



Annual Business Plan

FY2026 - PUBLIC

PROPOSED: JANUARY 23, 2025

APPROVED: MARCH 20, 2025

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.

Table of Contents

1. Introduction.....	4
2. Operational Objectives and Initiatives	5
2.1. Ontario Racing's Key Initiatives	5
2.1.1. Biosecurity.....	5
2.1.2. Horse Racing Industry Employee Recruitment & Training Support	5
2.1.3. Funding Agreement Extension.....	6
2.1.4. Industry Leadership.....	6
2.1.5. Products & Opportunities	7
3. Racetrack Specific Goals and Objectives.....	8
3.1. Standardbred Racetracks	8
3.1.1. Grassroots Racetracks.....	9
3.1.2. Signature Racetracks	9
3.1.3. Premier Racetracks.....	9
3.2. Thoroughbred Racetracks.....	9
3.3. Quarter Horse Racetracks	10
4. Assumptions	11
4.1. Key Planning Assumptions	11
5. Key Performance Indicators.....	12
5.1. Gross Bet on Ontario Races	12
5.2. Average Field Size	13
5.3. Unique Starters and Total Starts.....	14
5.4. Gross Wagering Commissions.....	14
5.5. Racetrack Capital Reinvestment Rate	15
5.6. Other Racetrack Revenue.....	15
5.7. Wager to Purse Ratio	15
6. Racing Information.....	16
6.1. Race Dates.....	16
6.2. Purses	19
6.2.1. Racetracks Payment	19
6.2.2. Additional Purse Enhancement Payment.....	19
7. Transition Payment.....	20
8. Operational Enhancement Payment	21
9. Capital Improvement Payment.....	22
10. Horse Improvement Program (HIP).....	25
10.1. FY2025 Summary	26
10.2. FY2026 Programs	27
10.2.1. Quarter Horse Improvement Program.....	27
10.2.2. Standardbred Improvement Program (SIP)	27
10.2.3. Thoroughbred Improvement Program (TIP).....	28
10.3. Horse Improvement Program KPIs	28
10.3.1. Registered Stallions	28
10.3.2. Ontario Resident Mare Program Enrolment.....	29
10.3.3. Registered Foals	30
10.3.4. Average Yearling Sale Price	30
11. Financial Information.....	32

12. Annual Business Plan Risks	34
12.1. Reduction in HMA Handle	34
12.2. Erosion of the Fan Base.....	35
12.3. Continued Reduction in Horse Ownership and Breeding	35
12.4. Increased Entertainment Competition.....	35
12.5. Sports Wagering & Online Casinos.....	36
12.6. Animal Welfare	36
12.7. Climate Change	36
12.8. Labour	36
12.9. Timeline of Plan Development	36
13. Responsible Gambling.....	38
13.1. FY2025.....	38
13.2. FY2026.....	38
13.3. Scope	38
13.4. Implementation Strategy	38
14. Ontario Teletheatre Network	39
15. Conclusion.....	40

1. Introduction

Horse racing in Ontario experienced several highlights in 2024 while persevering against new challenges. As a jurisdiction, Ontario remains among the best in North America, with ample opportunities for horse people to earn a living and fans to participate through betting. The province remains home to strong breeding operations that produce domestic and internationally sought yearlings. The infrastructure at racetracks in Ontario remains strong and continues to grow as racetrack operators leverage their locations to produce horse racing events that engage the community, province and beyond.

Backed by the historic Funding Agreement for Live Horse Racing (Funding Agreement), the industry in Ontario has a strong foundation to grow key segments and address challenges. As the province experiences an economic lull, horse racing must continue to drive innovation and investment in order to ensure a sustainable future.

Innovation will be addressed through leveraging infrastructure to offer customers unique offerings allowing more people to bet on horse racing while retaining current customers through loyalty programs and greater engagement. A new broadcast partner will help expose the sport to more people across Canada while an on-track activation strategy will support fan engagement.

Demonstrating transparency and diligence with public funds will ensure a maximum return on investment for the province and Ontarians. Unlike private companies, often headquartered outside the province, Ontario Racing demonstrates how funds are used to support nearly 24,000 Ontarians that earn a living in the sport. Horse racing supports the provincial economy in more ways than other forms of wagering, including driving economic opportunities for rural Ontarians. As sports wagering operators continue to drive customers to online casinos, horse racing must ensure it provides an appealing and modern experience that is more engaging than online sports wagering, bingo halls or casinos.

Each Member Racetrack continues to demonstrate their importance within their local community, acting as key gathering hubs, and as sources of both great entertainment and employment opportunities.

In addition to initiatives described later in this plan, Ontario Racing will ensure that race conditions are set with a view to maximize wagering handle on Ontario's live horse races and provide horse people with the maximum number of opportunities to race their horses and earn purse money.

Ontario Racing will work with our partners and members to address rising costs across all sectors of the industry and challenges relating to breeding, ownership recruitment and labour in order to ensure the continued viability of the sport in the province. Through the Board of Directors, the support of the representative committees, and with the ingenuity, hard work and determination of those Ontario Racing supports, horse racing will continue 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 FY2026. These initiatives are in addition to the operational objectives listed above.

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

Guided by the Biosecurity Working Group, Ontario Racing canvassed racetracks and training centres to understand current levels of preparedness with respect to biosecurity issues. Building on that knowledge, Ontario Racing will launch a biosecurity tool in Q1 for use by racetracks and training centres to assist operators with assessing and enhancing their biosecurity preparedness. The Biosecurity Working Group will assess the effectiveness of the tool and provide recommendations for refinement in Q3. Disease outbreak notifications will continue to be shared to all member organisations.

2.1.2. Horse Racing Industry Employee Recruitment & Training Support

In FY2025 Ontario Racing convened a one-day Racetrack Surfaces Symposium, attended by racetrack and training centre operators, racetrack administrators, the provincial regulator and horse people, to expand knowledge of racetrack maintenance best practices. Additionally, the Racetrack Operations Committee identified official veterinarians as a high-risk role. Ontario Racing convened a meeting with the Ontario Association of Equine Practitioners (OAEP) and regulatory veterinarians to understand issues impacting the recruitment.

In FY2026, Ontario Racing will develop, launch and market an Industry Employment webpage to advertise horse racing industry jobs where job seekers will be able to connect directly to racetracks, associations and farms with open positions. The webpage will also highlight key roles and staff members within the industry, providing job seekers with information about the wide range of employment available.

Beginning in Q3, Ontario Racing will work with member organisations to market horse racing industry roles at high school, college, and university job fairs along with other events.

Ontario Racing will also work with member organisations to identify opportunities for hands-on training with horses, support hands-on training offered by member organisations, and explore the development of owned educational programs.

2.1.3. Funding Agreement Extension

During FY2025, Ontario Racing Management (ORM) staff summarized for the Ontario Lottery and Gaming Corporation (OLG) the complete list of conducted race dates and Make-Up Tactics per each Approved Annual Business Plan. This resulted in a written notice from OLG confirming the core purse, operations and administrative funding will continue through the First Extended Term (April 2026-March 2032). Per the terms of the Funding Agreement, ORM staff also submitted to OLG the First Capital Continuation Proposal and the First HIP Continuation Proposal, both demonstrating the effectiveness of funding received to date and the on-going demand to continue this funding through the First Extended Term. Through written notice, OLG confirmed the Capital Improvement Payment of \$6 million per year and the Horse Improvement Payment of \$10 million per year will continue through March 2032.

In FY2025, Ontario Racing put forward a request to Government for additional support to increase funding, investment in Ontario bred horses, and new revenue streams through the First Extended Term of the Funding Agreement. Rooted in lessons and experiences from the initial five-years of the Funding Agreement, including exceptional inflation, competitive wagering threats experienced from the legalization of Ontario's iGaming market in 2023, unrealized land-based gaming projections positioned to be an alternative revenue sources, and competitive jurisdictional threats, Ontario Racing has been briefing and socializing the request over the past year. Going into FY2026, Ontario Racing is preparing to advance this request through entering into negotiations for a Fifth Amendment to the Funding Agreement, before transitioning into operationalizing the obligations under an executed Fifth Amendment prior to April 2026, the start of the First Extended Term.

2.1.4. Industry Leadership

Ontario Racing will lead an advocacy effort to repeal Section 31 of the Income Tax Act, working with a strategy firm, member organisations and other agricultural groups.

As in recent years, Ontario Racing will host a marketing and/or operations meeting available to all Ontario Racing Members in Q3 or Q4. Additionally, Ontario Racing will investigate and report on the feasibility of co-producing or hosting an international summit or symposium in Ontario in FY2027 or beyond.

Ontario Racing will continue to nurture relationships with regulators, relevant ministries and crown corporations to advance industry priorities in funding, employment, safety, recruitment and other areas. Additionally, Ontario Racing will lead addressing the rising costs surrounding broadcasting racing signals upload fees and the impact on operators and wagering in Ontario.

Ontario Racing will continue to engage with the OR Board through opportunities separate from typical governance to ensure representation and alignment throughout the next fiscal year. Additionally, in FY2026, Ontario Racing will provide a follow-up to the FY2024 Board engagement survey and conduct a Governance/Bylaw/Committee Structure review as part of the ongoing assessment of Board effectiveness.

2.1.5. Products & Opportunities

In FY2025 Ontario Racing worked with Woodbine Entertainment Group (WEG) and OLG to understand the impact of sports wagering, Computer-Assisted Wagering (CAW), the rise of online gaming and the reason for missed land-based gaming projections and the impact on horse racing.

In FY2026, Ontario Racing will support the integration and marketing of horse racing within OLG's online betting platforms, expected to occur within Q1 or early Q2.

Ontario Racing will provide support to racetrack operators to a) enhance the customer experience during signature events, b) celebrate and drive wagering on the province's marquee events, such as the King's Plate and Pepsi North America Cup, and c) promote horse ownership and owner appreciation.

As part of the industry's focus to reduce future reliance on government support, Ontario Racing will work in partnership with WEG and OLG to define a new horse racing driven lottery style quick-pick wager, similar to offerings in European jurisdictions. Once executed, this collaborative initiative will introduce new wagering revenues through an untapped distribution channel, along with expanding into a new customer base and providing broader exposure of this sport. Scope of this new offering will be completed within FY2026 with targeted implementation for FY2027.

3. Racetrack Specific Goals and Objectives

Through an association-issued template, racetracks provided FY2025 information such as highlights and carryover (where applicable), before projecting FY2026 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.



Online Gaming: The advent of online gaming, both casino and sports wagering, in Ontario has had a directly negative impact on the overall handle of racetracks across the province.

The business plan initiatives of the racetracks for the 2025 racing season are noted in detail in Appendix G. 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.

A summary of the racetrack goals and objectives can be found below.

3.1. Standardbred Racetracks

Ontario is home to 12 Standardbred tracks, subdivided into three different categories, Grassroots, Signature and Premier.

While all Standardbred racetracks face some similar problems, such as issues with horse supply, common issues were identified within the Grassroots and Signature tiers of racing.

3.1.1. Grassroots Racetracks

There are six Grassroots racetracks across Ontario: Clinton Raceway, Dresden Raceway, Hanover Raceway, Hiawatha Horse Park, Kawartha Downs and Leamington Raceway.

Special event days and races proved to be among the most successful strategies to bring in crowds and drive wagering at Grassroots racetracks. Events such as wiener dog race days and charity events attracted the largest crowds.

All six Grassroots racetracks expressed issues relating to labour heading into FY2026, with many citing the fact that they operate a limited number of days on weekends in the summer as a contributing factor to the difficulty they face attracting workers.

3.1.2. Signature Racetracks

Ontario features five Signature Standardbred racetracks: Flamboro Downs, Georgian Downs, Grand River Raceway, Rideau Carleton Raceway and The Raceway at Western Fair District.

Signature tracks host major race days and drive higher handles than their Grassroots counterparts with many producing large-scale industry and community events. However, they still face many of the same systemic issues impacting the sport, such as a shrinking horse supply, a smaller and aging customer base and less overall handle as a result.

3.1.3. Premier Racetracks

Woodbine Mohawk Park is Ontario's only Premier Standardbred racetrack, hosting the largest number of races and driving the most wagering.

While some challenges are unique, Woodbine Mohawk Park also shares key issues with Signature and Grassroots racetracks including labour, horse supply, inflation and the Canadian dollar.

As the leading horse racing operators in the country, WEG has stated objectives and goals to try to develop wagering products and technologies that help bolster the overall health of the industry, aiding all tracks in the province.

3.2. Thoroughbred Racetracks

There are two Thoroughbred racetracks in Ontario, one Signature track (Fort Erie Race Track) and one Premier track (Woodbine Racetrack).

Fort Erie Race Track has an optimistic outlook on where they are heading into FY2026, bolstered by a relatively strong showing during FY2025. They plan on increasing attendance and maximizing wagering by staging as many special events as possible and looking to add at least two weekends and a holiday Monday race date to accomplish this goal.

Woodbine Racetrack is the most recognizable racetrack in Canada, and the wagering product generates most of the handle generated from Ontario live racing. Woodbine continually invests in the racetrack infrastructure and in FY2026 will revamp the EP Taylor turf track.

As the leading horse racing industry player in both the province and the country, WEG has stated objectives and goals to try to develop wagering products and technologies that help bolster the overall health of the industry, aiding all tracks in the province.

3.3. Quarter Horse Racetracks

Ajax Downs is the only dedicated racetrack for Quarter Horse racing in Ontario.

While wagering and horse supply numbers were down compared to previous years, Ajax Downs continues to successfully expand its offerings and engage the community.

The track does an excellent job working with the horse person's association to maximize opportunities for participation and continues to evaluate all aspects of the race day experience, including VIP bookings and limited Sunday racing.

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 FY2026. 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 FY2026, at the close of Q3 FY2025, a total of \$1.01 million in carryover purses is projected to be added to this year's available purse funds. This includes \$1,000 to Quarter Horse purses, \$1,010,000 to Thoroughbred purses and \$43,739 to Standardbred purses. As mentioned in the Key Performance Indicators (KPIs) section, horse supply is expected to be consistent with FY2025.

At the time of writing this plan, full FY2025 HMA wagering is forecast at \$701 million. The FY2026 wagering projections breakdown as follows (as of Dec. 2024):

- Gross Bet on Ontario Racetracks: \$1.17 billion
- Home Market Area: \$680-701 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 December 2024. At the racetrack operations level, forecasts were issued in December 2024.

5.1. Gross Bet on Ontario Races

As of December 2024, the total Gross Bet in FY2026 is forecast at \$1.7 billion with Home Market Area (HMA) wagering ranging from \$680-701 million of this forecast, aligning to North American trends and the ongoing impact of iGaming in Ontario. Gross Bet on Ontario racetracks in FY2026 is forecast at \$1.17 billion of the \$1.7 billion of forecasted total Gross Bet.

Foreign remote wagering is projected to finish FY2025 at \$995 million, an \$80 million drop from FY2024 mainly due to reduced handle coming from the US. HMA wagering is projected to finish FY2025 below \$700 million, a more than \$30 million drop from FY2024. While the first three months of FY2025 saw small reductions in HMA wagering as compared to FY2024, there was a significant drop in the last six months of the calendar year.

The drop in HMA wagering is being broadly assessed by WEG, as the province-wide wagering permit holder, however the introduction of online gaming into the Ontario market in 2023 has had a direct negative impact.

Since the legalization of Ontario's iGaming market in 2023, including Single-Event Sports Wagering and online casino gaming operators, the HMA wager has dropped by approximately 11 per cent or \$85 million. Annually, this is resulting in an approximate \$10 million loss to industry gross revenues and a \$2.5 million loss in funding to [industry breed programs](#) compared to FY2023 wagering performance.

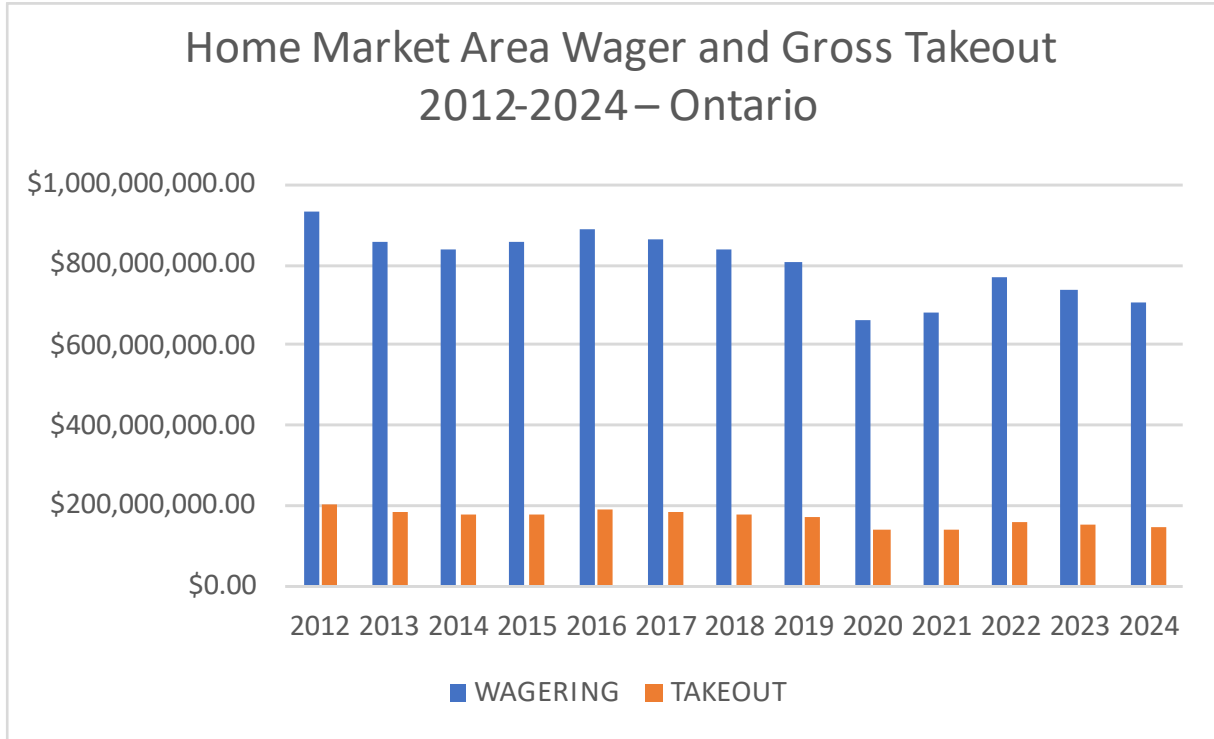
While the industry is working hard to introduce new wagering options and channels to the Ontario-based customer, it also continues to be under competitive threat from iGaming Ontario (iGO) licensed operators. Ontario's horse racing industry cannot compete with the large-scale operating and marketing budgets and sophisticated technology available to the iGO licensed operators. This competitive threat will continue to erode the horse racing wagering in Ontario.

Through its first full year, the addition of horse racing to the Bet365 platform is projected to generate just \$7 million in HMA wagering in FY2025. The rollout of horse racing on the Bet365 platform was hampered by iGO marketing restrictions, which prevented Bet365 from advertising its horse racing offerings through most of its first year of operation. Wagering on horse racing is expected to launch on OLG platforms in FY2026, prior to the King's Plate scheduled on August 16, 2026, and the wagering amount generated by Ontario horse racing's iGO partners is expected to double.

It should be noted that any future industry wagering from these licensed iGO sports wagering operators on horse racing will be generating industry gross revenues at approximately 50 per cent of the current 10-12 per cent net commissions accumulating to the industry from HMA wagering, due to the revenue share deals with the respective iGO sports wagering operator; Bet365 initially and OLG (independent from iGO).

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 FY2027 and again will occur at about a 50 per cent reduction to industry gross revenues compared to today's HMA customer wagering revenues.



5.2. Average Field Size

Horse supply and, in consequence, field size, continue to be a challenge for horse racing jurisdictions around the world. Throughout the 2024 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 performance. Field sizes are forecast to remain steady or increase modestly through FY2026 in all three breeds despite ongoing horse supply challenges.

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	7.8	7.7	6.0
FY2025 (to Q3)	7.6	7.6	5.5
FY2026 (projections)	7.9	7.6	5.6

5.3. Unique Starters and Total Starts

Strong efforts were made by race offices to enhance race conditions and optimize card scheduling. Economic headwinds and horse supply constraints continue to shape the outlook for FY2026. While Quarter Horse Unique Starters are now showing relative stability, projections indicate softening in the number of Thoroughbred Unique Starters to 2,022 compared to the FY2025 results. Please note the Standardbred data for FY2025 awaits Q4 completion but is also tracking lower.

Program metrics indicate declining trends in Thoroughbred Total Starts with a forecast of 11,150 for FY2026, while Standardbred activity is projected at 54,880 starts. Quarter Horse participation is expected to continue trending down to 942 total starts despite the flatlining trend in unique starters. These indicators reflect the complex dynamics affecting participation levels across the three breeds.

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	2,259	3,881	163
FY2025 (to Q3)	2,047	3,566	165
FY2026 (forecast)	2,022	3,599	166

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	11,576	56,891	1,030
FY2025 (to Q3)	11,323	54,647	950
FY2026 (forecast)	11,150	54,880	942

5.4. Gross Wagering Commissions

Gross wagering commissions across all channels are forecast to reach \$185.6 million in FY2026. HMA commissions are forecast at \$33.7 million, simulcast commissions at \$111.4 million and joint ventures at \$40.5 million. As in past years, commissions will be driven by the demand for the world class Woodbine Thoroughbred and Standardbred products.

In FY2025 foreign remote wagering, driven by CAW, has once again been stronger than 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 Single-Event Sports Wagering (SESW) platforms has been limited through the first fifteen 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 for a few years. In addition, there is a risk that some bettors will consolidate their play through a SESW platform, which could erode total 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 FY2026, with approximately \$5.3 million directed to approved projects and the balance held in reserve to address the impacts of cost overruns and emergency capital spending needs. Complete details of the allocation process and the projects selected for funding are available on Page 22.

In FY2026 alone, the racetrack capital reinvestment rate (Capital Improvement funding as a percentage of total government support) is forecast to be 6.6 per cent. Three major Capital Improvement projects are expected to be completed including the new Clinton Raceway grandstand, the Rideau Carleton Raceway paddock, and the new Fort Erie Grandstand Roof.

5.6. Other Racetrack Revenue

In FY2025 to date, non-wagering racetrack revenue has increased by 7.2 per cent year-over-year, primarily driven by a substantial 15.5 per cent growth in Casino Lease Revenue. Food & Beverage Operations showed a modest 1.1 per cent improvement, though still falling short of initial projections. Most other revenue streams experienced slight declines.

Notably, when excluding Casino Lease Revenue, the underlying non-wagering racetrack revenue declined by 3.3 per cent. This trend can be attributed to multiple factors, including reduced consumer entertainment spending, the aging horse racing demographic, and shifts towards Ontario's iGaming market, including casino and sports wagering.

Operational challenges continue to impact the racetracks, with persistent staffing shortages emerging as a critical concern. Ontario Racing is actively working to address these workforce issues. The current forecast for Total Other Racetrack Revenue stands at \$165.3 million, representing a 0.4 per cent decrease 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 FY2026 are the King's Plate at Woodbine Racetrack, the 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 FY2026 race date calendar offers a substantially similar number of racing opportunities to those approved in FY2021. Ontario Racing worked with racetracks and horseperson's 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 purse level that is congruent with inflation and cost increases is critical to attracting investment and participation in Ontario horse racing.

The FY2026 race dates, by racetrack and Premier, Signature and Grassroots designation, are outlined below. The detailed FY2026 racing calendar can be found at OntarioRacing.com.

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

Racetrack	Premier/ Signature/ Grassroots and Breed	APPROVED FY2026 Race Dates	APPROVED FY2025 Race Dates	APPROVED FY2024 Race Dates	APPROVED FY2023 Race Dates	APPROVED FY2022 Race Dates*	APPROVED FY2021 Race Dates*
Woodbine Thoroughbred	Premier (TB)	129	129	133	133	129	133
Fort Erie	Signature (TB)	40	40	40	40	42	40
Ajax Downs	Quarter Horse	25	25	25	25	25	25
Woodbine Mohawk Park	Premier (SB)	222	222	222	222	221	222
Flamboro Downs	Signature (SB)	130	130	133	131	133	134
Georgian Downs	Signature (SB)	38	39	39	39	39	39
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	125	127	128	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	18	21
Leamington	Grassroots (SB)	13	13	13	13	13	13
Total		922	923	930	930	930	934

Premier/ Signature/ Grassroots	Premier (TB)	Signature (TB)	Quarter Horse	Premier (SB)	Signature (SB)	Grassroots (SB)	Total
APPROVED FY2020 Race Dates*	133	40	25	221	417	96	932
APPROVED FY2021 Race Dates*	133	40	25	222	418	96	934
APPROVED FY2022 Race Dates*	129	42	25	221	420	93	930
APPROVED FY2023 Race Dates	133	40	25	222	417	93	930
APPROVED FY2024 Race Dates	133	40	25	222	417	93	930
APPROVED FY2025 Race Dates	129	40	25	222	414	93	923
APPROVED FY2026 Race Dates	129	40	25	222	413	93	922

Marquee stakes races which will be hosted by Ontario racetracks in the 2025 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, Woodbine Mile, Summer 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 are found on Page 27.

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..

Total purse carryover for FY2026 is forecast at \$1,054,739. This carryover is the result of cancelled race dates and limited horse supply.

In keeping with OLG Policy Directive No. 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 (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 FY2026 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 FY2025. 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 FY2026 Transition Funds are below.

Racetrack	FY2025 Transition Payment
Ajax Downs	\$1,500,000
Clinton Raceway	\$63,313
Dresden Raceway	\$46,429
Flamboro Downs	\$191,210
Georgian Downs	\$55,892
Grand River Raceway	\$70,601
Hanover Raceway	\$63,313
Hiawatha Horse Park	\$88,638
Kawartha Downs	\$75,975
Leamington Raceway	\$54,871
Rideau Carleton Raceway	\$105,901
The Raceway at the Western Fair District	\$183,856
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	\$28,840	\$94,243
Standardbred Grassroots	\$35,262	\$44,444
Standardbred Signature	\$60,698	\$69,572
Standardbred Premier	\$208,108	\$208,108
Thoroughbred Signature	\$112,750	\$120,153
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 FY2026, year six of the Funding Agreement, Fort Erie Race Track will receive \$1,499,350 and Dresden Raceway will receive \$208,243.

Racetrack	Operational Payment	Operational Enhancement Payment	Transition Payment	Total
Ajax Downs	\$2,000,000			\$2,000,000
Dresden Raceway	\$286,000	\$208,243		\$494,243
Fort Erie Race Track	\$5,214,000	\$1,499,350	\$500,000	\$7,213,350
Hiawatha Horse Park	\$546,000			\$546,000
Kawartha Downs	\$432,000			\$432,000
Leamington Raceway	\$338,000			\$338,000
Total	\$8,816,000	\$1,707,593	\$500,000	\$11,023,593

9. Capital Improvement Payment

In FY2024 and FY2025, 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 aging infrastructure 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 important new projects.

Additionally, racetracks are now provided with official project approvals three months prior to the start of the fiscal year. This earlier notice shortens the quote-to-approval time and allows 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 six years, and now including FY2026, nearly \$42 million of funding has been allocated to Capital Improvement projects. In FY2026 alone, the racetrack capital reinvestment rate (Capital Improvement funding as a percentage of total government support) is forecast to be 6.6 per cent. These projects demonstrate strong direct investment in Ontario's horse racing industry and indirect economic impacts in localized markets. The table below summarizes the allocations to Ontario's racetracks as of December 2024.

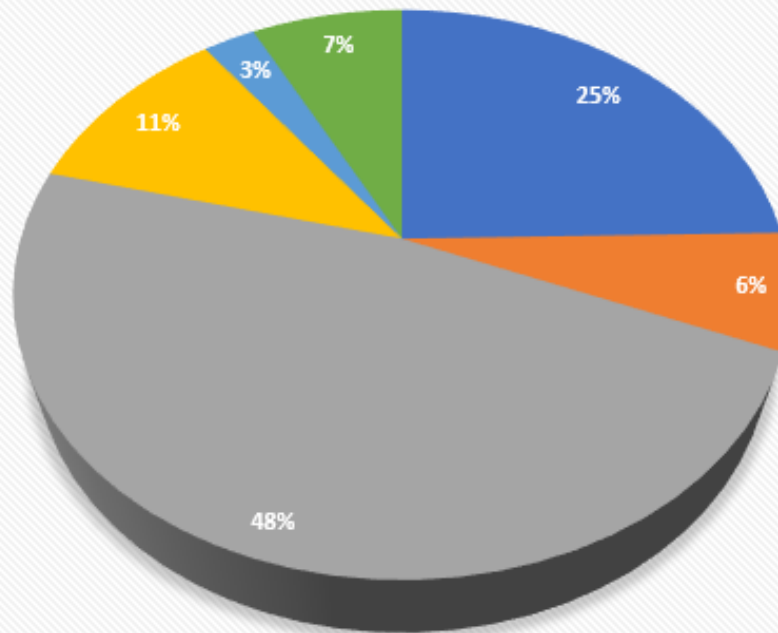
	Paid*	Unpaid Allocations*	6-Year Total		FY2026		Overall	
Race Track	Total Paid	Total Balance	Total Paid + Balance		Proposed		Actual + Proposed	
Ajax Downs	1,114,625.43	217,885.89	1,332,511.32	4%	254,456.92	4%	1,586,968.24	4%
Clinton	1,035,581.51	2,745,929.35	3,781,510.86	11%	1,075,236.00	18%	4,856,746.86	12%
Dresden	1,215,773.98	7,114.27	1,222,888.25	3%	118,074.00	2%	1,340,962.25	3%
Flamboro	2,096,308.45	208,574.00	2,304,882.45	6%	505,431.48	8%	2,810,313.93	7%
Fort Erie	5,058,532.01	309,517.54	5,368,049.55	15%	1,147,473.64	19%	6,515,523.19	16%
Georgian	709,653.10	18,488.00	728,141.10	2%	-	0%	728,141.10	2%
Grand River	5,388,659.46	392,000.48	5,780,659.94	16%	251,562.19	4%	6,032,222.13	14%
Hanover	1,897,358.62	188,848.00	2,086,206.62	6%	113,178.28	2%	2,199,384.90	5%
Hiawatha	2,636,804.26	28,016.48	2,664,820.74	7%	172,202.58	3%	2,837,023.32	7%
Kawartha	1,795,982.75	-	1,795,982.75	5%	166,157.18	3%	1,962,139.93	5%
Lakeshore	1,274,334.55	-	1,274,334.55	4%	160,157.50	3%	1,434,492.05	3%
Rideau Carleton	2,267,502.43	1,035,104.00	3,302,606.43	9%	520,297.58	9%	3,822,904.01	9%
Western Fair	3,486,797.43	659,177.37	4,145,974.80	12%	808,399.45	13%	4,954,374.25	12%
Purse Reallocation	135,919.00	-	135,919.00	0.4%	-	0%	135,919.00	0.3%
Unallocated	-	75,511.68	75,511.68	0.2%	707,373.20	12%	782,884.88	2%
Grand Total	30,113,832.98	5,886,167.06	36,000,000.04	100%	6,000,000.00	100%	42,000,000.04	100%

* As of December 16, 2024

Projected for FY2026, three major Capital Improvement projects are expected to be completed: the new Clinton Raceway grandstand, the Rideau Carleton Raceway paddock, and the new Fort Erie Grandstand Roof.

Of the \$7.6 million in new requests, approximately \$5.3 million was fulfilled from the net new funding, allowing approximately \$700,000 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.

Allocation by Assessment Criteria



- 1. Racetrack Standards & Quality – Regulatory & Safety
- 2. Customer – Regulatory & Safety
- 3. Customer – Experience
- 4. Horse Person – Regulatory & Safety
- 5. Horse Person – Experience
- 6. Equine – Regulatory & Safety

\$	1,305,050.35	1. Racetrack Standards & Quality – Regulatory & Safety
\$	348,979.77	2. Customer – Regulatory & Safety
\$	2,527,968.80	3. Customer – Experience
\$	570,891.41	4. Horse Person – Regulatory & Safety
\$	138,606.10	5. Horse Person – Experience
\$	401,130.37	6. Equine – Regulatory & Safety
\$	5,292,626.80	
\$	707,373.20	Unallocated FY2026
\$	6,000,000.00	Total Allocations

In FY2025, Ontario Racing submitted a comprehensive application to OLG for the extension of capital funding, as outlined in the existing Funding Agreement. This submission ensured that the Capital Improvement Payment is confirmed through March 31, 2032. The submission included an in-depth overview of the program's strategic impact and ongoing necessity, detailing the allocation and effectiveness of funds over the first six years of the agreement. The application provided compelling evidence of the funding's critical role in supporting the horse racing industry, featuring firsthand testimonials from racetrack operators that underscored the program's essential nature. A prime example being how Rideau Carleton would have had to cancel their FY2024 racing season if they did not receive the capital funds to retrofit an older barn to create a temporary paddock after a fire.

The second half of the submission provided a clear picture of the capital improvements needed for Ontario's horse racing industry from FY2027 to FY2032, providing an in-depth understanding of all the major upgrades and projects that will be necessary during the second term of the Funding Agreement. The application showed exactly what improvements are required to keep the horse racing industry safe, modern, and competitive. By detailing these specific capital needs, the submission highlighted the necessity of this continued government support. The proposed upgrades are crucial for maintaining Ontario's position as a top location for horse racing, ensuring the industry can grow and remain strong over the next six years.

This generous Government support to Ontario's Horse Racing Industry is one contributing factor in ensuring Ontario remains a competitive and desirable racing circuit for horsepeople within and from outside this jurisdiction.

10. Horse Improvement Program (HIP)

The goals of the Horse Improvement Program (HIP) for FY2026 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.

Horse Improvement Programs are the foundation of the racing program in all three breeds. In spite of the global headwinds Ontario's breeders and owners have faced since 2020, they have continued to invest in broodmares, stallions, racehorses, land, buildings and equipment. Investment in Ontario Bred and Sired horses provides employment and opportunity in rural Ontario, maintains productive greenspace, and contributes to the more than \$1.9 billion of provincial GDP generated by the horse racing industry.

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 breeder's 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. FY2025 Summary

The Ontario Sires Stakes (OSS) program celebrated its 50th anniversary in 2024 with commemorative events at all 11 participating racetracks. On the racetrack, Ontario Sired horses continued to shine in both OSS and Grand Circuit stake events.

Three-year-old pacing colt Nijinsky (Bettors Delight x Pirouette Seelster) captured the \$1 million Pepsi North America Cup, the \$250,000 Monument Circle and divisions of the Somebeachsomewhere and Simcoe Stakes in Grand Circuit action, along with three legs and the Super Final in OSS company. Two-year-old pacing filly Chantilly (Big Jim x Shiraz Seelster) went undefeated in nine starts, capturing all five legs of the Gold Series and the Super Final, the \$532,000 Shes A Great Lady Final and a \$110,000 division of the Eternal Camnation Stake.

Two-year-old trotting filly Monalishi (Green Manalishi S x Pretty Phylly G) captured the \$390,000 Peaceful Way Final and an \$85,623 division of the Champlain Stakes, while OSS graduate Logan Park (Archangel x Rite Outa The Park) was victorious in the \$337,838 Dayton Trotting Derby, the \$206,757 Allerage Farms Open Trot and the \$457,746 Fan Duel Open Trot Championship.

The average price for Ontario Sired Standardbreds sold at public auction remained stable at \$34,091 from 472 yearlings sold (USD at par). Bettors Delight daughter Naughty Beauty topped the Lexington Selected Yearling Sale with a bid of \$550,000 (USD), while first crop sire Bulldog Hanover and second crop sire Green Manalishi S progeny were the sales toppers at the London Classic and Harrisburg Black Book Yearling Sales, with their respective offspring bringing bids of \$150,000 and \$300,000.

Ontario Bred and Sired Thoroughbreds were also successful in stakes locally and abroad, led once again by 2022 Queen's Plate winner Moira (Ghostzapper x Devine Aida), who capped off her five-year-old campaign with a spectacular victory in the Maker's Mark Breeders' Cup Filly and Mare Turf. Moira was also victorious in the Grade 2 Beverly D. Stakes. Sovereign Award winner Patches O'Houlihan (Reload x Maythefourthwithu) added three more Graded stakes wins to his resume, capturing the Bold Venture (Gr. 3), Vigil (Gr. 3) and Nearctic (Gr. 2) along with the Ontario Sired Pink Lloyd Stakes.

The 2024 Canadian Thoroughbred Horse Society's (CTHS) Premier Yearling Sale posted solid results for a third straight year, with the average and median price up over 2023 and a Nyquist colt out of Mrs Hudson selling for a sale topping \$250,000. Two Ontario Bred yearlings, a Gun Runner colt and a Constitution filly, brought \$350,000 (USD) at the Keeneland September Yearling Sale. The 242 Ontario Bred yearlings sold at the major auctions averaged \$46,055 (USD at par).

Ontario residents once again embraced the TIP Sales Credit program, reinvesting \$160,000 worth of credits earned through wins in claiming races in Ontario Bred and Sired yearlings at the CTHS yearling and mixed sales.

Unfortunately, participation in the Quarter Horse racing program was down in 2024, with an average field size of six, which led to a 10.6 per cent reduction in wagering at Ajax Downs.

Queen Charlotte (One Fabulous Eagle x Leanintoit) captured the Alex Picov Memorial, besting half-siblings Had To Be Relentless (Hes Relentless x Had To Be Fandango) and Had To Be Ivory (Ivory James x Had To Be Fandango). Had To Be Ivory, the 2022 American Quarter Horse Association Canadian Bred Racehorse of the Year, added four more wins to his impressive resume in 2024.

The future success of Ontario Bred and Sired racehorses was bolstered by the approval of the Horse Improvement Payment Continuation Proposal, which ensures the \$10 million allocated to HIP

in the Funding Agreement continues through the First Extended Term (April 2026 – March 2032). The continuation proposal highlighted the success enjoyed by Ontario Bred and Sired racehorses through the first term of the Funding Agreement, in spite of the significant challenges faced by owners and breeders, and the critical importance of continued HIP funding as HMA wagering declines in the face of online gaming.

As with the Capital Improvement Payment, the importance of the Horse Improvement Payment to Ontario's breeders and owners cannot be overstated and its continuation by government is deeply appreciated by participants in all three breeds.

10.2. FY2026 Programs

With the full support of the Board of Directors, Ontario Racing proposes to mitigate the FY2026 budget challenge faced by the HIP Committees — and the resulting potential for industry contraction — by backstopping the reserves typically held by the Horse Improvement Programs from the Racetracks Payment. The HIP Bridge Funding is detailed in the Payment Schedule.

As noted in previous sections, as of December 2024 the FY2026 forecast for HMA wagering is expected to range between \$680 and \$701 million. This forecast is more than \$25 million less than was forecast for FY2025, and more than \$100 million less than the amount wagered in FY2023. Should HMA wagering reach the low end of the FY2026 forecast, the Standardbred and Thoroughbred Improvement Programs will have seen a revenue reduction of more than \$3 million over this time period, during which participants have faced dramatic increases in costs.

10.2.1. Quarter Horse Improvement Program

The commitment by Ajax Downs to offer regular simulcasting throughout the year is expected to maintain the stability of the Quarter Horse HMA share, ensuring revenue remains consistent with FY2025, 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 \$1,201,000 million for FY2026, the QHIP Committee has budgeted expenditures of \$1,500,000 for a forecasted loss of \$319,000 resulting in a year-end reserve of \$175,000.

10.2.2. Standardbred Improvement Program (SIP)

At a forecast of \$680 million for FY2026, the Standardbred share of the HMA wagering levy will be reduced by approximately \$350,000. However, with less participation than expected in the Gold Mid-Season Final and Consolations introduced for the 2024 anniversary season, fewer Grassroots Series divisions conducted than forecast, and a total of 16 single division Gold Series Legs, the FY2025 Standardbred program is expected to finish with reserves of \$1.9 million, approximately \$900,000 more than budgeted.

As a result, the SIP Committee was able to avoid further cuts to purses or breeders' rewards and elected to address the hollowing out of the Grassroots Series division with a small purse increase and one additional racing opportunity. In 2025 the purse for each Grassroots Series division will increase from \$20,000 to \$25,000 across six legs. Gold Series Legs will go for \$180,000, or \$140,000 for a single division, across five legs. In addition, the Prospect Series Finals will increase from \$15,000 to \$20,000 each.

While the Gold Mid-Season Final and Consolations will not continue in 2025, the other changes made for the anniversary season were well received and will continue.

On anticipated revenues of \$16 million for FY2026, the SIP Committee has budgeted expenditures of \$17.8 million for a forecasted loss of \$1.75 million and a year-end reserve of approximately \$227,000.

10.2.3. Thoroughbred Improvement Program (TIP)

As a result of lower than budgeted HMA wagering levy revenue, as highlighted in Section 10.2, the Thoroughbred program is expected to finish FY2025 with a deficit of almost \$950,000 and reserves of less than \$100,000.

With HMA wagering expected to remain stagnant or fall again in FY2026, the TIP Committee was once again required to reduce spending for FY2026, matching expenditures to anticipated revenue of \$15.7 million. Due to the minimal level of reserves, the budget will need to be evaluated monthly to avoid incurring a deficit.

With year-long vigilance and necessary adjustments to reflect actual revenue, the Thoroughbred Improvement Program is forecast to complete FY2026 without incurring a deficit and with minimal reserves.

10.3. Horse Improvement Program KPIs

Key Performance Indicators for the Horse Improvement Programs are tracked by breeding and foaling year. Quarter Horse statistics are gathered through program enrolment. Standardbred statistics are gathered by Standardbred Canada and through program enrolment. Thoroughbred statistics are gathered by The Jockey Club, which typically lags one to two 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 2024 was 17, one less than was registered in 2023. There were 42 stallions registered with the Standardbred program in 2024, down from 45 in 2023. A total of 46 stallions enrolled in the Thoroughbred program in 2024, one less than 2023, but equal to 2022.

In spite of North America-wide competition and the detrimental impact of a low Canadian dollar, both the Standardbred and Thoroughbred programs have attracted quality new stallions for the 2025 breeding season. Trotter Its Academic, a winner of almost \$3 million in his career, has joined the Standardbred ranks and Graded stakes winning Thoroughbred Weyburn, bred and owned by Chiefswood Stables, has returned to Ontario to launch his stallion career.

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	17	45	47
2024	17	42	46

10.3.2. Ontario Resident Mare Program Enrolment

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's 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 number of Thoroughbred and Standardbred mares enrolled for the 2023 foaling season declined significantly from 2022. The response to young stallions Green Manalishi S, Bulldog Hanover and Cattlewash contributed to a small increase in Standardbred ORMP enrolment in 2024. Should their offspring enjoy success on the racetrack in 2025, additional small increases are forecast for 2025 and 2026. The timing of Thoroughbred ORMP enrolment lags Standardbred enrolment, so it is too early to assess whether the Thoroughbred ORMP numbers will also rebound from the lows seen in the 2023 foaling season. Due to the length of the breeding cycle, it is possible that the 2023 drop in both breeds can be at least partially attributed to the uncertainty breeders faced during the COVID-19 pandemic. Breeding decisions resulting in the 2023 foal crop would have been made in late 2021 and early 2022.

The number of accredited broodmares in the Quarter Horse program has fallen in the last two years, which will continue to impact participation levels at Ajax Downs in the years ahead.

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

Foaling Year	Quarter Horse	Standardbred	Thoroughbred
2017	144	-	887
2018	150	1,111	844
2019	121	1,101	756
2020	157	1,021	767
2021	149	973	673
2022	145	958	700
2023 (to date)	132	860	583
2024 (to date)	126	883	285

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 eight years, with program enrolment typically occurring when the horse is preparing to race.

The number of registered Ontario Sired Standardbred foals had fallen an average of three per cent per year between 2016 and 2022, but a sharper drop was seen in 2023.

The Ontario Thoroughbred foal crop has mirrored the broader North American trend, suffering steady declines over the last decade (source: [Jockey Club](#)), however it appears that a more significant drop occurred in 2023. The Jockey Club considers Dec. 31 of the crop's two-year-old year to be an accurate point at which to finalize registration numbers, so it is too early to draw firm conclusions, but it appears that foal crops may be in the low 600s for 2023 and 2024.

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	44	1,359	713
2023 (to date)	17	1,246	581*
2024 (to date)	2	992	

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.

The average for Ontario Sired Standardbred yearlings sold at public auction was once again near the seven-year average at \$34,091 for 472 horses sold. From 51 fewer yearlings sold, the average was up three per cent over 2023.

The Jockey Club reported the Ontario Bred yearling sale average for 2023 at \$45,554, down from 2022 and 2021. Sales results for 2024, assessed at a program level, indicate a similar average from the major yearling sales.

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
2024	\$34,091	\$46,055 (program data)

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 Administration Payment is a fixed amount. During the first five years under the Funding Agreement, there have been significant inflationary increases globally and this is reflected in various vendor price increases. Additionally, ORM has refined its role to be more focused on industry development programs, industry advancement, and industry leadership.

The major year-over-year changes to the FY2026 budget as compared to the FY2025 budget are detailed below.

Salaries and Wages — \$953,712; an increase of 4.6 per cent over the FY2025 budget.

The primary driver is a four per cent annual merit increase along with the mandated government levies and standard employee benefits.

Corporate Services — \$305,948; a decrease of 2.4 per cent over the FY2025 budget.

Although the total amount budgeted for Corporate Services remains similar, funding has been decreased in the Legal Services allocation with retained earnings supplementing the difference should costs run over budget. Additionally, Rent Expense increased to \$148,589; an increase of 10 per cent from FY2025.

Industry Development — \$90,250; a decrease of 10 per cent from the FY2025 budget.

Reduction resulting in closer alignment with projected FY2025 spend.

Supplies and Equipment — \$7,980; a decrease of 43 per cent over the FY2025 budget.

Reallocation and reduction resulting in closer alignment with projected FY2025 spend.

Travel and Meals — \$33,000; an increase of 10 per cent over the FY2025 budget.

The overall increase is reflective of additional travel anticipated to support the removal of Section 31 of the Income Tax Act under Industry Leadership initiatives.

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

The collaborative review between Ontario Racing and WEG in relation to the calculation of the WEG Management Fee is not complete. As a result, the WEG Management Fee will be budgeted at \$470,000, consistent with the approach used in prior fiscal years. Appendix D-1, which outlines the calculated fee, will be provided once the review is complete.

TCO2 Fees — \$380,000; no change.

Racetrack Licensing Fees — \$1,063,000; A decrease of 0.5 per cent to more closely align with actual costs.

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 FY2026, the following allocations totalling \$335,484, have been made from the Administration Payment Carryover:

- The outstanding negotiations of the Funding Agreement's Fifth Amendment will occur in FY2026. Although legal costs are difficult to project, \$25,000 is being allocated from Retained Earnings should expenses exceed the \$25,000 allocated under Legal Services Expense in the core budget.
- Terms for the Executive Consultant to the Board were converted to a month-by-month agreement with no defined end date at this time. The allocation for FY2026 is \$74,984 and is captured under Board Remuneration.
- The Horse Racing Industry Employee Recruitment and Training Support initiative commenced in FY2025 with a project year-ending spend of \$37,500 and outstanding work to be completed in FY2026 total \$62,500. Allocated under Program Development, the overall budget remains \$100,000.
- The New Owner Platform will be improved in FY2026 through the execution of social media campaign projected to be \$10,000 under New Horse Ownership.
- The new initiative to remove Section 31 of the Income Tax Act will exceed the core budget allocations under Government Relation by \$153,000. As approved through resolution by the Ontario Racing Board of Directors during the November 23, 2024, meeting total funding will come from both core budget and retained earnings, up to \$316,000.
- The new initiative to implement an on-track activation strategy with Equine Guelph and partners is budgeted at \$10,000 under Racetrack Marketing Support.

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:

								
Reduction in HMA Handle	Erosion of the Fan Base	Continued Reduction in Horse Ownership and Breeding	Increased Entertainment Competition	Rise of Sports Wagering	Animal Welfare	Climate Change	Labour	Timeline of Plan

The industry's ability to address and manage these risks will directly impact 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 FY2026 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 and racetrack members.
HIP Funding	This will be achieved through coordinated marketing campaigns to ensure awareness and engagement among horse players in Ontario. Work with OLG to ensure participant earnings are distributed quickly and effectively.

12.2. Erosion of the Fan Base

Industry Impact	Ontario Racing Mitigation Tactic
Aging demographic	With permit holder and racetrack members, promote distribution, product development and technology offerings that cater to modern fan preferences and drive wagering.
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, engagement). Promotion of OR ownership platform and marketing horse ownership to the general public.

12.4. Increased Entertainment Competition

Industry Impact	Ontario Racing Mitigation Tactic
Erosion of existing fan base	Promote distribution, product development and technology offerings that cater to modern fan preferences and drive wagering.
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	On-track activation strategy to increase engagement. Support for simulcast and other on-track betting experiences.

12.5. Sports Wagering & Online Casinos

Industry Impact	Ontario Racing Mitigation Tactic
Growth impairment Revenue reductions and lost revenue opportunities	Ontario Racing to ensure provincial horse racing voice is heard on the topic. With permit holder and racetrack members, promote distribution, product development and technology offerings that cater to modern fan preferences and drive wagering.

12.6. Animal Welfare

Industry Impact	Ontario Racing Mitigation Tactic
Poor public perception	Work with regulators and members to ensure industry is implementing current best practices and support for expanded regulation that supports horse welfare. 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	Work with partners to publicize industry jobs and promotion of OR employment platform and marketing horse ownership to the public.
Not attracting young employees	Market careers in the horse racing industry at post-secondary institutions and identify partners for potential collaboration on educational programs.
Difficulty recruiting	Work with industry partners to ensure understanding of the restrictions to temporary workers program and support industry advocacy.

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 2025.

Additionally, Member Racetracks have built their Business plans with only two full quarters of actual results from FY2025. 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 FY2026 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. FY2025

Annually, Ontario Racing manages the Responsible Gambling program through identifying and training Responsible Gambling leads at Member Racetracks, reporting on employees trained, and ensuring the distribution of program and training materials to all racetracks. After successfully training customer-facing employees at all Ontario racetracks, in FY2025, training was expanded to include non-customer facing employees in leadership roles. Additionally, Ontario Racing enhanced the platform allowing employees to access training while not being connected to the internet, an important feature for an industry where many employees work away from a computer.

- Total number of racetrack employees trained through Q3 FY2025: 8060
- Total number of racetracks with employees trained: 15
- Total number of Responsible Gambling Leads: 14

13.2. FY2026

In February 2025, Ontario Racing will host a debrief and planning session with OLG and racetrack leaders to review the Responsible Gambling program with the goal of ensuring racetrack members have access to the latest materials to support customer and employee outreach. In Q1 FY2026 Ontario Racing will host a forum with all responsible gambling stakeholders to review current initiatives while planning for the program's future.

13.3. Scope

Host an all stakeholders meeting with representation from associations, racetracks, regulators and the OLG to review responsible gambling trends and best practices. This forum will include a strategy session where participant experience and expertise will help shape the future of the program. Key stakeholders will debrief after the session to implement participant feedback in subsequent annual business plans.

13.4. Implementation Strategy

Host all stakeholders meeting in Q1 of FY2026.

Circulate meeting debrief to key stakeholders one month after all stakeholders meeting.

Host key stakeholders debrief session in Q2 of FY2026.

Produce program recommendations for FY2027 and beyond and circulate to key stakeholders and Ontario Racing Board of Directors.

14. Ontario Teletheatre Network



WOODBINE™

Given the significant contribution teletheatres make to the overall total of HMA wagering, the strategic development of the Off Track Betting (OTB) network remains vital to horse racing's success in Ontario. However, with many more wagering and betting options available than ever before, the competition for the wagering dollar is intense.

The teletheatre strategy provides a safe and convenient method that allows customers to wager in the manner and on the platform most convenient for them, all using a single HPIbet account (while also providing cash wagering options for customers who do not like to play online). As the provincial wagering landscape continues to evolve, teletheatres must be integrated with OLG and the provincial gaming strategy, allowing operators to continue to provide a consistent wagering model that advances pari-mutuel wagering in the province.

The teletheatre network is currently comprised of [45 Champions OTB locations](#) in the HMA, including the Greenwood Teletheatre. 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 the vast majority of Ontario residents.

Ontario Racing will work closely with WEG to understand HMA wagering trends against budgeted amounts, and specifically the handle generated in the teletheatre network, to ensure any material changes to handle projections can be flowed through to the 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.

FY2025 collective Teletheater wagering total: \$176M

FY2026 collective Teletheater wagering total (forecasted Jan. 2025): \$159M

15. Conclusion

Horse racing in Ontario continues to be an exciting, professional sport that contributes to the provincial economy in unique ways that other forms of wagering or gambling do not. When an Ontario resident places a sports bet using an application, it only generates revenue for the company that housed the bet (and the provincial government). When an Ontario resident places a bet on horse racing, the revenue benefits the entire industry through programs funded by the HMA. The cascading economic benefits result in increased economic opportunities for individuals in rural parts of the province. When an Ontario resident places a bet on horse racing, their neighbours get paid for selling a horse, growing feed, providing veterinary care, advancing equine research and much more. This does not happen with other forms of wagering and gambling in Ontario.

Beyond the economic benefits generated by the horse racing industry in Ontario, it is a cultural institution that continues to add to a rich history in the province. As a sport with uniquely agrarian roots, it helps preserve and expose a heritage quickly becoming inaccessible to many Ontarians. It is at Ontario's racetrack facilities that anyone can experience the special connection between humans and horses. Ontario Racing racetrack members excel at opening their facilities to the community and providing a fun, safe and family friendly activity. These racetrack members leverage their leadership positions within the community to drive fundraising for local causes and employment. Ontario Racing's racetrack members are also continually updating their facilities and programming to ensure all members of their communities are able to participate and feel welcome.

As the model that existed for decades is disrupted, horse racing must ensure it remains relevant to modern consumer preferences. All sectors of the industry have reported difficulties surrounding budgets and funding in 2024. Racetrack operators, breeders and horse people have continued to make tough decisions and sometimes sacrifices in the past year. However, the 2024 racing season in Ontario was still filled with highlights and produced results similar to other competing jurisdictions.

The FY2026 Annual Business Plan supports the horse racing industry through a period of uncertainty and places an emphasis on working with partners to address challenges in funding, integration, and launching new revenue streams while improving conditions and economic opportunities for participants.

Although horse supply is an ongoing issue in all North American jurisdictions, the 2024 racing season featured a relatively consistent horse supply in Ontario across all three breeds. Nearly 24,000 people in the province rely on and appreciate the Ontario Government's continued investment and the OLG's continued support of horse racing. 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 the province.