



# **FISCAL 2024 - 27 BUSINESS PLAN**

## **ONTARIO LOTTERY AND GAMING CORPORATION**

*This document contains forward-looking statements about OLG's expected or potential future business and financial performance. Forward-looking statements include, but are not limited to, statements about possible transformation initiatives; future revenue and profit guidance; and other statements about future events or conditions. Forward-looking statements are not guaranteeing future performance and involve risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, the COVID-19 pandemic; the economic environment; customer demand; changes in government policy; foreign currency exchange rates; the outcome of litigations; and changes in government or regulation.*

*Although such statements are based on management's current estimates and expectations and currently available competitive, financial and economic data, forward-looking statements are inherently uncertain. The reader is cautioned that a variety of factors could cause business conditions and results to differ materially from what is contained herein.*

*Certain comparative figures in this Business Plan have been reclassified, where necessary, to reflect the current year's presentation.*

*Please note that the financial figures have been rounded or truncated, which means that certain charts or tables may not add or cross-tabulate.*

*The information contained in this document is current to December 13, 2022.*

# LAND ACKNOWLEDGEMENT

OLG acknowledges that we live, work and conduct gaming on the traditional territories of many Indigenous nations across the province.

Our Toronto offices are hosted on the traditional territories of the Mississaugas of the Credit, the Anishinaabeg, the Haudenosaunee, and the Wendat. We also acknowledge that our Head Office located in Sault Ste. Marie is hosted in the Robinson-Huron Treaty Territory and the land is the traditional territory of the Anishinaabeg, specifically the Garden River and Batchewana First Nation, as well as the Metis. Today, Sault Ste. Marie is home to many Indigenous peoples.

These are the Indigenous peoples who lived on this land for thousands of years before us. OLG recognizes that simply acknowledging the land on which we stand is only one small gesture in the challenging work of truth and reconciliation. We are called upon to act as agents of justice, peace, and harmony in the workplace and beyond. Let us rise to the responsibility of this work by fostering open dialogue, respect and connection among all peoples on this great land to address the ongoing legacy of colonization.

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# EXECUTIVE SUMMARY

OLG launched a progressive, new growth strategy last year, called Game ON. It's a bold and transformative plan for our business that leverages our unique advantages and deepens and expands our purpose-led partnerships in order to succeed in an increasingly competitive market. The strategy builds on our strengths, such as our trusted brand and world-class Responsible Gambling (RG) platform, while unlocking value for the Province and our partners. We are pleased to share that, during a year of post-pandemic recovery, in a new and highly competitive online gaming market, we are on track to meet our Net Profit to the Province (NPP) target of \$2.33 billion in fiscal 2022–23.

OLG is growing NPP to record levels. Our plan assumes no further pandemic-related or other operational disruptions and forecasts NPP to rise to almost \$3.5 billion by fiscal 2026–27, an increase of just over \$1.1 billion from fiscal 2022–2023. We plan to deliver on this ambitious goal by transforming our business, leveraging our scale, realizing synergies within our diverse product portfolio and pursuing new business development opportunities. This strategy will optimize our vast footprint of channels and sectors – across digital gaming, sports, land-based casinos, charitable gaming sites, and approximately 10,000 retail lottery locations across the province.

OLG's lottery business continues to be strong and out-perform pre-pandemic levels and is projected to deliver almost \$1.1 billion in NPP in fiscal 2022–23, despite challenging economic conditions. Delivering the next phase of growth for lottery will require us to meet the changing needs of our customers with self-serve technologies, product innovation and additional digital products. Our Land-based Gaming business has rebounded significantly from the pandemic and is on pace to achieve record proceeds of almost \$4.2 billion. Further growth will come from supporting and enabling our casino partners as they deliver an enhanced gaming experience and invest for additional proceeds growth. OLG's Digital business emerged from the uncertainty of market opening maintaining financial growth, realizing record levels of wagering in a hyper-competitive market and will continue to grow active players with new products and by enhancing the customer experience. The investments we've made in OLG.ca have established OLG as a market leader in the new competitive digital environment.

We continue to move in a new and bold direction that is purpose-led, customer-obsessed, fosters accountability across the organization and leverages relationships with key partners. We have realigned our organization along our two core lines of business – Lottery and Gaming. We will grow NPP while continuing our strong focus on Responsible Gaming, always striving to ensure the health of our players, integrity of our games and public safety. As an organization, we are proud to submit a business plan that summarizes the exciting changes taking place at our organization as well as our comprehensive plan to support continued growth in NPP.

## **WHO WE ARE**

## **OUR PURPOSE**

We contribute to a better Ontario by delivering great entertainment experiences for our customers

## **OUR TRUTHS**

### **We Care for Ontario**

We're here to do good. We help build communities, create jobs and support our partners. 100% of our profits are reinvested in Ontario. Giving back is at the heart of all we do. This defines us. Motivates us. Inspires us

### **We Play as One Team**

We play. We share. We challenge. We respect, support and value each other and our partners. Only together can we compete and win

### **We are Player Obsessed**

Knowing our players allows us to deliver the excitement they crave, in a safe and responsible way. That's what keeps them coming back. Their loyalty makes our business stronger and our ability to give back even greater

### **We Dream Big & Champion Change**

We think big, move fast and welcome change. We are bold, curious, open and always taking our game to the next level

### **We Celebrate our Differences**

We all bring value to the team. And our different perspectives, backgrounds and orientations make OLG a great place to work. Together we are more creative, innovative and inclusive

## HOW WE CARE FOR ONTARIO

Since 1975, we have generated approximately \$57 billion to benefit the people and Province of Ontario. These funds have helped support key provincial priorities such as the operation of hospitals, amateur sport, local and provincial charities, and problem gambling research in prevention and treatment, among many other initiatives. In addition, there are several direct beneficiaries of Lottery and Gaming proceeds, including host communities, First Nations in Ontario, lottery retailers and Ontario's horse racing industry.

In fiscal 2023–24, we project our operations to benefit the province's economy in many ways including<sup>1</sup>:

- **A record setting \$2.6 billion** in Net Profit to the Province (NPP)<sup>1,2</sup>
- OLG projects to provide, among other contributions:
  - **\$2.7 billion** in prizes to our valued customers
  - **\$323 million** in commissions to our lottery retailers across the province
  - **\$171 million** to First Nations in Ontario<sup>3</sup> through the Gaming Revenue Sharing and Financial Agreement
  - **\$110 million** in direct funding to Ontario's horse racing industry through the Amended and Restated Funding Agreement for Live Horse Racing
  - **\$175 million** to municipalities and Indigenous Communities that host Land-based Gaming facilities and Charitable Gaming Centres

We also invest in Corporate Social Responsibility programs that support Responsible Gambling and charitable organizations, and project to invest<sup>1</sup>:

- **\$20 million** in our Responsible Gambling program, including *PlaySmart* Centres, education and technology, program delivery, staff training and self-exclusion
- **\$74 million** in Charitable Gaming proceeds that are distributed to participating local charities selected by municipalities with Charitable Gaming sites
- **\$3 million** in corporate sponsorships including community building festivals and events

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<sup>1</sup> Projections for fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

<sup>2</sup> Net Profit to the Province is calculated on an accrual basis by adding back win contribution to net income. Due to the impact COVID-19 had on the Corporation, OLG did not provide dividends to the Province of Ontario during fiscal 2020–21.

<sup>3</sup> Contributions to Ontario First Nations Limited Partnership from OLG's fiscal 2023-24 performance will be made during fiscal 2024-25, as per requirements set out in the Gaming Revenue Sharing and Financial Agreement.



# HOW WE PLAY

Coming out of the pandemic, OLG has been focused on both adapting to changing customer preferences and recovery of our Land-based Gaming business. Demand for new entertainment experiences in Ontario is evolving and we are excited to grow both our traditional retail lottery and gaming products and our new digital offerings. We are uniquely positioned to be a leader in the gaming industry due to our unprecedented scale and reach across Ontario that can be leveraged to create trusted and exciting gaming experiences. We are also focused on land-based gaming as it rebounds from previous closures and adapts to the new market that includes sportsbooks and legalized digital gaming.

## RETAIL LOTTERY

Our lottery business continues to be strong and out-perform pre-pandemic levels and is projected to exceed \$4.3 billion in proceeds in fiscal 2022–23. Proceeds are expected to grow by 1.7 per cent in fiscal 2023–24, driven by new innovative products and the introduction of self-serve terminals.

Our retail lottery business is underpinned by our ~10,000 retail partners and terminals across the province that act as essential customer touchpoints for OLG. In 2021, OLG launched the “Support Local” initiative, where a greater portion of proceeds was directed to retailers for selling certain lottery products. The “Support Local” program resulted in almost \$24 million in additional commissions for our retail partners. In total, our retail partners received \$333 million in commissions during fiscal 2021–22. Our lottery portfolio engages up to 33 per cent of adult Ontarians every week and upwards of 66 per cent of the adult population every year. The lottery business continues to be a key driver of growth and brand equity across the province. Our lottery business is comprised of four product categories including National, Regional, INSTANT and Sports.

## NATIONAL

Our National Lottery products include well-known games like LOTTO MAX, LOTTO 6/49 and Daily Grand. In September 2022, we launched a new and bigger LOTTO 6/49 product which now includes two jackpots, a Classic Jackpot and a Gold Ball Jackpot that can reach up to \$68 million that will help grow our sales and profitability. In order to connect with a younger demographic, we collaborated with Mr Saturday, a luxury streetwear brand to release the LOTTO MAX Dream Drop Collection. This clothing collection can also be scanned for one \$5 LOTTO MAX ticket a week for a whole year. We also partnered with a local artisanal ice cream shop on unique LOTTO MAX Dream Bars that were available at various pop-ups across the province.

## REGIONAL

Our regional games portfolio has evolved since the introduction of our first ever product, Lottario, in 1978. We now offer 12 products that span across categories such as Pick games, Poker games, and other popular themes like Mega Dice, Encore or Wheel of Fortune.

## INSTANTS

OLG has approximately 75 INSTANT ticket products with prices ranging from \$2 to \$100 that offer a variety of popular themes such as Cash For Life, Crossword, Bingo as well as National INSTANT products.

We have delivered new and exciting offerings to our customers including \$30 Jumbo Cash Instant game in May 2022 which achieved revenue of \$42M. This game featured a prize structure loaded with prizes between \$100 and \$500. In October 2022, we launched our first-ever Instant ticket that features an Instant game and set of draw numbers. The \$100 Ultimate game will see 40 draws for \$1 million on New Year's Eve 2022.

## RETAIL SPORTS

We enhanced our retail sports platform just in time for the Superbowl in February 2022, to allow for single event wagering. The new PROLINE product being offered to customers through OLG's 10,000 retail locations has expanded to include additional sports, markets and dynamic odds. We also launched a "bet builder" app that allows customers to build tickets on our app and purchase tickets in-store.

## LAND-BASED GAMING

OLG's Land-based Gaming business is comprised of casino gaming, charitable gaming and horse racing. The Land-based Gaming business felt the strongest effects of the COVID-19 pandemic over the past few years. However, the business has rebounded significantly and is on pace to deliver record level of proceeds of \$4.2 billion in fiscal 2022–23, only to be eclipsed by another record level of proceeds of \$4.8 billion in fiscal 2023–24 driven by significant casino developments in the GTA.

The Land-based Gaming sites also directly benefit the communities that host them, including Indigenous and municipal governments. In fiscal 2023–24, OLG projects there will be \$175 million in contributions to host communities and \$88 million in payments to the Ontario First Nations Limited Partnership (OFNLP) via gaming revenue share agreement with OLG, from Land-based Gaming.

All Land-based Gaming properties are currently open without capacity restrictions and the fiscal 2024–27 business plan assumes these properties will remain open throughout the planning period.

## **CASINO GAMING**

In Ontario, there are 30 OLG partner-operated casinos across nine geographical bundles. Private sector operators continue to invest to create and sustain world class gaming entertainment infrastructure, with more than \$2 billion in private sector capital investment in Ontario expected by the end of fiscal 2022–23. Increased private capital investments has led to the creation of hundreds of net-new direct and indirect jobs, as well as economic benefits for local communities. For example, the grand opening of Gateway’s new Cascades Casino in North Bay has already created more than 130 new jobs, with additional job growth of up to 400 total new jobs to the community.

Since reopening due to public health restrictions during the pandemic, OLG has also been actively working with our partners to ensure land-based casinos have opportunities to grow in Ontario. This includes the October 2022 launch of physical sportsbooks across multiple retail land-based casinos. We have also been working with our casino operators to streamline our shared processes and improving inefficient administrative efforts in several areas.

## **CHARITABLE GAMING**

OLG conducts and manages 37 charitable gaming (cGaming) centres operated by 13 service providers across Ontario. These cGaming centres offer both classic paper-session bingo and electronic bingo / break open ticket terminals in 28 communities. OLG will continue to work with its service providers under the terms of the operating agreement as they develop and implement strategies to continue to grow participation in session bingo programs.

As of the end of fiscal 2021–22, the approximately 2,200 charitable organizations that participate in our cGaming program province-wide have benefitted from over \$350 million in charitable contributions generated since 2005. Host municipalities have received an additional \$41 million. There are more than 25,000 volunteers who, along with staff, participate at the cGaming centres on behalf of local charities to enable the delivery of programs and services in their communities.

## **HORSE RACING**

During the pandemic, horse racing properties across the province experienced the highest degree of variation in capacity and operating restrictions of our three LBG offerings. Horse racing tracks closed in mid-March of 2020 and emerged from its last Ontario-wide shut down in June of 2021. Since then, pandemic-related lockdowns have impacted live attendance, but precautions taken by the racetracks have meant that live horse racing resumed with few race date cancellations.

OLG is committed to supporting the Ontario horse racing industry through the funding agreement signed April 1st, 2019, effective for 19 years. This agreement ensures that OLG will continue providing financial support for purses, operations and capital at racetracks as well as breeding programs for horse people. OLG will work with the horse racing industry to find options to help make the sector more sustainable.

## DIGITAL

Our digital business continues to show strong growth and is projected to deliver record proceeds of \$628 million in fiscal 2022–23, growing to \$727 million in fiscal 2023–24. OLG continues to be a leader in market share in Ontario since the April 4<sup>th</sup>, 2022, launch of the regulated market for online gambling.

Over the past year, some of Digital’s highlights include enhancements to products, including the release of 100+ new iCasino and Live Dealer games from several new providers, launching the digital Gold Ball Jackpot for Lotto 6/49 and enabling Direct Pay for credit cards as a method of payment for our players. We also launched a native app for our Proline+ product and created an affiliate program for Digital that has seen early benefits with acquisition of new players onto the OLG.ca platform.

Our digital platforms (OLG.ca and Prolineplus.ca), continue to be an area of focus for our long-term growth strategy and our upcoming initiatives put us in a good position for continued growth over the next 3 years as per our business plan.

Last year was an exciting year for Proline+, with the launch of our native app that supports both retail and digital sports. We continued to enhance our core betting product by adding new sports and expanding the types of markets on which players can wager on. In addition, we were able to add the popular retail game POOLS to our digital offering, along with live streaming for select sporting events.

## RESPONSIBLE GAMBLING – PLAYSMAART PROGRAM

We are committed to the highest standards of Responsible Gambling (RG) and we will continue to invest in player health as a cornerstone of our success. OLG’s RG program is guided by its Responsible Gambling Three-Year Plan, with the current plan approved by the Board of Directors for fiscal 2022–23 to fiscal 2024–25 in August 2022.

This plan sets out our ambition and intention to grow the impact of our RG programming while fostering trust and confidence in OLG’s purpose-led brand and is integral to OLG’s aspiration to remain an industry leader on a global scale in RG, while continually enhancing OLG’s RG programming in keeping with evolving customer needs.

Our award-winning *PlaySmart* responsible gaming program is OLG’s unique approach to helping players – new and seasoned – build knowledge, understand the risks, gain insights into personal playing behaviours, engage in positive play habits, and know how to obtain help if needed. By increasing gambling literacy, fostering positive play habits, and increasing awareness of acute support services, *PlaySmart* helps players keep their gambling fun, and know where to turn if it’s not.

In the year ahead, we will be developing exciting employee RG engagement opportunities and events, refreshing our PlaySmart Centres, and building out our supports for digital players. These projects and initiatives will support the five strategic priorities articulated in our RG Plan:

1. Strengthen OLG's internal culture of social responsibility across the organization, by increasing RG awareness and integration across enterprise and with partners
2. Increase our understanding of OLG customers to maximize player health and develop culturally relevant programming
3. On OLG's digital gaming platform including sports, enhance player support and promote the adoption of positive play behaviours
4. For land-based casino and charitable gaming, refresh in-person services, educational offerings and PlaySmart tools
5. Contribute to lottery players' positive play experience, including for sports bettors, and support lottery channel expansion

To make sure our RG efforts are continuously improving, *PlaySmart's* program elements and initiatives are regularly evaluated for efficacy, compared with current best practices, and monitored for compliance with legislative and regulatory standards. This includes monitoring progress against key performance indicators such as the player health index that is integrated in our Game ON strategy.

In 2021, the *PlaySmart* program was once again recertified with Level 4 accreditation from the World Lottery Association (WLA) – the highest level possible. Furthermore, all Ontario casinos are accredited by the Responsible Gambling Council's internationally recognized RG Check, with OLG's digital platform (OLG.ca) RG Check renewed in 2022.

And in 2022, OLG became the first Canadian Lottery to be certified by the North American Association of State and Provincial Lotteries & National Council on Problem Gambling Responsible Gambling Certification program for lottery organizations – at the highest level (Level 3).

# WHAT AFFECTS US

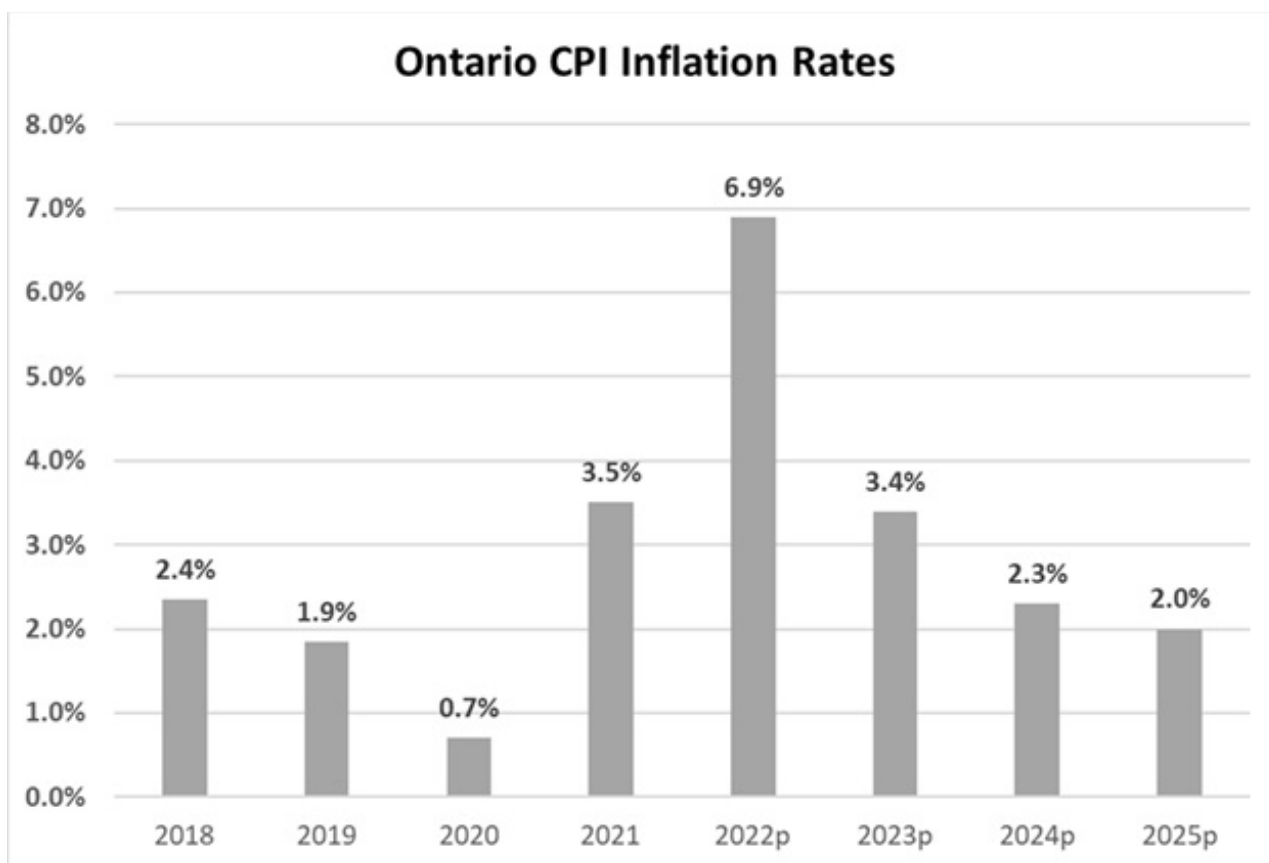
As the people of Ontario adjust to a post COVID-19 environment, increases in inflation and cost of living may shift people's behaviours and OLG continues to monitor general economic recovery indicators and recreational spend.

## ECONOMIC AND INDUSTRY LANDSCAPE

*Ontario's economy has recovered from the COVID-19 pandemic, but cost of living (inflation) coupled with rising interest rates has been at the forefront of people's minds, with Ontario's projections seeing inflation reach a peak of 6.9 per cent in 2022, before coming back down to 2.0 per cent in 2024–2025.*

Affordability has become a challenge for many Ontarians, with Consumer Price Index (CPI) inflation reaching a peak of 7.2 per cent during 2022 according to Bank of Canada (BOC) projections. Consistent rate hikes have brought the BOC policy rate to 4.25 per cent as recently as December 7<sup>th</sup>, 2022, with further policy rate increases expected that may slow demand and economic growth.

Ontario's projected inflation rates are a key indicator to understand consumer spending patterns as a decrease in inflation may lead to positive impacts on consumer spending and therefore OLG's NPP.



Source: Ministry of Finance's Fall Economic Statement (November 2022)

**Chart Data:**

	2018	2019	2020	2021	2022p	2023p	2024p	2025p
<b>Ontario CPI Inflation Rates</b>	2.4%	1.9%	0.7%	3.5%	6.9%	3.4%	2.3%	2.0%

## RECREATIONAL SPEND

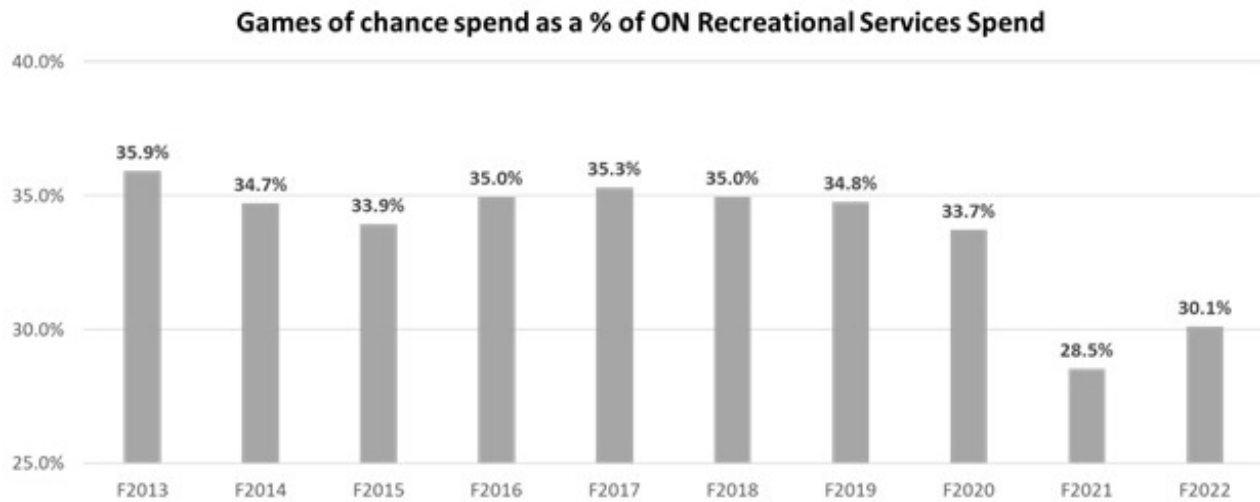
*OLG and charitable lotteries have represented a consistent percentage of recreational spending in Ontario for approximately the last decade, with games of chance averaging 33.7 per cent of total recreational spend from fiscal 2012–13 to fiscal 2021–22.<sup>4</sup>*

In fiscal 2021–22, games of chance as a percentage of recreational services spend was at 30.1 per cent, which is a slight increase from fiscal 2020–21 but is still under the rolling 10-year average of 33.7 per cent.

This drop from pre-pandemic levels may still be affected by pandemic-related closures as the numbers are reported for a normal calendar year, whilst our land-based gaming casinos were not at 100 per cent capacity until March 21<sup>st</sup>, 2022. This key metric needs to be monitored to

<sup>4</sup> StatsCan Data 2022 – Recreational Spend Ontario - CANSIM 384-0041

see if this is an ongoing trend as a result of changes in entertainment preferences caused by the COVID-19 pandemic or a temporary fall in the percentage.



Source: StatsCan 2022 Data

**Chart Data:**

	F2013	F2014	F2015	F2016	F2017	F2018	F2019	F2020	F2021	F2022
<b>Games of Chance Spend as a % of ON Recreational Services Spend</b>	35.9%	34.7%	33.9%	35.0%	35.3%	35.0%	34.8%	33.7%	28.5%	30.1%

Games of chance include all casino, lottery, charitable gaming, online gambling, and other charity organizations (e.g., Princess Margaret Lottery), including OLG and is reported net of prizes.

Recreational spending includes recreational and sporting services, cable and other program distribution services, cinemas, and photographic and cultural services.

## HOUSEHOLD SPEND

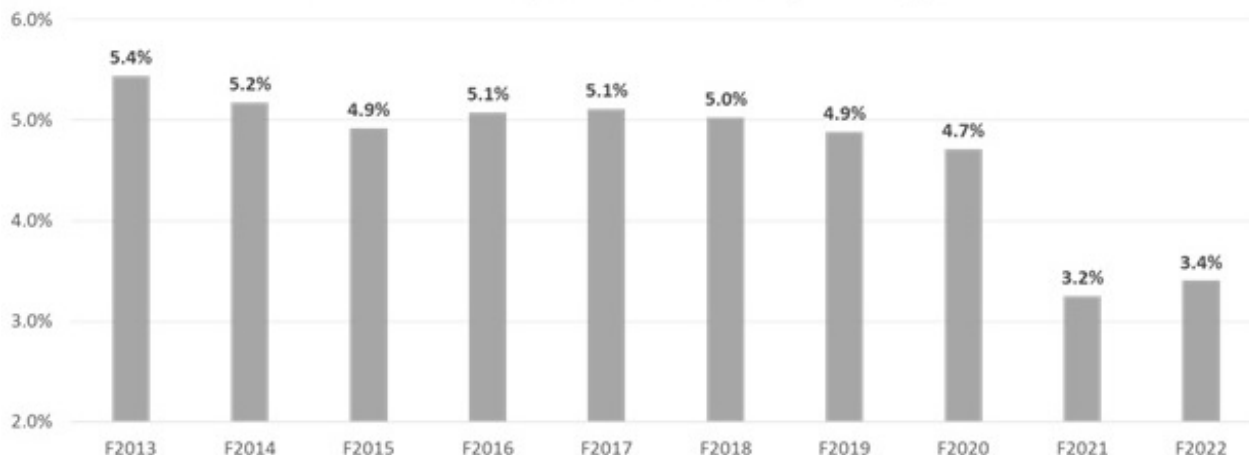
*OLG and charitable lotteries have consistently captured 4.7 per cent of Ontario Households Disposable expenditure from fiscal 2012–13 to fiscal 2021–22.<sup>5</sup> This capture rate remained lower, slightly inching up from the low seen in fiscal 2020–21 with more household spend allocated towards other categories such as alcoholic beverages, tobacco and cannabis and recreation and culture.*

<sup>5</sup> StatsCan Data 2022 – ON Disposable Expenditure - CANSIM 384-0041 Excerption





### Games of chance spend as a % of HH Disposable Spend



Source: StatsCan 2022 Data

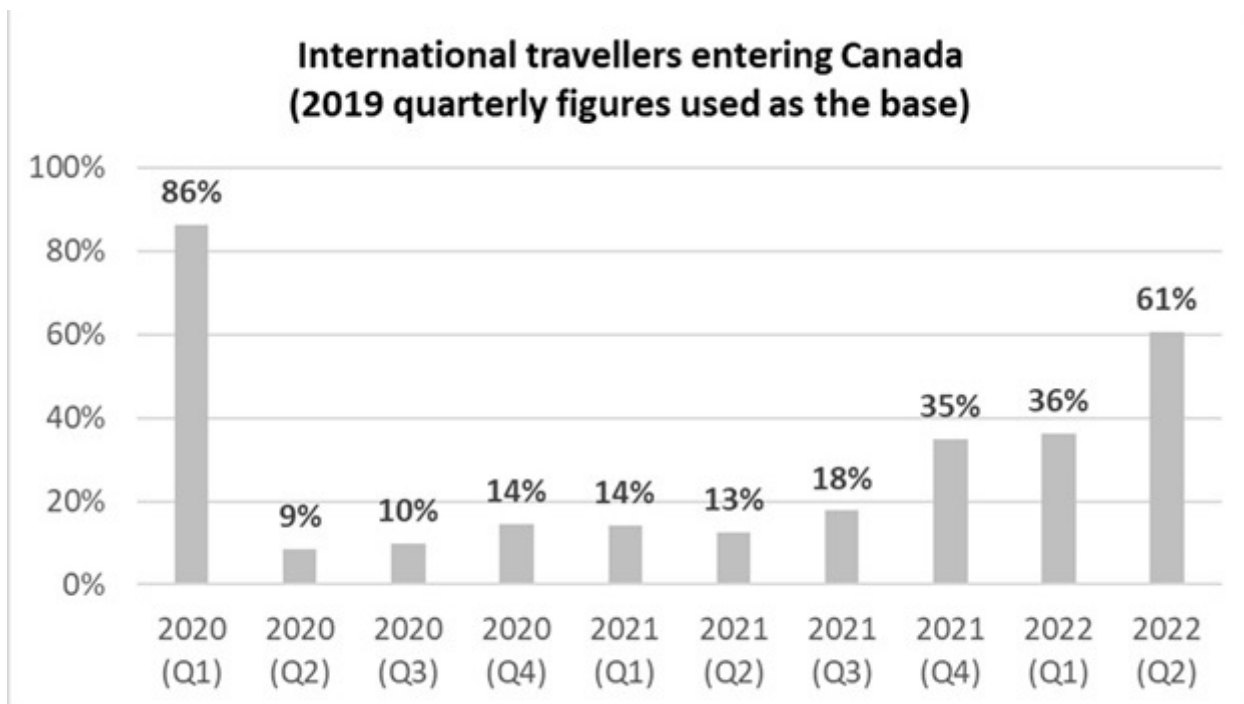
**Chart Data:**

	F2013	F2014	F2015	F2016	F2017	F2018	F2019	F2020	F2021	F2022
<b>Games of Chance Spend as a % of ON HH Disposable Spend</b>	5.4%	5.2%	4.9%	5.1%	5.1%	5.0%	4.9%	4.7%	3.2%	3.4%

Statistics Canada monitors the percentage of disposable income Ontario households spend on games of chance. It remains one of many economic indicators that act as key inputs to our planning process.

## TOURISM AND VISITATION

Visitation numbers to Canada have not returned to pre-pandemic levels, but they are trending upwards during 2022, with restrictions being eased for non-vaccinated travellers helping drive the visitation numbers upwards. Tourism from international travellers has increased to about 60 per cent of the tourism numbers seen pre-COVID-19 pandemic in 2019.



Source: StatsCan 2022 Data

**Chart Data:**

	2020 (Q1)	2020 (Q2)	2020 (Q3)	2020 (Q4)	2021 (Q1)	2021 (Q2)	2021 (Q3)	2021 (Q4)	2022 (Q1)	2022 (Q2)
<b>International Travellers entering Canada (2019 quarterly figures used as the base)</b>	86%	9%	10%	14%	14%	13%	18%	35%	36%	61%

## ONTARIO DIGITAL GAMING MARKET

iGaming Ontario (iGO), a subsidiary of the Alcohol and Gaming Commission of Ontario (AGCO), worked with the Government of Ontario and the AGCO to establish a new online gaming market, with the ability to offer online casino and online sports betting. Starting on April 4<sup>th</sup>, 2022, private gaming operators, who received approval from AGCO and iGO, were able to offer their games to players in Ontario. This new regulated market for online gambling reflects consumer choice while providing protections for those who play on these regulated websites.

As of September 30<sup>th</sup>, 2022, 42 gaming websites (run by 24 unique operators) have started operating in the Province of Ontario. iGO's reported numbers through the first two operating quarters (Q1 and Q2) show \$429 million in total gaming revenue (not including wagering from bonuses) from a total of \$10.12 billion in wagers. The reported numbers do not include any of OLG's figures or those from other grey-market operators who have yet to secure an operating agreement with iGO.

OLG expects there will be some additional entrants into the market over the next year, though most large competitors have now completed the registration process and are now legally operating in Ontario.

# OUR STRATEGIC DIRECTION

## DELIVERING ON OUR MANDATE

We have a single shareholder, the Government of Ontario. We report to the government through the Minister of Finance, who provides direction to OLG through its Board of Directors and sets specific priorities for the Corporation.

The fiscal 2024–27 Business Plan and our Game ON strategic playbook supports both the government-wide priorities and the expectations of the government in its mandate for OLG that includes:

- **OLG Enterprise Wide:**
  - Improving customer focused approaches across all business lines while ensuring private sector service providers, including charitable gaming operators, adhere to responsible gambling standards, social responsibility programs and respect for customer privacy remains strong
  - Reviewing and ensuring that the anti-money laundering (AML) processes for all gaming operators are appropriate, provide an update on OLG's AML strategy and adhere to necessary regulatory and legislative requirements as needed
  - Continuing to work towards completing action plans to respond to Treasury Board Secretariat's internal audit recommendations to improve operations, enhance accountability and revenue delivered to the Province of Ontario
  - Continuing to demonstrate responsiveness to the findings of the Ontario Auditor General's value for money audit of OLG's oversight and management procedures
  
- **Lines of Business (Lottery, Land-based Gaming or Digital):**
  - Working with the AGCO to ensure compliance with all regulations and safe regulated gaming space for consumers
  - Continuing to develop initiatives that support competitiveness, operational efficiencies and increase revenue generation, including OLG's Integrated Strategic Plan, expanding digital offerings, evaluating opportunities for casino offerings, and optimizing charitable gaming while working with the Ministry to ensure policy and appropriate approvals and alignment with government priorities
  - Proceeding with OLG's land-based gaming modernization including work pertaining to the Windsor Gaming Bundle to the modernization of the private sector service provider operating model to leverage financial capital and expertise, improve customer experience and increase revenue to the province
  - Continue to support the government's efforts for increased economic opportunities in the Niagara Falls region

- **Stakeholder:**

- Working with iGaming Ontario, the Alcohol and Gaming Commission of Ontario and government to support the newly launched internet gaming market, including finding opportunities for land-based gaming and online gaming cross-promotion
- Continuing to help the horse racing industry build a more sustainable future for the rural businesses, jobs and communities that depend on it. This should be accomplished through financial support provided by the Long-Term Funding Agreement
- Continue working with government to support relationships with the First Nations partners, including the Ontario First Nations Limited Partnership, to improve information-sharing and continued good-faith discussions on revenue sharing and other priorities
- Continuing to work with the AGCO to review each agency's respective roles and responsibilities in oversight of service providers to increase efficiencies and avoid unnecessary duplication

## OUR GAME ON STRATEGIC PLAYBOOK

For fiscal 2023–24, we continue to focus on our “Game ON” strategy that outlines three aspirations and five Strategic Priorities that will support the achievement of our Business Plan. This year, we have also added a foundational enabler that highlights cross-organization initiatives that focus on improving OLG’s internal operations.

To solidify our position as the entertainment leader in Ontario, we will continue to be guided by three aspirations:

1. **Customer-Obsessed Gaming Market Leader in Canada with a Globally Admired Digital Entertainment Platform:** Dominant multi-channel brand and a center of excellence for product and technology innovation
2. **Top Employer and Winning Culture:** Agile, delivery-focused, fun and accountable workforce with a competitive mindset and an ability to attract and retain top talent
3. **Exemplary Partner known for Value Creation:** Distinguished by a proven record of delivery for our shareholder, stakeholders and business partners

### WE ARE CONTINUING TO FOCUS ON THE FOLLOWING FIVE STRATEGIC PRIORITIES TO DELIVER ON BOTH OUR MANDATE AND ASPIRATIONS:

1. **Build a fun, inclusive and performance-driven culture that is a destination for top talent**, by upskilling and reskilling talent to prepare for our future, attracting and retaining the best talent, and enabling new ways of working to drive our strategy. Significant progress has been made at OLG that emphasizes the importance that culture, and talent have on the organization, some of the highlights from this past fiscal year include:

- Launched OLG’s 5 Truths that support our purpose by establishing and defining the cultural mindset and core principles of our organization
- Completed the redesign of the operating model and overall organization design
- Operationalized a new refreshed benefits program, rebranded to “Live Well, Work Well” that prioritizes mental health for our employees
- Transitioned to hybrid work, that brings people back into office and balances the new ways of working with benefits from in-person work

In order to support the achievement of our purpose, aspirations and growth potential, we are continuing to build on the work completed in fiscal 2022–23, with some of the key initiatives slated for fiscal 2023-24 being the following:

- Expand agile ways of working across the organization to empower decision making and improve accountability
- Deploy programming to improve retention and promotion opportunities for top talent
- Develop the next phase of our Equity, Diversity & Inclusion Strategy that builds on our growth to date

2. **Drive share growth in digital gaming and accelerate speed to market** by relentlessly acquiring and onboarding digital customers and deploying digital product offerings that resonate with them.

The legalization and opening of Ontario’s gaming market has seen many historically “grey market” operators obtain licenses and open legal platforms in Ontario. In this new landscape, OLG has maintained a strong market share by leveraging our unique brand proposition and releasing new products for our customers. Throughout the past fiscal year, we have significantly advanced our Digital capability, product breadth and player base, some of the highlights include:

- Introduced a wide array of new sports betting markets and programs
- Developed a VIP program for iCasino which provides support to over 2,000+ players
- Launched over 100 new iCasino games and launched Live Dealer games
- Entered key partnerships that align with the OLG brand

To remain competitive with the operators in the legal Ontario market and to adjust to the changing preferences and needs of our digital customers, we are actively working on achieving key milestones on our product roadmap, such as:

- Continuing to grow in-house digital capabilities which allow us to better cater to evolving customer preferences and be flexible in a competitive market
- Leverage our retail and digital customer bases as a competitive advantage and deepen omni-channel relationships
- Execute key product launches and seek out new opportunities to position OLG.ca as best in-class within the digital market
- Build the Proline+ brand and product to achieve market differentiation and is focused on our target customer

3. **Restore land-based gaming operations and identify new opportunities for growth**, by meeting new/expanded casino opening dates and advocating for our charity and horseracing stakeholders.

After many months of closures and capacity restrictions in response to the pandemic, Ontario casinos have been open at 100 per cent capacity since March 21, 2022. Though casino traffic has not yet reached pre-COVID-19 numbers, it has returned to approximately 60 per cent of pre-COVID-19 levels with further increases occurring as US Border COVID restrictions have been removed. During 2022–23, OLG has been supporting casino reopening and working with our service providers to find opportunities for growth. For example, we worked with our service providers who:

- Introduced physical sportsbooks in casinos for some of our service providers to offer a diverse and integrated experience for their players

- Opened significant land-based expansions over the past year: North Bay casino (March 2022), Niagara Falls Entertainment Centre with the opening of a 5,000 seat world-class theatre branded “OLG Stage at Fallsview Casino” (October 2022) and the soft opening of the Wasaga Beach Casino (November 2022)
- Worked with our casino operators to streamlining our shared processes, enabling more efficient casino operations and improved focus on providing gaming entertainment to consumers safely
- Published the first ever “Horse Racing Economic Impact” study that quantifies the economic impact and employment levels of the horse racing industry in Ontario

Since reopening, we seek to keep our land-based gaming offering and revenues strong and we will continue to support our partners to drive long-term growth and investment. In 2023–24, OLG will focus on:

- Developing a plan for the future of OLG’s support for the horseracing industry
- Continuing work to transition Windsor casino into modernization
- Collaborating with lines of business on extending growth initiatives

**4. Remove barriers to expand lottery distribution and products, and aggressively leverage the sector as a competitive advantage** by enhancing our lottery presence and products.

In 2022–23, OLG saw shifting consumer behaviours and a changing retail landscape. In order to continue to present strong revenues, we have continued to adapt our products taking significant strides that include:

- Made enhancements to Lotto 6/49 with the introduction of the Gold Ball Jackpot
- Launched a new Proline sports product featuring more markets, events and dynamic odds
- Rolled out new products including Instant Top-Up, Plinko, and a \$100 Ultimate ticket
- Took steps to begin launching Self-Serve Terminals in select retail locations, with future steps subject to further government approvals
- Continued to offer “Support Local” programs which generated almost \$24 million in additional commissions to the retailers

OLG will continue to prioritize finding new ways to adapt our lottery products to changing consumer preferences and retail landscape. We will seek to continue to grow and expand our retail footprint by:

- Expanding our lottery offering into new retail spaces
- Rolling out Self-Serve Terminals in select lottery retail locations
- Finding new opportunities to optimize the lottery retail experience for both retailers and customers

- Reviewing our lottery commissions program to find new ways to support our lottery retailers as we initiate new products and services

5. **Obsess over understanding our customers across all products and channels – and become an exceptional partner to our stakeholders**, to enhance retention, increase cross-game play and provide a best-in-class customer experience that contributes to revenue growth.

Across all lines of business, OLG has prioritized putting the customer first. We have been evolving our products and ways of working to align to customer demands in a changing economic landscape. We have made significant improvements in understanding our customers over the past year, some highlights include:

- Established a Voice of Customer (VoC) platform that received quality data that helped inform our decisions
- Took significant steps in digitizing our prize claims office to make it easier for customers to claim their winnings
- Developed a Player Health Index and cascaded the tool to all lines of business
- Received new accreditations on our Responsible Gaming platform

It is important for OLG to not only understand our customers, but also leverage that information to inform our business decisions. Whether it be to adapt to new products being requested, making services easier to use, or assisting in ensuring we are upholding Responsible Gaming practices, customer data remains at the core of this pillar. In fiscal 2023–24, we will continue executing on this pillar by:

- Implementing an enterprise customer strategy and processes to deliver player-obsessed exceptional player experiences
- Continuing to better leverage customer data to provide more comprehensive, data driven, picture of the customer experience
- Transforming the Customer Care function in order to generate value for OLG
- Strengthening our stakeholder relationships to better deliver on being an “exceptional partner”

Lastly, we have added a foundational layer that prioritizes operational initiatives across the organization. We will review and evaluate OLG’s people, processes and technology to ensure they enable effective and successful execution of our strategic priorities. This layer will include:

- Investing in modern, best-in-class platforms, products and services. Reducing dependencies on legacy technology and enabling innovative partnerships
- Adopting intelligent automation capabilities that drive enhanced OLG operational efficiencies through well-established, repeatable and automated processes



- Reviewing the current state of our internal risk culture. This priority informs OLG’s risk management strategy and practices designed to support decision-making that appropriately balances risk and reward in pursuit of our strategy and targeted performance

These priorities will guide our performance throughout the fiscal year and enable us to continue to grow our contribution to the Province, solidifying our commitment to further developing and growing the Ontario gaming market for the benefit of our customers and other stakeholders.

# HOW WE MEASURE SUCCESS

We measure progress by establishing strategic and operational metrics that align to the OLG Fiscal 2024–27 Business Plan. The following Key Performance Indicators (KPIs) directly support our Strategic Priorities.

The out-year KPIs are subject to change on an annual basis due to changes in business and market conditions.

Strategic Priority	KPI Description	F24 Target <sup>6</sup>	F25 Target	F26 Target	F27 Target
<b>Build a fun, inclusive performance driven culture that is a destination for top talent</b>	<b>NPP per FTE (\$)</b> measures OLG’s total Net Profit to the Province per Full Time OLG Employee	\$1.70M	\$1.96M	\$2.15M	\$2.25M
	<b>Employee Engagement Score (%)<sup>7</sup></b> measures OLG employee sentiment	80%	80%	80%	80%
	<b>Inclusion Score (%)</b> measures OLG organizational diversity leveraging the Diversio tool	64%	+2% from prior year	+2% from prior year	+2% from prior year
	<b>Risk Culture Score (%)</b> measures state of risk culture across the enterprise	76%	Target In Development Based on Prior Year Actual	Target In Development Based on Prior Year Actual	Target In Development Based on Prior Year Actual

<sup>6</sup> Targets are subject to change following the Fiscal 2023–24 strategic review

<sup>7</sup> OLG is using McLean and Company employee engagement survey methodology to measure “almost” and “fully” engaged employees (as of F23)

Strategic Priority	KPI Description	F24 Target <sup>6</sup>	F25 Target	F26 Target	F27 Target
Reopen land-based gaming operations and identify new opportunities for growth	<b>Land Based Casino Gaming GGR (\$ billions)</b> measures OLG Gross Gaming Revenue	\$4.5B	\$5.0B	\$5.4B	\$5.6B
	<b>Land Based Casino Gaming Service Provider FTEs</b> measures total number of service provide FTEs at our land-based casino sites	9,215	10,109	10,587	10,882
	<b>Land Based Casino Gaming Capital Investment (\$ millions)</b> measures annual capital investment by Service Providers	295	423	310	111
Remove barriers to expand lottery and aggressively leverage as a competitive advantage	<b>Average Weekly Active Retail Lottery Customers (# thousands)</b> measures OLG's active* retail lottery customers	3,600	3,600	3,600	3,600
	<b>Average Weekly Sales per Retailer (\$)</b> measures OLG's weekly sales per retailer	\$8,743	\$9,028	\$9,240	\$9,287

Strategic Priority	KPI Description	F24 Target <sup>6</sup>	F25 Target	F26 Target	F27 Target
<b>Obsess over understanding our customers across all products and channels and become an exceptional partner to our stakeholders</b>	<b>Land-Based Gaming Partner Net Promoter Score</b> measure of how satisfied SPs and industry partners are with OLG's partnership using a customized version of the Net Promoter Score, a widely used market research metric	16	17	18	20
	<b>Customer Satisfaction Score (CSAT) (%)</b> measures the rate of satisfied players across retail and digital products and services	Products: 49–52%  Services: 72–75%	Target In Development Based on Prior Year Actual	Target In Development Based on Prior Year Actual	Target In Development Based on Prior Year Actual
	<b>Enterprise Player Health Index (%)<sup>8</sup></b> measures OLG's player health across all lines of business	95%	Target In Development Based on Prior Year Actual	Target In Development Based on Prior Year Actual	Target In Development Based on Prior Year Actual
	<b>Anti-Money Laundering (AML) Health Index (%)<sup>9</sup></b> measures a series of indicators that evaluate performance by OLG and service providers	85%	Target In Development Based on Prior Year Actual	Target In Development Based on Prior Year Actual	Target In Development Based on Prior Year Actual

<sup>8</sup> Score is calculated as an estimate of the % of all recent OLG players who are not serious or high-risk for gambling problems using a problem gambling screener that is sent out quarterly.

<sup>9</sup> Combination of; FINTRAC reporting errors by service providers, the number of significant AML issues identified (OLG or service providers), and training completion.

# RISK MANAGEMENT

## OVERVIEW

OLG has a formal Enterprise Risk Management (ERM) program that enables healthy risk-taking as we deliver on our mandate and strategy. Our risk management framework and process support strategy development and execution. Risks are identified, assessed, and monitored. To ensure the success of our strategy, we prioritize and mitigate key risks that require management focus:

## DEMAND FOR GAMING PRODUCTS

OLG long range projections are based on informed assumptions about trends in customer behaviour. There is a risk that these assumptions will not materialize as anticipated because of changes in the environment, including increasing competition in the digital gaming market, potential new non-OLG lottery gaming schemes at retail, inflationary pressure and other economic factors affecting discretionary spending, and long-term impacts of the pandemic on customer preferences.

To address these risks, OLG:

- Manages the portfolio of products based on ongoing analysis of customer trends and, introduces new games providers to deliver competitive experiences and
- Implements customer acquisition and retention strategies
- Monitors and manages performance against targets

## PRIVATE SECTOR ENGAGEMENT

OLG is increasingly reliant on third parties to deliver and support critical growth initiatives in our Game ON strategy. Partnering with third parties comes with the inherent risk that they do not deliver as expected. This is why OLG continues to mature our third-party management programs to address this risk and ensure performance expectations are met.

In particular, the performance of Land-based Gaming service providers can materially impact OLG. During the recovery period and into fiscal 2024, casinos will need to address opportunities and challenges in the operating environment to meet revenue targets and non-financial obligations. This includes challenges presented by the economy, changing customer preferences for gaming products and staffing challenges, all common within the entertainment and hospitality industry.

Our Game ON strategy prioritizes working with private sectors partners with a focus on:

- Post-pandemic recovery of land-based gaming sites and advancement of development plans that create long-term growth of casinos, creating jobs across the province and increasing benefit to host communities

- Delivering exceptional customer experiences and new products through our technology providers that support OLG's Digital and Lottery businesses

## PEOPLE & CULTURE

To acquire and retain the talent and leadership to support the achievement of OLG's priorities, our Game ON strategy focuses on creating an environment where employees are engaged and invested in the health of our organization. This includes:

- Continuing to build a more inclusive and diverse environment
- Embracing a hybrid work model and adapting workspace to be more flexible with how and where employees work
- Implementing agile ways of working to increase agility and speed to market

## COMPLIANCE & SOCIAL RESPONSIBILITY

OLG operates in a highly-regulated environment. As the gaming environment changes, laws, regulations and government policies will evolve. There may also be changes to customer gambling behaviour as we expand our reach and deliver new offerings to customers through the implementation of our strategy.

A focus on compliance is crucial as we implement our strategy. Maintaining the trust of our customers, partners and shareholder throughout these changes is also critical. OLG has programs in place that:

- Maintain compliance with laws, regulations and policies including anti-money laundering and privacy
- Continue to enhance measures to detect, disrupt and prevent money laundering
- Dedicate resources to research and monitor gambling behaviour and deliver tools that enable healthy play in line with best-in-class programs
- Support the design of products and services, and the maintenance of operating controls to achieve a high standard of integrity including those in the lottery prize claim process so that the right prize is paid to the right person

## TECHNOLOGY

Everything we do relies on technology. As we expand our offerings we must ensure that access to systems and/or information is not compromised and ensure that our systems can continue to sustain and enable growth of the core business. Managing these areas of risk is part of OLG's day-to-day operations including:

- Protecting against cyber threats by maintaining a mature cyber security program.

- Setting expectations and monitoring private sector partner performance to maintain an adequate level of security.
- Assessing legacy technologies to establish priorities for improvements and to secure resources.

# COMMUNICATIONS

OLG regularly communicates with its shareholder, the Government of Ontario, and its stakeholders, including customers, the public, the news media, employees and various entities in the private sector. Our communications are clear, open, transparent and demonstrate the Corporation's accountability to Ontarians. We also ensure these communications are aligned with the Government of Ontario on legislation, regulations, public policy and emerging issues. We also partner with Indigenous Communities and a range of external stakeholders to support this effort, including municipal governments, the horse racing industry, the charitable gaming industry, lottery retailers and casino operators.

External and internal communications, marketing and stakeholder outreach strategies support new business and product developments as well as mandatory and voluntary financial disclosures. We also promote responsible play across all of our product offerings with our award-winning and globally recognized *PlaySmart* program. OLG provides information on how and where customers can seek help should they experience problems with gambling through *PlaySmart* centres at land-based gaming sites and digitally on *PlaySmart.ca*.

## CUSTOMER SERVICE AND COMPLAINT HANDLING

OLG Customer Care fields phone calls, email, instant messaging and other forms of correspondence from customers and the retail network. This includes:

**OLG.ca:** managing customer interactions through chat, email and phone

**Retailer Services:** managing inbound and outbound Retailer interactions for new retailer account setup, closures, invoicing, terminal troubleshooting and INSTANT ticket orders, supplies and returns

**Player Protection:** managing inbound and outbound customer complaints related to potential retailer theft, fraud and dishonesty

**Retail Compliance:** managing the Retailer Mystery Shop Program interactions related to ticket validations and the ID Under 25 Program, in addition to monitoring compliance to OLG's retail policy manual

**Social Media:** managing social media interactions (e.g., Facebook and Twitter for Lottery, Land-based Gaming, *PlaySmart* and *OLG.ca*)

**VIP Services:** Provide specialized support to focus areas such as Digital Casino VIP, Digital Sports MVP and Responsible Gaming support for Online Video Registration.

In addition to routine correspondence, Customer Care is responsible for fielding customer and retailer complaints. To that end, OLG has developed operating policies and procedures that:

- ensure complaints from the public are handled completely with the appropriate skill sets and levels of authority
- handle complaints regarding suspicious activity at retail locations differently from complaints about lottery products and services



- ensure clear, separate accountabilities and reporting structures for those involved in building retailer relationships and those investigating retailers for potential fraud, theft and dishonesty
- ensure an open and cooperative relationship with the AGCO and the Ontario Provincial Police when investigating complaints
- ensure there are quality assurance mechanisms to verify that each complaint has been handled properly and to continually improve the processes for handling such complaints

# FINANCIAL PLAN

## FISCAL 2023–24 TO FISCAL 2026–27

### PLANNING APPROACH

OLG employs a management cycle that connects strategy development, planning and budgeting with execution, monitoring and measurement, and control. The setting of the fiscal 2023–24 budget forms just one important aspect of the Corporate Planning Framework, which is integrally linked to and supportive of the Strategic Priorities and planned initiatives.

The primary objectives of our fiscal 2024–27 planning and budgeting process are:

- support the development and communication of our long-term strategy
- align operating plans with the strategies of the Corporation
- maximize allocation of scarce resources
- demonstrate fiduciary responsibility

### PRINCIPLES

We use a hybrid approach to planning and budgeting by employing:

- assumption and scenario driver-based support for development of key revenue items
- historical trend analysis as appropriate
- adjustments for known and anticipated impacts for recovery and growth
- relevant macroeconomic data to inform the expected operating environment

The budget and financial projections have been prepared in accordance with International Financial Reporting Standards (IFRS).

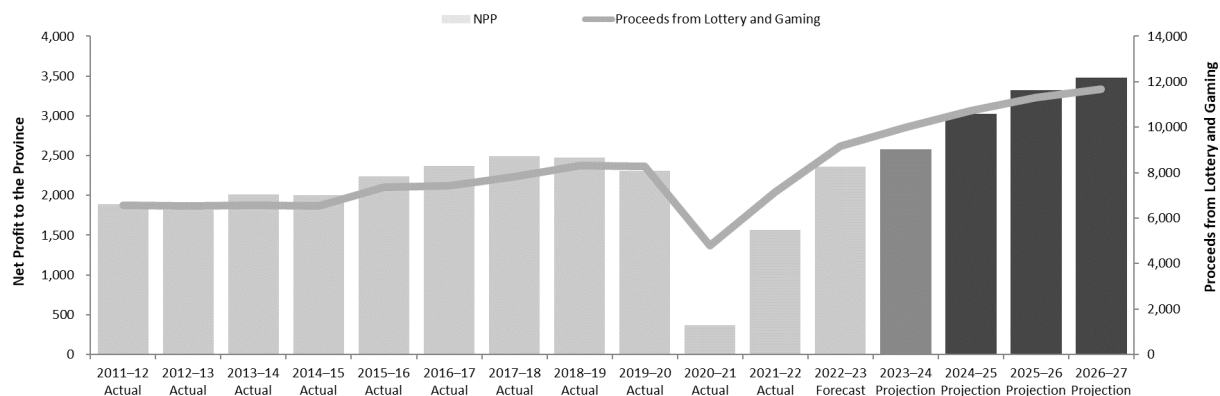
### USE OF ESTIMATES

Preparation of the Fiscal 2024–27 Business Plan requires OLG to make estimates and assumptions that affect the expected amounts of revenue and expenses for the years covered by the plan. Estimates include but are not limited to: assumptions about possible strategic initiatives; future revenue and profit guidance; and other assumptions about future events or conditions including pandemic recovery and timing of casino expansions and service provider transition. Forward-looking statements involve uncertainties that could cause actual results to differ materially from those projected. These uncertainties include but are not limited to: the economic environment; customer demand; changes in government policy; the outcome of litigation; the competitive environment; and the timing and scale of potential capital investments.

Actual results will differ from these estimates.

# FINANCIAL PLAN

**PROCEEDS FROM LOTTERY AND GAMING AND NET PROFIT TO THE PROVINCE (NPP) 2011–12 TO 2026–27**  
(in millions of dollars)



**Chart Data:**

(in billions of dollars)	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Fcst	2023-24 Proj	2024-25 Proj	2025-26 Proj	2026-27 Proj
Proceeds	6.6	6.5	6.6	6.5	7.3	7.4	7.8	8.3	8.3	4.8	7.1	9.2	10.0	10.7	11.3	11.6
NPP	1.9	1.8	2.0	2.0	2.2	2.4	2.5	2.5	2.3	0.4	1.6	2.4	2.6	3.0	3.3	3.5

OLG continues to adapt to challenges related to recovery in a post-pandemic environment, and fiscal 2023–24 reflects an adjustment to OLG’s growth trajectory. Despite these challenges, OLG is however still projecting to drive NPP of close to \$2.6 billion, increasing to almost \$3.5 billion by 2026–27.

The financial plan directly supports OLG’s Strategic Priorities. This year’s business plan focuses on the following key themes:

- Sustaining and growing lottery retail base business
- Continued recovery of land-based gaming
- Maintaining growth of OLG’s digital platform

After a full year of recovery from the impacts of the COVID-19 pandemic in fiscal 2022–23, growth in fiscal 2023–24 through 2026–27 will be supported by casino expansions, Lottery expansion initiatives, and growth in Digital. From fiscal 2011–12 through fiscal 2019–20, prior to the COVID-19 pandemic, we achieved a Compound Annual Growth Rate (CAGR) for NPP of 2.6 per cent. Based on this plan, the projected CAGR for NPP is expected to be 10.4 per cent from fiscal 2023–24 through 2026–27 driven by a new horizon of sustainable and responsible growth and pursuit of efficiencies and savings.

## PLAN OVERVIEW

Following is the Statement of Comprehensive Income for Consolidated OLG for the current planning cycle fiscal 2023–24 through fiscal 2026–27. OLG’s fiscal year covers the period between April 1 and March 31. The budget and financial projections have been prepared in accordance with International Financial Reporting Standards (IFRS).

*(in millions of dollars)*

	Forecast	Budget	Projection	Projection	Projection
<i>For the fiscal year</i>	2022–23	2023–24	2024–25	2025–26	2026–27
Lottery	4,380	4,455	4,601	4,709	4,732
Land Based Gaming	4,156	4,811	5,317	5,680	5,895
Digital	628	727	812	906	1,006
<b>Proceeds from Lottery and Gaming</b>	<b>9,165</b>	<b>9,994</b>	<b>10,730</b>	<b>11,295</b>	<b>11,634</b>
Less: Prizes	(2,631)	(2,704)	(2,822)	(2,905)	(2,941)
Less: Service Provider Fees	(2,084)	(2,428)	(2,480)	(2,738)	(2,921)
<b>Gaming Revenue</b>	<b>4,449</b>	<b>4,862</b>	<b>5,428</b>	<b>5,653</b>	<b>5,771</b>
Non-Gaming Revenue	39	36	35	15	-
Lease Revenue	107	117	118	142	158
<b>Total Revenue</b>	<b>4,596</b>	<b>5,015</b>	<b>5,581</b>	<b>5,809</b>	<b>5,930</b>

In fiscal 2023–24, proceeds from Lottery and Gaming are budgeted to be \$10.0 billion and are projected to grow over the next three years as a result of developments at land-based gaming sites, Lottery retail expansion and growth in the Digital line of business. Proceeds from Lottery and Gaming are projected to increase at a CAGR of 5.2 per cent, reaching \$11.6 billion by fiscal 2026–27.

The following activities are anticipated to contribute to the projected proceeds from Lottery and Gaming by fiscal 2026–27:

- additional capital investment by Land-based Casino Gaming Service Providers related to the introduction of new and/or expanded facilities, particularly in the GTA bundle
- expanding retail network via self-serve options and new channels
- introducing new INSTANT games and new retailer initiatives
- maintaining growth of the Digital business in a hyper-competitive market by introducing new games and improving customer experiences

Our revenue from Land-based Casino Gaming and Charitable Gaming is reported as total proceeds less certain defined amounts paid to service providers, which primarily includes fixed fees, variable fees that are calculated as a percentage of total gaming revenue, as defined in the Casino Operating and Services Agreements, and amounts that are permitted for capital improvements.

Fees paid to all OLG service providers are projected to increase to \$2.4 billion in fiscal 2023–24 from \$2.1 billion in the fiscal 2022–23 forecast, an increase of \$344 million or 16.5 per cent. The main reason for this increase is the expected growth in proceeds from Land-based Gaming sites.

## NET PROFIT TO THE PROVINCE (NPP)

*(in millions of dollars)*

	Forecast	Budget	Projection	Projection	Projection
<i>For the fiscal year</i>	2022–23	2023–24	2024–25	2025–26	2026–27
<b>Net Profit to the Province</b>	<b>2,360</b>	<b>2,574</b>	<b>3,017</b>	<b>3,311</b>	<b>3,467</b>

The fiscal 2023–24 NPP is projected to be nearly \$2.6 billion, an increase of \$214 million or 9.1 per cent compared to the fiscal 2022–23 forecast. Over the plan period, NPP is projected to grow to almost \$3.5 billion, representing a CAGR of 10.4 per cent, due to development in Land-based Casino Gaming, supplemented by growth in both Lottery and Digital.

Our operating expenses are projected to remain flat as a per cent of proceeds at \$1.4 billion or 14 per cent in the fiscal 2023–24 plan in comparison to the fiscal 2022–23 forecast. As Lottery and Digital continue to grow from fiscal 2023–24 through fiscal 2026–27 and with the transition of Caesars Windsor, OLG’s operating expenses fluctuate. While we anticipate these expenditures will continue to decline through the life of the planning horizon, they will be partially offset by increases in marketing investment to drive the proceeds growth strategies in Lottery and Digital and respond to the new competitive environment. Marketing expenditures represent 2.1 per cent of total proceeds, an increase compared to 1.9 per cent in the fiscal 2022–23 forecast, in part, to support recovery of Casino Gaming. As a percentage of proceeds, operating expenses are projected to decline from 14 per cent in fiscal 2023–24 to 12 per cent in fiscal 2026–27 primarily due to the transition of Caesars Windsor to a service provider, combined with continued focus on expenditure management.

OLG funding for the continued sustainability of the horse racing industry is expected to be \$110 million in fiscal 2023–24, decreasing to \$67 million by fiscal 2026–27, as stipulated in the Long-Term Funding Agreement.

# APPENDIX

## LEGISLATIVE FRAMEWORK

The objects of the Corporation as established by government and defined in the *Ontario Lottery and Gaming Corporation Act, 1999*, are:

- to develop, undertake, organize, conduct and manage lottery schemes on behalf of Her Majesty in right of Ontario
- to provide for the operation of gaming sites
- to ensure that lottery schemes and gaming sites are conducted, managed and operated in accordance with the *Criminal Code* (Canada), this Act and the *Gaming Control Act, 1992* and the regulations made under them
- to provide for the operation of any business that the Corporation considers to be reasonably related to operating a gaming site or lottery scheme, including any business that offers goods and services to persons who play lottery schemes in a gaming site
- if authorized by the Lieutenant Governor in Council, to enter into agreements to develop, undertake, organize, conduct and manage lottery schemes on behalf of, or in conjunction with, the government of one or more provinces of Canada
- to undertake activities with respect to the support of live horse racing in Ontario
- to do such other things as the Lieutenant Governor in Council may by order direct

## BOARD MANDATE

The Board of Directors oversees the overall management of the affairs of the Corporation in accordance with its objectives as set out in the Act, the Corporation's bylaws, the approved business plan and the Memorandum of Understanding between the Corporation and the Minister of Finance. The Board's mandate is to direct management's work on optimizing the Corporation's overall performance and increasing shareholder value by executing its various responsibilities, which include:

- to establish the goals, objectives and strategies for the Corporation consistent with the Corporation's mandate and applicable government policies
- to approve the annual business plan as well as operating and capital budgets
- to oversee the development of an appropriate risk management framework and plan
- to review the adequacy and effectiveness of internal controls in managing risks
- to appraise the performance of the President and Chief Executive Officer
- to oversee a code of conduct to ensure the highest standards in dealing with customers, suppliers and staff, with due regard to ethical values and the interests of the community at large in all corporate endeavours
- to track the overall performance of the Corporation

- to remain informed and provide input, as required, concerning communications with the Government of Ontario and stakeholders
- to ensure compliance with key policies, laws and regulations

The Board operates through four working committees:

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit and Risk Management Committee assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring the Corporation's financial statements, systems of internal controls including those over financial reporting, capital expenditure program and Enterprise Risk Management program, as well as the compliance systems that have been established including OLG's AML and cybersecurity compliance programs. In addition, the Committee assists the Board by examining and overseeing the financial matters of the Corporation. It reviews the budget framework, policies and procedures, oversees and contributes to the development of the annual budget and projections and reviews financial performance.

### **GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Governance and Corporate Social Responsibility Committee assists the Board in developing and monitoring governance policies and practices. It helps identify policy areas for review and presents recommendations to the Board for consideration so that the Board can ensure the Corporation's adherence to the highest standards in corporate governance. In addition, the Committee assists the Board and the Corporation in fulfilling its social responsibility in the conduct of its business. It examines and oversees such areas as responsible gambling, game integrity and social responsibility considerations that are material to the delivery of gambling in Ontario.

### **PEOPLE, CULTURE AND COMPENSATION COMMITTEE**

The People, Culture and Compensation Committee helps ensure that the Corporation has sufficient organizational strength at the senior management level to achieve its short- and long-term goals. It also recommends, for Board approval, the compensation and benefit plans for senior management.

### **TRANSFORMATION AND TECHNOLOGY COMMITTEE**

The Transformation and Technology Committee assists the Board in overseeing matters pertaining to the development and review of the Corporation's strategic plans and the development, review and implementation of associated information technology and major business transformation plans and programs aimed at achieving the Corporation's mission, vision, strategic direction, objectives and goals.

## GOVERNANCE AND MANAGEMENT STRUCTURE

Classified as an Operational Enterprise Agency of the Province of Ontario, OLG has a single shareholder, the Government of Ontario, and reports through its Board of Directors to the Minister of Finance. Members of the Board and its Chair are appointed by the Lieutenant Governor in Council. Neither the Chair nor members of the board are full-time, nor are they members of management.

A Memorandum of Understanding (MOU) sets out the framework for and clarifies the roles, relationships, mutual expectations and accountability mechanisms between the Minister of Finance and the Corporation, as required by the Management Board of Cabinet Agencies and Appointments Directive.

### OLG MANAGEMENT/ACCOUNTABILITY STRUCTURE

