

INTERNATIONAL SPEEDWAY CORP

Form 10-Q

July 03, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended May 31, 2017

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: 000-02384

INTERNATIONAL SPEEDWAY CORPORATION

(Exact name of registrant as specified in its charter)

FLORIDA

59-0709342

(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

ONE DAYTONA BOULEVARD,

32114

DAYTONA BEACH, FLORIDA

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (386) 254-2700

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES ☒ NO ☐

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

Large accelerated filer ☐

Accelerated filer ☐

☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

YES ☐ NO ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date:

Class A Common Stock 24,976,604 shares As of May 31, 2017

Class B Common Stock 19,739,594 shares As of May 31, 2017

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FORM 10-Q
FOR THE QUARTER ENDED May 31, 2017
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL SPEEDWAY CORPORATION

Consolidated Balance Sheets

| | November 30, 2016 | May 31, 2017 (Unaudited) |
|--|--|-----------------------------|
| | (In Thousands, Except Share and Per Share Amounts) | |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 263,727 | \$ 312,075 |
| Receivables, less allowance of \$1,000 in 2016 and 2017, respectively | 35,445 | 55,870 |
| Income taxes receivable | 189 | — |
| Prepaid expenses and other current assets | 13,759 | 19,251 |
| Total Current Assets | 313,120 | 387,196 |
| Property and Equipment, net of accumulated depreciation of \$934,156 and \$984,999 respectively | 1,455,506 | 1,448,829 |
| Other Assets: | | |
| Equity investments | 92,392 | 91,968 |
| Intangible assets, net | 178,629 | 178,634 |
| Goodwill | 118,791 | 118,791 |
| Other | 14,222 | 15,970 |
| | 404,034 | 405,363 |
| Total Assets | \$ 2,172,660 | \$ 2,241,388 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Current portion of long-term debt | \$ 3,404 | \$ 3,489 |
| Accounts payable | 29,770 | 32,271 |
| Deferred income | 39,416 | 91,453 |
| Income taxes payable | — | 3,541 |
| Other current liabilities | 22,728 | 36,113 |
| Total Current Liabilities | 95,318 | 166,867 |
| Long-Term Debt | 259,416 | 259,082 |
| Deferred Income Taxes | 409,585 | 406,572 |
| Long-Term Deferred Income | 5,988 | 5,413 |
| Other Long-Term Liabilities | 1,993 | 2,377 |
| Commitments and Contingencies | — | — |
| Shareholders' Equity: | | |
| Class A Common Stock, \$.01 par value, 80,000,000 shares authorized; 24,922,561 and 24,607,587 issued and outstanding in 2016 and 2017, respectively | 249 | 246 |
| Class B Common Stock, \$.01 par value, 40,000,000 shares authorized; 19,767,280 and 19,739,594 issued and outstanding in 2016 and 2017, respectively | 197 | 197 |
| Additional paid-in capital | 437,292 | 434,158 |
| Retained earnings | 965,281 | 968,801 |
| Accumulated other comprehensive loss | (2,659) | (2,325) |
| Total Shareholders' Equity | 1,400,360 | 1,401,077 |
| Total Liabilities and Shareholders' Equity | \$ 2,172,660 | \$ 2,241,388 |

See accompanying notes

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INTERNATIONAL SPEEDWAY CORPORATION

Consolidated Statements of Operations

| | Three Months Ended | |
|--|--|--------------|
| | May 31, 2016 | May 31, 2017 |
| | (Unaudited) | |
| | (In Thousands, Except Share and Per Share Amounts) | |
| REVENUES: | | |
| Admissions, net | \$ 30,473 | \$ 28,662 |
| Motorsports and other event related | 121,002 | 122,322 |
| Food, beverage and merchandise | 10,289 | 9,517 |
| Other | 5,797 | 4,774 |
| | 167,561 | 165,275 |
| EXPENSES: | | |
| Direct: | | |
| NASCAR event management fees | 46,484 | 48,270 |
| Motorsports and other event related | 36,067 | 34,728 |
| Food, beverage and merchandise | 7,559 | 7,244 |
| Other operating expenses | 105 | 656 |
| General and administrative | 27,671 | 27,309 |
| Depreciation and amortization | 25,986 | 28,269 |
| Losses on asset retirements | 10 | 374 |
| | 143,882 | 146,850 |
| Operating income | 23,679 | 18,425 |
| Interest income | 56 | 251 |
| Interest expense | (3,684 |) (3,067 |
| Equity in net income from equity investments | 4,169 | 5,799 |
| Other | 11,936 | 2 |
| Income before income taxes | 36,156 | 21,410 |
| Income taxes | 14,258 | 8,183 |
| Net income | \$ 21,898 | \$ 13,227 |
| | | |
| Dividends per share | \$ 0.41 | \$ 0.43 |
| Earnings per share: | | |
| Basic and diluted | \$ 0.47 | \$ 0.29 |
| | | |
| Basic weighted average shares outstanding | 46,231,560 | 44,857,837 |
| | | |
| Diluted weighted average shares outstanding | 46,246,727 | 44,871,255 |

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Consolidated Statements of Operations

| | Six Months Ended May 31, 2016 (Unaudited) (In Thousands, Except Share and Per Share Amounts) | May 31, 2017 |
|--|---|--------------|
| REVENUES: | | |
| Admissions, net | \$ 62,328 | \$ 59,997 |
| Motorsports and other event related | 219,725 | 225,834 |
| Food, beverage and merchandise | 18,605 | 18,659 |
| Other | 9,533 | 8,739 |
| | 310,191 | 313,229 |
| EXPENSES: | | |
| Direct: | | |
| NASCAR event management fees | 74,564 | 77,246 |
| Motorsports and other event related | 60,947 | 60,783 |
| Food, beverage and merchandise | 13,805 | 13,269 |
| Other operating expenses | 253 | 858 |
| General and administrative | 53,815 | 53,656 |
| Depreciation and amortization | 51,032 | 54,770 |
| Losses on asset retirements | 930 | 404 |
| | 255,346 | 260,986 |
| Operating income | 54,845 | 52,243 |
| Interest income | 86 | 368 |
| Interest expense | (6,773) | (6,319) |
| Equity in net income from equity investments | 8,139 | 9,426 |
| Other | 12,000 | 14 |
| Income before income taxes | 68,297 | 55,732 |
| Income taxes | 26,568 | 21,232 |
| Net income | \$ 41,729 | \$ 34,500 |
| | | |
| Dividends per share | \$ 0.41 | \$ 0.43 |
| Earnings per share: | | |
| Basic and diluted | \$ 0.90 | \$ 0.77 |
| | | |
| Basic weighted average shares outstanding | 46,424,992 | 44,960,205 |
| | | |
| Diluted weighted average shares outstanding | 46,439,802 | 44,974,365 |
| See accompanying notes | | |

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INTERNATIONAL SPEEDWAY CORPORATION
Consolidated Statements of Comprehensive Income

| | Three Months Ended May 31, May 31, 2016 2017 (Unaudited) (In Thousands) | |
|--|--|----------|
| Net income | \$21,898 | \$13,227 |
| Other comprehensive income: | | |
| Amortization of terminated interest rate swap, net of tax benefit of \$103 and \$103, respectively | 167 | 167 |
| Comprehensive income | \$22,065 | \$13,394 |
| | Six Months Ended May 31, May 31, 2016 2017 (Unaudited) (In Thousands) | |
| Net income | \$41,729 | \$34,500 |
| Other comprehensive income: | | |
| Amortization of terminated interest rate swap, net of tax benefit of \$209 and \$207, respectively | 332 | 334 |
| Comprehensive income | \$42,061 | \$34,834 |
| See accompanying notes | | |

Table of ContentsINTERNATIONAL SPEEDWAY CORPORATION
Consolidated Statement of Shareholders' Equity

| | Class A Common Stock \$.01 Par Value (Unaudited) (In Thousands) | Class B Common Stock \$.01 Par Value | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Shareholders' Equity |
|---|---|--|----------------------------------|----------------------|---|----------------------------------|
| Balance at November 30, 2016 | \$249 | \$ 197 | \$437,292 | \$965,281 | \$ (2,659) | \$ 1,400,360 |
| Activity 12/1/16 — 5/31/17: | | | | | | |
| Net income | — | — | — | 34,500 | — | 34,500 |
| Comprehensive income | — | — | — | — | 334 | 334 |
| Cash dividend (\$0.43 per share) | — | — | — | (19,249) | — | (19,249) |
| Exercise of stock options | — | — | 358 | — | — | 358 |
| Reacquisition of previously issued common stock | (4) | — | (4,257) | (11,731) | — | (15,992) |
| Other | 1 | — | (942) | — | — | (941) |
| Stock-based compensation | — | — | 1,707 | — | — | 1,707 |
| Balance at May 31, 2017 | \$246 | \$ 197 | \$434,158 | \$968,801 | \$ (2,325) | \$ 1,401,077 |
| See accompanying notes | | | | | | |

Table of ContentsINTERNATIONAL SPEEDWAY CORPORATION
Consolidated Statements of Cash Flows

| | Six Months Ended May 31, 2016 (Unaudited) (In Thousands) | May 31, 2017 |
|---|---|--------------|
| OPERATING ACTIVITIES | | |
| Net income | \$ 41,729 | \$ 34,500 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Gain on sale of Staten Island property | (13,631) | — |
| Depreciation and amortization | 51,032 | 54,770 |
| Stock-based compensation | 1,532 | 1,707 |
| Amortization of financing costs | 887 | 841 |
| Interest and other consideration received on Staten Island note receivable | 1,162 | — |
| Deferred income taxes | 56,392 | (3,220) |
| Income from equity investments | (8,139) | (9,426) |
| Distribution from equity investee | 8,714 | 9,850 |
| Loss on retirements of long-lived assets, non-cash | 896 | 404 |
| Other, net | (227) | 99 |
| Changes in operating assets and liabilities: | | |
| Receivables, net | 962 | (20,425) |
| Prepaid expenses and other assets | (10,846) | (7,414) |
| Accounts payable and other liabilities | (5,218) | (10,905) |
| Deferred income | 54,810 | 51,462 |
| Income taxes | 3,190 | 4,119 |
| Net cash provided by operating activities | 183,245 | 106,362 |

INVESTING
ACTIVITIES

| | | | | |
|--|---------|---|---------|---|
| Capital expenditures | (81,778 |) | (40,568 |) |
| Distribution from equity investee | 1,636 | | — | |
| Proceeds from sale of Staten Island property | 66,728 | | — | |
| Proceeds from sale of assets | 472 | | 14 | |
| Other, net | (2 |) | (8 |) |
| Net cash used in investing activities | (12,944 |) | (40,562 |) |

FINANCING
ACTIVITIES

| | | | | |
|--|------------|---|------------|---|
| Payment of long-term debt | (418 |) | (444 |) |
| Deferred financing fees | — | | (43 |) |
| Exercise of Class A common stock options | — | | 358 | |
| Reacquisition of previously issued common stock | (26,453 |) | (17,323 |) |
| Net cash used in financing activities | (26,871 |) | (17,452 |) |
| Net increase in cash and cash equivalents | 143,430 | | 48,348 | |
| Cash and cash equivalents at beginning of period | 160,548 | | 263,727 | |
| Cash and cash equivalents at end of period | \$ 303,978 | | \$ 312,075 | |
| See accompanying notes | | | | |

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International Speedway Corporation
Notes to Consolidated Financial Statements
May 31, 2017
(Unaudited)

1. Basis of Presentation

The accompanying consolidated interim financial statements have been prepared in compliance with Rule 10-01 of Regulation S-X and accounting principles generally accepted in the United States for interim financial information but do not include all of the information and disclosures required for complete financial statements. The consolidated balance sheet at November 30, 2016, has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The statements should be read in conjunction with the consolidated financial statements and notes thereto included in the latest annual report on Form 10-K for International Speedway Corporation and its wholly-owned subsidiaries (the "Company" or "ISC"). In management's opinion, the statements include all adjustments which are necessary for a fair presentation of the results for the interim periods. All such adjustments are of a normal recurring nature.

Certain prior year amounts in the Consolidated Statement of Operations have been reclassified to conform with the current year presentation.

Because of the seasonal concentration of racing events, the results of operations for the three and six months ended May 31, 2016 and 2017, respectively, are not indicative of the results to be expected for the year.

2. New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB"), in conjunction with the International Accounting Standards Board ("IASB"), issued Accounting Standards Update ("ASU" or "Update") No. 2014-09, "Revenue from Contracts with Customers". The objective of this Update is to significantly enhance comparability and clarify principles of revenue recognition practices across entities, industries, jurisdictions, and capital markets. On July 9, 2015, the FASB approved a one-year deferral of the effective date, while permitting entities to elect to adopt one year earlier on the original effective date. As a result, for a public entity, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The standard can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. The Company is currently evaluating the impact of adopting this new guidance on its financial position, results of operations, and cash flows, and will adopt the provisions of this statement in the first quarter of fiscal 2019.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern". The objective of this Update is to provide guidance around management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The standard is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early adoption of the standard is permitted. Adoption of this standard is not expected to have an impact on the Company's consolidated financial statements or disclosures. The Company will adopt the provisions of this statement as of November 30, 2017.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842): "Leases". The objective of this Update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. To meet that objective, the FASB is amending the FASB Accounting Standards Codification and creating Topic 842, Leases. This Update, along with IFRS 16, Leases, are the results of the FASB's and the International Accounting Standards Board's (IASB's) efforts to meet that objective and improve financial reporting. For a public entity, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendments in this Update is permitted for all entities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective

approach. The Company is currently evaluating the impact of adopting this new guidance on its financial position, results of operations, and cash flows, and will adopt the provisions of this statement in the first quarter of fiscal 2020.

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3. Earnings Per Share

Basic earnings per share is calculated using the Company's weighted-average outstanding common shares. Diluted earnings per share is calculated using the Company's weighted-average outstanding common shares including the dilutive effect of stock awards as determined under the treasury stock method. In periods when the Company recognizes a net loss, it excludes the impact of outstanding stock awards from the diluted loss per share calculation as their inclusion would have an anti-dilutive effect.

The following table sets forth the computation of basic and diluted earnings per share for the three and six months ended May 31, 2016 and 2017, respectively (in thousands, except share and per share amounts):

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|--------------|------------------|--------------|
| | May 31, 2016 | May 31, 2017 | May 31, 2016 | May 31, 2017 |
| Numerator: | | | | |
| Net income | \$21,898 | \$ 13,227 | \$41,729 | \$ 34,500 |
| Denominator: | | | | |
| Weighted average shares outstanding | 46,231,560 | 44,857,837 | 46,424,990 | 44,960,205 |
| Effect of dilutive securities | 15,167 | 13,418 | 14,810 | 14,160 |
| Diluted weighted average shares outstanding | 46,246,727 | 44,871,255 | 46,439,800 | 44,974,365 |
| Basic and diluted earnings per share | \$0.47 | \$ 0.29 | \$0.90 | \$ 0.77 |
| Anti-dilutive shares excluded in the computation of diluted earnings per share | 90,390 | 65,628 | 90,882 | 65,969 |

4. Equity and Other Investments

Hollywood Casino at Kansas Speedway

Kansas Entertainment, LLC, ("Kansas Entertainment") a 50/50 joint venture of Penn Hollywood Kansas, Inc. ("Penn"), a subsidiary of Penn National Gaming, Inc. and Kansas Speedway Development Corporation ("KSDC"), a wholly owned indirect subsidiary of ISC, operates the Hollywood-themed casino and branded destination entertainment facility, overlooking turn two at Kansas Speedway. Penn, as the managing member of Kansas Entertainment, is responsible for the operations of the casino.

The Company has accounted for Kansas Entertainment as an equity investment in the consolidated financial statements as of May 31, 2016 and 2017, respectively. The Company's 50.0 percent portion of Kansas Entertainment's net income, which is before income taxes as the joint venture is a disregarded entity for income tax purposes, was approximately \$4.2 million and \$5.8 million for the three months ended May 31, 2016 and 2017, respectively, and approximately \$8.1 million and \$9.4 million for the six months ended May 31, 2016 and 2017, respectively, and is included in Equity in net income from equity investments in the consolidated statements of operations.

Pre-tax distributions from Kansas Entertainment for the six months ended May 31, 2016 and 2017, totaling approximately \$10.4 million and \$9.9 million, respectively, consist of approximately \$8.7 million and \$9.9 million, respectively, received as a distribution from its profits, which were included in net cash provided by operating activities on the Company's consolidated statement of cash flows. The remaining approximately \$1.6 million received, for the six months ended May 31, 2016, was recognized as a return of capital from investing activities on the Company's consolidated statement of cash flows. The Company did not recognize a return of capital from investing activities on the Company's consolidated statement of cash flows for the six months ended May 31, 2017.

Fairfield Inn Hotel at ONE DAYTONA

Since June 2013, the Company has pursued development of ONE DAYTONA, a premier mixed use and entertainment destination across from its Daytona International Speedway. Daytona Hotel Two, LLC ("Fairfield"), a joint venture of Daytona Hospitality Group II, LLC ("DHGII"), a subsidiary of Prime-Shaner Groups, and Daytona Beach Property Holdings Retail, LLC ("DBR"), a wholly owned indirect subsidiary of ISC, was formed to own, construct and operate

a Fairfield Inn hotel. The hotel will be situated within the ONE DAYTONA development. In June 2016, DBR contributed land to the joint venture as per the agreement and vertical construction of the hotel has commenced and is expected to open in the fall of fiscal 2017. DHGII is the managing member of the Fairfield and will be responsible for the development and operations of the hotel.

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As per the partnership agreement, our 33.25 percent share of equity will be limited to the Company's non-cash land contribution and it will share in the profits from the joint venture proportionately to its equity ownership. The Company has accounted for the joint venture in the Fairfield as an equity investment in its consolidated financial statements as of May 31, 2017. The Company's 33.25 percent portion of the Fairfield's net loss, from inception, through May 31, 2017 primarily consists of de minimis administrative costs that are included in net income from equity investments in the Company's consolidated statements of operations. There were no operations included in the Company's consolidated statements of operations in the same period of fiscal 2016.

Staten Island Property

On August 5, 2013, the Company announced that it sold its 676 acre parcel of property located in Staten Island, New York, to Staten Island Marine Development, LLC ("Marine Development"). Marine Development purchased 100.0 percent of the outstanding equity membership interests of 380 Development LLC ("380 Development"), a wholly owned indirect subsidiary of ISC and owner of the Staten Island property, for a total sales price of \$80.0 million. In addition, the Company previously received approximately \$4.2 million for an option provided to the purchaser that is nonrefundable and does not apply to the \$80.0 million sales price.

The Company received \$7.5 million, less closing and other administrative costs, of the sales price at closing. The remaining sales price was financed with the Company holding a secured mortgage interest in 380 Development as well as the underlying property. The mortgage balance bore interest at an annual rate of 7.0 percent. In accordance with the terms of the agreement, the Company received a principal payment of approximately \$6.1 million plus interest on this mortgage balance through February 29, 2016. The remaining purchase price of \$66.4 million was due in March 2016.

In March 2016, the Company completed an assignment of all rights, title and interest in the mortgage and underlying promissory note to an affiliate of Matrix Development Group, a New York/New Jersey area developer, and received the remaining principal balance of \$66.4 million, plus additional consideration of approximately \$0.3 million. The Company has no further commitments or contingencies related to the property or its sale. As a result, in the second quarter of fiscal 2016, the Company recorded a gain of approximately \$13.6 million, comprised of recognition of profit of approximately \$1.9 million, interest totaling approximately \$11.4 million, and other consideration paid. The deferred gain of \$1.9 million is included in Other operating revenue in the Company's consolidated statement of operations, and the interest, and additional consideration received, is included in Other Revenue in the Company's consolidated statement of operations.

The net proceeds from the sale, combined with the mortgage interest and related cash tax benefits, provided the Company with approximately \$129.8 million in incremental cash flow through the aforementioned assignment of all rights.

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5. Goodwill and Intangible Assets

The gross carrying value, accumulated amortization and net carrying value of the major classes of intangible assets relating to the Motorsports Event segment are as follows (in thousands):

| | November 30, 2016 | | |
|---------------------------------------|-----------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Amortized intangible assets: | | | |
| Other | 120 | 97 | 23 |
| Total amortized intangible assets | 120 | 97 | 23 |
| Non-amortized intangible assets: | | | |
| NASCAR — sanction agreements | 177,813 | — | 177,813 |
| Other | 793 | — | 793 |
| Total non-amortized intangible assets | 178,606 | — | 178,606 |
| Total intangible assets | \$178,726 | \$ 97 | \$ 178,629 |

| | May 31, 2017 | | |
|---------------------------------------|-----------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Amortized intangible assets: | | | |
| Other | 121 | 97 | 24 |
| Total amortized intangible assets | 121 | 97 | 24 |
| Non-amortized intangible assets: | | | |
| NASCAR — sanction agreements | 177,813 | — | 177,813 |
| Other | 797 | — | 797 |
| Total non-amortized intangible assets | 178,610 | — | 178,610 |
| Total intangible assets | \$178,731 | \$ 97 | \$ 178,634 |

The following table presents current and expected amortization expense of the existing intangible assets for each of the following periods (in thousands):

| | |
|---|-----|
| Amortization expense for the six months ended May 31, 2017 | \$1 |
| Remaining estimated amortization expense for the year ending November 30: | |
| 2017 | \$1 |
| 2018 | 2 |
| 2019 | 2 |
| 2020 | 2 |
| 2021 and thereafter | 17 |

There were no changes in the carrying value of goodwill during the three and six months ended May 31, 2017.

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6. Long-Term Debt

Long-term debt consists of the following (in thousands):

| | November 30, 2016 | | | May 31, 2017 | | |
|--|-------------------|--|--|--------------|--|--|
| | Principal | Unamortized Discount and Debt Issuance Costs | | Principal | Unamortized Discount and Debt Issuance Costs | |
| 4.63 percent Senior Notes | \$65,000 | \$ (210) | | \$65,000 | \$ (185) | |
| 3.95 percent Senior Notes | 100,000 | (328) | | 100,000 | (307) | |
| 6.25 percent Term Loan | 47,878 | — | | 47,434 | — | |
| TIF bond debt service funding commitment | 52,145 | (1,665) | | 52,173 | (1,544) | |
| Revolving Credit Facility | — | — | | — | — | |
| | 265,023 | (2,203) | | 264,607 | (2,036) | |
| Less: current portion | 3,738 | (334) | | 3,767 | (278) | |
| | \$261,285 | \$ (1,869) | | \$260,840 | \$ (1,758) | |

The Company's \$65.0 million principal amount of senior unsecured notes ("4.63 percent Senior Notes") bear interest at 4.63 percent and are due January 2021. The 4.63 percent Senior Notes require semi-annual interest payments on January 18 and July 18 through their maturity. The 4.63 percent Senior Notes may be redeemed in whole or in part, at the Company's option, at any time or from time to time at redemption prices as defined in the indenture. Certain of the Company's wholly owned domestic subsidiaries are guarantors of the 4.63 percent Senior Notes. Certain restrictive covenants of the 4.63 percent Senior Notes require that the Company's ratio of its Consolidated Funded Indebtedness to its Consolidated EBITDA ("leverage ratio") does not exceed 3.50 to 1.0, and its Consolidated EBITDA to Consolidated Interest Expense ("interest coverage ratio") is not less than 2.0 to 1.0. In addition, the Company may not permit the aggregate of certain Priority Debt to exceed 15.0 percent of its Consolidated Net Worth. The 4.63 percent Senior Notes contain various other affirmative and negative restrictive covenants including, among others, limitations on liens, sales of assets, mergers and consolidations and certain transactions with affiliates. As of May 31, 2017, the Company was in compliance with its various restrictive covenants. At May 31, 2017, outstanding principal on the 4.63 percent Senior Notes was approximately \$65.0 million.

The Company's \$100.0 million principal amount of senior unsecured notes ("3.95 percent Senior Notes") bear interest at 3.95 percent and are due September 2024. The 3.95 percent Senior Notes require semi-annual interest payments on March 13 and September 13 through their maturity. The 3.95 percent Senior Notes may be redeemed in whole or in part, at the Company's option, at any time or from time to time at redemption prices as defined in the indenture. Certain of the Company's wholly owned domestic subsidiaries are guarantors of the 3.95 percent Senior Notes. Certain restrictive covenants of the 3.95 percent Senior Notes require that the Company's leverage ratio does not exceed 3.50 to 1.0, and its interest coverage ratio is not less than 2.0 to 1.0. In addition the Company may not permit the aggregate of certain Priority Debt to exceed 15.0 percent of its Consolidated Net Worth. The 3.95 percent Senior Notes contain various other affirmative and negative restrictive covenants including, among others, limitations on liens, sales of assets, mergers and consolidations and certain transactions with affiliates. As of May 31, 2017, the Company was in compliance with its various restrictive covenants. At May 31, 2017, outstanding principal on the 3.95 percent Senior Notes was approximately \$100.0 million.

The term loan ("6.25 percent Term Loan"), related to the Company's International Motorsports Center, has a 25 year term due October 2034, an interest rate of 6.25 percent, and a current monthly payment of approximately \$323,000. At May 31, 2017, the outstanding principal on the 6.25 percent Term Loan was approximately \$47.4 million.

At May 31, 2017, outstanding taxable special obligation revenue ("TIF") bonds, in connection with the financing of Kansas Speedway, totaled approximately \$52.2 million, net of the unamortized discount, which is comprised of a \$2.8 million principal amount, 6.15 percent term bond due December 1, 2017 and a \$49.7 million principal amount, 6.75 percent term bond due December 1, 2027. The TIF bonds are repaid by the Unified Government of Wyandotte

County/Kansas City, Kansas (“Unified Government”) with payments made in lieu of property taxes (“Funding Commitment”) by the Company’s wholly owned subsidiary, Kansas Speedway Corporation (“KSC”). Principal (mandatory redemption) payments per the Funding Commitment are payable by KSC on October 1 of each year. The semi-annual interest component of the Funding Commitment is payable on April 1 and October 1 of each year. KSC granted a mortgage and security interest in the Kansas project for its Funding Commitment obligation.

On September 27, 2016, the Company amended and extended its existing \$300.0 million credit facility, maturing November 2017, and entered into a new \$300.0 million revolving credit facility (“2016 Credit Facility”). The 2016 Credit Facility contains a feature that allows the Company to increase the credit facility to a total of \$500.0 million, subject to certain conditions, provides for separate sub-limits of \$25.0 million for standby letters of credit and \$10.0 million for swing line loans.

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The 2016 Credit Facility is scheduled to mature five years from the date of inception, with two 1-year extension options. Interest accrues, at the Company's option, at either LIBOR plus 100.0 — 162.5 basis points or a base rate loan at the highest of i) Wells Fargo Bank's prime lending rate, ii) the Federal Funds rate, as in effect from time to time, plus 0.5 percent, and iii) one month LIBOR plus 1.0 percent. The 2016 Credit Facility also contains a commitment fee ranging from 0.125 percent to 0.225 percent of unused amounts available for borrowing. The interest rate margin on the LIBOR borrowings and commitment fee are variable depending on the better of the Company's debt rating as determined by specified rating agencies or its leverage ratio. Certain of the Company's wholly owned domestic subsidiaries are guarantors on the 2016 Credit Facility. The 2016 Credit Facility requires that the Company's leverage ratio does not exceed 3.50 to 1.0 (4.0 to 1.0 for the four quarters ending after any Permitted Acquisition), and its interest coverage ratio is not less than 2.5 to 1.0. The 2016 Credit Facility also contains various other affirmative and negative restrictive covenants including, among others, limitations on indebtedness, investments, sales of assets, certain transactions with affiliates, entering into certain restrictive agreements and making certain restricted payments as detailed in the agreement. As of May 31, 2017, the Company was in compliance with its various restrictive covenants. At May 31, 2017, the Company had no outstanding borrowings under its credit facility. Financing costs related to the credit facility, net of accumulated amortization, of approximately \$1.3 million, have been deferred and are included in other assets as of May 31, 2017.

Financing costs are being amortized on a straight-line method, which approximates the effective yield method, over the life of the related financing.

Total interest expense incurred by the Company for the three and six months ended May 31, 2016 and 2017, respectively, is as follows (in thousands):

| | Three Months Ended | | Six Months Ended | |
|----------------------------|--------------------|--------------|------------------|--------------|
| | May 31, 2016 | May 31, 2017 | May 31, 2016 | May 31, 2017 |
| Interest expense | \$4,024 | \$3,942 | \$8,037 | \$7,888 |
| Less: capitalized interest | 340 | 875 | 1,264 | 1,569 |
| Net interest expense | \$3,684 | \$3,067 | \$6,773 | \$6,319 |

7. Financial Instruments

Various inputs are considered when determining the carrying values of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities, which approximate fair value due to the short-term maturities of these assets and liabilities. These inputs are summarized in the three broad levels listed below:

Level 1 — observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets

Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)

Level 3 — significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

At May 31, 2017, the Company had money market funds totaling approximately \$139.0 million which are included in cash and cash equivalents in its consolidated balance sheet. All inputs used to determine fair value are considered level 1 inputs.

Fair values of long-term debt are based on quoted market prices at the date of measurement. The Company's credit facilities approximate fair value as they bear interest rates that approximate market. These inputs used to determine fair value are considered level 2 inputs. The fair value of the remaining long-term debt, as determined by quotes from financial institutions, was approximately \$278.2 million compared to the carrying amount of approximately \$265.0 million and approximately \$276.5 million compared to the carrying amount of approximately \$264.6 million at November 30, 2016 and May 31, 2017, respectively.

The Company had no financial instruments that used level 3 inputs as of May 31, 2017.

8. Capital Stock

Stock Purchase Plan

The Company has a share repurchase program (“Stock Purchase Plan”), under which it is authorized to purchase up to \$530.0 million of its outstanding Class A common shares. The timing and amount of any shares repurchased under the Stock

Purchase Plan will depend on a variety of factors, including price, corporate and regulatory requirements, capital availability

and other market conditions. The Stock Purchase Plan may be suspended or discontinued at any time without prior notice. No

shares have been or will be knowingly purchased from Company insiders or their affiliates.

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Since inception of the Plan through May 31, 2017, the Company has purchased 9,160,401 shares of its Class A common shares, for a total of approximately \$339.4 million. The Company purchased 438,328 shares of its Class A common shares during the six months ended May 31, 2017, at an average cost of approximately \$36.48 per share (including commissions), for a total of approximately \$16.0 million. These transactions occurred in open market purchases and pursuant to a trading plan under Rule 10b5-1. At May 31, 2017, the Company had approximately \$190.6 million remaining repurchase authority under the current Stock Purchase Plan.

In April 2017, the Company's Board of Directors approved an annual dividend of \$0.43 per share, for a total of approximately \$19.2 million, paid on June 30, 2017, to common stockholders of record on May 31, 2017.

9. Long-Term Stock Incentive Plan

In April 2017, the Company's Board of Directors approved the 2017 Long Term Incentive Plan (the "2017 Plan"), as its 2006 Long Term Incentive Plan had expired in 2016. The Company has reserved an aggregate of 1,500,000 shares (subject to adjustment for stock splits and similar capital changes) of Class A Common Stock for grants under the 2017 Plan. Awards under the 2017 Plan will contain such terms and conditions not inconsistent with the 2006 Long Term Incentive Plan.

In May 2017, the Company awarded and issued a total of 97,486 restricted shares of the Company's Class A common shares to certain officers and managers under the 2017 Plan. The shares of restricted stock awarded in May 2017, vest at the rate of 50.0 percent on the third anniversary of the award date and the remaining 50.0 percent on the fifth anniversary of the award date. The weighted average grant date fair value of these restricted share awards was \$37.10 per share. In accordance with ASC 718, "Compensation — Stock Compensation" the Company is recognizing stock-based compensation on these restricted shares awarded on the accelerated method over the requisite service period.

10. Comprehensive Income

Comprehensive income is the change in equity of an enterprise except those resulting from shareholder transactions. Accumulated other comprehensive loss consists of the following (in thousands):

| | November 30, 2016 | May 31, 2017 |
|--|----------------------|-----------------|
| Terminated interest rate swap, net of tax benefit of \$1,758 and \$1,551, respectively | \$ (2,659) |) \$(2,325) |

11. Income Taxes

The Company's effective income tax rate was approximately 38.1 percent for the three and six months ended May 31, 2017 and approximately 39.4 percent and 38.9 percent for the three and six months ended May 31, 2016, respectively. The effective income tax rate for the three and six months ended May 31, 2017 approximates the statutory income tax rate. Changes in certain state tax rates are the principal causes of the increased effective income tax rate for the three and six months ended May 31, 2016.

12. Related Party Disclosures and Transactions

All of the racing events that take place during the Company's fiscal year are sanctioned by various racing organizations such as National Association for Stock Car Auto Racing ("NASCAR"), the American Historic Racing Motorcycle Association, the American Motorcyclist Association, the Automobile Racing Club of America, the American Sportbike Racing Association — Championship Cup Series, the Federation Internationale de L'Automobile, the Federation Internationale Motocycliste, International Motor Sports Association ("IMSA") - a wholly owned subsidiary of NASCAR, Historic Sportscar Racing, IndyCar Series, National Hot Rod Association, the Porsche Club of America, the Sports Car Club of America, the Sportscar Vintage Racing Association, the United States Auto Club and the World Karting Association.

NASCAR and IMSA, which sanction many of the Company's principal racing events, are members of the France Family Group, which controls approximately 73.7 percent of the combined voting power of the outstanding stock of the Company, as of May 31, 2017, and some members of which serve as directors and officers of the Company.

Under current agreements, NASCAR contracts directly with certain network providers for television rights to the entire Monster Energy NASCAR Cup, Xfinity and Camping World Truck series schedules. Under the terms of this arrangement, NASCAR retains 10.0 percent of the gross broadcast rights fees allocated to each Monster Energy NASCAR Cup, Xfinity and Camping World Truck series event as a component of its sanction fees. The promoter records 90.0 percent of the gross broadcast rights fees as revenue and then records 25.0 percent of the gross broadcast rights fees as part of its awards to the

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competitors, included in NASCAR event management fees (discussed below). Ultimately, the promoter retains 65.0 percent of the net cash proceeds from the gross broadcast rights fees allocated to the event. The Company's television broadcast and ancillary rights fees received from NASCAR for the Monster Energy NASCAR Cup, Xfinity, and Camping World Truck series events conducted at its wholly owned facilities, and recorded as part of motorsports related revenue, were approximately \$88.0 million and \$91.2 million for the three months ended May 31, 2016 and 2017, respectively, and approximately \$148.3 million and \$153.9 million for the six months ended May 31, 2016 and 2017, respectively. The Company recorded prize money of approximately \$24.0 million and \$24.8 million for the three months ended May 31, 2016 and 2017, respectively, and approximately \$40.7 million and \$42.2 million for the six months ended May 31, 2016 and 2017, respectively, included in NASCAR event management fees (discussed below) related to the aforementioned 25.0 percent of gross broadcast rights fees ultimately paid to competitors. Standard NASCAR and IMSA sanction agreements require racetrack operators to pay event management fees (collectively "NASCAR event management or NEM fees"), which include prize and point fund monies for each sanctioned event conducted as well as fees paid to NASCAR for sanctioning and officiating of the events. The prize and point fund monies are distributed by NASCAR to participants in the events. Total NEM fees paid by the Company were approximately \$46.5 million and \$48.3 million for the three months ended May 31, 2016 and 2017, respectively and approximately \$74.6 million and \$77.2 million for the six months ended May 31, 2016 and 2017, respectively.

13. Commitments and Contingencies

In October 2002, the Unified Government issued subordinate sales tax special obligation revenue bonds ("2002 STAR Bonds") totaling approximately \$6.3 million to reimburse the Company for certain construction already completed on the second phase of the Kansas Speedway project and to fund certain additional construction. The 2002 STAR Bonds, which require annual debt service payments and are due December 1, 2022, will be retired with state and local taxes generated within the speedway's boundaries and are not the Company's obligation. Kansas Speedway Corporation ("KSC"), wholly-owned subsidiary of the Company, has agreed to guarantee the payment of principal and any required premium and interest on the 2002 STAR Bonds. At May 31, 2017, the Unified Government had approximately \$0.7 million outstanding on 2002 STAR Bonds. Under a keepwell agreement, the Company has agreed to provide financial assistance to KSC, if necessary, to support KSC's guarantee of the 2002 STAR Bonds.

In connection with the Company's automobile and workers' compensation insurance coverages and certain construction contracts, the Company has standby letter of credit agreements in favor of third parties totaling approximately \$4.0 million at May 31, 2017. At May 31, 2017, there were no amounts drawn on the standby letters of credit.

Current Litigation

The Company is from time to time a party to routine litigation incidental to its business. Management does not believe that the resolution of any or all of such litigation will have a material adverse effect on the Company's financial condition or results of operations.

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14. Segment Reporting

The general nature of the Company's business is a motorsports themed amusement enterprise, furnishing amusement to the public in the form of motorsports themed entertainment. The Company's motorsports event operations consist principally of racing events at its major motorsports entertainment facilities. The reporting units within the motorsports segment portfolio are reviewed together as the nature of the products and services, the production processes used, the type or class of customer using our products and services, and the methods used to distribute our products or provide their services are consistent in objectives and principles, and predominately uniform and centralized throughout the Company. The consolidated domestic media rights contract, which continues through the 2024 NASCAR season, continues to be the single-largest contributor to the Company's earnings. These media rights are allocated to specific events, are not facility based, and are derived through a corporate contract, which affects all of the motorsports event facilities within the motorsports event segment. Similarly, corporate sponsorship partnership revenue is primarily derived from corporate contracts, negotiated from the Company's corporate sales team, and allocated to multiple, or all, motorsports entertainment facilities depending on the specific arrangement. Thus, the disclosure of these revenue streams, as they relate to each reporting unit, is not practical.

The Company's remaining business units, which are comprised of the radio network production and syndication of numerous racing events and programs, certain souvenir merchandising operations not associated with the promotion of motorsports events at the Company's facilities, construction management services, financing and licensing operations, equity investments, and retail leasing operations are included in the "All Other" segment.

The Company evaluates financial performance of the business units on operating profit after allocation of corporate general and administrative ("G&A") expenses. Corporate G&A expenses are allocated to business units based on each business unit's net revenues to total net revenues.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Intersegment sales are accounted for at prices comparable to unaffiliated customers. The following tables provide segment reporting of the Company for the three and six months ended May 31, 2016 and 2017, respectively (in thousands):

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| Three Months Ended May 31, 2016 | | | |
|------------------------------------|--------------------------|-----------|------------|
| | Motorsports ^A | | Total |
| | Event | Other | |
| Revenues | \$ 158,065 | \$ 10,061 | \$ 168,126 |
| Depreciation and amortization | 24,903 | 1,083 | 25,986 |
| Operating income (loss) | 21,893 | 1,786 | 23,679 |
| Capital expenditures | 18,967 | 8,222 | 27,189 |
| Total assets | 1,678,588 | 544,132 | 2,222,720 |
| Equity investments | — | 101,038 | 101,038 |

| Three Months Ended May 31, 2017 | | | |
|------------------------------------|--------------------------|----------|------------|
| | Motorsports ^A | | Total |
| | Event | Other | |
| Revenues | \$ 156,856 | \$ 8,932 | \$ 165,788 |
| Depreciation and amortization | 27,042 | 1,227 | 28,269 |
| Operating income (loss) | 19,077 | (652) | 18,425 |
| Capital expenditures | 10,146 | 8,830 | 18,976 |
| Total assets | 1,643,651 | 597,737 | 2,241,388 |
| Equity investments | — | 91,968 | 91,968 |

| Six Months Ended May 31, 2016 | | | |
|----------------------------------|--------------------------|-----------|------------|
| | Motorsports ^A | | Total |
| | Event | Other | |
| Revenues | \$ 297,176 | \$ 13,931 | \$ 311,107 |
| Depreciation and amortization | 48,832 | 2,200 | 51,032 |
| Operating income (loss) | 54,809 | 36 | 54,845 |
| Capital expenditures | 70,834 | 10,944 | 81,778 |

| Six Months Ended May 31, 2017 | | | |
|----------------------------------|--------------------------|-----------|------------|
| | Motorsports ^A | | Total |
| | Event | Other | |
| Revenues | \$ 301,655 | \$ 12,452 | \$ 314,107 |
| Depreciation and amortization | 52,371 | 2,399 | 54,770 |
| Operating income (loss) | 54,772 | (2,529) | 52,243 |
| Capital expenditures | 16,240 | 24,328 | 40,568 |

Intersegment revenues were approximately \$0.6 million and \$0.5 million for the three months ended May 31, 2016 and May 31, 2017, respectively and approximately \$0.9 million and \$0.9 million for the six months ended May 31, 2016 and May 31, 2017, respectively

During the three and six months ended May 31, 2017, the Company recognized approximately \$0.1 million and \$0.2 million, respectively of costs related to the Phoenix Redevelopment project (see "Future Liquidity - Phoenix Redevelopment"). These costs were included in the Motorsports Event segment. During the six months ended May 31, 2016, the Company recognized approximately \$0.8 million in marketing and consulting costs that are included in general and administrative expense related to DAYTONA Rising. There were no similar costs incurred in the three months ended May 31, 2016. These costs were included in the Motorsports Event segment.

During the three and six months ended May 31, 2017, the Company recognized approximately \$2.0 million and \$2.7 million, respectively, of accelerated depreciation, due to the shortening the service lives of certain assets, associated with the Phoenix Redevelopment project. During the three and six months ended May 31, 2016, the Company did not

recognize any accelerated depreciation.

During the three and six months ended May 31, 2017, the Company recognized \$0.3 million and \$0.3 million, respectively, of asset retirement losses primarily attributable to demolition and/or asset relocation costs in connection with the Phoenix Redevelopment project. During the six months ended May 31, 2016, the Company recognized approximately \$0.9 million, of similar losses in connection with demolition and/or asset relocation costs in connection with facility capital improvements. For the three months ended May 31, 2016, the Company incurred de minimis similar costs

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PART I. FINANCIAL INFORMATION

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

Results of Operations

General

The general nature of our business is a motorsports themed amusement enterprise, furnishing amusement to the public in the form of motorsports themed entertainment. We derive revenues primarily from (i) admissions to motorsports events and motorsports themed amusement activities held at our facilities, (ii) revenue generated in conjunction with or as a result of motorsports events and motorsports themed amusement activities conducted at our facilities, and (iii) catering, concession and merchandising services during or as a result of these events and amusement activities.

"Admissions, net" revenue includes ticket sales for all of our racing events and other motorsports activities and amusements, net of any applicable taxes.

"Motorsports and other event related" revenue primarily includes television and ancillary media rights fees, promotion and sponsorship fees, hospitality rentals (including luxury suites, chalets and the hospitality portion of club seating), advertising revenues, royalties from licenses of our trademarks, parking and camping revenues, track rental fees and fees paid by third party promoters for management of non-motorsports events.

"Food, beverage and merchandise" revenue includes revenues from concession stands, direct sales of souvenirs, hospitality catering, programs and other merchandise and fees paid by third party vendors for the right to occupy space to sell souvenirs and concessions at our motorsports entertainment facilities.

Revenues derived from leasing space in our retail operations, including those at ONE DAYTONA, are included in "Other" revenues.

Direct expenses include (i) NASCAR event management fees, (ii) motorsports and other event related expenses, which include labor, advertising, costs of competition paid to sanctioning bodies other than NASCAR and other expenses associated with the promotion of all of our motorsports and other events and activities, and (iii) food, beverage and merchandise expenses, consisting primarily of labor and costs of goods sold.

Costs related to leasing space in our retail operations, including those at ONE DAYTONA, are included in "Other operating expenses".

We receive distributions from the operations of our 50/50 joint venture in Kansas Entertainment, LLC (see "Equity and Other Investments - Hollywood Casino at Kansas Speedway").

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While our estimates and assumptions are based on conditions existing at and trends leading up to the time the estimates and assumptions are made, actual results could differ materially from those estimates and assumptions. We continually review our accounting policies, how they are applied and how they are reported and disclosed in the consolidated financial statements.

The following is a summary of our critical accounting policies and estimates and how they are applied in the preparation of the consolidated financial statements.

Basis of Presentation and Consolidation. We consolidate all entities we control by ownership of a majority voting interest and variable interest entities for which we have the power to direct activities and the obligation to absorb losses. Our judgment in determining if we consolidate a variable interest entity includes assessing which party, if any, has the power and benefits. Therefore, we evaluate which activities most significantly affect the variable interest entities economic performance and determine whether we, or another party, have the power to direct these activities. We apply the equity method of accounting for our investments in joint ventures and other investees whenever we can exert significant influence on the investee but do not have effective control over the investee. Our consolidated net income includes our share of the net earnings or losses from these investees. Our judgment regarding the level of influence over each equity method investee includes considering factors such as our ownership interest, board

representation and policy making decisions.

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We periodically evaluate these equity investments for potential impairment where a decline in value is determined to be other than temporary. We eliminate all significant intercompany transactions from financial results.

Revenue Recognition. Advance ticket sales and event-related revenues for future events are deferred until earned, which is generally once the events are conducted. The recognition of event-related expenses is matched with the recognition of event-related revenues.

NASCAR contracts directly with certain network providers for television rights to the entire Monster Energy NASCAR Cup, Xfinity and Camping World Truck series schedules. Event promoters share in the television rights fees in accordance with the provision of the sanction agreement for each Monster Energy NASCAR Cup, Xfinity and Camping World Truck series event. Under the terms of this arrangement, NASCAR retains 10.0 percent of the gross broadcast rights fees allocated to each Monster Energy NASCAR Cup, Xfinity and Camping World Truck series event as a component of its event management fees. The promoter records 90.0 percent of the gross broadcast rights fees as revenue and then records 25.0 percent of the gross broadcast rights fees as part of its awards to the competitors. Ultimately, the promoter retains 65.0 percent of the net cash proceeds from the gross broadcast rights fees allocated to the event.

Our revenues from marketing partnerships are paid in accordance with negotiated contracts, with the identities of partners and the terms of sponsorship changing from time to time. Some of our marketing partnership agreements are for multiple facilities and/or events and include multiple specified elements, such as tickets, hospitality chalets, suites, display space and signage for each included event. The allocation of such marketing partnership revenues between the multiple elements, events and facilities is based on relative selling price. The sponsorship revenue allocated to an event is recognized when the event is conducted.

Revenues and related costs from the sale of concessions and merchandise for motorsports and non-motorsports events are recognized at the time of sale.

Minimum rental revenue from operating leases is recognized on a straight-line basis over the initial terms of the related leases. Certain tenants are required to pay percentage rent if their sales volumes exceed thresholds specified in their lease agreements. Percentage rent is recognized as revenue when the thresholds are achieved and the amounts become determinable.

The Company receives reimbursements from tenants for real estate taxes, insurance, common area maintenance and other recoverable operating expenses as provided in the lease agreements. Tenant reimbursements are recognized when earned in accordance with the tenant lease agreements. Tenant reimbursements related to certain capital expenditures are billed to tenants over periods of 5 to 20 years and are recognized as revenue in accordance with the underlying lease terms.

Business Combinations. All business combinations are accounted for under the acquisition method. Whether net assets or common stock is acquired, fair values are determined and assigned to the purchased assets and assumed liabilities of the acquired entity. The excess of the cost of the acquisition over fair value of the net assets acquired (including recognized intangibles) is recorded as goodwill. Business combinations involving existing motorsports entertainment facilities commonly result in a significant portion of the purchase price being allocated to the fair value of the contract-based intangible asset associated with long-term relationships manifest in the sanction agreements with sanctioning bodies, such as NASCAR and the International Motor Sports Association ("IMSA") series. The continuity of sanction agreements with these bodies has historically enabled the facility operator to host motorsports events year after year. While individual sanction agreements may be of terms as short as one year, a significant portion of the purchase price in excess of the fair value of acquired tangible assets is commonly paid to acquire anticipated future cash flows from events promoted pursuant to these agreements which are expected to continue for the foreseeable future and therefore, in accordance with ASC 805-50, "Business Combinations," are recorded as indefinite-lived intangible assets recognized apart from goodwill.

Capitalization and Depreciation Policies. Property and equipment are stated at cost. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation and amortization for financial statement purposes are provided on a straight-line basis over the estimated useful lives of the assets. When we construct assets, we capitalize costs of the project, including, but not limited to,

certain pre-acquisition costs, permitting costs, fees paid to architects and contractors, certain costs of our design and construction subsidiary, property taxes and interest.

We must make estimates and assumptions when accounting for capital expenditures. Whether an expenditure is considered an operating expense or a capital asset is a matter of judgment. When constructing or purchasing assets, we must determine whether existing assets are being replaced or otherwise impaired, which also is a matter of judgment. Our depreciation expense for financial statement purposes is highly dependent on the assumptions we make about our assets' estimated useful lives. We determine the estimated useful lives based upon our experience with similar assets, industry, legal and regulatory factors, and our expectations of the usage of the asset. Whenever events or circumstances occur which change the estimated useful life of an asset, we account for the change prospectively.

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During the six months ended May 31, 2016, we recorded before-tax charges of losses associated with asset retirements, primarily attributable to the removal of assets not fully depreciated, located at our motorsports facilities totaling approximately \$0.9 million. During the six months ended May 31, 2017, we recorded approximately \$0.4 million amount of similar charges.

Interest costs associated with major development and construction projects are capitalized as part of the cost of the project. Interest is typically capitalized on amounts expended using the weighted-average cost of our outstanding borrowings, since we typically do not borrow funds directly related to a development or construction project. We capitalize interest on a project when development or construction activities begin, and cease when such activities are substantially complete or are suspended for more than a brief period.

Impairment of Long-lived Assets, Goodwill and Other Intangible Assets. Our consolidated balance sheets include significant amounts of long-lived assets, goodwill and other intangible assets which could be subject to impairment. As of May 31, 2017, goodwill and other intangible assets and property and equipment accounts for approximately \$1.7 billion, or 77.9 percent of our total assets. We account for our goodwill and other intangible assets in accordance with ASC 350, “Intangibles — Goodwill and Other,” and for our long-lived assets in accordance with ASC 360, “Property, Plant and Equipment.”

We follow applicable authoritative guidance on accounting for goodwill and other intangible assets which specifies, among other things, non-amortization of goodwill and other intangible assets with indefinite useful lives and requires testing for possible impairment, either upon the occurrence of an impairment indicator or at least annually. We complete our annual testing in our fiscal fourth quarter, based on assumptions regarding our future business outlook and expected future discounted cash flows attributable to such assets (using the fair value assessment provision of applicable authoritative guidance), supported by quoted market prices or comparable transactions where available or applicable.

While we continue to review and analyze many factors that can impact our business prospects in the future (as further described in “Risk Factors”), our analysis is subjective and is based on conditions existing at, and trends leading up to, the time the estimates and assumptions are made. Different conditions or assumptions, or changes in cash flows or profitability, if significant, could have a material adverse effect on the outcome of the impairment evaluation and our future condition or results of operations.

In connection with our fiscal 2016 assessment of goodwill and intangible assets for possible impairment we used the methodology described above. We believe our methods used to determine fair value and evaluate possible impairment were appropriate, relevant, and represent methods customarily available and used for such purposes. Our latest annual assessment of goodwill and other intangible assets in the fourth quarter of fiscal 2016 indicated there had been no impairment and the fair value substantially exceeded the carrying value for the respective reporting units.

In addition, our growth strategy includes investing in certain joint venture opportunities. In these equity investments, we exert significant influence on the investee but do not have effective control over the investee, which adds an additional element of risk that can adversely impact our financial position and results of operations. The carrying value of our equity investments was \$92.0 million at May 31, 2017.

Income Taxes. The tax law requires that certain items be included in our tax return at different times than when these items are reflected in our consolidated financial statements. Some of these differences are permanent, such as expenses not deductible on our tax return. However, some differences reverse over time, such as depreciation expense, and these temporary differences create deferred tax assets and liabilities. Our estimates of deferred income taxes and the significant items giving rise to deferred tax assets and liabilities reflect our assessment of actual future taxes to be paid on items reflected in our financial statements, giving consideration to both timing and probability of realization. Actual income taxes could vary significantly from these estimates due to future changes in income tax law or changes or adjustments resulting from final review of our tax returns by taxing authorities, which could also adversely impact our cash flow.

In the ordinary course of business, there are many transactions and calculations where the ultimate tax outcome is uncertain. Accruals for uncertain tax positions are provided for in accordance with the requirements of ASC 740, “Income Taxes.” Under this guidance, we may recognize the tax benefit from an uncertain tax position only if it is more

likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50.0 percent likelihood of being realized upon the ultimate settlement. This interpretation also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Although we believe the estimates are reasonable, no assurance can be given that the final outcome of these matters will not be different

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than what is reflected in the historical income tax provisions and accruals. Such differences could have a material impact on the income tax provision and operating results in the period in which such determination is made.

Contingent Liabilities. Our determination of the treatment of contingent liabilities in the financial statements is based on our view of the expected outcome of the applicable contingency. In the ordinary course of business, we consult with legal counsel on matters related to litigation and other experts both within and outside our Company. We accrue a liability if the likelihood of an adverse outcome is probable and the amount of loss is reasonably estimable. We disclose the matter but do not accrue a liability if the likelihood of an adverse outcome is reasonably possible and an estimate of loss is not determinable. Legal and other costs incurred in conjunction with loss contingencies are expensed as incurred.

Equity and Other Investments

Hollywood Casino at Kansas Speedway

Kansas Entertainment, LLC, ("Kansas Entertainment") a 50/50 joint venture of Penn Hollywood Kansas, Inc. ("Penn"), a subsidiary of Penn National Gaming, Inc. and Kansas Speedway Development Corporation ("KSDC"), a wholly owned indirect subsidiary of ISC, operates the Hollywood-themed casino and branded destination entertainment facility, overlooking turn two at Kansas Speedway. Penn, as managing member of Kansas Entertainment, is responsible for the operations of the casino.

We have accounted for Kansas Entertainment as an equity investment in the consolidated financial statements as of May 31, 2016 and 2017. Our 50.0 percent portion of Kansas Entertainment's net income, which is before income taxes and the joint venture is a disregarded entity for income tax purposes, was approximately \$8.1 million and \$9.4 million for the six months ended May 31, 2016 and 2017, respectively, and is included in income from equity investments in the consolidated statements of operations.

Pre-tax distributions from Kansas Entertainment for the six months ended May 31, 2017, totaling approximately \$9.9 million, was received as a distribution from its profits, and were included in net cash provided by operating activities on our consolidated statement of cash flows. Pre-tax distributions from Kansas Entertainment for the six months ended May 31, 2016, totaling \$10.4 million, consisted of approximately \$8.7 million received as a distribution from its profits, were included in net cash provided by operating activities on our consolidated statement of cash flows, with the remaining approximate \$1.6 million received recognized as a return of capital from investing activities on our consolidated statement of cash flows. We did not recognize a return of capital from investing activities on the Company's consolidated statement of cash flows for the six months ended May 31, 2017.

DAYTONA Rising: Reimagining an American Icon

DAYTONA Rising is the redevelopment of the frontstretch at Daytona, ISC's 59-year-old flagship motorsports facility, to enhance the event experience for our fans, marketing partners, broadcasters and the motorsports industry. The central neighborhood, dubbed the "World Center of Racing," celebrates the history of Daytona International Speedway ("Daytona") and its many unforgettable moments throughout more than 50 years of racing. Embracing Daytona's history in the racing industry, Toyota, Florida Hospital, Chevrolet, Sunoco and Axalta joined as Founding Partners at Daytona International Speedway's new motorsports stadium, with each partnership extending over 10 years. The Founding partners received sponsorship rights for a dedicated injector, as well as innovative fan engagement space, and interior and exterior branding space, that will enhance the overall guest experience.

Since the completion of DAYTONA Rising in January 2016, the DAYTONA 500 has sold out in consecutive years. By providing our fans with a better experience as well as an expansive platform for our marketing partners, including an elevated hospitality experience, DAYTONA Rising provided an immediate incremental lift in Daytona's revenues and earnings, meeting our expectations. We also currently anticipate the project to be accretive to our net income per share within three years of completion. While these forward-looking amounts are management's projections and we believe they are reasonable, our actual results may vary from these estimates due to many factors not in our control or not readily predictable, as detailed in the Risk Factors section of the Company's publicly filed documents, Forms 10-K, with the SEC, any or all of which can significantly impact our future results. We do not know whether these expectations will ultimately prove correct and actual revenues and operating results may differ materially from these estimates.

Fairfield Inn Hotel at ONE DAYTONA

Since June 2013, we have pursued development of ONE DAYTONA, a premier mixed use and entertainment destination across from its Daytona International Speedway. Daytona Hotel Two, LLC ("Fairfield"), a joint venture of Daytona Hospitality Group II, LLC ("DHGII"), a subsidiary of Prime-Shaner Groups, and Daytona Beach Property Holdings Retail, LLC ("DBR"), a wholly owned indirect subsidiary of ISC, was formed to own, construct and operate a Fairfield Inn hotel. The hotel will be situated within the ONE DAYTONA development. In June 2016, DBR contributed land to the joint venture as per the

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agreement and vertical construction of the hotel has commenced and is expected to open in the fall of fiscal 2017. DHGII is the managing member of the Fairfield and will be responsible for the development and operations of the hotel.

As per the partnership agreement, our 33.25 percent share of equity will be limited to our non-cash land contribution and we will share in the profits from the joint venture proportionately to our equity ownership. We have accounted for the joint venture in the Fairfield as an equity investment in our consolidated financial statements as of May 31, 2017. Our 33.25 percent portion of the Fairfield's net loss, from inception, through May 31, 2017 primarily consist of de minimis administrative costs that are included in equity in net income from equity investments in our consolidated statements of operations. There were no operations included in our consolidated statements of operations in the same period in fiscal 2016.

As part of the ONE DAYTONA project, we have entered into additional joint ventures, which are structured similarly to the Fairfield joint venture, where our share of equity will be limited to our non-cash land contribution and we will share in the profits from the joint venture proportionately to our equity ownership. These joint venture projects include The Daytona, a full service Marriott Autograph Collection hotel, and a residential component of the ONE DAYTONA project (see "Liquidity and Capital Resources - ONE DAYTONA"). As of May 31, 2017, no contributions have been made towards these additional joint ventures.

Staten Island Property

On August 5, 2013, we announced that we sold our 676 acre parcel of property located in Staten Island, New York, to Staten Island Marine Development, LLC ("Marine Development"). Marine Development purchased 100.0 percent of the outstanding equity membership interests of 380 Development LLC ("380 Development"), a wholly owned indirect subsidiary of ISC and owner of the Staten Island property, for a total sales price of \$80.0 million. In addition, we previously received approximately \$4.2 million for an option provided to the purchaser that is nonrefundable and does not apply to the \$80.0 million sales price.

We received \$7.5 million, less closing and other administrative costs, of the sales price at closing. The remaining sales price was financed with us holding a secured mortgage interest in 380 Development as well as the underlying property. The mortgage balance bore interest at an annual rate of 7.0 percent. In accordance with the terms of the agreement, we have received a principal payment of approximately \$6.1 million plus interest on the mortgage balance through February 29, 2016. The remaining purchase price of \$66.4 million was due in March 2016.

In March 2016, we completed an assignment of all rights, title and interest in the mortgage and underlying promissory note to an affiliate of Matrix Development Group, a New York/New Jersey area developer, and received the remaining principal balance of \$66.4 million, plus additional consideration of approximately \$0.3 million. We have no further commitments or contingencies related to the property or its sale. As a result, in the second quarter of fiscal 2016, we recorded a gain of approximately \$13.6 million, comprised of recognition of profit of approximately \$1.9 million, interest totaling approximately \$11.4 million, and other consideration paid. The deferred gain of \$1.9 million was included in Other operating revenue in our consolidated statement of operations, and the interest, and additional consideration, received was included in Other revenue in our consolidated statement of operations in fiscal 2016.

The net proceeds from the sale, combined with the mortgage interest and related cash tax benefits, has provided us with approximately \$129.8 million in cash through the term of the mortgage.

Income Taxes

The Company's effective income tax rate was approximately 38.1 percent for the three and six months ended May 31, 2017 and approximately 39.4 percent and 38.9 percent for the three and six months ended May 31, 2016, respectively. The effective income tax rate for the three and six months ended May 31, 2017 approximates the statutory income tax rate. Changes in certain state tax rates are the principal causes of the increased effective income tax rate for the three and six months ended May 31, 2016.

Future Trends in Operating Results

International Speedway Corporation is the leading owner of major motorsports entertainment facilities and promoter of motorsports-themed entertainment activities in the United States. We compete for discretionary spending and

leisure time with many other entertainment alternatives and are subject to factors that generally affect the recreation, leisure and sports industry, including general economic conditions. Our operations are also sensitive to factors that affect corporate budgets. Such factors include, but are not limited to, general economic conditions, employment and wage levels, business conditions, interest and taxation rates, relative commodity prices, and changes in consumer tastes and spending habits.

In 2008, an unprecedented global economic crisis began that significantly impacted consumer confidence and disproportionately affected key demographics of our target customers. Continuing economic uncertainty could adversely impact our future attendance, guest spending, and our ability to grow corporate marketing partnerships, all of which could

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negatively affect revenues and profitability. In fiscal 2009, we implemented sustainable cost containment initiatives to mitigate declines in certain revenue categories. We are sustaining the significant cost reductions implemented in previous years and continuously seek ways to improve our operating efficiency without negatively impacting the guest experience.

Looking to the future, we expect the continuing slow, but uneven, recovery in the broader U.S. economy to provide an environment for stabilized to improved attendance-related and corporate partnership revenues. Our industry benefits from NASCAR securing its broadcast rights through the fiscal 2024 season with the largest broadcast rights deal in the sport's 69-year history. Consistent with major sports properties throughout the world, broadcast rights represent our company's largest revenue segment. Expanding and extending this contracted revenue will provide us unparalleled long-term cash flow visibility. We also believe the strategic initiatives and investments we and the motorsports industry have commenced will grow the sport and strengthen the long-term health of our Company.

The industry stakeholders have demonstrated their commitment to growing the sport by aligning with and executing upon growth initiatives supporting NASCAR's industry-wide strategic plan. The industry plan's objective is to build upon NASCAR's appeal by strengthening the connection with existing fans, as well as attracting and engaging new millennials, youth and multicultural consumers in motorsports. Key areas of focus include fostering greater product relevance and exciting on-track competition, cultivating driver star power, growing social media activities and enhancing the event experience.

NASCAR initiatives to improve on-track competition and racing excitement resulted in several successful innovations to the on-track product including the following:

- Refined aerodynamic and downforce specifications that provide the driver greater control of the car
- Knockout group qualifying formats
- Overtime rules to address races that previously ended while under caution

• Enhancements to the NASCAR's Playoffs, including elimination rounds leading up to the Championship event for the three national touring series

• Three stage racing format, similar to quarters or halves in other sports

In January 2014 NASCAR announced a new championship format that puts greater emphasis on winning races throughout the season and expands the current Playoff field to 16 drivers. For fiscal 2016, the Playoff format has been expanded to both Xfinity and Camping World Truck series events, qualifying 12 drivers and 8 drivers, respectively.

The Playoff implements a round-by-round advancement format that ultimately rewards a battle-tested, worthy champion. The format makes every race matter even more, diminishes points racing, puts a premium on winning races and concludes with a best-of-the-best, first-to-the-finish line showdown race, all of which is exactly what fans want.

For the 2017 NASCAR season, the stage based racing format which breaks the race approximately into thirds was announced with several goals in mind. First, it provides three periods of racing with natural breaks during the race for fans. Secondly, the stages are scored independently with points awarded for finishing in each stage that contribute toward the Championship. While the greatest amount of points are awarded for ultimately winning the race, the format provides a strong incentive for the drivers to compete throughout the race, which raises the level of excitement throughout for the viewing audience.

The new Playoff structure and stage based racing have driven competition to a whole new level with a thrilling, easy to understand format that we believe translates into greater fan interest and revenue opportunities for these events. We anticipate continued favorable momentum at our Playoff-related events as we move forward.

We support NASCAR's industry strategy on a number of fronts. As referenced above, we have committed to improving our major motorsports facilities to enhance guest experiences and create stronger fan engagement.

Specifically, one of the most ambitious and important projects in our history is the redevelopment of the frontstretch of the Daytona International Speedway, the Company's 59-year-old flagship motorsports facility. The new Daytona International Speedway is the world's first and only motorsports stadium featuring unique experiences for our guests and establishes new marketing platforms for corporate partners, broadcasters and industry stakeholders. Fan and

stakeholder feedback was overwhelmingly positive and financial results suggest us continuing to meet expectations from the project (See "DAYTONA Rising: Reimagining an American Icon"). We remain very confident that elevating the experience at the most important and iconic motorsports facility in North America will drive further growth for the DAYTONA 500 brand, our 12 other major motorsports facilities' brands and NASCAR's brand. We are also confident that this strategic project will positively influence attendance trends, corporate involvement in the sport, and long-term strength of future broadcast media rights revenues.

As part of our strategic plan and updated capital allocation strategy (See "Capital Improvements" and "Growth Strategies"), we recently announced that the Board of Directors approved a project to redevelop the grandstands and infield for Phoenix International Raceway ("Phoenix"). The project's cost is estimated to be approximately \$178.0 million and addresses critical facility maintenance, enhances the fan experience, provides valuable marketing assets for new sponsorship opportunities, and

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creates updated infield amenities including a new 'FanZone' where fans can view firsthand drivers and crews setting up their cars before the race. Phoenix is an attractive asset in our portfolio of tracks with a number of key attributes that include two major NASCAR Cup series weekends, including the second to the last Monster Energy NASCAR Cup Series event in the Playoffs, and a fan-favorite, unique racetrack configuration in the twelfth major media market. Phoenix exists in an attractive, but competitive, marketplace with an exciting opportunity to grow its brand, enhance the facility and guest experience and provide a sustainable financial return.

Admissions

Creating excess demand for live event attendance while focusing on providing the optimal supply of high-quality seating inventory is an important aspect of our operating strategy. By effectively managing both ticket prices and seating capacity, we have historically stimulated greater ticket renewals and driven advance ticket sales.

Advance ticket sales provide us many benefits such as earlier cash inflow and reducing the potential negative impact of actual or forecasted inclement weather. When evaluating ticketing initiatives, we first examine our ticket pricing structure for each segmented seating area and/or offering within our major motorsports entertainment facilities to ensure prices are on target with market demand. When determined necessary, we adjust ticket pricing. We believe our ticket pricing philosophy appropriately factors current demand and provides attractive price points for all income levels and desired fan experiences.

It is important that we maintain the integrity of our ticket pricing model by ensuring our customers who purchase tickets during the renewal period get preferential pricing. We do not adjust pricing downward inside of the sales cycle to avoid rewarding last-minute ticket buyers by discounting tickets. Further, we closely monitor and manage the availability of promotional tickets. Encouraging late cycle buying and offering excess promotional tickets could have a detrimental effect on our ticket pricing model and long-term value of our business. We believe it is more important to encourage advance ticket sales and maintain price integrity to achieve long-term growth rather than to capture short-term incremental revenue at the expense of our customers who purchased tickets during the renewal period. We continue to implement innovative ticket pricing strategies to capture incremental admissions revenue including ticket price increases over time as the event nears and adjusting pricing of specific seats within a section or row with desirable attributes and greater demand.

To provide our guests with the best fan experience possible, we have improved fan amenities such as wider seating, increased access to social zones which promote greater fan interaction/engagement, and adjusted sight lines for better viewing. Based on our experience, and the continual evolution of modern sports facilities, ticket demand relies strongly on creating a more personal experience for the fans. Enhancing the live event experience to differentiate it from the at-home television viewing experience, is a critical strategy for our future growth. Other benefits derived from capacity management include:

- improved pricing power for our events;
- enticing more customers to renew or purchase tickets earlier in the sales cycle;
- increasing customer retention;
- driving greater attendance to our lead-in events, such as NASCAR's Xfinity and Camping World Truck series events;
- generating stronger interest from corporate sponsors; and
- creating a more visually compelling event for the television audience.

Other key strategic focus areas designed to build fan engagement and augment the live-event experience include providing enhanced at-track audio and visual experiences, additional and improved concession and merchandise points-of-sale, creating more interactive social zones and offering greater wireless connectivity. We continuously monitor market demand, evaluate customer feedback, and explore next generation live-sports entertainment fan amenities, all of which could further impact how we manage capacity and spend capital at our major motorsports facilities.

Corporate Partnerships

The power of the NASCAR brand along with its brand/product loyal fan base creates a highly attractive platform for corporate participation. The participation of FORTUNE 500 companies in NASCAR is greater than in any other sports property with more than one in four FORTUNE 500 companies invested in NASCAR, and nearly half of the

FORTUNE 100 listed companies leverage NASCAR within their marketing strategy. The number of FORTUNE 500 companies investing in NASCAR has grown for five consecutive years, currently up approximately 7.0 percent from 2016. We anticipate this high-level of corporate interest will continue considering the appealing characteristics of our sport such as presence in key metropolitan statistical areas, the near year-round event schedule, our impressive portfolio of major motorsports events and attractive NASCAR fan demographics.

Even as companies demand more return on their marketing dollar, our company is focused on delivering an enhanced value proposition through our strategic initiatives. This includes enhanced facilities, more frequent and diverse content at our facilities, and deeper understanding of and integration with our corporate partners' business, among other things.

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We continue to be pleased with corporate sales organic growth and sales driven by strong corporate demand from DAYTONA Rising, which opened in fiscal 2016. For DAYTONA Rising, we secured five long-term founding partnerships with Toyota, Florida Hospital, Chevrolet, Sunoco, and Axalta, all of which meet or exceed ten year relationships. The longer deal terms provide solid long-term contracted income visibility and allows our sales team to focus on incremental revenue generation and allows our partners more time to benefit from sponsor activation. This year marks the beginning of a new, exciting era for NASCAR's premiere racing series. The introduction of Monster Energy as the series entitlement sponsor for the NASCAR Cup Series establishes a new brand identity that is modern, yet embraces the heritage of NASCAR racing. NASCAR has expressed that Monster Energy will bring greater commitment and activation to the sponsorship platform including greater exposure to younger demographics. 2016 concluded the NASCAR and ISC agreements with Sprint as the Cup series entitlement sponsor, which included various inventory and activation rights at ISC tracks. Of note, NASCAR and ISC agreements with Sprint were originally negotiated in the mid-2000's, pre-recession. ISC has similar agreements for track inventory in place with Monster Energy, however, the economics of the agreements results in a one-time reset in fiscal 2017. We expect overall gross corporate sales to decline approximately 1.0 percent in 2017 due to the reset of these agreements. Excluding the one-time reset, gross corporate sales are forecast to grow between 1.0 percent and 2.0 percent in fiscal 2017, with escalators in the low-to-mid single digits going forward.

As of June 2017, for remaining events, we have open entitlements for only one Monster Energy NASCAR Cup series event and one NASCAR Xfinity series event. For fiscal 2017, we have agreements in place for approximately 94.0 percent of our gross marketing partnership revenue target. This is compared to fiscal 2016 at this time when we had approximately 96.0 percent of our gross marketing partnership revenue target sold and had entitlements for one Monster Energy NASCAR Cup and two NASCAR Xfinity entitlements either open or not announced. With a majority of our event entitlements secured, we can focus more resources on official status categories, which will better position us to meet our gross marketing partnership revenue target for fiscal 2017.

Television Broadcast and Ancillary Media Rights

Domestic broadcast and ancillary media rights fees are ISC's largest revenue segment, accounting for approximately 49.2 percent of fiscal 2016 total revenues.

In August 2013, NASCAR finalized multi-platform broadcast rights agreements with NBCUniversal ("NBC") and FOX Broadcasting Company ("FOX") for 10 years, beginning in 2015 through the 2024 season, for the broadcast and related rights for NASCAR's three national touring series. Financial terms were not disclosed but leading industry sources estimate the combined agreements value at approximately \$8.2 billion over the 10 years. The agreements include Spanish-language rights and the rights to stream authenticated NASCAR content over the broadcasters' affiliated digital platforms. The streaming and/or video-on-demand rights are often referred to as 'TV Everywhere' rights in the broadcast industry. These rights are important to the broadcasters, who can monetize alternative digital delivery methods of NASCAR content, and address the shifting ways people consume live sports content.

FOX has exclusive rights to the first 16 Monster Energy NASCAR Cup Series point races beginning each year with the prestigious DAYTONA 500. In addition, FOX retains the rights to the NASCAR Cup Series All-Star Race, The Advance Auto Parts Clash, Can-Am Duel, 14 NASCAR Xfinity Series events and the entire NASCAR Camping World Truck Series. NBC has exclusive rights to the final 20 Monster Energy NASCAR Cup Series point's races including NASCAR's Playoffs, final 19 NASCAR Xfinity Series events, select NASCAR Regional & Touring Series events and other live content beginning in fiscal 2015. In fiscal 2017, NASCAR will have 17 Monster Energy NASCAR Cup races on network television, the same as fiscal 2016.

NASCAR's solid ratings, the strong demand for live sports programming and the proliferation of on-demand content were significant factors for NASCAR signing the largest broadcast rights deal in the sport's 69-year history.

In August 2013, FOX debuted its 24-hour Fox Sports 1 network to compete with ESPN. Fox Sports 1 is available in approximately 85 million television households. In addition to NASCAR, Fox Sports 1 has deals for Major League Baseball, college football and basketball, Ultimate Fighting Championship, Major League Soccer, United States Golf Association, as well as other sports. Fox Sports 1 represents the latest in the long migration of marquee sports from broadcast television to cable/satellite, who generally can support a higher investment due to subscriber fees that are

not available to traditional networks. In 2016, Fox Sports 1 broadcast seven live Monster Energy NASCAR Cup events and eleven NASCAR Xfinity events. NASCAR events and content are consistently among the highest rated programming on Fox Sports 1.

In January 2, 2012, NBC Sports Network (NBCSN) was re-branded to align NBC owned sports channels with its NBC sports division, which consists of a unique array of sports assets, including NBC Sports, NBC Olympics, NBC Sports Network

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("NBCSN") , Golf Channel, 10 NBC Sports Regional Networks, NBC Sports Radio and NBC Sports Digital (Sports Live Extra). NBCSN is available in approximately 84 million pay television homes. NBC Sports Group possesses an unparalleled collection of television rights agreements, and in addition to NASCAR partners with some of the most prestigious sports properties in the world including the International Olympic Committee and United States Olympic Committee, the NFL, NHL, PGA TOUR, The R&A, PGA of America, Churchill Downs, Premier League, Tour de France, French Open, Formula One, IndyCar and many more. In 2016, NBCSN broadcast twelve Monster Energy NASCAR Cup events and thirteen NASCAR Xfinity events, which represented some of the highest rated programming for NBCSN.

NASCAR continues to deliver strong audiences in a changing media consumption environment. Even as fans of all sporting events choose to consume media content through digital and social media channel alternatives in addition to or in lieu of television viewing, NASCAR's live television draw is powerful. Monster Energy NASCAR Cup series events ranked as the number one or two sports broadcast of the weekend seventeen times during the 2016 season, averaging approximately 4.6 million viewers per broadcast and approximately 58.0 million total unique television viewers.

Kicking off the 2017 NASCAR season, this year's Daytona 500 proved once again why it is the premiere and most significant motorsports event in the world. The race coverage and consumption was massive in scale garnering a 6.6 rating with an average of 11.9 million viewers tuning in per minute, growing viewership approximately 5.0 percent year-over-year. In addition to the overall viewership, the Daytona 500 delivered positive viewership gains across key demographics such as 16.0 percent audience increase in adults age 18 to 34. The race generated the largest millennial audience since 2013.

Through the first sixteen NASCAR Monster Energy Series Cup events of the 2017 season, and excluding events impacted by rain in 2016 and/or 2017, year to date television viewership is down by approximately ten percent. For thirteen out of these sixteen events, Monster Energy NASCAR Cup was the number one or two sport of that weekend on television averaging, over 5.5 million viewers per week.

Domestic broadcast rights fees provide significant cash flow visibility to us, race teams and NASCAR over the contract term. Television broadcast rights fees received from NASCAR for the Monster Energy NASCAR Cup, Xfinity and Camping World Truck series events conducted at our wholly owned facilities under these agreements, and recorded as part of motorsports related revenue, were approximately \$146.6 million and \$151.9 million for the six months ended May 31, 2016 and 2017, respectively. Operating income generated by these media rights were approximately \$108.2 million and \$110.6 million for the six months ended May 31, 2016 and 2017, respectively.

As media rights revenues fluctuate so do the variable costs tied to the percentage of broadcast rights fees required to be paid to competitors as part of Monster Energy NASCAR Cup, Xfinity and Camping World Truck series sanction agreements. NASCAR event management fees ("NEM" or "NASCAR direct expenses") are outlined in the sanction agreement for each event and are negotiated in advance of an event. As previously discussed, included in these NASCAR direct expenses are amounts equal to 25.0 percent of the gross domestic television broadcast rights fees allocated to our Monster Energy NASCAR Cup, Xfinity and Camping World Truck series events, as part of NASCAR event management fees (See "Critical Accounting Policies and Estimates - Revenue Recognition"). The NASCAR event management fees are contracted from 2016 through 2020 under the five-year sanction agreements (see Sanctioning Bodies) and paid to NASCAR to contribute to the support and growth of the sport of NASCAR stock car racing through payments to the teams and sanction fees paid to NASCAR. As such, we do not expect these costs to materially decrease in the future as a percentage of admissions and motorsports related income.

Digital Media Content

A 2016 digital media study conducted by Deloitte reported on the current dynamic media landscape transforming as a result of new technologies available and the evolving ways people choose to consume media content. A few of the study's key findings are as follows:

The study evaluated the key segments of the U.S. adult population for technology and consumption preferences.

♣ Millennials, defined as adults born after 1983, now make up the largest single segment of generational consumers at approximately 33.0 percent of the adult population.

• Across all generations, smart phones are the highest valued technology product device, far outweighing flat-screen TV's.

• Nearly a quarter of the U.S. population own a streaming media device, and nearly half of U.S. consumers subscribe to a streaming video service.

• Millennials spend approximately 50.0 percent of their time watching movies and TV shows on a device other than a television, with approximately 20.0 percent watching on mobile devices.

• Checking social networks is a daily habit for more than half of all U.S. consumers, skewing much higher for younger demographics.

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Social media has surpassed television as the most popular source of news for millennials.

Even as the environment is changing, content is still in high-demand regardless of how it is consumed. However, these statistics point to the importance of providing content through multiple, alternative channels as the importance of digital and social delivery methods continues to progress.

NASCAR's media strategy is focused on developing rich content and providing access through all of the potential ways people consume media, whether through traditional television viewership, dynamic web/mobile content, and/or through social-media channels. NASCAR continuously evaluates content consumption with balanced metrics that track all distribution channels measuring television, digital channels, and social media channel consumption.

On the digital distribution front, NASCAR continually enhances NASCAR.com and NASCAR Mobile applications to strengthen the Industry's digital presence and drive enhanced fan engagement. Additionally, NASCAR continues to learn from the Fan and Media Engagement Center, which is another powerful tool to better understand digital conversations and optimize engagement with the social community.

The Daytona 500 solidified the importance of digital and social channels as a means to consume and engage NASCAR. A few key digital/social performance highlights from that race are as follows:

• Digital sites generated approximately 2.5 million race day visits, up approximately 47.0 percent compared to last year.

• The newly redesigned Race Center was the leading product consumed, with more than 73 thousand visits per hour.

• For NASCAR mobile, usage increased approximately 27.0 percent over prior year.

• NASCAR Digital also saw an approximate 36.0 percent race day lift in traffic from Mexico, led by interest in young driver Daniel Suarez.

• On social channels, 2.2 million people engaged with content about the race making it the most socially engaging television program of that week, behind only the Oscars.

• Overall, there were 51.3 million race day social impressions.

Through sixteen NASCAR Monster Energy Series Cup events of the 2017 season, NASCAR Digital Platforms (NASCAR.com, NASCAR Mobile web and NASCAR Mobile applications) continue delivering positive results with over 108 million total visits an average of 1.7 million race day visits, representing a 30% increase versus the same number of events in 2016. Additionally, NASCAR's social content has generated over 1.9 billion impressions, an average of 24 million race day impressions season to date.

We are encouraged by the growing reach and engagement that is a direct result of our Industry's strategic initiatives. We expect these channels to continue to grow and believe the industry is well positioned to monetize these channels as our fans (mirroring society-at-large) consume more content in non-traditional ways.

Along with NASCAR, we closely monitor changes in the television and media landscape. As the media landscape continues to evolve we believe we are well positioned to navigate because of our long-term partnerships with industry leaders FOX and NBC, who own the rights to digital distribution of NASCAR content through our current broadcast agreement through 2024. Collectively we view the shifts in media consumption as positives for consumers and provides our sport the opportunity to develop and deliver compelling content in rich and diverse ways to interact with our fans. In addition, NASCAR continuously monitors the broadcast environment and seeks to maximize its return on content with our partners and for the industry stakeholders.

Sanctioning Bodies

Our success has been, and is expected to remain, dependent on maintaining good working relationships with the organizations that sanction events at our facilities, particularly with NASCAR, whose sanctioned events at our wholly owned facilities accounted for approximately 89.1 percent of our revenues in fiscal 2016. NASCAR continues to entertain and discuss proposals from track operators regarding potential realignment of their portfolio of Monster Energy NASCAR Cup Series dates to more geographically diverse and potentially more desirable markets where there may be greater demand, resulting in an opportunity for increased revenues to the track operators. We believe that realignments have provided, and will continue to provide, incremental net positive revenue and earnings as well as further enhance the sport's exposure in highly desirable markets, which we believe benefits the sport's fans, teams, sponsors and television broadcast partners as well as promoters.

In October 2015, we entered into five year sanction agreements with NEM, an affiliate of NASCAR, for the promotion of the Company's inventory of Monster Energy NASCAR Cup, Xfinity and Camping World Truck Series events. In fiscal 2017, we will conduct 21 Monster Energy NASCAR Cup Series events, 14 NASCAR Xfinity Series events, and 9 NASCAR Camping World Truck Series events. Each Sanction Agreement is for a term of five years. Other than the term, the Sanction Agreements are substantially similar to those entered into in previous years. The Sanction Agreements contain annual increases of between

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3.0 percent and 4.0 percent in media rights fees for each sanctioned event conducted, and provide a specific percentage of media rights fees to be paid to competitors. The Sanction Agreements also provide for annual increases in sanction fees and non-media rights related prize and point fund monies (to be paid to competitors) of approximately 4.0 percent annually over the term of the Sanction Agreements. NASCAR and NEM are controlled by members of the France Family Group which controls approximately 73.7 percent of the combined voting power of the outstanding stock of the Company, as of May 31, 2017, and some members of which serve as directors and officers of International Speedway Corporation. The Company strives to ensure, and management believes that, the terms of the Sanction Agreements are no less favorable to the Company than could be obtained in arms-length negotiation. Collectively, the media rights fees, sanction fees and non-media prize and point fund fees that we pay are referred to as NASCAR Event Management fees.

Capital Improvements

Enhancing the live event experience for our guests is a key strategic pillar to drive future growth. We compete for the consumers' discretionary dollar with other entertainment options such as concerts and other major sporting events not just motorsports events. In addition, fans continue to demonstrate willingness to pay for more unique, immersive, and segmented experiences that cannot be duplicated at-home. Today's consumer wants improved traffic flow, comfortable and wider seating, clean and available restroom facilities, more points of sale, enhanced audio and visual engagement, social zones and greater connectivity. Providing these enhancements often requires capital reinvestment. We are confident that our focus on driving incremental earnings by improving the fan experience leads to increased ticket sales and better ticket pricing power, growth in sponsorship and hospitality sales, solidifying prospects for longer-term growth in broadcast media rights fees agreements, and greater potential to capture market share. We remain confident that by continuing to smartly reinvest to create memorable guest experiences, provide attractive pricing and fantastic racing, we will generate increased revenues and bottom-line results. This has most recently been evident in the success of our redevelopment of the frontstretch at Daytona International Speedway.

While we focus on allocating our capital to generate returns in excess of our cost of capital, certain of our capital improvement investments may not provide immediate, directly traceable near term positive returns on invested capital, but over the longer term, will better enable us to effectively compete with other entertainment venues for consumer and corporate spending. See Capital Allocation in Liquidity and Capital Resources section of Management's Discussion and Analysis for a complete discussion of how capital improvements at existing facilities integrates into our overall capital allocation.

Growth Strategies

Our growth strategies also include exploring ways to grow our businesses through acquisitions and external developments that offer attractive financial returns. This has been demonstrated through our joint venture to develop and operate a Hollywood-themed casino and branded entertainment destination facility overlooking turn two at Kansas Speedway ("Kansas") (see "Hollywood Casino at Kansas Speedway").

We expect for our 2017 fiscal year that our share of the pre-tax cash flow from the casino's operations will be approximately \$25.0 million to \$26.0 million.

Since June 2013, we have pursued development of ONE DAYTONA, a premier mixed use and entertainment destination across from the Daytona International Speedway. In fiscal 2016, we commenced vertical construction on portions of the property and continue our site work for additional vertical construction. We are targeting phase one completion in late fiscal 2017 (see "Liquidity and Capital Resources - ONE DAYTONA").

We remain interested in pursuing further ancillary developments at certain of our other motorsports facilities which enhance our core business, are market-driven, and provide a prudent return on investment.

Postponement and/or Cancellation of Major Motorsports Events

We promote outdoor motorsports entertainment events. Weather conditions affect sales of, among other things, tickets, food, drinks and merchandise at these events. Poor weather conditions prior to an event, or even the forecast of poor weather conditions, could have a negative impact on us, particularly for walk-up ticket sales to events which are not sold out in advance. If an event scheduled for one of our facilities is delayed or postponed because of weather, we could incur increased expenses associated with conducting the rescheduled event, as well as possible decreased

revenues from tickets, food, drinks and merchandise at the rescheduled event. Moreover, the forecast of poor weather conditions and/or the delay or postponement of an event due to weather conditions could have a negative impact on renewals for the following year. If such an event is canceled, we would incur the expenses associated with preparing to conduct the event as well as losing the revenues associated with the event.

If a canceled event is part of the Monster Energy NASCAR Cup, Xfinity or Camping World Truck series, in the year of cancellation we could experience a reduction in the amount of money we expect to receive from television revenues for all of

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our NASCAR-sanctioned events in the series that experienced the cancellation. This would occur if, as a result of the cancellation, and without regard to whether the canceled event was scheduled for one of our facilities, NASCAR experienced a reduction in television revenues greater than the amount scheduled to be paid to the promoter of the canceled event.

Acts of terrorism or violence at mass gatherings or sporting events, prospects of war, global economic uncertainty, or a widespread outbreak of a severe epidemiological crisis, resulting in public fears regarding attendance at sporting events or mass gatherings, could negatively impact attendance at our events. Any one of these items could increase our expenses related to insurance, security and other related matters. In addition, the delay, postponement or cancellation of major motorsports events could have an adverse impact on us such as increased expenses associated with conducting the rescheduled event, as well as possible decreased revenues from tickets, food, drinks and merchandise at the rescheduled event. If such an event is canceled, we would incur the expenses associated with preparing to conduct the event as well as losing the revenues, including any live broadcast revenues, associated with the event.

Seasonality and Quarterly Results

We derive most of our income from a limited number of NASCAR-sanctioned races. As a result, our business has been, and is expected to remain, highly seasonal based on the timing of major racing events. Future schedule changes as determined by NASCAR or other sanctioning bodies, as well as the acquisition of additional, or divestiture of existing, motorsports entertainment facilities could impact the timing of our major events in comparison to prior or future periods. Because of the seasonal concentration of racing events, the results of operations for the three and six month periods ended May 31, 2016 and 2017, are not indicative of the results to be expected for the year.

GAAP to Non-GAAP Reconciliation

The following discussion and analysis of our financial condition and results of operations is presented below using other than U.S. generally accepted accounting principles ("non-GAAP") and includes certain non-GAAP financial measures as identified in the reconciliation below. The non-GAAP financial measures disclosed herein do not have standard meaning and may vary from the non-GAAP financial measures used by other companies or how we may calculate those measures in other instances from time to time when discussing the Company's activity on a consolidated basis, or discrete items within the Company's activities. Non-GAAP financial measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Also, our "core" financial measures should not be construed as an inference by us that our future results will be unaffected by those items, which are excluded from our "core" financial measures.

We believe such non-GAAP information is useful and meaningful, and is used by investors to assess the performance of our core operations, which primarily consists of the ongoing promotions of racing events at our major motorsports entertainment facilities. Such non-GAAP information separately identifies, displays, and adjusts for items that are not considered to be reflective of our continuing core operations at our motorsports entertainment facilities. We believe that such non-GAAP information improves the comparability of the operating results and provides a better understanding of the performance of our core operations for the periods presented.

We use this non-GAAP information to analyze the current performance and trends and make decisions regarding future ongoing operations. This non-GAAP financial information may not be comparable to similarly titled measures used by other entities and should not be considered as an alternative to operating income, net income or diluted earnings per share, which are determined in accordance with GAAP. The presentation of this non-GAAP financial information is not intended to be considered independent of or as a substitute for results prepared in accordance with GAAP. Management uses both GAAP and non-GAAP information in evaluating and operating the business and as such deemed it important to provide such information to investors.

The following financial information is reconciled to comparable information presented using GAAP. Non-GAAP net income and diluted earnings per share below are derived by adjusting amounts determined in accordance with GAAP for certain items presented in the accompanying selected operating statement data.

The adjustments for fiscal 2016 relate to non-recurring, pre-opening costs incurred associated with DAYTONA Rising, losses associated with the retirements of certain other long-lived assets related to capacity management initiatives (related to the removal of grandstands at Richmond) and items in connection with DAYTONA Rising, capitalized interest related to the DAYTONA Rising and ONE DAYTONA projects, and the net gain on sale of certain assets (predominately associated with the sale of trailers in association with the transition of merchandise operations), and gain on sale of Staten Island property.

The adjustments for fiscal 2017 relate to non-recurring costs incurred associated with Phoenix Redevelopment project, accelerated depreciation (predominately associated with the Phoenix Redevelopment project), legal settlement, losses associated with the retirements of certain other long-lived assets related to the Phoenix Redevelopment project, and capitalized interest related to the ONE DAYTONA and Phoenix Redevelopment projects.

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Amounts are in thousands, except per share data, which is shown net of income taxes, (unaudited):

| Three Months Ended May 31, 2016 | | | | |
|--|---------------------------|-------------------------|---------------|--------------------------|
| | Income Before Taxes | Income Tax Effect | Net Income | Earnings Per Share |
| GAAP | \$36,156 | \$14,258 | \$21,898 | \$ 0.47 |
| Adjustments: | | | | |
| Losses on retirements of long-lived assets | 10 | 4 | 6 | 0.00 |
| Gain on sale of Staten Island | (13,631) | (5,262) | (8,369) | (0.18) |
| Net gain on sale of certain assets | (213) | (82) | (131) | 0.00 |
| Non-GAAP | \$22,322 | \$8,918 | \$13,404 | \$ 0.29 |

| Three Months Ended May 31, 2017 | | | | |
|--|---------------------------|-------------------------|---------------|--------------------------|
| | Income Before Taxes | Income Tax Effect | Net Income | Earnings Per Share |
| GAAP | \$21,410 | \$8,183 | \$13,227 | \$ 0.29 |
| Adjustments: | | | | |
| Phoenix Redevelopment project | 89 | 34 | 55 | 0.00 |
| Accelerated depreciation | 2,040 | 780 | 1,260 | 0.03 |
| Losses on retirements of long-lived assets | 283 | 108 | 175 | 0.00 |
| Legal settlement | (980) | (375) | (605) | (0.01) |
| Capitalized interest | (812) | (310) | (502) | (0.01) |
| Non-GAAP | \$22,030 | \$8,420 | \$13,610 | \$ 0.30 |

| Six Months Ended May 31, 2016 | | | | |
|--|---------------------------|-------------------------|---------------|--------------------------|
| | Income Before Taxes | Income Tax Effect | Net Income | Earnings Per Share |
| GAAP | \$68,297 | \$26,568 | \$41,729 | \$ 0.90 |
| Adjustments: | | | | |
| DAYTONA Rising project | 787 | 304 | 483 | 0.01 |
| Losses on retirements of long-lived assets | 930 | 360 | 570 | 0.01 |
| Capitalized interest | (627) | (242) | (385) | (0.01) |
| Gain on sale of Staten Island | (13,631) | (5,262) | (8,369) | (0.18) |
| Net gain on sale of certain assets | (277) | (107) | (170) | 0.00 |
| Non-GAAP | \$55,479 | \$21,621 | \$33,858 | \$ 0.73 |

| Six Months Ended May 31, 2017 | | | | |
|--|---------------------------|-------------------------|---------------|--------------------------|
| | Income Before Taxes | Income Tax Effect | Net Income | Earnings Per Share |
| GAAP | \$55,732 | \$21,232 | \$34,500 | \$ 0.77 |
| Adjustments: | | | | |
| Phoenix Redevelopment project | 247 | 94 | 153 | 0.00 |
| Accelerated depreciation | 2,686 | 1,027 | 1,659 | 0.04 |
| Legal settlement | (980) | (375) | (605) | (0.01) |
| Losses on retirements of long-lived assets | 283 | 108 | 175 | 0.00 |

| | | | | |
|----------------------|----------|----------|----------|---------|
| Capitalized interest | (1,441) | (550) | (891) | (0.02) |
| Non-GAAP | \$56,527 | \$21,536 | \$34,991 | \$ 0.78 |

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In an effort to enhance the comparability and understandability of certain forward looking financial guidance, such as ONE DAYTONA and the Phoenix Redevelopment project (see "Liquidity and Capital Resources"), we adjust for certain non-recurring items that will be included in our future GAAP reporting to provide information that we believe best represents our expectations for our core business performance. Non-GAAP financial measures, such as EBITDA, which we interpret to be calculated as GAAP operating income, plus depreciation, amortization, impairment/losses on retirements of long-lived assets, other non-GAAP adjustments, and cash distributions from equity investments, are used in our analysis. We have not reconciled the non-GAAP forward-looking measure to its most directly comparable GAAP measure. Such reconciliations would require unreasonable efforts to estimate and quantify various necessary GAAP components largely because forecasting or predicting our future operating results is subject to many factors not in our control or not readily predictable, as detailed in the Risk Factors section of the Company's previously publicly filed documents, Forms 10-K and 10-Q, with the SEC, any or all of which can significantly impact our future results. These components, and other factors, could significantly impact the amount of the future directly comparable GAAP measures, which may differ significantly from their non-GAAP counterparts.

Comparison of the Results for the Three and Six Months Ended May 31, 2017 to the Results for the Three and Six Months Ended May 31, 2016.

The following table sets forth, for each of the indicated periods, certain selected statement of operations data as a percentage of total revenues:

| | Three Months Ended May 31, 2016 (Unaudited) | | Six Months Ended May 31, 2016 (Unaudited) | |
|--|--|---|--|---|
| REVENUES: | | | | |
| Admissions, net | 18.2 | % | 17.3 | % |
| Motorsports and other event related | 72.2 | | 74.0 | |
| Food, beverage and merchandise | 6.1 | | 5.8 | |
| Other | 3.5 | | 2.9 | |
| Total revenues | 100.0 | | 100.0 | |
| EXPENSES: | | | | |
| Direct: | | | | |
| NASCAR event management fees | 27.8 | | 29.2 | |
| Motorsports and other event related | 21.5 | | 21.0 | |
| Food, beverage and merchandise | 4.5 | | 4.4 | |
| Other operating expenses | 0.1 | | 0.4 | |
| General and administrative | 16.5 | | 16.5 | |
| Depreciation and amortization | 15.5 | | 17.1 | |
| Losses on asset retirements | — | | 0.2 | |
| Total expenses | 85.9 | | 88.8 | |
| Operating income | 14.1 | | 11.2 | |
| Interest income | 0.0 | | 0.2 | |
| Interest expense | (2.2) | | (1.9) | |
| Equity in net income from equity investments | 2.5 | | 3.5 | |
| Other | 7.2 | | 0.0 | |
| Income before income taxes | 21.6 | | 13.0 | |
| Income taxes | 8.5 | | 5.0 | |
| Net income | 13.1 | % | 8.0 | % |

Comparability of results for the three and six months ended May 31, 2017 to the same periods in fiscal 2016 was impacted by the following:

In the first quarter of fiscal 2017, we hosted the Ferrari World Finals at Daytona International Speedway ("Daytona"), for which there was no comparable event in fiscal 2016;

In the second quarter of fiscal 2017, the Hollywood Casino at Kansas Speedway recognized a reduction in depreciation expense as a result of certain assets that have been fully depreciated as compared to the same period in

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the prior year. For the three and six months ended May 31, 2017, our 50.0 share of the reduction in depreciation expense was approximately \$1.3 million and \$1.5 million, respectively.

During the three months ended May 31, 2017, we received a favorable settlement relating to certain facility operations of approximately \$1.0 million or \$0.01 per diluted share. There was no comparable activity in the same period of the prior year.

During the three and six months ended May 31, 2017, we recognized approximately \$0.1 million and \$0.2 million, or less than \$0.01 per diluted share, for both periods respectively, in non-recurring, pre-opening costs that are included in general and administrative expense related to the Phoenix Redevelopment project. During the six months ended May 31, 2016, we recognized approximately \$0.8 million, or \$0.01 per diluted share, in non-recurring, pre-opening costs that are included in general and administrative expense related to DAYTONA Rising. There were no similar costs incurred for the three months ended May 31, 2016;

During the three and six months ended May 31, 2017, we recognized approximately \$2.0 million and \$2.7 million, or \$0.03 per diluted share and \$0.04 per diluted share, of accelerated depreciation due to shortening the service lives of certain assets associated with the Phoenix Redevelopment project. There were no similar costs during the three and six months ended May 31, 2016;

During the three and six months ended May 31, 2017, we recognized approximately \$0.3 million, or less than \$0.01 per diluted share, for both periods respectively, of asset retirement losses primarily attributable to demolition and/or asset relocation costs in connection with the Phoenix Redevelopment project. During the six months ended May 31, 2016, we recognized approximately \$0.9 million, or \$0.01 per diluted share, of similar losses in connection with demolition and/or asset relocation costs in connection with facility capital improvements. There were de minimis costs incurred for the three months ended May 31, 2016;

During the three months ended May 31, 2017, we capitalized approximately \$0.8 million, or \$0.01 per diluted share, of interest, predominately relating to approximately \$0.6 million, or \$0.01 per diluted share, associated with ONE DAYTONA and approximately \$0.2 million, or less than \$0.01 per diluted share, of interest associated with the Phoenix Redevelopment project. During the six months ended May 31, 2017, we capitalized approximately \$1.4 million, or \$0.02 per diluted share, of interest, predominately relating to approximately \$1.1 million, or \$0.02 per diluted share, associated with ONE DAYTONA and approximately \$0.3 million, or less than \$0.01 per diluted share, of interest associated with the Phoenix Redevelopment project. During the six months ended May 31, 2016, we capitalized approximately \$0.6 million, or \$0.01 per diluted share, of interest related to DAYTONA Rising. There were no similar charges in the three months ended May 31, 2016; and

In the second quarter of fiscal 2016, we completed an assignment of all rights, title and interest in the mortgage and underlying promissory note of our Staten Island property. As a result, we recorded a gain of approximately \$13.6 million, or 0.18 per diluted share, comprised of deferred gain, interest, and other consideration paid. The deferred gain of \$1.9 million is included in Other operating revenue in our consolidated statement of operations, and the interest, and additional consideration, received is included in Other in our consolidated statement of operations (see "Equity and Other Investments"). There was no comparable transaction in the current year.

Admissions revenue decreased by approximately \$1.8 million and \$2.3 million, or 5.9 percent and 3.7 percent, during the three and six months ended May 31, 2017, respectively, as compared to the same periods of the prior year.

- The decrease in the current three month period is substantially due to lower attendance and admissions for NASCAR and other events held during the period. Partially offsetting the decrease in the three month period, by approximately \$0.3 million, were non-event admission revenues.

The decrease in the six month period is substantially due to the lower attendance and admissions for supporting events held during Daytona Speedweeks and NASCAR and the aforementioned events held in the current three month period. Partially offsetting this decrease were increased admissions revenue for the Daytona 500 and the aforementioned Ferrari World Finals.

Motorsports and other event related revenue increased approximately \$1.3 million and \$6.1 million, or 1.1 percent and 2.8 percent, during the three and six months ended May 31, 2017, respectively, as compared to the same periods of the prior year.

- The increase in the current three month period is substantially due to increases in television broadcast revenue of approximately \$3.1 million partially offset by decreases in sponsorship, hospitality, advertising, and other related revenues totaling approximately \$1.8 million.

- The increase in the six month period is substantially due to increases in television broadcast revenue of approximately \$5.3 million, increases in sponsorship and hospitality revenues of approximately \$1.0 million for Speedweeks events held at Daytona, increases in track rentals of approximately \$1.0 million, and sponsorship revenues of approximately

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\$0.4 million related to the aforementioned Ferrari World Finals. Partially offsetting these increases are decreases in sponsorship, hospitality, advertising, and other related revenues totaling approximately \$1.6 million.

Food, beverage and merchandise revenue decreased approximately \$0.8 million, or 7.5 percent, during the three months ended May 31, 2017 and increased approximately \$0.1 million, or 0.3 percent, during the six months ended May 31, 2017, as compared to the same periods of the prior year.

The decrease in the current three months period is predominately due to the aforementioned lower attendance for certain NASCAR events for the period, resulting in decreased concessions sales and merchandise rights fees of approximately \$0.6 million, and lower catering revenues of approximately \$0.2 million.

The slight increase in the six months period is substantially due to increased catering revenues of approximately \$0.9 million, predominately from the aforementioned Ferrari World Finals. Partially offsetting the increase were lower concession sales and merchandise rights revenues of approximately \$0.8 million.

NASCAR event management ("NEM") fees increased \$1.8 million and \$2.7 million, or 3.8 percent and 3.6 percent, for the three and six months ended May 31, 2017, respectively, as compared to the same periods of the prior year. The increase in contracted NEM fees during the current three and six month periods includes approximately \$0.9 million and \$1.5 million, respectively, attributable to the increase in television broadcast rights fees.

Motorsports related expenses decreased approximately \$1.3 million and \$0.2 million, or 3.7 percent and 0.3 percent, for the three and six months ended May 31, 2017, respectively, as compared to the same periods of the prior year.

The decrease in the current three months period is predominately due to reductions in purchased services of certain NASCAR events of approximately \$0.7 million. Also contributing to the decrease were reductions in other motorsports related costs of approximately \$0.8 million, offset by increases in track rental expense of approximately \$0.2 million.

The slight decrease in the six month period is predominately due to the aforementioned decreases in the three month period offset by increased costs of approximately \$0.9 million related to track rentals, increased purchased services of approximately \$0.4 million related to Speedweeks events held at Daytona, and approximately \$0.2 million of labor and purchased services related to the aforementioned Ferrari World Finals.

Motorsports related expenses as a percentage of combined admissions and motorsports related revenue remained consistent for the three and six months ended May 31, 2017 at approximately 23.0 percent and 21.3 percent, as compared to the same periods in the prior year.

Food, beverage and merchandise expense decreased approximately \$0.3 million and \$0.5 million, or 4.2 percent and 3.9 percent, during the three and six months ended May 31, 2017, respectively, as compared to the same periods of the prior year.

The decrease in the current three month period is primarily due to lower concessions and catering expenses related to the aforementioned lower food, beverage and merchandise revenues, for certain NASCAR and other events, in the period.

The decrease in the six month period is primarily due to approximately \$0.9 million related to efficiencies created in catering and concessions as a result of the DAYTONA Rising project during Speedweeks events held at Daytona, as compared to the same period in the prior year, as well as lower concessions and catering expenses for certain other NASCAR events in the period. Partially offsetting this decrease were increases in catering and concessions of approximately \$0.6 million related to the aforementioned Ferrari World Finals.

Food, beverage and merchandise expense as a percentage of food, beverage and merchandise revenue increased to approximately 76.1 percent for the three months ended May 31, 2017, compared to 73.5 percent for the same period in the prior year. The reduction in margin for the period is predominately due to lower revenues on higher margin product sales and merchandise rights fees, as compared to the same period in the prior year.

Food, beverage and merchandise expense as a percentage of food, beverage and merchandise revenue decreased to approximately 71.1 percent for the six months ended May 31, 2017, compared to approximately 74.2 percent for the same period in the prior year. The improvement in margin for the six month period is a result of the aforementioned operating efficiencies and lower cost of sales in concessions and catering as a result of the DAYTONA Rising project during Speedweeks events held at Daytona. Partially offsetting the margin improvement was the aforementioned

margin reduction from the three months ended May 31, 2017.

General and administrative expenses decreased approximately \$0.4 million and \$0.2 million, or 1.3 percent and 0.3 percent, during the three and six months ended May 31, 2017, respectively, as compared to the same periods of the prior year.

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- The decrease in the current three month period is primarily due to reductions in consulting, maintenance and other purchased services of approximately \$0.9 million, offset by increases in certain administrative costs of approximately \$0.5 million, which include approximately \$0.2 million of one-time charges.

The decrease in the six month period is primarily due to approximately \$0.8 million of costs associated with the opening of the world's first motorsports stadium at Daytona in fiscal 2016, for which there were no comparable costs in the current period. Also contributing to the decrease were reductions in consulting, maintenance and other purchased services of approximately \$0.6 million, offset by increases in certain administrative costs of approximately \$1.2 million, which include approximately \$0.2 million of one-time charges.

General and administrative expenses as a percentage of total revenues remained consistent for the three months ended May 31, 2017 at 16.5 percent, and decreased slightly for the six months ended May 31, 2017, to 17.1 percent from 17.3 percent for the same respective period in the prior year.

Depreciation and amortization expense increased approximately \$2.3 million and \$3.7 million, or 8.8 percent and 7.3 percent, respectively, during the three and six months ended May 31, 2017, respectively, as compared to the same periods of the prior year.

The increase in the current three month period is primarily due to approximately \$2.2 million of accelerated depreciation relating to the new Phoenix Redevelopment project and approximately \$0.5 million relating to new assets placed in service associated with ONE DAYTONA and other owned facilities. Partially offsetting the increase is approximately \$0.4 million related to assets that have been fully depreciated, or removed from service, as compared to the same respective periods in the prior year.

The increase in the six month period is primarily due to approximately \$2.8 million of accelerated depreciation relating to the new Phoenix Redevelopment project, approximately \$0.6 million relating to full-year impact of assets placed in service in 2016 associated with DAYTONA Rising and approximately \$0.9 million relating to new assets placed in service associated with ONE DAYTONA and other owned facilities. Partially offsetting the increase for the six month period, is approximately \$0.6 million related to assets that have been fully depreciated, or removed from service, as compared to the same respective periods in the prior year.

Losses on retirements of long-lived assets increased approximately \$0.4 million for the three months ended May 31, 2017 and decreased approximately \$0.5 million, for the six months ended May 31, 2017, as compared to the same periods of the prior year.

The increase in the current three months ended May 31, 2017 is predominately due to demolition costs related to the new Phoenix Redevelopment project, for which there are no comparable costs in the prior year. The decrease in the six month period ending May 31, 2017 relates to fiscal 2016 costs of approximately \$0.7 million in connection with capacity management initiatives at Richmond and approximately \$0.2 million in connection with other facility capital improvements, partially offset by demolition costs related to the new Phoenix Redevelopment project in fiscal 2017. Interest income during the three and six months ended May 31, 2017 was comparable to the same period of the prior year.

Interest expense during the three and six months ended May 31, 2017, decreased approximately \$0.6 million and \$0.5 million, or 16.7 percent and 6.7 percent, respectively, as compared to the same periods of the prior year.

- The decrease in the three month period is predominately due to higher capitalized interest related to ONE DAYTONA, of approximately \$0.5 million, and the Phoenix Redevelopment project of approximately \$0.2 million. Partially offsetting the decrease in the three month period was an approximate increase of \$0.1 million related to certain other projects where assets were placed in service.

The decrease in the six month period is predominately due to higher capitalized interest related to ONE DAYTONA, of approximately \$1.1 million, and the Phoenix Redevelopment project, of approximately \$0.3 million. Partially offsetting the decrease in the six month period was an approximate increase of \$0.6 million related to capitalized interest associated with DAYTONA Rising in fiscal 2016, and approximately \$0.3 million related to certain other projects where assets were placed in service.

Equity in net income from equity investments substantially represents our 50.0 percent equity investment in Hollywood Casino at Kansas Speedway (see "Equity and Other Investments"). During the three and six months ended

May 31, 2017, equity in net income from equity investments increased approximately \$1.6 million and \$1.3 million, or 39.1 percent and 15.8 percent, as compared to the same periods of the prior year.

• The increase in the three month period is predominately a result of the aforementioned decrease in depreciation expense as a result of certain assets that have been fully depreciated as compared to the same period in the prior year.

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The increase in the six month period is predominately a result of the aforementioned decrease in depreciation expense as a result of certain assets that have been fully depreciated as compared to the same period in the prior year, partially offset by lower operating profits in the first quarter of fiscal 2017, as compared to same period in the prior year.

Our effective income tax rate was approximately 38.1 percent for the three and six months ended May 31, 2017, as compared to 39.4 percent and 38.9 percent for the same periods of the prior year (see "Income Taxes").

As a result of the foregoing, net income for the three and six month period ending May 31, 2017, as compared to the same periods in prior year, reflected a decrease of approximately \$8.7 million and \$7.2 million, or \$0.18 and \$0.13 per diluted share, respectively.

Liquidity and Capital Resources**General**

We have historically generated sufficient cash flow from operations to fund our working capital needs, capital expenditures at existing facilities, and return of capital through payments of an annual cash dividend and repurchase of our shares under our Stock Purchase Plan. In addition, we have used the proceeds from offerings of our Class A Common Stock, the net proceeds from the issuance of long-term debt, borrowings under our credit facilities and state and local mechanisms to fund acquisitions and development projects. The following table sets forth, for each of the indicated periods, certain selected financial information (in thousands):

| | November 30, 2016 | May 31, 2017 |
|---------------------------|-------------------|--------------|
| | (Unaudited) | |
| Cash and cash equivalents | \$263,727 | \$312,075 |
| Working capital | 217,802 | 220,329 |
| Total debt | 262,820 | 262,571 |

At May 31, 2017, our working capital was primarily supported by our cash and cash equivalents totaling approximately \$312.1 million, an increase of approximately \$48.3 million from November 30, 2016.

Significant cash flow items during the six months ended May 31, 2016 and 2017, respectively, are as follows (in thousands):

| | May 31, 2016 | May 31, 2017 |
|--|--------------|--------------|
| | (Unaudited) | |
| Net cash provided by operating activities ⁽¹⁾ | \$183,245 | \$106,362 |
| Capital expenditures ⁽²⁾ | (81,778) | (40,568) |
| Distribution from equity investee ⁽³⁾ | 10,350 | 9,850 |
| Proceeds from sale of Staten Island property ⁽⁴⁾ | 66,728 | — |
| Net payments related to long-term debt | (418) | (444) |
| Reacquisition of previously issued common stock ⁽⁵⁾ | (26,453) | (17,323) |

(1) The decrease in net cash provided by operating activities, during the six months ended May 31, 2017, as compared to the same period in the prior year, is driven primarily by a Federal income tax refund received in February 2016

(2) Capital expenditures are predominately due to DAYTONA Rising and ONE DAYTONA, for fiscal 2016 and 2017 periods, respectively (see "Capital Expenditures")

(3) Distributions from equity investee, consists of amounts received as distribution from their profits, included in net cash provided by operating activities, and returns of capital, included in net cash used from investing activities, as detailed in our statement of cash flows

(4) Represents cash proceeds from sale of Staten Island property (see "Equity and Other Investments - Staten Island Property")

(5) Amounts relate to reacquisition of previously issued common stock (see "Item 2. Unregistered Sales of Equity Securities and Use of Proceeds")

Our liquidity is primarily generated from our ongoing motorsports operations and, to a lesser extent, our equity investment in Kansas Entertainment. We expect our strong operating cash flow to continue in the future. In addition, as of May 31, 2017, we have approximately \$296.0 million available to draw upon under our 2016 Credit Facility, if needed. See “Future Liquidity” for additional disclosures relating certain risks that may affect our near term operating results and liquidity.

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Allocation of capital is driven by our long-term strategic planning and initiatives that encompass our mission, vision and values. Our primary uses of capital are to maintain modest debt levels that are consistent with our current investment grade debt rating from Standard and Poor's. We will invest in our facilities to improve the guest experience and we will make investments in strategic projects that complement our core business and provide value for our shareholders, all of which is balanced with returning capital to our shareholders through share repurchases and dividends.

Capital Allocation

We have established a long-term capital allocation plan to ensure we generate sufficient cash flow from operations to fund our working capital needs, capital expenditures at existing facilities, and return of capital through payments of an annual cash dividend and repurchase of our shares under our Stock Purchase Plan. In addition, we have used the proceeds from offerings of our Class A Common Stock, the net proceeds from the issuance of long-term debt, borrowings under our credit facilities and state and local mechanisms to fund acquisitions and development projects. We operate under a five-year capital allocation plan adopted by the Board of Directors, covering fiscal years 2017 through 2021. Components of this plan include:

Capital expenditures for existing facilities up to \$500.0 million from fiscal 2017 through fiscal 2021. This allocation will fund a reinvestment at Phoenix, as well as all other maintenance and guest experience capital expenditures for the remaining existing facilities. In 2017 we began the redevelopment of Phoenix (see "Phoenix Redevelopment") with completion targeted in late 2018, therefore, we expect spending to be somewhat front-loaded. While many components of these expected projects will exceed weighted average cost of capital, considerable maintenance capital expenditures, approximately \$40.0 million to \$60.0 million annually, will likely result in a blended return of this invested capital in the low-to-mid single digits;

In addition to the aforementioned \$500.0 million in capital expenditures for existing facilities, we expect we will have an additional \$95.0 million of capital expenditures, exclusive of capitalized interest and net of public incentives, related to ONE DAYTONA. Construction for ONE DAYTONA commenced in fiscal 2016. Approximately \$22.0 million of capital expenditures was spent as of November 30, 2016. The remaining approximate \$73.0 million of capital expenditures for ONE DAYTONA will be spent in fiscal years 2017 and 2018. We expect the returns of this investment to exceed our weighted average cost of capital.

In April 2017, our Board approved an additional approximate \$12.0 million of capital expenditures to further develop the previously purchased Volusia Point in 2011. Volusia Point is our retail property adjacent to ONE DAYTONA and will be re-branded the Shoppes at ONE DAYTONA (see "ONE DAYTONA").

As a result of this additional capital expenditure approval, the total investment in ONE DAYTONA, exclusive of capitalized interest and net of public incentives, will be approximately \$107.0 million.

Return of capital to shareholders through dividends and share repurchases is a significant pillar of our capital allocation. In fiscal 2016 we increased our dividend approximately 58.0 percent to \$0.41 per share, and in fiscal 2017, we increased our dividend approximately 4.9 percent to \$0.43 per share. We expect dividends to increase in 2018 and beyond, by approximately four to five percent annually. For the six months ended May 31, 2017, we repurchased 438,328 shares of ISCA on the open market at a weighted average share price of \$36.48 for a total of approximately \$16.0 million. At May 31, 2017, we had approximately \$190.6 million remaining repurchase authority under the current \$530.0 million Stock Purchase Plan.

For fiscal 2017 through 2021 we expect our return of capital program to be approximately \$280.0 million, comprised of close to \$100.0 million in total annual dividends and the balance being open market repurchase of ISCA shares over the five year period. At this time we expect this spending to be evenly allocated per year, although we will scale the repurchase program to buy opportunistically.

We will continue to explore development and/or acquisition opportunities beyond the initiatives discussed above that build shareholder value and exceed our weighted average cost of capital. Should additional development and/or acquisitions be pursued, we will provide discrete information on timing, scope, cost and expected returns of such opportunities.

The aforementioned represents certain components of our capital allocation plan for fiscal 2017 and beyond. This capital allocation plan is reviewed annually, or more frequently, and can be revised, if necessary, based on changes in business conditions.

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Capital Expenditures

As discussed in "Future Trends in Operating Results," an important strategy for our future growth will come from investing in our major motorsports facilities to enhance the live event experience and better enable us to effectively compete with other entertainment venues for consumer and corporate spending.

Capital expenditures for projects, including those related to ONE DAYTONA, were approximately \$40.6 million for the six months ended May 31, 2017. In comparison, the Company spent approximately \$81.8 million on capital expenditures for projects for the same period in fiscal 2016, primarily related to DAYTONA Rising. For fiscal 2017, we expect capital expenditures associated with the aforementioned capital allocation plan to range between approximately \$100.0 million and \$115.0 million for existing facilities, including the Phoenix Redevelopment project, and an additional \$50.0 million to \$60.0 million in capital expenditures related to construction for ONE DAYTONA. We review the capital expenditure program periodically and modify it as required to meet current business needs.

Future Liquidity

General

As discussed in "Future Trends in Operating Results," we compete for discretionary spending and leisure time with many other entertainment alternatives and are subject to factors that generally affect the recreation, leisure and sports industry, including general economic conditions. Our operations are also sensitive to factors that affect corporate budgets. Such factors include, but are not limited to, general economic conditions, employment levels, business conditions, interest and taxation rates, relative commodity prices, and changes in consumer tastes and spending habits. These factors may negatively impact year-over-year comparability for our revenue categories for the full year, with the exception of domestic broadcast media rights fees.

Our cash flow from operations consists primarily of ticket, hospitality, merchandise, catering and concession sales and contracted revenues arising from television broadcast rights and marketing partnerships. We believe that cash flows from operations, along with existing cash, cash equivalents and available borrowings under our credit facility, will be sufficient to fund:

- operations of our major motorsports facilities for the foreseeable future;
- ONE DAYTONA (see "ONE DAYTONA");
- the previously discussed capital allocation plans for our existing facilities;
- payments required in connection with the funding of the Unified Government's debt service requirements related to the TIF bonds;
- payments related to our other existing debt service commitments;
- contributions in connection with any future expansion of the Hollywood Casino at Kansas Speedway; and
- our annual dividend and share repurchases under our Stock Purchase Plan.

We remain interested in pursuing acquisition and/or development opportunities that would increase shareholder value, of which the timing, size, success and associated potential capital commitments, are unknown at this time.

Accordingly, a material acceleration of our growth strategy could require us to obtain additional capital through debt and/or equity financings. Although there can be no assurance, we believe that adequate debt and equity financing will be available on satisfactory terms.

While we expect our strong cash flows to continue in the future, our financial results depend significantly on a number of factors. In addition to local, national, and global economic and financial market conditions, consumer and corporate spending could be adversely affected by security and other lifestyle conditions resulting in lower than expected future cash flows. See "Future Trends in Operating Results - Postponement and/or Cancellation of Major Motorsports Events" for further discussion of items that could have a singular or compounded material adverse effect on our financial success and future cash flow.

ONE DAYTONA

Since June 2013, we have pursued development of ONE DAYTONA, a premier mixed use and entertainment destination across from the Daytona International Speedway.

We have crafted a strategy that will create synergy with the Speedway, enhance customer and partner experiences, monetize real estate on International Speedway Blvd and leverage our real estate on a year-round basis.

We have approved land use entitlements for ONE DAYTONA to allow for up to 1.4 million square feet of retail/dining/entertainment, a 2,500-seat movie theater, 660 hotel rooms, 1,350 residential units, 567,000 square feet of additional office space and 500,000 square feet of commercial/industrial space.

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In March 2015, we announced Legacy Development, a leading national development group, as development consultant for ONE DAYTONA. Intensely focused on innovative destination retail and mixed-use projects, Legacy Development ("Legacy") is working closely with ISC's development staff on the project. Legacy's development team is a natural fit for the project, having served as the developer for Legends Outlets Kansas City, a mixed-use retail destination across from our Kansas Speedway.

In April 2017, our Board approved an additional approximate \$12.0 million of capital expenditures to further develop the previously purchased Volusia Point in 2011. Volusia Point is our retail property adjacent to ONE DAYTONA and will be re-branded the Shoppes at ONE DAYTONA ("the Shoppes"). We expect the improvements to the Shoppes will generate an incremental EBITDA of approximately \$1.0 million to the ONE DAYTONA pro-forma through increased square footage and securing tenants for currently vacant spaces (see "GAAP to Non-GAAP Reconciliation" for discussion on Non-GAAP financial forward looking measures).

A Community Development District ("CDD") has been established for the purpose of installing and maintaining public infrastructure at ONE DAYTONA. The CDD is a local, special purpose government framework authorized by Chapter 190 of the Florida Statutes for managing and financing infrastructure to support community development. The CDD has negotiated agreements with the City of Daytona Beach and Volusia County for a total of \$40.0 million in incentives to finance a portion of the estimated \$53.0 million in infrastructure required to move forward with the ONE DAYTONA project.

The design for the first phase of ONE DAYTONA has been completed and will be comprised of three components: retail, dining and entertainment ("RD&E"); hotels; and residential.

The RD&E component of phase one will be owned 100.0 percent by us. The expected total square footage for the RD&E first phase is approximately 300,000 square feet. We expect to spend approximately \$95.0 million in fiscal 2016 through 2018 on the RD&E component of ONE DAYTONA's first phase. Other sources of funds will include the public incentives discussed above and land to be contributed to the project. In September 2016, we announced VCC had been selected as general contractor to oversee construction of the RD&E component of phase one including Victory Circle and the parking garage. VCC has an outstanding national reputation for quality and a proven track record leading and managing the development and construction of some of the country's most engaging mixed-use developments.

Bass Pro Shops®, America's most popular outdoor store, and Cobb Theatres, the highly respected Southeastern-based exhibitor, are anchor tenants of ONE DAYTONA. Lease agreements have also been executed with other tenants including P.F. Chang's, Hy's Toggery, Kilwins Confections, Guitar Center, Tervis, IT'SUGAR, Jeremiah's Italian Ice, Venetian Nail Spa, Sunglass World, Oklahoma Joe's BBQ, Rock Bottom Restaurant & Brewery, MidiCi: The Neapolitan Pizza Company, Lindbergh, Designers Market, GameTime, Claire de Lune, Kasa Living, BUILT Custom Burgers, Sprint, Ben & Jerry's and Pink Narcissus. Leasing remains strong and we are exceeding our leasing goals for the project.

Shaner Hotels and Prime Hospitality Group ("PHG") have been selected as hotel partners. They have executed a franchise agreement with Marriott International for an exclusive 145-room full service Autograph Collection hotel at ONE DAYTONA that will be known as The DAYTONA as well as a 105-room select-service Fairfield Inn & Suites by Marriott. Both are currently under construction. As part of the partnership agreement, our portion of equity will be limited to our land contribution and we will share proportionately in the profits from the joint venture.

Prime Group has been selected as the partner for ONE DAYTONA's residential development. Following an extensive request for proposal process, ONE DAYTONA chose the Florida developer based on their command of market demographics, development experience and expert property management systems. Prime Group is proceeding with the development in ONE DAYTONA for approximately 276 luxury apartment rental units that will add critical mass to the overall ONE DAYTONA campus. Similar to the hotel partnership, our portion of equity will be limited to our land contribution and we will share proportionately in the profits from the joint venture.

Cobb Daytona Luxury Theatres opened in December 2016, Bass Pro Shops opened in February 2017, and the Fairfield Inn & Suites is planning an opening later in fiscal 2017. We are targeting substantial completion of phase one in late fiscal 2017. At stabilization we expect this first phase of ONE DAYTONA and the Shoppes to deliver a

combined incremental annual revenue and EBITDA of approximately \$13.0 million and approximately \$10.0 million, respectively, and deliver an unlevered return above our weighted average cost of capital (see "GAAP to Non-GAAP Reconciliation" for discussion on Non-GAAP financial forward looking measures). We expect to add leverage to ONE DAYTONA's phase one post-stabilization.

Total capital expenditures for ONE DAYTONA and the Shoppes, excluding capitalized interest and net of public incentives, are expected to be approximately \$107.0 million. From inception, through May 31, 2017, capital expenditures totaled

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approximately \$48.4 million, exclusive of capitalized interest and labor. At this time, there is no project specific financing in place for ONE DAYTONA. Ultimately, we expect to secure financing for the project upon stabilization. However, accounting rules dictate that we capitalize a portion of the interest on existing outstanding debt during the construction period. Through May 31, 2017, we recorded approximately \$2.7 million of capitalized interest related to ONE DAYTONA, since inception, and expect approximately \$4.0 million to \$4.5 million to be recorded by completion of construction.

Any future phases will be subject to prudent business considerations for which we will provide discrete cost and return disclosures.

Phoenix Redevelopment

On November 30, 2016, we announced our Board of Directors had approved a multi-year redevelopment project to elevate the fan and spectator experience at Phoenix, the company's 52-year-old motorsports venue. The redevelopment is expected to focus on new and upgraded seating areas, vertical transportation options, new concourses, enhanced hospitality offerings and an intimate infield experience with greater accessibility to pre-race activities.

The redevelopment of Phoenix is included in our aforementioned \$500.0 million capital allocation plan covering fiscal years 2017 through 2021. The redevelopment project at Phoenix is expected to cost approximately \$178.0 million, including maintenance capital, before capitalized interest. Okland Construction ("Okland") has been selected as general contractor of the project. Effective November 30, 2016, Phoenix entered into a Design-Build Agreement with Okland. The Design-Build Agreement obligates Phoenix to pay Okland approximately \$136.0 million for the completion of the work described in the Design-Build Agreement. This amount is a guaranteed maximum price to be paid for the work, which may not change absent a requested change in the scope of work by Phoenix.

Construction commenced in early fiscal 2017 and is expected to be completed in fall of fiscal 2018. Based on our current plans for Phoenix, we have identified existing assets that are expected to be impacted by the redevelopment and will require accelerated depreciation, or losses on asset retirements, totaling approximately \$4.7 million in non-cash charges over the approximate 22-month project time span. Through May 31, 2017, we recorded approximately \$2.7 million of accelerated depreciation associated with the project.

For fiscal 2017, we expect capital expenditures related to the redevelopment of Phoenix to total approximately \$75.0 million to \$80.0 million and capitalized interest of approximately \$2.2 million. From inception, through May 31, 2017, we have incurred capital expenditures related to the redevelopment of Phoenix, exclusive of capitalized interest and labor, of approximately \$20.2 million. Despite the Company not anticipating the need for additional long-term debt to fund this project, accounting rules dictate that the Company capitalize a portion of the interest on existing outstanding debt during the construction period. We estimate that we will record approximately \$7.5 million to \$8.0 million of capitalized interest from fiscal 2017 through fiscal 2018. Through May 31, 2017, we recorded approximately \$0.3 million of capitalized interest related to the redevelopment of Phoenix.

Upon completion, the redevelopment is expected to provide a full fiscal year incremental lift in Phoenix's EBITDA of approximately \$8.5 million to \$9.0 million (see "GAAP to Non-GAAP Reconciliation" for discussion on Non-GAAP financial forward looking measures). We anticipate recognizing revenue and expense associated with the project, as a result of assets placed in service and/or benefits provided to partners, beginning late fiscal 2017. We expect the full fiscal year incremental financial lift in fiscal 2019 and sustained thereafter.

Speedway Developments

In light of NASCAR's publicly announced position regarding additional potential realignment of the Monster Energy NASCAR Cup Series schedule, we believe there are still potential development opportunities for public/private partnerships in new, underserved markets across the country that would create value for our shareholders. However, we are not currently pursuing any new speedway development opportunities.

Inflation

We do not believe that inflation has had a material impact on our operating costs and earnings.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

For quantitative and qualitative disclosures about market risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our annual report on Form 10-K for the year ended November 30, 2016. During the six

months ended May 31, 2017, there have been no material changes in our market risk exposures.

ITEM 4. CONTROLS AND PROCEDURES

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Under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of May 31, 2017. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of May 31, 2017. There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our second quarter of fiscal 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

From time to time, we are a party to routine litigation incidental to our business. We do not believe that the resolution of any or all of such litigation will have a material adverse effect on our financial condition or results of operations.

ITEM 1A. RISK FACTORS

This report and the documents incorporated by reference may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify a forward-looking statement by our use of the words “anticipate,” “estimate,” “expect,” “may,” “believe,” “objective,” “projection,” “forecast,” “goal,” and similar expressions. These forward-looking statements include our statements regarding the timing of future events, our anticipated future operations and our anticipated future financial position and cash requirements. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we do not know whether our expectations will prove correct. We previously disclosed in response to Item 1A to Part I of our report on Form 10-K for the fiscal year ended November 30, 2016 the important factors that could cause our actual results to differ from our expectations. There have been no material changes to those risk factors.

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

| Period | Total number of shares purchased | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs | Maximum number of shares (or approximate dollar value of shares) that may yet be purchased under the plans or programs (in thousands) |
|--------------------------------|----------------------------------|------------------------------|--|---|
| March 1, 2017— March 31, 2017 | | | | |
| Repurchase program (1) | 135,174 | \$ 36.40 | 135,174 | \$ 198,668 |
| April 1, 2017 — April 30, 2017 | | | | |
| Repurchase program (1) | 48,184 | 37.68 | 48,184 | \$ 196,851 |
| May 1, 2017 — May 31, 2017 | | | | |
| Repurchase program (1) | 174,070 | \$ 35.82 | 174,070 | \$ 190,612 |
| Employee transactions (2) | 35,871 | \$ 37.10 | | |
| | 393,299 | | 357,428 | |

We have a share repurchase program (“Stock Purchase Plan”) under which we are authorized to purchase up to \$530.0 million of our outstanding Class A common shares. The timing and amount of any shares repurchased under the Stock Purchase Plan will depend on a variety of factors, including price, corporate and regulatory requirements, capital availability and other market conditions. The Stock Purchase Plan may be suspended or discontinued at any time without prior notice. No shares have been or will be knowingly purchased from Company insiders or their affiliates.

Since inception of the Plan through May 31, 2017, we have purchased 9,160,401 shares of our Class A common shares, for a total of approximately \$339.4 million. We purchased 438,328 shares of our Class A common shares during the six month period ended May 31, 2017, at an average cost of approximately \$36.48 per share (including commissions), for a total of approximately \$16.0 million. These transactions occurred in open market purchases and pursuant to a trading plan under Rule 10b5-1. At May 31, 2017, we had approximately \$190.6 million remaining repurchase authority under the current Stock Purchase Plan.

(2) Represents shares of our common stock delivered to us in satisfaction of the minimum tax withholding obligation of holders of restricted

shares that vested during the period.

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ITEM 3.DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4.MINE SAFETY DISCLOSURES

None

ITEM 5.OTHER INFORMATION

None

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ITEM 6. EXHIBITS

| Exhibit Number | Description of Exhibit |
|-------------------|---|
| 3.1 | Articles of Amendment of the Restated and Amended Articles of Incorporation of the Company, as filed with the Florida Department of State on July 26, 1999 (incorporated by reference from exhibit 3.1 of the Company's Report on Form 8-K dated July 26, 1999) |
| 3.2 | Conformed copy of Amended and Restated Articles of Incorporation of the Company, as amended as of July 26, 1999 (incorporated by reference from exhibit 3.2 of the Company's Report on Form 8-K dated July 26, 1999) |
| 3.3 | Conformed copy of Amended and Restated By-Laws of the Company, as amended as of April 9, 2003. (incorporated by reference from exhibit 3.3 of the Company's Report on Form 10-Q dated April 10, 2003) |
| 31.1 | Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer — filed herewith |
| 31.2 | Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer — filed herewith |
| 32 | Section 1350 Certification — filed herewith |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase |

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SIGNATURE

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

INTERNATIONAL SPEEDWAY CORPORATION
(Registrant)

Date: July 3, 2017 /s/ Gregory S. Motto
Gregory S. Motto
Chief Financial Officer