



LOTO QUÉBEC



# 2021-2022 Annual Report





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**MISSION**

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

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**VISION**

To offer Quebecers first-rate entertainment thanks to an appealing, innovative and competitive offering, while remaining a recognized world leader for responsible commercialization

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**STRATEGIC ORIENTATIONS**

- Provide a positive customer experience across all distribution channels
- Offer gaming and entertainment options that meet customer’s expectations
- Actively contribute to the community—socially, economically and environmentally
- Increase our agility and improve our processes

## KEY FIGURES

AS AT MARCH 31

(In thousands of Canadian dollars)	2022	2021	\$ Variation	% Variation
<b>Total revenues</b>	<b>2,217,229</b>	<b>1,407,537</b>	<b>809,692</b>	<b>57.5</b>
Lottery	1,043,458	858,366	185,092	21.6
Casinos and gaming halls	657,247	333,721	323,526	96.9
Gaming establishments	524,117	217,412	306,705	141.1
Intragroup transactions	(7,593)	(1,962)	(5,631)	(287.0)
Gross margin	1,794,592	1,113,274	681,318	61.2
Total expenses	651,373	655,644	(4,271)	(0.7)
Net income	1,143,219	457,630	685,589	149.8
Dividend	1,118,219	432,630	685,589	158.5
Other amounts contributed to the Québec and Canadian governments	167,198	144,593	22,605	15.6
Total assets	1,033,220	979,422	53,798	5.5
Shareholders' equity	256,105	191,368	64,737	33.8

### Total revenues

(In millions of Canadian dollars)	2022	2021	2020	2019	2018
	2,217.2	1,407.5	2,741.6	2,828.0	2,743.2

### Net income

(In millions of Canadian dollars)	2022	2021	2020	2019	2018
	1,143.2	457.6	1,353.5	1,408.2	1,335.5

## ECONOMIC AND SOCIAL CONTRIBUTIONS



**\$355.9M**

Purchases from companies conducting business in Québec



**\$281.8M**

Total payroll



**\$268.2M**

Commissions to lottery and gaming establishment network partners



**\$123.7M**

Taxes to governments



**\$28.8M**

Problem gambling prevention



**\$18.5M**

Compensation to the Government of Canada



**\$10.3M**

Contributions to non-profit organizations



**\$8.8M**

Sponsorships



## MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

**Loto-Québec's activities in the 2021–2022 fiscal year will result in a dividend payment of \$1.118 billion to the government. This sizable amount, a significant increase from last year, will help finance public services. The Board of Directors is very pleased with the corporation's management during yet another year impacted by COVID-19.**

Throughout the year, the Board monitored the implementation of the 2020–2023 Strategic Plan and the 2021–2023 Corporate Social Responsibility Plan. It tracked the main ongoing issues and budget targets, and made sure that best governance practices were maintained.

While this last year was less affected by COVID-19, the challenges were nevertheless numerous. The Board closely monitored the measures imposed to deal with the pandemic and the resumption of activities. What it saw was agile, rigorous management, which allowed Loto-Québec to pursue its mission and deliver an excellent performance.

The ongoing changes in online gaming were also watched closely by the Board, which supported the organization in the launch of a major campaign to promote the distinctive advantages of [lotoquebec.com](http://lotoquebec.com), including its legality, its absolute integrity, and the management of its profits, which are turned over in full to the community. It is important to remember that Loto-Québec is the only entity authorized to offer games of chance in Québec and that responsible gambling is central to its priorities.

In the last fiscal year, the Board reviewed the mandate and composition of its committees, to optimize their role. The changes made focus on risk management, innovation, social responsibility, and corporate culture.

This year will entail a reflection on the orientations to embrace for the next three-year cycle. The vision of Jean-François Bergeron, President and CEO since May 31, 2021, will undoubtedly inspire the teams. The Board has full confidence in the ability of this executive leader to bring employees together and lead Loto-Québec to its full potential, so that Quebecers feel a renewed sense of pride in our government corporation.

### Acknowledgments

I want to start by thanking the government for the trust it has placed in me by appointing me Chair of Loto-Québec's Board of Directors. I'm truly honoured. By the same token, I'd like to salute Hélène F. Fortin, the outgoing Chair, and thank her for her unflinching commitment since 2008.

I also want to wish a warm welcome to our new Board member, Alain Trudeau. He will be able to offer his valuable skills to a team of experienced directors, whom I thank sincerely for their dedication.

Lastly, I'd like to take this opportunity to express my gratitude to everyone on the Executive Committee and the corporation's entire staff. They met the challenges of last year head on. Thanks to them, Loto-Québec is in an excellent position to continue its growth, for the benefit of the entire population of Québec.

Ann MacDonald, ASC, PMP  
Chair of the Board of Directors



## MESSAGE FROM THE PRESIDENT AND CEO

**I'm very proud of the year that just ended for Loto-Québec, my first at the helm of this great organization. With total revenues of \$2.217 billion and a consolidated net income of \$1.143 billion, we achieved our budget target and greatly exceeded the results for the previous year. In fact, the lottery sector had its best year since the creation of Loto-Québec.**

We're getting closer to our pre-pandemic results. Our consolidated net income is 84% of what it was in 2019–2020. This is indicative of a strong performance, especially when you consider that our gaming locations were only open for 7 of the 12 months, or about 60% of the year.

Throughout the fiscal year, we maintained sound management, most notably when it came to controlling expenses. We achieved the best ratio of total expenses to revenues in our history, at 29.4%. By way of comparison, that ratio was 33.0% in 2019–2020. All sectors have contributed to this remarkable achievement.

Since my arrival at the end of May 2021, I've been able to discover the full extent of Loto-Québec's range of products and services, but more importantly, the scope of its contributions, and it's truly impressive. Everything we do benefits the people of Québec, and that goes far beyond the more than \$1 billion dividend we contribute to the government each year. We participate in the economic, cultural, and social development of Québec in many ways.

During the last fiscal year, we gave away close to \$1.5 billion in prizes to lottery winners, an all-time high. In addition to generating many jobs, we made \$356 million in purchases from local businesses and paid \$268 million in commissions to our Québec business partners.

We also contributed over \$10 million to various non profit organizations. Meanwhile, our sponsorship program helped support some 50 events all across Québec that bring people together, from shows featuring star performers and up-and-coming artists to fireworks, hot air balloon festivals, foodie events, and other fun and original festivities.

As soon as I took up my position, I had the opportunity to meet the employees and understand the good fortune we have at Loto-Québec to be able to rely on such talented, skilled, and dedicated people who all care deeply about the organization's success. I was also struck by the sheer beauty of our various facilities. We want to promote them more, especially by maximizing the synergy between Fairmont Le Manoir Richelieu and the Casino de Charlevoix. I'd also like to wish the Hilton Lac-Leamy, a five-star hotel that has been much vaunted for its excellent customer service, a happy 20th anniversary.

A number of business initiatives were introduced over the past year, such as the *Méga 360* lottery game and single-event betting. We also launched our first charitable lottery game, *Loto-o-suivant*, along with the *Play to Give* Promotion in casinos and gaming halls, resulting in a total of \$750,000 in prizes being awarded to winners and the equivalent to various Québec non-profit organizations, including Moisson du Québec.

The excellent performance of the lottery sector led to a new record of 131 prizes of \$1 million or more handed out over the fiscal year. A group of six people picked up their \$50 million cheque at the new Capitale-Nationale prize claim office, next door to the Salon de jeux de Québec, which opened at its new location on November 29. We're very happy with the setup, and the customers also seem to be delighted.

In a year once again affected by the uncertainties of the pandemic, our teams demonstrated great flexibility, especially concerning the recording of shows such as *La Poule aux œufs d'or* and *Célébration*. The resumption of activities—twice—at our casinos and gaming halls, in bars, and in bingo and Kinzo halls also posed a big challenge. I'm so very grateful for all the efforts made in this regard. We were able to welcome customers again safely without ruining any of the fun.

A lot of work was done to improve our online gaming site, [lotoquebec.com](http://lotoquebec.com). We also launched a campaign promoting responsible online gambling tools, including the ability to set a time limit. Faced with the omnipresence of illegal websites, it is more important than ever to remind the public that [lotoquebec.com](http://lotoquebec.com) is the only legal casino and sports betting website in Québec. This is why we launched a massive advertising campaign promoting this message.

The responsible commercialization of our offer is central to our mission. In addition to remitting significant amounts to the government thanks to our commercial activities, we also generate social and environmental benefits. Our 2021–2023 Corporate Social Responsibility Plan makes several commitments to players, the environment, our employees, and the community.

Over the coming months, we'll begin the preparations for our next strategic plan. As the new three-year cycle approaches, we're rethinking our positioning and simplifying our processes, in particular by pooling our strengths. Big projects are underway that involve promoting Loto-Québec, getting to know our customers, reflecting on the development of our land-based offer, and simplifying and speeding up our digital and commercial transformation.

## Acknowledgments

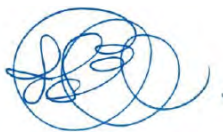
I want to take advantage of this platform to thank the government and the Board of Directors for their confidence in me. I accepted my appointment as president and CEO with great pleasure and enormous pride.

I want to thank all the members of the Board for their valuable support since my arrival. I want to congratulate Ann MacDonald again on her appointment as Chair, and salute Hélène F. Fortin, who is stepping down from the Board after 13 years of dedication. I'd also like to welcome Alain Trudeau, who was appointed to the Board last February.

My thanks, also, to my colleagues on the Executive Committee. Your leadership and passion allow Loto-Québec to develop and to aim for new heights.

Last but not least, thank you to all the employees. You are essential to the success of the organization. It is thanks to you that we're in such good shape after such difficult times.

Together, we'll continue to entertain Quebecers and make Loto-Québec shine so its success reflects on the entire community.



Jean-François Bergeron  
President and CEO



## EXECUTIVE COMMITTEE

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**Jean-François Bergeron**

President and  
Chief Executive Officer



**Stéphane Fraser**

Executive Vice-President  
Chief Operating Officer  
of Gaming Establishments



**Isabelle Jean**

Executive Vice-President  
Chief Operating Officer  
of Lottery Games



**Kevin G. Taylor**

Executive Vice-President  
Chief Operating Officer  
of Casinos and  
Gaming Halls



**Sylvain Carrier**

Corporate Vice-President  
Talent and Culture



**Denis Daly**

Corporate Vice-President  
Chief Officer of Digital  
Transformation and  
Technology



**Michel Gasse**

Corporate Vice-President  
Real Estate



**Benoit Lefrançois**

Corporate Vice-President  
Responsible Gambling,  
Communications, and  
Social Responsibility



**Marie-Christine Tremblay**

Corporate Secretary  
Vice-President  
Legal Affairs



**Marie-Claude Tremblay**

Corporate Vice-President  
Finance and Administration

# Review of Activities



## ORIENTATION 1 OF THE 2020–2023 STRATEGIC PLAN

# Provide a positive customer experience across all distribution channels

### Biggest jackpots won in Québec during the fiscal year

Prize	Lottery game	Draw date	Winners' place of residence
\$50,000,000	Lotto Max	November 12, 2021	Capitale-Nationale
\$15,231,359	Lotto Max	April 13, 2021	Capitale-Nationale
\$10,990,458	Lotto 6/49	August 28, 2021	Montréal
\$7,102,956	Lotto 6/49	January 29, 2022	Centre-du-Québec
\$7,000,000	Grande Vie	June 7, 2021	Montérégie
\$7,000,000	Grande Vie	June 17, 2021	Mauricie
\$6,000,000	Lotto 6/49	July 17, 2021	Laurentides, Laval, Montérégie and Montréal
\$5,000,000	Célébration 2022	January 9, 2022	Centre-du-Québec
\$3,000,000	Triple million	Scratch ticket	Gaspésie-Îles-de-la-Madeleine
\$3,000,000	3 000 000 \$ prestige	Scratch ticket	Laurentides

### A record year for winners... and for Lotto Max!

We set a brand-new record in 2021–2022. We had the pleasure of awarding Québec players the highest-ever number of prizes of \$1 million or more in our history: 131 prizes. We broke our previous record, set in 2018–2019, by two prizes. In total, we handed out close to \$1.5 billion in prizes during the year.

Lotto Max was part of this phenomenal performance. In June 2021, its jackpot remained at \$70 million for seven consecutive draws, including in the June 18 and June 22 draws, which featured record jackpots of \$140 million. During this period, Québec players took home 36 Maxmillions. From March 11 to 29, 2022, Lotto Max offered jackpots of more than \$50 million, including two of \$70 million. Due to these exceptional sequences, Lotto Max recorded its best year since its launch in 2009.



The mood was festive in the new Québec City prize claim office when cheques were presented to all six winners of the \$50 million November 12 Lotto Max jackpot.

## Biggest prizes won in Québec this year at casino games

Prize	Game	Win date	Casino
\$600,320	Odds of the Gods	April 10, 2021	lotoquebec.com
\$505,911	Poker (Bad Beat)	June 9, 2021	lotoquebec.com
\$491,365	Quick Hit Platinum Triple Blazing 7s	September 28, 2021	Montréal
\$453,364	Odds of the Gods	September 29, 2021	lotoquebec.com
\$415,824	Three Card Poker	March 12, 2022	Lac-Leamy
\$375,000	Quick Hit Platinum Triple Blazing 7s	October 13, 2021	Montréal
\$347,079	Odds of the Gods	May 26, 2021	lotoquebec.com
\$322,206	Odds of the Gods	February 12, 2022	lotoquebec.com
\$283,323	Mega Pots Mega X	September 9, 2021	lotoquebec.com
\$271,986	Odds of the Gods	July 8, 2021	lotoquebec.com

### Major prizes won at our casinos

The slot machines at our four land-based casinos paid 10 jackpots of \$100,000 or more during the year.

Online, a total of 18 jackpots of \$100,000 or more were won at various casino games.

### Reopening of gaming locations and resumption of operations

During the year, we reopened our gaming locations and resumed operations on two occasions once COVID-19 restrictions were lifted.

First, in June 2021, we gradually resumed all activities that had been suspended the previous year. This meant that we:

- reopened our four casinos, the Hilton Lac-Leamy and our two gaming halls
- reactivated all video lottery terminals (VLTs) and network bingo at open halls
- restarted Kinzo



On March 12, 2022, Three Card Poker player Joey Rozon won the \$415,824 four-casino progressive jackpot at the Casino du Lac-Leamy.

In December 2021, the rapid spread of the Omicron variant forced us to suspend these activities again, until February. The Hilton Lac-Leamy was able to reopen in mid-February 2022, and the casinos and gaming halls began welcoming customers back on February 28. And much to our delight, they were eager to return. On February 28, we also started reactivating VLTs in bars, and restarted network bingo and Kinzo operations.

On each of these occasions, the priority was to ensure that activities resumed safely for staff and customers, in accordance with the health restrictions in place and without hindering customers' fun. We also took the opportunity to review the customer journey at gaming locations to ensure fluid foot traffic and improve the visitor experience.

### New lottery features

Always striving to innovate, we introduced a new feature that enhances the services we offer to consumers. Since the end of July 2021, they no longer have to go to a retailer to check certain scratch tickets. They can now do so online, on [lotoquebec.com](http://lotoquebec.com) or via the Lotteries app. It should be noted that QR codes are gradually being added to scratch tickets as they're being put on the market.

From April 1 to 30, 2022, Grande Vie lottery players were able to enter the *2nd Chance* Promotion. And this is just the beginning, as this promotion—previously offered only to players of *Célébration*, our leading holiday lottery game—will eventually be offered to players of all draw-based lottery games and select scratch tickets, whether they purchased their play in-store or online. The promotion will give these players a second chance to win a prize.

On March 17, the Government of Québec gave us the green light to renew our 8,200 gaming terminals, which were installed at retailers a decade ago. This is a promising project for our organization, as it will allow us to modernize terminals and their equipment, significantly boosting efficiency. The customer experience will definitely be improved. A call for tenders will be issued in the summer of 2022.

### 100% legal, local and fun online gaming!

Over the past few years, the operators of illegal gambling websites have upped their advertising efforts to the point where it's not unusual for Québec players to believe that it's legal to play on these websites. To raise awareness, we launched a massive advertising campaign positioning [lotoquebec.com](http://lotoquebec.com) as the only legal casino and sports betting website in Québec. The first phase of this campaign began in January 2022, with billboard ads across the province and the addition of a "100% LEGAL" signature on *Mise-o-jeu* ads. We also created a section on [lotoquebec.com](http://lotoquebec.com) listing all the benefits of choosing our website over illegal websites. An advertising campaign, including a commercial and social media posts, was also launched in May 2022.

In conjunction with this campaign, we signed exclusivity agreements with eight key suppliers in the entertainment industry. This resulted in particularly popular products being withdrawn from illegal websites and subsequently launched on ours. With this approach, we're fulfilling one of the key components of our mission—that is to channel the gaming offer within a controlled and secure environment—and facing our ever-growing competition. In 2021–2022, we launched nearly 300 new games on our website, bringing the total number of games offered to approximately 850. These include several games that were already offered at our casinos and that were very popular with our customers. We were also the first in Canada to offer Live Roulette and Live Baccarat. Online players can now join a table at the Casino de Montréal in real time.

This makes our gaming website more attractive than ever, from the moment customers open an account. During the year, we reviewed the account registration process on [lotoquebec.com](http://lotoquebec.com) and updated it to make it more fluid and user-friendly.



## Grand opening of the Quebec City prize claim office

The Quebec City prize claim office opened at its new location at the Méga Centre Beauport on November 16. Two days later, it was already time to celebrate! A media event was held there after the \$50 million November 12 Lotto Max jackpot was won in the Capitale-Nationale region with a *Formule groupe* ticket. The winners, a group of six people, met for the first time at our new prize claim office, located next to the Salon de jeux de Québec.

## New lighting system

In the spring of 2021, the Casino de Montréal replaced its lighting system, which was at the end of its operational life. The new system—which is more energy efficient, among other things—now allows for the outstanding Pavillon de la France building to be showcased at its best and offers more lighting options. For example, the casino decked itself out in red, white and blue in a show of support for the Canadiens during the National Hockey League playoffs last year and, more recently, to pay tribute to Guy Lafleur. In March 2022, it was lit up in blue and yellow as a show of solidarity with Ukraine.

## Anniversaries

June 8, 2021, marked the 10th anniversary of Kinzo as it's known today. We handed out small gifts in person to the Kinzo hall managers and their employees to thank them for these 10 years of collaborative service. A few days later, on June 14, a new hall—able to accommodate up to 66 players and located in Pointe-aux-Trembles on the island of Montréal—opened its doors.

The Hilton Lac-Leamy celebrated its 20th anniversary on October 8 with special treats for employees and guests. The five-star hotel is a go-to location in the National Capital Region. Since it opened in 2001, it has received numerous major awards and distinctions thanks to the sustained efforts of its teams and their unwavering commitment to providing top-notch customer service.



## ORIENTATION 2 OF THE 2020–2023 STRATEGIC PLAN

# Offer gaming and entertainment options that meet customers' expectations

### Upcoming changes for Lotto 6/49

For its 40th anniversary, Lotto 6/49 has come up with a new way to thrill its fans across the country. Starting with the draw on September 14, 2022, two multimillion-dollar jackpots will be up for grabs: the Classic Jackpot, set at \$5 million, and the Gold Ball Jackpot, which starts at \$10 million and can grow to over \$60 million. This will make the game all the more exciting, while keeping the other features that make it a flagship product intact. The cost per play will still be \$3 and the odds of winning a prize will stay the same, at 1 in 6.6 per play. Players can still pick six numbers from 1 to 49 themselves, or opt for a quick-pick selection. Since it was first launched in 1982, Lotto 6/49 has paid out billions of dollars in prizes to lottery winners.

### Méga 360: A hit

In September 2021, we launched *Méga 360*, the Québec version of a lottery game that was already marketed elsewhere in Canada and the United States as The Big Spin. And this scratch ticket has been as much of a hit here as elsewhere in North America! Sales were so high that just five weeks after the ticket's launch, all the grand prizes it offered—from \$100,000 to \$500,000—had already been won! A subsequent edition is set to launch in

August 2022. *Méga 360* offers a unique three-step experience, offering players a new chance to win at every stage. The ticket also led to celebratory moments at retail locations, especially when players found out they'd get the chance to spin the *Méga 360* wheel alongside host Nadège St-Philippe.

### New multiplayer scratch game

For the past few years, the board game market has been growing in Québec and elsewhere. In the fall of 2021, we launched our first game under the "Multiplayer Scratch Games" banner: Battleship™, which is faithful to the original version. Its main selling point? It can be played by two people in 20 to 30 minutes. It aligns perfectly with our efforts to offer new games that put fun and entertainment front and centre. A similar game, Monopoly™, was launched in spring 2022, and another will be introduced in the fall.



## Games with a distinct Québec flair

During the year, we partnered with Québec businesses to launch several lottery tickets. In the spring of 2021, the *Je rêve des Îles* lottery ticket arrived in stores and online, followed by *BBQ Québec*, *Oh! Gelato!* and *La fête des animaux*. Each of them offered grand prizes geared to Quebecers—such as the chance to win an Îles-de-la-Madeleine getaway or outdoor kitchen—and showcased a Québec brand. We also launched the second edition of the *Canadiens* scratch ticket, offering unique items that every Habs fan dreams of owning. These games were very successful, attracting people who don't usually play the lottery.

In 2021–2022, our lottery tickets also highlighted Québec talent. We used local photographers for the *Gagnant à vie* tickets, and a Québec artist was behind the 12 designs for the *C'est quoi ton signe?* ticket, launched in February 2022.

## Things are almost back to normal for *Roue de fortune chez vous!* and *La Poule aux œufs d'or*

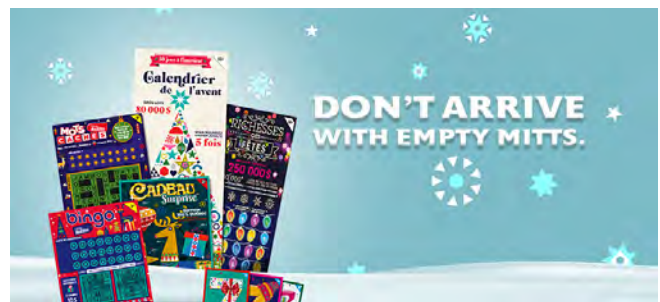
The 33rd edition of *Roue de fortune chez vous!*, which ended in mid-September 2021, took host Anick Dumontet on the road again to meet with winners at preselected outdoor sites in their region. Once again, the show reached a large number of viewers: an average of 538,000 people tuned in each week! They were able to share in the joy of the 50 winners, who took home a total of \$3.4 million in prizes.

*La Poule aux œufs d'or* hosts Sébastien Benoit and Julie Houle were also delighted to see contestants in person again in the fall of 2021. As ratings and sales can attest, the show's fans have remained loyal. Due to the COVID-19 pandemic, however, tapings and air dates of the show had to be suspended for a period of about a month starting December 26, 2021.

## Holiday lottery games: Still a hit!

Scratch tickets from our holiday collection hit stores and our website in October 2021. Always a favourite with customers, the collection included the pan-canadian lottery game *Richesses des fêtes*, as well as scratch tickets *Calendrier de l'aveut*, *Cadeau surprise* (fir-tree scented!) and *7 chanceux* (which doubled as a gift tag), not to mention the holiday editions of *Mots cachés* and *Bingo*. Consumers had the chance to win many prizes, including gifts from Québec suppliers.

*Célébration* was once again part of the holiday tradition this year. A record 44 people took part in the televised gala, this time from home due to public health restrictions. The gala was held without an audience at the Théâtre du Casino du Lac-Leamy and aired January 9 on TVA. A Salaberry-de-Valleyfield resident won the \$1 million prize in the televised draw, in front of 1,152,000 viewers. A Centre-du-Québec resident won a \$5 million prize. As has been the case for several years now, ticket holders could also enter the *2nd Chance* Promotion, online or via the Lotteries app, for a chance to win one of five extra entries for the televised draw.





## Award-winning ads

We won top honours at the 2021 *Idéa* competition, taking home 14 awards: three Gold, three Silver and eight Bronze. The *Loterie mensuelle* ad, “*Bernard Derome de 1970*,” was a big winner. It came out on top in three categories, in addition to receiving two Bronze awards. This ad was created for our 50th anniversary as a humorous reminder of the launch of our very first lottery game. During the previous year, we also made changes to one of our oldest lottery games, *La Mini*, in part by adding a mini comic strip on the ticket each week. The ads highlighting this new feature earned us a total of five awards.

## The arrival of single-event betting creates a splash

We now offer players the possibility to place single-event bets. We made single-event betting available as soon as the Criminal Code of Canada was amended to authorize it. Hence, since the end of August 2021, consumers have been able to bet, for example, on the result of a single match. This betting option had been eagerly anticipated, as evidenced by the 76% jump in Mise-o-jeu sales since its launch! The introduction of single-event betting is good news for customers and also helps us compete with the operators of illegal websites that were already offering it.

In February 2022, sports betting fans were delighted to be able to place single-event bets on the Super Bowl for the first time. We even beat our old record for sports betting sales for the event, which increased by 39% compared to the previous year.

We also took advantage of the arrival of single-event betting to spruce up the Mise-o-jeu brand image. We now have a brand-new signature, “*Partage la victoire*,” a nod to the collective enthusiasm for sports. An advertising campaign centred on emotions and entertainment was also launched in January 2022 to highlight the new positioning of Mise-o-jeu.

## A breath of fresh air for the Salon de jeux de Québec

The opening of the Salon de jeux de Québec at its new location in the Méga Centre Beauport was a great success. We welcomed the first customers on November 29. The vastness of the space, the central location of the bar, the gaming machine layout, and the presence of several TV screens throughout the gaming hall effectively work together to highlight the entertainment options the venue now offers.



**TRIOMPHE  
MÊME SI TU N'ES PAS  
DANS LE  
RING**

**PARIE SUR UN SEUL ÉVÈNEMENT**

**MISE O-JEU**

**PARTAGE  
LA VICTOIRE**

100% LÉGAL JOUEZ SUR LOTOQUEBEC.COM 18+ LE JEU DOIT RESTER UN JEU

## Changes to our offer at gaming locations

In early summer 2021, after our casinos and gaming halls reopened, we gradually relaunched our products and services in order to meet customer needs, while still adhering to public health protocols. Players were able to handle cards, gaming chips and dice again. They were also able to play 50% to 70% of the slot machines and electronic gaming terminals that were available prior to the pandemic, and table games were adapted to social distancing constraints. We also gradually expanded our operating hours and capacity at gaming locations and restaurants, reopened some bars, and started offering live music again.

During the year, customers also started attending shows at the Cabaret du Casino de Montréal and the Théâtre du Casino du Lac-Leamy again. Several headliners, artists known and loved by Quebecers, have performed on these two stages over the past few months. We've partnered with a new hall operator for the Cabaret du Casino, allowing us to offer a one-of-a-kind lineup to satisfy both music lovers and stand-up comedy fans.

In the fall of 2021, we were delighted to bring back our free *ComediHa! Club en tournée* shows. These shows, which give audiences the chance to discover emerging Québec stand-up comics in an intimate and laidback setting, means more entertainment options on offer. In April and May 2022, the Salon de jeux de Trois-Rivières and the Casino de Mont-Tremblant had the pleasure of hosting the *ComediHa! Club en tournée*.

## Bingo and VLT news

Our bingo hall gaming options also evolved during the year. After several halls in our network shut down, we made changes to streamline network bingo. The jackpot is now fixed at \$25,000.

We also launched two progressive-jackpot pull-tab tickets, the designs for which were created by our internal teams. On March 8, the jackpot for one of these tickets, worth \$39,000, was won at Bingo Pointe-aux-Trembles. This is the biggest prize ever won with this type of product.

Our internal teams were also behind the ads celebrating the introduction of Knight's Realm, the first video lottery game we've launched since 2017. Set against a medieval backdrop, this five-reel, five-payline game was activated on all Spielo machines in our network last October. Since then, it's become one of the 10 most popular games among customers.

**CASINO MONTRÉAL**

# Spectacles

en soirée au Cabaret du Casino

Profitez de nos forfaits 2021 pour sortir en groupe!

Kain 11 novembre	Irvin Blais 12 novembre	Ludovick Bourgeois 13 et 14 novembre	Marc Dupré 17, 18, 19 et 20 novembre
Brigitte Boiesjoli 21 novembre	Rock Story 23, 26 et 27 novembre	Noël, une tradition en chanson 30 novembre et 3 décembre	Un réveillon chez la famille Dion 2 décembre
Johanne Blouin 4 décembre	Christian Marc Gendron 8, 9 et 10 décembre	Marie Michèle Desrosiers 11 décembre	2Frères 15, 16, 17, 18, 20 et 21 décembre

**CABARET DU CASINO**

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**GRANDE NOUVEAUTÉ**

# Knight's Realm

COMME LE DISAIT LE FAMEUX LANCELOT:  
« EH, BOBOY!  
1000 PIÈCES D'OR,  
CE N'EST PAS RIEN! »

**Loterie vidéo**

LE JEU DOIT RESTER UN JEU

loterie-video.com 18+

## ORIENTATION 3 OF THE 2020–2023 STRATEGIC PLAN

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

### Corporate social responsibility: A priority

Launched in the first quarter of the year, our 2021–2023 Corporate Social Responsibility Plan, *Engagée pour la collectivité!*, provides an overall picture of our actions to support sustainable development. The responsible commercialization of our offer is the cornerstone of our corporate social responsibility approach, rounded out by other commitments in areas such as the environment, culture, tourism and regional development. Further details on the actions outlined in this plan are presented on page 99.

### A \$1.118 billion dividend contributed to government

Each year, all our profits are turned over to the community in the form of a dividend paid to the Government of Québec. At the end of 2021–2022, in spite of it being another year impacted by COVID-19, we will be paying a dividend of \$1.118 billion to the government, a sizable amount and a significant increase from last year's. This amount benefits the people of Québec as a whole, as it helps fund public services.

We also contributed \$10.3 million to non-profit organizations (NPOs). These NPOs, some of which are responsible for managing lottery kiosks and bingo halls, promote mutual aid and solidarity and contribute to the well-being of the community in many sectors.

Through our responsible procurement criteria, we encourage local purchasing. As a result, \$355.9 million was distributed in the community through our purchases from companies that do business in Québec.

### Ensuring that a game remains a game

As a recognized world leader in responsible commercialization, we're committed to providing players with a legitimate and secure gaming environment. Our responsible gambling measures are subject to a continuous improvement process, earning us Level 4 of the World Lottery Association's Responsible Gaming Framework—the highest international accreditation in this area—since 2009. A total of \$28.8 million was dedicated to preventing problem gambling in the past year.

Throughout this period, we communicated messages about responsible gambling on various platforms. We created short animations to explain how gambling limits related to time and losses work on [lotoquebec.com](http://lotoquebec.com). As the holiday season approached, we reminded people that the lottery is for adults only. "Pat the Decipherer" videos were also posted on social media and on [agameshouldremainagame.com](http://agameshouldremainagame.com) to demystify gambling and games of chance in a fun way.



Pat the Decipherer helps players sort out fact from fiction when it comes to gambling.

During the summer of 2021, we ran an ad campaign on the importance of adopting low-risk gambling habits. The ad, which ran on TV, online, and in casinos and gaming halls, promoted the tool that lets online players set a time limit when they gamble. In the face of widespread advertising from illegal gambling websites, it's important to remind the public what sets [lotoquebec.com](http://lotoquebec.com) apart from these websites, including our diligence and integrity when it comes to responsible gambling.

### Raising awareness, providing tips and promoting good practices

Our *Your Best Bet* recognition program rewards responsible commercialization initiatives and best practices among video lottery terminal retailers and their employees. Over the course of the year, they were invited to take a training course carried out to the entire network of bar owners.

The *Centre du hasard* information kiosks at our casinos and gaming halls were updated and, to ensure consistency with our other responsible gambling initiatives, have taken on a new name: *Bien joué!* They offer new cutting-edge, engaging and playful self-serve awareness tools that fit in perfectly with our venues' other entertainment options. These spaces still have the same purpose:

- To inform customers about how games of chance work
- To raise awareness of gambling-related risks
- To make players aware of ways they can avoid losing control and keep their gaming experience positive

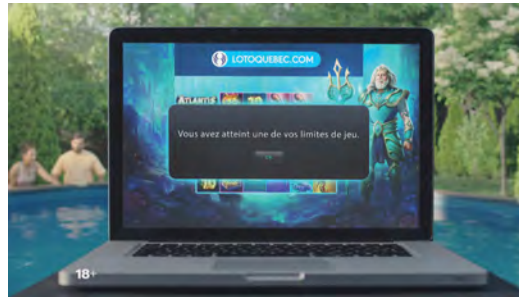
### More support for online players

As of June 2021, players who choose to self-exclude from [lotoquebec.com](http://lotoquebec.com) are now offered support services by our long-standing partner, Gambling: Help and Referral, as are players self-excluded from our casinos and gaming halls.

We will also continue to work with Concordia University's Research Chair on Gambling, which studies online gambling. In spring 2022, nearly 15,000 players on [lotoquebec.com](http://lotoquebec.com) agreed to participate in a research study for the purposes of developing an algorithm to detect problem gambling.

### Visits to bar establishments

In spite of the pandemic and bar establishments having to shut down twice, we exceeded our annual target of a minimum of six compliance visits per establishment. Loto-Québec representatives and mystery shoppers visited bar establishments during the months they were open. During the five-month shutdown, the business teams ensured that the machines and equipment remained in good condition in preparation for activities to resume.



The Poseidon campaign provided a reminder of the importance of setting a time limit on gambling.



The lucky number challenge is one of the self-serve tools offered in *Bien joué!* areas.



## Reduction of greenhouse gas emissions

In our Corporate Social Responsibility Plan, we've committed to contributing to the greenhouse gas (GHG) emissions reduction target of 37.5% that the Government of Québec laid out in its 2030 Plan for a Green Economy.

Much effort has already been made to reduce the carbon footprint assessed in our corporate balance sheet, primarily attributable to our buildings, which will allow us to achieve or exceed our ambitious target of reducing our GHG emissions by 25% by March 31, 2023. In addition, in order to broaden our GHG reduction strategy, we'd like to evaluate the impact of working from home, a practice that has grown significantly due to the public health crisis. To this end, a pilot project was launched in March 2022, through a joint effort with the Institut national de recherche scientifique and other collaborators. The calculations take into account the reduction in CO<sub>2</sub> emissions due to less travel, as well as those generated by virtual meetings.

Our objectives also include reducing the environmental footprint associated with our use of information and communication technologies. To achieve this, a committee is working to identify improvement projects and promote digital best practices within the organization.

## A world first in scratch ticket printing

In 2021, with the *Évasion* scratch ticket, we became the first in the world to print tickets on 100% recycled card stock. In the last fiscal year, we launched four more scratch tickets printed on recycled card stock. We're proud to play a leadership role in this regard. Keep in mind that all our lottery tickets are recyclable, and most of them are printed on FSC (Forest Stewardship Council) certified paper. We're continuing to work with local companies to find innovative ways to offer our customers eco-friendly products.



## Recovery of Plexiglas screens

Like many Québec companies, we used Plexiglas screens to protect our employees and customers from COVID-19. When the thousands of screens installed at our gaming locations, retail locations, and administrative offices are no longer required, we'll need to deal with this large inventory of Plexiglas. We've started looking into the matter in collaboration with RECYC-QUÉBEC; Centech, one of our partners in innovation; players in the circular economy; and Plastic Loop, a student group from the École de technologie supérieure that specializes in recycling plastics. Recovering the Plexiglas screens is one way to further integrate the 4R (rethink, reduce, reuse and recycle) principle into our operations.

## Les Petits Rois: An inclusive partnership

In 2017, we began a partnership with the Fondation Les Petits Rois to develop two co-op workspaces for young adults with an intellectual disability with or without an autism spectrum disorder. This partnership, in collaboration with the CIUSSS du Centre-Ouest-de-l'Île-de-Montréal and the Champagnat training centre, is part of our approach to corporate social responsibility and, more specifically, our commitment to diversity and inclusion.

By performing various tasks, the young adults who are part of Fondation Les Petits Rois work on their motor and communication skills while forging a path to autonomy. This initiative also helps the parents lead active lives, knowing that their child is continuing to develop in a stimulating and structured environment. In March 2022, a third co-op workspace was created at our mixed-use complex.

We also collaborated on the Fondation's video game marathon, which allowed it to raise some \$14,000 for its smart home project. Another special project carried out with the Petits Rois during the year involved having them disassemble video lottery terminals to separate the aluminum and plastic parts for recycling. The aluminum collected was sold to a Montréal company, raising \$7,614, which was donated to the Fondation. Not only was this project rewarding for the Petits Rois, it was win-win for the organization, us and the environment!



President and CEO Jean-François Bergeron meets with members of Les Petits Rois.

## Long-awaited festivities!

We had the pleasure of hosting the Fête nationale du Québec show in the enchanting setting of the Fairmont Le Manoir Richelieu–Casino de Charlevoix Complex. Over 200 artists took to the stage for the occasion, and the show was broadcast on all major French-language television networks.

Many Quebecers were eagerly awaiting the return of festivals, an industry that has suffered in the last few years. Fortunately, as of summer 2021, many of these large gatherings were able to resume.

We were proud to support the relaunch of this sector by contributing \$8.8 million in sponsorships, supporting nearly 50 events in all 17 administrative regions of Québec. Thanks to our sponsorship program *Rendez-vous Loto-Québec*, we were ranked third among the most visible sponsors in Québec and first among state-owned enterprises, according to a Léger survey conducted in fall 2021.

We were also present at festivals via the Caravane Loto-Québec. This one-of-a-kind virtual adventure gave festivalgoers access to a 3D 360-degree environment where they could remotely enjoy the activities put on by a dozen or so festivals.

Our sponsorship program includes not only financial support but also coaching for organizers by the Loto-Québec sponsorship team. The coaching includes ongoing training and communications, particularly in the area of corporate social responsibility (CSR). In October 2021, at the annual meeting with our event partners, held virtually, we stressed the importance of integrating the key principles of CSR into events.

As for our process for granting sponsorships, it is now contingent upon some environmental and social conditions being met. Examples of these conditions include being committed to a process of continuous improvement, making a multi-material recycling system available to festivalgoers, establishing measures to protect the environment, and facilitating the participation of people with a functional limitation.

In November 2021, a *Rendez-vous Loto-Québec* event, Baie-Saint-Paul's *Le Festif!*, was awarded the Grand Vivat prize, the highest award of the *Les Vivats* competition for responsible events, presented by Loto-Québec and RECYC-QUÉBEC. The jury was impressed by the source reduction efforts, including the installation of water bottle filling stations, elimination of single-use plastics, and complete elimination of promotional items and clothing. Seven other events were also recognized for their responsible practices.



Photo : Yan Turcotte

Charlotte Cardin was one of the performers at the Fête nationale show.



Festivalgoers were eager to attend events again, including the *Franco de Montréal*.

## Cultural partnerships featuring local artists

In keeping with the mission of Loto-Québec's corporate art collection, we're actively disseminating its works and promoting the artists throughout Québec. We collaborate on various activities in the visual arts milieu (fairs, biennials, exhibitions, etc.), contributing to the revival of the cultural sector, which has gone through a difficult period over the past two years.

We showcased works from the corporate art collection in three exhibitions during the year: at *Corpus* in La Malbaie, *Le temps immobile* in Trois-Rivières, and *Les pays intérieurs—Nutshimit* in Frelighsburg. For this third show, guest curators Naomi Fontaine and Charles Binamé selected the works.

We're also committed to supporting new and emerging artists. That's why we've taken part in other initiatives, including the *Artch* exhibition in Montréal. At the fourth edition, the public was invited to meet young emerging visual artists. The Loto-Québec Coup de cœur award was presented to artist Geneviève Dagenais.

INITIATIVE	REGION
Presenting partner of the exhibition <i>Le temps immobile</i> at the Université du Québec à Trois-Rivières art gallery R <sup>3</sup> from June 22 to September 9, 2021	Mauricie
Presenting partner of the exhibition <i>Corpus</i> at the Musée de Charlevoix from June 23 to November 14, 2021	Capitale-Nationale
Presenting partner of the exhibition <i>Les pays intérieurs—Nutshimit</i> at the Bishop Stewart Memorial Church, in collaboration with the Adélard Centre and the municipality of Frelighsburg, from August 22 to October 17, 2021	Estrie
Presentation of the Loto-Québec Coup de cœur award to an emerging visual artist at the <i>Artch</i> exhibition, which ran from September 8 to 19, 2021	Montréal
Presentation of a grant for the purchase of a work of art at the 2021 Paper Art Fair, which ran from November 26 to 28, 2021	Montréal
Partner of the Manif d'art—La biennale de Québec, from February 19 to April 24, 2022, and presenter of the <i>Jeunes commissaires</i> category	Capitale-Nationale



Benoit Lefrançois, Corporate Vice-President of Responsible Gambling, Communications and Social Responsibility, spoke at the launch of the *Les pays intérieurs—Nutshimit* exhibition.



## Support for inspiring athletes

For many years, we've supported athletes with physical and sensory limitations, particularly through the *Défi sportif AlterGo* and the Loto-Québec Bursary Program managed by the Quebec Foundation for Athletic Excellence. In the 14th edition of this program, 14 bursaries totalling \$40,000 were awarded. Some of the recipients participated in the Tokyo and Beijing Paralympic Games. We're especially proud to support these exceptional athletes and we applaud their achievements!

## Paying it forward

In October 2021, we launched *Loto-o-suivant*, our first charitable lottery game. The concept of this scratch ticket was a hit with customers. Winners took home \$10,000 and were able to choose a Québec NPO that was dear to their heart to which we donated \$10,000 as well. The draw for 50 grand prizes was held on November 30, 2021, on GivingTuesday. Among the 50 Québec organizations that received a share of \$500,000 in donations were the Véro & Louis Foundation, the Montreal Heart Institute, the Maison Albatros de Trois-Rivières, the Maison des Enfants de Saint-Roch, Mira, Opération Enfant Soleil and the Société Alzheimer de Québec.

For several years now, Québec casinos and gaming halls have provided support for the fight against food insecurity, so they took the opportunity to launch the *Play to Give* Promotion, which was held at our land-based gaming locations and online, paying out \$250,000 to winners. The equivalent was given to Moisson organizations in Québec.

## A tremendous show of generosity!

Once again, we participated in the Entraide campaign, the Government of Québec's workplace fundraising campaign. The funds raised—\$153,097—provided support to three partners: Centraide, HealthPartners Quebec and the Québec division of the Canadian Red Cross. They, in turn, contribute to more than 1,500 organizations across Québec. The generosity shown by our employees made us very proud!

Our employees also participated in other philanthropic activities during the year, including Opération Père Noël. In December 2021, a total of 73 children in need, sponsored by 116 of our employees, received a gift they had asked for from Santa.

We're also involved in the fight against food insecurity through our support of Moisson organizations. During the last fiscal year, we took several steps to help with this cause, including:

- A \$25,000 donation toward the purchase of a crusher to divide frozen food into smaller portions, allowing Moisson Montréal to distribute more fruits and vegetables to its partner organizations
- A donation of 34 bins of vegetables grown on the patio of our head office
- A virtual auction featuring various promotional items

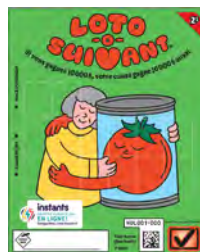
## Solidarity during the pandemic

At a time when mutual aid and solidarity were essential, we supported the collective effort in our own way:

- We made the Casino du Lac-Leamy parking lot available to the CISSS de l'Outaouais to set up an in-car COVID-19 testing centre.
- When our casinos closed at the end of December 2021, we donated food from our restaurants to food assistance organizations.
- We donated more than 1,400,000 protective masks to NPOs, including the Welcome Hall Mission, the Old Brewery Mission and Moisson Montréal.



Swimmer Nicolas-Guy Turbide won the silver medal in the 100-metre backstroke S13 event at the Tokyo Paralympic Games.



Marie-Josée Couture (right), from Estrie, was the first winner of our *Loto-o-suivant* lottery game. She received her cheque from Isabelle Jean, Executive Vice-President and Chief Operating Officer of Lottery Games, and chose to support the Parkinson Estrie organization.



We donated a total of 34 bins of herbs and vegetables grown on our head office patio to Moisson Montréal.



## ORIENTATION 4 OF THE 2020–2023 STRATEGIC PLAN

# Increase our agility and improve our processes

### Promising synergy

During the year, Fairmont Le Manoir Richelieu and the Casino de Charlevoix initiated a process to maximize their synergy. The five-star hotel, along with its famous golf course, and the gaming location officially became the Fairmont Le Manoir Richelieu–Casino de Charlevoix Complex. This complex, which we consider to be a resort with unique assets, will allow us to meet our customers' needs and make our site a major hub in the region. We plan to expand its entertainment options, with shows and a diversified dining offer.

### Information technology: A rapidly evolving sector

The growth of online gaming and our focus on an omnichannel digital experience have led to changes in the information technology (IT) sector, especially in terms of priorities and work organization.

In 2021–2022, the IT sector also prioritized the development of its employees' IT skills. They now have access to a host of tools to support their development.

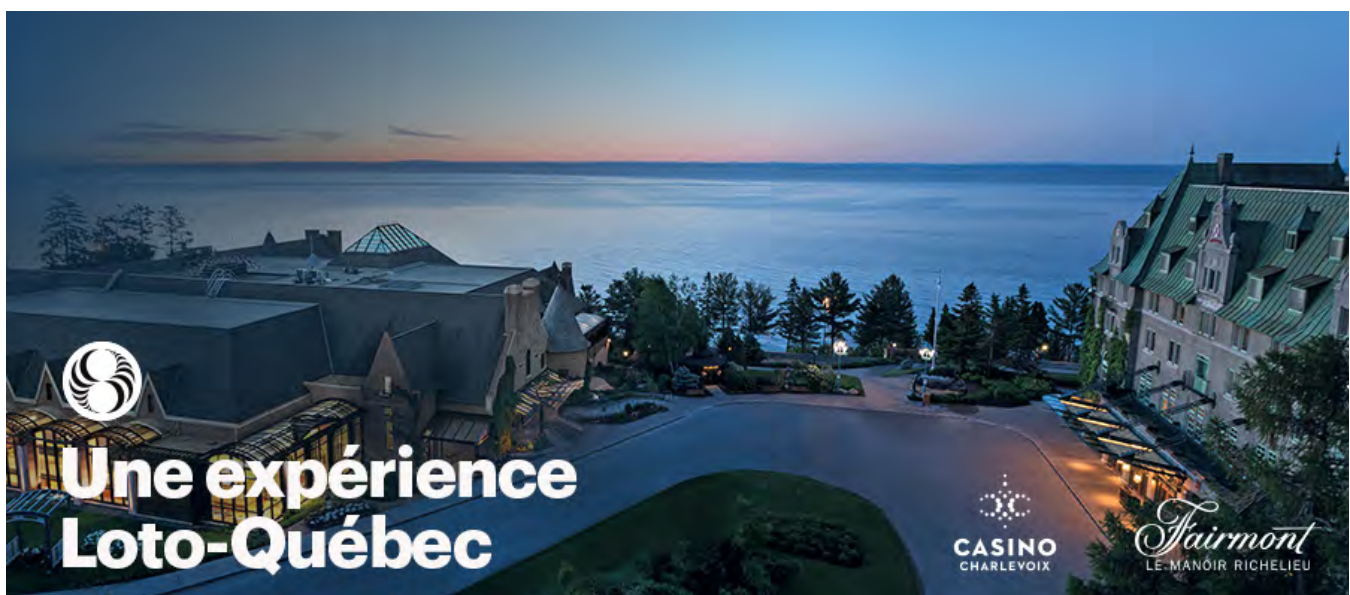
In addition, to meet the needs of our new hybrid work model, we've adapted our offices to provide an optimal experience for employees, whether they're working in-house or from home.

### Maintaining the highest security and integrity standards

We're constantly striving to provide a legitimate and secure gaming environment. Our Security Control Standard certification from the World Lottery Association is a testament to our best practices, particularly with respect to information security, which includes the protection and ethical use of data. In 2022–2023, we'll be adding new activities to our annual awareness campaigns, our ongoing communications and the phishing simulations we already conduct with our employees.

### Faster, more efficient and lower-cost equipment in the video lottery network

During the year, we changed telecommunication service providers for our video lottery network. This change, which optimizes the video lottery terminal data transmission network while maintaining the highest level of security, resulted in savings of \$2.6 million compared to the previous year. We estimate that, over a full year, these savings will amount to \$3.7 million. In summer 2022, the bingo and Kinzo halls in our network will also change service providers.



## Building ties with new communities of interest

In spite of the pandemic, we haven't forgotten about video game enthusiasts, content providers or independent Québec developers. In fall 2021, *La Face des internets*, a friendly competition that saw great success in 2019, made its comeback in a totally virtual setting from the Loto-Québec studio. This year's edition, aimed at encouraging Québec talent and emerging talent in the video game sector, also appealed to other audiences, including art and music enthusiasts.

In February 2022, we held the second edition of DemoNights on our Twitch channel. Held in collaboration with GamePlay Space, the event gave 15 local developers the opportunity to present their video games to fans and potential investors, both in Québec and abroad. Over 200,000 people attended or participated in the demonstrations.

Our involvement in the world of video games and Internet broadcasting is an ideal way to build ties with this hyper-connected and influential community that contributes significantly to the entertainment sector, and these events allow us to consolidate our position with them.

The same is true of our collaboration with the organizers of several events in the digital creativity industry, including HUB Montréal and the *Prix Numix* awards, which keep us in touch with the latest trends and the people behind them. We also support the next generation of entrepreneurs through events such as *OSEntreprendre* and *Expo Entrepreneurs*.

## Innovation and partnerships

While most of our initiatives are inspired by the creativity of our own teams, collaborative innovation with academia, incubators and accelerators gives us additional agility.

During the year, we renewed our partnerships with Centech, MT Lab, the Institut de tourisme et d'hôtellerie du Québec (ITHQ) and IVADO, allowing us to benefit from their expertise in sectors such as high technology, tourism, culture and entertainment and to meet promising young companies. With Centech, for instance, we witnessed the founding of HookMotion, a start-up that was featured in a book about artificial intelligence in Québec.

## Showcasing Québec fine dining

We're proud to support the development of Québec fine dining. Before the pandemic, we were already part of a committee of major players in the province's restaurant industry, including the ITHQ, the *MONTRÉAL EN LUMIÈRE* festival and Québec's Ministère de l'Agriculture, des Pêcheries et de l'Alimentation, to position the city as THE gourmet destination in North America. This committee, which we supported financially, led to the creation by Ville de Montréal and Tourisme Montréal of the Office montréalais de la gastronomie in August 2021. This project, which is part of the city's economic recovery plan, aims to create synergy among businesses in the restaurant sector, mainly to showcase Québec produce and turn the Montréal fine dining scene into a major tourist attraction.



HUB Montréal is an opportunity for us to delve into the world of digital creativity. The last edition focused on relaunching the economy and tourism.



Our participation in the inter-partner event *Immersion* in 2025, organized by MT Lab, allowed us to discuss trends in the tourism, culture and entertainment sectors.

## Leveraging our expertise for the government's *Being vaccinated, it's a win!* contest

In summer 2021, the Government of Québec announced the launch of a contest to encourage Quebecers to get adequate vaccine protection against COVID-19. We had the honour of conducting all the draws for this contest, in collaboration with the Ministère de la Santé et des Services sociaux, and awarding the prizes to winners. We're proud to have contributed to the collective effort to achieve the province's vaccination goals.

### Objective: A healthy workforce

The success of our organization—including all the accomplishments presented in this annual report—is all thanks to our employees, which is why we're committed to ensuring their well-being. In December 2021, we launched *VitaSanté*, an enhanced version of our health and wellness program. The program, which promotes optimum vitality and physical activity, focuses on preventative care and provides concrete ways for our staff to achieve physical, mental and social well-being.

We're serious about implementing best practices in this area and we're aiming to achieve Level-3 recognition from the Healthy Enterprises Group.

As we've been doing over the past few years, we invited our employees to take part in the *Défi Entreprises* in the spring of 2021 and 2022, and covered a portion of their registration fees. This challenge helps participants achieve their fitness goals through a 12-week training program. We also sent out a questionnaire to all our employees to help them take stock of and manage their overall health. The questionnaire will also help us identify promising initiatives to implement within our organization. Lastly, we began training all our managers on mental health, our current priority.

During the year, we continued our efforts to provide a safe environment for employees who had to be present in the workplace. Our Hygiène+ Committee, established at the start of the pandemic, continuously updated the protective and preventative measures in place in our establishments, along with guides geared at staff.

Our teams devoted a great deal of energy to preparing for the official return of all our employees to the workplace under our new hybrid work model. Many communications were issued across the organization in the weeks leading up to their official return.



The announcement of the Government of Québec's vaccination contest was made at our head office.



Caroline, from the Public Affairs and Partner Relations Department, and Yvan, from the Casino du Lac-Leamy, took part in the spring 2021 *Défi Entreprises*.



## Recruiting internally and externally

In the spring of 2022, we gradually resumed all activities that had been suspended due to the pandemic. While the return to full capacity at our gaming locations didn't mean we were able to resume all of our activities—particularly because we had to take into account how customer traffic and expectations were changing—we were able to recall many of our employees who had been temporarily laid off.

Our gaming locations were also looking for workers to meet immediate needs, as well as for the summer period, so we had to adapt our hiring processes and take an innovative approach to both external and internal recruiting. In an effort to recall as many employees as possible, we launched an internal recruitment process so that employees who had been temporarily laid off could remain with the organization.

## Diversity and inclusion: A win-win

During the year, diversity and inclusion were front and centre in many of our actions. In addition to providing an inclusive workplace, we paid particular attention to our recruitment practices, in order to increase the diversity of our workforce. In fact, the proportion of hires from diverse backgrounds increased significantly, from 28% in 2019–2020 to 37% in 2021–2022.

Over the summer, we appealed to our employees to form a diversity and inclusion advisory committee, with the goal of establishing an internal forum and gathering ideas, opinions and recommendations from staff to promote diversity and inclusion in a tangible way within the organization. Employees responded to the call in great number and we created a 20-member committee with employees from all our sectors. We also got our managers, who play an important role in maintaining an inclusive workplace, to take the *Démystifier les biais inconscients* training course, designed to shed light on unconscious bias.

In 2021–2022, we were also pleased to earn recognition, once again, for initiatives and programs that promote gender parity in the organization. For the fourth year in a row, we were awarded Parity Gold level certification by Women in Governance.



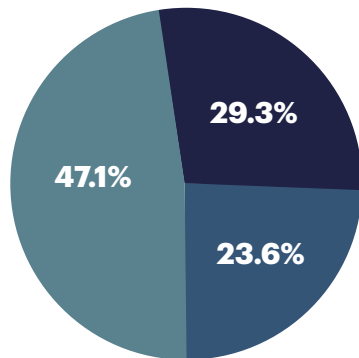
# Finances



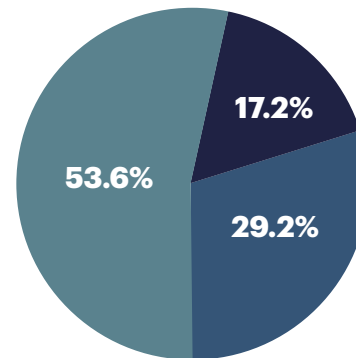
## FINANCIAL REVIEW

AS AT MARCH 31, 2022

### REVENUES



### NET INCOME



By the end of the 2021–2022 fiscal year, Loto-Québec had generated total revenues of \$2.217 billion, an increase of \$809.7 million (+57.5%) over 2020–2021. Consolidated net income amounted to \$1.143 billion, an increase of \$685.6 million (+149.8%) compared to the previous year.

Total revenues and consolidated net income reached 81% and 84%, respectively, of their pre-pandemic levels in 2019–2020, with gaming locations open for approximately 60% of the year. This excellent result, in a record year for the lottery sector, is all thanks to the teams' dedication and hard work throughout the year, particularly when activities resumed after two periods of closures caused by the COVID-19 pandemic.

### GROSS MARGIN

Consolidated gross margin totalled \$1.795 billion, an increase of \$681.3 million (+61.2%) over 2020–2021.

### EXPENSES

Total expenses were \$651.4 million, a decrease of \$4.3 million (–0.7%) compared to 2020–2021 and \$253.5 million (–28.0%) compared to 2019–2020.

Loto-Québec took advantage of the closures to optimize its operations, allowing it to achieve a total expense to revenue ratio of 29.4%, the best since the corporation's inception. This ratio was 33.0% in 2019–2020.

This optimization is also reflected in the consolidated net income and net profit margin, which was 51.6%, two percentage points higher than in 2019–2020, although the establishments were closed for five months during 2021–2022.

### FINANCIAL SITUATION

On March 31, 2022, Loto-Québec's total assets stood at \$1.033 billion, compared to \$979.4 million on March 31, 2021. This \$53.8-million increase is primarily due to rising interest rates, which raised the net defined benefit asset. Total liabilities went from \$788.1 million to \$777.1 million, a decrease of \$11.0 million. Loans and debt decreased by \$101.6 million, and the dividend payable increased by \$50.6 million, due to higher revenues compared to the previous year.

## LOTTERY

With revenues of \$1.043 billion, the lottery sector had its best year ever. This is an increase of \$185.1 million (+21.6%) compared to 2020–2021 and \$114.0 million (+12.3%) compared to 2019–2020.

The sector had an excellent first quarter, thanks to the exceptional performance of Lotto Max. In June 2021, this lottery offered \$70 million in jackpots for seven consecutive draws. At the end of the fiscal year, it had another good run with several large jackpots of over \$50 million, including two of \$70 million, resulting in its best year since its launch.

Thanks to sustained efforts, the teams managed to maintain this lead. Employees can be proud of this record-breaking year.

The instant games and event betting categories also performed very well. Customers warmly welcomed new products, such as *Méga 360* and *Loto-o-suivant*, as well as single-event betting.

The conversion to online lottery games continued, although retailers were open throughout the year. The increase was \$4.2 million (+3.5%), mainly due to website improvements. Revenues from online lottery sales now represent 12.0% of total lottery revenues, compared to 4.2% in 2019–2020.

It should be noted that \$7.7 million was distributed to non-profit organizations (NPOs) that operate lottery kiosks.

## Revenues

### AS AT MARCH 31

(In thousands of Canadian dollars)	2022	2021	\$ Variation	% Variation
Draw-based lottery games	709,086	576,124	132,962	23.1
Instant games	298,225	252,864	45,361	17.9
Event betting	36,147	29,378	6,769	23.0
<b>Total</b>	<b>1,043,458</b>	<b>858,366</b>	<b>185,092</b>	<b>21.6</b>
<b>Online gaming</b> (Included in the table above)	<b>125,601</b>	<b>121,362</b>	<b>4,239</b>	<b>3.5</b>

## CASINOS AND GAMING HALLS

For the casino and gaming hall sector, revenues were \$657.2 million, an increase of \$323.5 million (+96.9%) compared to the previous year. This is 68% of the 2019–2020 result, although gaming locations were only open for approximately 60% of the fiscal year and with a number of restrictions, including limited capacity and reduced hours.

While the increase can be explained, in part, by the higher number of days open than in the previous year, the teams' efforts to revitalize and optimize the offer to meet customer needs also contributed significantly to the sector's good results.

Many employees were able to be recalled when the gaming locations reopened. Relaunching operations in a very short time-frame was a major challenge for the staff on site. Fortunately, the response from customers was positive.

In the context of recovery, particular attention was also paid to controlling expenses. Total expenses for the segment decreased by \$4.1 million (–1.0%) in a year when revenues increased by \$323.5 million (+96.9%). Compared to 2019–2020, this is a \$227.0-million decrease in total expenses (–36.9%).

Continuous improvement to the offer, along with website enhancements, helped maintain the growth of online casino revenues, which amounted to \$18.4 million (+7.4%). Online casino revenues represented 40.4% of total casino and gaming hall revenues, compared to 10.1% in 2019–2020.

## Revenues

### AS AT MARCH 31

(In thousands of Canadian dollars)	2022	2021	\$ Variation	% Variation
Land-based casinos and gaming halls	391,901	86,757	305,144	351.7
Online casino	265,346	246,964	18,382	7.4
<b>Total</b>	<b>657,247</b>	<b>333,721</b>	<b>323,526</b>	<b>96.9</b>

## GAMING ESTABLISHMENTS

The gaming establishment sector, which includes video lottery terminals (VLTs) in bars, as well as bingo and Kinzo halls, recorded revenues of \$524.1 million. Compared to the previous year, this is an increase of \$306.7 million (+141.1%). It amounts to 60% of the 2019–2020 result, which is the percentage of time in the 2021–2022 fiscal year when gaming establishments were open.

The increase from 2020–2021 can be attributed to the higher number of days in operation in 2021–2022. It can also be explained by proper preparation for the reopenings and the excellent collaboration of all stakeholders on both the internal and establishment teams. The efforts invested in business relationships and process efficiency, as well as the strength of the network, allowed for a smooth reactivation of VLTs for both bar owners and customers.

It is important to mention that bars were deeply impacted by the effects of the pandemic, leading to the permanent closure of some establishments. Staffing shortages were another challenge for bar owners, who had to reduce their hours of operation accordingly. These factors influenced the revenues of the gaming establishments.

A total of \$2.0 million was distributed to NPOs that hold a bingo licence.

## Revenues

AS AT MARCH 31

(In thousands of Canadian dollars)	2022	2021	\$ Variation	% Variation
Bars	516,574	213,798	302,776	141.6
Bingo and Kinzo	7,543	3,614	3,929	108.7
<b>Total</b>	<b>524,117</b>	<b>217,412</b>	<b>306,705</b>	<b>141.1</b>

## ONLINE GAMING

For the 2021–2022 fiscal year, revenues from lotoquebec.com (lottery and casino games combined) totalled \$390.9 million, an increase of \$22.6 million (+6.1%) compared to 2020–2021. Revenues from the website represented 17.6% of Loto-Québec's total revenues, while they accounted for only 5.0% in 2019–2020.

Many consumers continued to play online—even though they could still buy lottery tickets at retail locations throughout the year and casinos and gaming halls were open for more days than in 2020–2021. Efforts to enhance the website to ensure its competitive edge, especially vis-à-vis illegal gambling websites, contributed significantly to the continued growth of online gaming revenues.



## CONTRIBUTIONS TO BOTH GOVERNMENTS

Loto-Québec's contributions in the form of a dividend to the Québec Treasury amounted to \$1.118 billion, an increase of \$685.6 million (+158.5%) over the previous year. An additional \$25.0 million was paid into the Government of Québec's various designated funds, along with \$82.4 million to the Ministère du Revenu in Québec Sales Tax. Loto-Québec's total contributions to the Government of Québec amounted to \$1.226 billion (2021: \$525.5 million). In addition, the corporation paid a total of \$59.8 million (2021: \$51.7 million) to the Government of Canada.

## Contributions to both governments

AS AT MARCH 31

(In millions of Canadian dollars)	2022	2021
<b>Government of Québec</b>		
Dividend	1,118.2	432.6
Designated funds	25.0	25.0
Québec Sales Tax	82.4	67.9
<b>Total to the Government of Québec</b>	<b>1,225.6</b>	<b>525.5</b>
<b>Government of Canada</b>		
Compensation – withdrawal from the lottery sector	18.5	17.7
Goods and Services Tax	41.3	34.0
<b>Total to the Government of Canada</b>	<b>59.8</b>	<b>51.7</b>
<b>Total</b>	<b>1,285.4</b>	<b>577.2</b>

## Supplementary information

FOR THE YEAR ENDED MARCH 31

	2022				
	Lottery	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	Consolidated figures
<b>Business segments</b>					
<b>Revenues</b>					
Games	1,043,458	624,983	524,117	–	2,192,558
Restaurants	–	22,720	–	(7,593)	15,127
Accommodation	–	9,544	–	–	9,544
	<b>1,043,458</b>	<b>657,247</b>	<b>524,117</b>	<b>(7,593)</b>	<b>2,217,229</b>
<b>Cost of sales</b>					
Commissions	152,082	–	116,078	–	268,160
Royalties	14,614	58,064	–	–	72,678
Printing	24,836	–	506	–	25,342
Food and beverages	–	7,156	–	(2,562)	4,594
Goods and Services Tax	9,064	2,428	5,825	–	17,317
Québec Sales Tax	18,083	4,843	11,620	–	34,546
	<b>218,679</b>	<b>72,491</b>	<b>134,029</b>	<b>(2,562)</b>	<b>422,637</b>
<b>Gross margin</b>	<b>824,779</b>	<b>584,756</b>	<b>390,088</b>	<b>(5,031)</b>	<b>1,794,592</b>
<b>Expenses</b>					
Employee benefits	82,895	178,928	21,596	(1,575)	281,844
Depreciation, amortization and net impairment losses	13,877	52,804	8,102	–	74,783
Depreciation of right-of-use assets	1,491	6,088	380	–	7,959
Special payments	18,507	–	1,255	–	19,762
Goods and Services Tax	3,946	4,852	1,202	–	10,000
Québec Sales Tax	7,872	9,689	2,399	–	19,960
General operating, administrative, and other expenses	80,937	126,349	19,780	(3,456)	223,610
	<b>209,525</b>	<b>378,710</b>	<b>54,714</b>	<b>(5,031)</b>	<b>637,918</b>
<b>Income from operating activities</b>	<b>615,254</b>	<b>206,046</b>	<b>335,374</b>	<b>–</b>	<b>1,156,674</b>
Financial income	(644)	(592)	(181)	–	(1,417)
Financial expenses	2,818	2,096	1,389	–	6,303
<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	–	–	5,849
Write-down of interests in the joint venture	–	2,720	–	–	2,720
<b>Net income</b>	<b>613,080</b>	<b>195,973</b>	<b>334,166</b>	<b>–</b>	<b>1,143,219</b>

(In thousands of Canadian dollars)

(In thousands of Canadian dollars)

2021

<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	858,366	328,588	217,412	–	<b>1,404,366</b>
Restaurants	–	3,429	–	(1,962)	<b>1,467</b>
Accommodation	–	1,704	–	–	<b>1,704</b>
	<b>858,366</b>	<b>333,721</b>	<b>217,412</b>	<b>(1,962)</b>	<b>1,407,537</b>
<b>Cost of sales</b>					
Commissions	126,938	–	48,131	–	<b>175,069</b>
Royalties	12,472	48,743	–	–	<b>61,215</b>
Printing	20,537	–	285	–	<b>20,822</b>
Food and beverages	–	1,757	–	(1,052)	<b>705</b>
Goods and Services Tax	7,544	2,209	2,418	–	<b>12,171</b>
Québec Sales Tax	15,049	4,407	4,825	–	<b>24,281</b>
	<b>182,540</b>	<b>57,116</b>	<b>55,659</b>	<b>(1,052)</b>	<b>294,263</b>
<b>Gross margin</b>	<b>675,826</b>	<b>276,605</b>	<b>161,753</b>	<b>(910)</b>	<b>1,113,274</b>
<b>Expenses</b>					
Employee benefits	83,993	201,989	13,802	(313)	<b>299,471</b>
Depreciation, amortization and net impairment losses	15,275	56,584	20,980	–	<b>92,839</b>
Depreciation of right-of-use assets	1,531	4,740	389	–	<b>6,660</b>
Special payments	17,690	–	746	–	<b>18,436</b>
Goods and Services Tax	3,572	3,926	1,624	–	<b>9,122</b>
Québec Sales Tax	7,127	7,861	3,241	–	<b>18,229</b>
General operating, administrative, and other expenses	69,458	102,065	20,526	(597)	<b>191,452</b>
	<b>198,646</b>	<b>377,165</b>	<b>61,308</b>	<b>(910)</b>	<b>636,209</b>
<b>Income from operating activities</b>	<b>477,180</b>	<b>(100,560)</b>	<b>100,445</b>	<b>–</b>	<b>477,065</b>
Financial income	(1,464)	(543)	(103)	–	<b>(2,110)</b>
Financial expenses	4,203	1,856	1,056	–	<b>7,115</b>
<b>Net financial expenses</b>	<b>2,739</b>	<b>1,313</b>	<b>953</b>	<b>–</b>	<b>5,005</b>
Share of net loss in the joint venture and payments to partners	–	(4,410)	–	–	<b>(4,410)</b>
Write-down of interests in the joint venture	–	18,840	–	–	<b>18,840</b>
<b>Net income</b>	<b>474,441</b>	<b>(116,303)</b>	<b>99,492</b>	<b>–</b>	<b>457,630</b>

## Comparative results

FOR THE YEAR ENDED MARCH 31

(In thousands of Canadian dollars)	2022	2021	2020	2019	2018
<b>Consolidated results</b>					
<b>Revenues</b>	<b>2,217,229</b>	<b>1,407,537</b>	<b>2,741,626</b>	<b>2,828,000</b>	<b>2,743,164</b>
<b>Cost of sales</b>					
<b>Lottery</b>					
Commissions	152,082	126,938	143,338	146,980	138,784
Royalties	14,614	12,472	2,554	2,768	1,742
Printing	24,836	20,537	24,825	29,374	22,862
Goods and Services Tax	9,064	7,544	8,100	8,807	7,473
Québec Sales Tax	18,083	15,049	16,159	17,569	14,909
	<b>218,679</b>	<b>182,540</b>	<b>194,976</b>	<b>205,498</b>	<b>185,770</b>
<b>Casinos<sup>1</sup></b>					
Royalties	58,064	48,743	39,057	32,579	18,880
Food and beverages	4,594	705	19,327	19,612	18,614
Goods and Services Tax	2,428	2,209	1,705	1,329	735
Québec Sales Tax	4,843	4,407	3,401	2,651	1,467
	<b>69,929</b>	<b>56,064</b>	<b>63,490</b>	<b>56,171</b>	<b>39,696</b>
<b>Gaming establishments<sup>1</sup></b>					
Commissions	116,078	48,131	193,632	202,791	203,939
Royalties	–	–	597	1,227	192
Printing	506	285	1,339	1,292	1,354
Goods and Services Tax	5,825	2,418	9,767	10,247	10,261
Québec Sales Tax	11,620	4,825	19,485	20,443	20,471
	<b>134,029</b>	<b>55,659</b>	<b>224,820</b>	<b>236,000</b>	<b>236,217</b>
<b>Total</b>	<b>422,637</b>	<b>294,263</b>	<b>483,286</b>	<b>497,669</b>	<b>461,683</b>
<b>Gross margin</b>	<b>1,794,592</b>	<b>1,113,274</b>	<b>2,258,340</b>	<b>2,330,331</b>	<b>2,281,481</b>
<b>Operating expenses</b>					
Lottery	182,339	171,141	175,133	176,476	171,862
Casinos <sup>1</sup>	300,246	303,144	509,820	499,706	503,316
Gaming establishments <sup>1</sup>	42,631	35,074	61,959	81,704	88,684
Depreciation, amortization and net impairment losses	74,783	92,839	99,056	119,918	126,564
Depreciation of right-of-use assets	7,959	6,660	7,260	–	–
Goods and Services Tax	10,000	9,122	13,407	11,366	14,129
Québec Sales Tax	19,960	18,229	26,789	22,703	28,727
	<b>637,918</b>	<b>636,209</b>	<b>893,424</b>	<b>911,873</b>	<b>933,282</b>
<b>Income from operating activities</b>	<b>1,156,674</b>	<b>477,065</b>	<b>1,364,916</b>	<b>1,418,458</b>	<b>1,348,199</b>
<b>Net financial expenses</b>	<b>4,886</b>	<b>5,005</b>	<b>6,159</b>	<b>6,016</b>	<b>7,942</b>
Share of net loss in the joint venture and payments to partners	5,849	(4,410)	5,295	4,236	4,790
Write-down of interests in the joint venture	2,720	18,840	–	–	–
<b>Net income</b>	<b>1,143,219</b>	<b>457,630</b>	<b>1,353,462</b>	<b>1,408,206</b>	<b>1,335,467</b>

<sup>1</sup> In 2020, casinos and gaming halls were grouped under the same sector. Prior to that, gaming halls were part of the gaming establishment sector.

# 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 on activities 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 accounting firm KPMG LLP (KPMG), 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 27, 2022

# 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, 2022, 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, 2022, 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 *Auditor's 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 this auditors' report. We have nothing to report in this regard.

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

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

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

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

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report On Other Legal and Regulatory Requirements

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

On behalf of the Auditor General of Québec,



Patrick Dubuc, CPA auditor  
Acting Assistant Auditor General



KPMG LLP\*

Montréal,  
May 27, 2022

\* FCPA auditor, public accountancy permit No. A110618



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2022

(In thousands of Canadian dollars)	2022	2021
<b>Revenues</b> (Note 5)	<b>2,217,229</b>	1,407,537
Cost of sales (Note 6)	<b>422,637</b>	294,263
<b>Gross margin</b>	<b>1,794,592</b>	<b>1,113,274</b>
<b>Expenses</b>		
Employee benefits (Note 7)	<b>281,844</b>	299,471
Depreciation and amortization (Notes 14 and 15)	<b>74,783</b>	92,839
Depreciation of right-of-use assets (Note 16)	<b>7,959</b>	6,660
Special payments (Note 8)	<b>19,762</b>	18,436
Goods and Services Tax	<b>10,000</b>	9,122
Québec Sales Tax	<b>19,960</b>	18,229
General operating, administrative and other expenses	<b>223,610</b>	191,452
	<b>637,918</b>	<b>636,209</b>
<b>Income from operating activities</b>	<b>1,156,674</b>	<b>477,065</b>
Financial income (Note 9)	<b>(1,417)</b>	(2,110)
Financial expenses (Note 9)	<b>6,303</b>	7,115
<b>Net financial expenses</b> (Note 9)	<b>4,886</b>	<b>5,005</b>
Share of net income in the joint venture and payments to (contributions from) partners (Note 13)	<b>5,849</b>	(4,410)
Write-down of interests in the joint venture (Note 13)	<b>2,720</b>	18,840
<b>Net income</b>	<b>1,143,219</b>	<b>457,630</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>64,737</b>	21,133
<b>Comprehensive income</b>	<b>1,207,956</b>	<b>478,763</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, 2022

(In thousands of Canadian dollars)	Share capital	Retained earnings	Accumulated other comprehensive income	Total
<b>Balance as at April 1, 2020</b>	<b>170</b>	<b>86,300</b>	<b>83,765</b>	<b>170,235</b>
Dividend	–	(432,630)	–	<b>(432,630)</b>
Contributions to the Government of Québec (Note 10)	–	(25,000)	–	<b>(25,000)</b>
Transactions with the shareholder	–	(457,630)	–	<b>(457,630)</b>
Net income	–	457,630	–	<b>457,630</b>
Other comprehensive income				
Remeasurements of the net defined benefit liability (asset) (Note 20)	–	–	21,133	<b>21,133</b>
Comprehensive income	–	457,630	21,133	<b>478,763</b>
<b>Balance as at March 31, 2021</b>	<b>170</b>	<b>86,300</b>	<b>104,898</b>	<b>191,368</b>
Dividend	–	<b>(1,118,219)</b>	–	<b>(1,118,219)</b>
Contributions to the Government of Québec (Note 10)	–	<b>(25,000)</b>	–	<b>(25,000)</b>
Transactions with the shareholder	–	<b>(1,143,219)</b>	–	<b>(1,143,219)</b>
Net income	–	<b>1,143,219</b>	–	<b>1,143,219</b>
Other comprehensive income				
Remeasurements of the net defined benefit liability (asset) (Note 20)	–	–	<b>64,737</b>	<b>64,737</b>
Comprehensive income	–	<b>1,143,219</b>	<b>64,737</b>	<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>

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

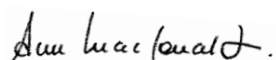
# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

(In thousands of Canadian dollars)	2022	2021
<b>ASSETS</b>		
Cash (Note 24)	97,885	105,142
Trade and other receivables (Note 11)	104,479	99,261
Current portion of loans to the joint venture (Note 13)	—	1,300
Inventories (Note 12)	4,947	4,141
Prepaid expenses	16,028	14,264
<b>Total current assets</b>	<b>223,339</b>	<b>224,108</b>
Interests in the joint venture and loans (Note 13)	23,644	17,108
Property, plant and equipment (Note 14)	627,989	652,634
Intangible assets (Note 15)	46,077	43,797
Right-of-use assets (Note 16)	26,182	13,794
Net defined benefit asset (Note 20)	85,989	27,981
<b>Total non-current assets</b>	<b>809,881</b>	<b>755,314</b>
<b>Total assets</b>	<b>1,033,220</b>	<b>979,422</b>
<b>LIABILITIES</b>		
Bank loans (Note 17)	103,770	242,788
Dividend payable	148,219	97,630
Accounts payable and accrued liabilities (Note 18)	246,752	226,344
Derivatives on gaming transactions	6,723	5,524
Deferred revenues	6,016	2,729
Current portion of lease liabilities (Note 16)	6,356	5,569
Current portion of long-term debt (Note 19)	14,948	9,863
<b>Total current liabilities</b>	<b>532,784</b>	<b>590,447</b>
Long-term debt (Note 19)	213,695	181,343
Lease liabilities (Note 16)	20,025	8,195
Net defined benefit and other long-term benefit liability (Note 20)	10,611	8,069
<b>Total non-current liabilities</b>	<b>244,331</b>	<b>197,607</b>
<b>Total liabilities</b>	<b>777,115</b>	<b>788,054</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	169,635	104,898
<b>Total shareholder's equity</b>	<b>256,105</b>	<b>191,368</b>
<b>Total liabilities and shareholder's equity</b>	<b>1,033,220</b>	<b>979,422</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, 2022

(In thousands of Canadian dollars)	2022	2021
<b>OPERATING ACTIVITIES</b>		
Net income	1,143,219	457,630
Items not affecting cash:		
Depreciation, amortization and net impairment losses of property, plant and equipment and intangible assets	74,783	92,839
Depreciation of right-of-use assets	7,959	6,660
Loss on disposal of property, plant and equipment, intangible assets and lease liabilities	4,184	1,134
Foreign exchange gain on lease liabilities	(38)	(852)
Defined benefit and other long-term benefit expense	17,639	13,341
Share of net income in the joint venture	5,849	(4,410)
Other net financial expenses	4,886	5,005
Write-down of interests in the joint venture (Note 13)	2,720	18,840
Net change in non-cash items (Note 24)	5,967	(76,877)
Capitalization of defined benefit obligation	(8,368)	(12,424)
Interest on leases	(397)	(306)
Interest paid	(5,712)	(7,219)
Interest received	1,417	2,110
<b>Cash flows provided by operating activities</b>	<b>1,254,108</b>	<b>495,471</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(36,748)	(48,758)
Additions to intangible assets	(14,034)	(12,388)
Proceeds from disposal of property, plant and equipment	494	4
Investment in the joint venture, net of distributions, and payments to partners	(9,075)	(2,691)
<b>Cash flows used in investing activities</b>	<b>(59,363)</b>	<b>(63,833)</b>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(1,067,630)	(393,063)
Net change in bank loans	(139,018)	(41,012)
Increase in long-term debt	49,715	80,530
Repayment of long-term debt	(12,377)	(52,021)
Repayment of lease liabilities	(7,692)	(6,457)
Contributions to the Government of Québec (Note 10)	(25,000)	(25,000)
<b>Cash flows used in financing activities</b>	<b>(1,202,002)</b>	<b>(437,023)</b>
<b>Decrease in cash</b>	<b>(7,257)</b>	<b>(5,385)</b>
<b>Cash, beginning of year</b>	<b>105,142</b>	<b>110,527</b>
<b>Cash, end of year (Note 24)</b>	<b>97,885</b>	<b>105,142</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, 2022

(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. In addition, the *Act respecting mainly the implementation of certain provisions of the Budget Speech of 26 March 2015* amended the incorporating statute of Loto-Québec to ensure it performs the duties conferred on it by Title III.4 of the *Consumer Protection Act* (CQLR, chapter P-40.1) in relation to online gaming. The amendments in question will come into force on the date to be fixed by the government. 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 27, 2022.

### 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

Certain new standards and interpretations have been issued, but are not expected to have a significant impact on Loto-Québec's consolidated financial statements.

### 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 Mondial 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 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 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. Points used by clients are recorded as a deduction from the liability. If there is no activity in a client's account for a period of 12 months, the liability attributable to these expired points is written off and the consideration is recognized as revenues in the consolidated statement of comprehensive income.

**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 leave. 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 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; (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 as 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, 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 statement of financial position when, and only when, Loto-Québec currently has a legally enforceable right to set off 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, that 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**

Under Loto-Québec's policy, cash includes cash on hand at casinos and bank balances.

**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.

**(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 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 the 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	2022				Total
	Lottery	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	
<b>Gaming revenues</b>					
Draw-based lottery games	617,622	–	–	–	617,622
Instant games	271,885	–	–	–	271,885
Betting games	28,350	–	–	–	28,350
Casino gaming	–	325,562	–	–	325,562
Online gaming	125,601	265,346	–	–	390,947
Gaming halls	–	34,075	–	–	34,075
Bars	–	–	516,574	–	516,574
Bingo	–	–	3,758	–	3,758
Kinzo	–	–	3,785	–	3,785
<b>Total gaming revenues</b>	<b>1,043,458</b>	<b>624,983</b>	<b>524,117</b>	<b>–</b>	<b>2,192,558</b>
<b>Non-gaming revenues</b>					
Restaurants	–	22,720	–	(7,593)	15,127
Accommodation	–	9,544	–	–	9,544
<b>Total non-gaming revenues</b>	<b>–</b>	<b>32,264</b>	<b>–</b>	<b>(7,593)</b>	<b>24,671</b>
	<b>1,043,458</b>	<b>657,247</b>	<b>524,117</b>	<b>(7,593)</b>	<b>2,217,229</b>

### Gaming revenues

Revenues from gaming transactions for which the rates of prizes awarded are substantially fixed	682,803
Revenues from gaming transactions for which the rates of prizes awarded depend on the outcome of each game	1,509,755
	<b>2,192,558</b>



2021

Business segments	Lottery	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	Total
<b>Gaming revenues</b>					
Draw-based lottery games	482,928	–	–	–	<b>482,928</b>
Instant games	230,947	–	–	–	<b>230,947</b>
Betting games	23,129	–	–	–	<b>23,129</b>
Casino gaming	–	73,294	–	–	<b>73,294</b>
Online gaming	121,362	246,964	–	–	<b>368,326</b>
Gaming halls	–	8,330	–	–	<b>8,330</b>
Bars	–	–	213,798	–	<b>213,798</b>
Bingo	–	–	1,940	–	<b>1,940</b>
Kinzo	–	–	1,674	–	<b>1,674</b>
<b>Total gaming revenues</b>	<b>858,366</b>	<b>328,588</b>	<b>217,412</b>	–	<b>1,404,366</b>
<b>Non-gaming revenues</b>					
Restaurants	–	3,429	–	(1,962)	<b>1,467</b>
Accommodation	–	1,704	–	–	<b>1,704</b>
<b>Total non-gaming revenues</b>	–	<b>5,133</b>	–	<b>(1,962)</b>	<b>3,171</b>
	<b>858,366</b>	<b>333,721</b>	<b>217,412</b>	<b>(1,962)</b>	<b>1,407,537</b>
<b>Gaming revenues</b>					
Revenues from gaming transactions for which the rates of prizes awarded are substantially fixed					566,549
Revenues from gaming transactions for which the rates of prizes awarded depend on the outcome of each game					837,817
					<b>1,404,366</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	2022				Total
	Lottery	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	
<b>Cost of sales</b>					
Commissions	152,082	–	116,078	–	268,160
Royalties	14,614	58,064	–	–	72,678
Printing	24,836	–	506	–	25,342
Food and beverage	–	7,156	–	(2,562)	4,594
Goods and Services Tax	9,064	2,428	5,825	–	17,317
Québec Sales Tax	18,083	4,843	11,620	–	34,546
	<b>218,679</b>	<b>72,491</b>	<b>134,029</b>	<b>(2,562)</b>	<b>422,637</b>

Business segments	2021				Total
	Lottery	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	
<b>Cost of sales</b>					
Commissions	126,938	–	48,131	–	175,069
Royalties	12,472	48,743	–	–	61,215
Printing	20,537	–	285	–	20,822
Food and beverage	–	1,757	–	(1,052)	705
Goods and Services Tax	7,544	2,209	2,418	–	12,171
Québec Sales Tax	15,049	4,407	4,825	–	24,281
	<b>182,540</b>	<b>57,116</b>	<b>55,659</b>	<b>(1,052)</b>	<b>294,263</b>

**7 / EMPLOYEE BENEFITS**

	2022	2021
Short-term employee benefits	255,055	277,148
Post-employment benefits	24,241	24,991
Other long-term benefits	2,548	(2,668)
	<b>281,844</b>	<b>299,471</b>

**8 / SPECIAL PAYMENTS**

	2022	2021
Payment to the Government of Canada	18,507	17,690
Payments to non-profit organizations (NPOs)	1,255	746
	<b>19,762</b>	<b>18,436</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 \$81,748 in today's dollars for the year ended March 31, 2022 (\$78,051 in 2021).

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 EXPENSES**

	2022	2021
Interest income	1,417	2,110
<b>Total financial income</b>	<b>1,417</b>	<b>2,110</b>
Interest expense on bank loans <sup>1</sup>	256	896
Interest expense on long-term debt	5,650	5,913
Interest expense on leases	397	306
<b>Total financial expenses</b>	<b>6,303</b>	<b>7,115</b>
<b>Net financial expenses</b>	<b>4,886</b>	<b>5,005</b>

<sup>1</sup> Interest expense includes \$235 (\$324 in 2021) on bank loans with the Caisse de dépôt et placement du Québec.

## 10 / CONTRIBUTIONS TO THE GOVERNMENT OF QUÉBEC

	2022	2021
Ministère de la Santé et des Services sociaux	22,000	22,000
Ministère de la Sécurité publique	3,000	3,000
	<b>25,000</b>	<b>25,000</b>

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

## 11 / TRADE AND OTHER RECEIVABLES

	2022	2021
Retailers <sup>1</sup>	70,408	52,865
Interprovincial Lottery Corporation	5,463	–
Online gaming	16,143	32,348
Joint venture	2,122	6,931
Other	10,343	7,117
	<b>104,479</b>	<b>99,261</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, 2022, gross trade receivables and accrued liabilities offset amounted to \$86,374 (\$64,780 in 2021) and \$15,966 (\$11,915 in 2021), respectively, representing the net amounts of the settlement of \$70,408 (\$52,865 in 2021).

## 12 / INVENTORIES

	2022	2021
Food and beverage	3,254	2,869
Lottery tickets and paper stock	1,693	1,272
	<b>4,947</b>	<b>4,141</b>

For the fiscal year, the cost of inventories recognized as an expense amounted to \$29,430 (\$21,242 in 2021).

## 13 / INTERESTS IN THE JOINT VENTURE AND LOANS

	2022	2021
Interests	4,357	7,100
Loans	19,287	11,308
	<b>23,644</b>	<b>18,408</b>
Less: Current portion of loans	–	1,300
	<b>23,644</b>	<b>17,108</b>

### INTERESTS

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

	Units	Interest %		Carrying amount	
		2022	2021	2022	2021
Equity interests in the joint venture				4,357	7,100
With voting and participating rights	A	50%	50%		
With participating rights	B	33%	33%		

During the year ended March 31, 2021, 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, 2021, an impairment loss of \$18,840 was recognized and presented under Write-down of interests in the joint venture in the consolidated statement of comprehensive income. An amount of \$2,720 was recognized in 2022.

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:

	2022	2021
Share of Loto-Québec based on its proportion of Class A and B units	34	(1,386)
Contributions from (payments to) partners, holders of Class C units	(5,883)	5,796
Share of net income in the joint venture and contributions from (payments to) partners	<b>(5,849)</b>	<b>4,410</b>

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

	2022	2021
Total current assets	5,943	6,204
Total non-current assets	87,721	87,710
Total assets	93,664	93,914
Total current liabilities	4,014	6,165
Total non-current liabilities	16,907	12,665
Total liabilities	20,921	18,830
Revenues	21,817	14,586
Net and comprehensive income generated by the joint venture	141	(4,238)
Income (loss) – Class A units	(69)	15
Income (loss) – Class B units	210	(4,253)
Payments to (contributions from) partners, holders of Class C units	5,883	(5,796)
<b>Net and comprehensive income (loss)</b>	<b>6,024</b>	<b>(10,034)</b>

**LOANS**

	2022	2021
<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 0.69% as at March 31, 2021, interest payable annually, collected on May 5, 2021	–	1,300
Loan, fixed rate renewable annually of 1.35% as at March 31, 2022 (1.00% in 2021), interest payable annually, maturing on January 9, 2024	3,500	3,500
Loan, fixed rate renewable annually of 1.35% as at March 31, 2022 (1.00% in 2021), interest payable annually, maturing on January 9, 2025	4,000	4,000
Loan, fixed rate renewable annually of 1.35% as at March 31, 2022 interest payable annually, maturing on June 22, 2026	4,013	–
Loan, fixed rate renewable annually of 1.30% as at March 31, 2022, interest payable annually, maturing on January 9, 2027	5,266	–
	<b>19,287</b>	<b>11,308</b>

As at March 31, 2021, the loans were transferred from Stage 1 to Stage 2, under IFRS 9, 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. As at March 31, 2022, the loans remained in Stage 2.

## 14 / PROPERTY, PLANT AND EQUIPMENT

	Improvements								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, 2020	44,133	442,627	125,772	531,374	98,546	616,283	7,875	18,746	<b>1,885,356</b>
Additions	–	93	954	1,345	588	20,015	–	10,710	<b>33,705</b>
Transfers out of Under construction – commissioned	–	2,954	1,110	6,556	786	–	–	(11,406)	–
Disposals	–	(6,007)	(8,610)	(35,867)	(19,741)	(59,533)	–	–	<b>(129,758)</b>
<b>Balance as at March 31, 2021</b>	<b>44,133</b>	<b>439,667</b>	<b>119,226</b>	<b>503,408</b>	<b>80,179</b>	<b>576,765</b>	<b>7,875</b>	<b>18,050</b>	<b>1,789,303</b>
Additions	–	<b>5,981</b>	<b>510</b>	<b>4,268</b>	<b>11,079</b>	<b>16,142</b>	–	<b>4,388</b>	<b>42,368</b>
Transfers out of Under construction – commissioned	–	<b>776</b>	–	<b>12,400</b>	<b>1,321</b>	–	–	<b>(14,497)</b>	–
Disposals	<b>(14)</b>	<b>(2,595)</b>	<b>(604)</b>	<b>(10,895)</b>	<b>(11,391)</b>	<b>(19,264)</b>	–	–	<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>
<b>Accumulated depreciation</b>									
Balance as at April 1, 2020	–	230,608	104,263	326,964	66,556	459,441	–	–	<b>1,187,832</b>
Depreciation for the year	–	8,905	3,500	12,871	3,195	49,075	–	–	<b>77,546</b>
Disposals	–	(6,007)	(8,610)	(35,178)	(19,742)	(59,172)	–	–	<b>(128,709)</b>
<b>Balance as at March 31, 2021</b>	<b>–</b>	<b>233,506</b>	<b>99,153</b>	<b>304,657</b>	<b>50,009</b>	<b>449,344</b>	<b>–</b>	<b>–</b>	<b>1,136,669</b>
Depreciation for the year	–	<b>8,674</b>	<b>2,007</b>	<b>13,663</b>	<b>2,699</b>	<b>35,293</b>	–	–	<b>62,336</b>
Disposals	–	<b>(2,141)</b>	<b>(604)</b>	<b>(7,590)</b>	<b>(11,314)</b>	<b>(18,437)</b>	–	–	<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>
<b>Net carrying amounts</b>									
<b>As at March 31, 2021</b>	<b>44,133</b>	<b>206,161</b>	<b>20,073</b>	<b>198,751</b>	<b>30,170</b>	<b>127,421</b>	<b>7,875</b>	<b>18,050</b>	<b>652,634</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>

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

	2022	2021
Buildings	<b>2,840</b>	1,859
Improvements to parking lots	<b>2,110</b>	–
Improvements to interior finishing and landscaping	<b>2,893</b>	14,870
Leasehold improvements	<b>98</b>	1,321
	<b>7,941</b>	<b>18,050</b>

## 15 / INTANGIBLE ASSETS

	Acquired		Internally generated		Total
	Software and licences	Software	IT projects under development		
<b>Cost</b>					
Balance as at April 1, 2020	60,632	231,763	16,432		<b>308,827</b>
Additions	959	3,639	4,828		<b>9,426</b>
Transfers of commissioned IT projects	660	10,425	(11,085)		<b>–</b>
Disposals	(26,531)	(60,035)	–		<b>(86,566)</b>
<b>Balance as at March 31, 2021</b>	<b>35,720</b>	<b>185,792</b>	<b>10,175</b>		<b>231,687</b>
Additions	<b>2,812</b>	<b>3,504</b>	<b>8,411</b>		<b>14,727</b>
Transfers of commissioned IT projects	<b>685</b>	<b>5,317</b>	<b>(6,002)</b>		<b>–</b>
Disposals	<b>(1,101)</b>	<b>(2,268)</b>	<b>–</b>		<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>
<b>Accumulated amortization</b>					
Balance as at April 1, 2020	54,064	205,008	–		<b>259,072</b>
Amortization for the year	2,405	12,888	–		<b>15,293</b>
Disposals	(26,440)	(60,035)	–		<b>(86,475)</b>
<b>Balance as at March 31, 2021</b>	<b>30,029</b>	<b>157,861</b>	<b>–</b>		<b>187,890</b>
Amortization for the year	<b>2,198</b>	<b>10,249</b>	<b>–</b>		<b>12,447</b>
Disposals	<b>(1,101)</b>	<b>(2,268)</b>	<b>–</b>		<b>(3,369)</b>
<b>Balance as at March 31, 2022</b>	<b>31,126</b>	<b>165,842</b>	<b>–</b>		<b>196,968</b>
<b>Net carrying amounts</b>					
<b>As at March 31, 2021</b>	<b>5,691</b>	<b>27,931</b>	<b>10,175</b>		<b>43,797</b>
<b>As at March 31, 2022</b>	<b>6,990</b>	<b>26,503</b>	<b>12,584</b>		<b>46,077</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, 2022:

	Improvements		Equipment and other	Total
	Buildings	Parking lots		
<b>Cost</b>				
Balance as at April 1, 2020	8,239	211	18,234	<b>26,684</b>
Additions	272	–	818	<b>1,090</b>
Lease termination	(636)	(211)	(240)	<b>(1,087)</b>
<b>As at March 31, 2021</b>	<b>7,875</b>	<b>–</b>	<b>18,812</b>	<b>26,687</b>
Additions	<b>11,889</b>	<b>6,308</b>	<b>2,183</b>	<b>20,380</b>
Lease termination	<b>(2,081)</b>	<b>–</b>	<b>(199)</b>	<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>
<b>Accumulated depreciation</b>				
Balance as at April 1, 2020	2,183	211	4,795	<b>7,189</b>
Depreciation for the year	1,845	–	4,815	<b>6,660</b>
Lease termination	(634)	(211)	(111)	<b>(956)</b>
<b>As at March 31, 2021</b>	<b>3,394</b>	<b>–</b>	<b>9,499</b>	<b>12,893</b>
Depreciation for the year	<b>1,668</b>	<b>1,261</b>	<b>5,030</b>	<b>7,959</b>
Lease termination	<b>(2,081)</b>	<b>–</b>	<b>(166)</b>	<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>
<b>Net carrying amounts</b>				
<b>As at March 31, 2021</b>	<b>4,481</b>	<b>–</b>	<b>9,313</b>	<b>13,794</b>
<b>As at March 31, 2022</b>	<b>14,702</b>	<b>5,047</b>	<b>6,433</b>	<b>26,182</b>

As at March 31, 2022, the expense relating to variable lease payments (contracts for royalties on slot machines) not included in the measurement of lease liabilities amounted to \$5,606 (\$1,328 in 2021).

The table below shows the maturity analysis of undiscounted contractual cash flows relating to Loto-Québec's lease liabilities as at March 31, 2022:

Less than 1 year	6,792
From 1 to 3 years	7,653
More than 3 years	14,946
	<b>29,391</b>

The following table shows the lease liabilities recognized in the statement of financial position as at March 31, 2022:

Current portion	6,356
Non-current portion	20,025
	<b>26,381</b>

## 17 / BANK LOANS

Current bank term loans totalled \$103,770 (\$242,788 in 2021), including \$86,779 (\$48,800 in 2021) 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 fixed rates ranging from 0.52% to 1.10% (0.23% to 0.75% in 2021).

Loto-Québec obtained credit facilities from three financial institutions for a combined amount of \$260,000. As at March 31, 2022, these credit facilities were undrawn.

## 18 / ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade payable and accrued liabilities <sup>1</sup>	61,434	50,738
Interprovincial Lottery Corporation	–	1,884
Lottery prizes payable <sup>2</sup>	72,369	74,254
Progressive jackpots payable <sup>3</sup>	36,960	34,317
Salaries payable	50,648	50,696
Employee benefits payable	14,102	7,800
GST	3,503	2,133
QST	7,736	4,522
	<b>246,752</b>	<b>226,344</b>

<sup>1</sup> Trade payable and accrued liabilities include accrued interest totalling \$929 (\$861 in 2021) payable to the Financing Fund of the Government of Québec and \$44 (\$48 in 2021) payable to the Caisse de dépôt et placement du Québec.

<sup>2</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>3</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

	2022	2021
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%	34,582	39,709
July 1, 2033, fixed rate of 2.154%	47,566	–
June 1, 2035, fixed rate of 1.770%	72,551	77,367
	<b>229,699</b>	<b>192,076</b>
Transaction costs	(1,056)	(870)
	<b>228,643</b>	<b>191,206</b>
Less: Current portion	(14,948)	(9,863)
	<b>213,695</b>	<b>181,343</b>

## 20 / NET DEFINED BENEFIT AND OTHER LONG-TERM BENEFIT LIABILITY (ASSET)

### 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, 2022, the employee and employer contribution rate decreased to 10.04% (10.33% in 2021) of assessable payroll for the RREGOP, while the rate for the PPMP was 12.29% (12.29% in 2021). The employer's contributions are equivalent to employee contributions, except for a compensatory amount provided for in the PPMP act of about 3% (the actual percentage will be known only in 2023 for 2022 and at the end of 2022 for 2021) (3.02% for 2020) of assessable payroll that must be paid by the employer, according to the most recent actuarial valuation of the plan.

Contributions to these compulsory public plans amounting to \$9,150 (\$8,983 in 2021) 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 best 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 was prepared as at December 31, 2018, and for the Employee Plan, as at December 31, 2019. The next valuations will be prepared as at December 31, 2021, and December 31, 2022, respectively. The most recent actuarial valuation for the Supplementary Plan was prepared as at March 31, 2021, and the next valuation will be prepared as at March 31, 2022.

**(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, 2022, 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:

	2022	2021
Present value of unfunded defined benefit obligation	10,611	8,069
Present value of funded defined benefit obligation	822,453	865,487
Total present value of defined benefit obligation	833,064	873,556
Fair value of plan assets	908,442	893,468
<b>Net defined benefit and other long-term benefit asset</b>	<b>(75,378)</b>	<b>(19,912)</b>

Represented by:

	2022	2021
Net defined benefit asset	(85,989)	(27,981)
Net defined benefit and other long-term benefit liability	10,611	8,069
	<b>(75,378)</b>	<b>(19,912)</b>

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

	2022			2021
	Pension plans	Other long-term benefits	Total	Total
<b>Defined benefit obligation</b>				
Balance, beginning of year	865,487	8,063	873,556	734,567
Current service cost	14,546	–	14,546	14,913
Interest expense	28,845	–	28,845	28,195
Employee contributions	8,109	–	8,109	10,426
Benefits paid	(28,156)	–	(28,156)	(14,362)
Actuarial (gains) losses	(66,378)	2,548	(63,836)	99,817
<b>Balance, end of year</b>	<b>822,453</b>	<b>10,611</b>	<b>833,064</b>	<b>873,556</b>
<b>Fair value of plan assets</b>				
Balance, beginning of year	893,468	–	893,468	734,262
Interest income	29,275	–	29,275	28,074
Return on plan assets excluding interest income	(1,641)	–	(1,641)	123,618
Employer contributions	8,362	–	8,362	12,424
Employee contributions	8,109	–	8,109	10,427
Benefits paid	(28,156)	–	(28,156)	(14,362)
Plan administration expenses	(975)	–	(975)	(975)
<b>Balance, end of year</b>	<b>908,442</b>	<b>–</b>	<b>908,442</b>	<b>893,468</b>
<b>Net defined benefit and other long-term benefit liability (asset)</b>	<b>(85,989)</b>	<b>10,611</b>	<b>(75,378)</b>	<b>(19,912)</b>

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

	2022		2021	
	Allocation %	Fair value \$	Allocation %	Fair value \$
Cash	1.0	9,084	1.7	15,189
Bonds	36.5	331,581	37.8	337,731
Mortgages	10.2	92,661	9.3	83,093
Canadian equities	7.0	63,591	10.4	92,921
International equities	17.6	159,886	26.6	237,662
Real estate funds	11.7	106,288	8.3	74,158
Infrastructure	7.2	65,408	2.8	25,017
Private investments	8.8	79,943	3.1	27,697
	<b>100.0</b>	<b>908,442</b>	<b>100.0</b>	<b>893,468</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:

	2022			2021
	Pension plans	Other long-term benefits	Total	Total
Service costs	14,546	–	14,546	14,913
Net interest expense	(430)	–	(430)	121
Plan administration expenses	975	–	975	975
Actuarial losses (gains) related to other long-term benefits	–	2,548	2,548	(2,668)
<b>Post-employment and other long-term benefits</b>	<b>15,091</b>	<b>2,548</b>	<b>17,639</b>	<b>13,341</b>

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

	2022	2021
Actuarial gains (losses) arising from changes in financial assumptions	82,084	(97,922)
Actuarial losses arising from plan experience	(15,706)	(4,563)
Return on plan assets excluding interest income	(1,641)	123,618
<b>Remeasurements of the net defined benefit liability</b>	<b>64,737</b>	<b>21,133</b>

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

	2022		2021	
	Pension plans	Other long-term benefits	Pension plans	Other long-term benefits
<b>Defined benefit obligation as at March 31</b>				
Discount rate	4.00%	3.80%	3.30%	2.65%
Inflation rate	1.80%	1.80%	1.70%	1.70%
Rates of compensation increase	2.80%	2.80%	2.70%	2.70%

For the defined benefit obligation as at March 31, 2022, and March 31, 2021, 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, 2022, and March 31, 2021, the rates for the Employee Plan were multiplied by 115%.

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

	2022		2021	
	Female	Male	Female	Male
Employee Plan	24.0 years	22.2 years	23.9 years	22.1 years
Executive and Professional Plan and Supplementary Plan	25.0 years	23.2 years	24.9 years	23.1 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:

	2022		2021	
	Increase to 5.00%	Decrease to 3.00%	Increase to 4.30%	Decrease to 2.30%
<b>Discount rate</b>				
(Decrease) increase in defined benefit obligation	<b>(115,365)</b>	<b>134,163</b>	(115,647)	133,561
<b>Inflation rate</b>				
Increase (decrease) in defined benefit obligation	<b>40,329</b>	<b>(38,287)</b>	30,709	(50,790)
<b>Rates of compensation increase</b>				
Increase (decrease) in defined benefit obligation	<b>6,929</b>	<b>(6,743)</b>	7,703	(7,556)
<b>Mortality rate</b>				
(Decrease) increase in defined benefit obligation	<b>(11,495)</b>	<b>12,501</b>	(10,155)	11,448

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 \$13,763 during the next fiscal year.

The weighted average duration of the pension plans' defined obligation as at March 31, 2022, was 13.25 years (13.17 years in 2021).

## 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:

	2022	2021
Bank loans	103,770	242,788
Long-term debt	228,643	191,206
Share capital	170	170
Retained earnings	86,300	86,300
	<b>418,883</b>	<b>520,464</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 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.

For the period from April 1, 2020, to March 31, 2021, Loto-Québec was authorized by the Government of Québec to make short-term borrowings up to a maximum total amount outstanding of \$500,000 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 long-term borrowings up to a maximum total amount outstanding of \$1,100,000 from the same Fund.

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, 2022 and 2021, 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, 2021.

## 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 is disputing those claims and lawsuits and is therefore refusing 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:

	2022	2021
Less than 1 year	13,133	14,481
From 1 to 5 years	34,643	38,193
More than 5 years	19,882	6,147
	<b>67,658</b>	<b>58,821</b>



**(ii) Contributions to the Government of Québec****Ministère de la Santé et des Services sociaux (MSSS)**

At the request and with the authorization of the Government of Québec, Loto-Québec is committed to the MSSS to make an annual contribution of \$22,000 into a specified purpose account of the Government of Québec to fund prevention measures, treatment services, research programs and awareness campaigns to counter compulsive gambling.

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.

**Ministère de la Sécurité publique (MSP)**

At the request and with the authorization of the Government of Québec, Loto-Québec is committed to the MSP 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 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 the joint venture.

Trade and other receivables past due represented 0.2% of receivables in 2022 (0.4% in 2021). Expected credit losses, recognized on all the above-mentioned financial assets, are immaterial. Loto-Québec's management considers the credit quality of all of 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.

As indicated in Note 26, several of Loto-Québec's activities were suspended temporarily during the year, which negatively affected Loto-Québec's revenues and cash flows. The negative effect on revenues is partially offset by increased lottery and online gaming sales. Loto-Québec continues to manage its liquidity through cost management and the projection and ongoing assessment of cash needs.



**(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.

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, including cash on hand at casinos, 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:

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans to the joint venture	19,287	19,287	11,308	11,308
Long-term debt	229,699	227,274	192,076	205,611

**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

	2022	2021
<b>Cash</b>		
Cash on hand at casinos	73,456	46,910
Cash	24,429	58,232
	<b>97,885</b>	<b>105,142</b>
<b>Net change in non-cash items</b>		
Trade and other receivables	(5,218)	(66,640)
Inventories	(806)	463
Prepaid expenses	(1,764)	7,579
Accounts payable and accrued liabilities	9,269	(22,049)
Derivatives on gaming transactions	1,199	3,163
Deferred revenues	3,287	607
	<b>5,967</b>	<b>(76,877)</b>
<b>Additional information</b>		
Additions to property, plant and equipment funded by accounts payable and accrued liabilities	12,133	6,512
Additions to intangible assets funded by accounts payable and accrued liabilities	2,334	1,641
Share of partners, holders of Class C units in the joint venture, included in accounts payable and accrued liabilities	(202)	(4,932)

Reconciliations of changes in liabilities resulting from financing activities:

	Liabilities				Shareholder's equity	Total
	Bank loans	Dividend payable	Long-term debt	Lease liabilities	Retained earnings	
<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 cash flows related to financing activities:</b>						
Net change in bank loans	(139,018)	–	–	–	–	(139,018)
Dividend payable	–	50,589	–	–	(1,118,219)	(1,067,630)
Increase in long-term debt	–	–	49,715	–	–	49,715
Repayment of long-term debt	–	–	(12,377)	–	–	(12,377)
Repayment of lease liabilities	–	–	–	(7,692)	–	(7,692)
Contributions to the Government of Québec	–	–	–	–	(25,000)	(25,000)
<b>Items not affecting cash related to these liabilities:</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>
Addition of leases	–	–	–	20,309	–	20,309
Transaction costs	–	–	99	–	–	99
	–	–	99	20,309	–	20,408
<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>–</b>	<b>–</b>	<b>–</b>	<b>–</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>

	Liabilities				Shareholder's equity	Total
	Bank loans	Dividend payable	Long-term debt	Lease liabilities	Retained earnings	
<b>Balance as at March 31, 2020</b>	<b>283,800</b>	<b>58,063</b>	<b>162,602</b>	<b>20,116</b>	<b>86,300</b>	<b>610,881</b>
<b>Changes arising from cash flows related to financing activities:</b>						
Net change in bank loans	(41,012)	–	–	–	–	(41,012)
Dividend payable	–	39,567	–	–	(432,630)	(393,063)
Increase in long-term debt	–	–	80,530	–	–	80,530
Repayment of long-term debt	–	–	(52,021)	–	–	(52,021)
Repayment of lease liabilities	–	–	–	(6,457)	–	(6,457)
Contributions to the Government of Québec	–	–	–	–	(25,000)	(25,000)
	<b>(41,012)</b>	<b>39,567</b>	<b>28,509</b>	<b>(6,457)</b>	<b>(457,630)</b>	<b>(437,023)</b>
<b>Items not affecting cash related to these liabilities:</b>						
Addition of leases	–	–	–	105	–	105
Transaction costs	–	–	95	–	–	95
	–	–	95	105	–	200
<b>Total changes related to these liabilities</b>	<b>(41,012)</b>	<b>39,567</b>	<b>28,604</b>	<b>(6,352)</b>	<b>(457,630)</b>	<b>(436,823)</b>
<b>Total other changes related to shareholder's equity</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>457,630</b>	<b>457,630</b>
<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>

## 25 / RELATED PARTIES

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

### a) Related party transactions and balances

Except for transactions disclosed in the consolidated financial statements that were initially recognized at fair value, no individually or collectively significant transactions have been entered into by Loto-Québec with those related parties. Consequently, Loto-Québec has availed itself of the exemption set out in IAS 24, *Related Party Disclosures*, from the disclosure requirements for transactions and balances, including commitments, with parties related to a government which has control, joint control or significant influence over it. Loto-Québec considers that this information is not relevant in the context of its operations.

### 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:

	2022	2021
Short-term employee benefits	3,618	3,565
Post-employment and other long-term benefits	651	591
	<b>4,269</b>	<b>4,156</b>

## 26 / IMPACT OF THE COVID-19 PANDEMIC

In March 2020, the outbreak of the novel coronavirus (COVID-19) resulted in a major global health crisis and governments worldwide enacting emergency measures to combat the spread of the virus.

Since then, Loto-Québec has been closely monitoring the evolution of the situation. A special committee was created to implement the necessary measures and actively monitor them, while also taking into account the impacts of the pandemic on the employees and operations of Loto-Québec.

Loto-Québec's commercial activities were severely disrupted, which impacted the financial results for the year ended March 31, 2022. Below is an overview of their progression during the year:

Casinos, gaming halls and Hilton Lac-Leamy:

- Closure until June 2021 and gradual reopening at reduced capacity
- Closure on December 20, 2021
- Reopening with reduced capacity on February 28, 2022, except for the Casino de Mont-Tremblant, which reopened on March 3, 2022
- Reopening at 100% on March 14, 2022

Video lottery:

- Gradual reactivation of terminals starting in April 2021
- Shutdown of all the terminals on December 20, 2021
- Gradual reactivation of terminals starting on February 28, 2022

At the date of completion of the financial statements, the duration and impact of the COVID-19 pandemic are still unknown. Consequently, it is not possible to determine its impact on Loto-Québec's consolidated financial results, consolidated cash flows and consolidated financial position for future periods.

## 27 / COMPARATIVE FIGURES

Certain 2021 figures have been reclassified to conform to the 2022 presentation.



# **Governance**

## BOARD OF DIRECTORS AND CORPORATE SECRETARIAT

AS OF MARCH 31, 2022



**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. From 2010 to 2018, she was 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 also 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. Holding a bachelor's degree in business computing and having a strong background in tech strategy implementation, digital transformation, and organizational transformation, Mr. Bergeron has had a broad and varied career path. This has allowed him to develop an in-depth understanding of organizations, which he has capitalized on throughout his various mandates.





**ALAIN ALBERT, MAGOG**

Corporate Director

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

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



**JEAN-FRANÇOIS BLAIS, MONTRÉAL**

Corporate Director

**Appointment:** March 13, 2019  
**End of term:** March 12, 2023

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 served on the Board of Optimum Réassurance since 2018, and on the Board of the Caisse de dépôt et placement du Québec since 2020.



**SARINE CHITILIAN, MONTRÉAL**

Senior Manager, Business Operational Strategy and Resilience,  
National Bank

**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

Corporate Director

**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. Ms. Cohen also received the title of *Administratrice de sociétés certifiée (ASC)* (certified corporate director) from Université Laval's Collège des administrateurs de sociétés in 2012. She was President and CEO of the CHU Sainte-Justine Foundation from 2014 to 2022.



**MARIE CÔTÉ, FRELIGHSBURG**  
ASC

Executive Producer and President, Côté Multimédias

**Appointment:** March 14, 2018  
**End of term:** March 13, 2022<sup>1</sup>

Marie Côté has a master's degree in communication sciences with a specialization in UX design from Université de Montréal. She acts as an international business development consultant for companies in the creative industries sector, including serving as an associate producer for HUB Montréal, an international marketplace for digital creativity. For over 20 years, Ms. Côté worked in production and business management in the entertainment industry (Rodeo FX, Radio-Canada, ARTV, Cirque du Soleil, Productions J). She was also Director of Marketing Communications for National Bank. Ms. Côté earned 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 corporate governance experience. She sits on the Board of Directors of the Centre de recherche informatique de Montréal, and chairs its Governance, Ethics and Human Resources Committee. Ms. Côté joined the Board of Directors of the City of Montréal's Agence de mobilité durable, and sits on its Audit, Finance and Risk Management Committee, and Innovation, Strategy and Sustainable Development Committee.



**HUGO DELORME, MONTRÉAL**  
ICD.D

President, MERCURE Conseil

**Appointment:** March 14, 2018  
**End of term:** March 13, 2022<sup>1</sup>

Hugo Delorme completed a master's degree in management science at HEC Montréal in 2010 and received a diploma from the EMBA McGill-HEC program in 2016. He was both Partner and Director at NATIONAL Public Relations where he worked for over 10 years. Mr. Delorme then moved on to the Canadian National Railway (CN) where he worked as Senior Director of Corporate Services. In 2018, he founded his own consulting firm, MERCURE Conseil, which he chairs. He sits on the Board of LaSalle College. In 2020, he earned the ICD.D designation from the Institute of Corporate Directors.

<sup>1</sup> When a mandate comes to term, it is extended until its renewal or until the nomination of a new member.



**DOMINIQUE GAUTHIER, QUÉBEC**  
ASC

Corporate Director

**Appointment:** March 14, 2018  
**End of term:** March 13, 2022<sup>1</sup>

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. Lauded by the Government of Québec, she is sometimes called upon to sit on boards to settle disputes in the municipal sector and to provide strategic advice on labour-management relations.



**NATHALIE GOODWIN, MONTRÉAL**  
LL. B., ASC

Attorney and Partner, Agence Goodwin

**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.

<sup>1</sup> When a mandate comes to term, it is extended until its renewal or until the nomination of a new member.



**ALAIN TRUDEAU, MONTRÉAL**  
FCPA, FCA

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, the Institut de médiation et d'arbitrage du Québec, and Startup Montréal.



**KATY YAM, MONTRÉAL**

Partner, Real Ventures  
General Manager, Founder Fuel  
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, Canada's most active early-stage VC firm; General Manager of FounderFuel, Canada's first technology start-up accelerator; and Producer at TEDxMontréal. The recipient of a Bachelor of Commerce (Honours) from McGill University, she has a 20+ year history of managing high-performing product, business intelligence and marketing teams across various public and private industries, including venture capital, artificial intelligence (Element AI), gaming (Loto-Québec), consumer packaged goods (Maple Leaf Foods), telecommunications (Bell Canada) and non-profits (TEDxMontreal). As an early-stage investor, she sits on several boards as a member, observer or advisor. Since 2013, she has been heading TEDxMontréal, a non-profit dedicated to elevating Montreal-born ideas onto the global TED stage.



**MARIE-CHRISTINE TREMBLAY, MONTRÉAL**  
LL. L.

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

After earning a bachelor's degree in Mathematics from McGill University, Marie-Christine Tremblay chose to pursue a law degree. She was hired by the Ministry of 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 the principal orientations and policies of Loto-Québec, as well as its annual business plan. Furthermore, the Board monitors the progress of corporate social responsibility actions. It also establishes the 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 the last fiscal year 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, 2022, the Board had 12 members—7 women and 5 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 2021–2022 fiscal year, the Board held 11 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, 2022

Directors	Board of Directors		Audit and Risk Management Committee	Governance, Ethics and Corporate Social Responsibility Committee		Human Resources and Culture Committee		Commercial Affairs Committee	Development and Innovation Committee
	Regular	Special	Regular	Regular	Special	Regular	Special	Regular	Regular
	9	2	5	4	2	5	2	1	3
Hélène F. Fortin	3/3	–	1/1	1/1	1/1	1/1	1/1	1/1	–
Ann MacDonald	9/9	2/2	2/4	3/3	1/1	5/5	2/2	1/1	3/3
Alain Albert	9/9	2/2	–	3/3	–	5/5	2/2	1/1	–
Jean-François Blais	9/9	2/2	5/5	–	–	–	–	1/1	3/3
Sarine Chitilian	9/9	2/2	4/4	1/1	1/1	–	–	1/1	–
Maud Cohen	9/9	2/2	1/1	–	–	–	–	1/1	3/3
Marie Côté	9/9	2/2	1/1	3/3	–	–	–	1/1	3/3
Hugo Delorme	8/9	2/2	–	4/4	2/2	–	–	1/1	–
Dominique Gauthier	9/9	2/2	–	–	–	5/5	2/2	1/1	–
Nathalie Goodwin	8/9	2/2	1/1	–	1/1	5/5	1/1	1/1	–
Alain Trudeau	1/1	–	–	–	–	–	–	–	–
Katy Yam	9/9	2/2	–	1/1	1/1	–	–	1/1	3/3

Excused absences.

Hélène F. Fortin was the Chair of the Board until June 26, 2021.

Ann MacDonald has been the Chair of the Board since June 27, 2021.

Alain Trudeau has been a member of the Board since February 23, 2022.

## REMUNERATION

Directors of Loto-Québec 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.

### REMUNERATION OF THE DIRECTORS

Directors	Total remuneration
Hélène F. Fortin <sup>1, 2, 3, 4 and 6</sup>	\$20,100.25
Ann MacDonald <sup>1, 2, 3, 4 and 5</sup>	\$39,647.74
Alain Albert <sup>2, 3 and 4</sup>	\$26,195.00
Jean-François Blais <sup>1, 4 and 5</sup>	\$24,680.60
Sarine Chitilian <sup>1, 2 and 4</sup>	\$20,271.00
Maud Cohen <sup>1, 4 and 5</sup>	\$22,184.60
Marie Côté <sup>1, 2, 4 and 5</sup>	\$21,831.00
Hugo Delorme <sup>2 and 4</sup>	\$21,560.60
Dominique Gauthier <sup>3 and 4</sup>	\$20,583.00
Nathalie Goodwin <sup>1, 2, 3 and 4</sup>	\$19,959.00
Alain Trudeau	\$1,649.21
Katy Yam <sup>2, 4 and 5</sup>	\$20,271.00
	<b>\$258,933.00</b>

Hélène F. Fortin was the Chair of the Board until June 26, 2021.  
Ann MacDonald has been the Chair of the Board since June 27, 2021.  
Alain Trudeau has been a member of the Board since February 23, 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 2021–2022 business plan and principal current projects. The Board approved the 2020–2021 Annual Report<sup>7</sup> and provided follow-up on the 2020–2023 Strategic Plan and the 2021–2022 action plans. It also adopted the Loto-Québec 2021–2023 Corporate Social Responsibility Plan.

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

- Taking all the necessary measures to deal with the COVID-19 pandemic
- The resumption of activities
- The transition and integration of the new President and Chief Executive Officer
- Ensuring budget targets are met
- The development of online gaming
- The illegal gambling offer
- The external audit of Québec casino and gaming hall practices
- 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.

For the 2021–2022 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> Commercial Affairs Committee

<sup>5</sup> Development and Innovation Committee

<sup>6</sup> Pension plan committees for employees and for executive and professional staff of the Société des casinos du Québec

Note: The composition of the committees changed on August 26, 2021.

<sup>7</sup> At its meeting on May 27, 2022, the Board approved the 2021–2022 Annual Report and the related press release.



## 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 and related press releases, as well as the financial statements for the year ended March 31, 2021.<sup>1</sup>

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
- The committee's mandate

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

## CORPORATE GOVERNANCE

During the 2021–2022 fiscal year, the Board ensured the corporation's compliance with its governance regulations and policies. It also approved the new version of the Loto-Québec language policy.

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

- Approved the 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
- Reviewed the structure, mandate and composition of the committees to optimize their role
- Approved the changes to the evaluation form for its own operations and those of the committees
- Reviewed the competency, experience and expertise profiles of the members
- Approved the changes to the committee's mandate

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 2021–2022 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 remuneration parameters that apply to the management and non-unionized personnel of Loto-Québec and its subsidiaries for 2021–2022 and those that apply to the management, including senior management, and non-unionized personnel of Loto-Québec and its subsidiaries for 2022–2023

- The terms of application for the incentive remuneration program for 2021–2022, for the target employees
- The payment of a loyalty bonus for certain positions
- The positioning of the Corporate Vice-President and Chief Officer of Digital Transformation and Technology
- The President and Chief Executive Officer's 2021–2022 objectives
- The terms of the negotiation mandates for the collective agreements of the union locals concerned
- The changes to the committee's mandate

The Board also reviewed and monitored the Loto-Québec hiring process in terms of 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

In the last fiscal year, the Board created the Development and Innovation Committee, which has replaced the Commercial Affairs Committee.

On the recommendation of the Development and Innovation Committee, the Board approved:

- The committee's charter
- The issue of calls for tenders and the authorization of contracts of over \$10 million, in accordance with the procurement policy

The members of the Development and Innovation Committee also participated, with the members of the Board, in a creative thinking forum on the customer experience.

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

<sup>1</sup> At its meeting on May 27, 2022, on the recommendation of the Audit and Risk Management Committee, the Board approved the financial statements for the year ended March 31, 2022, and the related press release.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## 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 the integrated risk management practices, oversees the establishment of effective and adequate internal control mechanisms and supervises the Internal Auditing activities. It provides a communications link between the independent external co-auditors, Internal Auditing and the Board.

As of March 31, 2022, 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, via teleconference, and held a closed session without management present at the end of each meeting. During these meetings, the committee:

- Approved the quarterly financial statements of Loto-Québec and the related press releases and monitored the budget
- Reviewed the corporation's 2020–2021 financial statements 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 2021–2022 annual work plan
- Monitored:
  - The internal control certification programs
  - The integrated management of business risks
  - The FINTRAC compliance program
- Monitored the activities of the groups responsible for IT and security, 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 and recommended that the Board approve the required changes
- 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, 2018, March 31, 2019, and March 31, 2020. The firm's term was then extended another two years. The firm's audit fees for the 2021–2022 financial statements came to \$400,000, in compliance with its proposal.

<sup>2</sup> At its meeting on May 25, 2022, the Audit and Risk Management Committee reviewed the 2021–2022 financial statements and the related press release with the independent external co-auditors and recommended their approval to the Board.

# GOVERNANCE, ETHICS AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE REPORT

## MANDATE AND 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 the Loto-Québec corporate social responsibility process, particularly with regard to the environment and stakeholder relations.

As of March 31, 2022, the Governance, Ethics and Corporate Social Responsibility Committee was composed of three independent members.

**Chair:** Hugo Delorme

**Members:** Alain Albert and Marie Côté

## ACTIVITIES

Over the fiscal year, the Governance, Ethics and Corporate Social Responsibility Committee met six times, 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
  - At each of its meetings, reviewed complaints received by the Corporate Secretary and the measures put in place for the reporting line, as well as investigating and making any required recommendations
  - 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 introduction program
    - The members' professional development program
    - The members' competency, expertise and experience profiles
    - 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 Alain Trudeau 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:
    - The Loto-Québec corporate social responsibility plan and its indicators before their approval by the Board
    - The corporation's commitment strategy toward its stakeholders
  - Recommended that the Board review the structure, mandate and composition of the committees to optimize their role
  - Conducted the annual review of the assessment criteria for the Board's operations, its committees and its members, the procedure used and the evaluation form and recommended that the Board approve the required changes to the form
  - 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, recommended that the Board approve the required changes and ensured that each of its committees 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

### 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 and makes the required recommendations to the Board, as well as monitoring the implementation of the 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 the 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, 2022, 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 seven 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 remuneration parameters that apply to the management and non-unionized personnel of Loto-Québec and its subsidiaries for 2021–2022 and those that apply to the management, including senior management, and non-unionized personnel of Loto-Québec and its subsidiaries for 2022–2023
  - The terms of application for the incentive remuneration program for 2021–2022, for the target employees
  - The payment of a loyalty bonus for certain positions
  - The positioning of the Corporate Vice-President and Chief Officer of Digital Transformation and Technology
  - 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 mobilization
  - The pay equity program
  - The hiring process in terms of 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 and recommended that the Board approve the required changes
- 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 AND ITS SUBSIDIARIES

FOR THE FISCAL YEAR ENDED MARCH 31, 2022

Name and title	Salary paid	Incentive remuneration	Cost of automobile use <sup>1</sup>	Additional benefits <sup>2</sup>	Group insurance plan	Transition allowance	Total
<b>Jean-François Bergeron</b> <sup>3</sup> President and CEO	\$378,372	\$0	\$12,573	\$2,292	\$7,481	\$0	\$400,718
<b>Lynne Roiter</b> <sup>4</sup> President and CEO	\$77,489	\$0	\$3,342	\$2,500	\$586	\$450,106	\$534,023
<b>Kevin G. Taylor</b> Executive Vice-President Chief Operating Officer of Casinos and Gaming Halls	\$344,592	\$0	\$21,371	\$2,500	\$6,998	\$0	\$375,461
<b>Isabelle Jean</b> Executive Vice-President Chief Operating Officer of Lottery Games	\$316,762	\$0	\$14,766	\$2,500	\$5,492	\$0	\$339,520
<b>Denis Daly</b> Corporate Vice-President Chief Officer of Digital Transformation and Technology	\$314,529	\$0	\$14,278	\$2,500	\$6,644	\$0	\$337,951
<b>Marie-Claude Tremblay</b> Corporate Vice-President of Finance and Administration	\$284,972	\$0	\$12,797	\$2,500	\$6,313	\$0	\$306,582
<b>Stéphane Fraser</b> Executive Vice-President Chief Operating Officer of Gaming Establishments	\$261,373	\$0	\$13,071	\$2,500	\$6,893	\$0	\$283,837
<b>Patrick Lamy</b> <sup>5</sup> General Manager Casino du Lac-Leamy	\$219,554	\$24,688	\$24,818	\$2,500	\$6,016	\$0	\$277,576
<b>Luc Morin</b> <sup>5</sup> General Manager Casino de Montréal	\$219,372	\$24,668	\$13,639	\$2,500	\$5,579	\$0	\$265,758
<b>Pierre Maltais</b> <sup>5</sup> General Manager Casino de Charlevoix	\$182,974	\$18,371	\$8,611	\$2,500	\$4,628	\$0	\$217,084

### 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 for Kevin G. Taylor, Isabelle Jean, Denis Daly, Marie-Claude Tremblay and Stéphane Fraser and 2% per year for Patrick Lamy, Luc Morin and Pierre Maltais. This pension is reduced by the benefit offered under the basic plan.

<sup>1</sup> These amounts constitute a taxable benefit.

<sup>2</sup> The additional benefits may include amounts paid for the following: medical check-up, financial and estate planning, sports club and business group.

<sup>3</sup> Jean-François Bergeron has been in his position since May 31, 2021. His base annual salary is \$450,109.

<sup>4</sup> Lynne Roiter held the position from April 1, 2021, to May 30, 2021. Her base annual salary was \$450,106, and a departure allowance was granted to her in accordance with the appointment resolution (163-2019).

<sup>5</sup> The general managers are eligible for 50% of their target bonus.

## DEVELOPMENT AND INNOVATION COMMITTEE

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### MANDATE AND COMPOSITION

The Development and Innovation Committee was created during this fiscal year. Its principal role is to pursue certain strategic issues related to commercial development and innovation, in order to support senior management in decision-making. This committee assesses the potential of new business and investment models and strategic partnerships and makes the related recommendations to the Board. It also makes recommendations to the Board concerning calls for tenders and contracts that the Board has to 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, 2022, 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 three times, via teleconference. During these meetings, the committee:

– Recommended that the Board approve:

- Its charter
- The issue of calls for tenders and the authorization for contracts of over \$10 million, in keeping with the procurement policy

– Attended presentations, mainly on innovation, the gaming market in Québec and the development of sports betting

– Participated, with the members of the Board, in a creative thinking forum on the customer experience

– Discussed the dining offer in the casinos

– 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

### Language policy

#### Making language quality a top priority

In accordance with the government's policy on the use of French in public administration, on November 24, 2000, 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.

During the last fiscal year, the corporation reviewed its policy in collaboration with the Office québécois de la langue française to ensure that it continues to uphold the principles set out by the government with respect to the use and quality of the French language. The new policy was adopted by the Board of Directors on May 28, 2021.

### 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	-
Disclosures broken down according to the categories of wrongdoings set out in section 4 of the Act:	
<ul style="list-style-type: none"> <li>• Contravention of a Québec law, of a federal law applicable in Québec or of a regulation made under such a law</li> </ul>	-
<ul style="list-style-type: none"> <li>• Serious breach of the standards of ethics and professional conduct</li> </ul>	-
<ul style="list-style-type: none"> <li>• Misuse of funds or property belonging to a public body, including the funds or property it manages or holds for others</li> </ul>	-
<ul style="list-style-type: none"> <li>• Gross mismanagement within a public body, including an abuse of authority</li> </ul>	-
<ul style="list-style-type: none"> <li>• Any act or omission that seriously compromises or may seriously compromise a person's health or safety or the environment</li> </ul>	-
<ul style="list-style-type: none"> <li>• Directing or counselling a person to commit any of the wrongdoings described above</li> </ul>	-
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 2021–2022, the President and Chief Executive Officer of Loto-Québec authorized 97 service contracts for over \$25,000, with a total value of \$42,605,084. Two of these contracts were concluded with a natural person.

### LOTO-QUÉBEC WORKFORCE<sup>1</sup> AS OF MARCH 31, 2022

Category	Paid hours			Number of employees
	Hours worked	Overtime	Total	
Management staff	176,987	567	<b>177,554</b>	102
Professional staff	903,900	16,525	<b>920,425</b>	521
Office, technical and similar staff	539,809	12,377	<b>552,185</b>	313
Labourers, maintenance and service staff	34,241	179	<b>34,420</b>	19
Students and interns	24,198	18	<b>24,216</b>	16
<b>Total</b>	<b>1,679,135</b>	<b>29,666</b>	<b>1,708,800</b>	<b>971</b>

<sup>1</sup> Excluding subsidiaries

For the period from April 1, 2021, to March 31, 2022, 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, 2021, to March 31, 2022</b>	<b>80</b>
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#### NUMBER OF REQUESTS PROCESSED<sup>1</sup> BY TYPE AND PROCESSING TIME

	Requests for access			
	Administrative documents	Personal information	Correction	
<b>Processing time</b>				
0 to 20 days	5	33	0	
21 to 30 days	27	15	0	
31 days or more	0	1	0	
<b>Total</b>	<b>32</b>	<b>49</b>	<b>0</b>	<b>81</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	15	35	0	
Partially accepted	9	5	0	1, 9, 14, 15, 21 to 24, 27, 28, 28.1, 29, 32, 37, 38, 39, 41, 53, 54, 88 and 137.1
Rejected	7	2	0	
Other	1	7	0	

<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 a law are not included.

### Protection of personal information

Under the stewardship of the Information Management Committee, the principles of the protection of personal information were communicated through training courses, memos to employees and in relation to specific cases. The related guidelines were also reviewed.

<sup>1</sup> Requests processed are those for which a response was provided during the fiscal year.

## ENTERPRISE RISK MANAGEMENT

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 during the COVID-19 pandemic.

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 for their daily activities.
- Provides Loto-Québec's Executive Committee and Board of Directors with the information they need to form a considered opinion about 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 three 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, as well as the risks of cyberattacks and data manipulation, 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 to ensure Loto-Québec's future.

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

## MEASURING EFFICIENCY AND PERFORMANCE

### BENCHMARKING

As required by the *Act respecting the governance of state-owned enterprises*, Loto-Québec carries out annual efficiency and performance assessments. The Board of Directors is responsible for ensuring that the 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.

The benchmarking exercise involved eight government corporations across Canada: 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; the Nova Scotia Gaming Corporation.

None of these organizations operates exactly the same way as Loto-Québec. The specificities of the gaming offers of all these corporations and the differences in their respective business models must therefore be taken into account. Loto-Québec is working to enhance the benchmarking, through continuous monitoring in collaboration with the above-mentioned Canadian government corporations, in order to stay abreast of changes in Canada's gaming sector. When it came time to develop the 2020–2023 Strategic Plan, these exercises allowed the corporation to draw inspiration from the very best performance indicators. Benchmarking made it possible to identify industry trends and new indicators in areas such as the reduction of greenhouse gas (GHG) emissions and the proportion of hires from diverse backgrounds.

### LAST YEAR'S RESULTS AND FINDINGS

The COVID-19 pandemic directly affected Loto-Québec by forcing the temporary closure of many of its gaming locations and the cessation of certain activities. Despite everything, the organization's net income rebounded significantly (from \$0.458 billion in 2020–2021 to \$1.143 billion in 2021–2022), approaching its pre-pandemic performance.

Lotoquebec.com set another record for visits (28.2 million), which can be explained by the continuous improvement of its offer, as well as by the online consumption habits of Quebecers, who are now more comfortable than ever with mobile transactions.

COVID-19 once again had a major impact on the GHG emissions recorded in Loto-Québec's corporate balance sheet, which have dropped by 36.4% compared to their 2009 levels.

## STRATEGIC ORIENTATIONS

Provide a positive customer experience across all distribution channels

Offer gaming and entertainment options that meet customers' expectations

Actively contribute to the community—socially, economically and environmentally

Increase our agility and improve our processes

## STRATEGIC ORIENTATION 1

### PROVIDE A POSITIVE CUSTOMER EXPERIENCE ACROSS ALL DISTRIBUTION CHANNELS

- The opening of the gaming establishments for longer periods and the continuous growth of online gaming had a big impact on the rate of increase in the number of transactions tracked through the points of contact, which was +19% compared to the reference year.
- The continuous improvement of lotoquebec.com and the changes in consumer habits triggered by the closure of the casinos and gaming halls, combined with the suspension of lottery sales at retailers due to the pandemic, continued to influence traffic on the website, which hit a new peak in 2021–2022, with 28.2 million visits, up 2% from the previous record, set in 2020–2021.
- The satisfaction rate with the online experience is 68.4%, down from the previous year's result, which was 73.8%, but not far from the starting value of 70.9%.

## STRATEGIC ORIENTATION 2

### OFFER GAMING AND ENTERTAINMENT OPTIONS THAT MEET CUSTOMERS' EXPECTATIONS

- The various actions carried out in the company helped keep the purchase likelihood in the adult population (all gaming products combined) at 76%, a level almost equal to last year's, which was 77%.
- Traffic in casinos and gaming halls was heavily impacted by the pandemic-related closures, but to a lesser degree than in the previous year. The gaming locations were able to open for longer periods, with fewer restrictions. Traffic therefore increased significantly, from 0.5 million visits in 2020–2021 to 2.8 million visits in 2021–2022. This is still far from pre-pandemic levels, however, which stood at 9.7 million visits in 2019–2020.

## STRATEGIC ORIENTATION 3

### ACTIVELY CONTRIBUTE TO THE COMMUNITY—SOCIALY, ECONOMICALLY AND ENVIRONMENTALLY

- The GHG emissions recorded in Loto-Québec's corporate balance sheet are still lower than their 2009–2010 levels, this year 36.4% lower. This reduction was once again strongly correlated with the slowdown of activities caused by the pandemic.
- The use of responsible commercialization tools and services by customers declined, from 20.9 in 2020–2021 to 18.7 in 2021–2022. This still far exceeds the starting value of 13.8.

## STRATEGIC ORIENTATION 4

### INCREASE OUR AGILITY AND IMPROVE OUR PROCESSES

- The longer operating period for the establishments and the reduced restrictions allowed the corporation to achieve net income approaching its pre-pandemic level, with a sharp increase to \$1.143 billion, compared to \$0.457 billion last year.
- The proportion of hires from diverse backgrounds is 37%, slightly below the target but still far higher than the starting value of 28%.

# FOLLOW-UP ON THE ACTIONS OUTLINED IN THE 2021–2023 CORPORATE SOCIAL RESPONSIBILITY PLAN

## FOR THE 2021–2022 FISCAL YEAR

As required under the *Sustainable Development Act*, this section outlines objectives and activities carried out in 2021–2022 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

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>1.1 Strengthen eco-responsible management practices in the public administration</li> <li>1.2 Increase application of sustainability principles by government departments and agencies</li> <li>1.3 Promote the use of public participation methods when developing and implementing government policy and actions</li> <li>1.4 Continue developing knowledge and skills related to sustainable development in the public administration</li> <li>1.5 Increase access to and involvement in culture as a driver of social, economic and territorial development</li> <li>2.2 Support the development of green channels and eco-responsible goods and services produced in Québec</li> <li>2.3 Foster investment and financial support for the transition to a green and responsible economy</li> <li>2.5 Help consumers make responsible choices</li> </ul> | <ul style="list-style-type: none"> <li>4.1 Support skill recognition, development and retention, particularly among the most vulnerable populations</li> <li>4.2 Support and showcase the activities of community organizations and social economy companies that contribute to social inclusion and the reduction of inequalities</li> <li>5.1 Promote the adoption of healthy lifestyles</li> <li>5.2 Take action to make living environments healthier and safer</li> <li>7.2 Support the electric vehicle transition and improve energy efficiency in this sector to grow the economy and reduce GHG emissions</li> <li>8.1 Improve energy efficiency</li> <li>8.3 Promote the use of energy that reduces GHG emissions</li> </ul> |
|--|--|

## 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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Proportion of organizational policies assessed according to CSR	New dimension	Implementation	Indicator put in place	100%

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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Number of communications covering our CSR activities	–	50	378	75
Proportion of staff who recognize that our CSR activities contribute to our achievement of organizational objectives	79%	80%	81%	85%
Number of stakeholder collaborations that lead to improvements in our CSR approach	10	11	21	12

Contribution to government strategy: 1.2, 1.3, 2.5



**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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Renewal of WLA Level 4 responsible gambling certification	–	–	–	Certification
Creation of winning conditions for the renewal of the WLA Security Control Standard (ISO/IEC 27001) certification	Certified	Surveillance audit	Surveillance audit performed	Surveillance audit

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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Proportion of customers from land-based establishments who interacted with a Centre du hasard advisor <sup>1</sup>	8%	8%	N/A	9%
Proportion of players who are aware of key responsible gambling messages	54%	56%	46%	60%
Increase in visits to <a href="http://agameshouldremainagame.com">agameshouldremainagame.com</a> and the Your Best Bet tab on <a href="http://lotoquebec.com">lotoquebec.com</a>	–	6%	13%	8%
Proportion of advertising messages promoting responsible gambling	100%	100%	100%	100%
Number of new gambling information and awareness initiatives	–	3	16	3

Further information:

Due to closures associated with the COVID-19 pandemic, we were unable to meet our target for the proportion of customers from land-based gaming locations who interacted with a Centre du hasard advisor.<sup>1</sup>

Contribution to government strategy: 5.2

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

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

Indicator	Start	2021–2022 Target	2021–2022 Result	2022–2023 Target
Proportion of online casino customers who've voluntarily set a gaming-time limit and/or loss limit	16.9%	17.5%	17.1%	20.0%
Implementation of a system to identify at-risk online players	–	Pilot project	Pilot project implemented	Implementation

Contribution to government strategy: 5.2

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

Indicator	Start	2021–2022 Target	2021–2022 Result	2022–2023 Target
Proportion of lottery retailers who have taken the Lottery program's responsible commercialization training course	63%	95%	99%	100%
Proportion of VLT retailers who have taken the Société des établissements de jeux du Québec's responsible commercialization training course	97%	100%	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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Proportion of self-excluded players from our land-based casinos and gaming halls who have accepted an offer of help and support	20.6%	23.0%	41.2%	25.0%
Implementation of a chat tool to support online players	–	–	Tool implemented	Implementation
Implementation of a new support program for self-excluded online players	–	–	Program implemented	Implementation

**Further information:**

We've added a hyperlink on [lotoquebec.com](https://lotoquebec.com) for players to access the Gambling: Help and Referral chat tool.

Contribution to government strategy: 5.2



Structural action 6: Equip our staff in the area of responsible gambling				
Indicator	Start	2021-2022 Target	2021-2022 Result	2022-2023 Target
Proportion of active staff trained in responsible gambling	94%	95%	92%	95%
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	2021-2022 Target	2021-2022 Result	2022-2023 Target
Number of collaborations on responsible gambling research projects	5	5	5	5
Contribution to government strategy: 5.2				



## 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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Rate of GHG emissions reduction based on our corporate balance sheet	-22.7%	-24.0%	-36.4%	-25.0%
Development of a measure of the impact of remote work on our GHG emissions profile	–	Pilot project	Pilot project implemented	Measure developed

#### Further information:

Our rate of GHG emission reduction was influenced by the COVID-19 pandemic.

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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Number of BOMA BEST certifications that have been renewed and maintained their level of excellence	–	4	4	5
Number of our gaming establishments with <i>ICI on recycle</i> + certification	–	–	–	6

Contribution to government strategy: 1.1

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

Indicator	Start	2021–2022 Target	2021–2022 Result	2022–2023 Target
Number of ICT improvement projects developed by the Digital Responsibility Committee	–	–	–	4
Recovery rate of recyclable materials in our gaming establishments	–	70%	N/A	72%
Recovery rate of compostable materials in our gaming establishments	–	40%	N/A	50%
Reuse, recycle and recover rate of VLT components	–	Starting and target value	Starting and target value set	60%
Number of scratch tickets printed on 100% post-consumer recycled material	–	4	4	6
Proportion of scratch tickets printed on FSC certified paper	57%	65%	91%	75%

Further information:

The recovery rate for recyclable and compostable materials in our gaming locations couldn't be adequately calculated due to COVID-19 public health measures.

The starting value for the development rate of VLT components was set at 42%, and the target was set at 60% following work done in 2021–2022. Note that we are still looking for solutions to increase the development rate of VLT components.

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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Proportion of diversity hires	28%	40%	37%	50%

Contribution to government strategy: 4.1

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

Indicator	Start	2021–2022 Target	2021–2022 Result	2022–2023 Target
Number of workstations designed for people with an intellectual disability with or without an autism spectrum disorder	0	–	–	2
Implementation of an action plan for individuals with disabilities	–	Implementation	Action plan implemented	–

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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Evolving proportion of active managers trained on unconscious bias	–	100%	88%	100%

#### Further information:

Due to the impacts of COVID-19 on our operations, we were unable to train all of the managers originally targeted. Training courses will be added to reach the 100% target.

Contribution to government strategy: 4.1

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

Indicator	Start	2021–2022 Target	2021–2022 Result	2022–2023 Target
Healthy Enterprises Group recognition level	–	Level 2	Level 1	Level 3

#### Further information:

Due to the impacts of COVID-19, we've decided to maintain Level 1 in 2021–2022 and move directly to Level 3 in 2022–2023.

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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Annual dividend paid to the Québec government	Annual monitoring	Annual monitoring	\$1.118B	Annual monitoring

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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Number of administrative regions having benefited from a Loto-Québec corporate art collection or sponsorship program activity	–	16	17	17

Contribution to government strategy: 1.5

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

Indicator	Start	2021–2022 Target	2021–2022 Result	2022–2023 Target
Proportion of activities developed in collaboration with the Loto-Québec corporate art collection featuring new or emerging artists	50%	50%	56%	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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Digital presentation of artwork from the Loto-Québec corporate art collection	–	–	–	Implementation

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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Implementation of a new organizational policy on sponsorships to bolster our CSR requirements	–	Implementation	Policy implemented	–

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	2021–2022 Target	2021–2022 Result	2022–2023 Target
Annual financial contribution to NPOs operating lottery kiosks and bingo halls	\$17.5M	Annual monitoring	\$10.3M	Annual monitoring
Financial support to NPOs (other than those operating kiosks and bingo halls) and charitable projects	\$155,496	Annual monitoring	\$931,154	Annual monitoring
Implementation of a measure of the spinoffs resulting from our contributions	–	Pilot project	Pilot project implemented	Measure developed

#### Further information:

The increase in financial support to NPOs (other than those operating kiosks and bingo halls) is due to the launch of our first charitable lottery game, *Loto-o-suivant*, and our *Play to Give* Promotion in casinos and gaming halls.

Contribution to government strategy: 4.2

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

Indicator	Start	2021–2022 Target	2021–2022 Result	2022–2023 Target
Rate of community involvement among staff	28.4%	30.0%	16.0%	33.0%

#### Further information:

Our rate of community involvement among staff was affected by the COVID-19 pandemic.

Contribution to government strategy: 4.2

# CODE OF ETHICS AND RULES OF PROFESSIONAL CONDUCT FOR DIRECTORS AND MANAGERS OF LOTO-QUÉBEC AND ITS SUBSIDIARIES

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## PREAMBLE

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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

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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

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## 2. GENERAL PROVISIONS

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- 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.

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## 3. ETHICAL PRINCIPLES AND GENERAL RULES OF PROFESSIONAL CONDUCT

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- 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.
- 3.14 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.
- 3.15 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.

- 3.16 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.
- 3.17 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.
- 3.18 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.
- 3.19 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.
- 3.20 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.
- 3.21 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.
- 3.22 In exercising their functions, Directors and Managers must make decisions independently of all partisan considerations.

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

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### 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:

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

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## 5. APPLICATION OF THE CODE

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- 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.

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## 6. DISCIPLINARY PROCESS

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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.

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## 7. EFFECTIVE DATE

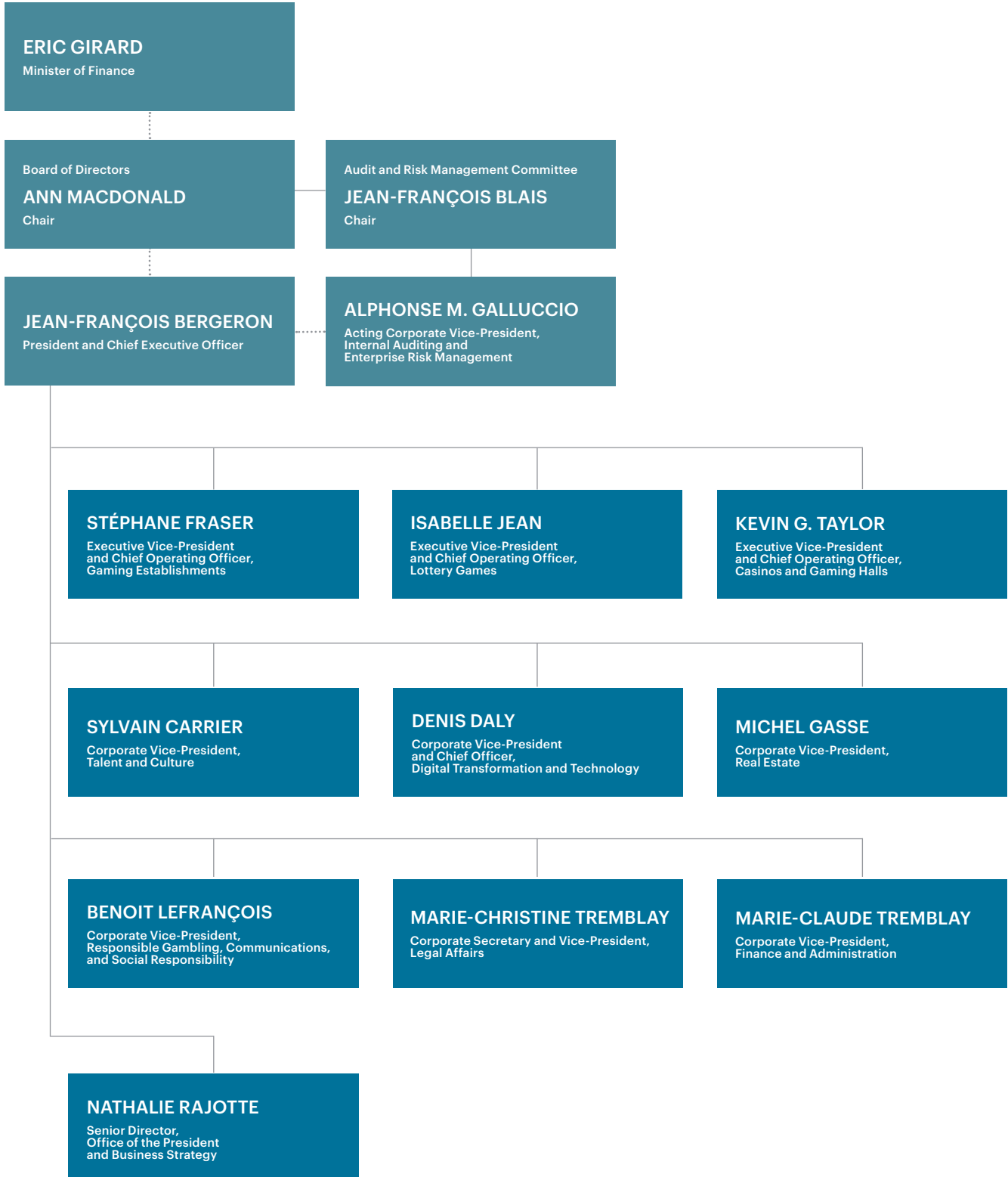
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7.1 The present Code came into effect as of the session following its adoption by the Board.



# ORGANIZATIONAL STRUCTURE

AS OF MARCH 31, 2022



Loto-Québec 2021–2022 Annual Report

**Coordination, writing and editing**

Corporate Communications Department

**Graphic design**

Graphic and Audiovisual Communications Department

Some photos were taken prior to the pandemic.

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QUÉBEC

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CERTIFIED – LEVEL 4  
RESPONSIBLE GAMING FRAMEWORK  
2019 – 2022

CERTIFIED  
SECURITY CONTROL STANDARD  
VALID UNTIL JUNE, 2023