Annual Business Plan

FY2027

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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 FY2026 racing season in Ontario was successful despite increased uncertainty, competition, and economic pressures impacting the industry from all angles.

Ontario Racing's network of 15 racetracks serving three breeds played host to more than 920 race dates in FY2026. This ecosystem annually produces numerous highlights in addition to an opportunity for more than 23,000 Ontarians from Windsor to Ottawa to earn a living in the horse racing industry and support numerous rural economies.

Similar to many industries, horse racing operates most effectively with consistent conditions that evolve over time. However, since the historic long term Funding Agreement for Live Horse Racing in Ontario (Funding Agreement) was implemented in 2018, inflation, pandemic closures, border uncertainty, expanded legalized sports betting and continued grey market erosion have cast uncertainty about how best to navigate the sport's future.

Horse racing in North America is a borderless industry where horses from the United States and Canada will cross the border several times throughout their careers. Uncertainty surrounding tariffs has largely not impacted the industry as first feared. However, aggressive changes to the American tax system have created a favourable environment for racehorse ownership and breeding, growing the gap between the horse racing sectors in the United States and Canada. Ontario's world-class breeding system will continue to produce some of the best racehorses, but more horses may never return to race in Canada causing some operations to move out of the province, reducing the sport's economic footprint.

The online gaming modernization process in Ontario has successfully expanded offerings and convenience for consumers and revenue for the government, but has largely excluded horse racing. Almost all racetracks in Ontario share property with a land-based casino, and underperforming casinos result in fewer marketing opportunities and foot traffic for horse racing. This year, the industry-operated HPIbet launched a betting application and pari-mutuel horse racing betting began on OLG.ca using a system developed by Woodbine Entertainment Group (WEG). Woodbine previously worked with gaming operator bet365 to have horse racing on the bet365 wagering platform. WEG's pursuit of additional operators represents an opportunity for growth for the industry. However, as the legal Ontario gaming industry has evolved, the illegitimate gaming market continues to negatively impact all operators, including horse racing.

While horse supply remains stable, race date optimization is needed to ensure the best betting products are able to withstand intense competition. This means balancing the ability to earn a living by participating in the sport while creating a modern and sustainable industry. As the cost of operating a racetrack or participating in horse racing continues to increase, Ontario Racing must be careful stewards of public funds to ensure the maximum return on the province's investment.

The closure of Hastings Racecourse and Fraser Downs in British Columbia in FY2026 adds to the uncertainty within Canadian horse racing. Most recently, the closure of Rideau Carleton Raceway, announced in April 2026, adds to this uncertainty. Ontario will continue to attract the nation's top horses, trainers and owners, but these track closures in B.C. demonstrate the need to fund, promote and optimize the sport in Ontario to secure a viable future.

In FY2026, Ontario Racing advanced several key industry issues, including funding, race date optimization, biosecurity, tax reform advocacy, industry employee recruitment and training support, youth outreach, education on the importance of Home Market Area (HMA) wagering and more.

In FY2027, Ontario Racing will focus on advancing race schedule optimization, addressing economic uncertainty, laying the foundations for improved breeding, continued focus on industry succession planning and refining long term strategy for the benefit of Ontario's breeding and horse racing industry.

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 FY2027. 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. Fifth Amendment Incremental Support & Implementation

In June 2026, all four parties to the Funding Agreement agreed to terms within the Fifth Amendment. At the direction of the Ontario Racing Board of Directors (OR Board), Ontario Racing Management (ORM) has prepared and will implement a strategy to fulfill the new amendment for the benefit of this province-wide industry.

Primary focus on the implementation includes integration of the Special Payment into the industry (see more in Section 6), processing of WEG Relief at the completion of all conditional obligations, and the development of a Viability Plan for submission to OLG no later than January 31, 2027.

The Viability Plan outlines strategic vision through March 31, 2031, and beyond. Development will range from creating a plan structure through full development. The plan shall:

i. Describe, in reasonable detail, the amendments, if any, that Ontario Racing proposes to make to the Material Agreements to implement such plan;
ii. Outline strategies and plans to address the major issues facing the horse racing industry in Ontario; and,
iii. Include a long-term viability strategy that will aim to ensure that horse racing remains competitive and relevant within Ontario's evolving gaming and entertainment landscape

Ontario Racing will lead this effort. It will require collaboration and input from a large range of industry stakeholders. Due to the nature of this initiative, this will be a multi-year undertaking that does not conclude with the submission of the plan to OLG.

2.1.2. Employment Recruitment & Future Generations

In FY2026, Ontario Racing developed and launched a “Careers in Horse Racing” webpage to advertise horse racing industry jobs, highlighting key roles within the industry and providing job seekers with information about the wide range of employment available. In Q1 FY2027, Ontario Racing will promote racetrack and association members’ job postings and promotions to coincide with the spring industry hiring peak. All Member Racetracks are to be provided with customer facing promotional materials by Q1. Ontario Racing will continue to produce content that demonstrates the meaningful impact of industry employees on the sport and the pathways for entry.

Ontario Racing worked with Member Racetracks to play host to nine Ontario Racing Kids’ Day Camps, an interactive exhibit for children five to 12 years old that taught them about horse racing and equine care. Additionally, Ontario Racing activated the Kids’ Day Camp at the Races at the Acton Fall Fair and in total, presented fun, age-appropriate material to more than 2,000 youth. In FY2027, the project will be scaled to execute with less oversight from Ontario Racing, allowing racetrack operators to integrate the program into their customer experience planning.

In FY2026 Q3, Ontario Racing presented in AgScape’s thinkAG Career Competition at Grand River Raceway, connecting with students in Grade 5 through 12 about careers in agriculture. The opportunity allowed the organization to reach a large number of students in one setting through a branded booth where students and teachers enthusiastically participated in a quiz highlighting diverse careers within the horse racing industry. Enhancements for FY2027 include potentially incorporating a live horse element, leveraging online platforms, and offering giveaways linked to the Ontario Racing Careers in Horse Racing page. Additionally, Ontario Racing will explore the feasibility of hosting a thinkAG Career Competition at an additional Member Racetrack location in FY2028 or beyond.

Working with recognized industry educator, Equine Guelph, Ontario Racing sponsored Horse eCamp, where participants earned a certificate by completing three fun and interactive components, including careers in the horse world, horse behaviour and safety, and horse-themed games.

When combined, through the thinkAG Career Competition, Kids Camp and Equine Guelph youth e-course, Ontario Racing engaged more than 3,000 children in FY2026 and will look to repeat that level of engagement in FY2027.

In FY2026, Ontario Racing supported the HBPA of Ontario, Woodbine Entertainment and Humber College in applying for Ontario’s Skills Development Fund program. If supported by the Ontario government, OR will continue to support the development and rollout of a skills development training program for the horse racing industry. Otherwise, Ontario Racing will work with member organizations to identify opportunities for hands-on skill development, support hands-on training offered by member organizations, and explore the development of owned educational programs.

In FY2027 Q1, Ontario Racing will launch Official Veterinarian Services as a mitigation tactic to address the large animal, equine veterinarian shortage. With the support of the Veterinarian Recruitment Working Group, current and former Official Veterinarians (OV) and practicing equine veterinarians, Ontario Racing has developed a purpose-built veterinary practice solely dedicated to OV work which has been approved by the College of Veterinarians of Ontario (CVO). Veterinarians with general or restricted licenses will be able to associate with Official Veterinarian Services, creating a larger pool of candidates able to serve in the OV role. This concept is designed to ensure continued focus and attention on the recruitment, training and retention of OVs to safeguard the long-term health of horse racing in Ontario.

2.1.3. Industry Leadership

In response to feedback from the FY2026 Marketing Conference hosted in Q3 at Grand River Raceway, Ontario Racing will shift its annual marketing meeting to the spring to better align with the start of the 2026 racing season. In Q4 of last year, Ontario Racing investigated the feasibility of co-producing or hosting an international summit or symposium in Ontario in FY2027 or beyond. While the concept has value to the Ontario industry, other funding priorities may delay Ontario Racing's ability to play host to a large-scale international industry event.

In FY2027, Ontario Racing will lead in addressing the rising costs surrounding broadcasting racing signals upload fees and the impact on operators and wagering in Ontario.

Recognizing the important role horse owners have in the industry, Ontario Racing will support an industry coalition in advocating for removed or amended restricted farm losses within the Income Tax Act for the benefit of the horse racing industry. Additionally, the association will revise OntarioRacing.com/horse-ownership with information on various ownership forms (fractional, group) and work with WEG, COSA, the HBPA of Ontario and other partners to create and promote a coordinated system for ownership recruitment. Ontario Racing will lead the development of a common ownership service level based on operating resources and capacity. This project will be scoped in Q4 of FY2026 with implementation throughout the year.

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. This includes advocacy and support for key federal issues including eligibility criteria under the Temporary Foreign Worker Program, amending Section 204 of the Criminal Code to permit Racing Associations regulated by CPMA to offer fixed-odds wagering on horse races, amending Section 197 to allow Historical Horse Racing as a pari-mutuel product, allowing direct import of Japanese racehorses for major international events, as well as Lasix use and eligibility for non-Lasix races.

2.1.4. Products & Opportunities

In FY2026, Ontario Racing supported the launch of the HPIbet application and the marketing of horse racing within OLG's online betting platforms in Q2. Ontario Racing will work with OLG and WEG to identify opportunities to expose more customers to horse racing through coordination on high-visibility industry event days throughout FY2027, beginning with the Kentucky Derby in Q1.

After successfully promoting two Watch N Wager simulcast experiences at Member Racetracks in 2026 (Kawartha Downs during the 2025 Pepsi North America Cup, and Ajax Downs during the 2025 King's Plate), Ontario Racing will continue to work with operators to host auxiliary wagering experiences connected to high-visibility industry event days.

Also in FY2027, Ontario Racing in conjunction with select operators, will pilot a multi-leg local handicapping tournament rolling into a final held at the Ontario Sires Stakes (OSS) Championships in October. The program will be designed as an appreciation event for local customers, with the goal of positively impacting HMA wagering.

Additionally, leveraging data insights from the OLG, Ontario Racing will canvass track operators to develop a program that capitalizes on existing customers bringing friends to the racetrack and promoting the social aspects of attending horse racing in the province.

2.1.5. Governance Review

In Q2 FY2027, Ontario Racing will conduct a governance/Bylaw/Committee Structure review as part of the assessment of effectiveness.

3. Racetrack Specific Goals and Objectives

Racetracks provided FY2026 inputs such as highlights and carryover (where applicable), before projecting FY2027 assumptions, objectives, and goals, along with operational challenges and risks.

The information supplied will aid Ontario Racing in aligning 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 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 regulated online casinos and sports wagering in Ontario has had a direct negative impact on the overall handle of racetracks across the province.

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

3.1. Standardbred Racetracks

Ontario is home to 11 Standardbred tracks, subdivided into three different categories: Grassroots, Signature and Premier.

While all Standardbred racetracks face 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 in Ontario: Clinton Raceway, Dresden Raceway, Hanover Raceway, Hiawatha Horse Park, Kawartha Downs and Leamington Raceway.

Special event days and races are 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 FY2027, 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 has four Signature Standardbred racetracks: Flamboro Downs, Georgian Downs, Grand River Raceway, and The Raceway at Western Fair District.

On April 2, 2026, Hard Rock Ottawa announced it will no longer host live horse racing at Rideau Carleton Raceway. Ontario Racing is understanding of Hard Rock Ottawa's commercially sensitive decision. Horse supply impacts will not be immediately known until horsepeople decide on relocation to another racetrack versus a departure from the industry. Another unknown in this early period is if there will be continued racing activity from participants based outside of Ontario who competed at the Ottawa site.

To assist horsepeople affected by this closure, a Relocation Support Program has been established to provide financial assistance to horsepeople who continue to remain active and racing at any of Ontario's 11 Standardbred racetracks. Program details and financial support package, both approved by OLG on May 9, 2026, are available on the Ontario Racing website.

Signature tracks play host to major race days and drive higher handle than their Grassroots counterparts, with many Signature tracks 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, operated by WEG, is Ontario's only Premier Standardbred racetrack. It has the largest number of races and drives 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 operator 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 FY2027, bolstered by a relatively strong showing during FY2026. 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 its racetrack infrastructure and in FY2027 it will finalize a revitalization of the EP Taylor turf track that began in FY2026.

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. Its simulcast lounge is particularly successful.

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, including the commencement of the First Extended Term, the approval of both the First Capital Continuation Proposal, the First HIP Continuation Proposal, and Special Payment as described in the Fifth Amendment. Specifics provided in the respective sections.

All values are in Canadian dollars unless otherwise stated.

As part of the available funds for purses in FY2027, at the close of Q4 FY2026, a total of $4.12 million in carryover purses is projected to be added to this year's available purse funds. This includes $20,000 to Quarter Horse purses, $2,595,000 to Thoroughbred purses and $1,510,000 to Standardbred purses. As mentioned in the Key Performance Indicators (KPIs) section, horse supply is expected to be largely consistent with FY2026.

At the time of writing this plan, full FY2026 HMA wagering is forecast at $647 million.

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

In June 2026, all four parties to the Funding Agreement agreed to terms within a Fifth Amendment for the benefit of Ontario's breeding and horse racing industry as defined as the Funding Purpose. A final race date calendar for FY2027 has been incorporated into this version of the Annual Business Plan.

For business continuity purposes, the effective date of this Annual Business Plan is April 1, 2026, retroactive or otherwise.

5. Key Performance Indicators

5.1. Gross Bet on Ontario Races

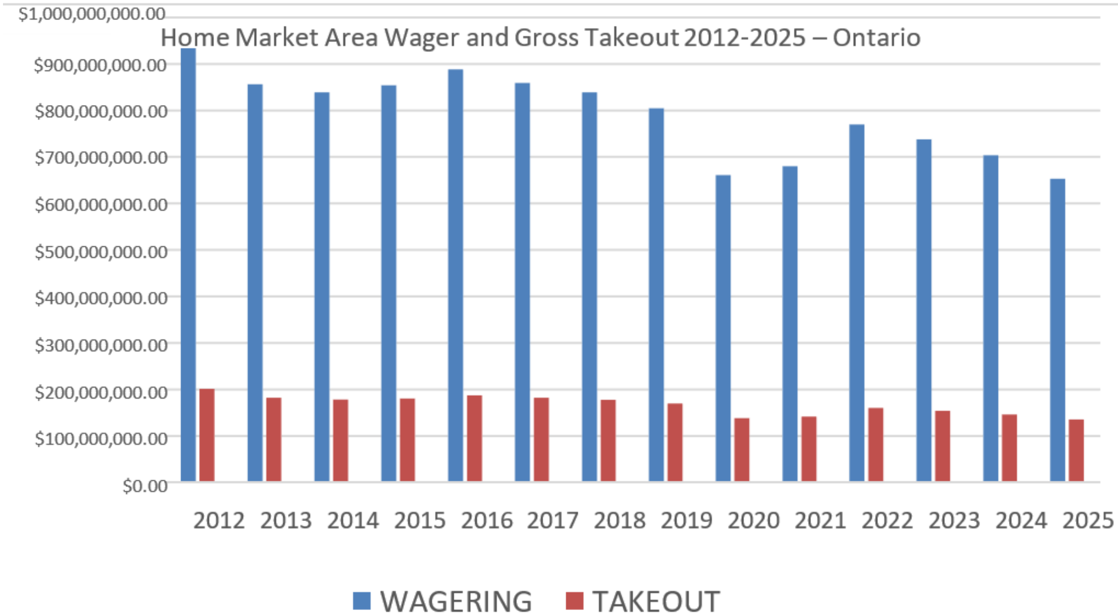
Foreign remote wagering is projected to finish FY2026 at $937 million, a $58 million drop from FY2025. HMA wagering is projected to finish FY2026 below $650 million, a more than $50 million drop from FY2025.

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 2022 has had a direct negative impact. Since the legalization of Ontario's iGaming market in 2022, including Single-Event Sports Wagering and online casino gaming operators, the HMA wager has dropped by approximately 15 per cent or $116 million. Annually, this is resulting in an approximate $25 million loss to industry gross revenues and a $3.5 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 horse racing wagering in Ontario.

Wagering on horse racing launched on the OLG.ca platform in FY2026, prior to the King's Plate, and the wagering amount generated by Ontario horse racing's iGO/OLG partners is expected to almost double from $7M from just bet365 in FY25 to $13M in FY26.

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. That impact is expected to be realized in FY2027 but 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. Woodbine Racetrack maintained an average field size above the North American average of 7.47 in 2025, but short fields at Fort Erie Race Track pulled the combined Ontario average just below the North American level. Through Q3, the average Standardbred field size in Ontario remains static as compared to FY2025 and for the full year is forecast to remain at 7.6. The average Quarter Horse field size was up slightly in FY2026, remaining near the six-year average of six starters per race.

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	7.8	7.6	5.9
FY2026 (to Q3)	7.4	7.6	6.1

5.3. Unique Starters and Total Starts

Woodbine Racetrack saw a seven per cent decline in Total Starts in FY2026, while Fort Erie Race Track's decline was 13 per cent, for an Ontario-wide decline of eight per cent. The total number of Unique Starters also declined six per cent year-over-year. The declining trend was felt across North America, with total starts and total races down more than four per cent across all US jurisdictions for calendar year 2025. *(Source https://www.equibase.com/content/news/releases/2026/010526release.cfm)*

The number of Unique Standardbred Starters through Q3 is similar to FY2025. However, Total Starts are lower and for the full year are forecast to continue the declining trend experienced since FY2024. As with the broader Thoroughbred industry, the number of Standardbred races and starts declined across both Canada and the US in 2025. *(Source Standardbred Canada Racing Statistics.pdf and USTA https://ustrottingnews.com/harness-racing-economic-indicators-down-in-2025/)*

Unique Quarter Horse Starters declined slightly in FY2026, while Total Starts increased by a small margin.

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	2,481	3,784	165
FY2026 (to Q3)	2,376	3,557	158

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	11,069	54,198	1,023
FY2026 (to Q3)	10,631	43,035	1,114

5.4. Gross Wagering Commissions

Gross wagering commissions across all channels are forecast to reach $169 million in FY2026. HMA commissions are forecast at $30 million, simulcast commissions at $99.7 million, and joint ventures at $39.3 million. As in past years, commissions will be driven by the demand for the world class Woodbine Thoroughbred and Standardbred products.

In FY2026, 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 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. Other Racetrack Revenue

In FY2026 to date, non-wagering racetrack revenue has decreased by 1.5 per cent year-over-year. Food and beverage operations showed a modest 0.89 per cent improvement. Most other revenue streams experienced slight declines. Projections from OR Racetrack Members have grown increasingly accurate over the last few years. Non-wagering racetrack revenue for the first half of FY2026 fell within 0.2 per cent of projections.

This continuing decline can be attributed to multiple macro trends, including reduced consumer entertainment spending, the aging horse racing demographic, and shifts towards iGO's market, including casino and sports wagering.

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 FY2027 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.

6. Special Payment Allocation

Of the $35M generously provided by OLG and the Government of Ontario, under the terms of the Fifth Amendment, the Ontario Racing Board of Directors undertook determining allocations to the existing payment categories.

Defined allocations of $3.6M were prescribed for FY2027. The $31.4M balance is being allocated to the benefit of the following:

- Purses (racing program & restricted) – $15.4M, or 49%
- Horse Improvement Program (breed program) – $10.5M, or 33%
- Racetrack Operations – $3.4M, or 11%
- Woodbine Capital Support – $2M, or 6%

In greater detail, the purpose of the allocations and Annual Payment category is provided in the following table.

Purpose	Amount	Annual Payment Category
Racing Program Purses	$6,640,816	Racetrack Payment
Racetracks Operations	$3,400,000	Racetrack Payment
HIP – Traditional	$10,500,000	Horse Improvement Payment
HIP – Restricted Racing	$8,802,818	Horse Improvement Payment
Capital Support – WEG*	$2,000,000	Capital Improvement Payment
Ajax Purses/Quarter Horse*	$1,500,000	Racetrack Payment
OSARP (reinstated)*	$1,656,366	Operational Enhancement Payment
Ontario Racing Administration (reinstated)*	$500,000	Administration Payment
Total	**$35,000,000**	**Annual Payment**

*Denotes prescribed allocations for FY2027

More details on the above allocations can be found in the respective sections of this annual business plan. The Fifth Amendment, along with the Funding Agreement and all associated agreements and amendments are available on OntarioRacing.com under Members Information, Governance.

7. Racing Information

7.1. Race Dates

With the expiration of the Second Amendment, the Race Dates for FY2027 were finalized late in March.

The scheduled number of race dates from each of the past seven years in Ontario does not provide optimal race card offerings balanced against horse supply. Ontario Racing completed modeling to identify the optimal number of race dates and equitably distributed across the breeds and levels of racing. A targeted 15% average reduction was identified with expected variances tied to tactical race date volume.

With the sudden announcement of Rideau Carleton Raceway's closure on April 2, 2026, an analysis of Ontario's Standardbred horse supply was conducted. Based on province-wide and localized horse supply along with the total number of starts during FY2026, the analysis demonstrates no need to increase the number of race dates at any other Standardbred racetrack in Ontario. The existing short field sizes will allow for the redistribution of horses at the 11 other Standardbred racetracks throughout Ontario.

Specific to Thoroughbred Premier at Woodbine Racetrack and Standardbred Premier at Woodbine Mohawk Park, there is no race date reduction in FY2027 due to the pre-existing horseperson agreements with established race dates between these two racetracks and their respective horseperson associations.

Breed & Level	FY2026 Dates	FY2027 Dates	% Reduction
Quarter Horse	25	22	-12%
Standardbred Grassroots	93	85	-8.6%
Standardbred Signature	413	290	-30%
Standardbred Premier	222	222	Nil
Thoroughbred Signature	40	34	-15%
Thoroughbred Premier	129	128	Nil
Total Race Dates	**922**	**781**	**-15%**

The FY2027 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 and Breed	Approved FY2027 Race Dates	Approved FY2026 Race Dates	Approved FY2025 Race Dates	Approved FY2024 Race Dates	Approved FY2023 Race Dates	Approved FY2022 Race Dates*
Woodbine Thoroughbred	Premier (TB)	128	129	129	133	133	129
Fort Erie	Signature (TB)	34	40	40	40	40	42
Ajax Downs	Quarter Horse	22	25	25	25	25	25
Woodbine Mohawk Park	Premier (SB)	222	222	222	222	222	221
Flamboro Downs	Signature (SB)	113	130	130	133	131	133
Georgian Downs	Signature (SB)	25	38	39	39	39	39
Grand River Raceway	Signature (SB)	42	48	48	48	48	48
Rideau Carleton Raceway	Signature (SB)	NIL	72	72	72	72	72
Western Fair Raceway	Signature (SB)	110	125	125	125	127	128
Clinton Raceway	Grassroots (SB)	14	15	15	15	15	15
Dresden Raceway	Grassroots (SB)	10	11	11	11	11	11
Hanover Raceway	Grassroots (SB)	14	15	15	15	15	15
Hiawatha Horse Park	Grassroots (SB)	19	21	21	21	21	21
Kawartha Downs	Grassroots (SB)	16	18	18	18	18	18
Leamington	Grassroots (SB)	12	13	13	13	13	13
Total		**781**	**922**	**923**	**930**	**930**	**930**

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**
Approved FY2027 Race Dates	128	34	22	222	290	85	**781**

Marquee stakes races anticipated to be hosted by Ontario racetracks in the 2026 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 pg. 30.

7.2. Purses

7.2.1. Racetracks Payment

On March 20, 2026, prior to the expiration date of the Transition Payment type, OLG provided written notice to Ontario Racing confirming government's direction to continue to advance $1,500,000 prescribed for Quarter Horse purses at Ajax Downs for Fy20027.

From the Special Payment under the Fifth Amendment, $6,640,816 has been allocated to the Racetrack Payment for purses and $8,802,818 has been allocated to the Horse Improvement Payment for restricted racing purses, adding $15,443,634 in purse monies through the Funding Agreement. This amount includes $1 million to backfill the expired Transition Payment purse allocations from the initial seven years of this term. This funding is being allocated to purses at all racetracks throughout Ontario and is planned to increase purse levels starting in July 2026.

Due to the Fifth Amendment not being fully executed until the end of Q1, the incremental funding not distributed will further enhance purse levels, above the stated averages in the following tables, for the remainder of this fiscal year. It is not an ideal situation. However, terms under the Fifth Amendment require the new funding to be utilized in the year it is provided. As a result, purse levels will come down a bit in FY2028. Strong communications announcing incremental funding and new purse levels also bring this exception to the attention of industry participants.

The consolidation of race dates at affected levels and breeds of racing along with incremental purse funding has provided for the following purse increases:

Average Total Purses (Base Purse + Additional Purse Enhancement + HIP Restricted)

Racing Category	FY2026	FY2027	Percentage Increase
Quarter Horse	$94,203	$119,745	28%
Standardbred Grassroots	$44,182	$55,448	25%
Standardbred Signature	$69,455	$106,681	54%
Standardbred Premier	$208,108	$240,067	13%
Thoroughbred Signature	$94,903	$128,970	36%
Thoroughbred Premier	$480,620	$542,969	9%

Note: Values in this chart exclude any carryover purse amounts from prior season.

In FY2027, overall purses by breed and tier of racing, including carryover from the prior fiscal year will average $55,619 for Grassroots Standardbred racing, $109,775 for Signature Standardbred racing, $242,975 for Premier Standardbred racing, $149,870 for Signature Thoroughbred racing, $549,875 for Premier Thoroughbred racing, and $120,647 for Quarter Horse racing.

Total purse carryover for FY2026 is forecast at $4,126,122. This carryover is the result of cancelled race dates and limited horse supply.

The purse carryover from Rideau Carleton Raceway, totaling $296,000, will be used to fund the Relocation Support Program. An additional $104,000 has been reallocated from Signature Standardbred purses to round out he program funding at $400,000. This program is designed to provide financial support to affected racehorses and aid in the transition to participate in on-going live racing at the other 11 Standardbred racetracks throughout Ontario.

Excess purse funds from the closure of Rideau Carleton were redistributed to all tiers of Standardbred racing. Horse supply analysis of the level of racehorses competing at Rideau Carleton resulted in the purse redistribution of 45% to Premier, 50% to Signature, and 5% to Grassroots. The redistributed purses to all tiers of racing will be incremental to any prior purse commitments.

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.

7.2.2. 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 based on the number of race dates regardless of level of racing (Signature and Grassroots).

A table summarizing the average purse by breed and level of racing, including the Additional Purse Enhancement Payment can be found in the section above.

8. Transition Payment

Per the terms of the Second Amendment, the Transition Payment expires on March 31, 2026. On March 20, 2026, prior to the expiration date of this payment type, OLG provided written notice to Ontario Racing confirming government's direction to continue to advance $1,500,000 prescribed for Quarter Horse purses at Ajax Downs in FY2027. This payment value is now captured under section 7.2 Purses.

9. Operational Funding

On March 20, 2026, prior to the expiration date, OLG provided written notice to Ontario Racing confirming government's approval to continue to advance the Operational Enhancement Payment. It will continue to be paid in accordance with the provisions of Schedule 3.4(A) of the Funding Agreement. In FY2027, Fort Erie Race Track will receive $1,454,370 and Dresden Raceway will receive $201,996.

On June 19, 2026, the Fifth Amendment was fully executed, with a retroactive effective date of April 1, 2026. The Operational Enhancement Payment was reinstated through March 31, 2031, confirming the above values.

With the expiration of the Second Amendment, including keeping all operations substantially similar, for the first time Ontario Racing is able to adjust race dates and the associated operational funding to racetrack. Racetracks operating budgets have been equitably aligned and are now inclusive funding for TCo2 testing fees. As the two WEG Member Racetracks are not eligible of operational funding, Ontario Racing will continue to pay the TCo2 Fees on behalf Woodbine and Mohawk from the Administration Payment (pg. 39), projected to be $315,000 for FY2027.

In FY2027, Ontario Racing will increase the Racetrack Payment allocated to Operational Funding by $3,500,000 for a total of $12,216,000. This, combined with the expiration of the Second Amendment will allow Ontario Racing to fully implement the OR Racetrack Member's revenue sharing formula included in Schedule 3 – Pari-Mutuel Wagering Revenue Sharing Arrangements of the OR Membership Agreement. As Home Market Area wagering has declined over the past seven years, WEG has continued to provide consistent revenue sharing payment prescribed in Schedule 3. Ontario Racing and all OR Racetrack Members are thankful to WEG for this generous support.

With the application of the formula, the non-WEG racetrack will now pay their proportionate share of WEG Wagering Operations costs, equaling $1,95 million This is based on non-WEG racetracks projected to generate 12.15% of wagering handle including HMA and remotes in FY2027.

During Q1 of FY2027, at the direction of Ontario Racing, WEG continued to pay higher allocations to each racetrack until incremental funding could be afforded through the Fifth Amendment. With the new incremental allocation, Ontario Racing will reimburse WEG the agreed to overpayment equaling $613,408.

Based on wagering forecasts from WEG, the projected results in revenue payments are $8,795,873. This amount represents a proportionate revenue share based on HMA results, foreign wagering on each racetrack and a proportionate share of wagering operating costs.

Racetrack	Operational Payment	Operational Enhancement Payment	Net Revenue Allocation – OR Membership Agreement	Total – Operating Budget inc. TCo2 Fees
Ajax Downs	$2,644,071		$171,929	$2,816,000
Clinton Raceway	$317,052		$60,360	$377,412
Dresden Raceway	$33,306	$201,996	$34,278	$269,580
Flamboro Downs	$1,331,818		$2,053,436	$3,385,254
Fort Erie Race Track	$3,835,228	$1,454,370	$2,326,402	$7,616,000
Georgian Downs	$507,799		$216,151	$723,950
Grand River Raceway	$586,796		$629,440	$1,216,236
Hanover Raceway	$332,528		$44,884	$377,412
Hiawatha Horse Park	$624,167		$53,335	$677,502
Kawartha Downs	$398,160		$65,168	$463,328
Leamington Raceway	$339,885		$37,611	$377,496
The Raceway at Western Fair District	$306,461		$3,102,879	$3,409,340
Total	**$11,257,271**	**$1,656,366**	**$8,795,873**	**$21,709,510**

10. Capital Improvement Payment

Over the past three fiscal years (FY2024-FY2026), a strategic and proactive reserve management approach transformed how Capital Improvement Payment funds were deployed. By setting aside roughly 10 per cent of the annual $6 million allocation, Ontario Racing created a capital safety net that proved invaluable. This reserve fund addressed three critical needs: absorbing cost increases driven by inflation and material price fluctuations, covering budget overruns on approved projects, and responding to unexpected urgent requests as they arose. This past year, the reserve supported recent changes to tariffs.

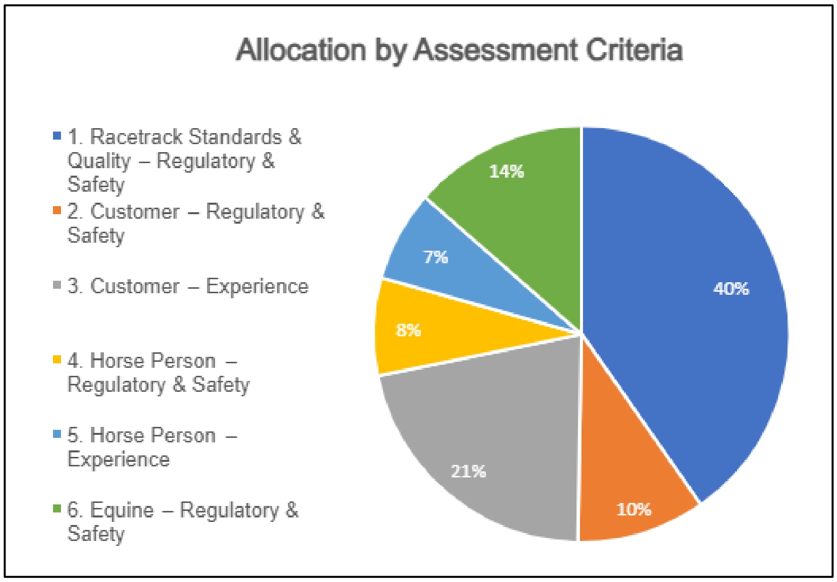
The results have been very positive. When aging infrastructure demanded attention, funds were available without affecting the budgets of existing projects. Equipment failures that could have disrupted operations were addressed quickly through readily accessible replacement funding. Perhaps most significantly, by the time each fiscal year reached its final quarter, remaining reserve funds could be redirected toward worthwhile, long-term initiatives that emerged after the initial capital application cycle. FY2026 exemplified this responsive capability: reserve funding enabled timely replacement of failed barn water heaters during cold weather, emergency reconstruction of a collapsed backstretch culvert that threatened flooding, resurfacing of dangerously deteriorated grandstand pavement with fresh asphalt, and installation of secure perimeter fencing around newly positioned satellite equipment following identified security vulnerabilities. Each of these situations required swift action that would have been much more difficult under past capital budget processes.

The approach to project approval timing also continues to evolve for the better. For the past three fiscal years, racetracks received formal authorization for their capital projects a full quarter before the fiscal year began – a substantial timing improvement over the initial years of the Funding Agreement. Going into FY2027, providing the same approval lead time will not be possible, but is expected to return in FY2028. This extended lead time delivers tangible benefits: contractors can provide quotes and receive decisions more rapidly and with more advanced notice, and racetrack managers gain additional months to plan and coordinate construction schedules and purchasing timelines around their racing calendars.

Beyond the benefits of the reserve fund, FY2026 capital funding also delivered many transformative improvements that represent some of the most ambitious projects in Ontario Racing's history. Clinton Raceway unveiled an entirely new grandstand facility. At Fort Erie, a complete roof replacement on the historic grandstand was completed – a complex undertaking that preserved the facility's heritage while ensuring structural integrity for decades to come. The Raceway at Western Fair District received funding support that helped install over 1,500 brand new stadium seats, replacing outdated concrete steps with proper seating that significantly enhanced spectator comfort and safety. There were also multiple brand-new starting cars, including a locally manufactured one developed in collaboration with engineering students at Western University.

Over the past seven years, and now including FY2027, nearly $48 million of funding has been allocated to Capital Improvement Projects. In FY2027, approximately $2.1 million in Capital Improvement funding has been already approved.

The FY2027 Capital Improvement Funding was evaluated, ensuring that projects align with the industry's strategic priorities and deliver meaningful benefits to the racing industry. The chart below illustrates how funding is allocated across the assessment criteria.



Assessment Criteria	FY2027 totals
1. Racetrack Standards & Quality – Regulatory & Safety	$ 834,515
2. Customer – Regulatory & Safety	$ 207,584
3. Customer – Experience	$ 445,197
4. Horse Person – Regulatory & Safety	$ 157,231
5. Horse Person – Experience	$ 146,550
6. Equine – Regulatory & Safety	$ 280,695
Total Recommended	**$ 2,071,772**

The FY2027 Capital Improvement funding continues to prioritize Regulatory and Safety Initiatives, which account for approximately 72% of approved funding. The remaining 28% supports Customer and Horse Person Experience initiatives, reflecting ongoing commitment to maintaining safe, modern, and welcoming facilities while enhancing the overall racing experience for participants and customers.

After the development of the FY2027 Capital Improvement Program and the capital projections reflected above, the Fifth Amendment to the LTFA was fully executed. The Fifth Amendment introduced changes to the funding framework and made WEG eligible to receive capital allocation of $5 million per funding year. It also established annual Capital Improvements Payments of $3 million for non-WEG racetracks through FY2031. As noted in Section 6 (pg. 18), $2 million from the special payment has been allocated to support WEG capital projects, increasing total capital funding available in FY2027 from $6 million to $8 million.

According to Section 3.2 of the LTFA, now replaced by the Fifth Amendment, WEG was not entitled to receive any portion of the Eligible Capital Costs. As the FY2027 Capital Improvement Program had already been reviewed and approved by OLG prior to the execution of the Fifth Amendment, WEG capital projects and the portion of the special payment allocated to support those projects were not included in the funding recommendations and allocations presented in this Annual Business Plan.

Any future capital funding requests will be subject to Ontario Racing’s established capital funding governance process.

11. Horse Improvement Program

The goals of the Horse Improvement Program (HIP) for FY2027 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 broodmares 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 economic challenges Ontario's breeders and owners have faced since 2020, they have continued to invest in broodmares, stallions, racehorses, land, buildings and equipment. Breeders and owners investing in Ontario Bred and Sired horses provide employment and opportunity in rural Ontario, maintain productive greenspace and drive more than $1.9 billion of the province's GDP.

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.

It should be noted that two full breeding years will have passed between the submission of the

Interim Plan and the execution of the Fifth Amendment of the Funding Agreement. The Ontario horse racing industry is grateful for the government's continued investment, particularly in the Horse Improvement Programs. The HIP Committees are committed to developing and executing incentives that support the breeding, raising and racing of world class racehorses in Ontario, but any new programs will not begin to bear fruit until 2030 when the first members of the foal crop of 2028 arrive at the racetrack.

FY2026 Summary

The Standardbred Ontario Sires Stakes (OSS) program once again delivered world class racing at racetracks across the province and saw its current and former stars deliver in open stake action at home and abroad.

Two-year-old pacing colt Beau Jangles (Cattlewash x Mrs Major Hill) went undefeated in OSS Gold Series action and captured the $1 million (CAD) Metro Pace (Gr. 1) and year-end Breeders Crown (Gr. 1) championship, both at Woodbine Mohawk Park, for season earnings of $1.68 million (CAD).

OSS graduate Lexus Kody (Archangel x Lexus Helios) became the first trotter on Canadian soil to post a sub-1:50 record, capturing the Maple Leaf Trot in 1:49.1 In addition to the Maple Leaf Trot (Gr. 1) at Woodbine Mohawk Park, seven-year-old Lexus Kody was also victorious in the $1 million (USD) MGM Yonkers International Trot (Gr. 1), the FanDuel Open Trot Championship, the Dayton Trotting Derby and the Hoosier Park Classic, boosting his lifetime earnings to $2.5 million (CAD).

Progeny of first-crop pacing sires Cattlewash and Bulldog Hanover enjoyed outstanding seasons in the OSS program, and their 2026 books were full and closed before January 1. Second-crop trotting sire Green Manalishi S topped both the two and three-year-old OSS standings.

Trotting stallion King Of The North's first crop was well received at the fall yearling sales, with colt Kountry Win (x Winndevie) leading the Ontario Sired horses on offer at the Lexington Selected Yearling sale with a sale price of $425,000 (USD). Cattlewash daughter Roca (x Rockumentary) topped the London Classic Yearling sale with a bid of $190,000 (CAD) and Bulldog Hanover daughter Sootie Hanover (x Shining Beauty) led the Ontario Sired contingent at the Harrisburg Black Book Yearling Sales, selling for $485,000 (USD).

Converting all sales to Canadian dollars, the average sale price for an Ontario Sired yearling at public auction was $50,285 in 2025. Assessing US sale prices at par the average was $41,784, for a 23 per cent increase over 2024.

Ontario Bred Thoroughbred Caitlinhergrtness (Omaha Beach x Belatrix), winner of the 2024 King's Plate, continued to shine in open stakes company during her four-year-old campaign, capturing the Bell Mahone (Gr.3) and Ontario Matron Stakes (Gr. 3) at Woodbine Racetrack and the My Charmer Stakes at Turfway Park.

In addition to the 2025 King's Plate, three-year-old colt Mansetti (Collected x Gidget Girl) also recorded victories in the HPIbet Marine Stakes (Gr. 3) and Woodstock Stakes. Two-year-old filly Corsia Veloce (Practical Joke x Beth's Bling) put together an undefeated season at Woodbine Racetrack, capped off by victories in the Johnnie Walker Natalma Stakes (Gr. 1) and Catch A Glimpse Stakes. Racing at Belmont at The Big A, Ready for Candy (Twirling Candy x Enoree) was a two-time graded stakes winner, capturing the Sands Point Stakes (Gr. 2) and Winter Memories Stakes (Gr. 3).

The 2025 Canadian Thoroughbred Horse Society's annual Premier Yearling Sale saw a slight increase in the average sale price, up to $27,353 from the 2024 average of $26,297. Ontario Bred yearlings were very well received at the major US sales, led by a son of Uncle Mo and Full Tap, who brought $1 million at the Fasig-Tipton Saratoga Yearling Sale.

Converting all sales to US dollars, as is reported by The Jockey Club, the average sale price for an Ontario Bred yearling at public auction was $91,835 in 2025. Assessing US sale prices at par the average was $75,911, for a 65 per cent increase over 2024.

Had To Be Fabulous, the last foal from standout Quarter Horse mare Had To Be Fandango, delivered a flawless season at Ajax Downs, delivering seven stakes victories. The three-year-old One Fabulous Eagle daughter captured the QROOI Open Derby, Ontario Bred Derby, Princess Derby and Norman Picov Derby. Two-year-old filly Chillin With Peeps (Rushago x Shake It Twice) capped off the Ajax Downs season with a victory in the Alex Picov Memorial Futurity, her second straight win.

The budget challenges faced by the HIP Committees in FY2026 were mitigated by HIP Bridge Funding, as approved by the Ontario Racing Board of Directors in January 2025. The HIP Bridge Funding allowed the Standardbred and Thoroughbred programs to meet their financial obligations in a timely manner without retaining a reserve of 10 per cent of program spending.

FY2027 Programs
With the additional $10.5 million in Horse Improvement Payment (HIP) funding generously provided by OLG and the Government of Ontario under the terms of the Fifth Amendment, the HIP Committees were able to stabilize and enhance the programs and incentives put in place for FY2027.

Through the coming weeks the HIP Committees will develop longer-term plans which could see changes to current programs and incentives that were unable to be implemented in FY2027 due to the timing of the execution of the Fifth Amendment. It is possible that the delayed nature of the Fifth Amendment's execution could see outsized increases to program spending in FY2027, which will be rightsized in future years.

Budgets were developed based on funding from the Horse Improvement Payment, extended through the Second Term of the Funding Agreement on September 24, 2024 and augmented by the Fifth Amendment, the Home Market Area wagering levy, participant fees and miscellaneous income.

Quarter Horse Improvement Program
As in past years, effective management of the Ajax Downs simulcast lounge maintained the stability of the Quarter Horse HMA share, which ensured QHIP revenue completed FY2026 as budgeted. Expenditures were also on budget, resulting in reserves of approximately $500,000.

With the addition of $500,000 from the Fifth Amendment, FY2027 revenue to the Quarter Horse program is budgeted at $1.7 million, with expenditures budgeted at $1.94 million.

For FY2027, the QHIP Committee's programs and incentives are designed to spur breeding, with the intent to shift investments toward purses once the resulting foal crops reach the races in 2030 and beyond. As a result, purses for restricted races were increased by 10 per cent for two and three-year-olds and 12 per cent for four-year-old and up, while breeder and stallion awards were increased by 50 per cent.

In addition, the Mare Breeding Incentive was increased from $1,000 to $2,500 per mare and will be tied to a Stallion Breeding Incentive, which will reward owners of Accredited Ontario Stallions with a $500 bonus for each of the approved in-foal mares bred by their stallion. Participants will also be incentivized to acquire quality stallion prospects for the 2027 breeding season with a $50,000 Stallion Purchase Program.

The QHIP Committee is grateful to government for their continued support and looking forward to the challenge of growing the Ontario Quarter Horse racing industry in the coming years.

Standardbred Improvement Program
The Standardbred program completed FY2026 with revenues of $15.51 million. With 28 Gold Series Legs being contested in single divisions in FY2026, Ontario Sires Stakes purse expenses were $1.45 million less than budgeted, resulting in an operating deficit of $780,000, significantly less than the $2.17 million budgeted shortfall. As a result, the Standardbred program finished the year with reserves of approximately $1.25 million.

With the addition of $5 million from the Fifth Amendment, FY2027 revenue to the Standardbred program is budgeted at $20 million, with expenditures budgeted at $20.86 million.

Addressing feedback from Ontario Sires Stakes and Prospect Series participants, the SIP Committee increased purses for Gold Series Legs to $200,000 for legs that split into multiple divisions and $150,000 for legs that are contested in a single division. Super Final purses were also increased to $350,000, for an overall purse increase to the Gold Series of 11 per cent. Grassroots Series Legs were increased to $30,000 and the Grassroots Championship to $100,000, for an overall purse increase to the Grassroots Series of 22 per cent. Prospect Series Legs were increased to $10,000 and the Prospect Series Final to $25,000 for an overall purse increase to the Prospect Series of 47 per cent.

Breeders' Rewards were returned to $2.5 million, the level at which they stood prior to the COVID-19 pandemic.

In addition to the $5 million Horse Improvement Payment allocation, the SIP Committee also directed the distribution of $4.8 million in Restricted Funds to Ontario Sired and Ontario Bred overnight and stakes races at Woodbine Mohawk Park, strengthening current offerings and creating new ones for horses bred and raised in the province.

The SIP Committee is actively engaged in discussions with participants about potential improvements to the program for FY2028 and beyond and is grateful to the government for the financial stability that will allow them to focus on growing the world class Ontario Sired and Ontario Bred Standardbred product.

Thoroughbred Improvement Program
The Thoroughbred program completed the year with revenues of $15.1 million, expenses slightly under budget, and reserves of approximately $375,000.

With the addition of $5 million from the Fifth Amendment, FY2027 revenue to the Thoroughbred program is budgeted at $19.4 million, with expenditures budgeted at $19.7 million.

For FY2027 the TIP Committee focused on increasing purses and opportunities for Ontario Sired and Ontario Bred horses, boosting purses for existing Ontario Sired and Ontario Bred stakes races by a total of 42 per cent and expanding the number of route races for older Ontario Bred horses.

The Out of Province and Ontario Sired Reward of Excellence Breeders' Awards were restored to their original level of $300,000 and $200,000, respectively, and Stallion Awards were increased by 56 per cent to $500,000. Ontario Breeders' Awards were increased to $5.9 million, restoring them to pre-budget cut levels and adding an additional $500,000 to fuel investment during the upcoming breeding season.

A total of $500,000 was allocated to the Canadian Thoroughbred Horse Society, Ontario division, for key initiatives to be undertaken in FY2027.

In addition to the $5 million Horse Improvement Payment allocation, the TIP Committee also directed the distribution of $4.5 million in Restricted Funds to Ontario Sired and Ontario Bred purse bonuses at Woodbine Racetrack, including an extension of the Ontario Sired purse bonus.

The TIP Committee is engaged in discussions about potential improvements to the program for FY2028 and beyond and is grateful to the government for the financial stability that will allow them to focus on growing the Ontario Sired and Ontario Bred Thoroughbred product.

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.

Registered Stallions
The number of stallions registered as Ontario Sires in the Quarter Horse program in 2025 was 21, three more than were registered in 2024. There were 44 stallions registered with the Standardbred program in 2025, up from 42 in 2024. A total of 46 stallions enrolled in the Thoroughbred program in 2025, equal to 2024.

A group of exciting young Standardbred stallions, pacers Bulldog Hanover and Cattlewash and trotting stallions Green Manalishi S and King Of The North, are expected to attract strong books in 2026 and beyond. Joining the Standardbred stallion ranks for 2026 are pacers Abuckabett Hanover (Betting Line x All Tucked Up), who earned $2,605,130 in his career and took a record of 1:47.2, and Captains Quarters (Captaintreacherous x Prescient Beauty), winner of the 2023 Metro Pace, along with trotter Kilmister (Chapter Seven x Treviso), winner of the 2022 Peter Haughton Memorial.

The Ontario Thoroughbred stallion ranks will be bolstered in 2026 by the addition of Sergei Prokofiev (Scat Daddy x Orchard Beach), who was the leading freshman sire in England and Ireland in the 2024 season and has sired 67 winners over his two crops of racing age with combined progeny earnings in excess of $3.7 million, and Yorkton (Speightstown x Sunday Affair), who has 14 winners from his first two crops of racing age with combined progeny earnings over $1 million.

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	18	42	46
2025	21	44	46

Ontario Resident Mare 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. The uncertainty imposed on breeders at the height of the 2025 breeding season due to unevenly levied and understood tariffs on horses crossing the U.S.-Canada border had a negative impact on 2025 enrolment which may continue to be felt in 2026.

The number of accredited broodmares in the Quarter Horse program has been declining since 2020, which will continue to impact participation levels at Ajax Downs in the years ahead.

Enrolment in the Thoroughbred ORMP declined significantly between the 2022 and 2023 breeding seasons. Completed 2024 enrolments are forecast to finish slightly below 2023, with 2025 enrolments expected to remain static year-over-year.

The number of Standardbred mares enrolled in the ORMP program has also been declining consistently since 2018. The number enrolled in 2024 was up over 2023, however the declining trend resumed in 2025.

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	705
2023 (to date)	132	860	594
2024 (to date)	130	883	565
2025 (to date)	117	841	254

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.

Between 2018 and 2023, the number of registered Ontario Sired Standardbred foals experienced an annual decline averaging 2.8 per cent. In 2024 the trend was reversed with a 1 per cent increase, however this trend is not expected to continue, with 2025 foal registrations down significantly across Canada through December 31, 2025.

The Ontario Thoroughbred foal crop has mirrored the broader North American trend, suffering steady declines over the last decade *(source https://www.jockeyclub.com/default.asp?section=FB&area=2)*, however a more significant drop occurred in 2023, with registered Ontario Bred foals decreasing by 16 per cent. 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 firm numbers are not yet available for 2024 or 2025, but it appears that foal crops will remain in the low 600s or high 500s.

There is a risk, particularly for the Thoroughbred program, that registered Ontario Bred foals will decrease further as breeders shift operations to the United States to take advantage of the One Big Beautiful Bill's 100 per cent bonus depreciation and avoid the potential imposition of tariffs.

Foaling Year	Quarter Horse (Accredited as racehorses, Program data)	Standardbred (Ontario Sired, data from Standardbred Canada)	Thoroughbred (Ontario Bred, data from The Jockey Club)
2016	50	1,286	813
2017	46	1,536	882
2018	50	1,547	841
2019	49	1,488	768
2020	44	1,472	784
2021	43	1,418	678
2022	49	1,372	715
2023 (to date)	31	1,258	601
2024 (to date)	8	1,276	
2025 (to date)	2	818	

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 increased 23 per cent in 2025, to $41,784 when assessing U.S. sale prices at par. The 529 yearlings on offer were an increase of 12 per cent over the 473 sold in 2024. Yearlings from pacing sires Bulldog Hanover and Cattlewash and trotting sires Green Manalishi S and King Of The North were in high demand from buyers on both sides of the border.

The Jockey Club reported the Ontario Bred yearling sale average for 2024 at $44,436, the third straight year of declining results. However, sales results for 2025, assessed at a program level, indicate a more than 100 per cent increase led by six yearlings selling for more than $500,000 USD. Assessing all sales in USD, the 2025 average is expected to be over $90,000 for more than 243 horses sold.

Two of the six yearlings selling for more than $500,000 were progeny of mares enrolled in the Mare Purchase Program (MPP), which incentivizes Ontario breeders to acquire high quality in-foal mares at public auction. Part of the 2022 MPP, Blue Curl was acquired for $375,000 and her three subsequent Ontario Bred offspring have sold for $375,000 (’22), $200,000 (’23) and $775,000 (’24). Shan’s Tiger was a $210,000 purchase as part of the 2024 MPP and her first Ontario Bred yearling sold for $650,000 (’24) this fall.

Year	Standardbred (Ontario Sired) USD at par	Thoroughbred (Ontario Bred; data from The Jockey Club, USD)
2018	$34,102	$57,014
2019	$32,876	$37,693
2020	$32,759	$44,192
2021	$33,710	$59,088
2022	$36,971	$49,374
2023	$33,082	$45,554
2024	$34,091	$44,436
2025	$41,784	$91,835 *(program data)*

12. 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 of Directors.

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.

Under the terms of the Fifth Amendment, the incremental $500,000 for the OR Administration Payment was reinstated. This maintains the existing funding levels going back to FY2021. Of the $3.9 million provided, approximately half is used to fund TCO2 regulatory testing fees, WEG Management Fee, Racetrack Licensing Fees, and applicable taxes on the revenue.

In FY2027, dedicated funding has been added to support the Official Veterinarian Services initiative as an essential service for the continuation of live horse racing in Ontario. Overall, the budget will take into account any obligations and terms that may affect OR Board decisions related to annual expenditures.

The budget allocations have remained consistent, or operating business as usual, with the following noted exceptions:

- Corporate Service – 20% decrease
    - After 3.5 years, the Executive Consultant to the OR Board choose to resign from his position. At this time, OR has chosen not to backfill this position.

- Industry Development – 38% decrease
    - Through the conclusion, continuation and introduction of key initiatives, the overall allocation has been adjusted with $198K focused on new veterinarian services, industry symposiums and career recruitment, along with continue ITA Section 31 lobbying efforts.

- Supplies and Equipment – 50% decrease
    - Reduction driven through the elimination of desktop phones and alignment of office supply allocation to true values.

- Management & Regulatory Fees – 7.5% decrease
    - Track TCO2 Fees were offloaded to racetrack operating costs leaving the only two tracks (Woodbine & Mohawk) covered by this budget item, both of which are not eligible for operational funding as noted in Section 9 (pg. 25). Track Licensing Fees were reduced due to the closure of Rideau Carleton Raceway. This budget contains no changes to the WEG Management Fee.

In FY2026, the budget ran a planned deficit of $206K driven by initiatives funded from Retained Earnings. FY2027 is a balanced budget, with no allocations from Retained Earnings supporting this fiscal year's initiatives.

13. 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 Bas	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 FY2027 Business Plan have been identified as Ongoing Risks, and a risk to both Ontario Racing Initiatives and Member Racetrack Objectives. Those criteria are assumed for all of the following.

13.1. Reduction in HMA Handle

Industry Impact	Ontario Racing Mitigation Tactic
Wagering Revenue HIP Funding	Continued emphasis on product distribution with the wagering permit holder and racetrack members. 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.

13.2. 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.

13.3. Continued Reduction in Horse Ownership and Breeding

Industry Impact	Ontario Racing Mitigation Tactic
Horse supply threatened Average field size reduced Breeding industry erosion Potential to maximize handle is impaired	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). Increased marketing of breed-specific reward plans, i.e., MPP and MRP (TB), full suite of Ontario Sired opportunities (SB). Efforts to improve conditions for ownership (tax lobbying, engagement). Promotion of OR ownership platform and marketing horse ownership to the general public.

13.4. 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.

13.5. Sports Wagering and 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.

13.6. 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.

13.7. Climate Change

Industry Impact	Ontario Racing Mitigation Tactic
Race cancellations and horse and participant welfare	Work with racetrack members to improve race day scheduling flexibility.

13.8. Labour

Industry Impact	Ontario Racing Mitigation Tactic
Turnover of key personnel Not attracting young employees Difficulty recruiting Official Veterinarians	Work with partners to publicize industry jobs and Ontario's Racing employment platform. Market careers in the horse racing industry at post-secondary institutions and collaborating on educational programs. Work with industry partners to ensure understanding of federal labour programs. Work with industry partners and the Ontario Veterinary College to ensure adequate coverage preventing race cancelation due to staffing shortages.

13.9. Border Uncertainty

Industry Impact	Ontario Racing Mitigation Tactic
Equine athletes unable to cross the border Crossing the border becomes arduous	Create communication to provide up-to-date information for participants going to or coming from the United States. Work with government stakeholders to ensure horse racing's concerns are addressed.

13.10. Timeline of Plan Development

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 FY2027 and submit revisions as needed.

14. Responsible Gambling

Ontario Racing worked with OLG to develop a Commitment Statement and Policy with respect to Responsible Gambling. 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.

14.1 Accomplishments in FY2026

Annually Ontario Racing manages 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. Since FY2025, the scope of the program has been expanded and includes training for all customer-facing employes and non-customer facing employees in leadership roles.

- Total number of racetrack employees trained through Q3 FY2026: 1,190
- Total number of racetracks with employees trained: 14
- Total number of Responsible Gambling Leads: 13

14.2 FY2027

In February 2026, Ontario Racing will play host to a debrief and planning session with OLG and racetrack leaders to review Responsible Gambling program with the goal of ensuring racetrack members have access to the latest materials to support customer and employee outreach. Throughout FY2027 Ontario Racing will continue to work on an Anti Money Lauding training module with the OLG with implementation planned for FY2028.

14.3 Scope

Play host to an all stakeholders meeting with representation from associations, racetracks, regulators and the OLG to review responsible gambling trends and best practices. This form 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.

14.4 Implementation Strategy

- Play host to an all stakeholders meeting in Q1 of FY2027.
- Circulate meeting debrief to key stakeholders one month after all stakeholders meeting.
- Play host to a key stakeholders debrief session in Q2 of FY2027.
- Produce program recommendations for FY2028 and beyond and circulate to key stakeholders and Ontario Racing Board of Directors.

- Continue to work on AML training module.
- Audit of Racetrack websites and race programs for RG presence.
- Produce digital and print assets.

15. Ontario Teletheatre Network

The Champions Off Track Betting (OTB) network remains vital to horse racing's success in Ontario and makes a significant contribution to overall HMA wagering that is essential for the sector's funding model in the province.

The teletheatre network provides a unique and important retail and social gambling experience that gives customers a safe and convenient method to watch and wager on horse racing in the manner most convenient for them – either through their HPIbet account or with cash for those patrons that do not like to play online.

Champions OTB customers can wager on horse racing in person at 43 locations located in 30 communities that, collectively, span the province. Most locations are within a 30-minute commute for the vast majority of Ontario residents. Comparatively, Ontario's legal sports betting market has only one retail sportsbook at the Caesars Windsor casino.

The Champions OTB network, operated by the Woodbine Entertainment Group (WEG), gives horse racing an important and competitive distinction in Ontario when there are many more wagering and betting options available than ever before and the competition for the wagering dollar has never been more intense.

Ontario Racing will continue to work closely with WEG to understand HMA wagering trends as related to budgeted amounts specifically in terms of handle generated in the Teletheatre network. This will ensure any material changes to handle projections can flow through to those programs that benefit from HMA handle levies.

As the provincial wagering landscape continues to evolve, Teletheatres must be integrated with the OLG and the provincial gaming strategy, allowing operators to continue to provide a consistent and integrated wagering model that advances pari-mutuel wagering in the province for the betterment of Ontario's horse racing sector.

FY2026 projected year-end collective Teletheatre wagering total: $157M

16. Conclusion

Horse racing in Ontario continues to be a vibrant, world-class, professional sport that makes a notable contribution to the provincial economy in terms of tax revenue. Unlike online gambling, horse racing also provides some 23,000 full-time equivalent jobs in Ontario. That employment is strongest in rural communities where job opportunities are scarce. When an Ontario resident places a bet on horse racing, the revenue from that HMA wager benefits the entire industry through programs funded by HMA betting. The revenue from that wager also churns in the economy through a long list of sectors that support the expensive and labour-intensive activity of racing horses – hay, feed, veterinary services, trucks and trailers, fencing, equine research and much more.

The sport is also a cultural institution in Ontario with a rich history. There are still 14 active horse racing tracks in the province. As a sport with uniquely agrarian roots, horse racing helps preserve and expose an important and fading heritage – the special connection between humans and horses. OR Member Racetracks excel at opening their facilities to the community and providing a fun, safe and inexpensive family-friendly activity. These Member Racetracks leverage their leadership positions within the community to drive fundraising for local causes and employment.

Yet, that model that existed for decades has been disrupted in recent years by several challenges that include high inflation, stagnant racing purses, a decline in wagering primarily caused by increased direct competition from online gambling that was launched in Ontario in April of 2022. Ontario is now home to some 50 different online gambling operators offering more than 80 separate gambling platforms that include online casinos, sports betting, poker, bingo and more. Meanwhile, all sectors of the horse racing industry reported difficulties in terms of budgets and funding in 2025. While the sector works to remain relevant to modern consumer preferences, racetrack operators, breeders and horsepeople have been forced to make tough decisions and sometimes sacrifices in the past year. Still, the 2025 Ontario racing season was still filled with highlights and produced results similar to other competing horse racing jurisdictions.

Ontario Racing's FY2027 Annual Business Plan provides foundational direction to the industry while integrating funds from the Fifth Amendment. Horse Improvement committees have developed budgets and continue to craft plans to best use additional funds to create a viable future for horse racing.