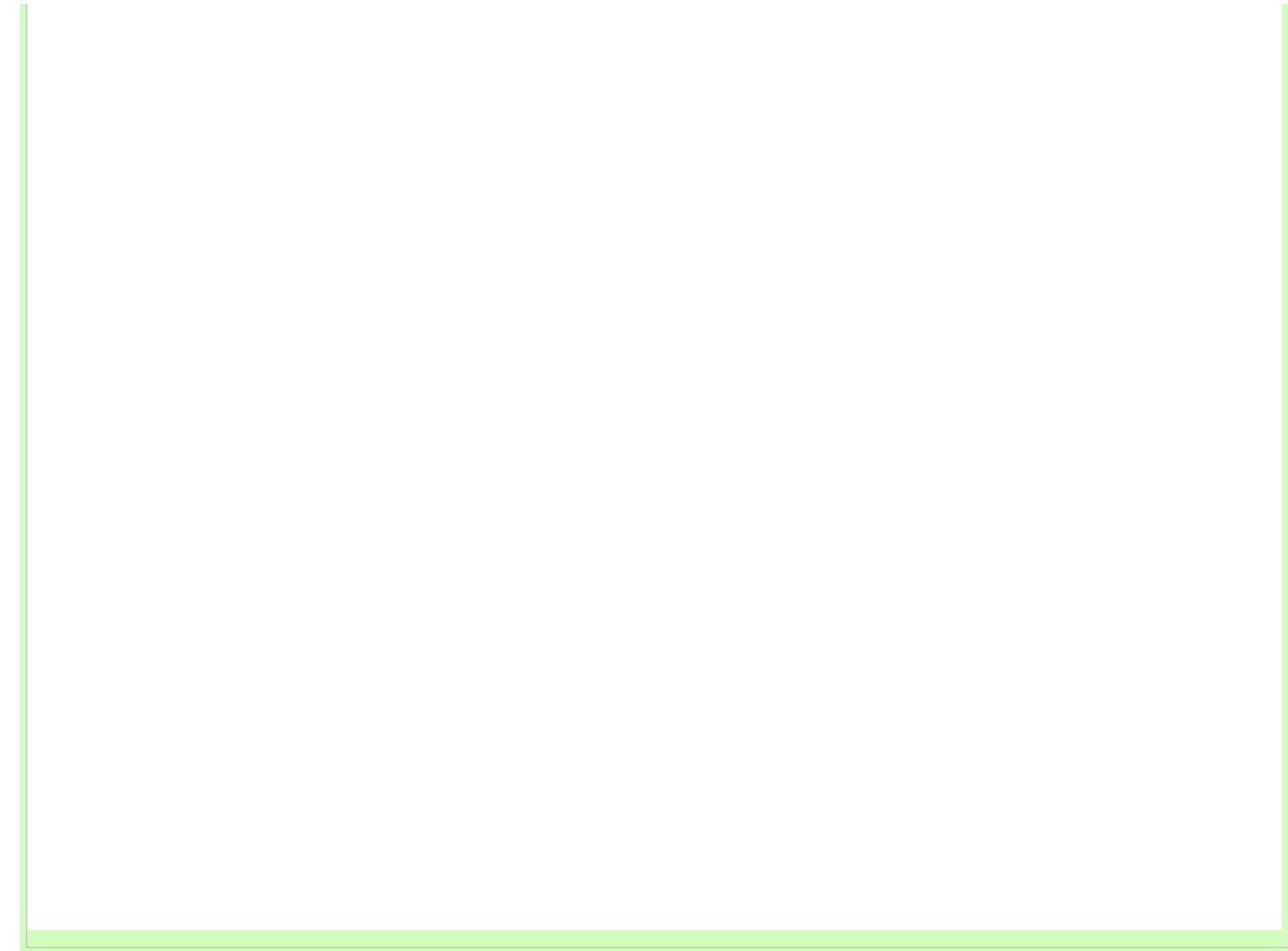


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- 5 - Agreement, and such invalid or unenforceable provision shall be stricken to the extent necessary to preserve the validity and enforceability of the Agreement. 17. Incorporation of Plan. The Restricted Shares are granted pursuant to the terms of the Plan and this Agreement, and the Restricted Shares shall in all respects be interpreted in accordance with the Plan and this Agreement. 18. Governing Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky. Participant consents to the exclusive jurisdiction of the courts of the Commonwealth of Kentucky and of any federal court located in Jefferson County, Kentucky in connection with any action or proceeding arising out of or relating to this Agreement, any document or instrument delivered pursuant to or in connection with this Agreement, or any breach of this Agreement or any such document or instrument. 19. Entire Agreement. This Agreement and the Plan contain the entire agreement between the parties hereto with respect to the subject matter hereof. It supersedes all prior written or contemporaneous oral agreements related thereto. IN WITNESS WHEREOF, the Company and Participant have executed and delivered this Agreement as of the date first above written. CHURCHILL DOWNS INCORPORATED By: Title: PARTICIPANT: By: [INSERT NAME]



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- 6 - EXHIBIT A IRREVOCABLE STOCK POWER FOR VALUE RECEIVED, the sufficiency of which is hereby acknowledged, the undersigned, does hereby sell, convey, assign and transfer unto CHURCHILL DOWNS INCORPORATED, a Kentucky corporation (the "Company"), shares of Common Stock of the Company registered in the undersigned's name on the books of the Company as evidence by book entry position, which shares of Common Stock were issued to the undersigned by the Company under, and are subject to the terms and conditions of, the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan and that certain Restricted Stock Agreement by and between the Company and the undersigned. The undersigned does hereby irrevocably constitute and appoint the Secretary of the Company as the undersigned's true and lawful attorney-in-fact to transfer the said capital stock on the books of the Company.

Date: Signed: Printed:



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EXHIBIT B CHURCHILL DOWNS INCORPORATED PROXY With respect to all Restricted Shares issued to the undersigned (the "Shares") under the Churchill Downs Incorporated 2016 Omnibus Stock Incentive Plan (the "Plan") and that certain Restricted Stock Agreement by and between the Company and the undersigned (the "Agreement"), the undersigned hereby appoints Churchill Downs Incorporated, a Kentucky corporation, as the undersigned's true and lawful agent and proxy, with full power of substitution, to represent the undersigned in all matters submitted to a vote of the shareholders of Churchill Downs Incorporated at any time after the date hereof and to vote all Shares in the proxy's sole and absolute discretion. This proxy is coupled with an interest and may not be revoked. This proxy shall continue until the lapse of the restrictions set forth in Section 6 of the Agreement. Date:

Signed: Printed:

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

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EXHIBIT 31(a)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, William C. Carstanjen, certify that:

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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 July 24, 2024

/s/ William C. Carstanjen

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

EXHIBIT 31(b)

#### 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 July 24, 2024

/s/ Marcia A. Dall

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

## EXHIBIT 32

### 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, 2024 June 30, 2024, 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

William C. Carstanjen  
Chief Executive Officer  
(Principal Executive Officer)  
April July 24, 2024

/s/ Marcia A. Dall

Marcia A. Dall  
Executive Vice President and Chief Financial Officer  
(Principal Financial & Accounting Officer)  
April July 24, 2024

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.

#### DISCLAIMER

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