



2022-2023 Annual Report

# All of Québec wins!







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## Our Mission

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

## Our Vision

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# Jouer ensemble pour faire gagner le Québec.

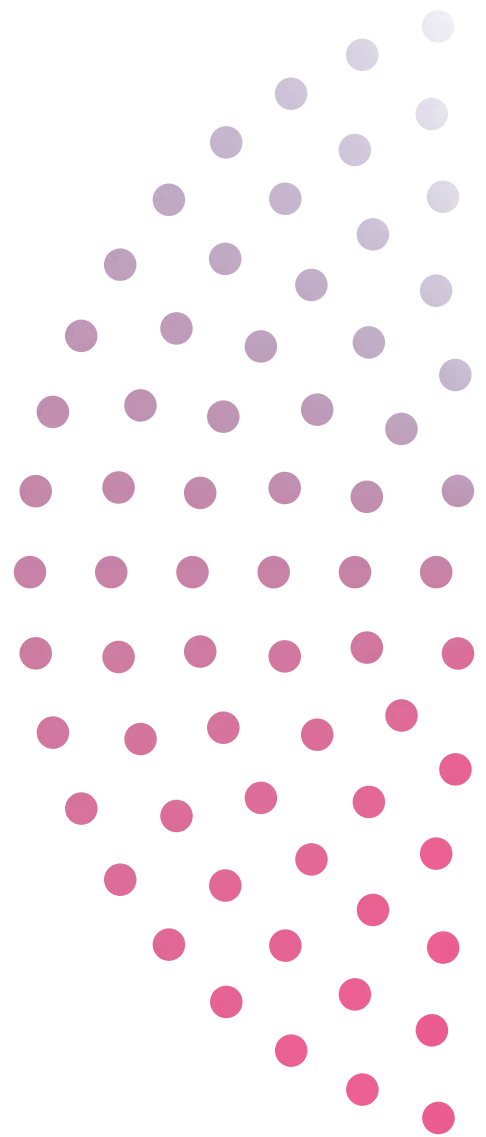
(Play together so that Québec wins.)

For over 50 years, we've been providing the people of Québec with experiences that entertain them and inspire them to dream big. And because their individual and collective well-being is at the heart of all that we do, we work to ensure that our business is conducted in a socially responsible manner, and that what we do has a positive impact on communities across Québec.

**We contribute to a better Québec not only by generating revenue for the government, but through:**

- the prizes we pay out to winners,
- our procurement from local suppliers,
- the salaries and wages we pay our employees, and
- the support we provide to the arts and culture sector and to community organizations.

**100% of our profits go back to Québec—so when the people of Québec play, we all win!**



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# Our Values

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## 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.

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# Our Contributions

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Québec wins  
several ways:

**\$1,597.0M**

Dividend  
to the Government  
of Québec

**\$1,502.7M**

Prizes awarded to lottery,  
Kinzo and network bingo  
winners

**84** newly minted  
millionaires  
and hundreds of  
thousands more winners

**\$407.5M**

Purchases from  
companies conducting  
business in Québec





**\$397.6M**

Total  
payroll

**\$342.6M**

Commissions paid  
to sales network partners

**\$151.6M**

Taxes  
to governments

**\$33.6M**

Problem gambling  
prevention

**\$19.7M**

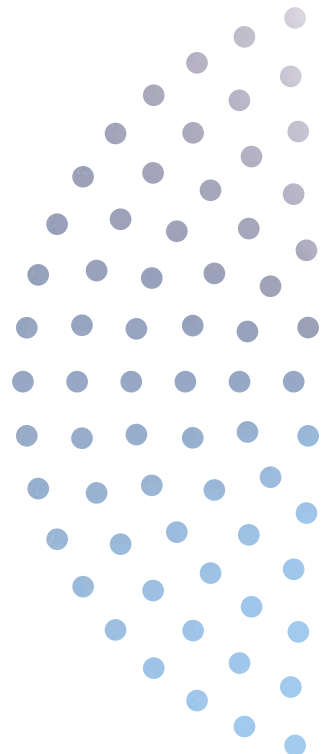
Compensation to the  
Government of Canada

**\$15.4M**

Sponsorships

**\$13.2M**

Contributions to non-profit  
organizations



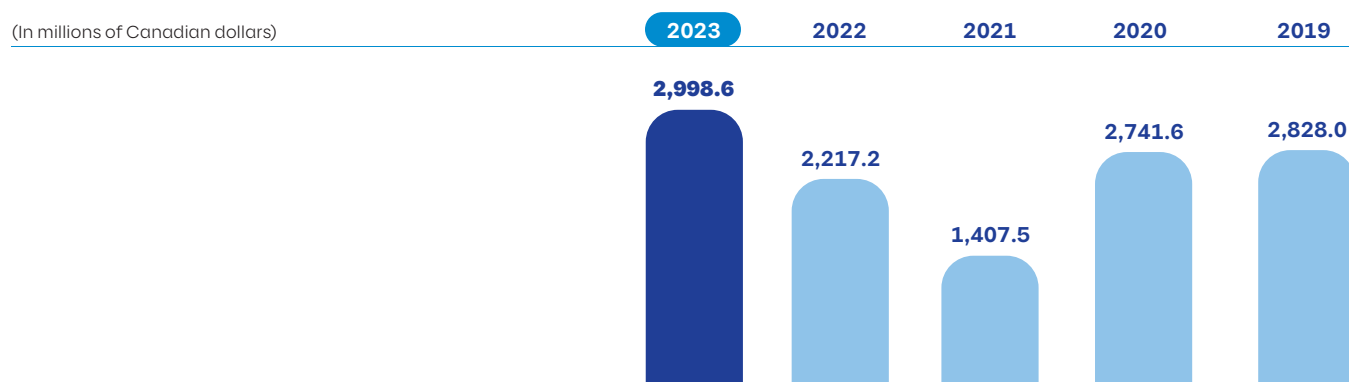
# Key Figures

AS AT MARCH 31

(In thousands of Canadian dollars)	2023	2022	\$ Variation	% Variation
<b>Total revenues</b>	<b>2,998,553</b>	<b>2,217,229</b>	<b>781,324</b>	<b>35.2</b>
Lottery	996,144	1,007,408	(11,264)	(1.1)
Casinos and gaming halls	1,101,247	657,247	444,000	67.6
Gaming establishments	922,163	560,167	361,996	64.6
Intragroup transactions	(21,001)	(7,593)	(13,408)	(176.6)
Gross margin	2,475,119	1,794,592	680,527	37.9
Total expenses	875,095	651,373	223,722	34.3
Net income	1,600,024	1,143,219	456,805	40.0
Dividend	1,597,024	1,118,219	478,805	42.8
Other amounts contributed to the Québec and Canadian governments	174,226	167,198	7,028	4.2
Total assets	1,241,347	1,033,220	208,127	20.1
Shareholders' equity	266,816	256,105	10,711	4.2

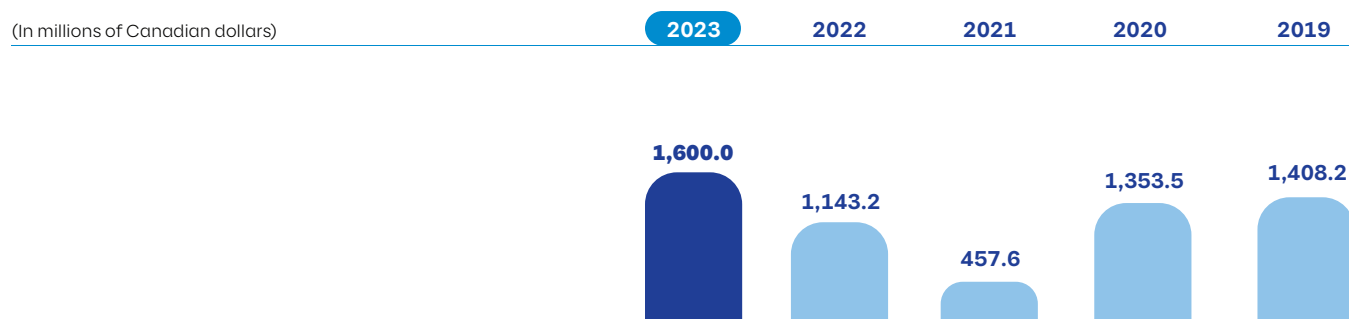
## Total revenues

(In millions of Canadian dollars)



## Net income

(In millions of Canadian dollars)





# Message from the Chair of the Board of Directors



**Loto-Québec's 2022–2023 fiscal year was truly exceptional. The corporation's activities will result in a dividend payment of \$1.597 billion to the government. This is a sizable amount that will benefit all of Québec. Not only is it a significant increase over the previous fiscal year, it is also the best result in 17 years. The Board of Directors commends this achievement; the excellent work by all teams involved made it possible.**

The Board oversaw the proper conduct of Loto-Québec's business throughout the year. It has observed first-hand a highly efficient management that made it possible to maximize the benefits to the people of Québec.

The corporation can say "mission accomplished" with respect to achieving the goals set in its 2020–2023 Strategic Plan. It has implemented projects that helped it better understand its customers and provide them with an improved experience, both on-site and online. It focused on diversifying its gaming and entertainment offerings, thereby fostering social interaction. And ever since activities resumed to their full extent, it has been able to welcome large numbers of customers at its casinos and gaming halls.

Once again, Loto-Québec's commitment to corporate social responsibility translated into major social, economic and environmental contributions. Its support of multiple festivals across Québec and of several causes and organizations, as well as its work to reduce its environmental footprint, attests to this commitment.

Responsible commercialization remained a priority for the corporation, which is constantly enhancing its responsible gambling programs and measures, so that a game remains a game. The Board proudly stands by it as it works to strengthen its positioning in this respect over the next few years.

Online gaming received particular attention given the considerable changes that consumer habits are undergoing and the noticeable presence of illegal websites. Loto-Québec, therefore, made a point of fulfilling its role as the sole provider of 100% legal online gaming in Québec.

The health and well-being of its teams was also a priority for the organization. It made sure employees were able to reach their full potential in an environment that promotes diversity and inclusion.

During the last fiscal year, the Board assisted Loto-Québec as it developed its 2023–2026 Strategic Plan. The knowledge and experience acquired over the last few years will enable it to face its challenges head-on. It will continue to adapt to the ongoing digital transformation, collaborate more closely with its stakeholders and provide a work environment that's conducive to attracting and retaining talent, all while streamlining its work processes.

## Acknowledgments

I want to thank my fellow Board members for their thoroughness and strong commitment. I also want to wish a warm welcome to our new Board member, Lyne Jobin, and recognize Hugo Delorme, whose term ended last December, for his contributions.

On behalf of the Board, I would like to also express my gratitude to Jean-François Bergeron and the entire Executive Team, as well as to all Loto-Québec employees. Thanks to your valuable work, all of Québec wins!

A handwritten signature in black ink, reading "Ann MacDonald". The signature is written in a cursive, flowing style.

**Ann MacDonald, ASC, PMP**

Chair of the Board of Directors

# Message from the President and CEO



**Our teams came together to provide Quebecers with a gaming and entertainment experience like no other, and their efforts yielded exceptional results.**

**With total revenues approaching \$3 billion and a consolidated net income of \$1.6 billion, we have every reason to be proud, as these results are our best since the *Tobacco Control Act* came into force in 2006. This achievement is all the more meaningful when you consider that 100% of what we generate goes back to Québec's community.**

These results, which exceeded our budget target, are also well ahead of the results of the previous year and the pre-pandemic results of 2019–2020. I want to emphasize that our casinos and gaming halls had a record year.

Overall, I'm very happy with the sound management of all sectors. By further streamlining our operations, we were once again able to improve our ratio of total expenses to revenues, which now sits at 29.2% compared to 33.0% in 2019–2020.

This happened to be the final year of implementing our 2020–2023 Strategic Plan and our 2021–2023 Corporate Social Responsibility Plan, and our achievements are numerous.

We paid out the largest prize in our history, over \$70 million, to a Lotto Max winner. A record prize was also won at our casinos, when a client at the Casino de Montréal won a progressive jackpot worth over \$3 million. It's a real pleasure to know that someone came to our establishment to have a good time and see a show, and leaves with a major prize.

We continued to ensure that our offering remains current and relevant to our customers. While this year saw some games get a whole new makeover—like Lotto 6/49—it also saw elements of novelty added to our classic games, such as *La Poule aux œufs d'or*, which turned 30.

Several activities were held at our casinos and gaming halls, which were met with enthusiasm by those who partook in them. Kinzo, which now has two more locations, was also a hit with customers.

We inaugurated two sportsbooks, one at the Casino du Lac-Leamy and one at the Salon de jeux de Trois Rivières, where sports fans can mingle and have fun.

And let's not forget—our gaming halls turned 15 this year! Both locations are well-established in the Quebec City and Trois-Rivières areas and generate significant benefits for these two regions.

True to our commitment to conduct our business in a socially responsible manner, we approached every decision with this in mind, and paid particular attention to our gaming website. In addition to promoting the responsible gambling tools offered on [lotoquebec.com](http://lotoquebec.com), we made a concerted effort to counter the advertising of illegal gambling websites and to inform the public that ours is the only 100% legal gaming website in Québec.

We also kept up our role as a sponsorship leader and supported some fifty festivals across Québec. To be consistent with our approach to corporate social responsibility, we now award sponsorships based on sustainability criteria, among other things.

We continued to support the visual arts and organized exhibitions featuring works from the Loto-Québec corporate art collection. One highlight was our collaboration with Bibliothèque et Archives nationales du Québec in hosting the *Vues du fleuve* exhibition.

As for our charity work, we consolidated all initiatives under our new *On gagne à redonner* Program (*Giving Back Is a Win-Win*). Among the organizations we supported—and continue to support—are the Moisson food banks, the Fondation Les Petits Rois and AlterGo. These causes are dear to our hearts and we're proud to stand with them.

It's also worth mentioning that we have made strides in our environmental sustainability efforts. The projects we carried out, including replacing a gas-fired boiler with an electric one at the Casino de Montréal, have enabled us to reduce our greenhouse gas emissions by 38.3% compared to 2009.

We're proud to provide our employees with a work environment that promotes their health and well-being. To that effect, we introduced several initiatives in 2022–2023, and these led us to receive the highest level of *Reconnaissance Entreprise en santé*.

Once again, we strengthened our ties with key players in the video game industry and in content sharing, as well as with other innovative organizations, including incubators and accelerators. Through these partnerships, we not only stay abreast of new trends but get to support homegrown talent as well.

We also finalized our 2023–2026 Strategic Plan over the past fiscal year. Our deliberations on this matter led us to develop a new vision, i.e., "*Jouer ensemble pour faire gagner le Québec*" (Play together so that Québec wins). We believe it speaks to our desire to work collectively with Quebecers towards a better Québec.

Over the next three years, we plan to diversify and enhance our products, both online and on-site; work with our stakeholders to strengthen and secure our position as a leader in responsible commercialization; make improvements to the experience we offer our teams; and simplify our operations.

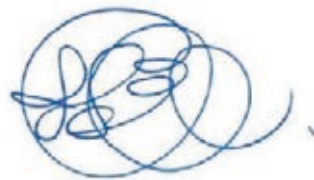
In fact, simplicity is one of our new corporate values, as are closeness, boldness, and integrity. They guide us as we carry out our mission.

## Acknowledgments

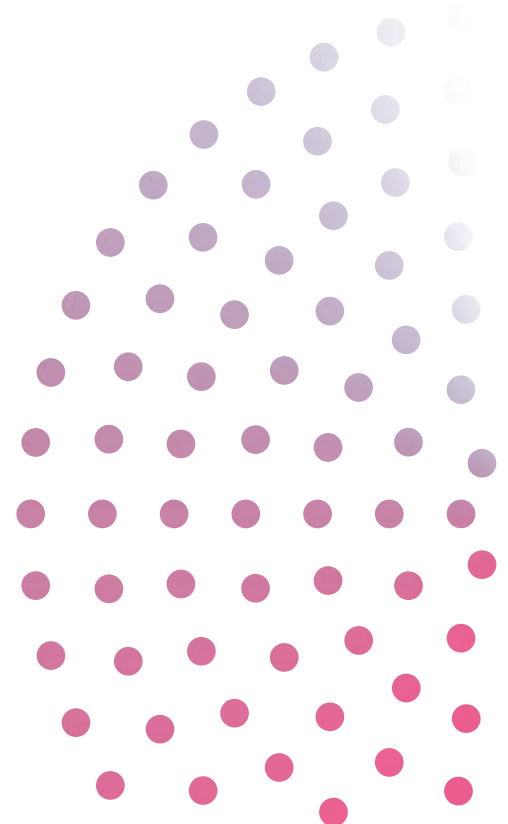
I'd first like to thank Ann MacDonald and all the members of the Board of Directors for their unwavering support. At the same time, I'd like to thank outgoing member Hugo Delorme, and welcome Lyne Jobin, who joined the Board last December.

I'm also very grateful to my fellow Executive Committee members for their precious collaboration throughout the year. I also want to take the opportunity to thank our Corporate Vice-President of Real Estate, Michel Gasse, who recently retired after 20 years of service at Loto-Québec. I want to thank him for his significant contribution to Loto-Québec.

Finally, I'd like to express my sincere gratitude to all our teams. It's thanks to your talent and dedication that we were able to achieve such great results. Let's continue to do our part to ensure Loto-Québec's growth and success! Because when we do, we all win.

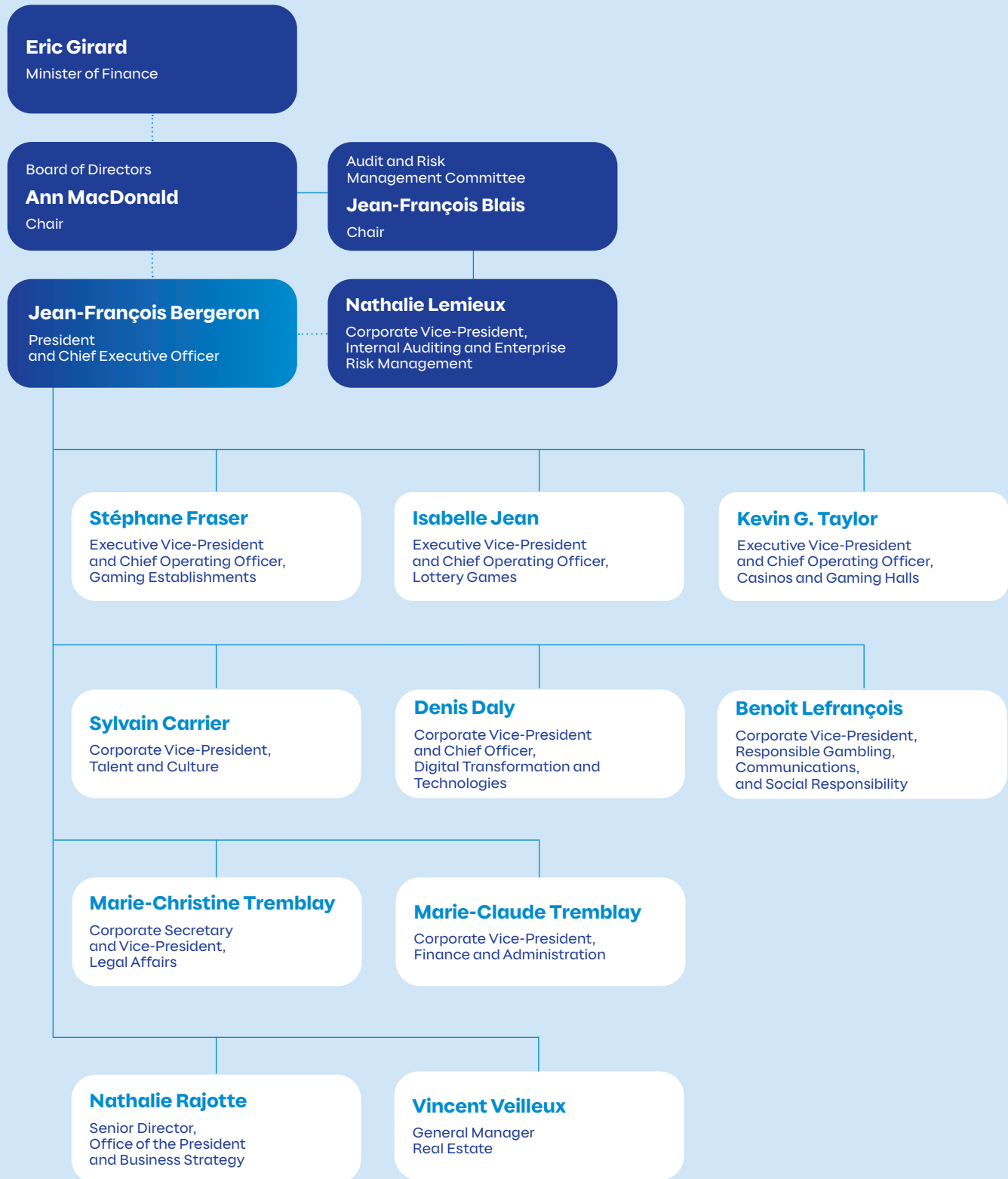


**Jean-François Bergeron**  
President and CEO



# Organizational Chart

AS OF MARCH 31, 2023



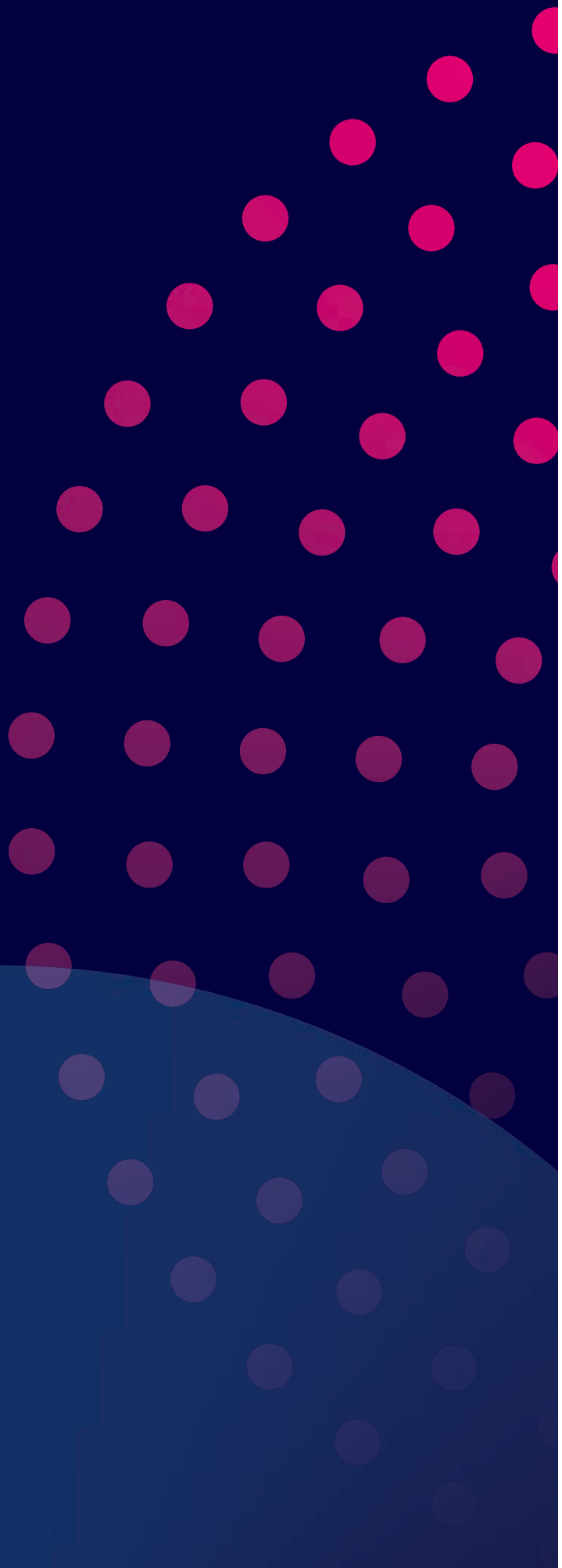
## Executive Committee

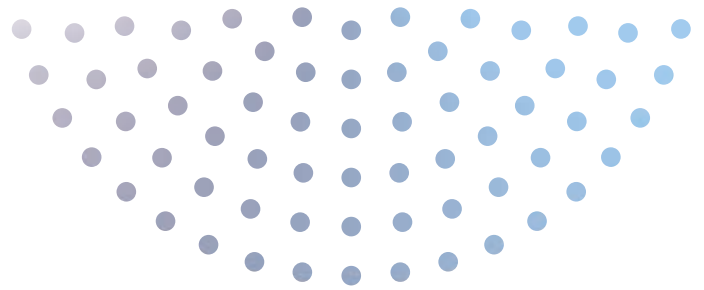
AS OF MARCH 31, 2023



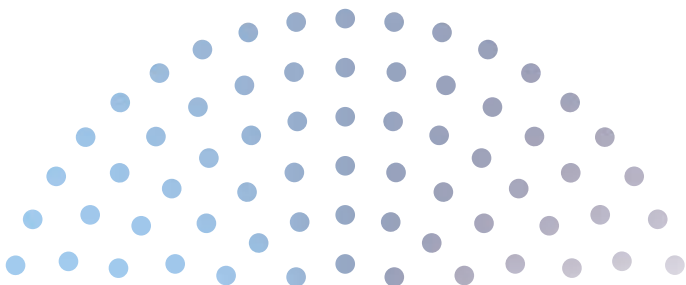
**Front row:** Kevin G. Taylor, Marie-Christine Tremblay, Jean-François Bergeron, Nathalie Lemieux and Benoit Lefrançois  
**Back row:** Stéphane Fraser, Sylvain Carrier, Marie-Claude Tremblay, Denis Daly and Isabelle Jean

# Review of Activities





**Once again, our activities generated significant benefits for Québec. This is a tremendous source of pride for our teams, who came together to provide the people of Québec with a gaming and entertainment experience like no other.**



# Provide a positive customer experience across all distribution channels

## \$1.5B

Awarded to lottery, Kinzo and network bingo winners



### Two lottery records

Thanks to the June 7 Lotto Max draw, we set not one, but two records in the first months of the fiscal year! First, due to this draw, we awarded the largest sum of money in our history, i.e., \$70,027,052. And second, this was the largest lottery payout in all of Canada.

The winner—a Montérégie resident—took home the record sum by winning the \$70M jackpot and secondary prizes. The retailer who sold him the winning ticket also had cause for celebration, as he received a 1% commission of \$700,270.

**Many prizes paid out to lottery winners!**

**107 prizes of \$1 million or more**  
**84 new millionaires**







We were thrilled to pay out several major lottery prizes during the fiscal year. Here are the top 10 biggest prizes won:

Prize	Lottery game	Draw date	Winners' place of residence
\$70,000,000	Lotto Max	June 7, 2022	Montréal
\$40,000,000	Lotto Max	December 16, 2022	Montréal and Laval
\$36,000,000	Lotto 6/49 (with a ticket purchased online)	October 29, 2022	Lanaudière
\$7,000,000	Grande Vie	January 9, 2023	Chaudière-Appalaches
\$5,000,000	Lotto 6/49	October 12, 2022	Capitale-Nationale
\$5,000,000	Lotto 6/49	October 22, 2022	Outaouais
\$3,841,273	Lotto 6/49	June 15, 2022	Capitale-Nationale
\$3,000,000	3 000 000 \$ Prestige	April 1, 2022	Lanaudière
\$2,000,000	Québec 49	June 4, 2022	Montréal
\$2,000,000	Québec Max	August 26, 2022	Estrie

## Top 10 biggest prizes won at Québec casinos during the fiscal year:

Prize	Game	Win date	Casino	Winners' place of residence
\$3,056,175	3 Card Poker	January 20, 2023	Montréal	Lanaudière
\$670,562	3 Card Poker	December 25, 2022	Charlevoix	Capitale-Nationale
\$611,939	Ultimate Texas Hold'em Poker	October 14, 2022	Montréal	Montréal
\$591,709	3 Card Poker	July 4, 2022	Montréal	Montérégie
\$484,131	3 Card Poker	July 9, 2022	Lac-Leamy	Ontario
\$375,000	Quick Hit Platinum Triple Blazing 7s	May 6, 2022	Montréal	Montérégie
\$375,000	Quick Hit Platinum Triple Blazing 7s	June 12, 2022	Montréal	Montréal
\$305,042	Monte Carlo Spin & Win Blazing 7s	September 30, 2022	Lac-Leamy	Ontario
\$279,025	Monte Carlo	June 23, 2022	Charlevoix	Capitale-Nationale
\$244,668	Buffalo Gold Collect	August 12, 2022	Montréal	Montérégie

### Record prizes won at the Casino de Montréal and online

The inter-casino progressive jackpot, which hit an all-time high of \$3,056,175, was won on January 20 by a Lanaudière resident. He was visiting the Casino de Montréal to attend the Roch Voisine show with his spouse. After a meal at the restaurant, he stopped by the gaming tables while waiting for the doors to open. It was while playing 3 Card Poker that the lucky man won the record progressive jackpot, which had been climbing since August 2019. This is the largest prize ever won at a table game at any of our casinos.

On the online casino front, the MegaJackpots series of progressive



games helped us break a new record. Between December 31 and January 15, it was won no less than four times, an unprecedented number in such a short span of time! In all, the four lucky winners, who live in the Laurentides,

Montérégie, Montréal and Capitale-Nationale regions respectively, collectively won just over \$2.2 million.

## Top 10 biggest prizes won at casino games on lotoquebec.com during the fiscal year:

Prize	Game	Win date	Winners' place of residence
\$1,408,340	Powerbucks Wheel of Fortune Exotic Far East	April 9, 2022	Montréal
\$1,301,873	Powerbucks Arctic Gems	June 5, 2022	Outaouais
\$1,127,311	Powerbucks Wheel of Fortune Hawaiian Getaway	June 21, 2022	Capitale-Nationale
\$1,015,565	MegaJackpots Siberian Storm	August 12, 2022	Lanaudière
\$763,995	MegaJackpots Ocean Belles	July 10, 2022	Montréal
\$672,014	MegaJackpots Wolf Run	January 15, 2023	Laurentides
\$660,328	Chain Reactors	December 21, 2022	Estrie
\$616,239	MegaJackpots Cleopatra	April 9, 2022	Montréal
\$585,267	MegaJackpots Wolf Run	May 22, 2022	Montréal
\$572,356	MegaJackpots Mistress of Egypt	February 26, 2023	Montréal



Winners at our casinos and online  
**55 prizes of \$100,000 or more**



# Network bingo and Kinzo: Spreading joy all around! **53 prizes of \$20,000** or more paid out

(36 network bingo prizes and 17 Kinzo prizes)

## Amazing wins for network bingo and Kinzo players

This year also held some wonderful surprises for our network bingo and Kinzo players, who got to experience amazing wins.

The network bingo wins were especially great due in large part to the game's pull-tab progressive jackpot tickets! They proved to be very popular, so much that of the 10 biggest prizes that have been awarded since their arrival at bingo halls in 2015, 7 of these were awarded just this year alone.

In terms of the largest prizes awarded at network bingo during the year, four amounted to \$50,000 and the other eight amounted to \$35,000.





## Lottery games: New way to play, new promotion, and more chances to win

We kicked off the year with a new way to play and a new promotion, both of which were met with resounding success.

Fans of group play benefited from the launch of *Formule super groupe* in April. We offer this new way to play as a group with the same lottery games as *Formule groupe*: Lotto Max, Québec Max, Lotto 6/49, Québec 49 and Extra. It benefits retailers and customers alike. The latter:

- can join bigger groups (with 21 to 100 shares), and
- as a result, have more chances to win a prize.

A record number of winners won shares of the \$1,000,000 Québec Max prize in the November 29 draw. The ticket, sold under *Formule super groupe*, featured 100 shares that were purchased in 14 regions across Québec.

Since August 1, draw-based lottery ticket holders have also been able to take part in our *2nd Chance* Promotion every month. Those who buy tickets in-store just have to enter the online promotion to get a second chance at a prize, while those who buy tickets online are automatically entered with their tickets that qualify. This type of promotion—which initially was only offered with *Célébration* and at times with *Grande Vie*—has been a hit with lottery players. Over the fiscal year, close to 700,000 individuals entered our monthly *2nd Chance* Promotions, and through these we awarded a total of \$400,000 in prizes.

## A more user-friendly online platform that offers more games and more experiences

During the year, lotoquebec.com surpassed 1,000 games. Not only is it the only 100% legal casino game and sports betting website in Québec, but it also provides players with the tools to make the gaming experience both fun and responsible.



A new feature on our gaming website is that players can now play a real slot machine live from the Casino de Montréal. All they have to do, online, is activate one of the 20 slot machines located in a reserved area of the casino and play as if they were there. This innovative technology has enabled us to push our plans to offer games that are halfway between real and virtual further; these plans started taking shape in the previous fiscal year with the launch of live roulette and live baccarat.

We also revamped and improved the Casino section of lotoquebec.com. Thanks to its streamlined design—which is now better suited to smartphones—navigating through the section is now simpler and makes it easier for players to find and discover games. Furthermore, since games are now grouped into collections by theme and other criteria, it's easier for players to find other related games they might like.



### Two new sportsbooks at our gaming locations

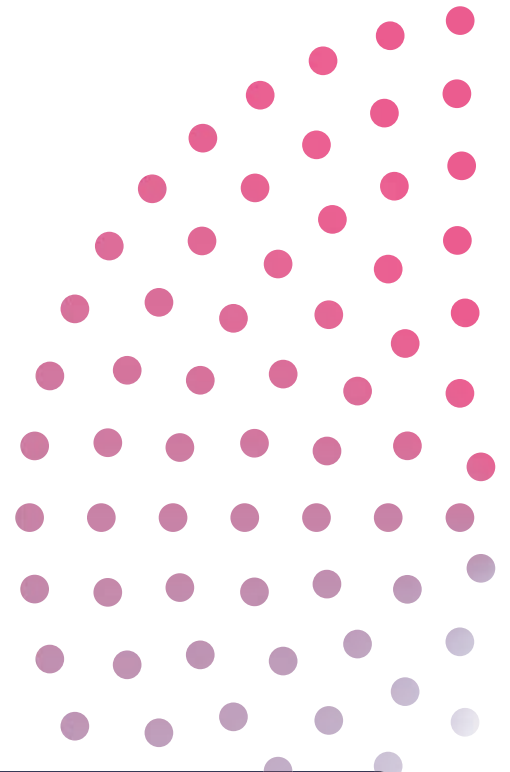
Mise-o-jeu has officially arrived at the Casino du Lac-Leamy and the Salon de jeux de Trois-Rivières. Sports fans can now meet up at these two sportsbooks to enjoy a drink, watch a wide variety of sporting events on giant screens and place bets on-site (even live bets).

### New lottery terminals on the way

Our project to replace the 8,000 or so lottery terminals in our network, which were installed at lottery retail locations some ten years ago and have reached the end of their useful life, is well underway. A call for tenders was launched during the year. This promising project will enable us to modernize our terminals and the related equipment.

### Anniversaries

Last fall, our gaming halls celebrated an important milestone. Both locations celebrated their 15-year anniversary—the Salon de jeux de Trois-Rivières turned 15 on October 27 and the Salon de jeux de Québec turned 15 on December 6. Over the years, thanks to the dedication and creative genius of their teams, these two gaming halls have succeeded in establishing themselves not only as modern, social entertainment venues, but also as important economic players in their respective regions.



# Offer gaming and entertainment options that meet customers' expectations



## Introducing the all-new Lotto 6/49!

In 2022, one of our hit lottery games was given a makeover. Since September, Lotto 6/49 has been offering two multi-million-dollar jackpots in each draw! Players across the country now have a chance to win either the Classic Jackpot, which is set at \$5M, or the Gold Ball Jackpot, which starts at \$10M and can increase to just over \$60M. The very first Gold Ball Jackpot was won right here in Québec on October 29. We had the pleasure of awarding \$36M to a Lanaudière resident who won with a ticket he purchased on [lotoquebec.com](http://lotoquebec.com).

## Scratch tickets for every occasion and every taste

Scratch tickets from our permanent collection, such as *Gagnant à vie* and *Mots cachés*, were once again player favourites. Among our limited-edition tickets, *Méga 360* was the one that generated the most sales. Our new releases also achieved considerable success. Here are just a few of the tickets that we brought to market during the year.

### During the summer months

- *Expérience VR* (designed in partnership with Sépaq and VR St-Cyr)
- *Passion pagaie* (designed in partnership with La Vague SUP)
- *Carnet de vacances*









### During the winter holidays

- *Richesses des fêtes* (also sold online)
- *Calendrier de l'avent*
- *Cadeau surprise*
- *7 chanceux* (also sold online)
- *Mots cachés édition des fêtes* (also sold online)
- *Bingo édition des fêtes*

Of course, *Célébration* was again part of the holiday tradition. What's more, for the first time in three years, the long-awaited gala was held in person at the Théâtre du Casino du Lac-Leamy. Hosted by Sébastien Benoit, Gregory Charles and Véronic DiCaire, the event wowed 40 contestants and drew 1,290,000 TV viewers. The \$1 million grand prize was won live on TV by a resident of Ormstown, Montérégie.

### Lottery game shows

Sébastien Benoit and Julie Houle were back to host a brand-new season of *La Poule aux œufs d'or*, and it wasn't just any ordinary season! The Québec game show celebrated its 30th anniversary and had plenty of surprises in store for its loyal viewers. To mark the anniversary, bonus draws were held throughout the season, and an anniversary special aired on April 30.

In April 2022, the *Roue de fortune chez vous!* show hit the road again! Over the course of its 34th season, the show's host Anick Dumontet was there to cheer on all 58 winners as they spun the wheel and collectively won \$4.4 million.

### New this past winter

In January, our *Boréal* scratch ticket—which celebrates Québec wildlife—hit stores. We were able to offer an unprecedented 30 unique ticket designs for a single game, all thanks to a new digital printing technology! The striking photos of Québec wildlife were taken by Jean-Simon Bégin, an internationally renowned Québec wildlife photographer.

### Online scratch tickets

During the fiscal year, we expanded our range of brick-and-click games with the launch of five online scratch games:

- *Expérience VR*
- *Méga Boni*
- *Loto-o-suivant*
- *777*
- *Gagnant à vie* (a new and improved \$5 version)

This was our way of putting a new twist on some old favourites. As for our *Expérience VR* scratch ticket, we launched it both in-store and online at the same time—a first. Designed entirely in-house, the instant game featured sounds and animated graphics that provided customers with an entirely different play experience.



**Exclusive to December 31: Entry to the Montréal and Lac-Leamy casinos was limited to holders of a New Year's Eve ticket. Everyone who attended had ample space to fully enjoy a seamless and delightful New Year's Eve celebration.**

### Multi-player scratch games

Following the release of our first two-player scratch game, Battleship™, two new multi-player scratch games were added to our roster: Monopoly™ and Yum™. Based on the original board games of the same name, they provided their players with a fun, extended play experience.



### Gagnant à vie slot machines make a big comeback

Last December, much to the delight of our casino and gaming hall customers, we brought back our hit *Gagnant à vie* slot machines. Just like with the scratch ticket and instant game of the same name, these slot machines offer players the chance to win either a lump sum prize of \$1 million or a lifetime annuity of \$1,000 a week for life!

### A new interactive experience at our gaming halls

In August, the Salon de jeux de Trois-Rivières welcomed a new addition: the Zone, an area featuring multi-gaming stations and live entertainment.

Launched at our casinos a few years ago, the Zone is best known for providing players with a unique entertainment experience, thanks to multimedia technology, energetic hosts, and the social interaction it begets.

### Guaranteed fun at our casinos and gaming halls

We're committed to ensuring that our customers have a good time at our gaming locations all year long. To this end, our casinos and gaming halls offered a wide range of activities once again:

- The *Un été gourmand* lineup, which featured BBQs, full moon parties and campfire song nights on the grounds of Fairmont Le Manoir Richelieu and the Casino de Charlevoix
- *Les Fées*, a giant funfair that attracted some 10,000 visitors to the same site in August and September
- Free ComediHa! Club shows at the Casino de Montréal and Salon de jeux de Trois-Rivières
- The *C'est country* Promotion at Québec gaming halls, which offered over \$20,000 in prizes, including one \$10,000 grand prize
- Live entertainment featuring DJs and bands, including at Bar 21 and Club Aléa, both of which reopened this fall after being temporarily closed for two and a half years
- A special holiday lineup of shows at the Cabaret du Casino de Montréal and Théâtre du Casino du Lac-Leamy
- Festive accessories, sparkling wine and cocktails on the night of December 31 and during the countdown to midnight
- Valentine's Day-themed nights, featuring special menus for two at our restaurants, a pretend Las Vegas-inspired wedding chapel at our casinos in Montréal and Lac-Leamy where guests could say "I do" just for fun, and a 'singles' activity at our gaming halls





## Exciting news in sports betting

Last year, Mise-o-jeu had a face lift with an all-new publicity tagline, *Partage la victoire*, which was a nod to the collective enthusiasm for sports. The striking, emotionally charged advertising campaign that was launched concurrently gave us a competitive edge. Mise-o-jeu's most recent advertising campaign continued to build on that success. In addition to showcasing its local flair and the full range of legal betting options it provides, the campaign put sports fans in the spotlight, right at the heart of the action.

## Mise-o-jeu scores its first touchdowns at our gaming locations

On February 12, the Casino du Lac-Leamy and the Salon de jeux de Trois-Rivières were transformed into stadiums for the Super Bowl, one of the most popular sports betting events. Photo booths, cheerleaders,

themed characters, a food truck and a skills-based game all came together to make the event a success. The game was streamed live on giant screens that evening.

On March 23, the hosts of the *La Poche Bleue* podcast Guillaume Latendresse and Maxim Lapierre came to the Casino du Lac-Leamy sportsbook to meet guests and answer their questions during a live stream of a Canadiens game.

## Two new Kinzo halls

Since July 25, a new Kinzo venue on boulevard Roland-Therrien has provided an opportunity for residents of Longueuil and its surrounding areas to reconnect with the game. Kinzo also opened a new hall in a brand-new building in Sherbrooke on August 3. These two new halls, both of which are located next to a bingo hall, can each accommodate up to 72 players.

## Kinzo set new records

The Fridays between March 3 and 17 drew a lot of players to our Kinzo halls. There was a lot of excitement surrounding the *Tripple en mars* Promotion, during which players could win 3X as much in the 15/15 game. As a matter of fact, customers were so enthusiastic about the promo that the latter shattered several attendance records.

Kinzo halls also wrapped up 2022 with a bang. For the first time in two years, the halls held a special New Year's Eve promotion, *Cocktail et paillettes*, which offered \$30,000 in prizes.

## The Théâtre du Casino du Lac-Leamy partners with GesteV

This fall, GesteV was entrusted with the Théâtre du Casino du Lac-Leamy's lineup of shows. The major event promoter now organizes large-scale shows there, as it has been doing at the Cabaret du Casino de Montréal for nearly two years. Gregory Charles, Joe Bocan, Marie Denise Pelletier, Marie Carmen, Michel Fugain and Sylvain Cossette are just some of the performers who graced the Théâtre du Casino du Lac-Leamy's stage. The fall season is set to kick off with shows paying tribute to legendary female rockers and the influential Everly Brothers.





### An exclusive St-Hubert brand at the Casino de Charlevoix

Throughout the year, the St-Hubert signé Casino brand was gradually rolled out at the Casino de Charlevoix's St-Hubert restaurant. To better meet the demands and needs of its ever-growing clientele, the brand is focused on providing:

- Fast and friendly service
- Generous, one-of-a-kind combos
- An inviting, modern environment

The Rôtisserie St-Hubert in Charlevoix sets itself apart from other rotisseries by offering exclusive dishes and cocktails and by hosting the popular Rendez-vous St-Hubert events on Friday and Saturday nights. The complementary aspect of the Hôtel-Casino de Charlevoix's restaurant offering is further emphasized by the new brand.

### Our casino ads

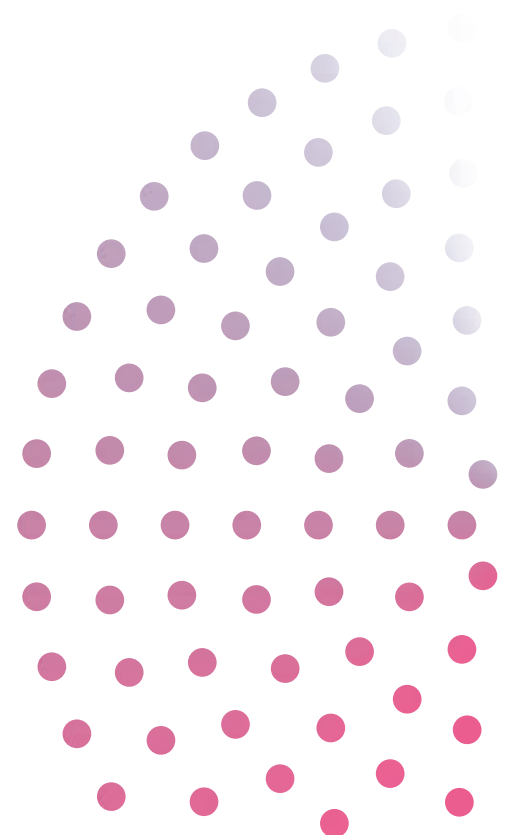
During the spring, our *Le plaisir des sens* ad campaign highlighted the unparalleled experience that our casinos provide, as well as the vast range of amenities we offer—i.e., hotels, restaurants, games, bars, and live shows—by appealing directly to the viewers' senses.

Soon after, *We're All Play* showcased our casinos in a fresh and exciting way. Through playful and unexpected imagery, it depicted all the fun and entertainment our gaming locations offer.

This winter, the Hôtel-Casino de Charlevoix was front and centre in an ad campaign showcasing its accommodation and entertainment options and the region's attractions. A golf course, restaurants, bars, swimming pools and a spa, casino games, nature and the great outdoors—we proved just how special and satisfying a stay at the resort can be.

### Our ads take home gold, silver and bronze

In June, we took top honours at the *Idéa Awards*, which recognizes the best projects coming out of Québec's advertising and marketing industry. Our ads for Lotto 6/49, Lotto Max, Loto-o-suivant and Mise-o-jeu+ earned us a total of 11 awards: 1 Gold, 3 Silver and 7 Bronze. This great collection of awards—in large part due to the efforts of a team passionate about creating compelling ads—once again made us one of the most awarded advertisers in Québec.



# Actively contribute to the community—socially, economically and environmentally

**\$1.6B**  
in dividends

**\$13.2M**  
to NPOs

**\$12.2M**  
to *Les rendez-vous*  
*Loto-Québec*

## Winning contributions for Québec

Our activities generate significant spin-offs across Québec, and we couldn't be any prouder! Whether it's through our sponsorship program, our support of many causes and non-profit organizations (NPOs), our steps to reduce our environmental footprint or our art collection, giving back to the community is important to us. And responsible gambling is right at the heart of our corporate social responsibility approach.

A follow-up report on the actions outlined in our 2021–2023 Corporate Social Responsibility Plan is on page 120. The *Engagée pour la collectivité!* plan is based on four pillars: players, the environment, our staff and the community.

## A responsible approach to gambling management...

We're aware of the sensitive nature of games of chance, and we make sure to manage them responsibly so that a game remains a game. Not only do we offer Quebecers a trustworthy, entertaining and secure gambling environment, we also strive every day to implement recognized responsible gambling practices and see to it that we continuously improve them.

## ... And to online gambling

Online gambling grew significantly over the last few years, and the pandemic certainly had much to do with that growth. We've undertaken various actions in response to illegal competitors' presence to ensure that we fulfil our role as the sole provider of 100% legal games of chance in Québec, both at our locations and online.

The *100% Legal* campaign continued in that spirit, reinforcing the point that [lotoquebec.com](http://lotoquebec.com) is the only completely legal website for casino games and sports betting in Québec. The phase of the campaign that we rolled out last spring emphasized our website's legal aspect. The one that we rolled out in the fall focused on its local aspect by highlighting the fact that our website is managed by Quebecers, for Quebecers, and that all its spin-offs benefit the Québec community. We also used this campaign as a reminder that we offer our players the tools that help them have a fun and responsible gambling experience.

GROSSE SCÈNE



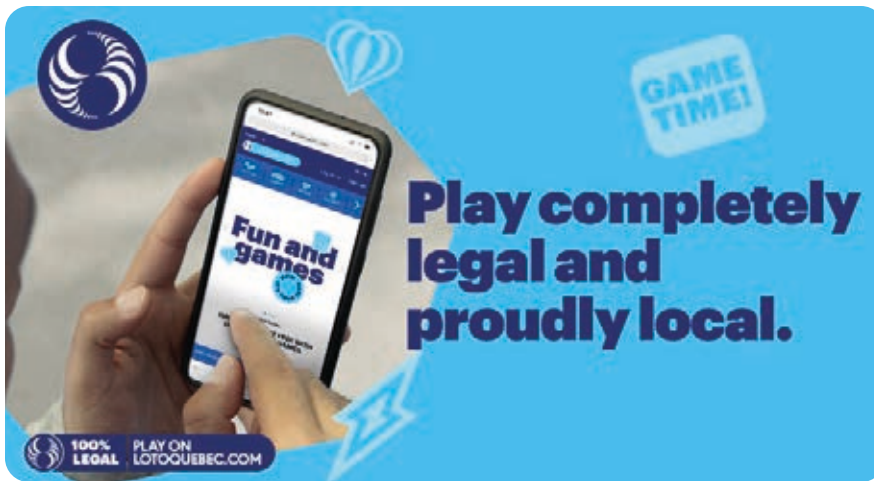
LOTO  
QUÉBEC

Santa  
Teresa

COLLABORATION AVEC

(SiriusXM))





## \$33.6M to prevent problem gambling

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

For our website to take its rightful place, we have to make a point of informing people about its advantages over illegal websites. Many think that playing on these websites is legal, especially because they were highly visible during the pandemic and because of their association with celebrities. So, it's important to set the record straight. In fact, we've signed exclusive agreements with media and sports teams to counter these illegal websites' ever-increasing advertising.

### Driving out confusion with information

Results from an Ad hoc Research survey in December 2022 show that 72% of Québec adults agree with the statement that "Loto-Québec is the sole operator of casino games and sports betting websites on which betting money in Québec is legal." This is a major improvement, given that only 64% of responders agreed with the statement in February 2022.

### So that a game remains a game - A few tools

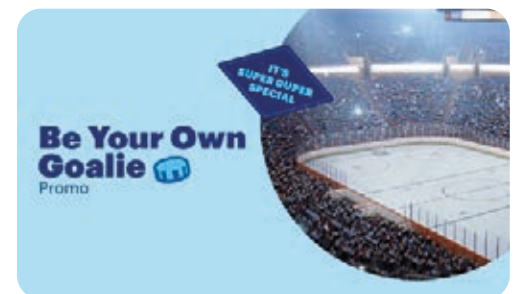
We've promoted the responsible gambling tools available on lotoquebec.com to encourage safe gambling habits.

- In the spring and in the fall, the *Play Without Going Overboard* Promotion aimed at encouraging players on lotoquebec.com to voluntarily set time and budget limits.
- *Gardien de votre jeu*, the first promotional initiative for both online gambling and *Mise-o-jeu*, debuted in February and encouraged players to set gambling limits. Participants had the chance to win a prize pack that included tickets to a Canadiens game. Moreover, a *Mise-o-jeu* advertising campaign aired on RDS and TVA Sports and included messages on responsible gambling such as "*Mise-o-jeu qui doit rester un jeu*" and "*Mise-o-rythme de ton choix*."

As the holiday season drew nearer, we joined forces once again with some sixty lottery corporations to remind everyone that lottery games are for adults only.

### Combining information and awareness-raising

We've brought the *Bien joué!* area (formerly known as the *Centre du hasard* information kiosks) and the Base together in one spot at all four casinos and both gaming halls. Since both areas' missions are complementary—the first aims at demystifying chance and educating players about responsible gambling practices, and the second, to help them better understand how slot machines work—it was only logical to have them both in the same space.



### Training our employees and retailers

Our staff take mandatory training courses on responsible gambling, as do the retailers who sell our products. We've continued visiting retailers to make sure the rules of responsible commercialization were followed. We made 2,059 compliance visits within



the lottery network, including 933 mystery-shopper visits. These are mostly intended to reinforce the fact that selling lottery tickets to minors is prohibited. As for video lottery, we visited 8,313 establishments, for an average of 6.22 visits per establishment.

### Collaborators worth mentioning

We collaborate closely with the research and health fields and with other lottery corporations in Canada and abroad. This way, we can both contribute to advancing best practices in responsible commercialization and gambling and continue to lead in this regard.

One example is our contribution to a promising research project at the Université de Sherbrooke and with the renowned researcher-professor Dr. Magaly Brodeur. This two-year project draws on behavioural economics to increase the use of tools available to online players, especially the voluntary limits of time and loss, with nudges that encourage players to change their behaviours and to make certain choices non-bindingly. They have a great deal of potential in the field of addiction and, particularly, in that of games of chance.

Another promising project involves the implementation of an algorithm that can identify problem and at-risk gambling habits in online players. This tool will help us identify, in a timely fashion, the gambling practices that are likely to entail negative consequences for players and to direct them, if needed, toward appropriate resources—in partnership with the health and social services network.

Moreover, one of our employees from the Responsible Gambling Department, Isabelle Martin, has been appointed Chair of the



## Les rendez-vous Loto-Québec: Over 50 festivals bringing us together in all 17 regions of the province.

Canadian Responsible Gambling Association (CRGA). The CRGA was set up to establish Canada's leadership in responsible gambling and aims at promoting the integration of responsible commercialization and gambling principles into the commercial practices of state corporations of games of chance across Canada.

### Providing leadership as a sponsor in Québec

We're proud to contribute to the happiness thousands of festivalgoers share, while at the same time, having a positive impact on the community, the economy and the environment. Ours is one of the most important sponsorship programs in Québec. We have been supporting event organizers as they implement continuous improvement approaches in terms of corporate social responsibility for several years now. And we took things a step further last year when we added

the ecoconditionality principle, which means that corporate social responsibility is one of the criteria we use when selecting events.

An advertising campaign showed that *Les rendez-vous Loto-Québec* are the perfect opportunity to support communities, foster our local culture, showcase local artists and craftspeople, and contribute to the success of festivals across Québec.

Even though most of the *Les rendez-vous Loto-Québec* Program events take place during the summer, four of them gave visitors the chance to fully enjoy the cold season.



## Sponsorships that showcase diversity and inclusion

Last August, we were happy to take part in Ottawa's Pride Parade for the first time. Many of our team members and their guests attended this fun and festive event to celebrate and support diversity and inclusion.



The Loto-Québec Bursary Program, which is managed by the Fondation de l'athlète d'excellence du Québec, has been recognizing the achievements of athletes with a physical or sensory limitation for several years now. We've awarded \$41,000 in bursaries to 14 inspiring athletes during the fiscal year. As its partner since 1993, we've also continued supporting the Défi sportif AlterGo, which is the largest multisport event in Canada and the only one to bring together up-and-coming and elite athletes with a functional limitation. We sponsored the Loto-Québec Trial Zone.

The *Les Vivats* Gala took place last October 25, rewarding events that made it a point of reducing their environmental footprint and improving their social and economic impact. We were proud to see two of our *Rendez-vous Loto-Québec*, the *FestiVoix de Trois-Rivières* and the *Festival international Nuits d'Afrique*, being recognized.

## Supporting talent, entertainment and local buying in Québec

Our commitment to supporting local talent and up-and-coming artists is reflected in the partnerships we have established with six very popular TV shows.

- *Zénith* : This show featured the Hôtel-Casino de Charlevoix and gave viewers the chance to win a Loto-Québec-branded experience in this one-of-a-kind resort.
- *La Voix* : We created messages of encouragement for contestants and offered a prize to winner Sophie Grenier, who will be invited to sing at the next *Célébration* Gala.
- *Sortez-moi d'ici!* : We aired some funny ads that compared the challenges that contestants in this reality TV show faced with the luxury lives of Lotto Max winners.
- *Locavores* : Through content published on Radio-Canada's *ICI*, *L'ACHAT LOCAL*, we've been able to show that our casinos not only



The #momentchanceux (lucky breaks) squad handed out surprises to festivalgoers throughout the year.

contribute socially, culturally and economically to the regions where they are located, but they also evolve with them.

- 2022 ADISQ Gala: For our first collaboration with ADISQ, we were a presenting sponsor for both the gala and the *Révélation de l'année* (Newcomer of the Year) category.

- 2023 *Les Oliviers* Gala: We created ads with partner Radio-Canada and presented the *Découverte de l'année* (Breakthrough Artist of the Year) category.

## Loto-Québec and Mise-o-jeu - More present than ever on the sports scene

We have partnership agreements with some twenty sports organizations and events, including:

- The Montréal Canadiens
- The National Bank Open (tennis)
- The Montreal Alouettes
- The Laval Rocket
- The Trois-Rivières Lions
- The Grand Prix de Trois-Rivières
- The Force, Montréal's new women's pro hockey team
- The Alliance, Montréal's new men's pro basketball team

We reached out to tennis fans at the National Bank Open. They could make their way to the Zone Loto-Québec, which hosted the main stage and a patio with several activities. A kiosk sporting the Mise-o-jeu colours gave visitors the opportunity to take part in a tennis match simulation.



Marie Grégoire, CEO of BANQ, Jean-François Bergeron, President and CEO of Loto-Québec, Manon Barbeau and Anais Barbeau-Lavalette, guest curators, at the opening of the *Vues du fleuve* exhibition

During the Grand Prix du Canada weekend, we were the main presenter of the Crescent Street Grand Prix Festival, through Mise-o-jeu. Festivalgoers had the chance to put their driving skills to the test on a racing simulator.

## The Collection Loto-Québec is still thriving

The Collection Loto-Québec, which is over 40 years old, is one of the largest corporate art collections

in Québec. It contains nearly 5,000 works by over 1,200 Québec artists. The many initiatives that showcase its works and its artists, and the partnerships that were established to support Québec's visual arts and up-and-coming artists, keep it as vibrant as ever.



Collection Loto-Québec initiative	Region
The <i>Les pays intérieurs - Nutshimit</i> exhibition at the Musée régional de la Côte-Nord, in Sept-Îles, took place from June 18 to October 2, 2022, and featured works from our collection curated by guest curators Naomi Fontaine and Charles Binamé, with texts adapted in Innu-Aimun by Joséphine Bacon.	Côte-Nord
We presented a purchase award as part of the <i>L'art en cadeau</i> competition and showed some fifteen works from our collection at the Papier contemporary art fair at the Port of Montreal's Grand Quay, from August 26 to 28, 2022.	Montréal
Jean-Michel Leclerc's <i>Nouvelles occupations</i> exhibition at Frelighsburg's Bishop Stewart Memorial church took place from August 27 to October 30, 2022, and featured original works that echo pieces from our collection.	Estrie
We presented the #jecollectionne purchase award as part of the <i>Artch</i> outdoor exhibition that took place downtown Montréal from September 15 to 25, 2022, and a scholarship program for young artists.	Montréal
We took part in the <i>Parle-moi d'amour</i> exhibition and auction, organized by Les Impatients at the Université du Québec à Montréal, from September 15 to 29, 2022.	Montréal
We partnered with the <i>Mission photographique Charlevoix</i> exhibition at the Musée de Charlevoix in La Malbaie, from September 23, 2022, to April 30, 2023.	Capitale-Nationale
From September 30 to October 23, 2022, the <i>La nature nous habite</i> exhibition at the Galerie d'art du Centre sportif Mégantic, in Lac-Mégantic, featured some thirty works from our collection curated by guest curator Laure Waridel.	Estrie
We partnered with the Les Arts et la Ville network to present the <i>Constellation; s'offrir l'inconnu</i> forum at the Centre sportif Mégantic, in Lac-Mégantic, from October 19 to 21, 2022.	Estrie
We presented the <i>Vues du fleuve</i> exhibition in partnership with Bibliothèque et Archives nationales du Québec (BANQ) at the Grande Bibliothèque, from January 30 to June 4, 2023. It featured 36 prints, common to both our collection and the BANQ's, which were curated by guest curators Manon Barbeau and Anaïs Barbeau-Lavalette.	Montréal
We took part in the <i>Parle-moi d'amour</i> exhibition and auction, organized by Les Impatients in Repentigny, from February 2 to 12, 2023.	Lanaudière

## Loto-Québec and Les Impatients - A love affair

We have long been partners of Les Impatients, an organization that uses artistic expression to help people with mental health issues. From February 13 to 16, 2023, we lent them our 33 giant billboards so they could share messages inviting Quebecers to speak of love. And on February 14, we supported the cause through an event at our head office, during which we invited our staff to take a break and share a message of love.





**Giving back  
is a win-win**  
Loto Québec

### **Program launch *Giving Back Is a Win-Win***

Our new *Giving Back Is a Win-Win* Program is an umbrella for our social responsibility activities that support causes or NPOs. And since generosity is part of Loto-Québec's DNA, there are many!

### **A lottery that pays it forward**

At the end of September, we launched the second edition of our charitable lottery game, *Loto-o-suivant*. Local causes received a total of \$500,000 thanks to this scratch ticket, from which we make no profit.

### **\$2 for each prize claimed**

Since April 1, 2022, for every prize claimed at our locations, we give \$2 to two organizations that are dear to our hearts: the Fondation Les Petits Rois and AlterGo. We've also installed donation boxes at our prize claim offices so that visitors can donate to these causes as well, and we match the amount thus raised. In total, \$76,000 was paid to each of these two organizations during the fiscal year.

### **Retailers with big hearts**

We launched the *Détaillants de cœur* initiative to celebrate the generosity of our lottery and video lottery retailers, who are major players in the local economy. Last November, retailers had the opportunity to submit an application on behalf of an organization they support, thereby giving it the chance to win \$5,000. A total of \$135,000 was thus given to charitable organizations.

## **Over \$1.6M given to causes dear to Quebecers' hearts**

(in addition to the amounts paid through lottery kiosks and network bingo)

### **Network bingo gives back, too**

Network bingo halls held a special promotion last November during which every time the regular \$25,000 jackpot was won at any of them, an equivalent amount was divided between the organizations affiliated with the hall. As a result, 68 NPOs shared a total of \$100,000.

### **Supporting the Moisson organizations to help fight food insecurity**

We've been supporting Moisson organizations for over 10 years. Last November, customers were invited to join us in the fight against food insecurity through activities organized by our casinos and gaming halls. Every Sunday, customers who played a slot machine at any of the casinos had a shot at a \$10,000 prize and also at an equivalent amount being given in their name to a Moisson organization in the region. What's more, \$1 was given to Moisson organizations for every meal served at participating restaurants during the month. Overall, they received nearly \$215,000.

As part of a promotion that runs year-round, each time a mystery prize of \$25,000 is won at the new set of progressive jackpot and mystery prize slot machines, Moisson organizations receive an equivalent amount. Three prizes were won during the fiscal year, for a total of \$75,000.



Moreover, through the donation boxes at each of our locations, a total of over \$40,000 was collected thanks to our customers' generosity.

There were other initiatives throughout the fiscal year that involved organizing food drives, donating vegetables harvested from the patio at our head office, and employees preparing and distributing meals.

## **\$4.0M distributed to NPOs that hold a bingo licence**



**We've reduced our GHG emissions by 38.3% compared to 2009**

**Considerable efforts were made to reduce our environmental footprint**

We've implemented several projects to improve our environmental performance. Installing an electric boiler at the Casino de Montréal in December was one of them. By decreasing our use of fossil fuels, this investment helped us surpass our greenhouse gas (GHG) emission reduction target, which was set at 25% compared to 2009. In addition, our buildings' environmental performance was recognized during the fiscal year with the Casino du Lac-Leamy receiving BOMA BEST's Platinum level certification, which rewards environmental management excellence in commercial real estate.

We pay particular attention to how we manage waste at our locations, especially those that customers visit. Our efforts paid off since our four casinos and both our gaming halls received RECYC-QUÉBEC's *ICI on recycle +* program certifications.

### The Entraide campaign yielded positive results

Our employees showed their generosity by participating with enthusiasm in the Entraide campaign, which is part of the Government of Québec's appeal to solidarity. Payroll giving and activities organized by our teams raised over \$200,000. Donations were given according to the donor's wishes and shared between Centraide du Québec locations, HealthPartners-Québec and its member organizations, and the Québec division of the Canadian Red Cross.

### Helping support homeless people

Last fall, to be consistent with our approach to corporate social responsibility and because we are committed to working with everyone involved in improving the living conditions of homeless people, we became a member of *Mouvement pour mettre fin à l'itinérance à Montréal*. The organization has some forty members, including the Société d'habitation et de développement de Montréal, BOMA Québec and the Chamber of Commerce of Metropolitan Montreal.

### Generosity poured in year-round

Generosity also came in many other forms throughout the fiscal year. For example, we donated school supplies, office supplies and furniture to community organizations, and gifts for underprivileged children and young adults as part of *Opération Père Noël*.

We're very proud of our teams' generosity toward all these charitable initiatives. We also invited our teams to volunteer at the Défi sportif AlterGo, among others. And we're working on a new corporate volunteering program to encourage our employees to give to the causes we support, such as food security, diversity and inclusion, and environmental protection.

### We participated in a webinar on social responsibility

We were invited by the Chamber of Commerce of Metropolitan Montreal to speak about our experience on social responsibility along with Vânia Aguiar, president and founder of the Fondation Les Petits Rois. We were able to show just how much our involvement rallies and inspires employees and encourages them to contribute, thus creating a win-win situation for all.

## Scratch tickets designed with the environment in mind

In 2021, we were the first in the world to use 100% recycled paper to print the *Évasion* scratch ticket. We went further in 2022–2023 and printed four tickets on 100% recycled paper: three tickets around the Slingo® game and the second edition of *Évasion*.

Having said that, all our lottery tickets are recyclable. What's more, all our tickets—except one—are printed on paper that is certified by the Forest Stewardship Council (FSC), guaranteeing that it is sustainably sourced.



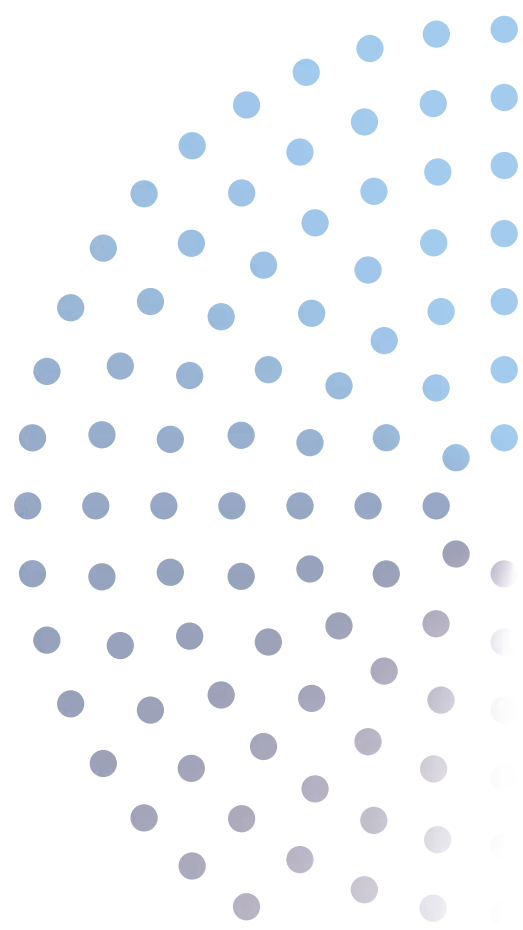
## Video lottery terminal parts get a second chance

Another way in which we can further integrate the 4R principle—Rethink, Reduce, Reuse, Recycle—into our activities is to repurpose video lottery terminal components that have reached the end of their useful life. In 2022, we did so by working with an SME that showed a great deal of creativity when it came to recycling a batch of terminal bases that were too damaged to be repaired: they used a plastic granule machine. The granules thus produced can then be used to make pipes for hydroponic greenhouses or synthetic floor tiles, among other things.



## Gutenberg Gala

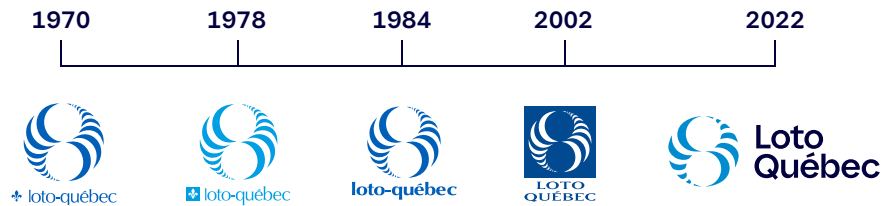
On May 26, at the Gutenberg Gala, the recognition event for Québec's printing industry, we won the Gutenvert Mention category with our *La folie des plantes* scratch ticket, which is printed on 100% recycled cardboard.



# Increase our agility and improve our processes

Adopted as part of our 2023–2026 strategic planning, our new vision—*“Jouer ensemble pour faire gagner le Québec”* (Play together so that Québec wins)—shows that our will to contribute is just as great as our will to entertain. All the profit generated by our activities is reinvested in the community, and we couldn’t be prouder!

## The evolution of our logo



### Our new values

- Simplicity
- Boldness
- Closeness
- Integrity

We’ve also reviewed our values so that they’re an accurate reflection of Loto-Québec’s evolution. We work to embody them every day so that they come to life through all our activities.

Our brand image has also evolved—as has our logo. Its new version gives all our products the same familiar look and highlights both our overall offer and our identity:

- Entertain
- Bring people together
- Contribute

A presentation was given to all teams by the President and Chief Executive Officer and managers, making it possible to turn this new direction into reality. They spoke about the new vision, values,

and brand image and about upcoming projects. The nearly 3,340 employees who attended really appreciated these presentations, which were both rallying and inspiring.

### Refitting our head office

The hybrid working model—working both remotely and at the office—entails that space at our head office is under-utilized and that new and different needs arise. With a view to optimizing the use of our spaces, we launched a project last fall to refit several floors of our building. Maintenance work should also be done on the building in the short and mid-term. All work will be completed by the summer of 2024.





## Entreprise en santé— that's us!

We were very proud to receive the Level 3 *Reconnaissance Entreprise en santé* in March. By the same token, we reached one of the objectives of our 2021–2023 Corporate Social Responsibility Plan. This confirms that our health and well-being actions are based on best practices.

## Our employees' health and well-being: A priority

Our health and well-being program, *VitaSanté*, focuses on prevention and suggests concrete actions our employees can take to bolster their physical, mental and social health. Since they're the beating heart of our success, our employees' well-being is important to us.

We established a formal operating policy on employee health and well-being during the fiscal year. As part of this policy, we set up a committee to identify the needs the corporation must prioritize and to issue recommendations.

Mental health was emphasized. We, therefore, gave the Mental Health Commission of Canada the mandate to provide our managers with tools through the *Working Mind* training course. We also published content and offered webinars on the topic in-house.

What's more, all the employee and family assistance program and telemedicine services are now accessible through an integrated platform, making it much easier to access support for all mental health issues and their physical impacts.

In addition, employees were invited to move together by taking part in the 2023 edition of the *Défi Entreprises*. This event, which takes place every spring in Montréal, Quebec City, Trois-Rivières and Gatineau, is the perfect opportunity to adopt or keep up with a healthy lifestyle. Several activities were available: walking, running, yoga, Zumba and Cardio-FIT.

## Together again

One of last year's highlights was the official return to the office—under a hybrid model—for all teams. Other activities and events also made a comeback, such as the employee BBQ, fitness classes and the choir, all of which contribute to our staff's overall health.

## An energetic approach to our commitment to diversity and inclusion

The values of diversity and inclusion run deep in our organization.

In June, we launched *L'effet combiné*, a podcast that addresses the complex and very human issues around diversity and inclusion. Some of the episodes that aired dealt with autism, coming out for LGBTQ+ community members and Black History Month.

In addition to the podcast, we celebrated the valuable contributions of the Black community with get-togethers during which employees had the chance to not only hear about people who marked the history of Canada and listen to first-hand accounts by colleagues but also to taste food from Mauritius, West Africa and Haiti.



Everyone was all smiles at the traditional employee BBQ at the head office. Similar events were also held at our casinos.



Some forty new retirees partook in recognition events in the presence of managers.

On March 8, for International Women's Day, our head office hosted a discussion on women's influence. One of the topics addressed was the significant place women hold within Loto-Québec.

In fact, we're proud to have once again received Women in Governance's Gold level Parity Certification. The organization recognizes businesses that adopt measures, practices and programs that promote parity between men and women, while achieving their expected results.

### **A new way to survey employees' engagement**

We launched a new tool to measure and monitor employee engagement last fall. It is an ongoing approach, which enables us to follow up on their engagement level since it can change over time. The initial survey took place last November, and employees have been asked to answer a few questions every month beginning in the spring. The data we collect helps us keep the lines of communication open so we can provide them with a motivating environment.

### **Renewing collective agreements**

Collective agreements with four unions were finalized during the fiscal year and will remain in effect as follows:

- March 31, 2025, for dealers and restaurant employees at the Casino de Charlevoix
- March 31, 2026, for dealers at the Casino de Montréal
- December 31, 2027, for Loto-Québec's professionals



### **Paths to talent development**

Employees can keep abreast of new information, acquire new skills, and grow their careers through a variety of ongoing training courses. They can choose any of the following three training paths offered in-house to two cohorts every year:

- The *Parcours Leadership* is about leadership impact and addresses adaptability and confidence.
- The *Parcours Influence* addresses professionals' leadership influence.
- The *Parcours Leadership au féminin* deals with the evolution of women's leadership within the corporation.

### **Information technology that combines innovation and integrity**

As the digital transformation accelerates, and people adopt technology in greater numbers, organizations are forced to innovate in order to improve the customer experience. In light of this, we streamlined the registration process on [lotoquebec.com](http://lotoquebec.com) to make it smoother.

The quick adoption of technology also forces organizations to safeguard the integrity of their systems and operations, particularly as far as cyberthreats are concerned. This is an issue that we take very seriously. And it is also why, every year, we launch

information and awareness initiatives such as phishing simulations and a mandatory presentation for all our employees who work with a computer.

In December, we received an attestation from the PCI Security Standards Council, the PCI DSS standard, which relates to the protection of customer data when paying online. We have also long held a security certification from the World Lottery Association, and that is a testament to the excellence of our practices in terms of information security, and more specifically, data protection.

### **Award for the new computer network at our lottery points of sale**

At the 2022 *Concours des OCTAS*, which recognizes Information Technology (IT) excellence, we received the award in the *Solutions d'affaires - secteur public* (Business Solutions - Public Sector) category for our project to replace the gaming terminal computer network at our nearly 8,000 lottery retailers. The connection between the terminal and Loto-Québec's computer network went from going through a private network to going through a secure public network. This results in savings valued at \$40M over five years, reducing network operating costs by nearly 80%. The project was later also implemented in the video lottery network.

## A scholarship program for IT interns

We gave a total of \$30,000 in scholarships to students who completed an internship with our IT teams throughout the last year. With this program, we want to underscore the students' contributions to our organization and support the next generation of IT experts.

## Building ties with various communities

Through the partnerships and events in which we're involved, we maintain relationships with key stakeholders in the gaming and entertainment fields and, more broadly, in innovation. We thus support local talent while staying abreast of new trends.

For a few years now, we've been supporting Québec independent video game developers and content broadcasters. During the third edition of DemoNights in February, 18 developers presented their games on our Twitch channel live from our studio. Thanks to this event organized in collaboration with

Indie Asylum, they were able to network with both game enthusiasts and potential investors. The event coincided with the special Québec game sales on the Steam platform.

We organized, for a fourth year, the friendly competition known as *La Face des internets*, which is geared toward live content creators, especially in the video game industry, and also provides training sessions led by recognized experts. We revealed the six winners during a gala at the Casino de Montréal on April 16. By the same token, these winners are now collaborating, for one year, with our broadcast team on Twitch.

## Collaborative innovation

Collaborating with innovative organizations such as incubators and accelerators helps us meet with promising start-ups and stimulates our creativity. We also extended our involvement with MT Lab—which celebrated five years of activity—and Centech. As a major partner of these technology, tourism, entertainment, and culture incubators, we actively contributed to:



- *DémoDay* events, including *Vivre l'expérience du métavers*
- Selection juries for incubated businesses
- Presentations on open innovation
- The communities of practice of major partners

In addition, we reverse-pitched MT Lab and a group of students from the École des technologies supérieures (ÉTS) on automation and the coat checks of the future. We also called upon HEC Montréal students in the master's in management - user experience (UX) program to perform various user

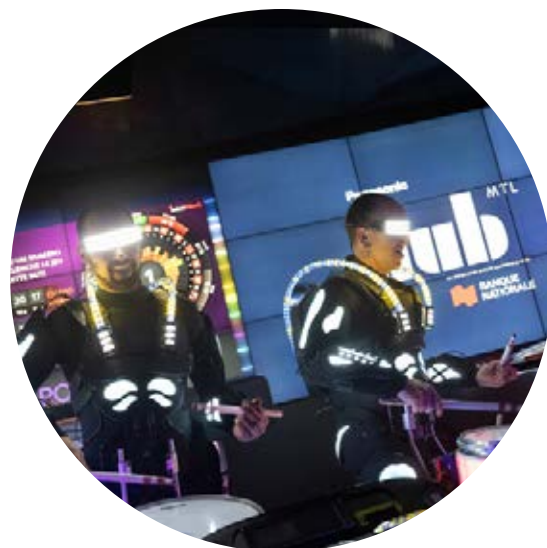


We hosted the Indie Games Zone at Montreal Comiccon in July, where enthusiasts could find out about promising local video games.

tests and suggest improvements for our digital platforms. This gave students the opportunity to work on real-world cases, and we can draw inspiration from the resulting ideas.

Moreover, we took part in HUB Montréal, a digital creativity accelerator event for the culture and entertainment sectors, where we presented the *Espace démo*. We were also thrilled to host the event's opening cocktail at the Casino de Montréal.

In May 2022, we partnered with Expo Entrepreneurs and presented the two Loto-Québec stages that saw over 300 resources inspire participants.

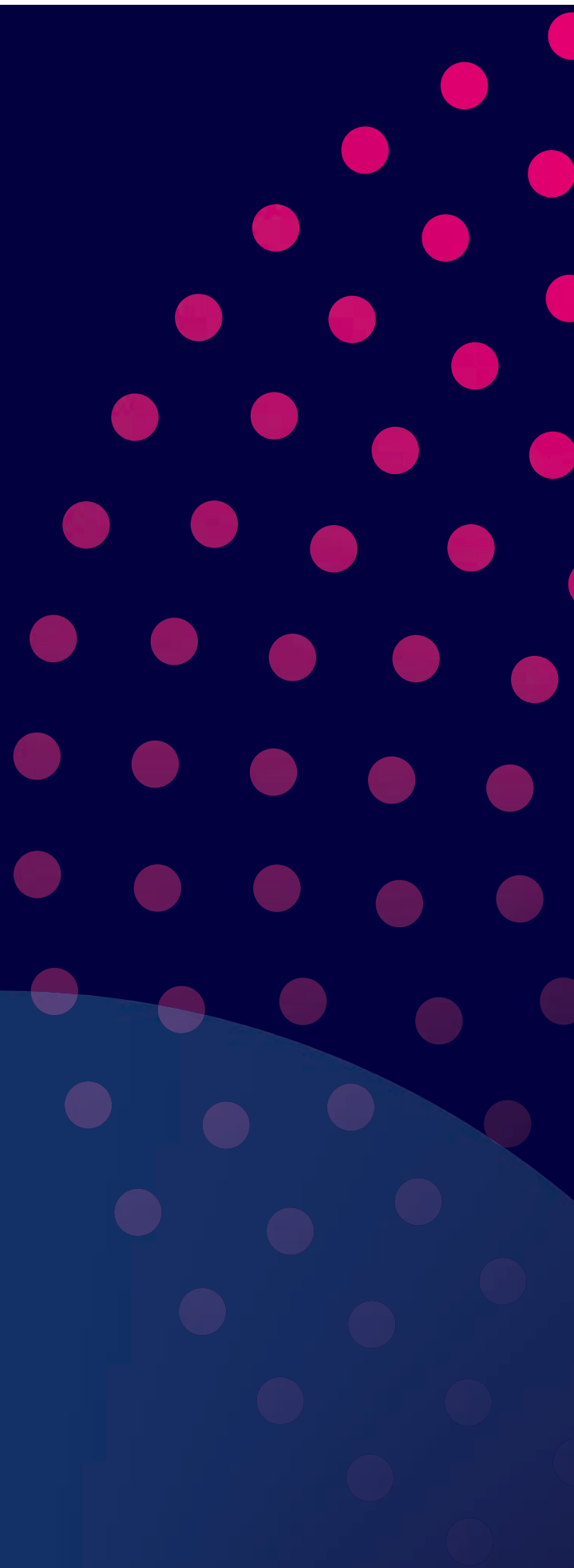


## Rewarding and encouraging the next generation

We're happy to support the next generation of video game experts and entrepreneurs, among others, and we presented various prizes and bursaries to that effect over the fiscal year.

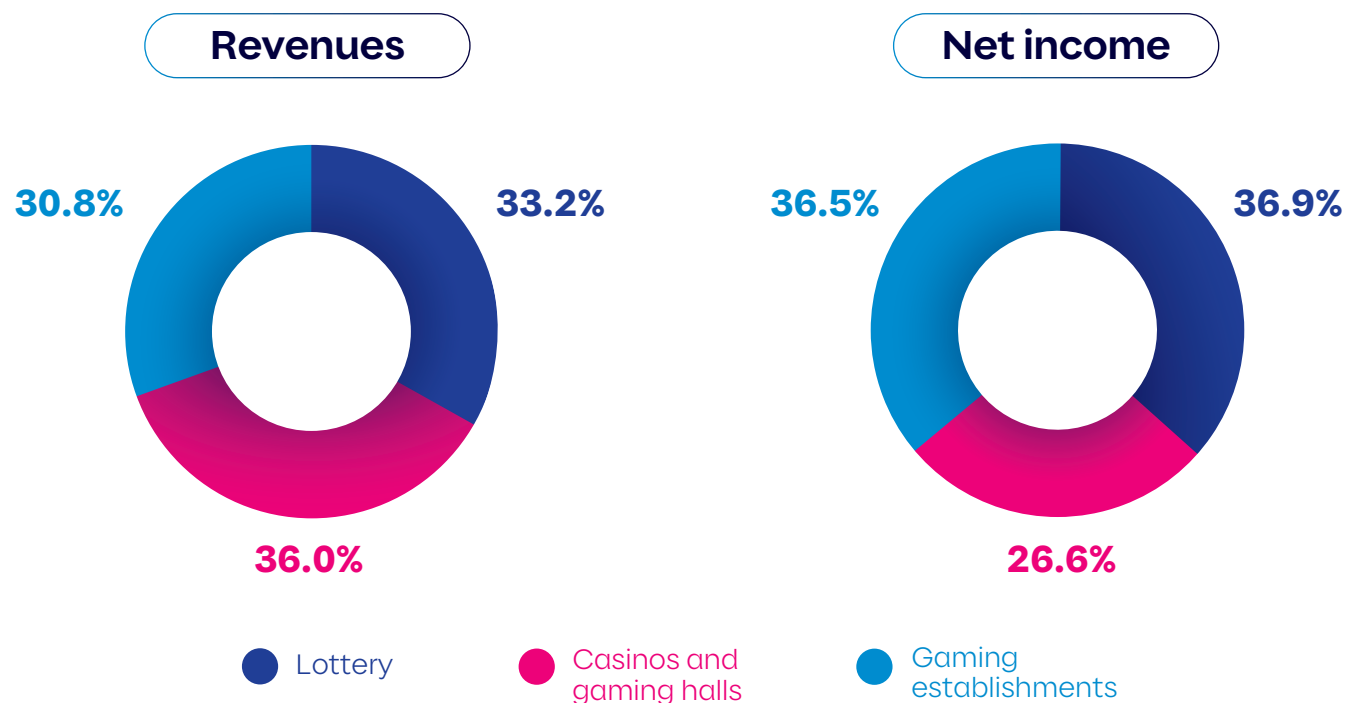
Event or organization	Prize and bursary
La Guilde du jeu vidéo	We awarded a \$10,000 bursary to a video game studio as part of a program that fosters research in the video game sector and promotes innovation.
<i>Prix Numix</i>	We presented the prize in the <i>Jeu - Indépendant</i> (Game - Independent) category and a \$5,000 bursary.
MEGAMIGS video game festival	We presented the Public Prize and a \$1,500 bursary.
OSEntreprendre Challenge	We presented the <i>Coup de cœur - Ingéniosité</i> (Favourite organization - Creativity) prize and a \$5,000 bursary.
Annual gala of the Association des clubs d'entrepreneurs étudiants	We presented three "favourites" prizes and \$5,000 in bursaries.
Université du Québec à Chicoutimi's École des arts numériques, de l'animation et du design	We gave an entrance scholarship worth \$2,500.
2023 Quebec Engineering Games	We supported the ÉTS delegation.

# Finance



# Financial Review

AS AT MARCH 31, 2023



By the end of the 2022–2023 fiscal year, Loto-Québec had generated total revenues of \$2.999 billion, an increase of \$781.3 million (+35.2%) over 2021–2022. Consolidated net income amounted to \$1.600 billion, up \$456.8 million (+40.0%) from the preceding fiscal year. Increases over the same period of the pre-pandemic fiscal year (2019–2020) amount to 9.4% for revenues and 18.2% for net income.

This is Loto-Québec’s best performance since the *Tobacco Control Act* came into force in 2006, significantly impacting traffic at gaming establishments. Such exceptional results can largely be attributable to sound management efforts across all sectors of the organization. Customers showed a great deal of enthusiasm as they reconnected with entertainment activities after a prolonged period of pandemic restrictions, and all teams rallied to meet their expectations.

## Gross margin

The consolidated gross margin totalled \$2.475 billion, an increase of \$680.5 million (+37.9%) over 2021–2022.

## Expenses

Total expenses were \$875.1 million, up \$223.7 million (+34.3%) from 2021–2022, but down \$29.8 million (-3.3%) from 2019–2020.

The continuing sound management efforts across the organization made it possible to obtain a total expense to revenue ratio of 29.2%, one of our best results. This ratio was 33.0% in 2019–2020.

This sound management was also reflected in the consolidated net income and net profit margin, which sits at 53.4%, four percentage points higher than in 2019–2020.

## Financial situation

On March 31, 2023, Loto-Québec’s total assets stood at \$1.241 billion, over \$1.033 billion on March 31, 2022, an increase of \$208.0 billion. Total liabilities were up by \$197.4 million, going from \$777.1 million to \$974.5 million. The resumption of activities generated higher revenues than in the previous year, and this had an impact on cash and cash equivalents and bank loans, as well as on the dividend and accrued liabilities.

## Lottery

Lottery revenues amounted to \$996.1 million. This represents a slight decrease of \$11.3 million (-1.1%) over 2021-2022 but is still an excellent result since it comes on the heels of a record year.

Throughout the fiscal year, our teams worked to boost our product lineup by, among other things, adding new products and new ways of playing that appeal to everyone.

At \$124.2 million, online lottery revenues report a \$6.3 million (+5.4%) increase, which reflects current changes in consumer habits. Online lottery revenues now account for 12.5% of total lottery revenues, over 4.2% in 2019-2020.

It should be noted that \$8.2 million was distributed to non-profit organizations (NPOs) that operate lottery kiosks.

## Revenues

AS AT MARCH 31

(In thousands of Canadian dollars)	2023	2022	\$ Variation	% Variation
Draw-based lottery games	700,639	709,086	(8,447)	(1.2)
Instant games	295,505	298,322	(2,817)	(0.9)
<b>Total</b>	<b>996,144</b>	<b>1,007,408</b>	<b>(11,264)</b>	<b>(1.1)</b>
<b>Online gaming</b> (included in the table above)	<b>124,216</b>	<b>117,901</b>	<b>6,315</b>	<b>5.4</b>

## Casinos and gaming halls

The casino and gaming hall sector had its best year ever with revenues of \$1.101 billion, a \$444.0 million (+67.6%) increase over the previous fiscal year, which had been affected by periods of closure.

Customers returned to our locations in great numbers to take advantage of the entertainment offer. They were able to have an experience unlike any other, thanks, in part, to the attentive service provided by our teams.

On the web, the online casino grew further thanks to continuous improvements made to the site and the efforts deployed to make it stand out from illegal sites. Its revenues increased by \$4.6 million (+1.7%), for a total of \$269.9 million. They represent 24.5% of the total casino and gaming hall revenues, over 10.0% in 2019-2020.

The increase in revenue and the careful control of expenses enabled this sector to decrease its ratio of expenses to revenues by 12 percentage points over 2019-2020.

## Revenues

AS AT MARCH 31

(In thousands of Canadian dollars)	2023	2022	\$ Variation	% Variation
Casinos and gaming halls	831,311	391,901	439,410	112.1
Online casino	269,936	265,346	4,590	1.7
<b>Total</b>	<b>1,101,247</b>	<b>657,247</b>	<b>444,000</b>	<b>67.6</b>



## Gaming establishments

The gaming establishment sector, which includes video lottery terminals (VLTs) in bars, event betting, Kinzo and network bingo, reported revenues of \$922.2 million. This represents an increase of \$362.0 million (+64.6%) over the previous fiscal year.

This difference can be explained by the closure of many establishments from April 1 to mid-June 2021, and from

December 20, 2021, to February 28, 2022, whereas this year's operations were uninterrupted. VLT revenues remain comparable to pre-pandemic levels.

It is worth mentioning that \$4.0 million were distributed to NPOs that hold a bingo licence.

## Revenues

AS AT MARCH 31

(In thousands of Canadian dollars)	2023	2022	\$ Variation	% Variation
VLTs in bars, event betting, Kinzo and network bingo	922,163	560,167	361,996	64.6
<b>Online gaming</b> (included in the table above)	9,762	7,700	2,062	26.8

## Online gaming

For the 2022–2023 fiscal year, revenues from the lotoquebec.com gaming website (lottery and casino games and event betting) stood at \$403.9 million, up \$13.0 million (+3.3%) from 2021–2022. The website's revenues represent 13.5% of Loto-Québec's total revenues, whereas they only represented 5.0% in 2019–2020.

These last few years, the website reported a significant traffic increase when establishments had to close due to

the pandemic. Many clients who made it a habit to purchase and play online still do so. Not only has the corporation continued to improve its website, it has also made considerable efforts to promote the responsible gambling tools it offers. It also broadcast messages to remind the public that lotoquebec.com is the only 100% legal gaming website in Québec and that it generates benefits for the community.

## Contributions to both governments

Loto-Québec's contribution in the form of a dividend to the Québec Treasury amounted to \$1.597 billion, up \$478.8 million (+42.8%) 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 \$101.0 million to the Ministère du Revenu in Québec Sales Tax. Total contributions to the Government of Québec were, therefore, of \$1.701 billion (2022: \$1.226 billion). Moreover, the corporation paid a total of \$70.3 million (2022: \$59.8 million) to the Government of Canada.

## Contributions to both governments

AS AT MARCH 31

(In millions of Canadian dollars)	2023	2022
<b>Government of Québec</b>		
Dividend	1,597.0	1,118.2
Designated funds	3.0	25.0
Québec Sales Tax	101.0	82.4
<b>Total to the Government of Québec</b>	<b>1,701.0</b>	<b>1,225.6</b>
<b>Government of Canada</b>		
Compensation—withdrawal from the lottery sector	19.7	18.5
Goods and Services Tax	50.6	41.3
<b>Total to the Government of Canada</b>	<b>70.3</b>	<b>59.8</b>
<b>Total</b>	<b>1,771.3</b>	<b>1,285.4</b>

# Supplementary Information

FOR THE YEAR ENDED MARCH 31

	2023				
	Lottery	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	Consolidated figures
<i>(In thousands of Canadian dollars)</i>					
<b>Business segments</b>					
<b>Revenues</b>					
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
<b>Cost of sales</b>					
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
<b>Gross margin</b>	796,939	1,005,013	686,288	(13,121)	2,475,119
<b>Expenses</b>					
Employee benefits	75,529	290,521	34,145	(2,566)	397,629
Depreciation, amortization and net impairment losses	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
<b>Income from operating activities</b>	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
<b>Net financial expenses</b>	(3,901)	(1,821)	(1,028)	-	(6,750)
Share of net income in the joint venture and payments to partners	-	3,173	-	-	3,173
Write-down of interests in the joint venture	-	240	-	-	240
<b>Net income</b>	589,699	426,109	584,216	-	1,600,024

(In thousands of Canadian dollars)

2022

<b>Business segments</b>	<b>Lottery</b>	<b>Casinos and gaming halls</b>	<b>Gaming establishments</b>	<b>Elimination of intragroup transactions</b>	<b>Consolidated figures</b>
<b>Revenues</b>					
Games	1,007,408	624,983	560,167	-	<b>2,192,558</b>
Restaurants	-	22,720	-	(7,593)	<b>15,127</b>
Accommodation	-	9,544	-	-	<b>9,544</b>
	<b>1,007,408</b>	<b>657,247</b>	<b>560,167</b>	<b>(7,593)</b>	<b>2,217,229</b>
<b>Cost of sales</b>					
Commissions	146,733	-	121,427	-	<b>268,160</b>
Royalties	12,315	58,064	2,299	-	<b>72,678</b>
Printing	24,348	-	994	-	<b>25,342</b>
Food and beverages	-	7,156	-	(2,562)	<b>4,594</b>
Goods and Services Tax	8,683	2,428	6,206	-	<b>17,317</b>
Québec Sales Tax	17,322	4,843	12,381	-	<b>34,546</b>
	<b>209,401</b>	<b>72,491</b>	<b>143,307</b>	<b>(2,562)</b>	<b>422,637</b>
<b>Gross margin</b>	<b>798,007</b>	<b>584,756</b>	<b>416,860</b>	<b>(5,031)</b>	<b>1,794,592</b>
<b>Expenses</b>					
Employee benefits	79,991	178,928	24,500	(1,575)	<b>281,844</b>
Depreciation, amortization and net impairment losses	12,763	52,804	9,216	-	<b>74,783</b>
Depreciation of right-of-use assets	1,491	6,088	380	-	<b>7,959</b>
Special payments	18,507	-	1,255	-	<b>19,762</b>
Goods and Services Tax	3,650	4,852	1,498	-	<b>10,000</b>
Québec Sales Tax	7,282	9,689	2,989	-	<b>19,960</b>
General operating, administrative and other expenses	74,142	126,349	26,575	(3,456)	<b>223,610</b>
	<b>197,826</b>	<b>378,710</b>	<b>66,413</b>	<b>(5,031)</b>	<b>637,918</b>
<b>Income from operating activities</b>	<b>600,181</b>	<b>206,046</b>	<b>350,447</b>	<b>-</b>	<b>1,156,674</b>
Financial income	(644)	(592)	(181)	-	<b>(1,417)</b>
Financial expenses	2,818	2,096	1,389	-	<b>6,303</b>
<b>Net financial expenses</b>	<b>2,174</b>	<b>1,504</b>	<b>1,208</b>	<b>-</b>	<b>4,886</b>
Share of net income in the joint venture and payments to partners	-	5,849	-	-	<b>5,849</b>
Write-down of interests in the joint venture	-	2,720	-	-	<b>2,720</b>
<b>Net income</b>	<b>598,007</b>	<b>195,973</b>	<b>349,239</b>	<b>-</b>	<b>1,143,219</b>

# Comparative Results

FOR THE YEAR ENDED MARCH 31

(In thousands of Canadian dollars)	2023	2022	2021	2020	2019
Consolidated results					
<b>Revenues</b>	<b>2,998,553</b>	<b>2,217,229</b>	<b>1,407,537</b>	<b>2,741,626</b>	<b>2,828,000</b>
<b>Cost of sales</b>					
<b>Lottery</b>					
Commissions	141,511	146,733	126,938	143,338	146,980
Royalties	10,203	12,315	12,472	2,554	2,768
Printing	24,300	24,348	20,537	24,825	29,374
Goods and Services Tax	7,744	8,683	7,544	8,100	8,807
Québec Sales Tax	15,447	17,322	15,049	16,159	17,569
	<b>199,205</b>	<b>209,401</b>	<b>182,540</b>	<b>194,976</b>	<b>205,498</b>
<b>Casinos</b>					
Royalties	67,288	58,064	48,743	39,057	32,579
Food and beverages	16,277	4,594	705	19,327	19,612
Goods and Services Tax	1,600	2,428	2,209	1,705	1,329
Québec Sales Tax	3,189	4,843	4,407	3,401	2,651
	<b>88,354</b>	<b>69,929</b>	<b>56,064</b>	<b>63,490</b>	<b>56,171</b>
<b>Gaming establishments</b>					
Commissions	201,107	121,427	48,131	193,632	202,791
Royalties	2,479	2,299	-	597	1,227
Printing	1,651	994	285	1,339	1,292
Goods and Services Tax	10,230	6,206	2,418	9,767	10,247
Québec Sales Tax	20,408	12,381	4,825	19,485	20,443
	<b>235,875</b>	<b>143,307</b>	<b>55,659</b>	<b>224,820</b>	<b>236,000</b>
<b>Total</b>	<b>523,434</b>	<b>422,637</b>	<b>294,263</b>	<b>483,286</b>	<b>497,669</b>
<b>Gross margin</b>	<b>2,475,119</b>	<b>1,794,592</b>	<b>1,113,274</b>	<b>2,258,340</b>	<b>2,330,331</b>
<b>Operating expenses</b>					
Lottery	186,526	172,640	171,141	175,133	176,476
Casinos	483,381	300,246	303,144	509,820	499,706
Gaming establishments	85,142	52,330	35,074	61,959	81,704
Depreciation, amortization and net impairment losses	72,224	74,783	92,839	99,056	119,918
Depreciation of right-of-use assets	8,421	7,959	6,660	7,260	-
Goods and Services Tax	14,261	10,000	9,122	13,407	11,366
Québec Sales Tax	28,477	19,960	18,229	26,789	22,703
	<b>878,432</b>	<b>637,918</b>	<b>636,209</b>	<b>893,424</b>	<b>911,873</b>
<b>Income from operating activities</b>	<b>1,596,687</b>	<b>1,156,674</b>	<b>477,065</b>	<b>1,364,916</b>	<b>1,418,458</b>
<b>Net financial expenses</b>	<b>(6,750)</b>	<b>4,886</b>	<b>5,005</b>	<b>6,159</b>	<b>6,016</b>
Share of net income in the joint venture and payments (contributions) to (from) partners	3,173	5,849	(4,410)	5,295	4,236
Write-down of interests in the joint venture	240	2,720	18,840	-	-
<b>Net income</b>	<b>1,600,024</b>	<b>1,143,219</b>	<b>457,630</b>	<b>1,353,462</b>	<b>1,408,206</b>

# Consolidated Financial Statements

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## Management's Report

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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' reports state the nature and scope of this audit and express 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 26, 2023

# Independent Auditors' Reports

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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, 2023, 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 a summary of significant accounting policies.

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, 2023, 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 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 the 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 26, 2023

\*FCPA auditor, public accountancy permit No. A110618



# Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED MARCH 31, 2023

(In thousands of Canadian dollars)	2023	2022
<b>Revenues</b> (Note 5)	<b>2,998,553</b>	2,217,229
<b>Cost of sales</b> (Note 6)	<b>523,434</b>	422,637
<b>Gross margin</b>	<b>2,475,119</b>	<b>1,794,592</b>
<b>Expenses</b>		
Employee benefits (Note 7)	<b>397,629</b>	281,844
Depreciation and amortization (Notes 14 and 15)	<b>72,224</b>	74,783
Depreciation of right-of-use assets (Note 16)	<b>8,421</b>	7,959
Special payments (Note 8)	<b>22,094</b>	19,762
Goods and Services Tax	<b>14,261</b>	10,000
Québec Sales Tax	<b>28,477</b>	19,960
General operating, administrative and other expenses	<b>335,326</b>	223,610
	<b>878,432</b>	<b>637,918</b>
<b>Income from operating activities</b>	<b>1,596,687</b>	<b>1,156,674</b>
Financial income (Note 9)	<b>(14,574)</b>	(1,417)
Financial expenses (Note 9)	<b>7,824</b>	6,303
<b>Net financial (income) expenses</b> (Note 9)	<b>(6,750)</b>	<b>4,886</b>
Share of net income in the joint venture and payments to partners (Note 13)	<b>3,173</b>	5,849
Write-down of interests in the joint venture (Note 13)	<b>240</b>	2,720
<b>Net income</b>	<b>1,600,024</b>	<b>1,143,219</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified subsequently to net income:		
Remeasurements of the net defined benefit liability (asset) (Note 20)	<b>10,711</b>	64,737
<b>Comprehensive income</b>	<b>1,610,735</b>	<b>1,207,956</b>

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, 2023

(In thousands of Canadian dollars)	Share capital	Retained earnings	Accumulated other comprehensive income	Total
<b>Balance as at April 1, 2021</b>	<b>170</b>	<b>86,300</b>	<b>104,898</b>	<b>191,368</b>
Dividend	-	(1,118,219)	-	<b>(1,118,219)</b>
Contributions to the Government of Québec (Note 10)	-	(25,000)	-	<b>(25,000)</b>
Transactions with the shareholder	-	(1,143,219)	-	<b>(1,143,219)</b>
Net income	-	1,143,219	-	<b>1,143,219</b>
Other comprehensive income				
Remeasurements of the net defined benefit liability (asset) (Note 20)	-	-	64,737	<b>64,737</b>
Comprehensive income	-	1,143,219	64,737	<b>1,207,956</b>
<b>Balance as at March 31, 2022</b>	<b>170</b>	<b>86,300</b>	<b>169,635</b>	<b>256,105</b>
Dividend	-	<b>(1,597,024)</b>	-	<b>(1,597,024)</b>
Contributions to the Government of Québec (Note 10)	-	<b>(3,000)</b>	-	<b>(3,000)</b>
Transactions with the shareholder	-	<b>(1,600,024)</b>	-	<b>(1,600,024)</b>
Net income	-	<b>1,600,024</b>	-	<b>1,600,024</b>
Other comprehensive income				
Remeasurements of the net defined benefit liability (asset) (Note 20)	-	-	10,711	<b>10,711</b>
Comprehensive income	-	<b>1,600,024</b>	<b>10,711</b>	<b>1,610,735</b>
<b>Balance as at March 31, 2023</b>	<b>170</b>	<b>86,300</b>	<b>180,346</b>	<b>266,816</b>

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

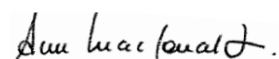
# Consolidated Statement of Financial Position

AS AT MARCH 31, 2023

(In thousands of Canadian dollars)	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents (Note 24)	304,389	97,885
Trade and other receivables (Note 11)	84,298	104,479
Current portion of loans to the joint venture (Note 13)	3,500	-
Inventories (Note 12)	5,143	4,947
Prepaid expenses	32,316	16,028
<b>Total current assets</b>	<b>429,646</b>	<b>223,339</b>
Interests in the joint venture and loans (Note 13)	22,644	23,644
Property, plant and equipment (Note 14)	616,426	627,989
Intangible assets (Note 15)	53,758	46,077
Right-of-use assets (Note 16)	35,655	26,182
Net defined benefit asset (Note 20)	83,218	85,989
<b>Total non-current assets</b>	<b>811,701</b>	<b>809,881</b>
<b>Total assets</b>	<b>1,241,347</b>	<b>1,033,220</b>
<b>LIABILITIES</b>		
Bank loans (Note 17)	16,779	103,770
Dividend payable	295,724	148,219
Accounts payable and accrued liabilities (Note 18)	358,823	246,752
Derivatives on gaming transactions	6,241	6,723
Deferred revenues	3,533	6,016
Current portion of lease liabilities (Note 16)	7,862	6,356
Current portion of long-term debt (Note 19)	39,147	14,948
<b>Total current liabilities</b>	<b>728,109</b>	<b>532,784</b>
Long-term debt (Note 19)	205,594	213,695
Lease liabilities (Note 16)	29,985	20,025
Net defined benefit and other long-term benefit liability (Note 20)	10,843	10,611
<b>Total non-current liabilities</b>	<b>246,422</b>	<b>244,331</b>
<b>Total liabilities</b>	<b>974,531</b>	<b>777,115</b>
<b>SHAREHOLDER'S EQUITY</b>		
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	180,346	169,635
<b>Total shareholder's equity</b>	<b>266,816</b>	<b>256,105</b>
<b>Total liabilities and shareholder's equity</b>	<b>1,241,347</b>	<b>1,033,220</b>

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, 2023

(In thousands of Canadian dollars)	2023	2022
<b>OPERATING ACTIVITIES</b>		
Net income	1,600,024	1,143,219
Items not affecting cash and cash equivalents:		
Depreciation and amortization of property, plant and equipment and intangible assets	72,224	74,783
Depreciation of right-of-use assets	8,421	7,959
Loss on disposal of property, plant and equipment, intangible assets and lease liabilities	6,006	4,184
Foreign exchange loss (gain) on lease liabilities	1,395	(38)
Defined benefit and other long-term benefit expense	17,279	17,639
Share of net income in the joint venture	3,173	5,849
Other net financial (income) expenses	(6,750)	4,886
Write-down of interests in the joint venture (Note 13)	240	2,720
Net change in non-cash items (Note 24)	102,111	5,967
Capitalization of defined benefit obligation	(3,565)	(8,368)
Interest on leases	(1,180)	(397)
Interest paid	(6,957)	(5,712)
Interest received	14,574	1,417
<b>Flows of cash and cash equivalents provided by operating activities</b>	<b>1,806,995</b>	<b>1,254,108</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(46,409)	(36,748)
Additions to intangible assets	(17,938)	(14,034)
Proceeds from disposal of property, plant and equipment	204	494
Investment in the joint venture, net of distributions, and payments to partners	(5,000)	(9,075)
<b>Flows of cash and cash equivalents provided by investing activities</b>	<b>(69,143)</b>	<b>(59,363)</b>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(1,449,519)	(1,067,630)
Net change in bank loans	(86,991)	(139,018)
Increase in long-term debt	32,215	49,715
Repayment of long-term debt	(16,230)	(12,377)
Repayment of lease liabilities	(7,823)	(7,692)
Contributions to the Government of Québec (Note 10)	(3,000)	(25,000)
<b>Flows of cash and cash equivalents provided by financing activities</b>	<b>(1,531,348)</b>	<b>(1,202,002)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>206,504</b>	<b>(7,257)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>97,885</b>	<b>105,142</b>
<b>Cash and cash equivalents, end of year (Note 24)</b>	<b>304,389</b>	<b>97,885</b>

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

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2023

(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 26, 2023.

### 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 23.

### 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 f) and 20 b) (iv));
- Useful lives of property, plant and equipment and intangible assets (Note 4 l), m) and n));

- Impairment of financial and non-financial assets (Note 4 o));
- Contingent liabilities (Note 22).

### 3 • CHANGES IN ACCOUNTING POLICIES

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.

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 will be effective for financial statements for annual periods beginning on or after January 1, 2023, to be applied prospectively. Early application is permitted.

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

### 4 • SIGNIFICANT 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., is 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.

**(iii) Transactions eliminated in the consolidated financial statements**

Intragroup balances and transactions, and the revenues and expenses arising from intragroup transactions, are eliminated in the preparation of the consolidated financial statements.

**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 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 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) Free offer programs for clients**

Programs introduced by a Loto-Québec subsidiary allow clients, in particular, to accrue points for gaming, which are exchangeable for cash or goods and services, at the client's option. These point programs are related to games for which the rates of prizes awarded depend on the outcome of each game.

When points are awarded to clients, a portion of the transaction price is allocated to these points, in an amount corresponding to the cash value of the points, and is recognized as a liability under Accounts payable and accrued liabilities in the consolidated statement of financial position. Points used by clients are recorded as a deduction from the liability.

#### **e) 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 video lottery terminals in bars. These commissions are recognized under Cost of sales in the consolidated statement of comprehensive income when they are incurred.

#### **f) 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.

### g) 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.

## **h) Financial income and financial expenses**

Financial income is recognized separately in the consolidated statement of comprehensive income and includes interest income on cash and cash equivalents and on loans to the joint venture.

Financial expenses are recognized separately in the consolidated statement of comprehensive income and include, if applicable, interest on bank loans and long-term debt as well as interest on leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualified asset are recognized in net income using the effective interest method.

## **i) 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.

Trade receivables without a significant financing component are initially measured at the transaction price. Other financial assets and liabilities are initially measured at fair value plus or minus, in the case of an asset or liability that is not at fair value through profit or loss, transaction costs directly related to its acquisition or issue.

### **(ii) Financial assets – classification, subsequent measurement and gains and losses**

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.

Financial assets are not reclassified following initial recognition unless Loto-Québec changes the business model for managing financial assets. Where applicable, all relevant financial assets are reclassified prospectively as from the reclassification date.

A financial asset is measured at amortized cost if both of the following conditions are met and if it is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset which is a debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified at amortized cost or fair value through other comprehensive income, as described above, are measured at fair value through profit or loss. This is particularly the case for all derivative financial assets.

In summary, the following methods are applicable for the subsequent measurement of financial assets and the recognition of gains and losses:

- Financial assets at fair value through profit or loss:  
These assets are subsequently measured at fair value. Net gains and losses, including interest or dividends received, are recognized in net income.
- Financial assets at amortized cost:  
These assets are subsequently measured at amortized costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses, if any, are recognized in net income. Gains and losses resulting from derecognition are recognized in net income.

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.

### **(iii) Financial liabilities – classification, subsequent measurement and gains and losses**

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.

A financial liability is classified as a financial liability at fair value through profit or loss if it is held for trading purposes, a derivative or designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and the resulting gains and losses, including interest expense, are recognized in net income.

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

The other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses, if any, are recognized in net income. Any gains or losses resulting from derecognition are recorded in net income.

Bank loans, the dividend payable, accounts payable and accrued liabilities, lottery prizes payable, progressive jackpots payable, salaries payable and long-term debt are subsequently measured at amortized cost.

### **(iv) Derecognition**

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the rights to receive the contractual cash flows from a financial asset and substantially all the risks and rewards of ownership of the financial asset are transferred.

A financial liability is derecognized when Loto-Québec's contractual obligations are discharged, cancelled or expire. A liability is also derecognized when its terms are changed and the cash flows of the changed liability are substantially different, in which case a new financial liability is recognized at fair value based on the changed terms.

When a financial liability is derecognized, the difference between the carrying amount allocated to the derecognized portion and the consideration paid, including, if applicable, the assets (other than cash) transferred and liabilities assumed, is recognized in net income.

### **(v) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, Loto-Québec currently has a legally enforceable right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

### **(vi) 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).

The fair value of a financial asset traded in an active market generally reflects the bid price, and the fair value of a financial liability traded in an active market generally reflects the asking price. If the market for a financial instrument is not active, fair value is determined using a valuation technique that makes maximum use of inputs observed from markets. Those valuation techniques include using available information concerning recent market transactions, discounted cash flow analysis and valuation models.

When fair value is determined using valuation models, Loto-Québec uses assumptions regarding the amount and timing of estimated future cash flows and discount rates. Those assumptions are primarily based on external observable market inputs, including factors such as interest rates, credit spreads, currency rates and price and rate volatilities, as applicable. Assumptions or inputs that are not based on observable market data are used when external data are not available.

## **j) 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.

## **k) 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. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## **l) Property, plant and equipment**

### **(i) Recognition and measurement**

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

Cost includes expenditures directly attributable to the acquisition of the asset. The cost of an asset produced by Loto-Québec for itself includes the cost of raw materials, direct labour, any other costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management and capitalized borrowing costs relating to qualifying assets.

Purchased software that is integral to the functionality of the related equipment is recorded as a component of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separated items (main components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined as the difference between the disposal proceeds and the net carrying amount of the item and are recognized under General operating, administrative and other expenses in the consolidated statement of comprehensive income.

### **(ii) Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognized in the item's carrying amount if it is probable that future economic benefits associated with the item will flow to Loto-Québec and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Day-to-day servicing and maintenance costs are recognized under General operating, administrative and other expenses in the consolidated statement of comprehensive income as incurred.

### **(iii) Depreciation**

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

Depreciation is recognized commencing on the date when the property, plant and equipment are available for use for each main component of property, plant and equipment on a straight-line basis over the estimated useful life of each such main component, 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	From 2.86% to 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%

Loto-Québec reviews the depreciation methods, useful lives and residual values of its property, plant and equipment at each fiscal year-end and adjusts them as needed. Uncertainties in these estimates relate to technical obsolescence, which may affect useful lives.

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.

## **m) 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.

Loto-Québec is required to review costs directly attributable to the development phase for continued compliance with capitalization requirements, as software development is uncertain and can be jeopardized by technical issues arising after recognition.

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

Internally generated intangible assets include development costs of internally developed or modified software, comprising the cost of raw materials and direct labour, any other directly attributable costs necessary to prepare the asset to be capable of operating in the manner intended by management and capitalized borrowing costs relating to qualifying assets.

The cost of acquired intangible assets includes costs directly related to the acquisition of licences and software and software installation costs.

### **(ii) Subsequent costs**

The cost of replacing a part of an item of an acquired intangible asset is recognized in the item's carrying amount if it is probable that future economic benefits associated with the item will flow to Loto-Québec and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other expenses are recognized in net income as incurred.

### **(iii) Amortization**

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

Amortization is recognized commencing on the date when the intangible asset is available for use 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%

Amortization methods, useful lives and residual values are reviewed at each fiscal year-end and adjusted as needed.

IT projects under development are not amortized.

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

## n) 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 reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

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**

The cost of the right-of-use asset is reduced by accumulated depreciation and accumulated impairment losses, adjusted for remeasurements of the lease liability. Depreciation is recognized on a straight-line basis commencing on the lease inception date according to the expected pattern of consumption of the future economic benefits, which is based on the lower of the asset's useful life and the lease term. The lease term includes the renewal options only if Loto-Québec is reasonably certain to exercise that option. 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.

## **o) Impairment of financial and non-financial assets**

### **(i) 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).

The maximum period to be taken into consideration in measuring expected credit losses is the maximum contractual period over which the entity is exposed to credit risk.

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.

### **Measurement of expected credit losses**

Expected credit losses are an objective estimate based on probability-weighted amounts, which is determined by evaluating a range of possible outcomes. Expected credit losses are measured based on the present value of all cash flow deficiencies (i.e. the difference between the cash flows that are due to an entity under a contract and the cash flows that the entity expects to receive) over the expected life of a financial instrument. Expected credit losses are discounted at the effective interest rate of the financial asset.

### **Presentation of 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.

### **Derecognition**

The gross carrying amount of a financial asset is derecognized when Loto-Québec no longer has a reasonable expectation of recovery with respect to all or part of the financial asset. This assessment is carried out instrument by instrument.

## **(ii) Non-financial assets**

The carrying amount of non-financial assets is reviewed at each reporting date for any evidence of impairment. If any such evidence exists, the asset's recoverable amount is estimated. Whether any evidence of impairment exists or not, an impairment test is performed at the same time every year on intangible assets yet to be commissioned.

The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets (a CGU) that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount.

All non-financial assets are subsequently remeasured for indication that an impairment loss previously recognized may no longer exist. An impairment loss may be reversed if the recoverable amount of an asset or a CGU exceeds its carrying amount.



## 5 • REVENUES

Loto-Québec's revenues are allocated by business segment and main product categories as follows:

Business segments	2023				Total
	Lottery games	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	
<b>Gaming revenues</b>					
Draw-based lottery games	603,187	-	-	-	603,187
Instant games	268,741	-	-	-	268,741
Betting games	-	-	29,390	-	29,390
Casino gaming	-	668,397	-	-	668,397
Online gaming	124,216	269,936	9,762	-	403,914
Gaming halls	-	67,106	-	-	67,106
Bars	-	-	868,259	-	868,259
Bingo	-	-	6,779	-	6,779
Kinzo	-	-	7,973	-	7,973
<b>Total gaming revenues</b>	<b>996,144</b>	<b>1,005,439</b>	<b>922,163</b>	<b>-</b>	<b>2,923,746</b>
<b>Non-gaming revenues</b>					
Restaurants	-	75,719	-	(21,001)	54,718
Accommodation	-	20,089	-	-	20,089
<b>Total non-gaming revenues</b>	<b>-</b>	<b>95,808</b>	<b>-</b>	<b>(21,001)</b>	<b>74,807</b>
	<b>996,144</b>	<b>1,101,247</b>	<b>922,163</b>	<b>(21,001)</b>	<b>2,998,553</b>
<b>Gaming revenues</b>					
Revenues from gaming transactions for which the rates of prizes awarded are substantially fixed					681,415
Revenues from gaming transactions for which the rates of prizes awarded depend on the outcome of each game					2,242,331
					<b>2,923,746</b>

<b>Business segments</b>	<b>Lottery games</b>	<b>Casinos and gaming halls</b>	<b>Gaming establishments</b>	<b>Elimination of intragroup transactions</b>	<b>Total</b>
<b>Gaming revenues</b>					
Draw-based lottery games	617,622	-	-	-	<b>617,622</b>
Instant games	271,885	-	-	-	<b>271,885</b>
Betting games	-	-	28,350	-	<b>28,350</b>
Casino gaming	-	325,562	-	-	<b>325,562</b>
Online gaming	117,901	265,346	7,700	-	<b>390,947</b>
Gaming halls	-	34,075	-	-	<b>34,075</b>
Bars	-	-	516,574	-	<b>516,574</b>
Bingo	-	-	3,758	-	<b>3,758</b>
Kinzo	-	-	3,785	-	<b>3,785</b>
<b>Total gaming revenues</b>	<b>1,007,408</b>	<b>624,983</b>	<b>560,167</b>	<b>-</b>	<b>2,192,558</b>
<b>Non-gaming revenues</b>					
Restaurants	-	22,720	-	(7,593)	<b>15,127</b>
Accommodation	-	9,544	-	-	<b>9,544</b>
<b>Total non-gaming revenues</b>	<b>-</b>	<b>32,264</b>	<b>-</b>	<b>(7,593)</b>	<b>24,671</b>
	<b>1,007,408</b>	<b>657,247</b>	<b>560,167</b>	<b>(7,593)</b>	<b>2,217,229</b>
<b>Gaming revenues</b>					
Revenues from gaming transactions for which the rates of prizes awarded are substantially fixed					682,900
Revenues from gaming transactions for which the rates of prizes awarded depend on the outcome of each game					1,509,658
					<b>2,192,558</b>

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 for gaming transactions consists of the following:

Business segments	2023				Total
	Lottery games	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	
<b>Cost of sales</b>					
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
	<b>199,205</b>	<b>96,234</b>	<b>235,875</b>	<b>(7,880)</b>	<b>523,434</b>

Business segments	2022				Total
	Lottery games	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	
<b>Cost of sales</b>					
Commissions	146,733	-	121,427	-	268,160
Royalties	12,315	58,064	2,299	-	72,678
Printing	24,348	-	994	-	25,342
Food and beverage	-	7,156	-	(2,562)	4,594
GST	8,683	2,428	6,206	-	17,317
QST	17,322	4,843	12,381	-	34,546
	<b>209,401</b>	<b>72,491</b>	<b>143,307</b>	<b>(2,562)</b>	<b>422,637</b>

## 7 • EMPLOYEE BENEFITS

	2023	2022
Short-term employee benefits	371,226	255,055
Post-employment benefits	26,171	24,241
Other long-term benefits	232	2,548
	<b>397,629</b>	<b>281,844</b>

## 8 • SPECIAL PAYMENTS

	2023	2022
Payment to the Government of Canada	19,671	18,507
Payments to non-profit organizations (NPOs)	2,423	1,255
	<b>22,094</b>	<b>19,762</b>

### 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 \$87,443 in today's dollars for the year ended March 31, 2023 (\$81,748 in 2022).

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 bingo games.

## 9 • NET FINANCIAL (INCOME) EXPENSES

	2023	2022
Interest income	14,574	1,417
<b>Total financial income</b>	<b>14,574</b>	<b>1,417</b>
Interest expense on bank loans <sup>1</sup>	295	256
Interest expense on long-term debt	6,349	5,650
Interest expense on leases	1,180	397
<b>Total financial expenses</b>	<b>7,824</b>	<b>6,303</b>
<b>Net financial (income) expenses</b>	<b>(6,750)</b>	<b>4,886</b>

<sup>1</sup> Interest expense includes \$620 (\$235 in 2022) on bank loans with the Caisse de dépôt et placement du Québec.

## 10 • CONTRIBUTIONS TO THE GOVERNMENT OF QUÉBEC

	2023	2022
Ministère de la Santé et des Services sociaux	-	22,000
Ministère de la Sécurité publique	3,000	3,000
	<b>3,000</b>	<b>25,000</b>

The commitments related to these contributions are described in Note 22.

## 11 • TRADE AND OTHER RECEIVABLES

	2023	2022
Retailers <sup>1</sup>	53,170	70,408
Interprovincial Lottery Corporation	-	5,463
Online gaming	22,839	16,143
Joint venture	-	2,122
Other	8,289	10,343
	<b>84,298</b>	<b>104,479</b>

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

<sup>1</sup> 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, 2023, gross trade receivables and accrued liabilities offset amounted to \$62,272 (\$86,374 in 2022) and \$9,102 (\$15,966 in 2022), respectively, representing the net amounts of the settlement of \$53,170 (\$70,408 in 2022).

## 12 • INVENTORIES

	2023	2022
Food and beverage	3,688	3,254
Lottery tickets and paper stock	1,455	1,693
	<b>5,143</b>	<b>4,947</b>

For the fiscal year, the cost of inventories recognized as an expense amounted to \$41,104 (\$29,430 in 2022).

## 13 • INTERESTS IN THE JOINT VENTURE AND LOANS

	2023	2022
Interests	1,857	4,357
Loans	24,287	19,287
	26,144	23,644
Less: Current portion of loans	3,500	-
	22,644	23,644

### INTERESTS

#### Interests and share of the joint venture, and payments to partners

	Units	Interest %		Carrying amount	
		2023	2022	2023	2022
Equity interests in the joint venture				1,857	4,357
With voting and participating rights	A	50%	50%		
With participating rights	B	33%	33%		

Loto-Québec assessed the recoverable amount of equity interests in the joint venture which presented objective evidence of impairment due to financial difficulty caused by the health crisis. Loto-Québec estimated the recoverable amount based on value in use. As at March 31, 2023, an impairment loss of \$240 (\$2,720 in 2022) was recognized and presented under 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:

	2023	2022
Share of Loto-Québec based on its proportion of Class A and B units	(2,260)	34
Payments to partners, holders of Class C units	(913)	(5,883)
Share of net income (loss) in the joint venture and payments to partners	(3,173)	(5,849)

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

	2023	2022
Total current assets	7,224	5,943
Total non-current assets	87,972	87,721
Total assets	95,196	93,664
Total current liabilities	6,687	4,014
Total non-current liabilities	22,174	16,907
Total liabilities	28,861	20,921
Revenues	28,586	21,817
Net and comprehensive income generated by the joint venture	(6,946)	141
Income (loss) – Class A units	96	(69)
Income (loss) – Class B units	(7,042)	210
Contributions from partners, holders of Class C units	913	5,883
<b>Net and comprehensive income (loss)</b>	<b>(6,033)</b>	<b>6,024</b>

## LOANS

	2023	2022
<b>Joint venture</b>		
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 (1.35% in 2022), interest payable annually, maturing on January 9, 2024	3,500	3,500
Loan, fixed rate renewable annually of 5.05% as at March 31, 2023 (1.35% in 2022), interest payable annually, maturing on January 9, 2025	4,000	4,000
Loan, fixed rate renewable annually of 5.05% as at March 31, 2023 (1.35% in 2022), interest payable annually, maturing on June 22, 2026	4,013	4,013
Loan, fixed rate renewable annually of 5.05% as at March 31, 2023 (1.30% in 2022), interest payable annually, maturing on January 9, 2027	5,266	5,266
Loan, fixed rate renewable annually of 5.15% as at March 31, 2023, interest payable annually, maturing on January 8, 2028	5,000	-
	<b>24,287</b>	<b>19,287</b>

As at March 31, 2023 and 2022, the loans remained in Stage 2, considering that the credit risk increased significantly since their initial recognition due to the impacts of COVID-19 on the tourism industry. However, the loss allowance for lifetime expected credit losses of these financial instruments, being the remaining contractual term, is considered immaterial.

## 14 • PROPERTY, PLANT AND EQUIPMENT

	<u>Improvements</u>								Total
	Land	Buildings	Parking lots	Interior finishing and landscaping	Leasehold improvements	Equipment and other	Works of art	Under construction <sup>1</sup>	
<b>Cost</b>									
Balance as at April 1, 2021	44,133	439,667	119,226	503,408	80,179	576,765	7,875	18,050	<b>1,789,303</b>
Additions	-	5,981	510	4,268	11,079	16,142	-	4,388	<b>42,368</b>
Transfers out of Under construction - commissioned	-	776	-	12,400	1,321	-	-	(14,497)	-
Disposals	(14)	(2,595)	(604)	(10,895)	(11,391)	(19,264)	-	-	<b>(44,763)</b>
<b>Balance as at March 31, 2022</b>	<b>44,119</b>	<b>443,829</b>	<b>119,132</b>	<b>509,181</b>	<b>81,188</b>	<b>573,643</b>	<b>7,875</b>	<b>7,941</b>	<b>1,786,908</b>
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)
<b>Balance as at March 31, 2023</b>	<b>44,119</b>	<b>443,625</b>	<b>123,602</b>	<b>506,331</b>	<b>69,670</b>	<b>583,135</b>	<b>7,875</b>	<b>11,355</b>	<b>1,789,712</b>
<b>Accumulated depreciation</b>									
Balance as at April 1, 2021	-	233,506	99,153	304,657	50,009	449,344	-	-	<b>1,136,669</b>
Depreciation for the year	-	8,674	2,007	13,663	2,699	35,293	-	-	<b>62,336</b>
Disposals	-	(2,141)	(604)	(7,590)	(11,314)	(18,437)	-	-	<b>(40,086)</b>
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>240,039</b>	<b>100,556</b>	<b>310,730</b>	<b>41,394</b>	<b>466,200</b>	<b>-</b>	<b>-</b>	<b>1,158,919</b>
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)
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>243,882</b>	<b>100,750</b>	<b>322,502</b>	<b>33,031</b>	<b>473,121</b>	<b>-</b>	<b>-</b>	<b>1,173,286</b>
<b>Net carrying amounts</b>									
<b>As at March 31, 2022</b>	<b>44,119</b>	<b>203,790</b>	<b>18,576</b>	<b>198,451</b>	<b>39,794</b>	<b>107,443</b>	<b>7,875</b>	<b>7,941</b>	<b>627,989</b>
<b>As at March 31, 2023</b>	<b>44,119</b>	<b>199,743</b>	<b>22,852</b>	<b>183,829</b>	<b>36,639</b>	<b>110,014</b>	<b>7,875</b>	<b>11,355</b>	<b>616,426</b>

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

	2023	2022
Buildings	6,551	2,840
Improvements to parking lots	151	2,110
Improvements to interior finishing and landscaping	4,631	2,893
Leasehold improvements	22	98
	<b>11,355</b>	<b>7,941</b>



## 15 • INTANGIBLE ASSETS

	Acquired	Internally generated		Total
	Software and licences	Software	IT projects under development	
<b>Cost</b>				
Balance as at April 1, 2021	35,720	185,792	10,175	<b>231,687</b>
Additions	2,812	3,504	8,411	<b>14,727</b>
Transfers out of IT projects - commissioned	685	5,317	(6,002)	-
Disposals	(1,101)	(2,268)	-	<b>(3,369)</b>
<b>Balance as at March 31, 2022</b>	<b>38,116</b>	<b>192,345</b>	<b>12,584</b>	<b>243,045</b>
Additions	<b>1,139</b>	<b>5,912</b>	<b>13,141</b>	<b>20,192</b>
Transfers out of IT projects - commissioned	-	<b>10,625</b>	<b>(10,625)</b>	-
Disposals	<b>(15)</b>	<b>(5,506)</b>	-	<b>(5,521)</b>
<b>Balance as at March 31, 2023</b>	<b>39,240</b>	<b>203,376</b>	<b>15,100</b>	<b>257,716</b>
<b>Accumulated amortization</b>				
Balance as at April 1, 2021	30,029	157,861	-	<b>187,890</b>
Amortization for the year	2,198	10,249	-	<b>12,447</b>
Disposals	(1,101)	(2,268)	-	<b>(3,369)</b>
<b>Balance as at March 31, 2022</b>	<b>31,126</b>	<b>165,842</b>	-	<b>196,968</b>
Amortization for the year	<b>2,397</b>	<b>10,085</b>	-	<b>12,482</b>
Disposals	<b>(15)</b>	<b>(5,477)</b>	-	<b>(5,492)</b>
<b>Balance as at March 31, 2023</b>	<b>33,508</b>	<b>170,450</b>	-	<b>203,958</b>
<b>Net carrying amounts</b>				
<b>As at March 31, 2022</b>	<b>6,990</b>	<b>26,503</b>	<b>12,584</b>	<b>46,077</b>
<b>As at March 31, 2023</b>	<b>5,732</b>	<b>32,926</b>	<b>15,100</b>	<b>53,758</b>

## 16 • 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, 2023:

	<u>Improvements</u>			Total
	Buildings	Parking lots	Equipment and other	
<b>Cost</b>				
Balance as at April 1, 2021	7,875	-	18,812	<b>26,687</b>
Additions	11,889	6,308	2,183	<b>20,380</b>
Lease termination	(2,081)	-	(199)	<b>(2,280)</b>
<b>As at March 31, 2022</b>	<b>17,683</b>	<b>6,308</b>	<b>20,796</b>	<b>44,787</b>
Additions	<b>13</b>	-	<b>17,915</b>	<b>17,928</b>
Lease termination	-	-	<b>(707)</b>	<b>(707)</b>
<b>As at March 31, 2023</b>	<b>17,696</b>	<b>6,308</b>	<b>38,004</b>	<b>62,008</b>
<b>Accumulated depreciation</b>				
Balance as at April 1, 2021	3,394	-	9,499	<b>12,893</b>
Depreciation for the year	1,668	1,261	5,030	<b>7,959</b>
Lease termination	(2,081)	-	(166)	<b>(2,247)</b>
<b>As at March 31, 2022</b>	<b>2,981</b>	<b>1,261</b>	<b>14,363</b>	<b>18,605</b>
Depreciation for the year	<b>1,375</b>	<b>1,262</b>	<b>5,784</b>	<b>8,421</b>
Lease termination	-	-	<b>(673)</b>	<b>(673)</b>
<b>As at March 31, 2023</b>	<b>4,356</b>	<b>2,523</b>	<b>19,474</b>	<b>26,353</b>
<b>Net carrying amounts</b>				
<b>As at March 31, 2022</b>	<b>14,702</b>	<b>5,047</b>	<b>6,433</b>	<b>26,182</b>
<b>As at March 31, 2023</b>	<b>13,340</b>	<b>3,785</b>	<b>18,530</b>	<b>35,655</b>

As at March 31, 2023, the expense relating to variable lease payments (contracts for royalties on slot machines) not included in the measurement of lease liabilities amounted to \$15,817 (\$5,606 in 2022).

The table below shows the maturity analysis of undiscounted contractual cash flows relating to Loto-Québec's lease liabilities as at March 31, 2023:

Less than 1 year	8,881
From 1 to 3 years	13,525
More than 3 years	19,904
	<b>42,310</b>

The following table shows the lease liabilities recognized in the consolidated statement of financial position as at March 31, 2023:

Current portion	7,862
Non-current portion	29,985
	<b>37,847</b>

## 17 • BANK LOANS

Current bank term loans totalled \$16,779 (\$103,770 in 2022), including \$16,779 (\$86,779 in 2022) from the Caisse de dépôt et placement du Québec, a government body executing fiduciary operations excluded from the Government of Québec's reporting entity. These loans bear interest at a fixed rate of 5.05% (0.52% to 1.10% in 2022).

Loto-Québec obtained credit facilities from three financial institutions for a combined amount of \$260,000. As at March 31, 2023, these credit facilities were undrawn.

## 18 • ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade payable and accrued liabilities	103,406	61,434
Interprovincial Lottery Corporation	3,526	-
Lottery prizes payable <sup>1</sup>	69,680	72,369
Progressive jackpots payable <sup>2</sup>	71,722	36,960
Salaries payable	82,259	50,648
Employee benefits payable	13,707	14,102
Joint venture	62	-
GST	4,647	3,503
QST	9,814	7,736
	<b>358,823</b>	<b>246,752</b>

<sup>1</sup> 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.

<sup>2</sup> Progressive jackpots payable comprise mainly progressive jackpots of casino slot machines. This liability increases with the gaming activities of clients.

## 19 • LONG-TERM DEBT

	2023	2022
Loans from the Financing Fund of the Government of Québec, interest payable semi-annually, repayable according to the following maturities and rates:		
September 1, 2023, fixed rate of 3.133%	25,000	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%	28,906	34,582
July 1, 2033, fixed rate of 2.154%	43,504	47,566
June 1, 2035, fixed rate of 1.770%	67,236	72,551
June 1, 2039, fixed rate of 4.212%	31,223	-
	<b>245,869</b>	<b>229,699</b>
Transaction costs	(1,128)	(1,056)
	<b>244,741</b>	<b>228,643</b>
Less: Current portion	(39,147)	(14,948)
	<b>205,594</b>	<b>213,695</b>

### 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, 2023, the employee and employer contribution rate decreased to 9.69% (10.04% in 2022) of assessable payroll for the RREGOP, while the rate for the PPMP was 12.67% (12.29% in 2022). The employer's contributions are equivalent to employee contributions, except for a compensation amount provided for in the PPMP that must be paid by the employer for the 2022 calendar year. As such, Loto-Québec estimated a compensation amount of 3% of the assessable payroll for the 2022 calendar year. The payment of this compensation ended on December 31, 2022.

Contributions to these compulsory public plans amounting to \$9,124 (\$9,150 in 2022) 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, 2021. The next valuations will be prepared as at December 31, 2024, at the latest. The most recent actuarial valuation for the Supplementary Plan was prepared as at March 31, 2022, and the next valuation will be prepared as at March 31, 2023.

## (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, 2023, 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:

	2023	2022
Present value of unfunded defined benefit obligation	10,843	10,611
Present value of funded defined benefit obligation	787,301	822,453
<b>Total present value of defined benefit obligation</b>	<b>798,144</b>	<b>833,064</b>
Fair value of plan assets	870,519	908,442
<b>Net defined benefit and other long-term benefit asset</b>	<b>(72,375)</b>	<b>(75,378)</b>

Represented by:

	2023	2022
Net defined benefit asset	(83,218)	(85,989)
Net defined benefit and other long-term benefit liability	10,843	10,611
	<b>(72,375)</b>	<b>(75,378)</b>

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

	2023			2022
	Pension plans	Other long-term benefits	Total	Total
<b>Defined benefit obligation</b>				
Balance, beginning of year	822,453	10,611	833,064	873,556
Current service cost	18,533	-	18,533	14,546
Interest expense	33,409	-	33,409	28,845
Employee contributions	10,756	-	10,756	8,109
Benefits paid	(37,095)	-	(37,095)	(28,156)
Actuarial (gains) losses	(60,755)	232	(60,523)	(63,836)
<b>Balance, end of year</b>	<b>787,301</b>	<b>10,843</b>	<b>798,144</b>	<b>833,064</b>
<b>Fair value of plan assets</b>				
Balance, beginning of year	908,442	-	908,442	893,468
Interest income	35,862	-	35,862	29,275
Return on plan assets excluding interest income	(50,044)	-	(50,044)	(1,641)
Employer contributions	3,565	-	3,565	8,362
Employee contributions	10,756	-	10,756	8,109
Benefits paid	(37,095)	-	(37,095)	(28,156)
Plan administration expenses	(967)	-	(967)	(975)
<b>Balance, end of year</b>	<b>870,519</b>	<b>-</b>	<b>870,519</b>	<b>908,442</b>
<b>Net defined benefit and other long-term benefit liability (asset)</b>	<b>(83,218)</b>	<b>10,843</b>	<b>(72,375)</b>	<b>(75,378)</b>

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

	2023		2022	
	Allocation %	Fair value \$	Allocation %	Fair value \$
Cash	1.2	10,446	1.0	9,084
Bonds	31.3	272,473	36.5	331,581
Mortgages	11.0	95,757	10.2	92,661
Canadian equities	4.8	41,785	7.0	63,591
International equities	12.7	110,556	17.6	159,886
Real estate funds	15.3	133,189	11.7	106,288
Infrastructure	11.9	103,592	7.2	65,408
Private investments	11.8	102,721	8.8	79,943
	<b>100.0</b>	<b>870,519</b>	<b>100.0</b>	<b>908,442</b>

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:

	2023			2022
	Pension plans	Other long-term benefits	Total	Total
Service costs	18,533	-	18,533	14,546
Net interest expense	(2,453)	-	(2,453)	(430)
Plan administration expenses	967	-	967	975
Actuarial losses related to other long-term benefits	-	232	232	2,548
<b>Post-employment and other long-term benefits</b>	<b>17,047</b>	<b>232</b>	<b>17,279</b>	<b>17,639</b>

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

	2023	2022
Actuarial gains arising from changes in financial assumptions	76,805	82,084
Actuarial losses arising from plan experience	(16,050)	(15,706)
Return on plan assets excluding interest income	(50,044)	(1,641)
<b>Remeasurements of the net defined benefit liability</b>	<b>10,711</b>	<b>64,737</b>

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

	2023		2022	
	Pension plans	Other long-term benefits	Pension plans	Other long-term benefits
<b>Defined benefit obligation as at March 31</b>				
Discount rate	4.85%	4.80%	4.00%	3.80%
Inflation rate	1.65%	1.65%	1.80%	1.80%
Rates of compensation increase	2.65%	2.65%	2.80%	2.80%

For the defined benefit obligation as at March 31, 2023, and March 31, 2022, 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, 2023, and March 31, 2022, the rates for the Employee Plan were multiplied by 115%.

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

	2023		2022	
	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:

	2023		2022	
<b>Discount rate</b>	<b>Increase to 5.85%</b>	<b>Decrease to 3.85%</b>	Increase to 5.00%	Decrease to 3.00%
(Decrease) increase in defined benefit obligation	<b>(91,226)</b>	<b>103,187</b>	(115,365)	134,163
<b>Inflation rate</b>	<b>Increase to 2.65%</b>	<b>Decrease to 0.65%</b>	Increase to 2.80%	Decrease to 0.80%
Increase (decrease) in defined benefit obligation	<b>30,186</b>	<b>(28,682)</b>	40,329	(38,287)
<b>Rates of compensation increase</b>	<b>Increase to 3.65%</b>	<b>Decrease to 1.65%</b>	Increase to 3.80%	Decrease to 1.80%
Increase (decrease) in defined benefit obligation	<b>4,566</b>	<b>(4,461)</b>	6,929	(6,743)
<b>Mortality rate</b>	<b>Increase to 110% of rates</b>	<b>Decrease to 90% of rates</b>	Increase to 110% of rates	Decrease to 90% of rates
(Decrease) increase in defined benefit obligation	<b>(8,436)</b>	<b>9,328</b>	(11,495)	12,501

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 \$4,650 during the next fiscal year.

The weighted average duration of the pension plans' defined obligation as at March 31, 2023, was 10.20 years (13.25 years in 2022).



## 21 • 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:

	2023	2022
Bank loans	16,779	103,770
Long-term debt	244,741	228,643
Share capital	170	170
Retained earnings	86,300	86,300
	<b>347,990</b>	<b>418,883</b>

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 are deducted the contributions 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.

Notwithstanding the foregoing, the total amount of Loto-Québec's current and non-current borrowings may at no time exceed \$1,400,000, representing cumulative debt since March 19, 2008. During the years ended March 31, 2023 and 2022, 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, 2022.

## 22 • 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:

	2023	2022
Less than 1 year	13,110	13,133
From 1 to 5 years	38,906	34,643
More than 5 years	16,862	19,882
	<b>68,878</b>	<b>67,658</b>

### (ii) Contributions 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.

## 23 • FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### 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 0.2% of receivables in 2023 and 2022. 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:

	2023					
	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
<b>Financial liabilities</b>						
Bank loans	16,779	16,779	16,779	-	-	-
Dividend payable	295,724	295,724	295,724	-	-	-
Trade payable and accrued liabilities	103,406	103,406	103,406	-	-	-
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
	<b>894,140</b>	<b>951,650</b>	<b>694,491</b>	<b>21,321</b>	<b>63,964</b>	<b>171,874</b>

	2022					
	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
<b>Financial liabilities</b>						
Bank loans	103,770	103,770	103,770	-	-	-
Dividend payable	148,219	148,219	148,219	-	-	-
Trade payable and accrued liabilities	61,434	61,434	61,434	-	-	-
Lottery prizes payable	72,369	72,369	72,369	-	-	-
Progressive jackpots payable	36,960	36,960	36,960	-	-	-
Salaries payable	50,648	50,648	50,648	-	-	-
Derivatives on gaming transactions	6,723	6,723	6,723	-	-	-
Long-term debt	228,643	279,985	20,837	42,648	55,965	160,535
	<b>708,766</b>	<b>760,108</b>	<b>500,960</b>	<b>42,648</b>	<b>55,965</b>	<b>160,535</b>

### 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, the term deposit, trade and other receivables, bank loans, the dividend payable and accounts payable and accrued liabilities 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:

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans to the joint venture	24,287	24,287	19,287	19,287
Long-term debt	245,869	239,220	229,699	227,274

**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.

## 24 • CONSOLIDATED CASH FLOWS

	2023	2022
<b>Cash and cash equivalents</b>		
Cash on hand at casinos	90,944	73,456
Cash	83,445	24,429
Term deposit at 5.1%, maturing on April 24, 2023	130,000	-
	<b>304,389</b>	<b>97,885</b>
<b>Net change in non-cash items</b>		
Trade and other receivables	20,181	(5,218)
Inventories	(196)	(806)
Prepaid expenses	(16,288)	(1,764)
Accounts payable and accrued liabilities	101,379	9,269
Derivatives on gaming transactions	(482)	1,199
Deferred revenues	(2,483)	3,287
	<b>102,111</b>	<b>5,967</b>
<b>Additional information</b>		
Additions to property, plant and equipment funded by accounts payable and accrued liabilities	20,084	12,133
Additions to intangible assets funded by accounts payable and accrued liabilities	4,588	2,334
Share of partners, holders of Class C units in the joint venture, included in accounts payable and accrued liabilities	711	(202)

Reconciliations of changes in liabilities resulting from financing activities:

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

	Liabilities				Shareholder's equity	
	Bank loans	Dividend payable	Long-term debt	Lease liabilities	Retained earnings	Total
<b>Balance as at March 31, 2021</b>	<b>242,788</b>	<b>97,630</b>	<b>191,206</b>	<b>13,764</b>	<b>86,300</b>	<b>631,688</b>
<b>Changes arising from flows of cash and cash equivalents related to financing activities:</b>						
Net change in bank loans	(139,018)	-	-	-	-	<b>(139,018)</b>
Dividend payable	-	50,589	-	-	(1,118,219)	<b>(1,067,630)</b>
Increase in long-term debt	-	-	49,715	-	-	<b>49,715</b>
Repayment of long-term debt	-	-	(12,377)	-	-	<b>(12,377)</b>
Repayment of lease liabilities	-	-	-	(7,692)	-	<b>(7,692)</b>
Contributions to the Government of Québec	-	-	-	-	(25,000)	<b>(25,000)</b>
	<b>(139,018)</b>	<b>50,589</b>	<b>37,338</b>	<b>(7,692)</b>	<b>(1,143,219)</b>	<b>(1,202,002)</b>
<b>Other changes not affecting cash and cash equivalents related to these liabilities:</b>						
Addition of leases	-	-	-	20,309	-	<b>20,309</b>
Transaction costs	-	-	99	-	-	<b>99</b>
	-	-	<b>99</b>	<b>20,309</b>	-	<b>20,408</b>
<b>Total changes related to these liabilities</b>	<b>(139,018)</b>	<b>50,589</b>	<b>37,437</b>	<b>12,617</b>	<b>(1,143,219)</b>	<b>(1,181,594)</b>
<b>Total other changes related to shareholder's equity</b>	-	-	-	-	<b>1,143,219</b>	<b>1,143,219</b>
<b>Balance as at March 31, 2022</b>	<b>103,770</b>	<b>148,219</b>	<b>228,643</b>	<b>26,381</b>	<b>86,300</b>	<b>593,313</b>

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

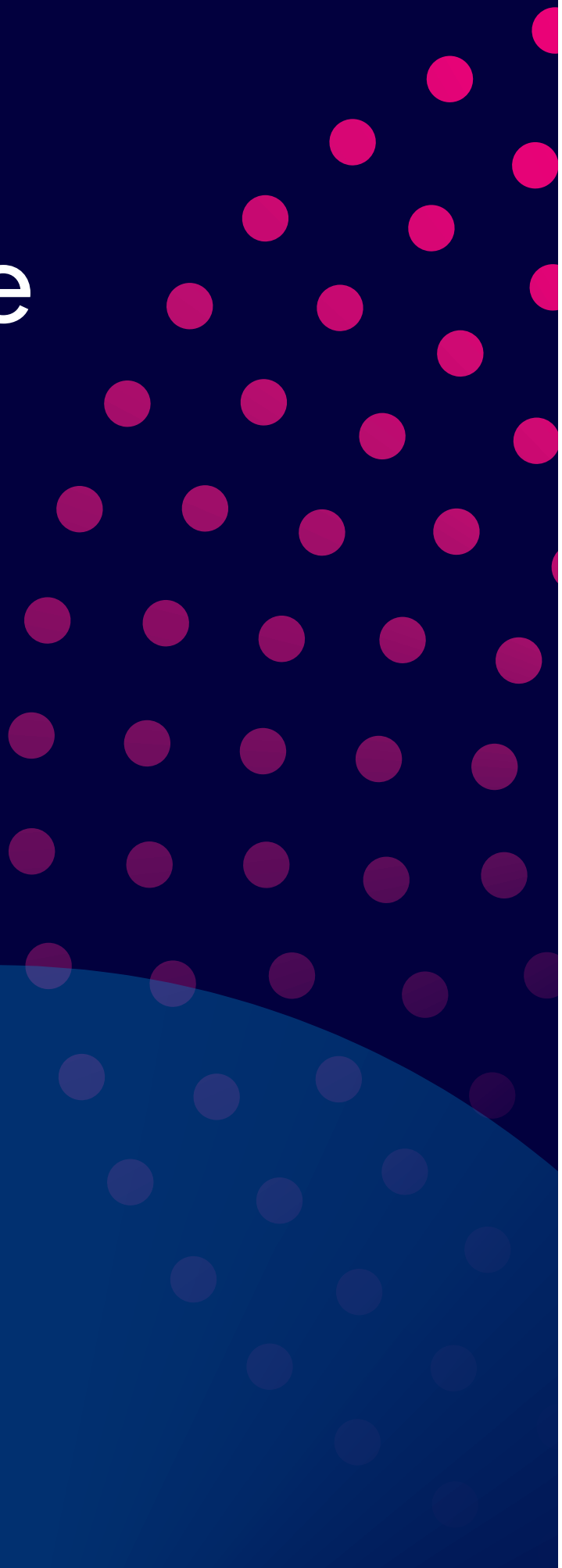
Key management personnel include members of the Board of Directors and certain officers of Loto-Québec. In addition to their salaries, Loto-Québec typically provides other short-term benefits to officers and contributes on their behalf to post-employment benefit plans, such as pension and other long-term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

Key management personnel received the following compensation:

	<b>2023</b>	<b>2022</b>
Short-term employee benefits	<b>4,562</b>	3,618
Post-employment and other long-term benefits	<b>843</b>	651
	<b>5,405</b>	<b>4,269</b>



# Governance



## Board of Directors and Corporate Secretariat

AS OF MARCH 31, 2023



**Ann MacDonald**, Montréal  
ASC, PMP

**Chair of the Board of Directors, Loto-Québec**  
**Chief Operating Officer, BONE Structure**

**Appointment: June 27, 2021**

**End of term: June 26, 2025**

In addition to having a bachelor's degree in business administration 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, where she successively held the positions of director and senior director in fields such as project management, sales, business development, communications and public affairs. In her seven years as Vice-President of Business Development and Sales, she used her solid negotiating skills to oversee all activities in Canada and across America. In 2018, she was the senior advisor for VIA Rail's fleet replacement program. Ms. MacDonald has been a member of numerous associations and forums, including the Conference Board of Canada and the Canadian Urban Transit Association. She was also a member of both the Board of Directors and the Executive Committee of the CHU Sainte-Justine Foundation. 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. Since 2019, Ms. MacDonald has been bringing her extensive experience in strategic operational growth management and business development to BONE Structure as Chief Operating Officer.



**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**

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**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**

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**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 and Resilience, National Bank**

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**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, as both 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 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. Currently, she is actively involved in the Association of Québec Women in Finance and National Bank's Women's Leadership Network.



**Maud Cohen**, Montréal  
Eng., ASC

**President, Polytechnique Montréal**

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**Appointment:** April 8, 2020  
**End of term:** April 7, 2024

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 coursework of the master's in communication sciences with a specialization in human-computer interface at Université de Montréal. She received the title of *Administratrice de sociétés certifiée (ASC)* (Certified Corporate Director) from Université Laval's Collège des administrateurs de sociétés and has over 30 years of governance experience. Ms. Côté is a member of the Board of the Computer Research Institute of Montréal for which she chairs the Governance and Human Resources Committee. She is also a member of the Board of the Agence de mobilité durable de Montréal where she sits on the Audit, Finance and Risk Management Committee and chairs the Innovation, Strategy and Sustainable Development Committee. She also chairs the Culture and Tourism Advisory Committee of the Municipality of Frelighsburg and sits on the tourism committee of the Brome-Missisquoi region. In addition, she has chaired the Board of the Conseil des arts et des lettres du Québec and that of Jalon MTL - l'institut des transports intelligents. Ms. Côté was Corporate Director for such entertainment industry companies as ARTV, Cirque du Soleil, Productions J and Radio-Canada for over 20 years. She was also Director of Marketing Communications for National Bank. She has been serving as expert advisor in international business development for corporations in the creative industries sector, including Rodeo FX and HUB Montréal.



**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.



**Nathalie Goodwin, Montréal**  
LL. B., ASC

**Attorney and Partner, Agence Goodwin**

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

A Université de Montréal law graduate and member of the Québec Bar since 1990, Nathalie Goodwin is a partner at Agence Goodwin, a company that she founded with two associates and that specializes in representing artists around the world who work in various fields. The company also launches projects internationally in a wide range of artistic endeavours. Ms. Goodwin provides legal advice on representation, development and negotiations. She is also a shareholder and director of Goodwin Management. She was a member of the Board of Directors of the Association littéraire et artistique internationale Canada (ALAI Canada) from 1995 to 1998, and the Board of Directors of the Société générale de financement from 2009 to 2010. From 2008 to 2012, she has served on the Board of Directors of Alliance Films Inc. and has chaired the company's Human Resources Committee. In 2013, she received the title of *Administratrice de sociétés certifiée (ASC)* (certified corporate director) from Université Laval's Collège des administrateurs de sociétés. She has been serving on the Board of Directors of Théâtre Outremont since July 2017.



**Lyne Jobin, Lévis**

**Corporate Director**

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**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 currently sits on the boards of several companies, including Theratechnologies and the Institut de médiation et d'arbitrage du Québec.



**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**

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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 overseeing Loto-Québec’s operations in compliance with the provisions of its act of incorporation and the regulations pertaining to it, as well as those of the other laws and regulations that govern the corporation. The Board ensures that Loto-Québec takes the necessary measures to achieve the objectives arising from its mission. This includes adopting game rules and approving Loto-Québec’s main orientations and policies, as well as its annual business plan. Furthermore, the Board monitors the progress of corporate social responsibility actions. It also establishes management policies for the risks associated with conducting the corporation’s business.

The Board is supported by three permanent committees: 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 2008-2009, it created the Commercial Affairs Committee, which was replaced in 2021-2022 by the Development and Innovation Committee, which has a mandate aligned with that of the corporation. Each of these committees makes recommendations to the Board in its area of expertise.

The permanent committees are mandated to conduct an annual review of the corporation’s operational policies in their respective areas of competency and, where warranted, to recommend required policy amendments for approval by the Board.

### Composition

As of March 31, 2023, the Board had 12 members—8 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 of the Board are scheduled at the beginning of the fiscal year, while special meetings are held as needed over the course of the year. The manner in which advance notice is given to members for committee meetings varies according to individual committee requirements.

During the 2022-2023 fiscal year, the Board held five meetings, in person or via teleconference. A closed session without management present was held at the end of each Board and committee meeting.

### Director attendance report as of March 31, 2023

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

Excused absences.

Hugo Delorme was a member of the Board until December 16, 2022.

Lyne Jobin has been a member of the Board since December 7, 2022.

## Remuneration

Loto-Québec Directors are remunerated pursuant to the Order in Council 610-2006, which was adopted by the Government of Québec on June 28, 2006. Remuneration is also indexed in accordance with this order.

### Directors' remuneration

Director	Total remuneration
Ann MacDonald <sup>1 and 4</sup>	\$44,456.50
Alain Albert <sup>2 and 3</sup>	\$23,824.00
Jean-François Blais <sup>1 and 4</sup>	\$23,162.00
Sarine Chitilian <sup>1</sup>	\$17,207.00
Maud Cohen <sup>4</sup>	\$21,176.00
Marie Côté <sup>2 and 4</sup>	\$20,340.32
Hugo Delorme <sup>2</sup>	\$14,958.12
Dominique Gauthier <sup>3</sup>	\$16,876.00
Nathalie Goodwin <sup>3</sup>	\$17,207.00
Lyne Jobin <sup>2</sup>	\$6,014.00
Alain Trudeau <sup>1</sup>	\$17,207.00
Katy Yam <sup>4</sup>	\$17,207.00
	<b>\$239,634.94</b>

Hugo Delorme was a member of the Board until December 16, 2022.  
Lyne Jobin has been a member of the Board since December 7, 2022.

## Activities

### Strategic planning and business plan

At each meeting of the Board, Loto-Québec management reported on the progress of the corporation's business in relation to the 2022-2023 business plan and major current projects. The Board approved the 2021-2022 Annual Report and the related press release<sup>5</sup> and provided follow-up on the 2020-2023 Strategic Plan and the 2022-2023 action plans. It also adopted the 2023-2026 Strategic Plan.

Here are some of the topics that were addressed last year:

- Ensuring budget targets are met
- The land-based gaming offer
- The development of online gaming
- The illegal gambling offer
- Sponsorships
- Optimizing space at the head office
- Monitoring the FINTRAC compliance program

In addition, over the fiscal year, the Board approved game rules for the lottery sector, as well as certain internal operational policies.

### Financial results and internal controls

At each of its meetings, the Board reviewed a presentation on the financial results and their highlights. On the recommendation of the Audit and Risk Management Committee, the Board approved the quarterly financial statements, as well as the financial statements for the year ended March 31, 2022,<sup>6</sup> and related press releases.

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

After every meeting of the Audit and Risk Management Committee, the Board received a verbal report on the committee's activities.

For the 2022-2023 fiscal year:

<sup>1</sup> Audit and Risk Management Committee

<sup>2</sup> Governance, Ethics and Corporate Social Responsibility Committee

<sup>3</sup> Human Resources and Culture Committee

<sup>4</sup> Development and Innovation Committee

Note: The composition of the committees changed on February 23, 2023.

<sup>5</sup> At its meeting on May 26, 2023, the Board approved the 2022-2023 Annual Report and the related press release.

<sup>6</sup> At its meeting on May 26, 2023, on the recommendation of the Audit and Risk Management Committee, the Board approved the financial statements for the year ended March 31, 2023, and the related press release.

## Corporate governance

During the 2022–2023 fiscal year, the Board ensured the corporation's compliance with its governance regulations and policies.

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

- Changes to 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
- Changes to the competency, experience and expertise profiles of the members
- Committee membership and appointment of members thereto
- The proposal for Lyne Jobin's candidacy as an independent board member

After every meeting of the Governance, Ethics and Corporate Social Responsibility Committee, the Board received a verbal report on the committee's activities.

## Human resource management

Throughout the 2022–2023 fiscal year, the Board monitored various policies relating to personnel management, in cooperation with the Human Resources and Culture Committee.

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

- The 2023–2024 remuneration parameters for non-unionized staff and managers at Loto-Québec and its subsidiaries, except for senior executives
- The terms of application for the incentive remuneration program for 2022–2023, for the target employees
- The President and Chief Executive Officer's 2022–2023 objectives
- The terms of the negotiation mandates for the collective agreements of the union locals concerned
- Changes to internal operating policies related to the committee's areas of competency

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

After every meeting of the Human Resources and Culture Committee, the Board received a verbal report on the committee's activities.

## Development and innovation

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

After every meeting of the Development and Innovation Committee, the Board received a verbal report on the committee's activities.

# Audit and Risk Management Committee Report

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## Mandate and composition

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

As of March 31, 2023, the Audit and Risk Management Committee was composed of four independent members.

**Chair:** Jean-François Blais

**Members:** Sarine Chitilian, Ann MacDonald and Alain Trudeau

All the members have the requisite experience and skills in accounting or finance. 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

Over the fiscal year, the Audit and Risk Management Committee met five times, 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 monitored the budget
- Reviewed the corporation's 2021-2022 financial statements and the related press release with the independent external co-auditors, namely the Auditor General of Québec and KPMG LLP, and recommended their approval to the Board<sup>1,2</sup>
- Conducted a follow-up on the application of the International Financial Reporting Standards (IFRS)
- Ensured that the Internal Auditing Department was able to perform its role independently of Loto-Québec management
- Approved and monitored Internal Auditing's 2022-2023 annual work plan
- Monitored:
  - The internal control certification programs
  - The integrated management of business risks
  - The FINTRAC compliance program
  - The corporation's insurance coverage

- Monitored the activities of the groups responsible for IT and security, particularly concerning cybersecurity
- Reviewed the operational policies it is responsible for and recommended that the Board approve the required changes
- Monitored the management process for the risks associated with its mandate
- Conducted the annual review of its mandate
- Submitted a report of its accomplishments to the Board

After each of its meetings, the committee made a verbal report on its activities to the Board.

<sup>1</sup> The proposal to retain KPMG LLP was made after a call for tenders for the audit of the financial statements for the years ending on March 31, 2023, to 2027. The firm's audit fees for the 2022-2023 financial statements came to \$455,000, in compliance with its proposal.

<sup>2</sup> At its meeting on May 26, 2023, the Audit and Risk Management Committee reviewed the 2022-2023 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

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## Mandate and composition

The Governance, Ethics and Corporate Social Responsibility Committee assists the Board in developing and applying the best ethics and corporate governance practices. 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 on an annual basis by the appropriate Board committees. It develops expertise and experience profiles for the appointment of Board members, with the exception of the President and Chief Executive Officer, and recommends them to the Board. It also monitors Loto-Québec's corporate social responsibility process, particularly with regard to the environment and stakeholder relations.

As of March 31, 2023, the Governance, Ethics and Corporate Social Responsibility Committee was composed of three independent members.

**Chair:** Marie Côté

**Members:** Alain Albert and Lyne Jobin

## Activities

Over the fiscal year, the Governance, Ethics and Corporate Social Responsibility Committee met four times, 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
- Reviewed complaints received by the Corporate Secretary and measures put in place for the reporting line, as well as investigated and made any required recommendations, at each of its meetings
- 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 and recommended that the Board approve the required changes
  - 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' competency, expertise and experience profiles, and recommended that the Board approve the required changes

- The composition of the Board and its committees, and recommended that the Board appoint members for each committee
- Recommended to the Board the appointment of Lyne Jobin as an independent Board member
- Ensured the implementation of:
  - Environmental indicators, and monitored them
  - A communication plan for the corporation, with related indicators, and monitored it
- Reviewed:
  - Loto-Québec's corporate social responsibility plan and its indicators
  - The corporation's commitment strategy toward its stakeholders
- 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 governance and ensured that all other committees did so as well
- Monitored the management process for the risks associated with its mandate
- Conducted the annual review of its mandate and ensured that each committee did likewise
- Submitted a report of its accomplishments to the Board

After each of its meetings, the committee made a verbal report on its activities to the Board.

# Human Resources and Culture Committee

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## Mandate and composition

The main role of the Human Resources and Culture Committee is to ensure that the human resources of Loto-Québec and its subsidiaries are managed effectively and appropriately, in keeping with the corporation's values. It examines the human resources policies and strategic orientations, makes the required recommendations to the Board, and monitors the implementation of related actions. It also sees to the implementation of remuneration norms and scales for Loto-Québec managers and employees and helps with succession planning for management personnel. The committee is also tasked with developing the expertise and experience profile and assessment criteria for the President and Chief Executive Officer, as well as recommending the remuneration for the position, within the parameters established by the government of Québec.

As of March 31, 2023, the Human Resources and Culture Committee was composed of three independent members.

**Chair:** Alain Albert

**Members:** Dominique Gauthier and Nathalie Goodwin

## Activities

Over the fiscal year, the Human Resources and Culture Committee met six times, 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 2023-2024 remuneration parameters for non-unionized personnel and managers at Loto-Québec and its subsidiaries, except for senior managers
  - The terms of application for the incentive remuneration program for 2022-2023, for the target employees
  - The President and Chief Executive Officer's 2022-2023 objectives
  - The terms of the negotiation mandates for the collective agreements of the union locals concerned
- Took note of 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 in terms of occupational health and safety
- The succession planning program
- The talent development plan
- Reviewed the operational policies it is responsible for and recommended that the Board approve the required changes
- Monitored the management process for the risks associated with its mandate
- Conducted the annual review of its mandate
- Submitted a report of its accomplishments to the Board

After each of its meetings, the committee made a verbal report on its activities to the Board.

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

FOR THE FISCAL YEAR ENDED MARCH 31, 2023

Name and title of Loto-Québec's senior executives	Basic salary paid	Variable pay			Other benefits paid or granted <sup>4</sup>	Overall remuneration for the fiscal year
		Annual variable pay <sup>1</sup>	LTPSP paid <sup>2</sup>	Pension plan contribution <sup>3</sup>		
<b>Jean-François Bergeron</b> President and CEO	\$473,300	\$70,992	-	\$22,269	\$19,860	\$586,421
<b>Kevin G. Taylor</b> Executive Vice-President Chief Operating Officer of Casinos and Gaming Halls	\$356,662	\$106,994	-	\$21,339	\$19,503	\$504,498
<b>Denis Daly</b> Corporate Vice-President Chief Officer of Digital Transformation and Technologies	\$325,993	\$97,794	-	\$21,339	\$18,003	\$463,129
<b>Isabelle Jean</b> Executive Vice-President Chief Operating Officer of Lottery Games	\$327,848	\$98,350	-	\$22,269	\$13,053	\$461,520
<b>Marie-Claude Tremblay</b> Corporate Vice-President of Finance and Administration	\$295,287	\$88,582	-	\$21,339	\$18,681	\$423,889

## 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 their average salary during their three (for the RPSO members) or five (for the 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.

<sup>1</sup> Variable pay:

Period covered

Variable pay covers the period from April 1, 2022, to March 31, 2023, and will be paid in July 2023. There was no variable pay in 2022-2023.

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' weighted customer support measurement objectives were reached.

Incentive pay value

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

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

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

<sup>3</sup> 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.

<sup>4</sup> 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, 2023

Name and title of subsidiaries' senior executives	Basic salary paid	Variable pay			Other benefits paid or granted <sup>4</sup>	Overall remuneration for the fiscal year
		Annual variable pay <sup>1</sup>	LTPSP paid <sup>2</sup>	Pension plan contribution <sup>3</sup>		
<b>Stéphane Fraser</b> Chief Operating Officer of Gaming Establishments <b>Société des établissements de jeux du Québec</b>	\$270,530	\$81,155	-	\$21,339	\$21,449	\$394,473
<b>Luc Morin</b> General Manager Casino de Montréal <b>Société des casinos du Québec</b>	\$234,079	\$70,218	-	\$21,339	\$12,678	\$338,314
<b>Patrick Lamy</b> General Manager Casino du Lac-Leamy <b>Société des casinos du Québec</b>	\$226,699	\$68,007	-	\$21,339	\$14,985	\$331,030
<b>Pierre Maltais</b> General Manager Casino de Charlevoix <b>Société des casinos du Québec</b>	\$191,192	\$57,354	-	\$20,858	\$13,048	\$282,452
<b>Stéphane Duquette</b> Senior Manager, Finance and Control <b>Société des casinos du Québec</b>	\$193,035	\$34,746	-	\$3,873	\$3,793	\$235,447

## Basic pension plan

With the exception of Stéphane Duquette, these managers 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. Stéphane Duquette, on the other hand, is enrolled in the Executive and Professional Plan of the Société des casinos du Québec.

## Supplementary pension plan

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

<sup>1</sup> Variable pay:

### Period covered

Variable pay covers the period from April 1, 2022, to March 31, 2023, and will be paid in July 2023. In 2022-2023, the Vice-President received no variable pay, whereas the others received 50% of their target bonus for the 2021-2022 fiscal year.

### 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' weighted customer support measurement objectives were reached.

### Incentive pay value

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

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

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

<sup>3</sup> 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.

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



# Development and Innovation Committee

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## Mandate and composition

The Development and Innovation Committee was created in 2021–2022. Its main role is to pursue certain strategic issues related to commercial development and innovation, in order to support senior management in decision-making. It enables discussions between members on leading global trends, on specific targeted projects and on their strategic positioning within Loto-Québec's operations. As a major driver of the corporation's governance, this committee assesses, among other things, the potential of new business and investment models and of strategic partnerships and makes related recommendations to the Board. It also makes recommendations to the Board concerning calls for tenders and contracts that the Board must approve under the terms of the procurement policy. It provides responsible management for the mandates it tracks and deals with any other business the Board may entrust to it.

As of March 31, 2023, the Development and Innovation Committee was composed of five independent members.

**Chair:** Maud Cohen

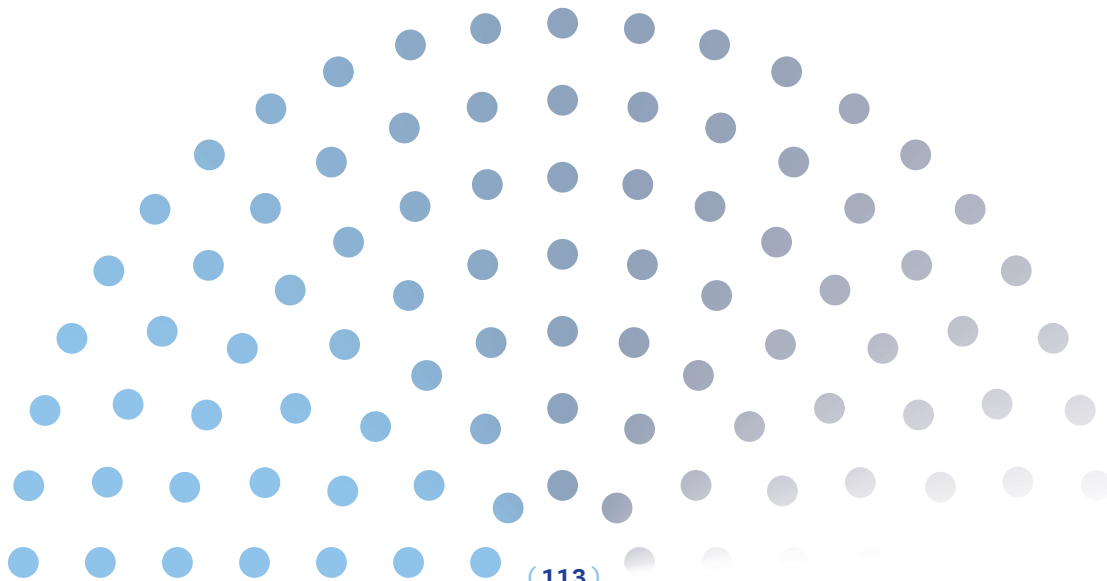
**Members:** Jean-François Blais, Marie Côté, Ann MacDonald and Katy Yam

## Activities

Over the fiscal year, the Development and Innovation Committee met five times, in person or via teleconference. 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 metaverse and Québec's gaming market, among others
- Discussed the food service offering at the casinos
- Followed up on the strategic planning approach
- Conducted the annual review of its mandate
- Submitted a report of its accomplishments to the Board

After each of its meetings, the committee made a verbal report on its activities to the Board.



# Policies and Laws

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## Language policy

### Making language quality a top priority

In accordance with the government's policy on the use of French in public administration, the corporation adopted a language policy that reflects its business mission and covers the use and quality of French within each of its activity sectors. This policy was revised during the 2021–2022 fiscal year.

During the last fiscal year, the corporation remained compliant with the requirements of the *Charter of the French language* and extended its collaboration with the Office québécois de la langue française to ensure that its language policy continues to uphold the principles set out by the government with respect to the use and quality of the French language. After Bill 96 was assented to in June 2022, the corporation implemented several initiatives to meet the requirements of the law, including raising awareness among its staff of the changes made to the Charter.

### Awarding of contracts

The procurement policy of Loto-Québec and its subsidiaries reflects the transparency and integrity that govern the awarding of contracts to suppliers. This policy can be consulted on the Loto-Québec website.

### Act to facilitate the disclosure of wrongdoings relating to public bodies

In keeping with the *Act to facilitate the disclosure of wrongdoings relating to public bodies*, Loto-Québec has a policy to facilitate the disclosure of wrongdoings. This policy is in addition to 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 every year.

**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 according to the categories of wrongdoings set out in section 4 of the Act:

- Contravention of a Québec law, of a federal law applicable in Québec or of 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 counselling 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 adopted 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 the staff of public bodies, particularly by means of workforce planning, as well as the control of staffing and service contracts.

In 2014–2015, in keeping with the Act, Loto-Québec adopted a directive on service contracts and submitted it to the Conseil du trésor. Under this directive, in 2022–2023, the President and Chief Executive Officer of Loto-Québec authorized 75 service contracts for over \$25,000, totalling \$22,276,817. Four of these contracts were concluded with a natural person.

### **Loto-Québec workforce<sup>1</sup> as of March 31, 2023**

<b>Category</b>	<b>Paid hours</b>			<b>Number of employees</b>
	<b>Hours worked</b>	<b>Overtime</b>	<b>Total</b>	
Management staff	184,406	450	<b>184,856</b>	110
Professional staff	934,063	16,452	<b>950,515</b>	534
Office, technical and similar staff	553,780	18,331	<b>572,111</b>	323
Labourers, maintenance and service staff	34,783	407	<b>35,190</b>	20
Students and interns	18,528	2	<b>18,530</b>	8
<b>Total</b>	<b>1,725,560</b>	<b>35,642</b>	<b>1,761,202</b>	<b>995</b>

<sup>1</sup> Excluding subsidiaries

For the period from April 1, 2022, to March 31, 2023, the staffing level did not exceed the target set by the government.

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

### Access to information

<b>Total number of requests received from April 1, 2022, to March 31, 2023</b>	<b>100</b>
<b>Total number of requests processed<sup>1</sup> from April 1, 2022, to March 31, 2023</b>	<b>103</b>

### Number of requests processed by type and processing time

	Requests for access			
	Administrative documents	Personal information	Correction	
<b>Processing time</b>				
0 to 20 days	8	40	0	
21 to 30 days	24	31	0	
31 days or more	0	0	0	
<b>Total</b>	<b>32</b>	<b>71</b>	<b>0</b>	<b>103</b>

### Number of requests processed by type and decision rendered

	Requests for access			Provisions of the Law invoked
	Administrative documents	Personal information	Correction	
<b>Decision rendered</b>				
Accepted	17	48	0	
Partially accepted	4	8	0	1, 9, 14, 15, 21 to 24, 27 to 29, 31, 32, 35, 37 to 39, 41, 42, 53, 54, 59, 88, 94, 95 and 137.1
Rejected	6	4	0	
Other	5	11	0	
<b>Total</b>	<b>32</b>	<b>71</b>	<b>0</b>	<b>103</b>

<b>Number of notices of review received from the Commission d'accès à l'information</b>	<b>4</b>
<b>Number of requests for access subject to reasonable accommodation measures</b>	<b>0</b>

The statistics presented above relate only 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 by virtue of 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 employees 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 will come into effect during the 2023-2024 fiscal year.

<sup>1</sup> Requests processed are those for which a response was provided during the fiscal year. Processing may take up to 30 days.

# Enterprise Risk Management

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

In a business, risk management is the responsibility of each business or corporate unit identified in the action plans. To ensure sound management, Loto-Québec has established a structured enterprise risk management framework that allows for the preventive, reactive and systematic management of the major risks likely to affect it, in both normal times and times such as the current post-pandemic economic context.

More specifically, our enterprise risk management framework:

- Provides an overview of the risks Loto-Québec faces and facilitates the deployment of appropriate prevention, management and oversight strategies.
- Allows us to share our risk management and opportunity identification approach with our business and corporate units to help them adopt a rigorous management method.
- Provides Loto-Québec's Executive Committee and Board of Directors with the information they need to accurately assess changing situations related to the achievement of strategic and operational objectives.

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 as well as opportunities available to it, so they can make informed decisions and take timely steps to mitigate risks. Here are four priority types of risk:

## **Risk related to 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 building blocks of the corporation and require unwavering attention.

## **Risk related to information technologies**

This risk merits special attention, as information technologies are central to all the corporation's activities. Due to the rapid evolution and complexity of these technologies, in addition to the risks of cyberattacks and those related to data manipulation and third-party security measures, best practices and vigorous security measures must be in place to protect the corporation and the personal and confidential information of its customers, suppliers, partners and employees.

## **Risk related to the development of a new customer base and the evolution of the corporation's gaming offer**

This risk affects the alignment of the gaming and entertainment offer with customer expectations as well as the balance between growth, innovation and responsible commercialization. The development of new initiatives that combine gaming and entertainment must be carefully and strategically considered in order to meet changes in consumer habits and to ensure Loto-Québec's future.

## **Risk related to human resources**

This risk can affect Loto-Québec's operations. Succession and the ability to both attract and retain the best talents are the main challenges in this area. To mitigate this risk, we implemented various initiatives and strategies based on leading practices in talent and human resources that promote employee engagement, attraction, inclusion, health and well-being, and professional development.

These monitoring activities, coupled with individual efforts, improve risk awareness and foster efficient internal control processes.

## Measuring Efficiency and Performance

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### 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 steps for measuring efficiency and performance, including benchmarking with similar organizations, are undertaken by the corporation and that this information is included in the annual report.

A comparative analysis of Loto-Québec's performance is performed on an ongoing basis. It makes it possible to position the corporation relative to the other Canadian state corporations, i.e., the British Columbia Lottery Corporation; the Western Canada Lottery Corporation; Alberta Gaming, Liquor and Cannabis; the Saskatchewan Liquor and Gaming Authority; the Manitoba Liquor and Lotteries Corporation; the Ontario Lottery and Gaming Corporation; the Atlantic Lottery Corporation and the Nova Scotia Gaming Corporation.

In addition, a benchmarking exercise was carried out in 2022 by HLT Advisory, an independent firm specializing in the games of chance industry. It ranked Québec third out of 10 provinces for lottery sales relative to its population.

It also highlights that the province has the lowest overall rate of gaming spending per adult in Canada. The difference can be explained by the fact that developments to adapt the land-based offer to new entertainment consumer habits have slowed down over the last few years.

In 2009, Loto-Québec became one of the first lottery corporations in the world to receive the World Lottery Association (WLA) Level 4 responsible gambling certification. Only 12 of the 27 lottery corporations members of the WLA in North America have received this certification, which is granted by an international jury whose members are independent corporate social responsibility experts.

The standard requires abidance to best practices in responsible gambling in the advertising, player awareness and game design fields, among others. Loto-Québec is currently in the process of renewing the certification in 2023.

Moreover, the corporation ensures continuous monitoring along with the aforementioned organizations and is involved in several communities of practice that deal with information technology, business continuity and strategic planning, in particular.

All these initiatives made it possible to identify and analyze industry trends and provide the organization with strategic input for its 2023–2026 plan.

### Last year's results and findings

Loto-Québec had an exceptional year in 2022–2023, not only because of the complete resumption of its activities but also because of the outstanding financial results it yielded. The net income, which stands at \$1.600B, largely exceeds pre-pandemic levels and is the highest in the last 17 years.

The [lotoquebec.com](http://lotoquebec.com) website continued growing, showing that playing online is now a firmly rooted consumer habit. In fact, the 31.7 million visits set a record, breaking the previous record of 28.2 million visits set last year.

Loto-Québec continued attaching the utmost importance to reducing its GHG emissions. Despite reopening all its locations, GHG emissions dropped by 38.3% over their 2009 levels.

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## Strategic orientation 1

### Provide a positive customer experience across all distribution channels

The end of public health measures, which made it possible for our gaming locations to open unrestricted, and the steady growth of online gaming both contributed to hiking the rate of increase in the number of transactions tracked through our points of contact. It stands at +54% over the reference year.

Despite locations resuming their normal operations, online gaming continued to grow. Traffic on the website peaked at 31.7 million visits in 2022-2023, a 12% increase over the record set the previous year. The turning of the tide toward online gaming is therefore not attributable to the pandemic alone.

The rate of satisfaction in the online experience is 65.0%, a drop over the results of the last few years and below the target that had been set. The massive influx of new clients during the pandemic partially explains this result, as the sudden growth volume impacted our activities and our customers' satisfaction.

## Strategic orientation 2

### Offer gaming and entertainment options that meet customers' expectations

The decrease in purchase likelihood at locations was compensated by the increase in the purchase likelihood online, which maintained the overall rate of purchase likelihood among adults (all gaming products combined) at 76%, same as the previous year.

Traffic at casinos and gaming halls is nearing pre-pandemic levels thanks to their unrestricted opening. Even though the number of visits did not match that of the reference year (9.7 million in 2019-2020), it did reach 7.3 million, which is not far from the 8.4 million visit target.

## Strategic orientation 3

### Actively contribute to the community—socially, economically and environmentally

GHG emissions counted in Loto-Québec's corporate balance sheet continue to drop relative to their 2009-2010 levels by 38.3%. Several factors explain the significant reduction, the main of which is the installation of a new electric boiler at the Casino de Montréal in December 2022.

The index of use of responsible commercialization tools and services by customers remained stable at 18.7, matching the previous year's level. It does, however, exceed the target, which was set at 17.6.

## Strategic orientation 4

### Increase our agility and improve our processes

The full resumption of activities and the sound management in all sectors of the organization contributed to the major increase in net income, which reached \$1.600B. Not only does it show a marked increase over the previous year (\$1.143B), but it also largely exceeds the target set for this year, \$1.447B, and the pre-pandemic figures.

The proportion of hires from diverse backgrounds settled at 34%, a slight drop over last year's result, which stood at 37%. Although the ambitious target of 50% wasn't reached, the proportion remains higher than the Québec public service's goal of 25%. This result can be explained by the postponement of many organizational diversity and inclusion initiatives due to the pandemic.

# Follow-up on the Actions Outlined in the 2021–2023 Corporate Social Responsibility Plan

## FOR THE 2022–2023 FISCAL YEAR

As required under the *Sustainable Development Act*, this section outlines objectives and activities carried out in 2022–2023 with respect to our Corporate Social Responsibility Plan.

This plan gives concrete expression to our sustainable development initiatives and reflects our organization's contributions to the community. It's based on four pillars:

1. The players
2. The environment
3. Our staff
4. The community

We're presenting our results to put our corporate social responsibility efforts into perspective based on the objectives of the Government Sustainable Development Strategy 2015–2020.<sup>1</sup>

## Objectives of the Government Sustainable Development Strategy 2015–2020

- 1.1 Strengthen eco-responsible management practices in the public administration
- 1.2 Increase application of sustainability principles by government departments and agencies
- 1.3 Promote the use of public participation methods when developing and implementing government policy and actions
- 1.4 Continue developing knowledge and skills related to sustainable development in the public administration
- 1.5 Increase access to and involvement in culture as a driver of social, economic and territorial development
- 2.2 Support the development of green channels and eco-responsible goods and services produced in Québec
- 2.3 Foster investment and financial support for the transition to a green and responsible economy
- 2.5 Help consumers make responsible choices
- 4.1 Support skill recognition, development and retention, particularly among the most vulnerable populations
- 4.2 Support and showcase the activities of community organizations and social economy companies that contribute to social inclusion and the reduction of inequalities
- 5.1 Promote the adoption of healthy lifestyles
- 5.2 Take action to make living environments healthier and safer
- 7.2 Support the electric vehicle transition and improve energy efficiency in this sector to grow the economy and reduce GHG emissions
- 8.1 Improve energy efficiency
- 8.3 Promote the use of energy that reduces GHG emissions

### List of abbreviations

CSR: Corporate social responsibility  
FSC: Forest Stewardship Council  
GHG: Greenhouse gas  
ICT: Information and communications technology  
NPO: Non-profit organization  
VLT: Video lottery terminal  
WLA: World Lottery Association

<sup>1</sup> The Government Sustainable Development Strategy 2015–2020 has been extended to October 2022 by Order in Council.





# Governance

**Strategy:** Embody positive change leadership

**Structural action:** Integrate more CSR guidelines ahead of our business decisions

Indicator	Start	2022-2023 target	2022-2023 result
Proportion of operational policies assessed according to CSR	New dimension	100%	100%

**Further information:**

All operational policies adopted over the last two years were assessed according to CSR.

Contribution to government strategy: 1.2

**Strategy:** Promote our CSR approach and measure the results

**Structural action:** Increase our stakeholders' involvement in our CSR approach

Indicator	Start	2022-2023 target	2022-2023 result
Number of communications covering our CSR activities	-	75	558
Proportion of staff who recognize that our CSR activities contribute to our achievement of organizational objectives	79%	85%	75%
Number of stakeholder collaborations that lead to improvements in our CSR approach	10	12	12

Contribution to government strategy: 1.2, 1.3, 2.5



Pillar 1

# The players

## To offer a positive gaming experience

### Strategy 1: Uphold our high standards of responsible commercialization

#### Structural action 1: Benchmark our responsible commercialization practices

Indicator	Start	2022-2023 target	2022-2023 result
Renewal of WLA Level 4 responsible gambling certification	-	Certification	Upcoming renewal (fall 2023)
Creation of winning conditions for the renewal of the WLA Security Control Standard (ISO/IEC 27001) certification	Certified	Surveillance audit	Certified

**Further information:**

The responsible gambling certification renewal was delayed due to the impacts of the pandemic, including the periods during which casinos and gaming halls were closed.

Contribution to government strategy: 5.2

### Strategy 2: Inform and educate our players on responsible gambling in order to provide a positive gaming experience

#### Structural action 2: Demystify the concepts of gambling and chance

Indicator	Start	2022-2023 target	2022-2023 result
Proportion of customers from land-based establishments who interacted with a <i>Centre du hasard</i> advisor <sup>1</sup>	8%	9%	10.5%
Proportion of players who are aware of key responsible gambling messages	54%	60%	51%
Increase in visits to <i>agameshouldremainagame.com</i> and the Your Best Bet tab on <i>lotoquebec.com</i>	-	8%	-3%
Proportion of advertising messages promoting responsible gambling	100%	100%	100%
Number of new gambling information and awareness initiatives	-	3	28

**Further information:**

The starting value for the increase in visits to *agameshouldremainagame.com* and the Your Best Bet tab on *lotoquebec.com* had been distorted due to the outset of the pandemic, which caused a significant online traffic increase.

Contribution to government strategy: 5.2

<sup>1</sup> The *Centre du hasard* information kiosks have become the *Bien joué!* areas.

### Structural action 3: Implement new tools to promote a positive gaming experience

Indicator	Start	2022-2023 target	2022-2023 result
Proportion of online casino customers who've voluntarily set a gaming-time limit and/or loss limit	16.9%	20.0%	17.1%
Implementation of a system to identify at-risk online players	-	Implementation	Upcoming implementation (winter 2024)

**Further information:**

We're currently at the proof-of-concept step of the project to implement a tracking system, i.e., the step prior to its online release.

Contribution to government strategy: 5.2

### Structural action 4: Ensure responsible commercialization of our games to stakeholders

Indicator	Start	2022-2023 target	2022-2023 result
Proportion of lottery retailers who have taken the Lottery program's responsible commercialization training course	63%	100%	100%
Proportion of VLT retailers who have taken the Société des établissements de jeux du Québec's responsible commercialization training course	97%	100%	100%

Contribution to government strategy: 5.2

## Strategy 3: Ensure that our players who are having difficulties receive support adapted to their needs

### Structural action 5: Offer various support tools to our players with difficulties

Indicator	Start	2022-2023 target	2022-2023 result
Proportion of self-excluded players from our land-based casinos and gaming halls who have accepted an offer of help and support	20.6%	25.0%	45.0%
Implementation of a chat tool to support online players	-	Implementation	Tool implemented in 2021-2022
Implementation of a new support program for self-excluded online players	-	Implementation	Program implemented in 2021-2022

Contribution to government strategy: 5.2

### Structural action 6: Equip our staff in the area of responsible gambling

Indicator	Start	2022-2023 target	2022-2023 result
Proportion of active staff trained in responsible gambling	94%	95%	93%

Contribution to government strategy: 1.4

### Strategy 4: Collaborate in the development of best practices in responsible gambling

### Structural action 7: Contribute to responsible gambling research

Indicator	Start	2022-2023 target	2022-2023 result
Number of collaborations on responsible gambling research projects	5	5	6

Contribution to government strategy: 5.2



Pillar 2

# The environment

## To reduce our environmental footprint

**Strategy 5: Contribute to the Québec government's 37.5% GHG emissions reduction target in its 2030 Plan for a Green Economy**

### Structural action 8: Reduce our GHG emissions

Indicator	Start	2022-2023 target	2022-2023 result
Rate of GHG emissions reduction based on our corporate balance sheet	-22.7%	-25.0%	-38.3%
Development of a measure of the impact of remote work on our GHG emissions profile	-	Measure developed	Measure developed

**Further information:**

Several factors explain the significant reduction in our GHG emissions, the main of which is the installation of a new electric boiler at the Casino de Montréal in December 2022. This result will have to be validated over a longer term before drawing conclusions on the sustainability of such reduction.

Moreover, 2019-2020 data on energy consumption, computer equipment purchases and staff commuting were compared with those of 2022-2023. Results indicate that the remote work policy contributes to a slight reduction of GHG emissions for scopes 1 and 2 (i.e., energy consumption at the head office) and a significant reduction of GHG emissions for scope 3 (i.e., staff commute to and from work, despite the purchase of additional computer equipment).

Contribution to government strategy: 1.1, 7.2, 8.1, 8.3

**Strategy 6: Identify and take steps to further reduce our environmental footprint**

### Structural action 9: Continue developing our overall building performance management system

Indicator	Start	2022-2023 target	2022-2023 result
Number of BOMA BEST certifications that have been renewed and maintained their level of excellence	-	5	9
Number of our gaming locations with <i>ICI on recycle +</i> certification	-	6	6

**Further information:**

BOMA BEST: three of our nine certifications were up for renewal in 2022-2023. The locations in question either maintained or improved their level of excellence. Such is the case for the Casino du Lac-Leamy, which received the top certification level, Platinum. The other six locations maintained their level of excellence.

Contribution to government strategy: 1.1

## Structural action 10: Further integrate the 4R principle—review, reduce, reuse, recycle— into our activities

Indicator	Start	2022–2023 target	2022–2023 result
Number of ICT improvement projects developed by the Digital Responsibility Committee	-	4	4
Recovery rate of recyclable materials in our gaming establishments	-	72%	71%
Recovery rate of compostable materials in our gaming establishments	-	50%	63%
Reuse, recycle and recover rate of VLT components	-	60%	60%
Number of scratch tickets printed on 100% post-consumer recycled material	-	6	4
Proportion of scratch tickets printed on FSC certified paper	57%	75%	98%

### Further information:

The four ICT improvement projects are as follows:

- Implementation of the Digital Responsibility Committee governance model
- Expertise development in digital service eco-design
- Definition of digital responsibility best practices
- Analysis of digital responsibility education and engagement tools

In 2021–2022, we had reached our target of four scratch tickets printed on 100% post-consumer recycled material, for a total of 6,732,000 tickets printed. In 2022–2023, we once again printed four tickets on this type of medium, but the number of printed tickets was 9,377,500, which is a significant increase.

Contribution to government strategy: 1.1, 2.2, 2.5



# Our staff

To foster diversity, inclusion and wellness

**Strategy 7:** Commit to a culture of diversity and inclusion, and positively influence all of our stakeholders

## Structural action 11: Foster diversity and inclusion

Indicator	Start	2022-2023 target	2022-2023 result
Proportion of diversity hires	28%	50%	34%

**Further information:**

The proportion of hires from diverse backgrounds dropped slightly over last year's result, which stood at 37%. Although the ambitious target of 50% wasn't reached, the proportion remains higher than the Québec public service's goal of 25%. This result can be explained by the postponement of many organizational diversity and inclusion initiatives due to the pandemic.

Contribution to government strategy: 4.1

## Structural action 12: Promote practices that foster the physical and social integration of people with disabilities

Indicator	Start	2022-2023 target	2022-2023 result
Number of workstations designed for people with an intellectual disability with or without an autism spectrum disorder	0	2	2
Implementation of an action plan for individuals with disabilities	-	Implementation	Upcoming implementation (June 2023)

Contribution to government strategy: 4.1

## Strategy 8: Foster a harmonious, healthy and inclusive workplace

### Structural action 13: Instill the concept of inclusive leadership

Indicator	Start	2022-2023 target	2022-2023 result
Evolving proportion of active managers trained on unconscious bias	-	100%	63.9%

**Further information:**

Initial planning for this training course with the help of an external partner was greatly impacted by the pandemic. Actions undertaken as part of the next strategic plan will help us reach this goal.

Contribution to government strategy: 4.1

### Structural action 14: Implement best practices for health and wellness in the workplace

Indicator	Start	2022-2023 target	2022-2023 result
Healthy Enterprises Group recognition level	-	Level 3	Level 3

Contribution to government strategy: 5.1





Pillar 4

# The community

To contribute to cultural and economic growth, and foster social engagement

## Strategy 9: Support the advancement of Québec society through our financial contribution

### Structural action 15: Responsibly manage games of chance in the interest of all Quebecers

Indicator	Start	2022-2023 target	2022-2023 result
Annual dividend paid to the Québec government	Annual monitoring	Annual monitoring	\$1.597G
Contribution to government strategy: -			

## Strategy 10: Maximize the positive impact of our contributions to arts and culture for communities

### Structural action 16: Be present in all regions of Québec

Indicator	Start	2022-2023 target	2022-2023 result
Number of administrative regions having benefited from a Loto-Québec corporate art collection or sponsorship program activity	-	17	17
Contribution to government strategy: 1.5			

### Structural action 17: Support new and emerging artists

Indicator	Start	2022-2023 target	2022-2023 result
Proportion of activities developed in collaboration with the Loto-Québec corporate art collection featuring new or emerging artists	50%	50%	50%
Contribution to government strategy: 1.5			

### Structural action 18: Showcase works from the Loto-Québec corporate art collection and increase their visibility on digital platforms

Indicator	Start	2022-2023 target	2022-2023 result
Digital presentation of artwork from the Loto-Québec corporate art collection	-	Implementation	Project implemented
Contribution to government strategy: 1.5			

### Strategy 11: Support our partner events in improving their CSR approach

#### Structural action 19: Factor ecoconditionality into the awarding of sponsorships

Indicator	Start	2022-2023 target	2022-2023 result
Implementation of a new organizational policy on sponsorships to bolster our CSR requirements	-	Implementation	Policy implemented in 2021-2022
Contribution to government strategy: 2.3			

### Strategy 12: Continue our approach of solidarity with the community

#### Structural action 20: Continue our contribution to NPOs

Indicator	Start	2022-2023 target	2022-2023 result
Annual financial contribution to NPOs operating lottery kiosks and bingo halls	\$17.5M	Annual monitoring	\$13.2M
Financial support to NPOs (other than those operating kiosks and bingo halls) and charitable projects	\$155,496	Annual monitoring	\$1,627,931
Implementation of a measure of the spinoffs resulting from our contributions	-	Measure developed	Measure developed
Contribution to government strategy: 4.2			

## Structural action 21: Promote civil engagement among our staff

Indicator	Start	2022-2023 target	2022-2023 result
Rate of community involvement among staff	28.4%	33.0%	19.3%

**Further information:**

A new corporate volunteering program, better suited to the current work context, will be implemented over the next year.

Contribution to government strategy: 4.2

# 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 Chairman 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 Chairman 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 Chairman of the Board of their intention.
- If the Chairman 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 Chairman 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 Chairman 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 Chairman 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 Chairman 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 Chairman 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 Chairman 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 Chairman 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 Chairman 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 Chairman of the Board and other Directors appointed by the government.

**5.5** The Chairman 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 Chairman 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.

## **Loto-Québec 2022-2023 Annual Report**

### **Coordination, writing and editing**

Corporate Communications Department

### **Graphic design**

Graphic and Audiovisual Communications Department

*Une version française de ce document  
est disponible sur le site Web de Loto-Québec.*

### **Legal deposit**

Bibliothèque et Archives nationales du Québec, 2023

ISBN (printed version): 978-2-550-95187-2

ISBN (PDF version): 978-2-550-95188-9

ISSN: 0709-5740



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CERTIFIED - LEVEL 4  
RESPONSIBLE GAMING FRAMEWORK  
2019-2022 (BEING RENEWED)

CERTIFIED  
SECURITY CONTROL STANDARD  
VALID UNTIL JUNE 2023