2025-2026 Annual Report

Proud to Contribute

Loto Québec

On the front cover: Loto-Québec employees who won an award in 2026 through *Ovation, acclamer l'excellence*, the employee recognition program, for their outstanding individual contributions.

Table of Contents

Key Figures

We generated higher total revenues and consolidated net income than in the previous fiscal year. This is an excellent performance, considering the major investments we have made for the future and the current economic context.

$3.089B
Total revenues
(excluding intragroup transactions)

$1.526B
Net income, entirely reinvested in the community

$1.914B
Record amount paid out to lottery winners

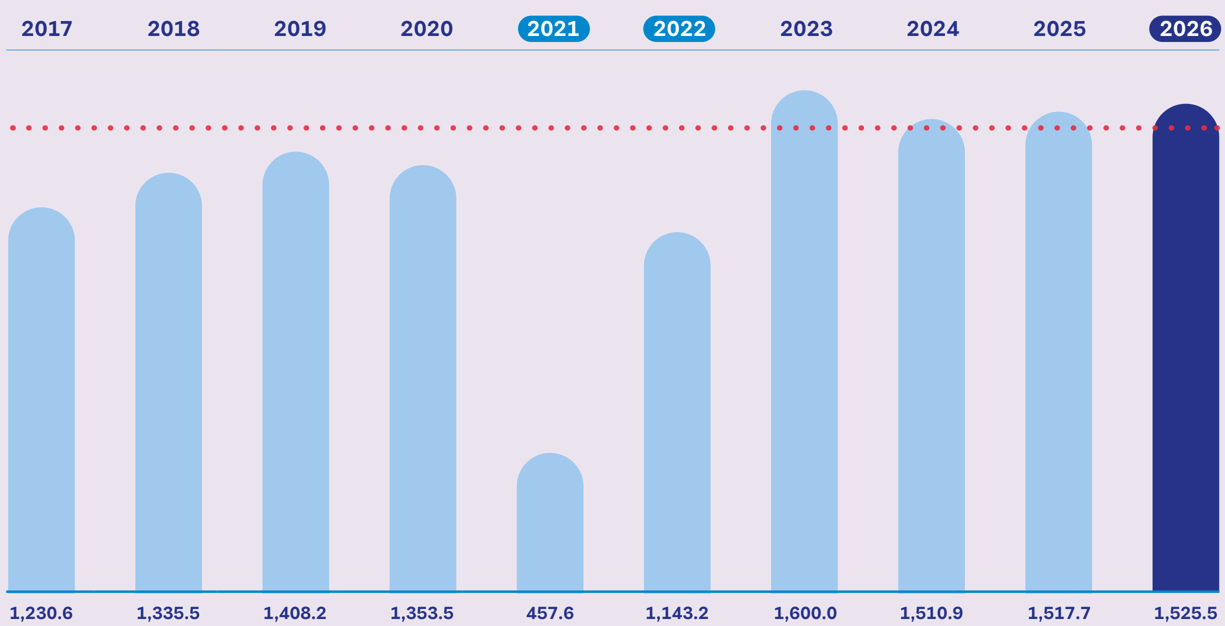
Revenues by sector

Casinos and gaming halls
$1,301.5M

Lottery games
$995.6M

Gaming establishments
$814.5M

Change in net income over 10 years (in millions of dollars)



Net income threshold of 1,500 million dollars.

2021 and 2022 Years affected by COVID-19 restrictions.

Organizational Chart

Eric Girard
Minister of Finance

Board of Directors
Ann MacDonald
Chair

Audit and Risk Management Committee
Alain Trudeau
Chair

Jean-François Bergeron
President and Chief Executive Officer

Nathalie Lemieux
Vice-President, Internal Auditing and Enterprise Risk Management

Stéphane Fraser
Executive Vice-President and Chief Operating Officer, Gaming Establishment

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

Kevin G. Taylor
Executive Vice-President and Chief Operating Officer, Casinos and Gaming Halls

Sylvain Carrier
Vice-President, Talent and Culture

Marie-Claudel Lalonde
Vice-President, Social Responsibility and Marketing

David Saint-Germain
Vice-President, Digital and Artificial Intelligence

Anton Stiglic
Vice-President, IT

Marie-Christine Tremblay
Corporate Secretary and Vice-President, Legal Affairs

Marie-Claude Tremblay
Vice-President and Chief Financial Officer

Vincent Veilleux
Vice-President, Real Estate

Nathalie Rajotte
Senior Director, Office of the President and Business Strategy

Summary of Our Activities

1 Provide a diversified, evolving and connected experience

In April, we were delighted to announce, alongside the Government of Québec, **the expansion of our conference centre at Hôtel-Casino du Lac-Leamy.**

In December, we announced **the opening of a fourth gaming hall,** which will be located in Saguenay, on the grounds of the Delta Hotels property and its conference centre.

In July, a Montérégie resident and a Montréal resident split the $70M Lotto Max jackpot. This was the biggest jackpot awarded during the fiscal year. In September, 14 residents from a small Basse-Côte-Nord community became millionaires when they won $50 million with Lotto Max.

2 Achieve our ambitions in collaboration with our stakeholders

$36M in direct contributions to problem gambling prevention

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

We continued rolling out the Wise Play program with a major ad campaign aimed at the general public to increase the visibility of its messages.

Players now have access to a dashboard on which they can see a clear and accessible overview of their online gambling habits for various periods.

As committed partners, we support some fifty festivals and events in line with our values and continue to improve event practices, particularly in terms of social responsibility.

Loto-Québec ranks first among sponsors!

A Léger study conducted last fall on sponsorship in Québec revealed that we moved from second to first place for spontaneous visibility and maintained the top rank for assisted visibility.

1,387 employees completed 9,128 hours of corporate volunteering.

Volunteering at Maison du Père

Compared to 2009, we reduced our GHG emissions by 46%.

One of our collection's many appearances during the fiscal year: the *Sillons / Partager la Collection Loto-Québec* exhibition at the Bishop Stewart Memorial of the Holy Trinity Church in Frelighsburg

3 Offer a healthy, inclusive and engaging workplace

We have once again received the **level 3 Bien au travail certification** thanks to our health and well-being initiatives.

We launched our very first diversity, equity and inclusion blueprint [Plan directeur en diversité, equité et inclusion (FR only)] and implemented several concrete initiatives throughout the fiscal year.

For the second time, we have received the highest level of recognition awarded by Women in Governance: the **Platinum Parity Certification™**.

The first Aura cohort

Ann MacDonald, the Chair of our Board of Directors, received the award from the Women in Governance gala honorary co-chairs, Geneviève Fortier, CEO of Promutuel Assurance, and Denis Thivierge, President and CEO of CIMA+.

In the fall, we launched the Loto-Québec campus online, which features concrete content such as training courses, workshops and presentations. It also includes content exclusive to our managerial personnel, in particular a section on AURA, our leadership development path developed in collaboration with Executive Education HEC Montréal.

Our new Carrières website [FR only] went live last summer in the wake of the overhaul of our employer brand.

In the winter, we launched the *Expérience de rêve* certified training course for casino staff, currently being rolled out across our casinos. This training course, designed in cooperation with the Institut de tourisme et d'hôtellerie du Québec, builds on our ambition to become a standard for customer experience.

4 Simplify the way we do things

We continued developing our artificial intelligence capacity and began working on tangible initiatives to put this technology to work for our teams and our customers. We've rolled out several pilot projects, including ones to optimize our processes and support our responsible commercialization efforts.

We continuously improve our gaming website, heeding best practices in responsible commercialization. We've also made improvements to our app.

We've rolled out a new generation of terminals to continue upgrading our lottery sales network.

We continued to advance our strategy of focusing video lottery terminals in locations that promote socialization and uphold tightened quality standards (fewer doors, but better doors).

Laurie Fisher, Marc-André Doyon, Michael Cardell and John Schulz, from Scientific Games, with Jean-François Bergeron, President and CEO, Marie-Claude Lévesque, project director, Diane Dazé, manager for the new solution, Isabelle Jean, Executive Vice-President and COO of Lottery Games, and Anton Stiglic, Vice-President of IT, at the launch of Kopernic, our central lottery system replacement project.

We've made progress on renewing our central lottery system and related systems. This project is a key driver for accelerating innovation, evolving our products and modernizing the customer experience.

Consolidated Financial Statements

Management’s Report

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

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

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

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

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

President and Chief Executive Officer,
Loto-Québec

Jean-François Bergeron

Vice-President and Chief Financial Officer,
Loto-Québec

Marie-Claude Tremblay, CPA

Montréal, Québec
May 27, 2026

Independent Auditors' Report

To the Minister of Finance

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Loto-Québec and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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. 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 IFRS Accounting Standards as issued by the IASB, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

KPMG LLP

Patrick Dubuc, CPA auditor
Assistant Auditor General

Québec, May 27, 2026

KPMG LLP*

Montréal, May 27, 2026

* CPA auditor, public accountancy permit No. A120220

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED MARCH 31, 2026

(In thousands of Canadian dollars)	2026	2025
Revenues (Note 5)	**3,089,307**	2,992,913
Cost of sales (Note 6)	**551,476**	535,185
Gross margin	**2,537,831**	**2,457,728**
Expenses		
Employee benefits (Note 7)	**441,929**	444,096
Depreciation and amortization (Notes 8 and 9)	**95,102**	78,193
Depreciation of right-of-use assets (Note 10)	**9,956**	9,143
Special payments (Note 11)	**23,052**	22,950
Goods and Services Tax	**15,437**	15,171
Québec Sales Tax	**30,839**	30,304
General operating, administrative and other expenses	**388,074**	334,307
	1,004,389	**934,164**
Income from operating activities	**1,533,442**	**1,523,564**
Financial income (Note 12)	**(8,268)**	(11,617)
Financial expenses (Note 12)	**13,629**	9,300
Net financial expenses (net financial income) (Note 12)	**5,361**	**(2,317)**
Share of net income in the joint venture and distributions to partners (Note 13)	**2,538**	8,229
Net income	**1,525,543**	**1,517,652**
Other comprehensive income (loss)		
Items that will not be reclassified subsequently to net income: Remeasurements of the net defined benefit liability (asset) (Note 14)	**21,404**	62,614
Comprehensive income	**1,546,947**	**1,580,266**

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, 2026

(In thousands of Canadian dollars)	Share capital	Retained earnings	Accumulated other comprehensive income	Total
Balance as at April 1, 2024	**170**	**86,300**	**180,275**	**266,745**
Dividend	–	(1,514,652)	–	**(1,514,652)**
Contribution to the Government of Québec (Note 15)	–	(3,000)	–	**(3,000)**
Transactions with the shareholder	–	(1,517,652)	–	**(1,517,652)**
Net income	–	1,517,652	–	**1,517,652**
Other comprehensive income (loss)				
Remeasurements of the net defined benefit liability (asset) (Note 14)	–	–	62,614	**62,614**
Comprehensive income	–	1,517,652	62,614	**1,580,266**
Balance as at March 31, 2025	**170**	**86,300**	**242,889**	**329,359**
Dividend	**–**	**(1,522,543)**	**–**	**(1,522,543)**
Contribution to the Government of Québec (Note 15)	**–**	**(3,000)**	**–**	**(3,000)**
Transactions with the shareholder	**–**	**(1,525,543)**	**–**	**(1,525,543)**
Net income	**–**	**1,525,543**	**–**	**1,525,543**
Other comprehensive income (loss)				
Remeasurements of the net defined benefit liability (asset) (Note 14)	**–**	**–**	**21,404**	**21,404**
Comprehensive income	**–**	**1,525,543**	**21,404**	**1,546,947**
Balance as at March 31, 2026	**170**	**86,300**	**264,293**	**350,763**

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

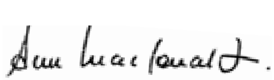
Consolidated Statement of Financial Position

AS AT MARCH 31, 2026

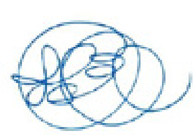
(In thousands of Canadian dollars)	2026	2025
ASSETS		
Cash and cash equivalents (Note 16)	**223,223**	188,830
Trade and other receivables (Note 17)	**69,246**	91,613
Current portion of loans to the joint venture (Note 13)	**9,279**	–
Inventories	**973**	3,696
Prepaid expenses	**28,832**	31,254
Total current assets	**331,553**	**315,393**
Interests in the joint venture and loans (Note 13)	**10,508**	19,787
Property, plant and equipment (Note 8)	**862,284**	781,985
Intangible assets (Note 9)	**84,869**	80,946
Right-of-use assets (Note 10)	**30,503**	35,579
Net defined benefit asset (Note 14)	**132,353**	127,185
Total non-current assets	**1,120,517**	**1,045,482**
Total assets	**1,452,070**	**1,360,875**
LIABILITIES		
Bank loans (Note 18)	**349,279**	359,279
Dividend payable	**5,343**	852
Accounts payable and accrued liabilities (Note 19)	**377,918**	424,893
Derivatives on gaming transactions	**5,403**	5,477
Deferred revenues	**3,089**	4,026
Current portion of lease liabilities (Note 10)	**9,891**	9,571
Current portion of long-term debt (Note 20)	**26,533**	16,132
Total current liabilities	**777,456**	**820,230**
Long-term debt (Note 20)	**290,872**	173,683
Lease liabilities (Note 10)	**22,680**	28,673
Net defined benefit and other long-term benefit liability (Note 14)	**10,299**	8,930
Total non-current liabilities	**323,851**	**211,286**
Total liabilities	**1,101,307**	**1,031,516**
SHAREHOLDER'S EQUITY		
Share capital authorized, issued and paid: 1,700 shares with a par value of $100 each	**170**	170
Retained earnings	**86,300**	86,300
Accumulated other comprehensive income	**264,293**	242,889
Total shareholder's equity	**350,763**	**329,359**
Total liabilities and shareholder's equity	**1,452,070**	**1,360,875**

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, 2026

(In thousands of Canadian dollars)	**2026**	**2025**
OPERATING ACTIVITIES		
Net income	**1,525,543**	1,517,652
Items not affecting cash and cash equivalents:		
Depreciation and amortization of property, plant and equipment and intangible assets	**95,102**	78,193
Depreciation of right-of-use assets	**9,956**	9,143
Loss on disposal of property, plant and equipment, intangible assets and lease liabilities	**1,262**	–
Foreign exchange (gain) loss on lease liabilities	**(283)**	769
Defined benefit and other long-term benefit expense	**18,982**	15,924
Share of net income in the joint venture and distributions to partners	**2,538**	8,229
Other net financial expenses (net financial income)	**5,361**	(2,317)
Net change in non-cash items (Note 16)	**(6,714)**	47,202
Capitalization of defined benefit obligation	**(1,377)**	(7,015)
Interest on leases	**(1,159)**	(1,244)
Interest paid	**(11,882)**	(7,888)
Interest received	**8,268**	11,617
Flows of cash and cash equivalents provided by operating activities	**1,645,597**	**1,670,265**
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(173,882)**	(215,056)
Additions to intangible assets	**(23,934)**	(41,504)
Proceeds from disposal of property, plant and equipment	**483**	803
Receipt of a loan to the joint venture	**–**	4,000
Investment in the joint venture and distributions to partners	**–**	(8,000)
Flows of cash and cash equivalents used in investing activities	**(197,333)**	**(259,757)**
FINANCING ACTIVITIES		
Dividend paid	**(1,518,052)**	(1,523,543)
Net change in bank loans	**(10,000)**	116,386
Increase in long-term debt	**149,295**	–
Repayment of long-term debt	**(21,844)**	(15,879)
Repayment of lease liabilities	**(10,270)**	(9,425)
Contribution to the Government of Québec	**(3,000)**	(3,000)
Flows of cash and cash equivalents used in financing activities	**(1,413,871)**	**(1,435,461)**
Increase (decrease) in cash and cash equivalents	**34,393**	**(24,953)**
Cash and cash equivalents, beginning of year	**188,830**	**213,783**
Cash and cash equivalents, end of year (Note 16)	**223,223**	**188,830**

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

1 • INCORPORATION AND ACTIVITIES

The Société des loteries du Québec, designated under the name Loto-Québec, is a joint-stock company whose shares form part of the public domain of Québec and are allocated to the Québec Minister of Finance. Under its incorporating statute (CQLR, chapter S-13.1), the functions of Loto-Québec are to conduct and administer lottery schemes and to operate businesses which are incidental to the operation of a State casino. Loto-Québec may also offer, for consideration, consulting and implementation services in matters within its competence. Under the *Income Tax Act* (R.S.C. (1985), c. 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 IFRS accounting standards issued by the International Accounting Standards Board (IASB).

The Board of Directors approved the consolidated financial statements of Loto-Québec and authorized their release on May 27, 2026.

b) Basis of measurement

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

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

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

c) Functional currency and presentation currency

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

d) Use of estimates and judgments

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

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

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

- Net defined benefit and other long-term benefit liability (asset) (Notes 4 e) and 14 b) (iv));
- Useful lives of property, plant and equipment and intangible assets (Note 4 j), k) and l));
- Impairment of financial assets (Note 4 m));
- Contingent liabilities (Note 22).

3 • CHANGES IN ACCOUNTING POLICIES

a) New and revised standards applied as of April 1, 2025

Some amendments and interpretations of existing standards published by the IASB have been in effect since April 1, 2025. Loto-Québec has assessed the impact of these amendments and interpretations and has determined that there is no impact on the financial statements as at March 31, 2026.

b) Accounting standards issued but not yet effective

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

(i) Amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)

These amendments clarify guidance on the classification of financial assets that include environmental, social and governance linked features and similar features, and addresses concerns raised regarding the settlement of liabilities made using electronic payment systems.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early application is permitted. Loto-Québec has not yet assessed the impact of these amendments on its consolidated financial statements.

(ii) IFRS 18, *Presentation and Disclosure in Financial Statements*

IFRS 18, *Presentation and Disclosure in Financial Statements*, issued by the IASB sets out the requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity income and expenses.

The requirements of IFRS 18 include:

- presentation of two new defined subtotals in the statement of profit or loss;
- disclosure of management-defined performance measures in the notes to the financial statements;
- enhanced principles on aggregation and disaggregation of information in the financial statements and the accompanying notes.

IFRS 18 replaces IAS 1, *Presentation of Financial Statements,* and is effective for annual reporting periods beginning on or after January 1, 2027. Early application is permitted. Loto-Québec has not yet assessed the impact of these amendments on its consolidated financial statements.

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.;
- Nter Technologies, Limited Partnership;
- Nter Technologies inc.

(ii) Interests in a joint venture

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

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

b) Foreign currencies

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

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

c) Revenues

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

(i) Gaming revenues

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

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

Lottery

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

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

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

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

Casinos and gaming halls

- Revenues for which the rates of prizes awarded are substantially fixed comprise pari-mutuel poker games. These revenues are recognized on the date the gaming transactions are settled, since it is at that time the performance obligation is satisfied.
- Revenues from other casino and online gaming transactions as well as revenues from gaming halls are gaming revenues for which the rates of prizes awarded depend on the outcome of each game and are recognized on the date on which the gaming transactions are settled. Generally, wagers are placed and games are settled the same day.

  When the free offer programs for clients is applicable to a transaction, the value of the points accumulated under the program is deducted from the revenues of these games.

Gaming establishments

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

(ii) Non-gaming revenues

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

d) Cost of sales

Commissions

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

e) Employee benefits

(i) Short-term benefits

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

(ii) Compulsory public plans

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

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

(iii) Defined benefit plans

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

Pension plans

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

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

Defined benefit expense consists of current service cost, past service cost, net interest and remeasurements of the net defined benefit liability (asset). Past service cost is recognized in net income in the fiscal year in which a plan amendment occurs. Net interest is determined by multiplying the net defined benefit liability by the discount rate. Current service cost, past service cost and net interest are recognized under Employee benefits in the consolidated statement of comprehensive income. Remeasurements, comprising actuarial gains and losses on the defined benefit obligations, the effect of any change in the asset ceiling (if any) and the return on plan assets (excluding interest income), are recognized in consolidated 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.

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

g) Financial instruments

(i) Initial recognition and measurement

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

(ii) Financial assets

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

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

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

(iii) Financial liabilities

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

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

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

(iv) Fair value

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

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

h) Cash and cash equivalents

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

i) Inventories

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

j) Property, plant and equipment

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

(i) Depreciation

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

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

The following rates represent the estimated useful lives:

Buildings	From 1.67% to 5%
Improvements to parking lots	From 3.33% to 6.67%
Improvements to rented parking lots	33.33%
Interior finishing	From 2% to 10%
Landscaping	From 3.33% to 14.29%
Leasehold improvements	From 1.67% to 6.67%
Equipment and other	From 6.67% to 33.33%

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

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

k) Intangible assets

(i) Recognition and measurement

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

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

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

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

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

(ii) Amortization

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

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

The following rates represent the estimated useful lives:

Acquired licences	Over the term of the contract
Acquired software	From 6.67% to 20%
Internally generated software	From 6.67% to 20%

IT projects under development are not amortized.

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

l) Leases

Identifying a lease

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

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

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

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

Right-of-use asset

(i) Initial recognition and measurement

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

(ii) Subsequent measurement

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

Lease liabilities

(i) Initial recognition and measurement

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

(ii) Subsequent measurement

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

m) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

At each reporting date, Loto-Québec assesses whether financial assets carried at amortized cost are likely to be impaired. A financial asset is thus written down as a result of one or more events occurring that negatively impact the estimated future cash flows of the asset.

Expected credit losses

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

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

5 • REVENUES

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

	2026	2025
Gaming revenues		
Draw-based lottery games	**646,442**	657,487
Instant and betting games	**349,162**	343,221
Casinos and gaming halls	**1,187,850**	1,091,438
VLTs in bars, network bingo and Kinzo	**814,516**	812,843
Total gaming revenues	**2,997,970**	**2,904,989**
Non-gaming revenues		
Restaurants	**90,135**	87,077
Elimination of intragroup transactions	**(22,342)**	(22,771)
Accommodations	**23,544**	23,618
Total non-gaming revenues	**91,337**	**87,924**
	3,089,307	**2,992,913**
Gaming revenues		
Revenues from gaming transactions for which the rates of prizes awarded are substantially fixed	**639,508**	657,413
Revenues from gaming transactions for which the rates of prizes awarded depend on the outcome of each game	**2,358,462**	2,247,576
	2,997,970	**2,904,989**

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

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

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

6 • COST OF SALES

The cost of sales consists of the following:

	2026				
Business segments	Lottery games	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	Total
Cost of sales					
Commissions	**143,515**	**–**	**180,619**	**–**	**324,134**
Royalties	**21,853**	**96,274**	**–**	**–**	**118,127**
Printing	**20,472**	**–**	**1,587**	**–**	**22,059**
Food and beverage	**–**	**33,675**	**–**	**(8,813)**	**24,862**
GST	**8,483**	**3,216**	**9,100**	**–**	**20,799**
QST	**16,923**	**6,417**	**18,155**	**–**	**41,495**
	211,246	**139,582**	**209,461**	**(8,813)**	**551,476**

	2025				
Business segments	Lottery games	Casinos and gaming halls	Gaming establishments	Elimination of intragroup transactions	Total
Cost of sales					
Commissions	149,413	–	180,277	–	**329,690**
Royalties	15,550	80,866	–	–	**96,416**
Printing	25,865	–	1,766	–	**27,631**
Food and beverage	–	28,110	–	(9,503)	**18,607**
GST	8,863	3,018	9,101	–	**20,982**
QST	17,682	6,021	18,156	–	**41,859**
	217,373	**118,015**	**209,300**	**(9,503)**	**535,185**

7 • EMPLOYEE BENEFITS

	2026	2025
Short-term employee benefits	**414,844**	418,397
Post-employment benefits	**25,716**	27,427
Other long-term benefits	**1,369**	(1,728)
	441,929	**444,096**

8 • PROPERTY, PLANT AND EQUIPMENT

			Improvements						
	Land	Buildings	Parking lots	Interior finishing and landscaping	Leasehold improvements	Equipment and other	Works of art	Under construction[1]	Total
Cost									
Balance as at April 1, 2024	44,119	449,331	124,827	511,663	68,147	590,422	7,875	24,214	**1,820,598**
Additions	–	873	821	18,242	530	179,447	–	27,292	**227,205**
Transfers out of *Under construction* – commissioned	–	61	–	21,090	148	–	–	(21,299)	**–**
Disposals	–	–	–	(1,220)	–	(109,517)	–	–	**(110,737)**
Balance as at March 31, 2025	**44,119**	**450,265**	**125,648**	**549,775**	**68,825**	**660,352**	**7,875**	**30,207**	**1,937,066**
Additions	**–**	**254**	**55**	**5,115**	**2,488**	**137,982**	**–**	**15,415**	**161,309**
Transfers out of *Under construction* – commissioned	**–**	**–**	**53**	**4,207**	**3,980**	**17,670**	**–**	**(251,910)**	**–**
Disposals	**–**	**–**	**–**	**(111)**	**–**	**(114,087)**	**–**	**–**	**(114,198)**
Balance as at March 31, 2026	**44,119**	**450,519**	**125,756**	**558,986**	**75,293**	**701,917**	**7,875**	**19,712**	**1,984,177**
Accumulated depreciation									
Balance as at April 1, 2024	–	250,235	102,385	336,050	34,548	476,342	–	–	**1,199,560**
Depreciation for the year	–	7,973	2,290	15,243	1,665	38,284	–	–	**65,455**
Disposals	–	–	–	(1,205)	–	(108,729)	–	–	**(109,934)**
Balance as at March 31, 2025	**–**	**258,208**	**104,675**	**350,088**	**36,213**	**405,897**	**–**	**–**	**1,155,081**
Depreciation for the year	**–**	**8,829**	**2,280**	**15,453**	**1,875**	**50,828**	**–**	**–**	**79,265**
Disposals	**–**	**–**	**–**	**(99)**	**–**	**(112,354)**	**–**	**–**	**(112,453)**
Balance as at March 31, 2026	**–**	**267,037**	**106,955**	**365,442**	**38,088**	**344,371**	**–**	**–**	**1,121,893**
Net carrying amounts									
As at March 31, 2025	**44,119**	**192,057**	**20,973**	**199,687**	**32,612**	**254,455**	**7,875**	**30,207**	**781,985**
As at March 31, 2026	**44,119**	**183,482**	**18,801**	**193,544**	**37,205**	**357,546**	**7,875**	**19,712**	**862,284**

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

	2026	2025
Buildings	**16,982**	3,589
Improvements to parking lots	**714**	686
Improvements to interior finishing and landscaping	**1,575**	4,275
Leasehold improvements	**433**	3,979
Equipment and other	**8**	17,678
	19,712	**30,207**

9 • INTANGIBLE ASSETS

	Acquired	Internally generated		
	Software and licences	Software	IT projects under development	Total
Cost				
Balance as at April 1, 2024	38,798	212,441	19,133	**270,372**
Additions	27	22,058	19,407	**41,492**
Transfers out of *IT projects* – commissioned	–	6,773	(6,773)	**-**
Disposals	(1,344)	(8,200)	–	**(9,544)**
Balance as at March 31, 2025	**37,481**	**233,072**	**31,767**	**302,320**
Additions	**872**	**14,118**	**4,770**	**19,760**
Transfers out of *IT projects* – commissioned	**-**	**24,224**	**(24,224)**	**-**
Disposals	**(2,796)**	**(33,049)**	**-**	**(35,845)**
Balance as at March 31, 2026	**35,557**	**238,365**	**12,313**	**286,235**
Accumulated amortization				
Balance as at April 1, 2024	35,641	182,539	–	**218,180**
Amortization for the year	1,189	11,549	–	**12,738**
Disposals	(1,788)	(7,756)	–	**(9,544)**
Balance as at March 31, 2025	**35,042**	**186,332**	**-**	**221,374**
Amortization for the year	**1,139**	**14,698**	**-**	**15,837**
Disposals	**(2,796)**	**(33,049)**	**-**	**(35,845)**
Balance as at March 31, 2026	**33,385**	**167,981**	**-**	**201,366**
Net carrying amounts				
As at March 31, 2025	**2,439**	**46,740**	**31,767**	**80,946**
As at March 31, 2026	**2,172**	**70,384**	**12,313**	**84,869**

10 • RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The table below shows the right-of-use assets for Loto-Québec's leases as at March 31, 2026:

	Improvements			
	Buildings	Parking lots	Equipment and other	Total
Cost				
Balance as at April 1, 2024	17,705	6,308	38,523	**62,536**
Additions	3,264	(333)	14,052	**16,983**
Lease termination	–	–	(69)	**(69)**
As at March 31, 2025	**20,969**	**5,975**	**52,506**	**79,450**
Additions	**67**	**2,701**	**2,112**	**4,880**
Lease termination	**–**	**–**	**(99)**	**(99)**
As at March 31, 2026	**21,036**	**8,676**	**54,519**	**84,231**
Accumulated depreciation				
Balance as at April 1, 2024	5,738	3,785	25,274	**34,797**
Depreciation for the year	1,415	1,255	6,473	**9,143**
Lease termination	–	–	(69)	**(69)**
As at March 31, 2025	**7,153**	**5,040**	**31,678**	**43,871**
Depreciation for the year	**1,481**	**1,273**	**7,202**	**9,956**
Lease termination	**–**	**–**	**(99)**	**(99)**
As at March 31, 2026	**8,634**	**6,313**	**38,781**	**53,728**
Net carrying amounts				
As at March 31, 2025	**13,816**	**935**	**20,828**	**35,579**
As at March 31, 2026	**12,402**	**2,363**	**15,738**	**30,503**

As at March 31, 2026, the expense relating to variable lease payments (contracts for royalties on slot machines) not included in the measurement of lease liabilities amounted to $19,854 ($18,803 in 2025).

The table below shows the maturity analysis of undiscounted contractual cash flows relating to Loto-Québec's lease liabilities as at March 31, 2026:

Less than 1 year	11,153
From 1 to 3 years	10,525
More than 3 years	16,344
	38,022

The following table shows the lease liabilities recognized in the consolidated statement of financial position as at March 31, 2026:

Current portion	9,891
Non-current portion	22,680
	32,571

11 • SPECIAL PAYMENTS

	2026	2025
Payment to the Government of Canada	**20,628**	20,310
Payments to non-profit organizations (NPOs)	**2,424**	2,640
	23,052	**22,950**

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 $93,989 in today's dollars for the year ended March 31, 2026 ($91,869 in 2025).

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

Payments to NPOs

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

12 • NET FINANCIAL EXPENSES (NET FINANCIAL INCOME)

	2026	2025
Interest income	**8,268**	11,617
Total financial income	**8,268**	**11,617**
Interest expense on bank loans[1]	**2,955**	2,544
Interest expense on long-term debt	**9,515**	5,512
Interest expense on leases	**1,159**	1,244
Total financial expenses	**13,629**	**9,300**
Net financial expenses (net financial income)	**5,361**	**(2,317)**

[1] Interest expenses on bank loans with the Caisse de dépôt et placement du Québec ("La Caisse") are nil (2025: $165).

13 • INTERESTS IN THE JOINT VENTURE AND LOANS

	2026	2025
Interests	**–**	–
Loans	**19,787**	19,787
Less: Current portion of loans	**9,279**	–
	10,508	19,787

INTERESTS

Interests, share in the joint venture and distributions to partners

		Interest %	
	Units	2026	2025
With voting and participating rights	**A**	**50%**	50%
With participating rights	**B**	**33%**	33%

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:

	2026	2025
Share of net income in the joint venture based on its proportion of Class A and B units	**–**	(4,235)
Distributions to partners, holders of Class C units	**(2,538)**	(3,994)
Share of net income in the joint venture and distributions to partners	**(2,538)**	**(8,229)**

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

	2026	2025
Total current assets	**11,524**	13,088
Total non-current assets	**79,378**	82,511
Total assets	**90,902**	95,599
Total current liabilities	**11,293**	10,700
Total non-current liabilities	**18,705**	22,592
Total liabilities	**29,998**	33,292
Revenues	**44,009**	34,668
Net and comprehensive income (loss) generated by the joint venture	**(5,229)**	(8,010)
Income – Class A units	**65**	45
Loss – Class B units	**(5,294)**	(8,055)
Contributions from partners, holders of Class C units	**2,774**	3,994
Net and comprehensive income (loss)	**(2,455)**	**(4,016)**

LOANS

	2026	2025
Joint venture		
Loan, fixed rate of 5%, interest payable annually, without terms of repayment	**2,508**	2,508
Loan, fixed rate renewable monthly of 2.43% as at March 31, 2026 (2.87% in 2025), the principal amount of which matures in full on June 22, 2026, interest payable annually	**4,013**	4,013
Loan, fixed rate renewable monthly of 2.43% as at March 31, 2026 (2.87% in 2025), the principal amount of which matures in full on January 9, 2027, interest payable annually	**5,266**	5,266
Loan, yield of 2.65% plus 0.25%, or 2.90%, as at March 31, 2026 (3.40% in 2025), the principal amount of which matures in full on January 8, 2028, interest payable annually	**5,000**	5,000
Loan, yield of 2.65% plus 0.25%, or 2.90%, as at March 31, 2026 (3.40% in 2025), the principal amount of which matures in full on January 7, 2029, interest payable annually	**2,000**	2,000
Loan, yield of 2.65% plus 0.25%, or 2.90%, as at March 31, 2026 (3.40% in 2025), the principal amount of which matures in full on January 29, 2029, interest payable annually	**1,000**	1,000
	19,787	**19,787**

As at March 31, 2026 and 2025, the loans remained in Stage 2, considering that the credit risk increased significantly since their initial recognition. However, the loss allowance for lifetime expected credit losses of these financial instruments, being the remaining contractual term, is considered immaterial, given the value of the guarantee received and the estimated future cash flows receivable.

a) Compulsory public plans

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

On January 1, 2026, the employee and employer contribution rate decreased to 8.63% (9.09% in 2025) of assessable payroll for the RREGOP, while the rate for the PPMP decreased to 11.23% (12.67% in 2025). The employer's contributions are equivalent to employee contributions.

Contributions to these compulsory public plans amounting to $8,103 ($9,776 in 2025) were recognized as an expense in consolidated income for the year. Loto-Québec's obligations toward these government plans are limited to its employer contributions.

b) Defined benefit plans

(i) Characteristics of pension plans

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

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

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

Actuarial valuations for funding purposes are prepared to ensure compliance with pension legislation. The most recent actuarial valuation for the Executive and Professional Plan and for the Employee Plan was prepared as at December 31, 2024. The next valuations will be made as at December 31, 2025, and will be prepared as at September 30, 2026, at the latest. The most recent actuarial valuation for the Supplementary Plan was prepared as at March 31, 2025, and the next valuation will be prepared as at March 31, 2026.

(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, 2026, 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:

	2026	2025
Present value of unfunded defined benefit obligation	**10,299**	8,930
Effect of ceiling on net defined benefit asset	**4,855**	4,456
Present value of funded defined benefit obligation	**844,520**	834,390
Total present value of defined benefit obligation	**859,674**	**847,776**
Fair value of plan assets	**981,728**	966,031
Net defined benefit and other long-term benefit (asset)	**(122,054)**	**(118,255)**

Represented by:

	2026	2025
Net defined benefit asset	**(132,353)**	(127,185)
Net defined benefit and other long-term benefit liability	**10,299**	8,930
	(122,054)	**(118,255)**

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

	2026			2025
	Pension plans	Other long-term benefits	Total	Total
DEFINED BENEFIT OBLIGATION				
Balance, beginning of year	834,390	8,930	843,320	817,611
Current service cost	20,694	–	20,694	18,656
Interest expense	40,252	–	40,252	40,768
Employee contributions	1,799	–	1,799	13,089
Benefits paid	(28,002)	–	(28,002)	(29,009)
Actuarial gains	(24,613)	1,369	(23,244)	(17,795)
Balance, end of year	844,520	10,299	854,819	843,320
Fair value of plan assets				
Balance, beginning of year	966,031	–	966,031	882,161
Interest income	44,776	–	44,776	42,979
Return on plan assets excluding interest income	(3,019)	–	(3,019)	51,003
Employer contributions	1,377	–	1,377	7,015
Employee contributions	1,799	–	1,799	13,089
Benefits paid	(28,002)	–	(28,002)	(29,009)
Plan administration expenses	(1,234)	–	(1,234)	(1,207)
Balance, end of year	981,728	–	981,728	966,031
Surplus (deficit)	(137,208)	10,299	(126,909)	(122,711)
Effect of ceiling on net defined benefit asset	(4,855)	–	(4,855)	(4,456)
Net defined benefit and other long-term benefit liability (asset)	(132,353)	10,299	(122,054)	(118,255)

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

	2026		2025	
	Allocation %	Fair value $	Allocation %	Fair value $
Cash	1.1	10,799	1.0	9,660
Bonds	33.7	330,842	35.1	339,077
Mortgages	9.6	94,246	10.8	104,331
Canadian equities	3.3	32,397	3.5	33,811
International equities	8.0	78,538	7.9	76,317
Real estate funds	13.0	127,625	13.3	128,482
Infrastructure	14.4	141,369	13.1	126,550
Private investments	16.9	165,912	15.3	147,803
	100.0	981,728	100.0	966,031

As at March 31, 2026, the fair value of pension plan assets that are listed in an active market amounted to $546,822 ($563,196 in 2025) and the fair value of unlisted assets amounted to $434,906 ($402,835 in 2025).

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

	2026			2025
	Pension plans	Other long-term benefits	Total	Total
Service costs	**20,694**	**–**	**20,694**	**18,656**
Net interest expense	**(4,315)**	**–**	**(4,315)**	**(2,211)**
Plan administration expenses	**1,234**	**–**	**1,234**	**1,207**
Actuarial gains related to other long-term benefits	**–**	**1,369**	**1,369**	**(1,728)**
Post-employment and other long-term benefits	**17,613**	**1,369**	**18,982**	**15,924**

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

	2026	2025
Actuarial gains arising from plan experience	**24,613**	16,067
Return on plan assets excluding interest income	**(3,019)**	51,003
Change in the ceiling effect of assets/minimum funding requirements	**(190)**	(4,456)
Remeasurements of the net defined benefit (asset) liability	**21,404**	**62,614**

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

	2026		2025	
	Pension plans	Other long-term benefits	Pension plans	Other long-term benefits
Defined benefit obligation as at March 31				
Discount rate	**5.10%**	**4.65%**	4.70%	4.70%
Inflation rate	**2.00%**	**2.25%**	1.85%	1.85%
Rates of compensation increase	**3.25%**	**3.25%**	2.85%	2.85%

For the defined benefit obligation as at March 31, 2026, and March 31, 2025, 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, 2026, and March 31, 2025, the rates for the Employee Plan were multiplied by 115%.

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

	2026		2025	
	Female	Male	Female	Male
Employee Plan	**24.1 years**	**22.3 years**	24.1 years	22.3 years
Executive and Professional Plan and Supplementary Plan	**25.1 years**	**23.3 years**	25.1 years	23.3 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:

	2026		**2025**	
Discount rate	**Increase to 6.10%**	**Decrease to 4.10%**	Increase to 5.70%	Decrease to 3.70%
(Decrease) increase in defined benefit obligation	**(92,520)**	**118,554**	(93,281)	120,617
Inflation rate	**Increase to 3.00%**	**Decrease to 1.00%**	Increase to 2.85%	Decrease to 0.85%
Increase (decrease) in defined benefit obligation	**37,937**	**(27,368)**	37,586	(26,986)
Rates of compensation increase	**Increase to 4.25%**	**Decrease to 2.25%**	Increase to 3.85%	Decrease to 1.85%
Increase (decrease) in defined benefit obligation	**12,816**	**(11,004)**	12,953	(11,121)
Mortality rate	**Increase to 110% of rates**	**Decrease to 90% of rates**	Increase to 110% of rates	Decrease to 90% of rates
(Decrease) increase in defined benefit obligation	**(9,247)**	**10,095**	(9,037)	9,896

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 $7,392 during the next fiscal year.

The weighted average duration of the pension plans' defined obligation as at March 31, 2026, was 14.6 years (15.1 years in 2025).

15 • CONTRIBUTION TO THE GOVERNMENT OF QUÉBEC

	2026	2025
Ministère de la Sécurité publique	**3,000**	3,000
	3,000	**3,000**

The commitments related to this contribution are described in Note 22.

16 • CONSOLIDATED CASH FLOWS

	2026	2025
Cash and cash equivalents		
Cash on hand at casinos	**96,927**	87,714
Cash	**105,748**	83,033
Client deposits[1]	**20,548**	18,083
	223,223	**188,830**
Net change in non-cash items		
Trade and other receivables	**22,367**	4,735
Inventories	**2,723**	554
Prepaid expenses	**2,422**	(938)
Accounts payable and accrued liabilities	**(33,215)**	40,913
Derivatives on gaming transactions	**(74)**	1,238
Deferred revenues	**(937)**	700
	(6,714)	**47,202**
Additional information		
Additions to property, plant and equipment funded by accounts payable and accrued liabilities	**20,688**	33,261
Additions to intangible assets funded by accounts payable and accrued liabilities	**3,214**	7,388
Share of partners, holders of Class C units in the joint venture, included in accounts payable and accrued liabilities	**7,100**	4,562

[1] Client deposits may only be used for clients' online gaming transactions.

Reconciliations of changes in liabilities resulting from financing activities:

	Liabilities				Shareholder's equitys	
	Bank loans	Dividend payable	Long-term debt	Lease liabilities	Retained earnings	Total
Balance as at March 31, 2025	359,279	852	189,815	38,244	86,300	674,490
Changes arising from flows of cash and cash equivalents related to financing activities:						
Net change in bank loans	(10,000)	–	–	–	–	(10,000)
Dividend payable	–	4,491	–	–	(1,522,543)	(1,518,052)
Increase in long-term debt	–	–	149,295	–	–	149,295
Repayment of long-term debt	–	–	(21,844)	–	–	(21,844)
Repayment of lease liabilities	–	–	–	(10,270)	–	(10,270)
Contribution to the Government of Québec	–	–	–	–	(3,000)	(3,000)
	(10,000)	4,491	127,451	(10,270)	(1,525,543)	(1,413,871)
Other changes not affecting cash and cash equivalents related to these liabilities:						
Addition of leases	–	–	–	4,597	–	4,597
Transaction costs	–	–	139	–	–	139
	–	–	139	4,597	–	4,736
Total changes related to these liabilities	(10,000)	4,491	127,590	(5,673)	(1,525,543)	(1,409,135)
Total other changes related to shareholder's equity	–	–	–	–	1,525,543	1,525,543
Balance as at March 31, 2026	349,279	5,343	317,405	32,571	86,300	790,898

	Liabilities				Shareholder's equitys	
	Bank loans	Dividend payable	Long-term debt	Lease liabilities	Retained earnings	Total
Balance as at March 31, 2024	**242,893**	**9,743**	**205,594**	**29,917**	**86,300**	**574,447**
Changes arising from flows of cash and cash equivalents related to financing activities:						
Net change in bank loans	116,386	–	–	–	–	**116,386**
Dividend payable	–	(8,891)	–	–	(1,514,652)	**(1,523,543)**
Repayment of long-term debt	–	–	(15,879)	–	–	**(15,879)**
Repayment of lease liabilities	–	–	–	(9,425)	–	**(9,425)**
Contribution to the Government of Québec	–	–	–	–	(3,000)	**(3,000)**
	116,386	**(8,891)**	**(15,879)**	**(9,425)**	**(1,517,652)**	**(1,435,461)**
Other changes not affecting cash and cash equivalents related to these liabilities:						
Addition of leases	–	–	–	17,752	–	**17,752**
Transaction costs	–	–	100	–	–	**100**
	–	**–**	**100**	**17,752**	**–**	**17,852**
Total changes related to these liabilities	**116,386**	**(8,891)**	**(15,779)**	**8,327**	**(1,517,652)**	**(1,417,609)**
Total other changes related to shareholder's equity	**–**	**–**	**–**	**–**	**1,517,652**	**1,517,652**
Balance as at March 31, 2025	**359,279**	**852**	**189,815**	**38,244**	**86,300**	**674,490**

17 • TRADE AND OTHER RECEIVABLES

	2026	2025
Retailers[1]	**55,033**	75,406
Other	**14,213**	16,207
	69,246	**91,613**

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

[1] Under an agreement with its retailers, Loto-Québec has an enforceable legal right to offset accrued liabilities payable to a retailer with trade receivables from the retailer and intends to settle the amounts on a net basis. As at March 31, 2026, gross trade receivables and accrued liabilities offset amounted to $64,118 ($93,929 in 2025) and $9,085 ($18,523 in 2025), respectively, representing the net settlement amount of $55,033 ($75,406 in 2025).

18 • BANK LOANS

Loto-Québec obtained credit facilities from the Ministère des Finances du Québec for a total amount of $592,000, including $512,000 for investment purposes and $80,000 for its operating requirements. As at March 31, 2026, the facilities were drawn down in the amount of $349,279 ($359,279 in 2025) at an interest rate of 2.43% (2.63% in 2025). Loto-Québec also has unused credit facilities from two financial institutions totalling $110,000.

19 • ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2026	2025
Trade payables and accrued liabilities[1]	**110,525**	140,206
Client deposits	**20,548**	18,083
Interprovincial Lottery Corporation	**1,571**	3,718
Lottery prizes payable[2]	**62,673**	65,579
Progressive jackpots payable[3]	**77,576**	78,616
Salaries payable	**79,134**	96,532
Employee benefits payable	**8,963**	8,333
Joint venture	**6,939**	4,391
GST	**2,410**	2,961
QST	**7,579**	6,474
	377,918	**424,893**

[1] Trade payables and accrued liabilities include accrued interest in the amount of $1,245 ($798 in 2025).

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

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

20 • LONG-TERM DEBT

	2026	2025
Loans from the Financing Fund of the Government of Québec, interest payable semi-annually, repayable according to the following maturities and rates::		
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%	**12,971**	18,544
July 1, 2033, fixed rate of 2.154%	**32,086**	36,082
June 1, 2035, fixed rate of 1.770%	**52,411**	57,580
July 1, 2037, fixed rate of 4.313%	**144,387**	-
June 1, 2039, fixed rate of 4.212%	**27,038**	28,531
	318,893	**190,737**
Transaction costs	**(1,488)**	(922)
	317,405	**189,815**
Less: Current portion	**(26,533)**	(16,132)
	290,872	**173,683**

21 • FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Risk management policy

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

a) Credit risk

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

Trade and other receivables past due represented 0.3% of receivables in 2026 and 2025. Expected credit losses, recognized on all the above-mentioned financial assets, are immaterial. Loto-Québec's management considers the credit quality of all its assets that are not past due to be sound.

b) Liquidity risk

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

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

	2026					
			Maturity			
	Carrying amount	Total contractual flows of cash and cash equivalents	Less than 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years
Financial liabilities						
Bank loans	**349,279**	**349,279**	**349,279**	**–**	**–**	**–**
Dividend payable	**5,343**	**5,343**	**5,343**	**–**	**–**	**–**
Trade payables and accrued liabilities	**110,525**	**110,525**	**110,525**	**–**	**–**	**–**
Client deposits	**20,548**	**20,548**	**20,548**	**–**	**–**	**–**
Interprovincial Lottery Corporation	**1,571**	**1,571**	**1,571**	**–**	**–**	**–**
Joint venture	**6,939**	**6,939**	**6,939**	**–**	**–**	**–**
Lottery prizes payable	**62,673**	**62,673**	**62,673**	**–**	**–**	**–**
Progressive jackpots payable	**77,576**	**77,576**	**77,576**	**–**	**–**	**–**
Salaries payable	**79,134**	**79,134**	**79,134**	**–**	**–**	**–**
Derivatives on gaming transactions	**5,403**	**5,403**	**5,403**	**–**	**–**	**–**
Long-term debt	**317,405**	**397,310**	**37,450**	**37,450**	**96,108**	**226,302**
	1,036,396	**1,116,301**	**756,441**	**37,450**	**96,108**	**226,302**

	2025					
			Maturity			
	Carrying amount	Total contractual flows of cash and cash equivalents	Less than 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years
Financial liabilities						
Bank loans	359,279	359,279	359,279	–	–	–
Dividend payable	852	852	852	–	–	–
Trade payables and accrued liabilities	140,206	140,206	140,206	–	–	–
Client deposits	18,083	18,083	18,083	–	–	–
Interprovincial Lottery Corporation	3,718	3,718	3,718	–	–	–
Joint venture	4,391	4,391	4,391	–	–	–
Lottery prizes payable	65,579	65,579	65,579	–	–	–
Progressive jackpots payable	78,616	78,616	78,616	–	–	–
Salaries payable	96,532	96,532	96,532	–	–	–
Derivatives on gaming transactions	5,477	5,477	5,477	–	–	–
Long-term debt	189,815	235,838	21,321	21,321	53,628	139,568
	962,548	**1,008,571**	**794,054**	**21,321**	**53,628**	**139,568**

c) Market risk

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

(i) Interest rate risk

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

Cash equivalents, loans to the joint venture, 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. 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 deemed negligible.

Fair value

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

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

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

	2026		2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans to the joint venture	**19,787**	**19,787**	19,787	19,787
Long-term debt	**318,893**	**322,698**	190,737	189,369

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. The fair value of loans to the joint venture is determined by discounting expected contractual cash flows using the market interest rates charged for similar new loans 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. The fair value of long-term debt is determined by discounting expected cash flows using current interest rates available on the market for debts with substantially the same term.

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.

22 • CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent liabilities

In the normal course of business, Loto-Québec is subject to claims and lawsuits. Loto-Québec's management disputes such claims and lawsuits, and refuses to make any related settlements. Loto-Québec has not recorded a provision for those contingent liabilities because Loto-Québec only records a provision for those contingent liabilities only when it deems it likely that an outflow of economic resources will be necessary.

b) Commitments

(i) Leases

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

The maturities are as follows:

	2026	2025
Less than 1 year	**23,959**	19,349
From 1 to 5 years	**78,955**	58,257
More than 5 years	**14,850**	21,548
	117,764	**99,154**

(ii) Contribution to the Government of Québec

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

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 • 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:

	2026	2025
Bank loans	**349,279**	359,279
Long-term debt	**317,405**	189,815
Shareholder's equity	**170**	170
Retained earnings	**86,300**	86,300
	753,154	**635,564**

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

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

Loto-Québec is authorized by the Government of Québec to borrow an amount not exceeding $592,000, including $80,000 in short-term borrowings or under lines of credit with financial institutions, La Caisse or the Minister of Finance in their capacity as manager of the Financing Fund of the Government of Québec, for its operating requirements, and $512,000 in short-term borrowings or under lines of credit with financial institutions or La Caisse or long-term borrowings with the Minister of Finance in their capacity as manager of the Financing Fund of the Government of Québec, for its investment projects, for the period from April 1, 2025, to March 31, 2026. During the years ended March 31, 2026 and 2025, 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, 2025.

24 • 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 joint venture and its key management personnel.

a) Related party transactions and balances

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

b) Key management personnel compensation

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

Key management personnel received the following compensation:

	2026	**2025**
Short-term employee benefits	**5,032**	4,559
Post-employment and other long-term benefits	**741**	871
	5,773	**5,430**

Loto-Québec 2025-2026 Annual Report

Coordination, writing and editing
Corporate Communications Department

Graphic design
Graphic and Audiovisual Communications Department

La version française complète de ce document est disponible sur le site Web de Loto-Québec.


MISE
JEU
PARIS