



**2023–24 ANNUAL REPORT
ONTARIO LOTTERY AND GAMING
CORPORATION**

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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.”

MESSAGE FROM THE CHAIR OF THE BOARD

Since 1975, the Ontario Lottery and Gaming Corporation (OLG) has responsibly generated significant tourism and entertainment value and approximately \$62 billion in direct funding to the Province of Ontario, which has helped support government priorities and improve life for the province's people, communities and First Nations. The Board of Directors is proud to provide oversight and guidance to OLG's senior leadership team as it continues to deliver on this longstanding tradition of giving back.

Despite significant challenges to the business this year, including the delayed opening of a casino development in Toronto and fewer high value lottery jackpots, we were pleased to see OLG deliver a strong financial return to the Province in fiscal 2023-24.

As a Board, our role is to provide OLG with strong corporate governance and ensure it is effectively managing risks as it pursues its strategic objectives, delivers on its purpose and remains competitive in a quickly evolving and dynamic gaming market. This is critical to helping OLG execute on its mandate, which includes ensuring a sustainable dividend and positive economic impact to the Province.

To that end, the Board recognizes the efforts of OLG's leadership team to drive new growth in Digital Gaming, while strengthening OLG's core retail Lottery business and encouraging job-creating Land-based Gaming investments in Ontario communities, including First Nations.

OLG is taking the necessary steps to optimize the performance of one of the Ontario government's largest sources of non-tax revenue, supporting communities across Ontario and First Nations. At the same time, OLG is maintaining a steadfast focus on responsible gambling and player health. The Board supports OLG's ongoing investments in social responsibility and we are pleased with the steps it is taking to mitigate problem gambling impacts and continuously improve its PlaySmart responsible gambling program.

We know OLG's contribution to Ontario is only possible through the efforts and commitment of its employees. On behalf of the Board, I would like to thank all OLGers for working tirelessly to advance the important work of this organization — and for the enormous contributions they continue to make to OLG and all of Ontario.

In the year ahead, the Board looks forward to working closely with the Minister of Tourism, Culture and Gaming — who assumed responsibility for OLG in June 2024 — and OLG's senior management team to build on the solid foundation we have established.

And we are confident that the steps we are taking to move the organization forward today will position OLG for even greater impact in the future.



Jim Warren

Chair

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

On behalf of the entire team at OLG, I am pleased to present OLG's 2023–24 Annual Report. This document tells the story of a year marked by determined progress against the Game ON strategic plan and continued delivery on our promise of giving back to the people of Ontario.

Despite significant headwinds our business delivered a return of \$2.4 billion in Net Profit to the Province (NPP) in fiscal 2023-24. This is in addition to the important support we provide to Ontario First Nations, our host gaming communities, Ontario charities, and Ontario's horse racing industry.

OLG is proud to be the only gaming provider that reinvests 100 per cent of its profits back into Ontario. Our Game ON strategic plan is helping us position OLG as an entertainment leader that creates value-led partnerships and places the customer at the centre of everything we do. In fiscal 2023-24, guided by our strategy, we continued to drive growth in our Digital Gaming business, while strengthening our core retail Lottery and Land-based Gaming businesses. We did this by introducing best-in-class products and experiences through more touchpoints and channels.

Fiscal 2023-24 was another record year for Digital Gaming, with NPP reaching a new high of \$332 million. In addition, digital proceeds were \$750 million, representing a year-over-year increase of 12 per cent, and monthly average player counts rose by 11 per cent.

Two years ago, the iGaming market in Ontario opened to other operators and OLG went from being the only legal online gaming provider in the province to being one of many. The rise of customer expectations continues to propel us to create new, compelling products and experiences to keep customers engaged and drive the growth of our Digital business — and we are well positioned to compete in the evolving digital space.

In retail Lottery, we continue to grow and enhance our offering and presence by expanding our retail footprint and adding new products. This includes, as an example, expanding point of sale locations in support of local businesses and piloting self-serve lottery terminals in select retail locations in preparation for a larger provincial roll-out. The terminals, which deploy some of the industry's most advanced self-service solutions, offer customers a new safe, secure and convenient way to purchase lottery products. We are also improving service and convenience for our customer with our fully digital retail lottery prize claim process, which launched just prior to the start of the fiscal year. The simple and easy to use process has made retail lottery prize claims between \$1,000 and \$10,000 entirely paperless and has cut processing times by up to 74 per cent.

In Land-based Gaming, our casino service providers are investing significant private sector capital, creating jobs and delivering economic benefits across Ontario. In fiscal 2023-24, service providers made \$380 million in capital investments, part of the approximately \$2.5 billion invested since 2017. Great Canadian Entertainment, our service provider in the GTA Gaming Bundle, opened Great Canadian Casino Resort Toronto in June 2023 — a \$1 billion development that features the largest gaming floor in Canada. That same month, we were thrilled to join representatives from Hard Rock to break ground on a \$350 million redevelopment of the casino at Rideau Carleton Raceway in Ottawa. Also, in Land-based Gaming, our Charitable Gaming program is helping approximately 2,400 charities deliver important services in local communities. In fiscal 2023-24, the program celebrated an incredible milestone, with more than \$500 million raised for charities since fiscal 2005-06.

As we continue to drive our lines of business forward, we will focus on bringing sustainable thinking to all aspects of our work. We are committed to doing good for our people, communities, and planet, while doing good business. This includes a focus on pursuing the highest standards for Responsible

Gambling, strengthening our relationships with Indigenous communities across the province, as well as furthering our commitment to Equity, Diversity and Inclusion (EDI).

At OLG, player health remains our top priority. We have an unwavering focus on engaging players and preventing gambling harm across all our offerings and products — and we will never stop pursuing the highest standard for responsible gambling and investing in our PlaySmart program. PlaySmart equips players with the tools and support they need to make informed decisions when they play our games.

We also remain focused on our commitment to cultivating and strengthening relationships with Indigenous communities in Ontario. OLG's Reconcili-Action Strategy is designed 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 and a desire for a strong working partnership.

At the same time, we continue to foster EDI as essential elements of our workplace culture. We strive to create a space where employees can be themselves and use their perspectives and skills to benefit the people and the Province of Ontario. We know that our achievements in fiscal 2023-24, would not be possible without the ongoing contributions of our employees. I want to thank all OLGers for their deep commitment to our purpose of contributing to a better Ontario. They show up every day and work tirelessly to deliver great gaming entertainment and make a real difference for people throughout the province. It is an honour to work alongside all OLGers and I am humbled that they have helped place OLG on two prestigious Forbes' list this fiscal year — Canada's Best Employers 2024, as well as Canada's Best Employers for Diversity 2023.

As OLG starts a new fiscal year, we are excited about the opportunities ahead of us as we build a strong gaming industry and unlock even more value from our business and partnerships. And with the support of the Board of Directors and our colleagues at the Ministry of Tourism, Culture and Gaming, we will continue to "Bring Home the Win" for communities and people across this great province.

A handwritten signature in black ink, appearing to be 'D. Hannay', with a long horizontal line extending to the right.

Duncan Hannay

President and Chief Executive Officer

OVERVIEW

The stated purpose of the Ontario Lottery and Gaming Corporation (OLG or the Corporation) is to contribute to a better Ontario by delivering great entertainment experiences for our customers. We provide gaming entertainment in a socially responsible manner that maximizes economic benefits for the people of Ontario, related economic sectors and gaming host communities.

We live by five Truths, which are an articulation of what we stand for and how we act:

- 1. We Care for Ontario.** We're here to do good. We help build communities, create jobs and support our partners. One hundred per cent of our profits are reinvested in Ontario. Giving back is at the heart of all we do. This defines us. Motivates us. Inspires us.
- 2. 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.
- 3. 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.
- 4. 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.
- 5. 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.

OLG conducts and manages the sale of lottery games (including national and regional Lotto, INSTANT and sports) and Land-based Gaming (Casino Gaming and Charitable Gaming) in the Province of Ontario, as well as our digital gaming platform (OLG.ca and the OLG/PROLINE Apps for iOS and Android). We also help support the horse racing industry in Ontario.

In fiscal 2023–24, OLG's financial reporting was organized under three lines of business:

Lottery (Retail) – OLG operates terminal-based lottery and sports games and offers INSTANT lottery products through nearly 10,000 retailers across the province.

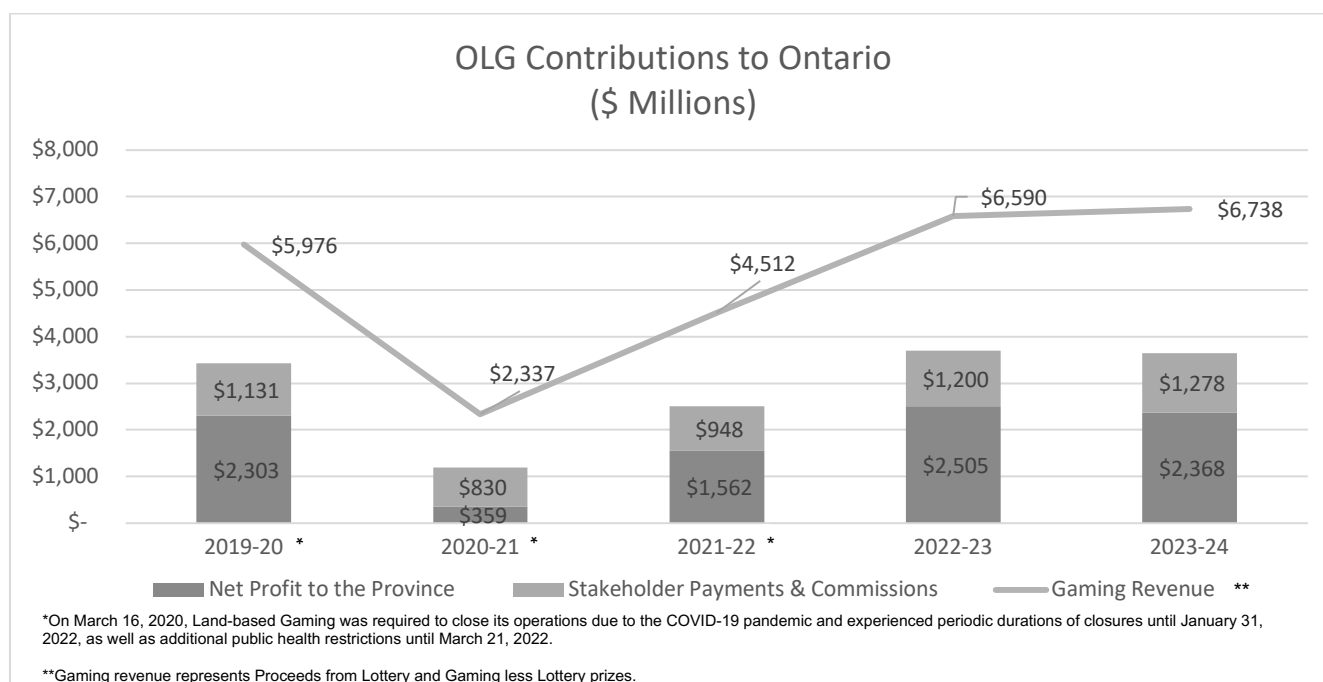
Land-based Gaming (Casino Gaming and Charitable Gaming) – OLG is responsible for conducting and managing gaming at 30 Casino Gaming facilities and 37 Charitable Gaming Centres across Ontario. The Land-based Gaming line of business is also responsible for OLG's key relationship with the horse racing industry.

Digital Gaming – OLG operates iCasino, iLottery and iSports through its digital gaming platform. The platform offers slots and table games (including Live Casino), nine Lotto games (including LOTTO MAX and LOTTO 6/49), as well as sports betting with PROLINE+.

OLG'S BENEFIT TO THE PROVINCE OF ONTARIO

Since 1975, OLG has generated approximately \$62 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 host communities, Ontario First Nations, lottery retailers, charities and Ontario's horse racing industry.

OLG's operations contributed to the economy in many ways in fiscal 2023–24¹, some of which are highlighted below.



Stakeholder payments and commissions in fiscal 2023-24 (included in chart above):

- **\$319 million** in commissions to lottery retailers across the province
- **\$163 million** to Ontario First Nations through the Gaming Revenue Sharing and Financial Agreement, based on the Corporation's prior fiscal year's Gross Revenues²
- **\$113 million** in direct funding to Ontario's horse racing industry through the Amended and Restated Funding Agreement for Live Horse Racing
- **\$167 million** to municipalities and Ontario First Nations for hosting Land-based Casino Gaming facilities and Charitable Gaming Centres³
- **\$420 million** in payments to the Government of Canada for GST/HST and for not participating in the sale of lottery tickets
- **\$96 million** in Charitable Gaming proceeds distributed to participating local charities

¹Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024).

²As defined in the Gaming Revenue Sharing and Financial Agreement.

³Host municipalities also receive financial benefit from property tax revenue, development fees and other payments; as well as benefit from the creation of local jobs.

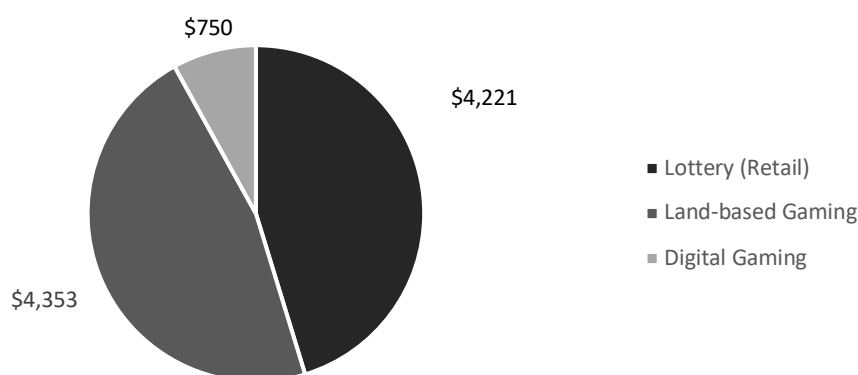
FINANCIAL HIGHLIGHTS¹

OLG's Lottery, Land-based Gaming and Digital Gaming lines of business collectively achieved record proceeds² in fiscal 2023-24, exceeding \$9.3 billion, despite challenging economic and market conditions that have impacted consumer spending on discretionary entertainment. Compared to fiscal 2022-23, total proceeds increased \$126 million or 1 per cent primarily due to the continued growth of the Digital and Land-based Gaming business. Land-based Gaming and Digital Gaming achieved record proceeds in fiscal 2023-24, totaling \$4.4 billion and \$750 million, respectively. Lottery retail proceeds were \$4.2 billion, a decrease of \$136 million primarily due to fewer high value LOTTO MAX jackpots and negative macroeconomic impacts on retail.

OLG ended the fiscal year with NPP³ of \$2.4 billion, \$137 million or 5 per cent lower than fiscal 2022-23. The decrease was due to greater stakeholder payments, higher expenditures to support growth, the flow through impact of fewer high value LOTTO MAX jackpots and the shift in Lottery product mix towards lower margin offerings.

Proceeds by Line of Business

(in millions of dollars)



(in millions of dollars)

for the fiscal year ended March 31

2023-24

2022-23

Proceeds

Lottery (Retail)	\$4,221	\$4,357
Land-based Gaming	\$4,353	\$4,172
Digital Gaming	\$750	\$669
Total OLG Proceeds	\$9,324	\$9,198
Net Profit to the Province	\$2,368	\$2,505

¹ Numbers have been rounded or truncated for ease of readability. Consequently, certain charts or tables may not add or cross-tabulate.

² Proceeds is a non-IFRS measure which the Corporation considers to be a key measure of performance that is most reflective of its product offerings and its relationships with third parties.

³ NPP is a non-IFRS measure which the Corporation considers to be most reflective of its financial performance and uses it for setting targets for the Corporation.

Proceeds for each line of business are defined as follows:

Lottery (Retail):

- Sales from retail Lottery products (including regional and national LOTTO, INSTANT and Sports) before the deduction of prizes.

Land-based Gaming (Casino Gaming and Charitable Gaming):

- Net win before the deduction of service provider fees.

Digital Gaming:

- Net win from casino-style games (iCasino) and digital Sports products (iSports) played on OLG's digital gaming platform; and
- Sales from Lottery products purchased on OLG's digital gaming platform (iLottery) before the deduction of prizes.

Proceeds from Lottery and Gaming does not include revenue from non-gaming sources (e.g., food and beverage service, accommodations) or leases.

ONTARIO GAMING MARKET

OLG offers traditional gaming products, as well as new gaming products and entertainment experiences, to ensure we meet and exceed the expectations of our current and future customers — with a steadfast focus on continuous improvement when it comes to responsible gambling and player health.

We are leveraging our core Lottery business to drive growth and brand equity across the province. Guided by our new three-year “Reimagining Lottery Strategy,” we are expanding our popular lottery product portfolio and ambitiously extending our reach into new distribution channels. This includes taking steps to enhance convenience for customers by introducing self-serve technology in some retail locations. In February 2024, we began a pilot that included 140 self-serve lottery terminals in select locations — and we expect to complete the roll out of approximately 1,400 terminals across Ontario in fiscal 2024-25.

In Land-based Casino Gaming, we continue to work with our partners to advance ambitious development plans that will support the long-term vibrancy and excitement of the casino experience in Ontario for years to come. Since 2017, Land-based Casino Gaming service providers have made approximately \$2.5 billion in capital investments across the province, creating jobs and driving economic development in local communities. Over that time, seven new casinos have opened in Ontario. The redeveloped Great Canadian Casino Resort Toronto has opened with the development of some non-gaming amenities continuing, including retail shopping outlets. In addition, a redevelopment of the casino in Ottawa is currently underway and a future casino is expected in the Kenora area. And OLG’s Charitable Gaming program continues to support local charities that provide important services in their communities. More than \$500 million has been raised for charities through the program since fiscal 2005-06.

In Digital Gaming, we are growing our business by improving speed-to-market across all digital categories to introduce new products and experiences for customers more quickly. Two years ago, the iGaming market in Ontario opened to other operators. The rise of competition from an open market, and the legalization of single event sport wagering that preceded it, is driving us to develop new products and experiences to keep customers engaged. We are well positioned to continue to compete in the evolving digital market.

One of OLG’s key advantages is that we offer customers a range of entertainment choices from gaming at a local casino or Charitable Gaming Centre, to playing casino and table games online — and from buying lottery tickets or betting on sports at their favourite retailer, to purchasing tickets or placing bets on their mobile device. Unlike any other competitor, we provide a complete customer experience when it comes to gaming entertainment.

In addition, OLG remains the only gaming provider that reinvests 100 per cent of its profits back into Ontario. In fiscal 2023-24, we provided \$2.4 billion in NPP — and more than \$1.2 billion in payments to Ontario First Nations, host municipalities, our retail partners, and many others.

We will continue to compete by drawing on our strengths and remaining focused on providing better customer experiences with innovative offerings for our customers for years to come — always with a foundational commitment to our strong responsible gambling principles.

DELIVERING ON OUR MANDATE

Through our operations, OLG is helping to make Ontario stronger by providing revenue to Ontario to support government priorities. This is our mandate as a crown agency.

In fiscal 2023-24, we reported to our shareholder, the Government of Ontario, through the Minister of Finance, who provided direction to OLG through our Board of Directors and set specific priorities for the Corporation. Guided by these priorities, OLG establishes its own objectives and strategic direction that ensure we deliver on our mandate and contribute to a stronger Ontario. The priorities for the fiscal year outlined by the Minister in his mandate letter to OLG included:

1. 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;
2. Working with the Alcohol and Gaming Commission of Ontario to ensure compliance with all regulations and a safe and regulated gaming space for consumers;
3. Continuing to develop initiatives that support competitiveness, operational efficiencies and increase revenue generation, including 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;
4. Continuing to help the horse racing industry build a more sustainable future for the rural businesses, jobs and communities that depend on it through financial support provided by the Long-Term Funding Agreement;
5. Improving customer-focused approaches across all business lines while ensuring private sector service providers, including charitable gaming operators, adhering to responsible gambling standards, social responsibility programs and respect for customer privacy remains strong;
6. Reviewing and ensuring that the anti-money laundering (AML) processes for all gaming operators are appropriate, providing an update on OLG's AML strategy and adhering to necessary regulatory and legislative requirements as needed;
7. 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;
8. Continuing to demonstrate responsiveness to the findings of the Ontario Auditor General's value-for-money (VFM) audit of OLG's oversight and management procedures;
9. Proceeding with OLG's land-based gaming modernization including work pertaining to the Windsor Casino to the modernization of private sector service provider operating model to leverage financial capital and expertise, improve customer experience and increase revenue to the province;
10. Continuing to support the government's efforts for increased economic opportunities in the Niagara Falls region;
11. Continuing to work with government to support relationships with 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;
12. Continuing to work with the Alcohol and Gaming Commission of Ontario to review each agency's respective roles and responsibilities in oversight of service providers to increase efficiencies and avoid unnecessary duplication.

“GAME ON” PLAN

In April 2021, OLG launched a multi-year strategic plan called Game ON — which signaled an exciting new chapter for OLG and a bold transformation that is a game changer for our business.

The Game ON strategy 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 of Ontario and our partners.

As OLG moves forward with our Game ON plan, we are guided by three aspirations designed to help us solidify our position as the entertainment leader in Ontario:

1. To be a customer-obsessed gaming market leader in Canada with a globally admired digital entertainment platform and dominant multi-channel brand that is a center of excellence for product and technology innovation.
2. To be a top employer with a winning culture. This includes being an organization with an agile, delivery-focused, fun and accountable workforce, a competitive mindset, and an ability to attract and retain top talent.
3. To be an exemplary partner known for value creation that is distinguished by a proven record of delivery for our shareholder, stakeholders and business partners.

To realize our aspirations, Game ON outlines strategic priorities for our business.

“GAME ON” — STRATEGIC PRIORITIES

PRIORITY 1: *Build a fun, inclusive and performance-driven culture that is a destination for top talent.*

All OLGers bring value to the team, and it is our different perspectives, backgrounds and orientations that make OLG a great place to work — because together we are more creative and innovative.

OLG is committed to building a culture of inclusion where employee differences are valued and celebrated — and EDI is firmly embedded in our organization’s direction, reinforcing fairness and equity as a pillar of success. In December 2023, OLG conducted its fourth EDI employee census, which helps us better understand the makeup of OLG and how employees experience the organization’s culture, programs and policies. This year, OLG’s inclusion score was 72 per cent, which places OLG well above industry benchmarks and is a 16-point increase over 2020, the first year we conducted the survey.

As part of our EDI efforts, OLG is committed to fostering an accessible and inclusive environment in our workplaces. In fiscal 2023-24, OLG completed work on its Workplace Revitalization project at our Toronto corporate office and began work at our Head Office in Sault Ste. Marie. An important part of the project is equipping these workplaces with accessible workspaces.

Our focus on EDI is one of the ways we are working to build a better work environment for our employees — and we are encouraged that many OLGers feel the organization is a great place to work. In January 2024, our employees helped put OLG on Forbes' list of Canada's Best Employers for a third consecutive year. And, in that same month, 1,300 OLGers participated in our annual Employee Engagement Survey, which resulted in an employee engagement score of 81 per cent.

We are also focused on creating an environment where OLGers feel safe and supported to take smart risks that enable growth and innovation. In November 2022, OLG launched its first Risk Culture

Survey to establish a baseline risk culture score. In February 2024, OLG conducted its second Risk Culture Survey and saw its overall score increase by two points to 76 per cent.

Our employees are dedicated to our purpose of contributing to a better Ontario, which includes maximizing value from our business for our shareholder, the Ontario government and ultimately the people of this province. We're focused on ensuring we're productively meeting our objectives by pursuing new ways of working and adopting agile approaches to delivering great entertainment experiences. One of the ways we track productivity is by measuring OLG's total NPP per full-time OLG employee. While OLG took steps to effectively manage its workforce in fiscal 2023-24, the impact of challenging macro-economic conditions on the business resulted in NPP per FTE being below the \$1.70 million target.

Measuring Progress			
Key Performance Indicator	Definition	2023-24 Target	2023-24 Actual
Inclusion Score	Measures OLG organizational diversity leveraging the Diversio tool.	64%	72%
Employee Engagement Score*	Measures OLG employee sentiment.	80%	81%
Risk Culture Score	Measures state of risk culture across the enterprise.	76%	76%
NPP per FTE	Measures OLG's total Net Profit to the Province per Full-Time OLG Employee.	\$1.70M	\$1.67M

*OLG used McLean and Company employee engagement survey methodology to measure "almost" and "fully" engaged employees.

PRIORITY 2: *Drive share growth in digital gaming space and accelerate speed to market.*

Our strategy is rooted in advancing our digital capability; retaining digital customers and relentlessly acquiring and onboarding new players; deploying new and engaging product offerings; and building innovative partnerships that will accelerate growth of the Digital business. OLG is growing in the digital space by adopting agile approaches and delivering new value to our customers and partners.

The legalization and opening of Ontario's online gaming market in April 2022 has seen many historically "grey market" operators obtain licenses and open legal platforms in Ontario. In this new landscape, OLG has remained competitive and maintained a strong market share by leveraging our unique brand proposition and continuing to refine our digital sports, casino and lottery products.

In fiscal 2023-24, digital gaming proceeds were \$750 million, representing a year-over-year increase of 12 per cent, and monthly average player counts rose by 11 per cent. In addition, Net Profit to the Province from OLG's digital business reached a new high of \$332 million.

Throughout the fiscal year, OLG launched several new digital gaming initiatives and products.

In fiscal 2023-24, more than 290 new games were launched on OLG.ca, two new iCasino game providers were added and new markets were introduced to Proline+, including same game parlays. New alternative payment methods were introduced for players, including e-transfer and American Express credit cards, and improvements were made to the customer onboarding process. OLG also introduced new customer experience features, like a new 'Favourite' feature on OLG.ca and the OLG App and an upgraded game search feature.

In August 2023, OLG added LOTTARIO to OLG.ca and the OLG App — increasing iLottery options for customers. Also, this year, OLG introduced Group Play for iLottery on OLG.ca and the OLG App — a fun to play the lottery with friends, family and coworkers online. OLG's new online Group Play

platform leverages the longstanding existing retail player practice where groups of people pool money to buy tickets. Group play creates a more social experience online, while reducing the administrative burden of collecting the funds and distributing the winnings. If a Group wins, the system automatically splits the prize equally between the Group Members that participated in the Group Play. A registered player can create a Group and invite other registered players to join. Group play is available online for LOTTO MAX, LOTTO 6/49, ONTARIO 49 and LOTTARIO.

Measuring Progress			
Key Performance Indicator	Definition	2023-24 Target	2023-24 Actual
Digital Gaming Proceeds*	Measures OLG Gross Gaming Revenue.	\$727M	\$750M

**KPI not included in OLG's Fiscal 2024-27 Business Plan.*

PRIORITY 3: *Optimize Land-based Gaming and execute on new opportunities for growth.*

In partnership with our Land-based Casino Gaming service providers, OLG remains committed to developing and sustaining the long-term vibrancy and excitement of the casino experience in Ontario. Our service providers invested an additional \$380 million in private sector capital during fiscal 2023-24, bringing the total invested since 2017 to be approximately \$2.5 billion, which has created jobs and delivered economic benefits across Ontario.

Great Canadian Entertainment (GCE), our service provider in the GTA Gaming Bundle, opened Great Canadian Casino Resort Toronto in June 2023. The overall development represents a \$1 billion investment, which has created close to 2,000 jobs and will generate more than \$500 million in economic impact. Development continues at the site, with GCE expected to add retail shopping outlets to enhance the guest experience even further.

In April 2023, GCE also held a grand opening celebration for Pickering Casino Resort, a \$500 million development east of Toronto. In addition to creating more than 1,000 jobs in the community, the casino has also provided the City of Pickering with \$18 million in Municipality Contribution Agreement payments from OLG since operations began in July 2021. And, in January 2024, GCE announced the grand opening of a new Live Entertainment and Special Events Venue at Great Blue Heron Casino & Hotel. With a total capacity of nearly 800, the venue can host a wide range of events, from live performances and concerts to corporate gatherings.

OLG was thrilled to join representatives from Hard Rock in June 2023 for a groundbreaking ceremony for a major redevelopment of the casino at Rideau Carleton Raceway in Ottawa. Hard Rock estimates the development, which is expected to be completed in spring 2025, will represent a \$350 million capital investment and is expected to create thousands of new jobs — both during construction and its ongoing operation.

In fiscal 2023-24, OLG launched a procurement process to select a service provider to handle the day-to-day gaming operations of the Windsor casino — which is the final site to go through OLG’s Land-based Gaming procurement process. The procurement began in April 2023 with a Request for Pre-Qualification (RFPQ) that allowed OLG to pre-qualify proponents that would proceed to the Request for Proposal (RFP) phase, which was subsequently launched in October 2023. OLG expects to announce the successful proponent in 2025.

In collaboration with our industry partners, OLG’s Charitable Gaming program continues to help make life better for Ontarians by supporting approximately 2,400 local charitable organizations. In fiscal

2023-24, the program reached a milestone with more than \$500 million raised for charities since fiscal 2005-06.

OLG supports Ontario's horse racing industry with annual operational funding. In addition, we work in close partnership with Ontario Racing to help promote horse racing as a unique entertainment experience.

Maintaining strong relationships with our industry partners is crucial to achieving our key strategic priorities and identifying new opportunities for growth. OLG tracks how satisfied our Land-based Gaming partners are with OLG using a Net Promoter Score (NPS) — a widely-used market research metric — which measures on an 11-point scale how likely it is a respondent will refer OLG as a supportive partner. Our fiscal 2023-24 NPS score was 41.

In fiscal 2023-24, Gross Gaming Revenue (also referred to as Proceeds) from Land-based Casino Gaming was \$4.0 billion, representing a year-over-year increase of 3 per cent. In addition, Casino Gaming service providers employed approximately 7,726 full-time equivalent (FTE) employees. Land-based Casino Gaming Gross Gaming Revenue and service provider FTEs were below targets, as both were impacted by development delays at Great Canadian Casino Resort Toronto and temporary closures of Gateway casinos related to a cybersecurity incident.

Measuring Progress			
Key Performance Indicator	Definition	2023-24 Target	2023-24 Actual
Land-based Gaming Partner Net Promoter Score*	Measure of how satisfied service providers and industry partners are with OLG's partnership using a customized version of the Net Promoter Score, a widely used market research metric	25**	41
Land-based Casino Gaming Gross Gaming Revenue	Measures OLG Gross Gaming Revenue	\$4.5B	\$4.0B
Land-based Casino Gaming Service Provider FTEs	Measures total number of service provider FTEs at our land-based casino sites	9,215	7,726
Land-based Casino Gaming Capital Investment	Measures annual capital investment by service providers	\$295M	\$380M

*KPI previously included under priority 5 in OLG's Fiscal 2024-27 Business Plan.

**Target updated from OLG's Fiscal 2024-27 Business Plan.

PRIORITY 4: *Remove barriers to expand lottery and aggressively leverage as a competitive advantage.*

Our vision for our Lottery business is to revolutionize play by obsessing about our customers, empowering OLGers, and driving operational velocity by equipping our people with better tools and processes. It is all part of our new three-year "Reimagining Lottery Strategy", which we launched in May 2023 to help us capture more of the available market and drive the success of the business.

Lottery is core to our business and we continue to grow and enhance our retail offering and presence by expanding our retail footprint, adding new products and improving on existing games.

OLG introduced two new and innovative products in fiscal 2023-24 offering one-of-a-kind experiences for lottery customers. The \$10 INSTANT LIVING LUCKY WITH LUKE COMBS ticket, which launched

in August 2023, offered the only opportunity in Canada to win tickets to a performance in Nashville by country music superstar, Luke Combs — with the added chance to participate in a contest with other winners from “Living Lucky with Luke Combs” lotteries in North America for a shot at winning a \$500,000 U.S. prize. The new \$25 INSTANT GOLD PURSUIT, which launched in January 2024, combines the excitement of a scratch ticket with a unique twist on a classic lottery draw — the winning numbers have already been drawn and players experience the thrill of the hunt to find a ticket that matches those winning numbers.

At OLG, the customer is at the centre of everything we do — and we listened to our players who asked for more chances to win. We delivered by launching the new MERRY MILLIONS lottery game in November 2023. The game offered 408 prizes ranging from \$1,000 to \$1 million — all guaranteed to be won, thanks to the game’s raffle-style structure. We also reimagined existing games. This included the launch of our Dream Draws promotion in March 2024, exclusively for LOTTO MAX players in Ontario. For a limited time, every \$5 purchase of LOTTO MAX at participating OLG retail locations included a DREAM DRAWS ticket with a chance to win up to \$100,000.

We’re also enhancing convenience for customers by expanding into new locations and piloting self-serve technology in some retail locations. In October 2023, we began offering LOTTO MAX, LOTTO 6/49 and ENCORE purchases in-lane at select No Frills grocery store locations in Ontario. In February 2024, we began a pilot of 140 self-serve lottery terminals in select retail locations to enhance the lottery customer experience. Customers can use the terminals to purchase national and regional lottery games, as well as a broad selection of the most popular INSTANT tickets. We expect to roll out additional terminals across Ontario in fiscal 2024-25.

This year, we also celebrated the 30th anniversary of our iconic “Winner! Gagnant!” Win Tone. The well-known tune plays every time someone wins with OLG in store or on the App. After three decades, the tone got a fresh new remix by Ontario artists Loud Luxury and Preston Pablo, which debuted in August 2023 at the VELD Music Festival.

In fiscal 2023-24, the lottery participation rate, which measures how often Ontarians play the lottery was 34 percent and total retail Lottery and iLottery proceeds (excluding sports) were \$4.11 billion, which were below target due to fewer high value LOTTO MAX jackpots, as well as negative macroeconomic impacts that led to declining discretionary consumer spend at retail locations.

Measuring Progress			
Key Performance Indicator	Definition	2023-24 Target	2023-24 Actual
Player Participation*	Measures how often Ontarians play with OLG	40%	34%
Lottery Proceeds (iLottery and retail Lottery, excluding Sports)*	Measures OLG’s annual lottery performance	\$4.39B	\$4.11B

*KPI updated from OLG's Fiscal 2024-27 Business Plan.

PRIORITY 5: *Obsess over understanding our customers and player health — and be exceptional partners to our stakeholders.*

Across all lines of business, OLG is prioritizing player health and evolving our products and ways of working to align to customer expectations.

Customer obsession is guiding OLG towards a deeper understanding of players across products and channels. We are investing in business intelligence, performance management and predictive

analytics to gain a better understanding of the customer, so that we can rapidly interpret and respond to customers and their emerging preferences.

OLG has continued to improve its capabilities in utilizing data to drive improved customer experiences. In fiscal 2023-24, we launched a procurement for a Customer Data Platform that will help us advance our customer data and analytics capabilities. We also continued to leverage customer data and insights from our Voice of the Customer program to inform segmentation, targeting, and to develop action plans to improve the end-to-end customer journey.

In addition, the digitization of our prize claims process has decreased the average processing time for customers by as much as 74 per cent in the fiscal year and automations of lottery draws and distribution have led to significant efficiency gains for the organization. We are also tracking more than 40 specific actions taken during the fiscal year to drive customer satisfaction across retail and digital, including product enhancements, User Experience improvements, and new game launches. In addition, we launched more than 100 customer care agent coaching sessions to proactively improve customer satisfaction.

We measure how satisfied our players are across retail and digital gaming through two Customer Satisfaction Scores — one is focused on products and the other on services. In fiscal 2023-24, our Customer Satisfaction Scores for products and services were 54 per cent and 73 per cent, respectively.

Empirical evidence is the foundation of our responsible gambling program, PlaySmart, and we use key performance indicators, metrics, and predictive analytics to continuously improve our efforts in a measurable way. This includes using an Enterprise Player Health Index (EPHI), which provides a measure of problem gambling risk in our player base across all OLG lines of business. In fiscal 2023-24, OLG achieved an EPHI score of 97 per cent. We will continue to improve our program through emerging research and best practices — because we value our players’ overall well-being and want them to play in an informed and responsible way.

Measuring Progress			
Key Performance Indicator	Definition	2023-24 Target	2023-24 Actual
Customer Satisfaction Score (Products)	Measures the rate of satisfied players across retail and digital products and services	49-52%	54%
Customer Satisfaction Score (Services)		72-75%	73%
Enterprise Player Health Index*	Measures OLG’s player health across all lines of business	95%	97%

**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.*

PRIORITY 6: *Ensure internal operations enable efficient, effective and successful execution of our strategic priorities and organizational objectives.*

In fiscal 2023-24, OLG introduced a foundational layer to our strategic plan that looks at our capabilities, processes and technology to ensure they enable effective and successful execution of our strategic priorities. Our operational enablers are OLG’s shared services functions that relate to the technology, tools, people, and processes that support how we work together, find efficiencies, and mitigate risk.

For example, in fiscal 2023-24, OLG’s AML Health Index score was 94 per cent. Our comprehensive AML framework helps prevent, detect and combat money laundering at gaming sites across Ontario. OLG takes the integrity of gaming seriously and we use an AML Health Index to measure the operating effectiveness of AML Compliance Program components.

In January 2024, OLG hosted an AML summit that brought together participants from across the Ontario gaming industry to share ideas and perspectives, and to engage in dialogue about money laundering and other issues we collectively face as we continue to work together to combat illegal activities in Ontario. We know that success in addressing money laundering in Ontario requires an ecosystem of participants and activities — and a spirit of partnership. OLG is deeply committed to collaborating and exchanging information with our service providers, law enforcement and regulators.

Cybersecurity is another priority area for OLG. We know that the gaming industry — particularly casino gaming — will continue to be an attractive target for cybercriminals and we have seen that casinos in Ontario are not immune to the global rise in cybersecurity incidents. In addition to operational impacts and significant financial costs, cyberattacks and breaches can seriously erode the trust we worked hard to build with customers. That’s why OLG develops and delivers enterprise security strategies and programs to protect our information and technology, as well as ensure security mechanisms and controls are established for the organization and our third-party service providers.

In December 2023, OLG brought together industry experts for a virtual summit that featured industry experts and panel discussions about risks faced by the gaming industry today. The audience, primarily made up of Land-based Gaming service providers and internal OLG employees, attended the summit via a secure live-stream experience. To keep up with the ever-growing speed and sophistication of cyberattacks, members of the industry need to work together and learn from one other — by engaging in discussion and sharing our various experiences, insights and perspectives.

Measuring Progress			
Key Performance Indicator	Definition	2023-24 Target	2023-24 Actual
Anti-Money Laundering Health Index*	Measures a series of indicators that evaluate performance by OLG and service providers.	85%	94%

**Composite score measuring the operating effectiveness of AML Compliance Program components. KPI previously included under priority 5 in OLG's Fiscal 2024-27 Business Plan.*

SUSTAINABILITY AT OLG

Our focus on sustainability is a key part of our Game ON plan and helps us deliver our purpose of contributing to a better Ontario. OLG is bringing sustainable thinking to all aspects of our work. And at OLG, that means all the ways we do good for our people, communities, and planet — while doing good business.

OLG is developing a Sustainability Plan that 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 RG, strengthening our relationships with Indigenous communities, as well as our commitment to EDI.

RESPONSIBLE GAMBLING – PLAYSMAST PROGRAM

PlaySmart is equipping players with the tools and support they need to make informed decisions when they play our games across all our products and offerings — whether it be buying a lottery ticket, playing in casinos or Charitable Gaming Centres, playing our digital casino games, or placing bets on our digital sportsbook, PROLINE+.

OLG's RG program is guided by our Responsible Gambling Three-Year Plan, with the current plan spanning fiscal years 2022–23 through 2024–25 — with the last year of the plan to include a focus on enhancing RG programming and controls on OLG.ca. The 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.

In fiscal 2023-24, OLG directed \$29 million to RG programming and resources, including PlaySmart Centres, education and technology, program delivery, staff training, and self-exclusion including capital costs for facial recognition systems. It also includes an initial round of funding for the Community Investment Program (CIP) which supports community projects that aim to prevent and reduce gambling harm in vulnerable and underserved populations. Greo Evidence Insights — an independent knowledge translation and exchange organization with 25 years of experience working in safer gambling issues — independently awards funding and oversees the program. In the next fiscal year (2024-25), OLG intends to increase its contribution to the CIP, which will bring the two-year total investment in this program to \$760,000.

PlaySmart Centres are a key part of our PlaySmart program. They are located in casinos and Charitable Gaming Centres and are operated on behalf of OLG by the Responsible Gambling Council (RGC). In 2022, OLG began work to renovate PlaySmart Centres at casinos to create more inviting and informative educational space for players to take a break and learn about positive play, as well as to access help if needed. By fiscal year end, three PlaySmart Centres had been renovated with more renovations slated for fiscal 2024-25.

OLG has been World Lottery Association certified at the highest level (level 4) since 2010 and in February 2022, we earned a three-year re-accreditation status from the RGC for OLG.ca.

We will continue to improve our program through emerging research and best practices — because we value our players' overall well-being and want them to play in an informed and responsible way.

COMMITMENT TO INDIGENOUS COMMUNITIES

OLG is deeply committed to its relationship with First Nations through a more collaborative approach, and by work that advances the Truth and Reconciliation Commission of Canada. We are undertaking the development of a roadmap called the OLG Reconcili-Action Strategy, which will provide a thoughtful, actionable path to strengthen our relationship with First Nations and meaningfully advance the principles of reconciliation.

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 (2008) Limited Partnership (OFNLP), which then distributes it to 132 First Nations in Ontario. In fiscal 2023-24, the GRSFA payment amount was \$163 million. 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 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 to Indigenous communities in Ontario must go beyond financial contributions alone.

In May 2023, OLG was proud to partner with the NBA to sponsor the first WNBA Canada Game in Toronto. The event also showcased Emily Mandamin, the first college basketball scholarship recipient from Iskatewizaagegan #39 – Independent First Nation, a community located in Northwestern Ontario. In addition, OLG worked with Emily's home community to completely refurbish the local basketball court — a special place for Emily, as it was the court on which she found safety to work through the many life challenges that she faced on a small isolated First Nation. The new court, which includes a beautiful mural by Indigenous artist Alicia Kejick, was unveiled in June 2023 at a community event that included an NBA/WNBA hosted basketball clinic. The court will benefit children in the community for generations to come.

In October 2023, OLG was proud to build on its long-standing relationship with PLATO, Canada's first majority Indigenous-owned software testing and technology services company, by supporting the launch of its software tester training program in Sault Ste. Marie, Ontario. Since 2015, PLATO has delivered a train-and-employ model in communities across Canada, including in Sault Ste. Marie, Ottawa and Toronto, among others. The 2023 cohort marks the fourth class delivered in Sault Ste. Marie since the company opened its delivery centre there in 2019. OLG's sponsorship is helping PLATO train, and ultimately provide employment to 15 Indigenous students.

In fiscal 2023-24, a number of OLGers participated in "Grow with Gabegendaadowin" at Algoma University, which is an indigenous-led learning program that bridges understanding between Indigenous and non-Indigenous communities. Gabegendaadowin translates to mutual respect, thoughtfulness, care, consideration, and awareness for others. The two-day intensive program culminates with learners developing a personal and professional "Reconciliation" action plan.

EQUITY, DIVERSITY AND INCLUSION

OLG values, fosters and reflects EDI as essential elements of our culture — where employees have the space to be themselves and use their perspectives and skills to benefit the people and the Province of Ontario.

Our EDI Strategy outlines goals and actions to support OLG as an organization that is continuously maturing in the EDI 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, updating our mentoring program, and launching training on psychological safety and Indigenous awareness.

Employee Resource Groups (ERGs) are important drivers of our EDI strategy. These employee-led groups bring OLGers together in a safe place to express ideas, build allyship and share experiences that impact the workplace. ERGs support a culture of inclusion that enhances employee engagement, and further support the objectives and priorities of OLG, while helping to raise awareness of important EDI topics and issues. The groups help us apply an inclusion lens to different perspectives and lived experiences, so that we can identify opportunities to further embed EDI into key programs and policies. At the end of the fiscal year there were six OLG ERGs.

We know that our strength is in our collective differences — and we're honoured to know that so many of our employees see OLG as a workplace that celebrates diversity. In July 2023, OLG was selected for Forbes' list of Canada's Best Employers for Diversity. Organizations on the list were selected through an independent survey of employees working for companies with more than 500 employees in Canada. In March 2023, OLG was also named the winner of the Diversity Award at the Sault Ste. Marie Chamber of Commerce Outstanding Business Achievement Awards. The award recognizes businesses that embrace, celebrate and apply holistic inclusion and participation of diverse people making a better workplace environment and community.

As OLG's EDI journey continues to evolve, we remain dedicated to fostering an inclusive and equitable workplace culture while ensuring our workforce is representative of the people and province of Ontario.

GOVERNANCE

The legislative authority of the Corporation is set out in the *Ontario Lottery and Gaming Corporation Act, 1999* (the Act). Classified as an Operational Enterprise Agency, OLG has a single shareholder, the Government of Ontario. In fiscal 2023-24, OLG reported through its Board of Directors to the Minister of Finance. Members of the Board of Directors and its Chair are appointed by the Lieutenant Governor in Council. Neither the Chair, nor the members of the Board, are full-time, nor are they members of management.

BOARD MANDATE

OLG's Board of Directors is appointed by the Lieutenant-Governor, through Orders-in-Council, on the recommendation of the Premier and the Minister. Board members bring with them experience from a wide range of businesses and industries, in both the public and private sectors, as well as a wide breadth of expertise in areas like Governance, Business Transformation, Public Policy, First Nations Relations, Cybersecurity, Corporate Social Responsibility, RG and more. The Board of Directors is responsible for ensuring that OLG's management is helping OLG achieve optimal performance and increasing shareholder value. The Board of Directors achieves this by:

- Establishing goals, objectives and strategies for OLG that are consistent with our mandate and applicable government policies;
- Approving the annual business plan, operating budget, and capital budgets;
- Defining and assessing business risks;
- Reviewing the adequacy and effectiveness of internal controls in managing risks;
- Appraising the performance of the President and Chief Executive Officer;
- Overseeing 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;
- Tracking the overall performance of the Corporation;
- Remaining informed and provide input, as required, concerning communications with the Government of Ontario and stakeholders; and
- Ensuring compliance with key policies, laws and regulations.

BOARD OF DIRECTORS

The following directors served as members of the Board during fiscal 2023–24.

The total remuneration made to OLG's Board of Directors in fiscal 2023–24 was \$307,886.

Director	Term(s)	Remuneration
Jim Warren (Chair)	Dec. 21, 2021 to Dec. 20, 2024	\$146,700
Gail Beggs	Vice-Chair – Nov. 1, 2021 to Dec. 11, 2023 Director – May 17, 2013 to Nov. 19, 2019; and Director – Dec. 12, 2019 to Dec. 11, 2023	\$16,826
Joseph Bisceglia	Jun. 22, 2023 to Jun. 21, 2026	\$15,180
Karen Gordon	Mar. 30, 2022 to Mar. 29, 2025	\$20,600
Vikram Khurana	Jan. 17, 2020 to Jan. 16, 2026	\$18,100
Jean Major	Jun. 22, 2023 to Jun. 21, 2026	\$13,980
Tom Marinelli	Mar. 10, 2022 to Mar. 9, 2025	\$19,700
Robert Poirier	Mar. 30, 2022 to Mar. 29, 2025	\$18,600
Jennifer Roedding	Mar. 10, 2022 to Mar. 9, 2025	\$26,350
Steve Williams	May 27, 2015 to May 26, 2019; and May 30, 2019 to May 29, 2025	\$11,850
		Total: \$307,886

Biographies of current Board members can be found at <https://about.olg.ca/our-company/our-people/our-board-of-directors/>

BOARD COMMITTEES

As of March 31, 2024, the OLG Board of Directors operated through four working committees.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee reviews OLG's financial statements, accounting policies and reporting procedures, and assists the Board of Directors in fulfilling its oversight responsibilities for OLG's financial statements and internal management results; internal control systems (ex. financial reporting); enterprise Risk Management program; compliance systems; and policies and procedures. The Chair of this committee, as of March 31, 2024, is Jennifer Roedding.

GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Governance and Corporate Social Responsibility Committee assists the Board of Directors in developing policies and practices that ensure OLG meets the highest standards of conduct and social responsibility. Committee activities include identifying areas of policy for review; presenting recommendations to the Board; and overseeing areas such as RG, game integrity, and the integration of social responsibility and Environmental, Social and Governance (ESG) best practices. The Chair of this committee, as of March 31, 2024, is Robert Poirier.

PEOPLE, CULTURE AND COMPENSATION COMMITTEE

The People, Culture and Compensation Committee acts in an advisory capacity to assist the Board with its responsibilities related to compensation and to help ensure that the Corporation has an effective organizational structure and capabilities in place. It also helps ensure that OLG complies with applicable employment laws and directives, while promoting health and safety and a strong corporate culture. The Chair of this committee, as of March 31, 2024, is Karen Gordon.

TRANSFORMATION AND TECHNOLOGY COMMITTEE

The Transformation and Technology Committee assists the Board in overseeing information technology and major business transformation endeavours. This includes the development and review of the Corporation's strategic plans, and the implementation of associated information technology, as well as the review of plans and programs aimed at achieving OLG's mission, vision, and strategic direction. The Chair of this committee, as of March 31, 2024, is Vikram Khurana.

EXECUTIVE LEADERSHIP TEAM

As of March 31, 2024, senior executives responsible for day-to-day operations were:

Duncan Hannay, President and Chief Executive Officer

Pinder Basi, Chief Financial and Risk Officer

Hestie Benn, Vice President, Internal Audit

Michelle Eaton, Senior Vice President, Corporate Affairs

Nancy Kennedy, Chief Lottery & Customer Officer

Janine Leahey, Chief Technology & Information Officer

David Pridmore, Chief Gaming Officer

Tony Wong, Senior Vice President, Governance, Legal and Compliance, General Counsel and Corporate Secretary

Esther Zdolec, Senior Vice President, People and Culture

Biographies of current ELT members can be found at <https://about.olg.ca/our-company/our-people/our-leadership-team/>

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended March 31, 2024

1. Introduction and Disclosures

The following Management's Discussion and Analysis (MD&A) is a commentary on the consolidated financial position and financial performance of the Ontario Lottery and Gaming Corporation (OLG or the Corporation) and should be read together with the audited Consolidated Financial Statements of OLG for the fiscal year ended March 31, 2024.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards (IFRS). Amounts are presented in Canadian dollars and are rounded to the nearest million.

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

The Board of Directors, on the recommendation of its Audit and Risk Management Committee, approved the contents of this MD&A on June 18, 2024.

Forward-Looking Statements

This MD&A contains forward-looking statements about expected or potential future business and financial performance. For OLG, 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 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 disputes; the competitive environment; and the timing and scale of potential capital investments.

Although such statements are based on management's current estimates, 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.

Non-IFRS measures

In the following analysis, OLG uses several key performance indicators and non-IFRS measures which management believes are useful in assessing the Corporation's performance. Readers are cautioned that these measures may not have standardized meanings under IFRS and therefore, may not be comparable to similar terms used by other companies.

Proceeds from Lottery and Gaming (Proceeds) represents:

Lottery (Retail):

- Sales from retail Lottery products (including regional and national LOTTO, INSTANT and Sports) before the deduction of prizes.

Land-based Gaming (Casino Gaming and Charitable Gaming):

- Net win before the deduction of service provider fees.

Digital Gaming:

- Net win from casino-style games (iCasino) and digital Sports products (iSports) played on OLG's digital gaming platform, and
- Sales from Lottery products purchased on OLG's digital gaming platform (iLottery) before the deduction of prizes.

Lottery prizes, which are recorded as a reduction of proceeds from lottery and gaming, represent prizing for retail Lottery products and for Lottery products (excluding iSports products) purchased on OLG's digital gaming platform.

Service provider fees, which are recorded as a reduction of gaming revenue to arrive at net gaming revenue, represent fees paid to, or on behalf of, Charitable Gaming and Casino Gaming service providers.

The Corporation considers proceeds to be a key measure of performance that is most reflective of its product offerings and its arrangements with third parties.

Net Income before the undernoted represents net income before the deduction of win contribution and/or stakeholder payments primarily comprising horse racing funding, First Nations payments, charity payments, host municipality commissions and payments to the Government of Canada.

Net Profit to the Province (NPP) is calculated on an accrual basis by adding back win contribution to net income. Win contribution is the amount the Corporation remits to the Province of Ontario equal to 20 per cent of gaming revenue, as defined, generated at Caesars Windsor, Casino Rama, Casino Niagara, Fallsview Casino and the Great Blue Heron Casino, in accordance with the Ontario Lottery and Gaming Corporation Act, 1999.

The Corporation considers NPP to be most reflective of its financial performance and uses it for setting targets for the Corporation.

Other non-IFRS measures used in this document may be specific to the line of business in which they are used and are defined when they are first introduced.

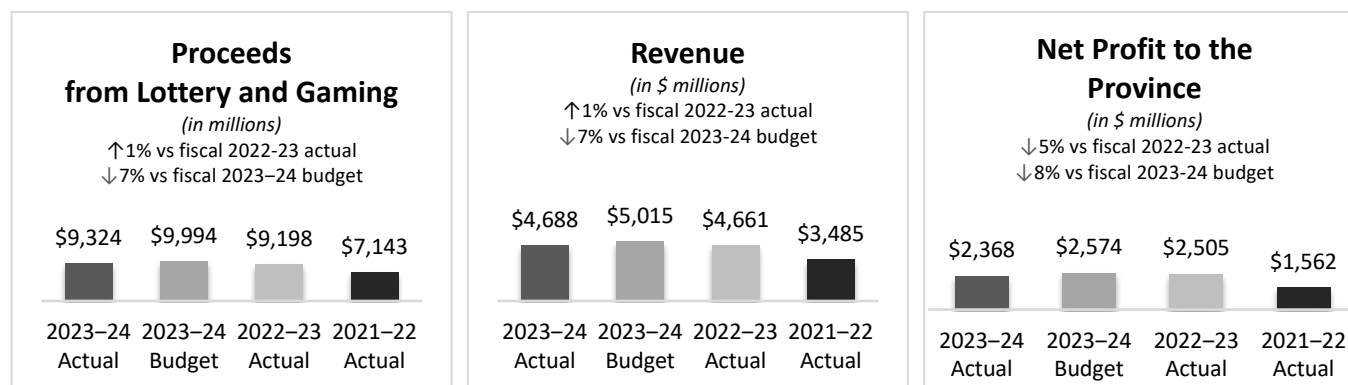
Reconciliations to Revenue and Net Income (Loss) by Line of Business
(in \$ millions)

	2023-24					2022-23				
Proceeds bridged to Revenue	Lottery	Land-based Gaming	Digital	Corporate Services	Consolidated	Lottery	Land-based Gaming	Digital	Corporate Services	Consolidated
Proceeds from Lottery and Gaming	\$ 4,221	\$ 4,353	\$ 750	\$ -	\$ 9,324	\$ 4,357	\$ 4,172	\$ 669	\$ -	\$ 9,198
Less: Lottery prizes	(2,466)	-	(120)	-	(2,586)	(2,500)	-	(108)	-	(2,608)
Gaming revenue	1,755	4,353	630	-	6,738	1,857	4,172	561	-	6,590
Less: Service provider fees	-	(2,211)	-	-	(2,211)	-	(2,082)	-	-	(2,082)
Net gaming revenue	1,755	2,142	630	-	4,527	1,857	2,090	561	-	4,508
Lease revenue	-	119	-	-	119	-	117	-	-	117
Non-gaming revenue	-	42	-	-	42	-	36	-	-	36
Revenue	\$ 1,755	\$ 2,303	\$ 630	\$ -	\$ 4,688	\$ 1,857	\$ 2,243	\$ 561	\$ -	\$ 4,661
NPP bridged to Net Income										
Net Profit (Loss) to Province	\$ 986	\$ 1,326	\$ 332	\$ (276)	\$ 2,368	\$ 1,088	\$ 1,366	\$ 302	\$ (251)	\$ 2,505
Less: Win contribution	-	(201)	-	-	(201)	-	(207)	-	-	(207)
Net Income (Loss)	\$ 986	\$ 1,125	\$ 332	\$ (276)	\$ 2,167	\$ 1,088	\$ 1,159	\$ 302	\$ (251)	\$ 2,298

2. Executive Summary

OLG achieved record-setting proceeds in fiscal 2023-24, exceeding \$9.3 billion for the first time ever, despite the challenging macro-economic environment that impacted consumers' discretionary entertainment spend at retail locations, and fewer high value lottery jackpots compared to the previous year.

With NPP of \$2.4 billion for the fiscal year, OLG continues to be one of the largest contributors to the province amongst provincial Government Business Enterprises.



Fiscal 2023–24 results compared to prior year:

Proceeds from Lottery and Gaming

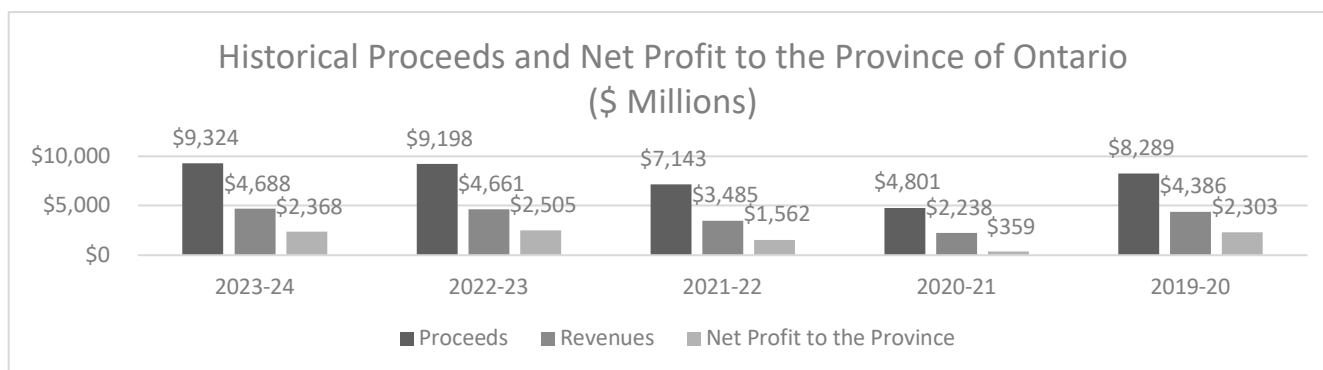
OLG's proceeds from Lottery and Gaming were \$9.3 billion, an increase of \$126 million or 1 per cent compared to prior year. Land-based Gaming contributed to the increase, up \$181 million or 4 per cent from prior year, driven by the expansion to Great Canadian Casino Resort Toronto (Casino Toronto) and the strong performance at charitable gaming centres. Digital Gaming proceeds, once again, saw significant growth in fiscal 2023-24 increasing \$81 million or 12 per cent from prior year, setting another record within a highly competitive Ontario digital gaming market. Lottery retail proceeds were below prior year by \$136 million or 3 per cent, primarily due to fewer high value LOTTO MAX jackpots and negative macroeconomic impacts which led to declining discretionary spend at retail locations. This was partially offset by record INSTANT and retail Sports proceeds.

Revenues

Total revenues include net gaming revenue, lease revenue and non-gaming revenue. Net gaming revenue represents total proceeds less lottery prizes and service provider fees. For fiscal 2023-24, total revenues were \$4.7 billion, an increase of \$27 million or 1 per cent compared to prior year, primarily due to the strong performance of Digital and Charitable Gaming, as well as growth in Casino Gaming resulting from the Casino Toronto expansion.

NPP

A historical trending of OLG's total proceeds, revenues and NPP follows:



OLG consolidated NPP was \$2.4 billion, a decrease of \$137 million or 5 per cent compared to prior year, due to greater stakeholder payments and higher expenditures to support growth, which was partly offset by growth in proceeds.

Fiscal 2023–24 results compared to budget:

Proceeds from Lottery and Gaming

OLG proceeds fell short of budget by \$670 million or 7 per cent. Land-based Gaming was below budget by \$458 million or 10 per cent due in part to unfavourable economic conditions impacting consumer spending, development delays in amenities at Casino Toronto and the temporary closures of Gateway casinos tied to a cyber security incident. Lottery proceeds were also below budget by \$235 million or 5 per cent primarily due to challenging economic conditions and fewer high value LOTTO MAX jackpots. Digital Gaming proceeds, meanwhile, exceeded budget by \$23 million or 3 per cent driven primarily by higher-than-expected wagers per player for iCasino.

Revenues

For fiscal 2023-24, revenues were unfavourable to budget by \$327 million or 7 per cent due to lower-than-expected Land-based Gaming and Lottery results, while Digital Gaming revenue exceeded budget as noted above.

NPP

NPP was unfavourable to budget by \$206 million or 8 per cent due to Land-based Gaming and Lottery, which were \$170 million or 11 per cent and \$103 million or 9 per cent below budget, respectively, primarily due to the flow through impact of proceeds and revenue noted above. Partially offsetting the shortfall was Digital Gaming NPP, which exceeded budget by \$35 million or 12 per cent, driven by the flow through impact of proceeds noted above, and savings in Corporate Services expenses which was below budget by \$32 million or 10 per cent, in part due to expenditure management and higher than expected interest income on cash balances.

3. Results of Operations – Lines of Business

A. Lottery (Retail)

Highlights:

- Lottery retail proceeds and NPP were \$4.2 billion and \$986 million, respectively.
- Lottery retail prizes provided to OLG's valued customers totaled \$2.5 billion.
- National Lotto introduced a new LOTTO MAX Sweepstakes – LOTTO MAX DREAM DRAWS, in March 2024, which offers LOTTO MAX players entry into a limited time draw for additional prizes.
- Regional Lotto launched MERRY MILLIONS in November 2023, the first in a series of event-style games with 408 guaranteed draw prizes, including three \$1 million top prizes.
- New INSTANT ticket products included the \$50 Mega (available throughout Canada) and the \$25 Gold Pursuit, a game that includes an instant win portion as well as a chance to win one of 50 top prizes of \$100,000. INSTANT ticket products generated record proceeds in fiscal 2023-24.
- PROLINE at retail locations generated record proceeds with growth across all major sports product offerings.
- OLG launched a pilot that included 140 self-serve lottery terminals at select retail locations.
- Select No Frills stores in Ontario were added to the locations that offer LOTTO MAX and LOTTO 6/49.

Summary data from Statement of Comprehensive Income – Lottery (Retail)

For the fiscal year				
(in millions of dollars)				
	2023-24	2022-23	\$ Variance	% Variance
Proceeds	\$ 4,221	\$ 4,357	(136)	(3)
Less: Lottery prizes	(2,466)	(2,500)	34	1
Revenue	1,755	1,857	(102)	(5)
Expenses before Stakeholder payments	568	567	(1)	(0)
Net income before the undernoted	1,187	1,290	(103)	(8)
Less: Stakeholder payments	(201)	(202)	1	1
Net income	986	1,088	(102)	(9)
Net Profit to the Province	\$ 986	\$ 1,088	(102)	(9)

A.1. Year over year financial results

Proceeds

Lottery retail proceeds for fiscal 2023-24 were \$4.2 billion, a decrease of \$136 million or 3 per cent from the prior year, primarily due to lower retail proceeds for LOTTO MAX and Regional games.

The following table shows Lottery retail proceeds and prize information by type of game:

Product Grouping	Number of Games		Proceeds (in millions of dollars)		Percentage of Proceeds		Prizes (in millions of dollars)	
	For the fiscal year	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
Lotto (national and regional)	16	15	\$ 2,237	\$ 2,490	53%	57%	\$ 1,109	\$ 1,241
INSTANT	113	96	\$ 1,632	\$ 1,574	39%	36%	\$ 1,099	\$ 1,057
Sports	2	2	\$ 352	\$ 293	8%	7%	\$ 258	\$ 202
Totals	131	113	\$ 4,221	\$ 4,357	100%	100%	\$ 2,466	\$ 2,500

Below are items that affected OLG's year-over-year performance:

- Proceeds in fiscal 2023-24 felt the effects of quickly evolving economic and market conditions, which impacted consumer spending on discretionary entertainment and, in turn, sales of national draw-based games. In addition, fiscal 2023-24 saw fewer high value LOTTO MAX jackpots than the previous year. These factors, combined with lower sales per jackpot, contributed to a \$244 million decrease in proceeds for national Lotto from the prior year, which was partially offset by incremental proceeds from a full year of LOTTO 6/49 Gold Ball.
- Proceeds for regional Lotto games (e.g., ENCORE, LOTTARIO and ONTARIO 49) decreased \$9 million from prior year primarily due to declines in sales of ENCORE and Watch & Win games.
- Proceeds for INSTANT games increased by \$58 million compared to prior year, reaching a new record. This was primarily driven by the launch of the \$50 National game, as well as the strong performance of \$30 JUMBO CASH and \$30 CROSSWORD.
- Proceeds for retail Sports increased \$59 million compared to prior year, reaching record levels. This was primarily due to the favourable response to the new PROLINE at retail, which was introduced in February 2022.

Revenue

Lottery retail revenue was \$1.8 billion in fiscal 2023-24, a decrease of \$102 million or 5 per cent compared to prior year. The decrease was primarily due to the lower national and regional proceeds, as described previously, as well as increased prizing from the shift in sales mix from higher margin products (national and regional Lotto) towards games with lower margins (INSTANTs and Sports). The decrease was partially offset by an International Lottery Corporation (ILC) prize reserve refund.

NPP

NPP for fiscal 2023-24 was \$1 billion, a decrease of \$102 million or 9 per cent compared to prior year. The main reason for this decrease was the flow through impact of lower proceeds and revenue. Expenses remained neutral compared to prior year. Higher ticket printing and distribution costs (tied to higher INSTANT product proceeds) and increased system maintenance costs were offset by lower variable costs associated with lower proceeds.

A.2. Fiscal 2023–24 results compared to budget

Proceeds

Proceeds trailed budget by \$235 million or 5 per cent, primarily due to lower LOTTO MAX jackpots combined with lower average sales per jackpot for LOTTO MAX and LOTTO 6/49. Also contributing to the shortfall were lower-than-expected Regional Lotto sales driven by ENCORE, the delayed launch of a second event-style game (moved from fiscal 2023-24 to fiscal 2024-25), as well as Daily games, which have been impacted by customers migrating their play from retail Lottery to iLottery. This was partially offset by higher LOTTO 6/49 jackpots and better-than-expected INSTANT and Sports proceeds driven by \$30 JUMBO CASH, \$30 CROSSWORD, and new \$20 and \$50 National games.

OLG is addressing the shortfall compared to budget by continuing to work closely with its partners and the ILC on market research and initiatives designed to reach a larger audience, as well as introducing additional new event-style games in the Regional portfolio. OLG is also expanding the lottery offering into new retail spaces; rolling out self-serve lottery terminals in select lottery retail locations to meet customer demand; and assessing and improving legacy lottery technologies.

Revenue

Revenue was below budget by \$122 million or 7 per cent, due to the same factors that contributed to the decrease in proceeds compared to budget, as described above, along with increased prizing from the shift in sales mix from higher margin products towards games with lower margins. This was partially offset by the above noted prize reserve refund.

OLG is addressing the shortfall compared to budget as discussed above in proceeds.

NPP

NPP trailed budget by \$103 million or 9 per cent, primarily due to the flow through of proceeds and revenue and higher ticket printing and distribution costs in line with higher INSTANT product proceeds. This was partially offset by higher ILC recoveries due to higher interest income on funds held by the ILC, reduced regulatory fees because of credits received, lower personnel costs due to lower headcount and lower marketing spend that resulted from the delayed launch of one event-style game.

OLG is addressing the shortfall compared to budget as discussed above in proceeds.

A.3. Lottery trends and risks

Lottery faces a number of risks:

- A reliance on a core player base that is shrinking in size and growing in age.
- Changes in consumer trends and expectations, including movement away from traditional retail channels.
- The ability of OLG's aging lottery platform to support current business needs and capitalize on new opportunities.
- Inflationary pressure, higher interest rates and other macro-economic factors that may have a greater-than-anticipated impact on discretionary spending.

To mitigate these risks, OLG is implementing a three-year Lottery strategy to capitalize on emerging market trends and target newer and less active player segments, as well as create unique customer experiences. This strategy is a continuation of the Game ON plan and aligns with the strategic pillars identified within. It will help OLG to:

- Understand and disseminate insights to define less active player segments and grow player participation for the future.
- Identify target customer preferences to devise actionable retention and acquisition strategies.
- Encourage testing of new ideas and improve speed to market to drive innovation across growth levers.
- Devise and develop new products and experiences designed to attract new customers to the category and foster omni-channel growth.
- Enhance front-line services to drive increased personalization in service delivery.
- Leverage its lottery terminals to enable new product offerings and stronger account management in the retail channel.
- Advance lottery technology to better align with business needs, innovations, product priorities and emerging trends and optimize resourcing plans to meet project timelines.

B. Land-based Gaming

Land-based Gaming represents Casino Gaming, Charitable Gaming and Horseracing.

Casino Gaming includes 29 Casino Gaming facilities operated by service providers under OLG's modernization model and one Casino Gaming facility operated by an operator under the former operating model. OLG is responsible for conducting and managing all 30 facilities.

Charitable Gaming comprises 37 Charitable Gaming Centres, which are operated by service providers. OLG is also responsible for conducting and managing Charitable Gaming Centres.

The Corporation continues to support the horseracing industry in Ontario through a 19-year funding agreement signed on April 1, 2019. This agreement ensures that OLG will continue to provide financial support for purses, operations, breeding programs and capital improvements at racetracks.

Highlights:

- Land-based Gaming saw record proceeds despite economic and operational challenges faced by OLG.
- Casino Gaming proceeds and NPP were \$4 billion and \$1.5 billion, respectively; fiscal 2023-24 was a record year for Casino Gaming proceeds.
- Charitable Gaming achieved record proceeds and NPP of \$397 million and \$33 million, respectively.
- Charitable Gaming surpassed \$500 million in life-to-date payments to Ontario charities in fiscal 2023-24.
- Casino Toronto launched an expanded gaming floor on June 20, 2023, followed by the opening of a 400-room hotel and 5,000-person entertainment venue on site.
- Hard Rock Ottawa started construction at the Hard Rock Hotel & Casino in Ottawa.
- A Request for Proposal (RFP) for the Windsor casino procurement was released to pre-qualified proponents in October 2023.
- Gateway started construction on an expansion and refresh at Casino London and a refresh at Casino Rama.

Summary data from Statement of Comprehensive Income – Land-based Gaming¹

	For the fiscal year (in millions of dollars)			
	2023-24	2022-23	\$ Variance	% Variance
Proceeds	\$ 4,353	\$ 4,172	181	4
Less: Service provider fees	(2,211)	(2,082)	(129)	(6)
Net gaming revenue	2,142	2,090	52	2
Lease revenue	119	117	2	2
Non-gaming revenue	42	36	6	17
Revenue	2,303	2,243	60	3
Expenses before Stakeholder payments/Win contribution	310	286	(24)	(8)
Net income before the undernoted	1,993	1,957	36	2
Less: Stakeholder payments/Win contribution	(868)	(798)	(70)	(9)
Net income	1,125	1,159	(34)	(3)
Add: Win contribution	201	207	(6)	(3)
Net Profit to the Province	\$ 1,326	\$ 1,366	(40)	(3)

¹ Land-based Gaming includes Casino Gaming, Charitable Gaming and Horse Racing costs.

B1. Casino Gaming

Summary data from Statement of Comprehensive Income – Casino Gaming

	For the fiscal year (in millions of dollars)			
	2023-24	2022-23	\$ Variance	% Variance
Proceeds¹	\$ 3,956	\$ 3,841	115	3
Less: Service provider fees	(1,977)	(1,882)	(95)	(5)
Net gaming revenue	1,979	1,959	20	1
Lease revenue	119	117	2	2
Non-gaming revenue	42	36	6	17
Revenue	2,140	2,112	28	1
Expenses before Stakeholder payments/Win contribution	296	280	(16)	(6)
Net income before the undernoted	1,844	1,832	12	1
Less: Stakeholder payments/Win contribution	(549)	(535)	(14)	(3)
Net income	1,295	1,297	(2)	(0)
Add: Win contribution	201	207	(6)	(3)
Net Profit to the Province	\$ 1,496	\$ 1,504	(8)	(1)

¹ Province wide payouts at land-based casinos were 91.7% for slots and 78.6% for live table games in fiscal 2023-24 (fiscal 2022-23 – 91.7% and 78.6%, respectively). The payout metric for live table games is calculated using table games hold, a metric consistently used for live table games across the gaming industry. This metric does not account for all wagers placed on live table games; however, it provides the percentage of all gaming chips purchased by customers that are retained by the casino.

B1.1. Year over year financial results

Proceeds

Casino Gaming achieved record proceeds of \$4 billion in fiscal 2023–24, an increase of \$115 million or 3 per cent compared to prior year. The increase was primarily a result of the expanded Casino Toronto that launched on June 20, 2023, which was partially offset by the temporary closure of Gateway casinos due to a cyber security incident, and macro-economic conditions affecting consumer spending at all casinos across the province.

Revenue

Revenue for Casino Gaming includes net gaming revenue, lease revenue and non-gaming revenue. Net gaming revenue represents total proceeds less service provider fees.

Net gaming revenue for service provider-operated sites includes net win generated at the facility, as well as the net win from Caesars Windsor, which is run by an operator under the former operating model. OLG recognizes net gaming revenue after the deduction of service provider fees. OLG does not recognize non-gaming revenue generated at service provider-operated sites.

Revenue for fiscal 2023–24 was \$2.1 billion, an increase of \$28 million or 1 per cent compared to prior year, driven by higher proceeds and partially offset by higher service provider fees, a function of higher proceeds and inflationary increases.

NPP

NPP for fiscal 2023–24 was \$1.5 billion, a decrease of \$8 million or 1 per cent compared to prior year, despite higher proceeds, driven primarily due to HST recoveries recognized in the prior year and increased municipality commissions associated with higher proceeds.

B1.2. Fiscal 2023–24 results compared to budget

Proceeds

Proceeds for fiscal 2023–24 fell short of budget by \$550 million or 12 per cent primarily due to unfavourable economic conditions impacting consumer's discretionary entertainment spending; increasing competition for discretionary income; development delays at Casino Toronto; the temporary closures of Gateway casinos tied to a cyber security event; and a labour disruption impacting Casino Toronto. This was partially offset by stronger than expected performances at Ottawa and Caesars Windsor.

OLG is addressing the shortfall compared to budget by advancing new commercial growth proposals and development discussions with stakeholders, developing digital affiliate relationships with service providers to drive opportunities for incremental participation and collaborating with lines of business on extending growth initiatives.

Revenue

Revenue fell short of budget by \$282 million or 12 per cent, mainly due to lower proceeds, partially offset by lower associated service provider fees.

OLG is addressing the shortfall compared to budget as discussed above in proceeds.

NPP

NPP for fiscal 2023–24 fell short of budget by \$225 million or 13 per cent. The decrease compared to budget was driven primarily by lower proceeds and revenue, partially offset by lower municipality payments and HST associated with the lower proceeds, and cost savings at Caesars Windsor compared to budget driven by operational efficiencies.

OLG is addressing the shortfall compared to budget as discussed above in proceeds.

B1.3. Casino Gaming – Other key performance indicators

The following are additional Casino Gaming key performance indicators for fiscal 2023-24 compared to prior fiscal years:

For the Fiscal Year	2023-24	2022-23	2021-22	2020-21
Total patrons (in millions)	28.6	25.1	10.2	0.5
Net win per Patron ¹	\$138	\$153	\$ 198	\$222
Total number of slots ²	30,343	26,463	27,222	N/A
Total number of tables ²	822	768	692	N/A
Service providers capital investment (in millions) ³	\$380	\$374	\$333	\$243

¹ Net win per patron is derived by dividing proceeds before the deduction of Service Provider fees (net win) by the number of patrons.

² The number of slots and tables were not meaningful metrics to measure in fiscal 2020-21 as a result of significant capacity constraints that were in effect while casinos operated during the year.

³ Represents approximated capital spend information obtained from service providers' reports. These amounts are not included in the Corporation's Consolidated Financial Statements.

Patron visits were up in fiscal 2023–24 primarily due to expanded gaming at Casino Toronto and a slow shift from patrons back toward pre-COVID behaviours. However, net win per patron was down from prior year as the increase in total patrons outpaced the growth in net win.

Casino Gaming modernization has encouraged private sector capital investment across the province, including expansion and improvements to gaming and non-gaming amenities, which improves the customer experience and increases visitation. Service providers' capital investment in 2023–24 was \$380 million.

B1.4. Casino Gaming trends and risks

Prominent risks to Casino Gaming include:

- Site closures or restricted operations associated with labour disruptions, cyber security incidents, extreme weather, pandemics, and other external events.
- Potential changes in Casino Gaming consumer behaviour resulting from increased competition for entertainment spend, demographic changes, and lingering pandemic-related impacts.
- Delays and/or material changes in scope related to service provider development projects, which are key to growing Casino Gaming revenue.
- Reliance on the private sector to generate incremental revenue, which can be influenced by many factors, some outside the control of service providers.

- Service provider challenges recruiting and retaining a qualified, multiskilled and flexible workforce, currently being experienced across the hospitality sector.
- Inflationary pressure, higher interest rates and other macro-economic factors that may have a greater-than-anticipated impact on discretionary spending.

To mitigate these risks, OLG is:

- Continuing with its Game ON strategy, which prioritizes the pursuit of new opportunities for growth and innovation for the benefit of Ontario.
- Enabling service providers to deliver entertainment options and solutions in an increasingly competitive ecosystem.
- Driving synergies and developing partnerships across Land-based Gaming and Digital channels of the gaming business.
- Managing Casino Operating and Services Agreements for all modernized gaming bundles to ensure efficient and effective execution of operational responsibilities, and to ensure service providers can execute on growth opportunities. Maintaining close alignment with our valued partners and service providers to help support them as they manage and grow their business.
- Continuing to focus on strong governance, augmented by enhanced performance dashboards to ensure ongoing monitoring of private sector partners.

B2. Charitable Gaming

Summary data from Statement of Comprehensive Income – Charitable Gaming

	For the fiscal year (in millions of dollars)			
	2023-24	2022-23	\$ Variance	% Variance
Proceeds	\$ 397	\$ 331	66	20
Less: Service provider fees	(234)	(200)	(34)	(17)
Revenue	163	131	32	24
Expenses before Stakeholder payments	3	3	-	-
Net income before the undernoted	160	128	32	25
Less: Stakeholder payments	(127)	(107)	(20)	(19)
Net income	33	21	12	57
Net Profit to the Province	\$ 33	\$ 21	12	57

B2.1. Year over year financial results

Proceeds

Charitable Gaming achieved record proceeds of \$397 million in fiscal 2023–24, an increase of \$66 million or 20 per cent compared to fiscal 2022–23, driven by strong performance at all sites. Fiscal 2023-24 saw higher visitation, continued growth in cabinet players, continued return of session players and an increased number of electronic games in the market.

Charitable Gaming service providers continue to grow their business, increasing the number of electronic products and refreshing game themes.

Revenue

Revenue for Charitable Gaming includes net gaming revenue generated at charitable gaming sites operated by Charitable Gaming service providers, in accordance with the Charitable Gaming Centre Service Providers Agreements. OLG recognizes net gaming revenue after the deduction of service provider fees which are comprised primarily of a variable fee (calculated as a percentage of gaming revenue) and other fees paid or payable to, or on behalf of, service providers.

Charitable Gaming revenue was \$163 million, an increase of \$32 million or 24 per cent compared to prior year, driven by the increase in proceeds for the reasons discussed above and partially offset by the increase in associated service provider fees.

NPP

In fiscal 2023–24, Charitable Gaming achieved a record NPP of \$33 million, an increase of \$12 million or 57 per cent compared to prior year. The increase was mainly due to the flow through impact of higher proceeds and revenue, partially offset by increased charity payments and municipal commissions, a function of increased proceeds, and increased HST on higher service provider fees.

B2.2. Fiscal 2023–24 results compared to budget

Proceeds

Charitable Gaming proceeds exceeded budget by \$92 million or 30 per cent, primarily due to continued growth in cabinet players, higher-than-expected session players and lower-than-expected session prizes.

Revenue

Charitable Gaming revenue exceeded budget by \$49 million or 43 per cent, mainly due to higher proceeds partially offset by the increase in associated service provider fees.

NPP

Charitable Gaming NPP increased \$21 million or 175 per cent compared to budget, primarily due to higher proceeds and revenue, and partially offset by increased charity payments, municipality commissions and service provider fees associated with the increased proceeds.

B2.3. Charity payments

OLG makes direct-to-charity contributions to charity associations associated with the Charitable Gaming Centres, which are included in stakeholder payments. Charities receive a commission based on a percentage of net gaming win. The payments to more than 2,400 local charitable associations totaled \$96 million in fiscal 2023–24, an increase of \$16 million from prior year, primarily due to higher proceeds.

Since its launch in fiscal 2005-06, the Charitable Gaming Program has raised over \$521 million for local charities (as of March 31, 2024).

B2.4. Charitable Gaming trends and risks

With all 37 Charitable Gaming Centres operating under the revitalized business model, Charitable Gaming service providers have greater flexibility to grow their businesses through facility upgrades, electronic product expansion, customer service improvements, and increased marketing, which has raised player awareness of Charitable Gaming Centres in the market.

Prominent risks to Charitable Gaming include:

- Site closures or restricted operations associated with extreme weather, cyber security incidents, pandemics and other external events.
- Potential changes in Charitable Gaming consumer behaviour resulting from increased competition for entertainment spend, demographic changes, and lingering pandemic-related impacts.
- Delays and/or material changes in scope related to service provider capital projects and Bingo and Gaming Management System conversions, which are key to maintaining the Charitable Gaming revenue.
- Significant or unanticipated cannibalization of Charitable Gaming from expansion in Casino Gaming.
- Inflationary pressure, higher interest rates and other macro-economic factors that may have a greater-than-anticipated impact on discretionary spending.

To mitigate these risks, OLG is:

- Working collaboratively with service providers to introduce an expanded product portfolio and enhance the charitable gaming experience for customers.
- Supporting service providers in implementing new Bingo Management and Gaming Management Systems to improve efficiency and enhance customer service.
- Continuing an overall market management role to proactively manage future opportunities and risk in the Charitable Gaming industry as the market evolves.

B3. Horse Racing and Other Expenses

Horse racing and other expenses includes Stakeholder payments to the horse racing industry related to the Amended and Restated Funding Agreement for Live Horse Racing which commenced in fiscal 2019-20, as well as expenses associated with providing advice and support to the industry. Other expenses also include a portion of Stakeholder payments to the Ontario First Nations pursuant to the Gaming Revenue Sharing and Financial Agreement (GRSFA).

Summary data from Statement of Comprehensive Income – Horseracing and Other

	For the fiscal year (in millions of dollars)			
	2023-24	2022-23	\$ Variance	% Variance
Horse Racing and other expenses	\$ 203	\$ 159	(44)	(28)

B3.1. Year over year financial results

Horse racing and other expenses were \$203 million, an increase of \$44 million or 28 per cent compared to prior year, primarily due to higher GRSFA payments in fiscal 2023-24 as the payments in the current period are based on prior year Gross Revenues, as defined in the GRSFA. GRSFA payments in fiscal 2023-24 were higher because of higher proceeds in fiscal 2022-23 compared to fiscal 2021-22.

C. Digital Gaming

Highlights:

- Digital Gaming generated record proceeds and NPP of \$750 million and \$332 million, respectively.
- Average monthly active digital customers rose by 11 per cent, compared to prior year.
- Average monthly proceeds per digital customer was \$179, compared to \$178 for fiscal 2022-23.
- New alternative payment methods were introduced for players such as e-transfers and acceptance of American Express credit cards.
- iCasino added two new game providers and launched more than 290 new games.
- New features were added on the digital gaming platform for customized customer experiences, including a new 'Favourite' feature, as well as an upgraded game search feature and win tracker that updates recent winners on the site.
- New iLottery offers and experiences were introduced including the addition of LOTTARIO and the launch of Group Play – a fun way to play the lottery with friends, family and coworkers online.
- New land-based gaming affiliate agreements were reached with two Casino Gaming service providers in an effort to drive gaming activity across multiple channels.
- Twenty-two companies were added to the Digital Affiliate Program, with postings on 23 more websites than prior year.
- New markets were added in iSports in addition to enhancing players' betting options with Proline+ Same Game Parlay.

Summary data from Statement of Comprehensive Income – Digital

	For the fiscal year (in millions of dollars)		\$ Variance	% Variance
	2023-24	2022-23		
Proceeds¹	\$ 750	\$ 669	81	12
Less: Lottery prizes	(120)	(108)	(12)	(11)
Revenue	630	561	69	12
Expenses before Stakeholder payments	248	218	(30)	(14)
Net income before the undernoted	382	343	39	11
Less: Stakeholder payments	(50)	(41)	(9)	(22)
Net income	332	302	30	10
Net Profit to the Province	\$ 332	\$ 302	30	10

¹ Province wide payouts in iCasino were 95.2% for slots and 97.6% for table games in fiscal 2023-24 (fiscal 2022-23 – 95.2% and 97.6%, respectively).

C1. Year over year financial results

Proceeds

Digital Gaming proceeds for fiscal 2023–24 were \$750 million, an increase of \$81 million or 12 per cent compared to prior year. These results were driven by higher player counts, the launch of several new iCasino products, sales growth in LOTTO 6/49 GOLD BALL and regional lottery products, as well as the launch of Digital LOTTARIO and Group Play.

Revenue

Digital Gaming revenue was \$630 million in fiscal 2023–24, an increase of \$69 million or 12 per cent compared to prior year for reasons consistent with the discussion above, partially offset by increased prizes correlated with increased iLottery sales.

NPP

NPP for fiscal 2023–24 was \$332 million, an increase of \$30 million or 10 per cent compared to prior year. The increase is mainly due to the flow through impact of higher proceeds and revenue, partially offset by higher personnel costs and marketing spend to support digital growth, increased commissions and fees paid to iCasino service providers and increased HST on higher taxable expenses.

C2. *Fiscal 2023–24 results compared to budget*

Proceeds

Digital Gaming proceeds exceeded budget by \$23 million or 3 per cent, primarily due to higher-than-expected wagers per player for iCasino, which was partially offset by lower iLottery proceeds resulting from lower jackpots and lower sales per jackpot for National games.

Revenue

Digital Gaming revenue exceeded budget by \$28 million or 5 per cent, largely driven by the flow impact of higher proceeds compared to budget. The prize payouts were also lower than budget, primarily due to a national Lotto prize reserve refund from the ILC.

NPP

NPP exceeded budget by \$35 million or 12 per cent, primarily due to the flow through of proceeds and revenue combined with lower personnel costs due to fewer hires than anticipated and lower consulting spend. This was partially offset by increased commissions and fees associated with increased proceeds.

C3. *Digital Gaming trends and risks*

Prominent risks to Digital Gaming include:

- Continued pressure to compete for existing and new customers in Ontario's open and highly competitive online gaming market against providers who operate in multiple jurisdictions across North America and around the world.
- Potential changes in Digital Gaming consumer behaviour resulting from open market competition for digital spend.
- Inflationary pressure, higher interest rates and other macro-economic factors that may have a greater-than-anticipated impact on discretionary spending.

To mitigate these risks, OLG is continuing with its Game ON strategy to help maintain and grow market share. This includes:

- Offering a wide range of iCasino games, iLottery products and iSports products, as well as working closely with current and prospective vendors to constantly evaluate product mix, while constantly evolving to respond to customer expectations.
- Managing the portfolio of products based on ongoing analysis of customer trends, while introducing new game providers to deliver competitive experiences to customers. This includes focusing on new game categories, like live casino, that have mass appeal and ensuring we have all the major game suppliers in Ontario on board.
- Implementing customer acquisition and retention strategies, including developing partnerships across Land-based Gaming and Digital channels.
- Improving the customer experience through targeted and segmented player programs and a more responsive website that adapts to mobile, tablet and desktop applications, as well as new types of promotions.
- Differentiating OLG.ca from the competition by providing an omni-channel gaming experience with the full integration of our PlaySmart RG program, while building on the significant brand recognition and trust OLG has among Ontarians as the only gaming provider that reinvests 100 per cent of its profits back into Ontario.

D. Corporate Services

Corporate Services expenses are incurred by functions that provide integral support to the operations and enable OLG's performance through people, strategic support and technology. Expertise and services are provided across the Corporation in support of the three lines of business.

Corporate Services expenses are related to Corporate Affairs; Finance, Risk, Strategy, and Analytics; Governance, Legal and Compliance; People and Culture; Internal Audit; and Enterprise Information Technology. These enabling functions provide the Corporation with expertise in core information technology systems support and development; financial management; analytics and insights related to line of business revenue; administration and operations; commercial business management and procurement; project management services; legal, risk, audit and compliance; internal and external communications; branding and marketing; social responsibility; responsible gambling and stakeholder relations. Corporate Services employees protect the public and commercial interests of Ontario by ensuring that OLG directly, or through its third-party service providers, is delivering gaming entertainment to the province in a responsible manner while optimizing value.

Corporate Services expenses also includes payments to the Government of Canada.

Summary data from Statement of Comprehensive Income

	For the fiscal year (in millions of dollars)			
	2023-24	2022-23	\$ Variance	% Variance
Corporate Services Expenses	\$ 276	\$ 251	(25)	(10)

D1. Year over year financial results

Corporate Services expenses were \$276 million, an increase of \$25 million or 10 per cent compared to prior year, primarily due to investments in responsible gambling, technology, marketing to support proceeds growth, and anti-money laundering. The increase was partially offset by higher interest income on cash balances.

D2. Fiscal 2023-24 results compared to budget

Corporate Services expenses were below budget by \$32 million or 10 per cent, in part due to expenditure management, as well higher interest income and timing of corporate projects.

4. Financial Condition

Liquidity and capital resources

For the fiscal year (in millions of dollars)				
Cash flows provided by (used in):	2023-24	2022-23	\$ Variance	% Variance
Operating activities	\$ 2,142	\$ 2,329	(187)	(8)
Investing activities	(66)	(29)	(37)	(128)
Financing activities	(2,050)	(2,409)	359	15
Increase (Decrease) in cash	\$ 26	\$ (109)	135	124

Cash provided by operating activities:

Cash flows provided by operating activities decreased from prior year, primarily due to lower lottery and land-based gaming NPP compared to fiscal 2022-23.

Cash used in investing activities:

Cash flows used in investing activities in fiscal 2023–24 is primarily due to the purchase of new self-serve lottery terminals and other technology related capital expenditures in the year. In fiscal 2022-23, cash flows used in investing activities was primarily due to technology capital expenditures.

Cash used in financing activities:

Cash flows used in financing activities decreased from prior year, primarily due to decreased payments to the Province of Ontario in fiscal 2023–24, which were \$2.1 billion compared to \$2.4 billion in fiscal 2022-23. This was partially offset by increased loan proceeds received for the self-serve lottery terminals.

Capital risk management

The capital structure of the Corporation consists of cash, restricted cash, long-term debt and equity, which is comprised of retained earnings and contributed surplus.

The Corporation is required to finance certain capital expenditures with debt obtained from the Ontario Financing Authority. The approval of the Minister of Finance is required for the Corporation to borrow funds for major capital expenditures.

The Corporation's objectives in managing capital are to ensure sufficient resources are available to fund future growth of its operations and to provide returns to the Province of Ontario.

The Board of Directors is responsible for the oversight of management, including the establishment of policies related to financial and risk management. The Corporation manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Corporation is not subject to any externally imposed capital requirements. Refer to Note 21 of the Notes to the Consolidated Financial Statements for further details on the Corporation's financial risk management and financial instruments.

5. Enterprise 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 enable 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 third-party management programs and prioritizes work with private sector partners to address important risks such that 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, such as challenging macro-economic conditions, 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 adapting our ways of working to drive innovation and speed, continuing to build a more inclusive and diverse workforce, employing a hybrid work model and creating workspaces that 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 strategy.

A focus on compliance and sustainability is crucial to maintaining the trust of our customers, partners and shareholder. 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 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 and new or 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 by continuously improving 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.

6. Material Accounting Policies and Use of Estimates and Judgments

To conform with IFRS, the preparation of the Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements are included in the following notes:

- Revenue
- Leases
- Consolidation
- Provisions
- Contingencies

Areas of significant estimation and uncertainty that may have a significant effect on the amounts recognized in the Consolidated Financial Statements, and could result in a material adjustment within the next fiscal year, are discussed in the following notes:

- Property, plant and equipment – impairment, useful lives and residual values
- Provisions
- Lease liabilities, right-of-use assets and finance lease receivable
- Revenue and contract liabilities
- Valuation of financial instruments including credit risk for expected credit losses
- Employee benefits

The Corporation's significant accounting policies, estimates and judgments have been reviewed and discussed with the Audit Risk and Management Committee of the Board of Directors. The Corporation's significant accounting policies are described in the Notes to the Consolidated Financial Statements.

Adoption of new Accounting Standards

Accounting standards, interpretations and amendments effective for accounting years beginning on April 1, 2023 did not materially affect the Corporation's Consolidated Financial Statements.

MANAGEMENT'S RESPONSIBILITY FOR ANNUAL REPORTING

The accompanying consolidated financial statements of the Ontario Lottery and Gaming Corporation and all information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Where required, management has made informed judgements and estimates in accordance with International Financial Reporting Standards.

The Board of Directors oversees management's responsibilities for financial reporting through its Audit and Risk Management Committee, which is composed entirely of directors who are neither officers nor employees of the Corporation. The Audit and Risk Management Committee reviews the financial statements and recommends them to the Board for approval. This Committee meets periodically with management, internal audit and the external auditors.

To discharge its responsibility, management maintains an appropriate system of internal control to provide reasonable assurance that relevant and reliable consolidated financial statements are produced and that the Corporation's assets are properly safeguarded. The Corporation maintains a staff of internal auditors whose functions include reviewing internal controls and their applications, on an ongoing basis. The reports prepared by the internal auditors are reviewed by the Committee. The Vice President, Internal Audit, responsible for Internal Audit, reports functionally to the Audit and Risk Management Committee and administratively to the President and Chief Executive Officer.

KPMG LLP, the independent auditor appointed by the Board of Directors upon the recommendation of the Audit and Risk Management Committee, has examined the consolidated financial statements. Their report outlines the scope of their examination and their opinion on the consolidated financial statements. The independent auditor has full and unrestricted access to the Committee.



Duncan Hannay
President and Chief Executive Officer

June 18, 2024



Pinder Basi
Chief Financial and Risk Officer

**KPMG LLP**

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100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ontario Lottery and Gaming Corporation and to the Minister of Finance of Ontario

Opinion

We have audited the consolidated financial statements of Ontario Lottery and Gaming Corporation (the Corporation), which comprise:

- the consolidated statements of financial position as at March 31, 2024 and March 31, 2023
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2024 and March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "OLG Annual Report 2023-24".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis and the OLG Annual Report 2023-24 as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 18, 2024

Ontario Lottery and Gaming Corporation
Consolidated Statements of Financial Position
As at March 31, 2024 and 2023
(in millions of Canadian dollars)

	Notes	2024	2023
Assets			
Current assets			
Cash		\$ 251	\$ 225
Restricted cash	5	131	113
Trade and other receivables	6	225	130
Due from service providers	13	25	22
Prepaid expenses		21	20
Inventories	7	38	35
Total current assets		691	545
Non-current assets			
Restricted cash	5	77	74
Property, plant and equipment	8	798	776
Right-of-use assets	9	213	221
Finance lease receivable	9	145	148
Other asset	9	77	69
Total non-current assets		1,310	1,288
Total assets		\$ 2,001	\$ 1,833
Liabilities and Equity			
Current liabilities			
Trade and other payables	10	\$ 422	\$ 384
Provisions	11	42	31
Due to operator and service providers	13	114	92
Due to the Government of Canada	15	36	42
Current portion of contract liabilities	16	54	62
Current portion of lease liabilities	9	24	21
Current portion of long-term debt	17	12	11
Total current liabilities		704	643
Non-current liabilities			
Contract liabilities	16	108	132
Lease liabilities	9	370	382
Due to operator and service providers	13	77	74
Long-term debt	17	64	31
Employee benefits	22	9	9
Total non-current liabilities		628	628
Total liabilities		1,332	1,271
Equity			
Retained earnings		607	500
Contributed surplus		62	62
Total equity		669	562
Total liabilities and equity		\$ 2,001	\$ 1,833

Commitments (Note 13 and 23)
Contingencies (Note 24)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board


Jim Warren, Chair


Jennifer Roedding, Director

Ontario Lottery and Gaming Corporation
Consolidated Statements of Comprehensive Income
For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

	Notes	2024	2023
Proceeds from Lottery and Gaming		\$ 9,324	\$ 9,198
Less: Lottery prizes		(2,586)	(2,608)
Gaming revenue		6,738	6,590
Less: Service Provider fees		(2,211)	(2,082)
Net gaming revenue		4,527	4,508
Lease revenue	9	119	117
Non-gaming revenue		42	36
Revenue	16	4,688	4,661
Expenses (income)			
Stakeholder payments	19	953	865
Commissions and fees	18	476	467
Personnel		323	304
Win contribution	14	201	207
Marketing and promotion		184	168
Systems maintenance		99	77
Amortization	8,9	83	77
Ticket printing, distribution and testing		67	63
General operating, administration and other	20	64	68
Facilities		52	50
Food, beverage and other purchases		17	16
Finance costs		15	15
Regulatory fees		11	5
Finance income		(24)	(19)
		2,521	2,363
Net income and comprehensive income		\$ 2,167	\$ 2,298

The accompanying notes are an integral part of these consolidated financial statements.

Ontario Lottery and Gaming Corporation
Consolidated Statements of Changes in Equity
For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

	Notes	Retained earnings	Contributed surplus	Total
Balance at March 31, 2022		\$ 576	\$ 62	\$ 638
Net income and comprehensive income		2,298	-	2,298
Payments to the Province of Ontario	12	(2,374)	-	(2,374)
Balance at March 31, 2023		\$ 500	\$ 62	\$ 562
Net income and comprehensive income		2,167	-	2,167
Payments to the Province of Ontario	12	(2,060)	-	(2,060)
Balance at March 31, 2024		\$ 607	\$ 62	\$ 669

The accompanying notes are an integral part of these consolidated financial statements.

Ontario Lottery and Gaming Corporation
Consolidated Statements of Cash Flows
For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

	Notes	2024	2023
Cash flows from operating activities			
Net income and comprehensive income		\$ 2,167	\$ 2,298
Adjustments to reconcile profit for the period to net cash from operating activities:			
Amortization of property, plant and equipment and right-of-use assets	8,9	83	77
Net finance income		(9)	(4)
Other long-term employee benefits	22.iii	-	(1)
Operating cash flows before change in non-cash working capital and restricted cash		2,241	2,370
Changes in non-cash working capital and restricted cash:			
(Increase) decrease in restricted cash		(21)	7
(Increase) decrease in trade and other receivables		(95)	22
(Increase) in other asset		(8)	-
(Increase) decrease in due from service providers		(2)	16
(Increase) decrease in prepaid expenses		(1)	1
(Increase) in inventories		(3)	-
Increase in trade and other payables		35	11
Increase (decrease) in provisions		11	(20)
Increase (decrease) in due to operator and service providers		25	(47)
(Decrease) increase in due to the Government of Canada		(6)	2
(Decrease) in contract liabilities		(34)	(33)
Net cash from operating activities		2,142	2,329
Cash flows (used in) from investing activities			
Interest received		21	14
Capital expenditures	8	(87)	(43)
Net cash (used in) investing activities		(66)	(29)
Cash flows (used in) from financing activities			
Interest paid		(9)	(9)
Proceeds from long-term debt	17	44	2
Repayments of long-term debt	17	(11)	(15)
Payment of lease liabilities	9	(14)	(13)
Payments to the Province of Ontario		(2,060)	(2,374)
Net cash (used in) financing activities		(2,050)	(2,409)
Increase (decrease) in cash		26	(109)
Cash, beginning of year		225	334
Cash, end of year		\$ 251	\$ 225
<i>Supplemental disclosure relating to non-cash investing activities:</i>			
Acquisition of property, plant and equipment not yet paid for		\$ 5	\$ 2

The accompanying notes are an integral part of these consolidated financial statements.

Ontario Lottery and Gaming Corporation

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

1. Reporting entity

Ontario Lottery and Gaming Corporation (OLG or the Corporation) was established without share capital on April 1, 2000 pursuant to the *Ontario Lottery and Gaming Corporation Act, 1999*. The Corporation is classified as an Operational Enterprise Agency of the Ontario government and is responsible for conducting and managing;

- Lottery games (including national and regional Lotto, INSTANT and sports),
- Digital Gaming (on OLG.ca and OLG app), and
- Land-based Gaming (comprising Casino Gaming and Charitable Gaming).

The Corporation is also directly funding and helping to support the horse racing industry in Ontario (Note 23.d).

The Corporation is one of the regional marketing organizations for national lottery games who all collectively participate in the Interprovincial Lottery Corporation.

The Corporation has an operating agreement with Caesars Entertainment Windsor Limited (CEWL) for the operation of casino, hotel, entertainment and food and beverage facilities at Caesars Windsor. The Corporation consolidates the financial position and results of these operations in the consolidated financial statements. The Corporation does not consolidate the financial position and results of operations of CEWL.

The Corporation entered into Casino Operating and Services Agreements (COSAs) with certain Land-based Casino Gaming service providers (Note 13.b) and Charitable Gaming Centre Service Providers Agreements (CGCSPAs) with Charitable Gaming service providers (individually, and collectively, the service providers). The Corporation does not control these service providers and therefore does not consolidate the financial position or results of operations of these service providers. OLG continues to conduct and manage Land-based Gaming sites while the service providers assume control of the day-to-day operations.

The Corporation's head office and corporate office, respectively, are located at:

- 70 Foster Drive, Suite 800, Sault Ste. Marie, Ontario, P6A 6V2
- 4120 Yonge Street, Suite 600, Toronto, Ontario, M2P 2B8

These consolidated financial statements were authorized for issue by the Board of Directors of the Corporation on June 18, 2024.

Ontario Lottery and Gaming Corporation

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

2. Basis of preparation

a. Statement of compliance

These consolidated financial statements include the accounts of the Corporation including Caesars Windsor, and the wholly owned subsidiary, Ontario Gaming Assets Corporation (OGAC), and have been prepared in accordance with IFRS Accounting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

b. Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments classified as financial liabilities through profit and loss that are measured at fair value (Note 21.a.ii).

c. Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars. The Canadian dollar is the Corporation's functional currency and the currency of the primary economic environment in which the Corporation operates.

d. Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

- Consolidation (Note 3.a)
- Leases (Note 9)
- Provisions (Note 11)
- Revenue (Note 16)
- Contingencies (Note 24)

Areas of significant estimation and uncertainty that may have a significant effect on the amounts recognized in the consolidated financial statements, and could result in a material adjustment within the next fiscal year, are discussed in the following notes:

- Property, plant and equipment – impairment, useful lives and residual values (Note 8)
- Lease liabilities, right-of-use assets and finance lease receivable (Note 9)
- Provisions (Note 11)
- Revenue and contract liabilities (Note 16)
- Valuation of financial instruments including credit risk for expected credit losses (Note 21)
- Employee benefits (Note 22)

Ontario Lottery and Gaming Corporation

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

2. Basis of preparation (continued)

e. Adoption of new accounting standards

Accounting standards, interpretations and amendments effective for accounting years beginning on April 1, 2023 did not materially affect the Corporation's consolidated financial statements.

3. Material accounting policies

The following accounting policies have been applied consistently by the Corporation in the consolidated financial statements as at and for the years ended March 31, 2024 and March 31, 2023.

a. Basis of consolidation

The consolidated financial statements include the accounts of the Corporation, OGAC and Caesars Windsor. The Corporation does not control any of the Land-based Casino Gaming or Charitable Gaming service providers and therefore does not consolidate their respective financial position and results. Control is achieved when the Corporation is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated on consolidation.

b. Income taxes

As the Corporation is an agent of the Crown, it is not subject to federal or provincial corporate income taxes or corporate capital taxes.

Ontario Lottery and Gaming Corporation

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

3. Material accounting policies (continued)

c. Consolidated statements of comprehensive Income presentation

Proceeds from Lottery and Gaming represents:

Lottery (Retail):

- Sales from retail Lottery products (including regional and national LOTTO, INSTANT and Sports) before the deduction of prizes.

Land-based Gaming (Casino Gaming and Charitable Gaming):

- Net win before the deduction of service provider fees.

Digital Gaming:

- Net win from casino-style games (iCasino) and digital Sports products (iSports) played on OLG's digital gaming platform, and
- Sales from Lottery products played on OLG's digital gaming platform (iLottery) before the deduction of prizes.

Lottery prizes, which are recorded as a reduction of proceeds from lottery and gaming, represent prizing for retail Lottery products and for Lottery products (excluding iSports products) purchased on OLG's digital gaming platform.

Service provider fees, which are recorded as a reduction of gaming revenue to arrive at net gaming revenue, represents fees paid to, or on behalf of, Charitable Gaming service providers under the terms of the respective CGCSPAs, or Casino Gaming service providers under the terms of the respective COSAs. Also included in service provider fees are other adjustments, which primarily comprise:

- Reclassification of amounts to lease revenue, to reflect fair value consideration to the lease component of the arrangement (Note 16.a.iii), and
- Recognition of amounts related to advanced consideration received from certain bundles (Note 16.b.ii)

d. Accounting standards issued but not yet effective

A number of new amendments to standards take effect in future fiscal reporting periods beginning on or after January 1, 2024. Earlier application is permitted; however, the Corporation has not early adopted the amended standards in preparing these consolidated financial statements. A summary of those amendments that may be relevant to the Corporation are set out below:

- Amendment to IAS 1, *Presentation of Financial Statements* – The amendments clarify the classification of liabilities as current or non-current based on the contractual rights that are in existence at the end of the reporting period and is unaffected by the expectations about whether an entity will exercise its rights to defer settlement or if management intends or expects to settle the liability within 12 months. The amendments also require new disclosures for non-current liabilities that are subject to future covenants.

The Corporation does not expect the amendments to have a material impact on the consolidated financial statements.

Ontario Lottery and Gaming Corporation
Notes to the Consolidated Financial Statements
For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

3. Material accounting policies (continued)

e. Other material accounting policies

Note	Topic
7	Inventories
8	Property, plant and equipment
9	Leases
11	Provisions
16	Revenue
21	Financial risk management & financial instruments
22	Employee benefits
24	Contingencies

4. Capital risk management

The capital structure of the Corporation consists of cash, restricted cash, long-term debt and equity, which is comprised of retained earnings and contributed surplus.

The Corporation is required to finance certain capital expenditures with debt obtained from the Ontario Financing Authority (OFA). The approval of the Minister of Finance is required for the Corporation to borrow funds for major capital expenditures.

The Corporation's objectives in managing capital are to ensure sufficient resources are available to fund future growth of its operations and to provide returns to the Province of Ontario.

The Board of Directors is responsible for the oversight of management, including the establishment of policies related to financial and risk management. The Corporation manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Corporation is not subject to any externally imposed capital requirements. Refer to Note 21 for further details on the Corporation's financial risk management and financial instruments.

5. Restricted cash

Restricted cash, consisting of the following items and respective amounts, is held in separate bank or escrow accounts.

	2024	2023
Current		
Prize funds on deposit (a)	\$ 92	\$ 91
Funds held on behalf of digital gaming patrons	35	21
Other (b)	4	1
	\$ 131	\$ 113
Non-current		
Cash held in escrow (c)	77	74
	\$ 77	\$ 74
Restricted cash	\$ 208	\$ 187

- a. Prize funds on deposit are funds set aside for the estimated gross prizes outstanding of \$133 million (2023 – \$132 million) less an estimate for prizes not expected to be claimed by customers of \$41 million (2023 – \$41 million).

Ontario Lottery and Gaming Corporation
Notes to the Consolidated Financial Statements
For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

5. Restricted cash (continued)

- b. Other restricted cash represents unused OFA loan proceeds and funds held in trust on behalf of the Ontario horse racing industry not yet distributed.
- c. Cash held in escrow are funds held in accordance with escrow agreements, with a corresponding liability recognized (Note 13.b). The funds are not available for use and can only be released to the Corporation or the Land-based Gaming Casino service provider under certain circumstances pursuant to the agreements.

6. Trade and other receivables

	2024	2023
Trade receivables	\$ 145	\$ 93
Casino Gaming service providers' deposits	66	25
Other receivables	14	12
Trade and other receivables	\$ 225	\$ 130

The Corporation's accounting policy and exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 21.

7. Inventories

a. Accounting policy

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the specific identification or weighted average cost methods. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

b. Explanatory information

Inventory costs included in expenses for the year ended March 31, 2024 were \$84 million (March 31, 2023 – \$79 million).

Ontario Lottery and Gaming Corporation

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023
(in millions of Canadian dollars)

8. Property, plant and equipment

a. Accounting policy

i. Recognition and measurement

Major capital purchases that have a useful life beyond one year are measured at cost less accumulated amortization and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

ii. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized upon replacement. The cost of the day-to-day servicing of property, plant and equipment is recognized as incurred in the consolidated statements of comprehensive income.

iii. Amortization

Amortization is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the consolidated statements of comprehensive income on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Assets	Rate
Buildings	10 to 50 years
Furniture, fixtures and equipment	3 to 10 years
Leasehold improvements	Lesser of useful life or term of lease
Lottery gaming assets	5 to 7 years
Land-based gaming assets	5 to 10 years

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8. Property, plant and equipment (continued)

iii. Amortization (continued)

Land assets are carried at cost, less any recognized impairment losses and are not amortized.

Property, plant and equipment are amortized when they are ready for their intended use. Construction in progress and assets not yet in use are stated at cost, less any recognized impairment loss. Amortization of these assets is determined on the same basis as other property assets and commences when the assets are ready for their intended use.

Amortization methods, useful lives and residual values are reviewed at each fiscal year end and are adjusted if appropriate.

iv. Impairment

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset is allocated.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statements of comprehensive income. Impairment losses recognized in respect of CGUs are allocated to reduce, on a pro rata basis, the carrying amounts of the assets in the unit or group of units.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

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8. Property, plant and equipment (continued)

Cost

	Land	Buildings	Furniture, fixtures and equipment	Leasehold improvements	Lottery gaming assets	Land-based gaming assets	Construction in progress and assets not yet in use	Total
Balance at April 1, 2022	\$ 130	\$ 1,811	\$ 374	\$ 25	\$ 86	\$ 96	\$ 15	\$ 2,537
Additions and assets put into use	-	5	21	-	4	6	8	44
Disposals and retirements	-	-	(138)	-	-	(9)	-	(147)
Balance at March 31, 2023	\$ 130	\$ 1,816	\$ 257	\$ 25	\$ 90	\$ 93	\$ 23	\$ 2,434
Balance at April 1, 2023	\$ 130	\$ 1,816	\$ 257	\$ 25	\$ 90	\$ 93	\$ 23	\$ 2,434
Additions and assets put into use	-	7	13	-	-	12	56	88
Disposals and retirements	-	-	(23)	(3)	(10)	(9)	-	(45)
Balance at March 31, 2024	\$ 130	\$ 1,823	\$ 247	\$ 22	\$ 80	\$ 96	\$ 79	\$ 2,477

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8. Property, plant and equipment (continued)

Accumulated amortization and accumulated impairment losses

	Land	Buildings	Furniture, fixtures and equipment	Leasehold improvements	Lottery gaming assets	Land-based gaming assets	Construction in progress and assets not yet in use	Total
Balance at April 1, 2022	\$ 41	\$ 1,246	\$ 321	\$ 21	\$ 31	\$ 84	\$ -	\$ 1,744
Amortization for the period	-	27	16	1	11	6	-	61
Disposal and retirements	-	-	(138)	-	-	(9)	-	(147)
Balance at March 31, 2023	\$ 41	\$ 1,273	\$ 199	\$ 22	\$ 42	\$ 81	\$ -	\$ 1,658
Balance at April 1, 2023	\$ 41	\$ 1,273	\$ 199	\$ 22	\$ 42	\$ 81	\$ -	\$ 1,658
Amortization for the period	-	40	8	1	11	6	-	66
Disposal and retirements	-	-	(23)	(3)	(10)	(9)	-	(45)
Balance at March 31, 2024	\$ 41	\$ 1,313	\$ 184	\$ 20	\$ 43	\$ 78	\$ -	\$ 1,679

Carrying amounts

	Land	Buildings	Furniture, fixtures and equipment	Leasehold improvements	Lottery gaming assets	Land-based gaming assets	Construction in progress and assets not yet in use	Total
Balance at March 31, 2023	\$ 89	\$ 543	\$ 58	\$ 3	\$ 48	\$ 12	\$ 23	\$ 776
Balance at March 31, 2024	\$ 89	\$ 510	\$ 63	\$ 2	\$ 37	\$ 18	\$ 79	\$ 798

Assets subject to operating lease agreements where OLG is the lessor or sub-lessor include land of \$63 million (March 31, 2023 - \$63 million) and buildings with a net book value of \$338 million (March 31, 2023 - \$355 million).

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9. Leases

a. Accounting policy

i. As a lessee

At the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All leases are accounted for by recognizing a right-of-use asset and a lease liability at the commencement date except for:

- leases of low value assets (based on the value of the underlying asset when new); and
- short-term leases with a lease term of 12 months or less.

The right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease or initial direct costs incurred.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. Lease payments include fixed payments, variable lease payments that depend on an index or a rate, initially using the index or rate as at the commencement date, lease payments in extension periods if the Corporation is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

For contracts that both convey a right to the Corporation to use an identified asset and require services to be provided to the Corporation by the lessor, the Corporation has elected to account for the entire contract as a lease.

Right-of-use assets are subsequently measured at cost less any accumulated amortization and impairment losses and adjusted for certain remeasurements of the lease liability.

Lease liabilities are subsequently measured at amortized cost and are remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in assessment of whether the Corporation will exercise an extension or termination option.

ii. As a lessor

The Corporation determines at lease inception whether a lease is a finance lease or an operating lease based on whether the lease substantially transfers all of the risks and rewards incidental to owning the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Corporation is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

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9. Leases (continued)

ii. As a lessor (continued)

The Corporation recognizes lease payments received under operating leases as income on a straight-line basis over the term of the lease as lease revenue in the consolidated statements of comprehensive income.

The Corporation recognizes assets held under a finance lease presented as a finance lease receivable at an amount equal to the net investment in the lease. Finance lease receivables are initially measured at the present value of the lease payments receivable by the Corporation. Lease payments received are apportioned between a reduction in the finance lease receivable and finance income over the lease term.

b. Explanatory information

i. As a lessee

The Corporation leases land and property (office facilities, prize centre retail space, warehouses and a casino complex) under long-term leases. Extension options are included in the determination of the lease term when the Corporation can reasonably expect to exercise that option. The lease payments comprise fixed and variable payments over the term of the lease.

Right-of-use assets

Cost	2024	2023
Balance at April 1	\$ 302	\$ 293
Additions	1	-
Modifications	8	9
Disposals	(1)	-
Balance at March 31	\$ 310	\$ 302

Accumulated amortization	2024	2023
Balance at April 1	\$ 81	\$ 65
Amortization for the year	17	16
Disposals	(1)	-
Balance at March 31	\$ 97	\$ 81

Carrying amount	2024	2023
Balance at March 31	\$ 213	\$ 221

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9. Leases (continued)

i. As a lessee (continued)

Lease liabilities

	2024	2023
Balance at April 1	\$ 403	\$ 411
Additions -	1	-
Interest expense	12	12
Variable lease payment adjustments	11	12
Interest payments	(12)	(12)
Principal payments	(21)	(20)
Balance at March 31	\$ 394	\$ 403
Current	\$ 24	\$ 21
Non-current	370	382
	\$ 394	\$ 403

The following table sets out a maturity analysis of contractual lease payments showing the undiscounted contractual lease payments to be made by the Corporation after the reporting date.

As at March 31		
2025	\$	35
2026		32
2027		31
2028		31
2029		31
Thereafter		335
Total undiscounted lease liabilities	\$	495
Less: Imputed interest on leases		(101)
Total discounted lease liabilities	\$	394

Amounts recognized in the consolidated statements of cash flows

	2024	2023
Total cash outflow for leases	\$ 33	\$ 31

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9. Leases (continued)

ii. As a lessor

Lease income from the lease contracts in which the Corporation acts as a lessor are as follows:

	2024	2023
Finance lease		
Finance income on the finance lease receivable	\$ 4	\$ 4
Operating lease		
Lease revenue from fixed lease payments	\$ 44	\$ 42
Lease revenue from variable lease payments	75	75
Total operating lease revenue	\$ 119	\$ 117

Operating leases

The Corporation leases or subleases casino complex properties and land in long-term lease arrangements to Land-based Casino Gaming service providers as operating leases. The lease payments typically comprise fixed and variable payments over the term.

For a certain land and building lease, a Land-based Casino Gaming service provider prepaid \$61 million for use of the land and building. The Land-based Casino Gaming service provider has the option to terminate the lease agreement at any time and upon termination, the Corporation is required to pay the Land-based Casino Gaming service provider the then fair value of the land and building. The prepayment represents a portion of deferred lease revenue (Note 16.b.ii) and an estimate of the fair value of the Corporation's obligation related to the put option held by the Land-based Casino Gaming service provider (Note 13.b).

For leases where rent payments have been deferred to future periods, the Corporation recognized the deferrals as an other asset of \$69 million (March 31, 2023 – \$69 million) in the consolidated statements of financial position.

The following table sets out a maturity analysis of contractual lease payments due to the Corporation under operating leases, showing the undiscounted contractual lease payments to be received after the reporting date.

As at March 31	
2025	\$ 42
2026	42
2027	42
2028	42
2029	42
Thereafter	538
	\$ 748

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9. Leases (continued)

Finance lease

The Corporation subleases a parking lot and an entertainment centre in long-term lease arrangements to Land-based Casino Gaming service providers as finance leases. The lease payments comprise fixed and variable payments over the term of the lease.

The following table sets out a maturity analysis of contractual lease payments under finance leases, showing the undiscounted contractual lease payments to be received after the reporting date.

As at March 31		
2025	\$	11
2026		11
2027		11
2028		12
2029		12
Thereafter		135
Total undiscounted lease payments receivable	\$	192
Unearned finance income		(33)
Finance lease receivable, gross	\$	159
Less: expected credit losses		(7)
Finance lease receivable	\$	152
Current finance lease receivable (presented within other receivables)	\$	7
Non-current finance lease receivable	\$	145

The Corporation's accounting policy and exposure to credit risks and impairment losses related to finance lease receivable is disclosed in Note 21.

10. Trade and other payables

	2024	2023
Trade payables and accruals	\$ 128	\$ 108
Unclaimed and estimated lottery prizes payable	93	91
Progressive jackpot liability	63	66
Short-term employee benefits	33	33
Commissions payable	39	37
Customer deposits	39	22
Other payables and accruals	27	27
Trade and other payables	\$ 422	\$ 384

The Corporation's accounting policy and exposure to liquidity risks related to trade and other payables is disclosed in Note 21.

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11. Provisions

a. Accounting policy

Provisions are liabilities of uncertain timing and amount. A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

b. Explanatory information

All provisions are included in current liabilities. The carrying amount was:

	Legal claims	Other provisions	Total
Balance at April 1, 2023	\$ 26	\$ 5	\$ 31
Increases and additional provisions	11	-	11
Balance at March 31, 2024	\$ 37	\$ 5	\$ 42

Legal claims

The ultimate outcome of legal proceedings (including potential settlements and awards) depends on several factors and may vary significantly from original estimates. Legal proceedings for which no provision has been recognized (including where the outcome cannot be assessed at this time) as the outcome is not probable or the amount cannot be reliably estimated, are disclosed as contingent liabilities (Note 24), unless the likelihood of the outcome is remote or if such disclosure would seriously prejudice a pending litigation or dispute.

Other provisions

Other provisions primarily include provisions for decommissioning obligations.

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12. Related parties

The Corporation is related to various other government agencies, ministries and Crown corporations. The related party and the associated transaction include:

- Province of Ontario (paid to OFA) - payments to Province of \$2,060 million in fiscal 2023-24 (fiscal 2022-23 - \$2,374 million) within the consolidated statements of changes in equity;
- Ontario Infrastructure and Lands Corporation - office facility lease with lease payments of \$5 million in fiscal 2023-24 recognized within Facility Costs in the consolidated statements of comprehensive income (fiscal 2022-23 - \$5 million);
- Province of Ontario (paid to OFA) - win contribution (Note 14);
- OFA - loan agreements (Note 17);
- Ontario Pension Board - post-employment benefit plans (Note 22.b.ii);
- Workplace Safety and Insurance Board (WSIB) - other long-term employee benefits (Note 22.b.iii);
- Alcohol and Gaming Commission of Ontario - fees of \$10 million in fiscal 2023-24 recognized within Regulatory Fees (fiscal 2022-23 - \$5 million), and fees of \$2 million in fiscal 2023-24 within Service Provider fees (fiscal 2022-23 - \$2 million) in the consolidated statements of comprehensive income and
- Other related parties - total transactions of \$4 million in fiscal 2023-24 (fiscal 2022-23 - \$5 million).

All transactions with these related parties are within the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

Transactions with key management personnel

The Corporation's key management personnel, consisting of the Corporation's Board of Directors and Executive Leadership Team members, have authority and responsibility for overseeing, planning, directing and controlling the activities of the Corporation.

Key management personnel compensation for fiscal 2023-24 includes short-term employee benefits, post-employment benefits and directors' fees totaling \$5 million (fiscal 2022-23 - \$6 million).

13. Due to / from operator and service providers

Due from service providers

	2024	2023
Due from Land-based Casino Gaming service providers (b)	\$ 21	\$ 20
Due from Charitable Gaming service providers (c)	6	4
Less: expected credit losses	(2)	(2)
Due from service providers	\$ 25	\$ 22

The Corporation's accounting policy and exposure to credit risks and impairment losses related to due from service providers is disclosed in Note 21.

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13. Due to / from operator and service providers (continued)

Due to operator and service providers

	2024	2023
Current		
Due to operator (a)	\$ 18	\$ 18
Due to Land-based Casino Gaming service providers (b)	96	74
	114	92
Non-current		
Due to Land-based Casino Gaming service providers (b)	77	74
Due to operator and service providers	\$ 191	\$ 166

The Corporation's accounting policy and exposure to liquidity risks related to due to operator and service providers is disclosed in Note 21.

a. Due to operator

i. Caesars Windsor

Under the terms of the operating agreement for Caesars Windsor, the operator is entitled to receive an operator's fee calculated as a percentage of Gross Revenue and as a percentage of Net Operating Margin, both as defined in the related operating agreement.

The Corporation and CEWL have an Additional Services and Extension Agreement (ASEA) which extended the term of the operating agreement relating to Caesars Windsor. The Extension Term, as defined in the ASEA, commenced on August 1, 2020 and ends August 1, 2025 with an option for the Corporation to further extend the term for up to one year ending on August 1, 2026. Pursuant to the terms of the ASEA, the operator is entitled primarily to the current Operator's Fee as defined in the operating agreement, an Extension Payment of \$4 million per year (on a per diem basis) and a Fixed Operator Fee, as defined, in lieu of the current Operator's Fee in the last six months of the ASEA.

At Caesars Windsor, the operator's subsidiary is the employer of the employees working at that facility. All payroll and payroll-related costs are charged to the Corporation monthly and expensed in the Corporation's consolidated statements of comprehensive income.

b. Due to / from Land-based Casino Gaming service providers

Under the terms of the COSAs, each service provider is entitled to receive service provider fees' primarily comprising a fixed fee, a variable fee and an amount for permitted capital expenditures, as applicable. The current amount due to Land-based Casino Gaming service providers represents the accrued service provider fees. Also included is an estimate of the amount due to the West GTA Gaming Bundle service provider in the event the service provider terminates a lease agreement early or at expiry (Note 9.b.ii).

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13. Due to / from operator and service providers (continued)

b. Due to / from Land-based Casino Gaming service providers (continued)

Due to the calculation method and the timing of settlement, certain gaming bundles may be in a receivable position at the end of the fiscal year. Certain amounts receivable from Land-based Casino Gaming service providers are subject to interest. Where amounts receivable from Land-based Casino Gaming service providers cannot be settled on a net basis or OLG does not intend to settle in this manner, these amounts have been presented separately from those that are due to service providers.

The non-current amount due to Land-based Casino Gaming service providers represents cash held in escrow (Note 5) in accordance with escrow agreements that are repayable at the end of the agreements unless certain conditions are met.

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13. Due to / from operator and service providers (continued)

b. Due to / from Land-based Casino Gaming service providers (continued)

The chart below outlines the Land-based Casino gaming bundles:

Bundle	Sites	Service provider	COSA effective date	COSA expiration date
East	Thousand Islands Kawartha Downs Belleville Peterborough	Ontario Gaming East Limited Partnership (OGELP)	January 11, 2016	March 31, 2040
Southwest	Point Edward London Clinton Chatham Hanover Woodstock Sarnia	Gateway Casinos & Entertainment Limited (Gateway)	May 9, 2017	March 31, 2037
North	Sault Ste. Marie Thunder Bay Sudbury North Bay Kenora (New Build*)	Gateway	May 30, 2017	March 31, 2037
Ottawa	Rideau	HR Ottawa L.P. (Hard Rock)	September 12, 2017	March 31, 2037
Greater Toronto Area	Toronto Ajax Great Blue Heron Pickering	Ontario Gaming GTA Limited Partnership (OGGLP)	January 23, 2018	January 22, 2039
West Greater Toronto Area	Brantford Flamboro Mohawk Grand River	Ontario Gaming West GTA Limited Partnership (OGWGLP)	May 1, 2018	March 31, 2038
Central	Innisfil Casino Rama Wasaga Beach	Gateway	July 18, 2018	July 31, 2041
Niagara	Casino Niagara Fallsview	MGE Niagara Entertainment Inc. (MGE)	June 11, 2019	March 31, 2040
Windsor**	Caesars Windsor	TBD	TBD	TBD

* Not yet constructed as of March 31, 2024.

**A Request for Proposal for the operations of the Caesars Windsor is currently still open.

c. Due from Charitable Gaming service providers

As at March 31, 2024, 37 Charitable Gaming Centres across Ontario are operated by Charitable Gaming service providers. Under the terms of the CGCSPAs, which are set to expire on March 31, 2030, each Charitable Gaming service provider is entitled to Service provider fees primarily comprising a variable fee (calculated as a percentage of gaming revenue). The amount due from Charitable Gaming service providers represents amounts owed to the Corporation.

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14. Win contribution

The Corporation remits a contribution to the Province of Ontario equal to 20 per cent of gaming revenue generated at the respective sites, as defined, from Caesars Windsor, Casino Rama, Casino Niagara, Fallsview Casino and the Great Blue Heron Casino in accordance with the *Ontario Lottery and Gaming Corporation Act, 1999*, which amounted to \$201 million for fiscal 2023–24 (fiscal 2022–23 – \$207 million). The Corporation retains the responsibility to remit the contribution once a site is operated by a Land-based Casino Gaming service provider.

15. Due to Government of Canada

As at March 31, 2024, the amount due to the Government of Canada was \$36 million (March 31, 2023 – \$42 million). The recognition of this obligation requires management to make certain estimates regarding the nature, timing and amounts associated with the due to the Government of Canada liability. The Corporation's accounting policy and exposure to liquidity risks related to due to Government of Canada is disclosed in Note 21.

The amounts paid to the Government of Canada include:

a. Payments on behalf of the Province of Ontario

The provincial lottery corporations make payments to the Government of Canada under an agreement dated August 1979 between the provincial governments and the Government of Canada. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets. The amount is recorded in stakeholder payments in the consolidated statements of comprehensive income (Note 19).

b. Goods and Services Tax / Harmonized Sales Tax (GST/HST)

As a prescribed registrant, the Corporation makes GST/HST remittances to the Government of Canada pursuant to the Games of Chance (GST/HST) Regulations of the Excise Tax Act. The Corporation's net tax for a reporting period is calculated using net tax attributable to both gaming and non-gaming activities.

The net tax attributable to non-gaming activities is calculated in the same way as it is for any other GST/HST registrant in Canada. The non-recoverable GST/HST payable to suppliers and the additional imputed tax payable to the Government of Canada on gaming-related expenses were recognized as payments to the Government of Canada, which is recorded in stakeholder payments in the consolidated statements of comprehensive income (Note 19).

The net tax attributable to gaming activities results in a 26 per cent tax burden on most taxable gaming expenditures incurred by the Corporation.

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16. Revenue

a. Accounting policy

Revenue is measured at the fair value of the consideration received or receivable. Revenue represents the core operating business transactions accounted for under both IFRS 15, Revenue from Contracts with Customers (IFRS 15) and IFRS 9, Financial Instruments (IFRS 9). IFRS 15 reflects revenue earned from transactions where the Corporation administers games amongst players (administered games) as well as other transactions made in exchange for a defined good or service. IFRS 9 reflects revenue from transactions where the Corporation takes a position against the customer such that the Corporation's net gain or loss on the transaction is determined by an uncertain future event (wagering transactions). For administered games, the Corporation can more definitively determine its return on a sales transaction, whereas under IFRS 9 there is greater uncertainty. Significant judgment is needed to determine whether gaming transactions are within the scope of IFRS 9 or IFRS 15.

i. Gaming revenue and Net gaming revenue

Under IFRS 15:

Revenue from lottery tickets for which results are determined based on a draw is recognized when the related draw occurs net of awarded prizes. These tickets are sold to customers either by contracted lottery retailers or on OLG's digital gaming platform.

INSTANT lottery games revenue is recognized net of the predetermined prize structure at the time retailers make them available for sale to the public. This is indicated by the retailers' activation of tickets which acts as a proxy for the eventual sale to the customer.

OLG recognizes net gaming revenue generated at Charitable Gaming Centres operated by Charitable Gaming service providers, in the same period the games are played. Net gaming revenue is determined after the deduction of service providers' fees, primarily comprising a variable fee (calculated as a percentage of gaming revenue).

OLG recognizes net gaming revenue generated at Land-based Casino Gaming sites operated by Land-based Casino Gaming service providers, in the same period the games are played. Net gaming revenue is determined after the deduction of service providers' fees, primarily comprising a fixed fee, a variable fee (calculated as a percentage of gaming revenue) and an amount for permitted capital expenditures, as applicable.

Under IFRS 9:

For any lottery, sports betting and casino game offerings (Caesars Windsor and digital casino) which fall under the scope of IFRS 9, revenue is recognized in the same period the related draw occurs, event is settled or game is played. Revenue represents the difference between the amounts earned through lottery and sports ticket sales or gaming wagers less prize payouts, net of any changes in accrued jackpot liabilities, fair value remeasurements of unsettled sports betting positions and liabilities under customer loyalty incentive programs.

ii. Non-gaming revenue

Under IFRS 15, revenue earned from accommodations, food and beverage, entertainment and other services is recognized in the period it is earned. OLG does not recognize non-gaming revenue generated at sites operated by Land-based Casino Gaming and Charitable Gaming service providers.

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16. Revenue (continued)

iii. Lease revenue

Under IFRS 15, the Corporation leases certain properties in exchange for fixed and variable lease payments, as applicable, pursuant to lease agreements, including property tax and operating cost reimbursements under certain leases. The fixed and variable payments are recognized in lease revenue as they are earned. In addition to these payments, an adjustment is made for certain leases with service providers in accordance with IFRS 15, to reallocate net gaming revenue to lease revenue with the objective of recognizing a fair market value lease payment.

iv. Other items in revenue

Customer loyalty incentive programs

For programs that allow customers to earn points based on the volume of play during gaming or through purchases of non-gaming amenities, these points are recognized as a separate deliverable in the revenue transaction.

For programs that provide customers the right to receive cash, a financial liability is recognized when the points are granted and a corresponding amount equal to the cash value is recognized as a reduction to revenue. When the points are redeemed, expire or are forfeited, the financial liability is derecognized.

For programs that provide customers the right to receive free or discounted goods and services and/or free play, a financial liability is recognized when the points are awarded and a corresponding amount equal to the fair value is recognized as a reduction to revenue. The revenue is deferred until the points are redeemed, expire or are forfeited; at which time the financial liability is derecognized.

Complimentary items and cash incentives

When complimentary goods and services or free play/tickets are provided to customers not in conjunction with a gaming transaction, the Corporation does not recognize revenue from the complimentary goods and services or free tickets.

When a player is awarded a cash incentive, a financial liability is recognized when the incentive is granted and a corresponding amount equal to the cash value is recognized as a reduction to revenue. When the cash incentive is redeemed, expires or is forfeited, the financial liability is derecognized.

Contract liabilities

Funds collected for unsettled sports betting positions and lottery games for which results are determined based on the outcome of an event or a draw, and for which tickets are sold in advance of the event or draw, are recorded as contract liabilities representing the portion of gaming revenue to be recognized once the related draw occurs or event is settled and a separate portion for prizes that the Corporation expects to be returned to players.

Contract liabilities also includes prepaid lease revenue and consideration received from Land-based Casino Gaming service providers which is recognized on a straight-line basis over the duration of the respective COSA.

Ontario Lottery and Gaming Corporation
Notes to the Consolidated Financial Statements
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16. Revenue (continued)

b. Explanatory information

i. Disaggregation of revenue

The Corporation's revenue disaggregated by line of business is as follows:

2024	Lottery		Land-based Gaming		Digital Gaming		Total	
			Casino Gaming	Charitable Gaming	iLottery	iCasino/iSports		
Proceeds from Lottery and Gaming	\$	4,221	\$	3,956	\$	242	\$	9,324
Less: Lottery prizes		(2,466)		-		(120)		(2,586)
Gaming revenue	\$	1,755	\$	3,956	\$	122	\$	6,738
Less: Service Provider fees		-		(1,977)		-		(2,211)
Net gaming revenue	\$	1,755	\$	1,979	\$	122	\$	4,527
Lease revenue		-		119		-		119
Non-gaming revenue		-		42		-		42
Revenue	\$	1,755	\$	2,140	\$	122	\$	4,688
Revenue from administered games / other transactions in exchange for a defined good or service								3,761
Revenue from wagered games								927
Revenue							\$	4,688

2023	Lottery		Land-based Gaming		Digital Gaming		Total	
			Casino Gaming	Charitable Gaming	iLottery	iCasino/iSports		
Proceeds from Lottery and Gaming	\$	4,357	\$	3,841	\$	218	\$	9,198
Less: Lottery prizes		(2,500)		-		(108)		(2,608)
Gaming revenue	\$	1,857	\$	3,841	\$	110	\$	6,590
Less: Service Provider fees		-		(1,882)		-		(2,082)
Net gaming revenue	\$	1,857	\$	1,959	\$	110	\$	4,508
Lease revenue		-		117		-		117
Non-gaming revenue		-		36		-		36
Revenue	\$	1,857	\$	2,112	\$	110	\$	4,661
Revenue from administered games / other transactions in exchange for a defined good or service								3,811
Revenue from wagered games								850
Revenue							\$	4,661

Ontario Lottery and Gaming Corporation
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16. Revenue (continued)

ii. Contract liabilities

		2024	2023
Gaming Bundle contract liabilities (a)	\$	132	\$ 155
Deferred lease revenue (b)		17	19
Deferred lottery and sports revenue		4	8
Expected prize payout		4	8
Gift cards		5	4
		162	194
Less: current portion		(54)	(62)
Contract liabilities	\$	108	\$ 132

The amount of \$38 million included in contract liabilities at March 31, 2023 has been recognized as revenue in fiscal 2023-24 (fiscal 2022-23 - \$36 million).

a. Niagara and GTA gaming bundle contract liabilities

These liabilities represent consideration received in advance from the Niagara and GTA gaming bundle service providers.

b. Deferred lease revenue

Deferred lease revenue represents an amount prepaid from the West GTA gaming bundle service provider for the use of land and building where the casino in Brantford resides (Note 9.b.ii).

17. Long-term debt

The Corporation's accounting policy and exposure to liquidity risks related to long-term debt is disclosed in Note 21.

	2024	2023
Lottery terminals loan (a)	29	40
Self-serve lottery terminals loan (b)	47	2
	76	42
Less: current portion	(12)	(11)
Long-term debt	\$ 64	\$ 31

On June 1, 2012, the Province of Ontario amended the *Ontario Lottery and Gaming Corporation Act, 1999* to require the Corporation to finance certain capital expenditures with debt obtained from the OFA. The approval of the Minister of Finance is required for the Corporation to borrow funds for major capital expenditures.

Interest expense from long-term debt included in finance cost for the year ended March 31, 2024 was \$2 million (March 31, 2023 – \$1 million).

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17. Long-term debt (continued)

a. Lottery terminals loan

In February 2018, the Corporation entered into a loan agreement with the OFA, involving two facilities, to finance the replacement and expansion of the lottery terminal network and the implementation of an enhanced communications network. Facility one, with a cumulative balance of \$56 million inclusive of interest, was repaid with facility two on April 30, 2021. The facility two loan is repayable over five years in average semi-annual payments of \$6 million. The loan bears interest and fees of 1.641 per cent per annum and is unsecured. The loan is due April 30, 2026.

b. Self-serve lottery terminals loan

On May 3, 2022, the Corporation entered into a loan agreement with the OFA, involving two facilities, to borrow an amount up to \$56 million to finance the purchase and installation of self-serve lottery terminals. During fiscal 2023-24, the Corporation drew \$44 million on facility one, bringing the total cumulative loan balance to \$47 million inclusive of interest. Facility one is repayable, inclusive of interest accrued, at the earlier of the project completion date or December 31, 2025 with facility two. Facility one bears interest equal to the three-month Ontario Treasury Bill Rate plus 0.533 percent per annum compounded quarterly and is unsecured. Facility two, which has not yet been drawn, will be repayable over five years in equal-blended semi-annual installments of principal and interest.

c. Payments over the next five years

Principal payments related to long-term debt that are expected to be made over the next five years and thereafter are approximated as follows:

As at March 31	Principal payments	
2025	\$	12
2026		20
2027		15
2028		9
2029		10
Thereafter		10
	\$	76

18. Commissions and fees

	2024	2023
Lottery retailer commissions (a)	\$ 319	\$ 330
Operator fees (b)	147	129
Other (c)	10	8
Commissions and fees	\$ 476	\$ 467

a. Lottery retailer commissions

Commissions paid to lottery retailers are based on revenue earned by OLG, ticket redemptions or sales of major prize-winning tickets.

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18. Commissions and fees (continued)

b. Operator fees

Operator fees include fees paid to the operator of Caesars Windsor and to lottery and digital service providers.

c. Other

These primarily comprise fees paid to third parties related to PlaySmart Centres.

19. Stakeholder payments

	Notes		2024		2023
Payments to the Government of Canada	15	\$	420	\$	390
Gaming revenue sharing payment to OFNLP	23.c		163		123
Municipal commissions (a)			157		152
Horse racing funding	23.d		113		116
Other (b)			100		84
Stakeholder payments		\$	953	\$	865

a. Municipal commissions

Municipalities that host a Land-based Casino Gaming facility receive a percentage of Electronic Games Revenue, Live Table Games Revenue and Sportsbook Revenue as defined in the Municipality Contribution Agreements. The Mississaugas of Scugog Island First Nation (MSIFN), as the host community of the Great Blue Heron Casino, receives a percentage of Electronic Games Revenue and Live Table Games Revenue as defined in the Contribution Agreement.

Municipalities that host Charitable Gaming Centres receive a commission based on a percentage of Adjusted Net Gaming Win, as defined in the Charitable Gaming Centre Municipality Agreements.

b. Other

Other Stakeholder payments include those made to charity and non-for-profit groups and the MSIFN Revenue Share Payment as defined in the Revenue Share Agreement.

20. General operating, administration and other

		2024	2023
General and administration (a)	\$	71	\$ 76
ATM fees		(4)	(4)
Miscellaneous income		(3)	(4)
General operating, administration and other	\$	64	\$ 68

a. General and administration

General and administration expenses are primarily comprised of office supplies and consumables, legal and consulting fees, settlements, research and development, travel, telecommunication, information technology and other miscellaneous expenses.

Ontario Lottery and Gaming Corporation

Notes to the Consolidated Financial Statements

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21. Financial risk management and financial instruments

a. Accounting policy

i. Financial assets

The Corporation initially recognizes financial assets on the trade date, which is the date the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value plus any directly attributable transaction costs or the transaction price. Subsequently, their measurement depends on the category in which they are classified.

On initial recognition, a financial asset is classified as and subsequently measured at amortized cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI) depending on the business model for managing the financial assets and the contractual terms of the cash flows.

The Corporation's financial assets classified as and subsequently measured at amortized cost are comprised of cash, restricted cash, trade and other receivables, due from service providers and finance lease receivable. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest method, less any allowance for expected losses.

The Corporation does not have FVTPL or FVOCI financial assets.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

ii. Financial liabilities

The Corporation initially recognizes financial liabilities on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value.

On initial recognition, a financial liability is classified as and subsequently measured at amortized cost or FVTPL.

The Corporation's non-derivative financial liabilities measured at amortized cost are comprised of trade and other payables, due to operator and service providers, due to Government of Canada, long-term debt and lease liabilities. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss.

The Corporation's derivative financial liabilities measured at FVTPL include any current contract liabilities arising from wagering transactions as well as the liability relating to the Brantford lease arrangement (Note 16.b.ii). Subsequent to initial recognition, these financial liabilities are measured at fair value. Net gains or losses, including any interest expense, are recognized in profit or loss.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or have expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

Ontario Lottery and Gaming Corporation

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023
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21. Financial risk management and financial instruments (continued)

iii. Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position only when the Corporation has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

iv. Impairment of financial assets

At each reporting date, the Corporation assesses financial assets carried at amortized cost under an expected credit loss model (ECL). ECLs are a probability-weighted estimate of credit losses based on the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows the Corporation expects to receive, discounted at the effective interest rate of the financial asset.

The Corporation measures loss allowances at an amount equal to lifetime ECL, which are losses that result from all possible default events over the expected life of the financial asset. For trade receivables, receivables due from service providers and finance lease receivable, the Corporation uses historic actual credit losses adjusted for the current economic environment and forecasts of future conditions. The ECL is recorded in general operating, administration and other in the consolidated statements of comprehensive income.

Loss allowances on financial assets measured at amortized cost are deducted from the gross carrying amount of the asset, and the related impairment loss is recorded in the consolidated statements of comprehensive income. The gross carrying amount of a financial asset is written off when the Corporation has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

b. Explanatory information

i. Overview

The Corporation has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Corporation's exposure to each of these risks and the Corporation's objectives, policies and processes for measuring and managing them.

ii. Risk management framework

The Corporation has a formal Enterprise Risk Management Program, which conforms to the Ontario Management Board of Cabinet Risk Management Directive and guidelines. This program supports the Corporation in the identification, assessment, management, and monitoring of risks that could affect the achievement of financial and non-financial objectives.

The Board of Directors considers enterprise risks and risk appetite in board deliberations including strategic planning, budget reviews and approvals for material transactions. The Board of Directors, through its Audit and Risk Management Committee (ARMC), provides oversight, direction, and support for the Enterprise Risk Management Program. The ARMC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc engagements to assess risk management controls and procedures, the results of which are reported to the ARMC.

Ontario Lottery and Gaming Corporation

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For the years ended March 31, 2024 and 2023
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21. Financial risk management and financial instruments (continued)

ii. Risk management framework (continued)

The Corporation's financial risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities.

The Corporation, through its policies, training and management standards and procedures, aims to enable employees at all levels of the organization to understand risks, to exercise appropriate risk-taking and to develop a strong control environment in which all employees understand their roles and obligations.

iii. Credit risk

Credit risk is the risk that the Corporation will suffer a financial loss due to a third party failing to meet its financial or contractual obligations to the Corporation. The Corporation has financial instruments that potentially expose it to a concentration of credit risk. The instruments consist of trade and other receivables, due from service providers and finance lease receivable. The gross trade and other receivables, due from service providers and finance lease receivable represents the Corporation's maximum exposure to credit risk, however, this risk is mitigated by letters of credit or escrow funds held with service providers, as discussed below.

Trade and other receivables

Trade and other receivables primarily includes credit provided to retailers of lottery products and outstanding Casino Gaming service providers' deposits and are due for settlement no more than 40 days from the date of recognition. The Corporation performs initial credit or similar evaluations and maintains reserves for potential credit losses on accounts receivable balances. The receivables from lottery retailers and Casino Gaming service providers are short term in nature and are collected by bank account sweeps or deposits made to the Corporation's bank accounts, making the likelihood of credit loss very low. Historically, the Corporation has not experienced any significant losses in trade and other receivables.

The amounts disclosed in the consolidated statements of financial position for trade and other receivables are net of expected credit losses. As at March 31, 2024 and March 31, 2023, the Corporation had a negligible provision for expected credit losses. The Corporation believes that its provision for expected credit losses is sufficient to reflect the related credit risk.

Due from service providers

Amounts due from Land-based Casino Gaming service providers relate primarily to the calculation and the timing of settlement of service provider fees and are expected to be settled, within 120 days after year-end. Historically, the Corporation has not experienced any losses from amounts due from service providers. Pursuant to the COSAs, each Land-based Casino Gaming service provider has provided the Corporation with a letter of credit or escrow fund. The amount of each letter of credit or escrow fund is in excess of the amounts due to the Corporation at March 31, 2024.

As at March 31, 2024, the gross amount due from service providers was \$27 million (March 31, 2023 - \$24 million) primarily due from one Land-based Casino Gaming service provider which represents 78 per cent (March 31, 2023 - 84 per cent) of the gross amount due from service providers.

Ontario Lottery and Gaming Corporation
Notes to the Consolidated Financial Statements
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21. Financial risk management and financial instruments (continued)

iii. Credit risk (continued)

As at March 31, 2024, the Corporation had a provision for expected credit losses of \$2 million (March 31, 2023 - \$2 million), related to the outstanding amounts due from service providers. The Corporation believes that the provision for expected credit losses is sufficient to reflect the related credit risk.

Finance lease receivable

The finance lease receivable represents the payments to be received over the term of the leases.

As at March 31, 2024, the gross amount of finance lease receivables was \$159 million (March 31, 2023 - \$162 million) due from two Land-based Gaming service providers. To date, the Corporation has not experienced any losses from payments due under finance lease receivable.

As at March 31, 2024, the Corporation had a provision for expected credit losses of \$7 million (March 31, 2023 - \$7 million), related to the finance lease receivables. The Corporation believes that the provision for expected credit losses is sufficient to reflect the related credit risk.

iv. Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Corporation manages its liquidity risk by performing regular reviews of net income and cash flows from operations and continuously monitoring the forecast against future liquidity needs.

The undiscounted contractual maturities of financial liabilities and the contractual cash flows including principal and interest of long-term debt are as follows:

2024	Carrying amount	Contractual cash flows	<1 year	1 - 2 years	3 - 5 years	> 5 years
Lease liabilities (Note 9)	\$ 394	\$ 495	\$ 35	\$ 32	\$ 93	\$ 335
Trade and other payables (Note 10)	422	422	422	-	-	-
Due to operator and service providers (Note 13)	191	191	114	-	-	77
Due to Government of Canada (Note 15)	36	36	36	-	-	-
Long-term debt (Note 17)	76	82	12	22	38	10
	\$ 1,119	\$ 1,226	\$ 619	\$ 54	\$ 131	\$ 422

Ontario Lottery and Gaming Corporation
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21. Financial risk management and financial instruments (continued)

iv. Liquidity risk (continued)

2023	Carrying amount	Contractual cash flows	<1 year	1 - 2 years	3 - 5 years	> 5 years
Lease liabilities (Note 9)	\$ 403	\$ 512	\$ 32	\$ 33	\$ 91	\$ 356
Trade and other payables (Note 10)	384	384	384	-	-	-
Due to operator and service providers (Note 13)	166	166	92	-	-	74
Due to Government of Canada (Note 15)	42	42	42	-	-	-
Long-term debt (Note 17)	42	44	12	12	19	1
	\$ 1,037	\$ 1,148	\$ 562	\$ 45	\$ 110	\$ 431

v. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation has financial assets and liabilities that potentially expose it to interest rate risk.

The Corporation is subject to interest rate risk on its long-term debt.

At March 31, 2024, long-term debt consists of two loan agreements with the OFA. Each loan advance is subject to the interest rate at the time of advancement which is fixed during the borrowing period. The loan agreements have fixed interest rates for their entire terms of the repayment periods.

At March 31, 2024, the Corporation had unrestricted cash of \$251 million (March 31, 2023 – \$225 million), current restricted cash of \$131 million (March 31, 2023 – \$113 million) and non-current restricted cash of \$77 million (March 31, 2023 – \$74 million). The impact of fluctuations in interest rates is not significant and, accordingly, a sensitivity analysis of the impact of fluctuations in interest rates on net income has not been provided.

vi. Fair values measurement

The carrying values of cash, restricted cash and trade and other receivables approximate fair value because of the short-term nature of these financial instruments or because amounts are held in escrow accounts. The carrying values of due from service providers and finance lease receivable also approximate their fair values based on the recognition of an expected credit loss allowance. The carrying amounts of trade and other payables, current due to operator and service providers, due to the Government of Canada and certain current derivative contract liabilities approximate fair values because of the short-term nature of these financial instruments or because they are payable on demand.

Ontario Lottery and Gaming Corporation

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21. Financial risk management and financial instruments (continued)

vi. Fair values measurement (continued)

Lease liabilities are carried at amortized cost using the effective interest method which approximates fair value. Non-current due to operator and service providers approximates fair value because the amounts due are held in escrow accounts. The fair value of the Corporation's long-term debt is not determinable given its related-party nature, and there is no observable market for the Corporation's long-term debt.

Financial instruments measured subsequent to initial recognition at fair value are grouped into one of three levels based on the degree to which the fair value is observable. The Corporation has determined the fair value of its financial instruments as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The lease arrangement for the Brantford property (Note 9.b) requires the Corporation on expiry or termination of the lease to buy back the property of the then fair market value. Valuing this option requires level 3 (valuation techniques using non-observable data) inputs.

The Corporation's derivative financial liabilities representing wagering transactions of certain lottery draw based games that are set to take place in the future and unsettled sports betting positions involves level 3 (valuation techniques using non-observable data) inputs.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

22. Employee benefits

a. Accounting policy

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions are recognized as an employee benefit expense in the consolidated statements of comprehensive income in the periods during which services are rendered by the employees.

Ontario Lottery and Gaming Corporation

Notes to the Consolidated Financial Statements

For the years ended March 31, 2024 and 2023
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22. Employee benefits (continued)

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan that requires entities to record their net obligation in respect of the plan and is not a defined contribution plan. The Corporation has defined benefit plans classified as state plans as there is no contractual agreement or stated policy for charging the net defined benefit cost of the plans to the Corporation. As such, the Corporation accounts for these post-employment benefits as a defined contribution plan and does not record additional liability for the plan deficit. The annual contribution made by the Corporation are recorded as an employee benefit expense in the consolidated statements of comprehensive income.

iii. Other long-term benefits

The Corporation's net obligation with respect to long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any related assets is deducted.

iv. Termination benefits

Termination benefits are recognized as an expense at the earlier of when the Corporation can no longer withdraw the offer of those benefits and when the Corporation recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, they are discounted to their present value.

v. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability and expense are recognized for the amount expected to be settled wholly within 12 months of the end of the reporting period if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Explanatory information

i. Defined contribution plans

The operator of Caesars Windsor has created defined contribution pension plans for its employees, which are funded by the Corporation. The pension expense for Caesars Windsor defined contribution plans for fiscal 2023–24 amounted to \$7 million (fiscal 2022–23 – \$7 million).

ii. Other post-employment benefit plans

The Corporation provides defined benefit pension plans through the Public Service Pension Fund (PSPF) and administered by the Ontario Pension Board. The Corporation does not have a net obligation in respect of the defined benefit pension plans as the plans are sole-sponsored defined benefit plans established by the Province of Ontario. The Province of Ontario controls all entities included in the pension plans.

Contribution rates for the PSPF are set by the *Public Service Pension Act*, whereby the Corporation matches all regular contributions made by the member. The Corporation's contribution and pension expense for fiscal 2023–24 was \$12 million (fiscal 2022–23 – \$11 million).

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Notes to the Consolidated Financial Statements
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22. Employee benefits (continued)

iii. Other long-term employee benefits

As a Schedule 2 employer under the *Workplace Safety and Insurance Act, 1997*, (the Act), the Corporation is individually responsible for the full cost of accident claims filed by its workers. The WSIB maintains full authority over the claims entitlement process and administers and processes claims payments on the Corporation's behalf. WSIB liabilities for self-insured employers are reported in the consolidated statements of financial position.

The WSIB accrual at March 31, 2024 was \$10 million (March 31, 2023 – \$10 million), of which \$9 million (March 31, 2023 – \$9 million) was included in non-current employee benefits liability and \$1 million (March 31, 2023 – \$1 million) was included in trade and other payables (Note 10). The accrued benefit costs are based on actuarial assumptions.

The operator of Caesars Windsor is a Schedule 1 employer under the Act and is not subject to the financial reporting requirements of self-insured employers.

23. Commitments

	HST on lease commitments (a)	Suppliers (b)	Total
2025	\$ 10	\$ 93	\$ 103
2026	9	21	30
2027	8	7	15
2028	6	7	13
2029	4	7	11
	37	135	172
Thereafter	62	44	106
	\$ 99	\$ 179	\$ 278

a. HST on lease commitments

The Corporation and Caesars Windsor have entered into several agreements to lease property, plant and equipment from the Corporation's subsidiary. The non-recoverable HST and the additional imputed tax on the gaming-related assets payable to the Government of Canada (Note 15.b) on the future lease payments are approximated as summarized above.

b. Suppliers

The Corporation has computer hardware and software maintenance, utility service, marketing, lottery and digital gaming services and ticket printing arrangements with future payments as at March 31, 2024. The future payments are approximated as summarized above.

Ontario Lottery and Gaming Corporation

Notes to the Consolidated Financial Statements

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(in millions of Canadian dollars)

23. Commitments (continued)

c. Ontario First Nations (2008) Limited Partnership

On February 19, 2008, Her Majesty the Queen in Right of Ontario, the Corporation, the Ontario First Nations Limited Partnership and Ontario First Nations (2008) Limited Partnership entered into the Gaming Revenue Sharing and Financial Agreement (GRSFA). Pursuant to the terms of the GRSFA and an Order-in-Council, the Corporation was directed to pay the Ontario First Nations (2008) Limited Partnership (OFNLP), commencing in fiscal 2011–12 for revenues generated in fiscal 2010–11 and in each fiscal year thereafter for the remaining initial 20-year term of the agreement, twelve monthly payments aggregating to an amount equal to 1.7 per cent of the prior fiscal year's Gross Revenues of the Corporation, as defined in accordance with the GRSFA (gaming revenue sharing payment to OFNLP). Pursuant to the GRSFA, during fiscal 2023–24, \$163 million was expensed (fiscal 2022–23 – \$123 million) as Monthly Revenue Share Payments to OFNLP.

d. Horse Racing Funding Agreement

On April 1, 2019, the Corporation began directly funding the Ontario horse racing industry pursuant to the terms and conditions of a new Amended and Restated Funding Agreement for Live Horse Racing, which provides the industry with up to approximately \$117 million per year for up to 19 years. In addition, the Corporation originally committed to contribute \$3 million annually as part of the three-year transitional funding support of purses and operating costs for grassroots and signature-level racetracks. The transitional funding term was amended to continue to the end of the first term of the agreement, March 31, 2026.

The Corporation also provides the Ontario horse racing industry with advice and support in areas including responsible gambling, marketing and performance management.

24. Contingencies

The Corporation is, from time to time, involved in various legal proceedings of a character normally incidental to its business including related to the interpretation of its contracts. The Corporation makes significant judgements in determination of the probability of loss when assessing contingent liabilities. The Corporation believes either the probability of an outflow of resources is not determinable or it is not probable that the ultimate resolution of any of these proceedings and claims, individually or in total, will have a material adverse effect on the Corporation's business, financial results, or financial condition. The Corporation recognizes a provision for legal proceedings (including potential settlements and awards) during the period when the ultimate outcome becomes probable and if such amount is estimable (Note 11). Changes in the Corporation's assessment regarding the probability or estimate in a particular case is evaluated each period-end. Changes, if any, concerning these contingencies will be accounted for as a charge in the consolidated statements of comprehensive income.



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