

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 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: 001-37858

CANTERBURY PARK HOLDING CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Minnesota

(State or Other Jurisdiction
of Incorporation or Organization)

47-5349765

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

1100 Canterbury Road
Shakopee, MN 55379

(Address of principal executive offices and zip code)
Registrant's telephone number, including area code: (952)
445-7223

Title of Each Class

Common Stock, \$.01 par value

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

Symbol

CPHC

Name of Exchange on which Registered

Nasdaq Stock Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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 during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes No

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

Large accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>
Accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of common stock held by non-affiliates based on the price at which the Company's common stock was last sold on the Nasdaq Global Market, on June 30, 2024, the end of the registrant's most recently completed second fiscal quarter, was \$83,569,581. On March 10, 2025, the Company had 5,039,155 shares of common stock, \$.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive Proxy Statement for its 2025 Annual Meeting of Shareholders, which will be filed within 120 days of the Company's fiscal year end of December 31, 2024, are incorporated by reference into Part III of this Form 10-K.

CANTERBURY PARK HOLDING CORPORATION
FORM 10-K ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

TABLE OF CONTENTS

	<u>Page</u>
PART I	
<u>ITEM 1. Business</u>	<u>3</u>
<u>ITEM 1A. Risk Factors</u>	<u>10</u>
<u>ITEM 1B. Unresolved Staff Comments</u>	<u>15</u>
<u>ITEM 1C. Cybersecurity</u>	<u>15</u>
<u>ITEM 2. Properties</u>	<u>16</u>
<u>ITEM 3. Legal Proceedings</u>	<u>16</u>
<u>ITEM 4. Mine Safety Disclosures</u>	<u>16</u>
PART II	
<u>ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>16</u>
<u>ITEM 6. [Reserved]</u>	<u>16</u>
<u>ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation</u>	<u>16</u>
<u>ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>22</u>
<u>ITEM 8. Financial Statements and Supplementary Data</u>	<u>23</u>
<u>ITEM 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure</u>	<u>41</u>
<u>ITEM 9A. Controls and Procedures</u>	<u>41</u>
<u>ITEM 9B. Other Information</u>	<u>42</u>
<u>ITEM 9C. Regarding Foreign Jurisdiction that Prevent Inspections</u>	<u>42</u>
PART III	
<u>ITEM 10. Directors, Executive Officers and Corporate Governance</u>	<u>42</u>
<u>ITEM 11. Executive Compensation</u>	<u>42</u>
<u>ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>42</u>
<u>ITEM 13. Certain Relationships, Related Transactions and Director Independence</u>	<u>42</u>
<u>ITEM 14. Principal Accounting Fees and Services</u>	<u>42</u>
PART IV	
<u>ITEM 15. Exhibits and Financial Statement Schedules</u>	<u>43</u>
<u>ITEM 16. Form 10-K Summary</u>	<u>45</u>
<u>SIGNATURES</u>	<u>46</u>

Item 1. BUSINESS

Available Information

The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers, including Canterbury Park Holding Corporation, that file electronically with the Securities and Exchange Commission (SEC). The Company files annual reports, quarterly reports, proxy statements, and other documents with the SEC under the Securities Exchange Act of 1934 (Exchange Act).

We also make available free of charge through our website (www.canterburypark.com) the reports and other documents that we file with the SEC, including the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and, if applicable, amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC.

Overview

Canterbury Park Holding Corporation (the "Company," "we," "our," or "us") is the holding company for and parent company of two subsidiaries, Canterbury Park Entertainment LLC ("Canterbury Entertainment") and Canterbury Development LLC ("Canterbury Development") and an indirect subsidiary Canterbury Park Concessions, Inc. which is wholly-owned by Canterbury Entertainment. As used herein, the term "Company" or "we" includes Canterbury Park Holding Corporation and its subsidiaries unless the context indicates otherwise.

We divide our business into four segments: (i) horse racing, (ii) Casino, (iii) food and beverage, and (iv) real estate development. The horse racing segment represents our pari-mutuel wagering operations on simulcast and live horse races; the Casino segment represents our unbanked card operations; the food and beverage segment includes concessions, catering, and events and services provided at the Racetrack; and the real estate development segment represents our real estate development operations. We conduct our (i) horse racing, (ii) Casino, and (iii) food and beverage segments through Canterbury Entertainment. We conduct our real estate development segment through Canterbury Development.

In 2023, we developed a five-year strategic plan focused on growing Casino revenue. As part of our execution on the five-year strategic plan, we are actively evaluating new opportunities that would diversify and grow our business, including through potential strategic transactions and initiatives.

Canterbury Park Entertainment

Through Canterbury Entertainment, we host pari-mutuel wagering on thoroughbred and quarter horse races and "unbanked" card games at our Canterbury Park Racetrack and Casino facility (the "Racetrack") in Shakopee, Minnesota, which is approximately 20 miles southwest of downtown Minneapolis. The Racetrack is the only facility in the State of Minnesota that offers live pari-mutuel thoroughbred and quarter horse racing. Our pari-mutuel wagering operations include both wagering on thoroughbred and quarter horse races during live meets at the Racetrack and year-round wagering on races held at out-of-state racetracks that are televised simultaneously at the Racetrack ("simulcasting"). Unbanked card games, in which patrons compete against each other instead of the house, are also hosted in the Casino at the Racetrack. The Casino has historically operated 24 hours a day, seven days a week and has offered both poker and table games at up to 80 tables as allowed by Minnesota statute. We also derive revenues from related services and activities, such as food and beverage, parking, advertising signage, publication sales, and catering and events held at the Racetrack. The ownership and operation of the Racetrack and the Casino are significantly regulated by the Minnesota Racing Commission ("MRC"). Canterbury Entertainment is the direct owner of all land, facilities, and substantially all other assets related to our pari-mutuel wagering, Casino, concessions, and other related businesses ("Racetrack Operations"), and is subject to direct regulation by the MRC. Canterbury Development is the direct owner of all land used in the real estate development operations. We own approximately 260 acres of land as of December 31, 2024, in Shakopee, Minnesota where the Racetrack is located.

Traditionally, our revenues have been principally derived from three activities: Casino operations, pari-mutuel operations, and food and beverage operations. For the year ended December 31, 2024, revenues from Casino operations represented 63.0% of total net revenues, wagering on horse races represented 13.4% of total net revenues, and food and beverage revenue represented 12.9% of total net revenues. These components of revenue are described in more detail below. In addition, other revenues, which are principally derived from the three activities noted above, represented 10.7% of total net revenues for the year ended December 31, 2024.

Horse Racing Operations

The Company's horse racing operations consist of year-round simulcasting of horse races from around the U.S. and internationally and wagering on live thoroughbred and quarter horse races ("live meets") held on a seasonal basis beginning in May and generally concluding in September each year. At the Racetrack, various aspects of our operations are subject to approval by the MRC and the organization that represents a majority of the owners and trainers of the horses who race at the Racetrack, which is the Minnesota Horsemen's Benevolent and Protective Association ("MNHBP").

All of the wagering on simulcast and live horse races at the Racetrack is pari-mutuel wagering. In pari-mutuel wagering, bettors wager against each other in a pool, rather than against the operator of the facility or with preset odds. From the total handle wagered, the Minnesota Pari-Mutuel Horse Racing Act (the "Minnesota Racing Act") specifies the maximum percentage, referred to as the "takeout," that may be withheld by the Racetrack, with the balance returned to the winning bettors.

Pari-mutuel wagering can be divided into two categories: straight wagering pools and multiple wagering pools, which are also referred to as "exotic" wagering pools. Examples of straight wagers include: "win," "place," and "show." Examples of exotic wagers include: "daily double," "exacta," "trifecta," and "pick four."

The amount of takeout earned by the Company on pari-mutuel wagering depends on where the race is run and the form of wager (straight or exotic). The total maximum takeouts are 17% from straight wagering pools and 23% from exotic wagering pools. From this takeout, Minnesota law requires deductions for purses, pari-mutuel taxes, and payments to the Minnesota Breeders' Fund ("MBF"). The balance of the takeout remaining after these deductions is commonly referred to as the "retainage."

While the Minnesota Racing Act regulates that a minimum of 8.4% of the live racing handle be paid as purses to the owners of the horses, purse contributions are governed by an agreement that we negotiate annually with the MNHBP and the Minnesota Quarter Horse Racing Association ("MQHRA").

In addition, the MBF receives 1% of the handle. The current pari-mutuel tax applicable to wagering on all simulcast and live races is 6% of takeout in excess of \$12 million during the twelve-month period beginning July 1 and ending the following June 30.

Net revenues from pari-mutuel wagering on live races run at the Racetrack consist of the total amount wagered, less the amounts paid (i) to winning patrons, (ii) for purses, (iii) to the MBF, and (iv) for pari-mutuel taxes to the State of Minnesota. Net revenues from pari-mutuel wagering on races being run at out-of-state racetracks and simulcast to the Racetrack have similar expenses but also include a host fee payment to the host track. The host fee, which is calculated as a percentage of monies wagered (generally 3.0% to 10.0%), is negotiated with the host track and must comply with state laws governing the host track. Pari-mutuel revenues also include commission and breakage revenues on live on-track and simulcast racing, fees received from out-of-state racetracks for wagering on our live races, and proceeds from unredeemed pari-mutuel tickets and vouchers.

Additionally, Minnesota Advanced Deposit Wagering ("ADW") legislation allows Minnesota residents to engage in pari-mutuel wagering on out-of-state horse races online with a prefunded account through an ADW provider. The Company collects a percentage of monies wagered (generally 2.75% to 5.0%) by Minnesota residents through the ADW provider as a source market fee. The Company pays 28% of the collected revenues to another Minnesota-based horse track, records the remaining 72% as revenues, and records expenses of at least 50% for purses and breeders' awards.

Live Racing

For the years ended December 31, 2024 and 2023, the Racetrack hosted 54 and 53 days of live racing, respectively, beginning in May and concluding in September. In 2024, the Company had one day of live racing shortened due to inclement weather. In 2023, the Company had one day of live racing cancelled and two other days shortened due to inclement weather.

Simulcasting

Simulcasting is the process by which live horse races held at one facility (the "host track") are transmitted simultaneously to other locations to allow patrons at each receiving location (the "guest track") to place wagers on races transmitted from the host track. Monies are collected at the guest track, and the information with respect to the total amount wagered is electronically transmitted to the host track. All of the amounts wagered at guest tracks are combined into the appropriate pools at the host track with the final odds and payouts based upon all the monies in the respective pools.

The Company is able to offer simulcast racing seven days a week, 364 days a year from racetracks around the world, including Churchill Downs, Santa Anita, Gulfstream Park, Belmont Park, Saratoga Racecourse, and Dubai. In addition, races of national interest, such as the Kentucky Derby, the Preakness Stakes, the Belmont Stakes, and the Breeders' Cup supplement the regular simulcast program. The Company regularly evaluates its agreements with other racetracks to offer the most popular simulcast signals of live horse racing that are reasonably available.

Under federal and state law, in order to conduct simulcast operations either as a host or guest track, the Company must obtain the consent of the MRC and the MNHBPA as the organization that represents a majority of the owners and trainers of the horses who race at the Racetrack. As these consents are obtained annually, no assurance can be given that the MRC and the MNHBPA will allow the Company to conduct simulcast operations either as a host or guest track in future years. If either the MRC or the MNHBPA do not consent, the Company's operations could be adversely affected by a decrease in pari-mutuel revenue, lower attendance, and lower overall handle.

Casino Operations

The Casino may offer gaming 24 hours per day, seven days per week, and offers two forms of unbanked card games: poker and table games.

Poker games, including Texas Hold 'Em, Stud, and Omaha, with betting limits per hand ranging between \$2 and \$100, are currently offered in our Casino. A dealer employed by the Company regulates the play of the game at each table and deals the cards but does not participate in play. In poker games, the Company is allowed to deduct a percentage from the accumulated wagers and impose other charges for hosting the activity but does not have an interest in the outcome of a game. The Company may add additional prizes, awards, or money to any game for promotional purposes. The primary source of poker revenue the Company collects is a "rake" of 5-10%, depending on the limit of the game, of the poker pot up to a maximum of \$5 per hand. In addition, poker games offer progressive jackpots for most games. In order to fund the poker progressive jackpot pools, the dealer withholds up to \$2 from each pot in excess of \$15.

Table games, including Blackjack, Mississippi Stud, Fortune Pai Gow, Three Card Poker, Four Card Poker, Ultimate Texas Hold 'Em, EZ Baccarat, Criss Cross Poker, Free Bet Blackjack, DJ Wild, Double Down Madness Blackjack, and I Luv Suits, with betting limits ranging between \$1 and \$300, are currently offered in our Casino. The Company has the option to offer banked games under the Minnesota law governing Casino operations but currently only offers "unbanked" games. "Unbanked" refers to a wagering system or game where wagers lost in card games are accumulated into a player pool liability for purposes of enhancing the total amount paid back to winning players. The Company can only serve as custodian of the player pool, may not have an active interest in any card game, and does not recognize amounts that dealers "win" or "lose" during the course of play as revenue. The primary source of table games revenue is a percentage of the buy in received from the players, aggregated up to 20% per day, as defined by the MRC regulations, as compensation for providing the Casino facility and services, referred to as "collection revenue." In addition, several table games offer a progressive jackpot. The player has the option of playing the jackpot with the opportunity to win some or the entire jackpot amount, depending upon the player's hand.

Under Minnesota law, the Company is required to pay 10% of the first \$6 million of gross Casino revenues towards purses for live horse racing at the Racetrack. After meeting the \$6 million threshold, the Company must pay 14% of gross Casino revenues as purse monies. Of funds allocated for purses, the Company pays 10% of the purse monies to the MBF, which is a fund apportioned by the MRC among various purposes related to Minnesota's horse breeding and horse racing industries. The remaining 90% of purse monies are divided between thoroughbred (95%) and quarter horse (5%) purse funds.

Food and Beverage Operations

We derive revenue from our food and beverage operations through sales at concession stands, restaurant and buffet, bars, and other food venues. The Company currently offers two, year-round café style restaurants and full service bars within the Casino and simulcast area. The Casino offers tableside menu service generally 24 hours a day. Our Triple Crown Club offers lounge services along with a buffet restaurant. During live racing, a wide variety of concession-style food and beverage options are available to our guests.

The food and beverage operations also include our catering and events operations. We have one of the largest event spaces in the Twin Cities with more than 100,000 square feet of available space. Our facilities provide a variety of purposes for year-round events and other activities. Our event space has been used for craft shows, trade shows, pool and poker tournaments, automobile and other utility vehicle shows, major art shows, and fundraisers. Our outdoor spaces have been used for concerts, snowmobile races, a rodeo, and other competitions. The infield of the Racetrack has also been used as a concert and event area. In addition to event space, we have offered space in our horse stable area for rent for boat storage during the winter months and recreational vehicle storage during the summer months.

Development Operations

Beginning in 2015, we began executing our development plan for Company land that was not necessary to conduct our Racetrack Operations (grandstand, racetrack, stable area, and parking areas) and land for other facilities, including the event center. Both Canterbury Development and the land held by Canterbury Development are not subject to direct regulation by the MRC. Originally, approximately 140 acres were considered underutilized and were targeted for real estate development by Canterbury Development to be complementary with our Racetrack Operations.

In 2024, Canterbury Development continued to pursue various development opportunities for the underutilized land in a project known as Canterbury Commons™. Canterbury Development continues to pursue various mixed use development opportunities, such as residential development, office, restaurants, hotel, entertainment, and retail operations. As of December 31, 2024, Canterbury Development has contributed approximately 40 acres of land to four, separate joint ventures described below.

In addition, we have sold several parcels of land, totaling approximately 50 acres, to third parties that have and will develop the property as described below. Although we will have no continuing ownership in these land sales, we believe the future developments of these properties will contribute to the overall vitality of Canterbury Commons and drive visitation and spend to Canterbury Park.

The following is a summary of our real estate development projects within Canterbury Commons as of December 31, 2024:

- Our first real estate development project in Canterbury Commons began in 2018 with Doran Canterbury I, LLC, a joint venture between Canterbury Development and an affiliate of Doran Companies ("Doran") for the development of the upscale Triple Crown Residences at Canterbury Park.
 - In September 2018, Canterbury Development contributed approximately 13 acres of land as its equity contribution in the Doran Canterbury I, LLC joint venture and became a 27.4% equity member. Construction of the 321-unit Phase I, which was developed pursuant to the first joint venture agreement, began in late 2018 with initial occupancy on part of the building in June 2020. Remaining units were completed and available for occupancy by the end of 2020.
 - In August 2020, Doran exercised its option for Phase II of the project, which include an additional 305 residential units, and the Company entered into a second joint venture with Doran called Doran Canterbury II, LLC. Pursuant to this second agreement, the Company transferred roughly 10 acres of land to Doran Canterbury II, LLC. In addition to receiving 27.4% ownership in Doran Canterbury II, the exchange resulted in the repayment of a \$2.9 million note receivable which was on the Company's balance sheet as a related party receivable as of June 30, 2020. Groundwork on the Doran Canterbury II site began in October 2020, paving the way for the ground-up construction of the second phase of apartments, which began construction in March 2022 with initial occupancy occurring in January 2024.
 - As a result of these joint ventures, Canterbury Development holds a 27.4% equity interest in Doran Canterbury I, LLC governed by an operating agreement effective as of March 1, 2018 with Doran Shakopee LLC, and Canterbury Development also holds a 27.4% equity interest in Doran Canterbury II, LLC governed by an operating agreement effective as of July 30, 2020 with Doran Shakopee LLC and amended October 1, 2021.
- On June 16, 2020, Canterbury Development, entered into an operating agreement with an affiliate of Greystone Construction ("Greystone"), as the two members of a Minnesota limited liability company named Canterbury DBSV Development, LLC ("Canterbury DBSV"). Canterbury DBSV was formed as part of a joint venture between Greystone and Canterbury Development for a multi-use development on the 13-acre land parcel located on the southwest portion of the Company's Racetrack. Canterbury Development's equity contribution to Canterbury DBSV was approximately 13 acres of land, which were contributed to Canterbury DBSV on July 1, 2020. In connection with its contribution, Canterbury Development became a 61.87% equity member in Canterbury DBSV.
 - During the fourth quarter of 2020, Canterbury DBSV transferred approximately 1.5 acres of land as an equity contribution into another joint venture, called GS Moving Up, LLC, a Minnesota limited liability company. In connection with its contribution, Canterbury DBSV became a 45.87% equity member in GS Moving Up, LLC. The land was used for the development of a new 28,000 square foot office building, with Greystone occupying the second floor as its corporate headquarters. The project was completed in the 2021 third quarter.
 - During the first quarter of 2022, Canterbury DBSV transferred approximately 3.5 acres of land as an equity contribution into another joint venture, called Omry Canterbury, LLC, a Minnesota limited liability company. In connection with its contribution, Canterbury DBSV became a 16.2% equity member in Omry Canterbury, LLC. The land was used for the development of a 147-unit senior living community with initial occupancy beginning during the fourth quarter of 2023.
 - During the fourth quarter of 2022, Canterbury DBSV transferred approximately 1.5 acres of land as an equity contribution into another joint venture, called SW Gateway, LLC, a Minnesota limited liability company. In connection with its contribution, Canterbury DBSV became a 45.9% equity member in SW Gateway, LLC. The land was used for the development of a new 11,000 square foot building that is occupied by a local restaurant and brewery, both of which began operations in July 2023.
 - During the fourth quarter of 2022, Canterbury DBSV sold approximately 1.7 acres of land to A&M Kerber Holdings, LLC for total consideration of approximately \$925,000 for the construction of a Next Steps Learning Center and child care facility, which began operations during the fourth quarter of 2023.
 - During the first quarter of 2024, Canterbury DBSV transferred approximately 1.6 acres of land as an equity contribution into another joint venture, called Starting Gate, LLC, a Minnesota limited liability company. In connection with its contribution, Canterbury DBSV became a 47.77% equity member in Starting Gate, LLC. The land was used for the development of a new, 10,000 square foot commercial building that is occupied by a local pizza restaurant, BBQ restaurant, and fitness center, all of which are in operation as of February 2025.

○ During the third quarter of 2024, Canterbury DBSV transferred approximately 1.5 acres of land as an equity contribution into another joint venture, called High Stakes, LLC, a Minnesota limited liability company. In connection with its contribution, Canterbury DBSV became a 31.22% equity member in High Stakes, LLC. The land is being used for the development of a new, 28,000 square foot office building, which is expected to begin operations in July 2025.

● On September 20, 2023, Canterbury Development, entered into an Operating Agreement with Trakside Hospitality, LLC as the two members of a Minnesota limited liability company named Trakside Investments, LLC ("Trakside Investments"). Trakside Investments was formed as a joint venture for the development of an approximately 16,000 square foot restaurant and entertainment venue. Canterbury Development's equity contribution to Trakside Investments was approximately 3.5 acres of land, which were contributed to Trakside Investments on August 20, 2024. In connection with its contribution, Canterbury Development became a 50% equity member in Trakside Investments. In addition, Canterbury Development is guaranteed an annual 6% preferred return on the balance of Canterbury Development's undistributed base capital.

● In April 2020, Canterbury Development entered into two agreements to sell approximately 14 acres of land on the west side of the Racetrack to Pulte Homes of Minnesota ("Pulte") and Lifestyle Communities for total consideration of approximately \$3,500,000. Closing of the Lifestyle Communities and the first phase of the Pulte transactions occurred in April 2021, totaling approximately 9.8 acres. The closing of phase two of the Pulte transaction and the sale of the remaining 4.2 acres occurred in June 2022.

○ Development approvals by Pulte on 109 new for sale row homes and townhome residences at Canterbury Commons was completed in late 2020. The project received its approvals from the City of Shakopee in a joint planned urban development application with Lifestyle Communities, which is located adjacent to the townhome project. Ground improvements and utility work commenced in early 2021 for both projects. Pulte has initiated ground up construction of a number of townhome buildings and its first model units were completed in the first quarter of 2022 with approximately 84 townhomes occupied as of December 31, 2024. Lifestyle Communities will be a 44-unit age restricted active senior cooperative community. The building is programmed with over 5,000 square feet of amenity spaces and outdoor spaces.

● In September 2021, the Company entered into a purchase agreement to sell approximately 37 acres of land on the northeast corner of the Racetrack to Minneapolis-based Swervo Development Corporation ("Swervo"). Swervo intends to construct a state-of-the-art amphitheater as part of the Canterbury Commons development. The closing of the land sale took place in April 2023 for approximately \$8,800,000 in total consideration. In late 2023, Swervo broke ground and construction is underway on the amphitheater. In connection with the land sale and amphitheater development, Canterbury received approval for a three-phase barn relocation and redevelopment plan which is expected to be completed in 2025. We believe this \$15 million barn area redevelopment project will continue the Company's ongoing commitment to provide quality horse racing in the State of Minnesota as well as allow for future development of Canterbury's underutilized land.

In addition to the aforementioned projects, the Company continues to make progress with developer and partner selection for the other development opportunities within Canterbury Commons. The initial development portfolio was weighted heavily in the residential segment with over 800 units of multifamily and over 100 units of for sale townhomes. The Company anticipates more opportunity and focus in the entertainment, office, retail, and hospitality segments in the later phases of the Canterbury Commons development. Canterbury expects to make additional announcements of new partners for this phase in the future.

See footnote 11 of the consolidated financial statements for more detailed information on recent transactions and development activity.

Competition

The Company operates in a highly competitive wagering and gaming environment with a large number of participants. The Company competes with competitive wagering operations and activities that include tribal casinos, state-sponsored lotteries, and other forms of legalized gaming in the U.S. and other jurisdictions. The Company competes with a number of tribal casinos in the State of Minnesota that offer video slot machines, table games, and both banked and unbanked card games, including Minnesota's largest casino, Mystic Lake, which is located approximately four miles from the Racetrack and which is owned by the Shakopee Mdewakanton Sioux Community ("SMSC").

The Company faces direct competition from Running Aces Harness Park ("Running Aces") in Columbus Township, Anoka County, Minnesota, a racetrack and card room that is located approximately 40 miles from Canterbury Park. Running Aces offers pari-mutuel wagering on live races of standardbred ("harness") horses on a seasonal basis and year-round wagering on simulcasting of all breeds of horse races. In addition to pari-mutuel wagering, Running Aces operates a card room that directly competes with the Company's Casino.

Additionally, Internet-based interactive gaming and wagering is growing rapidly and adversely affects all forms of wagering offered by the Company. Legislation became effective November 1, 2016 in Minnesota that allowed the Company to begin collecting source market fees from companies that offer ADW wagering. These companies provide legal simulcast horse wagering over the internet. The legislation now allows the Company to recoup a percentage of all simulcast horse racing wagers made by Minnesota residents over the internet on out-of-state races.

The Minnesota legislature continues to consider bills to legalize sports betting in the State of Minnesota. If sports betting were legalized in Minnesota for tribal casinos and through mobile applications operated by the tribes, we would experience increased competition from the tribal casinos which could divert customers from our Casino and Racetrack and thus adversely affect our financial condition, results of operations, and cash flows.

The Company also faces indirect competition from a variety of sources for discretionary consumer spending including spectator sports and other entertainment and gaming options. In the Minneapolis-Saint Paul metropolitan area, competition includes a wide range of live and televised professional and collegiate sporting events. In addition, live horse racing competes with a wide variety of summer attractions, including amusement parks, sporting events, and other local activities.

Finally, the Company competes with racetracks located throughout the United States in securing horses to run at the Racetrack. Attracting owners and trainers that can bring high quality horses to our Racetrack is largely dependent on our ability to offer competitive purses. The Company experiences significant competition for horses from racetracks located near Des Moines, Iowa and Chicago, Illinois. We expect this competition to continue for the foreseeable future.

Canterbury Development and its joint ventures face competition from developers of other residential, mixed use, office, retail, hotel, and entertainment spaces around Shakopee, Minnesota and elsewhere in Minnesota. These other developers may be larger and have more resources than Canterbury Development or than Canterbury Development and its developer partners on a combined basis. The leasing of real estate is highly competitive. The principal competitive factors are rent, location, lease term, lease concessions, services provided, and the nature and condition of the property to be leased. The Canterbury Development joint ventures will directly compete with all owners, developers, and operators of similar space in the areas in which our properties are located. The number of competitive multifamily properties in our particular market could adversely affect lease rates at residential properties in Canterbury Commons, as well as the rents able to be charged. In addition, other forms of residential properties, including single family housing and town homes, provide housing alternatives to potential residents of luxury apartment communities like our Triple Crown Residences at Canterbury Park. Likewise, the competition for high-quality tenants for retail, office, and other spaces is intense. In order to be successful, our real estate joint ventures must have high lease rates, competitive rental rates, and maintain high occupancy rates with a financially stable tenant base.

We may again in the future seek developers or other partners for joint venture arrangements or opportunities for Canterbury Development to develop our properties. We will be competing with other property owners, both around Shakopee and elsewhere, for high-quality builders, commercial and residential real estate firms, and developers that share our vision for Canterbury Commons. We have in the past and may agree in the future to sell parcels of land to third parties that will then develop the properties and in that case, we will also be in competition with other sellers of properties for purchasers. Although we will have no continuing ownership in these land sales, we believe that the ability to effectively compete for tenants will be a factor in the purchasers' selection of our property over other competing properties for their developments.

Regulation and Regulatory Changes

General

The ownership and operation of the Racetrack in Minnesota is subject to significant regulation by the MRC under the Minnesota Racing Act and the rules adopted by the MRC. The Minnesota Racing Act governs the allocation of each wagering pool to winning bettors, the Racetrack, purses, pari-mutuel taxes, and the MBF, and empowers the MRC to license and regulate substantially all aspects of horse racing in the state. The MRC, among other things, grants operating licenses to racetracks after an application process and public hearings, licenses all racetrack employees, jockeys, trainers, veterinarians, and other participants, regulates the transfer of ownership interests in licenses, allocates live race days and simulcast-only race days, approves race programs, regulates the conduct of races, sets specifications for the racing ovals, animal facilities, employee quarters and public areas of racetracks, regulates the types of wagers on horse races, and approves significant contractual arrangements with racetracks, including management agreements, simulcast arrangements, and totalizator contracts.

A federal statute, the Interstate Horse Racing Act of 1978, also requires that a racetrack must obtain the consent of the group representing the horsepersons (owners and trainers) racing the breed of horses that race a majority of the time at the racetrack (which is the MNHBPA), and the consent of the state agency regulating the racetrack (in Minnesota, the MRC), in order to transmit simulcast signals of its live races or to receive and use simulcast signals from other racetracks.

Issuance of Class A and Class B Licenses to the Company

The Company holds a Class A License, issued by the MRC, that allows the Company to own and operate the Racetrack. The Class A License is effective until revoked, suspended by the MRC, or relinquished by the licensee. Currently, the fee for a Class A License is \$253,000 per fiscal year.

The Company also holds a Class B License, issued by the MRC, that allows the Company to sponsor and manage horse racing on which pari-mutuel wagering is conducted at its Class A licensed racetrack and on other horse races run at out-of-state locations as authorized by the MRC. The Class B License is renewable each year by the MRC after a public hearing (if required by the MRC). Currently, the fee for the Class B License is \$500 for each assigned race day on which live racing is actually conducted and \$100 for each day on which simulcasting is authorized and actually takes place.

In addition, the law requires that the Company reimburse the MRC for actual costs, including stewards, state veterinarians and drug testing, related to the regulating of live racing. For fiscal years ended December 31, 2024 and 2023, the Company paid \$555,000 and \$497,000, respectively, to the MRC as reimbursement for costs of regulating live racing operations.

The MRC is also authorized by the Racing Act to regulate Casino operations. The law requires that the Company reimburse the MRC for its actual costs, including personnel costs, of regulating the Casino. For fiscal years ended December 31, 2024 and 2023, the Company paid \$356,000 and \$297,000, respectively, to the MRC as reimbursement for costs of regulating Casino operations.

On January 19, 2000, the MRC issued an additional Class B License to the Company that authorized the Company to host unbanked card games. The Class B License is renewable each year by the MRC after a public hearing (if required by the MRC). Currently, the Class B License fee of \$10,000 per calendar year is included in the Class A License fee of \$253,000 per calendar year.

Limitation on the Number of Class A and Class B Licenses

Pursuant to the Racing Act, so long as the Racetrack maintains its Class A License, no other Class A License may be issued to allow an entity to own and operate a racetrack in the seven county metropolitan area where thoroughbred and quarter horses are raced. However, the Racing Act provides that the MRC may issue an additional Class A License within the seven-county metropolitan area, if the additional license is issued for a facility that, among other conditions, is located more than 20 miles from the Racetrack, contains a track no larger than five-eighths of a mile in circumference, and is used exclusively for harness racing. In January 2005, this additional Class A license was issued for the location that later became known as Running Aces (see "Risk Factors" below).

Limitation on Ownership and Management of an Entity that holds a Class A or Class B License

The Racing Act requires prior MRC approval of all officers, directors, 5% shareholders, or other persons having a present or future direct or indirect financial or management interest in any person applying for a Class A or Class B license, and if a change of ownership of more than 5% of the licensee's shares is made after an application is filed or the license issued, the applicant or licensee must notify the MRC of the changes within five days of this occurrence and provide the information required by the Racing Act.

Advanced Deposit Wagering Legislation

Minnesota ADW legislation that became effective November 1, 2016 requires ADW providers to be licensed by the MRC and established licensing criteria and regulatory oversight of ADW providers doing business in the State of Minnesota. The law allows licensed racetracks to negotiate separate agreements with the ADW providers to remit source market fees to those racetracks. The ADW source market revenue to the Company totaled approximately \$1,288,000 and \$1,331,000 for the fiscal years ended December 31, 2024 and 2023, respectively. As part of the agreement, 50% of source market fees is allocated to purse accounts and the MBF.

Horseracing Integrity and Safety Act

The Horseracing Integrity and Safety Act (HISA), which was passed at the end of 2020 and amended in late 2022, creates uniform national standards for thoroughbred racing in the areas of racetrack safety and medication. The Horseracing Integrity and Safety Authority was established to enforce HISA and operates under the oversight of the Federal Trade Commission. In addition to oversight by the MRC, our Racetracks and their participants are subject to the HISA equine safety, welfare and drug testing rules and regulations established by the Horseracing Integrity and Safety Authority under HISA.

Sports Betting

The Minnesota legislature is continuing to consider bills to legalize sports betting in Minnesota at tribal casinos and online through mobile applications operated by the tribes. It is not certain whether any of these bills will be adopted into law. If sports betting were legalized in Minnesota for tribal casinos and through mobile applications operated by the tribes, we would experience increased competition from the tribal casinos which could divert customers from our Casino and Racetrack and thus adversely affect our financial condition, results of operations, and cash flows.

Local Regulation

The Company's operations are subject to state and local laws, regulations, ordinances, and other provisions affecting zoning, public health, and other matters that may have the effect of restricting the uses to which the Company's land and other assets may be used. Also, any development of the Racetrack site and Canterbury Commons is, among other things, subject to applicable zoning ordinances and requires approval by the City of Shakopee and other authorities. There can be no assurance these approvals will be obtained for any future development the Company proposes.

Marketing

The Company's primary market is the seven-county Minneapolis-Saint Paul metropolitan area (Hennepin, Ramsey, Anoka, Washington, Dakota, Scott, and Carver) plus the two counties to the south of the Racetrack and Casino (Le Sueur and Rice). The City of Shakopee, located in the southwestern portion of the metropolitan area, is one of the fastest growing communities in the region, and Scott County is one of the fastest growing counties in the country.

To support its Casino, pari-mutuel horse racing, and catering and events businesses, the Company conducts year-round marketing efforts to maintain the loyalty of existing customers and attract new players to the property. The Company uses radio, television, digital advertising, social media, print advertising, and direct marketing to communicate to its audiences. In addition to its regular advertising and communication program, the Company conducts numerous special promotions, handicapping contests, and poker tournaments to attract incremental visits. The Company also uses a player rewards and database marketing program to enhance the loyalty of its guests.

The Company continues to focus on creating a premier guest experience as the core element of its marketing efforts. This includes delivering great customer service, developing new food and beverage offerings, creating fan education programs, and providing entertainment opportunities that go beyond the traditional pari-mutuel wagering and card playing activities.

Human Capital and Team Members

Talent Management

At December 31, 2024, the Company had 226 full-time team members and 525 part-time team members. The Company adds approximately 350 team members on a seasonal basis for live racing operations from early May until early September. We have seen and continue to see industry-wide labor shortages causing challenges in hiring or re-hiring for certain positions. In response, we have enhanced our recruitment and retention efforts and increased compensation where needed to maintain competitiveness in this difficult market.

We also offer benefits to eligible employees, including participation in our KSOP Plan (the "KSOP") that includes the Employee Stock Ownership Plan (the "ESOP") and the 401(k) Plan. Beginning January 1, 2016, the matching of employee contributions has been issued in Company stock, which we believe aligns the interests of Company employees with our shareholders and allows employees to participate in the success that they help create at our company.

Our success depends in large part upon our ability to attract, retain, train, lead, and motivate skilled team members. To facilitate the recruitment, development, and retention of our valuable team members, we strive to make Canterbury Park a diverse, inclusive, and safe workplace, with opportunities for our team to grow and develop. The Company offers training and development opportunities for team members to enhance leadership and communication skills. The Company also has created various internal committees, including a specific rewards and recognition committee to support our team member recognition programs. To help retain talent, we measure team member engagement, including conducting regular engagement surveys to all team members. The most recent survey was conducted in 2024 and reflected an engagement level among our team members that exceeded the average engagement levels of benchmarked companies.

Health and Safety

During 2024, we continued to focus significant attention to enhancing health and safety protocols. In addition, our employee guidelines and policies are founded on our cornerstones of safety, service, courtesy, cleanliness, and integrity. We are committed to equal opportunity employment and prohibit harassment or discrimination of any kind. We have adopted an open door policy to encourage an honest employer-associate relationship which includes a confidential hotline available to all employees.

Executive Officers

The executive officers of the Company, their ages and their positions with the Company at March 11, 2025 are as follows:

Name	Age	Position with Company
Randall D. Sampson	66	President, CEO, and Chairman of the Board
Randy J. Dehmer	42	Senior Vice President of Finance and CFO

Randall D. Sampson has been President and Chief Executive Officer since the formation of the Company in March 1994. Mr. Sampson was also named Chairman of the Board on October 3, 2019. He has been active in horse industry associations, currently serving as Director of the Thoroughbred Racetracks of America and is a past Vice President of the Thoroughbred Racetracks of America and past President of the Minnesota Thoroughbred Association. Mr. Sampson also served as a director of Pineapple Energy Inc. (Nasdaq:PEGY), a growing domestic operator and consolidator of residential solar, battery storage, and grid service solutions based in Minnetonka, Minnesota, until 2024.

Randy J. Dehmer was hired as Vice President of Finance and Chief Financial Officer in May 2019, and promoted to Senior Vice President of Finance in September 2021. Mr. Dehmer worked for the Company from December 2007 to August 2013, most recently serving as controller from March 2012 to August 2013. Prior to rejoining the Company, he served as financial controller for Clearfield, Inc. (Nasdaq:CLFD), which designs, manufactures, and distributes fiber protection, fiber management and fiber delivery solutions, from September 2013 to May 2019. Mr. Dehmer also currently serves as a director on the Shakopee Chamber of Commerce board.

Item 1A. RISK FACTORS

In addition to risks and uncertainties in the ordinary course of business that are common to all businesses, important factors that are specific to our industry and us could materially affect our business, results of operations and financial condition and the market price of our common stock. Although we believe that we have identified and discussed below the material risk factors affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be material that may adversely affect our business, results of operations and financial condition, or the market price of our common stock.

Risk Factors Related to Horse Racing and Gaming Generally

We may not be successful at implementing our growth strategy.

In 2023, we developed a five-year strategic plan focused on growing Casino revenue. As part of our execution on the five-year strategic plan, we are actively evaluating new opportunities that would diversify and grow our business, including through potential strategic transactions and initiatives.

We cannot ensure that this growth strategy will be successful either in the short-term or in the long-term, or that this overall strategy will generate a positive return on our investment. We must commit significant resources to these strategic transactions and initiatives before knowing whether our investments will result in the operational or financial results we expect or intend. The return on our investments in strategic transactions and initiatives may be lower, or may develop more slowly, than we expect.

Our growth strategy may place significant demands on our financial, operational and management resources. We may not successfully execute on our growth strategy because of legislative, regulatory, financial, or other hurdles that we fail to overcome in a timely fashion, or lack of appropriate resources. Additionally, we may compete with other companies for attractive strategic opportunities. The process of identifying and exploring strategic transactions and initiatives is time consuming and may result in a diversion of management's time and attention away from existing business activities. Additionally, if we do not effectively communicate our growth strategy to our investors and stakeholders, we may not realize the full benefits that we would otherwise gain through successful execution of that strategy.

If we do not achieve the benefits anticipated from our investments in our growth strategy or if the achievement of these benefits is delayed, our operating results may be adversely affected. There can be no assurance that we will develop and implement transactions and initiatives that will advance the goals of our strategic plan in a cost-effective or timely manner or at all.

Our business is sensitive to reductions in discretionary consumer spending as a result of downturns in the economy and other factors outside of our control.

Our business is sensitive to downturns in the economy and the associated impact on discretionary spending on entertainment, gaming, and other leisure activities. Our in-person visitors are predominately local, so we compete for more day-to-day discretionary spending as compared with destination spending. Decreases in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general economic conditions or the economic conditions in the Twin Cities or Minnesota specifically, effects of declines in consumer confidence in the economy, any future employment and credit crisis, the impact of high and prolonged inflation, particularly with respect to housing, energy and food costs, the increased cost of travel, decreased disposable consumer income and wealth, fears of war and future acts of terrorism, or widespread illnesses or epidemics can have a material adverse effect on discretionary spending and other areas of economic behavior that directly impact the gaming and entertainment industries in general and could further reduce customer demand in our Casino, Racetrack and food and beverage segments, which may negatively impact our revenues and operating cash flow.

We have experienced a decrease in revenue and profitability from live racing.

Following the expiration of the Cooperative Marketing Agreement ("CMA") on December 31, 2022, we did not receive any purse enhancement, marketing payments, or other amounts under the CMA. In 2022, the SMSC paid an annual purse enhancement of \$7,280,000 and an annual marketing payment of \$1,620,000. The purse enhancement payments were paid directly to the MNHBPA to support purse sizes and accordingly, such payments had no direct impact on the Company's consolidated financial statements or operations. The marketing payments under the CMA offset the Company's expense relating to certain marketing efforts, including signage, promotions, player benefits, and events.

Accordingly, due to the lack of an annual purse enhancement, the purses and the number of races we were able to offer in the 2024 and 2023 live racing seasons were smaller than they have been in the past. These factors resulted in a decrease in wagering on live races (particularly out-of-state handle), which ultimately resulted in a decrease in revenue from live racing in 2024 and 2023 as compared to 2022.

We enter into an agreement with the horsepersons each year for the following year's live racing season. For the 2024 live racing season, we agreed with the MNHBPA and MQHRA to a 54-day racing season and have agreed to contribute an additional share of our Casino revenue to the statutorily required purse amounts to guarantee purses for overnight races at \$23,000 per race. The parties recognized there was likely to be a significant financial cost to the Company in establishing a 2024 thoroughbred purse structure intended to average \$23,000 per conducted overnight race and that to maintain that average purse structure, the Company made an overpayment that may be repaid to the Company by the MNHBPA through reimbursement in subsequent racing years. This overpayment of purses by the Company was intended to create a short-term bridge until additional purse supplements can be obtained from other sources. At the conclusion of the 2024 live race meet, the Company recorded a receivable related to the overpayment of 2024 purses in the amount of \$1,597,463, which is presented on the Company's balance sheet as of December 31, 2024. In the event that additional purse revenue is secured within the five years following the 2025 live race meet through additional forms of gaming at the Company, new revenue streams, or legislative action, the Company will be eligible for reimbursement of the actual 2024 overpayment amount from those purse supplements. Management believes it is likely that additional purse supplements will ultimately be obtained when considering both the length of time to secure such funds (five years following the 2025 live race meet) and the fact that legislation has been introduced in both chambers of the Minnesota legislature that would provide those supplements through revenues from taxes paid by sports wagering licenses. Accordingly, management believes no allowance related to this receivable is necessary at December 31, 2024. In addition, the Company agreed to allocate approximately \$400,000 to be used as recruiting and participation incentives to attract thoroughbred trainers, owners, and stables for the 2024 live meet in an effort to generate additional pari-mutuel handle through improved field size. For the year ended 2024, the Company recognized expenses of \$418,000 related to these incentives.

Additionally, for the 2025 live racing season, we agreed with the MNHBPA and MQHRA to a 51-day racing season and have agreed to contribute an additional \$500,000 above the statutorily required purse amounts to guarantee purses. In the event that additional purse revenues are secured throughout the duration of the 2025 live race agreement, the Company has agreed to provide additional purse monies of up to \$1,500,000, to a total of \$2,000,000 in potential overpayment of purses to support the 2025 live race meet. The parties recognize there is likely to be a significant financial cost to the Company in establishing this 2025 thoroughbred purse structure and that to maintain that average purse structure, the Company will be making an overpayment that may be repaid to the Company by the MNHBPA through reimbursement in subsequent racing years. This anticipated overpayment of purses by the Company is intended to create a short-term bridge until additional purse supplements can be obtained from other sources. In the event that additional purse revenue is secured within the five years following the 2025 live race meet through additional forms of gaming at the Company, new revenue streams, or legislative action, the Company will be eligible for reimbursement of the actual 2025 overpayment amount from those purse supplements. However, there can be no assurance that our agreed-upon purse supplements will have the expected impact on the financial performance of live racing or that any improved financial performance of live racing will offset the amounts we contribute to purses. Further, there can be no assurance that we will receive any reimbursement of any 2025 overpayment amount.

Additionally, if, for any reason, we are unable to reach an annual agreement with the MNHBPA and the MQHRA for any future live racing season, our operations would be adversely affected by a decrease in the daily purses, potential reduction in the quality of horses, lower attendance, lower overall average handle, and substantially greater operating expenses.

While we are pursuing initiatives to strengthen the financial returns of live racing at the Racetrack and to manage our marketing spend, there can be no assurance that we will identify and implement initiatives that will advance these goals in a cost-effective or timely manner or at all.

We may not be able to attract a sufficient number of horses and trainers to achieve above average field sizes.

We believe that patrons prefer to wager on races with a number of horses in the race (the "field") at or above the national average. A failure to offer races with adequate fields generally results in less wagering on our horse races. Our ability to attract adequate fields depends on several factors, including our ability to offer and fund competitive purses and overall horse population available for racing. Various factors have led to declines in the horse population in Minnesota and other areas of the country, including competition from racetracks in other areas, increased costs, changing economic returns for owners and breeders, and the spread of various debilitating and contagious equine diseases. If our racetrack is faced with a sustained outbreak of a contagious equine disease, it could have a material impact on our profitability.

Finally, if we are unable to attract horse owners to stable and race their horses at our racetrack by offering a competitive environment, including high-quality facilities, a well-maintained racetrack, comfortable conditions for backstretch personnel involved in the care and training of horses stabled at our racetrack, and a competitive purse structure, our profitability could also decrease. We also face increased competition for horses and trainers from racetracks that are licensed to operate slot machines and other electronic gaming machines that provide these racetracks an advantage in generating new additional revenues for race purses and capital improvements. Our inability in the future to attract adequate fields, for whatever reason, could have a material adverse impact on our business, financial condition, and results of operations.

We face significant competition, both directly from other racing and gaming operations and indirectly from other forms of entertainment and leisure time activities, which could have a material adverse effect on our operations.

We face intense competition in our market, particularly direct competition from Running Aces in Columbus Township, Anoka County, Minnesota, a racetrack and card room that is located approximately 40 miles from Canterbury Park. Running Aces offers pari-mutuel wagering on live races of standardbred ("harness") horses on a seasonal basis and year-round wagering on simulcasting of all breeds of horse races. In addition to pari-mutuel wagering, Running Aces operates a card room that directly competes with the Company's Casino.

We also compete with tribal-owned casinos. These tribal facilities have the advantage of being exempt from some state and federal taxes and state regulation of indoor smoking, and have the ability to offer a wider variety of gaming products.

The Company competes with racetracks located throughout the United States in securing horses to run at the Racetrack. Attracting owners and trainers that can bring high-quality horses to our Racetrack is largely dependent on our ability to offer competitive purses. The Company experiences significant competition for horses from racetracks located near Des Moines, Iowa and Chicago, Illinois. We expect this competition to continue for the foreseeable future.

Internet-based interactive gaming and wagering, both legal and illegal, is growing rapidly and adversely affects all forms of wagering offered by the Company. We anticipate competition in this area will become more intense as new internet-based ventures enter our industry and as state and federal regulations on internet-based activities are clarified. Additionally, we compete with other forms of gambling, including betting on professional sports, spectator sports, other forms of entertainment, and other racetracks throughout the country.

We expect competition for our existing and future operations to increase from Running Aces, existing tribal casinos, and racetracks that are able to subsidize their purses with alternative gaming revenues. Competition for simulcasting customers will be intense given the 2016 legalization of online internet wagering on horse racing in Minnesota, through ADW providers. In addition, several of our tribal gaming competitors in Minnesota have substantially larger marketing and financial resources than we do and this competition may increase if sports betting is legalized in Minnesota at tribal casinos and online through mobile applications operated by the tribes. Increased competition from the tribal casinos could divert customers from our Casino and Racetrack and thus adversely affect our financial condition, results of operations, and cash flows.

Furthermore, the Company faces indirect competition from a variety of sources for discretionary consumer spending, including spectator sports and other entertainment and gaming options. In the Minneapolis-Saint Paul metropolitan area, competition includes a wide range of live and televised professional and collegiate sporting events. In addition, live horse racing competes with a wide variety of summer attractions, including amusement parks, sporting events, and other local activities.

Nationally, the popularity of horse racing has declined.

There has been a general decline in the number of people wagering on live horse races at North American racetracks, either in person or via simulcasting, due to a number of factors, including increased competition from other wagering and entertainment alternatives as discussed above. Declining interest in horse racing has had a negative impact on revenues and profitability in our horse racing business. A general decline in interest in horse racing and pari-mutuel wagering could have a material adverse impact on our business, financial condition, and results of operations in future years.

A lack of confidence in the integrity of our core businesses could affect our ability to retain our customers and engage with new customers.

The integrity of horse racing, casino gaming, and pari-mutuel wagering industries must be perceived as fair to patrons and the public at large. To prevent cheating or erroneous payouts, oversight processes must be in place to ensure that these activities cannot be manipulated. A loss of confidence in the fairness of our industries could have a material adverse impact on our business.

Horse racing is an inherently dangerous sport and our racetrack is subject to personal injury litigation.

Although we carry jockey accident insurance at our racetrack to cover personal jockey injuries that may occur during races or daily workouts, there are certain exclusions to our insurance coverage, and we are still subject to litigation from injured participants. We renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from our coverage. Our results may be affected by the outcome of litigation, as this litigation could be costly and time consuming and could divert our management and key personnel from our business operations.

Our business depends on using totalizator services.

Our customers use information provided by a third-party vendor that accumulates wagers, records sales, calculates payoffs, and displays wagering data in a secure manner to patrons who wager on our horse races. Any failure to keep this technology current could limit our ability to serve patrons effectively or develop new forms of wagering or affect the security of the wagering process, thus affecting patron confidence in our product. A perceived lack of integrity in the wagering systems could result in a decline in bettor confidence and could lead to a decline in the amount wagered on horse racing. In addition, a totalizator system failure could cause a considerable loss of revenue if betting machines are unavailable for a significant period of time or during an event with high betting volume.

Inclement weather and other conditions may affect our ability to conduct live racing.

Since horse racing is conducted outdoors, unfavorable weather conditions, including extremely high and low temperatures, high winds, storms, tornadoes, and smoke, could cause events to be postponed or canceled or attendance to be lower, resulting in reduced wagering. For example, in 2024, the Company had one day of live racing shortened due to inclement weather. Our operations, as well as the racetracks from which we receive simulcast signals, are subject to reduced patronage, disruptions, or complete cessation of operations due to weather conditions, natural disasters, and other casualties. While the Company maintains insurance for inclement weather conditions, if a prolonged business interruption were to occur due to inclement weather and continue for a significant length of time at our racetrack, it could have a material adverse impact on our business, financial condition, and results of operations.

Risks Related to Government Regulation of our Horse Racing and Gaming Generally

We are subject to changes in the laws that govern our business, including the possibility of an increase in gaming taxes, which would increase our costs, and changes in other laws may adversely affect our ability to compete.

Our operations and oversight by the MRC are ultimately subject to the laws of Minnesota including, but not limited to, the Minnesota Racing Act and HISA, and there exists the risk that these laws may be amended in ways adverse to our operations. In particular, we are required to pay special racing-related and Casino-related taxes and fees in addition to normal federal, state, and local income taxes as well as potential costs related to HISA regulations. These taxes and fees are subject to increase at any time. From time to time, state and local legislators and officials have proposed changes in tax laws, or in the administration of laws affecting our industry, such as the allocation of each wagering pool to winning bettors, the Racetrack, purses, and the MBF. In addition, poor economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes. It is not possible to predict with certainty the likelihood of changes in tax laws or in the administration of these laws. These changes, if adopted, could have a material adverse effect on our operations.

We are subject to extensive regulation from gaming authorities that could adversely affect us.

We are subject to significant regulation by the MRC under the Racing Act and the rules adopted by the MRC. The MRC has the authority to increase the Class A and Class B license fees. In addition, the Minnesota Racing Act requires that we reimburse the MRC for its actual costs of regulating the Casino, including personnel costs. Increases in these licensing and regulatory costs could adversely affect our results of operations.

Amendments to the Minnesota Racing Act or decisions by the MRC in regard to any one or more of the following matters could also adversely affect the Company's operations: the granting of operating licenses to Canterbury Park and other racetracks after an application process and public hearings; the licensing of all track employees, jockeys, trainers, veterinarians, and other participants; regulating the transfer of ownership interests in licenses; allocating live race days and simulcast-only race days; approving race programs; regulating the conduct of races; setting specifications for the racing ovals, animal facilities, employee quarters, and public areas of racetracks; changes to the types of wagers on horse races; and approval of significant contractual agreements.

Risks Related to our Real Estate Development Efforts

We rely on the efforts of our partner Doran for the development and profitable operation of our Triple Crown Residences at Canterbury Park joint venture.

On April 2, 2018, Canterbury Development entered into an operating agreement with an affiliate of Doran Companies ("Doran"), a national commercial and residential real estate developer, as the two members of a Minnesota limited liability company named Doran Canterbury I, LLC ("Doran Canterbury I") to construct an upscale apartment complex called the Triple Crown Residences. In September 2018, Canterbury Development contributed approximately 13 acres of land as its equity contribution in the Doran Canterbury I joint venture and became a 27.4% equity member. Construction of the 321-unit first phase began in late 2018 with initial occupancy on June 1, 2020. As of the end of December 2021, all 321 units were available for occupancy.

In August 2020, Doran exercised its option for Phase II of the project to include an additional 300 residential units, and Canterbury Development entered into a second joint venture agreement with Doran. Pursuant to this second agreement, in early August 2020, the Company transferred approximately 10 acres of land to the second joint venture with Doran, resulting in receiving 27.4% ownership in the Doran II joint venture. Canterbury Development will rely on Doran for the successful leasing and operation of the Triple Crown Residences. If Doran's ability to successfully lease and operate this project is impaired, it could have a material adverse effect on our business, prospects, financial condition, or results of operations.

We rely on the efforts of our partner Greystone Construction for a development project.

On June 16, 2020, Canterbury Development entered into an operating agreement with an affiliate of Greystone Construction ("Greystone"), as the two members of a Minnesota limited liability company named Canterbury DBSV Development, LLC (Canterbury DBSV). Canterbury DBSV was formed as part of a joint venture between Greystone and Canterbury Development LLC for a multi-use development on the 13-acre land parcel located on the southwest portion of the Company's racetrack. Canterbury Development's equity contribution to Canterbury DBSV was approximately 13 acres of land, which were contributed to Canterbury DBSV on July 1, 2020. In connection with its contribution, Canterbury Development became a 61.87% equity member in Canterbury DBSV. The Company will rely on the efforts of our partner Greystone Construction for the success of this new development project. If Greystone Construction's ability to successfully develop this project is impaired, it could have a material adverse effect on our business, prospects, financial condition, or results of operations.

We may not be successful in executing our real estate development strategy.

Canterbury Development is currently pursuing other opportunities for the commercial development of its underutilized land. The development of residential and commercial real estate involves many risks, including, but not limited to, the selection of development partners; building design and construction; obtaining government permits; financing; securing and retaining tenants; and the volatility of real estate market conditions. Accordingly, there can be no assurance that our real estate development activities will be successful.

We are obligated to make improvements in the TIF district and will be reimbursed only to the extent of future tax revenue.

Under the Redevelopment Agreement with the City of Shakopee, the Company has agreed to undertake a number of specific public infrastructure improvements within the TIF District. The funding that the Company will be paid as reimbursement under the TIF program for these improvements is not guaranteed, but will depend on future tax revenues generated from the developed property.

We face competition from other real estate developers.

Canterbury Development and its joint ventures face competition from developers of other residential, mixed use, office, retail, hotel, and entertainment spaces around Shakopee, Minnesota and elsewhere in Minnesota. These other developers may be larger and have more resources than Canterbury Development or than Canterbury Development and its developer partners on a combined basis. The leasing of real estate is highly competitive. The principal competitive factors are rent, location, lease term, lease concessions, services provided, and the nature and condition of the property to be leased. The Canterbury Development joint ventures will directly compete with all owners, developers, and operators of similar space in the areas in which our properties are located. The number of competitive multifamily properties in our particular market could adversely affect lease rates at residential properties in Canterbury Commons, as well as the rents able to be charged. In addition, other forms of residential properties, including single family housing and town homes, provide housing alternatives to potential residents of luxury apartment communities like our Triple Crown Residences at Canterbury Park. Likewise, the competition for high quality tenants for retail, office, and other spaces is intense. In order to be successful, our real estate joint ventures must have competitive rental rates and maintain high occupancy rates with a financially stable tenant base.

We may again in the future seek developers or other partners for joint venture arrangements or opportunities for Canterbury Development to develop our properties. We will be competing with other property owners, both around Shakopee and elsewhere, for high quality builders, commercial and residential real estate firms, and developers that share our vision for Canterbury Commons. We have in the past and may agree in the future to sell parcels of land to third parties that will then develop the properties and in that case, we will also be in competition with other sellers of properties for purchasers. Although we will have no continuing ownership in these land sales, we believe that the ability to effectively compete for tenants will be a factor in the purchasers' selection of our property over other competing properties for their developments.

General Risk Factors

We may be adversely affected by the effects of inflation.

Inflation has the potential to adversely affect our business, results of operations, financial position and liquidity by increasing our overall cost structure. The existence of inflation in the economy has the potential to result in higher interest rates and capital costs, supply shortages, increased costs of labor and other similar effects. As a result of inflation, we have experienced and may continue to experience increases in the costs of food and beverage supplies, labor, materials, energy, fuel, and other inputs. Although we may take measures to mitigate the impact of this inflation through pricing actions and efficiency gains, if these measures are not effective our business, results of operations, financial position, and liquidity could be materially adversely affected. Even if such measures are effective, there could be a difference between the timing of when these beneficial actions impact our results of operations and when the cost inflation is incurred. Additionally, the pricing actions we take could result in a decrease in market share.

Our success may be affected if we are not able to attract, develop, and retain qualified personnel.

Our ability to compete effectively depends on our ability to identify, recruit, develop, and retain qualified personnel. In particular, we depend upon the skills and efforts of our senior executives and management team, including Randall D. Sampson, who has served as our Chief Executive Officer since 1994. If we are unable to successfully identify, recruit, develop, and retain qualified personnel or adapt to changing worker expectations and working arrangements, it may be difficult for us to manage and grow our business, which could adversely affect our results of operations and financial condition. Additionally, our inability to retain the key members of our senior executives and management team could adversely affect our results of operations and financial condition.

The payment and amount of future dividends is subject to Board of Director discretion and to various risks and uncertainties.

The payment and amount of future quarterly dividends is within the discretion of the Board of Directors and will depend on factors the Board deems relevant at each time it considers declaring a dividend. These factors include, but are not limited to: available cash; management's expectations regarding future performance and free cash flow; alternative uses of cash to fund capital expenditures and real estate development; and the effect of various risks and uncertainties described in this "Risk Factors" section.

Our information technology and other systems are subject to cybersecurity risk including misappropriation of customer information or other information security incidents.

We rely on information technology and other systems to maintain and transmit customers' personal and financial information, credit card information, mailing lists, and other information. We have taken steps designed to safeguard our customers' personal and financial information and have implemented systems designed to meet the applicable requirements of the Payment Card Industry standards for data protection. However, our information and processes are subject to the ever-changing threat of compromised security, in the form of a risk of potential breach, system failure, computer virus, or unauthorized or fraudulent access or use by unauthorized individuals. The steps we take to deter and mitigate these risks may not be successful, and any resulting compromise or loss of data or systems could adversely impact operations or regulatory compliance and could result in remedial expenses, fines, litigation, and loss of reputation, potentially impacting our financial results. Although we have invested in and deployed security systems and developed processes that are designed to protect all sensitive data, prevent data loss and reduce the impact of a security incident, such measures cannot provide absolute security.

We process, store, and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and our actual or perceived failure to comply with such obligations could harm our business.

We receive, store, and process personal information and other customer data. There are numerous federal, state, and local laws regarding privacy and the storing, sharing, use, processing, disclosure, and protection of personal information and other data. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to customers or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other player data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our customers to lose trust in us, which could have an adverse effect on our business.

While we maintain insurance coverage specific to cyber-insurance matters, any failure on our part to maintain adequate safeguards may subject us to significant liabilities.

Additionally, if third parties we work with, such as vendors, violate applicable laws or our policies or suffer a significant cybersecurity incident, these violations may also put our customers' information at risk and could in turn have an adverse effect on our business. The Company is also subject to payment card association rules and obligations under its contracts with payment card processors. Under these rules and obligations, if information is compromised, the Company could be liable to payment card issuers for the associated expense and penalties. In addition, if the Company fails to follow payment card industry security standards, even if no customer information is compromised, the Company could incur significant fines or experience a significant increase in payment card transaction costs.

Provisions of Minnesota law, our articles of incorporation, our bylaws and other agreements may deter a change of control of our company and may have a possible negative effect on our stock price.

Certain provisions of Minnesota law, our articles of incorporation, our bylaws and other agreements may make it more difficult for a third-party to acquire, or discourage a third-party from attempting to acquire, control of the Company, including:

- the provisions of Minnesota law relating to business combinations and control share acquisitions;
- the provisions of our bylaws regarding the business properly brought before shareholders and shareholder director nominations;
- the right of our Board to establish more than one class or series of shares and to fix the relative rights and preferences of any such different classes or series;
- the provisions of our articles of incorporation providing for a right, if specified events occur relating to our gaming license, to redeem all or any portion of the equity securities held by any person or group that becomes the beneficial owner of 5% or more of any class of our equity securities or increases its beneficial ownership of any class of our equity securities by 5% or more;
- the provisions of our Stock Plan requiring or permitting the acceleration of vesting of awards granted under the Stock Plan in the event of specified events that generally would constitute a change in control; and
- the provisions of our agreements provide for severance payments to our executive officers and other officers and the accelerated vesting or payment of their awards in the event of certain terminations following a "change in control."

These measures could discourage or prevent a takeover of our company or changes in our management, even if an acquisition or such changes would be beneficial to our shareholders. This may have a negative effect on the price of our common stock.

Item 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

Item 1C. CYBERSECURITY

The Company maintains a governance structure to address cybersecurity risk, which involves the Board, the Audit Committee, the Company's Director of Information Technology, and a dedicated Incident Response Team

The Company utilizes a cross-functional, multilayered approach risk management to its cybersecurity to identify, prevent, and mitigate cybersecurity threats to the Company designed to preserve the confidentiality, security, and integrity of the Company's information and data. The Company conducts periodic tests to assess the Company's processes and procedures and the threat landscape. The Board and the Audit Committee receive regular presentations on cybersecurity-related topics ranging from the results of penetration testing, recent developments, evolving standards, the threat environment, technological trends, and information security considerations facing the Company and its peers. At least annually, the Board discusses the Company's approach to cybersecurity risk management with the Company's Director of Information Technology, and at least annually, or more frequently as necessary, the Company's Director of Information Technology meets with the Audit Committee to discuss cybersecurity risk management. The Company's security program and IT-related controls are regularly examined by internal auditors, external auditors, and various regulators.

The Company's Incident Response Team is led by our Director of Information Technology and also comprised of various cross-functional members of management. The team is responsible for identifying, assessing, mitigating, and reporting on material cybersecurity risks and will present regular reports to the Audit Committee and the Board. The Board and the Audit Committee are also informed of any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding such incident until it has been addressed.

The Company maintains an operational Incident Response Plan ("IRP") that defines how the Company handles cyber incidents, including escalation, reporting and remediation procedures. The IRP is reviewed annually both internally and by third parties during regular audits. In addition, the Company retains a third-party consultant with expertise in cyber risks and incidents to advise on cybersecurity related matters. The Company's consultant is also part of the Company's IRP procedures and provides independent analysis and advice during cybersecurity investigations. The Company also provides annual trainings for all employees designed to reinforce the Company's information technology risk and security management policies, standards and practices, as well as the expectation that all employees comply with these policies. These trainings are supplemented by Company-wide assessment initiatives, including periodic testing. The Company provides specialized security training for certain employee roles.

The Company maintains a comprehensive, risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.

Although we have designed our cybersecurity program and governance procedures above to mitigate cybersecurity risks, we face unknown and changing cybersecurity risks, threats and attacks. To date, these risks, threats or attacks have not had a material impact on our operations, business strategy, or financial results, but we cannot provide assurance that they will not have a material impact in the future. See the section entitled "Risk Factors" included elsewhere in this Annual Report for further information.

Item 2. PROPERTIES

General

The Company's facilities, which are owned and operated under the name "Canterbury Park," are a modern complex of buildings and grounds that include racing surfaces, a grandstand, event center, barn and backside facilities, and parking in Shakopee, Minnesota. The Racetrack's grandstand has a patron capacity of approximately 10,000 within enclosed areas and a maximum patron capacity of over 30,000 including outside areas around the grandstand.

Underutilized Land

In 2024, the Company transferred approximately 3.5 acres of land to the Trackside Investments joint venture. In 2023, the Company sold approximately 37 acres of land to the north of the racetrack for the development of a state-of-the-art amphitheater. As of December 31, 2024, the Company has approximately 35 acres of land remaining that are owned or controlled by the Company that are not currently used for its business operations, and could be developed or sold, in whole or in part. See discussion above titled "Development Operations" and footnote 11 to the consolidated financial statements for more information.

Item 3. LEGAL PROCEEDINGS

There are no material legal proceedings pending against the Company. From time to time, the Company is party to ordinary and routine litigation or claims incidental to our business. We do not expect the outcome of any such litigation or claims pending at this time to have a material adverse effect on our consolidated financial position or results of operations.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

The Company's common stock trades on the Nasdaq Global Market under the symbol CPHC.

HOLDERS

At March 6, 2025, the Company had 556 shareholders of record of its common stock.

Item 6. [RESERVED]

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand Canterbury Park Holding Corporation, our operations, our financial results and financial condition, and our present business environment. This MD&A is provided as a supplement to and should be read in conjunction with our consolidated financial statements and the accompanying notes to the consolidated financial statements (the "Notes"). Our actual results could differ materially from those anticipated in the forward-looking statements included in this discussion as a result of certain factors, including, but not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" included elsewhere in this Annual Report on Form 10-K.

STRATEGIC OVERVIEW

Canterbury Park Holding Corporation (the "Company," "we," "our," or "us") hosts pari-mutuel wagering on thoroughbred and quarter horse races and "unbanked" card games at its Canterbury Park Racetrack and Casino facility (the "Racetrack") in Shakopee, Minnesota, which is approximately 20 miles southwest of downtown Minneapolis. The Racetrack is the only facility in the State of Minnesota that offers live pari-mutuel thoroughbred and quarter horse racing.

The Company's pari-mutuel wagering operations include both wagering on thoroughbred and quarter horse races during live meets at the Racetrack each year from May through September and year-round wagering on races primarily held at out-of-state racetracks that are televised simultaneously at the Racetrack ("simulcasting"). Unbanked card games, in which patrons compete against each other and not the house, are hosted in the Casino at the Racetrack. The Casino operates 24 hours a day, seven days a week. The Casino offers both poker and table games at up to 80 tables. The Company also derives revenues from related services and activities, such as food and beverage, parking, advertising signage, publication sales, and from other entertainment events and activities held at the Racetrack.

In 2024, Canterbury Development continued to pursue various development opportunities that began in 2015 for its underutilized land in a project known as Canterbury Commons. These development opportunities have included contributions of land to joint ventures, four as of the end of December 2024, and sales of parcels of land to third parties that will then develop the property. Our long-term strategic direction is to continue to enhance our Racetrack as a unique gaming and entertainment destination and develop the approximately 35 acres of underutilized land not needed for our Racetrack Operations.

The following summarizes our financial performance for the last five years (in 000's):

<i>Financial Performance Summary</i>	2024	2023	2022	2021	2020
Net Revenues	\$ 61,562	\$ 61,437	\$ 66,824	\$ 60,400	\$ 33,140
Operating Expenses	56,862	56,426	55,943	42,882 (1)	34,882
Gain on Transfer/Sale of Land	1,732	6,490	12	264	2,368
Income (Loss) Before Income Taxes	3,037	14,980	10,235	15,798	(189)
Income Tax (Expense) Benefit	(924)	(4,417)	(2,722)	(3,999)	1,251
Net Income	2,113	10,563	7,513	11,798	1,062

1 During fiscal year 2021, the Company reduced operating expenses \$6,314,000 by recording an employee retention credit, a refundable tax credit.

OPERATIONS REVIEW

YEAR ENDED DECEMBER 31, 2024 COMPARED TO YEAR ENDED DECEMBER 31, 2023

EBITDA represents earnings before interest income, net, income tax expense, depreciation, and amortization. EBITDA is not a measure of performance or liquidity calculated in accordance with generally accepted accounting principles in the United States of America ("GAAP"), and should not be considered an alternative to, or more meaningful than, net income as an indicator of our operating performance or cash flows from operating activities as a measure of liquidity. We present EBITDA as a supplemental disclosure for our Racetrack Operations because it is a widely used measure of performance of and basis for valuation of companies in the gaming industry. Other companies that provide EBITDA information may calculate EBITDA differently than we do. We also present Adjusted EBITDA, a non-GAAP measure, as a supplemental disclosure because we believe it enables investors to understand and assess our core operating results excluding the effect of unusual or non-recurring items, as well as items relating to our real estate development operations, allowing greater transparency related to a significant measure used by management in its financial and operational decision-making. Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of our business and provides a perspective on the current effects of operating decisions. For the year ended December 31, 2024, Adjusted EBITDA excluded from EBITDA stock-based compensation (which includes the Company's 401(k) match in Company stock contribution), the gain on transfer of land, loss on disposal of assets, and depreciation and amortization and interest related to equity investments. For the year ended December 31, 2023, Adjusted EBITDA excluded from EBITDA stock-based compensation (which includes the Company's 401(k) match in stock contribution), the gain on sale of land, loss on disposal of assets, insurance proceeds received by the Company's equity investment and depreciation, and amortization and interest related to equity investments.

The following table sets forth a reconciliation of net income, a GAAP financial measure, to EBITDA and Adjusted EBITDA (defined above), which are non-GAAP measures, for the years ended:

SUMMARY OF EBITDA DATA

	Year Ended December 31,	
	2024	2023
NET INCOME	\$ 2,112,842	\$ 10,563,249
Interest income, net	(2,071,511)	(1,978,122)
Income tax expense	923,885	4,417,000
Depreciation and amortization	3,620,899	3,145,372
EBITDA	4,586,115	16,147,499
Stock-based compensation	1,447,009	1,378,373
Loss on disposal of assets	49,214	157,160
Gain on transfer/sale of land	(1,732,353)	(6,489,976)
Gain on insurance proceeds related to equity investments	—	(4,227,701)
Depreciation and amortization related to equity investments	3,086,695	1,753,256
Interest expense related to equity investments	2,796,932	1,727,192
ADJUSTED EBITDA	\$ 10,233,612	\$ 10,445,803

Adjusted EBITDA decreased \$212,000, or 2.0%, for 2024 compared to 2023. For 2024, Adjusted EBITDA as a percentage of net revenue was 16.6%. For 2023, Adjusted EBITDA as a percentage of net revenue was 17.0%.

REVENUES

Total net revenues for 2024 were \$61,562,000, an increase of \$125,000, or 0.2%, compared to total net revenues of \$61,437,000 for 2023. For 2024 as compared to 2023, total pari-mutuel revenue decreased 0.3%, Casino revenue decreased 2.5%, food and beverage revenue increased 1.8%, and other revenue increased 18.3%. See below for a further discussion of our sources of revenues for each of our pari-mutuel, Casino, food and beverage, and other revenues.

CASINO REVENUES

	Year Ended December 31,	
	2024	2023
Poker Games Collection	\$ 7,581,000	\$ 7,477,000
Other Poker Revenue	3,191,000	3,016,000
Total Poker Revenue	10,772,000	10,493,000
Table Games Collection	24,768,000	26,970,000
Other Table Games Revenue	3,235,000	2,318,000
Total Table Games Revenue	28,003,000	29,288,000
Total Casino Revenue	\$ 38,775,000	\$ 39,781,000

The primary source of Casino revenue is a percentage of the wagers received from the players as compensation for providing the Casino facility and services, referred to as "collection revenue." Other revenue presented above includes fees collected for the administration of tournaments and amounts earned as reimbursement of the administrative costs of maintaining jackpot funds. Casino revenue represented 63.0% and 64.8% of the Company's net revenues for the years ended December 31, 2024 and 2023, respectively.

Total Casino revenue decreased \$1,006,000, or 2.5%, in 2024 compared to 2023. The decrease can be primarily attributed to both a decrease in drop and a lower average collection revenue rate in table games, somewhat offset by an increase in our other table games revenue related to our progressive jackpot administration revenue.

PARI-MUTUEL REVENUES

	Year Ended December 31,	
	2024	2023
Simulcast	\$ 3,595,000	\$ 3,717,000
Live racing	1,557,000	1,526,000
Guest fees	1,702,000	1,582,000
Other revenue	1,372,000	1,429,000
Total Pari-Mutuel Revenue	\$ 8,226,000	\$ 8,254,000
Racing Days		
Simulcast only racing days	311	311
Live and simulcast racing days	54	53
Total Number of Racing Days	365	364

Simulcast and Live Racing pari-mutuel revenues include commission and breakage revenues from on-track live and simulcast wagering. We receive guest fees from out-of-state racetracks and ADW companies for out-of-state wagering on our live races. Other revenues include source market fees paid by ADW companies for wagers made by Minnesota residents on out-of-state races and proceeds from unredeemed pari-mutuel tickets.

Total 2024 pari-mutuel revenue decreased \$28,000, or 0.3%, compared to 2023. The slight decrease in revenue in 2024 compared to 2023 is primarily due to a decrease in simulcast handle, somewhat offset by increased guest fees from out-of-state-handle on our live racing product on a per day basis due to increased field size and one additional live race day.

FOOD AND BEVERAGE REVENUES

Food and beverage revenues increased \$139,000, or 1.8%, to \$7,968,000 for the year ended December 31, 2024 compared to 2023. The increase in food and beverage revenues is primarily due to increased catering operations related to hosting large scale special events as well as the one additional live race day year-over-year mentioned above.

OTHER REVENUES

Other revenues, consisting of admission revenues, corporate sponsorships, space rentals, and other miscellaneous activities, increased \$1,020,000, or 18.3%, to \$6,593,000 in 2024 compared to 2023. The increase is primarily due to admission revenue increases related to our first ever rodeo, our first comedy series, and our live racing events.

OPERATING EXPENSES

Total operating expenses increased \$436,000, or 0.8%, to \$56,862,000 in 2024, from \$56,426,000 in 2023. An explanation of changes in specific categories of operating expense is set forth below. Total operating expenses as a percentage of net revenues increased to 92.4% in 2024 from 91.8% in 2023, which was a result of increased operating expenses for 2024 as compared to 2023.

Total purse expense increased \$308,000, or 4.1%, in 2024 compared to 2023. The increase is primarily due to the expenses incurred as part of our recruiting and participation incentives paid in 2024 under our annual live race meet and purse fund contribution agreement dated December 21, 2023. See Note 9 for further details of the agreement. No recruiting and participation incentives are planned for the 2025 live race meet. The table below notes the various components of both purse expense and the Minnesota Breeders' Fund expense.

	Purse Expense		Minnesota Breeders' Fund Expense	
	2024	2023	2024	2023
Casino	\$ 4,668,000	\$ 4,797,000	\$ 519,000	\$ 533,000
Simulcast Racing	1,335,000	1,435,000	428,000	442,000
Live Racing	1,905,000	1,368,000	81,000	79,000
Total	<u>\$ 7,908,000</u>	<u>\$ 7,600,000</u>	<u>\$ 1,028,000</u>	<u>\$ 1,054,000</u>

Salaries and benefits expense increased \$651,000, or 2.6%, in 2024 compared to 2023. The increase is primarily due to an increase in our wage-rate structure for seasonal as well as year-round employees to attract and retain front-line workers.

Cost of food and beverage and other sales increased \$133,000, or 4.3%, in 2024 compared to 2023. The increase is primarily due to the increased food and beverage revenues related to increased catering operations as noted above.

Depreciation and amortization increased \$476,000, or 15.1%, in 2024 compared to 2023. The increase is primarily due to placing larger fixed assets into service towards the second half of 2023 as well as placing assets into service related to the first and second phases of our barn relocation and redevelopment plan in the second quarter of 2024.

Advertising and marketing costs decreased \$719,000, or 34.8%, in 2024 compared to 2023. The decrease is primarily due to intentionally reducing overall spend in an effort to reduce costs.

Professional and contracted service expenses decreased \$320,000, or 5.4%, in 2024 compared to 2023. The decrease is primarily due to higher costs in 2023 related to long-term strategic growth initiatives.

During 2024, the Company recorded a gain on transfer of land of \$1,732,000 as result of transferring approximately 3.5 acres of land to the Trackside Investments joint venture. See Note 11 for further details.

During 2023, the Company recorded a gain on sale of land of \$6,490,000 as of result of the sale of approximately 37 acres of land to an affiliate of Swervo Development for approximately \$8,800,000 in total consideration.

During 2024, the Company performed a review of any fixed assets that were no longer in service at December 31, 2024. As a result of this review, management determined to dispose of assets resulting in a loss on disposal of \$56,000 during the fourth quarter of 2024. In addition to this write-off, the Company had multiple additional asset disposals for a gain of \$7,000, resulting in a net loss on disposal of assets of \$49,000 for the year ended December 31, 2024. During 2023, the Company performed a review of any fixed assets that were no longer in service at December 31, 2023. As a result of this review, management determined to dispose of assets resulting in a loss on disposal of \$223,000 during the fourth quarter of 2023. In addition to this write-off, the Company had multiple additional asset disposals for a gain of \$66,000, resulting in a net loss on disposal of assets of \$157,000 for the year ended December 31, 2023.

OTHER INCOME (LOSS), NET

Other loss, net, for the year ended December 31, 2024 was \$3,396,000, a decrease of \$6,875,000, compared to an other income, net, of \$3,479,000 for the year ended December 31, 2023. The decrease for 2024 is primarily due to our share of a gain recognized on insurance proceeds received on a claim by Doran Canterbury I during 2023. The Company's portion of the gain on insurance proceeds recognized by Doran Canterbury I was \$4,228,000. The loss on equity investments for the year ended December 31, 2024 is primarily due to non-cash expenses from depreciation and amortization. This was slightly offset by increased interest income of approximately \$93,000 year-over-year, due to the Company transferring available cash into certificates of deposit and money market funds as well as increasing balances related to both our member loans to Doran Canterbury I and Doran Canterbury II and our increase in TIF receivable.

INCOME TAXES

The Company recorded a provision for income taxes of \$924,000 and \$4,417,000 for 2024 and 2023, respectively. The decrease in our tax expense for 2024 compared to 2023 is due to a decrease in income before taxes from operations, primarily related to the 2023 gain on land sale mentioned above. Our effective tax rate was 30.4% and 29.5% for 2024 and 2023, respectively.

NET INCOME

The Company recorded net income of \$2,113,000, or \$0.42 per basic and diluted share for 2024. The Company recorded net income of \$10,563,000, or \$2.15 per basic and \$2.13 per diluted share for 2023.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Consolidated Financial Statements in accordance with GAAP requires us to make estimates and judgments that are subject to an inherent degree of uncertainty. The nature of the estimates and assumptions are material due to the levels of subjectivity and judgment necessary to account for highly uncertain factors or the susceptibility of such factors to change. The development and selection of critical accounting estimates, and the related disclosures, have been reviewed with the Audit Committee of our Board of Directors. We believe the current assumptions and other considerations used to estimate amounts reflected in our Consolidated Financial Statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in our Consolidated Financial Statements, the resulting changes could have a material adverse effect on our financial condition, results of operations, and cash flows.

Estimate of the allowance for doubtful accounts - Property Tax Increment Financing "TIF" Receivable

As of December 31, 2024, the Company recorded a TIF receivable of approximately \$18,898,000, which represents \$15,551,000 of principal and \$3,347,000 of interest. The TIF receivable requires significant management estimates and judgement pertaining to expected future tax revenue, the Company's development cost on infrastructure improvements, and whether an allowance for doubtful accounts is necessary. The TIF receivable was generated in connection with the Contract for Private Redevelopment, in which the City of Shakopee has agreed that a portion of the future tax increment revenue generated from the developed property around the Racetrack will be paid to the Company to reimburse it for expenses in constructing public infrastructure improvements.

The Company typically performs an annual collectability analysis of the TIF receivable in the fourth quarter of each year, or more frequently if indicators of the receivable to be potentially uncollectable exist. The Company utilizes a third-party to assist with the projected tax increment revenues. The quantitative analysis includes assumptions based on the market values of the completed development projects within Canterbury Commons, which derives the future projected tax increment revenue. The Company uses the analysis to determine if expected future tax increment revenue will exceed the Company's development costs on infrastructure improvements. As a result of our analysis for the year ended December 31, 2024, management believes the TIF receivable will be fully collectible and no allowance related to this receivable is necessary.

COMMITMENTS AND CONTINGENCIES

Effective December 21, 2021, the Company entered into a Contribution and Indemnity Agreement ("Indemnity Agreement") with affiliates of Doran Companies ("Doran") relating to debt financing by Doran Canterbury I, LLC as borrower, which is guaranteed by Doran affiliates. Under the Indemnity Agreement, the Company is obligated to reimburse and indemnify each loan guarantor for any amounts paid by such loan guarantor to the lender on debt financing by Doran Canterbury I, LLC, up to a maximum of \$5,000,000. Effective October 27, 2022, the Indemnity Agreement was amended to increase the maximum indemnification by an additional \$700,000. Effective December 12, 2023, the Indemnity Agreement was amended to increase the maximum indemnification by an additional \$1,300,000. Effective December 18, 2024, the Indemnity Agreement was amended to increase the maximum indemnification by an additional \$500,000, bringing the total to a maximum of \$7,500,000.

Effective December 18, 2024, the Company entered into an Indemnity Agreement with affiliates of Doran relating to debt financing by Doran Canterbury II, LLC as borrower, which is guaranteed by Doran affiliates. Under the Indemnity Agreement, the Company is obligated to reimburse and indemnify each loan guarantor for any amounts paid by such loan guarantor to the lender on debt financing by Doran Canterbury II, LLC, up to a maximum of \$1,000,000.

Effective December 21, 2023, the Company entered into its annual live race meet and purse fund contribution agreement with the Minnesota Horsemen's Benevolent & Protective Association ("MNHBP") and the Minnesota Quarter Horse Racing Association ("MQHRA") regarding the 2024 live race meet. In an effort to increase field size and improve the quality of racing for the 2024 season, the Company guaranteed purses for overnight races at \$23,000 per race. The parties recognized there was likely to be a significant financial cost to the Company in establishing a 2024 thoroughbred purse structure intended to average \$23,000 per conducted overnight race and that to maintain that average purse structure, the Company made an overpayment that may be repaid to the Company by the MNHBP through reimbursement in subsequent racing years. This overpayment of purses by the Company was intended to create a short-term bridge until additional purse supplements can be obtained from other sources. At the conclusion of the 2024 live race meet, the Company recorded a receivable related to the overpayment of 2024 purses in the amount of \$1,597,463, which is presented on the Company's balance sheet as of December 31, 2024. In the event that additional purse revenue is secured within the five years following the 2025 live race meet through additional forms of gaming at the Company, new revenue streams, or legislative action, the Company will be eligible for reimbursement of the actual 2024 overpayment amount from those purse supplements. Management believes it is likely that additional purse supplements will ultimately be obtained when considering both the length of time to secure such funds (five years following the 2025 live race meet) and the fact that legislation has been introduced in both chambers of the Minnesota legislature that would provide those supplements through revenues from taxes paid by sports wagering licenses. Accordingly, management believes no allowance related to this receivable is necessary at December 31, 2024. In addition, the Company agreed to allocate approximately \$400,000 to be used as recruiting and participation incentives to attract thoroughbred trainers, owners, and stables for the 2024 live meet in an effort to generate additional pari-mutuel handle through improved field size. For the year ended 2024, the Company recognized expenses of \$418,000 related to these incentives.

Effective January 31, 2025, the Company entered into its annual live race meet and purse fund contribution agreement with the MNHBP and the MQHRA regarding the upcoming 2025 live race meet. In an effort to maintain field size and improve the quality of racing for the 2025 season, the Company has guaranteed an additional \$500,000 of purse monies to be distributed above the minimum amount defined in Minnesota Statutes Chapter 240. In the event that additional purse revenues are secured throughout the duration of the 2025 live race agreement through additional forms of gaming at the Company, new revenue streams, or legislative action, the Company has agreed to provide additional purse monies of up to \$1,500,000, to a total of \$2,000,000 in potential overpayment of purses to support the 2025 live race meet. The parties recognize there is likely to be a significant financial cost to the Company in establishing this 2025 thoroughbred purse structure and that to maintain that average purse structure, the Company will be making an overpayment that may be repaid to the Company through reimbursement in subsequent racing years. This anticipated overpayment of purses by the Company is intended to create a short-term bridge until additional purse supplements can be obtained from other sources. In the event that additional purse revenue is secured within the five years following the 2025 live race meet through additional forms of gaming at the Company, new revenue streams, or legislative action, the Company will be eligible for reimbursement of the actual 2025 overpayment amount from those purse supplements.

The Company is periodically involved in various claims and legal actions arising in the normal course of business. Management believes that the resolution of any pending claims and legal actions at December 31, 2024 and as of the date of this report will not have a material impact on the Company's consolidated financial position or results of operations.

The Company has committed to payment of statutory distributions under a \$500,000 bond issued to the MRC as required under Minnesota law. The Company was not required to make any payments related to this bond in 2024 or 2023, and there is no liability related to this bond on the balance sheet as of December 31, 2024.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS FROM OPERATING ACTIVITIES

Cash provided by operating activities for 2024 was \$6,488,000, primarily as a result of the following: the Company reported net income of \$2,113,000, depreciation of \$3,621,000, loss on equity investment of \$5,468,000 and stock-based compensation and 401(k) match totaling \$1,447,000, offset by a gain on land transfer of \$1,732,000. The Company experienced an increase in cash related to a decrease in income taxes receivable and prepaid income taxes of \$897,000, offset by an increase in other long-term receivables of \$1,597,000, related to the 2024 purse fund contribution agreement, an increase in TIF receivable of \$681,000 and a decrease in accounts payable, net of land, buildings, and equipment funded through accounts payable of \$2,121,000, primarily related to payments for our barn relocation and redevelopment plan.

Cash provided by operating activities for 2023 was \$11,537,000, primarily as a result of the following: the Company reported net income of \$10,563,000, depreciation of \$3,145,000, deferred income taxes of \$2,826,000, and stock-based compensation and 401(k) match totaling \$1,379,000, offset by a gain from equity investment of \$1,501,000 and a gain on land sale of \$6,490,000. The Company experienced an increase in cash related to a decrease in employee retention credit receivable of \$6,103,000, offset by a decrease in accounts payable, net of land, buildings, and equipment funded through accounts payable, of \$1,465,000, and an increase in income taxes receivable of \$2,031,000.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash used in investing activities for 2024 of \$17,349,000 was used primarily for additions to land, buildings, and equipment of \$11,984,000, primarily related to our barn relocation and redevelopment plan, additions for TIF eligible improvements of \$4,244,000, an increase in related party receivable of \$1,218,000, primarily due to additional member loans and interest related to the member loans, and purchases of short-term investments of \$7,000,000. This was partially offset by proceeds from the sale of short-term investments of \$7,000,000.

Net cash used in investing activities for 2023 of \$455,000 was used primarily for additions to land, buildings, and equipment of \$7,908,000, an increase in related party receivable of \$971,000, primarily due to additional member loans and interest related to the member loans, and purchases of short-term investments of \$5,000,000. This was partially offset by proceeds received from the sale of land of \$8,336,000 and proceeds from the sale of short-term investments of \$5,000,000.

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities for 2024 was \$1,293,000 primarily due to cash dividends paid to shareholders and payments for taxes of equity awards, partially offset by proceeds from the issuance of common stock.

Net cash used in financing activities for 2023 was \$1,345,000 primarily due to cash dividends paid to shareholders and payments for taxes of equity awards, partially offset by proceeds from the issuance of common stock.

CASH AND CAPITAL RESOURCES

At December 31, 2024, we had cash, cash equivalents, and restricted cash of \$13,687,000 compared to \$25,842,000 at December 31, 2023. This \$12,155,000 decrease consisted of \$6,488,000 of net cash provided by operating activities in 2024, offset by \$17,349,000 of net cash used in investing activities in 2024 and \$1,293,000 of net cash used in financing activities in 2024. We believe our existing cash and cash equivalents, along with our short-term investments and cash flow from operations and availability of borrowing under our revolving line of credit agreement, will be sufficient to meet our liquidity and working capital requirements beyond the next 12 months.

As of December 31, 2024, the Company has completed phases one and two of the barn relocation and redevelopment plan with phase three currently underway, with estimated remaining costs of approximately \$2,500,000. In addition, the Company expects to spend the remaining \$2,042,000 in tax increment financing over the next six months for the completion of tax increment related improvements.

We also expect that we will see higher than historic use of cash for guaranteed purses for the 2025 live racing season, which are guaranteed under our annual live race meet and purse fund contribution agreement with the MNHBPA and MQHRA, which may be repaid to the Company through reimbursement in subsequent racing years. See note 9 for further details.

The Company has a general credit and security agreement with a financial institution. The agreement was amended as of February 28, 2021 to extend the maturity date to January 31, 2024 and increase its revolving credit line up to \$10,000,000. The line of credit was collateralized by all receivables, inventory, equipment, and general intangibles of the Company, as well as a mortgage on certain real property. The Company had no borrowings under the credit line during the year ended December 31, 2024. As of December 31, 2024, the outstanding balance on the line of credit was \$0. The credit agreement contains covenants requiring the Company to maintain certain financial ratios. The Company was in compliance with these requirements at all times throughout 2024. The general credit and security agreement was further amended as of January 31, 2024 to extend the maturity date to January 31, 2027 and reduce the maximum borrowing under the line of credit to \$5,000,000. In connection with the amendment, the financial institution terminated a mortgage to release certain Company real property as collateral and the parties entered into a negative pledge agreement under which the Company agreed not to create any liens or encumbrances on certain Company real property.

Our three largest sources of revenue: pari-mutuel wagering, Casino operations, and food and beverage, are all based on cash transactions. Consequently, we have significant inflows of cash on a daily basis. We designate cash balances that will be required to satisfy certain short-term liabilities such as progressive jackpots, the player pool, collateral needed for joint venture operations, and amounts due horsemen for purses and awards as "restricted" as a separate balance sheet item.

The Company offers unbanked table games that refer to a wagering system or game where wagers "lost" or "won" by the host are accumulated into a "player pool" to enhance the total amount paid back to players in any other card game. The Company is required to return accumulated player pool funds to the players through giveaways, promotional items, prizes, or by other means. The player pool liability was \$542,000 and \$1,055,000 at December 31, 2024 and 2023, respectively. Additionally, the table games jackpot pool was \$696,000 and \$524,000 at December 31, 2024 and 2023, respectively.

The Company also maintains a poker promotional pool where a portion of the poker "rake" is collected and accumulated into a promotional pool to enhance the total amount paid back to poker players. The Company is required to return accumulated poker promotional pool funds to the players through poker jackpots, giveaways, promotional items, prizes, or by other means. The poker promotional pool liability was \$364,000 and \$339,000 at December 31, 2024 and 2023, respectively.

The Casino offers progressive jackpots for poker games. Amounts collected for these jackpot funds are accrued as liabilities until paid to winners. At December 31, 2024 and 2023, accrued jackpot funds totaled \$88,000 and \$172,000, respectively. The MRC regulates the operation of the player pool and progressive jackpot pools. These liabilities have the potential for significant fluctuation on a daily basis.

All games in the Casino are played using chips. The value of chips issued and outstanding, referred to as the "outstanding chip liability," was \$447,000 and \$558,000 at December 31, 2024 and 2023, respectively. This liability has the potential for significant fluctuation on a daily basis depending upon the demand for chip redemptions and sales.

Our second largest individual operating expense item is purse expense. Pursuant to an agreement with the MNHBPA, we transferred into a trust account or paid directly to the MNHBPA, approximately \$8,288,000 and \$7,133,000 in purse funds related to thoroughbred races for 2024 and 2023, respectively. Minnesota law provides that amounts transferred into this trust account are the property of the trust and not the Company. There were no unpaid purse fund obligations due to the MNHBPA at December 31, 2024 or 2023.

In March 2022, the Company entered into a five-year agreement with a totalizator provider. Pursuant to the agreement, the vendor provides totalizator equipment and related software which records and processes all wagers and calculates odds and payoffs. The future minimum purchase obligations under the new agreement are \$166,400 per year. The amounts charged to operations for totalizator expenses for the years ended December 31, 2024 and 2023 were \$200,000 and \$205,000, respectively.

In August 2018, the Company entered into a Contract for Private Redevelopment with the City of Shakopee in connection with a Tax Increment Financing District ("TIF District") which was amended in September 2021. The Company is obligated to construct certain public infrastructure improvements within the TIF District, and will be reimbursed by the City of Shakopee by future tax increment revenue generated from the developed property. See Note 11 for a more detailed description of the agreement.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains various "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by the use of terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "predict," "project," "seek," "should," "will," and similar words or similar expressions (or negative versions of such words or expressions). We also may make forward-looking statements in other reports filed with the SEC, in press releases, and in other communications to shareholders or the investing public.

Forward-looking statements are not guarantees of future actions, outcomes, results or performance. Any forward-looking statement made by us or on our behalf speaks only as of the date on which such statement is made. There are many important factors that could cause our future results to differ materially from historical results or trends, results anticipated or planned by us, or the results expressed in or implied by any forward-looking statements. These important factors include, but are not limited to:

- We may not be successful at implementing our growth strategy.
- Our business is sensitive to reductions in discretionary consumer spending as a result of downturns in the economy and other factors outside of our control.
- We have experienced a decrease in revenue and profitability from live racing.
- We may not be able to attract a sufficient number of horses and trainers to achieve above average field sizes.
- We face significant competition, both directly from other racing and gaming operations and indirectly from other forms of entertainment and leisure time activities, which could have a material adverse effect on our operations.
- Nationally, the popularity of horse racing has declined.
- A lack of confidence in the integrity of our core businesses could affect our ability to retain our customers and engage with new customers.
- Horse racing is an inherently dangerous sport and our racetrack is subject to personal injury litigation.
- Our business depends on using totalizator services.
- Inclement weather and other conditions may affect our ability to conduct live racing.
- We are subject to changes in the laws that govern our business, including the possibility of an increase in gaming taxes, which would increase our costs, and changes in other laws may adversely affect our ability to compete.
- We are subject to extensive regulation from gaming authorities that could adversely affect us.
- We rely on the efforts of our partner Doran for the development and profitable operation of our Triple Crown Residences at Canterbury Park joint venture.
- We rely on the efforts of our partner Greystone Construction for a new development project.
- We may not be successful in executing our real estate development strategy.
- We are obligated to make improvements in the TIF district and will be reimbursed only to the extent of future tax revenue.
- We face competition from other real estate developers.
- We may be adversely affected by the effects of inflation.
- Our success may be affected if we are not able to attract, develop and retain qualified personnel.
- The payment and amount of future dividends is subject to Board of Director discretion and to various risks and uncertainties.
- Our information technology and other systems are subject to cyber security risk including misappropriation of customer information or other breaches of information security.
- We process, store, and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and our actual or perceived failure to comply with such obligations could harm our business.

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.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(a) Financial Statements

The following financial statements of the Company are set forth on pages 24 through 41 of the Form 10-K:

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID 344)	24
Consolidated Balance Sheets as of December 31, 2024 and 2023	25
Consolidated Statements of Operations for the years ended December 31, 2024 and 2023	26
Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2024 and 2023	27
Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2023	28
Notes to Consolidated Financial Statements for the years ended December 31, 2024 and 2023	30

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Canterbury Park Holding Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Canterbury Park Holding Corporation and Subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financials are the responsibility of Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined there are no critical audit matters.

/s/ Wipfli LLP

We have served as the Company's auditor since 2014.

Minneapolis, Minnesota
March 11, 2025

CANTERBURY PARK HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,075,642	\$ 21,936,210
Restricted cash	3,611,776	3,905,544
Short-term investments	5,000,000	5,000,000
Accounts receivable, net of allowance of \$7,670 at December 31, 2024 and 2023	439,121	484,092
Inventory	250,658	249,370
Prepaid expenses	1,849,015	645,422
Income taxes receivable and prepaid income taxes	3,186,465	4,083,364
Total Current Assets	24,412,677	36,304,002
LONG-TERM ASSETS		
Deposits	19,650	—
Other prepaid expenses	19,951	10,978
TIF receivable	18,898,445	13,972,875
Related party receivable (Note 12)	4,743,913	3,526,071
Operating lease right-of-use assets	27,674	53,026
Equity investment (Note 11)	6,976,091	6,612,712
Other long-term receivables (Note 9)	1,597,463	—
Land held for development	2,183,930	1,756,914
Land, buildings, and equipment, net (Note 3)	51,042,988	42,442,090
Total Long-term Assets	85,510,105	68,374,666
TOTAL ASSETS	\$ 109,922,782	\$ 104,678,668
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 3,665,155	\$ 4,599,391
Casino accruals	2,159,249	2,667,499
Accrued wages and payroll taxes	2,151,524	1,662,927
Cash dividend payable	351,373	346,125
Accrued property taxes	1,103,784	741,215
Deferred revenue	311,244	274,898
Payable to horsepersons	870,775	763,383
Current portion of finance lease obligations	32,950	1,604
Current portion of operating lease obligations	27,674	25,352
Total Current Liabilities	10,673,728	11,082,394
LONG-TERM LIABILITIES		
Deferred income taxes (Note 4)	9,846,000	10,300,015
Investee losses in excess of equity investment	5,016,198	1,464,218
Finance lease obligations, net of current portion	117,182	7,770
Operating lease obligations, net of current portion	—	27,674
Other long-term liabilities	181,000	—
Total Long-term Liabilities	15,160,380	11,799,677
TOTAL LIABILITIES	25,834,108	22,882,071
STOCKHOLDERS' EQUITY (Note 5)		
Common stock, \$.01 par value, 10,000,000 shares authorized, 5,036,717 and 4,962,573, respectively, shares issued and outstanding	50,367	49,626
Additional paid-in capital	28,940,887	27,351,509
Retained earnings	55,097,420	54,395,462
Total Stockholders' Equity	84,088,674	81,796,597
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 109,922,782	\$ 104,678,668

See notes to consolidated financial statements.

CANTERBURY PARK HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES:		
Casino	\$ 38,774,702	\$ 39,781,166
Pari-mutuel	8,226,047	8,253,615
Food and beverage	7,968,157	7,828,980
Other	6,593,382	5,573,097
Total Net Revenues	61,562,288	61,436,858
OPERATING EXPENSES:		
Purse expense	7,908,404	7,600,059
Minnesota Breeders' Fund	1,027,609	1,053,790
Other pari-mutuel expenses	910,843	915,714
Salaries and benefits	26,142,046	25,490,790
Cost of food and beverage and other sales	3,195,767	3,062,974
Depreciation and amortization	3,620,899	3,145,372
Utilities	1,489,576	1,680,885
Advertising and marketing	1,349,656	2,068,846
Professional and contracted services	5,660,993	5,981,480
Loss on disposal of assets	49,214	157,160
Other operating expenses	5,506,647	5,268,905
Total Operating Expenses	56,861,654	56,425,975
Gain on transfer/sale of land (Note 11)	1,732,353	6,489,976
INCOME FROM OPERATIONS	6,432,987	11,500,859
OTHER INCOME (LOSS)		
(Loss) income from equity investment	(5,467,771)	1,501,268
Interest income, net	2,071,511	1,978,122
Net Other (Loss) Income	(3,396,260)	3,479,390
INCOME BEFORE INCOME TAXES	3,036,727	14,980,249
INCOME TAX EXPENSE (Note 4)	(923,885)	(4,417,000)
NET INCOME	\$ 2,112,842	\$ 10,563,249
Basic earnings per share	\$ 0.42	\$ 2.15
Diluted earnings per share	\$ 0.42	\$ 2.13
Weighted average basic shares outstanding	4,994,905	4,921,379
Weighted average diluted shares	5,032,210	4,949,182

See notes to consolidated financial statements.

CANTERBURY PARK HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
Balance at December 31, 2022	4,888,975	\$ 48,890	\$ 25,914,644	\$ 45,221,509	\$ 71,185,043
Stock-based compensation	—	—	527,762	—	527,762
Dividend distribution	—	—	—	(1,389,296)	(1,389,296)
401(K) stock match	38,701	387	850,611	—	850,998
Issuance of deferred stock awards	22,197	222	(171,970)	—	(171,748)
Shares issued under Employee Stock Purchase Plan	12,700	127	230,462	—	230,589
Net income	—	—	—	10,563,249	10,563,249
Balance at December 31, 2023	4,962,573	49,626	27,351,509	54,395,462	81,796,597
Stock-based compensation	—	—	571,632	—	571,632
Dividend distribution	—	—	—	(1,410,884)	(1,410,884)
401(K) stock match	42,086	421	875,377	—	875,798
Issuance of deferred stock awards	17,475	175	(109,062)	—	(108,887)
Shares issued under Employee Stock Purchase Plan	14,583	146	251,431	—	251,577
Net income	—	—	—	2,112,842	2,112,842
Balance at December 31, 2024	5,036,717	\$ 50,367	\$ 28,940,887	\$ 55,097,420	\$ 84,088,674

See notes to consolidated financial statements.

CANTERBURY PARK HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Operating Activities:		
Net income	\$ 2,112,842	\$ 10,563,249
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,620,899	3,145,372
Stock-based compensation expense	571,632	527,762
Stock-based employee match contribution	875,798	850,998
Deferred income taxes	(454,015)	2,826,000
Loss on disposal of assets	49,214	157,160
Loss (gain) from equity investment	5,467,771	(1,501,268)
Gain on sale of land	—	(6,489,976)
Gain on transfer of land	(1,732,353)	—
Changes in operating assets and liabilities:		
Accounts receivable	44,971	134,273
Employee retention credit	—	6,103,236
Increase in TIF receivable	(681,332)	(674,378)
Inventory, prepaid expenses and deposits	(1,233,504)	(17,403)
Income taxes receivable and prepaid income taxes	896,899	(2,031,000)
Other long-term receivables	(1,597,463)	—
Operating lease right-of-use assets	25,352	24,524
Operating lease liabilities	(25,352)	(24,524)
Accounts payable	(2,121,199)	(1,465,498)
Deferred revenue	36,346	(138,544)
Casino accruals	(508,250)	(16,945)
Accrued wages and payroll taxes	488,597	(151,952)
Accrued property taxes	362,569	(54,431)
Other long-term liabilities	181,000	—
Payable to horsepersons	107,392	(230,146)
Net cash provided by operating activities	<u>6,487,814</u>	<u>11,536,509</u>
Investing Activities:		
Additions to land, buildings, and equipment	(11,984,131)	(7,907,963)
Proceeds from disposal of assets	60,800	60,800
Proceeds from sale of land	—	8,336,359
Additions for TIF eligible improvements	(4,244,238)	(4,160)
Proceeds from sale of short-term investments	7,000,000	5,000,000
Purchase of short-term investments	(7,000,000)	(5,000,000)
Cash dividends received from equity investments	36,480	30,368
Increase in related party receivable	(1,217,842)	(970,751)
Net cash used in investing activities	<u>(17,348,931)</u>	<u>(455,347)</u>
Financing Activities:		
Proceeds from issuance of common stock	251,577	230,589
Cash dividend paid to shareholders	(1,405,636)	(1,384,773)
Payments for taxes related to net share settlement of equity awards	(108,887)	(171,748)
Principal payments on finance lease	(30,272)	(19,479)
Net cash used in financing activities	<u>(1,293,218)</u>	<u>(1,345,411)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	(12,154,336)	9,735,751
Cash, cash equivalents, and restricted cash at beginning of year	<u>25,841,754</u>	<u>16,106,003</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 13,687,418</u>	<u>\$ 25,841,754</u>

CANTERBURY PARK HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023 (CONTINUED)

Schedule of non-cash investing and financing activities			
Additions to land, buildings, and equipment funded through accounts payable	\$	1,187,000	\$ 2,696,000
Dividend declared but not yet paid		351,000	346,125
Change in investee losses in excess of equity investments		3,552,000	(1,722,000)
ROU assets obtained in exchange for operating lease obligations		171,030	87,430
Transfer of assets to Trakside Investments, LLC		583,000	—
Supplemental disclosure of cash flow information:			
Income taxes paid, net of refunds	\$	300,000	\$ 3,622,000
Interest paid		13,000	1,000

See notes to consolidated financial statements.

1. OVERVIEW AND BASIS OF PRESENTATION

Business – The Company’s Racetrack operations are conducted at facilities located in Shakopee, Minnesota, approximately 20 miles southwest of downtown Minneapolis. In May 1994, the Company commenced year-round horse racing simulcast operations and hosted the first annual live race meet during the summer of 1995. The Company’s live racing operations are a seasonal business as it hosts live race meets each year from May until September. The Company earns additional pari-mutuel revenue by televising its live racing to out-of-state racetracks around the country. Canterbury Park’s Casino operates 24 hours a day, seven days a week and is limited by Minnesota State law to conducting card play on a maximum of 80 tables. The Casino currently offers a variety of poker and table games. The Company’s three largest sources of revenues include: Casino operations, pari-mutuel operations, and food and beverage sales. The Company also derives revenues from related services and activities, such as admissions, advertising signage, publication sales, and from other entertainment events and activities held at the Racetrack. Additionally, the Company continues its ongoing development of approximately 140 acres of underutilized land surrounding the Racetrack in a project known as Canterbury Commons. The Company is pursuing several mixed-use development opportunities for this land, directly and through joint ventures.

Basis of Presentation - The consolidated financial statements include the accounts of Canterbury Park Holding Corporation and its direct and indirect subsidiaries Canterbury Park Entertainment, LLC, Canterbury Park Concessions, Inc., and Canterbury Development, LLC (collectively, the "Company"), after elimination of intercompany accounts and transactions.

Estimates – The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications - Certain amounts in prior period financial statements have been reclassified to conform to current period presentations.

2. ACCOUNTING STANDARDS AND SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

Revenue Recognition – The Company’s primary revenues with customers consist of Casino operations, pari-mutuel wagering on simulcast and live horse races, and food and beverage transactions. We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligation in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

The transaction price for a Casino contract is a set percentage of wagers and is recognized at the time that the wagering process is complete. The transaction price for pari-mutuel wagering is the commission received on a wager, exclusive of any track fees and is recognized upon occurrence of the live race that is presented for wagering and after that live race is made official by the respective state’s racing regulatory body. The transaction price for food and beverage contracts is the net amount collected from the customer for these goods. Food and beverage services have been determined to be separate, stand-alone performance obligations and the transaction price is recorded as revenue as the good is transferred to the customer when delivery is made.

Contracts for Casino operations and pari-mutuel wagering involve two performance obligations for those customers earning points under the Company’s loyalty program and a single performance obligation for customers who do not participate in the program. The Company applies a practical expedient by accounting for its gaming contracts on a portfolio basis as these wagers have similar characteristics and the Company reasonably expects the effects on the financial statements of applying the revenue recognition guidance to the portfolio will not differ materially from that which would result if applying the guidance to an individual wagering contract. For purposes of allocating the transaction price in a wagering contract between the wagering performance obligation and the obligation associated with the loyalty points earned, the Company allocates an amount to the loyalty point contract liability based on the stand-alone redemption value of the points earned, which is determined by the value of a point that can be redeemed for a cash voucher, food and beverage voucher, racing admission, valet parking, or racing forms. Based on past experience, the majority of customers redeem their points for cash vouchers.

We have two general types of liabilities related to Casino contracts with customers: (1) our MVP Loyalty Program and (2) outstanding chip liability. These are included in the line item Casino accruals on the Consolidated Balance Sheets. We defer the full retail value of these complimentary reward items until the future revenue transaction occurs.

The Company offers certain promotional allowances at no charge to patrons who participate in its player rewards program. The retail value of these promotional items is included as a deduction from pari-mutuel revenues.

We evaluate our on-track revenue (live racing), export revenue (simulcast), and import revenue (guest fees) contracts to determine whether we are acting as the principal or as the agent when providing services, which we consider in determining if revenue should be reported gross or net. An entity is a principal if it controls the specified service before that service is transferred to a customer.

The revenue we recognize for on-track revenue and import revenue is the commission we are entitled to retain for providing a wagering service to our customers. For these arrangements, we are the principal as we control the wagering service; therefore, any charges, including simulcast fees, we incur for delivering the wagering service are presented as operating expenses.

For export revenue, our customer is the third party wagering site such as a racetrack, OTB, or advance deposit wagering provider. Therefore, the revenue we recognize for export revenue is the simulcast host fee we earn for exporting our racing signal to the third party wagering site.

Cash and Cash Equivalents – Cash and cash equivalents include all investments with original maturities of three months or less or which are readily convertible into known amounts of cash and are not legally restricted. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash – Restricted cash represents refundable deposits and amounts due to horsemen for purses, stakes and awards, collateral needed for joint venture operations, and amounts accumulated in card game progressive jackpot pools, the player pool, and poker promotional fund to be used to repay card players in the form of promotions, giveaways, prizes, or by other means.

Short-Term Investments – Short-term investments include cash investments into short to intermediate-term fixed income securities. Such investments are not included as "Cash and cash equivalents" as the original maturities are greater than three months and are intended to be held until maturity.

Accounts Receivable – Accounts receivable are initially recorded for amounts due from other tracks for simulcast revenue, net of amounts due to other tracks, and for amounts due from customers related to catering and events. Credit is granted in the normal course of business without collateral. Accounts receivable are stated net of allowances for doubtful accounts, which represent estimated losses resulting from the inability of customers to make the required payments. Accounts that are outstanding longer than the contractual terms are considered past due. We evaluate our allowance for credit losses and estimate collectability of current and non-current accounts receivable based on historical bad debt experience, our assessment of the financial condition of individual companies with which we do business, current market conditions, and reasonable and supportable forecasts of future economic conditions. In times of economic turmoil, our estimates and judgments with respect to the collectability of our receivables are subject to greater uncertainty than in more stable periods. The Company does not have accounts receivable with original maturities greater than one year. The allowance for credit losses and activity as of December 31, 2024 and 2023, was not material.

Inventory – Inventory consists primarily of food and beverages, small wares and supplies and retail goods and is recorded at the lower of cost (first-in, first-out) or net realizable value.

Property Tax Increment Financing (TIF) Receivable – In connection with the Contract for Private Redevelopment ("Redevelopment Agreement") and First Amendment to the Contract for Private Redevelopment (the "First Amendment") between the City of Shakopee Economic Development Authority and Canterbury Development LLC signed in August 2018 and amended in September 2021, the City of Shakopee has agreed that a portion of the tax increment revenue generated from the developed property will be paid to the Company to reimburse it for expenses in constructing public infrastructure improvements. The interest rate on the TIF Receivable is 6%.

Other long-term receivables - In connection with the 2024 live race meet and purse fund contribution agreement with the MNHBPA and the MQHRA, the Company recorded an overpayment of purses. This overpayment was intended to create a short-term bridge until additional purse supplements can be obtained from other sources. In the event that additional purse revenue is secured within the five years following the 2025 live race meet through additional forms of gaming at the Company, new revenue streams, or legislative action, the Company will be eligible for reimbursement of the actual 2024 overpayment amount from those purse supplements. For more information on the Company's overpayment of purses related to the 2024 live race agreement, see Note 9.

Impairment of Long-Lived Assets – The Company reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the event that facts and circumstances indicate that the carrying value of any long-lived assets may be impaired, an evaluation of recoverability would be performed. If the sum of the expected undiscounted cash flows is less than the carrying value of the related asset or group of assets, a loss is recognized for the difference between the fair value and carrying value of the asset or group of assets. During 2024 and 2023, the Company determined that no evaluations of recoverability were necessary.

Land, Buildings, and Equipment – Land, buildings, equipment, and building improvements are capitalized at a level of \$2,000 or greater and are recorded at cost. Repair and maintenance costs are charged to operations when incurred. Furniture, fixtures, and equipment are depreciated using the straight-line method over estimated useful lives ranging from 5 – 7 years, while buildings are depreciated over 15 – 39 years. Building improvements are amortized using the straight-line method over the useful life of the assets.

Pre-development costs are incurred prior to vertical construction and for certain land held for development during the due diligence phase. This includes legal, engineering, architecture, and other professional fees incurred in pursuit of new development opportunities for which we believe future development is probable. Future development is dependent upon various factors, including zoning and regulatory approval, rental market conditions, construction costs, and availability of capital. Pre-development costs incurred for which future development is not yet considered probable are expensed as incurred.

The Company capitalizes property taxes incurred on its land held for development during periods in which activities necessary to get the property ready for its intended use are in progress. Costs incurred after the property is substantially complete and ready for its intended use are charged to expense as incurred.

Land Held for Development – Land held for development consists of land owned for potential real estate development.

Unredeemed Pari-mutuel Tickets – The Company records a liability for winning tickets and vouchers upon the completion of a race and when a voucher is printed, respectively. As uncashed winning tickets and vouchers are redeemed, this liability is reduced for the respective cash payment. The Company recognizes revenue associated with the uncashed winning tickets and vouchers when the likelihood of redemption, based on historical experience, is remote. While the Company continues to honor all winning tickets and vouchers presented for payment, management may determine the likelihood of redemption to be remote due to the length of time that has elapsed since the ticket was issued. In these circumstances, if management also determines there is no requirement for remitting balances to government agencies under unclaimed property laws, uncashed winning tickets and vouchers may then be recognized as revenue in the Company’s Consolidated Statement of Operations.

Deferred Revenue – Deferred revenue includes advance sales related to racing, events, and corporate partnerships. Revenue from these advance billings is recognized when the related event occurs or services have been performed.

Due to Minnesota Horsemen’s Benevolent and Protective Association, Inc. (“MNHBPA”) – The Minnesota Pari-mutuel Horse Racing Act specifies that the Company is required to segregate a portion of funds (recorded as purse expense in the statements of operations), received from Casino operations and wagering on simulcast and live horse races, for future payment as purses for live horse races or other uses of the horsepersons’ associations. Pursuant to an agreement with the MNHBPA, the Company transferred into a trust account or paid directly to the MNHBPA, approximately \$8,288,000 and \$7,133,000 for the years ended December 31, 2024 and 2023, respectively, related to thoroughbred races. Minnesota Statutes specify that amounts transferred into the trust account are the property of the trust and not of the Company.

Casino Accruals – Minnesota law allows the Company to collect amounts from patrons to fund progressive jackpot pools in the Casino. These amounts, along with amounts earned by the player pool, promotional pools, and the outstanding chip liability, are accrued as short-term liabilities at each balance sheet date.

Advertising and Marketing – Advertising and marketing costs are charged to expense as incurred. The related amounts are presented separately in the Company’s Consolidated Statements of Operations.

Income Taxes – Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to reverse.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

Interest and penalties associated with uncertain income tax positions are presented in income tax expense. For the years ended December 31, 2024 and 2023, the Company did not recognize any expense related to interest and penalties.

Net Income Per Share – Basic net income per common share is based on the weighted average number of common shares outstanding during each year. Diluted net income per common share takes into effect the dilutive effect of potential common shares outstanding. The Company’s only potential common shares outstanding are stock options and unvested deferred stock awards.

Fair Values of Financial Instruments – Due to the current classification of all financial instruments and given the short-term nature of the related account balances, carrying amounts reported in the Consolidated Balance Sheets approximate fair value.

Stock-Based Employee Compensation – The Company accounts for share-based compensation awards on a fair value basis. The estimated grant date fair value of each stock-based award is recognized as expense over the requisite service period (generally the vesting period). The estimated fair value of each option is calculated using the Black-Scholes option-pricing model. For more information on the Company’s stock-based compensation plans, see Note 5.

3. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment, at cost, consist of the following at December 31, 2024 and 2023:

	2024	2023
Land	\$ 2,835,655	\$ 2,878,308
Buildings and building improvements	55,620,120	45,338,216
Furniture and equipment	21,102,057	20,805,643
Construction in progress	6,586,250	6,892,192
	86,144,082	75,914,359
Accumulated depreciation	(35,101,094)	(33,472,269)
Total land, buildings, and equipment, net	\$ 51,042,988	\$ 42,442,090

The Company has included land held for development as a separate line on the consolidated balance sheet. This represents land owned for potential real estate development and totaled \$2,183,930 and \$1,756,914 as of December 31, 2024 and 2023, respectively.

4. INCOME TAXES

A reconciliation between income taxes computed at the statutory federal income tax rate and the effective tax rate for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Federal tax expense at statutory rates	\$ 637,700	\$ 3,145,900
Nondeductible lobbying expense	32,000	30,200
State expense, net of federal impact	275,700	1,204,200
Stock-based compensation expense	4,900	(52,500)
Other	(26,415)	89,200
Total income tax expense	<u>\$ 923,885</u>	<u>\$ 4,417,000</u>

Income tax expense (benefit) for the years ended December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Current		
Federal	\$ 522,900	\$ 931,000
State	674,000	660,000
	1,196,900	1,591,000
Deferred, Federal	51,985	1,961,700
Deferred, State	(325,000)	864,300
Total income tax expense	<u>\$ 923,885</u>	<u>\$ 4,417,000</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Deferred tax assets:		
Vacation accrual	\$ 82,300	\$ 47,600
Player rewards program accrual	94,800	116,800
Stock-based compensation expense	160,200	135,900
Other	1,700	2,785
Net deferred tax assets	<u>339,000</u>	<u>303,085</u>
Deferred tax liabilities:		
Land, building and equipment - cost and depreciation	(5,523,200)	(5,352,900)
Investment in equity investments	(3,468,100)	(4,314,400)
Prepaid expenses	(231,600)	(169,500)
TIF receivable accrued interest	(962,100)	(766,300)
Net deferred tax liabilities	<u>(10,185,000)</u>	<u>(10,603,100)</u>
Net long-term deferred tax liabilities	<u>\$ (9,846,000)</u>	<u>\$ (10,300,015)</u>

The Company is subject to U.S. and Minnesota taxation. The Company is no longer subject to U.S. federal or state by tax authorities for years before 2021 and 2020, respectively.

Unrecognized tax benefits — January 1, 2024	\$	—
Gross increases — tax positions taken during the prior period		630,000
Gross decreases — tax positions taken during the current period		(449,000)
Unrecognized tax benefits — December 31, 2024	\$	<u>181,000</u>

The balances of unrecognized tax benefits as of December 31, 2024 and December 31, 2023 are \$181,000 and \$0, respectively, and if recognized, would result in adjustments to deferred taxes and would not impact the effective tax rate. It is reasonably expected that the total amounts of unrecognized tax benefits will fully reverse within 12 months of the reporting period.

5. STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Stockholders' Equity

Employee Stock Purchase Plan:

The Company offers an Employee Stock Purchase Plan (the "ESPP") that is open to all employees working more than 15 hours per week. Shares of the Company's common stock may be purchased by employees at six-month intervals at 85% of the fair market value of one share of common stock at the beginning or end of each stock purchase period or phase. Employees purchased 14,583 and 12,700 shares in 2024 and 2023, respectively. As of December 31, 2024, a total of 381,417 shares have been issued from the 450,000 shares authorized.

KSOP:

The Company offers a KSOP Plan (the "KSOP") that includes the Employee Stock Ownership Plan (the "ESOP") and the 401(k) Plan. The KSOP allows the Company to use Company stock to match contributions from its employees should it so choose. The KSOP is available to eligible employees who had completed six months of service. Beginning January 1, 2016, the matching of employee contributions were issued in Company stock. Employer contributions charged to operations for stock matching of employee contributions for the year ended December 31, 2024 and 2023 totaled approximately \$876,000 and \$851,000, respectively.

Stock-Based Compensation

Stock-based compensation is recorded at fair value as of the date of grant, is included in the salaries and benefits expense line item on the consolidated statements of operations and amounted to approximately \$572,000 and \$528,000 for the years ended December 31, 2024 and 2023, respectively.

Stock Options:

The Company's Stock Plan, as amended, (the "Plan") provides for the granting of awards in the form of stock options, restricted stock, stock appreciation rights, and deferred stock to key employees and non-employees, including directors of and consultants to the Company and any subsidiary, to purchase up to a maximum of 1,650,000 shares of common stock. The Company currently has 135,238 shares available for grant under the Plan. The Plan is administered by the Board of Directors which determines the persons who are to receive awards under the Plan, the type of award to be granted, the number of shares subject to each award and, if an option, the exercise price of each option.

The Plan provides that payment of the exercise price may be made in the form of unrestricted shares of common stock already owned by the optionee. The Company calculates the fair market value of unrestricted shares as the average of the high and low sales prices on the date of the option exercise. The Company's common stock is purchased upon the exercise of stock options, and restricted stock awards are settled in shares of the Company's common stock.

The grant-date fair value of options outstanding and exercisable at December 31, 2024 and 2023 was \$0. As of December 31, 2024, there are no options outstanding.

There were no options granted in 2024 or 2023. The total fair value of options exercised during the years ended December 31, 2024 and 2023 was \$0. The total intrinsic value of options exercised during 2024 and 2023 was \$0.

Long Term Incentive Plan

The Long Term Incentive Plan (the "LTI Plan") authorizes the grant of Long Term Incentive Awards that provide an opportunity to Named Executive Officers ("NEOs") and other Senior Executives to receive a payment in cash or shares of the Company's common stock to the extent of achievement at the end of a period greater than one year (the "Performance Period") as compared to Performance Goals established at the beginning of the Performance Period. Beginning in 2020, and as a result of the COVID-19 pandemic, the Company temporarily suspended the granting of performance awards under its LTI Plan, and instead granted deferred stock awards designed to retain NEOs and other senior executives in lieu of LTI Plan awards from 2020 through 2024. In February 2022, the Compensation Committee made determinations regarding the achievement of 2021 performance goals and payouts under the 2019-2021 LTI Plan, which completed the performance period and awards under the 2019-2021 LTI Plan, and the last outstanding awards under the LTI Plan. Accordingly, there are no awards outstanding under the LTI Plan.

The Company did not record compensation expense related to the LTI Plan for 2024 or 2023.

Board of Directors Stock Option, Deferred Stock Awards, and Restricted Stock Grants

The Company's Stock Plan was amended to authorize annual grants of restricted stock, deferred stock, stock options, or any combination of the three, to non-employee members of the Board of Directors at the time of the Company's annual shareholders' meeting as determined by the Board prior to each such meeting. Options granted under the Plan generally expire 10 years after the grant date. Restricted stock and deferred stock grants generally vest 100% one year after the date of the annual meeting at which they were granted, are subject to restrictions on resale for an additional year, and are subject to forfeiture if a board member terminates his or her board service prior to the shares vesting. The unvested deferred stock awards outstanding as of December 31, 2024 to our non-employee directors consists of only a grant of deferred stock on June 6, 2024 of 10,734 shares with a weighted average fair value per share of \$22.35.

Below is a summary of changes in Board of Directors unvested deferred stock award grants as of December 31, 2024:

	Deferred Stock	Weighted Average Fair Value Per Share
Non-Vested Balance, December 31, 2023	7,818	\$ 23.01
Granted	10,734	22.35
Vested	(7,818)	23.01
Forfeited	—	—
Non-Vested Balance, December 31, 2024	<u>10,734</u>	<u>\$ 22.35</u>

Employee Deferred Stock Awards

In 2024, the Company granted employees deferred stock awards totaling 22,100 shares of common stock, with a vesting term of approximately four years and a fair value of \$21.08 per share. In 2023, the Company granted employees deferred stock awards totaling 19,020 shares of common stock, with a vesting term of approximately four years and a fair value of \$25.52 per share. The vesting schedule of the awards is as follows: (i) 25% vesting and being issued in March 2025, (ii) 25% vesting and being issued in March 2026, (iii) 25% vesting and being issued in March 2027 and (iv) 25% vesting and being issued in March 2028. The compensation cost associated with these grants of deferred stock awards are recorded in "Salaries and benefits" on the Consolidated Statements of Operations.

A summary of the changes in employee unvested deferred stock award grants as of December 31, 2024, is as follows:

	Deferred Stock	Weighted Average Fair Value Per Share
Non-Vested Balance, December 31, 2023	36,920	\$ 22.00
Granted	22,100	21.08
Vested	(15,230)	19.15
Forfeited	—	—
Non-Vested Balance, December 31, 2024	<u>43,790</u>	<u>\$ 22.52</u>

At December 31, 2024, there was approximately \$770,000 of total unrecognized stock-based compensation expense related to unvested employee and board of director deferred stock awards that is expected to be recognized over a period of approximately 2.3 years.

6. NET INCOME PER SHARE COMPUTATIONS

The following is a reconciliation of the numerator and denominator of the net income per common share computations for the years ended December 31, 2024 and 2023.

	Year Ended December 31,	
	2024	2023
Net income (numerator) amounts used for basic and diluted per share computations:	\$ 2,112,842	\$ 10,563,249
Weighted average shares (denominator) of common stock outstanding:		
Basic	4,994,905	4,921,379
Plus dilutive effect of stock options	37,305	27,803
Diluted	<u>\$ 5,032,210</u>	<u>\$ 4,949,182</u>
Net income per common share:		
Basic	\$ 0.42	\$ 2.15
Diluted	0.42	2.13

There were no out-of-the money stock options at December 31, 2024 or December 31, 2023.

7. GENERAL CREDIT AGREEMENT

The Company has a general credit and security agreement with a financial institution. The agreement was amended as of February 28, 2021 to extend the maturity date to January 31, 2024 and increase its revolving credit line up to \$10,000,000. The line of credit is collateralized by all receivables, inventory, equipment, and general intangibles of the Company, as well as a mortgage on certain real property. The Company had no borrowings under the credit line during the year ended December 31, 2024. As of December 31, 2024, the outstanding balance on the line of credit was \$0. In the event that the Company borrowed under the agreement, the annual interest rate paid by the Company would be equal to the greater of the Prime Rate or 3.0%. The credit agreement contains covenants requiring the Company to maintain certain financial ratios. The general credit and security agreement was further amended as of January 31, 2024 to extend the maturity date to January 31, 2027 and reduce the maximum borrowing under the line of credit to \$5,000,000. In connection with the amendment, the financial institution terminated a mortgage to release certain Company real property as collateral and the parties entered into a negative pledge agreement under which the Company agreed not to create any liens or encumbrances on certain Company real property.

8. LEASES

The Company determines if an arrangement is a lease or contains a lease at inception. The Company leases certain office equipment under finance leases. We also lease equipment related to our horse racing operations under operating leases. For lease accounting purposes, we do not separate lease and nonlease components, nor do we record operating or finance lease assets and liabilities for short term leases.

As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date to determine the present value of lease payments. We recognize expense for operating leases on a straight-line basis over the lease term. The Company's lease agreements do not contain any variable lease payments, material residual value guarantees or any restrictive covenants.

Lease costs related to operating leases were \$26,785 and \$26,784 for the years ended December 31, 2024 and 2023, respectively. The total lease expenses for leases with a term of twelve months or less for which the Company elected not to recognize a lease asset or liability was \$457,454 and \$488,937 for the years ended December 31, 2024 and 2023, respectively.

Lease costs included in depreciation and amortization related to our finance leases were \$33,332 and \$18,701 for the years ended December 31, 2024 and 2023, respectively. Interest expense related to our finance leases was immaterial.

The following table shows the classification of the right of use assets on our Consolidated Balance Sheets:

Assets	Balance Sheet Location	Year Ended December 31,	
		2024	2023
Finance	Land, buildings and equipment, net (1)	\$ 150,132	\$ 9,374
Operating	Operating lease right-of-use assets	27,674	53,026
Total Leased Assets		\$ 177,806	\$ 62,400

1 – Finance lease assets are net of accumulated amortization of \$30,779 and \$118,424 for the years ended December 31, 2024 and 2023, respectively.

The following table shows the lease terms and discount rates related to our leases:

	Year Ended December 31,	
	2024	2023
Weighted average remaining lease term (in years):		
Finance	4.0	4.9
Operating	0.4	0.8
Weighted average discount rate (%):		
Finance	8.5%	4.8%
Operating	8.0%	8.0%

The maturity of operating leases and finance leases for the year ended December 31, 2024 are as follows:

	Year Ended December 31, 2024	
	Operating Leases	Finance Leases
2025	\$ 28,228	\$ 44,447
2026	—	44,447
2027	—	44,447
2028 and beyond	—	44,252
Total minimum lease obligations	28,228	177,593
Less: amounts representing interest	(554)	(27,461)
Present value of minimum lease payments	27,674	150,132
Less: current portion	(27,674)	(32,950)
Lease obligations, net of current portion	\$ —	\$ 117,182

Purchase Obligations

In March 2022, the Company entered into a five-year agreement with a totalizator provider. Pursuant to the agreement, the vendor provides totalizator equipment and related software which records and processes all wagers and calculates odds and payoffs. The future minimum purchase obligations under the new agreement are \$166,400 per year. The amounts charged to operations for totalizator expenses for the years ended December 31, 2024 and 2023 were \$200,000 and \$205,000, respectively.

9. COMMITMENTS AND CONTINGENCIES

Effective December 21, 2021, the Company entered into a Contribution and Indemnity Agreement ("Indemnity Agreement") with affiliates of Doran Companies ("Doran") relating to debt financing by Doran Canterbury I, LLC as borrower, which is guaranteed by Doran affiliates. Under the Indemnity Agreement, the Company is obligated to reimburse and indemnify each loan guarantor for any amounts paid by such loan guarantor to the lender on debt financing by Doran Canterbury I, LLC, up to a maximum of \$5,000,000. Effective October 27, 2022, the Indemnity Agreement was amended to increase the maximum indemnification by an additional \$700,000. Effective December 12, 2023, the Indemnity Agreement was amended to increase the maximum indemnification by an additional \$1,300,000. Effective December 18, 2024, the Indemnity Agreement was amended to increase the maximum indemnification by an additional \$500,000, bringing the total to a maximum of \$7,500,000.

Effective December 18, 2024, the Company entered into an Indemnity Agreement with affiliates of Doran relating to debt financing by Doran Canterbury II, LLC as borrower, which is guaranteed by Doran affiliates. Under the Indemnity Agreement, the Company is obligated to reimburse and indemnify each loan guarantor for any amounts paid by such loan guarantor to the lender on debt financing by Doran Canterbury II, LLC, up to a maximum of \$1,000,000.

Effective December 21, 2023, the Company entered into its annual live race meet and purse fund contribution agreement with the Minnesota Horsemen's Benevolent & Protective Association ("MNHBP") and the Minnesota Quarter Horse Racing Association ("MQHRA") regarding the 2024 live race meet. In an effort to increase field size and improve the quality of racing for the 2024 season, the Company guaranteed purses for overnight races at \$23,000 per race. The parties recognized there was likely to be a significant financial cost to the Company in establishing a 2024 thoroughbred purse structure intended to average \$23,000 per conducted overnight race and that to maintain that average purse structure, the Company made an overpayment that may be repaid to the Company through reimbursement in subsequent racing years. This overpayment of purses by the Company was intended to create a short-term bridge until additional purse supplements can be obtained from other sources. At the conclusion of the 2024 live race meet, the Company recorded a receivable related to the overpayment of 2024 purses in the amount of \$1,597,463, which is presented on the Company's balance sheet as of December 31, 2024. In the event that additional purse revenue is secured within the five years following the 2025 live race meet through additional forms of gaming at the Company, new revenue streams, or legislative action, the Company will be eligible for reimbursement of the actual 2024 overpayment amount from those purse supplements. Management believes it is likely that additional purse supplements will ultimately be obtained when considering both the length of time to secure such funds (five years following the 2025 live race meet) and the fact that legislation has been introduced in both chambers of the Minnesota legislature that would provide those supplements through revenues from taxes paid by sports wagering licenses. Accordingly, management believes no allowance related to this receivable is necessary at December 31, 2024. In addition, the Company agreed to allocate approximately \$400,000 to be used as recruiting and participation incentives to attract thoroughbred trainers, owners, and stables for the 2024 live meet in an effort to generate additional pari-mutuel handle through improved field size. For the year ended 2024, the Company recognized expenses of \$418,000 related to these incentives.

Effective January 31, 2025, the Company entered into its annual live race meet and purse fund contribution agreement with the MNHBP and the MQHRA regarding the upcoming 2025 live race meet. In an effort to maintain field size and improve the quality of racing for the 2025 season, the Company has guaranteed an additional \$500,000 of purse monies to be distributed above the minimum amount defined in Minnesota Statutes Chapter 240. In the event that additional purse revenues are secured throughout the duration of the 2025 live race agreement through additional forms of gaming at the Company, new revenue streams, or legislative action, the Company has agreed to provide additional purse monies of up to \$1,500,000, to a total of \$2,000,000 in potential overpayment of purses to support the 2025 live race meet. The parties recognize there is likely to be a significant financial cost to the Company in establishing this 2025 thoroughbred purse structure and that to maintain that average purse structure, the Company will be making an overpayment that may be repaid to the Company through reimbursement in subsequent racing years. This anticipated overpayment of purses by the Company is intended to create a short-term bridge until additional purse supplements can be obtained from other sources. In the event that additional purse revenue is secured within the five years following the 2025 live race meet through additional forms of gaming at the Company, new revenue streams, or legislative action, the Company will be eligible for reimbursement of the actual 2025 overpayment amount from those purse supplements.

The Company is periodically involved in various claims and legal actions arising in the normal course of business. Management believes that the resolution of any pending claims and legal actions at December 31, 2024 and as of the date of this report will not have a material impact on the Company's consolidated financial positions or results of operations.

The Company has committed to payment of statutory distributions under a \$500,000 bond issued to the Minnesota Racing Commission as required by Minnesota statute. The Company was not required to make any payments related to this bond in 2024 or 2023, and there is no liability related to this bond on the balance sheet as of December 31, 2024.

10. OPERATING SEGMENTS

The Company has four reportable operating segments: horse racing, Casino, food and beverage, and development. The horse racing segment primarily represents simulcast and live horse racing operations. The Casino segment represents operations of Canterbury Park's Casino, the food and beverage segment represents food and beverage operations provided during simulcast and live racing, in the Casino, and during special events, and the development segment represents our real estate development operations. The Company's reportable operating segments are strategic business units that offer different products and services. They are managed separately because the segments differ in the nature of the products and services provided as well as process to produce those products and services. The Minnesota Racing Commission regulates the horse racing and Casino segments.

Depreciation, interest expense, and income taxes are allocated to the segments but no allocation is made to food and beverage for shared facilities. However, the food and beverage segment pays approximately 25% of gross revenues earned on special event days to the horse racing segment for use of the facilities.

The following tables represent a disaggregation of revenues from contracts with customers along with the Company's operating segments (in 000's):

	Year Ended December 31, 2024				
	Horse Racing	Casino	Food and Beverage	Development	Total
Net revenues from external customers	\$ 13,967	\$ 38,775	\$ 8,820	\$ —	\$ 61,562
Intersegment revenues	281	—	1,325	—	1,606
Net interest income	1,014	—	—	1,058	2,072
Depreciation	3,157	301	163	—	3,621
Segment (loss) income before income taxes	(1,838)	5,855	1,891	(2,871)	3,037
Segment tax (benefit) expense	(559)	1,781	575	(873)	924

	At December 31, 2024				
Segment Assets	\$ 99,810	\$ 1,041	\$ 35,679	\$ 39,088	\$ 175,618

	Year Ended December 31, 2023				
	Horse Racing	Casino	Food and Beverage	Development	Total
Net revenues from external customers	\$ 13,198	\$ 39,781	\$ 8,458	\$ —	\$ 61,437
Intersegment revenues	235	—	1,181	—	1,416
Net interest income	1,058	—	—	920	1,978
Depreciation	2,674	301	170	—	3,145
Segment (loss) income before income taxes	(5,142)	9,320	2,132	8,670	14,980
Segment tax (benefit) expense	(1,516)	2,748	629	2,556	4,417

	At December 31, 2023				
Segment Assets	\$ 92,970	\$ 2,125	\$ 33,175	\$ 34,892	\$ 163,162

The following are reconciliations of reportable segment revenues, income before income taxes, and assets, to the Company's consolidated totals for the years ended December 31, 2024 and 2023 (in 000's):

	Year Ended December 31,	
	2024	2023
Revenues		
Total net revenue for reportable segments	\$ 63,168	\$ 62,853
Elimination of intersegment revenues	(1,606)	(1,416)
Total consolidated net revenues	\$ 61,562	\$ 61,437
Income (loss) before income taxes		
Total segment income before income taxes	\$ 5,661	\$ 17,946
Elimination of intersegment loss before income taxes	(2,624)	(2,966)
Total consolidated income before income taxes	\$ 3,037	\$ 14,980
Assets		
Total assets for reportable segments	\$ 175,618	\$ 163,162
Elimination of intercompany balances	(65,695)	(58,483)
Total consolidated assets	\$ 109,923	\$ 104,679

11. REAL ESTATE DEVELOPMENT

Equity Investments

Doran Canterbury I, LLC

On April 2, 2018, the Company's subsidiary Canterbury Development LLC entered into an operating agreement with an affiliate of Doran Companies ("Doran"), a national commercial and residential real estate developer, as the two members of a Minnesota limited liability company named Doran Canterbury I, LLC ("Doran Canterbury I"). Doran Canterbury I was formed as part of a joint venture between Doran and Canterbury Development LLC to construct an upscale apartment complex on land adjacent to the Company's Racetrack. Doran Canterbury has developed Phase I of the project, which includes approximately 300 units, a heated parking ramp, and a clubhouse.

On September 27, 2018, Canterbury Development LLC contributed approximately 13 acres of land as its equity contribution in the Doran Canterbury I joint venture and became a 27.4% equity member. On December 20, 2018, financing for Doran Canterbury I was secured. As the Company is able to assert significant influence, but not control, over Doran Canterbury I's operational and financial policies, the Company accounts for the joint venture as an equity method investment. For the years ended December 31, 2024 and 2023, the Company recorded a loss of \$3,552,000 and income of \$1,722,000, respectively, on equity method investments related to this joint venture. The increased income for 2023 is primarily due to a gain recognized on insurance proceeds received by Doran Canterbury I related to an outstanding claim. In accordance with U.S. GAAP, since we are committed to provide future capital contributions to Doran Canterbury I, we also present as a liability in the accompanying Consolidated Balance Sheets for the net balance recorded for our share of Doran Canterbury I's losses in excess of the amount funded into Doran Canterbury I, which was \$5,016,000 and \$1,464,000 at December 31, 2024 and 2023, respectively.

We are a party to a contribution and indemnity agreement with affiliates of Doran relating to debt financing by Doran Canterbury I as borrower, which is guaranteed by Doran affiliates. Under the contribution and indemnity agreement, as amended, the Company is obligated to reimburse and indemnify each loan guarantor for any amounts paid by such loan guarantor to the lender on debt financing by Doran Canterbury I, up to a maximum of \$7,500,000 as of December 31, 2024. See Note 9. "Commitments and Contingencies."

Doran Canterbury II, LLC

In connection with the execution of the amended operating agreement for Doran Canterbury I, on August 18, 2018, Canterbury Development LLC entered into an operating agreement with Doran Shakopee, LLC as the two members of a Minnesota limited liability company entitled Doran Canterbury II, LLC ("Doran Canterbury II"). Under the Doran Canterbury II operating agreement, Doran Canterbury II will pursue development of Phase II of the project. Phase II will include an additional 305 apartment units. Canterbury Development's equity contribution to Doran Canterbury II for Phase II was approximately 10 acres of land, which were contributed to Doran Canterbury II on July 30, 2020. In connection with its contribution, Canterbury Development became a 27.4% equity member in Doran Canterbury II with Doran owning the remaining 72.6%. As the Company is able to assert significant influence, but not control, over Doran Canterbury II's operational and financial policies, the Company accounts for the joint venture as an equity method investment. For the year ended December 31, 2024, the Company recorded a loss of \$1,923,000 on equity method investments related to this joint venture. As of December 31, 2023, the proportionate share of Doran Canterbury II's earnings was immaterial.

We are a party to a contribution and indemnity agreement with affiliates of Doran relating to debt financing by Doran Canterbury II as borrower, which is guaranteed by Doran affiliates. Under the contribution and indemnity agreement, as amended, the Company is obligated to reimburse and indemnify each loan guarantor for any amounts paid by such loan guarantor to the lender on debt financing by Doran Canterbury II, up to a maximum of \$1,000,000 as of December 31, 2024. See Note 9. "Commitments and Contingencies."

Canterbury DBSV Development, LLC

On June 16, 2020, Canterbury Development, entered into an operating agreement with an affiliate of Greystone Construction, as the two members of a Minnesota limited liability company named Canterbury DBSV Development, LLC ("Canterbury DBSV"). Canterbury DBSV was formed as part of a joint venture between Greystone and Canterbury Development LLC for a multi-use development on the 13-acre land parcel located on the southwest portion of the Company's racetrack. Canterbury Development's equity contribution to Canterbury DBSV was approximately 13 acres of land, which were contributed to Canterbury DBSV on July 1, 2020. In connection with its contribution, Canterbury Development became a 61.87% equity member in Canterbury DBSV. As the Company is able to assert significant influence, but not control, over Canterbury DBSV's operational and financial policies, the Company accounts for the joint venture as an equity method investment. For the years ended December 31, 2024 and 2023, the Company recorded income of \$8,000 and a loss of \$223,000, respectively, on equity investment related to this joint venture. For the years ended December 31, 2024 and 2023, the Company also received dividend distributions of \$36,000 and \$30,000, respectively, related to this joint venture.

Trackside Investments, LLC

On September 20, 2023, Canterbury Development, entered into an Operating Agreement with Trackside Hospitality, LLC as the two members of a Minnesota limited liability company named Trackside Investments, LLC ("Trackside Investments"). Trackside Investments was formed as a joint venture for the development of an approximately 16,000 square foot restaurant and entertainment venue. Canterbury Development, LLC's equity contribution to Trackside Investments was approximately 3.5 acres of land, which were contributed to Trackside Investments on August 20, 2024. In connection with its contribution, Canterbury Development became a 50% equity member in Trackside Investments. In addition, Canterbury Development is guaranteed an annual 6% preferred return on the balance of Canterbury Development's undistributed base capital. As the Company is able to assert significant influence, but not control, over Trackside Investments' operational and financial policies, the Company accounts for the joint venture as an equity method investment.

In accordance with ASC 610-20, we determined that we do not have a controlling financial interest in the Trackside Investments joint venture and the arrangements meet the criteria to be accounted for as a contract. Therefore, we derecognized the land and recognized a full gain in 2024 (approximately \$1,732,000) between the carrying amount of the land and the estimated fair value of the land transferred. In future periods, the Company will recognize its proportionate share of Trackside Investments' earnings as an increase or decrease in its Equity investment and as Income or Loss from Investment in this joint venture.

The following table summarizes changes to the Equity investment and Investee losses in excess of equity investment lines on our consolidated balance sheets for the year ended December 31, 2024:

	Equity Investment	Investee Losses in Excess of Equity Investment	Equity Investment, net
Net Equity Investment Balance at 12/31/22	\$ 6,863,517	\$ (3,185,923)	\$ 3,677,594
Equity investment (loss) income	(220,437)	1,721,705	1,501,268
Dividends received from investments	(30,368)	—	(30,368)
Net Equity Investment Balance at 12/31/23	\$ 6,612,712	\$ (1,464,218)	\$ 5,148,494
Equity investment loss	(1,915,791)	(3,551,980)	(5,467,771)
Contribution to equity investment	2,315,650	—	2,315,650
Dividends received from investments	(36,480)	—	(36,480)
Net Equity Investment Balance at 12/31/24	<u>\$ 6,976,091</u>	<u>\$ (5,016,198)</u>	<u>\$ 1,959,893</u>

Tax Increment Financing

On August 8, 2018, the City Council of the City of Shakopee, Minnesota approved a Contract for Private Redevelopment ("Original Agreement") between the City of Shakopee Economic Development Authority ("Shakopee EDA") and Canterbury Park Holding Corporation and its subsidiary Canterbury Development LLC in connection with a Tax Increment Financing District ("TIF District") that the City had approved in April 2018. The City of Shakopee, the Shakopee EDA and the Company entered into the Redevelopment Agreement on August 10, 2018.

Under the Original Agreement, the Company agreed to undertake a number of specific infrastructure improvements within the TIF District and the City agreed that a portion of the tax revenue generated from the developed property will be paid to the Company to reimburse it for its expense in constructing these improvements. Under the Original Agreement, the total estimated cost of TIF eligible improvements to be borne by the Company was \$23,336,500.

On January 25, 2022, the Company received the fully executed First Amendment to the Contract for Private Redevelopment (the "First Amendment") among the Company, the City of Shakopee, and the Shakopee EDA, which is effective as of September 7, 2021. Under the First Amendment and as part of the authorized changes regarding the responsibilities of the Company and the City, improvements on Unbridled Avenue will be primarily constructed by the City of Shakopee. As a result, the total estimated cost of TIF eligible improvements to be borne by the Company will be reduced by \$5,744,000 to an amount not to exceed \$17,592,881. In order to reimburse the Company for the qualified costs related to constructing the developer improvements, the Authority will issue and the Company will receive a TIF Note in the maximum principal amount of \$17,592,881. The First Amendment also memorialized that the Company completed the Shenandoah Drive improvements as required prior to December 31, 2019. The City is obligated to issue bonds to finance the portion of the improvements required to be constructed by the City.

A detailed Schedule of the Public Improvements under the First Amendment, the timeline for their construction and the source and amount of funding is set forth in Exhibit 10.1 of the Form 8-K filed on January 31, 2022. The Company expects to substantially complete the remaining Developer Improvements by July 17, 2027 and will be reimbursed for costs of the Developer Improvements incurred by no later than July 17, 2027. The total amount of funding that the Company will be paid as reimbursement under the TIF program for these improvements is not guaranteed, however, and will depend in part on future tax revenues generated from the developed property.

As of December 31, 2024, the Company recorded a TIF receivable of approximately \$18,898,000, which represents \$15,551,000 of principal and \$3,347,000 of interest. Management believes future tax revenues generated from current development activity will exceed the Company's development costs and thus, management believes no allowance related to this receivable is necessary. As of December 31, 2023, the Company recorded a TIF receivable of approximately \$13,973,000, which represents \$11,307,000 of principal and \$2,666,000 of interest.

The Company expects to finance its improvements under the Redevelopment Agreement with funds from its current operating resources and existing credit facility and, potentially, third-party financing sources.

Recently Closed Transactions Under Real Estate Agreements

On August 20, 2024, the Company completed the transfer of approximately 3.5 acres of land to the Trackside Investments joint venture for total consideration of \$2,316,000. Trackside Investments, LLC was formed as a joint venture for the development of an approximately 16,000 square foot restaurant and entertainment venue, with the venue opening anticipated to be Summer 2025.

On April 28, 2023, the Company completed the sale of 37 acres of land to Bloomington Investments, LLC, an entity related to Swervo Development ("Swervo"), for total consideration of \$8,800,000. With the land sale and government approvals now complete, Swervo began construction of its planned state-of-the-art amphitheater in 2023.

As a result of these two land transactions, the Company recorded a gain of approximately \$1,732,000 and \$6,490,000 on the Consolidated Statements of Operations for the years ended December 31, 2024 and December 31, 2023, respectively.

12. RELATED PARTY RECEIVABLES

Since 2019, the Company has loaned money to the Doran Canterbury I and II joint ventures in member loans totaling approximately \$3,812,000 and \$2,957,000 as of December 31, 2024 and 2023, respectively. These member loans bear interest at the rate equal to the Prime Rate plus two percent per annum and totaled \$898,000 and \$522,000 as of December 31, 2024 and 2023, respectively. The Company expects to be fully reimbursed for these member loans when the joint ventures achieve positive cash flow.

The Company has also recorded related party receivables of approximately \$34,000 and \$47,000 as of December 31, 2024 and 2023, respectively, for various related costs incurred by the Company. The Company expects to be fully reimbursed for these costs by the related parties in the following year.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

Item 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures:

The Company's Chief Executive Officer, Randall D. Sampson, and Chief Financial Officer Randy J. Dehmer, have reviewed the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based upon this review, these officers have concluded that the Company's disclosure controls and procedures are effective.

(b) Management's Annual Report On Internal Control Over Financial Reporting:

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting of the Company. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting can only provide reasonable assurance and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting as of December 31, 2024. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (2013)*, as supplemented by the guidance for internal control over sustainability reporting issued by COSO in 2023. Based on management's evaluation and those criteria, management concluded that the Company's system of internal control over financial reporting was effective as of December 31, 2024.

(c) Changes in Internal Control Over Financial Reporting:

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934) that occurred during our fiscal quarter ended December 31, 2024, that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

Not Applicable.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not Applicable.

PART III**Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**Information Incorporated by Reference.

Except as noted below, the information required by this Item concerning directors and corporate governance is hereby incorporated by reference to the Company's definitive proxy statement for the 2025 Annual Meeting of Shareholders (the "Proxy Statement") to be filed with the Commission within 120 days of December 31, 2024 in the sections entitled "Corporate Governance and Board Matters" and "Election of Directors".

Information required by this Item regarding executive officers is presented under Part I, Item 1. Business of this Annual Report on Form 10-K.

Code of Ethics

The Company has adopted a Code of Conduct and Ethics applicable to all directors, officers, employees of and consultants to the Company. A copy of the Code of Conduct and Ethics can be obtained free of charge upon written request directed to the Company's Secretary at the executive offices of the Company.

Item 11. EXECUTIVE COMPENSATION

Information required under this Item is hereby incorporated by reference to the Proxy Statement sections entitled "Executive Compensation Programs and Practices" and "Director Compensation".

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as set forth below, the information required under this Item is hereby incorporated by reference to the section of the Proxy Statement entitled "Security Ownership of Certain Beneficial Owners and Management".

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information as of December 31, 2024 regarding our equity compensation plans, all of which were approved by our shareholders:

<u>Plan Category</u>	<u>Number of shares of common stock to be issued upon exercise of outstanding options, warrants and rights (1)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of shares of common stock remaining available for future issuance under equity compensation plans (2)</u>
Equity compensation plans approved by security holders:			
Stock Plan	54,524	\$ —	135,238
Employee Stock Purchase Plan	—	—	68,583
Equity compensation plans not approved by security holders:			
Total	<u>54,524</u>		<u>203,821</u>

(1) For the Stock Plan, represents number of shares that may be issued upon settlement of outstanding deferred stock awards.

(2) Excludes shares of common stock listed in the first column

Item 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required under this Item is hereby incorporated by reference to the Proxy Statement section entitled "Certain Relationships and Related Person Transactions."

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required under this Item is hereby incorporated by reference to the Proxy Statement section entitled "Fees Billed and Paid to Independent Registered Public Accounting Firms" and "Audit Committee Pre-Approval Policies and Procedures."

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) The following Consolidated Financial Statements of Canterbury Park Holding Corporation and subsidiaries are included in Part II, Item 8 pages 34-59:
- Reports of Independent Registered Public Accounting Firm
 - Consolidated Balance Sheets as of December 31, 2024 and 2023
 - Consolidated Statements of Operations for the years ended December 31, 2024 and 2023
 - Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2024 and 2023
 - Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2023
 - Notes to Consolidated Financial Statements

- (b) Exhibits

Exhibit Table Reference	Title of Document
3.1	<u>Restated Articles of Incorporation, filed as Exhibit 3.1 to Form 8-K dated June 30, 2016 and incorporated herein by reference.</u>
3.2	<u>Bylaws, filed as Exhibit 3.2 to Form 8-K dated June 30, 2016 and incorporated herein by reference.</u>
3.3	<u>Amendments effective April 17, 2020 to Bylaws of Canterbury Park Holding Corporation, filed as Exhibit 3.2 to Current Report on Form 8-K dated April 17, 2020 and incorporated herein by reference.</u>
4.1	<u>Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, filed as Exhibit 4.1 to Form 10-K dated March 21, 2023 and incorporated herein by reference.</u>
10.3	<u>Canterbury Park Holding Corporation Stock Plan, as amended through June 7, 2017, filed as Exhibit 10.5 to the Form 8-K dated June 7, 2017 and incorporated herein by reference.</u>
10.4	<u>General Credit and Security Agreement dated as of November 11, 2016 between Canterbury Park Holding Corporation and Bremer Bank N.A., filed as Exhibit 10.10 to 2017 Form 10-K and incorporated herein by reference.</u>
10.4.1	<u>Credit Amendment Agreement, dated as of September 30, 2018, between and among Canterbury Park Holding Corporation and Bremer Bank N.A., filed as Exhibit 10.1 to Form 10-Q dated November 14, 2018 and incorporated herein by reference.</u>

**Exhibit Table
Reference****Title of Document**

10.4.2	<u>Third Amendment made as of September 30, 2019, by and among to the General Credit and Security Agreement between Canterbury Park Holding Corporation and Bremer Bank N.A., filed as Exhibit 10.1 to Form 8-K dated September 30, 2019 and incorporated herein by reference.</u>
10.4.3	<u>Fourth Amendment made as of September 30, 2020, by and among to the General Credit and Security Agreement between Canterbury Park Holding Corporation and Bremer Bank N.A., filed as Exhibit 10.1 to Form 8-K dated September 30, 2020 and incorporated herein by reference.</u>
10.4.4	<u>Fifth Amendment made as of December 23, 2020, by and among to the General Credit and Security Agreement between Canterbury Park Holding Corporation and Bremer Bank N.A., filed as Exhibit 10.1 to Form 8-K dated December 23, 2020 and incorporated herein by reference.</u>
10.4.5	<u>Sixth Amendment made as of February 28, 2021, by and among to the General Credit and Security Agreement between Canterbury Park Holding Corporation and Bremer Bank N.A., filed as Exhibit 10.1 to Form 8-K dated February 28, 2021 and incorporated herein by reference.</u>
10.4.6	<u>Seventh Amendment Agreement effective January 31, 2024 by and among Canterbury Park Entertainment LLC, Canterbury Holding Corporation, Canterbury Park Concessions, Inc. and Bremer Bank, National Association, filed as Exhibit 10.1 to Form 8-K filed on February 2, 2024 and incorporated herein by reference.</u>
10.4.7	<u>Negative Pledge Agreement effective January 31, 2024 by Canterbury Park Entertainment LLC in favor of Bremer Bank National Association, filed as Exhibit 10.2 to the Form 8-K dated February 2, 2024 and incorporated herein by reference.</u>
10.5	<u>Contract for Private Redevelopment dated August 10, 2018 between the City of Shakopee, Minnesota, Economic Development Authority for the City of Shakopee, Minnesota, Canterbury Development LLC, and Canterbury Park Holding Corporation, filed as Exhibit 10.1 to the Form 10-Q for the quarter ended June 30, 2018 and incorporated herein by reference.</u>
10.5.1	<u>First Amendment dated as of September 7, 2021 to the Contract for Private Redevelopment dated August 10, 2018 by and among Canterbury Park Holding Corporation, Canterbury Development LLC, the City of Shakopee, Minnesota, and the Economic Development Authority for the City of Shakopee, Minnesota, filed as Exhibit 10.1 to the Form 8-K dated January 25, 2022 and incorporated herein by reference.</u>
10.6*	<u>Canterbury Park Holding Corporation Annual Incentive Plan filed as Exhibit 99.1 to Form 8-K dated April 5, 2016 and incorporated herein by reference.</u>
10.7*	<u>Canterbury Park Holding Corporation Long Term Incentive Plan filed as Exhibit 99.2 to Form 8-K dated April 5, 2016 and incorporated herein by reference.</u>
10.8	<u>Canterbury Park Holding Corporation Employee Stock Purchase Plan, as amended through March 23, 2021, incorporated by reference from Appendix A to the Company's definitive proxy statement for its 2021 Annual Meeting of Shareholders held on June 3, 2021 and incorporated herein by reference.</u>
10.9*	<u>Canterbury Form of Severance and Change in Control Letter Agreement approved March 17, 2022 by and between Canterbury Park Holding Corporation and its executive officers, incorporated by reference from the Exhibit 10.2 to the Current Report on Form 8-K filed on March 22, 2022.</u>
19.1**	<u>Insider Trading Policy</u>
21**	<u>Subsidiaries of the Registrant</u>

**Exhibit Table
Reference****Title of Document**

23.1**	Consent of Independent Registered Public Accounting Firm
24**	Power of Attorney, Included in Signature Page
31.1**	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2**	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32***	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97	Canterbury Park Holding Company Compensation Recoupment Policy filed as Exhibit 10.1 to Form 8-K dated October 19, 2023 and incorporated herein by reference.
99.1**	Press Release dated March 10, 2025 announcing 2024 Fourth Quarter and Year-End Results
101	The following financial information from Canterbury Park Holding Corporation's Annual Report on Form 10-K for the period ended December 31, 2024, formatted in eXtensible Business Reporting Language Inline XBRL: (i) Consolidated Balance Sheets as of December 31, 2024 and December 31, 2023, (ii) Consolidated Statements of Operations for the years ended December 31, 2024 and December 31, 2023, (iii) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2024 and December 31, 2023, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2024 and December 31, 2023, and (v) Notes to Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)

* Indicates a management contract or compensatory plan or arrangement.

** Filed herewith.

*** Furnished herewith.

(c). No financial statement schedules are required by Item 8 and Item 15(c) of Form 10-K.

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: March 11, 2025

CANTERBURY PARK HOLDING CORPORATION

By /s/ Randall D. Sampson
Randall D. Sampson
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, the following persons on behalf of the Registrant and in the capacities and the dates indicated have signed this report below.

Power of Attorney

Each person whose signature appears below constitutes and appoints RANDY J. DEHMER and RANDALL D. SAMPSON as his or her true and lawful attorneys-in-fact and agents, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any of all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all said attorneys-in-fact and agents, each acting alone, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Randall D. Sampson</u> Randall D. Sampson	Chief Executive Officer and President (principal executive officer) and Director	March 11, 2025
<u>/s/ Carin J. Offerman</u> Carin J. Offerman	Director	March 11, 2025
<u>/s/ Peter W. Ahn</u> Peter W. Ahn	Director	March 11, 2025
<u>/s/ Mark Chronister</u> Mark Chronister	Director	March 11, 2025
<u>/s/ Maureen H. Bausch</u> Maureen H. Bausch	Director	March 11, 2025
<u>/s/ John S. Himle</u> John S. Himle	Director	March 11, 2025
<u>/s/ Damon E. Schramm</u> Damon E. Schramm	Director	March 11, 2025
<u>/s/ Randy J. Dehmer</u> Randy J. Dehmer	Chief Financial Officer (principal financial officer and principal accounting officer)	March 11, 2025

Canterbury Park Holding CorporationInsider Trading Policy

Adopted Effective October 19, 2023

Purpose

This Insider Trading Policy (the "Policy") provides guidelines with respect to transactions in the securities of Canterbury Park Holding Corporation (the "Company") and the handling of confidential information about the Company and the companies with which the Company engages in transactions or does business. The Company's Board of Directors has adopted this Policy to promote compliance with U.S. federal, state and foreign securities laws that prohibit certain persons who are aware of material nonpublic information about a company from: (i) engaging in transactions in the securities of that company; or (ii) providing material nonpublic information to other persons who may trade on the basis of that information.

Persons Subject to the Policy

This Policy applies to all officers of the Company and its subsidiaries, all members of the Company's Board of Directors, and all employees of the Company and its subsidiaries.

The Company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information.

This Policy also applies to family members, other members of a person's household and entities controlled by a person covered by this Policy, as described below.

Transactions Subject to the Policy

This Policy applies to transactions in the Company's securities (collectively referred to in this Policy as "Company Securities"), including the Company's common stock, options to purchase common stock, or any other type of securities that the Company may issue, including (but not limited to) preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company's Securities. Transactions subject to this Policy include purchases, sales and *bona fide* gifts of Company Securities.

Individual Responsibility

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Securities while in possession of material nonpublic information. Persons subject to this Policy must not engage in illegal trading and must avoid the appearance of improper trading. Each individual is responsible for making sure that they comply with this Policy, and that any family member, household member or entity whose transactions are subject to this Policy, as discussed below, also comply with this Policy. In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading "**Consequences of Violations.**"

Administration of the Policy

The Chief Financial Officer will serve as the Compliance Officer for the purposes of this Policy, and in their absence, the Chief Executive Officer or another employee designated by the Compliance Officer will be responsible for administration of this Policy. All determinations and interpretations by the Compliance Officer will be final and not subject to further review.

Statement of Policy

It is the policy of the Company that no director, officer or other employee of the Company (or any other person designated by this Policy or by the Compliance Officer as subject to this Policy) who is aware of material nonpublic information relating to the Company may, directly, or indirectly through family members or other persons or entities:

1. Engage in transactions in Company Securities, except as otherwise specified in this Policy under the headings "**Transactions Under Company Plans**" and "**Rule 10b5-1 Plans**;"
2. Recommend that others engage in transactions in any Company Securities;
3. Disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, including, but not limited to, family, friends, business associates, investors and members of the media, unless any such disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or
4. Assist anyone engaging in the above activities.

In addition, it is the policy of the Company that no director, officer or other employee of the Company (or any other person designated as subject to this Policy) who, in the course of working for the Company, learns of material nonpublic information about a company (1) with which the Company does business, such as the Company's joint venture partners, vendors, customers and suppliers, or (2) that is involved in a potential transaction or business relationship with Company, may engage in transactions in that other company's securities until the information becomes public or is no longer material.

There are no exceptions to this Policy, except as specifically noted herein. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Definition of Material Nonpublic Information

Material Information. Information is considered "material" if a reasonable investor would consider that information important in making a decision to buy, hold or sell securities. Any information that could be expected to affect a company's stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:

- Projections of future financial results or guidance regarding future financial results;
- Changes to previously announced guidance regarding future financial results, the decision to suspend guidance, or actual financial results that differ from publicly stated guidance;

- The gain or loss of any casino, horse racing or gaming license or any adverse regulatory action relating to a license;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of a significant asset;
- A pending or proposed joint venture;
- A Company restructuring;
- Significant related party transactions;
- A change in dividend policy, the declaration of a stock split, or an offering of additional securities;
- Bank borrowings or other financing transactions out of the ordinary course;
- The establishment of a repurchase program for Company Securities;
- A significant change in legislation or regulation impacting the Company's business;
- A change in executive management or the Board;
- A change in auditors or notification that the auditor's reports may no longer be relied upon;
- Pending or threatened significant litigation or regulatory action, or the resolution of such litigation or regulatory action;
- Impending bankruptcy or the existence of severe liquidity problems;
- A significant cybersecurity incident, such as a data breach, or any other significant disruption in the company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure;
- The public or private sale by the Company of Company Securities; or
- The imposition of an event-specific restriction on trading in Company Securities or the securities of another company or the extension or termination of such restriction.

When Information is Considered Public. Information that has not been disclosed to the public is generally considered to be nonpublic information. In order to establish that the information has been disclosed to the public, it may be necessary to demonstrate that the information has been widely disseminated. Information generally would be considered widely disseminated if it has been disclosed through the newswire services, a broadcast on widely-available radio or television programs, publication in a widely-available newspaper, magazine or news website, or public disclosure documents filed with the SEC that are available on the SEC's website. By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees, or if it is only available to a select group of analysts, brokers and institutional investors.

Once information is widely disseminated, it is still necessary to provide the investing public with sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until after the second full business day after the day on which the information is released. If, for example, the Company were to make an announcement on a Monday, you should not trade in Company Securities until Thursday. Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material nonpublic information.

Transactions by Family Members and Others

This Policy applies to your family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company Securities (collectively referred to as "Family Members").

You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Company Securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. This Policy does not, however, apply to personal securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled by, influenced by or related to you or your Family Members.

Transactions by Entities that You Influence or Control

This Policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as "Controlled Entities"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

Transactions Under Company Plans

This Policy does not apply in the case of the following transactions, except as specifically noted:

Stock Option Exercises. This Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Restricted Stock or Deferred Stock Awards. This Policy does not apply to the vesting of restricted stock or deferred stock awards, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock or deferred stock awards. The Policy does apply, however, to any market sale of stock after vesting or delivery to you.

401(k) Plan. This Policy does not apply to purchases of Company Securities in the Company's 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. This Policy does apply, however, to certain elections you may make under the 401(k) plan, including: (a) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company Securities fund; (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company Securities fund; (c) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company Securities fund balance; and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds

to the Company stock fund. It should be noted that sales of Company Securities from a 401(k) account are also subject to Rule 144, and therefore affiliates should ensure that a Form 144 is filed when required.

Employee Stock Purchase Plan. This Policy does not apply to purchases of Company Securities in the employee stock purchase plan resulting from your periodic contribution of money to the plan pursuant to the election you made at the time of your enrollment in the plan. This Policy also does not apply to purchases of Company Securities resulting from lump sum contributions to the plan, provided that you elected to participate by lump sum payment at the beginning of the applicable enrollment period. This Policy does apply, however, to your election to participate in the plan for any enrollment period, to your election to increase or decrease the percentage of your periodic contributions, and to your sales of Company Securities purchased pursuant to the plan.

Other Similar Transactions. Any other purchase of Company Securities from the Company or sales of Company Securities to the Company are not subject to this Policy.

Special and Prohibited Transactions

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. It therefore is the Company's policy that any persons covered by this Policy may not engage in any of the following transactions, or should otherwise consider the Company's preferences as described below:

Short-Term Trading. Short-term trading of Company Securities may be distracting to the person and may unduly focus the person on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, any director, officer or other employee of the Company who purchases Company Securities in the open market may not sell any Company Securities of the same class during the six months following the purchase (or vice versa).

Short Sales. Short sales of Company Securities (*i.e.*, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, short sales of Company Securities are prohibited. In addition, Section 16(c) of the Exchange Act prohibits officers and directors from engaging in short sales. (Short sales arising from certain types of hedging transactions are governed by the paragraph below captioned "**Hedging Transactions.**")

Publicly-Traded Options. Given the relatively short term of publicly-traded options, transactions in options may create the appearance that a director, officer or employee is trading based on material nonpublic information and focus a director's, officer's or other employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the next paragraph below.)

Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit a director, officer or employee to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as the Company's other shareholders. Therefore, directors, officers and employees are prohibited from engaging in any such transactions.

Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company Securities, directors, officers and other employees are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral for a loan. (Pledges of Company Securities arising from certain types of hedging transactions are governed by the paragraph above captioned "**Hedging Transactions.**")

Standing and Limit Orders. Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans, as described below) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a director, officer or other employee is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on Company Securities. If a person subject to this Policy determines that they must use a standing order or limit order, the order should be limited to short duration and should otherwise comply with the restrictions and procedures outlined below under the heading "**Additional Procedures.**"

Additional Procedures

The Company has established additional procedures in order to assist the Company in the administration of this Policy, to facilitate compliance with laws prohibiting insider trading while in possession of material nonpublic information, and to avoid the appearance of any impropriety. These additional procedures are applicable only to those individuals described below.

Pre-Clearance Procedures. Directors, officers subject to Section 16 reporting, and other persons designated by the Compliance Officer as being subject to these procedures, as well as the Family Members and Controlled Entities of such persons, may not engage in any transaction in Company Securities without first obtaining pre-clearance of the transaction from the Compliance Officer. A request for pre-clearance should be submitted to the Compliance Officer at least two business days in advance of the proposed transaction. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction is denied, then they should refrain from initiating any transaction in Company Securities, and should not inform any other person of the restriction.

When a request for pre-clearance is made, the requestor should carefully consider whether they may be aware of any material nonpublic information about the Company, and should describe fully those circumstances to the Compliance Officer. The requestor should also indicate whether they have effected any non-exempt "opposite-way" transactions within the past six months, and should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5. The requestor should also be prepared to comply with SEC Rule 144 and file a Form 144, if necessary, at the time of any sale.

Pre-cleared trades must be effected within five business days of receipt of pre-clearance unless an exception is granted. Transactions not effected within this time limit will be subject to pre-clearance again. The Compliance Officer must be informed of any completed transaction that has been pre-cleared.

It is important that the Compliance Officer be informed of each transaction the day that it is completed for persons required to file a Form 4 for that transaction. A Form 4 is due and must be received by the SEC within two business days of the date of the transaction. The deadline is calculated by counting as "day one" the business day immediately following the transaction date (that is the trade date, not the settlement date). Thus, a Form 4 for a transaction on Monday is due Wednesday.

Quarterly Trading Restrictions. Directors, officers subject to Section 16 reporting, and other persons designated by the Compliance Officer as subject to this restriction, as well as their Family Members or Controlled Entities, may not conduct any transactions involving the Company's Securities (other than as specified by this Policy), during a "Restricted Period" beginning the fifteenth (15th) day of the last month of each calendar quarter and ending on the second business day following the date of the public release of the Company's earnings results for that quarter.

In other words, these persons may only conduct transactions in Company Securities during the "open window period" beginning on the third business day following the public release of the Company's quarterly earnings and ending the fifteenth (15th) day of the last month of each calendar quarter.

Event-Specific Restricted Periods. From time to time, an event may occur that is material to the Company and is known by only a few directors, officers and/or employees. So long as the event remains material and nonpublic, the persons designated by the Compliance Officer may not engage in transactions in Company Securities. In addition, the Company's financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Compliance Officer, designated persons should refrain from engaging in transactions in Company Securities even sooner than the quarterly Restricted Period described above. In that situation, the Compliance Officer may notify these persons that they should not trade in the Company's Securities, without disclosing the reason for the restriction. The existence of an Event-Specific Restricted Period or the extension of a quarterly Restricted Period will not be announced to the Company as a whole, and should not be communicated to any other person. Even if the Compliance Officer has not designated you as a person who should not engage in transactions in Company Securities due to an Event-Specific Restricted Period, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an Event-Specific Restricted Period.

Exceptions. The quarterly trading restrictions and event-specific trading restrictions do not apply to those transactions to which this Policy does not apply, as described above under the heading "**Transactions Under Company Plans.**" Further, the requirement for pre-clearance, the quarterly trading restrictions and event-specific trading restrictions do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described under the heading "**Rule 10b5-1 Plans.**"

Rule 10b5-1 Plans

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities that meets certain conditions specified in the Rule (a "Rule 10b5-1 Plan") and must be in accordance with any additional requirements adopted by the Company from time to time relating to Rule 10b5-1 Plans. If the plan meets the requirements of Rule 10b5-1, transactions in Company Securities may occur even when the person who has entered into the plan is aware of material nonpublic information.

To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Compliance Officer and meet the any additional requirements adopted by the Company from time to time relating to Rule 10b5-1 Plans, which may be obtained from the Compliance Officer.

In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. The plan must include a cooling-off period before trading can commence that, for directors or officers, ends on the later of 90 days after the adoption of the Rule 10b5-1 plan or two business days following the disclosure of the Company's financial results in an SEC periodic report for the fiscal quarter in which the plan was adopted (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption of the plan), and for persons other than directors or officers, 30 days following the adoption or modification of a Rule 10b5-1 plan. A person may not enter into overlapping Rule 10b5-1 plans (subject to certain exceptions) and may only enter into one single-trade Rule 10b5-1 plan during any 12-month period (subject to certain exceptions). Directors and officers must include a representation in their Rule 10b5-1 plan certifying that: (i) they are not aware of any material nonpublic information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b-5. All persons entering into a Rule 10b5-1 plan must act in good faith with respect to that plan.

Any Rule 10b5-1 Plan must be submitted for approval five days prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required.

Post-Termination Transactions

This Policy continues to apply to transactions in Company Securities even after termination of service to the Company. If an individual is in possession of material nonpublic information when their service terminates, that individual may not engage in transactions in Company Securities until that information has become public or is no longer material.

The pre-clearance procedures specified under the heading "**Additional Procedures**" above, however, will cease to apply to transactions in Company Securities upon the expiration of any Restricted Period or other Company-imposed trading restrictions applicable at the time of the termination of service.

Consequences of Violations

The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then engage in transactions in the Company's Securities, is prohibited by the federal and state laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities, as well as enforcement authorities in foreign jurisdictions. Punishment for insider trading violations is severe, and could include significant fines and imprisonment. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

In addition, an individual's failure to comply with this Policy may subject the individual to Company-imposed discipline, including termination for cause, whether or not the employee's failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person's reputation and irreparably damage a career.

Company Assistance

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Compliance Officer.

Certification

All persons subject to this Policy must certify their understanding of, and intent to comply with, this Policy.

SUBSIDIARIES OF CANTERBURY PARK HOLDING CORPORATION

Subsidiaries	Jurisdiction of Incorporation
Canterbury Park Concessions, Inc.	Minnesota
Canterbury Development LLC	Minnesota
Canterbury Park Entertainment LLC	Minnesota

Canterbury Development LLC and Canterbury Park Entertainment LLC are 100%-owned directly by Canterbury Park Holding Corporation. Canterbury Park Concessions, Inc. is an indirect subsidiary to Canterbury Park Holding Corporation and is 100%-owned directly by Canterbury Park Entertainment LLC. The financial statements of such subsidiaries are included in the Consolidated Financial Statements of Canterbury Park Holding Corporation.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 11, 2025, with respect to the consolidated financial statements included in the Annual Report of Canterbury Park Holding Corporation on Form 10-K for the years ended December 31, 2024 and 2023. We hereby consent to the incorporation by reference of said report in the Registration Statements of Canterbury Park Holding Corporation on Forms S-8 (File No. 333-224111, File No. 333-120377, File No. 333-97537, File No. 333-97533, File No. 333-34509, File No. 333-91591, File No. 333-150037, File No. 33-96582, and File No. 33-96580) and S-3 (File No. 333-234156).

/s/ Wipfli LLP

Minneapolis, Minnesota
March 11, 2025

Certification

I, Randall D. Sampson certify that:

1. I have reviewed this annual report on Form 10-K of Canterbury Park Holding Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am 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. I have disclosed, based on my 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 function):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: March 11, 2025

/s/ Randall D. Sampson

Randall D. Sampson
President and Chief Executive Officer
Canterbury Park Holding Corporation

Certification

I, Randy J. Dehmer certify that:

1. I have reviewed this annual report on Form 10-K of Canterbury Park Holding Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am 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. I have disclosed, based on my 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 function):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: March 11, 2025

/s/ Randy J. Dehmer

Randy J. Dehmer
Senior Vice President and Chief Financial Officer
Canterbury Park Holding Corporation

**CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we the undersigned Chief Executive Officer and Chief Financial Officer, respectively, of Canterbury Park Holding Corporation (the "Company"), hereby certify that:

- (1) The Annual Report of the Company on Form 10-K for the period ended December 31, 2024, (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2025

/s/ Randall D. Sampson

Randall D. Sampson
President and Chief Executive Officer
Canterbury Park Holding Corporation

Date: March 11, 2025

/s/ Randy J. Dehmer

Randy J. Dehmer
Senior Vice President and Chief Financial Officer
Canterbury Park Holding Corporation



**Canterbury Park Holding Corporation Reports
2024 Fourth Quarter Results**

Shakopee, MN – March 10, 2025 – Canterbury Park Holding Corporation ("Canterbury" or the "Company") (Nasdaq: CPHC) today reported financial results for the fourth quarter and full year ended December 31, 2024.

(\$ in thousands, except per share data and percentages)

	Three Months Ended December 31,			Twelve months ended December 31,		
	2024	2023	Change	2024	2023	Change
Net revenues	\$ 11,978	\$ 12,527	-4.4%	\$ 61,562	\$ 61,437	0.2%
Net income (1)	\$ -1,245	\$ 1,364	-191.3%	\$ 2,113	\$ 10,563	-80.0%
Adjusted EBITDA (2)	\$ 1,335	\$ 2,051	-34.9%	\$ 10,234	\$ 10,446	-2.0%
Basic EPS (1)	\$ -0.25	\$ 0.28	-189.3%	\$ 0.42	\$ 2.15	-80.5%
Diluted EPS (1)	\$ -0.25	\$ 0.27	-192.6%	\$ 0.42	\$ 2.13	-80.3%

- (1) Net income and basic and diluted EPS for the twelve months ended December 31, 2024 include a \$1.7 million gain to the transfer of land to a new joint venture. Net income and basic and diluted EPS for the twelve months ended December 31, 2023 include a \$6.5 million gain on sale of land.
- (2) Adjusted EBITDA, a non-GAAP measure, excludes certain items from net income, a GAAP measure. Non-GAAP financial measures are not intended to be considered in isolation from, a substitute for, or superior to GAAP results. Definitions, disclosures, and reconciliations of non-GAAP financial information are included later in the release.

Management Commentary

"Throughout 2024, we focused on managing our operations to address the evolution of our business and market. In our seasonally slowest quarter, fourth quarter revenues of \$12.0 million and adjusted EBITDA of \$1.3 million, which together resulted in an adjusted EBITDA margin of 11.1%, reflect the efficacy of these efforts during a period when our Casino operations faced a recent increase in competition," said Randy Sampson, President and Chief Executive Officer of Canterbury Park.

"To address the increased Casino operations competition, we are implementing several initiatives to further elevate guest service and are expanding our marketing programs beyond our traditional focus on existing customers to attract and retain new customers. We also continue to introduce new table game offerings to the market. Collectively, our goal is for these efforts is to better position Canterbury as the gaming entertainment venue with the best service and table game variety in the region. We are also focused on further expanding the non-gaming entertainment side of our business as we had more mid- and large-scale events in 2024 than ever before, which drove higher cash flow from Food & Beverage and Other operations. We expect to accelerate this momentum in 2025 with more exciting events planned than in prior years. As our business and market continue to evolve, we are bringing additional attention to our expense control strategies that are focused on creating more operating efficiencies. We expect our collective revenue optimization and expense control initiatives will help maintain our ability to again deliver solid annual cash flow this year and beyond.

"Canterbury Commons is firmly positioned as a premiere destination for living, playing and working that brings consistently high levels of traffic and energy to the property. With nearly 1,000 residential units, five restaurants and breweries, two music and entertainment venues, 57,000 square-feet of office space, and other distinct amenities already open or under development, and another 50 acres available for future development, we expect Canterbury Commons will create new long-term revenue sources and positive economics for the Company.

"We remain focused on a range of strategies to create long-term value for our shareholders, including significant efforts to ensure Canterbury will benefit economically if online sports betting is approved in Minnesota. We are well positioned for the future as we generate consistent annual cash flow and have a strong balance sheet with over \$15 million in unrestricted cash and short-term investments and nearly \$19 million related to our tax increment financing receivable. As we near the completion of both our tax increment financing infrastructure and our barn relocation and redevelopment plan, our capital expenditures will decline in 2025 compared to 2024 and further decline in 2026 to our historical levels of between \$2 to \$3 million per year. Finally, we continue to successfully unlock the significant value of our real estate through the development of Canterbury Commons. Accordingly, we believe that when considered collectively, these factors, along with our return of capital initiative through our quarterly cash dividend, are not reflected in our current valuation."

Canterbury Commons Development Update

Swervo continues to make progress on the construction of its state-of-the-art amphitheater. The Company's barn relocation and redevelopment plan is nearing completion with over 300 new stalls completed and in operation, with the balance of the planned backside improvements on schedule for completion prior to the 2025 live racing season. Canterbury is also nearing completion of the road adjacent to the amphitheater which will unlock the development potential of roughly 25 acres of land in that portion of the site.

Residential and commercial construction updates related to joint ventures include:

- Phase II of The Doran Group's upscale Triple Crown Residences at Canterbury Park has leased 87% of its available units.
 - Repairs on Phase I of the Triple Crown Residences were fully completed in late 2024 and a certificate of occupancy was granted in February 2025.
- 80% of the 147 units of senior market rate apartments at The Omry at Canterbury are leased.
- The pizza restaurant, fitness center and BBQ restaurant in the 10,000 square-foot commercial building within the Winners Circle development are all open.
- Construction of an additional 28,000 square-foot commercial office building within the Winners Circle development is ongoing. The primary user has 50% of the space under lease and discussions are ongoing with other potential tenants.
- The Company's joint venture partner, Trakside Holdings, LLC, continues to make progress with construction of an approximately 16,000 square foot project on 3.5 acres of trackside land that will house a new music venue, restaurant and bar in the spring of 2025.

Residential and commercial construction updates related to prior land sales include:

- Pulte Homes of Minnesota continues development on the 45-unit second phase of its row home and townhome residences.

Developer and partner selection for the remaining 50 acres of Canterbury Commons, including 25 acres that will become available for development following the completion of the new road noted above, continues. Additional uses could include office, retail, hotel and restaurants.

Summary of 2024 Fourth Quarter Operating Results

Net revenues for the three months ended December 31, 2024 were \$12.0 million, compared to \$12.5 million for the same period in 2023. Compared to the prior-year period, Casino revenue declined 4.9% primarily due to increased competition in the market for certain games offered at Canterbury. Pari-mutuel revenue declined 9.5%, primarily due to lower simulcasting handle. Food & Beverage and Other revenue increased 1.7% and 2.0%, respectively, year-over-year.

Operating expenses for the three months ended December 31, 2024 increased slightly to \$12.1 from \$11.9 million for the same period in 2023. The year-over-year increase primarily reflects increased salaries and benefits, due primarily to annual wage increases, and increased depreciation expenses, due to placing assets into service related to the first and second phases of the Company's barn relocation and redevelopment plan, partially offset by lower advertising and marketing expenses, reflecting proactive efforts to lower overall costs.

The Company recorded a loss from equity investment of \$2.1 million for the three months ended December 31, 2024 primarily related to the Company's share of depreciation, amortization and interest expense from the Doran Canterbury joint ventures. For the three months ended December 31, 2023, the Company recorded income from equity investment of \$939,000 related to a gain recognized on insurance proceeds received by Doran Canterbury I.

The Company recorded an income tax benefit of \$440,000 for the three months ended December 31, 2024 compared to income tax expense of \$708,000 for the three months ended December 31, 2023. The Company recorded a net loss of \$1.2 million, or \$0.25 per diluted share for the three months ended December 31, 2024, compared to net income and diluted earnings per share for the three months ended December 31, 2023 of \$1.4 million and \$0.27 per share, respectively.

Adjusted EBITDA, a non-GAAP measure, for the three months ended December 31, 2024 and December 31, 2023 was \$1.3 million and \$2.1 million, respectively.

Summary of 2024 Full-Year Operating Results

Net revenues for the twelve months ended December 31, 2024 were \$61.6 million, compared to \$61.4 million for the same period in 2023. Casino revenues were \$38.8 million for the 2024 full year period compared to \$39.8 million for the same period in 2023 partially reflecting the increased competition in the market noted above. Pari-mutuel revenues were \$8.2 million for the 2024 full year period and \$8.3 million in for the same period in 2023. Full year Food & Beverage and Other revenues both increased in 2024 to \$8.0 million and \$6.6 million, respectively, from \$7.8 million and \$5.6 million, respectively in 2023. The increase in Food & Beverage and Other revenues reflects increased catering operations and admissions revenues, respectively, related to Canterbury's hosting of new large scale special events in 2024.

Operating expenses for the twelve months ended December 31, 2024 were \$56.9 million, a slight increase from operating expenses of \$56.4 million for 2023. The year-over-year increase reflects higher depreciation and amortization, due to service upgrades for the Company's barns and backside, and higher salaries and benefits expenses, primarily due to annual wage increases, which more than offset lower advertising and marketing and professional and contracted services expenses as compared to 2023.

The Company recorded a \$1.7 million gain on the transfer of approximately 3.5 acres of land to a new joint venture during the twelve months ended December 31, 2024. The Company recorded a gain on sale of land of \$6.5 million related to the sale of 37 acres to Swervo during the twelve months ended December 31, 2023.

The Company recorded a loss from equity investment of \$5.5 million for the twelve months ended December 31, 2024 compared to a gain from equity investment of \$1.5 million for the twelve months ended December 31, 2023. The net loss for the twelve month period ended December 31, 2024 is related to the Company's share of depreciation, amortization and interest expense from the Doran Canterbury joint ventures, while the net gain for the same period a year ago is related to a gain recognized on insurance proceeds received by Doran Canterbury I related to an outstanding claim.

The Company recorded income tax expense of \$0.9 million for the twelve months ended December 31, 2024 compared to income tax expense of \$4.4 million for the twelve months ended December 31, 2023.

The Company recorded net income of \$2.1 million and diluted earnings per share of \$0.42 for the twelve months ended December 31, 2024, compared to net income and diluted earnings per share for the twelve months ended December 31, 2023 of \$10.6 million and \$2.13 per share, respectively.

Adjusted EBITDA was \$10.2 million for the twelve months ended December 31, 2024 compared with \$10.4 million for the same period in 2023.

Additional Financial Information

Further financial information for the fourth quarter and full-year ended December 31, 2024, is presented in the accompanying tables at the end of this press release. Additional information will be provided in the Company's Annual Report on Form 10-K that will be filed with the Securities and Exchange Commission on or about March 11, 2025.

Use of Non-GAAP Financial Measures

To supplement our financial statements, we also provide investors with information about our EBITDA and Adjusted EBITDA, each of which is a non-GAAP measure, and which exclude certain items from net income, a GAAP measure. We define EBITDA as earnings before interest, taxes, depreciation and amortization. We define Adjusted EBITDA as earnings before interest income (net of interest expense), income tax expense, depreciation and amortization, as well as excluding stock-based compensation (which includes our 401(k) match expense as this match occurs in Company stock), gain on insurance proceeds relating to equity investments, gain on disposal of assets, gain on the transfer or sale of land, depreciation and amortization related to equity investments, and interest expense related to equity investments. We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of net revenues. Neither EBITDA, Adjusted EBITDA, or Adjusted EBITDA margin are measures of performance calculated in accordance with generally accepted accounting principles ("GAAP"), and should not be considered an alternative to, or more meaningful than, net income as an indicator of our operating performance. See the table below, which presents reconciliations of these measures to the GAAP equivalent financial measure, which is net income. We have presented EBITDA as a supplemental disclosure because we believe that, when considered with measures calculated in accordance with GAAP, EBITDA gives investors a more complete understanding of our operating results before the impact of investing and financing transactions and income taxes, and it is a widely used measure of performance and basis for valuation of companies in our industry. Other companies that provide EBITDA information may calculate EBITDA or Adjusted EBITDA differently than we do. We have presented Adjusted EBITDA as a supplemental disclosure because we believe it enables investors to understand and assess our core operating results excluding the effect of these items and is useful to investors in allowing greater transparency related to a significant measure used by management in its financial and operational decision-making. Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of our business and provides a perspective on the current effects of operating decisions.

About Canterbury Park

Canterbury Park Holding Corporation (Nasdaq: CPHC) owns and operates Canterbury Park Racetrack and Casino in Shakopee, Minnesota, the only thoroughbred and quarter horse racing facility in the State. The Company generally offers live racing from May to September. The Casino hosts card games 24 hours a day, seven days a week, dealing both poker and table games. The Company also conducts year-round wagering on simulcast horse racing and hosts a variety of other entertainment and special events at its Shakopee facility. The Company is also pursuing a strategy to enhance shareholder value by the ongoing development of approximately 140 acres of underutilized land surrounding the Racetrack that was originally designated for a project known as Canterbury Commons™. The Company is pursuing several mixed-use development opportunities for the remaining underutilized land, directly and through joint ventures. For more information about the Company, please visit www.canterburypark.com

Cautionary Statement

From time to time, in reports filed with the Securities and Exchange Commission, in press releases, and in other communications to shareholders or the investing public, we may make forward-looking statements concerning possible or anticipated future financial performance, business activities or plans. These statements are typically preceded by the words "believes," "expects," "anticipates," "intends" or similar expressions. For these forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in federal securities laws. Shareholders and the investing public should understand that these forward-looking statements are subject to risks and uncertainties which could affect our actual results and cause actual results to differ materially from those indicated in the forward-looking statements. We report these risks and uncertainties in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC and subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. They include, but are not limited to: we may not be successful in implementing our growth strategy; sensitivity to reductions in discretionary spending as a result of downturns in the economy and other factors; we have experienced a decrease in revenue and profitability from live racing; challenges in attracting a sufficient number of horses and trainers; a lack of confidence in core operations resulting in decreasing customer retention and engagement; personal injury litigation due to the inherently dangerous nature of horse racing; material fluctuations in attendance at the Racetrack; material changes in the level of wagering by patrons; any decline in interest in horse racing or the unbanked card games offered in the Casino; competition from other venues offering racing, unbanked card games or other forms of wagering; competition from other sports and entertainment options; increases in compensation and employee benefit costs; the impact of wagering products and technologies introduced by competitors; the general health of the gaming sector; legislative and regulatory decisions and changes; our ability to successfully develop our real estate, including the effect of competition on our real estate development operations and our reliance on our current and future development partners; our obligation to make improvements in the TIF district that will only be reimbursed to the extent of future tax revenue; temporary disruptions or changes in access to our facilities caused by ongoing infrastructure improvements; inclement weather and other conditions affecting the ability to conduct live racing; technology and/or key system failures; cybersecurity incidents; the general effects of inflation; our ability to attract and retain qualified personnel; dividends that may or may not be issued at the discretion of our Board of Directors; and other factors that are beyond our ability to control or predict.

The forward-looking statements in this press release speak only as of the date of this press release. Except as required by law, Canterbury assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

Investor Contacts:

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JCIR
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- Financial tables follow -

**CANTERBURY PARK HOLDING CORPORATION'S
SUMMARY OF OPERATING RESULTS**

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
Operating Revenues:				
Casino	\$ 8,994,643	\$ 9,459,017	\$ 38,774,702	\$ 39,781,166
Pari-mutuel	1,125,731	1,243,905	8,226,047	8,253,615
Food and Beverage	1,038,071	1,020,738	7,968,157	7,828,980
Other	819,092	803,403	6,593,382	5,573,097
Total Net Revenues	11,977,537	12,527,063	61,562,288	61,436,858
Operating Expenses	(12,075,269)	(11,939,193)	(56,861,654)	(56,425,975)
Gain on Transfer/Sale of Land	-	-	1,732,353	6,489,976
(Loss) Income from Operations	(97,732)	587,870	6,432,987	11,500,859
Other (Loss) Income, net	(1,587,787)	1,484,047	(3,396,260)	3,479,390
Income Tax Benefit (Expense)	440,116	(708,000)	(923,885)	(4,417,000)
Net Income	\$ (1,245,403)	\$ 1,363,917	\$ 2,112,842	\$ 10,563,249
Basic Net Income Per Common Share	\$ (0.25)	\$ 0.28	\$ 0.42	\$ 2.15
Diluted Net Income Per Common Share	\$ (0.25)	\$ 0.27	\$ 0.42	\$ 2.13

RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
NET INCOME	\$ (1,245,403)	\$ 1,363,917	\$ 2,112,842	\$ 10,563,249
Interest income, net	(478,835)	(544,769)	(2,071,511)	(1,978,122)
Income tax (benefit) expense	(440,116)	708,000	923,885	4,417,000
Depreciation and amortization	944,807	837,100	3,620,899	3,145,372
EBITDA	(1,219,547)	2,364,248	4,586,115	16,147,499
Stock-based compensation	372,932	335,817	1,447,009	1,378,373
Gain on insurance proceeds related to equity investments	-	(1,698,800)	-	(4,227,701)
Loss on disposal of assets	55,714	176,425	49,214	157,160
Gain on transfer/sale of land	-	-	(1,732,353)	(6,489,976)
Depreciation and amortization related to equity investments	1,415,230	439,270	3,086,695	1,753,256
Interest expense related to equity investments	711,109	434,186	2,796,932	1,727,192
ADJUSTED EBITDA	\$ 1,335,438	\$ 2,051,146	\$ 10,233,612	\$ 10,445,803