



Annual Business Plan

FY2025 - Public

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Ontario Racing 400-10 Carlson Court, Etobicoke ON, M9W 6L2

CONFIDENTIALITY NOTICE

The information contained in this Business Plan is for the sole use of the Ontario Lottery and Gaming Corporation (“OLG”) as part of the requirements of the Amended and Restated Funding Agreement for Live Horse Racing entered into between OLG, Horse Racing Ontario, Ontario Racing Management Inc., and Woodbine Entertainment Group dated effective as of April 1, 2019 (the “Funding Agreement”). The information contained herein constitutes Confidential Information as that term is defined in the Funding Agreement and shall be treated by OLG as confidential in accordance with the terms of the Funding Agreement, including without limitation Section 15 thereof.

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1. Introduction

The Ontario horse racing industry was once again able to focus on what it does best during the 2023 racing season: showcasing world-class sports and entertainment while providing racing opportunities for participants.

Ontario Racing Member Racetracks in all three breeds, and at all three levels – Premier, Signature and Grassroots – set all sources wagering records and delivered quality entertainment experiences to on-track customers during renewed special events. Capital Improvement investments undertaken over the last five years enhanced both the customer and horse person experience at Signature and Grassroots racetracks.

Each Member Racetrack continued to demonstrate their importance within their local community, acting as key gathering hubs, and as sources of both great entertainment and employment opportunities. There is optimism that the momentum and enthusiasm built in 2023 will carry forward into the 2024 racing season, supported by Ontario Racing as described in this annual plan.

In addition to initiatives that support marketing, ownership and breeding in the province, Ontario Racing will ensure that race conditions are set with a view to maximizing wagering handle on Ontario's live horse races and providing horse people with the maximum number of opportunities to race their horses and earn purse money.

However, keeping the industry moving forward will not be without its challenges. The proliferation of Single-Event Sports Wagering (SESW) operators, with vast customer acquisition budgets, in the province is having an impact on horse racing's Home Market Area (HMA) wager, and the inability for industry partner Bet365 to advertise its horse racing offering through its first five months of operation curtailed most of the benefits the industry expected to accrue from the partnership.

Horse supply and the cost of breeding, raising, training and racing an equine athlete continue to be a concern in every jurisdiction in North America and Ontario is no different, in spite of the excellent work done by Race Offices to offer dynamic conditions and participation incentives.

In addition, attracting the skilled labour required to care for racehorses and deliver a world-class racing product continues to be a challenge for breeders, trainers and racetrack operators.

Despite these challenges, the Ontario horse racing industry continues to demonstrate resilience when faced with adversity and has proven that horse racing is an industry that can thrive in Ontario, driving investment and employment in both rural and urban communities.

Ontario Racing will work with its partners to address the current wagering and gaming environment in the province, mitigate broader economic conditions and resolve discrepancies that prevent the industry from finding a sustainable future. Through the Board of Directors Annual Business Plan, the support of the representative committees, and with the ingenuity, hard work and determination of those Ontario Racing supports, together we will ensure horse racing continues to be a safe, family-friendly sport that welcomes all to participate.

2. Operational Objectives and Initiatives



1. Maximizing Wagering Dollars



2. Managing Horse Supply Challenges



3. Contesting all scheduled race days and tracking any cancellations

2.1. Ontario Racing's Key Initiatives

Ontario Racing has outlined the key initiatives it intends to undertake and advance, or complete, in FY2025. These initiatives are in addition to the work needed to prepare for the Amended and Restated Funding Agreement for Live Horse Racing ("Funding Agreement") renewal and continuing to develop the association's programs and lines of business and support Ontario Racing's Three-Year Strategic Plan.

Key initiatives are large scale projects that often advance, refine and continue over multiple fiscal years. With that understanding, the initiatives outlined below represent a reasonable undertaking in terms of what can be accomplished given the resources of Ontario Racing, in addition to the day-to-day management and performance of key operating processes that keep the industry moving (e.g. distribution of purses, reporting, planning, marketing, etc.).

2.1.1. Biosecurity

Ontario Racing will work with all industry stakeholders to clarify requirements, roles and responsibilities in the event of an infectious disease outbreak by Q3 of FY2025. The Biosecurity Working Group will identify opportunities to educate and inform industry members, support racetracks, training centres and individual farm owners in their efforts to improve biosecurity practices, and aid in communication and debriefing in the event of an outbreak through Q4 and into FY2026.

2.1.2. Horse Racing Industry Employee Recruitment & Training Support

Ontario Racing will work with the industry to identify high-risk jobs and mentors for those critical roles, develop and coordinate processes for supporting industry recruitment, and promote the horse racing industry as a career path through the first three quarters of FY2025. In the fourth quarter, and into FY2026, Ontario Racing will work with industry to develop long-term training and employment pathways.

2.1.3. Funding Agreement Extension

Ontario Racing will draft submissions for OR Board approval pertaining to the Funding Agreement contractual extensions through March 2032. Confirmation of the extensions by OLG to Ontario

Racing include core purse, operational and administrative funding due no later than June 1, 2024 and HIP and Capital Improvement funding due no later than October 31, 2024.

2.1.4. Industry Leadership

Ontario Racing will draft a Three-Year Strategic Plan for OR Board approval (February 2025 - FY2026), strengthen OR's government and industry relationships, lobby for historical horse racing, improved tax legislation, and support for industry employment.

2.1.5. Products & Opportunities

Starting in Q1 2024, Ontario Racing will work with the wagering permit holder and applicable committees to understand wagering trends related to HMA, CAW, and sports betting and their impact on the horse racing industry. Ontario Racing Management staff and Ontario Racing Committee Members will support the wagering permit holder in efforts to mitigate challenges and take advantage of identified opportunities for growth.

3. Track Specific Goals and Objectives

Through the business plan template developed, racetracks provided FY2024 information such as highlights and carryover (where applicable), before projecting FY2025 assumptions, objectives, and goals, along with operational challenges and risks.

The information supplied will aid Ontario Racing in aligning on projects, initiatives, and industry support.



Labour: Having the necessary staff to execute desired programs in addition to the turnover of key personnel and the need to get more young people involved in the industry.



Horse Supply: The North America-wide issue of horse supply prevents Ontario racetracks from maximizing wagering due to smaller-than-optimal fields.



Aging Demographic of Guests: Race fans who have supported the industry for years are getting older and may be resistant to technological change. Additionally, racetracks collectively desire to attract a younger demographic of guest to their respective facilities.



Inflation: The costs of acquiring goods and services continues to escalate, negatively impacting the industry at every level. Inflation also impacts the wage potential employees seek, further compounding the labour issue.



Highway Construction: Due to Ministry of Transportation and casino development, the access points to some racetracks may be limited and/or the construction may have a negative impact on the racetrack.

The business plan initiatives of the racetracks for the 2024 racing season are noted below. These initiatives are specific to each racetrack and the operations of their specific facilities. Ontario Racing has reviewed these goals and objectives and will work with the racetracks to support them.

3.1. Ajax Downs



| Review of Current Year | |
|--------------------------------|---|
| <i>Highlights</i> | <p>For the 2023 race season we once again set a new high in wagering. We wagered \$2,909,980 in 2023 over 25 days of racing compared to \$2,562,409 (which was also a new high in 2022).</p> <p>We also had a higher average field size, experiencing an increase of 5.26 per cent compared to 2022.</p> <p>While we do not officially measure attendance at the track, we did notice an increase in attendance on Wednesday racing, particularly in the months of July and August, compared to the previous year.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>As part of our business planning for the upcoming 2024 race season (fiscal 2025), we are anticipating further significant cost increases for many of the services used at the track, as well as increased employee wages.</p> <p>We are hopeful that staffing will not be an issue for the 2024 race season, however, we do have some concerns with veterinarian services, but are hopeful that we won't have to face significant cost increases once again. The track sustained quite a large increase in costs from the vets midway through the 2023 race season and we also experienced a difficult time trying to source other vets.</p> <p>We will continue to provide on-site tellers in our off-track wagering facility. And while we do have self-serve machines, we will continue to offer at least one teller during non-race days in our off-track facility.</p> <p>As well, we are planning to run one Sunday per summer month which will be dedicated to special events days such as Father's Day, Family Day, etc.</p> <p>Additionally, we continue to work very closely with our horseperson's group to ensure we maximize racing opportunities for all Quarter Horses available to race at our facility.</p> |
| <i>Objectives & Goals:</i> | <p>For the 2024 race season, Ajax Downs will be continuing to invest in geo-targeting. This allows us to target certain demographics and areas for advertising and promotions of the track.</p> <p>Hopefully, with the continual visual of the Ajax Downs brand as they interact with the internet or social media, the interest of prospective fans we target will be piqued enough to visit our website and event links (the online analytics can be measured based on impressions and click through rates).</p> <p>We have set dates that these will go out and for specific promotions and/or events.</p> |

3.2. Clinton Raceway



| Review of Current Year | |
|--------------------------------|---|
| <i>Highlights</i> | We helped raise over \$55,000 for local charities and community groups. |
| | Along with the Municipality of Central Huron, we hosted the annual Mayor's Mingle. |
| | We increased our on-track wagering this season. |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | Capital projects will be priority and completed prior to the start of the FY2025 racing season. |
| | The ownership and operating group of the racetrack are expected to remain in place throughout FY2025. |
| | Simulcast services will be provided as per the OR Membership Agreement. |
| | We will continue to work with the track's horseperson representative to ensure feedback about the on-site experience is received and implemented to improve the crowd experience, and better the health and safety of the horses in the paddock and on the track. |
| <i>Objectives & Goals:</i> | Increase community group involvement. |
| | Build a new grandstand without interrupting the live racing season. |

3.3. Dresden Raceway



| Review of Current Year | |
|--------------------------------|---|
| <i>Highlights</i> | <p>Our 2023 wagering handle increased 16.91 per cent to \$597,731, from \$510,421 in 2022 with an average handle of \$54,248.27, up from \$46,401.91 in 2022. The handle experienced an upward trend from May 28, 2023 to August 7, 2023, with a slight decrease on the June 25, 2023 race date due to local festivals, farmers' markets, and car shows on that weekend.</p> <p>Several donations were made in the 2023 Season:</p> <ul style="list-style-type: none"> - \$334.50 to Chatham Hope Haven - \$1,363.00 to Harness The Hope - \$482.00 to the Ken Houston Memorial Scholarship Fund - \$713.00 to Josiah Henson Museum <p>The Mark Austin Memorial Series was split into two divisions attracting both mares and geldings/horses with huge success on the final day, June 18, 2023.</p> <p>Attendance, bar, 50/50, and program sales were also huge successes.</p> <p>Cross-promoted the Battle of Waterloo and Battle of the Belles races with Grand River Raceway, showing both races on the jumbotron to fans at Dresden Raceway.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>We're looking to implement the EIPH (Exercise Induced Pulmonary Hemorrhage) Program (Lasix) at Dresden Raceway by constructing an addition to the race paddock, while at the same time, we'll comply with the rules, regulations, and requirements requested by the CPMA (Canadian Pari-Mutuel Agency). A race paddock "Towel Program" is also in place for the 2024 season and has been approved by the CPMA.</p> <p>We're adding a camera to our starting gate car to provide an alternate race angle for our customers. Suggestion boxes were installed in the grandstand, with most customers looking for more race dates added to the schedule, and that the second-floor simulcast lounge be revamped and renovated, since we are now installing a lift for handicapped customer accessibility and multiple large screen TVs. We will continue to poll and survey our customers to ensure their needs are being met in all aspects of the racing experience. Our website is new and updated on a weekly basis and generates a substantial amount of traffic flow.</p> <p>The operating group of the racetrack are expected to remain in place throughout FY2025 and FY2025 capital projects will be timed for execution, mostly outside of the racing season.</p> <p>Staff that is hired is expected to remain for their entirety of their contract.</p> |
| <i>Objectives & Goals:</i> | <p>Every race day will have a theme which will promote and involve the communities located within Chatham-Kent / Lambton County and surrounding districts. For example, P.A.W. (Pet and Wildlife rescue) is located in the City of Chatham and we would like to have an "Adoption Day," where a pet's photo will be displayed on the big screen and a little bio will be discussed about this adoptable pet. We will look to attract attention to the need for pet adoption and</p> |

support/donation to these vital organizations, while, at the same time, our customers can enjoy some spectacular harness racing.

We'll also continue to utilize our social media accounts (Twitter, Instagram, and Facebook) prior to and during race days to promote handle, our equine athletes, owners, trainers, drivers and caretakers. Additionally, we'll utilize Twitter to promote swag giveaways during key times in the season.

Our Blackburn Media Radio campaign was a huge success during the 2023 race season and we look to continue this relationship with them in the 2024/25 season offering pre-race date interviews regarding what race day events are happening on a specific day. We found that when we did radio interviews the Thursday before a Sunday race date, attendance was higher than normal. We're also looking to incorporate Weiner Dog Races in 2024, as multiple racetracks have stated this to be a huge success.

We're also looking to diversify our food and drink offerings by bringing in different food trucks and incorporating a \$2 hot dog day.

3.4. Fort Erie Race Track



| Review of Current Year | |
|--------------------------------|--|
| <i>Highlights</i> | <p>Fort Erie increased its overall wagering to \$46.8 million or \$155,000 per race, an increase of 42 per cent over the previous year.</p> <p>We ran many successful events, including two very successful dog race days.</p> <p>Managed to increase on-track wagering, attendance and food and beverage sales despite industry trends downwards.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>We will operate the exact same as in previous years, with a slight adjustment in the race date calendar to achieve the greatest number of racing opportunities for our horsepeople and maximize our best days.</p> <p>We will continue to improve the track in all areas through regular maintenance and capital improvements.</p> |
| <i>Objectives & Goals:</i> | <p>Our objective is to increase our on-track attendance. This will be done by adding one weekend day, adding another dog race day and build on our successful events in the past. This will be measured by on-track revenues and program sales.</p> <p>We believe this is achievable based on our past successes.</p> <p>This will go directly to a key performance indicator.</p> |

3.5. Flamboro Downs



| Review of Current Year | |
|--------------------------------|--|
| <i>Highlights</i> | <p>In FY2024 Flamboro Downs achieved an increase in per-race wagering of 8.69 per cent.</p> <p>Flamboro Downs remains very involved in our community, with charitable donations to Camp Maple Leaf, Sick Kids, McMaster Children's Hospital and Ronald MacDonald House. We continue to be involved in other local charities holding food drives, clothing drives, toy drives and team members volunteering hours at The Good Shepherd food bank.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>The ownership and operating group of Flamboro Downs is expected to remain in place throughout FY2025.</p> <p>We will continue to work with the track's horseperson representative to ensure feedback about the on-site experience and racing experience is received and implemented, as reasonable.</p> <p>Simulcast service will be provided as per the OR Membership Agreement. Simulcast wagering is made available to our simulcast customers seven days per week.</p> <p>All capital projects will be completed prior to the start of the FY2025 racing season. FY2025 capital projects will be well timed for execution and will be completed with no disruption to the FY2025 racing season.</p> |
| <i>Objectives & Goals:</i> | <p>A thoughtful marketing campaign will be put in place to market our signature racing events, OSS events and our Charles Juravinski Memorial Cup. These marketing campaigns will include pre-event marketing through social media avenues and in-house produced advertising to be run on our live broadcast throughout our simulcast network, showcasing our OSS events and our "Big" race day, The Charles Juravinski Memorial Cup.</p> <p>We will be building our Charles Juravinski Memorial Cup day to showcase our racing facility and what we have to offer to our community by inviting local dignitaries and people from within the racing industry to enjoy an evening of racing at Flamboro Downs.</p> <p>Leading up to the event, we will be promoting Flamboro Downs through social media avenues, drawing customers throughout our simulcast network with free downloadable programs and wagering contests, where Flamboro Downs swag will be awarded.</p> |

3.6. Georgian Downs



| Review of Current Year | |
|--------------------------------|--|
| <i>Highlights</i> | <p>In FY2024 Georgian Downs achieved an increase in per-race wagering of 40.16 per cent. Largely from foreign jurisdictions.</p> <p>Georgian Downs remains very involved in our community, holding food drives, clothing drives and toy drives throughout the year. In December each year we have what we call our “Week of Giving,” where during the first seven days of December we give back to the community in which we operate. This could be by delivery lunch to the local Fire Department, donuts and coffee to the local police station, delivering cookies and gifts to a local assisted living residence and snacks and drinks to our simulcast customers, to name a few.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>The ownership and operating group of Georgian Downs are expected to remain in place throughout FY2025.</p> <p>We will continue to work with the track’s horseperson representative to ensure feedback about the on-site experience and racing experience is received and implemented, as reasonable.</p> <p>Simulcast service will be provided as per the OR Membership Agreement. Simulcast wagering is made available to our simulcast customers seven days per week.</p> <p>All capital projects will be completed prior to the start of the FY2025 racing season. FY2025 capital projects will be well timed for execution and will be completed with no disruption to the FY2025 racing season.</p> |
| <i>Objectives & Goals:</i> | <p>A thoughtful marketing campaign will be put in place to market our signature racing events, OSS events and our Earl Rowe Trot. These marketing campaigns will include pre-event marketing through social media avenues and in-house produced advertising to be run on our live broadcast throughout our simulcast network, showcasing our OSS events and our “Big” race day, The Earl Rowe Trot.</p> <p>We will be building our Earl Rowe Trot day to showcase our racing facility and what we have to offer to our community by inviting local dignitaries and people from within the racing industry to enjoy an evening of racing at Georgian Downs.</p> <p>Leading up to the event we will be promoting Georgian Downs through social media avenues, drawing customers throughout our simulcast network with free downloadable programs and wagering contests, where Georgian Downs swag will be awarded.</p> |

3.7. Grand River Raceway



| Review of Current Year | |
|--------------------------------|---|
| <i>Highlights</i> | <p>Achieved highest wagering levels ever for the track with \$13.883 million bet for the 2023/24 season despite losing a race night due to poor air quality.</p> <p>Wiener Dog Night At The Races on July 14 was a roaring success once again with an estimated crowd of 3,500 people.</p> <p>Despite the threat of some poor weather, Industry Day remained a success. The 11-race card produced an all-time record at Grand River of \$590,824. The previous mark was \$481,229.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>Track construction started on Aug. 14, 2023 with a scheduled completion date of April 26, 2024.</p> <p>Plan to celebrate the investment in the new track and highlight the partnerships with OLG and OR, making the transformation change to our facility.</p> <p>Look to start the discussion with various stakeholders to hopefully create a second big race date (in addition to Industry Day) for the 2025-26 race calendar.</p> <p>Continue the momentum that has been generated with the NEIGHbourhood, creating a family-friendly and inviting experience for our guests.</p> |
| <i>Objectives & Goals:</i> | <p>Last year, the Grand River Raceway achieved its highest level of wagering.</p> <p>The goal for 2024-25 would be to keep up this momentum and leverage our new track to set another record.</p> |

3.8. Hanover Raceway



| Review of Current Year | |
|--------------------------------|--|
| <i>Highlights</i> | <p>We had our highest wagering race day in 25 years for our Dream of Glory race day (\$101,080).</p> <p>Our on-track wagering was up 18.8 per cent from last year.</p> <p>We had our Women Driving for Harness the Hope Day, which featured three women-only races on July 15.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>The ownership and operating group of the racetrack is expected to remain in place throughout FY2025.</p> <p>Simulcast services will be provided to enhance the customer experience, per the OR membership agreement.</p> <p>We will be organizing events to promote the industry and draw younger fans to the track.</p> <p>As well, we will talk with the fans to get their input on what they would like to see and their overall experience here at the raceway.</p> |
| <i>Objectives & Goals:</i> | <p>Our goal is to make Hanover Raceway a family-oriented event for all ages. Through some limited advertising last year, we did see an increase in the number of young children and young adults. Our goal is to double the numbers from last year through a larger social media and radio campaign in our coming 2024 season. We have hired a third-party company to really drive the social media segment.</p> <p>In order for harness racing to maintain and build sustainability for years to come, we need to entice new fans, young and old, to the track. In our off-season we are building a secure children's area for them to learn about harness racing, participate in activities and provide tools like crayons for colouring. We are going to have more games, prizes and swag giveaways to get the fans engaged. We want Hanover Raceway to be viewed as the place to be on a Saturday afternoon.</p> |

3.9. Hiawatha Horse Park and Entertainment Centre



| Review of Current Year | |
|--------------------------------|---|
| <i>Highlights</i> | <p>Our handle averaged \$51,239 per race day. That is an 18.6 per cent increase over 2022 (\$43,190).</p> <p>Labour Day Weekend, Sept. 2, was our Loonie/Toonie Night and we had Ontario Sires Stakes two-year old, trotting, fillies. This is also the day that we had our highest handle of \$71,213.</p> <p>We had \$5 food specials on two nights. Aug. 12 we had \$5 pub boxes which included meatballs, Italian sausage, cheese ravioli and garlic bread. Sept. 9 we had Poor Boy Night where we had a variety of \$5 specials at our concessions.</p> <p>We did see an increase in the number of patrons this season. The new patrons were mostly younger (in their 20s). They seemed to really enjoy the new tote board, music and replays.</p> <p>Food truck rally and band.</p> <p>We gave away 1,500 hats on hat day.</p> <p>Family Fun Day with Bethel Church saw about 4,000 people come here.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>The ownership and operating group of the racetrack are expected to remain in place throughout FY2025.</p> <p>Simulcast services will be provided as per the OR Membership Agreement.</p> <p>Will continue to work with the racetrack's horse person representative to ensure feedback about the on site experience is received and implemented as reasonable.</p> <p>Working on improving food services for the horsepeople.</p> <p>Getting involved more with other tracks and cross-promotions (specialty days, cross-marketing).</p> <p>Our capital projects for 23/24 will be completed and our new project will begin once approved.</p> |
| <i>Objectives & Goals:</i> | <p>Specific:</p> <ul style="list-style-type: none"> - What: A food and hat promotion. - When: One Saturday evening during the summer of 2024 - Where: Reflections Lounge and on the patio - Who: Hiawatha's chef - How: We will offer a discounted food item and give away free Hiawatha hats. <p>Measurable:</p> <p>We will be able to measure the success by looking at the food sales sheet. Our handle for that night and attendance will also be an indicator of success.</p> |

Achievable:

In 2023 we offered a pub box for \$5. We sold 216 pub boxes + our regular sales, and our handle was \$58,825 that night (Aug. 12). Our handle averaged around \$50,000 per night in 2023. We also saw new customers that night.

Relevant:

it will be relevant if it brings in new customers and increases our handle as similar, past promotions have.

Time:

The promotion will run for one night starting at 5:30 pm and ending at 9:00 pm.

3.10. Kawartha Downs



| Review of Current Year | |
|--------------------------------|---|
| <i>Highlights</i> | Our overall bet showed an increase from last year. |
| | Our highest bet on the year was \$78,000. |
| | We had special events that included Kids Night, Memorial Night, Canada Day, Mothers' Day, Fathers' Day, Owner for the Night. |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | Our capital projects for FY2024 have been prioritized before FY2025 projects can commence. |
| | The ownership and operating group of Kawartha Downs will remain the same for the following season. |
| | We will be simulcasting races for the FY2025 race season. |
| | We will be in constant communication with horsepeople, judges and other race officials on how to improve our harness racing operation. |
| <i>Objectives & Goals:</i> | S - Provide more theme nights to help boost attendance with the switch to Friday nights. This will be a goal Kawartha Downs Harness Racing will work with our marketing team to help deliver that message - using content marketing and giveaways based on those themed nights. |
| | M - We will calculate attendance throughout the facility as people come through our doors and compare themed nights versus non-themed nights. If the themed nights attract more of a crowd we can implement more of them. |
| | A - We will begin by adding two more race nights to our calendar last year. With the assistance of COSA we can plan out our giveaways. |
| | R - Fan attendance is crucial to the vitality of Kawartha Downs racing in the future. |
| | T - These will start on opening night and be capped off on our last harness racing night. |

3.11. Leamington Raceway



| Review of Current Year | |
|--------------------------------|---|
| <i>Highlights</i> | <p>On Aug. 8 we achieved our highest single day wagering at \$81,245.</p> <p>For our 2023 racing season, total wagering was \$767,582, which is up 17 per cent over last year.</p> <p>By adjusting our post time to not conflict with other tracks, our off-track wagering is up 30 per cent year-over-year.</p> <p>Family day continues to be a fan favourite, attracting over 850 patrons with a significant number of kids attending the track that day.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>For FY2025 we are requesting from Ontario Racing approximately \$250,000 of CAPEX that will enhance the experience of our patrons.</p> <p>We will continue to upgrade our video broadcast to continue the success of our off-track wagering.</p> <p>All key management personnel will remain in place for 2025.</p> |
| <i>Objectives & Goals:</i> | <p>Our main goal is to continue improving the amount of wagering on our live horse racing product.</p> <p>For FY2025, our goal is to achieve an average daily wagering handle of at least \$65,000 which would be a 10 per cent increase over FY2024.</p> <p>By July 15, we will submit an application to Ontario Racing to apply for the \$3,000 of funding to assist with our marketing efforts and customer giveaways.</p> |

3.12. Rideau Carleton Raceway



| Review of Current Year | |
|--------------------------------|--|
| <i>Highlights</i> | <p>In February, a fire gutted the 50-year-old racing paddock at Rideau Carleton Raceway. While most vehicles critical to racing were undamaged, much of our supplies were housed in the paddock. No horses or personnel were injured. In co-operation with Ontario Racing and our horsepeople, Rideau Carleton salvaged its race season with the adoption of a temporary paddock utilizing an unused stabling barn.</p> <p>Rideau Carleton will wager \$20 million this season, currently up 6.92 per cent per race from the previous year.</p> <p>William Roy captured RCR's COVILLE CUP on Sept. 10.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>All racing services will not be disrupted due to the ongoing casino construction.</p> <p>Critical racing personnel will remain at Rideau Carleton Raceway.</p> <p>Racing Paddock will be reconstructed by Summer, 2024.</p> <p>Horse supply will be sustained, comparable to FY2024.</p> <p>Inflation will moderate next fiscal year.</p> |
| <i>Objectives & Goals:</i> | <p>During FY2025, significant construction will be occurring both around the grandstand and in the backstretch. It will be our primary focus to sustain the momentum that we have created over the previous years as we navigate the unavoidable inconveniences that will result for our customers and horsepeople. The impact will be measured through wagering, horse entries and customer feedback.</p> <p>Within the resources racing has available, management will be formulating measures to best deal with these circumstances and deliver a positive message of an exciting future for the property and racing.</p> <p>While all of Ontario Racing's capital support will be directed towards the rebuild of the paddock, critical to the maintenance of our race program, \$2 million over the past five years has been invested enhancing the customer experience to a level expected from a professional venue in a major city to ensure our competitiveness. We will continue to parley on that, while developing viable synergies as the Hard Rock property evolves between the casino and racing.</p> <p>Since Rideau Carleton doesn't have the purse funding required to support a major racing event we shall continue to leverage our Ontario Sires Stake races and tie them to our annual Family Fun Day events. As our best opportunity to promote our product to a nascent audience, Rideau Carleton will be requesting market funding to support and enhance this event.</p> |

3.13. The Raceway at Western Fair District



| Review of Current Year | |
|----------------------------|--|
| <i>Highlights</i> | <p>Established an annual overall wagering record of \$56,709,000 while the per-race average of \$46,030 was also an historic high for the track.</p> <p>Hosted another successful Camluck Classic program on Friday, May 26. The \$150,000 Camluck Classic was captured by Covered Bridge and highlighted a powerful program that included the \$75,000 Forest City Pace for Open Mares, a quartet of City of London Series Finals and six \$21,000 Ontario Sires Stakes Grassroots divisions for three-year-old pacing fillies. The 12-race program produced a record handle for the track's signature night with more than \$850,000 wagered. With the main level unavailable to patrons for this year's edition, the outdoor patio location was expanded to facilitate much of the large crowd, which was estimated at 3,000.</p> <p>Hosted our third annual edition of the Driver's Holiday Challenge in support of Toys for Tots on Dec. 18. The challenge was captured by Ontario's leading female driver, Natasha Day, and the event raised more than \$15,000 in toys and monetary donations for the local charity.</p> <p>Hired London native Amy O'Toole as raceway manager in Spring of 2023.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>Expect to launch important capital projects upon the completion of racing, to begin in early June. These include:</p> <ul style="list-style-type: none"> - A partial rebuild and resurfacing of the race track with an expected 10-year life span, aimed at ensuring a consistent and safe racing surface, that can handle various types of weather conditions during the race season. - Building and installation of a new LED video board as our current one comes to its end of life. - Continuation of an on-going project, in partnership with Western University's engineering department to design and build a new Raceway starter car. - Replacement of our outdoor patio deck in order to enhance the outdoor, live racing experience for guests. <p>The local health unit has ceased operation of its vaccination clinic on The Raceway's main floor, which will make this space available for racing customers on upcoming special event days. At the same time, we will look at the most effective ways to utilize our spaces for racing customers, both live and simulcast, to offer the best possible customer experience.</p> <p>The Raceway's management team will continue to evolve to meet the needs of our horsepeople, customers and the industry as a whole. Succession planning will remain an important focus, in particular in key positions. As part of this succession planning, The Raceway will have a new starter in 2024 as John Lilley has successfully completed his training to take over the role from Brad Pittock, who will be retiring.</p> |

| | |
|--------------------------------|--|
| | Further initiatives to attract a larger on-track audience, such as charity nights, enhanced dining options and featured events will be a focus of The Raceway to welcome larger crowds. |
| <i>Objectives & Goals:</i> | <p>Our food and beverage team will continue its strategy to service fresh, locally-sourced (when possible) food offerings that tell the story of Agri-Food connections in our community and attract a larger crowd to the track. The decision has been made to move back to a “buffet style” service which is easier and more efficient to manage for a smaller team, while allowing a higher volume of guests the opportunity to attend, impacting both food and beverage targets and increasing on-track wagering.</p> <p>Work further with fractional horse ownership groups to bring new owners into the sport, increase horse supply and create unique food and beverage opportunities on track for the new owners.</p> <p>Develop further charity nights and community nights to increase Community Awareness for the Track and provide fundraising opportunities for local groups (Tampon Tuesday, Business Cares Food Drive, 519 Pursuit, to name a few).</p> <p>Express willingness to host more race dates overall, as well as OSS races, provincial/national driving championships and any other industry opportunities that are available.</p> |

3.14. Woodbine Mohawk Park



| Review of Current Year | |
|--------------------------------|--|
| <i>Highlights</i> | <p>Highest single-season all-sources handle (\$460M) in Woodbine Mohawk Park history.</p> <p>Highest single-season foreign handle (\$356M) in Woodbine Standardbred history.</p> <p>Highest single-season per-race handle (\$199K) in Woodbine Standardbred history, up from \$193,707 in 2022</p> <p>Third highest all-sources handle on a Pepsi North America Cup card (\$5.2M)</p> <p>A total of 215 cards of live racing were contested in 2023 (three less than 2022), with 2,314 races held (21 more than 2022).</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | WEG will continue to fulfill its purse obligations pursuant to its Horseperson's Agreements with Central Ontario Standardbred Association (COSA). |
| <i>Objectives & Goals:</i> | <p>WEG will continue to increase its simulcast reach on an international basis, resulting in an increase in foreign (albeit more expensive) wagering revenues.</p> <p>WEG will continue to develop wagering products and technologies in an effort to attract new customers and/or increase wagering revenues. This includes integration of horse racing into sports wagering platforms.</p> |

3.15. Woodbine Racetrack



| Review of Current Year | |
|--------------------------------|--|
| <i>Highlights</i> | <p>Second-highest single-season all-sources handle (\$613M) in Woodbine history, and highest second-highest single-season foreign handle (\$512M) in Woodbine history.</p> <p>Average per-race handle of \$519,597 was a new record.</p> <p>Average field size of 8.2 (above North American industry average).</p> <p>The King's Plate garnered a record \$18,127,049 in all-sources wagered on it.</p> <p>The integration of pari-mutuel racing into Bet365's licensed online sports book in Ontario.</p> |
| Planning for Upcoming Year | |
| <i>Assumptions</i> | <p>WEG will continue with land development plans and expansion opportunities at the Woodbine Racetrack location during FY2025.</p> <p>WEG will continue to fulfill its purse obligations pursuant to its Horseperson's Agreements with the Horsemen's Benevolent and Protective Association of Ontario (HBPA).</p> |
| <i>Objectives & Goals:</i> | <p>WEG will continue to increase its simulcast reach on an international basis, resulting in an increase in foreign (albeit more expensive) wagering revenues. WEG will continue to develop wagering products and technologies in an effort to attract new customers and/or increase wagering revenues. This includes integration of horse racing into sports wagering platforms.</p> |

4. Assumptions

4.1. Key Planning Assumptions

Funding will be provided as per the current provisions of the Funding Agreement.

Operating and purse funding to the Member Racetracks will remain substantially consistent with the previous fiscal year, as it is a priority of Ontario Racing to reasonably maintain current purse structures at Ontario's racetracks.

Race date calendars for each Member Racetrack will be substantially similar to the previous year's race date calendars, as required per the second amendment to the Funding Agreement.

The Additional Purse Enhancement Payment will be allocated to the Member Racetracks (save and except Woodbine and Woodbine Mohawk Park) based on an equitable formula, considering race dates as well as level of racing.

The Capital Improvement Payment will be \$6 million in FY2025. Capital Improvement funds will be allocated to the Member Racetracks (save and except Woodbine and Woodbine Mohawk Park) based on a review of each racetrack's request(s), considering types of purchases, asset classes and depreciation timeframe.

As part of the available funds for purses in FY2025, at the close of Q3 FY2024, a total of \$1.07 million in carryover purses is projected to be added to this year's available purse funds. This includes \$60,000 to Quarter Horse purses, \$770,000 to Thoroughbred purses and \$238,045 to Standardbred purses. As mentioned in the Key Performance Indicators (KPIs) section, horse supply is expected to be consistent with FY2024 or slightly higher.

At the time of writing this plan, full FY2024 HMA wagering is forecast at \$723 million.

The FY2025 wagering projections breakdown as follows (as of Jan. 2024):

- Gross Bet: \$1.2 billion
- Home Market Area: \$707 million

All Member Racetracks will, at all times, be, and remain in, compliance with the provisions of the Ontario Racing Membership Agreement.

5. Key Performance Indicators

Targets are based on analysis of current trends. Those related to wagering and horse supply were forecasted in January 2024. At the racetrack operations level, forecasts were issued in November 2023.

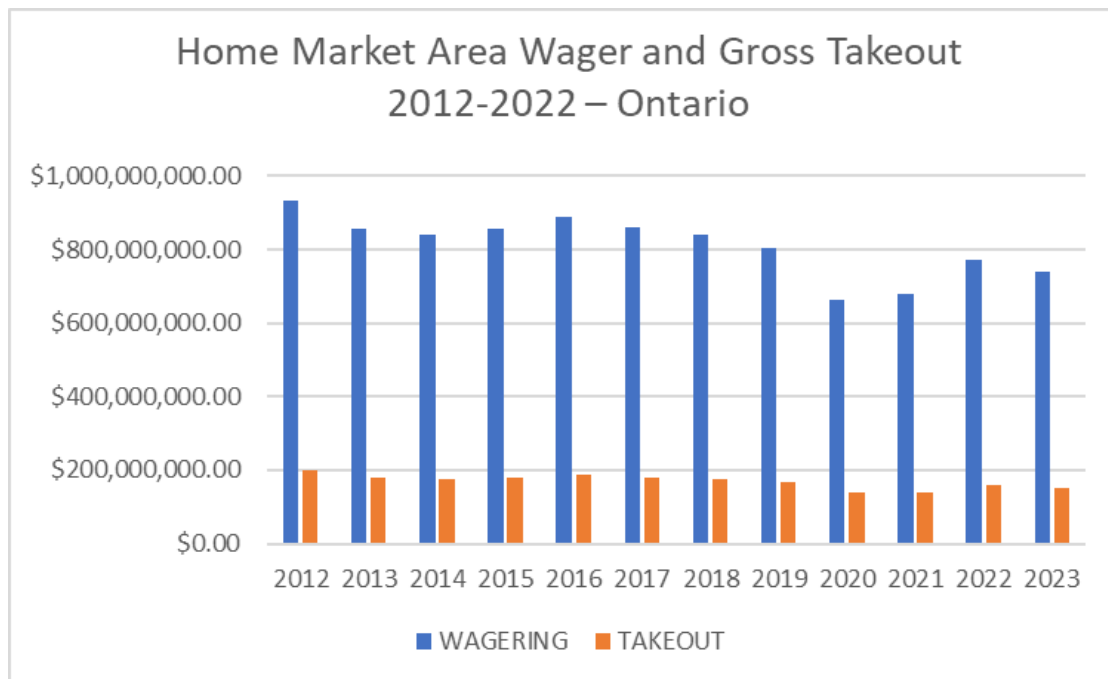
5.1. Gross Bet on Ontario Races

At this time, the Gross Bet in FY2025 is forecast at \$1.2 billion and Home Market Area (HMA) wagering is forecast at \$707 million.

While foreign remote wagering is forecast to reach \$1.07 billion for the second straight year, HMA wagering is forecast to finish FY2024 at just \$723 million, a \$60 million drop from FY2023. Through its first months, the addition of horse racing to the Bet365 platform is forecast to generate just \$3 million in wagering. The rollout of horse racing on the Bet365 platform was hampered by iGaming marketing restrictions, which prevented Bet365 from advertising its horse racing offerings through its first five months of operation. As a result, the platform is forecast to generate \$5 million in FY2025.

While the first five months of FY2024 saw small reductions in HMA wagering as compared to FY2023, there was a significant drop in the last four months of the calendar year. The drop in HMA wagering is being assessed by Woodbine Entertainment Group (WEG), as the province-wide wagering permit holder, but predicted causes include the increase in competition by Single-Event Sports Wagering platforms, underlying economic conditions including high inflation and interest rates, and the impact of Computer-Assisted Wagering.

As WEG works towards integrating horse racing on other sports wagering platforms, there may be an opportunity to generate additional HMA wagering as new bettors are exposed to the Ontario product, but that impact is not expected to be realized until FY2026.



5.2. Average Field Size

Horse supply and, in consequence, field size, continue to be a challenge for horse racing jurisdictions around the world. However, throughout the 2023 racing season Ontario continued to fare better than other North American jurisdictions, and Ontario Racing and member organizations continue to be active in marketing and offering participation incentives in hopes of maintaining this above average performance. As a result, field sizes are forecast to remain steady or increase modestly through FY2025 in all three breeds.

| AVERAGE FIELD SIZE | | | |
|----------------------|--------------|--------------|---------------|
| Year | Thoroughbred | Standardbred | Quarter Horse |
| FY2018 | 8 | 7.9 | 7.2 |
| FY2019 | 7.9 | 7.9 | 7.4 |
| FY2020 | 7.8 | 7.8 | 6.4 |
| FY2021 | 8.3 | 8.2 | 6.0 |
| FY2022 | 8.4 | 7.8 | 6.0 |
| FY2023 | 7.9 | 7.6 | 5.7 |
| FY2024 (to Q3) | 7.8 | 7.7 | 6.0 |
| FY2025 (projections) | 7.9 | 7.7 | 6.0 |

5.3. Unique Starters and Total Starts

Although Race Offices worked hard to craft relevant conditions and put together dynamic cards of racing, against the backdrop of a challenging economic environment and shrinking horse supply, there were fewer races run in Ontario in FY2024. As a result, the number of Unique Starts fell in FY2024 from the rebound levels seen in FY2023 and are forecast to remain at similar levels through FY2025.

Total Starts fell in the Thoroughbred program and are forecast to fall slightly in the Standardbred program in FY2024, with similar results anticipated in FY2025. Participation incentives in the Quarter Horse program saw a slight increase in Total Starts in FY2024 and those incentives are expected to have a continued positive impact in FY2025.

Should economic conditions see the Canadian dollar make gains against the U.S. dollar in FY2025, the market for Ontario Bred and Sired horses, currently tipped in favour of export to the U.S., could soften, leading to a modest increase in the local horse population and increased starts at Ontario racetracks.

| UNIQUE STARTERS | | | |
|-------------------|-------|-------|-----|
| Year | TB | SB | QH |
| FY2020 | 2,813 | 4,017 | 216 |
| FY2021 | 2,351 | 3,841 | 220 |
| FY2022 | 2,312 | 3,707 | 187 |
| FY2023 | 2,626 | 3,901 | 173 |
| FY2024 (to Q3) | 2,553 | 3,694 | 163 |
| FY2025 (forecast) | 2,530 | 3,841 | 165 |

| TOTAL STARTS | | | |
|-------------------|--------|--------|-------|
| Year | TB | SB | QH |
| FY2020 | 11,903 | 57,158 | 1,312 |
| FY2021 | 10,026 | 44,960 | 1,080 |
| FY2022 | 10,476 | 49,212 | 994 |
| FY2023 | 11,860 | 57,241 | 1,022 |
| FY2024 (to Q3) | 11,557 | 45,901 | 1,030 |
| FY2025 (forecast) | 11,383 | 56,075 | 1,044 |

5.4. Gross Wagering Commissions

Gross wagering commissions across all channels are forecast to reach \$187.5 million in FY2025. Home Market Area commissions are forecast at \$36.4 million, simulcast commissions at \$109.9 million and joint ventures at \$41.2 million. As in past years, commissions will be driven by strong demand for the world class Woodbine Thoroughbred and Standardbred products.

Driven by Computer-Assisted Wagering, foreign remote wagering has once again been strong in FY2024, possibly at the expense of HMA wagering, which generates more significant revenue for the industry. Wagers placed within Ontario produce approximately 10-12 per cent revenue, whereas foreign remote wagers generate approximately three per cent.

As noted above, the impact of adding Ontario horse racing to the province's SESW platforms has been limited through the first five months since implementation. Adding horse racing to additional platforms may broaden the pool of horse racing bettors, but that impact is not expected to be realized until FY2026 due to the time required for implementation. In addition, there is a risk that some bettors will consolidate their play through an SESW platform, which could erode HMA commissions given the percentage which will be diverted to SESW partners.

5.5. Racetrack Capital Reinvestment Rate

As provided for in the Funding Agreement, \$6 million in Capital Improvement funds will be made available to Member Racetracks in FY2025, with approximately \$5.4 million directed to approved projects and the balance held in reserve to address the impacts of cost overruns and emergent capital spending needs. Complete details of the allocation process and the projects selected for funding are available on Page 37.

In FY2025 alone, the racetrack capital reinvestment rate (Capital Improvement funding as a percentage of total government support) is forecast to be 10.8 per cent, up nearly two per cent from the prior fiscal year. Three major Capital Improvement projects are expected to be completed including the Grand River Raceway expansion from a half-mile to a five-eighth racetrack, Clinton Raceway grandstand rebuild, and the Rideau Carleton Raceway paddock rebuild due to a fire in February 2023.

5.6. Other Racetrack Revenue

In fiscal year 2024, the primary factors contributing to a decline in non-wagering related racetrack revenue were Food & Beverage Operations and Casino Lease Revenue. Both of these revenue streams significantly underperformed against projections. This decrease can be attributed to a variety of factors, primarily the reduced consumer spending on entertainment in Ontario, in an economic environment characterized by lingering inflation and a largely stagnant economy. On the operational side of the racetracks, staffing shortages persist as a critical issue. Consequently, Total Other Racetrack Revenue is forecast at \$165.9 million, down 7.8 per cent from the previous year's projections.

Ontario Racing will continue to offer marketing support to the Grassroots and Signature racetracks as they strive to improve on-track attendance levels. Among the special events Ontario racetracks will host in FY2025 are the King's Plate at Woodbine Racetrack, the \$1 million Pepsi North America Cup at Woodbine Mohawk Park, Fort Erie Race Track's Prince of Wales Stakes and Ajax Downs' popular Family Day.

5.7. Wager to Purse Ratio

Targets are based on known calculations founded on the targeted wagering handle, as well as purse funding as described herein. Please see the associated KPI templates attached for member racetrack KPI details.

6. Racing Information

6.1. Race Dates

As required by the Second Amendment to the Funding Agreement, the FY2025 race date calendar offers a similar number of racing opportunities to those approved in FY2021. Ontario Racing worked with racetracks and horsepersons' associations to create a cohesive calendar which minimizes conflicting race dates and maximizes racing and wagering opportunities for participants and bettors.

With limited horse supply continuing to impact racetracks across North America, a shift in approach may be needed in future years to ensure racetracks are able to card robust programs that appeal to customers around the globe. Providing appropriate racing opportunities at a stable or increasing purse level is critical to attracting investment and participation in Ontario racing.

The FY2025 race dates, by racetrack and Premier, Signature and Grassroots designation, are outlined below.

Note: Race dates for FY2020, FY2021 and FY2022 are the approved race dates and do not reflect pandemic-related cancellations.

| Racetrack | Premier/ Signature/ Grassroots | Proposed FY2025 Race Dates | Approved FY2024 Race Dates | Approved FY2023 Race Dates | Approved FY2022 Race Dates | Approved FY2021 Race Dates | Approved FY2020 Race Dates |
|-------------------------|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Woodbine Racetrack | Premier (TB) | 129 | 133 | 133 | 129 | 133 | 133 |
| Fort Erie | Signature (TB) | 40 | 40 | 40 | 42 | 40 | 40 |
| Ajax Downs | Quarter Horse | 25 | 25 | 25 | 25 | 25 | 25 |
| Woodbine Mohawk Park | Premier (SB) | 222 | 222 | 222 | 221 | 222 | 221 |
| Flamboro Downs | Signature (SB) | 130 | 133 | 131 | 133 | 134 | 132 |
| Georgian Downs | Signature (SB) | 39 | 39 | 39 | 39 | 39 | 40 |
| Grand River Raceway | Signature (SB) | 48 | 48 | 48 | 48 | 48 | 48 |
| Rideau Carleton Raceway | Signature (SB) | 72 | 72 | 72 | 72 | 72 | 72 |
| Western Fair Raceway | Signature (SB) | 125 | 125 | 127 | 128 | 125 | 125 |
| Clinton Raceway | Grassroots (SB) | 15 | 15 | 15 | 15 | 15 | 15 |
| Dresden Raceway | Grassroots (SB) | 11 | 11 | 11 | 11 | 11 | 11 |
| Hanover Raceway | Grassroots (SB) | 15 | 15 | 15 | 15 | 15 | 15 |
| Hiawatha Horse Park | Grassroots (SB) | 21 | 21 | 21 | 21 | 21 | 21 |
| Kawartha Downs | Grassroots (SB) | 18 | 18 | 18 | 18 | 21 | 21 |
| Leamington Raceway | Grassroots (SB) | 13 | 13 | 13 | 13 | 13 | 13 |
| Total | | 923 | 930 | 930 | 930 | 934 | 932 |

| Designation (Premier, Signature, or Grassroots) | Proposed FY2025 Race Dates | Approved FY2024 Race Dates | Approved FY2023 Race Dates | Approved FY2022 Race Dates | Approved FY2021 Race Dates | Approved FY2020 Race Dates |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Premier (TB) | 129 | 133 | 133 | 129 | 133 | 133 |
| Signature (TB) | 40 | 40 | 40 | 42 | 40 | 40 |
| Quarter Horse | 25 | 25 | 25 | 25 | 25 | 25 |
| Premier (SB) | 222 | 222 | 222 | 221 | 222 | 221 |
| Signature (SB) | 414 | 417 | 417 | 420 | 418 | 417 |
| Grassroots (SB) | 93 | 93 | 93 | 93 | 96 | 96 |
| Total | 923 | 930 | 930 | 930 | 934 | 932 |

Marquee events that will be hosted by Ontario racetracks in the 2024 racing season include:

- Ajax Downs - Alex Picov Memorial Futurity
- Clinton Raceway - Kin Pace
- Flamboro Downs - Charles Juravinski Memorial Cup
- Georgian Downs - Earl Rowe Memorial
- Grand River Raceway - Battle of Waterloo and Battle of the Belles
- Hanover Raceway - Dream of Glory and Balanced Image
- The Raceway at the Western Fair District - Camluck Classic
- Woodbine Mohawk Park - North America Cup, Mohawk Million, Metro Pace, Canadian Trotting Classic
- Fort Erie Race Track - Prince of Wales Stakes
- Woodbine Racetrack - King's Plate, Breeders' Stakes, Woodbine Oaks, Ricoh Woodbine Mile, Pattison Summer Stakes, E. P. Taylor Stakes

Ontario Racing will also continue to administer the world class Standardbred Ontario Sires Stakes program and contribute to Quarter Horse and Thoroughbred Ontario Sired and Ontario Bred stakes through the Horse Improvement Program. Additional details about each breed's Horse Improvement Program can be found on Page 41.

6.2. Purses

6.2.1. Racetracks Payment

As provided in the Second Amendment to the Funding Agreement, the Racetracks Payment is consistent with the allocation contemplated in the FY2021 Annual Business Plan.

The base purse allocation will remain consistent with FY2021. Base purses per day, which include the Racetracks Payment, purse account carryover and racetrack top-up, will average \$35,000 for Grassroots Standardbred racing, \$60,000 to \$64,000 for Signature Standardbred racing, \$208,000 for Premier Standardbred racing, \$118,000 for Signature Thoroughbred racing, \$480,000 for Premier Thoroughbred racing, and \$29,000 for Quarter Horse racing.

In keeping with [OLG Policy Directive 1 – 2022](#), Ontario Racing will continue to administer the payment of cancellation fees to Quarter Horse and Standardbred participants in the event of cancelled race dates or events declared ‘No Contest’ by AGCO officials.

6.2.2. Additional Purse Enhancement Payment

The Additional Purse Enhancement Payment will be allocated to Member Racetracks (save and except Woodbine and Woodbine Mohawk Park) based on an equitable distribution formula, considering race dates as well as level of racing (Premier, Signature and Grassroots).

A table summarizing the average purse by breed and level of racing, including the Purse Enhancement Payment, can be found in Section 7: Transition Payment.

7. Transition Payment

In FY2025 the Transition Payment, which may be used for the purpose of paying Eligible Costs as per the Second Amendment, will be allocated as it was in FY2024. Ajax Downs and Fort Erie Race Track will receive Transition Funds as originally prescribed in the Funding Agreement, while the Grassroots and Signature Standardbred racetracks receive an allocation based on the level of racing and number of race dates.

With the exception of Fort Erie Race Track, the Transition Funds will be dedicated to purses, ensuring a stable level of funding for participants. Details of the FY2025 Transition Funds are below.

| Racetrack | FY2025 Transition Payment |
|--|---------------------------|
| Ajax Downs | \$1,500,000 |
| Clinton Raceway | \$63,270 |
| Dresden Raceway | \$46,400 |
| Flamboro Downs | \$190,830 |
| Georgian Downs | \$57,250 |
| Grand River Raceway | \$70,460 |
| Hanover Raceway | \$63,270 |
| Hiawatha Horse Park | \$88,580 |
| Kawartha Downs | \$75,920 |
| Leamington Raceway | \$54,830 |
| Rideau Carleton Raceway | \$105,690 |
| The Raceway at the Western Fair District | \$183,500 |
| Total | \$2,500,000 |

The following table demonstrates the average purse per breed and level of racing including base, Purse Enhancement, and Transition Payment.

| Racing Category | Average Base Purse per Race Day (including Top-up & Carryover) | Average per Day including Purse Enhancement & Transition Payment |
|-------------------------|---|--|
| Quarter Horse | \$28,800 | \$96,188 |
| Standardbred Grassroots | \$35,089 | \$44,269 |
| Standardbred Signature | \$61,223 | \$70,078 |
| Standardbred Premier | \$208,108 | \$208,108 |
| Thoroughbred Signature | \$117,500 | \$124,888 |
| Thoroughbred Premier | \$480,620 | \$480,620 |

8. Operational Enhancement Payment

The Operational Enhancement Payment will be paid in accordance with the provisions of Schedule 3.4(A) of the Funding Agreement. In FY2025, year five of the Funding Agreement, Fort Erie Race Track will receive \$1,545,721 and Dresden Raceway will receive \$214,684.

| Racetrack | Operational Payment | Operational Enhancement Payment | Transition Payment | Total |
|----------------------|---------------------|---------------------------------|--------------------|---------------------|
| Ajax Downs | \$2,000,000 | | | \$2,000,000 |
| Dresden Raceway | \$286,000 | \$214,684 | | \$500,684 |
| Fort Erie Race Track | \$5,214,000 | \$1,545,721 | \$500,000 | \$7,259,721 |
| Hiawatha Horse Park | \$546,000 | | | \$546,000 |
| Kawartha Downs | \$432,000 | | | \$432,000 |
| Leamington Raceway | \$338,000 | | | \$338,000 |
| Total | \$8,816,000 | \$1,760,405 | \$500,000 | \$11,076,405 |

9. Capital Improvement Payment

In FY2024, a proactive approach was applied to the Capital Improvement Payment allocations, holding back approximately 10 per cent of the \$6 million annual budget to support inflationary impacts, project overruns, and emergent requests. This approach proved successful in ensuring no reallocations from pre-approved projects for emergent demands. As a result, urgent requests for repairs due to environmental impact were responded to swiftly, breakdowns of operating equipment had funding available for prompt replacement, and, with a third of the fiscal year remaining, unallocated funding was distributed to new projects.

Additionally, for FY2024, racetracks were provided with project approvals two months prior to the start of the fiscal year. This earlier notice shortened the quote-to-approval time and allowed for racetracks to begin coordinating the scheduling of project work earlier than ever before. Enhanced communication throughout the year also streamlined the planning and approval process for racetracks.

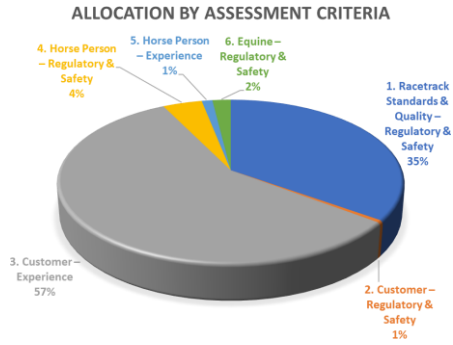
Over the past five years, and now including FY2025, nearly \$36 million of funding has been allocated to Capital Improvement projects. In FY2025 alone, the racetrack capital reinvestment rate (Capital Improvement funding as a percentage of total government support) is forecast to be 10.8 per cent, up nearly two per cent from the prior fiscal year. These projects demonstrate strong direct investment in Ontario's horse racing industry and indirect economic impacts in localized markets. The below table summarizes the allocations to Ontario's racetracks as of November 2023.

| | Paid* | Unpaid Allocations* | FY2025 Allocations | 5-Year Total | | FY2025 | | Overall | |
|--------------------|----------------------|---------------------|---------------------|----------------------|-------------|---------------------|-------------|----------------------|-------------|
| Race Track | Total Paid | Total Balance | Total Proposed | Total Paid + Balance | | Proposed | | Actual + Proposed | |
| Ajax Downs | 1,039,992.82 | 50,000.00 | 28,590.00 | 1,089,992.82 | 4% | 28,590.00 | 0.5% | 1,118,582.82 | 3% |
| Clinton | 659,032.65 | 1,341,421.14 | 1,750,000.00 | 2,000,453.79 | 7% | 1,750,000.00 | 28% | 3,750,453.79 | 10% |
| Dresden | 1,044,267.57 | 98,201.40 | 85,109.00 | 1,142,468.97 | 4% | 85,109.00 | 1% | 1,227,577.97 | 3% |
| Flamboro | 1,798,658.45 | 195,661.87 | 229,524.00 | 1,994,320.32 | 7% | 229,524.00 | 4% | 2,223,844.32 | 6% |
| Fort Erie | 4,574,309.08 | 228,872.81 | 418,878.00 | 4,803,181.89 | 16% | 418,878.00 | 7% | 5,222,059.89 | 15% |
| Georgian | 486,943.55 | 37,475.94 | 217,965.00 | 524,419.49 | 2% | 217,965.00 | 3% | 742,384.49 | 2% |
| Grand River | 2,034,970.78 | 3,170,566.08 | 712,000.00 | 5,205,536.86 | 17% | 712,000.00 | 11% | 5,917,536.86 | 16% |
| Hanover | 1,606,471.17 | 113,876.00 | 244,695.00 | 1,720,347.17 | 6% | 244,695.00 | 4% | 1,965,042.17 | 5% |
| Hiawatha | 2,008,370.49 | 248,128.01 | 411,450.00 | 2,256,498.50 | 8% | 411,450.00 | 7% | 2,667,948.50 | 7% |
| Kawartha | 1,566,072.55 | 123,124.00 | 107,639.00 | 1,689,196.55 | 6% | 107,639.00 | 2% | 1,796,835.55 | 5% |
| Lakeshore | 1,149,136.08 | 21,000.00 | 105,505.00 | 1,170,136.08 | 4% | 105,505.00 | 2% | 1,275,641.08 | 4% |
| Rideau Carleton | 1,999,626.94 | 479,524.75 | 548,714.00 | 2,479,151.69 | 8% | 548,714.00 | 9% | 3,027,865.69 | 8% |
| Western Fair | 3,107,321.61 | 276,653.19 | 835,500.00 | 3,383,974.80 | 11% | 835,500.00 | 13% | 4,219,474.80 | 12% |
| Unallocated | - | 290,967.11 | 553,785.00 | 290,967.11 | 1% | 553,785.00 | 9% | 844,752.11 | 2% |
| Grand Total | 23,075,173.74 | 6,675,472.30 | 6,249,354.00 | 29,750,646.04 | 100% | 6,249,354.00 | 100% | 36,000,000.04 | 100% |

* As of November 9, 2023

Projected for FY2025, three major Capital Improvement projects are expected to be completed: the Grand River Raceway expansion from a half-mile to a five-eighth mile racetrack, a Clinton Raceway grandstand rebuild, and the Rideau Carleton Raceway paddock rebuild due to a fire in February 2023.

Of the \$10.8 million in new requests, \$5.7 million were fulfilled from the net new annual funding and reserved funding from FY2024, allowing approximately \$554,000 to be held in reserve to support emergent demands. The Allocation by Assessment Criteria is broken down into four key areas and then further by "Regulatory & Safety" and "Experience." The below chart demonstrates the allocation of each bucket of funding.



| | | |
|----|---------------------|--|
| \$ | 1,983,805.00 | 1. Racetrack Standards & Quality - Regulatory & Safety |
| \$ | 25,500.00 | 2. Customer - Regulatory & Safety |
| \$ | 3,269,958.00 | 3. Customer - Experience |
| \$ | 240,000.00 | 4. Horse Person - Regulatory & Safety |
| \$ | 64,800.00 | 5. Horse Person - Experience |
| \$ | 111,505.00 | 6. Equine - Regulatory & Safety |
| \$ | 5,695,568.00 | |
| \$ | 553,785.00 | Unallocated FY2025 |
| \$ | 6,249,353.00 | Total Allocations |

Under the terms of the Funding Agreement, FY2025 will also require the application to extend Capital Improvement Payment funding into FY2027 through to FY2032. Racetracks will be requested to contribute a projection of capital improvement needs for the term of the Funding Agreement. This generous Government support to Ontario's Horse Racing Industry is one contributing factor in ensuring Ontario remains a competitive and desirable for horsepeople within and from outside this jurisdiction.

10. Horse Improvement Program (HIP)

The goals of the Horse Improvement Program (HIP) for FY2025 remain consistent with prior years and are outlined below:

- Rewarding excellence
- Developing and supporting programs that foster, sustain, and encourage long-term investment within rural Ontario's Quarter Horse, Standardbred and Thoroughbred breeding sectors
- Ensuring program incentives support investment in quality breeding stock and foster a profitable market for Ontario Bred and Ontario Sired yearlings
- Developing and supporting programs that promote a strong and sustainable live racing product at all Ontario racetracks to maintain and build the fan base and HMA wagering
- Establishing conditions for the allocation of HIP funding for overnight races
- Investing in equine research
- Investing in aftercare programs for all three breeds
- Promoting the Ontario Horse Improvement Program to provide education on program benefits and eligibility requirements, promoting the successes of Ontario Bred and Ontario Sired horses, and introducing new fans and participants to the program

The primary objective of the Horse Improvement Program is to provide racing and breeding incentives to the Ontario horse racing industry through the enhancement of purse and stake offerings, as well as rewarding breeders and owners of successful Ontario Bred and Ontario Sired Quarter Horses, Standardbreds and Thoroughbreds.

Breeder-focused programs aid in the recruitment of quality stallions and mares to Ontario, which supports the province's agricultural economy.

Owner-focused programs ensure Ontario Bred and Ontario Sired horses are attractive to owners around the globe and encourage participation in overnight and stake races at racetracks across the province.

A vibrant and successful Ontario Bred and Ontario Sired program contributes to full fields and competitive racing in all three breeds, which helps to build the customer base and maximize the wagering dollars spent on Ontario racing.

The allocation of the Horse Improvement Payment is accomplished by an intensive budgeting and review process at the Committee level. The apportionment between purses and breeders' awards is based on criteria specific to each breed. Each year Ontario Racing publishes program criteria for each breed, outlining in detail the eligibility requirements for HIP breeding and racing programs as determined via the committee-led budgeting and planning process.

In addition to program criteria, Ontario Racing also publishes conditions for the Standardbred Ontario Sires Stakes program. Thoroughbred and Quarter Horse race conditions are determined by the individual racetracks.

10.1. FY2024 Summary

Ontario Sired Standardbreds enjoyed another successful season in both the Ontario Sires Stakes (OSS) and Grand Circuit stake events.

Two-year-old pacing filly Its A Love Thing (Bettors Delight) swept the elimination and final of the \$540,000 Shes A Great Lady Pace, while her stablemate, Pass Line (All Bets Off), lowered the Ontario Sires Stakes record for two-year-old pacing fillies on a seven-eighths mile racetrack with her 1:49.3 win in a Sept. 2 Gold Series Leg.

Also on Sept. 2, at Woodbine Mohawk Park, aged pacing horse Tattoo Artist (Hes Watching), an OSS alumnus, captured the \$615,000 Canadian Pacing Derby.

While the change in economic conditions meant sales results for all breeds fell short of the historic levels achieved in 2022, Ontario Sired Standardbreds continued to be well received by buyers on both sides of the border, averaging \$33,082 for 523 yearlings sold (USD at par).

Bettors Delight offspring topped the Ontario Sired Standardbred yearlings on offer at both the Lexington Selected Yearling Sale and Harrisburg Black Book Sale, with colts Readyforprimetime and Twin B Euchre each bringing \$500,000 (USD). Bettors Delight son Gridiron Seelster and Dancin Lou colt D A Lets Boogie topped the London Classic Yearling Sale with \$200,000 bids.

Ontario Bred and Sired Thoroughbreds were also successful in stakes action locally and abroad, including 2022 Queen's Plate winner Moira, who returned to the winner's circle in the Grade 2 \$200,000 Canadian Stakes at Woodbine Racetrack and Daddysruby (Frac Daddy) who captured the Grade 1 \$300,000 (USD) La Brea Stakes at Santa Anita Park.

The 2023 Canadian Thoroughbred Horse Society's (CTHS) Premier Yearling Sale posted solid results for a second straight year, with a full brother to Horse of the Year Pink Lloyd selling for \$150,000 and seven horses selling for six figures.

Among those yearlings reaching the six-figure mark at the CTHS sale was a Souper Speedy filly out of Kin's Ghost, who came to Ontario as part of the 2021 Mare Purchase Program. A Speightstown daughter of Blue Curl, part of the 2022 Mare Purchase Program, led all Ontario Bred yearlings sold in 2023, hammered down for \$375,000 (USD) at the prestigious Fasig-Tipton Saratoga Sale.

The 293 Ontario Bred Thoroughbred yearlings sold at the major auctions averaged \$50,659 (USD at par).

Ontario residents once again embraced the TIP Sales Credit program, reinvesting \$170,000 worth of credits (earned through wins in claiming races) in Ontario Bred and Sired yearlings at the CTHS yearling and mixed sales.

With the incentives offered through the guaranteed starter bonus and May starting bonus, Ajax Downs opened the 2023 racing season in strong fashion and wrapped up with an increase in overall purses paid and average starters per race.

For the second straight year the Ajax oval achieved an all-time wagering high, seeing \$2.9 million wagered on the Quarter Horse product, up from \$2.56 million in 2022.

Finally, after a 25 per cent drop in the 2022 season, Quarter Horse participants resumed breeding at levels consistent with those seen in 2020 and 2021, as measured by utilization of the Mare Breeding Incentive. Overall participation rates remained consistent with those seen since the inception of the Funding Agreement.

10.2. FY2025 Programs

As noted in previous sections, as of January 2024 the HMA wagering forecast for FY2025 is \$707 million. This forecast, almost \$80 million less than was forecast in FY2024, resulted in cuts to both the Standardbred and Thoroughbred Improvement Programs as outlined below.

10.2.1. Quarter Horse Improvement Program

The Quarter Horse Improvement Program Committee altered the budget format for FY2025 to better reflect the Funding Agreement and HMA wagering levy funds allocated to the program. The streamlined budget better reflects those programs designed to foster investment in quality breeding and racing stock.

The commitment by Ajax Downs to offer regular simulcasting throughout the year is expected to mitigate the effects of the HMA forecast, ensuring revenue remains consistent with FY2024, which is estimated to come in near forecast. As a result, the QHIP Committee was able to maintain programs and incentives at the same level as prior years. On revenue of \$1,151,000 million for FY2025, the QHIP Committee has budgeted expenditures of \$1,500,000 for a forecasted loss of \$349,000 resulting in a year-end reserve of \$513,503.

10.2.2. Standardbred Improvement Program (SIP)

With a forecasted \$1 million reduction in the Standardbred share of the HMA wagering levy, the SIP Committee examined a variety of strategies to address the reduction in revenue.

To ensure the program remains competitive with comparable jurisdictions in its 50th anniversary season, they chose to maintain base purse and breeder award levels as they had been in FY2024, but to no longer add starting fees to Ontario Sires Stakes purses. As a result, participants will compete for \$190,000 per Gold Series Leg, or \$140,000 for a single division, \$20,000 per Grassroots Series division and \$8,000 per Prospect Series division.

Based on consultations completed with Ontario Sires Stakes participants and breeders in 2022, the SIP Committee altered the Gold Series program by adding a \$150,000 Mid-Season Final and \$40,000 Consolation following the first two Legs. Horses will qualify for the Mid-Season Final events by accumulating points in the first two Legs and for the Super Final through points earned in all four Legs. The addition of the Mid-Season Final and Consolation is expected to attract additional horses to the Gold Series level.

Rather than a Grassroots Semi-Final and Championship, Grassroots competitors will qualify for a \$75,000 Grassroots Final and \$25,000 Grassroots Consolation, which aligns with the Gold Series program and better reflects the number of horses nominating, sustaining and participating in the OSS.

The \$15,000 Prospect Series Finals will be split across two nights, with the two-year-old finals taking place two weeks after the three-year-old finals.

Winners of the Grassroots Finals will be allowed to enter and compete in their respective Super Finals, should the Super Finals not fill with Gold Series competitors.

Additionally, the Consolidated Race Office will contribute \$20,000 to the Mid-Season Consolation, \$12,500 to the Grassroots Consolation and \$7,500 to the Prospect Series Finals.

The shortfall in the HMA wagering forecast for FY2024 will result in an anticipated \$1.3-million deficit in the SIP budget, \$378,000 more than budgeted, for a forecasted reserve of \$1.4 million to begin FY2025. On anticipated revenues of \$16,451,785 for FY2025, the SIP Committee has budgeted expenditures of \$17,165,600 for a forecasted loss of \$713,815 and a year-end reserve total of approximately \$722,020.

10.2.3. Thoroughbred Improvement Program (TIP)

Facing a forecasted \$1.3 million reduction in the Thoroughbred share of the HMA wagering levy, the TIP Committee worked in cooperation with Woodbine Racetrack, Fort Erie Race Track and the Horseman's Benevolent and Protective Association (HBPA) to complete the FY2025 budget.

To address the significant drop in revenue, the TIP Committee focused on reducing overall allocations to breeder and owner-focused program components in a balanced fashion.

For the breeder-oriented program components, the Committee elected not to offer the Live Foal program in FY2025 and reduced Breeder's Awards by a total of \$350,000 through decreases to the annual Ontario, Out of Province and Ontario Sired Reward of Excellence awards.

For the owner-oriented program components, Woodbine Racetrack and the HBPA agreed to limit the Ontario Sired purse bonus to allowance races and reduce funding to stakes purses. Fort Erie Race Track reduced allocations to Ontario Bred and Sired purse bonuses and stakes purses. These efforts reduced the total allocation to owner-focused program components \$744,000 while maintaining the balance of TIP contributions to each racetrack. The Committee agreed on the importance to local horse people of stable purse levels for Ontario Sired and Ontario Bred stakes and, to ensure those races did not see a significant purse drop for the 2024 racing season, delivered a budgeted deficit of \$449,709.

10.3. Horse Improvement Program KPIs

Key Performance Indicators for the Horse Improvement Programs are tracked by breeding year.

Quarter Horse statistics are gathered through program enrolment, Standardbred statistics are gathered by Standardbred Canada and through program enrolment and Thoroughbred statistics are gathered by The Jockey Club, which typically lags 1-2 seasons in complete reporting, and through program enrolment.

10.3.1. Registered Stallions

The number of stallions registered as Ontario Sires in the Quarter Horse program in 2023 was 18, off the recent high of 22 registered in 2022.

There were 45 stallions registered with the Standardbred program in 2023, down from 56 in 2022 due to the death, retirement and relocation of several stallions.

A total of 47 stallions enrolled in the Thoroughbred program in 2023, one more than 2022. According to The Jockey Club's 2023 report of mares bred Ontario was one of four jurisdictions where stallions covered more mares than in 2022, up by 2.45 per cent. Over the last decade the number of registered Thoroughbred stallions has fallen 49 per cent and the number of mares covered has fallen approximately 15 per cent ([Source](#)).

Attracting quality stallions to regional programs continues to be a challenge for all breeds, but it's particularly acute in the Thoroughbred industry due to the live cover requirement. In 2023, 23 per cent of registered Thoroughbred stallions stood in Kentucky, and those 199 stallions covered 64 per cent of all mares bred.

In spite of the North America-wide competition and the detrimental impact of a low Canadian dollar, both the Standardbred and Thoroughbred programs attracted quality new stallions for the 2024 breeding season. Beach Glass, a \$1-million winning son of Ontario Sired Hall of Fame inductee Somebeachsomewhere, joined the Standardbred ranks and three-time Grade 1 winner Gufo, who earned more than \$2 million in his racing career and set the nine-furlong track record at Delaware Park, is the newest option for Thoroughbred breeders.

| Breeding Year | Quarter Horse | Standardbred | Thoroughbred |
|---------------|---------------|--------------|--------------|
| 2016 | 16 | 60 | 78 |
| 2017 | 20 | 67 | 64 |
| 2018 | 21 | 60 | 65 |
| 2019 | 18 | 58 | 60 |
| 2020 | 21 | 56 | 48 |
| 2021 | 18 | 67 | 51 |
| 2022 | 22 | 55 | 46 |
| 2023 | 18 | 45 | 47 |

10.3.2. Ontario Resident Mare Program Enrolment

Enrolment in the Ontario Resident Mare Program (ORMP), which accredits the resulting foal as Ontario Bred, has remained fairly consistent in the Quarter Horse breeding program while falling steadily in the Standardbred and Thoroughbred breeding programs.

Mares are required to foal in Ontario to participate in the ORMP, so breeders' annual business decisions can impact a mare's year-to-year enrolment.

To maximize future yearling sale prices or ensure the health of mare and foal, Ontario breeders may elect to foal a mare bred to an American stallion, or booked to an American stallion, in the state where the stallion resides.

The closure of several prominent Standardbred and Thoroughbred breeding farms has also impacted ORMP enrolment.

Ontario Racing is working with the HIP Committees to streamline and promote ORMP enrolment to ensure maximum participation.

| Breeding Year | Quarter Horse | Standardbred | Thoroughbred |
|----------------|---------------|--------------|--------------|
| 2017 | 144 | - | 887 |
| 2018 | 150 | 1,111 | 844 |
| 2019 | 121 | 1,101 | 756 |
| 2020 | 157 | 1,021 | 763 |
| 2021 | 149 | 973 | 663 |
| 2022 (to date) | 145 | 958 | 283 |
| 2023 (to date) | 132 | 860 | 113 |

10.3.3. Registered Foals

The number of registered or accredited Quarter Horse foals has hovered in the mid-to-high 40s for the last seven years, with program enrolment typically occurring when the horse is preparing to race.

The number of registered Ontario Sired Standardbred foals has fallen an average of three per cent per year over the last seven years, in keeping with overall reduction of the North American foal crop.

Over the last seven years the Thoroughbred foal crop has fallen from the mid-800s to the mid-600s due to the closure of several large breeding operations, most notably the world-renowned Sam-Son Farm.

The reduction in the Ontario Thoroughbred foal crop size also mirrors the broader North American trend ([Source](#)).

| Breeding Year | Quarter Horse (accredited as racehorses) | Standardbred (Ontario Sired) | Thoroughbred (data from The Jockey Club and *Live Foal Program enrolment) |
|----------------|---|---------------------------------|--|
| 2016 | 50 | 1,286 | 813 |
| 2017 | 46 | 1,536 | 882 |
| 2018 | 50 | 1,547 | 841 |
| 2019 | 49 | 1,488 | 768 |
| 2020 | 44 | 1,472 | 783 |
| 2021 | 43 | 1,405 | 676 |
| 2022 (to date) | 21 | 1,359 | 402 |
| 2023 (to date) | 3 | 1,000 | 581* |

10.3.4. Average Yearling Sale Price

Average Yearling Sale price is not tracked for Quarter Horse yearlings, due to the lack of a dedicated sale in Ontario. The average sale price of Ontario Sired yearlings is tracked for Standardbreds, while for Thoroughbreds the data reflects Ontario Bred yearlings.

A total of 523 Ontario Sired Standardbred yearlings were sold at auction in 2023, 53 more than in 2022, for an average of \$33,082. While down 11 per cent from the highs set in 2022, the average was down just two per cent from 2021, with 59 additional yearlings sold. The London Classic Yearling Sale attracted 284 entries and saw a 14 per cent increase in gross sales to \$7,579,000.

Yearlings sold at the major Thoroughbred yearling sales averaged \$50,659 from 293 horses sold, up three per cent from 2022. The CTHS Premier Yearling Sale catalogued 250 horses for the first time in recent memory and 168 horses met their reserve price for a 4.6 per-cent increase in gross sales to \$4,017,790.

| Breeding Year | Standardbred (Ontario Sired) | Thoroughbred (Ontario Bred; data from The Jockey Club) |
|---------------|------------------------------|--|
| 2018 | \$34,102 | \$57,014 |
| 2019 | \$32,876 | \$37,693 |
| 2020 | \$32,759 | \$44,192 |
| 2021 | \$33,710 | \$59,088 |
| 2022 | \$36,971 | \$49,322 |
| 2023 | \$33,082 | \$50,659 |

11. Financial Information

Ontario Racing Management (ORM) is the administrative body of Ontario Racing. Based on the Management Agreement between the two parties, ORM executes on the decisions and direction determined by the Ontario Racing Board. The Annual Budget of Ontario Racing, and by extension ORM, includes a detailed use of funds relating to the annual Administration Payment.

The major year-over-year changes to the FY2025 budget as compared to the FY2024 budget are detailed below.

Salaries and Wages – \$912,158; an increase of 15 per cent over the FY2024 budget.

The three primary drivers of this increase include the reallocation of five per cent of each Director's salaries from the HIP budgets to the ORM budgets, a budget of four per cent for annual merit increase, and salary adjustment of ORM leadership team to create pay equity alignment to comparable roles.

Corporate Services – \$313,530; no change.

Although the total amount budgeted for Corporate Services remains the same, funding has been redirected to increase Legal Services allocation in support of Funding Agreement Fifth Amendment execution.

Industry Development – \$100,250; a decrease of 50 per cent from the FY2024 budget.

Significant drop in budget driven by the elimination of funding for Industry Association Benchmark Study, reclassification of After Care Programs to the correct source of funding, reduction of the New Horse Ownership and Business Plan Development, and Government Relations change in approach.

Stakeholder Engagement and Communications – \$184,963; a decrease of 14 per cent from FY2024.

Reallocation and reduction resulting in closer alignment with projected FY2024 spend.

Supplies and Equipment – \$14,000; a decrease of 22 per cent over the FY2024 budget.

Reallocation and reduction resulting in closer alignment with projected FY2024 spend.

Travel and Meals – \$30,000; no change.

Although no change, line item reflects ORM's commitment to visiting each Member Racetrack in FY2025, attending industry special events and trade symposiums.

WEG Management Fee – \$470,000; no change.

Ontario Racing and WEG are collaborating in conducting a detailed review of the calculation of the WEG Management Fee. Until this engagement is complete, the WEG Management Fee will be budgeted at \$470,000, consistent with the approach used in prior fiscal years.

TCO2 Fees – \$380,000; a decrease of five per cent compared to FY2024 budget, to reflect the actual spend in FY2024.

Racetrack Licensing Fees – \$1,068,000; no change.

Administration Payment Carryover

As approved by the Board of Directors on July 21, 2022, ORM will dedicate the Administration Payment Carryover from FY2021 and FY2022 toward five initiatives: additional staff resources, wagering support to Ontario Racing Member Racetracks, ownership development, Ontario Racing media and promotions, and animal welfare.

In FY2024, the Administration Payment Carryover (Retained Earnings) started at \$904,000, with funding allocated to an Executive Consultant to the Board (\$70,000), New Horse Ownership initiative (\$80,000), and a contracted Content Specialist (\$17,600).

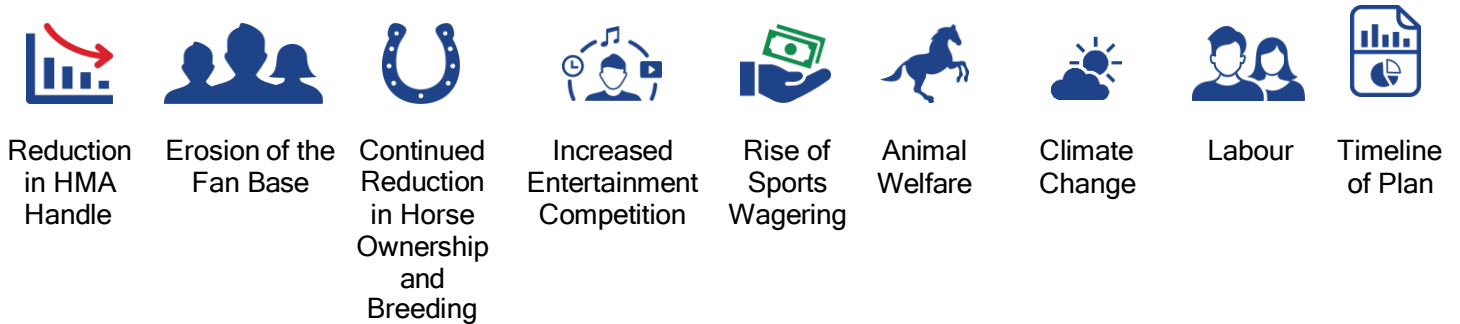
Midway through FY2024, Ontario's horse racing industry was assessed with a \$746,000 reduction in purses due to remote wagering exceeding the threshold prescribed in the Funding Agreement. To offset this reduction in funding while minimizing the impact to purses, \$350,000 of retained earnings was allocated to support the Remote Racetrack Payment Reduction. As a result, the Administration Payment Carryover is projected to be \$383,000 at the end of FY2024.

In FY2025, the following allocations have been made from the Administration Payment Carryover:

- The contract for the Executive Consultant to the Board was extended through September 2025, allocating \$140,000 from the Administration Payment Carryover. The allocation for this fiscal year is \$70,000 and is captured under Board Renumeration.
- The New Owner Platform will be completed in FY2025 with the balance of the initiative projected to be \$35,000 under New Horse Ownership.
- The new initiative of Horse Racing Industry Employee Recruitment and Training Support, commencing in FY2025, has up to \$100,000 allocated under Program Development to support various activities to draw new interest into the employment side of Ontario's Horse Racing Industry.
- A contracted Content Specialist will again be hired to support the media content development during the busiest part of the race season through to completion of the 50th Anniversary of the OSS Program. This allocation of \$20,000 is captured under Creative Content & Social Media.

12. Annual Business Plan Risks

Key risks that may impact on the ability to achieve the initiatives and objectives outlined in this Annual Business Plan include:



The industry's ability to address and manage these risks will directly impact on Ontario Racing's ability to achieve the objectives outlined in this Annual Business Plan.

Each risk is assessed using the following criteria and a mitigation tactic provided:

- Industry Impact
- New or Ongoing
- Risk to Ontario Racing Initiatives or Member Racetrack Objectives
- Ontario Racing Mitigation Tactic

Note: All risks identified for the FY2025 Business Plan have been identified as Ongoing Risks, and a risk to both Ontario Racing Initiatives and Member Racetrack Objectives, so those criteria are assumed for all of the following.

12.1. Reduction in HMA Handle

| Industry Impact | Ontario Racing Mitigation Tactic |
|------------------|--|
| Wagering Revenue | Continued emphasis on product distribution with the wagering permit holder. |
| HIP Funding | This will be achieved through coordinated marketing campaigns to ensure awareness and engagement among horse players in Ontario. |

12.2. Erosion of the Fan Base

| Industry Impact | Ontario Racing Mitigation Tactic |
|--------------------------------|--|
| Aging demographic | As noted above, emphasis on distribution and product development tactics to drive wagering. |
| No new fans | Promote technology offerings to cater to modern fan preferences. |
| Reduction in handle generation | Support for pool wagers and marketing of new pick-based bets; co-funded marketing with tracks. |

12.3. Continued Reduction in Horse Ownership and Breeding

| Industry Impact | Ontario Racing Mitigation Tactic |
|--|---|
| Horse supply threatened | HIP program initiatives/investments to encourage breeding and ownership (Prospect Series, Grassroots & Gold Series, Ontario Sired Stakes (TB), Heritage Series (TB), Woodbine & Fort Erie Sales Credit Incentive, Princess Breeding Incentive). |
| Average field size reduced | |
| Breeding industry erosion | Increased marketing of breed-specific reward plans, i.e., MPP and MRP (TB), full suite of Ontario Sired opportunities (SB). |
| Potential to maximize handle is impaired | Efforts to improve conditions for ownership (tax lobbying). Launch of a platform to support ownership marketing. |

12.4. Increased Entertainment Competition

| Industry Impact | Ontario Racing Mitigation Tactic |
|---|---|
| Erosion of existing fan base | Promote technology offerings to cater to modern fan preferences. |
| Lost revenue | Support for new pool wagers and marketing of new pick-based bets; co-funded marketing with racetrack's fan preferences. |
| Limited opportunity to increase revenue | Contemporary content strategy to increase engagement. |

12.5. Rise of Sports Wagering

| Industry Impact | Ontario Racing Mitigation Tactic |
|--|--|
| Growth impairment Lost revenue opportunities Revenue reductions Reduction in relevance and ability to attract new fans and participants | Ontario Racing to ensure provincial horse racing voice is heard on the topic. Work with WEG to promote the launch of technology offerings to cater to modern fan preferences. |

12.6. Animal Welfare

| Industry Impact | Ontario Racing Mitigation Tactic |
|------------------------|--|
| Poor public perception | Continue Ontario Racing committee's work on anti-slaughter policies. Contribute to equine welfare through research funding. |

12.7. Climate Change

| Industry Impact | Ontario Racing Mitigation Tactic |
|--|---|
| Race cancellations and horse and participant welfare | Work with regulators and associations to improve race day scheduling flexibility. |

12.8. Labour

| Industry Impact | Ontario Racing Mitigation Tactic |
|--|---|
| Turnover of key personnel Not attracting young employees Difficulty recruiting | Work with partners to publicize industry jobs. Identify critical roles and identify mentors to assist with training and development. Market careers in the horse racing industry at post-secondary institutions and identify partners for potential collaboration on educational programs. Work with government relations firm and industry partners to advance time temporary workers are permitted in the country and/or make the process easier to use. |

12.9. Timeline of Plan Development

The data used to create the plan, in many cases, are forecasts of results that will occur too far into the future to be projected with complete accuracy in January 2024.

Additionally, Member Racetracks have built their Business plans with only two full quarters of actual results from FY2024. Fiscal year-end for Ontario Racing (and ORM) and WEG does not occur until March 31 and financial projections for some racetracks have not received approval at their board level and may be subject to revision. Only the most recently revised data should be used for analysis.

| Industry Impact | Ontario Racing Mitigation Tactic |
|--|---|
| Limits effectiveness of the plan for both Ontario Racing and its industry partners | Ontario Racing will review the Approved Business Plan at the end of Q1 FY2024 and submit revisions as needed. |

13. Responsible Gambling

Ontario Racing worked with OLG to develop a Commitment Statement and Policy with respect to Responsible Gambling, which has a dedicated page on the Ontario Racing website. In FY2021, Ontario Racing and OLG worked with the Responsible Gambling Council (RGC) to develop a Responsible Gambling training program to be implemented at the various racetracks across the province.

13.1. FY2024

Ontario Racing successfully implemented the FY2024 Responsible Gambling initiative through identifying and training Responsible Gambling leads at Member Racetracks, finalizing a reporting framework, and the distribution of program materials and training materials to all racetracks.

- Total number of racetrack employees trained through Q3 FY2024: 1,288
- Total number of racetracks with employees trained: 13
- Total number of Responsible Gambling Leads: 14

13.2. FY2025

After successfully implementing Responsible Gambling training for customer-facing employees at the racetrack level in FY2024, Ontario Racing will support the racetracks in training non-customer facing employees in leadership roles.

In January 2024, Ontario Racing hosted a debrief and planning session with OLG and racetrack leaders to discuss the FY2024 Responsible Gambling program. This included an assessment of what worked and what could be changed to better align with the program's mandate.

From that meeting the following was brought forward:

13.3. Scope

Understand and overcome the technological obstacles surrounding employees without computer access.

13.4. Implementation Strategy

Objective: Develop a submission that can be sent electronically once connected to a network.

Goals:

- Ensure Responsible Gambling leads at the racetracks are trained on the materials and can identify and provide tailored advice to those who request help
- Conduct one post-implementation debrief and planning workshop before the end of 2024

Outcomes:

- Proper treatment of guests who request assistance with their gambling habits
- Easier to identify which staff members have completed the training

Implementation Plan:

- Work with OLG to develop a submission that can be sent electronically once connected to a network
- Reach out to racetrack Responsible Gambling leads at operating racetracks (Q1-Q4, FY2025)
- Finalization of reporting framework with racetracks (Q1 FY2025)
- Distribution of program and training materials to all operating racetracks (Q1-Q4 FY2025)
- Training of Responsible Gambling leads at operating racetracks (Q1-Q4 FY2025)
- Follow up with operating racetracks to ensure applicable employees have been trained (Q2-Q4 FY2025)
- Conduct a debrief and planning workshop with OLG and racetrack representatives to gather feedback (Q3 FY2025)

14. Ontario Teletheatre Network



The teletheatre strategy is based on the concept that a consistent and integrated wagering model, including Off Track Betting (OTB) and online wagering, can best leverage product offerings and provide the best case for ongoing integration with OLG and the provincial gaming strategy. The teletheatre network offers efficiencies and provides a platform to advance pari-mutuel wagering in the province.

The teletheatre network is currently comprised of 48 Champions OTB locations in the HMA, including the Greenwood Teletheatre and WEGZ Stadium Bar. The OTB, which is operated by WEG, provides a fully integrated service designed to maximize wagering and convenience, with OTBs located within a half hour commute for 90 per cent of Ontario residents.

Through this integrated model, paired with the online HPIbet platform, customers do not have to choose whether they will wager on-track, off-track or online. They wager in the manner and on the platform most convenient for them, all using a single HPIbet account. The OTB channel also provides cash wagering options for customers who do not like to play online.

The strategic development of the OTB network is vital to the success of horse racing in Ontario given the significant contribution the teletheatres make to the overall total of HMA wagering. WEG has moved forward with several significant initiatives that strengthen the connection between the valued OTB network and the HPIbet platform.

FY2024 collective teletheatre wagering total (forecasted Jan. 2024): \$198 million.

FY2025 collective teletheatre wagering total (forecasted Jan. 2024): \$193 million.

Ontario Racing will work closely with WEG to understand HMA wagering trends against budgeted amounts, and specifically handle generated in the teletheatre network, to ensure any material changes to handle projections can be flowed through to those programs that benefit from HMA handle levies. Ontario Racing is committed to working with industry partners, regulators and WEG to ensure the opportunity to maximize handle is available in the province of Ontario for the betterment of horse racing.

15. Conclusion

Though challenging at times, the 2023 racing season in Ontario was still a relatively strong one, given exterior factors and risks continue to threaten the industry as a whole.

The FY2025 Annual Business Plan will support Ontario Racing Members and the entire industry as they navigate these industry challenges and look to move forward. Ontario Racing is ready to support our partners to capitalize on emerging opportunities such as online or retail sports betting and to allow horse racing to compete fairly with other professional sports in a competitive sports-wagering market.

Although horse supply is an ongoing issue in all North American jurisdictions, the 2023 racing season featured a relatively consistent horse supply in Ontario across all three breeds. However, the FY2024 HMA wagering forecast of \$723 million is a significant \$60 million drop from FY2023. And this conservative number looks like it could slip heading into the 2024 racing season, with an HMA projection of \$707 million and a gross bet forecast for FY2025 set at \$1.2 billion as of January 2024.

As noted in the *Risks* section of this document, the data used to create the plan in many cases is a forecast of results that will occur too far into the future to be projected with complete accuracy in January 2024. Information supplied by OR Racetrack Members is subject to change and only the most recently revised data should be used for analysis.

Continued investment in Ontario's racetrack infrastructure, along with marketing support, will set the conditions for Member Racetracks to grow their local fanbase, thereby further exposing the sport to lapsed and new customers. With horse racing currently excluded from participating in the advancement of brick and mortar sportsbooks in the province, the industry will need to work together to ensure horse racing remains a preferred form of wagering entertainment.

Heading into FY2025, as the organization and brand continues to mature, Ontario Racing will evaluate, enhance, and advance the ways it works with partners and industry participants for the benefit of the Ontario horse racing industry. The above plan captures the intentions and goals that will ensure Ontario Racing can continue to holistically support and represent horse racing in our province.