

2023–2024 Annual Report

When We Play Together, Québec Wins





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Our Mission

To responsibly and efficiently manage games of chance in a controlled and measured fashion in the interest of all Quebecers.

Our Vision

Jouer ensemble pour faire gagner le Québec.

(To play together so that Québec wins.)





Simplicity

Simplicity is implemented in all our organization and is reflected in the experience offered to our customers and our employees.



Closeness

Closeness is reflected by the precious and genuine ties that we forge with Quebecers, whether they are our customers, employees, partners or other stakeholders.



Boldness

Boldness contributes to the development of our full potential by being a source of ambition and innovation.



Integrity

Integrity is fundamental to everything we do. It guides all our actions and all our decisions.

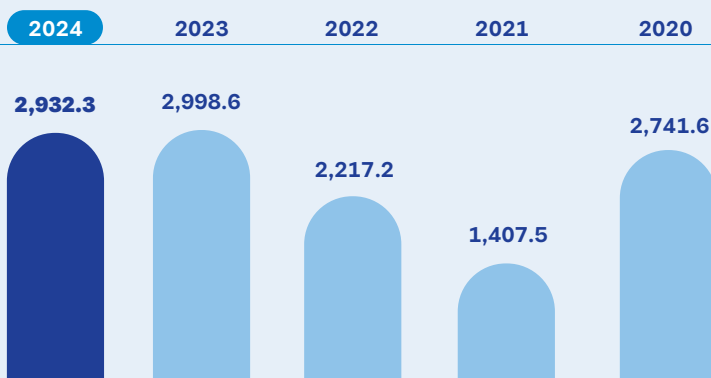
Key Figures

AS AT MARCH 31

(In thousands of Canadian dollars)	2024	2023	\$ Variation	% Variation
Total revenues	2,932,280	2,998,553	(66,273)	(2.2)
Lottery	958,787	996,144	(37,357)	(3.8)
Casinos and gaming halls	1,108,814	1,101,247	7,567	0.7
Gaming establishments	885,525	922,163	(36,638)	(4.0)
Intragroup transactions	(20,846)	(21,001)	155	0.7
Gross margin	2,398,397	2,475,119	(76,722)	(3.1)
Total expenses	887,475	875,095	12,380	1.4
Net income	1,510,922	1,600,024	(89,102)	(5.6)
Dividend	1,507,922	1,597,024	(89,102)	(5.6)
Other amounts contributed to the Québec and Canadian governments	189,326	174,226	15,100	8.7
Total assets	1,144,661	1,266,095	(121,434)	(9.6)
Shareholders' equity	266,745	266,816	(71)	0.0

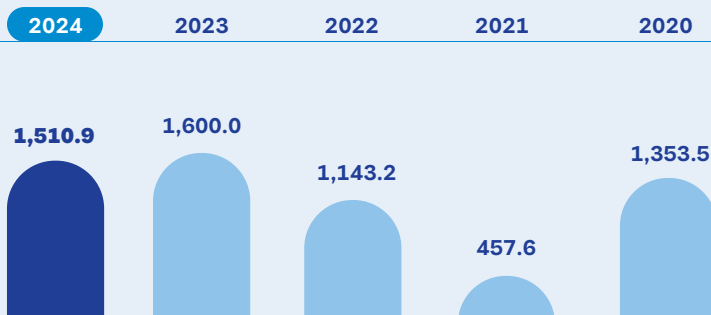
Total revenues

(In millions of Canadian dollars)



Net income

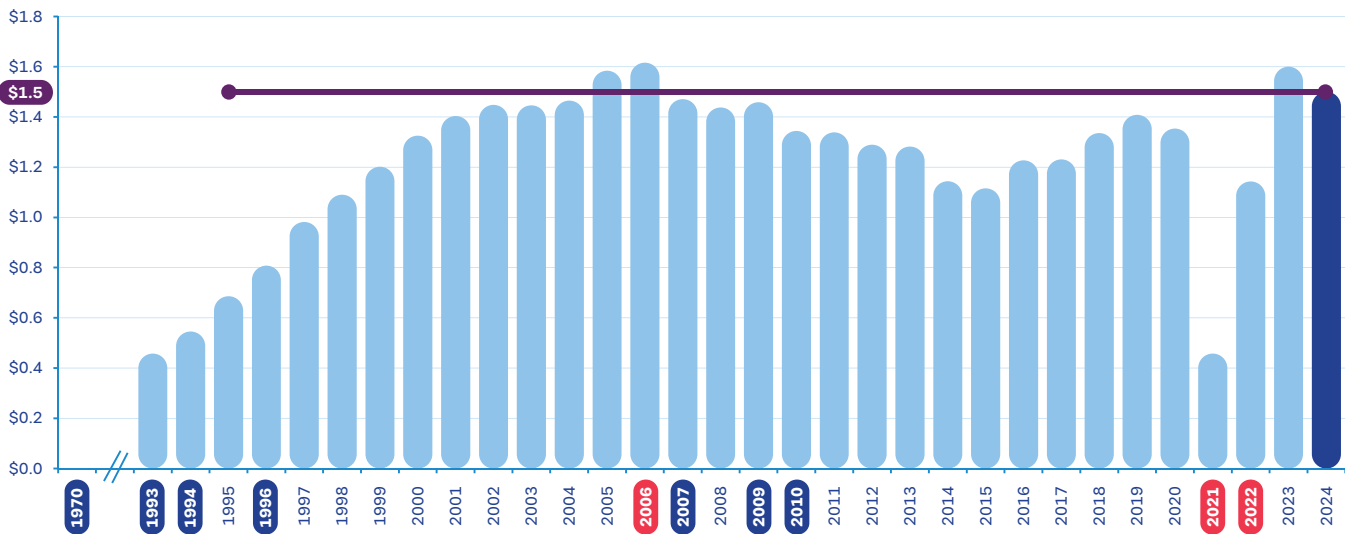
(In millions of Canadian dollars)



Change in Our Net Income

AS AT MARCH 31

(In billions of Canadian dollars)



2006 The *Tobacco Control Act* was enacted, significantly impacting gaming site and bar traffic.

2021 and 2022 Years affected by COVID-19 restrictions.

Our Contributions

We make Québec win
in several ways:

81 millionaires and
hundreds of thousands
more winners

(In millions of Canadian dollars)

Dividend
to the Government
of Québec

1,508

Prizes awarded
to lottery, Kinzo
and network bingo winners

1,575

Total payroll
to 4,873 employees

396

Commissions paid
to sales network
partners

337

Purchases from
companies
conducting business
in Québec

315

Taxes to
governments

166

Direct contributions
to problem gambling
prevention

35

Compensation
to the Government
of Canada

20

Contributions
to non-profit
organizations

14

Sponsorships

13



Message from the Chair of the Board of Directors

Loto-Québec activities through the 2023-2024 fiscal year resulted in a dividend of **over \$1.5 billion** paid to the Government of Québec. Sums allocated to several social and environmental contributions top up this amount used to finance public services. Loto-Québec's Board of Directors is very pleased with the work achieved by all teams to make Québec win.

By providing strong governance and monitoring the progress of the corporation's strategic projects, the Board was able to observe first-hand the sound management all sectors exercised throughout the year.

A new three-year cycle began with the 2023-2024 fiscal year. The Loto-Québec 2023-2026 Strategic Plan outlines a series of objectives created to meet the challenges presented by ever-faster-changing consumer habits, the importance of social responsibility and stakeholder commitment, talent attraction and retention, and organizational performance and velocity.

Loto-Québec continued to ensure its products remained relevant to customers, online and on-site. Given the significant competition illegal operators represent, the corporation will further enhance its online presence.

Responsible commercialization remained central to Loto-Québec's approach to corporate social responsibility. The Board is proud that the corporation received the Level 4 World Lottery Association certification again, as it represents the highest international certification in responsible gambling.

The Board also closely monitored Loto-Québec's equity, diversity and inclusion initiatives, for which it received the Platinum level Women in Governance certification. Daily efforts are made so everyone benefits from a workplace where they can grow to their full potential.

The corporation improved its overall performance to maximize its contribution to the community. Among other things, it optimized its processes by focusing on innovation and collaboration.

Loto-Québec also began implementing its 2023-2028 Corporate Social Responsibility Plan. It is built around four pillars—the players, the teams, the community and the environment—and highlights the scope of the benefits the corporation generates. The cohesion between it and the strategic plan shows that the corporation's desire to contribute to the vitality of Québec is just as strong as its will to deliver entertainment to Quebecers.

Acknowledgments

I want to thank my fellow Board of Directors members for their invaluable contributions throughout the last year. I also take this opportunity to highlight the involvement of outgoing director Nathalie Goodwin for over 12 years.

Lastly, I would like to underline the quality of the management team Jean-François Bergeron leads; its members are as competent as they are dedicated. This is true for all the corporation's teams. Thanks to you, Loto-Québec continues to stand out in the gaming and entertainment industry and proudly contribute to the Québec community.

Ann MacDonald, ASC, PMP

Chair of the Board of Directors



Message from the President and CEO

Thanks to our teams' outstanding work, and despite an economic climate that continues to put pressure on Quebecers' discretionary funds, we achieved our budget target. With **\$2.9 billion** in total revenues and a consolidated net income of **\$1.5 billion**, we have every reason to be proud, as these results are the fourth highest in Loto-Québec's history. Considering that all our profits are reinvested back into Québec, these results benefit all Quebecers.

If we exclude fiscal 2022-2023, which was exceptional, this marked our best financial performance in 18 years.

Our teams worked diligently to diversify our offering and ensure its responsible and efficient management. As a result, we maintained our ratio of total expenses to revenues at the desired level.

Last year, we rolled out our new strategic plan. The four major components of this plan, which will allow us to continue to fulfil our role effectively and stay true to our mission, vision and values, are to:

- Provide a diversified, evolving and connected experience
- Achieve our ambitions in collaboration with our stakeholders
- Offer a healthy, inclusive and engaging workplace
- Simplify the way we do things

We also launched our new corporate social responsibility plan. Not only does it align with the Government of Québec's 2023-2028 Sustainable Development Strategy, but it complements our strategic plan and demonstrates our commitment to balancing the commercial and social purposes of our mission.

Our achievements over the past year were numerous. Among them was our announcement that a hotel will be built on the Casino de Montréal grounds. We believe this major project will cement the casino's status as one of North America's top entertainment destinations.

To further diversify our offering, we inaugurated an entire floor at the Casino de Montréal where no games of chance are offered. This floor houses ARcade, a one-of-a-kind interactive experience developed by Moment Factory, and some twenty fun games designed entirely in Québec.

We crowned thousands of winners across Québec again this year, awarding \$1.6 billion in prizes to lottery, Kinzo and network bingo players.

To improve our customer experience and better meet our players' needs, we made it possible for them to claim lottery prizes between \$600 and \$25,000 online.

The various activities offered at our casinos and gaming halls were a hit with customers, allowing us to surpass the previous year's record financial performance in this sector.

As part of the *Féeries de Charlevoix* festival, the Hôtel-Casino de Charlevoix resort once again presented an amazing summer lineup of activities, which included the world premiere of a show by the *Les 7 Doigts* circus troupe. Contributing to the vitality of this magnificent region is always a pleasure.

We also participated in the celebrations surrounding Jean Paul Riopelle's 100th birthday, organizing a large-scale show at the Hôtel-Casino du Lac-Leamy.

We also made numerous upgrades to our gaming website, lotoquebec.com, to improve the browsing experience, make it easier for customers to create an account, and make the website more secure. By doing so, we carve out our position in this market by setting ourselves apart from illegal gambling operators. After all, lotoquebec.com is the only 100 percent legal and socially responsible gaming website in Québec and the only one whose profits are reinvested back into Québec.

This past December, the World Lottery Association renewed Loto-Québec's Level 4 certification—the highest level of accreditation in responsible gambling in the world—a testament that we have successfully incorporated responsible gambling practices in our day-to-day operations. Our *So That a Game Remains a Game* campaign also demonstrated how we prioritize our customers' well-being.

Over the past year, we have supported several causes and charitable organizations. Among the various philanthropic initiatives under our Giving Back Is a Win-Win Program, one that I'm very proud of is *Employés de cœur*. Many of our teams took part in corporate volunteering days, providing invaluable help to people in need.

Moreover, our commitment to supporting the local arts and culture sector has not wavered. We're proud to be a leading sponsor of fun, sustainable and socially responsible events in Québec. Through *Les rendez-vous Loto-Québec*, we supported over 50 festivals and events across Québec.

We're also delighted to have signed a three-year partnership with BIXI Montréal, a leader in sustainable mobility.

We continued our efforts to support the health and well-being of our team members, who are essential to all our achievements. The measures we've implemented have allowed us to achieve the highest level of recognition from Groupe entreprises en santé for the second year in a row.

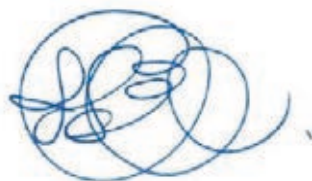
Lastly, to optimize our performance, we've taken steps to further develop a culture of innovation, namely through leveraging the benefits of technology and simplifying our processes.

Acknowledgments

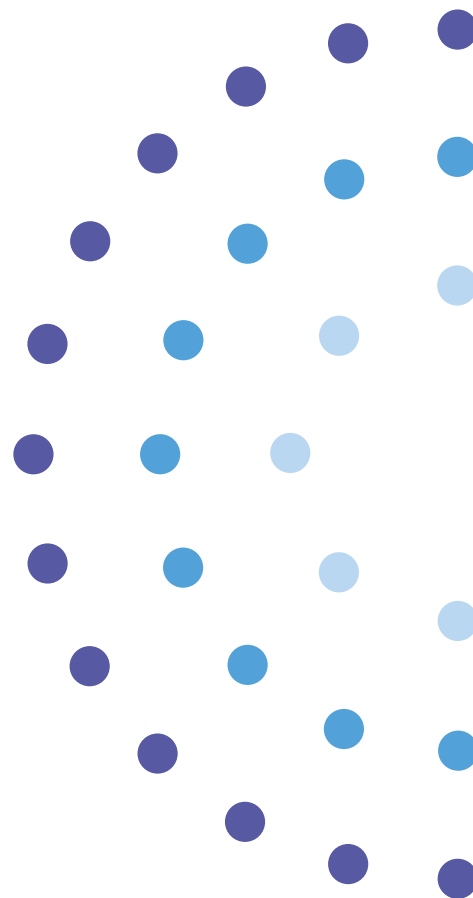
I want to begin by expressing my thanks and appreciation to the Chair, Ann MacDonald, and all the members of the Board of Directors for their invaluable collaboration. On that note, I'd like to thank outgoing member Nathalie Goodwin for her dedication throughout her term.

I want to express my sincere gratitude to all our employees. We're fortunate to have such passionate and talented people in all areas of the organization. I'd also like to thank my fellow Executive Committee members for their smooth and orderly running of Loto-Québec.

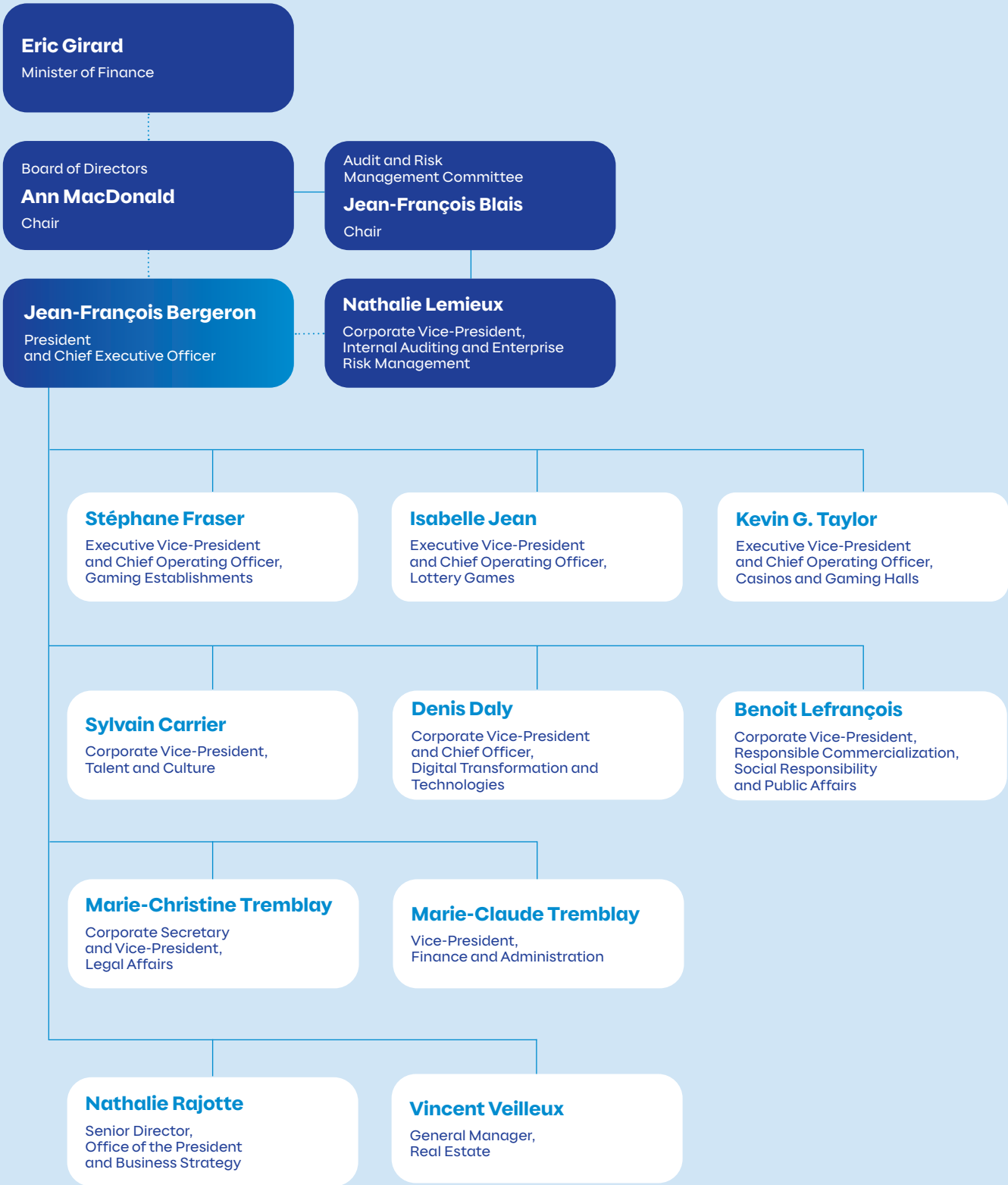
Special thanks also to our customers for their continued confidence. Let's keep doing our part to ensure Loto-Québec's growth and success! Because when we do, we all win.



Jean-François Bergeron
President and CEO



Organizational Chart



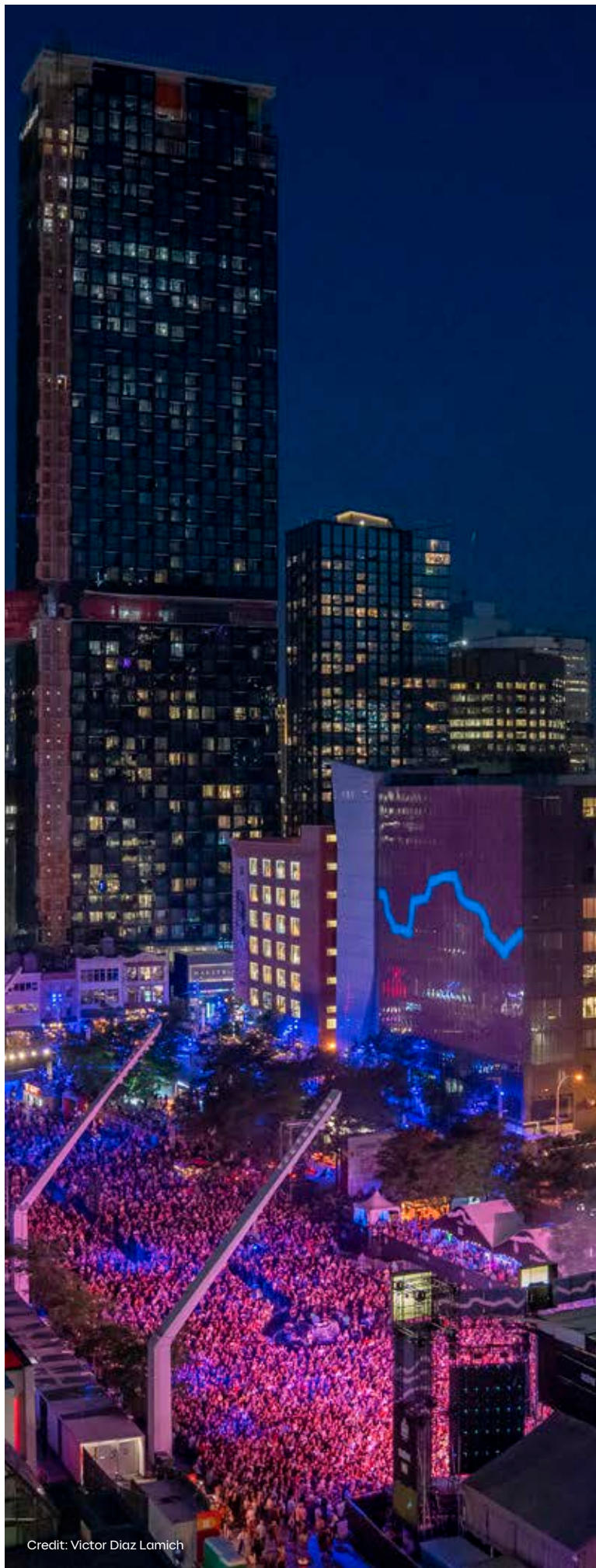


Front row: Denis Daly, Isabelle Jean, Jean-François Bergeron, Marie-Christine Tremblay and Kevin G. Taylor
Back row: Nathalie Rajotte, Vincent Veilleux, Benoît Lefrançois, Nathalie Lemieux, Stéphane Fraser,
Marie-Claude Tremblay and Sylvain Carrier



Review of Our Activities





Credit: Victor Diaz Lamich

Our 2023-2026 Strategic Plan has **four orientations**. They will guide us throughout this three-year cycle and help us seize opportunities as they present themselves, especially concerning consumers' changing habits. This new plan builds on our past achievements while **reflecting our renewed vision and values**.



Provide a diversified, evolving and connected experience

Challenge	Orientation	Goal	Indicator	Starting value	2023-2024 target	2023-2024 result
Accelerated changes in consumer behaviour	Provide a diversified, evolving and connected experience	1.1 Provide our customers with a personalized and fun experience	1.1.1 Customer migration rate to our platforms	+10.1%	+14.5%	+23.1%
			1.1.2 Customer satisfaction rate on our digital platforms	74.6%	74.6%	74.8%
		1.2 Expand our online presence	1.2.1 Percentage of revenue from online sales	13.5%	14.5%	15.0%

Ramping up the fun factor at the Casino de Montréal

In December, we proudly announced our plans to erect a 200-room hotel on the grounds of the Casino de Montréal, built in harmony with Parc Jean-Drapeau's existing environment. This hotel, set to open in the next two to three years, will allow us to raise the casino's profile and expand the quality and scale of its offering for the millions of people who visit it yearly. This is a promising project on which we're working with the City of Montréal, the Société du parc Jean-Drapeau and Tourisme Québec. The architectural, design, and engineering firms chosen to help us execute our vision—i.e., a hotel that mirrors the elegance of the casino—have already begun the design process. The hotel partner will be selected in the coming months.

Since November, the casino's customers have been able to enjoy themselves on a gambling-free floor. Taking centre stage on this floor



The images shown are for illustration purposes only.
menkès shooner dagenais letourneux architectes

is Arcade, a unique interactive experience we launched in conjunction with Moment Factory. It's worth noting that this is a world first. Boasting six immersive games all projected onto the floor, ARcade is where players can move and engage in friendly competition. The floor also houses an area that offers over 20 fun games designed by Adrénaline, a special food menu, and a bar where DJs sometimes do sets.





The biggest lottery prizes won in Québec over the fiscal year

Prize	Lottery	Draw date	Winners' place of residence
\$55,000,000	Lotto Max	October 31, 2023	Estrie
\$50,000,000	Lotto Max	October 6, 2023	Montréal
\$50,000,000	Lotto Max	December 15, 2023	Laurentides
\$7,000,000	Grande Vie	December 28, 2023	Estrie
\$5,000,000	Colossal	N/A (scratch ticket)	Estrie and Montréal
\$5,000,000	Lotto 6/49	June 17, 2023	Montréal
\$5,000,000	Lotto 6/49	July 19, 2023	Chaudière-Appalaches
\$5,000,000	Lotto 6/49	September 20, 2023	Centre-du-Québec, Laurentides, Montréal and Montréal
\$5,000,000	Lotto 6/49	December 23, 2023	Chaudière-Appalaches
\$5,000,000	Lotto 6/49	January 27, 2024	Montréal

Big wins with all our games

We awarded **\$1.6 billion** to lottery, network bingo and Kinzo winners over the fiscal year.

Once again, thousands of people across Québec got lucky and won a prize. By the end of the fiscal year, the province had **81 more millionaires**, who collectively won **97 lottery prizes of \$1 million or more**. Seven of these prizes were won with tickets purchased online.

Fall of 2023 was a lucrative time for lottery fans. One couple from Estrie were in for quite the treat on Halloween when they won \$55 million in the October 31 Lotto Max draw. A Montrealer and Laurentides family also won with Lotto Max, but \$50 million, in the October 6 and December 15 draws, respectively.

“Seeing someone win a jackpot on live TV is truly something special. The emotions we get to witness on *La Poule aux œufs d’or* are genuine, which is why this lottery game has been such a hit for 30 years!”

— Isabelle Jean, Executive Vice-President and Chief Operating Officer of Lottery Games

Another prize that garnered much attention was the one a Terrebonne retiree won on the February 25 episode of *La Poule aux œufs d’or*. It was the show’s top prize—a whopping \$1,525,000. The anticipation on set had been building since the growing jackpot had found no winner since October 25, 2022. The show’s hosts, Sébastien Benoit and Julie Houle, even admitted they’d long dreamt of awarding this unprecedented sum!

Over the year, we awarded **37 prizes of \$100,000 or more** at our casinos and gaming halls. In December, a progressive

jackpot of \$1,089,227 that was simultaneously up for grabs at all four casinos was won at a Casino de Montréal gaming table. More impressive even was when, in January, a player at the Salon de jeux de Québec walked away with \$1,277,688 after winning the Canada-wide progressive jackpot at a Powerbucks slot machine. It was the biggest jackpot that the gaming location had ever awarded! And the fiscal year ended with the bad beat jackpot at the Casino du Lac-Leamy hitting a record-breaking \$1,742,405!

Fans of our casino games on lotoquebec.com experienced some amazing wins. We paid out **35 prizes of \$100,000 or more** to online winners. In April, a Laval resident who was playing a Powerbucks slot machine online won the biggest jackpot awarded to an online player this year: **\$1,728,271**.

At our casinos and gaming halls—and through our online casino games—we awarded **5,114 prizes of \$10,000 or more** for a total of close to **\$100 million**.

Players at our Kinzo and network bingo halls were also in for a treat. In all, **52 prizes of \$20,000 or more** were awarded through these games. At Kinzo halls, the \$25,000 super jackpot was awarded 20 times, while 10 prizes of \$50,000 or more were won through network bingo promotions.

An easier way for players to claim their prize

Good news: our players can now claim their prize online! It's one of the most significant changes we implemented in the last year to adapt to new consumer behaviour. Our customers no longer have to leave home to claim a prize between \$600 and \$25,000 or a gift in the case of the *Cadeau surprise* lottery game. Last fall, 75% of the prize claims for this lottery game were done online, proving that this new, fast and efficient option is already a hit!

PLINKO® : Three steps. Three ways to win.

The PLINKO® lottery game, based on the hit TV game show *The Price Is Right*®, made its debut online and at retail locations on May 1, 2023. The three-step game offers players many instant prizes and three ways to win! More importantly, it gave eight lucky men and women

who uncovered a “PLINKO®” prize the chance to attend a special event at the Casino de Montréal, where they got to drop a chip on a real PLINKO® board and win a guaranteed prize of \$100,000 to \$500,000. One Montérégie resident won \$500,000. In total, we awarded \$2.5 million to PLINKO® winners.

Huge prizes awarded through Méga 360 and Giga 360

At the end of the summer, we reintroduced Méga 360 scratch tickets at retail locations and online and introduced an all-new ticket offering even bigger prizes: Giga 360. That season, 13 players got to spin the games' prize wheel at our head office, with host Isabelle Racicot cheering them on. Depending on where the wheel landed, each contestant took home a guaranteed prize of up to \$500,000 (with Méga 360) or up to \$1,000,000 (with Giga 360). In total, we awarded \$4.8 million to Méga 360 and Giga 360 winners.



Fremantle
The Price Is Right®/© and Plinko®
FremantleMedia Netherlands B.V. 2023



“I’m going to remember this feeling forever!”

— Roland Charette,
winner of *Célébration 2024*

Célébration still a beloved holiday tradition

On January 7, 2024, 41 finalists took part in the *Célébration* Gala at the Théâtre du Casino du Lac-Leamy. Hosted by Sébastien Benoit, Gregory Charles and Véronic Dicaire, the televised event drew in some 1,400,000 viewers. The \$1 million prize winner—crowned on live TV—was an Outaouais resident who received the ticket as a birthday present. A big first this year: all *Célébration* ticket holders qualified for our monthly *2nd Chance* Promotion draws (with scratch tickets becoming eligible for the promotion as of April 1, 2023).

Roue de fortune chez vous! celebrates 35 years

In April, the *Roue de fortune chez vous!* show hit the road again! During its 35th season, 68 people from all over Québec spun the prize wheel with host Anick Dumontet at their side and collectively won \$4.4 million. Since the launch of *Roue de fortune chez vous!*, we’ve awarded \$173.6 million to its winners.

New lottery releases

We launched 67 scratch tickets on various fun themes this year.

The *100 \$ ultime* ticket, which, of all our lottery games, gives players the



“For me, being able to enjoy life to the fullest and travel whenever I please is a dream come true!”

— Marc-Olivier Moisan, top-prize winner of *100 \$ ultime*

best shot at winning \$1 million, returned for a third edition this spring after a five-year hiatus.

The online launch of 13 instant games—all based on hit scratch tickets—also allowed us to expand our brick-and-click offering. These include PLINKO®, Giga 360 and *Carte d'embarquement*.

New releases over the fiscal year

Ticket	Top prizes	Key features
	\$15,000	- This ticket was designed in partnership with Miel & Co as a nod to Earth Day. - To mark the occasion, all our gaming locations put off mowing their lawns—and as such, let the dandelions grow—as part of the <i>Défi Pissenlits</i>, a challenge created by Miel & Co to protect the bees.
	\$10,000	- In addition to cash prizes, unique experiences valued at \$5,000 were offered at selected festivals. - The winners were able to experience unforgettable moments at one of six selected events. The ticket also provided invaluable exposure to our <i>Rendez-vous Loto-Québec</i> events.
	\$50,000	- The theme of this scratch ticket was electric transportation. - In addition to getting a shot at the top prize, <i>Chargé</i> players got a shot at an electric recreational vehicle (scooter, city bike, snowmobile or personal watercraft).
	\$1,000,000	<i>Jour de chance</i> was launched to celebrate leap year 2024. - The lottery game had several draws: a \$100,000 draw on each day of February and a \$1,000,000 grand prize draw on February 29.

All kinds of activities at our casinos and gaming halls

There was plenty of fun to be had at our casinos and gaming halls! Our gaming locations once again surprised customers with a highly varied range of entertainment. People turned out to have a good time and take part in one-of-a-kind activities, such as:

- Special holiday events, most notably on December 31
- Super Bowl celebrations in our sports betting areas at the Casino du Lac-Leamy and Salon de jeux de Trois-Rivières
- Comedy shows, as part of the *ComediHa! Club en tournée* comedy tour, which featured talented stand-up comics and was hosted by Pascale Marineau and Charles Pellerin
- The BMW Promotion, at the end of which five people won a BMW X3 plug-in hybrid

During the year, we offered close to 650 free live music shows at our four casinos and two gaming halls, with most of them featuring local performers. The Cabaret du Casino de Montréal and Théâtre du Casino du Lac-Leamy also presented around 200 shows, with more than half featuring Quebec artists.



There was also plenty of fun in store on lotoquebec.com. By entering the website's various promotions, such as *Hit the Road in a BMW*, *Holiday Calendar*, and *lotoquebec.com x IGT*, customers got to have a great time and win great prizes. Each of these promotions offered \$100,000 in prizes.

A successful second edition of the *Féeries de Charlevoix* festival

Last summer, the grounds of the Hôtel-Casino de Charlevoix resort were transformed into a massive funfair for the *Féeries de Charlevoix*. Food trucks, colourful characters and fireworks were all part of the celebrations, not to mention a fun "dunk tank" game that raised \$10,000 for the Moisson Saguenay-Lac-Saint-Jean food bank. For the first time this year, the *Féeries de Charlevoix* also presented *Éclats*, a show created by the *Les 7 doigts* circus troupe. These joint events helped solidify the resort's standing in the region and elevate the profile of local talent. The resort was also the subject of a major advertising campaign to boost tourism in the Charlevoix region during the *Féeries de Charlevoix* festival.



New at the Hôtel-Casino de Charlevoix resort

Over the summer, the resort added two new activities to its entertainment lineup: a mini-golf course and a zip line.

We also want to point out that Fairmont Le Manoir Richelieu will be celebrating its 125th anniversary in 2024. We're still so proud to be affiliated with this renowned hotel, the fourth in the Fairmont chain and second in Québec to have achieved such longevity.



Spotlight on the Hôtel-Casino du Lac-Leamy

This winter, the Hôtel-Casino du Lac-Leamy was the focus of a major advertising campaign highlighting the unique Outaouais resort's offering. The campaign showcased how the hotel-casino has everything visitors need for a comfortable stay, all under one roof—a performance hall, restaurants, bars, swimming pools, a casino, and outdoor activities.

The World Series of Poker frenzy comes to lotoquebec.com

Once again, this year, lotoquebec.com offered poker fans the chance to win their way to the exciting World Series of Poker (WSOP) in Las Vegas. Starting in February, three tournaments every week on lotoquebec.com awarded a guaranteed seat to the event, which many consider the ultimate poker experience. Winners took home a prize pack, which included their buy-in to the Millionaire Maker tournament. A minimum of 168 prize packs for the WSOP were up for grabs on lotoquebec.com.

Improving the customer experience on lotoquebec.com

During the fiscal year, we redesigned and improved the Casino and Live Casino sections of lotoquebec.com. Thanks to the new design of the Live Casino section, navigating is now simpler, making it easier for players to search for and browse games. The Casino section's features were updated—customers can now play games in full-screen mode on their computer, add more games to their favourites, and enjoy faster loading speeds.

We also worked to simplify the lotoquebec.com account registration process, notably with the addition of the Interac® verification service. And that's not all: we added a chat feature to the website, so users can now contact our Customer Relations Centre anytime during the account registration process and get answers to their questions. We also introduced a new deposit method, Interac e-Transfer, for our website users to top up their accounts. Customers like it because it's free and secure.



New sports betting terminals at our casinos, gaming halls and beyond

Just like the Casino du Lac-Leamy and Salon de jeux de Trois-Rivières, the casinos in Charlevoix, Mont-Tremblant and Montréal, and our gaming hall in Quebec City, now offer sports betting.



Over the year, we introduced sports betting terminals at each of these four gaming locations. For the first time, we also installed two sports betting terminals in places outside of our own—bars in Laval and Montérégie. These bars, one of which offers billiards and virtual golf, have also inaugurated a brand-new section for patrons to watch sporting events.

A new sports betting podcast

This year, we launched a podcast about sports betting. In *Le Combo*, presented by Mise-o-jeu+, hosts Stéphane Gonzalez and Maxime Van Houtte engage in friendly discussions about sports and betting, including local coverage of teams and players. A new podcast episode is available every Friday on the Mise-o-jeu+ website and YouTube channel and on podcast streaming platforms. Users can also watch snippets of the podcast on social media.



A redesigned and improved Mise-o-jeu+ website

Mise-o-jeu+ fans can now access a revamped version of our online sports betting platform. It further emphasizes local players, teams and games, a distinctive feature of our offering, and enables customers to quickly find betting options on local sports and events. The more user-friendly platform also offers a broader range of betting options to choose from and new search features designed to make navigation easier.

We launched a new advertising campaign to celebrate the redesign of the Mise-o-jeu+ website. The campaign reminded local sports fans that Mise-o-jeu+ is the only legal and responsible sports betting website in Québec.

A big year for Kinzo!

Kinzo Saint-Eustache moved to a larger venue adjacent to a bingo hall in June. This hall is the first in our network of halls to feature the new Kinzo storefront design, which illustrates the fun and social aspects of the game. Throughout the summer, all Kinzo halls adopted the same storefront design as Kinzo Saint-Eustache. July saw the opening of a brand-new Kinzo hall.

The fun, modern venue in Mirabel can accommodate up to 60 players.

Three major promotions were held at Kinzo halls over the year: *Enfin l'été*, *Les beaux dimanches* and *Stars d'un soir*.

This summer, customers were also introduced to the *Kinzo ultra* ticket, which gave them a shot at 25% bigger prizes during the 15/15 game.

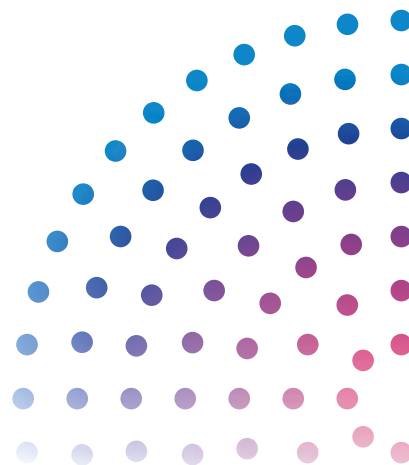
A network bingo promotion that packed a punch

At our network bingo halls, promotions with a guaranteed jackpot continued to be a hit. We witnessed it again this year with the *Un jackpot qui a du poids* Promotion, which increased traffic to the halls due to the \$50,000 jackpot it offered. Over the fiscal year, players from seven halls—located in Abitibi-Témiscamingue, Capitale-Nationale, Laval, Mauricie, Montérégie, and Montréal—won the jackpot.

Noteworthy nods at the Idéa Awards

We were once again recognized for the originality and creativity of our advertisements at the Idéa Awards. On June 8, 2023, we were presented with a Gold award for the Lotto Max

New Reality ad campaign, as well as four Silver awards and five Bronze awards. Mise-o-jeu won several awards, including a Silver and Bronze for the *Mise-o-Québec* ad campaign. Ivan Grbovic, the director of our *We're All Play* ad campaign, which showcased the diverse entertainment options at our casinos, also walked away with two Bronze awards, one for photography and the other for editing. We're beyond proud of these accolades. This shows just how much our ads have become a part of popular culture.





Achieve our ambitions in collaboration with our stakeholders

Challenge	Orientation	Goal	Indicator	Starting value	2023-2024 target	2023-2024 result
Social responsibility and stakeholder commitment	Achieve our ambitions in collaboration with our stakeholders	2.1 Maximize our responsible gambling efforts	2.1.1 Ratio of players using a responsible gambling measure	17%	18%	19%
			2.1.2 New anti-money laundering initiatives	19	21	21
		2.2 Improve our environmental performance	2.2.1 Greenhouse gas emission reduction rate compared to 2009	-22.7%	-26.0%	-45.8%
		2.3 Generate Quebecers' pride in Loto-Québec	2.3.1 People's favourable opinion of Loto-Québec	64%	65%	63%
			2.3.2 Solidarity index	\$1.6M	\$1.7M	\$2.0M

\$1.5B
in dividends

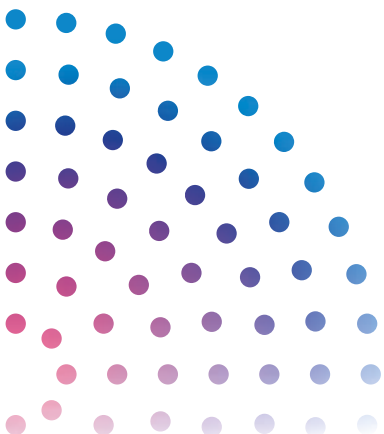
\$14.3M
paid out to NPOs
through lottery kiosks,
network bingo and Kinzo

Making Québec win in several ways

Our mission is not limited to managing games of chance in Québec—it also includes contributing to the Québec community. Our contributions go well beyond the annual dividend we pay the government. They include our responsible gambling measures, support of the arts, culture and hundreds of non-profit organizations (NPOs), and environmental initiatives. Our closeness with our stakeholders, be it our teams, the research and health communities, the government or our business partners, is essential to bring our corporate social responsibility (CSR) ambitions to life.

Our new CSR plan highlights the value of our contributions. Not only is it in line with the Government Sustainable Development Strategy 2023–2028, but it also complements our strategic plan. This alignment between our two plans shows our commitment to ensuring a balance between our mission's business and social components. A follow-up report on our 2023–2028 CSR Plan is on page 127.

We ran a TV ad last year illustrating our spin-offs across Québec. It clearly showed that 100% of our profits go back to the people of Québec in various ways. The ad also showcased the building blocks of our brand: entertain, bring people together and contribute.





Responsible commercialization of games of chance

We're already known for our responsible gambling measures, and we continue to work with specialists in the research and health fields and regulation bodies, among others, to develop best practices and incorporate them into our activities.

\$34.7M in direct contributions to problem gambling prevention

(including \$22M from our dividend dedicated to fighting problem gambling)

We're very proud to have obtained the World Lottery Association's (WLA) Level 4 certification, the highest international responsible gambling certification, for the fifth time. The recognition, valid for three years, is granted by an independent assessment panel of experts and is a testament to our responsible gambling practices and their continuous improvement.

A first cross-campaign on responsible commercialization

In the spring and the fall, we ran a campaign on responsible commercialization that featured all our product categories. The campaign, titled *So That a Game Remains a Game*, aimed to remind players that they can count on responsible gambling tools, measures and programs when they play our games or visit our gaming sites. It showed the importance we attach to our customers' well-being while highlighting how deeply anchored responsible commercialization is in our activities. This campaign was a



Part of the team that worked on renewing our WLA responsible gambling certification

“Loto-Québec has again provided a comprehensive, well-organised and very well articulated Level 4 submission. You have again demonstrated continuous improvement, at a level where the bar has already been set high. This is appreciated by the assessment panel as it demonstrates your ongoing and long-standing commitment to responsible gambling.”

— WLA Independent Assessment Panel

finalist at the NASPL Awards (North American Association of State and Provincial Lotteries) in the Responsible Gambling Communications Television category.

Other initiatives so that a game remains a game

We ran the *Play Without Going Overboard* Promotion three times during the last fiscal year, inviting lotoquebec.com players to set time or budget limits. Noteworthy fact: Most people who set limits during the promotion periods kept them afterwards.

We also continued our awareness and information initiatives in our casinos and gaming halls' Bien Joué! areas. Customers

could learn more about games of chance through playful activities related to ongoing promotions at the gaming sites.

Moreover, we've added responsible gambling advice to the content of some online and on-site promotions. Responsible gambling messages intended specifically for sports betting fans are also shown on ads and permanent signage. This way, we can make sure that our approach is integrated throughout all steps of the customer experience.

**FIXER SON
BUDGET,
ÇA FAIT PARTIE
DU JEU.**



Constantly evolving training courses

We launched a new mandatory training course for video lottery terminal retailers titled *Video Lottery Terminals: Understanding Chance and the Key Role You Play*. We also developed new training video segments on responsible gambling for Kinzo hall staff.

Continued efforts in the fight against money laundering

We implemented 21 anti-money laundering initiatives following Deloitte's 2021 audit report on casinos and gaming halls. We continue to improve the measures in place. In February, we implemented a directive forbidding admission to State casinos to people convicted of certain criminal offences, including money laundering, after an amendment to the regulation was adopted. We also implemented an anti-money laundering technological solution.

Playing an active role in safeguarding ethics in sports

Stéphane Fraser, Executive Vice-President and Chief Operating Officer of Gaming Establishments, was appointed Vice-Chair of the United Lotteries for Integrity in Sports. His presence in the organization's Executive Committee will give us the opportunity to play an even more active role in safeguarding ethics in sports worldwide.

Getting together across Québec with the *Rendez-vous Loto-Québec*



We've been providing leadership as a sponsor in Québec for several years. We're one of the main partners for festive and socially responsible events that bring people together—and we enjoy an excellent reputation in this respect. According to a Léger poll last fall, we ranked first for assisted visibility (from a pre-set list).

\$10.9M
to support over
50 festivals and
events across
Québec's 17 regions

We ran an inspiring ad campaign inviting people to join us at one of the many festivals in the *Rendez-vous Loto-Québec* lineup. We're happy to foster the development of entertainment and culture and make them more accessible across Québec, and we do so with the utmost respect for CSR principles.

Great surprises awaited the public once again at some festivals with the *Moments chanceux* Loto-Québec. The Roue chanceuse, Défi festi—which included responsible gambling questions—and *La grande promo*, among others, provided festivalgoers with fun moments and the chance to win big or small prizes!

“Sponsorship is not just a significant visibility driver for Loto-Québec. It's also an opportunity to show that the State corporation shares Quebecers' values and helps evolve the event industry's social responsibility practices by acting as a change agent.”

— Benoit Lefrançois, Corporate Vice-President of Responsible Commercialization, Social Responsibility and Public Affairs



In January, Bonhomme visited our head office. We took advantage of his presence to highlight the 70th anniversary of the Carnaval de Québec, which we've been sponsoring for over 25 years.

Meeting with our event partners

As we do every year, we organized a meeting with our *Rendez-vous Loto-Québec* partners, our sponsorship team, and our President and CEO. Two speakers addressed topics related to organizing environmentally responsible events and sponsorship innovation. This meeting is part of the support we offer managers of the events we sponsor to help them improve their CSR process.

Promising partnership with BIXI Montréal

We're very proud to have become BIXI Montréal's presenting partner. Stations and bicycles will bear Loto-Québec's colours for three years. Contributing to an innovating local business that's a sustainable mobility leader goes hand in hand with the initiatives we're implementing to promote the health and well-being of our teams and reduce our environmental footprint. We've also offered people free use of the service for specific festivals during the summer.



“The Défi sportif AlterGo has been counting on Loto-Québec’s support for 30 years. Loto-Québec has helped us implement sustainable measures. Universal accessibility is one of its social responsibility criteria. Since we work with people who have functional limitations, we think that’s fantastic. How motivating!”

— Marie Bélanger, Director of Business Development, AlterGo

Supporting professional and amateur sport

In addition to sponsoring festivals, we proudly support local sporting events and organizations. Here are some of our initiatives from last year:

- We were one of the Platinum partners for the National Bank Open presented by Rogers.
- We had a Mise-o-jeu booth at Montréal Canadiens, Alouettes, and Alliance games, as well as boxing galas at the Casino de Montréal and Grand Prix de Trois-Rivières.
- The Casino de Montréal sported the Alouettes colours to celebrate their Grey Cup victory and held an evening in the champions' honour.
- The Casino de Montréal also hosted a fundraising night benefiting the Montréal Canadiens Children's Foundation.
- The M2 Marché-Montréal Loto-Québec hall in the Bell Centre exhibited work created live by local artists, inspired by the game of the day.



Supporting local talent and entertainment

We were thrilled to collaborate with popular television events. Here are some of them:

- We partnered with the *Révolution* dance competition, which then toured Québec.
- We organized the *Un an de rendez-vous* contest as part of the *Prix Gémeaux* Gala, offering five pairs of tickets for the gala and two sets of passes for festivals we sponsor.
- We again presented the ADISQ Gala and the *Révélation de l'année* [Newcomer of the Year] award, which Kanen won.

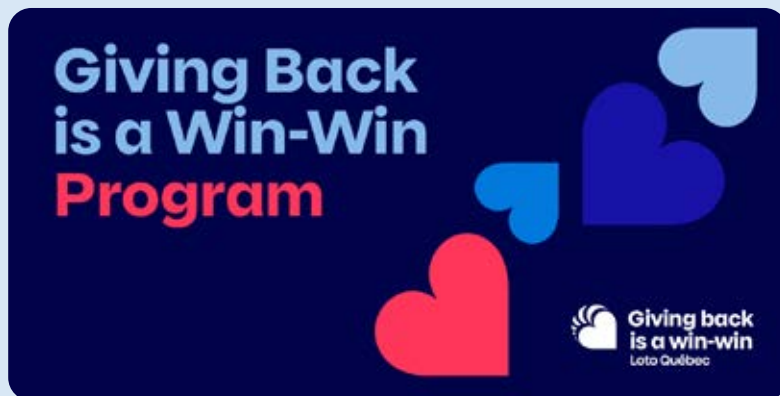


- We aired some funny ads again this year that compared the challenges contestants in the *Sortez-moi d'ici* reality show faced with the luxury life Lotto Max makes us dream of.
- The *Zénith* show once again featured the Charlevoix region. Two lucky winners won a Loto-Québec experience for two at the Hôtel-Casino de Charlevoix resort.
- We presented the *Les Oliviers* Gala and the *Découverte de l'année* [Breakthrough Artist of the Year] award, won by Mona de Grenoble.

Congratulations to everyone who had a chance to shine during these fan-favourite shows. Talent is certainly not in short supply in Québec!

Cité Mémoire Charlevoix

The Hôtel-Casino de Charlevoix resort is part of the Cité Mémoire Charlevoix multimedia experience launched at the end of June. One of the tour's images is projected onto the casino's façade. This large-scale project, which pays tribute to this stunning region and its people, is the result of a five-year agreement with Montréal en Histoires. It generates spinoffs that benefit the entire community.



Our mission has included acting in the interest of all Quebecers for over 50 years. As such, we support several causes and NPOs. All our charitable and collective commitment initiatives are grouped under the Giving Back Is a Win-Win Program.

\$1.9M
paid out directly
to NPOs

Employés de cœur initiative launched

We launched the *Employés de cœur* initiative last fall. This initiative aims to give back to the community through a group activity that lets colleagues express their generosity while connecting with each other. Employees receive an annual quota of hours equal to a full day's work for this activity.

3,432 hrs
of corporate
volunteering

(from November 1, 2023,
to March 31, 2024)

The *Employés de cœur* initiative has proved to be a resounding success since we launched it, and it is still going strong. Here are some of the volunteering activities our teams participated in:

- Sorting and bagging food and giving food baskets to homeless people at Mission Bon Accueil
- Sorting food at Moisson Montréal
- Preparing meals at Moisson Québec
- Preparing emergency equipment at the Red Cross
- Serving meals at the Québec Cancer Foundation

“It was a gratifying experience through which we discovered a committed organization and learnt about the reality of vulnerable women.”

— Julie Côté, Compliance Analyst, Office of the Vice-President of Legal Affairs and participant in a volunteering activity at the Chaînon



“You put one month’s worth of food kits together in one day; we would never have been able to do that alone. And the work you did sorting was just huge! Thank you for your help!”

— Arthur Devos, Project Manager,
Société de Saint-Vincent de Paul
de Montréal

Retailers with big hearts

We have showcased lottery and video lottery retailers’ involvement with charities through our *Détaillants de cœur* initiative for the second year. As part of the initiative, retailers nominate a charity they support, giving it the chance to receive \$5,000. A total of **\$145,000** was thus given to 29 charitable organizations.



Loto-o-suivant is back

We started selling the third edition of the *Loto-o-suivant* scratch ticket in mid-September. Once again, the charitable lottery game made 50 \$10,000 winners who chose a Québec charity that’s dear to their hearts to also receive \$10,000. That’s a total of **\$500,000** dedicated to Québec charities.

This amount tops the more than one million dollars already paid out to dozens of Québec charities through this game! The online version of *Loto-o-suivant* is also offered all year long.

La Poule aux œufs d’or special show

A charitable version of *La Poule aux œufs d’or* aired on November 26, 2023, during which we paid out **\$252,000** to six charities. Each of the six contestants chose a charity to which we gave a donation equivalent to their win, up to \$100,000.

Charitable prizes at Célébration 2024

Two \$50,000 surprise prizes were drawn among the lucky contestants in the *Célébration 2024* televised gala. The two winners of these prizes were invited to choose a charity, to which we also gave **\$50,000**.

One donation for every prize claimed

For every prize claimed at our locations, we gave \$2 to two organizations dear to our hearts: the Fondation Les Petits Rois and AlterGo. We’ve also set up donation boxes for customers to use and doubled the amounts raised. We were able to give **\$89,000** to each of these two charities.

Supporting Moisson food banks

Casinos and gaming halls gave **\$320,000** to Moisson food banks of Québec through the *Win-Win!* Promotion. We’ve been supporting these food banks for over 10 years.

Network bingo and Kinzo promotions

During the network bingo *Give-Back Bingo* Promotion, we gave **\$100,000** to 62 NPOs. And in Kinzo halls, the *Qui gagne fait gagner* Promotion let us give **\$39,500** to 18 NPOs.



In addition, thanks to network bingo and Kinzo, we were able to pay out a total of **\$4.5M** to NPOs holding bingo licences.

Successful Entraide campaign

Our teams were very generous during the Entraide campaign. We collected **\$200,000**, which was shared between Centraide du Québec locations, HealthPartners-Québec and its member organizations and the Québec division of the Canadian Red Cross.

A little magic for the holidays

We answered the call again this year for Opération Père Noël and offered gifts to underprivileged children from across Québec. Last year, there were nearly **300 sponsorships** throughout our locations, around three times as many as in previous years.



Supporting inspiring athletes

The Loto-Québec Bursary Program, which the Fondation Aléo manages, has recognized the achievements of athletes with physical or sensory limitations for several years. We've awarded **\$41,000** in bursaries to 14 athletes during the last fiscal year.

Les Petits Rois celebrate the end of school!

Les Petits Rois had their graduation ball on June 15, 2023. It was a

momentous occasion as two of the three groups we hosted—the Casino de Montréal and head office groups—celebrated the end of five years of studying and internships. Both these groups have been with us full-time since September. They carry out tasks that let them work on their autonomy and motor skills. The third group arrived two years ago and will continue its internship at the Complexe multifonctionnel de Loto-Québec.

**Loto-Québec
and the Fondation
Les Petits Rois –
Creating history
since 2017!**



Our partnership with the Fondation Les Petits Rois began at the end of 2017. The goal is to support young adults living with moderate to severe intellectual disabilities in their journey. We offer them an internship and study program in the workplace to foster their autonomy and inclusion in society.

Contributing to environmental efforts

Reducing our environmental footprint is an ongoing concern in all our activities. All our teams contribute to developing and implementing sustainable measures.

Compared to 2009, we reduced our GHG emissions by:

-46%

Through our efforts, we want to contribute to the Québec government's 37.5% greenhouse gas emissions reduction target in its 2030 Plan for a Green Economy by

working on energy efficiency across our real estate properties, among other things.

Environmental performance recognition for our buildings

We pay special attention to our buildings' environmental performance. BOMA BEST® (a program that recognizes energy performance and sustainable management for existing North American buildings) has granted us several certifications, and we also have the *ICI on recycle +* certification from RECYC-QUÉBEC, which recognizes organizations committed to proactively improving their waste management. During the last fiscal year, both the

Montréal and Charlevoix casinos' BOMA BEST® certifications were upgraded from Gold to Platinum. The Casino de Montréal also saw its *ICI on recycle +* certification upgraded from the Performance level to Performance +, and the Salon de jeux de Québec received this certification for the first time. For its part, Fairmont Le Manoir Richelieu renewed its Performance + certification, which had been put on hold in 2019.

Certifications as of March 31, 2024

Location	BOMA BEST®*	<i>ICI on recycle +</i>
Casino du Lac-Leamy	Platinum	Performance +
Casino de Montréal	Platinum	Performance +
Casino de Charlevoix	Platinum	Performance +
Casino de Mont-Tremblant	Gold	Performance +
Hilton Lac-Leamy	Gold	Performance +
Fairmont Le Manoir Richelieu	N/A (co-ownership)	Performance +
Salon de jeux de Québec	N/A (rented space)	Performance +
Salon de jeux de Trois-Rivières	Gold	Performance
Complexe multifonctionnel de Loto-Québec	Gold	TBD
Centre informatique Pierre-De Coubertin	Silver	TBD
Head Office	Silver	TBD

*The BOMA BEST® program was recently overhauled. We will present our next certification applications under the new version of the program.



Other recognitions for our buildings

At the BOMA Awards Gala, which took place at the Cabaret du Casino de Montréal on May 10, 2023, the Complexe multifonctionnel de Loto-Québec won the brand-new BOMA BEST® Award in the Universal category. This award celebrates the buildings that scored the highest in their category during the previous year.

Last March, the façade restoration project at Fairmont Le Manoir Richelieu received an award at the American Concrete Institute Gala – Québec and Eastern Ontario chapter, recognizing excellence in concrete constructions. An engineering firm took on this major challenge from 2017 to 2022 under our real estate team's supervision.

Fairmont Le Manoir Richelieu also received two prestigious environmental certifications awarded by Green Key Global:

- Green Key level 5 – Meetings Program, for its excellence in hosting sustainable meetings and events
- Green Key level 5 – Eco-Rating Program, for its commitment to sustainable development

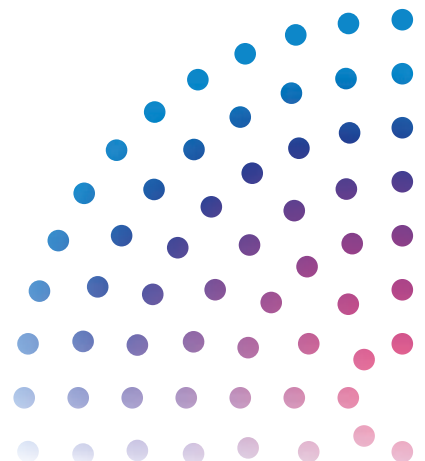
The hotel has also been Bienvenue cyclistes! and Aliments du Québec certified since 2023.

Onward to zero waste

Implementing a zero-waste culture in our casinos and gaming halls is one of the key environmental actions in our 2023–2028 CSR Plan. It aims to reduce waste as much as possible, one action at a time. The goal is to continuously improve our waste management processes in the short, mid and long terms. Replacing plastic water bottles with cans at our gaming sites is one such action. Plastic bottles can only be recycled five times under ideal

conditions, whereas aluminum cans may be recycled indefinitely.

In addition, once we fully acquired the habit of composting in our casinos' employee spaces (cafeterias and bar and restaurant kitchens), we decided to expand it to customer-accessible areas. We now provide compostable products (glasses and cups, utensils, etc.) in our self-serve stations and installed new waste-sorting stations in the entertainment areas. This way, we're sure to have the right bin for the right waste at the right time.





Even more visibility for the Collection Loto-Québec

Throughout the last year, we participated in activities that supported and encouraged emergent artists and made contemporary art more accessible to as many people as possible. The Collection Loto-Québec, the corporation's art collection, contains nearly 5,000 works by over 1,200 Québec artists. We make sure to share it with the community across all of Québec.

We wanted to increase the visibility of the initiatives related to our collection, so we developed virtual content to be posted on Radio-Canada's website in collaboration with our partners. The ici.radio-canada.ca/hub-collection-loto-quebec page, in French only,

is a magnificent showcase for the Collection's exhibitions and the events in which it is involved.

Bringing hope through our support

We have continued our long-standing partnership with Les Impatients, an organization that uses artistic expression to help people with mental health issues. In addition to supporting the 25th edition of their *Parle-moi d'amour* exhibition and auction, we gave them use of our billboards so they could promote the *Parle-moi d'amour... et d'espoir* campaign, which was launched after an unfortunate fire in their space.

"We want to thank Loto-Québec for its invaluable support. Beyond this much-appreciated support, I want to point out the team's enthusiastic contribution, which helps make it an outstanding partner."

— Frédéric Palardy, Executive Director, Les Impatients

Tribute to a giant of Québec culture

We were thrilled to be involved in Jean Paul Riopelle's centenary celebrations in May. Several events were organized to honour his memory, including a free musical fireworks display inspired by the great painter's universe, which we organized with the Grands Feux du Casino du Lac-Leamy team and the Jean Paul Riopelle Foundation. In addition, Arôme restaurant at the Hilton Lac-Leamy offered a table d'hôte dinner created in his honour.



Collection Loto-Québec initiative	Date	Region
We presented a purchase award as part of the <i>#artencadeau2023</i> competition and showed works by young artists at the Plural contemporary art fair (formerly known as Papier) at the Port of Montreal's Grand Quay.	From April 21 to 23, 2023	Montréal
We presented the Loto-Québec Emerging Québec Artist award, supported by a grant, at the Biennale internationale d'estampe contemporaine de Trois-Rivières.	From June 17 to September 10, 2023	Mauricie
We presented the <i>Vues du fleuve</i> exhibition in partnership with Bibliothèque et Archives nationales du Québec (BAnQ) at the Musée maritime de Charlevoix. It featured 36 prints common to both our collection and the BAnQ's, curated by guest curators Manon Barbeau and Anaïs Barbeau-Lavalette.	From June 17 to October 9, 2023	Capitale-Nationale
We participated in the Rencontres internationales de la photographie en Gaspésie.	From July 15 to September 30, 2023	Gaspésie
We supported Missions photographiques, which arose from the Rencontres internationales de la photographie en Gaspésie and are a means of documenting contemporary Québec through an unusual lens.	Year-round	Estrie
We presented a purchase award as part of the <i>#jecollectionne</i> competition during the <i>Artch</i> exhibition fair downtown Montréal and a scholarship program for young artists.	From September 7 to 10, 2023	Montréal
We participated in the <i>Parle-moi d'amour</i> exhibition and auction, organized by Les Impatients, at the Université du Québec à Montréal.	From September 8 to 20, 2023	Montréal
The <i>Sillons: Sharing the Collection Loto-Québec</i> exhibition took place at the Centre SAGAMIE in Alma.	From September 14 to December 15, 2023	Saguenay-Lac-Saint-Jean
The <i>Les pays intérieurs - Nutshimit</i> exhibition took place at the Musée régional de Rimouski.	From September 17, 2023, to January 28, 2024	Bas-Saint-Laurent
The <i>il existe de ces feux intérieurs qui illuminent les continents</i> exhibition, which highlighted the 75th anniversary of the <i>Refus global</i> manifesto, took place at the Centre Adélard in Frelighsburg.	From October 7 to November 26, 2023	Estrie
We presented the Jeunes commissaires [Young Curators] component at the Manif d'art - La biennale de Québec	From February 23 to April 28, 2024	Capitale-Nationale



Offer a healthy, inclusive and engaging workplace

Challenge	Orientation	Goal	Indicator	Starting value	2023-2024 target	2023-2024 result
Talent attraction and retention	Offer a healthy, inclusive and engaging workplace	3.1 Provide our employees with a stimulating experience	3.1.1 Turnover rate 3.1.2 Ratio of employees from diverse backgrounds	11% 24%	10% 25%	4.9% 25%

4,873 employees working together so that Québec wins

Our teams – The key to our success

Achieving our goals depends, first and foremost, on all our team members. This is why it's crucial for us to provide them with a healthy, inclusive and engaging environment that makes them proud to work here. With the labour market in constant evolution, we believe it's essential to ensure their well-being so they can reach their full potential.

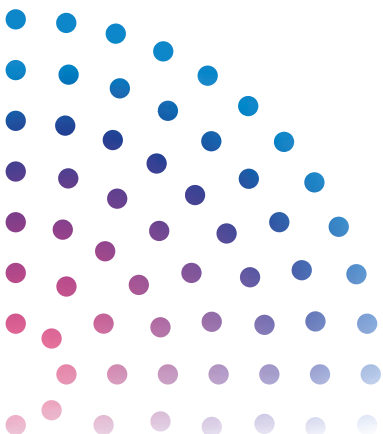
Platinum Parity Certification – A noteworthy first

Women in Governance awarded us the Platinum Parity Certification this year, the highest level of recognition, for our initiatives supporting women in developing their leadership and advancing their careers. We're very proud of this certification as it is a testament to our commitment to giving women a work environment that helps them reach their professional goals. Some of the features that helped us stand out were the existing parity within our Board of Directors and the presence among us of female colleagues whose influence is well known in their respective fields.

Promoting recognition within the organization

Last January, we organized *Ovation, acclamer l'excellence*, an event highlighting our colleagues and projects that stood out over the last few months. Managers and executive team members hosted the finalists, selected from the many nominations received, at the Cabaret du Casino de Montréal to award the honours.

Recently retired colleagues were also celebrated during events that underlined their contribution to the organization's success. In addition, we enhanced our *Ovation* recognition program with new ways to celebrate service anniversaries.





“We spend nearly half our lives at work. So, working for an organization that celebrates all its staff is crucial. That’s why I’m happy to join this committee and help make Loto-Québec more inclusive.”

— Laurence Beauchemin, Division Manager of Corporate Communications and new member of the Diversity and Inclusion Advisory Committee

An organization proud of its diversity

We invited our team members to fill out a form that asked whether they identified with one of the under-represented groups under the *Act respecting equal access to employment in public bodies*: women, Indigenous people, people with a disability, ethnic and visible minorities. The data was collected confidentially and helped us get a snapshot of our organizational diversity. We should add that we chose to consider members of the LGBTQ2+ community as an under-represented group as part of our internal initiatives. This recognition is a testament to our proactivity and strengthens our commitment to offering an inclusive workplace.

Diversity and inclusion – A renewed advisory committee

Our Diversity and Inclusion Advisory Committee, created in 2021, welcomed new members in the fall. Seven people from various sectors of the organization joined the existing members to discuss ideas and make recommendations to keep diversity and inclusion thriving within the organization.

Learning to understand each other

In June, we posted a training video on unconscious bias on our intranet. This training, mandatory for all our teams, emphasizes that being more aware of our biases is essential so we can eliminate them and contribute to a healthy workplace.

Spotlight on talent development

We launched seven new talent development video segments during the year. The videos, featuring renowned psychologist and speaker Rose-Marie Charest, show the many benefits of taking charge of one’s own professional development. Among other things, they provide suggestions on how to increase autonomy, overcome limits and strengthen relationships with colleagues. In addition, we offered three in-house course options again this year.

Health and well-being always on the agenda

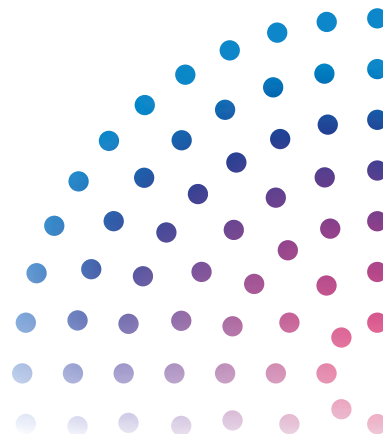
We offered our teams a slew of activities as part of our *VitaSanté* program, which promotes overall health and emphasizes prevention.

Team members learnt stress-management strategies and discovered simple and easy actions they can take to adopt a healthy lifestyle among other things.

We also sent all our teams a second health survey that gave them a health score and recommendations to improve their overall health. Those who had responded the first time were able to assess their progress. The data we collected also let us hone in on the top health and well-being needs so we can continue offering appropriate activities.



Health and well-being are increasingly part of our organizational culture. According to our engagement survey’s results, the number of people who believe we take adequate steps to promote our teams’ well-being has increased over the last fiscal year. In addition, we have received the highest level of recognition from Groupe entreprises en santé for a second consecutive year.





“We had a great day at Défi Entreprises in Gatineau. We had a lot of fun cheering each other on. The event brings people together, and it was nice to reconnect with colleagues.”

— Jennifer Kukola, Office Clerk at the Office of the Executive Vice-President of Casinos and Gaming Halls and Défi Entreprises ambassador at the Casino du Lac-Leamy

Challenge met as a team

We shattered our record for participation in the Défi Entreprises this year! Over 300 people joined the Loto-Québec group to be part of this event, the mission of which is to help people reach their fitness goals. Whether in Montréal, Trois-Rivières, Quebec City, Gatineau, or even virtually, participants were all smiles as they got together and trained. We were also awarded the trophy for the second most involved business in the Montréal edition of the Défi Entreprises, and we are very proud.

Following up on our head office refurbishment

The refurbishment of our head office, which started in the winter of 2023, is going really well. We have reached several important milestones, including the demolition phases and the reconstruction of the upper levels, according to the set schedule. We checked in with our teams several times over the last few months—as we had been doing since the project began—so they could give us their input on various aspects of the project. We are looking forward to them officially taking ownership of the spaces when the work ends.

Refurbishing our head office was necessary because the hybrid working model gave rise to different needs. We took advantage of the opportunity to optimize the use of these spaces and made more floors available for leasing. They are now all leased, and the tenants are already using them. Maintenance work should also be done on the building in the short and mid-term.

Fun on the menu at the employee BBQ

We held our traditional employee BBQs in May and June. They were terrific opportunities for our teams to get together and have a good time as summer started. We took sustainable measures to limit the environmental impact of the events, including using reusable, compostable or recyclable materials and calling on a green squad to sort waste. As a result, we diverted 85% of the waste from landfills.





Recruiting – Open doors and an original campaign

Last May, our casinos participated in the Portes ouvertes sur le tourisme event along with over 80 Québec tourism businesses. The goal was to inform visitors about the wide variety of jobs available at the casinos and make them want to join us in our exciting playground.

We launched a significant recruitment campaign in the winter to fill positions in four major sectors of our gaming sites: gaming, security, dining and customer service. This original campaign advertised the available jobs in a spectacular way—as movies currently showing at the theatres— and perfectly illustrated how working here puts everyone in the heart of the action.

We have also begun reviewing our employer brand during the year. This exercise will take several months. It will enable us to define our employer promise and continue bringing our mission, vision and values to life in-house. Many of our teams, particularly the talent and culture and marketing teams, worked together to create a strong and distinctive brand to help us attract and retain talent.

Extra scholarships – Recognizing and supporting the next IT generation

Pride and emotions were palpable at the third edition of the Extra scholarships award ceremony. The event enabled us to highlight the contributions of the 50 IT interns we welcomed over the last year, this time in person. Eight of them took home Extra scholarships recognizing their commitment during their stay with us.

Agreement with union locals

We reached an agreement with CSN-affiliated locals at the four casinos and the online gaming customer service team. Activities at our gaming sites gradually resumed over the following weeks after being limited during the dispute.



“I absolutely adored my internship! I loved the people, the field and the technology we use.”

— Pierre-Amar Abdelli, 2021 and 2023 intern and IT Analyst at the Office of the Corporate Vice-President of Digital Transformation and Technology since January 2024



4

Simplify the way we do things

Challenge	Orientation	Goal	Indicator	Starting value	2023-2024 target	2023-2024 result
Organization performance and velocity	Simplify the way we do things	4.1 Promote a culture of innovation	4.1.1 Ratio of total expenses to revenues	30.0%	30.0%	30.3%
		4.2 Optimize organizational and financial performance	4.2.1 Net income	\$1.468B	\$1.501B	\$1.511B

Our 2023–2024 net income is the fourth-highest in our history



Putting winning conditions in place to perform

Simplifying the way we do things is one of the avenues toward optimizing our overall performance. We bring simplicity to life throughout our organization through our in-house and external processes, communications, and interactions. We also foster a culture of innovation while being bold to renew ourselves and retain our competitive edge—always doing so with the utmost respect for the principles of integrity and security.

Great success for innovation-focused event

We held the first-ever Loto-Québec numérique event last fall. Nearly 700 colleagues took part in the full-day event dedicated to innovation and technology. They visited booths explaining topics such as the cloud, artificial intelligence, and virtual reality to learn more about some of our major digital transformation projects.





Information security awareness

The cybersecurity and information risk team took advantage of the Loto-Québec numérique event to discuss the unavoidable challenge of cybersecurity. Visitors to that booth were invited to answer a quiz and test their information security reflexes. Articles on topics such as passwords and protecting personal information were posted on the intranet throughout October as part of Cybersecurity Awareness Month. Other awareness activities were held during the year, including a mandatory web conference on cyberattacks supported by a video training segment and reminder emails on best practices for protecting personal information.



Strengthening security on lotoquebec.com

With respect to our gaming website, simplicity and security go hand in hand. In addition to improving the registration process and both the Casino and Live Casino sections, we strengthened security measures for players. These measures include the addition of two-step verification, also called two-factor authentication, when logging in.

Standardized customer experience across our gaming sites

We replaced the cash-out slip system in our gaming halls last fiscal with the one we use in our casinos.

The change in technology helps us provide our customers with a simplified and standardized experience across all our gaming sites. It also simplifies our gaming hall staff's work since they now have more performing tools at their disposal.

This also enabled us to bring the Casino Privilèges Club to gaming halls so our gaming sites can remain competitive in a market where such loyalty programs are common. Customers can, therefore, enjoy the club's perks, including earning Casino Status Points and Privilège Points, personalized offers, and current promotions regardless of which gaming site they play at. Identifying self-excluded people is now also more efficient.

International security certification renewed

The World Lottery Association renewed our Security Control Standard certification in July—a certification we've held since 2010. This certification, valid until 2026, means we're part of a group of lottery corporations that:

- Stand out through their sound management of information security risks
- Strictly adhere to worldwide best practices in terms of game integrity

Loto-Québec's Carrefour des connaissances up and running

The Loto-Québec documentation centre has been our organization's reference for specialized documentation for many years. More recently, we began setting up the Carrefour des connaissances en jeu responsable [Responsible Gambling Knowledge Hub] by creating, among other things, a virtual library of hundreds of documents. So, to better harness the potential of the information we possess and promote knowledge sharing, we combined the two and created the Carrefour des connaissances de Loto-Québec.

New online training platform now live

We adopted a new online training platform at the start of the last fiscal year. It's a scalable platform that'll adapt to our needs and offers a lively and user-friendly experience. Video lottery terminal retailers and Kinzo hall managers currently use it to take training courses, including those on responsible gambling. We can assign people to multiple

locations, making it easier to follow up on mandatory training courses. We also use it to deliver learning video segments on how the sports betting terminals work. The lottery sector should also start using it in the fall.

An enhanced experience for our hotel guests

Since November 29, 2023, Hilton Lac-Leamy guests have had access to an entirely digital directory in their rooms. When they scan a QR code with their phone, they can access a plethora of information relevant to their stay, such as facilities' opening hours, restaurant menus, performance hall lineup, and nearby tourist attractions. The solution comes from a small, innovative Québec company we met through our partnership with MT Lab, an innovation incubator.

Fairmont Le Manoir Richelieu is the first hotel in the country—and the first in the Fairmont brand—to offer the Alexa virtual assistant in its rooms. This Alexa version, specifically designed for hotels, helps guests enjoy a personalized experience.

Fostering a culture of innovation through vibrant partnerships

Our relationships with stakeholders in the gaming, entertainment and innovation fields enable us to support local talent while keeping abreast of the evolution of emerging trends.

We took part in several events over the last fiscal year. Here are some of them:

- We held the friendly La Face des internets contest, which featured mainly video game content broadcast on Twitch. We revealed the 2024 edition winners during a gala at the Casino de Montréal on April 7.
- We participated in Montreal Comiccon. More than 65,000 people were in attendance at the Palais des congrès for this event, which focuses on popular culture, of which video games are a big part. The Loto-Québec Indie Games Zone featured the most recent creations of some twenty independent Québec studios.
- We organized DemoNights in cooperation with La Guilde du jeu vidéo du Québec. The event enabled 15 independent studios to introduce their new games on our Twitch channel.
- We joined forces with many inspiring figures to support innovation and boldness at the 12th edition of C2 Montréal. The Loto-Québec stage hosted presentations on various topics during this creative business event.



Conversations on Twitch with celebrity video game fans

We launched *La Suite* on our Twitch channel in the spring of 2023. In the three-episode series, we talked with public figures about their interest in video games.



- We were partners of the HUB Montréal market event, which focuses on digital creativity, mainly in the culture and entertainment fields. We presented Demo Space where digital projects from local studios were shown.

Collaboration with incubators

We continued actively collaborating with Centech and MT Lab, our innovation partner incubators in the technology, tourism, entertainment and culture fields.

We were involved in various activities with these energetic partners:

- Talks
- Communities of practice in innovation
- Startup cohort selection
- Networking and innovative solution demonstration days

Many topics were addressed, from immersive technologies and artificial intelligence to customer and employee experience. A few dozen colleagues from various sectors of our organization took advantage of these activities, which were intended to power innovation and create relationships with the Québec innovation community.



“Centech is proud to have benefited from a partnership with Loto-Québec since 2018, which enabled it to accelerate the growth and spread of Québec talent in innovative technological solutions. We greatly appreciate its ongoing commitment.”

— Marjorick Foisy, General Director, Centech



“Loto-Québec has been an MT Lab partner since the beginning. Thanks to the teams’ active participation and constructive feedback, we were able to greatly influence the open innovation ecosystem in Québec by supporting nearly one hundred startups.”

— Martin Lessard, Executive Director, MT Lab





Supporting the next generations in entrepreneurship, digital entertainment and technology

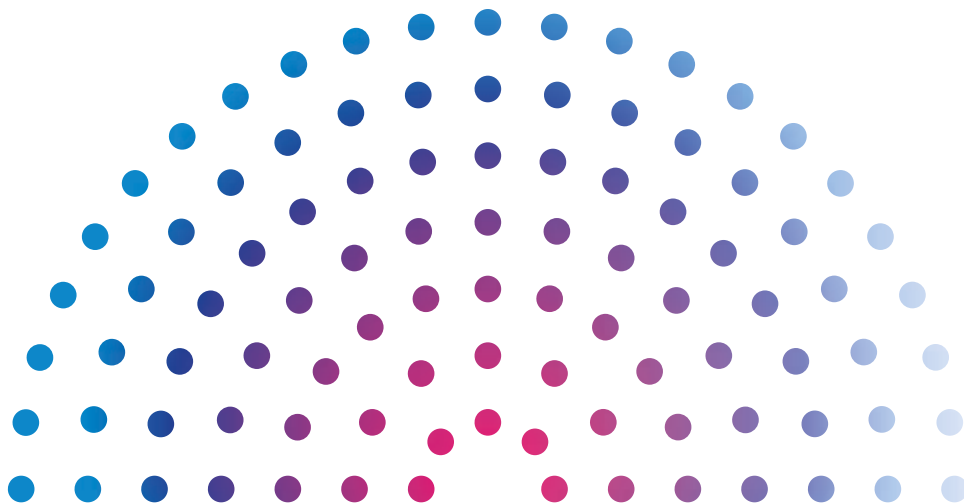
We award excellence grants to stimulate younger talent's creativity, inventiveness and innovation. Among other things, we awarded grants during the OSEntreprendre Challenge and to Université du Québec à Montréal and Université du Québec à Chicoutimi's École des arts numériques, de l'animation et du design students.



We also proudly contribute to highlighting IT excellence. We were ambassador partners for the Concours des OCTAS, organized by the Réseau Action TI, where we presented the Innovation award in the SME and startup category. Denis Daly, our Corporate Vice-President and Chief Officer of Digital Transformation and Technology, was the award ceremony's honorary president.

Lastly, we partnered with the Québec Engineering Competition,

which brings together student delegations from 11 universities to promote their engineering skills and technical know-how. We presented a special award for the competition's boldest solution.

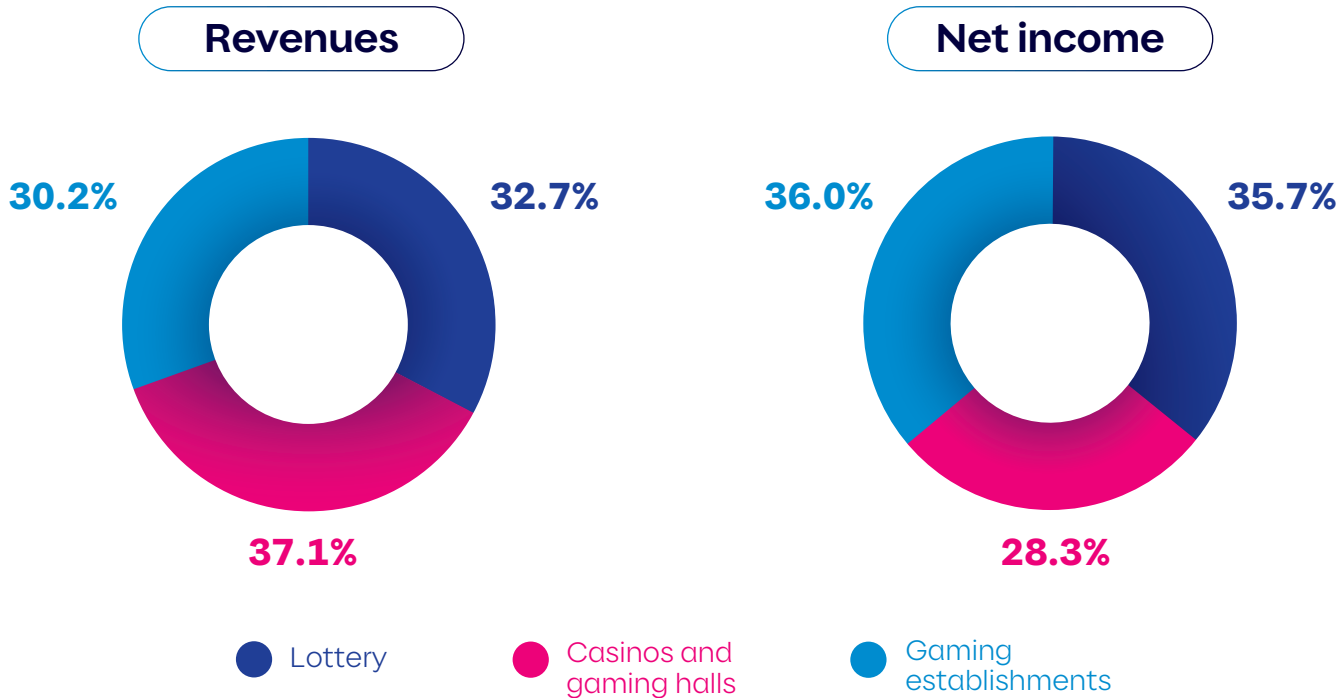


Finance



Financial Review

AS AT MARCH 31, 2024



By the close of the 2023–2024 fiscal year, Loto-Québec had generated total revenues of \$2.932 billion and a consolidated net income of \$1.511 billion. Excluding the previous fiscal year, this is Loto-Québec's best performance since the *Tobacco Control Act* came into force 18 years ago, significantly impacting traffic at gaming sites and bars. It is also the fourth-best result in its history, despite the current economic context.

With respect to fiscal 2022–2023—which yielded exceptional results exceeding the expected growth trajectory—the gap stands at \$66.3 million (-2.2%) for revenues and \$89.1 million (-5.6%) for net income. The teams continued enhancing the offering to keep it in line with customer expectations while maximizing operational efficiency and ensuring responsible commercialization.

Gross margin

The consolidated gross margin totalled \$2.398 billion, a decrease of \$76.7 million (-3.1%) over 2022–2023.

Expenses

Total expenses stood at \$887.5 million, up \$12.4 million (+1.4%) from 2022–2023 but down \$17.4 million (-1.9%) from pre-pandemic fiscal 2019–2020.

The ratio of total expenses to revenues is slightly higher at 30.3% than last year (29.2%). Despite the pressure related to increased expenses, Loto-Québec managed to keep the ratio balanced by tightly controlling expenses. The ratio stood at 33.0% in 2019–2020.

The net profit margin, for its part, sits at 51.5%, two percentage points higher than in 2019–2020.

Financial situation

On March 31, 2024, Loto-Québec's total assets stood at \$1.145 billion over \$1.266 billion on March 31, 2023. This represents a decrease of \$121.4 million (-9.6%), mainly due to a decline in net income over the previous year. During the same period, total liabilities went from \$999.3 million to \$877.9 million, a \$121.4 million (-12.1%) decrease.

Lottery sector

Lottery sector revenues amounted to \$958.8 million. This represents a \$37.4 million (-3.8%) decrease over 2022-2023, mainly due to adverse jackpot sequences, which are the result of chance.

Lotto Max offered fewer major prizes (\$50 million or more):

- 30 major prizes and 193 Maxmillions prizes in 2023-2024
- 49 major prizes and 864 Maxmillions prizes in 2022-2023

The revenue decrease was partly offset by the performance of instant and regional draw-based games.

It should be noted that \$8.4 million was distributed to non-profit organizations (NPOs) that operate lottery kiosks.

Revenues

AS AT MARCH 31

(In thousands of Canadian dollars)	2024	2023	\$ Variation	% Variation
Draw-based lottery games	641,284	700,639	(59,355)	(8.5)
Instant games	317,503	295,505	21,998	7.4
Total	958,787	996,144	(37,357)	(3.8)

Casinos and gaming halls

The casino and gaming hall sector exceeded last year's record results with total revenues of \$1.109 billion. This \$7.6 million (+0.7%) increase from the previous year is due to good performances by gaming halls and online casino games.

The year was marked by a nearly four-month labour dispute involving all four casinos and the online gaming customer relations centre. Casinos stayed open during that time, but with reduced service and opening hours. Activities gradually resumed afterwards.

Online casino popularity continued increasing, thanks in part to improvements made to the customer experience and efforts to counter illegal gaming operators.

Gaming halls' success was, for its part, due to the entertainment activities they offered and their atmosphere, both of which customers appreciated.

Revenues

AS AT MARCH 31

(In thousands of Canadian dollars)	2024	2023	\$ Variation	% Variation
Casinos and gaming halls	1,108,814	1,101,247	7,567	0.7

Gaming establishments

The gaming establishment sector, which includes video lottery terminals (VLTs) in bars, event betting, Kinzo and network bingo, reported revenues of \$885.5 million. This represents a decrease of \$36.6 million (-4.0%) over the previous fiscal year.

It should be noted that Loto-Québec is looking to reduce the number of locations operating VLTs as part of its reflection on the responsible evolution of video lottery.

It is worth mentioning that \$4.5 million was distributed to NPOs with a bingo licence.

Revenues

AS AT MARCH 31

(In thousands of Canadian dollars)	2024	2023	\$ Variation	% Variation
VLTs in bars, event betting, Kinzo and network bingo	885,525	922,163	(36,638)	(4.0)

Online gaming

The Loto-Québec gaming website continued to grow. The corporation made efforts to channel the online gaming offer through its website, lotoquebec.com—the only 100% legal casino and sports-betting website in Québec—by continuously enhancing it.

Messages encouraging players to play responsibly, such as by setting time or budget limits, were also conveyed in various ways.

Contributions to both governments

Loto-Québec's contribution in the form of a dividend to the Québec Treasury amounted to \$1.508 billion, down \$89.1 million (-5.6%) from the previous fiscal year. In addition to the dividend, \$3.0 million was paid into a Government of Québec designated fund (which finances activities and control measures implemented by the Régie des

alcools, des courses et des jeux), and \$110.8 million to the Ministère du Revenu in Québec Sales Tax. Therefore, total contributions to the Government of Québec were \$1.622 billion (2023: \$1.701 billion). Moreover, the corporation paid a total of \$75.5 million (2023: \$70.3 million) to the Government of Canada.

Contributions to both governments

AS AT MARCH 31

(In millions of Canadian dollars)	2024	2023
Government of Québec		
Dividend	1,507.9	1,597.0
Designated fund	3.0	3.0
Québec Sales Tax	110.8	101.0
Total to the Government of Québec	1,621.7	1,701.0
Government of Canada		
Compensation—withdrawal from the lottery sector	20.0	19.7
Goods and Services Tax	55.5	50.6
Total to the Government of Canada	75.5	70.3
Total	1,697.2	1,771.3

Supplementary Information

FOR THE YEAR ENDED MARCH 31

(In thousands of Canadian dollars)		2024			
Business segments	Lottery	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	Consolidated figures
Revenues					
Games	958,787	1,024,720	885,525	-	2,869,032
Restaurants	-	66,122	-	(20,846)	45,276
Accommodation	-	17,972	-	-	17,972
	958,787	1,108,814	885,525	(20,846)	2,932,280
Cost of sales					
Commissions	143,355	-	193,479	-	336,834
Royalties	11,727	79,087	2,518	-	93,332
Printing	24,591	-	2,031	-	26,622
Food and beverages	-	22,138	-	(8,538)	13,600
Goods and Services Tax	8,337	3,001	9,862	-	21,200
Québec Sales Tax	16,632	5,988	19,675	-	42,295
	204,642	110,214	227,565	(8,538)	533,883
Gross margin	754,145	998,600	657,960	(12,308)	2,398,397
Expenses					
Employee benefits	84,367	276,429	37,192	(2,223)	395,765
Depreciation and amortization	10,994	52,759	8,796	-	72,549
Depreciation of right-of-use assets	1,438	6,700	390	-	8,528
Special payments	20,041	-	2,759	-	22,800
Goods and Services Tax	4,077	7,927	2,942	-	14,946
Québec Sales Tax	8,136	15,840	5,869	-	29,845
General operating, administrative and other expenses	90,851	210,264	57,603	(10,085)	348,633
	219,904	569,919	115,551	(12,308)	893,066
Income from operating activities	534,241	428,681	542,409	-	1,505,331
Financial income	(7,985)	(7,728)	(2,960)	-	(18,673)
Financial expenses	2,199	3,236	1,913	-	7,348
Net financial income	(5,786)	(4,492)	(1,047)	-	(11,325)
Share of net income in the joint venture and payments to partners	-	5,734	-	-	5,734
Net income for the period	540,027	427,439	543,456	-	1,510,922

(In thousands of Canadian dollars)

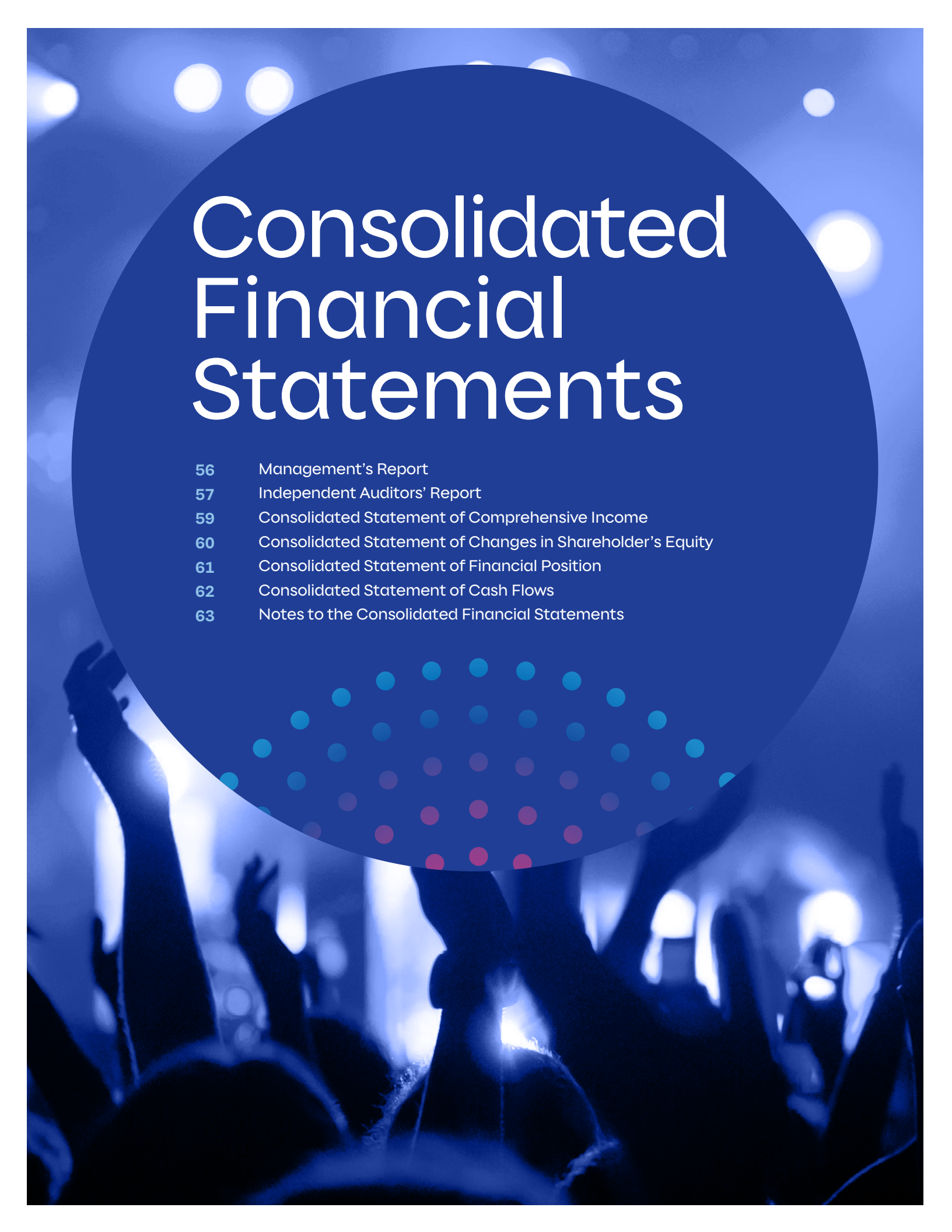
2023

Business segments	Lottery	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	Consolidated figures
Revenues					
Games	996,144	1,005,439	922,163	-	2,923,746
Restaurants	-	75,719	-	(21,001)	54,718
Accommodation	-	20,089	-	-	20,089
	996,144	1,101,247	922,163	(21,001)	2,998,553
Cost of sales					
Commissions	141,511	-	201,107	-	342,618
Royalties	10,203	67,288	2,479	-	79,970
Printing	24,300	-	1,651	-	25,951
Food and beverages	-	24,157	-	(7,880)	16,277
Goods and Services Tax	7,744	1,600	10,230	-	19,574
Québec Sales Tax	15,447	3,189	20,408	-	39,044
	199,205	96,234	235,875	(7,880)	523,434
Gross margin	796,939	1,005,013	686,288	(13,121)	2,475,119
Expenses					
Employee benefits	75,529	290,521	34,145	(2,566)	397,629
Depreciation and amortization	11,043	51,377	9,804	-	72,224
Depreciation of right-of-use assets	1,361	6,675	385	-	8,421
Special payments	19,671	-	2,423	-	22,094
Goods and Services Tax	4,076	7,591	2,594	-	14,261
Québec Sales Tax	8,135	15,167	5,175	-	28,477
General operating, administrative and other expenses	91,326	205,981	48,574	(10,555)	335,326
	211,141	577,312	103,100	(13,121)	878,432
Income from operating activities	585,798	427,701	583,188	-	1,596,687
Financial income	(6,076)	(5,498)	(3,000)	-	(14,574)
Financial expenses	2,175	3,677	1,972	-	7,824
Net financial income	(3,901)	(1,821)	(1,028)	-	(6,750)
Share of net income in the joint venture, payments to partners and write-down of interests in the joint venture	-	3,413	-	-	3,413
Net income for the period	589,699	426,109	584,216	-	1,600,024

Comparative Results

FOR THE YEAR ENDED MARCH 31

(In thousands of Canadian dollars)	2024	2023	2022	2021	2020
Consolidated results					
Revenues	2,932,280	2,998,553	2,217,229	1,407,537	2,741,626
Cost of sales					
Lottery					
Commissions	143,355	141,511	146,733	126,938	143,338
Royalties	11,727	10,203	12,315	12,472	2,554
Printing	24,591	24,300	24,348	20,537	24,825
Goods and Services Tax	8,337	7,744	8,683	7,544	8,100
Québec Sales Tax	16,632	15,447	17,322	15,049	16,159
	204,642	199,205	209,401	182,540	194,976
Casinos and gaming halls					
Royalties	79,087	67,288	58,064	48,743	39,057
Food and beverages	13,600	16,277	4,594	705	19,327
Goods and Services Tax	3,001	1,600	2,428	2,209	1,705
Québec Sales Tax	5,988	3,189	4,843	4,407	3,401
	101,676	88,354	69,929	56,064	63,490
Gaming establishments					
Commissions	193,479	201,107	121,427	48,131	193,632
Royalties	2,518	2,479	2,299	-	597
Printing	2,031	1,651	994	285	1,339
Goods and Services Tax	9,862	10,230	6,206	2,418	9,767
Québec Sales Tax	19,675	20,408	12,381	4,825	19,485
	227,565	235,875	143,307	55,659	224,820
Total	533,883	523,434	422,637	294,263	483,286
Gross margin	2,398,397	2,475,119	1,794,592	1,113,274	2,258,340
Operating expenses					
Lottery	195,259	186,526	172,640	171,141	175,133
Casinos and gaming halls	474,385	483,381	300,246	303,144	509,820
Gaming establishments	97,554	85,142	52,330	35,074	61,959
Depreciation and amortization	72,549	72,224	74,783	92,839	99,056
Depreciation of right-of-use assets	8,528	8,421	7,959	6,660	7,260
Goods and Services Tax	14,946	14,261	10,000	9,122	13,407
Québec Sales Tax	29,845	28,477	19,960	18,229	26,789
	893,066	878,432	637,918	636,209	893,424
Income from operating activities	1,505,331	1,596,687	1,156,674	477,065	1,364,916
(Net financial income) net financial expenses	(11,325)	(6,750)	4,886	5,005	6,159
Share of net income in the joint venture and payments (contributions) to (from) partners	5,734	3,173	5,849	(4,410)	5,295
Write-down of interests in the joint venture	-	240	2,720	18,840	-
Net income	1,510,922	1,600,024	1,143,219	457,630	1,353,462



Consolidated Financial Statements

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Management's Report

The consolidated financial statements of Loto-Québec have been prepared by management, which is responsible for their preparation and presentation, including significant estimates and judgments. This responsibility involves the selection of appropriate accounting policies in accordance with International Financial Reporting Standards (IFRS). All financial information contained in the annual report is consistent with that appearing in the consolidated financial statements.

To fulfill its responsibilities, management develops, establishes and maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that transactions are duly approved and properly recorded on a timely basis and in a manner suitable for preparing reliable consolidated financial statements. The Office of the Corporate Vice-President of Internal Auditing and Enterprise Risk Management carries out periodic audits to ensure that internal controls are adequate, consistent and applied uniformly by Loto-Québec.

Loto-Québec management acknowledges its responsibility for conducting its affairs in accordance with its governing statutes and regulations.

The Board of Directors of Loto-Québec oversees management in the performance of its financial reporting responsibilities and approves the consolidated financial statements, assisted by its Audit and Risk Management Committee consisting solely of independent members. The Audit and Risk Management Committee meets with management, the Office of the Corporate Vice-President of Internal Auditing and Enterprise Risk Management, the Auditor General of Québec and the accounting firm KPMG LLP (KPMG), and reviews the consolidated financial statements and recommends their approval to the Board of Directors.

The Auditor General of Québec and KPMG have jointly audited the consolidated financial statements of Loto-Québec, in accordance with Canadian generally accepted auditing standards, and their independent auditors' report states the nature and scope of this audit and expresses their opinion. The Auditor General of Québec and KPMG have full and free access to the Audit and Risk Management Committee to discuss any matter related to their audit.

President and Chief Executive Officer,
Loto-Québec



Jean-François Bergeron

Corporate Vice-President,
Finance and Administration, Loto-Québec



Marie-Claude Tremblay, CPA

Montréal, Québec
May 31, 2024

Independent Auditors' Report

To the Minister of Finance

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Loto-Québec and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the Annual Report prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 these consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Report on Other Legal and Regulatory Requirements

As required by the *Auditor General Act* (CQLR., c. V-5.01), we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,



Patrick Dubuc, CPA auditor
Assistant Auditor General



KPMG LLP*

Montréal, May 31, 2024

* FCPA auditor, public accountancy permit No. A110618

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED MARCH 31, 2024

(In thousands of Canadian dollars)	2024	2023
Revenues (Note 5)	2,932,280	2,998,553
Cost of sales (Note 6)	533,883	523,434
Gross margin	2,398,397	2,475,119
Expenses		
Employee benefits (Note 7)	395,765	397,629
Depreciation and amortization (Notes 8 and 9)	72,549	72,224
Depreciation of right-of-use assets (Note 10)	8,528	8,421
Special payments (Note 11)	22,800	22,094
Goods and Services Tax	14,946	14,261
Québec Sales Tax	29,845	28,477
General operating, administrative and other expenses	348,633	335,326
	893,066	878,432
Income from operating activities	1,505,331	1,596,687
Financial income (Note 12)	(18,673)	(14,574)
Financial expenses (Note 12)	7,348	7,824
Net financial income (Note 12)	(11,325)	(6,750)
Share of net income in the joint venture, payments to partners and write-down of interests in the joint venture (Note 13)	5,734	3,413
Net income	1,510,922	1,600,024
Other comprehensive income (loss)		
Items that will not be reclassified subsequently to net income: Remeasurements of the net defined benefit liability (asset) (Note 14)	(71)	10,711
Comprehensive income	1,510,851	1,610,735

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

Consolidated Statement of Changes in Shareholder's Equity

FOR THE YEAR ENDED MARCH 31, 2024

(In thousands of Canadian dollars)	Share Capital	Retained earnings	Accumulated other comprehensive income	Total
Balance as at April 1, 2022	170	86,300	169,635	256,105
Dividend	-	(1,597,024)	-	(1,597,024)
Contribution to the Government of Québec (Note 15)	-	(3,000)	-	(3,000)
Transactions with the shareholder	-	(1,600,024)	-	(1,600,024)
Net income	-	1,600,024	-	1,600,024
Other comprehensive income				
Remeasurements of the net defined benefit liability (asset) (Note 14)	-	-	10,711	10,711
Comprehensive income	-	1,600,024	10,711	1,610,735
Balance as at March 31, 2023	170	86,300	180,346	266,816
Dividend	-	(1,507,922)	-	(1,507,922)
Contribution to the Government of Québec (Note 15)	-	(3,000)	-	(3,000)
Transactions with the shareholder	-	(1,510,922)	-	(1,510,922)
Net income	-	1,510,922	-	1,510,922
Other comprehensive loss				
Remeasurements of the net defined benefit liability (asset) (Note 14)	-	-	(71)	(71)
Comprehensive income (loss)	-	1,510,922	(71)	1,510,851
Balance as at March 31, 2024	170	86,300	180,275	266,745

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

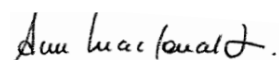
Consolidated Statement of Financial Position

AS AT MARCH 31, 2024

(In thousands of Canadian dollars)	2024	2023
ASSETS		
Cash and cash equivalents (Note 16)	213,783	352,056
Trade and other receivables (Note 17)	96,348	61,379
Current portion of loans to the joint venture (Note 13)	4,000	3,500
Inventories (Note 18)	4,250	5,143
Prepaid expenses	30,316	32,316
Total current assets	348,697	454,394
Interests in the joint venture and loans (Note 13)	19,787	22,644
Property, plant and equipment (Note 8)	621,038	616,426
Intangible assets (Note 9)	52,192	53,758
Right-of-use assets (Note 10)	27,739	35,655
Net defined benefit asset (Note 14)	75,208	83,218
Total non-current assets	795,964	811,701
Total assets	1,144,661	1,266,095
LIABILITIES		
Bank loans (Note 19)	242,893	16,779
Dividend payable	9,743	295,724
Accounts payable and accrued liabilities (Note 20)	371,546	383,571
Derivatives on gaming transactions	4,239	6,241
Deferred revenues	3,326	3,533
Current portion of lease liabilities (Note 10)	7,336	7,862
Current portion of long-term debt (Note 21)	15,780	39,147
Total current liabilities	654,863	752,857
Long-term debt (Note 21)	189,814	205,594
Lease liabilities (Note 10)	22,581	29,985
Net defined benefit and other long-term benefit liability (Note 14)	10,658	10,843
Total non-current liabilities	223,053	246,422
Total liabilities	877,916	999,279
SHAREHOLDER'S EQUITY		
Share capital authorized, issued and paid: 1,700 shares with a par value of \$100 each	170	170
Retained earnings	86,300	86,300
Accumulated other comprehensive income	180,275	180,346
Total shareholder's equity	266,745	266,816
Total liabilities and shareholder's equity	1,144,661	1,266,095

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

ON BEHALF OF THE BOARD



Ann MacDonald
Chair of the Board of Directors



Jean-François Bergeron
President and Chief Executive Officer

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2024

(In thousands of Canadian dollars)	2024	2023
OPERATING ACTIVITIES		
Net income	1,510,922	1,600,024
Items not affecting cash and cash equivalents:		
Depreciation and amortization of property, plant and equipment and intangible assets	72,549	72,224
Depreciation of right-of-use assets	8,528	8,421
Loss on disposal of property, plant and equipment, intangible assets and lease liabilities	14,654	6,006
Foreign exchange loss on lease liabilities	54	1,395
Defined benefit and other long-term benefit expense	13,960	17,279
Share of net income in the joint venture	5,734	3,413
Other net financial income	(11,325)	(6,750)
Net change in non-cash items (Note 16)	(53,952)	149,778
Capitalization of defined benefit obligation	(6,206)	(3,565)
Interest on leases	(969)	(1,180)
Interest paid	(6,093)	(6,957)
Interest received	18,673	14,574
Flows of cash and cash equivalents provided by operating activities	1,566,529	1,854,662
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(65,460)	(46,409)
Additions to intangible assets	(21,018)	(17,938)
Proceeds from disposal of property, plant and equipment	69	204
Investment in the joint venture, net of distributions, and payments to partners	245	(5,000)
Flows of cash and cash equivalents used in investing activities	(86,164)	(69,143)
FINANCING ACTIVITIES		
Dividend paid	(1,793,903)	(1,449,519)
Net change in bank loans	226,114	(86,991)
Increase in long-term debt	-	32,215
Repayment of long-term debt	(39,253)	(16,230)
Repayment of lease liabilities	(8,596)	(7,823)
Contribution to the Government of Québec	(3,000)	(3,000)
Flows of cash and cash equivalents used in financing activities	(1,618,638)	(1,531,348)
(Decrease) increase in cash and cash equivalents	(138,273)	254,171
Cash and cash equivalents, beginning of year	352,056	97,885
Cash and cash equivalents, end of year (Note 16)	213,783	352,056

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2024

(In thousands of Canadian dollars)

1 • INCORPORATION AND ACTIVITIES

The Société des loteries du Québec, designated under the name Loto-Québec, is a joint-stock company whose shares form part of the public domain of Québec and are allocated to the Québec Minister of Finance. Under its incorporating statute (CQLR, chapter S-13.1), the functions of Loto-Québec are to conduct and administer lottery schemes and to operate businesses which are incidental to the operation of a State casino. Loto-Québec may also offer, for consideration, consulting and implementation services in matters within its competence. Under the *Income Tax Act* (R.S.C. (1985), Ch. 1 (5th supplement)) and the *Taxation Act* (CQLR, chapter I-3), Loto-Québec is exempt from income taxes.

Loto-Québec is a corporation domiciled in Québec, Canada. Loto-Québec's head office is located at 500 Rue Sherbrooke Ouest, Montréal, Québec.

The consolidated financial statements of Loto-Québec include the accounts of Loto-Québec and those of its subsidiaries (collectively called "Loto-Québec" and, individually, the "entities of Loto-Québec") as well as Loto-Québec's interests in a joint venture.

2 • BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Board of Directors approved the consolidated financial statements of Loto-Québec and authorized their release on May 31, 2024.

b) Basis of measurement

The consolidated financial statements were prepared on a historical cost basis, except for:

- Derivative financial instruments on gaming transactions, which were measured at fair value;
- The net defined benefit liability (asset), which was measured at the present value of the defined benefit obligation, less the fair value of plan assets.

The methods used to measure fair value are discussed in greater detail in Note 22.

c) Functional currency and presentation currency

The consolidated financial statements are presented in Canadian dollars, the functional currency of Loto-Québec.

d) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to use its judgment in applying the accounting policies and to make assumptions and estimates that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

The estimates and underlying assumptions are reviewed on a regular basis, and the impact of any changes is immediately recognized. They are based on experience, economic conditions and general trends, as well as conditions pertaining to the probable outcome of those matters. Actual results could differ from management's best projections.

Information about significant assumptions and uncertainties related to items that are subject to estimates, that have a significant impact on the amounts recognized in the consolidated financial statements and that have a significant risk of causing a material adjustment over the next fiscal year is provided in the following notes:

- Net defined benefit and other long-term benefit liability (asset) (Notes 4 e) and 14 b) (iv));
- Useful lives of property, plant and equipment and intangible assets (Note 4 j), k) and l));
- Impairment of financial assets (Note 4 m));
- Contingent liabilities (Note 23).

3 • CHANGES IN ACCOUNTING POLICIES

a) New and revised standards applied as of April 1, 2023

In February 2021, an amendment to IAS 1, *Financial Statement Presentation*, and to IFRS Practice Statement 2, *Making Materiality Judgements*, was released. The amendment titled *Disclosure of Accounting Policies* requires entities to disclose their material accounting policy information rather than their significant accounting policies. This amendment is effective for financial statements for annual periods beginning on or after January 1, 2023, to be applied prospectively.

The adoption of this amendment has no impact on Loto-Québec's results and financial condition. The impacts are limited to the disclosures on accounting policies.

b) Accounting standards issued but not yet effective

At the date the release of these consolidated financial statements was authorized, new standards, amendments and interpretations to existing standards were issued but not yet effective. Loto-Québec did not adopt them early and intends to adopt them on the date they come into force. The standards that apply to Loto-Québec are as follows:

(i) IAS 1, *Presentation of Financial Statements*

In January 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, which clarify that the classification of liabilities as current or non-current are based on rights that are in existence at the end of the reporting period, regardless of whether Loto-Québec will exercise its right to defer settlement of a liability.

Subsequently, in October 2022, the IASB introduced additional amendments to IAS 1, specifying that long-term debt covenants, whether or not they are met after the reporting period, do not affect the classification of debt; instead, entities are required to disclose information about these covenants in the notes to their financial statements.

These amendments will be effective for fiscal years beginning April 1, 2024. Loto-Québec has not yet assessed the impact of these amendments on its consolidated financial statements.

4 • MATERIAL ACCOUNTING POLICIES

a) Principles of consolidation

(i) Subsidiaries

The subsidiaries are entities controlled by Loto-Québec. Control exists when Loto-Québec is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over those subsidiaries. The financial statements of subsidiaries are integrated into the consolidated financial statements from the date control is obtained until the date control is lost. The accounting policies of the subsidiaries have been harmonized, as required, with those adopted by Loto-Québec.

The consolidated financial statements include the accounts of Loto-Québec and those of its wholly owned subsidiaries, whose places of business are in Québec (Canada), namely:

- Lotim inc.;
- Société des casinos du Québec inc.;
- Casiloc inc.;
- Société des établissements de jeux du Québec inc.;

- 9059-3849 Québec inc.;
- Casino Mundial inc.;
- Casino Capital 2006 inc.;
- Nter Technologies, Limited Partnership;
- Nter Technologies inc.

(ii) Interests in a joint venture

Manoir Richelieu Limited Partnership (MRLP) and its general partner, 9064-1812 Québec inc., form a joint venture over whose activities Loto-Québec has joint control, established by contractual agreement requiring partners' unanimous consent on strategic financial and operating decisions. MRLP, whose place of business is in Québec (Canada), owns a resort which includes a hotel, restaurants, a golf course, a spa and commercial rental space.

The joint venture is initially recorded at cost. After their initial recognition, the consolidated financial statements incorporate Loto-Québec's share of the revenues and expenses and changes in equity of the entity accounted for using the equity method, taking into account adjustments made to bring the accounting policies in line with those of Loto-Québec, from the date on which Loto-Québec began to exercise significant influence or joint control until the date on which it ceases to exercise significant influence or joint control. When Loto-Québec's share of the losses exceeds its interest in the joint venture, the carrying amount of this interest is reduced to zero, and additional losses are no longer recognized, unless Loto-Québec has an obligation or has made payments on behalf of the investee.

b) Foreign currencies

Transactions denominated in foreign currencies are initially recognized in the respective functional currencies of the Loto-Québec entities using the exchange rates in effect on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are converted into the functional currency using the exchange rates in effect at the reporting date.

Foreign exchange gains and losses are reported on a net basis under General operating, administrative and other expenses in the consolidated statement of comprehensive income.

c) Revenues

The main sources of revenues and the related accounting policies are described below:

(i) Gaming revenues

Loto-Québec has determined that gaming revenues arising in the ordinary course of its business comprise two main categories:

- Gaming revenues for which the rates of prizes awarded are fixed or substantially fixed (hereinafter referred to as "substantially fixed"). Such gaming revenues are in substance commissions and fall within the scope of IFRS 15, *Revenue from Contracts with Customers*. The amount of these gaming revenues corresponds to the consideration received from clients less the lottery prizes payable to them;
- Gaming revenues for which the rates of prizes awarded depend on the outcome of each game. Such gaming revenues are, in substance, settlements of derivatives on gaming transactions and fall within the scope of IFRS 9, *Financial Instruments*. The amount of these gaming revenues corresponds to the cumulative net profits and losses following each gaming settlement, i.e., the difference between the wagers and the prizes awarded.

Lottery

- Revenues from lottery games for which the rates of prizes awarded are substantially fixed comprise instant games and draw-based lottery games.

Instant game revenues are recorded at the time of sale to clients by retailers or online, as these gaming transactions are settled, and the performance obligation is satisfied, instantly.

Draw-based lottery game revenues for which the rates of prizes awarded are substantially fixed are recognized on the date of the draw, since this is when the performance obligation is satisfied. For tickets sold up to March 31 for which the draws take place subsequently, the portion of sales corresponding to the notional fixed rate of prizes to be awarded is recorded in the consolidated statement of financial position as a financial liability for lottery prizes payable and the remaining portion is recorded as deferred revenues.

- Revenues from lottery games for which the rates of prizes awarded depend on the outcome of each game comprise certain draw-based lottery games and betting games.

These revenues are recognized on the date of the draw or at the time of the event, since it is at that time the gaming transactions are settled. Tickets sold up to March 31 for which the draws or events take place subsequently are recorded under liabilities in the consolidated statement of financial position, as derivatives on gaming transactions.

Casinos and gaming halls

- Revenues for which the rates of prizes awarded are substantially fixed comprise pari-mutuel poker games. These revenues are recognized on the date the gaming transactions are settled, since it is at that time the performance obligation is satisfied.
- Revenues from other casino and online gaming transactions as well as revenues from gaming halls are gaming revenues for which the rates of prizes awarded depend on the outcome of each game and are recognized on the date on which the gaming transactions are settled. Generally, wagers are placed and games are settled the same day.
- When the free offer programs for clients is applicable to a transaction, the value of the points accumulated under the program is deducted from the revenues of these games.

Gaming establishments

- Gaming revenues for which the rates of prizes awarded are substantially fixed comprise network bingo and Kinzo games. These revenues are recognized on the date of the draw, since it is at that time the performance obligation is satisfied.
- Gaming revenues for which the rates of prizes awarded depend on the outcome of each game comprise revenues from video lottery terminals (VLTs) in bars. These revenues are recognized on the date the gaming transactions are settled. Generally, wagers are placed and games are settled the same day.

(ii) Non-gaming revenues

Non-gaming revenues are mainly generated from restaurant and accommodation activities. These revenues are recognized on the date the services are rendered to clients, since it is at that time the performance obligation is satisfied.

d) Cost of sales

Commissions

Loto-Québec pays commissions based on a percentage of lottery ticket and bingo revenues as well as a percentage of revenues generated from VLTs in bars. These commissions are recognized under Cost of sales in the consolidated statement of comprehensive income when they are incurred.

e) Employee benefits

(i) Short-term benefits

Salaries, compulsory public plan contributions, vacation, sick leave and bonuses are short-term benefits and are recognized during the year in which employees rendered the related services.

(ii) Compulsory public plans

Defined contribution plan accounting is applied to the compulsory public defined benefit plans, namely the Government and Public Employees Retirement Plan (RREGOP) and the Pension Plan of Management Personnel (PPMP), as Loto-Québec is not liable for obligations other than its contributions under these plans.

Contributions payable under those plans are recognized through net income in the years in which the services are rendered by employees, under Employee benefits in the consolidated statement of comprehensive income.

(iii) Defined benefit plans

The term “defined benefit plan” means any post-employment benefit plan other than a defined contribution plan.

Pension plans

The net defined benefit liability (asset) recognized in the consolidated statement of financial position is equal to the deficit or surplus of defined benefit plans, i.e., the difference between the present value of the defined benefit obligation at the end of the reporting period and the fair value of plan assets, adjusted to take into account the effect, if any, of the asset ceiling. The net defined benefit liability (asset) is calculated separately for each plan. Actuarial valuations, for accounting purposes, are performed by an actuary at the end of each fiscal year. The asset ceiling equals the present value of any economic benefits available in the form of refunds or decreases in future contributions to the plan. An economic benefit is available for Loto-Québec if it can be realized during the life of the plan or when the plan obligations are settled.

The projected unit credit method is used to determine the present value of the defined benefit obligation, related current service cost and past service cost. This method is used to estimate the future benefits that employees have earned in return for their service in the current and prior fiscal years. These benefit amounts are discounted using a rate representing the yields at the end of the reporting period of high-quality corporate bonds rated AA or higher that have maturities close to the plan's defined benefit obligation and are denominated in the same currency as that in which the benefits will be paid.

Defined benefit expense consists of current service cost, past service cost, net interest and remeasurements of the net defined benefit liability (asset). Past service cost is recognized in net income in the fiscal year in which a plan amendment occurs. Net interest is determined by multiplying the net defined benefit liability by the discount rate. Current service cost, past service cost and net interest are recognized under Employee benefits in the consolidated statement of comprehensive income. Remeasurements, comprising actuarial gains and losses on the defined benefit obligations, the effect of any change in the asset ceiling (if any) and the return on plan assets (excluding interest income), are recognized in other comprehensive income in the fiscal year in which they occur and are not subsequently reclassified to net income.

Other long-term benefits

Other long-term benefits consist, among other things, of extended coverage during family and disability leaves. The long-term benefit liability consists of the non-pension defined benefit obligation.

The method used to determine the present value of the defined benefit obligation, related current service cost and past service cost of other long-term benefits is the same as that used for pension plans.

Service cost, net interest and remeasurements of the long-term benefit liability are recognized in net income under Employee benefits in the consolidated statement of comprehensive income.

f) Commodity taxes

Loto-Québec remits the Goods and Services Tax (GST) to the Government of Canada, in accordance with the *Games of Chance (GST/HST) Regulations*, enacted under the *Excise Tax Act* (R.S.C. 1985, Ch. E 15), as well as Québec Sales Tax (QST) to the Government of Québec, in accordance with the *Regulation respecting the Québec sales tax*, enacted under the *Québec Sales Tax Act* (CQLR, chapter T-0.1).

Net taxes attributable to non-gaming activities are calculated in the same way as for other entities subject to commodity taxes (GST and QST). Taxes paid on products and services acquired and attributable to gaming activities are not recoverable by Loto-Québec. These taxes are recorded as part of the cost of the item to which they relate. Also, Loto-Québec pays additional taxes on the products and services acquired and attributable to gaming activities, which are presented under Cost of sales when they are directly attributable to a business segment, or separately in the consolidated statement of comprehensive income when they are not. Net taxes attributable to gaming activities represent approximately 30% of taxable gaming expenses.

g) Financial instruments

(i) Initial recognition and measurement

Financial assets and liabilities are initially recognized as at the date Loto-Québec becomes a party to the contractual provisions of the instrument.

(ii) Financial assets

At the time of initial recognition, a financial asset is classified as subsequently measured either at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on both: (a) the entity's business model for managing financial assets; or (b) the financial asset's contractual cash flows characteristics.

Non-derivative financial assets comprise cash and cash equivalents, trade and other receivables and loans to the joint venture, which are all classified as financial assets at amortized cost.

No financial asset is measured at fair value through other comprehensive income or at fair value through profit or loss.

(iii) Financial liabilities

At the time of initial recognition, a financial liability is classified as subsequently measured either at amortized cost or at fair value through profit or loss.

Non-derivative financial liabilities comprise bank loans, the dividend payable, trade payables and accrued liabilities, client deposits, amounts payable to the joint venture, lottery prizes payable, progressive jackpots payable, salaries payable and long-term debt, which are subsequently measured at amortized cost.

Non-settled derivatives on gaming transactions are measured at fair value, and changes in fair value are recognized in net income.

(iv) Fair value

Loto-Québec classifies financial instruments recognized at fair value and financial instruments recognized at amortized cost for which fair value is presented using a three-level hierarchy based on the type of inputs used to develop those measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1, which are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: Inputs for the asset or liability that are not based on market data (unobservable inputs).

h) Cash and cash equivalents

Under Loto-Québec's policy, cash and cash equivalents include cash on hand at casinos, bank balances and highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Inventories

Inventories include food and beverages and lottery tickets and paper stock. Inventories are valued at the lower of cost and net realizable value. The cost is determined using the average cost method.

j) Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses.

(i) Depreciation

Depreciation is calculated using the cost of the asset less its residual value.

Depreciation is recognized on a straight-line basis over the estimated useful life of each main component of property, plant and equipment, as this method reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The following rates represent the estimated useful lives:

Buildings	From 1.67% to 6.67%
Improvements to parking lots	3.33% and 5%
Improvements to rented parking lots	33.33%
Interior finishing	From 2% to 10%
Landscaping	From 3.33% to 6.67%
Leasehold improvements	From 1.67% to 6.67%
Equipment and other	From 6.67% to 33.33%

Property, plant and equipment in progress, land and works of art are not depreciated.

Depreciation is recognized under Depreciation and amortization in the consolidated statement of comprehensive income.

k) Intangible assets

(i) Recognition and measurement

Intangible assets, consisting of software and licences, are measured at cost less any accumulated amortization.

Management must use judgment in determining whether software is in the research or development stage.

Costs directly attributable to the development phase of projects are recognized as intangible assets, provided they meet the following criteria:

- Development costs can be measured reliably;
- The project is technically and commercially feasible;
- Loto-Québec intends to complete the project and has sufficient resources to do so;
- Loto-Québec has the capacity to bring the software into use;
- The software will generate probable future economic benefits.

Research and development costs that do not meet capitalization criteria are recognized as an expense in the consolidated statement of comprehensive income when incurred.

(ii) Amortization

Amortization is calculated using the cost of the asset less its residual value.

Amortization is recognized on a straight-line basis over the estimated useful life of the intangible asset, as this method reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The following rates represent the estimated useful lives:

Acquired licences	Term of licence
Acquired software	From 6.67% to 20%
Internally generated software	From 6.67% to 20%

IT projects under development are not amortized.

Amortization is recognized under Depreciation and amortization in the consolidated statement of comprehensive income.

I) Leases

Identifying a lease

At inception of a contract, Loto-Québec assesses whether it constitutes a lease, that is, whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Loto-Québec recognizes a lease liability and a corresponding right-of-use asset for all leases in which it is a lessee, except for short-term leases (defined as leases with terms of 12 months or less) and leases where the underlying asset is of low value, such as office equipment. For such leases, Loto-Québec recognizes lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic method is more representative of how the economic benefits of the leased assets are expected to flow over time.

Loto-Québec determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Loto-Québec elected not to separate lease components from non-lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

Right-of-use asset

(i) Initial recognition and measurement

The right-of-use asset is recognized at lease inception and is measured at cost. The cost is based on the original amount of the lease liability plus the initial direct costs incurred, net of any lease incentives received, and an estimate of the costs that Loto-Québec will incur to dismantle and remove the leased property and to restore the site or return the property to the condition required by the contract.

(ii) Subsequent measurement

Right-of-use assets are depreciated on a straight-line basis, based on the lower of the asset's useful life and the lease term. The lease terms range from 1 to 24 years for buildings, landscaping and parking lots, and from 1 to 7 years for equipment and other.

Lease liabilities

(i) Initial recognition and measurement

At the lease inception date, Loto-Québec recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of any purchase option that Loto-Québec is reasonably certain to exercise and penalty payments for terminating a lease, if the lease term reflects Loto-Québec exercising the option to terminate the lease. The present value of the lease payments is calculated using the incremental borrowing rate at the lease inception date if the interest rate implicit in the lease cannot be readily determined.

(ii) Subsequent measurement

After the inception date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

m) Impairment of financial assets

Loss allowances for expected credit losses are recognized on financial assets measured at amortized cost, if any.

Loss allowances for expected losses are assessed on one of the following two bases:

- 12-month expected credit losses resulting from possible defaults over the 12 months following the reporting date; or
- Lifetime expected credit losses resulting from all possible defaults over the expected life of the financial instruments.

Loto-Québec measures loss allowances at an amount equal to lifetime expected credit losses of the assets and instruments concerned, except for the following items, which are measured as 12-month expected credit losses:

- Debt instruments that are determined to have a low credit risk at the reporting date; and
- Other debt and treasury instruments for which the credit risk (i.e., the risk of default over the expected life of the financial instruments) has not increased significantly since their initial recognition (Stage 1).

Loto-Québec measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses of these assets.

When determining whether the credit risk associated with a financial asset has increased significantly since its initial recognition, Loto-Québec considers reasonable and supportable information that can be obtained without incurring unreasonable costs or effort. This includes quantitative and qualitative information and analysis, based on Loto-Québec's historical experience, sound credit analyses and forward-looking information.

Loto-Québec considers that the credit risk associated with a financial asset has increased significantly if payments are more than 30 days in arrears or if the financial health of the counterparty has decreased significantly (Stage 2).

Loto-Québec considers a financial asset to be in default (Stage 3) when:

- It is unlikely that the borrower will pay all of its credit obligations to Loto-Québec without resorting to actions such as the realization of guarantees, if any;
- The financial asset is more than 90 days past due.

Loto-Québec considers that a debt instrument presents a low credit risk when its credit rating is equivalent to that which would result from an investment grade classification by a rating agency, i.e., when its credit rating is greater than or equal to Baa3 (according to the Moody's rating agency) or BBB- (according to the Standard & Poor's rating agency).

At each reporting date, Loto-Québec assesses whether financial assets carried at amortized cost and debt instruments at fair value through other comprehensive income are likely to be impaired. A financial asset is impaired as a result of one or more events that negatively impact the estimated future cash flows of the asset.

Expected credit losses

In the consolidated statement of financial position, loss allowances related to financial assets measured at amortized cost are deducted from the gross carrying amount of these assets.

Recognized impairment losses are reported under General operating, administrative and other expenses in the consolidated statement of comprehensive income.

5 • REVENUES

Loto-Québec's revenues are allocated by main product category as follows:

	2024	2023
Gaming revenues		
Draw-based lottery games	641,284	700,639
Instant games	317,503	295,505
Casinos and gaming halls	1,024,720	1,005,439
VLTs in bars, betting games, Kinzo and network bingo games	885,525	922,163
Total gaming revenues	2,869,032	2,923,746
Non-gaming revenues		
Restaurants	66,122	75,719
Elimination of intragroup transactions	(20,846)	(21,001)
Accommodation	17,972	20,089
Total non-gaming revenues	63,248	74,807
	2,932,280	2,998,553
Gaming revenues		
Revenues from gaming transactions for which the rates of prizes awarded are substantially fixed	656,029	681,415
Revenues from gaming transactions for which the rates of prizes awarded depend on the outcome of each game	2,213,003	2,242,331
	2,869,032	2,923,746

Gaming revenues from gaming transactions for which the rates of prizes awarded are substantially fixed fall within the scope of IFRS 15, *Revenue from Contracts with Customers*, as explained in Note 4 c).

Gaming revenues from gaming transactions for which the rates of prizes awarded depend on the outcome of each game fall within the scope of IFRS 9, *Financial Instruments*, as explained in Note 4 c).

Non-gaming revenues fall within the scope of IFRS 15, *Revenue from Contracts with Customers*.

6 • COST OF SALES

The cost of sales consists of the following:

	2024				
Business segments	Lottery games	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	Total
Cost of sales					
Commissions	143,355	-	193,479	-	336,834
Royalties	11,727	79,087	2,518	-	93,332
Printing	24,591	-	2,031	-	26,622
Food and beverage	-	22,138	-	(8,538)	13,600
GST	8,337	3,001	9,862	-	21,200
QST	16,632	5,988	19,675	-	42,295
	204,642	110,214	227,565	(8,538)	533,883

	2023				
Business segments	Lottery games	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	Total
Cost of sales					
Commissions	141,511	-	201,107	-	342,618
Royalties	10,203	67,288	2,479	-	79,970
Printing	24,300	-	1,651	-	25,951
Food and beverage	-	24,157	-	(7,880)	16,277
GST	7,744	1,600	10,230	-	19,574
QST	15,447	3,189	20,408	-	39,044
	199,205	96,234	235,875	(7,880)	523,434

7 • EMPLOYEE BENEFITS

	2024	2023
Short-term employee benefits	372,016	371,226
Post-employment benefits	23,934	26,171
Other long-term benefits	(185)	232
	395,765	397,629

8 • PROPERTY, PLANT AND EQUIPMENT

Improvements									
	Lands	Buildings	Parking lots	Interior finishing and landscaping	Leasehold improvements	Equipment and other	Works of art	Under construction ¹	Total
Cost									
Balance as at April 1, 2022	44,119	443,829	119,132	509,181	81,188	573,643	7,875	7,941	1,786,908
Additions	-	4,712	4,764	1,042	(213)	35,746	-	8,309	54,360
Transfers out of Under construction - commissioned	-	2,301	2,110	386	98	-	-	(4,895)	-
Disposals	-	(7,217)	(2,404)	(4,278)	(11,403)	(26,254)	-	-	(51,556)
Balance as at March 31, 2023	44,119	443,625	123,602	506,331	69,670	583,135	7,875	11,355	1,789,712
Additions	-	1,872	1,752	1,845	481	37,680	-	22,858	66,488
Transfers out of Under construction - commissioned	-	6,339	151	3,487	22	-	-	(9,999)	-
Disposals	-	(2,505)	(678)	-	(2,026)	(30,393)	-	-	(35,602)
Balance as at March 31, 2024	44,119	449,331	124,827	511,663	68,147	590,422	7,875	24,214	1,820,598
Accumulated depreciation									
Balance as at April 1, 2022	-	240,039	100,556	310,730	41,394	466,200	-	-	1,158,919
Depreciation for the year	-	9,099	2,082	14,067	1,786	32,708	-	-	59,742
Disposals	-	(5,256)	(1,888)	(2,295)	(10,149)	(25,787)	-	-	(45,375)
Balance as at March 31, 2023	-	243,882	100,750	322,502	33,031	473,121	-	-	1,173,286
Depreciation for the year	-	8,727	2,210	13,548	1,707	31,859	-	-	58,051
Disposals	-	(2,374)	(575)	-	(190)	(28,638)	-	-	(31,777)
Balance as at March 31, 2024	-	250,235	102,385	336,050	34,548	476,342	-	-	1,199,560
Net carrying amounts									
As at March 31, 2023	44,119	199,743	22,852	183,829	36,639	110,014	7,875	11,355	616,426
As at March 31, 2024	44,119	199,096	22,442	175,613	33,599	114,080	7,875	24,214	621,038

¹ The breakdown by class of property, plant and equipment under construction is as follows:

	2024	2023
Buildings	16,846	6,551
Improvements to parking lots	-	151
Improvements to interior finishing and landscaping	5,311	4,631
Leasehold improvements	148	22
Equipment and other	1,909	-
	24,214	11,355

	Acquired	Internally generated		
	Software and licences	Software	IT projects under development	Total
Cost				
Balance as at April 1, 2022	38,116	192,345	12,584	243,045
Additions	1,139	5,912	13,141	20,192
Transfers out of IT projects - commissioned	-	10,625	(10,625)	-
Disposals	(15)	(5,506)	-	(5,521)
Balance as at March 31, 2023	39,240	203,376	15,100	257,716
Additions	806	4,328	18,696	23,830
Transfers out of IT projects - commissioned	-	8,349	(8,349)	-
Disposals	(1,248)	(3,612)	(6,314)	(11,174)
Balance as at March 31, 2024	38,798	212,441	19,133	270,372
Accumulated amortization				
Balance as at April 1, 2022	31,126	165,842	-	196,968
Amortization for the year	2,397	10,085	-	12,482
Disposals	(15)	(5,477)	-	(5,492)
Balance as at March 31, 2023	33,508	170,450	-	203,958
Amortization for the year	2,409	12,089	-	14,498
Disposals	(276)	-	-	(276)
Balance as at March 31, 2024	35,641	182,539	-	218,180
Net carrying amounts				
As at March 31, 2023	5,732	32,926	15,100	53,758
As at March 31, 2024	3,157	29,902	19,133	52,192

10 • RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The table below shows the right-of-use assets for Loto-Québec's leases as at March 31, 2024:

	<u>Improvements</u>		Equipment and other	Total
	Buildings	Parking lots		
Cost				
Balance as at April 1, 2022	17,683	6,308	20,796	44,787
Additions	13	-	17,915	17,928
Lease termination	-	-	(707)	(707)
As at March 31, 2023	17,696	6,308	38,004	62,008
Additions	9	-	611	620
Lease termination	-	-	(92)	(92)
As at March 31, 2024	17,705	6,308	38,523	62,536
Accumulated depreciation				
Balance as at April 1, 2022	2,981	1,261	14,363	18,605
Depreciation for the year	1,375	1,262	5,784	8,421
Lease termination	-	-	(673)	(673)
As at March 31, 2023	4,356	2,523	19,474	26,353
Depreciation for the year	1,382	1,262	5,884	8,528
Lease termination	-	-	(84)	(84)
As at March 31, 2024	5,738	3,785	25,274	34,797
Net carrying amounts				
As at March 31, 2023	13,340	3,785	18,530	35,655
As at March 31, 2024	11,967	2,523	13,249	27,739

As at March 31, 2024, the expense relating to variable lease payments (contracts for royalties on slot machines) not included in the measurement of lease liabilities amounted to \$17,552 (\$15,817 in 2023).

The table below shows the maturity analysis of undiscounted contractual cash flows relating to Loto-Québec's lease liabilities as at March 31, 2024:

Less than 1 year	8,493
From 1 to 3 years	12,903
More than 3 years	12,354
	33,750

The following table shows the lease liabilities recognized in the consolidated statement of financial position as at March 31, 2024:

Current portion	7,336
Non-current portion	22,581
	29,917

11 • SPECIAL PAYMENTS

	2024	2023
Payment to the Government of Canada	20,041	19,671
Payments to non-profit organizations (NPOs)	2,759	2,423
	22,800	22,094

Payment to the Government of Canada

Following an agreement reached between provincial governments and the Government of Canada regarding the federal government's withdrawal from the administration of lottery games, the provinces pay the federal government an annual amount of \$24,000 in 1979 dollars, which represented \$89,925 in today's dollars for the year ended March 31, 2024 (\$87,443 in 2023).

The Government of Québec's share is payable by Loto-Québec in accordance with the agreement reached between the provinces and the regional lottery corporations.

Payments to NPOs

As an agent of Loto-Québec, the Société des établissements de jeux du Québec inc. awards certain charitable or religious organizations that hold bingo licences various percentages of bingo proceeds less the value of prizes awarded to game winners, depending on the bingo game.

12 • NET FINANCIAL INCOME

	2024	2023
Interest income	18,673	14,574
Total financial income	18,673	14,574
Interest expense on bank loans ¹	180	295
Interest expense on long-term debt	6,199	6,349
Interest expense on leases	969	1,180
Total financial expenses	7,348	7,824
Net financial income	(11,325)	(6,750)

¹ Interest expense includes \$631 (\$620 in 2023) on bank loans with the Caisse de dépôt et placement du Québec.

13 • INTERESTS IN THE JOINT VENTURE AND LOANS

	2024	2023
Interests	-	1,857
Loans	23,787	24,287
	23,787	26,144
Less: Current portion of loans	4,000	3,500
	19,787	22,644

INTERESTS

Interests and share in the joint venture, payments to partners and write-down of interests in the joint venture

		Interest %	
	Units	2024	2023
With voting and participating rights	A	50%	50%
With participating rights	B	33%	33%

As at March 31, 2024, the value of the interest in the joint venture was nil but no impairment loss was recognized. For the prior year, an impairment loss of \$240 was recognized and presented under Share of net income in the joint venture, payments to partners and write-down of interests in the joint venture in the consolidated statement of comprehensive income.

Pursuant to the guarantee agreement between Loto-Québec and the joint venture, and according to the distribution terms and conditions specified in the partnership agreement whereby Class A, B and C units of the joint venture carry a participatory interest in the income generated by the different types of operations of the joint venture, the portion of net income generated by the operations of the Casino de Charlevoix payable to the joint venture for the partners, holders of Class C units, as well as the share of Loto-Québec, holder of Class A and B units, in net income generated by Fairmont Le Manoir Richelieu are as follows:

	2024	2023
Share of Loto-Québec based on its proportion of Class A and B units and write-down of interests in the joint venture	(1,857)	(2,500)
Payments to partners, holders of Class C units	(3,877)	(913)
Share of net income in the joint venture, payments to partners and write-down of interests in the joint venture	(5,734)	(3,413)

Summarized financial information excluding the percentage interest held by Loto-Québec:

	2024	2023
Total current assets	9,420	7,224
Total non-current assets	84,971	87,972
Total assets	94,391	95,196
Total current liabilities	8,470	6,687
Total non-current liabilities	23,598	22,174
Total liabilities	32,068	28,861
Revenues	34,418	28,586
Net and comprehensive loss generated by the joint venture	(6,515)	(6,946)
Income – Class A units	86	96
Loss – Class B units	(6,601)	(7,042)
Contributions from partners, holders of Class C units	3,877	913
Net and comprehensive loss	(2,638)	(6,033)

LOANS

	2024	2023
Joint venture		
Loan, fixed rate of 5%, interest payable annually, without terms of repayment	2,508	2,508
Loan, fixed rate renewable annually of 5.05% as at March 31, 2023, interest payable annually, matured on January 9, 2024	-	3,500
Loan, fixed rate renewable monthly of 5.11% as at March 31, 2024 (5.05% in 2023), interest payable annually, maturing on January 9, 2025	4,000	4,000
Loan, fixed rate renewable monthly of 5.11% as at March 31, 2024 (5.05% in 2023), interest payable annually, maturing on June 22, 2026	4,013	4,013
Loan, fixed rate renewable monthly of 5.11% as at March 31, 2024 (5.05% in 2023), interest payable annually, maturing on January 9, 2027	5,266	5,266
Loan, yield of 5.40% plus 0.25%, or 5.65%, as at March 31, 2024 (5.15% in 2023), maturing on January 8, 2028, interest paid annually	5,000	5,000
Loan, yield of 5.40% plus 0.25%, or 5.65%, as at March 31, 2024, maturing on January 8, 2029, interest paid annually	2,000	-
Loan, yield of 5.40% plus 0.25%, or 5.65%, as at March 31, 2024, maturing on January 30, 2029, interest paid annually	1,000	-
	23,787	24,287

As at March 31, 2024 and 2023, the loans remained in Stage 2, considering that the credit risk increased significantly since their initial recognition. However, the loss allowance for lifetime expected credit losses of these financial instruments, being the remaining contractual term, is considered immaterial, given the value of the guarantee received and the estimated future cash flows receivable.

a) Compulsory public plans

Employees of Loto-Québec, the Société des établissements de jeux du Québec inc. and Nter Technologies, Limited Partnership are members of the RREGOP or the PPMP, both defined benefit plans that include retirement and death benefits.

On January 1, 2024, the employee and employer contribution rate decreased to 9.39% (9.69% in 2023) of assessable payroll for the RREGOP, while the rate for the PPMP remained at 12.67%. The employer's contributions are equivalent to employee contributions.

Contributions to these compulsory public plans amounting to \$9,789 (\$9,124 in 2023) were recognized as an expense in consolidated income for the year. Loto-Québec's obligations toward these government plans are limited to its employer contributions.

b) Defined benefit plans

(i) Characteristics of pension plans

The Société des casinos du Québec inc. has two defined benefit pension plans, namely the Employee Pension Plan of the Société des casinos du Québec inc. (Employee Plan) and the Executive and Professional Plan of the Société des casinos du Québec inc. (Executive and Professional Plan). Membership in these plans is compulsory for all Société des casinos du Québec inc. employees who meet the eligibility criteria. These plans provide pension benefits based on indexed yearly pensionable earnings (maximum annual indexing of 2%) for the Employee Plan and number of years of service and average salary of the best three consecutive years for the Executive and Professional Plan. Benefits paid to pensioners are increased each year by 50% of the rise in the consumer price index (maximum annual indexing of 2%). The annual contribution of the Société des casinos du Québec inc. equals that of employees, unless the actuary deems that it should be higher to fund the defined benefits and amortize any plan deficit. Surplus assets are used to repay the Société des casinos du Québec inc. in the form of an annual contribution holiday up to the balance of the amortization payments. An amount of 20% of the balance of surplus assets is used to reduce the contributions of employees and the Société des casinos du Québec inc. equally.

Loto-Québec provides senior management with the Supplementary Pension Plan for Executive Officers of Loto-Québec (Supplementary Plan) to pay lifetime retirement benefits exceeding the limits provided under the *Income Tax Act*.

Plan assets are managed by pension funds legally separated from Loto-Québec. Pursuant to the articles of incorporation of the pension funds, pension committees must act in the interest of plan members and are responsible for determining investment policies. The investment policies establish, in particular, a benchmark portfolio indicating the plans' target asset allocation between various investment classes, as well as the minimum and maximum thresholds. The manager is mandated to administer the funds entrusted to him or her by the pension committees, seeking optimal returns on their capital while adhering to the investment policies.

Actuarial valuations for funding purposes are prepared to ensure compliance with pension legislation. The most recent actuarial valuation for the Executive and Professional Plan and for the Employee Plan was prepared as at December 31, 2022. The next valuations will be prepared as at December 31, 2025, at the latest. The most recent actuarial valuation for the Supplementary Plan was prepared as at March 31, 2023, and the next valuation will be prepared as at March 31, 2024.

(ii) Risks related to pension plans

The plans expose Loto-Québec to actuarial risks such as interest rate risk, investment risk, longevity risk, average age at retirement risk and inflation risk as well as the risk related to the rate of compensation increase.

Interest rate risk

A decline in the market yields on high-quality corporate bonds would increase the defined benefit obligation of pension plans, but it is expected that it would be generally offset by an increase in the fair value of the plans' bond portfolio.

Investment risk

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields on high-quality corporate bonds; if the return on plan assets falls below that rate, a loss will be generated.

Plan assets as at March 31, 2024, consist primarily of public and private Canadian and international equities, bonds, mortgages, infrastructure funds and real estate funds. The fair value of plan assets is exposed to their respective markets and returns generated by their respective managers.

Longevity risk

The present value of the defined benefit obligation is determined by reference to the best estimate of the mortality of plan members both during and after employment. Loto-Québec is required to provide benefits throughout the plan member's lifetime. An increase in the life expectancy of plan members would increase the defined benefit obligation.

Average age at retirement risk

The present value of the defined benefit obligation is determined by reference to the expected age of plan members at retirement. As a result, a decline in the plan members' average age at retirement would increase the defined benefit obligation.

Inflation risk

A significant percentage of the defined benefit obligation is linked to inflation. A rise in the rate of inflation would increase the defined benefit obligation. A portion of plan assets consists of inflation linked debt securities, which mitigates certain effects of inflation.

Risk related to the rate of compensation increase

The present value of the defined benefit obligation is determined by reference to future salary increases of plan members. As a result, any rise in the rate of compensation increase of plan members would increase the defined benefit obligation.

(iii) Explanation of amounts recognized in the financial statements

The following amounts include the defined benefit obligation of the pension plans and the other long term benefits, and the fair value of pension plan assets at year-end:

	2024	2023
Present value of unfunded defined benefit obligation	10,658	10,843
Present value of funded defined benefit obligation	806,953	787,301
Total present value of defined benefit obligation	817,611	798,144
Fair value of plan assets	882,161	870,519
Net defined benefit and other long-term benefit asset	(64,550)	(72,375)

Represented by:

	2024	2023
Net defined benefit asset	(75,208)	(83,218)
Net defined benefit and other long-term benefit liability	10,658	10,843
	(64,550)	(72,375)

Changes in the discounted value of the defined benefit obligation and the fair value of plan assets are as follows:

	2024			2023
	Pension plans	Other long-term benefits	Total	Total
Defined benefit obligation				
Balance, beginning of year	787,301	10,843	798,144	833,064
Current service cost	15,901	-	15,901	18,533
Interest expense	38,902	-	38,902	33,409
Employee contributions	8,102	-	8,102	10,756
Benefits paid	(27,445)	-	(27,445)	(37,095)
Actuarial gains	(15,808)	(185)	(15,993)	(60,523)
Balance, end of year	806,953	10,658	817,611	798,144
Fair value of plan assets				
Balance, beginning of year	870,519	-	870,519	908,442
Interest income	41,889	-	41,889	35,862
Return on plan assets excluding interest income	(15,879)	-	(15,879)	(50,044)
Employer contributions	6,206	-	6,206	3,565
Employee contributions	8,102	-	8,102	10,756
Benefits paid	(27,445)	-	(27,445)	(37,095)
Plan administration expenses	(1,231)	-	(1,231)	(967)
Balance, end of year	882,161	-	882,161	870,519
Net defined benefit and other long-term benefit liability (asset)	(75,208)	10,658	(64,550)	(72,375)

The allocation of the fair value of pension plan assets as at March 31 was as follows:

	2024		2023	
	Allocation %	Fair value \$	Allocation %	Fair value \$
Cash	1.2	10,586	1.2	10,446
Bonds	33.5	295,524	31.3	272,473
Mortgages	10.9	96,156	11.0	95,757
Canadian equities	2.7	23,818	4.8	41,785
International equities	8.0	70,573	12.7	110,556
Real estate funds	16.4	144,674	15.3	133,189
Infrastructure	13.2	116,445	11.9	103,592
Private investments	14.1	124,385	11.8	102,721
	100.0	882,161	100.0	870,519

The fair value of all investments is derived from inputs that can be mainly corroborated by observable market data for the full term of the assets.

Defined benefit expense recognized in the consolidated statement of comprehensive income under Employee benefits is detailed as follows:

	2024			2023
	Pension plans	Other long-term benefits	Total	Total
Service costs	15,901	-	15,901	18,533
Net interest expense	(2,987)	-	(2,987)	(2,453)
Plan administration expenses	1,231	-	1,231	967
Actuarial (gains) losses related to other long-term benefits	-	(185)	(185)	232
Post-employment and other long-term benefits	14,145	(185)	13,960	17,279

The defined benefit amounts recognized in consolidated other comprehensive income are detailed as follows:

	2024	2023
Actuarial gains (losses) arising from changes in financial assumptions	(1,221)	76,805
Actuarial gains (losses) arising from plan experience	17,029	(16,050)
Return on plan assets excluding interest income	(15,879)	(50,044)
Remeasurements of the net defined benefit (asset) liability	(71)	10,711

The weighted averages of the principal actuarial assumptions used at the reporting date are:

	2024		2023	
	Pension plans	Other long-term benefits	Pension plans	Other long-term benefits
Defined benefit obligation as at March 31				
Discount rate	4.90%	4.80%	4.85%	4.80%
Inflation rate	1.80%	1.80%	1.65%	1.65%
Rates of compensation increase	2.80%	2.80%	2.65%	2.65%

For the defined benefit obligation as at March 31, 2024, and March 31, 2023, the mortality assumptions are based on the 2014 Public Sector Mortality Table (CPM2014Publ) and the CPM Improvement Scale B (CPM-B). As at March 31, 2024, and March 31, 2023, the rates for the Employee Plan were multiplied by 115%.

Average life expectancy at age 65 as at March 31 is:

	2024		2023	
	Female	Male	Female	Male
Employee Plan	24.0 years	22.2 years	24.0 years	22.2 years
Executive and Professional Plan and Supplementary Plan	25.0 years	23.2 years	25.0 years	23.2 years

(iv) Amount, timing and degree of uncertainty regarding future cash flows

Net defined benefit and other long-term benefit liability (asset) is exposed to uncertainties, particularly with respect to estimating discount rates, inflation rates, rates of compensation increase and mortality rates, which can vary significantly in future valuations of Loto-Québec's defined benefit obligation.

Significant actuarial assumptions used in determining the defined benefit obligation of pension plans consist of the discount rate, inflation rate, rate of compensation increase and mortality rates. The calculation of the defined benefit obligation is sensitive to these assumptions.

The table below summarizes the impact of changes in these actuarial assumptions on the pension plans' defined benefit obligation as at March 31:

	2024		2023	
Discount rate	Increase to 5.90%	Decrease to 3.90%	Increase to 5.85%	Decrease to 3.85%
(Decrease) increase in defined benefit obligation	(92,850)	104,924	(91,226)	103,187
Inflation rate	Increase to 2.80%	Decrease to 0.80%	Increase to 2.65%	Decrease to 0.65%
Increase (decrease) in defined benefit obligation	28,799	(27,770)	30,186	(28,682)
Rates of compensation increase	Increase to 3.80%	Decrease to 1.80%	Increase to 3.65%	Decrease to 1.65%
Increase (decrease) in defined benefit obligation	4,501	(4,399)	4,566	(4,461)
Mortality rate	Increase to 110% of rates	Decrease to 90% of rates	Increase to 110% of rates	Decrease to 90% of rates
(Decrease) increase in defined benefit obligation	(9,453)	10,388	(8,436)	9,328

In the sensitivity analyses, the present value of the defined benefit obligation is calculated using the projected unit credit method, which is the same method that is applied in calculating the defined benefit obligation recognized in the consolidated statement of financial position. The sensitivity analyses are based on the change in a single assumption. The analysis may not be representative of the actual change in the defined benefit obligation, as it is unlikely that the change in assumptions would occur in isolation of one another, as some assumptions may be correlated.

The Employee Plan and Executive and Professional Plan are funded in accordance with applicable legislation, and their assets are held by an independent trust. The Supplementary Plan is funded as required by plan rules. The minimum contributions to the plans are determined using the plans' most recent actuarial valuations.

Based on the result of the most recent actuarial valuation of each of those pension plans, Loto-Québec expects to make contributions totalling \$14,061 during the next fiscal year.

The weighted average duration of the pension plans' defined obligation as at March 31, 2024, was 12.19 years (10.20 years in 2023).

15 • CONTRIBUTION TO THE GOVERNMENT OF QUÉBEC

	2024	2023
Ministère de la Sécurité publique	3,000	3,000
	3,000	3,000

The commitments related to this contribution are described in Note 23.

16 • CONSOLIDATED CASH FLOWS

	2024	2023
Cash and cash equivalents		
Cash on hand at casinos	89,468	90,944
Cash	108,259	116,575
Term deposit (5.1% in 2023, matured on April 24, 2023)	-	130,000
Client deposits	16,056	14,537
	213,783	352,056
Net change in non-cash items		
Trade and other receivables	(34,969)	43,100
Inventories	893	(196)
Prepaid expenses	2,000	(16,288)
Accounts payable and accrued liabilities	(19,667)	126,127
Derivatives on gaming transactions	(2,002)	(482)
Deferred revenues	(207)	(2,483)
	(53,952)	149,778
Additional information		
Additions to property, plant and equipment funded by accounts payable and accrued liabilities	21,112	20,084
Additions to intangible assets funded by accounts payable and accrued liabilities	7,400	4,588
Share of partners, holders of Class C units in the joint venture, included in accounts payable and accrued liabilities	4,333	711

Reconciliation of changes in liabilities arising from financing activities:

	Liabilities				Shareholder's equity	
	Bank loans	Dividend payable	Long-term debt	Lease liabilities	Retained earnings	Total
Balance as at March 31, 2023	16,779	295,724	244,741	37,847	86,300	681,391
Changes arising from flows of cash and cash equivalents related to financing activities:						
Net change in bank loans	226,114	-	-	-	-	226,114
Dividend payable	-	(285,981)	-	-	(1,507,922)	(1,793,903)
Repayment of long-term debt	-	-	(39,253)	-	-	(39,253)
Repayment of lease liabilities	-	-	-	(8,596)	-	(8,596)
Contribution to the Government of Québec	-	-	-	-	(3,000)	(3,000)
	226,114	(285,981)	(39,253)	(8,596)	(1,510,922)	(1,618,638)
Other changes not affecting cash and cash equivalents related to these liabilities:						
Addition of leases	-	-	-	666	-	666
Transaction costs	-	-	106	-	-	106
	-	-	106	666	-	772
Total changes related to these liabilities	226,114	(285,981)	(39,147)	(7,930)	(1,510,922)	(1,617,866)
Total other changes related to shareholder's equity	-	-	-	-	1,510,922	1,510,922
Balance as at March 31, 2024	242,893	9,743	205,594	29,917	86,300	574,447

	Liabilities				Shareholder's equity	
	Bank loans	Dividend payable	Long-term debt	Lease liabilities	Retained earnings	Total
Balance as at March 31, 2022	103,770	148,219	228,643	26,381	86,300	593,313
Change arising from flows of cash and cash equivalents related to financing activities:						
Net change in bank loans	(86,991)	-	-	-	-	(86,991)
Dividend payable	-	147,505	-	-	(1,597,024)	(1,449,519)
Increase in long-term debt	-	-	32,215	-	-	32,215
Repayment of long-term debt	-	-	(16,230)	-	-	(16,230)
Repayment of lease liabilities	-	-	-	(7,823)	-	(7,823)
Contribution to the Government of Québec	-	-	-	-	(3,000)	(3,000)
	(86,991)	147,505	15,985	(7,823)	(1,600,024)	(1,531,348)
Other changes not affecting cash and cash equivalents related to these liabilities:						
Addition of leases	-	-	-	19,289	-	19,289
Transaction costs	-	-	113	-	-	113
	-	-	113	19,289	-	19,402
Total changes related to these liabilities	(86,991)	147,505	16,098	11,466	(1,600,024)	(1,511,946)
Total other changes related to shareholder's equity	-	-	-	-	1,600,024	1,600,024
Balance as at March 31, 2023	16,779	295,724	244,741	37,847	86,300	681,391

17 • TRADE AND OTHER RECEIVABLES

	2024	2023
Retailers ¹	73,228	53,170
Interprovincial Lottery Corporation	10,842	-
Other	12,278	8,209
	96,348	61,379

Receivables from retailers comprise receivables resulting from contracts with clients relating to revenues recognized under IFRS 15 and IFRS 9.

¹ Under an agreement with its retailers, Loto-Québec has an enforceable legal right to offset accrued liabilities payable to a retailer with trade receivables from the retailer and intends to settle the amounts on a net basis. As at March 31, 2024, gross trade receivables and accrued liabilities offset amounted to \$88,643 (\$62,272 in 2023) and \$15,415 (\$9,102 in 2023), respectively, representing the net amounts of the settlement of \$73,228 (\$53,170 in 2023).

18 • INVENTORIES

	2024	2023
Food and beverage	3,428	3,688
Lottery tickets and paper stock	822	1,455
	4,250	5,143

For the fiscal year, the cost of inventories recognized as an expense amounted to \$38,724 (\$41,104 in 2023).

19 • BANK LOANS

Current bank term loans from financial institutions totalled \$242,893 (\$16,779 from the Caisse de dépôt et placement du Québec in 2023). These loans bear interest at a fixed rate of 5.11% (5.05% in 2023).

Loto-Québec obtained credit facilities from two financial institutions for a combined amount of \$160,000. As at March 31, 2024, these credit facilities were undrawn.

20 • ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade payables and accrued liabilities ¹	98,296	113,617
Client deposits	16,056	14,537
Interprovincial Lottery Corporation	-	3,526
Lottery prizes payable ²	70,047	69,680
Progressive jackpots payable ³	77,583	71,722
Salaries payable	84,751	82,259
Employee benefits payable	7,789	13,707
Joint venture	3,955	62
GST	4,117	4,647
QST	8,952	9,814
	371,546	383,571

¹ Trade payables and accrued liabilities include accrued interest in the amount of \$729 (\$549 in 2023).

² Lottery prizes payable consist of prizes payable to winners and prizes to be awarded on draw-based lottery tickets and instant games for which the rates of prizes awarded are substantially fixed, determined using a notional rate applied to the sales amount less the prizes disbursed. One year after the draw date or the date the tickets were dispensed, the liability related to unclaimed prizes expires and is used for awarding bonus prizes.

³ Progressive jackpots payable comprise mainly progressive jackpots of casino slot machines. This liability increases with the gaming activities of clients.

21 • LONG-TERM DEBT

	2024	2023
Loans from the Financing Fund of the Government of Québec, interest payable semi-annually, repayable according to the following maturities and rates:		
Matured on September 1, 2023, fixed rate of 3.133%	-	25,000
December 1, 2033, fixed rate of 3.720%	25,000	25,000
December 1, 2043, fixed rate of 3.753%	25,000	25,000
Loans from the Financing Fund of the Government of Québec, payable monthly, principal and interest, repayable according to the following maturities and rates:		
June 1, 2028, fixed rate of 2.085%	24,002	28,906
July 1, 2033, fixed rate of 2.154%	39,992	43,504
June 1, 2035, fixed rate of 1.770%	62,659	67,236
June 1, 2039, fixed rate of 4.212%	29,963	31,223
	206,616	245,869
Transaction costs	(1,022)	(1,128)
	205,594	244,741
Less: Current portion	(15,780)	(39,147)
	189,814	205,594

Risk management policy

In the normal course of business, Loto-Québec is exposed to credit risk, liquidity risk and market risk. Loto-Québec has implemented policies and procedures that ensure proper management of the risks inherent to financial instruments.

a) Credit risk

Credit risk is the risk of financial loss to Loto-Québec if a counterparty to a financial instrument fails to fulfill one of its obligations. The carrying amount of financial assets represents Loto-Québec's maximum exposure to credit risk. There is no credit risk related to cash on hand in casinos, as it is not held by a third party. Loto-Québec reduces the credit risk related to cash and cash equivalents by dealing with recognized financial institutions whose credit ratings are "investment grade." Receivables arise primarily from transactions carried out with a significant number of retailers. Other financial assets consist of loans to a joint venture, as indicated in Note 13.

Trade and other receivables past due represented 0.3% of receivables in 2024 and 2023. Expected credit losses, recognized on all the above-mentioned financial assets, are immaterial. Loto-Québec's management considers the credit quality of all its assets that are not past due to be sound.

b) Liquidity risk

Liquidity risk is the risk that Loto-Québec will be unable to meet its financial obligations as they fall due. Loto-Québec manages liquidity risk by monitoring its operating requirements and using its credit facilities. Loto-Québec prepares budget and cash forecasts to ensure it has sufficient funds to meet its obligations.

Contractual cash flows related to Loto-Québec's financial liabilities were as follows:

	2024					
	Carrying amount	Total contractual flows of cash and cash equivalents	Maturity			
			Less than 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years
Financial liabilities						
Bank loans	242,893	242,893	242,893	-	-	-
Dividend payable	9,743	9,743	9,743	-	-	-
Trade payables and accrued liabilities	98,296	98,296	98,296	-	-	-
Client deposits	16,056	16,056	16,056	-	-	-
Joint venture	3,955	3,955	3,955	-	-	-
Lottery prizes payable	70,047	70,047	70,047	-	-	-
Progressive jackpots payable	77,583	77,583	77,583	-	-	-
Salaries payable	84,751	84,751	84,751	-	-	-
Derivatives on gaming transactions	4,239	4,239	4,239	-	-	-
Long-term debt	205,594	257,159	21,321	21,321	59,534	154,983
	813,157	864,722	628,884	21,321	59,534	154,983

			Maturity			
	Carrying amount	Total contractual flows of cash and cash equivalents	Less than 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years
Financial liabilities						
Bank loans	16,779	16,779	16,779	–	–	–
Dividend payable	295,724	295,724	295,724	–	–	–
Trade payables and accrued liabilities	113,617	113,617	113,617	–	–	–
Client deposits	14,537	14,537	14,537	–	–	–
Interprovincial Lottery Corporation	3,526	3,526	3,526	–	–	–
Joint venture	62	62	62	–	–	–
Lottery prizes payable	69,680	69,680	69,680	–	–	–
Progressive jackpots payable	71,722	71,722	71,722	–	–	–
Salaries payable	82,259	82,259	82,259	–	–	–
Derivatives on gaming transactions	6,241	6,241	6,241	–	–	–
Long-term debt	244,741	302,251	45,092	21,321	63,964	171,874
	918,888	976,398	719,239	21,321	63,964	171,874

c) Market risk

Market risk is the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, foreign exchange risk and other price risk. Market risk management aims to manage and control market risk exposures within acceptable parameters. Loto-Québec is only exposed to interest rate risk and foreign exchange risk.

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash equivalents, loans, long-term debt and bank loans have fixed interest rates. Loto-Québec considers its exposure to interest rate risk from loans and the long-term debt to be minimal, given that it has no intention to call the loans or repay the debt prior to maturity.

In addition, bank loans are taken out to meet temporary liquidity needs for a period of less than 365 days from financial institutions or the Minister of Finance. Those loans are managed so as to reduce the cash flow risk related to the interest paid. A reasonably possible 100 basis point change in interest rates at the reporting date would not have had a material impact on net income or shareholder's equity.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

Loto-Québec is exposed to foreign exchange rate risk as it has a cash account in U.S. currency. Since the account balance is not significant, a change in the exchange rate would not have a material impact on the results of the year. Loto-Québec's exposure to foreign exchange risk is therefore negligible.

Fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of cash and cash equivalents, including cash on hand at casinos, trade and other receivables, bank loans, the dividend payable and trade payables and accrued liabilities, client deposits, lottery prizes payable, progressive jackpots payable and salaries payable approximates their carrying amount due to their short-term maturities.

The fair value of Loto-Québec's other financial instruments, which are all within Level 2 in the fair value hierarchy, except for derivatives on gaming transactions which are in Level 3, is detailed as follows:

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans to the joint venture	23,787	23,787	24,287	24,287
Long-term debt	206,616	195,379	245,869	239,220

a) Non-derivative financial assets

The fair value of loans to the joint venture is based on the value of future cash flows, discounted at the market interest rate at year-end.

b) Non-derivative financial liabilities

The fair value of the non-derivative financial liabilities, including the fair value of long-term debt, is based on estimated future cash flows discounted at the market interest rate at year-end.

c) Derivatives on gaming transactions

The initial fair value of derivatives on draw-based lottery games and betting games is the amount of consideration received on the sale of entries to these games. Any subsequent change in the probability of gains or losses with respect to the expected outcome of a draw or event would change the fair value of derivatives on gaming transactions recorded for draw-based lottery games and betting games that have not yet occurred as at March 31. The probabilities of gains or losses for draw-based lottery games are based on notional rates that do not change, and there are no reasonably likely changes in the betting lottery assumptions that would result in a significant change in the fair value of derivatives on gaming transactions that were recognized at March 31, although the actual gain or loss would be determined by the outcome of the draw or event.

23 • CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent liabilities

In the normal course of business, Loto-Québec is subject to claims and lawsuits. Loto-Québec's management disputes such claims and lawsuits, and refuses to make any related settlements. Loto-Québec has not recorded a provision for those contingent liabilities because management considers that any potential settlement resulting from those claims and lawsuits would not materially affect the consolidated financial statements.

b) Commitments

(i) Leases

Loto-Québec's commitments are related to taxes on leases.

The maturities are as follows:

	2024	2023
Less than 1 year	14,019	13,110
From 1 to 5 years	39,351	38,906
More than 5 years	14,867	16,862
	68,237	68,878

(ii) Contribution to the Government of Québec

At the request and with the authorization of the Government of Québec, Loto-Québec is committed to the Ministère de la Sécurité publique to make an annual contribution of \$3,000 into a specified purpose account of the Government of Québec to fund intensive control measures and activities that will be implemented by the Régie des alcools, des courses et des jeux to, among other things, ensure the management of control measures regarding access to video lottery terminals.

Since the Government of Québec has not specified a termination date for the commitment, Loto-Québec is not in a position to assess its total amount.

24 • CAPITAL MANAGEMENT

The capital of Loto-Québec includes bank loans, long-term debt, share capital and retained earnings.

The capital structure, as defined by Loto-Québec, is as follows:

	2024	2023
Bank loans	242,893	16,779
Long-term debt	205,594	244,741
Share capital	170	170
Retained earnings	86,300	86,300
	534,957	347,990

Loto-Québec manages its capital to meet its shareholder's requirements and to ensure that its funds are protected at all times. Through a strict management framework, it ensures that it effectively meets the objectives set out in its incorporating act.

Loto-Québec assumes full responsibility for financing its activities. Throughout the year, it pays a dividend to its shareholder, the Québec Minister of Finance, in the form of periodic advances. The declared dividend is deducted from shareholder's equity for the year and corresponds to the net income for the year, from which is deducted the contribution to the Government of Québec. As a result of this distribution method, Loto-Québec must rely on external financing sources.

Loto-Québec is authorized by the Government of Québec to borrow an amount not exceeding \$552,000, including \$300,000 in short-term borrowings or by line of credit, from financial institutions, the Caisse de dépôt et placement du Québec or the Québec Minister of Finance, in its capacity as manager of the Financing Fund of the Government of Québec, and \$252,000 in long-term borrowings from the same Fund for the period from April 1, 2021, to March 31, 2024. During the years ended March 31, 2024 and 2023, Loto-Québec met its capital requirements.

Loto-Québec is not subject to any other requirement regarding external financing sources.

The capital management objectives, policies and procedures have not changed since March 31, 2023.

25 • RELATED PARTIES

Given that the Government of Québec is its sole shareholder, Loto-Québec is related to all Government of Québec departments and special funds as well as all agencies and public enterprises directly or indirectly controlled by or subject to either joint control or significant influence by the Government of Québec. Loto-Québec's other related parties comprise its subsidiaries, its joint venture and Loto-Québec's key management personnel.

a) Related party transactions and balances

Except for transactions disclosed in the consolidated financial statements that were initially recognized at fair value, no individually or collectively significant transactions have been entered into by Loto-Québec with those related parties. Consequently, Loto-Québec has availed itself of the exemption set out in IAS 24, *Related Party Disclosures*, from the disclosure requirements for transactions and balances, including commitments, with parties related to a government which has control, joint control or significant influence over it.

b) Key management personnel compensation

Key management personnel include members of the Board of Directors and certain officers of Loto-Québec. In addition to their salaries, Loto-Québec typically provides other short-term benefits to officers and contributes on their behalf to post-employment benefit plans, such as pension and other long term benefit plans.

Key management personnel received the following compensation:

	2024	2023
Short-term employee benefits	4,476	4,562
Post-employment and other long-term benefits	871	843
	5,347	5,405

26 • COMPARATIVE FIGURES

Certain 2023 figures have been reclassified to conform to the 2024 presentation.

Governance



Board of Directors and Corporate Secretariat

AS OF MARCH 31, 2024



Ann MacDonald, Montréal
ASC, PMP

**Chair of the Board of Directors, Loto-Québec
Corporate Director**

Appointment: June 27, 2021

End of term: June 26, 2025

In addition to having a bachelor's degree in business administration (Finance) from HEC Montréal, Ann MacDonald is a certified PMP from the Project Management Institute of Pennsylvania and an *Administratrice de sociétés certifiée (ASC)* [Certified Corporate Director] from Université Laval's Collège des administrateurs de sociétés. Ms. MacDonald spent 17 years at Bombardier Transportation North America, including at the head office in Berlin, where she held upper management positions in project management and then became Vice-President of Sales, Communications and Public Affairs. In this capacity, she led the implementation of the business strategy for the Americas, which resulted in many transportation system contracts. In 2018, she was the senior advisor for VIA Rail's fleet replacement program. More recently, she brought her extensive experience in strategic operational growth management and business development to BONE Structure during her five-year mandate as Chief Operating Officer. Ms. MacDonald has always played an active role in the community. She has been involved with a wide range of organizations as a member of several advisory and governmental councils and various professional associations. She has also been a member of the Board of Directors of the CHU Sainte-Justine Foundation, where she sat on the Executive Committee and chaired the Human Resources Committee. She currently chairs the Board of Directors of the CHU Sainte-Justine and sits on the Board of Aéroports de Montréal, where she chairs the Development and Innovation Committee.



Jean-François Bergeron, Montréal

President and CEO, Loto-Québec

Appointment: May 31, 2021

End of term: May 30, 2026

In 2021, Jean-François Bergeron was appointed President and CEO of Loto-Québec. His entrepreneurial spirit had previously enabled him to oversee the launch of the Société Québécoise du cannabis in 2018 and serve as its President and CEO. Prior to that, he had served as Vice-President of Information Technology (IT) at the Société des alcools du Québec (SAQ), where his strategic leadership skills enabled him to successfully steer an ambitious business plan. With over 25 years in leadership roles, Mr. Bergeron has acquired expert insight into IT management in the manufacturing, retail, telecommunications and professional services sectors. His first IT management position was with Cascades. By 2014, he was overseeing all global IT operations at WSP Global. He was also Vice-President and CEO for IT at Astral Media as well as at Kruger, where he headed up IT and supply chain operations for the Tissue Group, in England, for three years. With a bachelor's degree in business computing and a strong background in tech strategy implementation, digital transformation, and organizational transformation, Mr. Bergeron has had a broad and varied career path. This has allowed him to develop an in-depth understanding of organizations, which he has capitalized on throughout his various mandates.



Alain Albert, Magog

Corporate Director

Reappointment: March 9, 2022
End of term: March 8, 2026

Alain Albert holds a master's degree in counselling from the University of Maine, a bachelor in educational and career counselling from the Université du Québec à Montréal, and a Bachelor of Arts degree from the Université de Montréal. A retired senior executive turned corporate director, Mr. Albert has over 30 years of experience in the Québec civil service. From 1981 to 2005, he worked at the Commission de la santé et de la sécurité du travail (now the Commission des normes, de l'équité, de la santé et de la sécurité du travail), notably as Vice-President of Partner Relations and Expertise during his last 11 years there. From 2007 to 2017, he was a member of the Board of the Société de l'assurance automobile du Québec, where he chaired the Human Resources and Customer Service committees and sat on the Governance and Ethics Committee.



Jean-François Blais, Montréal

Corporate Director

Reappointment: May 10, 2023
End of term: May 9, 2027

Jean-François Blais graduated with a bachelor's degree in actuarial science from Université Laval in 1988. He has been a Fellow of the Canadian Institute of Actuaries (FCIA) and Fellow of the Casualty Actuarial Society (FCAS) since 1991. Now retired, Mr. Blais spent close to 30 years in the insurance field. He was President and CEO of AXA Canada from 2004 to 2011, and President of Intact Insurance from 2011 to 2017. During his career, he served on the boards of the Insurance Bureau of Canada and the Insurance Institute of Canada. He has been a member of the Board of the Caisse de dépôt et placement du Québec since May 2020 and on that of Desjardins Financial Security since March 2022.



Sarine Chitilian, Montréal

**Senior Manager, Business Operational Strategy,
Risk Management and Resilience
National Bank of Canada**

Appointment: March 31, 2021
End of term: March 30, 2025

Sarine Chitilian graduated from McGill University in 2006 with a bachelor's degree in electrical engineering. She then worked in finance at Société Générale Group. She served as Vice-President of Operational Risk and Chief of Staff. In 2014, Ms. Chitilian joined the National Bank of Canada and rose through the ranks. As Senior Manager of Business Operational Strategy, Risk Management and Resilience, a position she has held since 2018, she oversees strategies related to risk management, organizational performance and governance. Over the years, Ms. Chitilian has volunteered with many organizations. She is the Women segment leader for the National Bank of Canada's Inclusion, Diversity and Equity council, shaping the organization's commitment in this field. She is also actively involved in the Association of Québec Women in Finance projects and contributes to La Dauphinelle, an organization that provides aid to women victims of domestic violence.



Maud Cohen, Montréal
Eng., ASC

President, Polytechnique Montréal

Reappointment: May 22, 2024
End of term: May 21, 2028

Maud Cohen earned her bachelor's degree in industrial engineering from Polytechnique Montréal in 1996. She went on to work in project management before taking up management positions at several tech firms, most notably CGI. In 2004, Ms. Cohen received an MBA from HEC Montréal. From 2009 to 2012, she was the President and official spokesperson of the Ordre des ingénieurs du Québec. In 2014, she became President and CEO of the CHU Sainte-Justine Foundation. Then, in 2022, she was appointed President of Polytechnique Montréal. She is the first woman to hold this position. Ms. Cohen received the title of *Administratrice de sociétés certifiée (ASC)* [Certified Corporate Director] from Université Laval's Collège des administrateurs de sociétés in 2012.



Marie Côté, Frelighsburg
ASC

**Expert advisor in international development
of creative industries**

Reappointment: May 18, 2022
End of term: May 17, 2026

Marie Côté completed the master's coursework in communication sciences with a specialization in human-computer interface at Université de Montréal. Her professional career spans over 20 years as corporate director for entertainment industry companies such as ARTV, Cirque du Soleil, Productions J and Radio-Canada. Ms. Côté was also the Director of Marketing Communications at National Bank. She has been an expert advisor in international business development for creative industry corporations, including Rodeo FX and HUB Montréal, since 2015. She is an *Administratrice de sociétés certifiée* (ASC) [Certified Corporate Director] from Université Laval's Collège des administrateurs de sociétés and, in that capacity, sits on the Board of the Agence de Mobilité Durable de Montréal where she is a member of the Audit, Finance and Risk Management Committee and chairs the Innovation and Technology Committee. As a volunteer, she vice-chairs the Board of Adélard, an artistic organization in Frelighsburg, Estrie, and is a member of its strategic committee. Ms. Côté has over 30 years of governance experience, during which she has chaired, among others, the Board of the Conseil des Arts et des Lettres du Québec and that of Jalon MTL - L'Institut des Transports Intelligents and was a member of the Board of the Computer Research Institute of Montréal for 8 years.



Dominique Gauthier, Québec
ASC

Corporate Director

Reappointment: May 18, 2022
End of term: May 17, 2026

Dominique Gauthier holds a master's degree in industrial relations from Université Laval. A retired senior executive turned corporate director, she began her career as a manager in the fisheries sector. She has nearly 30 years of experience in Québec's public sector. From 1988 to 2016, she worked for the Secrétariat du Conseil du trésor where she rose to become Associate Secretary for intersectoral negotiations coordination in the public, parapublic and quasi-public sectors. In 2014, Ms. Gauthier received the title of *Administratrice de sociétés certifiée* (ASC) [Certified Corporate Director] from Université Laval's Collège des administrateurs de sociétés. She has been called upon to provide strategic advice on labour-management relations and governmental governance since 2017.



Lyne Jobin, Lévis

Corporate Director

Appointment: December 7, 2022
End of term: December 6, 2026

Lyne Jobin holds bachelor's and master's degrees in psychology from Université Laval. She worked in the fields of mental health and public health, holding several positions within the health and social services network. Ms. Jobin joined the Ministère de la Santé et des Services sociaux in 2000; she rose through the ranks and held several management positions, including that of Deputy General Manager of Public Health. From 2009 to 2016, she sat on the Board of Directors of the Institut national de santé publique du Québec. During the last years of her career, Ms. Jobin was Assistant Deputy Minister at the Direction générale des programmes dédiés aux personnes, aux familles et aux communautés [General Directorate, Programs for Persons, Families and Communities].



Alain Trudeau, Montréal
FCPA

Corporate Director

Appointment: February 23, 2022
End of term: February 22, 2026

Alain Trudeau earned a Bachelor of Business Administration from HEC Montréal in 1981. A Fellow of the Ordre des comptables professionnels agréés du Québec, he became a partner at Ernst & Young in 1991. At this organization, he was involved in the due diligence and negotiation stages of the acquisition and sale of businesses. After heading various audit groups since 1995, he was appointed Managing Partner, Assurance for the Québec offices in 2008, a position he held until his retirement in 2019. He was also the main liaison between Ernst & Young and Université Laval's Collège des administrateurs de sociétés, from which he received the distinction of Lecturer Emeritus. Mr. Trudeau has extensive experience in corporate governance, ethics and risk management, which has allowed him to serve as a consulting partner to many other public and private companies and corporate directors. He has sat on several companies' boards and continues to do so.



Katy Yam, Montréal

**Partner, Real Ventures
General Manager, FounderFuel
Producer, TEDxMontréal**

Appointment: December 16, 2020

End of term: December 15, 2024

Katy Yam is a multilingual executive who currently serves as Partner at Real Ventures, one of Canada's most active early-stage VC firms; General Manager of FounderFuel, Canada's first technology startup accelerator; and Producer at TEDxMontréal. The holder of a Bachelor of Commerce (Honours) from McGill University, she has a 20+ year history of managing high-performing products, business intelligence and marketing teams across various public and private industries, including venture capital, artificial intelligence, gaming, consumer packaged goods, telecommunications and non-profits. As an early-stage investor, she sits on several boards as a member, observer or advisor. Ms. Yam is also an independent member of the boards of MT Lab and Réseau Capital. Since 2013, she has been heading TEDxMontréal, a non-profit dedicated to elevating Montréal-born ideas onto the global TED stage.



**Marie-Christine Tremblay, Montréal
LL. L.**

**Corporate Secretary and Vice-President
of Legal Affairs, Loto-Québec**

After earning a bachelor's degree in mathematics from McGill University, Marie-Christine Tremblay chose to pursue a law degree. She was hired by the Ministère de la Justice, where she practiced law for a few years. Ms. Tremblay joined Loto-Québec in 1988 as Legal Counsel in the Corporate Legal Affairs Department. She was named Head of the Corporate Secretariat Department in 1998, and of Legal Affairs in 2006. In 2017, she was appointed Corporate Secretary and Vice-President of Legal Affairs.

Board of Directors and Committee Reports

Mandate

The Loto-Québec Board of Directors (the “Board”) is responsible for ensuring the corporation is managed according to the provisions of its act of incorporation and related regulations as well as those of the other laws and regulations that govern it. The Board sees to it that Loto-Québec takes the necessary measures to reach the objectives arising from its mission. This involves adopting game rules and approving Loto-Québec’s main orientations, policies and annual business plan. Furthermore, the Board monitors progress in terms of corporate social responsibility. It also establishes the policy framework for managing the risks associated with conducting the corporation’s business.

The Board is supported by three permanent committees, i.e., the Audit and Risk Management Committee, the Governance, Ethics and Corporate Social Responsibility Committee and the Human Resources and Culture Committee. It can create other committees as needed. For example, in 2021–2022, it created the Development and Innovation Committee, whose main role is to delve into certain strategic issues related to business development and innovation to support the corporation leadership in making decisions. Each committee makes

recommendations to the Board based on its area of expertise.

The permanent committees must conduct an annual review of the organization’s operational policies under its purview and, when warranted, recommend that the Board approve the required changes.

Membership

As of March 31, 2024, the Board has 11 members—7 women and 4 men—appointed by the Government of Québec. All are independent members except for the President and Chief Executive Officer.

Attendance

Regular meetings are scheduled at the beginning of the fiscal year, and special meetings may be added throughout. Advance notice given to members for committee meetings varies according to committee requirements.

The Board met in person or via teleconference seven times during the 2023–2024 fiscal year. A closed session, without management present, took place at the end of each Board and Committee meeting.

Director attendance report as of March 31, 2024

Director	Board	Audit and Risk Management Committee	Governance, Ethics and Corporate Social Responsibility Committee	Human Resources and Culture Committee	Development and Innovation Committee
	Regular 7	Regular 5	Regular 4	Regular 4	Special 13
Ann MacDonald	7/7	5/5	4/4	4/4	8/13
Alain Albert	7/7	–	4/4	4/4	13/13
Jean-François Blais	6/7	5/5	–	–	–
Sarine Chitilian	7/7	5/5	–	1/1	–
Maud Cohen	7/7	–	–	–	–
Marie Côté	7/7	–	3/4	–	–
Dominique Gauthier	7/7	–	–	4/4	13/13
Nathalie Goodwin	2/2	–	–	2/2	9/11
Lyne Jobin	7/7	–	4/4	–	–
Alain Trudeau	7/7	5/5	–	–	–
Katy Yam	5/7	–	–	–	–

Excused absences.

Nathalie Goodwin was a member of the Board until September 11, 2023.

Remuneration

Loto-Québec Directors are remunerated according to the Order in Council 610-2006, adopted by the Government of Québec on June 28, 2006. Remuneration is also indexed per this Order.

Directors' remuneration

Director	Remuneration for Board involvement ¹		Remuneration for Committee involvement ²		Benefits paid ³	Total remuneration
	Chair	Member	Chair	Member		
Ann MacDonald ^{4, 5, 6 and 7} Chair of the Board	\$28,105	–	–	\$20,811	–	\$48,916
Alain Albert ^{5 and 6} Chair of the Human Resources and Culture Committee	–	\$15,221	\$13,568	–	–	\$28,789
Jean-François Blais ^{4 and 7} Chair of the Audit and Risk Management Committee	–	\$14,559	\$9,927	–	–	\$24,486
Sarine Chitilian ^{4 and 6}	–	\$15,221	–	\$3,972	–	\$19,193
Maud Cohen ⁷ Chair of the Development and Innovation Committee	–	\$15,221	\$6,617	–	–	\$21,838
Marie Côté ^{5 and 7} Chair of the Governance, Ethics and Corporate Social Responsibility Committee	–	\$15,221	\$8,603	–	–	\$23,824
Dominique Gauthier ⁶	–	\$15,221	–	\$6,951	–	\$22,172
Nathalie Goodwin ⁶	–	\$6,071	–	\$4,303	–	\$10,374
Lyne Jobin ⁵	–	\$15,221	–	\$2,648	–	\$17,869
Alain Trudeau ⁴	–	\$15,221	–	\$3,310	–	\$18,531
Katy Yam ⁷	–	\$13,897	–	\$1,986	–	\$15,883
Total	\$28,105	\$141,074	\$38,715	\$43,981	–	\$251,875

Nathalie Goodwin was a member of the Board until September 11, 2023.

¹ Includes remuneration for each Board meeting (\$662 for directors and \$991 for the Chair of the Board) and the annual base pay (\$10,587 for directors and \$21,168 for the Chair of the Board).

² Includes remuneration for each Committee meeting (\$662 for directors and \$991 for the Chair of the Board) and the Committee Chair remuneration (\$3,969). For shorter sessions, remuneration is \$331 for directors and \$495.50 for the Chair of the Board.

³ Taxable benefits paid during the fiscal year in question, if applicable.

For fiscal 2023–2024:

⁴ Audit and Risk Management Committee

⁵ Governance, Ethics and Corporate Social Responsibility Committee

⁶ Human Resources and Culture Committee

⁷ Development and Innovation Committee

Note: Committee membership changed on December 12, 2023.

Activities

Strategic planning and business plan

Loto-Québec management reported at each Board meeting on the progress of the corporation's business in relation to the 2023–2024 business plan and major ongoing projects. The Board approved the 2022–2023 Annual Report and the related press release¹ and followed up on the 2023–2026 Strategic Plan, the 2023–2028 Corporate Social Responsibility Plan and the 2023–2024 action plans.

Some of the topics addressed in the last year include:

- Meeting budget targets
- Land-based gaming options
- The hotel project at the Casino de Montréal
- Developing online gaming
- The illegal gambling offer
- Sponsorships
- Optimizing space at the head office
- Monitoring the FINTRAC compliance program

In addition, the Board approved game rules for the lottery sector and certain internal operational policies during the fiscal year.

Financial results and internal controls

The Board was presented with financial results and highlights at each of its meetings. On the Audit and Risk Management Committee's recommendation, it approved the quarterly financial statements and the financial statements for the fiscal year that ended on March 31, 2023,² and the related press releases.

Also on the Audit and Risk Management Committee's recommendation, the Board approved changes to internal operational policies related to the committee's areas of competency.

The Audit and Risk Management Committee verbally reported its activities to the Board after each meeting.

Corporate governance

During the 2023–2024 fiscal year, the Board ensured the corporation's compliance with its governance regulations and policies.

On the Governance, Ethics and Corporate Social Responsibility Committee's recommendation, the Board approved:

- Changes to members' competency, experience and expertise profiles
- Committee members and their appointment

The Governance, Ethics and Corporate Social Responsibility Committee verbally reported its activities to the Board after each meeting.

Human resource management

Throughout fiscal 2023–2024, the Board monitored various policies relating to personnel management in collaboration with the Human Resources and Culture Committee.

On the Human Resources and Culture Committee's recommendation, the Board approved:

- The 2024–2025 remuneration parameters for non-unionized personnel and managers at Loto-Québec and its subsidiaries, except for senior executives
- The 2023–2024 remuneration parameters for senior executives
- The 2023–2024 application terms of the incentive remuneration program for relevant personnel
- The President and Chief Executive Officer's 2023–2024 objectives
- The negotiation mandate terms for the collective agreements of the union locals concerned
- Changes to internal operational policies related to this committee's areas of competency

In addition, the Board followed Loto-Québec's approach to its commitment to diversity and inclusion.

The Human Resources and Culture Committee verbally reported its activities to the Board after each meeting.

Development and innovation

On the Development and Innovation Committee's recommendation, the Board approved the issue of calls for tenders and the authorization of contracts of over \$10 million, in accordance with the procurement policy.

The Development and Innovation Committee verbally reported its activities to the Board after each meeting.

¹ During its May 31, 2024, the Board approved the 2023–2024 Annual Report and the related press release.

² During its May 31, 2024, on the Audit and Risk Management Committee's recommendation, the Board approved the financial statements for the fiscal year ended March 31, 2024, and the related press release.

Audit and Risk Management Committee Report

Mandate and membership

The Audit and Risk Management Committee supports the Board in monitoring the integrity of financial information and the corporation's internal controls. It monitors the integrated business risk management practices, oversees the implementation of effective and adequate internal control mechanisms, and supervises internal Auditing activities. It provides a communication link between the external co-auditors, the Internal Audit and the Board.

As of March 31, 2024, the Audit and Risk Management Committee comprised four independent members.

Chair: Jean-François Blais

Members: Sarine Chitilian, Ann MacDonald and Alain Trudeau

All members have the requisite accounting or finance experience and skills. The Chair is a Fellow of the Canadian Institute of Actuaries (FICA) and the Casualty Actuarial Society (FCAS). Alain Trudeau is a Fellow of the Ordre des comptables professionnels agréés du Québec.

Activities

The Audit and Risk Management Committee met five times during the 2023-2024 fiscal year, in person or via teleconference, and held a closed session, without management present, at the end of each meeting. During these meetings, the committee:

- Reviewed Loto-Québec's quarterly financial statements and the related press releases and recommended their approval to the Board and monitored the budget
- Reviewed the corporation's 2022-2023 financial statements with the independent external co-auditors, namely, the Auditor General of Québec and KPMG LLP, and the related press release and recommended their approval to the Board^{1 and 2}
- Followed up on the application of the International Financial Reporting Standards (IFRS)
- Ensured the Internal Audit was able to perform its role independently of Loto-Québec management
- Approved and monitored the Internal Auditing 2023-2024 work plan

- Monitored:
 - The internal control certification programs
 - The integrated management of business risks
 - The FINTRAC compliance program
- Monitored the activities of the groups responsible for IT and security, especially with respect to cybersecurity
- Reviewed the operational policies under its purview and recommended that the Board approve the required changes
- Followed up on the management process of the risks associated with its mandate
- Conducted the annual review of its mandate
- Submitted a report of its accomplishments to the Board

The Committee verbally reported its activities to the Board after each of its meetings.

¹ KPMG LLP's proposal was selected following a call for tenders to audit the financial statements of the years ending on March 31, 2023, through 2027. Its audit fees of \$470,000 for the 2023-2024 financial statement complied with its proposal.

² During its May 29, 2024, the Audit and Risk Management Committee reviewed the 2023-2024 financial statements and the related press release with the independent external co-auditors and recommended their approval to the Board.

Governance, Ethics and Corporate Social Responsibility Committee Report

Mandate and membership

The Governance, Ethics and Corporate Social Responsibility Committee assists the Board in developing and implementing best practices in ethics and corporate governance. It proposes the rules of governance and the codes of ethics that apply to the corporation's directors, executives and personnel. The Committee ensures that Loto-Québec's policies are reviewed annually by the appropriate Board committees. It also develops experience and skill profiles for Board member appointments, except for the President and Chief Executive Officer, and recommends them to the Board. It also follows up on Loto-Québec's corporate social responsibility process, especially with regard to the environment and stakeholder relations.

As of March 31, 2024, the Governance, Ethics and Corporate Social Responsibility Committee comprised four independent members.

Chair: Marie Côté

Members: Alain Albert, Lyne Jobin and Ann MacDonald

Activities

The Governance, Ethics and Corporate Social Responsibility Committee met four times during the 2023-2024 fiscal year, in person or via teleconference, and held a closed session, without management present, at the end of each meeting. During these meetings, the committee:

- Monitored compliance with the corporation's governance regulations
- Followed up on complaints received by the Corporate Secretary and measures implemented for the reporting line, conducted investigations and made the required recommendations at every meeting
- Reviewed:
 - The Code of Ethics for Employees of Loto-Québec and its Subsidiaries and the Code of Ethics and Rules of Professional Conduct for Directors and Managers of Loto-Québec and its Subsidiaries
 - The declaration of interest of the directors and senior management and followed up on it
 - The new director onboarding program
 - The members' professional development program
 - The members' skill, experience and expertise profiles and recommended that the Board approve the required changes

- The membership of the Board and its committees and recommended appointments to each committee to the Board
- Implemented and followed up on:
 - Environmental indicators
 - A communication plan for the corporation and the related indicators
- Reviewed:
 - The Loto-Québec corporate social responsibility plan and its indicators
 - The corporation's commitment strategy toward its stakeholders
- Organized training courses on the realities of Indigenous peoples and responsible commercialization for all members of the Board
- Conducted the annual review of the assessment criteria for the Board's operations, its committees and its members and the procedure used
- Reviewed the operational policies under its purview and ensured that every committee did so as well
- Followed up on the management process of the risks associated with its mandate
- Conducted the annual review of its mandate and ensured that every committee did so as well
- Submitted a report of its accomplishments to the Board

The Committee verbally reported its activities to the Board after each of its meetings.

Human Resources and Culture Committee Report

Mandate and membership

The Human Resources and Culture Committee's main role is to ensure that Loto-Québec's human resources are effectively and adequately managed, in keeping with the corporation's values. Among other things, it studies the policies and strategic directions in terms of human resource management, makes the required recommendations to the Board and monitors the implementation of related actions. It sees to applying remuneration standards and scales for Loto-Québec managers and employees and helps with succession planning. The committee is also tasked with developing the skill and experience profile and assessment criteria for the President and Chief Executive Officer and recommending their remuneration in accordance with the parameters established by the Government of Québec.

As of March 31, 2024, the Human Resources and Culture Committee comprised four independent members.

Chair: Alain Albert

Members: Sarine Chitilian, Dominique Gauthier and Ann MacDonald

Activities

The Human Resources and Culture Committee met 17 times during the fiscal year, in person or via teleconference, and held a closed session, without management present, at the end of each meeting. During these meetings, the committee:

- Recommended that the Board approve:
 - The 2024-2025 remuneration parameters for non-unionized personnel and managers at Loto-Québec and its subsidiaries, except for senior executives
 - The 2023-2024 remuneration parameters for senior executives
 - The 2023-2024 application terms of the incentive remuneration program for relevant personnel
 - The President and Chief Executive Officer's 2023-2024 objectives
 - The negotiation mandate terms for the collective agreements of the union locals concerned
- Took note of the changes in the cost of the Société des casinos du Québec pension plans
- Monitored:
 - Performance indicators in the human resources and culture sector, including those related to staff engagement
 - The pay equity program
 - The approach to the commitment to diversity and inclusion

- Achievements, orientations, priorities and performance indicators related to occupational health and safety
- The succession planning program
- The talent development plan
- Reviewed the operational policies under its purview and recommended that the Board approve the required changes
- Followed up on the management process of the risks associated with its mandate
- Conducted the annual review of its mandate
- Submitted a report of its accomplishments to the Board

The Committee verbally reported its activities to the Board after each of its meetings.

Remuneration and Benefits of the Five Highest-Paid Executives of the Corporation

FOR THE FISCAL YEAR ENDED MARCH 31, 2024

Name and title of Loto-Québec's senior executives	Basic salary paid	Variable pay			Other benefits paid or granted ⁴	Overall pay for the fiscal year
		Annual variable pay ¹	LTPSP paid ²	Pension plan contribution ³		
Jean-François Bergeron President and CEO	\$493,288	\$70,995	–	\$23,366	\$22,233	\$609,882
Kevin G. Taylor Executive Vice-President and Chief Operating Officer of Casinos and Gaming Halls	\$371,716	\$88,523	–	\$22,391	\$25,923	\$508,553
Isabelle Jean Executive Vice-President and Chief Operating Officer of Lottery Games	\$341,692	\$86,093	–	\$23,366	\$17,043	\$468,194
Denis Daly Corporate Vice-President and Chief Officer of Digital Transformation and Technology	\$339,764	\$83,128	–	\$22,391	\$20,693	\$465,976
Marie-Claude Tremblay Corporate Vice-President of Finance and Administration	\$307,757	\$75,298	–	\$22,391	\$21,961	\$427,407

Basic pension plan

Jean-François Bergeron and Isabelle Jean are enrolled in the Government of Québec's Retirement Plan for Senior Officials (RPSO). The other executives are enrolled in the Government of Québec's Pension Plan of Management Personnel (PPMP). The contribution and pension are calculated based on the usual provisions of their membership plans.

Supplementary pension plan

With the exception of Jean-François Bergeron, these managers are also members of the Loto-Québec Supplementary Pension Plan for Executive Officers, which provides a pension based on the average salary during their three (for RPSO members) or five (for PPMP members) best years of service. The pension accumulation rate is 2.5% per year. This pension is reduced by the benefit offered under the basic plan.

¹ Variable pay:

Period covered

Variable pay covers the period from April 1, 2022, to March 31, 2023, and was paid in July 2023.

Trigger

The bonus is paid only if the consolidated net income presented in the budget was 100% reached.

Program components

1) Financial objectives (40%)

- Business units: According to whether the unit's operating result objectives were reached (20%) and Loto-Québec's consolidated net income (20%).
- Corporate sectors: According to whether Loto-Québec's consolidated net income was reached.

2) Employee engagement (30%)

- 10% is based on the ratio of net expenses to products.
- 10% is based on the sector's objectives.
- 10% is based on individual objectives.

3) Customer satisfaction (30%)

- Business units: According to whether customer support measurement objectives through the survey were reached.
- Corporate sectors: According to whether business units' customer support measurement objectives were reached.

Bonus target

Managers: 12%, general managers and vice-presidents: 20%, president: 15%

Maximum bonus may reach 1.5 times the target (except for the president, whose maximum stays at 15%).

² LTPSP: Long Term Pay-Share Plan. Loto-Québec does not have one.

³ Pension plan contributions correspond to the employer's effective contribution to the RRAS or the RRPE, as the case may be, and the contribution the employer would have paid into a supplemental pension plan, regardless of the decrease or increase of the contribution as a result of the plan's financial situation.

⁴ These are taxable benefits related to group insurance, health check-ups, professional contributions and the use of a car.

Remuneration and Benefits of the Five Highest-Paid Executives of all Wholly Owned Subsidiaries

FOR THE FISCAL YEAR ENDED MARCH 31, 2024

Name and title of subsidiaries' senior executives	Basic salary paid	Variable pay			Other benefits paid or granted ⁴	Overall pay for the fiscal year
		Annual variable pay ¹	LTPSP paid ²	Pension plan contribution ³		
Stéphane Fraser Executive Vice-President and Chief Operating Officer of Gaming Establishments Société des établissements de jeux du Québec	\$281,952	\$71,149	–	\$22,391	\$26,869	\$402,361
Luc Morin General Manager Casino de Montréal Société des casinos du Québec	\$245,802	\$58,098	–	\$22,391	\$14,012	\$340,303
Pierre Maltais General Manager Casino de Charlevoix Société des casinos du Québec	\$200,690	\$47,454	–	\$22,518	\$13,741	\$284,403
Steve Berger Senior Director of Customer Experience and Marketing, Customer Knowledge Strategic Project Société des casinos du Québec	\$173,461	\$24,814	–	\$14,567	\$5,067	\$217,909
Alain Beaudoin* Acting General Manager Casino du Lac-Leamy Société des casinos du Québec	\$161,108	\$21,323	–	\$12,868	\$1,927	\$197,226

* Started on October 23, 2023. His basic pay includes an acting premium of \$9,636.

Basic pension plan

Stéphane Fraser, Luc Morin and Pierre Maltais are enrolled in the Government of Québec's Pension Plan of Management Personnel (PPMP). Steve Berger and Alain Beaudoin are enrolled in the Executive and Professional Plan of the Société des casinos du Québec. The contribution and pension are calculated based on the usual provisions of their membership plans.

Supplementary pension plan

Stéphane Fraser, Luc Morin and Pierre Maltais are also enrolled in the Loto-Québec Supplementary Pension Plan for Executive Officers, which provides a pension based on the average salary during their five best years of service. The pension accumulation rate for Stéphane Fraser is 2.5% per year, and 2% per year for Luc Morin and Pierre Maltais. This pension is reduced by the benefit offered under the basic plan.

¹ Variable pay:

Period covered

Variable pay covers the period from April 1, 2022, to March 31, 2023, and was paid in July 2023.

Trigger

The bonus is paid only if the consolidated net income presented in the budget was 100% reached.

Program components

1) Financial objectives (40%)

- Business units: According to whether the unit's operating result objectives were reached (20%) and Loto-Québec's consolidated net income (20%).
- Corporate sectors: According to whether Loto-Québec's consolidated net income was reached.

2) Employee engagement (30%)

- 10% is based on the ratio of net expenses to products.
- 10% is based on the sector's objectives.
- 10% is based on individual objectives.

3) Customer satisfaction (30%)

- Business units: According to whether customer support measurement objectives through the survey were reached.
- Corporate sectors: According to whether business units' customer support measurement objectives were reached.

Bonus target

Managers: 12%, general managers and vice-presidents: 20%, president: 15%

Maximum bonus may reach 1.5 times the target (except for the president, whose maximum stays at 15%).

² LTPSP: Long Term Pay-Share Plan. Loto-Québec does not have one.

³ Pension plan contributions correspond to the employer's effective contribution to the RRAS or the RRPE, as the case may be, and the contribution the employer would have paid into a supplemental pension plan, regardless of the decrease or increase of the contribution as a result of the plan's financial situation.

⁴ These are taxable benefits related to group insurance, health check-ups, professional contributions and the use of a car.

Development and Innovation Committee Report

Mandate and membership

The Development and Innovation Committee was created in 2021-2022. Its main role is to delve into certain strategic business development and innovation issues to support the corporation's senior management in making decisions. It enables discussions between members on leading global trends, specific targeted projects and their strategic positioning within Loto-Québec's operations. A major driver of the corporation's governance, this committee assesses, among other things, the potential of new business, investment and strategic partnership models and makes related recommendations to the Board. It also makes recommendations to the Board with respect to the calls for tenders and contracts it must approve under the terms of the procurement policy. In addition, it responsibly manages all the mandates it follows up on and handles any other matter the Board may entrust it with.

As of March 31, 2024, the Development and Innovation Committee comprised five independent members.

Chair: Maud Cohen

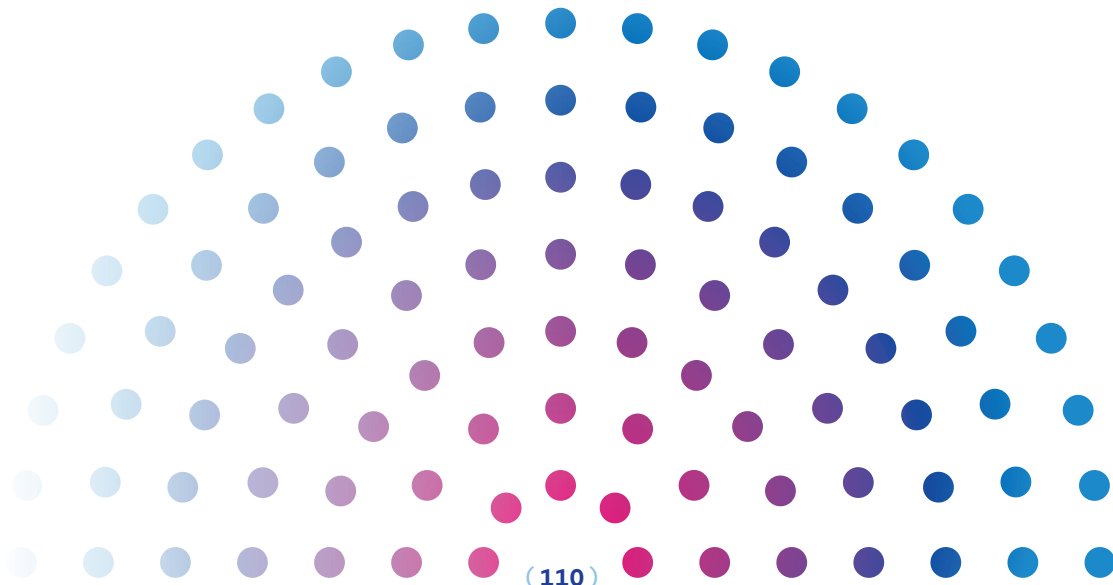
Members: Jean-François Blais, Marie Côté, Ann MacDonald and Katy Yam

Activities

The Development and Innovation Committee met four times, in person or via teleconference, during the fiscal year. During these meetings, the committee:

- Recommended that the Board approve the issue of calls for tenders and the authorization of contracts of over \$10 million, in accordance with the procurement policy
- Attended presentations on innovation, the gaming market in Québec and trends in the rest of Canada, specifically on:
 - Client knowledge
 - Quebecers' entertainment spending
 - The modernization of the land-based offer
- Followed up on:
 - The strategic planning process
 - The hotel project at the Casino de Montréal
 - Charitable games
- Conducted the annual review of its mandate
- Submitted a report of its accomplishments to the Board

The Committee verbally reported its activities to the Board after each of its meetings.



Policies and Laws

French language

Making language quality a top priority

The *Politique linguistique de l'État*, enacted on June 1, 2023, has replaced the language policy Loto-Québec had previously adopted. In accordance with the *Politique*'s primary objectives, the corporation ensures that its use of the French language is exemplary, promotes its quality, fosters its influence across Québec and seeks to protect it.

Considering its commercial nature, the corporation plans to adopt, in compliance with the *Charter of the French Language*, a special directive that specifies the situations in which it intends to use a language other than French when the *Charter* allows. The directive will be submitted to the Minister of the French Language for approval during fiscal 2024–2025.

During the 2023–2024 fiscal year, the corporation continued complying with the *Charter*'s requirements and implementing the initiatives needed to meet the requirements of the law. In addition, it implemented a complaint process and again offered its personnel information and awareness sessions on the obligations provided by the *Charter*.

The corporation requires knowledge of a language other than French for the positions that deal directly with the customers who visit its sites and those that deal with suppliers and partners who operate globally. During the last fiscal year, 2,821 positions out of 4,873 required knowledge of another language. Of them, 2,645 are located in casinos and gaming halls, serving a tourist and international customer base, or are in customer service centres.

Procurement policy

The Procurement policy in effect at Loto-Québec and its subsidiaries reflects the integrity and transparency with which contracts are awarded to suppliers. This policy can be read on the Loto-Québec website.

Act to facilitate the disclosure of wrongdoings relating to public bodies

Loto-Québec adopted a policy to facilitate the disclosure of wrongdoings in accordance with the *Act to facilitate the disclosure of wrongdoings relating to public bodies*. It is but one of the mechanisms already in place in this regard within the corporation, such as the codes of ethics and the reporting line. Under section 25 of the *Act*, Loto-Québec must report the number of disclosures received annually.

Disclosures received by the officer responsible for dealing with disclosures	0
Disclosures the processing or examination of which was ended under paragraph 3 of section 22 of the Act	–
Well-founded disclosures	–
Breakdown of disclosures received per category of wrongdoings set out in section 4 of the Act:	
• Contravention of a Québec law, a federal law applicable in Québec or a regulation made under such a law	–
• Serious breach of the standards of ethics and professional conduct	–
• Misuse of funds or property belonging to a public body, including the funds or property it manages or holds for others	–
• Gross mismanagement within a public body, including abuse of authority	–
• Any act or omission that seriously compromises or may seriously compromise a person's health or safety or the environment	–
• Directing or advising a person to commit any of the wrongdoings described above	–
Information forwarded under the first paragraph of section 23 of the Act	–

Act respecting workforce management and control within government departments, public sector bodies and networks and state-owned enterprises

On December 5, 2014, the Government of Québec enacted the *Act respecting workforce management and control within government departments, public sector bodies and networks and state-owned enterprises*.

As the title suggests, the *Act* seeks to strengthen the mechanisms for managing and controlling public bodies' labour forces through workforce planning, staffing and service contract control measures, among other things.

In keeping with the *Act*, Loto-Québec adopted a directive on service contract authorizations during fiscal 2014-2015 and submitted it to the Conseil du Trésor. Under this directive, the President and Chief Executive Officer of Loto-Québec authorized 70 service contracts of over \$25,000 during fiscal 2023-2024, for a total value of \$65,233,933. Five of these contracts were concluded with a natural person.

Loto-Québec workforce¹ as of March 31, 2024

	Paid hours			Number of employees
	Hours worked	Overtime	Total	
Category				
Management staff	206,786	606	207,392	113
Professional staff	1,057,421	11,590	1,069,011	567
Office, technical and similar staff	556,753	12,858	569,611	320
Labourers, maintenance and service staff	37,965	66	38,031	22
Students and interns	22,077	6	22,083	13
Total	1,881,002	25,126	1,906,128	1,035

¹ Excluding subsidiaries

Act respecting Access to documents held by public bodies and the Protection of personal information

Access to information

Total number of requests received from April 1, 2023, to March 31, 2024	150
Total number of requests processed¹ from April 1, 2023, to March 31, 2024	147

Number of requests processed by type and processing time

	Requests for access			
	Administrative documents	Personal information	Correction	
Processing time				
From 0 to 20 days	10	29	0	
From 21 to 30 days	53	55	0	
31 days or more	0	0	0	
Total	63	84	0	147

Number of requests processed by type and decision rendered

	Requests for access			Provisions of the Act invoked
	Administrative documents	Personal information	Correction	
Decision rendered				
Accepted	10	56	0	
Partially accepted	20	6	0	1, 9, 14 to 16, 21 to 24, 27 to 29, 31, 32, 37 to 39, 42, 48, 53, 54, 59, 88, 94, 95 and 137.1, and section 9 of the <i>Charter of Rights and Freedoms</i>
Rejected	14	5	0	
Other	19	17	0	
Total	63	84	0	147

Number of notices of review received from the Commission d'accès à l'information	3
Number of requests for access subject to reasonable accommodation measures	0

The statistics presented above only relate to requests made under the *Act respecting Access to documents held by public bodies and the Protection of personal information*. Requests for information by summons, ordinance or under a power conferred by law are not included.

Protection of personal information

The corporation implemented measures during the fiscal year to comply with the changes made to the *Act respecting Access to documents held by public bodies and the Protection of personal information*. It also took steps to convey these changes to its teams and issue a reminder of best practices.

Work continues under the leadership of the Access to Information and Protection of Personal Information Committee to ensure compliance with the requirements that came into effect during fiscal 2023–2024.

¹ Requests processed are those that were answered during the fiscal year. Processing may take up to 30 days.

Enterprise Risk Management

In carrying out its activities, Loto-Québec is exposed to risks that can affect its ability to achieve its objectives, uphold its values and ethics, and abide by the laws and regulations that govern it, as well as its reputation, assets and key processes.

Each business and corporate department identified in the action plans is responsible for implementing risk management strategies. Loto-Québec developed a structured enterprise risk management framework to ensure sound management. This framework enables it to manage the major risks likely to affect it in a preventive, reactive and systematic fashion.

More specifically, through its enterprise risk management framework, Loto-Québec can:

- Have an overview of the risks it is exposed to and roll out the appropriate prevention, management and oversight strategies.
- Share its risk management and opportunity identification approach with its business and corporate departments so they can adopt a rigorous management method.
- Provide the Board of Directors and Executive Committee with the information they need to accurately assess how events related to achieving its strategic and operational objectives evolve.

Thanks to constant vigilance and frequent accountability reporting on strategic, operational and emerging risks, the Executive Committee, the Audit and Risk Management Committee and the members of the Board of Directors stay informed about threats that may affect the corporation and opportunities available to it to make informed decisions and mitigate risks.

Here are four priority types of risk:

Game integrity

This risk can affect Loto-Québec's activities and mission and consequently harm its reputation and credibility. Compliance with game rules and customer confidence are the corporation's building blocks and require unwavering attention.

Information technology, cybersecurity and data protection

This risk merits special attention, as information technology is central to all the corporation's activities. Best practices must be implemented considering their complexity and rapid evolution, as well as the risks of cyberattacks, data manipulation, and third-party security measures. The corporation rolls out initiatives and a vigilance approach to protect itself, its customers, suppliers, partners, and employees' personal and confidential information.

Changes in consumer behaviour

Aligning the gaming and entertainment offer with customer expectations and balancing growth, innovation and responsible commercialization are crucial for the corporation. To that end, it remains attentive to its customers' preferences so it can adapt its products and services and ensure the sustainability of its offer. Developing new avenues for growth that combine gaming and entertainment must be strategically and specifically considered to meet changes in consumer habits.

Human capital and work relations

Succession and the ability to both attract and retain the best talents are some of the main challenges related to this type of risk. To mitigate it, Loto-Québec implemented various initiatives and strategies based on leading talent and human resource management practices that promote employee engagement and retention, attraction, diversity and inclusion, health and well-being, and professional development.

These monitoring activities and individual efforts increase vigilance and foster efficient internal control processes.

Measuring Efficiency and Performance

Benchmarking

As required by the *Act respecting the governance of state-owned enterprises*, Loto-Québec carries out annual efficiency and performance assessments. The Board of Directors is responsible for ensuring that the corporation undertakes the steps to measure efficiency and performance, including benchmarking with similar organizations, and that this information is included in the annual report.

Loto-Québec mandated KPMG LLP (KPMG) in 2023–2024 to assess its efficiency and performance, including benchmarking with comparable corporations in Québec and elsewhere in Canada. The organizations selected for benchmarking were other Québec State corporations and Canadian lottery corporations. KPMG will complete its report during the 2024–2025 fiscal year.

Loto-Québec stood out internationally during the exercise, thanks mainly to the two World Lottery Association certifications it received, i.e., Level 4 in responsible gambling (the highest level) and the Security Control Standard. These recognitions show that Loto-Québec is one of the lottery corporations known for adopting best practices in the responsible commercialization of gaming and soundly managing information security risks.

In addition, Loto-Québec's result improved in research firm Léger's 2024 annual ranking of the reputation of the major brands in Québec. It ranks third among public companies. The same study positions Loto-Québec as the 16th best employer in Québec.

Last year's results and findings

Loto-Québec published its 2023–2026 Strategic Plan last year, marking the beginning of a new three-year strategic planning cycle. New orientations and new strategic objectives were defined. These focus primarily on the corporation's online presence, its social and environmental commitment to the community, the working environment it provides its teams, innovation, and financial and organizational performance. The text below outlines the results of the new indicators for the first year of the three-year cycle.

Strategic Orientation 1

Provide a diversified, evolving and connected experience

The rising number of new online gaming accounts is a testament to the sharp increase in the customer migration rate toward the various Loto-Québec platforms. The rate reached +23.1%, which is significantly higher than the target of +14.5%.

The customer satisfaction rate on the corporation's digital platforms rose to 74.8%, surpassing the target of 74.6%. Several improvements were made to these digital platforms over the last year, which should foster the growth of this indicator's result.

Enhancing the lotoquebec.com gaming options helped the ratio of online revenues continue to rise. It topped the 13.5% ratio achieved in 2022–2023 to settle at 15.0%, slightly above the target of 14.5%.

Strategic Orientation 2

Achieve our ambitions in collaboration with our stakeholders

The ratio of players using a responsible gambling measure surpassed the 18.0% target to reach 19.0%. This result also represents an increase of two percentage points over the starting value.

Two new anti-money laundering practices were added to the existing measures during the year, bringing their number to 21, on target. A directive forbidding admission to State casinos to people convicted of certain criminal offences was put in place. In addition, an anti-money laundering technological solution was implemented.

The greenhouse gas emission reduction rate with respect to 2009 was significantly greater than expected: it reached -45.8%, whereas the target was -26.0%. This is partly due to last winter's exceptionally mild temperatures and a nearly four-month strike in casinos, which resulted in fewer opening hours and limited dining options.

The people's favourable opinion of Loto-Québec dropped slightly this year to 63%, whereas the target was 65%. This can be explained in part by the smaller number of major prize winners at the start of the year in the lottery sector.

The teams' generosity and enthusiasm as part of the corporate volunteering *Employés de cœur* initiative helped the solidarity index climb to \$2 million, surpassing the \$1.7 million target.

Strategic Orientation 3

Offer a healthy, inclusive and engaging workplace

The low turnover rate, which consistently dropped throughout the fiscal year, settled at 4.9%, reflecting the various measures the corporation took to provide its teams with a stimulating experience. The target for the year was 10%.

For its part, the ratio of employees from diverse backgrounds increased by 1.5% during the fiscal year to reach the target of 25%.

Strategic Orientation 4

Simplify the way we do things

The ratio of total expenses to revenues remained close to the target of 30.0%, settling in at 30.3% thanks to the sound management of activities across all sectors of the organization.

The net income of \$1.511 billion, slightly higher than the \$1.501 billion target, also reflects the optimization of the financial and organizational performance.

Code of Ethics and Rules of Professional Conduct for Directors and Managers of Loto-Québec and its Subsidiaries

PREAMBLE

Whereas the members of the Board of Directors are required to have a code of ethics and rules of professional conduct that respects the principles and rules prescribed by the *Regulation respecting the ethics and professional conduct of public office holders* (hereinafter referred to as the “Regulation”) adopted in accordance with the *Act Respecting the Ministère du Conseil exécutif* (CQLR, c. M-30, a. 3.01 and 3.02);

Whereas the Act and the Regulation prescribe certain ethical principles and rules of professional conduct that apply to Directors (contained in Appendix 1 of the present Code);

Whereas the members of the Board of Directors wish to provide the Corporation with its own Code of Ethics and Rules of Professional Conduct;

The members of the Board of Directors have adopted the following Code of Ethics and Rules of Professional Conduct.

1 • DEFINITIONS

In the present Code, unless a different meaning is indicated by context, the terms below are defined as follows:

- a) “Act”: the *Act respecting the Société des loteries du Québec* (CQLR, c. S-13.1), as amended and modified from time to time
- b) “Association”: a group of persons having a common goal other than that of generating profits for the benefit of its members
- c) “Board”: the Board of Directors of the Corporation or of one of its Subsidiaries
- d) “Code”: this Code of Ethics and Rules of Professional Conduct for Directors and Managers of Loto-Québec and its Subsidiaries
- e) “Committee”: the Board’s Governance, Ethics and Corporate Social Responsibility Committee, as prescribed by the *Act respecting the governance of state-owned enterprises*
- f) “Confidential Information”: all information concerning the Corporation, trends in an industry or sector, or any and all information of a strategic nature that is not known to the public and that, if known by a person who is not a Director or Manager, would be liable to give the person an advantage or compromise an operation in which the Corporation participates
- g) “Conflict of Interest”: any real, perceived, potential or eventual situation in which Directors or Managers may be prompted to favour a person (including themselves and any Related Persons) to the detriment of another. Any situation that could be prejudicial to the loyalty, integrity or judgment of a Director or Manager is also subject to the present definition
- h) “Contract”: a signed or draft contract
- i) “Control”: direct or indirect ownership by a person of securities, including partnership shares, that confer more than 50% of voting or shareholder rights and that does not depend on a special event having occurred and allows for the election of a majority of Directors
- j) “Corporation”: Loto-Québec and its Subsidiaries
- k) “Director”: a member of the Board of Directors who does or does not occupy a full-time position at the Corporation
- l) “Enterprise”: any form of organization for the production of goods or services, or any other business of a commercial, industrial or financial nature, and any group intended to promote specific securities, specific interests or specific opinions or influence public authorities. However, this does not include the Corporation or Associations or non-profit groups with no financial relationship to the Corporation or no incompatibility with its objectives
- m) “Manager”: with respect to the Corporation, any contract executive whose conditions of employment are subject to approval by the Board

- n) “Related Enterprise”: any body corporate or company in which the Corporation directly or indirectly holds securities, including shares, conferring more than 10% voting or shareholder rights
- o) “Related Persons”: persons who are related to Directors or Managers via
 - i. blood
 - ii. marriage
 - iii. civil union
 - iv. common-law marriage
 - v. adoption

For the purposes of the present Code, the following persons are also deemed to be related:

 - vi. the child of a person defined in Sections ii to iv
 - vii. any member of the immediate family living under the same roof
 - viii. any person with whom a Director or Manager is associated, or the partnership with which either may be associated
 - ix. a body corporate in which the Director or Manager directly or indirectly holds 10% or more of any category of voting shares
 - x. a body corporate controlled by a Director or Manager or a person defined in Sections i through iv and vi, or by a group of such persons acting jointly
 - xi. any person who a Director or Manager may be prompted to give preference to because of his relationship to that person or to a third party, or because of his status, title or any other reason
- p) “Spouse”: husbands and wives, as well as persons living together as a couple for more than a year
- q) “Subsidiary”: any company wholly owned by the Corporation

2 • GENERAL PROVISIONS

- 2.1 The present Code is intended to maintain and strengthen public trust with respect to the integrity and impartiality of the Corporation’s administration, encourage transparency within the Corporation, and to instill a sense of responsibility in its Directors and its Managers.
- 2.2 The present Code is also intended to establish ethical principles and rules of professional conduct for the Corporation. The ethical principles take into account the Corporation’s mission, the values on which its actions are based, and its general principles of management. The rules of professional conduct relate to the duties and obligations of Directors and of Managers, clarifying and illustrating them in an indicative manner.
- 2.3 The present Code is applicable to Directors and to Managers of the Corporation, all of whom are required to respect its provisions.
- 2.4 The present Code has been established in accordance with the Act, the Corporation’s internal governance regulation and the Regulation. It reflects and, as applicable, completes the provisions of the aforementioned.
- 2.5 The Board approves the present Code upon the recommendation of the Committee, which is responsible for its review.
- 2.6 In the context of the present Code, the prohibition of an act includes the attempt to commit the act and participation in or inducement to commit the act.
- 2.7 The Corporation shall take all necessary measures to ensure the confidentiality of information provided by Directors and Managers in conjunction with the application of the present Code.

3 • ETHICAL PRINCIPLES AND GENERAL RULES OF PROFESSIONAL CONDUCT

- 3.1** Directors or Managers are appointed to contribute to the fulfillment of the Corporation's mission in the best interests of Québec. As such, they must employ their knowledge, capabilities, experience and integrity for the efficient, equitable and effective attainment of the objectives assigned to the Corporation by law and for the proper administration of the assets it possesses as a government agent.

Their contribution must be made in accordance with the law and with honesty, loyalty, prudence, diligence, efficiency, rigour and fairness.

- 3.2** In discharging their duties, Directors are required to respect the ethical principles and rules of professional conduct prescribed by the Act and the Regulation that constitute an integral part of this Code, as applicable, as well as those stipulated in the present Code. Managers are also required to respect these rules to the extent that they apply to them. In case of discrepancy, the strictest principles and rules are deemed to apply.

In case of any doubt, Directors and Managers are to act in accordance with the spirit of these principles and rules. Directors and Managers who serve as Directors or Managers or are members of another organization or Enterprise at the request of the Corporation are bound by the same obligations.

Subject to their obligations of confidentiality, honesty, loyalty and, generally speaking, to obligations of a similar nature in accordance with the Act and code of ethics of any organization or Enterprise in which Directors or Managers exercise functions at the request of the Corporation, such Directors or Managers are required to inform the Corporation of any question brought up on the agenda of a meeting of the Board of Directors of such organizations or Enterprises that may have a significant impact on the finances, reputation or operations of the Corporation. They are required to inform the Corporation within a reasonable delay and prior to any vote by Directors on such matters.

- 3.3** Directors and Managers are required to collaborate with the Chair of the Board or the Committee on questions of ethics or professional conduct whenever asked to do so.

- 3.4** In exercising their functions, Directors and Managers are required to keep their knowledge current and employ independent professional judgment in the best interests of the Corporation.

They are required to be familiar with, promote the respect of, and conform to the present Code, applicable laws and regulations, and policies, directives and rules as set forth by the Corporation. They are also required to keep themselves informed as to the economic, social and political climate in which the Corporation acts.

- 3.5** Directors and Managers are required to maintain relations with all persons and with the Corporation based on respect, cooperation and professionalism.

- 3.6** Directors and Managers shall make decisions in a manner so as to ensure and maintain the relationship of trust with clients, suppliers and partners of the Corporation, as well as with the government.

- 3.7** In exercising their functions, Directors and Managers must respect the Corporation's mission, vision and strategic directions set out in its strategic plan.

- 3.8** Directors and Managers shall not, in the performance of their duties, be impaired by the effects of alcohol, drugs, abuse of medications or any other substance.

In addition, Directors and Managers may not use cannabis or its derivatives (unless required for medical purposes) or illicit drugs while performing their duties or when representing the Corporation, nor participate in drug trafficking or distribution.

- 3.9** Directors and Managers may not, directly or indirectly, for their personal benefit or that of a Person related to them or a third party, offer any gift, invitation to an entertainment activity, donation, service, benefit or other favour that could influence the fulfilment of their roles and responsibilities or be detrimental to the Corporation's credibility.

They must also refuse any gift, hospitality or other benefit that may be offered to them in connection with activities related to their duties. The same applies to meals and tickets to social, cultural or sporting events. If such a benefit is offered to them, the Director or Manager must decline it and return it to the donor. Furthermore, for business purposes related to the Corporation's operations, the Director or Manager may agree to participate in certain events or meals after having obtained the authorization of the President and Chief Executive Officer, in the case of the Manager, and the authorization of the Chair of the Board, in the case of the Director.

- 3.10** Door prizes won by a Director or Manager must be returned to the event organizer if that Director or Manager's entry was paid for by the Corporation; guests of said Directors or Managers are subject to the same rule.
- 3.11** In carrying out their functions, Directors and Managers must seek to defend only the Corporation's interests, to the exclusion of their own or those of a third party.
- 3.12** Directors and Managers shall not undertake any obligations to third parties nor afford them any guarantees with respect to any vote that they may be called upon to participate in or any decision whatsoever that the Board may be called upon to render.
- 3.13** A vote by a Director that is in violation of the provisions of the present Code or that is lodged while the Director is in default with respect to the production of the declaration mentioned in Section 4.11 may not be considered a deciding vote.

Directors or Managers who assume responsibilities in other entities may occasionally find themselves in situations of Conflict of Interest. Whenever the present Code does not provide for the specific situation, they must determine whether their actions meet the behavioural standard that the Corporation may reasonably expect in such circumstances. They must also determine if a reasonably informed person would conclude that their interests in the other entity are liable to influence their decisions and affect their objectivity and impartiality when discharging their duties to the Corporation.

Within a reasonable delay of assuming their position, Directors and Managers are required to organize their personal affairs so as not to prejudice the exercise of their functions and avoid incompatibility or Conflict of Interest between their personal interests and the duties of their position. As applicable, they are required to take all necessary measures in order to comply with the provisions of the present Code.

Directors and Managers may not mix the Corporation's assets with their own. They may not utilize the Corporation's assets or Confidential Information received in the course of carrying out their functions for personal or third party profit. These obligations remain in effect even after they have ceased to occupy their functions.

- 3.14** Directors and Managers are bound by discretion with respect to all Confidential Information to which they are party in the exercise of their functions and are required to respect the confidential nature of information received at all times. Furthermore, Board deliberations, positions held by, and votes taken by its members are confidential.
- 3.15** Directors and Managers are required to respect any and all restrictions and apply protective measures with regard to Confidential Information as follows:
- They must only convey Confidential Information to authorized persons.
 - If they use a system of electronic mail, they must comply with all practices and directives issued or approved by the Corporation regarding the storage, use and transmission of information by this system. They must not forward Confidential Information received from the Corporation via this system to anyone.
 - They are responsible for taking measures to protect the confidentiality of information to which they have access. These measures include:
 - not allowing documents containing Confidential Information to be casually seen by third parties or unauthorized employees;
 - taking appropriate measures to ensure the physical protection of documents;
 - avoiding discussions in public that could reveal Confidential Information;
 - identifying documents that may circulate as containing Confidential Information that must be treated as such;
 - discarding any and all confidential documents using appropriate means (shredding, archiving, etc.) whenever they are no longer necessary for the execution of their mandate as Directors or Managers.

- 3.16** To ensure quality information is being communicated with respect to the Corporation's activities, no Director or Manager shall engage in any way whatsoever with representatives of the media, unless they have been expressly authorized to do so. All media requests must be forwarded to the Corporation's spokesperson.

- 3.17** Directors and Managers must pay particular attention to their comments on social media. All social media users are personally responsible for the content they publish. Therefore, any content, whether in their own name or as a representative of the Corporation, that is likely to damage the reputation of the Corporation, its Employees, or Directors and Managers constitutes a breach of the objectives of this Code. In case of doubt, Directors and Managers must abstain from publishing any comments about the Corporation.

- 3.18** While exercising their functions, Directors and Managers may not have dealings with any persons who have ceased being a Director or Manager of the Corporation for less than one year if such persons are acting on behalf of another party with respect to a procedure, negotiation or any other operation to which the Corporation is party and about which such persons possess information that is not publicly available.
- 3.19** Once no longer exercising their functions, no Director or Manager may disclose any Confidential Information received, or provide anyone with advice based on Confidential Information unavailable to the public concerning the Corporation or any other organization or Enterprise with which they had direct and substantial relations during the year preceding the date on which their functions were terminated. During the course of the 12 months following this date, they are prohibited from acting on or on behalf of others relative to any procedure, negotiation or other operation to which the Corporation is party and about which they possess Confidential Information not available to the public.
- 3.20** Directors or Managers who intend to become electoral candidates are required to inform the Chair of the Board of their intention.
- If the Chair of the Board or the President and Chief Executive Officer has such intentions, they must so inform the Secretary General of the Executive Committee.
- 3.21** In exercising their functions, Directors and Managers must make decisions independently of all partisan considerations.

4 • DUTIES AND OBLIGATIONS OF DIRECTORS AND OF MANAGERS WITH RESPECT TO CONFLICTS OF INTEREST

Prevention of conflicts of interest

- 4.1** Directors and Managers must avoid placing themselves in situations of conflict between their personal interests and their official duties, or in situations that may cast reasonable doubt as to their ability to discharge their duties with uncompromised loyalty.

Directors and Managers must avoid situations in which they or Related Persons could profit directly or indirectly from a contract signed by the Corporation or by influencing decisions taken by them in accordance with their official functions within the Corporation.

Full-time Directors or Managers of the Corporation are also required to avoid taking positions or being bound by engagements that may prevent them from fully giving their duties the time and attention that would normally be required.

Other Directors are required to ensure that they are able to devote the appropriate time and attention to the exercise of their functions reasonably required in the circumstances.

- 4.2** Directors and Managers with full-time duties within the Corporation may not possess direct or indirect interests in an organization, Enterprise or Association that create a conflict between their personal interests and the interests of the Corporation. If they do, they may be subject to dismissal. However, such dismissal shall not take place if the interest accrues through an inheritance or gift that is diligently renounced or disposed of. In the interval, Sections 4.5, 4.6, 4.8 and 4.11 shall apply.

All other Directors holding interests in an Enterprise or Association must comply with Sections 4.5, 4.6, 4.8 and 4.11. Failure to do so may make them subject to dismissal.

- 4.3** In order to be deemed independent, Directors may not:

- be or have been (during the three years preceding the date of their nomination) employed by the Corporation or be related to a person described in Section 1.o) that has been so employed;
- be employed by the government or a government agency within the meaning of Section 4 of the *Auditor General Act* (CQLR, c. V-5.01);
- have any relations as determined by the government under Section 5 of the *Act respecting the governance of state-owned enterprises*.

Upon assuming their position, and annually thereafter, Directors must declare to the Committee the existence or absence of relations described in the first and second points of the enumerated list in Section 4.3. They are also required to declare any changes to their declaration as soon as they become aware of such changes.

- 4.4** Directors and Managers of the Corporation who are also Directors or Managers of a Related Enterprise are required to be specifically authorized by the controlling shareholder or shareholders of the Enterprise to:
- hold shares, partnership equity, any other share or any other security issued by the Related Enterprise that confers voting rights or interest with respect to the Related Enterprise, or any and all options for subscription or purchase rights concerning such shares, partnership equity, securities or interests;
 - benefit from any profit-sharing plan, unless the Directors or Managers are engaged full-time within the Related Enterprise and the profit-sharing plan is directly related to the individual performance of the Directors or Managers within the Related Enterprise;
 - benefit from a retirement plan offered by the Related Enterprise if they are not full-time Directors or Managers of the Related Enterprise; or
 - benefit from any and all advantages extended in advance in case of a change in Control of the Related Enterprise.

Renunciation and abstention

- 4.5** Directors or Managers who:

- a) are party to a contract with the Corporation; or
- b) possess a direct or indirect interest in an Enterprise that is party to a contract with the Corporation, or are Directors, Managers or employees of this Enterprise;

are required to disclose the nature and scope of their interest in writing to the Chair of the Board.

The same applies for Directors or Managers who have a direct or indirect interest in matters taken up by the Board.

Directors or Managers must abstain at all times from communicating any information whatsoever regarding such contract or interest to any and all employees, Managers or Directors of the Corporation.

Directors must abstain from deliberating and voting on any matter related to such interest and avoid any attempts to influence decisions relating thereto. They must also excuse themselves from meetings for the duration of deliberations and voting on such matters. Any such exclusion must appear in the minutes of the Board meeting.

- 4.6** In the case of a Director, disclosure required under Section 4.5 must occur during the first meeting:

- a) at which the contract or matter of concern is being discussed;
- b) subsequent to when Directors with no previous interest in the contract or matter acquire such interest;
- c) subsequent to when Directors acquire an interest in an already concluded contract;
- d) subsequent to when any and all persons with an interest in the contract or matter under study become Directors.

- 4.7** Managers who are not also Directors must offer the required disclosure under Section 4.5 immediately after:

- a) having learned that the contract or matter of interest was or will be discussed during a meeting;
- b) having acquired an interest, if subsequent to the conclusion of the contract or decision involved; or
- c) having become a Manager, if subsequent to the acquisition of such interest.

Managers may not attempt to influence decisions made by Directors in any way.

- 4.8** Directors and Managers must make the disclosure required under Section 4.5 as soon as they have any knowledge of a contract that falls within the bounds of this section and that, in the normal course of the Corporation's business, does not require Director approval.

- 4.9** Sections 4.5 through 4.8 also apply to cases where such interest is held by a Person related to a Director or Manager.

- 4.10** Directors and Managers shall denounce all rights they may possess against the Corporation in writing to the Chair of the Board, indicating their nature and value, as soon as such rights come into existence or as soon as they become aware of them.

- 4.10.1** The Manager shall disclose any Contract for personal purposes he intends to make with an Enterprise he knows to be a supplier of the Corporation, in each of the following cases:

- a) If the Manager or the department to which he is attached within the Corporation has been or is in a business relationship with this supplier;
- b) If he could derive any benefit from his status as a Manager in the context of the negotiation of the Contract with this supplier;

- c) If the making of the Contract could place him in a Conflict of Interest situation; or
- d) If, in the exercise of his functions, he is in contact with representatives of this supplier.

Excluded from this disclosure obligation are the usual Contracts made with a utility company, such as electricity service or communications services (residential telephony, television or Internet), and Contracts seeking to obtain professional services.

The Manager shall make the disclosure required above in writing to the President and Chief Executive Officer before concluding the Contract with the supplier, specifying the name of the supplier concerned, the nature of the Contract and its value. However, if the Manager concerned is the President and Chief Executive Officer, the disclosure shall be made to the Chair of the Board.

4.11 Within 30 days of their nomination, and on March 31 of each year in which they remain in service, Directors and Managers must forward a declaration in the form prescribed in Appendix 2 to the Chair of the Board containing the following information:

- a) The name of any and all Enterprises in which he or a Related Person living under the same roof:
 - holds, directly or indirectly, securities or assets, including shares, specifying the nature and quantity in number and in proportion of the securities held and the value of the assets, but excluding publicly traded Enterprises for which they or a Related Person living under the same roof holds less than five percent of the securities;
 - assumes or holds a position as employee, director, manager or any analogous position; or
 - has a direct or indirect interest, in the form of a claim, right, priority, mortgage or significant financial or commercial benefit.
- b) To his knowledge, the name of any and all Enterprises in which any Related Person:
 - holds, directly or indirectly, securities or assets, including shares, specifying the nature and quantity in number and in proportion of the securities held and the value of the assets, but excluding publicly traded Enterprises for which the Related Person holds less than five percent of the securities;
 - assumes or holds a position as employee, director, manager or any analogous position; or
 - has a direct or indirect interest, in the form of a claim, right, priority, mortgage or significant financial or commercial benefit.
- c) To his knowledge, the nature of any relationship between the Enterprises contemplated in the foregoing paragraphs and the Corporation; and
- d) The name of any and all Associations in which they exercise functions or of which they are members, stipulating their functions, as applicable, as well as the purposes of the Association.

Directors or Managers to whom the provisions of Sections a) through d) do not apply are required to sign a declaration to that effect and remit it to the Chair of the Board.

Directors or Managers are also required to produce a similar declaration within 30 days of any significant change occurring to its contents.

Declarations made subject to this section shall be treated as confidential.

4.12 The Chair of the Board shall remit declarations received pursuant to the application of Sections 4.5 to 4.11 to the Secretary of the Corporation, who shall make them available to the members of the Board and of the Committee.

In addition, the Secretary of the Corporation shall notify the Chair of the Board and the Committee of any breach of obligations under Sections 4.5 to 4.11 immediately upon becoming aware of such a breach.

4.13 Directors and Managers may notify the Corporation in advance of Board of Directors discussions pertaining to specific corporations or other entities from which they wish to be excluded.

4.14 In all cases where a matter may engender a Conflict of Interest related to the function of a Director or Manager, or in the case of a corporation or entity declared by Directors or Managers under Section 4.13, the Secretary shall apply the deliberative procedures concerning conflicts of interest as prescribed in Appendix 3 of this Code.

4.15 Directors may not accept fees from the Corporation for consulting or any other similar services.

Dispensations

4.16 The present Code is not applicable to:

- a) interests held through the intermediary of mutual investment funds in whose management the Directors or Managers do not participate either directly or indirectly;
- b) interests held through the intermediary of a blind trust with no beneficiary right of review or right to know the composition of;
- c) holding the minimum number of shares required to be eligible to become a Director of a body corporate;
- d) an interest which, due to its nature and scope, is common to the population at large or to a particular sector in which Directors who do not exercise full-time functions within the Corporation or its Subsidiaries work;
- e) a liability insurance contract for Directors;
- f) shares issued or guaranteed by a government or municipality on terms that are identical for all.

5 • APPLICATION OF THE CODE

5.1 The present Code is an integral part of the professional duties of Directors and Managers.

Directors and Managers undertake to become familiar and comply with it, as well as with any directive or particular instruction that may be supplied as to its application. In addition, they must confirm their adherence to the Code each year.

In case of any doubt as to the scope or application of a provision, Directors and Managers are required to consult the Committee.

5.2 Within 30 days of the adoption of a substantive amendment of the present Code by the Board, all Directors and Managers must submit the attestation described in Appendix 4 to the Chair of the Board and the Secretary of the Corporation.

5.3 New Directors and Managers must each do the same within 30 days of their taking office.

5.4 The Associate Secretary General responsible for senior positions at the Ministère du Conseil exécutif is the competent authority for the application of the present Code with respect to the Chair of the Board and other Directors appointed by the government.

5.5 The Chair of the Board is the competent authority with respect to all Directors and Managers of the Corporation.

5.6 The Committee may, as it sees fit, provide dispensation to a Director or Manager from one or more of the provisions of the present Code if it is of the opinion that such dispensation does not prejudice the objectives of the present Code as described in Section 2.1 and that the provisions of the Act and the Regulation have been met.

The Committee designates the Secretary to assist it in this function.

5.7 The Committee may advise Directors and Managers as to the interpretation of the provisions of the present Code and their application to particular or even hypothetical cases. It is not required to limit an opinion to the terms of the request.

5.8 The Committee must:

- review the present Code on an annual basis and submit any changes for approval to the Board;
- engage and oversee the process of preparing and assessing the Code of Ethics and Rules of Professional Conduct;
- ensure that the Directors and the Managers are provided with information and training about the contents and application procedures of the present Code;
- give its opinion and offer its support to the Board (Corporation) and to any and all Directors or Managers confronted with a problem;
- handle any requests for information related to the present Code;
- investigate any irregularity with respect to the present Code on its own initiative or upon receipt of an allegation.

5.9 The Committee may consult with and receive opinions from outside advisors or experts on any matter it deems relevant.

5.10 The Committee and the competent authority concerned shall preserve the anonymity of complainants, petitioners and informers except when there exists manifest intention to the contrary. They cannot be bound to reveal information likely to identify such persons except if required by law or by a court of law.

5.11 The Secretary shall assist the Committee and the Chair of the Board in matters concerning the application of the present Code.

The Secretary shall maintain archives containing declarations, disclosures and attestations required to be submitted under the provisions of the present Code, as well as reports, decisions and advisory opinions with respect to ethics and professional conduct. Moreover, the Secretary is required to take all necessary measures to ensure the confidentiality of information supplied by Directors and Managers pursuant to the application of the present Code.

5.12 Directors or Managers who are aware of or suspect the existence of a violation of the present Code, including the use of or irregular communication of Confidential Information or an undisclosed Conflict of Interest, are required to report this to the Committee.

Such disclosure is to be made confidentially and must include the following information:

- The identity of the perpetrator or perpetrators of the violation
- A description of the violation
- The date or period of time over which the violation took place
- A copy of any documents that support the claim

5.13 Directors and Managers of the Corporation may, on their own initiative, submit a complaint against any Director or Manager to the competent authority.

5.14 In order for an appropriate decision to be taken in an emergency situation requiring rapid intervention, or in case of presumed gross negligence, the competent authority may provisionally remove Directors or Managers accused of breaches of ethics or professional conduct from their functions with remuneration.

5.15 Whenever a Director or Manager is accused of a breach of ethics or professional conduct, the Committee is responsible for gathering all pertinent information. The Committee shall report its conclusions to the appropriate competent authority and recommend any appropriate action that may be required.

5.16 Directors and Managers are not deemed to have violated the provisions of the present Code if prior favourable opinion has been obtained from the Committee under the following conditions:

- a) Notification is received prior to the occurrence of events on which it is based.
- b) The Board has been notified.
- c) All pertinent facts have been fully revealed to the Committee in an exact and complete manner.
- d) Directors or Managers have complied with all the requirements of the notification.

6 • DISCIPLINARY PROCESS

6.1 If it concludes that a violation of the Act, the Regulation, or the present Code has occurred, the competent authority may impose one of the following penalties:

- a) In the case of a Manager, any appropriate penalty up to and including dismissal
- b) In the case of a Director, reprimand, suspension without remuneration for a maximum of three months, or dismissal

Notwithstanding the preceding, when the competent authority is the Associate Secretary General as defined in Section 5.4, the penalty shall be imposed by the Secretary General of the Executive Committee. In addition, if the proposed penalty is the dismissal of a Public Administrator named or designated by the government, it may only be imposed by the latter. In that case, the Secretary General of the Executive Committee may immediately suspend the Public Administrator for a period not exceeding 30 days without remuneration.

- 6.2** The competent authority shall inform Directors or Managers of any breach of conduct with which they have been charged, as well as of the penalty that may be imposed.

Within seven days of being informed about a breach of conduct accusation, Directors or Managers may submit comments to the Committee. They may also request a Committee hearing on the matter.

- 6.3** In case of a violation as described in Section 4.2, the dismissal of the offender shall be placed on the record by competent authorities.
- 6.4** Directors and Managers are required to account for any and all profits made or benefits received due to or on the occasion of any violation of the provisions of the present Code, and they must reimburse the Corporation.
- 6.5** Any vote by Directors provided in violation of the provisions of the present Code or related to any such violation, or while the Directors are in default with respect to the production of the declaration mentioned in Section 4.11, shall not be a deciding vote.

7 • EFFECTIVE DATE

- 7.1** The present Code came into effect as of the session following its adoption by the Board.

Follow-up on the Actions Outlined in the 2023–2028 Corporate Social Responsibility Plan

FOR THE 2023–2024 FISCAL YEAR

As required under the *Sustainable Development Act*, this section outlines objectives and activities carried out in 2023–2024 with respect to our corporate social responsibility plan.

We're presenting our results to put our corporate social responsibility (CSR) efforts into perspective based on the

objectives of the Government Sustainable Development Strategy (GSDS) 2023–2028.

Our new plan, titled *Engagée pour la collectivité*, highlights the value of our contributions by presenting some of the actions our CSR process includes. It is built on four pillars:



PILLAR 1
The players:
To offer a positive gaming experience



PILLAR 2
Our staff:
To foster diversity, inclusion and wellness



PILLAR 3
The community:
To contribute to cultural and economic growth, and foster social engagement



PILLAR 4
The environment:
To reduce our environmental footprint

2023–2028 GSDS secondary objectives that our CSR plan meets:

- 5.1.1** Assess the sustainability of governmental interventions
- 5.3.4** Increase the share of standardized programs that include sustainability criteria
- 5.4.1** Increase the share of responsible acquisitions
- 5.5.1** Increase the environmental performance of governmental digital systems
- 5.6.1** Increase the sustainability of real estate and infrastructure
- 5.6.2** Expand the environmentally friendly management of construction and renovation sites
- 5.7.1** Improve the performance of State waste management
- 5.8.1** Reduce greenhouse gas (GHG) emissions of State light- and heavy-duty vehicles
- 5.8.2** Increase the modal share of active and alternative transport and public transit versus the solo use of cars by State employees



Action 1: Promote low-risk gambling habits

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
N/A	Our players' low-risk gambling habit index	New indicator	Starting value to be set	Starting values set at 66% and 62%
Further information: The low-risk gambling habit index has two components: high gambling literacy (starting value of 66%) and high pre-commitment (starting value of 62%). These components are measured using the Positive Play Scale, a well-known tool developed by researchers.				



Action 2: Showcase our responsible commercialization practices

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
N/A	Obtention of the RG Check certification for each of our casinos and gaming halls and lotoquebec.com	New indicator	1 certification	To come in 2024-2025
N/A	Renewal of the World Lottery Association Level 4 Responsible Gaming certification	Certified until Novembre 2022 Renewal process underway	Certification renewed	Certified
N/A	Recognition of our responsible commercialization efforts in the Québec community	New methodology	Starting value to be set	Starting value set at 66%
Further information: Work to obtain the RG Check certification for lotoquebec.com has already begun. Since the organization has prioritized specific major projects, the certification was postponed to 2024-2025.				



Action 3: Continue implementing health and well-being practices, sharing the responsibility with our teams

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
N/A	Percentage of hires from diverse backgrounds ²	34%	35%	37%
N/A	Continuity of the Reconnaissance Entreprise en santé level and obtention of the Entreprise en santé certification	Level 3 Reconnaissance	Level 3 Reconnaissance	Level 3 Reconnaissance

¹ Unless otherwise specified, the reference year is 2022-2023.

² This indicator shows the number of people hired during the year that belong to one of the four identified groups (visible minorities, ethnic minorities, people with disabilities, Indigenous people), not the total number of employees from diverse backgrounds, which is tracked in the Loto-Québec 2023-2026 Strategic Plan.



Action 4: Sustain the solidarity index

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
N/A	Total donations to non-profit organizations or causes	\$1.6M	\$1.7M (includes 3 500 volunteering hours)	\$2.0M (includes 3 432 volunteering hours)
N/A	Number of volunteering hours by our teams as part of the corporate volunteering program	—		



Action 5: Support industry events, festivals and stakeholders that are committed to a sustainable development process to contribute to growing and democratizing entertainment and culture

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
N/A	Number of Québec administrative regions in which the Collection Loto-Québec is present	New indicator	5	5
5.3.4	Proportion of events we sponsor affirming that our support program has helped them further integrate sustainability practices ²	Program implemented	65%	81%



Action 6: Root corporate social responsibility in the governance of major projects

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
5.1.1	Proportion of targeted major projects that underwent a sustainability evaluation	11%	50%	56%

¹ Unless otherwise specified, the reference year is 2022-2023.

² Among other things, sustainability practices involve multi-material recycling systems, natural environment protection measures, accessibility measures for people with motor impairments, waste reduction, use of local food and GHG emission reduction measures.



Action 7: Contribute to the Québec government's 37.5% GHG emissions reduction target in its 2030 Plan for a Green Economy

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
5.6.1	Reduction rate of GHG emissions linked to our buildings relative to 2009	-37%	-26%	-45%
5.8.1	Reduction rate of GHG emissions linked to fuel consumption of our light- and heavy-duty vehicles relative to 2009	-66%	-67%	-67%
Further information: GHG emissions related to our buildings' energy consumption decreased more than expected because of milder winter temperatures and limited opening hours and dining options in our casinos during a labour dispute between June and September, among other factors.				



Action 8: Improve the performance of our buildings' environmental management systems

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
5.6.1	Proportion of our buildings ² certified per BOMA BEST® version 3.0 by level	Platinum: 1/9 Gold: 6/9 Silver: 2/9	Platinum: 3/9 Gold: 4/9 Silver: 2/9	Platinum: 3/9 Gold: 4/9 Silver: 2/9
5.6.1	Proportion of our buildings ² certified per BOMA BEST® version 4.0 ³ by level	N/A	N/A	N/A
5.7.1	Number of our buildings that are <i>ICI on recycle</i> + certified and reach the Performance level at a minimum	6	7	7



Action 9: Implement a zero-waste culture in our casinos and gaming halls

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
5.7.1	Proportion of waste matter recovered relative to the overall waste matter generated in our casinos and gaming halls (actual overall reclamation rate)	50%	55%	55%

¹ Unless otherwise specified, the reference year is 2022-2023.

² BOMA BEST® certification will not be sought for the Salon de jeux de Québec as it is not located in one of our buildings.

³ The BOMA BEST® program was recently overhauled. We will present our next certification applications under the new version of the program.



Action 10: Promote active transport and public transit for commuting to and from work

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
5.8.2	Proportion of our staff's commutes to and from work via active transport or public transit, or using a different means other than driving solo	New indicator	Starting value to be set	Starting value set at 74%



Action 11: Contribute to a responsible digital transformation

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
5.5.1	Responsible digital maturity index ²	38.6%	43%	43%



Action 12: Contribute to a sustainable and responsible economy

GSDS secondary objective number	Indicator	Starting value ¹	2023-2024 target	2023-2024 result
5.4.1	Proportion of contracts involving responsible components (in number of contracts) ³	65%	65%	67%
5.4.1	Proportion of Québec produced food ⁴ in our restaurant offering	N/A	Starting value to be set	Starting value set at 38%
5.4.1 5.6.2	Proportion of construction and renovation contracts ⁵ involving responsible components (in number of contracts)	100%	100%	81%
Further information: We have identified possible solutions to incorporate responsible components across all our construction and renovation contracts over the next year.				

¹ Unless otherwise specified, the reference year is 2022-2023.

² Measure of Québec's governmental ministries and agencies' maturity with respect to environmentally friendly practices related to communication and information technologies. Sources: Académie de la transformation numérique and Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs.

³ This indicator deals with accountability in relation to section 22 of the *Act respecting contracting by public bodies*, which means, for Loto-Québec, public invitations to tender for which the information on the conclusion of the contract was entered in the electronic tendering system.

⁴ Québec food is defined as food that was cultivated, farmed or fished in Québec or food that has undergone any processing in Québec that was carried out by a company that is itself considered as a Québec company, e.g., that operates on premises located in Québec. Source: *Stratégie nationale d'achat d'aliments québécois : pour une alimentation locale dans les institutions publiques* | Government of Québec (quebec.ca).

⁵ This indicator meets a 2023-2028 Government Sustainable Development Strategy expectation specific to Loto-Québec, i.e., "Expand the environmentally friendly management of construction and renovation sites" (5.6.2). Our starting value can be explained by the fact that BOMA BEST® certification includes several requirements that must be integral to invitations to tender related to construction and renovation work and that all our buildings have been certified for several years. We will uphold these best practices while ensuring that we continuously improve our requirements and follow-up of their implementation. Methodology note: This indicator applies to invitations to tender classified under category C01 of the UNSPSC codes related to construction works. It deals with accountability in relation to section 22 of the *Act respecting contracting by public bodies*, which means, for Loto-Québec, public invitations to tender for which the information on the conclusion of the contract was entered in the electronic tendering system.

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