



# **FISCAL 2025 - 28 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 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 7, 2023.*

# LAND ACKNOWLEDGEMENT

We are all Treaty People.

Above all, we acknowledge and offer our gratitude to Mother Earth.

We honour the history of Turtle Island – the ancestral home and territories of many Indigenous Peoples including First Nations, Inuit, and Métis peoples.

As those who call these lands home, we recognize our duty to walk together in peace, friendship, and love. We share in the many gifts of Mother Earth and respect all the land, in keeping with the traditions of Indigenous Peoples.

OLG pledges to foster the principles of Truth and Reconciliation. We acknowledge the Treaty relationship and honour Indigenous knowledge, cultures, and practices.

Using heart-thinking we will seek to understand, respect, and sustain this beautiful land we share: “for as long as the sun shines, the grass grows, and the rivers flow.”

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# EXECUTIVE SUMMARY

In 2021, OLG launched Game ON, an innovative customer-centric growth strategy rooted in transforming OLG's digital capabilities to meet the challenge of an open iGaming market; responsibly expanding Land-based Gaming to address unmet need in the province; and identifying new opportunities to support and extend the reach of a slow-growth retail Lottery business through new products and additional distribution channels. The strategy builds on OLG's cultural strengths and risk management discipline, and leverages our purpose-led and trusted brand, world-class Responsible Gambling (RG) program and strengthening relationships with key stakeholders and partners, including retailers, host municipalities and First Nations. We continue to identify opportunities to reduce red tape while meeting all provincial directives to drive productivity to new heights.

Even in the face of new competition from sophisticated global players, OLG has grown Net Profit to the Province (NPP) – making OLG the largest contributor amongst the provincial Government Business Enterprises (GBE's). In fiscal 2022–23, OLG delivered \$2.51 billion in NPP and \$284 million directly to municipalities and First Nations.

Results in fiscal 2023–24 have felt the effects of the quickly evolving economic and market conditions, which are impacting consumer spending on discretionary entertainment and, in turn, sales of national draw-based games across Canada. In addition, fiscal 2023-24 saw fewer high value lottery jackpots. Land-based Gaming has been impacted by higher stakeholder payments, a function of higher proceeds, and inflationary increase to service provider fees. As a result, OLG projects to deliver lower NPP (\$2.35 billion) in fiscal 2023–24.

As we look ahead to fiscal 2024–25, the last year of the current Game ON strategy, NPP is forecasted to grow to over \$2.6 billion with a continued commitment to delivering growth and NPP of \$3.2 billion by fiscal 2027–28. It is an ambitious goal that will also benefit charities, host municipalities and First Nations and requires us to push forward in optimizing all of our products, channels and services.

Despite challenging economic and market conditions, impacting consumer spending on discretionary entertainment, OLG's lottery business continues to be strong and has experienced growth in sales of Instant Win games and Sports products. Delivering the next phase of growth for lottery will require us to meet the changing needs of our customers while supporting retailers through the introduction of self-serve technologies, product innovation and seamless channel experiences between digital and retail.

Our Land-based Gaming business is on pace to achieve record proceeds of over \$4.3 billion in fiscal 2023–24, as new casino assets with highly attractive amenities come online. Further growth will come from supporting and enabling our casino partners as they deliver on investments made to enhance gaming experiences across Ontario. In addition to record-breaking casino performance, in fiscal 2023–24, OLG projects cGaming will deliver \$30 million in NPP, a positive shift to profitability for OLG and the cGaming sector. The strong performance of our Land-based Gaming business will have a direct benefit to host municipalities and First Nations across Ontario.

OLG's Digital business realized record levels of wagering in a hyper-competitive market and will continue to grow active players with new products and by enhancing the customer and responsible gaming experience. The investments we've made in OLG.ca and our PROLINE+ brand have established OLG as a market leader in the new competitive digital environment.

We continue to move in a direction that is purpose-led, customer-obsessed, and leverages relationships with key partners, including host municipalities and First Nations. 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.

Beyond our customer focus, we remain committed to working with our partners, including host municipalities and First Nations, contributing to Ontario's economic development and supporting communities across Ontario – including in Sault Ste Marie, where our corporate head office is located – as well as to creating a more sustainable future through a sustainability plan that builds on our inclusive culture through equality, diversity and inclusion practices and our comprehensive Reconciliation plan with First Nations.

As an organization, we are proud to submit a business plan that outlines our comprehensive blueprint to support continued growth in NPP and revenues to community charities, municipalities, and First Nations.

# WHO WE ARE

## OUR PURPOSE

We help build a better Ontario by delivering great entertainment experiences for our customers

## OUR TRUTHS

### **We Care for Ontario**

We're here to do good. We strengthen 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**

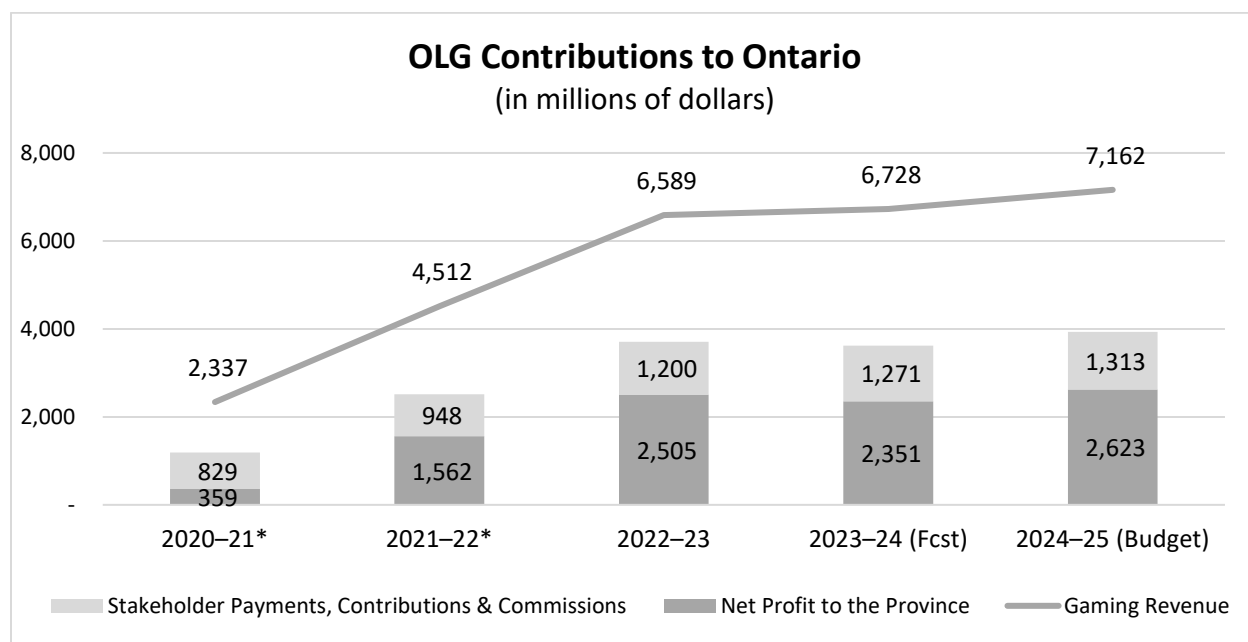
We all bring value to the team. And our different perspectives, backgrounds and orientations make OLG a great place to work. Together we are more creative, innovative and inclusive



## HOW WE CARE FOR ONTARIO

Since 1975, OLG has generated over \$60 billion for the people and Province of Ontario, which has helped support provincial priorities including the operation of hospitals; problem gambling prevention and treatment; amateur sport; and local and provincial charities, among other initiatives. In addition, there are several direct beneficiaries of Lottery and Gaming proceeds, including gaming host communities, Ontario First Nations, lottery retailers and Ontario’s horse racing industry.

OLG’s operations will continue to contribute to the economy in many ways in fiscal 2024–25<sup>1</sup>, through net-gaming revenue, stakeholder payments and commissions and profit to the Province.



\* On March 16, 2020, Land-Based Gaming was required to close its operations due to the COVID-19 pandemic and experienced periodic durations of closures until January 31, 2022, as well as additional public health restrictions until March 21, 2022.

**Chart Data: OLG Contributions to Ontario (in \$ Millions)**

	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Gaming Revenue</b>	\$2,337	\$4,512	\$6,589	\$6,728	\$7,162
<b>Stakeholder Payments &amp; Commissions</b>	\$829	\$948	\$1,200	\$1,271	\$1,313
<b>Net Profit to the Province</b>	\$359	\$1,562	\$2,505	\$2,351	\$2,623

<sup>1</sup> Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Projected stakeholder payments and commissions in fiscal 2024-25 (total sum shown in the graph above) include:

- **\$324 million** in commissions to lottery retailers across the province
- **\$169 million** to Ontario First Nations through the Gaming Revenue Sharing and Financial Agreement, based on the Corporation's prior fiscal year's Gross Revenues
- **\$96 million** in direct funding to Ontario's horse racing industry through the Amended and Restated Funding Agreement for Live Horse Racing
- **\$174 million** to municipalities and Ontario First Nations for hosting Land-based Casino Gaming facilities and Charitable Gaming Centres<sup>2</sup>
- **\$456 million** in payments to the Government of Canada for GST/HST and for OLG to have exclusivity over the sale of lottery tickets in the Province of Ontario
- **\$93 million** in Charitable Gaming proceeds distributed to participating local charities

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<sup>2</sup> *Host municipalities also receive financial benefit from property tax revenue; development fees and other payments; and the creation of jobs.*

# HOW WE PLAY

OLG has been focusing on industry learnings in a post-pandemic environment. We are adapting to changing customer preferences and uncertainties resulting from economic challenges and risks. Demand for new entertainment experiences in Ontario is evolving and we are excited to grow our traditional lottery and gaming products, create innovative product offerings, and reimagine customer experiences. We remain 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 and unify trusted and exciting gaming experiences across all our lines of business, product offerings and channels.

## RETAIL LOTTERY

Our Lottery business continues to be strong and out-perform pre-pandemic levels and is projected to exceed \$4.2 billion in proceeds in fiscal 2023–24. Proceeds are expected to grow by 4.1 per cent in fiscal 2024–25, driven by new innovative products, the introduction of self-serve terminals and new retail partnerships.

Our ~10,000 retail partners and terminals across the province that act as essential customer touchpoints for OLG and we plan to continue growing the retail footprint. Lottery continues to be a key driver of growth and brand equity across the province, supporting small business with retailer incentive programs as well as the introduction of self-serve terminals. 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, and in 2023 it did just that with a record-breaking winner of the \$68 million jackpot. In 2023, National products have seen performance decrease across Canada based on unfavorable jackpot rolls as well as a decreasing average sales per jackpot. OLG continues to work closely with its partners and the Interprovincial Lottery Corporation (ILC) on market research and initiatives designed to reach a larger audience in 2024 and beyond. In February 2024, OLG will introduce a LOTTO MAX Sweepstakes, which will offer LOTTO MAX players entry into a limited time draw for additional prizes.

## REGIONAL

Our Regional games portfolio has evolved since the introduction of Lottario, our first ever product that launched in 1978. We now offer 11 products that span across categories such as Pick games, Poker games, and other popular themes like Mega Dice, Encore and Wheel of Fortune. We

launched Merry Millions in November 2023, our first ever event-style game with 408 guaranteed draw prizes, including three \$1 million top prizes. The game was available for a limited time or until all 500,000 tickets were sold. Our plan includes introducing more event-style games in our Regional portfolio. This will offer our players more variety in the much-loved Regional space with unique chances to win during limited time runs.

## **INSTANTS**

OLG offers approximately 75 INSTANT ticket products with prices ranging from \$2 to \$100 and a variety of popular themes such as Cash For Life, Crossword, Bingo, in addition to National INSTANT products.

In fiscal 2023-24, we have delivered new and exciting offerings to our customers. This includes launching \$30 and \$50 Instant tickets as well as a multi-jurisdictional Instant ticket that offers a grand prize of \$250,000 and a second chance experienced-based prize. In October 2023, we re-launched our Ultimate Instant ticket that features an Instant game and set of draw numbers with a longer sales window. The \$100 Ultimate game offered 40 draws for \$1 million in January 2024. We also introduced a \$25 Gold Pursuit game with an Instant portion as well as a chance to win one of the 50 top prizes of \$100,000 in the draw held ahead of sales on January 7, 2024.

## **RETAIL SPORTS**

Our enhanced retail Sports platform has been in market for two years and has generated record revenue. The new PROLINE product 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 is on track to deliver \$4.34 billion in Gross Gaming Revenue (GGR) for fiscal 2023–24 and close to \$4.65 billion in fiscal 2024–25. This growth is anticipated despite economic challenges faced by OLG in fiscal 2023-2024.

The Land-based Gaming sites also directly benefit the communities that host them, including Indigenous and municipal governments. In fiscal 2023–24, OLG projects that there will be approximately \$166 million in contributions to host communities and \$79 million in payments to the Ontario First Nations Limited Partnership (OFNLP), through a gaming revenue share agreement with OLG, from Land-based Gaming.

## CASINO GAMING

In Ontario, there are currently 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 \$2.1 billion in private sector capital investments made in Ontario through the end of fiscal 2022–23. Included in this total is an estimated \$600 million spent on the buildout of six brand new casinos, which led to the creation of nearly 1,600 full-time and part-time casino jobs, plus indirect economic benefits and jobs created in local communities.

OLG has also been actively working with our partners to ensure land-based casinos have opportunities to grow in Ontario. This includes the grand opening of the expanded Great Canadian Casino Resort Toronto, the recent groundbreaking of the Hard Rock Hotel & Casino in Ottawa, along with numerous other expansions and upgrades. We continue to work with our casino operators to streamline our shared processes and improve administration efforts in several aspects of the business.

## 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-based and electronic session bingo programs, and electronic bingo/break-open ticket-based upright cabinet-style games 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 and electronic bingo products, such as the recent launch of a loyalty program at two cGaming centres.

cGaming continues to provide a critical source of funding for more than 2,200 local charities that actively participate at cGaming centres through our cGaming program province-wide. Participating service clubs routinely donate directly to other charitable groups and causes in their communities. As a result, more than 5,000 charities and not-for-profits directly benefit from

cGaming, receiving over \$472 million in charitable contributions from 2005 to September 2023. Host municipalities have received an additional \$56 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. In fiscal 2023–24, OLG projects cGaming will deliver \$30 million in NPP<sup>3</sup>, a positive shift to profitability for OLG and the cGaming sector.

## HORSE RACING

OLG is committed to building the necessary foundation for a stable and sustainable live horse racing industry in Ontario, supporting the mostly rural businesses, jobs and communities that depend on it. Through the 19-year Long-Term Funding Agreement, OLG will continue providing strategic financial support for purses, racetrack operations, and breeding programs to continually increase the horse supply. OLG works with external stakeholders under the umbrella of Ontario Racing to assist in growing the industry's customer base for the long-term sustainability of the sector.

## DIGITAL

Our Digital business continues to show strong growth and is projected to deliver record proceeds of \$745 million in fiscal 2023–24, growing to an expected \$819 million in fiscal 2024–25. OLG continues to be a leader in market share in Ontario since the launch of the regulated market for online gambling on April 4, 2022.

Since the launch of the regulated market for online gaming, all product lines within our Digital business continue to improve and grow, offering Ontarians products and experiences on both the Web and the app. This includes:

- iCasino, which offers customers hundreds of online slots and table games, including live dealer table games and game shows.
- iLottery, where customers can buy tickets for nine National and Regional Lotto games digitally (including LOTTO MAX and LOTTO 6/49) as well as purchase and play INSTANT tickets online. A lottery subscription service is also available to ensure customers never miss a draw.
- iSports, which offers PROLINE+, where customers can place a variety of wagers on thousands of sporting events across the world, including bets on live events and parlays with up to 12 picks for a single ticket.

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<sup>3</sup> Reflects Net Profit to the Province before allocations (excluding Corporate Services allocations)

# SUSTAINABILITY AT OLG

Caring for Ontario is at the core of what OLG does. We have a strong history of giving back to the province, being a leader in responsible gambling and creating welcoming, inclusive spaces for our employees and partners.

OLG recognizes our ongoing responsibility to create social value for our communities, players and employees, and is developing a Sustainability Plan to integrate more of this thinking into our business.

The plan will align to our overarching corporate vision and purpose, and will consider how we can leverage, and build on, our robust corporate social responsibility programs, strong governance practices and existing environmental initiatives. It will be an important part of our efforts to create a sustainable business model that supports our work in key focus areas, including Responsible Gambling and strengthening our relationships with Indigenous communities, as well as our commitment to Equity, Diversity and Inclusion.

As we move ahead on our sustainability journey, we remain committed to taking meaningful action that will have a positive impact on our people, our communities and our planet.

## RESPONSIBLE GAMBLING – PLAYSMAART PROGRAM

OLG is committed to high 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 positive impact of our RG programming while fostering trust and confidence in OLG's purpose-led brand. It is integral to OLG's aspiration to remain a global industry leader in RG by continually enhancing programming to meet evolving customer needs.

Our award-winning *PlaySmart* responsible gambling 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.

To make sure our RG efforts are continuously improving, *PlaySmart's* program elements and initiatives are regularly evaluated for efficacy and impact, 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.

## COMMITMENT TO INDIGENOUS COMMUNITIES

OLG is focused on building strong, successful relationships with Indigenous communities across Ontario.

OLG shares 1.7 per cent of the Corporation's annual Gross Revenues as defined in the Gaming Revenue Sharing and Financial Agreement (GRSFA) to Ontario First Nations Limited Partnership (OFNLP), which then distributes it to 132 First Nations in Ontario. The GRSFA payment is projected to be \$163 million in fiscal 2023–24. In addition, both the Mississaugas of Scugog Island First Nation (MSIFN), which hosts Great Blue Heron Casino, and Rama First Nation (RFN), which hosts Casino Rama, benefit directly from revenue sharing and lease payments related to the gaming sites they host — as well as from direct and indirect economic development, including the creation of jobs.

However, we know that our commitment must go beyond financial contributions alone — and that cultivating and strengthening relationships with Indigenous communities is vital to our business success.

OLG is undertaking the development of a roadmap called the OLG Reconcili-Action Strategy to advance the principles of Truth and Reconciliation and guide us in building a mutually beneficial relationship with our First Nations partners. The strategy is an important step to facilitate and advance our desire for a relationship with First Nations based upon respect.

## EQUITY, DIVERSITY AND INCLUSION

We want to give our employees the space to be themselves and empower them to use their imaginations and skills to benefit the people and the Province of Ontario. We are committed to building a culture of inclusion where employee differences are valued and celebrated.

Our Equity, Diversity and Inclusion Strategy outlines goals and actions to support OLG as an organization that is continuously maturing in the equity, diversity and inclusion space. This includes, among other things, diversifying our talent pool and creating a more inclusive work environment, dismantling the systemic barriers that disadvantage marginalized employees, introducing mentoring programs, and launching mandatory anti-racism training.



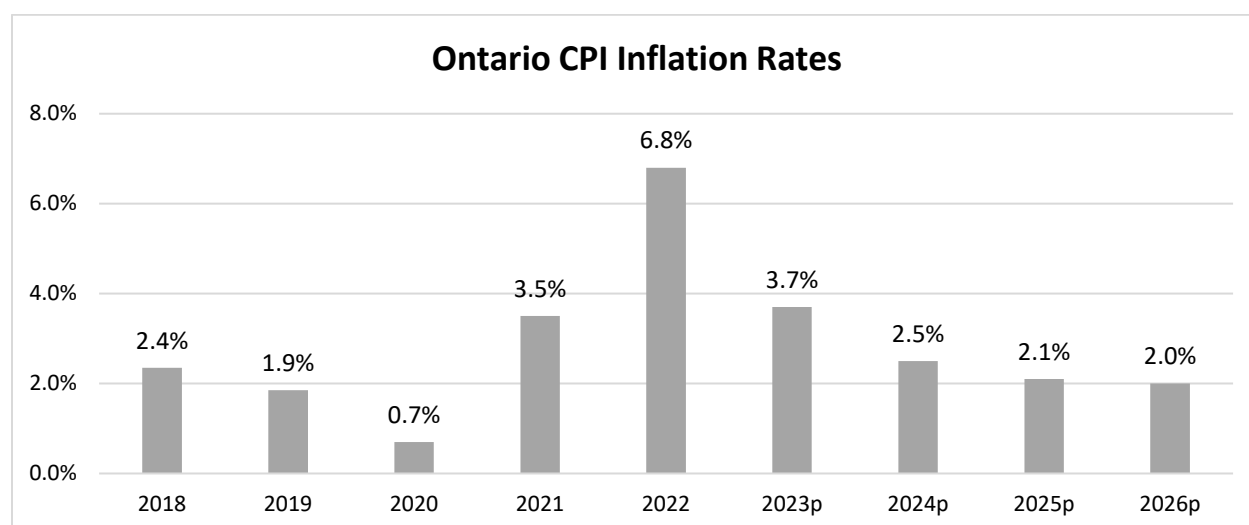
# WHAT AFFECTS US

OLG continues to monitor general economic recovery indicators and recreational spending as increases in inflation and cost of living may shift people’s behaviours.

## ECONOMIC AND INDUSTRY LANDSCAPE

Though Consumer Price Index (CPI) inflation has eased significantly since reaching the peak of 6.8 per cent in mid 2022 and is forecasted to come back down to 3.7 per cent for 2023, cost of living coupled with rising interest rates continues to be at the forefront of people’s minds.

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.

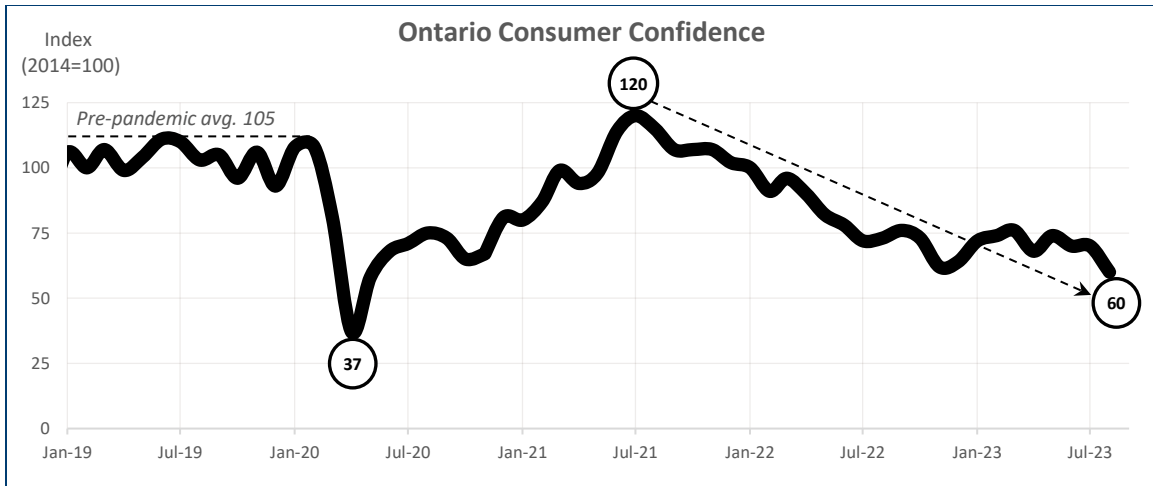


Source: Ministry of Finance’s Fall Economic Statement (November 2023)

Chart Data: Ontario CPI Inflation Rates

	2018	2019	2020	2021	2022	2023p	2024p	2025p	2026p
<b>Ontario CPI Inflation Rates</b>	2.4%	1.9%	0.7%	3.5%	6.8%	3.7%	2.5%	2.1%	2.0%

Since reaching its recent peak high of 120 points in July 2021, Ontario’s consumer confidence index has tumbled and been reduced by half to 60 points in August 2023. This is its lowest point since the pandemic, as interest rates begin to take a bite out of discretionary spending.

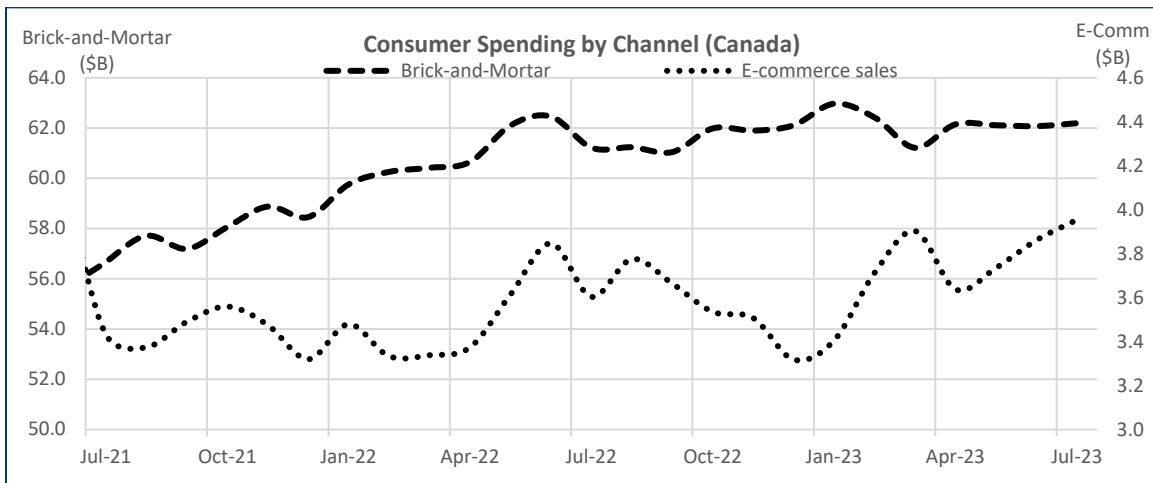


Source: The Conference Board of Canada July 2023 Data.

**Chart Data: Ontario Consumer Confidence**

This chart shows the Ontario consumer confidence from January 2019 to July 2023. Prior to February 2020, the index fluctuated between 93 and 111. The pre-pandemic average was 105. The index sharply dropped from March 2020 and reached its lowest point of 37 in April 2020. Since then, the index steadily recovered and reached a post-pandemic peak of 120 in July 2021. The index then started declining gradually and reached 60 in July 2023.

Consumer spending through brick-and-mortar (B&M) trends differently than e-commerce sales. B&M spending grew steadily immediately post-pandemic but has plateaued since late 2022. On the other hand, e-commerce sales continued to increase.



Source: StatsCan August 2023 Data (Table 20-10-0056-01).

**Chart Data: Consumer Spending by Channel (Canada)**

This chart shows how Canadian consumers have been spending in the brick-and-mortar (B&M) channel versus e-commerce sales channel between July 2021 and July 2023. The B&M spending began at \$56.0B in July 2021, grew and peaked at \$62.5B in June 2022. Since then, the B&M spending has remained largely the same, fluctuating slightly between \$63.0B and \$61.2B until July 2023. The e-commerce spending began at \$3.43B in July 2021 and fluctuated between \$3.32B and \$3.56B until April 2022. The spending figure then ticked up and reached a peak of \$3.85B in June

2022, before tumbling back down to \$3.32B in December 2022. Since then, the e-commerce spending has been growing and reached \$3.95B in July 2023.

## RECREATIONAL SPEND

While the overall percentage of recreational services spending has gone up, OLG and its service providers continued to mitigate the risks of problem gambling through our world-class PlaySmart Program. Responsible Gambling is a cornerstone of our competitive advantage and long-term sustainability of the business. It is also an important part of OLG’s Game ON strategy and is integrated across all areas of the business from lottery, to digital, to casino and charitable gaming.

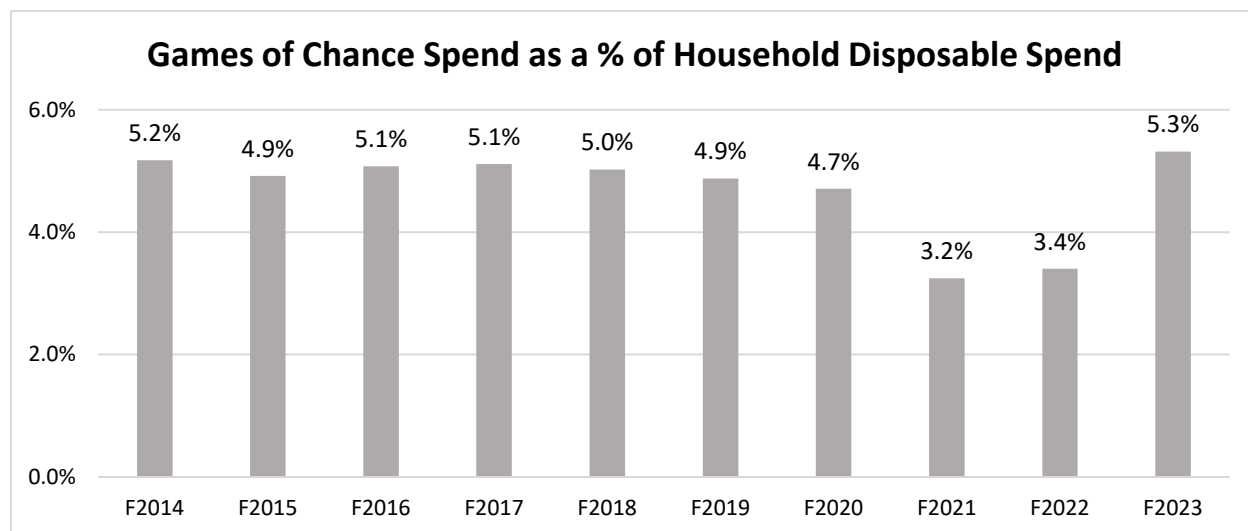
The Canadian games of chance spend grew to only slightly above the pre-pandemic level. Fiscal 2022–23 represented a 14.4 per cent year-over-year growth. The rolling 10-year average is 36.7 per cent.

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, on average, captured 4.7 per cent of Ontario Households Disposable expenditure from fiscal 2013–14 to fiscal 2022–23. Following a dip during the pandemic, this capture rate has returned to the pre-pandemic level.*



Source: StatsCan 2023 Data (Table 36-10-0225-01).

**Chart Data: Games of Chance Spend as a % of ON Household Disposable Spend**

	F2014	F2015	F2016	F2017	F2018	F2019	F2020	F2021	F2022	F2023
<b>Games of Chance Spend as % of ON Household Disposable Spend</b>	5.2%	4.9%	5.1%	5.1%	5.0%	4.9%	4.7%	3.2%	3.4%	5.3%

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.

## 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. Since the opening of the market to non-OLG operators in April 2022, 76 licensed gaming websites (controlled by 47 regulated operators) have begun operations in Ontario.

Since its inaugural year, the Ontario digital gaming market has become increasingly competitive and is estimated to contribute more than \$2 billion in GGR in fiscal 2023-24<sup>4</sup>. Although OLG has performed well in fiscal 2023-24 and is forecasted to contribute \$625 million in GGR, the open iGaming market continues to put pressure on our digital business. The legalization of single event sports wagering and the opening of Ontario's online gaming market to additional gaming operators continue to attract interest from around the world. Because of the favorable cost of entry to Ontario's market and the certainty in the market's legality, our province has become one of the most competitive online gambling markets. OLG is uniquely positioned to compete in this emerging digital market and foresees strong growth potential. We lead with a higher purpose and continue to deliver an unmatched, integrated, and secure entertainment experience. We look forward to providing more innovative online entertainment options for Ontarians and increasing our contributions to the Province of Ontario in a responsible manner.

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<sup>4</sup> iGaming Ontario's FY 2023-2024 Market Performance Reports

# 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 2024–25 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. This includes:

### All OLG:

- Emphasizing sound risk management surrounding all issues affecting cybersecurity.
- Continued alignment of return-to-office arrangements with those being followed by OPS.
- 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.
- Continuing to work with the AGCO to review each agency's roles and responsibilities in oversight of service providers to increase efficiencies and avoid unnecessary duplication.
- Continue working with government to support relationships with our 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.

### Line of Business:

- Continuing to evaluate opportunities for new casino offerings, rolling out Self-Service Lottery Terminals, and the expansion of digital offerings in a responsible manner.
- 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 and adhering to necessary regulatory and legislative requirements as needed.
- Helping the horse racing industry build a more sustainable future for rural businesses, jobs and communities that depend on it.
- Continuing to act on opportunities for red tape reduction to improve operational efficiencies and reduce administrative burden for customers and operators.

## OUR STRATEGIC PLAYBOOK

For fiscal 2024–25, 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 strategic priorities to deliver on both our mandate and aspirations:

**1. Build an engaged, 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.

Since OLG’s Game ON strategy was introduced, OLG has made significant progress in adapting our ways of working to support a performance-driven and sustainable business model. Some key accomplishments include:

- Being recognized as one of Canada’s top employers for diversity
- Placing 41<sup>st</sup> on Forbes list of best employers in Canada 2023
- Launching OLG’s Five Truths and embedding them into OLG’s culture
- Completing the redesign of OLG’s operating model and overall organization design
- Operationalizing a new refreshed benefits program, rebranded to “Live Well, Work Well”, that prioritizes mental health for our employees
- Launching Digital Academy with over 63 graduates agile-certified
- Successfully navigating the transition to a hybrid work model, modernizing and reducing our office footprint as per Ontario’s Realty Directive
- Launching an Enterprise Resource Planning (ERP) system, Microsoft Dynamics 365, and a Human Resources system, Workday, as digital solutions that enable more efficient business operations

In order to support our Game ON strategy in its final year, we are continuing to build on our achievements so far and are beginning to prepare our organization for the onset of our next long-term strategy. Some of the key initiatives slated for fiscal 2024-25 include the following:

- Deliver a cohesive sustainability plan for OLG to enable value creation and a positive impact beyond NPP
- Develop the next evolution of our Equity, Diversity & Inclusion (EDI) strategy, which will further embed EDI practices into policies and processes
- Align our risk culture to OLG's desired risk appetite through training and performance management
- Extend OLG's application of agility within the organization to empower decision making and improve accountability (e.g., Agile and LEAN)
- Continue implementing enhanced talent programming (e.g., employee & leadership development, succession planning, mentorship and performance management) as part of our engagement, development and retention efforts
- Continue to align return-to-office arrangements with those being followed by the Ontario Public Service.

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

Since the opening of Ontario's online gaming market, OLG has maintained a strong market share by leveraging our unique brand proposition and continuing to refine our digital sports, casino and lottery products. OLG's Game ON strategy is rooted in advancing our digital capability, relentlessly acquiring and onboarding digital customers, deploying engaging product offerings and building innovative partnerships that will accelerate growth of the Digital business.

OLG has continued to improve and expand its Digital business through the Game ON strategy. Some of our notable accomplishments include:

- Establishing a strong technical foundation for our Digital business and greatly improving our front-end development capabilities
- Operationalizing Agile delivery labs to speed time to market and increase competitiveness
- Launching Direct Pay, which allows players to buy online lottery products directly with Visa and MasterCard without having to deposit funds into an e-wallet or pay cash advance fees
- Achieving numerous digital product milestones such as introducing Live Dealer on the iLottery app, launching Regional Lottery games, enabling INTERAC e-transfer payments, and introducing live game shows
- Increasing significantly the number of games available to customers as OLG and its gaming partners continuously add new and innovative products

- Launching Group Play and management tools for iLottery
- Launching the PROLINE+ app, enabling sportsbook wagering on Android and Apple devices, along with POOLS, a product that gives customers the opportunity to predict outcomes of 8-16 matchups with the price pool split amongst those with the most correct picks

As the Game ON strategy guides the organization in its last year, OLG will focus on advancing the following objectives in fiscal 2024-2025 to remain competitive in the Ontario market and adjust to the changing preferences and needs of our digital customers. We will:

- Strengthen omnichannel experiences and leverage the retail and Land-based Gaming customer base as a competitive advantage for player acquisition
- Continue to develop affiliate programs and partnerships to drive registration and play
- Enable personalized experiences across the Digital platform to drive player engagement
- Evolve the mobile app strategy to deliver new capabilities and continuously refine those capabilities based on regular customer feedback
- Expand Sports offerings through new products and functionality (e.g., micro betting)
- Seek out new opportunities to position OLG.ca as best in-class within the online casino and sports betting markets
- Identify additional opportunities to integrate with our lottery business

**3. Optimize Land-based Gaming and identify new opportunities for growth**, by meeting new/expanded casino opening dates and advocating for our charity and horseracing stakeholders.

Since the Game ON strategy was introduced, OLG has been working with service providers and stakeholders across the casino, charitable gaming and horse racing businesses to find opportunities for growth and grow the gaming market in Ontario. Some recent examples include:

- A significant expansion of the Great Canadian Casino Resort Toronto (previously Casino Woodbine) in June 2023
- Opening brand new casinos in Pickering (July 2021), North Bay (March 2022) and Wasaga Beach (November 2022)
- Opening the Niagara Falls Entertainment Centre, a 5,000-seat world-class theatre branded “OLG Stage at Fallsview Casino” (October 2022)
- Introducing physical sportsbooks at various casino locations, with more to come, offering a diverse and integrated experience for players
- Working with our casino operators to streamline our shared processes, enabling more efficient casino operations and improved focus on providing gaming entertainment to consumers safely
- Publishing the “Horse Racing Economic Impact” study that quantifies the economic impact and employment contributions of the horse racing industry in Ontario



- Launching our charitable gaming centre loyalty program at two Rama Gaming locations in Toronto
- Releasing the Windsor Casino RFP to secure a service provider (October 2023)
- Launching affiliate deals with two land-based gaming partners, Great Canadian Entertainment and Gateway Casinos & Entertainment, designed to encourage cross-play between our Digital and Land-based Casino Gaming.
- Worked with the CGAO (Commercial Gaming Association Ontario) and cGaming operators to develop and implement a charitable gaming Anti-Money Laundering Program

As part of the last year of the Game ON strategy for 2024-25, OLG continues to focus on supporting Land-based Gaming growth, including:

- Advancing new commercial growth proposal and development discussions with stakeholders and Land-based Gaming partners, such as the development of the Hard Rock Hotel & Casino in Ottawa and a major renovation/expansion of Gateway Casino London
- Continuing work to transition the Windsor casino into the modernization/Casino Operating and Services Agreement model
- Continuing to collaborate with lines of business on extending growth initiatives
- Confirming government policy direction for Horseracing and cGaming

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

Since 2021, OLG has seen 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:

- Making enhancements to LOTTO 6/49 with the introduction of the Gold Ball Jackpot
- Launching a new PROLINE sports product featuring more markets, events and dynamic odds
- Rolling out new products including Instant Top-Up, Plinko, Merry Millions and a \$100 Ultimate ticket, including undertaking the policy, regulatory and technology work required to facilitate product launches
- Undertook the policy, regulatory and technology work to facilitate the launch of Self-Serve Terminals in select lottery retail locations, scheduled for early 2024
- Creating “Support Local” programs, which have generated almost \$24 million in additional commissions for retailers

OLG will continue to prioritize finding new ways to adapt our lottery products to changing consumer preferences and the 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
- Assessing and improving legacy technologies in Lottery to meet current and future needs

5. **Obsess over understanding our customers, player health and becoming an exceptional partner to our stakeholders**, to enhance retention, increase cross-game play and provide a customer experience that contributes to revenue growth.

Across all lines of business, OLG has prioritized player health and putting the customer first. Not only have we evolved our products and ways of working to align to customer demands, but we have also ensured that our commitment to responsible gambling is a core part of our purpose-led brand and that player health is at the centre of everything we do in support of people and communities across Ontario. We have made significant improvements in understanding our customers since the launch of the Game ON strategy and continue to strive to be a leader in responsible gambling. Since the launch of the Game ON strategy, some achievements include:

- Creating an Enterprise Customer Experience business unit and establishing a vision
- Completing the Big Win Customer three-year strategy
- Launching a Premium Services Program in Customer Care
- Establishing an Under-35 Lab and completing discovery sessions
- Launching Voice of Customer and initiating the development of a Customer Data Platform
- Launching My PlayBreak, OLG's enhanced self-exclusion program
- Enhancing at-risk player supports on OLG's Digital gaming platform
- Strengthening *PlaySmart* offerings at Land-based Gaming sites, (e.g., *PlaySmart* Centres)
- Integrating *PlaySmart* messaging in Lottery Self-Serve Terminals
- Becoming the first Canadian Lottery to be certified by the National Council on Problem Gambling's (NCPG) RG Accreditation program at the highest level

It is important for OLG to not only understand our customers within our business lines, but also leverage that information to inform our business decisions and build on enterprise-wide customer opportunities. In fiscal 2024–25, we will continue executing on customer components of the Game ON strategy. Specifically:

- Developing a centralized view of lottery and gaming customers to inform strategies, priorities, and product roadmaps
- Establishing and implementing an Under-35 strategy and roadmap
- Delivering digital and data driven enhancements to Customer Care

- Intelligently activating on customer data to proactively drive a more personalized and engaging customer experience focused on responsible and positive play (e.g., Artificial Intelligence and Machine Learning application and models)
  - Further embedding responsible gambling insights and strategies into customer initiatives to enhance *PlaySmart* customer supports across all lines of business
  - Strengthening OLG's internal culture of social responsibility to deliver responsible gambling as customer care
6. In addition to OLG's Game ON strategic priorities, in fiscal 2023-24 **OLG introduced a foundational layer to our plan that looks at OLG's capabilities, processes and technology to ensure they enable effective and successful execution of our strategic priorities.** The operational enabler initiatives for this upcoming fiscal year include advancing work related to:
- Adopting intelligent automation capabilities and tools to reduce manual work and deliver cost and quality improvements
  - Building resiliency by driving use of strategic business platforms and retiring legacy applications in the context of an overall OLG cloud framework
  - Delivering on the third-party management strategy to mitigate risk, ensure value for money and compliance with relevant procurement requirements by implementing updated procurement templates and enhancing training
  - Supporting management of records to promote operational efficiency and compliance with legal requirements by acquiring a Records Management solution and refreshing governance
  - Enhancing AML compliance, including patron analysis and risk mitigation, through procurement of province wide AML system
  - Ensuring integrity programs such as cybersecurity, and data governance practices address risks, protect our customers and our organizational reputation

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 2024–25 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	F25 Target <sup>5</sup>	F26 Target	F27 Target	F28 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	\$1.8M	\$2.0M	\$2.1M	\$2.2M
	<b>Employee Engagement Score (%)<sup>6</sup></b> measures OLG employee sentiment	78-82%	78-82%	78-82%	78-82%
	<b>Inclusion Score (%)</b> measures OLG organizational diversity leveraging the Diversio tool	TBD - 66%*	+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	76-80%	76-80%	76-80%	76-80%

<sup>5</sup> Targets are subject to change following the Fiscal 2024–25 strategic review

<sup>6</sup> OLG used McLean and Company employee engagement survey methodology to measure “almost” and “fully” engaged employees (as of F24)

\*Methodology is subject to change for F25+, which may impact targets and trends

Strategic Priority	KPI Description	F25 Target <sup>5</sup>	F26 Target	F27 Target	F28 Target
Drive share growth in digital gaming space and accelerate speed to market	<b>Digital Gaming Proceeds (\$ billions)</b> measures OLG Gross Gaming Revenue	\$0.82	\$0.90	\$0.97	\$1.05
Reopen land-based gaming operations and identify new opportunities for growth	<b>Land Based Casino Gaming GGR (\$ billions)</b> measures OLG Gross Gaming Revenue	\$4.26B	\$4.62B	\$4.86B	\$5.04B
	<b>Land Based Casino Gaming Service Provider FTEs</b> measures total number of service provider FTEs at our land-based casino sites	10,035	10,529	10,739	Not available for all SPs
	<b>Land Based Casino Gaming Capital Investment (\$ millions)</b> measures annual capital investment by Service Providers	\$275	\$175	\$33	TBD
	<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	28	31	33	37

Strategic Priority	KPI Description	F25 Target <sup>5</sup>	F26 Target	F27 Target	F28 Target
<b>Remove barriers to expand lottery and aggressively leverage as a competitive advantage</b>	<b>Player Participation</b> measures how often Ontarians play with OLG	46%	46%	47%	48%
	<b>Lottery Proceeds</b> measures OLG's annual lottery performance	\$4.43B	\$4.57B	\$4.71B	\$4.83B
<b>Obsess over understanding our customers across all products and channels and become an exceptional partner to our stakeholders</b>	<b>Customer Satisfaction Score (CSAT) - Product</b> measures the rate of satisfied players across retail and digital products	44-49%	45-51%	45-51%	45-51%
	<b>Customer Satisfaction Score (CSAT) - Service</b> measures the rate of satisfied players across retail and digital services	72-75%	76-83%	76-83%	76-83%
	<b>Enterprise Player Health Index (EPHI) (%)<sup>7</sup></b> measures OLG's player health across all lines of business	96%	96% (TBC based on prior year actual)	96% (TBC based on prior year actual)	96% (TBC based on prior year actual)

<sup>7</sup> The EPHI is an indicator of the overall health of the active OLG player base across the three lines of business from a problem gambling perspective. The score is an estimate of the percentage of all recent OLG players who are not at high risk for gambling problems as identified by a Problem Gambling population screener (Problem Gambling Severity Index) and online survey tool (RG Player Survey)

Strategic Priority	KPI Description	F25 Target <sup>5</sup>	F26 Target	F27 Target	F28 Target
<p><b>Ensure our internal operations enable efficient, effective and successful execution of our strategic priorities and organizational objectives</b></p>	<p><b>Anti-Money Laundering (AML) Health Index (%)<sup>8</sup></b>  measures a series of indicators that evaluate performance by OLG and service providers</p>	85%	85%	85%	85%

<sup>8</sup> The AML Health Index is a measure of the operating effectiveness of AML Compliance Program components. The measure consists of a composite score that is tabulated based on the performance of Service Providers in 4 key areas of the AML Compliance Program: (1) FINTRAC reporting errors by SPs, (2) Number of significant AML issues, (3) Whether AML issues are identified by the SP or OLG, and (4) Training completion at SP sites.

# RISK MANAGEMENT

## OVERVIEW

OLG has a formal Enterprise Risk Management (ERM) program that enables smart risk-taking as we deliver on our mandate and strategy. Our risk management framework and process adhere to best practices and the Ontario Government Enterprise Risk Management Directive. As part of this program, the Board and Executive Management are responsible for ensuring that risks are identified, assessed, and monitored. To ensure the success of our strategy, we prioritize and mitigate key risks that require management focus:

## EXTERNAL ENVIRONMENT

OLG's 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, inflationary pressure and other macro-economic factors affecting discretionary spending.

To address these risks, OLG manages the portfolio of products based on ongoing analysis of customer trends, implements customer acquisition and retention strategies, and closely 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 and prioritizes work with private sector partners to address this risk and ensure performance expectations are met.

In particular, the performance of Land-based Gaming service providers can materially impact OLG. To meet financial and non-financial obligations, casinos will need to address opportunities and challenges in the operating environment, including those affecting the broader entertainment and hospitality industry, such as changing customer preferences for gaming products and staffing challenges.

## 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 employing agile ways of working,



continuing to build a more inclusive and diverse workforce, employing a hybrid work model and adapting workspaces to enable flexibility and collaboration for OLGers.

## COMPLIANCE & SOCIAL RESPONSIBILITY

OLG operates in a highly regulated environment. With changes in the gaming environment, laws, regulations and government policies 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 Game ON 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
- Support the design of products and services, and the maintenance of operating controls to achieve a high standard of integrity

## 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 ensuring that people, processes and technology underlying OLG's cybersecurity program effectively address existing threats and can proactively address new and emerging threats.
- Setting expectations and monitoring private sector partner performance to maintain an adequate level of security.
- Assessing and improving legacy technologies in Lottery to meet current and future needs.
- Maintaining organizational resilience through ongoing evolution of response plans that enable effective and timely response and recovery from any technology failures.
- Increasing product and customer centricity by optimizing the enterprise information technology support model.

# 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 player education opportunities and 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, chat 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

**Premium Services:** providing specialized support to focus areas such as Digital Casino VIP, Digital Sports MVP and Responsible Gaming support for Online Video Registration as well as managing correspondence and social media interactions (e.g., Facebook and Twitter for Lottery, Land-based Gaming, *PlaySmart* and OLG.ca)

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 entirely with the appropriate skill sets and levels of authority
- Complaints regarding suspicious activity at retail locations are handled differently from complaints about lottery products and services
- Clear, separate accountabilities and reporting structures for those involved in building retailer relationships and those investigating retailers for potential fraud, theft and dishonesty are in place
- An open and cooperative relationship with the AGCO and the Ontario Provincial Police when investigating complaints
- 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 2024–25 TO FISCAL 2027–28

### 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 2024–25 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 2024–25 planning and budgeting process are to:

- 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).

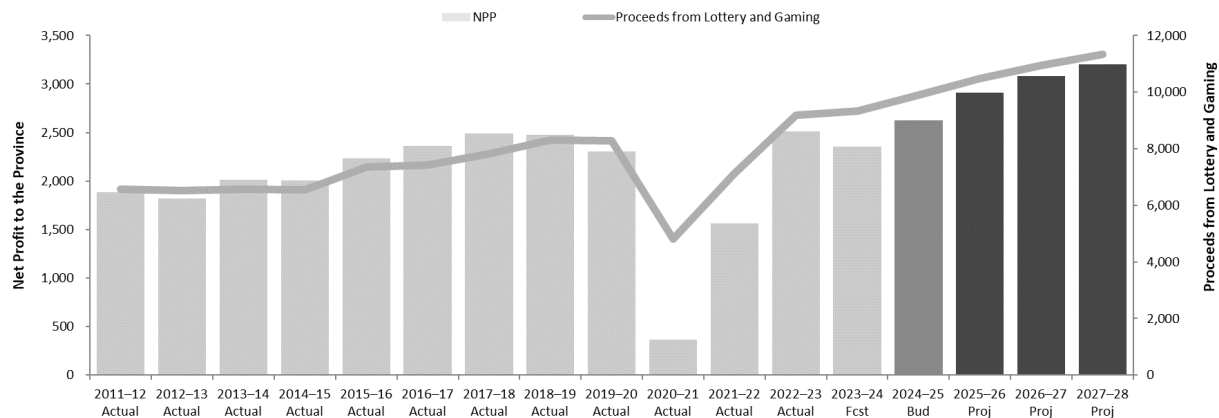
### USE OF ESTIMATES

Preparation of the Fiscal 2024–25 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 economic 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 2027–28**  
(in millions of dollars)



(in \$billions)	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 Actual	2023-24 Forecast	2024-25 Actual	2025-26 Projection	2026-27 Projection	2027-28 Projection
<b>Proceeds</b>	6.6	6.5	6.6	6.5	7.3	7.4	7.8	8.3	8.3	4.8	7.1	9.2	9.3	9.9	10.5	10.9	11.3
<b>NPP</b>	1.9	1.8	2.0	2.0	2.2	2.4	2.5	2.5	2.3	0.4	1.6	2.5	2.4	2.6	2.9	3.1	3.2

OLG continues to adapt to challenges related to evolving economic and market conditions, and fiscal 2024–25 reflects a delay in OLG’s projected growth trajectory. However, OLG is still projecting to drive NPP of over \$2.6 billion in fiscal 2024-25, increasing to \$3.2 billion by fiscal 2027–28.

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

- Sustaining and growing the Lottery retail business
- Growing Land-based Gaming performance
- Continued growth in Digital

Following strong results in fiscal 2022–23, growth in fiscal 2024–25 through 2027–28 will be supported by casino expansions in the Greater Toronto Area (GTA), Lottery expansion initiatives and product innovation, and continued growth in Digital. From fiscal 2011–12 through fiscal 2019–20, prior to the COVID-19 pandemic, OLG 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 6.9 per cent from fiscal 2024–25 through fiscal 2027–28, driven by 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 2024–25 through fiscal 2027–28. 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>	<b>2023–24</b>	<b>2024–25</b>	<b>2025–26</b>	<b>2026–27</b>	<b>2027–28</b>
Lottery	4,251	4,427	4,570	4,710	4,827
Land Based Gaming	4,345	4,649	5,009	5,257	5,448
Digital	745	819	895	971	1,049
<b>Proceeds from Lottery and Gaming</b>	<b>9,341</b>	<b>9,894</b>	<b>10,474</b>	<b>10,938</b>	<b>11,324</b>
Less: Prizes	(2,613)	(2,732)	(2,834)	(2,934)	(3,022)
<b>Gaming Revenue</b>	<b>6,728</b>	<b>7,162</b>	<b>7,640</b>	<b>8,005</b>	<b>8,302</b>
Less: Service Provider Fees	(2,212)	(2,241)	(2,479)	(2,684)	(2,787)
<b>Net gaming revenue</b>	<b>4,517</b>	<b>4,921</b>	<b>5,161</b>	<b>5,321</b>	<b>5,515</b>
Non-Gaming Revenue	44	43	18	-	-
Lease Revenue	120	118	142	159	158
<b>Total Revenue</b>	<b>4,681</b>	<b>5,082</b>	<b>5,321</b>	<b>5,480</b>	<b>5,674</b>

In fiscal 2024–25, proceeds from Lottery and Gaming are budgeted to be \$9.9 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 product innovation and growth in the Digital line of business. Proceeds from Lottery and Gaming are projected to increase at an ambitious CAGR of 4.6 per cent, reaching \$11.3 billion by fiscal 2027–28.

The following activities are anticipated to contribute to the projected proceeds from Lottery and Gaming by fiscal 2027–28:

- operationalizing of Casino Toronto via introduction of additional amenities
- additional capital investment by Land-based Casino Gaming service providers
- expanding retail network through self-serve options and new channels
- introducing new Regional and INSTANT games and enhancing the Retail Lottery Sports offering
- maintaining growth of the Digital business in a highly-competitive market by introducing new features and improving customer experiences

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 by \$29 million or 1.3 per cent in fiscal 2024–25 to \$2.2 billion, primarily due to the expected growth in proceeds from Land-based Gaming sites.

<i>For the fiscal year</i>	<b>Forecast 2023–24</b>	<b>Budget 2024–25</b>	<b>Projection 2025–26</b>	<b>Projection 2026–27</b>	<b>Projection 2027–28</b>
<b>Net Profit to the Province</b>	<b>2,351</b>	<b>2,623</b>	<b>2,905</b>	<b>3,079</b>	<b>3,202</b>
<b>Corporate Services Allocations:</b>					
Lottery	(134)	(142)	(148)	(153)	(158)
Land Based Gaming	(73)	(78)	(81)	(84)	(87)
Digital	(45)	(48)	(50)	(52)	(54)
<b>Total Corporate Services Allocations</b>	<b>(252)</b>	<b>(268)</b>	<b>(279)</b>	<b>(289)</b>	<b>(299)</b>
<b>Net Profit to the Province after Corporate Services Allocations</b>					
Lottery	846	871	891	910	921
Land Based Gaming	1,233	1,463	1,688	1,802	1,870
Digital	272	289	326	367	411
<b>Net Profit to the Province</b>	<b>2,351</b>	<b>2,623</b>	<b>2,905</b>	<b>3,079</b>	<b>3,202</b>

Fiscal 2024–25 NPP is projected to be over \$2.6 billion, an increase of \$272 million or 11.6 per cent compared to the fiscal 2023–24 forecast. Over the plan period, NPP is projected to grow to \$3.2 billion, representing a CAGR of 6.9 per cent, due to development in Land-based Casino Gaming, supplemented by growth in both Lottery and Digital.

Operating expenses are projected to remain flat as a percentage of proceeds at \$1.5 billion or 14.7 per cent in the fiscal 2024–25 plan in comparison to the fiscal 2023–24 forecast. As Lottery and Digital continue to grow from fiscal 2024–25 through fiscal 2027–28 and with the transition of the Windsor Casino, OLG’s operating expenses will fluctuate. We anticipate these expenditures will continue to decline through the life of the planning horizon. As a percentage of proceeds, operating expenses are projected to decline from 14.7 per cent in fiscal 2024–25 to 12.3 per cent in fiscal 2027–28, primarily due to the transition of the Windsor Casino 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 \$96 million in fiscal 2024–25, decreasing to \$67 million by fiscal 2027–28, as stipulated in the Long Term Funding Agreement.

# APPENDIX

## LEGISLATIVE FRAMEWORK

OLG is a Crown agency established pursuant to the *Ontario Lottery and Gaming Corporation Act, 1999* (“the OLGC Act”). The purposes of the OLGC Act are to enhance the economic development of and generate revenue for the Province of Ontario, to promote responsible gaming with respect to lottery schemes and to ensure anything done for such purposes is also done for the public good and in the best interests of the Province.

OLG’s specified objects are set out in the OLGC Act and include the conduct and management of lottery schemes on behalf of the Province and in accordance with applicable legislation; providing for the operation of gaming sites; providing for the operation of any business reasonably related to operating a gaming site or lottery scheme; if authorized by the Lieutenant Governor in Council, the conduct and management of lottery schemes on behalf of, or in conjunction with, other Provinces; undertaking activities with respect to the support of live horse racing; and 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 high 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 high 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

