



Annual Business Plan

FY2024 - Public

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

CONFIDENTIALITY NOTICE

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

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1. Introduction

The 2022 racing season featured a full season of racing without restrictions and cancellations due to the COVID-19 global pandemic. This allowed the Ontario horse racing industry to focus on what it does best; display world-class sports and entertainment while providing racing opportunities for participants.

Racetrack operators were keen to bring fans back to the stands for the return of in-person signature events and the public responded by flocking to the racetrack, demonstrating the importance each Ontario Racing Member Racetrack has in their community. The momentum and enthusiasm will carry forward into the 2023 racing season and will be supported by Ontario Racing as described in this annual plan.

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

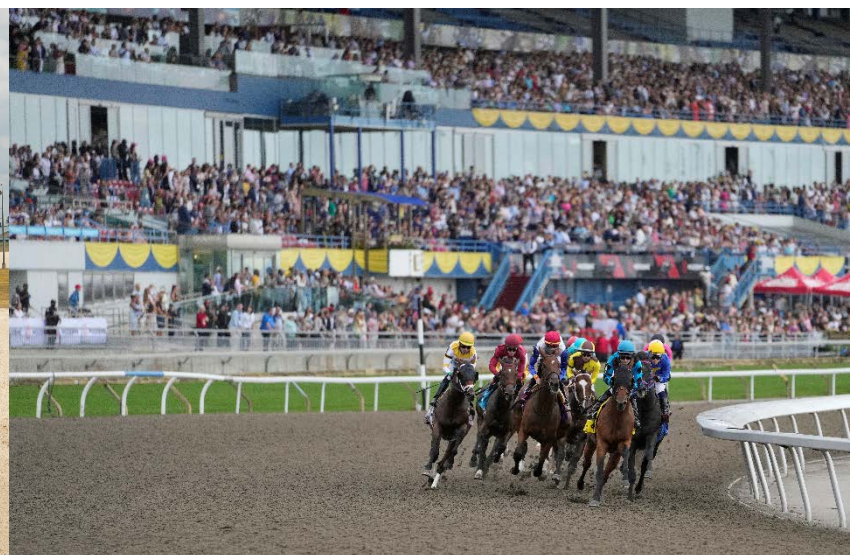
However, keeping the industry moving forward will not be without its challenges. Sports wagering continues to occur in Ontario to the exclusion of horse racing both as an online product and for racetracks to host onsite sportsbooks. Ontario Racing will continue to work with the industry to ensure horse racing is able to find sustainability through access to these emerging business opportunities.

As shown over the past decade, the Ontario horse racing industry continues to demonstrate resilience when faced with adversity and has proven that horse racing is a sport that can thrive in Ontario. As the COVID-19 era fades, horse racing in Ontario will continue to evolve to ensure industry sustainability.

Through the Board of Directors annual business plan, the support of the representative committees and with the ingenuity, hard work and determination of those Ontario Racing supports, together we will ensure horse racing continues to be a safe, family-friendly sport that welcomes all to participate.



Fans line the rail at Grand River Raceway's Industry Day. (Tiffany Chantel Photography)



The Queen's Plate welcomed back a sold-out crowd to Woodbine. (Michael Burns Photo)

2. Operational Objectives and Initiatives



1. Maximizing Wagering Dollars



2. Managing Horse Supply Challenges



3. Contesting all scheduled race days and tracking any cancellations

2.0. Ontario Racing's Key Initiatives

Ontario Racing has outlined the key initiatives it intends to undertake and advance, or complete, in FY2024. These initiatives are in addition to the work needed to prepare for the Amended and Restated Funding Agreement for Live Horse Racing (Funding Agreement) renewal and continuing to develop the association's programs and lines of business and support Ontario Racing's Three-Year Strategic Plan.

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

2.0.1. Ontario Racing Effectiveness Assessment

Ontario Racing will work to address the specific concerns outlined by the Auditor General's December 2019 report noted through documented action plans. The Ontario Racing Effectiveness Assessment is scheduled to be executed in Q4 of FY2023. Analysis and actions from the survey findings to be reviewed and implemented starting in Q1 and continuing through Q3 of FY2024.

2.0.2. Relief Program Audits

In Q4 FY2023, Ontario Racing will conduct an audit on the relief program recipients and payments made across all three breeds. In Q1 and Q2 of FY2024, Ontario Racing will continue analyzing the data and working with our partners to ensure that those who received funds met the stated criteria and completed all requirements.

2.0.3. Industry Wide Summits Led by Ontario Racing

Ontario Racing will execute two industry summits related to issues and matters currently facing the Ontario horse racing industry.

In Q2 FY2024, the association will host a summit for racetrack operators where staff will take racetrack personnel through the updated annual plan process, providing examples and guidance to ensure successful racetrack submissions.

In Q4 FY2024, the association will host a racing season preview that will include an industry-wide audience and content applicable to a wide variety of horse racing stakeholders.

2.0.4. Implementation of the Responsible Gambling Training Program

After successfully implementing Responsible Gambling training at the track level in FY2023, Ontario Racing will revise the program to reflect updated criteria and audience for participation. Details of implementation are provided within the Responsible Gambling section of this plan on page 35. Implementation of the revised program will begin in Q1 FY2024.

2.0.5. Review Financial Processes for Effectiveness and Value

Started in FY2023, Ontario Racing, will continue the review of financial processes to ensure they are effective and provide maximum value. The finance team will review, and revise policies and procedures implemented in FY2023 as necessary while ensuring team members are cross trained to deliver consistent reporting and industry administration. The team will implement Electronic Funds Transfer (EFT) payments for Ontario Racing programs throughout FY2024.

Ontario Racing will continue to review the Annual Business Plan (ABP) creation process, assessing the interaction between racetracks, Ontario Racing Management (ORM) staff and the Ontario Racing Board of Directors, in an effort to enhance future ABP submissions. Work will also be advanced with the Ontario Racing Board of Directors and OLG to revise the Capital Improvement Funding process with the aim to make it easier for racetracks to complete both long and short-term capital projects within specified time periods and budgets.

2.0.6. Increase Ownership Base Across all Breeds in Ontario

Ontario Racing will work with Industry Association Members and Racetrack Members to develop a program that leverages member's knowledge and experience and can be used across the industry to support racehorse owner development.

In Q1 FY2024, the Ownership section of the Ontario Racing website will be enhanced with content and contacts to serve as the top of the funnel, or first point of contact, for those interested in racehorse ownership. [Ontario Racing's Horse Ownership webpage](#) will be an online platform that can be used by Ontario Racing, Racetrack Members and Industry Association Members to promote racehorse ownership in Ontario. Videos will end with a 'Call to Action' to engage with the applicable groups for information on getting further involved in racehorse ownership.

2.0.7. Biosecurity

Ontario Racing will develop and coordinate a representative steering group which will be tasked with developing an industry-wide Biosecurity Protocol. The Biosecurity Protocol will include prevention tactics and actions required in the event of an infectious disease outbreak. The Steering Group, with the support of ORM staff, will oversee the implementation of the Biosecurity Protocol in the event of infectious disease outbreaks at racetracks, training centres and private farms. The Biosecurity Steering Group will be created in Q4 FY2023 and meet regularly throughout FY2024 with the goal of completing the Biosecurity Protocol by Q4 FY2024.

3. Track Specific Goals and Objectives

Racetracks were asked to review FY2023, including highlights and carryover (where applicable), before projecting FY2024 assumptions, objectives, and goals, along with operational challenges and risks. The submissions have provided greater insight into the status of each racetrack.

As a result of the enhanced business planning input, the below operational challenges and risks were shared by one or more racetrack. This information 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 facility.



Inflation: The costs of acquiring goods and services has escalated significantly over the past year and there is concern inflation will persist into FY2024. Inflation also impacts the wage potential employees seek, further compounding the labour issue.



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



Supplies: Supplies impacting many industries, including food and beverage and construction, are still constrained by supply chain issues and/or the labour required to fulfill service contracts. This makes planning and procurement difficult.

The business plan initiatives of the racetracks for the 2023 racing season are noted below. These initiatives are specific to each racetrack and the operations of their specific facilities. Ontario Racing has reviewed these goals and objectives and will work with racetracks in achieving their goals and objectives.

3.0. Ajax Downs



Review of Current Year	
	We welcomed back racing fans to the facility. Crowds were once again allowed.
	We achieved a new wagering record this past race season (\$2,564,113).

<i>Highlights</i>	<p>We also set a record for average wager per race (\$14,236).</p> <p>Welcomed back the Family Fun Day fundraiser for local hospital, had over 2,000 people attend and raised more than \$20,000.</p>
Planning for Upcoming Year	
<i>Assumptions</i>	<p>We are planning on a 25-day race schedule for the FY2024 season.</p> <p>We are planning on continuing to run on Wednesdays for the most part as they proved to be very successful for the track and attracted a higher wagering handle.</p> <p>We are planning to run one Sunday per summer month which will be dedicated to special events days such as Father's Day, Family Day, etc. to continue to attract new fans and larger crowds.</p> <p>We are working very closely with our horseperson's group to ensure we maximize racing opportunities for all Quarter Horses available to race at our facility.</p> <p>We have planned for higher personnel and supplier costs due to the increase in costs/inflation and staffing challenges for all involved at our track.</p>
<i>Objectives & Goals:</i>	<p>We're focused on providing a world-class horse-racing experience for Quarter Horse racing enthusiasts and Durham area residents and visitors to our facility.</p> <p>As part of the work we're undertaking to ensure the sustainable growth of Quarter Horse racing in Ontario, we're working on initiatives to expand the interest and appeal of Quarter Horse racing beyond traditional horse racing demographics and circles.</p> <p>We've partnered with the local municipality, the local hospital foundation, and other major organizations to host family friendly and community events at our well-maintained facility, to expose a broader segment of the population to Quarter Horse racing. Such as partnering with Town of Ajax to host the Town's Canada Day celebrations at our facility.</p> <p>Our hope is to diversify the Quarter Horse racing fan base, while continuing to cement Ajax Downs as the venue for big community events in the Durham region, to continue to give us the opportunity to bring members of the public to our venue to see what we're all about.</p> <p>We're also looking to increase wagering once again and set new records.</p> <p>Increasing on-track attendance is a big part of that which is why we are looking to continue to grow our local community events.</p> <p>We are planning to continue to grow off track wagering by having more theme event days/promos, for example, perhaps running handicapping contests.</p>

3.1. Clinton Raceway



Review of Current Year	
<i>Highlights</i>	During our 15-week live racing season we achieved a new wagering record of over \$1,000,000.
	We raised over \$80,000 for local charities over the course of the season and hosted a large crowd for our bi-annual Legends Day Event which raised over \$55,000 for the Clinton Public Hospital Foundation.
	Hosted the 42nd Annual Charity Drivers Challenge in September supporting the local Royal Canadian Legion featuring top drivers and many other fan attractions.
Planning for Upcoming Year	
<i>Assumptions</i>	We are assuming the ownership and operating group will remain in place throughout FY2024.
	Simulcast services will be provided as per the Ontario Racing Membership Agreement.
<i>Objectives & Goals:</i>	We would like to host more pre-planned events. We found the crowds on race days to be significantly higher on pre-planned event days.
	We would like to employ a full-time summer staff member to market and organize the Race Day events.

3.2. Dresden Raceway



Review of Current Year	
<i>Highlights</i>	Our last day of racing, August 1st, was our Black Heritage Day event. Attendance numbers were excellent, and our handle was \$93,410.
	We worked with Hanover, Western Fair, Grand River, and Leamington to host the Ontario Women's Driving Challenge.
	We made several donations this season totaling \$2,400 to Harness the Hope, the Josiah Henson Museum of African Canadian Heritage (formerly Uncle Tom's Cabin), the Royal Canadian Legion, Minor Sports, and the BIA.
	We collected 40 cases of canned goods that were delivered to the Hope Haven shelter in Chatham.
Planning for Upcoming Year	
<i>Assumptions</i>	Will continue to work with the racetrack's horseperson representative to ensure feedback about the onsite experience is received and implemented as reasonable.
	Staff that is hired is expected to remain for the entirety of their contract.
	We will work with Ontario Racing to ensure priority capital projects are approved.

<i>Objectives & Goals:</i>	<p>Premier Day, a local community event that we're launching this year</p> <p>Working with other tracks to host another exciting edition of the Ontario Women's Driving Challenge.</p> <p>Continue to promote racing within the community, including advertising give aways and other benefits of attending live racing, working to find ways of attracting younger customers and getting younger people involved with racing.</p>
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3.3. Fort Erie Race Track



Review of Current Year	
<i>Highlights</i>	<p>The 2022 racing season was quite successful despite weather playing havoc with the last third of our calendar. We ended up cancelling two days due to weather and made up these lost races by adding another race day six days after our scheduled close as well as adding races on other days.</p> <p>The result was we ended up running 305 races and spending almost 5.5 million in purses, the highest amount since dropping to our current 40 day planned racing calendar.</p> <p>Wagering per race was the highest amount in at least 10 years (excluding the first year of the pandemic when we had much of the market to ourselves) and we would estimate our commission income earned would be the highest in the last 10 years.</p> <p>We staged some highly successful events with large crowds including our two dog race days and hosting a concert by Honeymoon Suite on a non-racing day that earned more than \$20,000 for our local food bank, including the racetrack's contribution of \$6,000.</p> <p>The Prince of Wales was successful with \$180,000 bet on-track and a total pool of \$2.14 million despite lower attendance due to a midweek race date.</p>
Planning for Upcoming Year	
<i>Assumptions</i>	<p>We plan to execute all 40 race days and make up cancelled races as needed.</p> <p>We will continue to fund capital improvements and maintenance within our financial constraints to ensure we have as safe and attractive venue as possible.</p>
<i>Objectives & Goals:</i>	<p>Our objective is to provide the most economic activity and jobs in the Fort Erie area as possible. This will be done by attracting as many horsepeople and fans to the racetrack as we can.</p> <p>We will continue to drive wagering as much as possible to generate revenues for the horse racing industry.</p>

3.4. Flamboro Downs



Review of Current Year	
<i>Highlights</i>	Currently showing an 8.6% increase in average handle per race.
	Worked with COSA, Ontario Racing, Standardbred Canada, and US/Canadian industry publications, both print, radio, and digital media to promote special event days with much success.
	Participated in many community charitable events, donating over \$4,500 thus far.
Planning for Upcoming Year	
<i>Assumptions</i>	FY2023 capital projects are anticipated to be completed by end of March 2023.
	FY2024 projects will be well timed, mostly occurring in June, July, and August of 2023 when our racing operations move to Georgian Downs.
	Ownership and operating group of the racetrack are expected to remain in place for the 2023-2024 racing season.
	Simulcast services will be provided as per Ontario Racing Membership Agreement.
<i>Objectives & Goals:</i>	With some normalcy returning to day-to-day racing operations, it will allow us the opportunity to showcase our special event night of racing once again, the Charles Juravinski Memorial Cup.
	We'll explore options for live entertainment to make the day more of an event, partnering with the local Chamber of Commerce to include local businesses, allowing them the opportunity to showcase their respective offerings.
	We'll host a local media day on our return to live racing in September. Have local television and radio personalities come to the races and even announce a race. We will tie the event to a local charity.

3.5. Georgian Downs



Review of Current Year	
<i>Highlights</i>	Our 2022 race meet saw a 40.16% increase in average per race handle.
	Worked with COSA, Ontario Racing, Standardbred Canada, Tourism Publications and US/Canadian industry publications, both print and digital media, to promote our live race meet with much success.
	Participated in many community charitable events donating over \$3,000 thus far.
Planning for Upcoming Year	
<i>Assumptions</i>	FY2023 capital projects have been completed. FY2024 capital projects are anticipated to be completed prior to the return to live racing in June 2023.

	<p>Ownership and operating group of the racetrack are expected to remain in place for the 2023-2024 racing season.</p> <p>Simulcast services will be provided as per OR Membership Agreement.</p>
<i>Objectives & Goals:</i>	<p>With operations returning to some normalcy, we will look to reintroduce our very successful corporate charitable event race night. This event has been extremely successful in the past, helping to support local charities. Discussions have begun to resume this event in 2023.</p> <p>We'll promote our special event night of racing, the Earl Rowe Trot and turn it into an all-day event. This potentially includes a car show and local vendor fair, etc.</p>

3.6. Grand River Raceway



Review of Current Year	
<i>Highlights</i>	<p>Wagering for the season was \$10.8M, an increase year over year of 6.14%.</p> <p>Average wagering per race finished the season at \$23,558, which was an increase year over year of 12.4%.</p> <p>Wiener Dog and Industry Day events were among the best we have ever seen for attendance and were definitely back to pre-pandemic levels.</p> <p>Held a leg of the Ontario Women's Driving Championship with \$25,000 being raised for Harness the Hope.</p>
Planning for Upcoming Year	
<i>Assumptions</i>	<p>We plan to execute all 48 race nights and make up cancelled races as needed.</p> <p>The track expansion to 5/8 mile will start soon after last race in fall 2023 is run.</p> <p>Continue to expand race night food and beverage offerings as we try to attract more fans to the facility.</p>
<i>Objectives & Goals:</i>	<p>This past year was our first full year operating the new GrandWay space for full crowds and much was learned on how to execute race night service. Next season, we will be working to improve service flows (reduce food wait times) and secure the required staff for the food and beverage operations.</p> <p>Look to continue to improve our marketing reach by leveraging partnership funding. We will look to drive more customers on our Monday and Wednesday night events. This will be achieved through targeted marketing / advertising as well as continued execution of our events execution team.</p>

3.7. Hanover Raceway



Review of Current Year	
<i>Highlights</i>	<p>2022 was Hanover Raceway's highest wagering per race day in 30 years (nearly \$850,000).</p>

	<p>The quality of our TV broadcast continued to impress the industry and it made a huge difference to the Raceway's wagering profile.</p> <p>Hanover Raceway raised a lot of funds for non-profit organizations, charity groups, sports organizations. Each of the 15 race days featured a group raising funds through selling merchandise, holding silent auctions, and having 50/50 draws. In all we helped these groups to raise over \$40,000.</p> <p>After starting Ontario Women's Driving Championship in 2021 (with Dresden), interest grew and in 2022 the highly successful event expanded to five racetracks (Hanover, Dresden, Grand River, Leamington and Western Fair).</p>
Planning for Upcoming Year	
<i>Assumptions</i>	<p>The ownership and operating group, the Hanover, Bentinck & Brant Agricultural Society, will remain in place throughout FY2024. They have been in existence since 1864.</p> <p>Simulcast services will be provided as per the OR Membership Agreement.</p>
<i>Objectives & Goals:</i>	<p>To increase the average wagering per race day so that in a couple of seasons Hanover will be the top Grassroots track.</p> <p>To continue to grow the Ontario Women's Driving Championship and to make it a must-attend event on the Ontario Racing calendar.</p>

3.8. Hiawatha Horse Park and Entertainment Centre



Review of Current Year	
<i>Highlights</i>	<p>Our handle averaged \$43,190.43 per date (more than double 2021).</p> <p>Our charity drive raised \$1,000 for the Inn of the Good Shepherd; \$450 for the Salvation Army; and \$300 for Enactus Lambton.</p> <p>Trunk or treat attracted about 5,000 participants and raised 3,790 lbs of food and \$1,280 cash for the Inn of the Good Shepherd.</p>
Planning for Upcoming Year	
<i>Assumptions</i>	<p>The ownership and operating group of the racetrack are expected to remain in place throughout FY2024.</p> <p>Simulcast services will be provided as per the OR Membership Agreement.</p> <p>Will continue to work with the racetrack's horseperson representative to ensure feedback about the on-site experience is received and implemented as reasonable.</p>
<i>Objectives & Goals:</i>	<p>Getting involved more with other racetracks and cross promotions including the Ontario Women's Driving Championship and other specialty days.</p> <p>We will increase the food offerings to our customers and improve food services for the horsepeople.</p> <p>We will return to offering promotional days including RibFest, Hat Day, and Christmas in July with a charitable focus.</p>

We will continue growing our attendance, including from the United States through marketing.

3.9. Kawartha Downs



Review of Current Year	
<i>Highlights</i>	<p>Highest handle on record for 18 race dates.</p> <p>50th anniversary significantly boosted the crowd of various ages.</p> <p>Hosted our first ever Legends Night, which drew out historical drivers from Kawartha and brought families together at the track.</p>
Planning for Upcoming Year	
<i>Assumptions</i>	<p>Capital projects are of top priority and look to have completed prior to harness season opening May 20, 2023. This will be dependent on supplies and contractor availability and when the approvals of capital expenditures are received.</p>
<i>Objectives & Goals:</i>	<p>The overall objective is to enhance and potentially increase the harness racing experience for all our patrons, horsepeople and related parties involved.</p> <p>With the new upgraded Wi-Fi capabilities, it is anticipated that the patrons will be able to bet through HPIbet at the comfort of their own seat and/or bet live at a mutuel teller stand.</p>

3.10. Leamington Raceway



Review of Current Year	
<i>Highlights</i>	<p>Total wagering for the 13 days reached \$655,828 which is up by 22% from last year.</p> <p>We improved our broadcast capabilities which helped generate approximately 52% of the wagering off track.</p> <p>On our Kids' Day we gave away 24 bikes and saw several new faces in the grandstand.</p> <p>Several patrons provided positive feedback about the addition of the 10' x 16" LED screen located in the infield.</p>
Planning for Upcoming Year	
<i>Assumptions</i>	<p>Construction of key capital expenditures projects completed in April (AGCO test barn) and July (Wireless Teletimer system) 2023.</p> <p>We plan to continue racing based on having 13 race days starting in August through October.</p>

	We have a strong relationship with OHHA which represents most of the horsepeople in Essex County and will continue to work with them to promote horse racing.
<i>Objectives & Goals:</i>	Provide competitive racing with the maximum field size and continue with local promotional events to achieve an increase of wagering by at least 10% over last year. Have two race days where we bus in patrons from either local Legions or sports bars to the track.

3.11. Rideau Carleton Raceway



Review of Current Year	
<i>Highlights</i>	In 2022 Rideau Carleton Raceway celebrated its 60th anniversary highlighted by a two-week celebration featuring a Formal Banquet, Family Fun Day, OSS Races, Hard Rock casino promotion and a spectacular firework display on Labor Day. The average per race handle rose 24.5% in 2022 to \$26,000 per race. New track lighting improved luminosity by 2.5 times and finish line landscaping complemented the infield HD board for a unique and visually stunning experience for both on track and simulcast viewers.
Planning for Upcoming Year	
<i>Assumptions</i>	Hard Rock Ottawa LP will make an announcement regarding the next phase of development of racetrack/casino property. Rideau Carleton Raceway will maintain Barns A, B & C to stable horses on site. Will operate simulcast services throughout the year.
<i>Objectives & Goals:</i>	Fiscal Sustainability: To budget and manage fixed operational and purse funding in a manner which both optimizes its benefit in advancing horse racing while maintaining a medium-term scope of three years. Showcase a Signature Standard of Racing: Horse racing can only be promoted if the wagering pools are sufficient to produce competitive prices commensurate with risk. To attract the required simulcast participation, the horses racing must be of a caliber and presented in a manner, sufficient to compel an international market to wager. With fixed purses, Rideau Carleton will work with its horsepeople's association, National Capital Region Harness Horse Association (NCRHHA), to formulate race conditions and purses to achieve this balance. Equine Welfare: Work in conjunction with the AGCO and Ontario Racing to ensure integrity of our racing and welfare of our equine participants.

3.12. The Raceway at Western Fair District



Review of Current Year	
<i>Highlights</i>	Annual wagering record of over \$50M for the season.
	Hosted the first in-person Camluck Classic night in three years on Friday, May 27. Crowd estimated at 3,000 people, generated second highest single night wagering in track history of \$795,000. Also marked the return of the Forest City Pace for the first time in 10 years, providing two Grand Circuit races in the same evening.
	Hosted the second Annual Holiday Driver's Charity Challenge in support of Toys for Tots on Sunday, December 12. Donations from WFR and Woodbine Mohawk Park exceeded \$15,000 in toys and monetary donations.
Planning for Upcoming Year	
<i>Assumptions</i>	Execution of Capital Grandstand construction project to begin immediately following racing season and completed in mid-September prior to start of next racing season. No disruption to race schedules are anticipated.
	Simulcast will move from current location to a new space on the 2nd floor of The Raceway, with direct access to Grandstand and accessible from the main Grandstand Facility Lobby. Simulcast will be open daily, excluding Statutory Holidays that do not feature major stakes races at Ontario racetracks.
	The Raceway Management team will continue to evolve to meet the needs of our horsepeople, customers and Industry. Succession planning will be a key focus.
<i>Objectives & Goals:</i>	Further initiatives to attract a larger on track audience, such as charity nights, enhanced dining options and featured events will be a focus of The Raceway to welcome larger crowds.
	Dining Room will serve fresh, locally sourced, when possible, food offerings that tell the story of Agri-Food connections in our community and attract a larger crowd to the racetrack.
	Continue to work with Woodbine and other entities to offer pop-up series style events to help increase horse supply at our track and others during the late Fall and Winter seasons.
	Develop further charity nights to increase Community Awareness for the racetrack and provide fundraising opportunities for local groups (e.g. Tampon Tuesday, Business Cares Food Drive, 519 Pursuit).

3.13. Woodbine Mohawk Park



Review of Current Year	
<i>Highlights</i>	Highest single-season all-sources handle (\$444M) in Woodbine history.
	The average handle of \$193,707.73 per-race (2,293 races) was up from last year's strong average of \$191,398.92 (1,693 races).

	<p>39th Pepsi North America sets new record handle of \$6.3 million.</p> <p>Bulldog Hanover matches Canadian Record in Pacing Derby.</p> <p>Breeders Crown weekend brings in \$8.9 million in handle.</p> <p>A total of 218 cards of live racing were conducted in 2022 at Woodbine Mohawk Park, marking the first full season since 2019.</p>
Planning for Upcoming Year	
<i>Assumptions</i>	WEG will continue to fulfill its purse obligations pursuant to its Horseperson's Agreements with Central Ontario Standardbred Association (COSA).
<i>Objectives & Goals:</i>	<p>WEG will continue to increase its simulcast reach on an international basis, resulting in an increase in foreign (albeit more expensive) wagering revenues.</p> <p>WEG will continue to develop wagering products and technologies in an effort to attract new customers and/or increase wagering revenues. This includes integration of horse racing into sports wagering platforms.</p> <p>Additionally, Ontario Racing will work with the WEG Wagering Operations department to deploy the "Mobile Wagering Ambassador" program at all Member Racetracks.</p> <p>The "Mobile Wagering Ambassador" program employs handheld tablets and ticket printers, allowing tellers to sell tickets track or tableside.</p>

3.14. Woodbine Racetrack



Review of Current Year	
<i>Highlights</i>	<p>Highest single-season all-sources handle (\$621M) in Woodbine history, and highest single-season foreign handle (\$515M) in Woodbine history.</p> <p>Average per-race handle of \$519,016 was higher than any season pre-COVID.</p> <p>Average field size of 8.2 (above North American industry average).</p> <p>25 race cards topped \$6 million in handle (11 in 2019).</p> <p>A total of 1,198 races were contested over 132 dates of racing - first full season contested at Woodbine since the 2019 campaign.</p>
Planning for Upcoming Year	
<i>Assumptions</i>	WEG will continue with land development plans and expansion opportunities at the Woodbine Racetrack location during FY2024. It is anticipated that the One Toronto casino will begin operations in FY2024.

	<p>With the anticipated opening of the new casino at the Woodbine site, WEG's allocation of the Racetrack Payment may be reduced this year pursuant to the terms of the Funding Agreement.</p> <p>WEG will continue to fulfill its purse obligations pursuant to its Horseperson's Agreements with the Horsemen's Benevolent and Protective Association of Ontario (HBPA).</p>
<i>Objectives & Goals:</i>	<p>WEG will continue to increase its simulcast reach on an international basis, resulting in an increase in foreign (albeit more expensive) wagering revenues.</p> <p>WEG will continue to develop wagering products and technologies in an effort to attract new customers and/or increase wagering revenues. This includes integration of horse racing into sports wagering platforms.</p> <p>Additionally, Ontario Racing will work with the WEG Wagering Operations department to deploy the "Mobile Wagering Ambassador" program at all Member Racetracks.</p> <p>The "Mobile Wagering Ambassador" program employs handheld tablets and ticket printers, allowing tellers to sell tickets track or tableside.</p>

4. Assumptions

4.0. 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 FY2024. 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 FY2024, at the close of Q3 FY2023, a total of \$3.87 million in carryover purses is projected to be added to this year's available purse funds. This includes \$182,630 to Quarter Horse purses, \$645,486 to Thoroughbred purses and \$3,043,770 to Standardbred purses.

As mentioned in the Key Performance Indicators (KPIs) section, horse supply is expected to be consistent with FY2023 or slightly higher.

In FY2023 the full year Home Market Area (HMA) forecast is expected to be approximately \$784 million at the time of writing this plan. The FY2024 wagering projections breakdown as follows (as of Jan. 2023):

- Gross Bet: \$1.2 billion
- Home Market Area: \$785 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

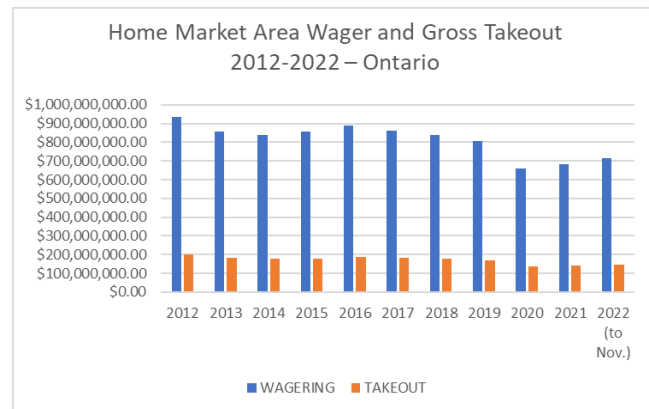
Targets are based on analysis of current trends. Those related to wagering and horse supply were forecast in January 2023. At the racetrack operations level, forecasts were issued in November 2022.

5.0. Gross Bet on Ontario Races

At this time, the Gross Bet in FY2024 is forecast at \$1.2 billion and Home Market Area (HMA) wagering is forecast at \$785 million. With an uninterrupted year of racing, both Gross Bet and HMA wagering rebounded in FY2023.

Powered by a 25 per cent year-over-year increase in foreign remote wagering, wagering on the Woodbine Thoroughbred and Standardbred products soared past \$1 billion for the first time and Signature and Grassroots racetracks saw increases in handle of more than 40 per cent.

At present, the impact of adding horse racing to the platforms of Ontario's Single Event Sports Wagering (SESW) operators is unknown.



Note: CPMA data as of Nov. 30, 2022

However, through the first nine months of the SESW era in Ontario, there has not been significant cannibalization of the HMA wager.

There may be an opportunity to generate additional HMA wagering as new bettors using SESW platforms are exposed to the Ontario horse racing product.

5.1. Average Field Size

Horse supply and, in consequence, field size, continue to be a challenge for horse racing jurisdictions around the world. On average, Ontario's Standardbred 1 and Thoroughbred 2 racetracks fared better than other North American jurisdictions through the 2022 racing season, and Ontario Racing and member organizations are actively marketing the benefits of racing in the province in hopes of maintaining this above average performance.

¹ United States Trotting Association

² <https://www.equinbase.com/content/news/releases/2023/010523release.cfm>

As a result, field size is forecasted to remain steady or increase modestly through FY2024 in the Standardbred and Thoroughbred horse racing programs. Another slight contraction is forecast in the Quarter Horse program.

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 (to Q3)	7.8	7.6	5.7
FY2024	7.9	7.7	5.5

5.2. Unique Starters and Total Starts

In FY2023 the repeal of border restrictions saw the total number of starters rebound from the lows suffered in FY2021 and FY2022. That rebound was mitigated by economic forces which saw the Canadian dollar drop 7.2 per cent against the US dollar.

With the Canadian dollar expected to rebound in 2023, inflation on the wane and active marketing of the Ontario racing program under way, it is forecast that the number of unique starters will be up slightly over FY2023 in all three racing programs, while still remaining below pre-pandemic levels. Total starts are forecast slightly lower than FY2023 in the Thoroughbred racing program and slightly higher in the Quarter Horse program, both lower than pre-pandemic levels, while the Standardbred racing program is forecast to rebound to near FY2020 levels.

UNIQUE STARTERS			
Year	Thoroughbred	Standardbred	Quarter Horse
FY2020	2,813	4,017	216
FY2021	2,351	3,841	220
FY2022	2,312	3,707	187
FY2023 (to Q3)	2,629	3,722	173
FY2024 (forecast)	2,658	3,998	186

TOTAL STARTS			
Year	Thoroughbred	Standardbred	Quarter Horse
FY2020	11,903	57,158	1,312
FY2021	10,026	44,960	1,080
FY2022	10,476	49,212	994
FY2023 (to Q3)	11,860	44,547	1,022
FY2024 (forecast)	11,557	57,123	1,034

5.3. Gross Wagering Commissions

Gross wagering commissions across all channels are forecast to reach \$203 million in FY2024. Home Market Area commissions are forecast at \$39.4 million, simulcast commissions at \$123 million

and joint ventures at \$40.6 million. As in past years, commissions will be driven by strong demand for the world class Woodbine Thoroughbred and Standardbred products.

While the growth in foreign remote wagering was strong in FY2023, the path to sustainability lies with HMA wagering. Wagers placed within Ontario produce approximately 10 to 12 per cent revenue, whereas foreign remote wagers generate approximately 3 per cent.

As noted above, the impact of adding Ontario horse racing to the province's SESW platforms is unknown. While there may be an opportunity to attract new bettors to horse racing, there is a risk that some bettors will consolidate their overall wagering through an SESW platform.

5.4. 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 FY2024, with approximately \$5.4 million directed to approved projects and the balance held in reserve to address the impacts of inflation and emergent capital spending needs. Complete details of the allocation process and the projects selected for funding are available on page 25.

In addition, there are \$3.4 million worth of Capital Improvement allocations from FY2023 for projects which have not been started due to the economic ripple effects caused by the COVID-19 pandemic. As a result, the racetrack capital reinvestment rate (Capital Improvement funding as a percentage of total government support) for FY2024 is forecast to be nine per cent, up slightly from the 8.8 per cent forecast in FY2023. Further details about the Capital program can be found on page 25.

5.5. Other Racetrack Revenue

While pandemic restrictions were eased in FY2023, many racetracks were unable to return to pre-pandemic service levels due to staff shortages and holdover effects of the previous years' closures. Heading into FY2024, most racetracks hope to achieve closer to pre-pandemic levels of service and special event offerings. As a result, Total Other Racetrack Revenue is forecast at \$175.9 million, up 14 per cent from FY2023.

Ontario Racing will continue to offer marketing support to the Grassroots and Signature racetracks as they strive to rebuild on-track attendance levels. Among the special events Ontario racetracks will host in FY2024 are the newly rebranded King's Plate at Woodbine Racetrack, the \$1 million Pepsi North America Cup at Woodbine Mohawk Park, Grand River Raceway's Industry Day, Fort Erie Race Track's Prince of Wales Stakes and Ajax Downs' popular Family Day.

6. Racing Information

6.0. Race Dates

As required by the Second Amendment to the Funding Agreement, the FY2024 race date calendar offers a 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 Member Racetracks are able to card robust programs that

appeal to customers around the globe. Providing appropriate racing opportunities at a stable or increasing purse level is critical to attracting investment and participation in Ontario horse racing.

The FY2024 race dates, by racetrack and Premier, Signature and Grassroots designation, are outlined below.

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

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

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

Marquee events which will be hosted by Ontario racetracks in the 2023 racing season include:

- 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 – King’s Plate, Breeders’ Stakes, Woodbine Oaks, Ricoh Woodbine Mile, Pattison Summer Stakes, E. P. Taylor Stakes

Ontario Racing will also continue to administer the world class Standardbred Ontario Sires Stakes program and Thoroughbred Ontario Sired and Ontario Bred stakes through the Horse Improvement Program (HIP). Additional details about each breed’s HIP are found beginning on Page 26

6.1. Purses

6.1.1. 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 \$65,000 for Signature Standardbred racing, \$206,000 for Premier Standardbred racing, \$120,000 for Signature Thoroughbred racing, \$467,000 for Premier Thoroughbred racing, and \$37,000 for Quarter Horse racing.

Total purse carryover for FY2024 is forecast at \$4 million. This carryover is the result of cancelled race dates and limited horse supply, which resulted in fewer races per day in all three breeds and at all 15 Member Racetracks in FY2023.

In keeping with [OLG Policy Directive 1 – 2022](#), Ontario Racing will continue to administer the payment of cancellation fees to Quarter Horse and Standardbred participants in the event of cancelled race dates or events declared ‘No Contest’ by AGCO officials. The implementation of OLG Policy Directive 1 – 2022 on October 1, 2022, has resulted in a streamlined process of decision making and communication when a race or race date is cancelled, allowing the central race office to efficiently issue cancellation fees to participants.

6.1.2. Additional Purse Enhancement Payment

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

7. Transition Payment

In FY2024 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 FY2023. 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 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 FY2024 Transition Funds are below.

Racetrack	FY2024 Transition Payment
Ajax Downs	\$1,500,000
Clinton Raceway	\$63,150
Dresden Raceway	\$46,310
Flamboro Downs	\$194,070
Georgian Downs	\$56,910
Grand River Raceway	\$70,040
Hanover Raceway	\$63,150
Hiawatha Horse Park	\$88,410
Kawartha Downs	\$75,780
Leamington Raceway	\$54,730
Rideau Carleton Raceway	\$105,040
The Raceway at the Western Fair District	\$182,410
Total	\$2,500,000

Racing Category	Average Base Purse per Race Day (including Top-up & Carryover)	Average per Day including Purse Enhancement & Transition Payment
Quarter Horse	\$37,000	\$105,000
Standardbred Grassroots	\$35,000	\$44,000
Standardbred Signature	\$60,000 to \$66,000	\$69,000 to \$75,000

Standardbred Premier	\$206,000	\$206,000
Thoroughbred Signature	\$120,000	\$140,000
Thoroughbred Premier	\$467,000	\$467,000

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 FY2024, year five of the Funding Agreement, Fort Erie Race Track will receive \$1,593,527 and Dresden Raceway will receive \$221,323.

Racetrack	Operational Payment	Operational Enhancement	Transition Payment	Total
Ajax Downs	\$2,000,000			\$2,000,000
Dresden Raceway	\$286,000	\$221,323		\$507,323
Fort Erie Race Track	\$5,214,000	\$1,593,527	\$500,000	\$7,307,527
Hiawatha Horse Park	\$546,000			\$546,000
Kawartha Downs	\$432,000			\$432,000
Leamington Raceway	\$338,000			\$338,000
Total	\$8,816,000	\$1,814,850	\$500,000	\$11,130,850

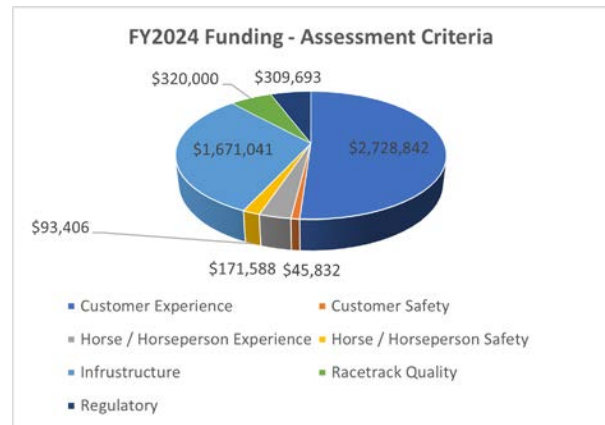
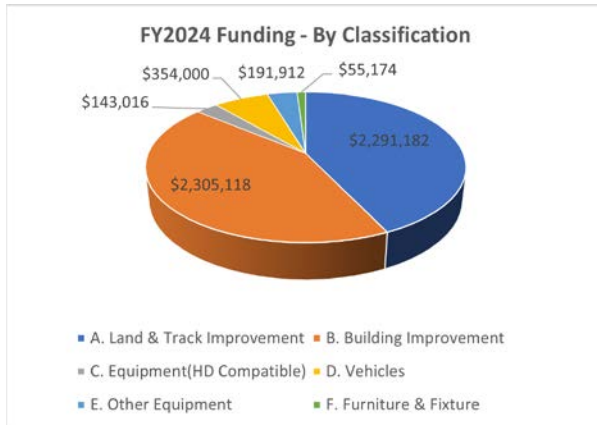
9. Capital Improvement Payment

In FY2023, significant focus was given to completing prior approved Capital Improvement projects from FY2021 and FY2022. The lag in these projects was primarily driven by implications of the COVID-19 global pandemic, provincial lockdowns, and global supply chain challenges.

Additionally, FY2023 was the first year that Ontario Racing received requests for Capital Improvement funding that exceeded the \$6 million provided through the Funding Agreement. The cause for demand exceeding supply was due to the Capital Improvement requests focusing less on smaller and medium sized regulatory and health and safety projects and more on larger infrastructure projects. This demand continues into the FY2024 Capital Improvement funding requests with all requests totaling \$18.7 million.

Over the next two fiscal years, Ontario Racing will refine and enhance processes to support the application and allocation of Capital Improvement Funding and establish timelines for use and reimbursement of completed projects. This activity has been discussed with each Member Racetrack and OLG. The ultimate goal is to reduce the quote to approval lead-time, resulting in racetracks ability to commence Capital Improvement project planning earlier in the execution cycle.

In an attempt to mitigate the costly risk of rising inflation driven by the current economy and urgent/emergency capital requests, 10 per cent of the \$6 million in annual Capital Improvement Payment was allocated for contingency. The \$5.4 million allocated to new projects breaks down in the following two graphs:p



By mid-year, should there be no additional need for inflationary or urgent demand, the remaining contingency funding (approximately \$600,000) will be allocated to projects not approved in the initial planning cycle.

10. Horse Improvement Program (HIP)

The goals of the HIP for FY2024 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 Sired and Ontario Bred 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 HIP to provide education on program benefits and eligibility requirements, promoting the successes of Ontario Sired and Ontario Bred horses, and introducing new fans and participants to the program

The primary objective of the HIP 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 Sired and Ontario Bred horses are attractive to owners around the globe and encourage participation in overnight and stake races at racetracks across the province.

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

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

In addition to the Criteria Books, Ontario Racing also publishes a Racing Guide for the Ontario Sires Stakes (OSS) program, part of the Standardbred HIP program. The conditions that apply to OSS races are contained in the Racing Guide. Thoroughbred and Quarter Horse race conditions are determined by the individual racetracks.

10.0. FY2023 Highlights

With HMA wagering rebounding in FY2023, all three HIP Committees were able to dedicate their energies toward program implementation, rather than budget reductions.

The highlight of the year on the HIP front was Ontario Sired Bulldog Hanover's world record performance at The Meadowlands in July. The son of Shadow Play became the fastest Standardbred in history with his 1:45.4 effort and would go on to win 14 of 16 starts before retiring in November with lifetime earnings of \$2.78 million. After a test breeding season in 2022, Bulldog Hanover will serve a full season at stud in 2023, remaining at Seelster Farms in Lucan, Ontario.

Other high points included:

- In addition to Bulldog Hanover's exploits, Ontario Sired Standardbreds also enjoyed success in open stake action at Woodbine Mohawk Park, capturing the Metro Pace (*Stockade Seelster, by State Treasurer*), Peaceful Way (*Righteous Resolve, by Resolve*), Casual Breeze (*Adare Castle, by Muscle Mass*), and Simcoe Stakes (*Twin B Archie, by Archangel*)
- The average sale price for Ontario Sired Standardbreds increased by 9 per cent in 2022, with 470 yearlings selling for an average of \$36,971.
- The Ontario Thoroughbred breeding program once again posted strong results, seeing a 12 per cent increase in live foals born in 2022, as of October 6, 2022. ([Click here](#) to view source)
- The Canadian Thoroughbred Horse Society's (CTHS) Premier Yearling Sale saw impressive gains in median, average and gross sale prices, with the median up by 95 per cent, the average by 28 per cent and the gross by 22 percent per cent over 2021. Ontario Bred horses of all ages were also well received south of the border, led by sale topping Ancient Peace (War Front), who sold for \$650,000 at the Keeneland January Horses of All Ages sale.
- A total of 317 different entities (individuals, partnerships, farms) received TIP breeders' awards in 2022, up four per cent from the 2021 racing season.

- As of mid-January 2023, the FY2023 TIP Mare Purchase Program (MPP) has seen 38 in-foal mares acquired by Ontario breeders at recognized public auctions and imported to the province and 21 breeders have stated their intention to breed back to an Ontario stallion.
- Ajax Downs achieved an all-time high total wagering handle of \$2.56 million in FY2023, and Ontario Bred Had To Be Ivory put together an outstanding seven-year-old season, going six for six and recording five stakes' victories. The racetrack's popular Family Day event also made a successful return from its pandemic-induced hiatus.

10.1. FY2024 Programs

As noted in previous sections, as of January 2023 the HMA wagering forecast for FY2024 is \$785 million. This forecast guided the budgeting and planning process of each HIP program as outlined below.

10.2. Quarter Horse Improvement Program

In consultation with participants, the QHIP Committee engaged in a thorough review of the Quarter Horse racing program in the fall of 2022. As a result, the Committee made minor revisions to the stakes program, adding a Stallion Auction Futurity and a Princess Maturity, and restoring the ability of breeders to transfer their Princess Breeding Incentive to other mares within the same ownership group. Both additions to the program are focused on increasing current breeding levels.

At the racetrack level, Ajax Downs will offer an added money Guaranteed Starter Bonus of \$300 for horses that finish sixth through last and a \$1,500 May Starting Bonus for those horses ready to compete at the start of the meet. Both initiatives are aimed at bolstering the horse population across the breadth of the meet.

The QHIP Committee forecasts starting the 2023 racing season with a surplus of approximately \$610,000. The Committee anticipates a deficit of \$127,000 for FY2024, bringing the reserves to \$480,000.

10.3. Standardbred Improvement Program (SIP)

With the 50th anniversary season of the OSS program on the horizon in 2024, the SIP Committee took the opportunity to consult with participants in the fall of 2022. In person meetings with breeders, trainers and owners were conducted in November and participants were also encouraged to submit written feedback via an online form. The SIP Committee received valuable feedback from a broad range of participants that will guide their planning for the 50th anniversary season and the second half-century of the world class OSS program.

With consultations ongoing, the SIP Committee opted for minimal changes to the program for FY2024. With revenue exceeding forecast for the 2023 season and other jurisdictions offering elevated purses, they elected to increase the Super Final purse to \$300,000 and the Grassroots Championships to \$75,000. All other purses and breeder's rewards will remain at FY2023 levels.

With HMA wagering projected to finish FY2023 at \$784 million at the time of budgeting, the SIP Committee forecasts entering FY2024 with a surplus of approximately \$2.85 million. With a conservative forecast of the number of Grassroots and Prospect Series divisions contested in FY2024, the Committee forecasts a budget shortfall of \$939,000, which will bring reserves to approximately \$1.9 million.

10.4. Thoroughbred Improvement Program (TIP)

The TIP Committee elected to continue with the successful Mare Purchase (MPP) and Mare Recruitment Programs (MRP) for FY2024 and maintained all other programs at FY2023 levels.

After a well-received launch in FY2022, the Woodbine Sales Credit program received additional marketing and promotional support in FY2023 and exceeded all expectations, increasing use by 77% and allowing participants to reinvest in Ontario Bred and Sired yearlings at the CTHS yearling and mixed sales. The program will be further refined in FY2024 to improve ease of use.

The Ontario Resident Mare Program (ORMP) will also see improvements in FY2024 with The Jockey Club delivering the required form in the registration package for all foals born in Ontario. A \$50 late fee for forms submitted after June 30 of the yearling season is expected to reduce the lag in registration and allow better tracking of Ontario Bred horses.

With an HMA forecast of \$784 million, the TIP Committee expects to begin FY2024 with a surplus of approximately \$2.2 million. Maintaining programs at the status quo will see the FY2024 budget deliver a \$660,000 deficit, which will bring reserves to approximately \$1.5 million.

10.5. Horse Improvement Program KPIs

Key Performance Indicators for the HIPs are tracked by breeding year. Quarter Horse statistics are gathered through program enrolment; for racehorses that typically occurs when they are ready to race. 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 reporting, and through program enrolment.

10.5.1. Registered Stallions

The number of stallions registered as Ontario Sires has remained consistent in the Quarter Horse and Standardbred breeding programs while falling slightly in the Thoroughbred breeding program.

Both the Thoroughbred and Standardbred programs have attracted several quality stallions for the 2023 breeding season, including Standardbred world record holder Bulldog Hanover and 2016 Breeders' Cup Dirt Mile winner Tamarkuz.

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

10.5.2. Ontario Resident Mare Program Enrolment

Enrolment in the ORMP, which accredits the resulting foal as Ontario Bred, has remained consistent in the Quarter Horse breeding program while falling slightly in the Standardbred and Thoroughbred breeding programs. Mares are required to foal in Ontario to participate in the ORMP, so breeders'

annual business decisions can impact a mare's year-to-year enrolment. To maximize future yearling sale prices or ensure the health of mare and foal, Ontario breeders may elect to foal a mare bred to an American stallion, or booked to an American stallion, in the state where the stallion resides.

Breeding Year	Quarter Horse	Standardbred	Thoroughbred
2017	144	-	887
2018	150	1,111	844
2019	121	1,101	752
2020	157	1,021	749
2021	149	973	614*
2022 (to date)	142	958	288*

*Enrolment in the Thoroughbred ORMP typically occurs 18 to 24 months after foaling, so enrolment numbers for the 2021 and 2022 foaling season will continue to increase in the coming months.

10.5.3. Registered Foals

The number of registered or accredited foals has been relatively consistent in the Quarter Horse and Standardbred breeding programs over the last seven years. The Thoroughbred foal crop has fallen slightly due to the closure of several large breeding operations, most notably the world-renowned Sam-Son Farm.

Breeding Year	Quarter Horse (accredited as racehorses)	Standardbred (Ontario Sired)	Thoroughbred (data from The Jockey Club)
2016	50	1,286	813
2017	46	1,536	882
2018	50	1,445	841
2019	45	1,411	768
2020	38	1,408	754
2021	23	1,395	
2022 (to date)	4	1,087	

10.5.4. 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 on the Standardbred side, while for Thoroughbreds the data reflects Ontario Bred yearlings.

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	\$33,816	
2022	\$36,971	

11. Financial Information

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

The major year-over-year changes to the FY2024 budget as compared to the FY2023 budget are detailed below.

Salaries and Wages — \$793,300; an increase of 30 per cent over the FY2023 budget

In 2022, it was determined through an OLG audit that ORM employees are not permitted to participate in the WEG Performance Incentive Plan. As such, employee contracts were rewritten to exclude non-base salary pay. Additionally, the Salaries and Wages line item reflects the addition of a Director, Business Operations, the proper coding of the Independent Chair's compensation, and a new Contract Coordinator role.

Corporate Services — \$390,810; a decrease of 4 per cent from the FY2023 budget

The primary driver of the reduction in Corporate Services expense is a decrease in rent at 10 Carlson Court. With no major website projects planned, funds have been redirected from IT Consulting toward Staff Training to support ongoing growth and development including Microsoft Excel and role-based skill needs.

Industry Development — \$215,500; a decrease of 4 per cent from the FY2023 budget

With the development of the New Horse Ownership platform detailed below, funds have been redirected toward Business Plan Development, with the intention of hosting a workshop and developing tools to support racetracks in the creation of their annual business plan and related reporting metrics. The increase in the Government Relations line reflects an anticipated annual increase in the agency fee.

Stakeholder Engagement and Communications — \$215,000; no change

Although the total amount budgeted for Stakeholder Engagement and Communications remains the same as in FY2023, ORM is shifting the focus from providing betting selections for Signature and Grassroots racetracks toward developing dynamic Creative Content and Social Media, with a focus on video. The total spend on Magazine Advertising will also be reduced with a shift toward organic content marketing.

Supplies and Equipment — \$18,000; an increase of 29 per cent over the FY2023 budget

The increase in Supplies and Equipment reflects the shift back to regular attendance at the office after several years of working from home, increases in staff, and ORM's commitment to completing initiatives and meeting reporting deadlines.

Travel and Meals — \$30,000; an increase of 88 per cent over the FY2023 budget

The increase in the Travel and Meals line item reflects ORM's commitment to visiting each Member Racetrack in FY2024, attending industry special events and trade symposiums.

WEG Management Fee — \$470,000; a 1 per cent increase over the FY2023 budget

- Details of services provided by WEG as part of the Management Fee are outlined below.

- Insurance is administered by the Legal Department at WEG; this is separate from the actual insurance premiums paid by ORM (Insurance Expense), and relates instead to liaising with the insurance companies, annual policy review, policy administration, etc.
- The line-item Legal Services Expense in the ORM budget relates to outside legal expenses. WEG provides general and ongoing legal services for ORM, including advice regarding legal matters, review and negotiation of contracts, etc.
- WEG provides the services of two (2) racing departments for the purposes of fulfillment of ORM's obligations under the Funding and Management Agreements.
- The line-item IT Consulting Expense in the ORM budget relates to third party IT service providers. The WEG information technology department provides day-to-day IT services, including problem solving, website management, etc.

TCO2 Fees — \$400,000; no change

Racetrack Licensing Fees — \$1,067,000; decrease of 3 per cent from the FY2023 budget, to reflect the actual spend in FY2023. The AGCO has confirmed that there will be no increases to Racetrack Licensing Fees in FY2024.

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.

At present ORM is focused on the first and third initiatives noted above, additional staff resources and ownership development, and has budgeted \$320,000 of the \$714,416 carryover. As these initiatives are completed, ORM staff will develop plans for the remaining initiatives and put those budgets before the board.

With the recruitment of an Executive Consultant to the Board, \$70,000 of the Administration Payment Carryover will be accounted for in the Board Remuneration line item.

A total of \$250,000 will be accounted for on the New Horse Ownership line item, with \$100,000 earmarked for The Canadian Jockey Club's lobbying efforts to revise Section 31 of the Canadian Income Tax Act and \$150,000 for the development of a New Owner Platform.

The New Owner Platform will feature introductory and educational videos about racehorse ownership. Hosted on the Ontario Racing website and available to industry partners, it will provide clear connections to industry associations along with celebrating the successes of Ontario horse racing participants. The \$150,000 includes funds to develop the New Owner page of the Ontario Racing website (\$25,000), create a suite of videos (\$80,000), and conduct a broad-based marketing and advertising campaign around the platform (\$45,000).

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:



Continued Reduction in HMA Handle



Erosion of the Fan Base



Continued Reduction in Horse Ownership and Breeding



Increased Entertainment Competition



Rise of Sports Wagering in Ontario and Canada



Animal Welfare



Timeline of Plan Development



Labour

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

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

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

Note: All risks identified for the FY2024 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.

12.0. Any Reduction in HMA Handle

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

12.1. Erosion of Fan Base

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

12.2. Continued Reduction in Horse Ownership and Breeding

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

12.3. Increased Entertainment Competition

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

12.4. Rise of Sports Wagering in Ontario and Canada

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

12.5. Animal Welfare

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

Limit's ability to attract new fans	Support AGCO rule revisions for equine safety.
Limit's ability to attract other industry participants (owners, employees)	

12.6. Timeline of Plan Development

This is a new risk identified for FY2024. 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 2023.

Additionally, Member Racetracks have built their business plans with only two full quarters of actual results from FY2023. 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 Annual Business Plan at the end of Q1 FY2024 and submit revisions as needed.

12.7. Labour

Industry Impact	Ontario Racing Mitigation Tactic
Turnover of key personnel	Work with partners to publicize industry jobs.
Not attracting young employees	Research viability of post-secondary course(s).
Difficulty recruiting	Work with government relations firm and industry partners to advance time temporary workers are permitted in the country and/or make the process easier to use.

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.

13.0. FY2023

Ontario Racing successfully implemented the FY2023 Responsible Gambling initiative through identifying and training Responsible Gambling leads at Member Racetracks, finalizing a reporting framework, and the distribution of program materials and training materials to all racetracks.

- Total number of racetrack employees trained through Q3 FY2023: 1039
- Total number of racetracks with employees trained: 15
- Total number of Responsible Gambling Leads: 13

13.1. FY2024

After successfully implementing Responsible Gambling training at the racetrack level in FY2023, Ontario Racing will refine the program to reflect updated criteria and audience for participation.

To achieve this, Ontario Racing hosted a debrief and planning session in December 2022 with OLG and Ajax Downs racetrack leaders to discuss the FY2023 Responsible Gambling program. This included an assessment of what worked and what could be changed to better align with the program's mandate. From that meeting the following was brought forward:

13.2. Scope

Ensure participation among all staff who interact with guests at the racetrack. Racetrack employees that do not interact with guests as a regular part of their job are to be excused from taking the training.

13.3. Implementation Strategy

Objective: Implementation of the Responsible Gambling program focused on guest-facing racetrack employees in FY2024.

Goals:

- Ensure Responsible Gambling leads at the racetracks are trained on the materials and can identify and provide tailored advice to those who request help.
- Conduct one post implementation debrief and planning workshop before the end of 2023.

Outcomes:

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

Implementation Plan:

- Work with OLG to include additional intake fields to identify participants.
- Reach out to racetrack Responsible Gambling leads at operating racetracks (Q1-Q4, FY2024).
- Finalization of reporting framework with racetracks (Q1 FY2024).

- Distribution of program and training materials to all operating racetracks (Q1-Q4 FY2024).
- Training of Responsible Gambling leads at operating racetracks (Q1-Q4 FY2024).
- Follow up with operating racetracks to ensure applicable employees have been trained (Q2-Q4 FY2024).
- Conduct a debrief and planning workshop with OLG and racetrack representatives to gather feedback (Q3 FY2024).

14. Ontario Teletheatre Network



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

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

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

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

In 2022, WEG launched the new Player Development Program that pivots from a traditional program to focus on retaining, growing and nurturing High Value and VIP Players using player development strategies to keep pace both with the evolving marketplace and more direct competition from sports betting offerings.

Also in 2022, WEG greatly impacted handle through further developing HPIbet to include “Artificial Intelligence” driven smart picks resulting in a better customer experience. When combined with aggressive marketing tactics and a great customer experience, WEG acquired 6,800 new customers during 2022.

WEG continues to work with industry partners and regulators to offer more products to OTB customers and to identify and pursue underserved and vacated areas throughout the province, promoting more opportunities to service the core customer while attracting new ones. Ensuring

viability of the OTB network within the evolving sports betting marketplace is paramount to horse racing.

Through coordinated meetings and marketing efforts, Ontario Racing will work closely with WEG to identify opportunities where Ontario Racing can promote Ontario's live racing programs and bring bettors (new and seasoned) to the teletheatre network, either to bet via traditional means or through new and expanded offerings.

FY2023 collective teletheatre wagering total (forecasted Jan. 2023): \$230M

- This total is 47% higher than in FY2022 (due to COVID-19 operating restrictions)

FY2024 collective teletheatre wagering total (forecasted Jan. 2023): \$230M

- This total is in line with current trends FY2023

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

Ontario Racing is committed to working with industry partners, regulators and WEG to ensure the opportunity to maximize handle is available in the province of Ontario for the betterment of horse racing.

15. Conclusion

After several seasons greatly impacted by the COVID-19 pandemic, the 2022 racing season in Ontario was a sensational year that saw the return of racing full time at all 15 Member Racetracks. With the return to a normal racing schedule, the industry saw customers return to racetracks with enthusiasm to take part in horse racing. The return to normal operating conditions also meant the resumption of Ontario Racing programs, incentives and marketing opportunities encouraging involvement in the industry.

The FY2024 Annual Business Plan will support Ontario Racing members and the entire industry as they continue to move forward. Ontario Racing is ready to support our partners to capitalize on emerging opportunities such as online or retail sports betting, allowing horse racing to compete fairly with other professional sports in a competitive sports wagering market.

The 2022 racing season featured a relatively consistent horse supply in Ontario across all three breeds in addition to full racing seasons at each racetrack. This translates to a strong HMA forecast for the full FY2023 of approximately \$784 million at the time of writing this plan. Similar conditions are expected for the 2023 racing season producing a HMA projection of \$785 million, up slightly from the FY2023 full year projection. The gross bet forecast for FY2024 is \$1.2 billion as of January 2023.

As noted in the *Risks* section of this document, the data used to create the plan in many cases is a forecast of results that will occur too far into the future to be projected with complete accuracy in January 2023. Information supplied by racetrack partners is subject to change and only the most recently revised data should be used for analysis.

Continued investment in Ontario's racetrack infrastructure, along with marketing support, will set the conditions for Member Racetracks to grow their local fanbase, thereby further exposing the sport to lapsed and new customers. With horse racing currently excluded from participating in the

advancement of SESW in the province, the industry will need to work together to ensure horse racing remains a preferred form of wagering entertainment.

Heading into FY2024, as the organization and brand continue to mature, Ontario Racing will evaluate, enhance, and advance the ways it works with partners and industry participants for the benefit of the Ontario horse racing industry. The above plan captures the intentions and goals that will ensure Ontario Racing can continue to holistically support and represent horse racing in our province.