



**Annual Report 2025**

**For  
responsible  
consumption**



Cover photo

**Alexander Bove**  
Director, Real Estate

**Maude Michaud**  
Advisor, Bromont store

**Nicolas Hébert**  
Logistics Specialist

**Véronique Carboneau**  
Team Leader, Sainte-Marie store

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## Mission

**Sell cannabis in compliance with the *Cannabis Regulation Act* with a focus on health protection in order to attract and retain users from the illicit market while not promoting use.**

## Vision

**Be your  
trusted  
destination  
for cannabis**

## Values

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### Responsibility

Responsibility forms the basis of who we are as a company. At all times, we place customers' health at the centre of our actions. We advise and support them to reduce the risks related to cannabis use. We are also committed to efficiently and effectively management our business so our profits can benefit all Québécois. In addition, we have adapted the principles of sustainable development to limit our impact on the community and grow our value for Québec.

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### Simplicity

We strive to make the right choices and solve problems at the source. Every day throughout the company, our determination to keep our processes simple and do things differently guides our decision-making.

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### Proximity

At the SQDC, the notion of proximity is pervasive. Whether it is between colleagues, with our partners or through guiding customers, we establish a relationship of trust so we can all go further together.

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### Excellence

Every day, we work to build the SQDC by being bold and courageous. Our passion for our work and our collective desire to succeed drive us to move beyond appearances, encourage initiative and give our all.

## Strategic orientations

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### Engage our teams

Foster the engagement of our teams by further developing its culture of proximity, collaboration, learning and continuous feedback.

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### Serve our customers

Migrate consumers from the illegal market to the legal market through a varied, relevant and accessible offer, a buyer's journey marked by simplicity, a suitable quality-price ratio and a sound advisory service.

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### Raise the SQDC's profile

Act with a view to protecting Québécois' health by assuming our essential role within the cannabis ecosystem and in society through our ethical, responsible and environment-friendly practices.

Jacinthe Huard  
Assistant Manager,  
Sainte-Julie store

Benoit Ménard  
Manager, Sainte-Julie store

## Highlights

**1,292**

store and head office  
employees

**104**

stores across  
Québec

**149.2**

metric tons  
of cannabis  
legally sold in stores  
and on SQDC.ca

**\$118 M**

remitted in the form  
of dividends to the  
Québec government  
and reinvested  
mainly in cannabis  
research and  
prevention efforts

More than

**\$1.6 B**

remitted to the  
provincial and federal  
governments since  
the company's  
creation in 2018



POUR UNE  
CONSOMMATION  
RESPONSABLE

**76%**

of Québécois agree  
with the mission

Implementation of two  
**major**  
technology projects

**New**  
store concepts tested  
for the first time

**43%**

of deliveries  
performed using  
the 90-minute  
delivery service

Mercuriades  
award\* finalist  
for this service

A transactional  
website for  
pre-shopping  
and buying  
with confidence

Winner of  
the Molière  
Retail Award\*  
for the second  
year running

\* Organized by the Fédération des chambres de commerce du Québec (FCCCQ), the annual Mercuriades gala celebrates the innovation, ambition, entrepreneurship and performance of Québec businesses.

\* Presented by the Retail Council of Canada in collaboration with the Office québécois de la langue française, these awards spotlight Québécois' appreciation of retailers for their outstanding use of the French language.

## Message from the Chair of the Board of Directors



In fiscal 2024–2025, the Société québécoise du cannabis continued its growth under its Strategic Plan 2024–2025 and, above all, in compliance with its mission to sell cannabis while maintaining a focus on health protection. These two considerations guided the work of our Management Committee, teams and Board of Directors.

After more than six years of existence, the SQDC has succeeded in selling recreational cannabis using a different model and business methods in order to carry out its social mission, which also differs from what is found elsewhere in Canada.

Beyond the words, the mission was embodied every day by the Management Committee and every member of our team. It is at the core of everything the SQDC does. It enables our teams to stay on course and continue making the company's strategic plan a reality.

Our results show that this made-in-Québec model creates value for Québec society. As part of its sound governance process, the SQDC maintains tight control over its spending while also making itself more competitive with the illegal market each year.

In fiscal 2024–2025, the SQDC legally sold 148 metric tons of cannabis, earning \$295.9 million for the Québec treasury. This amount includes the \$118.0 million dividend and another \$103.9 million in excise taxes. It will be paid to the Fonds de lutte contre les dépendances, a fund to counter dependency, and reinvested mainly in research and prevention of the harmful effects of cannabis. The SQDC also employs more than 1,200 persons across Québec, providing high-quality jobs that contribute to regional economies.

**“As part of its sound governance process, the SQDC maintains tight control over its spending while also making itself more competitive with the illegal market each year.”**

The value we create for all Québécois is not just financial. The SQDC makes an active contribution through its actions and in keeping with its mission, migrating users to the legal market and protecting customers health by selling lower-risk products and providing responsible guidance.

This year, the 11 Board members, along with senior management, stayed involved by acting as guardians of the company's major orientations and mission. Several of my colleagues have held seats on the Board for several years now, some since the company was created. This stability demonstrates their adherence to the SQDC's mission. The organization is undoubtedly stronger for it, especially considering the members' expertise in fields such as health, research and management and their detailed knowledge of the company, which makes their support all the more relevant to its sound governance.

I want to express my sincere thanks to the members of the Board of Directors for their commitment and my gratitude to the members of the Management Committee, chaired by Suzanne Bergeron, for their leadership and strategic contribution to the organization.

Lastly, I would like to recognize all the SQDC's employees across Québec for their constantly renewed commitment to the company's mission to sell cannabis with a focus on health protection and without encouraging use. The SQDC's success, both financial and social, owes something to each of you.

**Johanne Brunet**  
Chair of the Board of Directors

## Message from the President and Chief Executive Officer



**T**his fiscal year marks the end of the second year of our Strategic Plan 2024-2026. Due to the exceptional work done by our more than 1,200 team members, the SQDC has continued its progress toward becoming part of the Québec landscape—a strong, effective organization resolutely focused on the future. More than anything, it is our talented employees who enable the SQDC to excel.

The results for the 2024-2025 fiscal year mean we can pay to the Québec government dividends totalling \$118 million, all of which will be transferred to the Fonds de lutte contre les dépendances, a fund for combatting dependency. The opening of seven new stores improves our coverage of the province's territory while also helping to shrink the illegal market. Based on what we have learned over the years and on customer feedback, we also opened stores with an improved concept featuring closer advisory service and a product selection better aligned with customers' needs. But above and beyond these figures, it is the SQDC's mission that informs all these achievements: progressively replacing the illegal market with a legal, safe and responsible product offer.

Since assuming my position, I have been working to anchor our actions in a long-term vision: an efficient, agile SQDC always well prepared to carry out its mission. This year, we embarked on a structuring project related to our reaching the stage of maturity after six years of existence and focused on, among other things, improving our internal processes and integrating new technology adapted to our realities, all in order to optimize the organization's management. This collective effort has but one goal: together achieving operational excellence to better serve our customers and employees.

**“The SQDC is a unique model created in Québec, and we should all be proud of it.”**

We also prepared for the future. Aware that many Québécois continue to use vaping products from the illegal market, the SQDC began planning and managing for the future sale of these products in its stores. True to our mission, we are preparing to occupy this market segment with all the seriousness and discipline that characterize us, never losing sight of the need to protect customers' health and minimize harmful effects.

I want to thank the Ministère de la Santé et des Services sociaux for their expertise and advice. A sincere thanks, too, to our other ministerial partners and suppliers, who help make the SQDC a unique organization at the service of one and all.

Lastly, these many accomplishments were made possible by our exceptional teams. Thank you for your remarkable commitment to our mission. Thanks are also owed to the Board of Directors for their steadfast support and to the Management Committee for its invaluable collaboration.

The SQDC is a unique model created in Québec, and we should all be proud of it. Our government corporation is much discussed outside Québec. We have hosted several European and American delegations, among others, interested in the success of our mission. It is with conviction that, together, we will continue growing the company intelligently, responsibly and humanely.

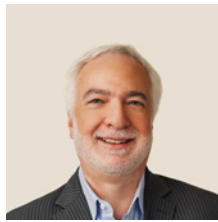
**Suzanne Bergeron**  
President and Chief Executive Officer

# Management Committee



**Suzanne  
Bergeron**

President and  
Chief Executive Officer



**Pietro  
Perrino**

Corporate Secretary



**Éliane  
Hamel**

Vice-President,  
Social Responsibility,  
Health Protection  
and Communication



**Josée  
Laliberté**

Senior Vice-President,  
People and Culture



**Geneviève  
Giroux**

Vice-President,  
Demand and  
Product Management



**Robert  
Dalcourt**

Senior Vice-President,  
Finance and Real Estate



**Yves Christian  
Lokossou**

Vice-President,  
Information Technology  
and Cybersecurity



**Jean-François  
Dulac-Lemelin**

Senior Vice-President,  
Customer Experience

The Management Committee evolved over the year. The SQDC has recruited two new, high-calibre talents while also seeing its first retirement. One constant remains: the company can count on disciplined and human senior managers engaged with the SQDC's mission and development.

– Suzanne Bergeron



# Review of activities

# Background

The SQDC has grown out of its start-up phase. Six years after its creation, we are now part of the Québec landscape, with a presence that extends across the province.

This fiscal year just ended was the first full year in office of our President and Chief Executive Officer, Suzanne Bergeron, who successfully mobilized the company's teams in implementing year two of the Strategic Plan 2024-206. The plan lays out a path for our transition to a more mature organization.

Aimed at preparing us to better take on the challenges of tomorrow, this transition was first seen in our teams. On the one hand, we gave ourselves a new employer brand that speaks of the enthusiasm of our some 1,300 employees. We improved our training and development programs and built a collaborative culture based on dialogue with the unions. We also updated our decision-making structure and implemented new structuring technology systems.

On the other hand, we strove to upgrade the customer experience by introducing new store concepts, improving the omnichannel experience and setting in motion a process that will lead to the sale of lower-risk cannabis vaping products, a development in keeping with our mission to sell cannabis with a focus on health protection.

Lastly, we inaugurated our 100th store in Richelieu. Having reached this milestone, the pace of new store construction should slow to make way for innovation.

The SQDC model has attracted considerable interest around the world, and we are proud to be able to inform and educate others and to collaborate with interested bodies. We answered nearly 100 requests for information or interviews last year. We also distinguished ourselves by winning three awards, another sign of our level of development.

Throughout these changes, a constant remains: the SQDC is deeply invested in its mission of attracting cannabis users to the legal market and keeping them there without commodifying use.

The *Cannabis Act* was adopted by Parliament in June 2018. Soon after, Québec adopted the *Act to constitute the Société québécoise du cannabis*. A subsidiary of the Société des alcools du Québec, the SQDC opened its first stores in the fall of the same year.

The federal act permits access to cannabis in Canada and regulates its production, distribution and sale. It is also the federal government that determines the criminal and penal offences aimed at preventing the unauthorized sale, production and distribution of cannabis.

Québec legislation governs the sale, promotion and advertising of cannabis, sets 21 as the minimum age for possessing cannabis and establishes the operating and governance rules for the SQDC, which is the only entity authorized to sell cannabis in Québec.



**Engage  
our  
teams**



## THE FIRE IN OUR BELLY

It all begins with a spark. A spark that ignites passion and fuels discussions. A spark that becomes a positive, infectious group energy. Our team is one that has the fire in its belly, a collective movement of 1,200 colleagues working for the larger community. Our warmth is human, and our minds are open. Having a positive impact is what drives us. And we share the fire even as we sustain it.



Advisors and an assistant manager from various stores

### Strategy

## Develop an employer brand and an organizational culture 2.0

### Have the fire in our belly

Growing an organization like ours requires mobilizing teams and building their loyalty in addition to attracting the top talent necessary to continue our development. Accomplishing this means providing an engaging work experience that induces pride. At the SQDC, we have four values that guide our actions—simplicity, responsibility, proximity and excellence—and a social mission that drives us. After six years of existence, we wanted to build on these distinctive qualities to create a strong employer brand, one that allows us to maintain this culture and communicate it more easily to future colleagues. Many team members shared their thoughts on who we are and what sets us apart, from which process emerged an idea that has gone on to become our employer brand: have the fire in our belly.

# 82%

Employees' overall satisfaction  
with their jobs

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## Better meet the challenges of tomorrow

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Alongside the corporate culture that is taking root, the organization's structure is being updated. We do business in a constantly changing environment and have to adapt on a continuous basis.

In a change initiated by the new President and Chief Executive Officer, the divisions were restructured to better align with the SQDC's ambitions and future challenges.

The Office of the President was created. Expertise in risk management and market watch, two functions already found in the organization, will be brought together under it, along with business intelligence analysis and innovation. The aim is to provide as much light as possible at the highest level of decision-making so the SQDC can confidently and correctly chart its path forward in an ever-evolving environment.

Two divisions were also reorganized. First, Customer Experience, led by a senior vice-president, now combines the former Operations and eCommerce teams to create the synergies necessary to better serve customers wherever they are. The division's structure was also reviewed to increase efficiency while maintaining the day-to-day operations needed to function. Five directors and a regional director are now in place to ensure coherence is maintained with the sales network teams.

Second, Information Technology had its mandate expanded with the addition of cybersecurity, a key issue to which the organization attaches particular importance.

Other structural changes, aimed at increasing collaboration between teams, will be introduced at the start of the 2025-2026 fiscal year. In short, efficiency, agility and innovation continue to be guiding forces for the SQDC's operations.



Jean-François Dulac-Lemelin  
Senior Vice-President, Customer Experience

The SQDC is:

**1,292**

employees, including

**78**

builders who have been with the company since October 17, 2018.

With a workforce that is 53% men and 47% woman, the organization has almost reached parity.



## Renewed vision of management-union cooperation

At the conclusion of bargaining between the SQDC and the union representing some of its employees, the management and union parties agreed to maintain cooperation and dialogue and, by taking concrete action, soon made these undertakings a reality. For example, In July and August 2024, union representatives and the entire Management Committee visited each of the 18 stores represented by the CSN in seven Québec regions. The tour provided an opportunity to discuss the importance of management-union relations based on openness, listening, solution-finding and mutual respect.

The SQDC also reached an agreement with the CSN and CUPE, which respectively represent 17% and 25% of its stores respectively, regarding the application of the tow clauses in the collective agreements.

To provide an activity that contributes to our teams' well-being, a talk titled "Inspired and Inspiring: the Art of Making a Difference" was presented to all our teams at the start of the year. The talk hit home and obtained an average satisfaction rating of

**94.5%.**

**Catherine Paquet**  
Assistant to the President and Chief Executive Officer  
and to the Senior Vice-President, Finance and Real Estate

**Nadine Monette**  
Administrative Assistant to the Senior Vice-president,  
People and Culture

**Pierre Boisvert**

Advisor, Training and Development

**“We are growing skills by creating a collective learning movement. We start by developing training content adapted to each job and we encourage colleagues to share their knowledge. In doing so, we build synergy and together learn how to become a better SQDC.”**



### Strategy

**Focus on developing our teams while remaining true to our mission**

### Training: continuous and evolving

Cannabis is a product unlike any other, and the SQDC's mission requires knowledge, judgement and a sense of ethics. Training is one of the pillars of the organization's culture, and the SQDC attaches great importance to developing it. Not incidentally, the percentage of employees who say they are satisfied with development opportunities at the organization and with the possibility of contributing to the company's success reached 72%.



**Alexandre Blouin St-Pierre**  
Assistant Manager, Lévis-Président Kennedy store



Propulsion program

Training programs at the SQDC are designed to meet the specific needs of all job categories.

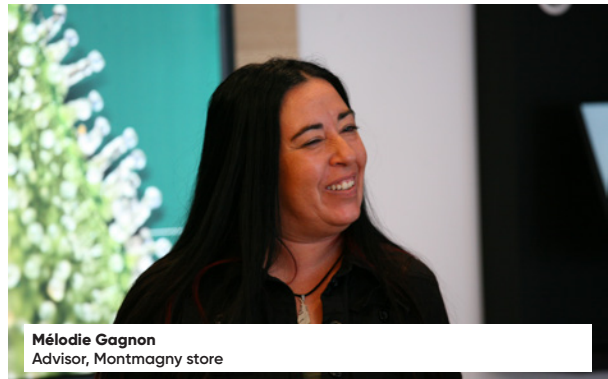
- In fiscal 2024-2025, a project to upgrade the basic training that all store-based advisors are required to take was launched: optimizing the legal modules, adding operating modules and reviewing the instructional strategy with an eye to better engaging with younger team members. The effort is aimed at ensuring our teams are better prepared to provide quality guidance adapted to our customers.
- At the management level, the company maintained its *Propulsion* program, whose goal is to develop store managers' key leadership skills and make the skills part of everyday life in their stores. The 10-module program spread over eight weeks was specially designed for the SQDC by the Centre Laurent Beaudoin at the Université de Sherbrooke à Longueuil. Notable among this year's additions to the program was the creation of post-*Propulsion* communities of practice.
- We also created a new brigade: learning facilitators. Comprised of a dozen individuals devoted to developing transversal knowledge, this internal team works on designing and delivering certain training programs and leading co-development sessions.
- Lastly, for the SQDC, training is more than the traditional passing down of knowledge. For us, it is also a way of growing through new opportunities, as is the case with our *Enraciner les talents* program. Last year, 58 employees took part in the program while also gaining access to internal opportunities, allowing to acquire development experience through hybrid assignments, by working on committees or special projects and by holding temporary positions, among other things.

#### Strategy

## Attract and retain a diversity of talent

### A healthy and safe workplace

We cultivate a diversity of talent in our workplaces. In September 2024, to continue providing this kind of physical and psychological environment to our teams, we updated the policy and procedure regarding the prevention and handling of psychological and sexual harassment situations and violence at work. The update also brought the policy into line with recent amendments to the laws concerned. Besides making employees aware of the policy and procedures, the company provided training on preventing harassment and violence at work to 1,143 individuals. Workshops to be held in the first quarter of fiscal 2025-2026 will familiarize managers with best practices in harassment prevention.



Mélodie Gagnon  
Advisor, Montmagny store

**Vincent Beaudry**

Technician, Quality Assurance

**Kayla Gauthier**

Developer, Business Intelligence

**Marc-André Beauchesne**

Director, Analytical Data and Artificial Intelligence

**Strategy**

## Upgrade our structuring systems

### Mobilizing technology projects

Two major technology projects were completed in fiscal 2024–2025. Both advanced systems will spur efficiency gains by better structuring our operations.

First, the SQDC implemented a new checkout system adapted to its needs, structure and products. The project's development phase kicked off in January 2022 while the rollout to all stores took less than three months, from June to August 2024.

The new system integrates the latest advances in the retail industry, allowing the SQDC to deliver an improved experience to its customers and store teams.

**Pascale Lortie**

IT Analyst, Point-of-Sale System

**“We wanted to develop a solution designed in house and adapted to our reality. This point-of-sale system represents the pooling of each department's expertise and reflects stores' reality. A 15-person committee met each week to guide the project and deliver a quality solution that meets our needs.”**

After two years of development and testing, the SQDC also switched to a new integrated human resources information system (HRIS) in December 2024.

This HRIS modernizes and centralizes most human resources management activities as well as the payroll system. This allows the SQDC to do in house several formerly outsourced tasks, strengthen data protection, gain efficiency and reduce its management costs. The employee experience has also been improved, as all information on our teams is now centralized and accessible using a simple tool. Another consequence is that the SQDC is now able to develop its own human resources management expertise around the specialized tool.

Relying on project management that embodies its values of responsibility and simplicity, the SQDC succeeded in implementing its HRIS without requiring any additional funds over the initial estimate.



**Dominique Jalbert**  
Director, People and Culture

**"It's a big project that was very well prepared and implemented with flair. It's a real advance for the SQDC. Now schedules, applications for leave and shift changes are managed electronically at head office as well as in the stores."**



Several members of the project team that implemented the HRIS

The background of the page is a collage of three photographs. On the left, a man with a beard and mustache wears a headset and looks off-camera. In the center, a woman with short grey hair wears a black apron with a logo and stands in front of shelves. On the right, a close-up of a woman's face shows her smiling. Overlaid on these images is the text 'Serve our customers' in white, bold, sans-serif font, split across three green rectangular bars.

**Serve  
our  
customers**

Strategy

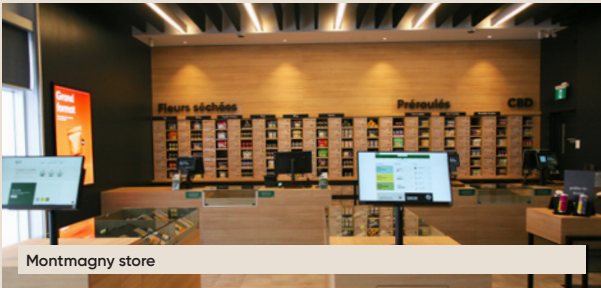
Dynamize the customer experience and strengthen our market coverage

New stores, new concepts

At the end of fiscal 2024-2025, the SQDC had 104 points of sale. Seven stores opened their doors during the year and six were renovated.

New points of sale in fiscal 2024-2025

- Trois-Rivières-Ouest → Renovation
- Donnacona → Renovation
- Richelieu → Renovation
- Sainte-Marie → Renovation
- Sainte-Julie → Open plan
- Bromont → Open plan
- Montmagny → Small store



During the first years of the SQDC's operations, we swiftly built our store network in order to reach users and fulfill our mission of capturing the illegal market while maintaining a focus on health protection.

Though the store network is now largely in place, it is not frozen in time and is constantly changing. Moreover, store concepts are increasingly refined. In fiscal 2024-2025, new store openings provided an opportunity to identify features to prioritize in designing future stores. Accordingly, the Trois-Rivières-Ouest, Donnacona, Sainte-Marie and Richelieu stores (the last was the SQDC's 100th store) incorporate innovations that optimize the customer experience, not to mention the work environment for staff. Display cases, which have proved their value, have been added, products are classified by category instead of variety, and there are now spaces dedicated to CBD products.

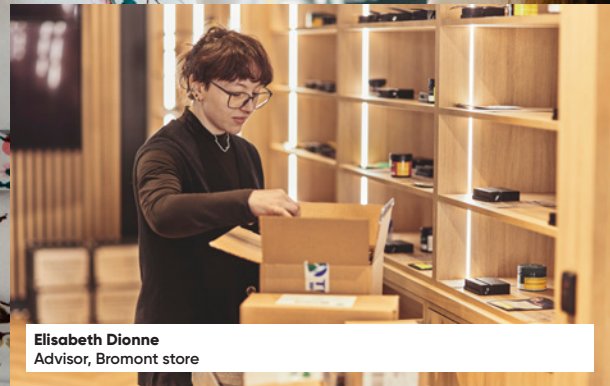


In addition, open plan and small-store concepts were developed. Montmagny became the SQDC's first small store. The concept involves around 250 products (versus around 450) and a surface area of 1,400 to 1,800 square feet (versus 2,500 square feet for standard stores), with the store's inventory being adapted to the size of the local market.

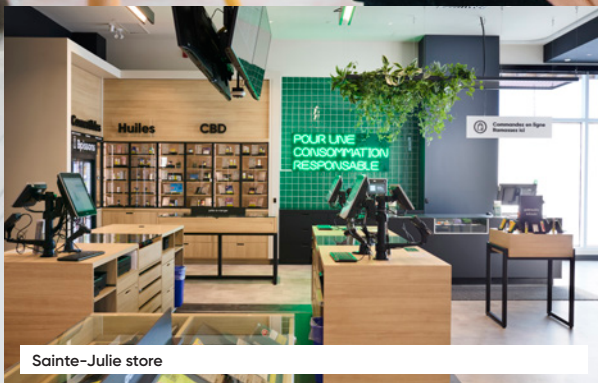
For their part, Sainte-Julie, followed by Bromont, were the first open-plan stores in which customers have closer contact with advisors. In open-plan stores, the products are front and centre, making them more discoverable, and the advisors are more accessible than ever to guide customers and complete transactions. At the same time, the ongoing dialogue with customers guided improvements in each store in areas such as traffic control, signage and lighting.

A renovation program was also launched, with six stores being given a makeover. At Saint-Jean-sur-Richelieu, for example, the renovations brought improvements to the customer experience, most notably by adding 500 square feet and new central display cases to the store.

The SQDC will always seek to provide a quality customer experience without straying from its mission. Though store designs are changing, there is and always will be interaction between the customer and an advisor before the transaction is completed at the checkout counter, as advice and prevention are central to the SQDC's mission.



Elisabeth Dionne  
Advisor, Bromont store



Sainte-Julie store

## Digital technology: key to the omnichannel experience

Each year, we improve our face-to-face and online communication methods to encourage dialogue, facilitate the transfer of information and improve users' knowledge of our products and their effects.

Our website receives around 500,000 visits a month. Designed to accommodate the very diverse profile of our customers, the customer experience requires that we constantly evolve our digital ecosystem to improve the omnichannel experience.

### Relevant content to pull customers away from the illegal market

Everyone seeking information about cannabis ends up looking online. This means the SQDC needs to stand out in that ecosystem, all while not encouraging use and it is why we put great effort into producing adapted content in a tone that resonates as much as possible with the user community. The number of visits to the Learn About Cannabis section of the website totalled 350,000 last year, up 7% from the preceding fiscal year.

### Popularity of online chatting

A sign of the trust that the SQDC inspires and of its closeness to customers, the website's online chat service hosts nearly 3,000 conversations a month. Members of our team provide adapted advice, and customer satisfaction with the service reached 84%. A total of nine persons are assigned to the online advisory service. Our chat professionals also provide advice on the products available in stores. As a result, they are quite familiar with the products and customers' preferences.

### New delivery feature

We wanted to provide a summary of the delivery services available for a specific postal code, the idea being to display which options can be chosen for the selected products (90-minute, same-day and/or standard delivery and in-store pick-up). In response to customer demand, a new feature was implemented, facilitating access to the various delivery services.

### Expansion of the 90-minute delivery service

Officially launched in July 2022, the 90-minute delivery service, which is selected for 43% of all online orders, is seeing steady growth. In fiscal 2024-2025, 133,640 orders were delivered using the service. Two new territories were added during the year, namely Drummondville and Saint-Hyacinthe, bringing to nine the number of regions where the service is now available.

#### Digital and omnichannel experience

##### Visits to the SQDC.ca website

**5,600,000**

##### Visits to the information section of SQDC.ca

**350,000**

##### Customer satisfaction with the online chat tool

**84%**



### Clara Maître

Manager, Online and Omnichannel Experience

**“The customer experience should be more and more fluid and closer to expectations, whatever the interaction channel. The online channel can really drive the customer experience and make information browsing and shopping smoother, facilitate access to products and support in-store teams. That’s how we view it.”**



## Providing quality customer service everywhere at all times

### A customer relations centre complementary to customer guidance

Last fiscal year, the Customer Relations Centre (CRC) handled 21,896 telephone calls, 4,190 requests submitted using the online form and 10,397 online chats. These figures say much about our commitment to proactively and accessibly providing guidance to our customers. CRC agents answer a range of questions related to products, opening hours and deliveries, giving advisors more time to focus on guiding customers.



Two members of the CRC team

### Optimizing in-store signage

The better to guide customers, our in-store interactive terminals no longer take users to our website but instead display an interactive catalogue. This reference tool supports advisors in their guidance role and lets customers learn easily and at their own pace. With their intuitive, easy-to-use interface, the terminals help customers quickly find products aligned with their preferences.

At the same time, we are now using our cash register screens and digital displays to convey advisory service messages.

**Strategy**

## **Develop a relevant product offer while carrying out our health protection mandate**

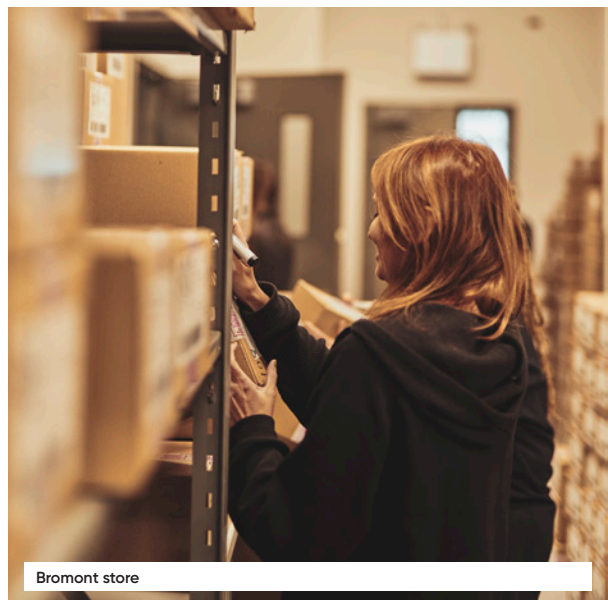
### **An evolving offer better adapted to customers**

As the sole entity authorized to sell cannabis products in Québec, the SQDC is the only place where cannabis for recreational purposes can be legally purchased in the province. The company thus has a key role to play in the structure and professionalism of the cannabis industry. Moreover, the SQDC maintains a close relationship with suppliers to ensure it can meet customers' expectations while adhering to its mission.

This collaboration with the industry along with better data management and evolving our systems are the foundation on which our supply and merchandising chain will be optimized.

Along similar lines, we have launched a series of test in which the product offer is adapted to each store, taking factors such as the region, demographics and local particularities into account. This aim is to meet each store's needs more specifically. In addition, the lessons we will draw from the current tests will enable us to optimize inventory and order management, reduce costs and improve customer service. The information will also be useful for developing an adapted offer project in the coming years, a project that will also require upgrading our procurement technology systems.

This is why, we this year laid the foundation for a major technology overhaul of procurement and merchandising, which will enable us to guarantee the right products are available in the right place at the right time, the better to meet our customers' expectations.



Bromont store

## Refine our merchandising methods

This year we continued refining our product offer to adapt it to the changing needs of SQDC customers and cannabis users. To accomplish this, we relied on sales data, market data and feedback from our advisors obtained through a survey and a panel of experts. These improvements to our merchandising methods were guided by data and on-the-ground intelligence and performed in cooperation with suppliers, allowing us to:

- Optimize the formats and terpenes of the products offered for sale.
- Add 46 new varieties to our product offer.
- Collaborate with seven new Canadian suppliers, including four based in Québec.
- Introduce 219 new Québec products.

In the dried flower, pre-rolled, ground cannabis, hash and kief categories, the SQDC sells

# 381

**certified Québec Grown products, corresponding to 61.4% of the overall offer.**

Also, during the year, the SQDC expanded the range of accessories on offer, which now includes water pipes, hand pipes, pipe screens and adapters for concentrates. The goal is to provide better guidance to customers and be able to explain the appropriate methods of use for the product families sold at the SQDC. The new accessories can be purchased in stores and online.

## Knowing when to listen: reflecting on vaping

Since its creation, the SQDC has intelligently developed a product offer competitive with that of the illegal market. In accordance with its mission to offer lower risk products with a focus on health protection, it is currently preparing to sell liquid vaping solutions.

A method of use that has been gaining in popularity in recent years, vaping now appears to be well established among users. According to the Enquête québécoise sur le cannabis, a survey on cannabis use in Québec carried out in 2024 by the Institut de la statistique du Québec, 25% of respondents who had used cannabis in the preceding 12 months had done so by vaping, 28% of them at least once a week.<sup>1</sup>

While the SQDC has traditionally acted with prudence and avoided the vaping market, maintaining the status quo is no longer an option: faced with the potential hazards of the products sold on the illegal market, offering alternatives is a responsible decision.

# 25%

of respondents who used cannabis  
last year did so using a vape

The illegal market products often contain pesticides and toxic contaminants harmful to human health; their THC level is unknown or inaccurate and they contain artificial flavours that encourage overuse. They are also sold without regard to the quality and truthfulness of the product information and with no consideration of who will be using them.

This is why the SQDC deemed it necessary to provide a lower-risk alternative as part of its mission to move users away from the illegal market and its dangers.



**Stéphanie Gagné**

Director, Product Management

**“After a reflection phase involving all departments, we shifted to the execution phase with calls for proposals to allow us to find trusted partners. We are now working our way through the steps leading up to the launch of sales by the end of 2025. We will be ready to offer customers vaping products that meet the SQDC’s strict quality standards and to offer all the necessary guidance.”**

1. Source: Québec Cannabis Survey, Institut de la statistique du Québec, 2024



# Raise the SQDC's profile

The SQDC's unique mission, presence in every region of Québec and online visibility make it an acknowledged player in civil society. Our organization continues to attract attention across Québec and even abroad. Our opinions on a range of topics are sought as is our participation in various social, educational and retail events. At the SQDC, we adopt an open-dialogue approach with our ecosystem and with the Québec public to make our mission better known and be in tune with society.

#### Strategy

## Play our essential health-protection role in the cannabis ecosystem

### Staying close to our stakeholders

The SQDC's mission of prevention keeps the company in close contact with stakeholders in public security, the business community, municipal government and front-line addiction services, especially those working in the health care system. These meetings give us the opportunity to explain our role and responsibilities and our business model. We also speak about the training that we provide to our store teams, training focused on advisory service to help ensure responsible use for recreational purposes.

The discussions also have the benefit of keeping us informed about other parties' realities and concerns, which we incorporate into our various strategies in order to be better in tune with society.

Lastly, these meetings are an opportunity to respond to the needs of stakeholders seeking to familiarize themselves with the new environment around the legal sale of cannabis for non-medical uses. They are an occasion to talk with front-line stakeholders about illegal products on the market and the strategies we are developing to counter this potentially unsafe offer with regulated, lower-risk products. The reduction of harmful effects and prevention are also subjects of concern for the social actors we meet.

In 2024, the SQDC was also the subject of a performance audit conducted by the Vérificateur général du Québec (VGQ). The audit, which is common practice for public organizations, helps the organizations improve, thereby strengthening public trust in them. In his report, the auditor general described the SQDC's unique model and made a number of recommendations aimed at better fulfilling its mission.

The recommendations led us to take various actions to improve how we work. Mystery customer visits were launched as was training focused on medical advice and understanding use profiles. Three key points were emphasized: store teams should not provide medical advice, customers' use profiles should be checked and low-THC products should be highlighted. The aim is to equip our teams so they can provide better-adapted assistance, thus furthering our mission to guide users in a responsible and informed manner.

## Strategy

# Be a balanced, evolving presence for citizens

## Events, forums and conferences

In fiscal 2024-2025, members of our teams took part in various events to remain in contact and maintain dialogue with our various stakeholders, particularly the cannabis industry. Our teams also stayed up-to-date on the latest advances in the field by attending forums, conferences and training sessions. For example, we took part in conferences such as the Canadian Cannabis Jurisdictional Leadership summit, at which we addressed issues related to the legal cannabis market and challenges around capturing shares of the illegal market. During the year, we also hosted delegations from the European Union Drugs Agency (EUDA) and the State of Maryland, which are interested in legalizing cannabis for recreational purposes.

We were also invited to make presentations at meetings organized by, among others, the Ordre des conseillers en ressources humaines agréés du Québec, the Fédération des chambres de commerce du Québec, the Canadian Public Procurement Council and KPMG. Learning about our corporate culture and some of our innovations allowed the audiences to better understand who we are.



### Antoine Prévost-Surprenant

Director, Strategic Planning and Business Intelligence

**"We are always on the lookout for opportunities to make our mission, company and unique model—not to mention our market and its distinctive features—better known, whether in Québec, the rest of Canada or abroad. It is also very important for us to develop our network of contacts, build relations within the ecosystem and share our insights and what we've learned along the way."**

Several persons at every level of the company helped raised the SQDC's profile this year.



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## Awards of excellence

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The SQDC's innovative spirit and professionalism were recognized by various awards in fiscal 2024-2025. Among them was the Excellence Or award of the Société québécoise des professionnels en relations publiques for our internal campaign marking the SQDC's fifth anniversary. We were also very proud to receive, for the second year running, a Molière Retail Award from the Retail Council of Canada for the quality of the French on our website. Lastly, we were finalists for the prestigious Mercure award in the Productivity Growth category for the innovative nature of our 90-minute delivery service.

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## Raising our profile to accomplish our mission

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The SQDC took part in a larger number of outreach activities, granted more interviews and authorized more store visits by members of the media during the year. We pay considerable attention to presenting the SQDC to the public. All our actions are aimed at informing, raising awareness of responsible use and highlighting our mission—part of the ongoing effort to impose ourselves as customers' alternative to the illegal cannabis market while also showing the Québec public how serious and thoughtful we are in our approach.

# 76%

of the Québec public agrees with the SQDC's mission

# 69%<sup>1</sup>

of users choose to buy all or some of their cannabis at the SQDC



1. Source: *Les habitudes de consommation de cannabis au Québec en 2024*, Institut de la statistique du Québec.

We also maintain a presence on social media platforms, where we provide information useful to customers and build bonds of trust by being open to dialogue. Our presence on LinkedIn gives us the opportunity to, among other things, share information about our financial results and completed projects and spotlight team members and our mission. This presence helps make the SQDC and its achievements better known.

# 73

**Number of LinkedIn posts  
in fiscal 2024-2025**

# 11,700

**Number of LinkedIn followers  
on March 29, 2025**



**Maude Arsenault**  
Advisor, Content Creation

**Andrew Laplante**  
Manager, Valleyfield store

**Neil Ramcharitar**  
Manager, Lachine store

**Véronique Ouellet**  
Technician, People and Culture

**Taqueenia Mohammed Seemongal**  
Advisor, Lachine store

**Anouk Desnoyers**  
Advisor, Laval store

## Strategy

# Bring our CSR process to fruition

## Recycling packages: another step in the right direction

As the only retailer authorized to sell recreational cannabis in Québec, the SQDC considers it a duty to minimize the environmental impact of its activities.

We took an important step in our residual materials management by signing up for RECYC-QUÉBEC's *ICI on recycle +* program. Stemming from the Politique québécoise de gestion des matières résiduelles, this initiative demonstrates the SQDC's commitment to adopting more sustainable practices.

Additionally, awareness of our package recovery program continues to grow. Complementary to curbside recycling, this program lets customers return empty cannabis containers to stores for reclamation by a partner specialized in the recycling of complex materials. Last year, in new stores in our sales network, we tested a new container recovery fixture that replaces the traditional bins. The change not only improves the visual experience in stores but also makes staff's work easier. Due to all our efforts and the customers' cooperation, we exceeded our recovery target, reaching a rate of 5.6% of packaging sold as opposed to the targeted 4%.



**Keven Rousseau**  
Advisor, Social Responsibility



New container recovery fixture



## The foundation for the equity, diversity and inclusion plan has been laid

One of the SQDC's objectives is to provide an equitable and inclusive workplace that mirrors the overall diversity of Québec society. Nearly 40 actions reflecting our diversity are already in place—and that is despite our being a young company. We have standardized our interview canvases. We support promoting young talents to management positions. We have also carried out a pay equity review, introduced a feminine hygiene product offer before being required to by the government and prioritized the use of gender-neutral language in our internal and external communications.

That said, we want to go further. To do so, we have developed an equity, diversity and inclusion (EDI) action plan and, beginning this year, will develop our vision, identify our priorities and continue our initiatives.





# Strategic Plan 2024-2026

## Summary table of last year's results



### Engage our teams

Strategy	Overall indicator	2024-2025 target	2024-2025 results
Develop and employer brand and an organizational culture 2.0	Employees' overall satisfaction with their job	72%	82% 
Focus on developing our teams while remaining true to our vision	Employees' satisfaction with opportunities for personal development and contributing to the SQDC's success	67%	72% 
Attract and retain a diversity of talent	Employee net promoter score	12	20 
Upgrade our structuring systems	Number of products implemented since the launch of the strategic plan	2	3 

### Serve our customers

Strategy	Overall indicator	2024-2025 target	2024-2025 results
Dynamize the customer experience	Overall level of customer satisfaction	70%	89% 
Expand our market coverage	Annual sales in metric tons	128 T	149 T 
Develop a relevant product offer while carrying out our health protection mandate	Level of satisfaction with the promise to provide access to products and services desired by customers	57%	78% 
Maintain a quality-price ratio attuned to our customers	Level of satisfaction with the promise to charge a fair price for the product selected by the customer	55%	71% 

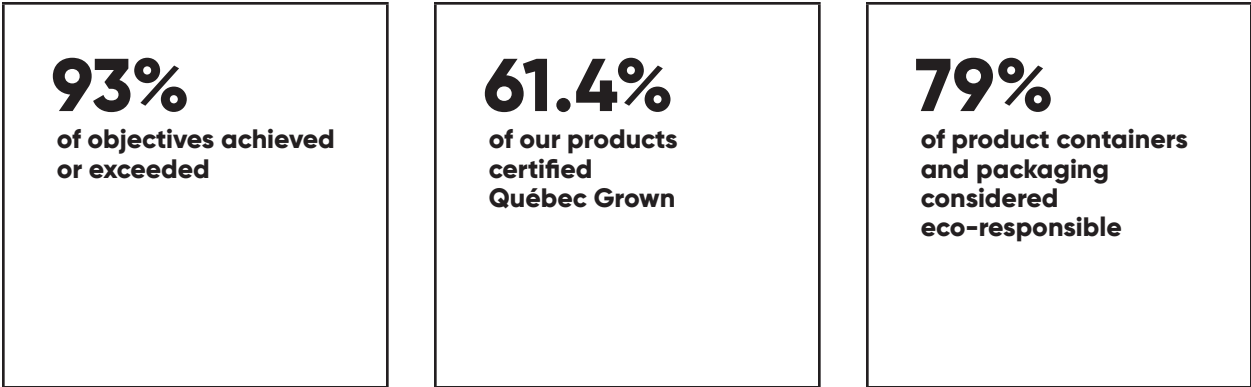
### Raise the SQDC's profile

Strategy	Overall indicator	2024-2025 target	2024-2025 results
Play our essential health protection role in the cannabis ecosystem	Number of activities in which the SQDC actively takes part	15	25 
Be a balanced, evolving presence for citizens	The public's level of support for the SQDC's mission	75%	76% 
Bring our CSR process to fruition	Percentage of CSR plan objectives reached	100%	93%

# Social Responsibility Report 2025

For  
responsible  
consumption





Message from the President and Chief Executive Officer

Fiscal 2024–2025 was a pivotal year for the Société québécoise du cannabis (SQDC), a year in which we continued reaching maturity at the organization level as well as in our corporate social responsibility approach.

Social responsibility (CSR) has a special strategic importance, and I want that to be apparent in our structure as well as our actions. That is why CSR will be officially incorporated into the Office of the President at the start of fiscal 2025–2026. It will then report directly to me, allowing it to be fully integrated into strategic planning and ensuring that, more than ever, it will be at the centre of our decision-making. Much thought has gone into these organizational changes, which have been implemented with care. We are now ready to go even further with CSR.

The report presented on the following pages highlights the achievements and results obtained in fiscal 2024–2025 for all our pillars, namely the environment, governance, the community and our teams. It describes both the progress made and the lessons learned. We are proud to have achieved or exceeded 93%—specifically 13 out of 14—of the applicable targets. Among our accomplishments, we took a major step in residual materials management by joining RECYC-QUÉBEC’s *ICI on recycle +* program. In addition, with 61.4% of our products certified Québec Grown, we are maintaining our commitment to local procurement. Lastly, in fiscal 2024–2025, 79% of the product containers and packaging we sold were considered eco-responsible, far ahead of our original target of 50% for the year.

The coming year will be devoted to the active preparation of our next strategic plan, in which social responsibility will be a key component. A solid foundation has been laid, the commitment is real and the future of CSR indeed looks promising at the SQDC.



Suzanne Bergeron  
President and Chief Executive Officer  
Société québécoise du cannabis

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# Environment

The SQDC has the ambition of minimizing the environmental impact of its operations. By focusing on initiatives over which we have operational control, we will succeed in limiting the effects of our activities on the climate while also ensuring that the most efficient use is made of the resources we require for doing business. For awareness and transparency’s sake, we are committed to regularly informing our stakeholders about the progress of our various environmental initiatives.



## Objective

### Reduce the environmental footprint of containers and packaging

Indicators	2025 target	2025 result
Proportion of containers that meet at least two of the four eco-responsible criteria	50%	79% 
Number of initiatives in place to support eco-responsible measures in the industry	2	2 

Reducing the environmental impact of containers and packaging remains a priority for the cannabis industry. That is why the SQDC is maintaining its support for all its suppliers in their efforts to switch to more eco-responsible packaging and help make the industry more responsible.

This year, the SQDC put in place two key initiatives to assist the industry in its transition to more sustainable packaging. First, a conference on good eco-design principles was held to equip cannabis producers with their process. Second, a cannabis packaging procurement guide was prepared to make selecting eco-responsible solutions easier.


The SQDC is continuing its efforts to gather data from its suppliers in order to determine the number of products sold that meet at least two of its four eco-responsible criteria. In fiscal 2024-2025, 79% of the product containers sold were considered eco-responsible, compared with 76% in the preceding fiscal year.

The company is continuing to encourage cannabis producers to favour optimized-design packaging, particularly by complying with the weight limits established by the SQDC and incorporating at least 15% recycled material in order to minimize the greenhouse gas emissions (GHG) linked to the industry.

# Environment

Objective

**Increase participation in our container and packaging recovery program through better outreach**

Indicator	2025 target	2025 result
Packaging recovery rate	4%	5.6% 

As the only authorized retailer of recreational cannabis in Québec, the SQDC feels duty-bound to minimize the environmental impact of its activities. Launched in 2020, the container recovery program is part of this sustainability process. Complementary to curbside recycling, the program allows customers to bring their empty containers to a store for reclamation by the SQDC’s partner specialized in recycling complex materials.


The initiative aims to reduce the SQDC’s ecological footprint and raise consumers’ awareness of the importance of responsible use. It also increases public trust in the company by showing its social and environmental commitment.

Though some customers are recycling their packaging through curbside pick-up, awareness of the SQDC’s recovery program continues to grow. In fiscal 2024–2025, the SQDC exceeded its recovery target, reaching a rate of 5.6% of the packaging it puts on the market, compared with the targeted 4%. In fiscal 2025–2026, the SQDC will intensify its communication efforts to boost participation in the program and continue reducing the environmental impact of its business.

# Environment

Objective

## Structure our residual materials management practices

Indicators	2025 target	2025 result
Put in place the measures to obtain <i>ICI on recycle + attestation</i>	N/A	N/A
Percentage of stores with <i>ICI on recycle + attestation</i>	20%	22% 



The SQDC took an important step in its residual materials management when it joined RECYC-QUÉBEC’s *ICI on recycle +* program. This demonstrates the SQDC’s commitment to more sustainable practices and fits with the Politique québécoise de gestion des matières résiduelles. Last year, the company not only benefited from individualized support and visibility tools to improve the environmental performance of its sales network, it also exceeded its objective of obtaining *ICI on recycle + attestation* for 20% of its stores when it received the attestation for 22% of them. Some practices were revised so they comply with the program’s requirements, allowing the SQDC to take concrete measures to optimize its practices in order to reduce waste at source, reuse, recycle and reclaim in accordance with the 4RsD principle.<sup>1</sup>

1. The 4RsD principle is a hierarchy of actions to ensure sound residual materials management, namely reduction at source, reuse, recycling, recovery and safe disposal. Source: Ministère de l’Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs, Gouvernement du Québec.

# Environment

Objective

Continue quantifying the company's greenhouse gas emissions

Indicators	2025 target	2025 result
Publication of the GHG quantification report	Publication of the report	Publication of the report 
Number of new initiatives put in place to reduce our GHG emissions	2	2 

As part of its ongoing effort to fight climate change, the SQDC once again published its GHG emissions report, allowing it to measure the environmental impact of its operations and identify improvement paths. This year, two important initiatives were implemented. First, an official directive was issued to require the replacement of all halogen bulbs with energy-saving and longer-lasting LED bulbs. Second, delivery hours were adjusted, allowing transport-related GHG emissions to be reduced. In combination with the quantifying of GHG emissions, these concrete actions demonstrate the SQDC's unflagging commitment to reducing its environmental footprint.

# Environment

## Objective

### Raise SQDC employees' awareness of using active and public transit

Indicator	2025 target	2025 result
Percentage of employees reached by communications aimed at promoting sustainable mobility	100%	68%

Ever determined to reduce its environmental footprint and favour team members' health and well-being, the SQDC actively encourages the use of active and public transit.

This year, the SQDC focused on concrete initiatives. For corporate events, car-sharing was promoted and two buses were made available to employees to facilitate their travel. In addition, a discount on Bixi and àVélo bike-sharing services (in Montréal and Québec City respectively) were offered to team members.

To obtain a more accurate measurement of the level of awareness of sustainable mobility resulting from its efforts, the SQDC added a specific question about the subject to its annual employee survey. This new approach, based on a representative sampling, produces a more accurate reading of the effect of the initiatives put in place. Due to this change in methodology, the SQDC did not reach its target of 100%. Instead, 68% of employees said they were aware or very aware.


# Governance

The SQDC intends to continue its drive to adopt sound governance practices. As part of this process, we plan to identify and mitigate the environmental, social and governance (ESG) risks to which the organization is exposed in order to adopt responsible and exemplary business practices.



Objective

## Increase our responsible acquisitions

Indicators	2025 target	2025 result
Percentage of acquisitions with responsible features (goods and services)	25%	73% 
Percentage of acquisitions with responsible features (construction work)	25%	N/A


Aware of the influence of its buying power, the Québec government has created a responsible sourcing indicators guide with 21 criteria to steer the purchases of its ministries and bodies. The goal is to incorporate sustainability, social responsibility, and environmental criteria into public contracts and thereby encourage local suppliers, promote ethical practices, and reduce greenhouse gas emissions.

Of the goods and services contracts worth more than \$25,000 signed by the SQDC, 73% included at least one responsible acquisition criterion. In fiscal 2024–2025, no contracts corresponding to the evaluation criteria were granted for construction work.

# Governance

Objective

**Increase employees' awareness of cybersecurity and the protection of personal information**

Indicator	2025 target	2025 result
Percentage of employees having successfully completed cybersecurity training	83%	90% 

The SQDC attaches great importance to cybersecurity. Every year, to protect its information systems and sensitive data, it offers training to all its teams at head office and in the stores. In fiscal 2024–2025, 90% of employees successfully completed cybersecurity training modules on key issues such as security breaches affecting work-related email and messaging accounts, risks related to open Wi-Fi, and data leaks. As a result, the SQDC exceeded its 83% target for the year.

# Governance

Objective

**Incorporate the notion of sustainability into the organizational policy development process**

Indicator	2025 target	2025 result
Percentage of new organizational policies evaluated for sustainability	100%	N/A

To measure the environmental, social and economic impact of the organization's decisions and actions, the sustainability of organizational policies is evaluated. The benefits of the process are many: reducing risks, improving performance and boosting the SQDC's credibility.

As no new organizational policies were published in fiscal 2024-2025, the 100% evaluation target did not apply this year. Nevertheless, the SQDC maintains its commitment to incorporating sustainability into its management practices and corporate culture, as advocated by the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs du Québec.

# Community

As a leading player in the Québec legal cannabis ecosystem, it is essential that we listen to our community, which is comprised of Québec citizens, our customers and our suppliers. We are therefore determined to fully carry out our mission with a focus on public health. We also want to encourage the local economy while remaining aligned with our mission.



Objective

**Increase the number of products available at the SQDC with a Québec product identifier**


Indicator	2025 target	2025 result
Percentage of products with a Québec product identifier	43%	61.4% 

The SQDC's Québec Grown initiative, which makes it easy for users to identify products made from cannabis mostly (65% or more) grown in Québec, continues. In fiscal 2024-2025, 61.4% of the products offered for sale by the SQDC in the dried flower, hash, kief, ground and pre-rolled categories bore the identifier, compared with 47% in the preceding fiscal year. The SQDC has thus reached its 43% target for the second year of its CSR plan.

# Community

Objective

## Raise awareness of the SQDC's mission

Indicator	2025 target	2025 result
Level of public support for the SQDC's mission	75%	76% 

To successfully carry out its mission, the SQDC needs to make itself known to the public. In doing so, the company demonstrates that it is serious while also being transparent about what it accomplishes. With that goal in mind, several actions were taken in fiscal 2024-2025.

Of special note, the SQDC continued its discussions with its stakeholders, helping them to better understand its role, responsibilities and model but also allowing the company to incorporate their concerns and everyday realities into its various strategies, the better to be in tune with society.

In addition, members of the government corporation's teams took part in various events, strengthening its presence in and dialogue with the cannabis industry, among others. The SQDC also received several recognitions: it obtained the Excellence Or award from the Société québécoise des professionnels en relations publiques and, for the second year running, a Molière Retail Award from the Retail Council of Canada for the quality of the French on its website. The company was also a finalist for the prestigious Mercure award in the Productivity Growth category. These awards highlight the SQDC's professionalism and innovativeness.

This year, the company granted a larger number of interviews, the aim being to inform the public and raise public awareness of responsible use as well as highlighting its mission to be an alternative to the illegal cannabis market. In the same spirit of transparency and respect for the public's right to information, its internal policy was updated in August of 2024 to allow, under certain conditions, photographs, films and videos of the interiors of its stores to be taken by the media. This change has led to increased and more representative coverage of the company's activities, in the process ensuring the public can better understand its environment, approach and values.

Combined, the initiatives helped the SQDC reach a 76% level of support for its mission, exceeding the initial target of 75%.

# Teams

The SQDC is a collective movement of more than 1,200 employees mindful of the community. Our teams have the fire in their belly. Their warmth is human and their minds open. They are committed to sharing their knowledge and enthusiasm. At the SQDC, the positive impact we have on the community is what drives us.



## Objective

### Train advisors on responsible cannabis use

Indicator	2025 target	2025 result
Percentage of advisors who have demonstrated their knowledge through an annual evaluation	100%	100% 

The objective of training advisors on responsible cannabis use is implicit in the SQDC's mission of protecting public health by selling quality products while also informing cannabis users of the risks related to use. By training advisors on responsible cannabis use, the SQDC aims to strengthen the educational and preventive role played by points of sale and to encourage dialogue with customers, the goal being to reduce the negative health impacts of cannabis on individuals and society.

To measure attainment of this objective, the SQDC tests the knowledge of its advisors through an annual update. This indicator is used to evaluate advisors' skill level and ability to convey relevant information adapted to customers' needs. In 2025, all advisors successfully completed the update by reaching the objectives set by two online training modules, one on how to answer questions of a medical nature and the other on identifying use profiles. In addition, through its internal communication channels, the company regularly informs its network of the latest advances in the field.

# Teams

Objective

Provide an equitable and inclusive workplace reflective of diversity


Indicator	2025 target	2025 result
Development of an equity, diversity and inclusion action plan	Development of the action plan	Development of the action plan 

The SQDC’s objectives include providing an equitable and inclusive workplace that reflects the diversity of its customers, its employees and Québec society. Several diversity actions are already in place, despite the SQDC’s being a young company. That said, the SQDC wants to go further. In recent years, it has begun a process that will lead to the defining of its vision of diversity in the organization. To accomplish this, an equity, diversity and inclusion (EDI) action plan was prepared for fiscal 2025-2026. The plan aims to identify the next steps for developing initiatives to encourage EDI in the organization.

# Teams

Objective

## Encourage team commitment

Indicator	2025 target	2025 result
Overall level of job satisfaction	72%	82% 

In keeping with the first orientation of its strategic plan, the SQDC is determined to encourage the engagement of its work teams. The company constantly works to strengthen its approach, the goal being to favour the development of its internal associates and attract and retain a diversity of talent.

When developing initiatives, the SQDC favours a collaborative approach involving its teams. In recent years, the company has launched its employer brand and developed its leadership DNA. It also continues to look after the well-being and development of its teams, particularly through various initiatives including a "feel-good talk" to kick off the year. Other ways in which the SQDC encourages the development of its teams include its ongoing *Enraciner les talents* program and *Propulsion leadership* training program.

Each year, the SQDC uses its employee experience survey to re-evaluate the effectiveness of its efforts to increase employee commitment. In 2025, the overall job satisfaction rate reached 82%, exceeding the target of 72%.

## Summary of Results

### Social Responsibility Report 2024-2025

Environment	Indicators	2025 target	2025 result
①	Proportion of containers that meet at least two of the four eco-responsible criteria	50%	79% ✓
	Number of initiatives in place to support eco-responsible measures in the industry	2	2 ✓
②	Packaging recovery rate	4%	5.6% ✓
③	Put in place the processes necessary to obtain <i>ICI on recycle</i> + attestation	N/A	N/A
	Percentage of stores with <i>ICI on recycle</i> + attestation	20%	22% ✓
④	Publication the GHG quantification report	Publication of the report	Publication of the report ✓
	Number of new initiatives put in place to reduce GHG emissions	2	2 ✓
⑤	Percentage of employees reached by communications aimed at promoting sustainable mobility	100%	68%

Governance	Indicators	2025 target	2025 result
①	Percentage of acquisitions with responsible features (goods and services)	25%	73% ✓
	Percentage of acquisitions with responsible features (construction work)	25%	N/A
②	Percentage of employees having successfully completed cybersecurity training	83%	90% ✓
③	Percentage of new organizational policies evaluated for sustainability	100%	N/A

Community	Indicators	2025 target	2025 result
①	Percentage of products with a Québec product identifier	43%	61.4% ✓
②	Level of public support for the SQDC's mission	75%	76% ✓

Teams	Indicators	2025 target	2025 result
①	Percentage of advisors who have demonstrated their knowledge through an annual evaluation	100%	100% ✓
②	Development of an equity, diversity and inclusion action plan	Development of this action plan	Development of this action plan ✓
③	Overall level of job satisfaction	72%	82% ✓

## Appendix 1 (available in French only)

Contribution du Plan de responsabilité sociale 2024-2026 (Plan RSE) de la SQDC  
à la Stratégie gouvernementale de développement durable 2023-2028 (SGDD)

Plan RSE 2024-2026	Orientations concernées de la SGDD	Objectives concernés de la SGDD	Sous-Objectives concernés de la SGDD
1.1 Réduire l'empreinte Environmentale liée aux contenants et emballages	1 Faire du Québec un pôle d'innovation et d'excellence en matière d'économie verte et responsable	1.3 Favoriser la consommation responsable	1.3.1 Accroître la présence des produits et services durables sur le marché
1.2 Accroître la participation à notre programme de récupération des contenants et emballages par un meilleur rayonnement	1 Faire du Québec un pôle d'innovation et d'excellence en matière d'économie verte et responsable	1.1 Soutenir la transition vers des modèles d'affaires durables	1.1.2 Accélérer le développement de l'économie circulaire
1.3 Structurer nos pratiques en gestion des matières résiduelles	5 Créer un État exemplaire qui agit en faveur de l'innovation	5.7 Valoriser les matières résiduelles	5.7.1 Accroître la performance de la gestion des matières résiduelles
1.4 Poursuivre la quantification des émissions de GES de l'entreprise	5 Créer un État exemplaire qui agit en faveur de l'innovation	5.6 Améliorer la performance Environmentale des bâtiments et infrastructures publics	5.6.1 Accroître la durabilité du parc immobilier et des infrastructures
1.5 Sensibiliser les employées et employés de la SQDC à l'utilisation du transport actif et collectif	5 Créer un État exemplaire qui agit en faveur de l'innovation	5.8 Opérer un changement vers des modes de déplacement plus durables	5.8.2 Accroître la part modale du transport actif, du transport collectif et des solutions de rechange à l'auto-solo des employés de l'État
2.1 Augmenter la part de nos acquisitions responsables	5 Créer un État exemplaire qui agit en faveur de l'innovation	5.4 Utiliser les marchés publics comme levier de croissance durable	5.4.1 Accroître la part des acquisitions responsables + 5.6.2 Accroître la gestion écoresponsable des chantiers de construction et de rénovation
2.2 Sensibiliser les employées et employés à la cybersécurité et à la protection des renseignements personnels	–	–	–
2.3 Intégrer les notions de durabilité dans le processus d'élaboration des politiques organisationnelles	5 Créer un État exemplaire qui agit en faveur de l'innovation	5.1 Placer le développement durable au centre des décisions du gouvernement	5.1.1 Évaluer la durabilité des interventions gouvernementales
3.1 Accroître le nombre de produits disponibles à la SQDC qui possèdent un identifiant de produit québécois	1 Faire du Québec un pôle d'innovation et d'excellence en matière d'économie verte et responsable	1.3 Favoriser la consommation responsable	1.3.2 Faciliter les choix de consommation responsables et locaux
3.2 Faire rayonner la mission de la SQDC	–	–	–
4.1 Former les conseillères et conseillers sur la consommation responsable du cannabis	–	–	–
4.2 Offrir un milieu de travail équitable, inclusif et qui reflète la diversité	–	–	–
4.3 Favoriser l'engagement des Teams	–	–	–

# Governance



**Gabrielle Parent**  
Technician, Real Estate Planning  
and Development

**Tanya Léonard Cusson**  
Advisor, Customer Experience

**Véronique Tousignant**  
Senior Advisor, Goods and  
Services Procurement



**Frédérique Perron Gauthier**  
Technician, People and Culture

**Mélodie Lalonde Marticotte**  
Advisor, Product Information

# Report of the Board of Directors

**The Board of Directors of the Société québécoise du cannabis (SQDC) ensures that the company's business is administered in compliance with all applicable laws and regulations.**

It also ensures that the company's officials take all necessary measures to fulfill its mission and achieve its strategic objectives. Accordingly, the Board reviews, together with management, the results, risks and strategies that will influence the SQDC's actions and development. In carrying out its mandate, the Board is supported by four committees: the Governance, Ethics and Business Practices Committee, the Audit Committee, the Human Resources Committee and the Health Protection Committee.

During the 2024–2025 fiscal year, the Board of Directors held four regular meetings and two special meetings.

At the four regular meetings, Board reviewed management's report on the company's strategic orientations and management of its business. The Board also examined the work accomplished during the committee meetings and took decisions on the related recommendations. A closed session attended only by the independent members was held at the end of each meeting.

At the strategic level, the Board, supported by its committees, monitored the implementation of the business objectives of the strategic plan. Over the course of the fiscal year, this work focused especially on the position to take in response to the growing number of cannabis users who choose vaping as a method of use. Concerned by this phenomenon and aided by its Health Protection Committee, the Board led the collective thought process that resulted in the decision to sell a legal alternative to these products. The Board also assisted the President and Chief Executive Officer in her work to rethink the company's division structure. At the end of each regular meeting, the Board held a closed session with the President and Chief Executive Officer.

The Board approved the company's operating and investment budgets before the beginning of the fiscal year and conducted follow-up after receiving the quarterly report on the work of the Audit Committee. The Board of Directors monitored the company activities over which it exercises oversight, including employee remuneration, the renewal of collective agreements, results and other financial indicators, succession planning, contracting practices and contract approvals and risk management. The Board studied and approved the changes to be made to the company's policies. At fiscal year-end, the Board also evaluated its own functioning.

As at March 29, 2025, the SQDC Board of Directors had 11 members, six of whom were women and five men. It includes a member who was under 35 years old at the time of appointment as well as a member representative of Québec's diversity. All except the President and Chief Executive Officer qualify as independent members. The Board has access to internal and external resources for carrying out its activities.

To ensure its smooth functioning and guide its member recruitment efforts, the Board has, in conformance with the AGSE, drawn up an exhaustive profile of the expertise and experience expected of its members. The areas of expertise include governance, finance, risk management, human resources and labour relations, public health and drug dependence, social intervention and youth issues, education and communication, managing medium- to large-sized organizations, operations management, retailing, real estate, international resources, laws and regulations and government operations. Board members are also expected, in the event of a vacancy, to be involved in the search for candidates who are complementary to the Board's current composition.

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## Composition of the Board of Directors

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As provided in the *Act respecting the Société des alcools du Québec* and the *Act respecting the governance of state-owned enterprises* (AGSE), the directors of the Société québécoise du cannabis are appointed by the Board of Directors of the Société des alcools du Québec (SAQ), based on the expertise and experience profile defined by the SQDC Board of Directors. Four permanent observers attend Board meetings but are not entitled to vote; these observers are respectively designated by the Québec ministers of Affaires municipales et de l'Habitation, of Finances, of Santé et des Services sociaux and of Sécurité publique.

# Board Committees

**The tasks of the committees of the Board of Directors include in-depth study of issues crucial for the Société québécoise du cannabis.**

The committees mainly do this in two ways. First, they perform periodic analysis of the situation in their respective fields and read reports submitted by management, whose work they support and oversee. Second, they conduct a thorough study of the SQDC's policies and other documents, including budgets, financial statements and strategic planning, and recommend their adoption by the Board of Directors. Each of the Board committees is comprised solely of independent directors. The committees have access to the internal and external resources necessary to carry out their work. The committees hold a closed session at the end of each meeting. In addition, they evaluate their own functioning and perform annual planning of their work.

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## **Activity Report of the Governance, Ethics and Business Practices Committee**

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The focus of the Governance, Ethics and Business Practices Committee of the Société québécoise du cannabis is oversight of the company's policies and practices in the areas of governance, social and environmental responsibility and reputation management. The committee's terms of reference also include establishing the SQDC's business and contract management policies and overseeing their implementation.

The committee defines and recommends to the Board of Directors the expertise and experience profile used in appointing directors and develops the standards of ethical conduct for SQDC employees, directors and business partners. The committee ensures the company maintains the highest standards in this regard.

The Governance, Ethics and Business Practices Committee is chaired by Céline Blanchet and has five independent members. It met four times during the fiscal year and held a closed session at the end of each meeting.

In fiscal 2024-2025, the committee performed its role of reviewing and overseeing the integrity of the company's contract and real estate processes and of the related compliance and risk-prevention controls put in place. It analyzed the company's contract universe based on the scale and risk posed by each contract and it analyzed and recommended approval of goods and services acquisitions for which the Board is responsible. The committee also recommended to the Board changes aimed at expanding its terms of reference with respect to reputation management, including adding to its name its duty regarding oversight of the company's business practices.

Throughout the fiscal year, the committee led the evaluation of the Board's operation and the annual review of the expertise and experience profile for directors. Its work also extended to the orientation and training given to directors. In addition, the committee considered the strategies and risks affecting, among other things, the company's reputation, its communications and the quality of its interactions with its stakeholders

After each of its meetings, the Governance and Ethics Committee reported on its activities to the Board of Directors.

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## Activity Report of the Audit Committee

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The Audit Committee of the Société québécoise du cannabis is primarily concerned with the integrity of the company's financial information. It also ensures the company's internal control and risk management mechanisms are appropriate, efficient and effective. The committee is chaired by Louise Martel, FCPA, and has four independent members, three of whom are members of the Ordre des comptables professionnels agréés (CPAs). In fiscal 2024-2025, the Audit Committee held four regular meetings and three special meetings. A closed session was held at the end of each meeting.

At each of the committee's regular meetings, management reported on any changes in the main risks facing the company and on the measures put in place to control them. In fiscal 2024-2025, development of risk management continued under its guidance. This development took the form of upgrades to the tools used, which allow for finer analysis of the causes of each of the analyzed risks and better follow-up on the mitigation measures identified. The improved practices were accompanied by their wider implementation in the company's activities, furthering the establishment of a risk management culture in all of its business projects. During the fiscal year, the committee took a specific interest in cybersecurity risks, an environment that is constantly changing.

On receiving the report of the chair of the Financial Disclosure Committee each quarter, the committee confirmed that the company's financial disclosure policy had been properly applied. The committee monitored the strategies for ensuring the optimal use of resources, examined the budget for the fiscal year and compared the quarterly results with the budget. It looked at the factors, risks and orientations likely to influence the SQDC's financial results and studied the resulting forecasts established by financial management. The committee also approved the interim financial statements for each of the quarters of fiscal 2024-2025. The committee members held a closed session with the Senior Vice-President, Finance and Real Estate, at the end of each of the committee's regular meetings.

Drawing inspiration from best practices and despite the SQDC technically not being subject to regulation 52-109, the committee ensured that the control compliance process required under the regulation was completed and that the related certifications were issued by the President and Chief Executive Officer and the Senior Vice-President, Finance and Real Estate.

Internal audit activities are carried out by the SQDC's internal audit service under the direct authority of the Audit Committee. The committee approved the annual internal audit plan. It also monitored and oversaw the ongoing audit projects and the implementation of action plans when applicable. At each regular meeting, the committee met with the Director of Internal Audit in a closed session and with no members of management present. Among the purposes of these sessions was to ensure internal auditors' independence from management. The sessions were also an opportunity to review any activity likely to have an adverse impact on the SQDC's financial position.

During the fiscal year, the Audit Committee was also apprised of the work performed by the Vérificateur général du Québec (VGQ) as part of his performance audit regarding accomplishment of the SQDC's mission. It also approved the action plan developed in response to the VGQ's suggested improvements.

Lastly, the committee met with the external auditors regarding the external audit plan for the fiscal year. It examined the audited financial statements for the preceding fiscal year and recommended their approval by the Board. After the end of the fiscal year, the committee also recommended that the Board approve the audited financial statements for the year ended March 29, 2025, which are part of this annual report. The Audit Committee also met with the external auditors in a closed session after each regular committee meeting and assured itself of their independence. The external auditors' fees for the mandate to audit the financial statements of this report is \$60,000.

After each of its meetings, the Audit Committee reported on its activities to the Board of Directors.

### External auditors

Raymond Chabot Grant Thornton LLP and the Vérificateur général du Québec act jointly as the external auditors of the books and accounts of the Société québécoise du cannabis.

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## Activity Report of the Human Resources Committee

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The terms of reference of the Human Resources Committee are to examine, recommend to the Board of Directors and provide follow-up on human resources management policies and strategic orientations. The committee is chaired by René Leprohon, CPA, CRMA, and has five independent members. In fiscal 2024-2025, the committee held four regular meetings and two special meetings. The committee's independent members held a closed session at the end of each meeting.

Each quarter, the committee was informed of the main human resources developments at the SQDC and the related strategic objectives. The committee especially focused on employee engagement, occupational health and safety, staffing, diversity, labour relations, recruitment, compensation and employee benefits. In particular, the committee conducted oversight on the new means adopted by the Company to strengthen its succession planning, skills development and growth opportunity creation for all SQDC employees.

Among its duties, the Human Resources Committee is involved in executive selection, departure and evaluation and the related conditions. In fiscal 2024-2025, the committee assisted the President and Chief Executive Officer in her effort to restructure the company's senior management structure. Accordingly, the committee closely monitored the redefining of the company's divisions and the associated responsibilities. It also recommended to the Board that it approve the strategic hiring of Mr. Dulac-Lemelin to head the new Customer Experience Division and of Mr. Lokossou to lead the new Information Technology and Cybersecurity Division. The committee also carried out its duties regarding the compensation and other work conditions of all SQDC employees.

On completing an in-depth study, the committee also recommended the adoption by the Board of the bargaining mandates necessary to level store advisors' compensation in compliance with the public and parapublic sector guidelines.

During the fiscal year, the committee also monitored the rollout of the human resources and payroll management integrated system (HRIS). A highly structuring project for the company, the new system was implemented at the end of the 2024 calendar year.

Lastly, after each of its meetings, the Human Resources Committee reported on its activities to the Board of Directors.

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## Activity Report of the Health Protection Committee

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In addition to the three committees specified in the *Act respecting the governance of state-owned enterprises*, the Board of Directors created the Health Protection Committee to ensure that the SQDC takes the necessary measures to convert consumers to the legal cannabis market while maintaining a focus on health protection and not encouraging use.

The Health Protection Committee is chaired by epidemiologist Jack Siemiatycki, Ph. D. The committee is comprised of five independent members with expertise in public health and related fields. During the fiscal year, the committee met four times and held a closed session limited to independent members at the end of each meeting.

With the customer experience evolving at the SQDC, fiscal 2024-2025 was an opportunity for the committee to take an interest in changes in cannabis use and in the cannabis market in Québec, both legal and illegal. Accordingly, the committee tracked the latest developments in knowledge of cannabis use among the general public in Québec and of the issues raised by illegal cannabis vaping products.

The committee also looked at the characteristics and benefits of the Québec model for distributing and regulating cannabis. At the same time, it learned more about the illegal cannabis market, which remains a significant competitor of the SQDC by offering products that the SQDC is legally prevented from selling and by adopting promotion methods that are illegal and appealing to minors.

As the custodian of the SQDC's mission, the committee took part in the company's collective reflection on the idea of selling legal vaping products at the SQDC. Faced with the growing use of the vaping products by Québec consumers and in view of the risks related to the composition of illegal vaping products, the SQDC decided, late in its fiscal year, to offer a legal alternative with the aim of reducing harmful effects.

The committee carried out an evaluation of its operation. After each of the committee meetings, the chair reported on the committee's work to the Board of Directors.

# Members of the Board of Directors



**Martine Lapointe**  
Director

**Jean-Claude Dufour**  
Director

**Céline Blanchet**  
Chair of the Governance, Ethics and Business Practices Committee



**Johanne  
Brunet**

● **Chair of the Board of Directors**

- Appointed August 23, 2018, for a two-year term
- Term renewed until August 22, 2027
- Independent member

- **Professor**
  - Marketing Department, HEC Montréal

A member of the Ordre des comptables professionnels agréés du Québec, Johanne Brunet has a doctorate in industrial and business studies from the University of Warwick (United Kingdom) and an MBA in marketing and international management from HEC Montréal. She also holds a certificate in corporate governance from the Collège des administrateurs de sociétés of Université Laval, qualifying her for the title Administratrice de sociétés certifiée (ASC).

Ms. Brunet received the 1999 Action femmes d'affaires award from the Board of Trade of Metropolitan Montreal and was a finalist for the 2013 Business Professor of the Year award conferred by the renowned weekly The Economist. She worked as head of external production and acquisitions at Société Radio-Canada before becoming Senior Vice-President at TV5-Amériques.

She is chair of the board of directors of the Société des alcools du Québec (SAQ) and the TCJ Group and also hold seats on the boards of Laurentian Bank and the Théâtre du Rideau vert.



**Suzanne  
Bergeron**

● **Director**

- Appointed on November 27, 2023, for a five-year term

- **President and Chief Executive Officer**
  - Société québécoise du cannabis (SQDC)

With a McGill-HEC Montréal Executive MBA, governance training from the IGOPP (Institute for governance of private and public organizations) and an Executive Leadership Certificate from Cornell University, Ms. Bergeron has more than 20 years' experience in strategic planning, talent development and business management.

Prior to her new role, Ms. Bergeron worked for 18 years at Sodexo, a global provider of restaurant, facility and equipment management services in more than 50 countries, eventually becoming president of Sodexo Canada and global talent director. Through her active contribution, she helped make Sodexo a leading business partner in its industry and a world-renowned employer of choice.

Relying on an aware and empathetic leadership style, Ms. Bergeron is known for her ability to create innovative solutions based on human needs.



**Céline  
Blanchet**

● **Director**  
● **Chair of the Governance, Ethics and Business Practices Committee**

- Appointed on August 23, 2018, for a four-year term
- Term renewed until September 30, 2026
- Independent member

- **Lawyer**
- **Corporate director**

The holder of a bachelor's in economics and a law degree from Université Laval, Céline Blanchet has been a member of the Barreau du Québec since 1985. She also holds a certificate in corporate governance from the Collège des administrateurs de sociétés of Université Laval, qualifying her for the title Administratrice de sociétés certifiée (ASC).

She was formerly Vice-President, Corporate Affairs and Strategic Development, at DeSerres for more than 15 years. Prior to that, she was Senior Manager, Public Affairs, at Laurentian Bank of Canada, before which she held various professional positions at Hydro-Québec.

Ms. Blanchet was also chair of the board of directors of the Conseil québécois du commerce du détail (CQCD) and Le Chaînon organization. She has held seats on the board of directors of, among others, the Société des alcools du Québec (SAQ), the Fonds d'intervention économique régional d'Investissement Québec (IQ FIER Inc.) and the Conseil du patronat du Québec (CPQ).

Ms. Blanchet is chair of the governance committee of the board of directors of Merinov and is a member of the Canadian Bar Association, the Institut des administrateurs de sociétés (IAS) and the Association des économistes québécois (ADEQ).



**Stéphane  
Borreman**

● **Director**

- Appointed on October 19, 2018, for a two-year term
- Term renewed until October 18, 2026
- Independent member

- **Emergency physician**
  - McGill University Hospital Centre
  - CIUSSS des Laurentides
- **Corporate director**

A physician and corporate director, Dr. Stéphane Borreman has unique experience that combines emergency medicine, business-related health management and corporate governance.

Holding a bachelor's degree in mechanical engineering, a Doctor of Medicine degree, a master's degree in surgery, a postdoctoral degree in family medicine from McGill University and a Certificate of Added Competence in Emergency Medicine, Dr. Borreman has practised emergency medicine at the McGill University Hospital Centre since 2005.

A member of the Institute of Corporate Directors (ICD) and graduate of the ICD-Rotman Directors Education Program, he holds seats on the boards of directors of various organizations active in the health field.

In the course of his career, he has worked as a consultant for McKinsey & Company, where he provided support to international firms in the pharmaceutical and health fields in North America, Europe and Asia. He later worked as a private consultant to Canadian companies. He was also vice-president for a Canadian firm providing IT solutions to hospital centres and an advisor to several local start-up firms.



**Martine  
Lapointe**

● **Director**

- Appointed on August 23, 2018, for a three-year term
- Term renewed until December 6, 2028
- Independent member

- **Consultant specialized in information technology and digital transformation**
- **Corporate director**

A graduate of the Information Systems and Quantitative Management Methods Department of the Université de Sherbrooke (UdeS), Martine Lapointe also holds a master's in project management from the Université du Québec à Montréal (UQAM) and an Executive MBA from UdeS. Additionally, she holds a certificate in corporate governance from the Collège des administrateurs de sociétés of Université Laval, qualifying her for the title Administratrice de sociétés certifiée (ASC). Winner of the 2017 Carrière MGP award from UQAM's School of Management Sciences, she is also certified by the Project Management Institute and is a fellow of the Life Management Institute.

An information technology services expert and digital transition consultant, she has worked for large organizations including Revenu Québec, Canadian National, Air Canada, Hydro-Québec and Desjardins. Her expertise is in assisting organizations with their business and technology transformation.

Ms. Lapointe is also involved in developing IT professionals in Québec. As such, she chaired the board of directors of Réseau Action TI for eight years and is now a director of the organization. Since 2023, she has held a seat on the board of directors of Caisse Desjardins Pierre-Boucher de Longueuil, where she is vice-chair and sits on the audit and ethics committees.



**René  
Leprohon**

● **Director**

- Appointed on August 23, 2018, for a three-year term
- Term renewed until December 6, 2028
- Independent member

- **Corporate director**

A member of the Ordre des comptables professionnels agréés du Québec, the Institute of Internal Auditors (Quebec chapter) and the Canadian Association of Management Consultants (CMC-Canada), René Leprohon holds a bachelor's in business administration from HEC Montréal and a risk management certificate (CMC) from the Insurance Institute of Canada. A retired KPMG partner, he headed the firm's internal audit and corporate risk management practice for more than a dozen years.

In the course of his career, Mr. Leprohon has also held executive positions at TD Meloche Monnex (today TD Insurance) and EY, where he, among other things, had the opportunity to develop expertise in human resources, change management, internal control, corporate reengineering, mergers and acquisitions and strategic planning.

Over the years, Mr. Leprohon has been part or a member of many boards of directors, audit committees and other governance committees of publicly traded companies, government corporations and not-for-profit organizations. He continues to hold a seat on the board of directors of the Institute of Internal Auditors (Montreal chapter), where he also serves as chairman of the audit committee. Since February 2018, he has been a member of the board of directors of the Société des alcools du Québec, in which function he serves as chair of the audit committee and a member of the human resources committee.



**Louise  
Martel**

● **Director**

- Appointed on August 23, 2018, for a four-year term
- Term renewed until September 30, 2026
- Independent member

- **Honorary Professor**  
- HEC Montréal

A member of the Ordre des comptables professionnels agréés du Québec and holder of a degree in business administration from HEC Montréal, Louise Martel also has a master's in management sciences (M. Sc.-Finance) from the latter institution, where she works as an honorary professor.

Specializing in the fields of financial information and analysis, corporate governance, risk management, internal control and auditing, Ms. Martel has held several positions in the course of her career, including senior lecturer, assistant professor, adjunct professor and head of the Accounting Studies Department at HEC Montréal. She has also been part of KPMG as a senior manager and associate professor on a continuous basis. She is the author of many lectures and some 75 research papers and articles, several of which have been published in national and international journals, earning her an award from the Canadian Academic Accounting Association.

Ms. Martel has also been made a CPA fellow of the Ordre des comptables professionnels agréés du Québec. In recent years, she has been a member of several boards of directors and chair of the audit committee of the Ombudsman for Banking Services and Investments (OBSI) and Télé-Québec.



**Jack  
Siemiatycki**

● **Director**

- Appointed on August 23, 2018, for a two-year term
- Term renewed until September 29, 2026
- Independent member

- **Researcher**  
- Centre de recherche du Centre hospitalier de l'Université de Montréal (crCHUM)
- **Professor of Social and Preventative Medicine and Guzzo Environmental Cancer Research Chair at the Université de Montréal**  
- École de santé publique de l'Université de Montréal

Holder of a master's in statistics and a PhD in epidemiology from McGill University, Dr. Jack Siemiatycki is known in scientific circles for having developed novel and influential research methods in occupational etiology of cancer and for publishing results concerning a wide variety of possible environmental carcinogens. He is also known for the results of his studies on causes of cancer in the workplace and the risk of developing brain cancer from using cellular telephones. He has also authored or co-authored more than 300 articles.

During his career, Mr. Siemiatycki has served on more than a hundred national and international expert advisory boards and on the editorial committees of several scientific journals, including the *American Journal of Epidemiology*. He served as the main expert witness in a class action that led to the conviction of tobacco companies.

An elected member of the Canadian Academy of Health Sciences, he is often called on to speak about the relationship between individual behaviours or environmental factors and the risk of developing various diseases. He has also written children's books.



**Marie-Claude Guay**

● **Director**

- Appointed on February 3, 2020, for a two-year term
- Term renewed until February 9, 2026
- Independent member

- **Director, Management Consulting Services – Business Intelligence, Industry Experts and Innovation Centre**  
– CGI

Holder of an MBA from HEC Montréal, a Bachelor of Arts in foreign language, literature and linguistics from Bishop's University, a certificate in design thinking from IDEO U and a Sustainability Leadership: Innovation for Growth certification from the University of Toronto – Rothman School of Management, Marie-Claude Guay is recognized as an agent of change and innovation.

Having spent nearly 20 years in communications, media and marketing, she has international experience in brand creation and management and business strategy development. She began her career as a journalist at Radio-Canada, where several of her reports won awards. She later served as head of strategic communications and innovative initiatives at Tata Communications, drawing on her expertise to develop and manage digital strategies and public relations for several major international events, including the Mobile World Congress, NAB and Quartz.

Ms. Guay then co-founded and was CEO of Next 3B, an organization of international partners that works to improve access to the Internet around the globe. She has since formed a second market strategy development firm, C. Global Inc., and become a lecturer at HEC Montréal.



**Jean-Claude Dufour**

● **Director**

- Appointed on February 3, 2020, for a two-year term
- Term renewed until February 9, 2026
- Independent member

- **Expert agri-food consultant and corporate director**

Holding a bachelor's degree in agronomy with a plant major, a master's in rural economics and a doctorate in business administration from Université Laval, including specialized studies in distribution, logistics and marketing from the University of Michigan, Jean-Claude Dufour is recognized as a marketing expert in the food industry and for his extensive work and research. He is also an Administrateur de sociétés certifié (ASC).

Mr. Dufour has left his mark on Université Laval, where he worked as a professor for 42 years in addition to serving as dean of the Faculty of Agriculture and Food Science for 12 years. He also chaired the Deans Council – Agriculture, Food and Veterinary Medicine and headed the Faculties of Veterinary Medicine from 2017 to 2019.

In the course of his career, Mr. Dufour has given more than 600 lecture-presentations in several countries, supervised or co-supervised 69 graduate students and authored many publications.

Mr. Dufour has held seats on some 30 boards of directors of corporations, government agencies, investment funds, colleges and universities. He has also chaired the Commission interministérielle sur la révision de la fiscalité agricole au Québec. He was president of the Société de développement de l'industrie maricole du Québec (SODIM) from 2007 to 2013 and chair of the board of the Collège Notre-Dame-de-Foy from 2007 to 2010. He currently sits on the board of directors of the Conseil des appellations réservées et termes valorisants (CARTV).

In 2015, Mr. Dufour was named Quebec food personality of the year by the Conseil de la transformation alimentaire du Québec (CTAQ). He has also received the interprofessional award of merit from the Office des professions du Québec and the Ordre des agronomes du Québec (OAQ) and has been named a Commander of the Ordre du Mérite Agronomique. In 2023, Université Laval awarded him the title of professor emeritus. He is a member of the Ordre des agronomes du Québec.



**Jean-Simon  
Denault**

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● **Director**

- Appointed on December 9, 2021, for a three-year term
- Term renewed until December 10, 2027
- Independent member

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• **Pharmacist**

- Centre hospitalier de l'Université de Montréal (CHUM)
  - Multi-organ Transplant Clinical Division
  - Clinical Informatics Sector
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Having obtained a master's degree in advanced pharmacotherapy and a doctor of pharmacology degree from the Université de Montréal, Jean-Simon Denault also holds an American certification in specialized pharmacotherapy. He is recognized by his peers for his professional and social involvement.

Mr. Denault worked for three years at the CSSS Montérégie-Est before joining the pharmacy team at the Centre hospitalier de l'Université de Montréal. In addition to his clinical obligations, he is currently working on upgrading the technology in use in the establishment's pharmacy department. He also he co-founded the department's pharmacy research committee.

During his career, Mr. Denault has received many honours recognizing the quality of his work and his dedication to pharmacy students. In 2021, he was awarded the Prix d'excellence des cliniciens associés for his involvement in teaching fourth-year pharmacy interns from the Université de Montréal.



## Observers

<p>Ministère de la Santé et des Services sociaux du Québec</p> <p><b>Horacio Arruda</b></p> <p>Sous-ministre adjoint à la Direction générale de la santé publique</p>	<p>Ministère de la Sécurité publique du Québec</p> <p><b>Véronyck Fontaine<sup>1</sup></b></p> <p>Directrice générale aux politiques publiques, à la recherche et aux statistiques</p>	<p>Ministère des Finances du Québec</p> <p><b>Étienne Paré<sup>(2)</sup></b></p> <p>Directeur général de l'optimisation des revenus et des politiques locales et autochtones</p>	<p>Ministère des Affaires municipales et de l'Habitation du Québec</p> <p><b>Érika Desjardins-Dufresne</b></p> <p>Directrice générale de la fiscalité et de l'évaluation foncière</p>
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1. Véronyck Fontaine stepped down from her observer position on March 24, 2025.

2. Étienne Paré stepped down from her observer position on January 24, 2025.

## Directors' Attendance at Meetings of the Board and Board Committees

2024-2025 fiscal year

	BoD <sup>1</sup>	AC <sup>2</sup>	GEC <sup>3</sup>	HPC <sup>4</sup>	HRC <sup>5</sup>
Number of meetings	6	6	4	4	6
<b>Johanne Brunet<sup>6</sup></b>	6/6	6/6	4/4	4/4	6/6
<b>Suzanne Bergeron</b>	6/6	N/A <sup>7</sup>	N/A <sup>7</sup>	N/A <sup>7</sup>	N/A <sup>7</sup>
<b>Céline Blanchet</b>	6/6	N/A	4/4	N/A	6/6
<b>Stéphane Borreman</b>	6/6	N/A	3/4	4/4	N/A
<b>Jean-Simon Denault</b>	6/6	N/A	N/A	4/4	N/A
<b>Jean-Claude Dufour</b>	6/6	N/A	N/A	4/4	6/6
<b>Marie-Claude Guay</b>	6/6	N/A	4/4	4/4	N/A
<b>Martine Lapointe</b>	6/6	5/6	4/4	N/A	N/A
<b>René Leprohon</b>	6/6	6/6	N/A	N/A	6/6
<b>Louise Martel</b>	5/6	6/6	N/A	N/A	6/6
<b>Jack Siemiatycki</b>	6/6	N/A	N/A	4/4	N/A

BoD: Board of Directors

AC: Audit Committee

GEC: Governance, Ethics and Business Practices Committee

HPC: Health Protection Committee

HRC: Human Resources Committee

1. Four (4) regular meetings and two (2) short meetings of the Board of Directors were held during the fiscal year.

2. Four (4) regular meetings and two (2) short meetings of the Audit Committee were held during the fiscal year.

3. Four (4) regular meetings of the Governance, Ethics and Business Practices Committee were held during the fiscal year.

4. Four (4) regular meetings of the Health Protection Committee were held during the fiscal year.

5. Four (4) regular meetings and two (2) short meetings of the Human Resources Committee were held during the fiscal year.

6. The Chair of the Board of Directors is an ex officio member of all Board committees.

7. The President and Chief Executive Officer attended all committee meetings but is not a member of these committees, as their membership is comprised solely of independent members.

## Directors' Compensation

2024-2025 fiscal year  
(in Canadian dollars)

	Meeting fee for BoD meetings <sup>1</sup>	Meeting fee for Board committee meetings <sup>1</sup>	Annual base compensation <sup>2</sup>	Annual total compensation <sup>3</sup>
<b>Johanne Brunet</b>	\$4,955	\$17,838	\$21,168	\$43,961
<b>Céline Blanchet</b>	\$3,310	\$5,958	\$14,556	\$23,824
<b>Stéphane Borreman</b>	\$3,310	\$4,634	\$10,587	\$18,531
<b>Jean-Simon Denault</b>	\$3,310	\$2,648	\$10,587	\$16,545
<b>Jean-Claude Dufour</b>	\$3,310	\$5,958	\$10,587	\$19,855
<b>Marie-Claude Guay</b>	\$3,310	\$5,296	\$10,587	\$19,193
<b>Martine Lapointe</b>	\$3,310	\$5,296	\$10,587	\$19,193
<b>René Leprohon</b>	\$3,310	\$6,620	\$14,556	\$24,486
<b>Louise Martel</b>	\$2,979	\$6,620	\$14,556	\$24,155
<b>Jack Siemiatycki</b>	\$3,310	\$2,648	\$10,587	\$16,545
<b>Total</b>				\$226,288

1. In applying Order in Council 610-2006 and its subsequent amendments, the meeting fee for the Chair of the Board for Board meetings and committee meetings is \$991. The meeting fee for directors other than the Chair of the Board for Board meetings and committee meetings is \$662. For special meetings and short meetings, the respective fees are cut by half.
2. The annual base compensation of the Chair of the Board is \$21,168. The annual base compensation of the other Board members is \$10,587. Céline Blanchet, Louise Martel and René Leprohon received a supplement of \$3,969 to their annual base compensation, each having chaired one of the three statutory committees prescribed by the *Act respecting the governance of state-owned enterprises*.
3. No amount was paid to directors in the form of a taxable benefit.

# Compensation Paid to the Eight Most Highly Compensated Officers

2024–2025 fiscal year  
(in Canadian dollars)

## SQDC executives: compensation in fiscal 2024–2025

Name	Title	Base compensation paid	Variable pay and LTPS paid <sup>1</sup>	Pension plan contribution paid by the SQDC <sup>2</sup>	Other benefits paid or granted <sup>3</sup>	Total compensation for the fiscal year
<b>Suzanne Bergeron</b>	President and Chief Executive Officer	\$323,544	N/A	\$24,128	\$33,075	\$380,747
<b>Robert Dalcourt</b>	Senior Vice-President, Finance and Real Estate	\$241,565	N/A	\$33,218	\$18,071	\$292,854
<b>Josée Laliberté</b>	Senior Vice-President, People and Culture	\$236,764	N/A	\$34,718	\$6,237	\$277,719
<b>Pietro Perrino<sup>4</sup></b>	Corporate Secretary	\$216,915	N/A	–	\$43,383	\$260,298
<b>Geneviève Giroux</b>	Vice-President, Demand and Product Management	\$215,743	N/A	\$35,018	\$12,775	\$263,536
<b>Eve Larrivée<sup>5</sup></b>	Vice-President, eCommerce	\$39,963	N/A	\$6,121	\$244,049	\$290,133
<b>Harry Raphaël<sup>6</sup></b>	Vice-President, Information Technology	\$39,293	N/A	\$4,336	\$176,823	\$220,452

1. The SQDC does not offer a bonus plan, variable pay or a long-term profit-sharing plan (LTPS) to its employees.
2. The vice-presidents participate in the PPMP with an annual pension accrual rate of 2% up to the maximum eligible salary set by Retraite Québec. They also qualify for an annual pension accrual rate of 2% of the portion of their salary exceeding the minimum eligible salary through a supplementary pension plan. The President and Chief Executive Officer of the SQDC participates in the RRAS, under which he or she has an annual pension accrual rate of 3% of his or her salary.
3. Taxable benefits related to, among other things, group insurance, professional dues, car allowances, health assessment allowances and paid vacations and, for the President and Chief Executive Officer, the taxable benefit related to the use of an automobile.
4. Pietro Perrino's compensation is paid by the Ministère du Conseil exécutif du Québec and billed in full to the SQDC. The other benefits paid or granted, which correspond to the amount billed as such by the Ministère du Conseil exécutif to the SQDC, are set at 20% of the amount billed as salary.
5. Ève Larrivée left her position on June 7, 2024. A separation benefit of \$220,00 was paid to her. Her annualized base compensation during the fiscal year was \$196,471. In addition, for the fiscal year, the annualized pension plan contribution assumed by the SQDC was \$22,584, while the other annualized benefits paid or granted were \$253,362.
6. Harry Raphaël left his position on June 7, 2024. A separation benefit of \$153,398 was paid to him. His annualized base compensation during the fiscal year was \$193,176. In addition, for the fiscal year, the annualized pension plan contribution assumed by the SQDC was \$21,918, while the other annualized benefits paid or granted were \$184,534.

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## Government Language Policy

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As the emissary for the French language at the SQDC, the Corporate Secretary is responsible for ensuring compliance with the *Charte de la langue française*, the *Politique linguistique de l'État* and the *Directive du ministre de la Langue française relative à l'utilisation d'une autre langue que la langue officielle par l'Administration* at the SQDC.

At the start of the 2024–2025 fiscal year, the emissary submitted to the Ministère de la langue française the SQDC's own *Directive linguistique*. The SQDC continues to cooperate with the Ministère in the ongoing review of its language directive. When all is said and done, the SQDC's language directive will reaffirm the importance of using and promoting quality French in the SQDC's specific environment.

The SQDC promotes the French language in carrying out its mission, both with its employees and to the benefit of its customers. The Retail Council of Canada, in collaboration with the Léger firm and the Office québécois de la langue française, presented the 2025 Molière Retail Award to the SQDC for the company's excellent use of the French language on its website.

Out of 1,292 employee positions, the SQDC has 47 for which knowledge of a language other than French is required. It has no positions for which a level of knowledge of a language other than French is desirable.

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## Strategic Plan 2024–2026

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The SQDC Strategic Plan 2024–2026 is at the centre of the actions that the company takes to fulfill its mission and continuing capturing shares of the illegal cannabis market, all while working to protect Québecers' health.

Faced with the rapidly evolving expectations of workers, users and citizens, the SQDC team developed a strategy comprising three orientations: engage our teams, serve our customers, and raise the SQDC's profile.

The results achieved in the second year of the plan will be found in the Review of Activities section of this report.

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## Social Responsibility Plan 2024–2026

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Aligned with the orientations of the SQDC Strategic Plan 2024–2026, the Social Responsibility Plan 2024–2026 guides the company's actions to improve its performance in the areas of environment, society and governance. It enables the SQDC to meet its obligations under the *Sustainable Development Act* and contribute to the efforts made as part of the Québec government's *Stratégie gouvernementale de développement durable*.

The results achieved for the second year of the Social Responsibility Plan 2024–2026 is the section preceding the Governance section of this report.

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## Measures to evaluate the company's effectiveness and performance

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Benchmarking of the company's performance was carried out during fiscal 2023–2024 by the KPMG firm. The results of the process were presented on pages 95 to 97 of the SQDC Annual Report 2024. The Act respecting the governance of state-owned enterprises requires that the evaluation be performed every three years by an independent firm.

# Access to Information and the Protection of Personal Information

## Report on access requests received

The SQDC handles requests for access to documents in conformance with the *Act respecting access to documents held by public bodies and the protection of personal information*. In fiscal 2024–2025, 20 requests were received and 20 requests were processed.<sup>1</sup> The following table presents a detailed breakdown of the requests handled during the fiscal year.

### Number of requests handled, by type and processing time

	Type of request handled during the fiscal year		
	Access requests		
Processing time	Administrative documents (number)	Personal information (number)	Correction (number)
0 to 20 days	12	0	5
21 to 30 days	3	0	0
31 days or longer (if applicable)	0	0	0
<b>Total</b>	<b>15</b>	<b>0</b>	<b>5</b>

1. Requests received at fiscal year-end may be processed at the beginning of the following fiscal year, which is why two figures are presented and, in some years, may differ.

### Number of requests handled, by type and decision

	Access requests			Cited sections of the Act
	Administrative documents (number)	Personal information (number)	Correction (number)	
Accepted (entirely)	6	0	0	
Partially accepted	5	0	0	9, 14, 15, 21, 22, 23, 24, 27, 28, 32, 37, 53, 54
Refused (entirely)	1	0	0	15, 29, 53, 54
Other <sup>1</sup>	3	0	5	
<b>Total</b>	<b>15</b>	<b>0</b>	<b>5</b>	

1. The administrative document cases classified as "Other" are ones in which the requested document did not exist. The personal information document cases classified as "Other" are related to an abandonment of action.

### Reasons for refusal

The stated reasons for refusing access to documents held by the SQDC were that the documents concerned or contained:

- confidential information;
- personal information;
- information related to a collective agreement or contract negotiating mandate or strategy;
- information having an impact on security measures and the prevention of criminal or statutory offences; or
- information of a commercial nature.

# Code of Ethics and Professional Conduct for the Directors of the Société québécoise du cannabis

## Preamble

**Whereas** the members of the Board of Directors are required to adopt a Code of Ethics and Professional Conduct under the *Act respecting the governance of state-owned enterprises* (CQLR c. G 1.02);

**Whereas** the law and the *Regulation respecting the ethics and professional conduct of public office holders* prescribe principles of ethics and rules of professional conduct applicable to directors, which are partly reproduced for information purposes in Schedule 1 of this Code;

**Whereas** the adoption of a Code of Ethics and Professional Conduct is intended to preserve and reinforce the citizens' bond of trust in the integrity and impartiality of the Société's Board of Directors, encourage transparency and make directors and public office holders aware of their responsibilities;

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

**In consideration of the foregoing**, the members of the Board of Directors shall adopt the following Code of Ethics and Professional Conduct:

## Section 1 – Interpretation

1. In this Code, unless otherwise indicated by the context:

- a) **"director"** means a member of the Société's Board of Directors;
- b) **"association"** means an association or group of persons with a direct or indirect interest in the cannabis trade;
- c) **"relevant authority"** means the secretary general of the Société des alcools du Québec (SAQ);
- d) **"committee"** means the Société's Governance and Ethics Committee;

- e) **"spouse"** means spouses and persons living as if married for more than one year;
- f) **"Board"** means the Société's Board of Directors;
- g) **"contract"** includes a proposed contract;
- h) **"control"** means the direct or indirect holding by a person of shares conferring more than 50% of voting or participation rights, without the right depending on the occurrence of a particular event, or allowing the majority of the members of its board of directors to be elected;
- i) **"embargo"** means a temporary ban, applicable to all directors, on dealing in or carrying out a transaction involving the shares of a public or private corporation;
- j) **"enterprise"** means any form of economic unit for the product of goods or services or any other business of a commercial, industrial or financial nature;
- k) **"enterprise operating in the same business segment"** means an enterprise having a direct or indirect interest in the cannabis field, including an enterprise whose activities are comparable in nature to those of the Société and which may complete against them;
- l) **"related enterprise"** means the Société des alcools du Québec (the "SAQ"), a subsidiary thereof and any legal person or corporation of which shares are directly or indirectly held by the SAQ or a wholly owned subsidiary of the SAQ;
- m) **"immediate family"** means the spouse of a director, the child of the director or of the director's spouse, the director's father, mother, brother and sister, the spouse of the director's mother and father, the spouse of the spouse's mother and father, the spouse of the director's child or any other person for which the director acts as a legal representative or administrator of the property of others;

**Code of Ethics and Professional Conduct**  
for the Directors of the Société québécoise du cannabis

- n) **"confidential information"** means any information regarding the Société or one of its subsidiaries or related enterprises, its directors, officers, employees, partners and suppliers, all personal information unless the information is of a public nature by law as well as any other information related to an industry or sector and all information of a strategic nature, which is not public knowledge;
- o) **"inside information"** means any information not yet known to the public and likely to affect the decision of a reasonable investor or likely to have an appreciable influence on the value or price of the securities of a public or private company, including information concerning an issue of securities, a change in dividend policies, a significant change in the composition of the management team or a significant change relating to the Société's business. All inside information is deemed to constitute confidential information;
- p) **"Act"** means the *Act respecting the governance of state-owned enterprises* (CQLR c. G 1.02), as amended and modified from time to time;
- q) **"Organization"** means a not-for-profit organization or legal person with a direct or indirect interest in the cannabis field;
- r) **"person"** means any physical or legal person, as determined by the context of the Code;
- s) **"Société"** means the Société québécoise du cannabis;
- t) **"security"** means any security within the meaning of the *Securities Act* (CQLR c. V 1.1) and includes shares, bonds, subscription rights and warrants, partnership shares, private company stock and options, futures contracts or derivatives, except for any government-issued debt instrument, Treasury bonds, term notes and certificates of deposit issued by a financial institution or a government. Any current, eventual or conditional instrument or instrument that confers the right to buy securities is also considered a security.

- 2. In this code, a prohibited action includes any attempt to perform such action.

## Section 2 – General Provisions

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- 3. The purpose of this Code is to establish the ethical principles and rules of professional conduct for the members of the Board.

The ethical principles take into account the Société's mission, the values underlying its action and its general management principles.

The rules of professional conduct apply to the directors' duties and obligations; they clarify and illustrate them in an indicative manner.

- 4. In performing his duties, a director is required to comply with the ethical principles and rules of professional conduct prescribed by the Act and by the *Regulation respecting the ethics and professional conduct of public office holders*, as well as the principles and rules set forth in this Code of Ethics and Professional Conduct. In case of discrepancy, the more stringent provisions shall apply.
- 5. Within 30 days of the adoption of this Code by the Board of Directors, every director shall complete and sign the attestation reproduced in Schedule 2 hereof. Once completed, the attestation shall be remitted to the Chair of the Board of Directors, who shall entrust it to the Société's secretary for safekeeping.

Every new director shall do likewise within 30 days of being appointed.

The Société shall take the actions necessary to protect the confidentiality of the information provided by the directors hereunder.

- 6. The directors undertake to cooperate with the Chair of the Board of Directors and comply with the opinions that the Chair may be called upon to give verbally or in writing.

## Code of Ethics and Professional Conduct

for the Directors of the Société québécoise du cannabis

### Section 3 – Ethical Principles

7. For the duration of his term in office, a director shall act with caution, diligence, honesty and loyalty in the Société's interest.

A director shall discharge his duties effectively and assiduously, and in accordance with the law and principles of fairness.

In performing his duties, a director shall give his colleagues and the Société the benefit of the knowledge and skills he has acquired in the course of his career.

8. A director may not discharge his duties in his own interest or that of a third party.
9. A director shall make decisions so as to ensure and maintain the bond of trust between the Société, its customers, suppliers and partners, as well as the government.
10. A director shall assure and maintain the confidentiality of the information obtained in the course of his duties as a member of the Board. He shall take the actions necessary to ensure the confidentiality of any confidential or inside information of which he becomes aware or makes use in performing his duties. Specifically, these measures include:
  - a) not leaving the documents containing confidential information in the view of third parties or persons not involved;
  - b) not sharing with or leaving in view of third parties passwords that provide access to documents containing confidential information;
  - c) taking appropriate measures to ensure the physical protection of paper or electronic documents;
  - d) ensuring any confidential document that is no longer required for performing his duties as a director is destroyed; and
  - e) not favouring one party over another in business relations they have or could have with the Société.

The obligations mentioned in this section remain in effect even after the director has ceased to hold his position.

11. The decisions of the Board of Directors are public, unless otherwise decided by the Board for serious reasons; however, the directors' discussions, viewpoints and votes are confidential.

### Section 4 – Rules of Professional Conduct

12. A director shall avoid placing himself in a situation of conflict between his personal interest and the duties of his office or in any situation likely to cast reasonable doubt on his ability to discharge his duties with loyalty and impartiality.
13. A director may not, on penalty of dismissal, have a direct or indirect interest in an organization, an association or an enterprise operating in the same business segment. However, such dismissal shall not occur if such interest devolves on him by succession or gift, provided he renounces it or disposes of it promptly.

A full-time director, including the president and chief executive officer, may not, on penalty of dismissal, have a direct or indirect interest in an organization, an association, a related enterprise, an enterprise operating in the same business segment or a private or public company that places his personal interest in conflict with that of the Société. However, such dismissal shall not occur if such interest devolves on him by succession or gift, provided he renounces it or disposes of it promptly.

Any director, other than a full-time director, who has or whose employer has a direct or indirect interest in an organization, an enterprise, a public company, a private company, a contract or an association shall disclose such interest immediately and in writing and shall refrain from taking part in any deliberation or any discussion regarding the organization, enterprise, company, contract or association in which he has the interest. Moreover, he shall withdraw from the meeting for the duration of the deliberations and vote related to this issue.

As soon as he becomes aware of it, the director shall disclose any claim which he could assert against the Société and indicate its nature and value, if applicable.

### Code of Ethics and Professional Conduct

for the Directors of the Société québécoise du cannabis

14. A director who holds inside information relating to a private or public company is forbidden from sharing the information.

A director who holds inside information about a private or public company which could involve the Société or one of its subsidiaries shall contact the secretary general, who shall determine whether the security concerned must be placed under embargo. The director shall also refrain from sharing or using this inside information except for the purposes for which it was provided to him.

15. A director is bound to discretion in regard to anything that comes to his knowledge in the performance or during the performance of his duties and is at all times bound to maintain the confidentiality of information thus received.

Any document identified as confidential by the Board of Directors or the secretary general shall be treated as such and shall not be transmitted or passed on or its content disclosed to anyone by the director without specific authorization from the Board.

A director may not accept a gift, hospitality or other advantage except what is customary and of modest value. Any gift, hospitality or advantage that does not meet these criteria shall be returned to the donor or remitted to the Société.

16. A director may not, directly or indirectly, grant, seek or accept a favour or undue advantage for himself or for a third party.
17. A director may not accept nor seek an advantage from a person or enterprise doing business with the Société or a related enterprise or a subsidiary or acting on behalf or for the benefit of such a person or enterprise, if such advantage is intended or likely to influence him in the performance of his duties or to generate such expectations.
18. A director shall not make any commitments to third parties nor offer them any guarantee about a vote he may be called upon to take or influence that he may be able to exert on any decision whatsoever that the Board of Directors may be called upon to make.

19. In performing his duties, a director may not do business with a person who has ceased being a director of the Société for less than one year if the person is acting on behalf of others with respect to a procedure or other operation to which the Société is a party and about which this person holds information that is not public knowledge.

20. Upon ceasing to perform his duties, no director shall disclose any information that is not public knowledge regarding the Société or another organization or enterprise with which it had significant direct relations during the year preceding the cessation of his duties.

In the year following this date, he is forbidden from acting for or on behalf of others with respect to a procedure, negotiation or other operation to which the Société is a party and about which he holds information that is not public knowledge.

21. A director shall collaborate with the Chair of the Board or of the committee when requested to do so.
22. A director who intends to run as a candidate for an elected position shall inform the Chair of the Board of it.

The Chair of the Board or the president and chief executive officer with the same intention shall inform the secretary general of the Executive Committee and the relevant authority of it.

## Section 5 – Disclosure and Abstention

23. The disclosure required under article 13 is made:

- where the contract or matter in question is discussed; or
- after the director who had no interest in the contract or matter in question acquires one.

24. A director shall make the disclosure required under article 13 as soon as he becomes aware of a contract described in this article and which, in the normal course of business of the Société, does not require the approval of the directors.

### Code of Ethics and Professional Conduct

for the Directors of the Société québécoise du cannabis

25. Articles 12, 13, 15, 16, 17, 18, 22, 23 and 24 shall also apply when the interest in question is held by a member of the director's immediate family.
26. A director shall remit to the secretary of the Société, within 30 days of his appointment and on March 31 of every year he remains in office, a statement in the form prescribed by Schedule 3 containing the following information:
  - a) statement of conformance with the provisions of the Code of Ethics and Professional Conduct for the Directors of the Société québécoise du cannabis;
  - b) the name of any legal person, related enterprise, enterprise operating in the same business segment or public or private company in which, to the best of his knowledge, his immediate family or he holds shares, debt, securities or any other form of pecuniary interest in;
  - c) the name of any legal person, related enterprise, enterprise operating in the same business segment or private or public company for which his spouse or he holds an employee's, director's or officer's position or any analogous position or other interest in for-profit or not-for-profit legal persons; and
  - d) the name of any legal person, related enterprise, enterprise operating in the same business segment or private or public company in which he holds other interests which bind him to a legal person and which could be seen as liable to influence his assessment of items submitted to the Board regarding the legal person, enterprise or company.

A director to whom the provisions of paragraphs 26 a) to d) do not apply shall make a statement to that effect and remit it to the secretary of the Société.

A director shall also produce such a statement in the 30 days of any significant change in its content.

Statements remitted under this article shall be deemed confidential and treated accordingly.

27. The secretary of the Société shall keep available to the directors and the committee the statements received in application of articles 5 and 26. In addition, the secretary of the Société shall advise the Chair of the Board and the Committee of any failure to meet the obligations specified in this Code as soon as he becomes aware of it.

### Section 6 – Directors Appointed to Other Boards

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28. A person appointed by the Société to perform the duties of director with another organization or enterprise (hereinafter the "appointee") shall be bound by the ethical principles and rules of conduct under the law, the Regulation and this Code, as well as those set forth in the code of ethics and professional conduct of such organization or enterprise. In case of discrepancy, the more stringent principles and rules shall apply.
29. During his tenure as a Board member, the appointee shall be entitled only to the corresponding compensation. This compensation shall not include, even in part, cash benefits such as those made possible by profit sharing based on changes in stock value or on investment in capital stock of the enterprise. However, any compensation awarded to the president and chief executive officer of the Société shall be paid directly to the Société.
30. Without prejudice to confidentiality agreements and the duty to act with honesty and loyalty and, more generally, commitments of the same nature under the Act and the code of ethics of the organization or enterprise in which the appointee performs the duties of a director, the appointee shall inform the Société of any issue raised on the agenda of a board of directors' meeting of the organization or enterprise that may have a significant impact on the finances, reputation or operations of the Société.  
  
The appointee shall inform the Société of any such issue within a reasonable time, prior to the directors' vote on the issue.

**Code of Ethics and Professional Conduct**  
for the Directors of the Société québécoise du cannabis

## Section 7 – Exemptions

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31. This code does not apply to the following:
- a) the holding of interests through a mutual fund in whose management the director does not take part directly or indirectly;
  - b) the holding of interests through a blind trust on whose composition the beneficiary has no right of review;
  - c) the holding of the minimum number of shares required in order to be eligible as a director of legal person, provided it is not an enterprise operating in the same business segment;
  - d) an interest which, by its nature and scope, is common to the population in general or to a particular sector in which the director or officer is involved;
  - e) a directors liability insurance policy; the holding of securities issued or guaranteed by the Société, a government or a municipality with conditions that are identical for all; and
  - f) the holding of securities in a publicly traded company or a private company, other than a related enterprise or an enterprise operating in the same business segment, which correspond to less than 5% of this category of securities of this company.

## Section 8 – Disciplinary Process

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32. The Committee shall see to the application of this Code, interpret its provisions and ensure the directors' compliance with the principles of ethics and rules of professional conduct. The Committee has a mandate to:
- a) give advice and support to the Société and any director faced with a situation that he deems to be a problem;
  - b) deal with any inquiry about this Code; and
  - c) investigate on its own initiative or upon report of any alleged irregularities with regard to this Code.

- 33. The secretary general of the Société shall maintain archives where shall be kept any statements, disclosures and attestations that must be submitted to him under this Code, as well as reports, decisions and advisories.
- 34. The Committee may seek or receive advice from external advisors or experts on any matter it shall deem appropriate.
- 35. The Committee shall preserve the anonymity of complainants, claimants and informers unless they manifestly intend otherwise. It shall not be compelled to reveal any information likely to disclose their identity, unless required by law or the courts.
- 36. If it has reasonable grounds to believe a director has failed to comply with one of the provisions of this Code, the Committee shall immediately inform the Board and the relevant authority and remit to it a complete copy of his file.
- 37. Any employee or director of the Société may, on his own initiative, file a complaint with the relevant authority against a director.
- 38. The complaint shall be dealt with by the relevant authority and, where applicable, sanctions shall be applied against the director at fault, in conformity with the *Regulation respecting the ethics and professional conduct of public office holders*.

## Section 9 – Final Provisions

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39. This Code of Ethics and Professional Conduct shall come into effect as of the meeting following its adoption by the Board of Directors.
- It shall not be retroactive.

## Schedule 1

### Excerpts from acts and regulations respecting the ethical principles and rules of professional conduct applicable to public office holders

**Québec Civil Code** (CQLR c. C-1991)

**Art. 321.** A director is considered to be the mandatary of the legal person. He shall, in the performance of his duties, conform to the obligations imposed on him by law, the constituting act or the by-laws and he shall act within the limits of the powers conferred on him.

**Art. 322.** A director shall act with prudence and diligence.

He shall also act with honesty and loyalty in the best interest of the legal person.

**Art. 323.** No director may mingle the property of the legal person with his own property nor may he use for his own profit or that of a third person any property of the legal person or any information he obtains by reason of his duties, unless he is authorized to do so by the members of the legal person.

**Art. 324.** A director shall avoid placing himself in any situation where his personal interest would be in conflict with his obligations as a director.

A director shall declare to the legal person any interest he has in an enterprise or association that may place him in a situation of conflict of interest and of any right he may set up against it, indicating their nature and value, where applicable. The declaration of interest is recorded in the minutes of the proceedings of the board of directors or the equivalent.

**Art. 325.** A director may, even in carrying on his duties, acquire, directly or indirectly, rights in the property under his administration or enter into contracts with the legal person.

The director shall immediately inform the legal person of any acquisition or contract described in the first paragraph, indicating the nature and value of the rights he is acquiring, and request that the fact be recorded in the minutes of proceedings of the board of directors or the equivalent. He shall abstain, except if required, from the discussion and voting on the question. This rule does not, however, apply to matters concerning the remuneration or conditions of employment of the director.

**Art. 326.** Where the director of a legal person fails to give information correctly and immediately of an acquisition or a contract, the court, on the application of the legal person or a member, may, among other measures, annul the act or order the director to render account and to remit the profit or benefit realized to the legal person.

The action may be brought only within one year after knowledge is gained of the acquisition or contract.

**Regulation respecting the ethics and professional conduct of public office holders** (CQLR c. M-30, r. 1)

#### Chapter II – Ethical Principles and General Rules of Professional Conduct

4. Public office holders are appointed or designated to contribute, within the framework of their mandate, to the accomplishment of the State's mission and, where applicable, to the proper administration of its property.

They shall make their contribution in accordance with law, with honesty, loyalty, prudence, diligence, efficiency, application and fairness.

5. In the performance of his duties, a public office holder is bound to comply with the ethical principles and the rules of professional conduct prescribed by law and by this Regulation, as well as the principles and rules set forth in the code of ethics and professional conduct applicable to him. In case of discrepancy, the more stringent principles and rules shall apply.

In case of doubt, he shall act in accordance with the spirit of those principles and rules. He shall, in addition, arrange his personal affairs in such a manner that they cannot interfere with the performance of his duties.

A public office holder is bound by the same obligations where, at the request of a government agency or corporation, he performs his duties within another government agency or corporation, or is a member thereof.

## Schedule 1

6. A public office holder is bound to discretion in regard to anything that comes to his knowledge in the performance or during the performance of his duties and is at all times bound to maintain the confidentiality of information thus received.

That obligation does not have the effect of preventing a public office holder from consulting or reporting to a specific interest group that he represents or to which he is linked, except where the information is confidential by law or where the board of directors requires that confidentiality be maintained.

7. In the performance of his duties, a public office holder shall make decisions regardless of any partisan political considerations.
8. A chairman of the board of directors, a chief executive of an agency or corporation and a full-time public office holder shall demonstrate reserve in the public expression of their political opinions.
9. A public office holder shall avoid placing himself in a situation of conflict between his personal interest and the duties of his office.

He shall reveal to the agency or corporation within which he is appointed or designated to office any direct or indirect interest that he has in an agency, corporation or association likely to place him in a situation of conflict of interest, as well as any rights that he may assert against the agency or corporation, and shall indicate, where applicable, their nature and value.

A public office holder appointed or designated to an office within another agency or corporation shall, subject to section 6, also reveal any such situation to the authority that appointed or designated him.

10. A full-time public office holder may not, on penalty of dismissal, have a direct or indirect interest in an agency, corporation or association entailing a conflict between his personal interest and that of the agency or corporation within which he is appointed or designated to an office. Notwithstanding the foregoing, such dismissal shall not occur if such interest devolves on him by succession or gift, provided that he renounces it or disposes of it promptly.

Any other public office holder who has a direct or indirect interest in an agency, corporation or association entailing a conflict between his personal interest and that of the agency or corporation within which he is appointed or designated to an office shall, on penalty of dismissal, reveal the interest in writing to the chairman of the board of directors and, where applicable, shall abstain from participating in any deliberation or any decision pertaining to the agency, corporation or association in which he has that interest. In addition, he shall withdraw from the sitting for the duration of the deliberations and the vote concerning that matter.

This section does not prevent a public office holder from expressing opinions about conditions of employment applied at large within the agency or corporation and that could affect him.

11. A public office holder shall not treat the property of the agency or corporation as if it were his own property and may not use it for his own benefit or for the benefit of a third party.
12. A public office holder may not use for his own benefit or for the benefit of a third party information obtained in the performance or during the performance of his duties.

That obligation does not have the effect of preventing a public office holder from consulting or reporting to a specific interest group that he represents or to which he is linked, except where the information is confidential by law or where the board of directors requires that confidentiality be maintained.

13. A full-time public office holder shall perform exclusively the duties of his office, except where the authority having appointed or designated him also appoints or designates him to other duties. Notwithstanding the foregoing, he may, with the written consent of the chairman of the board of directors, engage in teaching activities for which he may be remunerated or in non-remunerated activities within a non-profit organization.

The chairman of the board of directors may likewise be so authorized by the Secretary General of the Conseil exécutif. However, the chairman of the board of directors of a government agency or corporation that holds 100% of the shares of a second government agency or corporation is the authority who may give such an authorization to the chairman of the board of directors of that second agency or corporation.

*Schedule 1*

14. A public office holder may not accept any gift, hospitality or other advantage, except what is customary and is of modest value.  
  
Any other gift, hospitality or advantage received shall be returned to the giver or shall be remitted to the State.
15. A public office holder may not, directly or indirectly, grant, solicit or accept a favour or an undue advantage for himself or for a third party.
16. In the decision-making process, a public office holder shall avoid allowing himself to be influenced by offers of employment.
17. A public office holder who has left public office shall conduct himself in such a manner as not to derive undue advantages from his previous service with the agency or corporation.
18. It is prohibited for a public office holder who has left public office to disclose confidential information or to give anyone advice based on information not available to the public concerning the agency or corporation for which he worked, or concerning another agency or corporation with which he had a direct and substantial relationship during the year preceding the end of his term of public service.  
  
Within one year after leaving office, a public office holder shall not act for or on behalf of anyone else in connection with a proceeding, negotiation or other transaction to which the agency or corporation that he served is a party and about which he has information not available to the public.  
  
A public office holder of an agency or corporation referred to in the second paragraph may not, in the circumstances referred to in that paragraph, deal with a public office holder referred to therein for one year following the end of his term of public service.
19. The chairman of the board of directors shall ensure that the public office holders of the agency or corporation comply with the ethical principles and rules of professional conduct.

**Chapitre III – Political Activities**

20. A full-time public office holder, the chair of a board of directors and the chief executive officer of an agency, body or enterprise who intends to run for election to an elective public office shall so inform the Secretary General of the Conseil exécutif.
21. The chair of a board of directors or a chief executive officer of an agency, body or enterprise wishing to run for election to an elective public office shall resign from his position.
22. A full-time public office holder wishing to run for election to the National Assembly, the House of Commons of Canada or another elective public office whose functions will probably be performed on a full-time basis shall request, and is entitled to, leave without remuneration, from the day on which he announces that he is a candidate.
23. A full-time public office holder wishing to run for election to an elective office whose functions will probably be performed on a part-time basis, but whose candidacy may make it impossible for him to demonstrate reserve as required, shall apply for, and is entitled to, leave without remuneration from the day on which he announces that he is a candidate.
24. A full-time public office holder who is granted leave without remuneration in accordance with section 22 or 23 is entitled to return to his duties no later than on the thirtieth day following the final date for nominations, if he is not a candidate, or, where he is a candidate, no later than on the thirtieth day following the date on which a person other than he is declared elected.
25. A full-time public office holder whose term of office is of fixed duration, who is elected to a full-time public office and who agrees to his election shall immediately resign from his position as a public office holder.  
  
A full-time public office holder who is elected to a part-time public office shall, where that office may make it impossible for him to demonstrate reserve as required, resign from his position as a public office holder.
26. A full-time public office holder whose term of office is not of fixed duration who is elected to a public office is entitled to leave without remuneration for the duration of his first elective term of office.

## Schedule 1

**Chapitre IV – Remuneration**

27. A public office holder shall be entitled, for the performance of his duties, solely to the remuneration related to those duties. Such remuneration may not include, even partially, monetary advantages such as those established, in particular, by a profit-sharing plan based on the variation in the value of shares or on a participation in the capital stock of the enterprise.

28. A public office holder dismissed for just and sufficient cause may not receive a severance allowance or payment.

29. A public office holder who has left public office, who has received or is receiving a severance allowance or payment and who holds an office, employment or any other remunerated position in the public sector during the period corresponding to that allowance or payment shall refund the part of the allowance or payment covering the period for which he receives a salary, or shall cease to receive it during that period.

Notwithstanding the foregoing, where the salary he receives is lower than the salary he received previously, he shall be required to refund the allowance or payment only up to the amount of his new salary, or he may continue to receive the part of the allowance or payment that exceeds his new salary.

30. Any person who has received or is receiving a severance allowance or payment from the public sector and who receives a salary as a public office holder during the period corresponding to that allowance or payment shall refund the part of the allowance or payment covering the period for which he receives a salary, or shall cease to receive it during that period.

Notwithstanding the foregoing, where the salary that he receives as a public office holder is lower than the salary he received previously, he shall be required to refund the allowance or payment only up to the amount of his new salary, or he may continue to receive the part of the allowance or payment that exceeds his new salary.

31. A full-time public office holder who has left public office, who has received so-called assisted departure measures and who, within 2 years after his departure, accepts an office, employment or any other remunerated position in the public sector shall refund the sum corresponding to the value of the measures received by him, up to the amount of the remuneration received, by the fact of his return to the public sector, during that 2-year period.

32. Sections 29 to 31 do not apply to part-time teaching activities by a public office holder.

33. For the purposes of sections 29 to 31, “public sector” means the agencies, bodies, institutions and enterprises referred to in the Schedule.

The period covered by the severance allowance or payment referred to in sections 29 and 30 shall correspond to the period that would have been covered by the same amount if the person had received it as a salary in his former office, employment or position.

**Chapitre V – Code of Ethics and Professional Conduct**

34. The members of the board of directors of each government agency, body or enterprise shall adopt a code of ethics and professional conduct in conformity with the principles and rules established by this Regulation.

35. The code shall establish the ethical principles and the rules of professional conduct of the agency, body or enterprise.

The ethical principles shall reflect the agency's, body's or enterprise's mission, the values underlying its operations and its general principles of management.

The rules of professional conduct shall pertain to the duties and obligations of public office holders. The rules shall explain and illustrate those duties and obligations in a concrete manner. They shall in particular cover:

- (1) preventive measures, specifically, rules concerning the declaration of interests held by a public office holder;
- (2) identification of situations of conflict of interest; and
- (3) the duties and obligations of public office holders even after they have left public office.

36. Each agency, body or enterprise shall take the necessary measures to ensure the confidentiality of the information provided by public office holders under this Regulation.

*Schedule 1***Chapitre VI –Disciplinary Process**

37. For the purposes of this Chapter, the authority competent to act is the Associate Secretary General for Senior Positions of the ministère du Conseil exécutif where the person concerned is the chair of the board of directors, a public office holder appointed or designated by the Government or a minister.

The chair of the board of directors is the authority competent to act in respect of any other public office holder.

Notwithstanding the foregoing, the chair of the board of directors of a government agency, body or enterprise that holds 100% of the shares of a second government agency, body or enterprise is the authority competent to act in respect of the chair of the board of directors of that second agency, body or enterprise, except where he himself is its chair.

38. A public office holder accused of a violation of ethics or professional conduct may be temporarily relieved of his duties, with remuneration, by the competent authority, in order to allow an appropriate decision to be made in an urgent situation requiring rapid action or in a presumed case of serious misconduct.
39. The competent authority shall inform the public office holder of the violations of which he is accused, of the possible penalty and that he may, within 7 days, provide it with his observations and, if he so requests, be heard regarding the alleged violations.
40. Where it is concluded that a public office holder has violated the law, this Regulation or the code of ethics and professional conduct, the competent authority shall impose a penalty.

However, where the competent authority is the Associate Secretary General referred to in section 37, the penalty shall be imposed by the Secretary General of the Conseil exécutif. Furthermore, if the penalty proposed is the dismissal of public office holder appointed or designated by the Government, the penalty may be imposed by the Government only; in that case, the Secretary General of the Conseil exécutif may suspend the public office holder immediately, without remuneration, for a period not exceeding 30 days.

41. The penalties that may be imposed on the public office holder is a reprimand, a suspension without remuneration for a maximum of 3 months or the dismissal.
42. Any penalty imposed on a public office holder, as well as the decision to temporarily relieve him of his duties, shall be in writing and give the reasons therefor.

## Schedule 2

### **Declaration of adherence to the Code of Ethics and Professional Conduct for the Directors of the Société québécoise du cannabis**

I, the undersigned, \_\_\_\_\_, domiciled and residing at \_\_\_\_\_, in the city of \_\_\_\_\_, Province of Québec, Director of the Société québécoise du cannabis, declare that I have read the Code of Ethics and Professional Conduct for Directors of the Société québécoise du cannabis adopted by the Board of Directors on November 15, 2018, and understand its meaning and scope. I hereby declare myself bound by each of its provisions as if it were a contractual obligation on my part toward the Société québécoise du cannabis.

Signed in \_\_\_\_\_, on \_\_\_\_\_

\_\_\_\_\_

Director

## Schedule 3

### Declaration of Interest Statements

(In conformance with article 26 of the Code of Ethics and Professional Conduct for the Directors of the Société québécoise du cannabis)

I, \_\_\_\_\_, a member of the Board of Directors of the Société québécoise du cannabis, declare the following interests:

1. Shares, debt, securities or any other form of pecuniary interest which, to the best of my knowledge, my immediate family or I hold in for-profit or not-for-profit legal persons <sup>1,2</sup> or which form a significant part of my holdings or of the holdings of my immediate family and could be liable to influence my assessment of items submitted to the Board regarding these legal persons.			
Name of the legal person	Amount of the interests	Description (e.g. shares)	Approximate value of the interest or percentage of holdings

☐ My immediate family and I do not hold interests corresponding to this statement.

- Treasury bonds or monetary instruments and government (federal and provincial) bonds are not considered as interests in a legal person.
- Art. 31 para. f): "... does not apply to ... the holding of securities in a publicly traded company or a private company, other than a related enterprise or an enterprise operating in the same business segment, which correspond to less than 5% of this category of securities of this company."

2. Employee's, director's or officer's position or any analogous position or other interest which my immediate family or I hold in for-profit or not-for-profit legal persons	
Name of the legal person	Position title or nature of the interests

☐ My immediate family and I do not hold interests corresponding to this statement.

3. Other interests which connect me to a legal person and could be perceived as potentially influencing my assessment of items submitted to the Board affecting that legal person	
Name of the legal person	Nature of the interest

☐ I do not hold any interests corresponding to this statement.

Signed in \_\_\_\_\_,

on \_\_\_\_\_

\_\_\_\_\_  
Member of the Board of Directors



**Robert Dalcourt**  
Senior Vice-President, Finance and Real Estate

**Josée Laliberté**  
Vice-President, Culture and Communication

**Yves Christian Lokossou**  
Vice-President, Information Technology and Cybersecurity

# Finance

# Financial review

**This report reviews the operations of the Société québécoise du cannabis (SQDC) for the year ended March 29, 2025, its financial position and its cash flows as at that date.**

The report should be read in conjunction with the financial statements and notes thereto, which will be found later in this section. The information contained in this analysis includes all significant transactions and events that have occurred up to May 22, 2025.

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## Highlights of 2024–2025

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The 2024–2025 fiscal year was affected by the implementation of the second year of the Strategic Plan 2024–2026 which allowed the SQDC to fulfill its mission.

For the fiscal year ended March 29, 2025, the SQDC recorded a sales volume of 149,223 kg of cannabis, an increase of 21.8% compared with the previous fiscal year (122,478 kg in 2023–2024). The company's sales increased by 12.0% compared with the 2023–2024 fiscal year and generated a total of \$741.5 million.

This sales volume increase is due, in particular, to the opening of seven new stores during the 2024–2025 fiscal year. The addition of new points of sale is aligned with the objectives of the SQDC's strategic plan aimed at optimizing accessibility and, ultimately, pursuing its mission.

Growing demand for products in the concentrates category also impacted the increase in sales. This category effectively increased sales volume due to the per-gram conversion factor, which diluted the average sales price of a gram. This factor largely explains the discrepancy between the percentage sales increase and the sales volume.

Other situations also contributed to the sales increase compared with the previous year. These include increased traffic during the summer months and holiday season of the current year in addition to the resolution of the labour conflict during the third quarter of 2023–2024.

It is also worth noting that there were 52 weeks in fiscal year 2024–2025 as opposed to 53 weeks during the previous year.

With regard to net expenses, the SQDC maintained its sound management of operating expenses while investing in strategic projects to ensure alignment with the objectives of its strategic plan. Accordingly, the SQDC strengthened its technology infrastructure by introducing new business solutions that will positively impact the company's teams and the efficiency of its operations.

As at March 29, 2025, the company's well-established sales network comprised 104 stores in every region of the province, and the company will continue to assess market opportunities for the deployment of other points of sale during fiscal 2025–2026.

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## Overview of results

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For the fiscal year ended March 29, 2025, the SQDC reported net income of \$118.1 million compared with \$104.1 million for the previous year. Of this amount, a sum of \$118.0 million is remitted to the Ministère des Finances du Québec in the form of a dividend, which will be reinvested primarily in cannabis-related prevention and research.

In addition, the company's operations generated consumer and excise tax revenue, estimated to be approximately \$249.5 million (\$177.9 million to Quebec and \$71.6 million to the federal government). For fiscal year 2024–2025, the SQDC thus remitted \$367.5 million to the two governments, including \$295.9 million to the Québec government.

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## Sales

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The SQDC's sales for the fiscal year ended March 29, 2025, totalled \$741.5 million, the equivalent of 149,223 kg of cannabis, compared with \$662.1 million and 122,478 kg of cannabis for the previous year.

The SQDC recorded 18.8 million transactions (16.1 million transactions in fiscal 2023–2024) at an average sales price of \$5.71 per gram across all products (taxes included), compared with \$6.22 per gram across all products (taxes included) in fiscal 2023–2024.

### By sales network

Store network sales totalled \$708.7 million, compared with \$622.1 million in fiscal 2023–2024. In terms of volume, store sales totalled 142,562 kg, compared with 114,804 kg recorded for the previous year.

In addition, sales made on the company's website totalled \$32.8 million, compared with \$40.0 million in fiscal 2023–2024, for a total volume of 6,661 kg, compared with 7,674 kg in fiscal 2023–2024. The interruption of deliveries by Canada Post during the third quarter of the current fiscal year partly explains the decrease in online sales compared with the previous year. Furthermore, the labour conflict during the previous year contributed to an increase in sales conducted on the SQDC.ca website.

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## Cost of products sold and gross margin

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In fiscal 2024–2025, the cost of products sold amounted to \$498.3 million (\$448.1 million in fiscal 2023–2024). The company generated a gross profit of \$243.2 million (\$214.0 million in fiscal 2023–2024).

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## Net expenses

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Net expenses include selling expenses, administrative expenses and net finance (income) expenses and other income. For the year ended March 29, 2025, net expenses totalled \$125.1 million (\$109.9 million for fiscal 2023–2024). These net expenses amount to 16.9% of sales, compared with 16.6% in fiscal 2023–2024.

Employee compensation, which is the company's largest net expense category, totalled \$67.1 million. This item represents 53.6% of total net expenses. As a percentage of sales, employee compensation was 9.1%.

Building occupancy expenses and other operating expenses are the next two largest net expense categories. Building occupancy expenses totalled \$29.7 million or 23.7% of net expenses and 4.0% of sales.

Other operating expenses totalled \$21.6 million or 17.3% of net expenses and 2.9% of sales.

Lastly, delivery, handling and other expenses totalled \$6.7 million or 5.4% of net expenses and 0.9% of sales.

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## Investments

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Capital investments amounted to \$7.4 million during the year. Most of these investments were related to opening new stores and improving existing points of sale.

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## Financial position

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As at March 29, 2025, the SQDC had total assets of \$144.4 million, compared with \$135.9 million as at March 30, 2024. Cash stood at \$51.7 million. The company has few accounts receivable because all sales are paid by cash, debit or credit card. The inventory totalling \$24.0 million is the inventory of products available for sale.

Non-current assets (property, plant, equipment, intangible assets and right-of-use assets at their respective net carrying amount) totalled \$67.2 million.

Current liabilities totalled \$115.3 million (\$105.7 million as at March 30, 2024). Accounts payable and accrued liabilities amounted to \$49.1 million. The \$58.0 million dividend payable is the unpaid declared dividend at year-end and will be paid during the first half of next fiscal year. The \$0.8 million due to the Société des alcools du Québec (SAQ) under the services agreement is for expenses in the last period. The \$2.2 million in taxes payable and the current portion of lease obligations, totalling \$5.2 million, are the residual current liabilities.

Totalling \$29.1 million, non-current liabilities consist of lease obligations and the supplementary pension plan.

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## Cash flows

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During the year ended March 29, 2025, the SQDC's operating activities generated sufficient cash to support investing and financing activities.

Specifically, with \$134.5 million in cash flows generated by operating activities, the company was able to spend \$7.8 million to acquire property, plant, equipment and intangible assets, repay \$5.5 million in lease obligations and pay \$52.1 million for the balance of the dividend from the preceding fiscal year and \$60.0 million for a portion of the fiscal 2024–2025 dividend.

As a result, the company's statement of cash flows shows a net increase of \$9.1 million.

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## Outlook

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The SQDC's management is satisfied with the results of the fiscal year ended March 29, 2025.

The company is continuing to implement its Strategic Plan 2024–2026, which focuses on three areas: engaging its teams, optimizing the support offered to customers and raising awareness of its mission across Québec. The SQDC's objective is to remain the trusted destination for Québécois purchasing cannabis.

With a view to expanding its market coverage and becoming even more accessible, the company expects to open new points of sale in the coming fiscal year in addition to considering extending the opening hours of certain stores. Since customer satisfaction is a top priority, the SQDC is also using the opening of new stores as an opportunity to review, optimize and better adapt the customer experience and expand the company's product offer.

Additionally, the SQDC is continuing to introduce products that meet the changing customer demand while pursuing its mission of keeping health protection in mind by offering lower-risk products. With this in mind, the SQDC is preparing to market vaping products as of fall 2025.

**Lydia Antony**  
Senior Financial Analyst  
Store Operations, Finance

**Laurent Jobin**  
Senior Financial Analyst  
Corporate Finance, Finance

**Geneviève Biard**  
Accounting Technician

# Financial Statements



# Financial certification by the President and Chief Executive Officer and the Senior Vice-President, Finance and Real Estate Development


We, Suzanne Bergeron, President and Chief Executive Officer, and Robert Dalcourt, Senior Vice-President, Finance and Real Estate, of the Société québécoise du cannabis, hereby certify the following:

1. **Review:** We have reviewed the financial statements, the annual financial review and the press release presenting the annual results (hereinafter collectively the "Annual Filings") of the Société québécoise du cannabis ("the Company") for the year ended March 29, 2025.
2. **No misrepresentation:** Based on our knowledge and having exercised reasonable diligence, the Annual Filings contain no misrepresentation with respect to a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the Annual Filings.
3. **Fair presentation:** Based on our knowledge, the financial statements together with the other financial information presented in the Annual Filings fairly present in all material respects the financial position of the Company at the end of the reporting period presented in the Annual Filings and the results of its operations for the fiscal year.
4. **Responsibility:** We are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and maintaining adequate internal control over financial reporting (ICFR) for the Company within the meaning of the *Act respecting the governance of state-owned enterprises*.
5. **Design:** Subject to restrictions specified in this document and as applicable, in paragraphs 5.2 and 5.3, at year end, we included as follows:
  - a) designed DC&P, or caused to be designed under our supervision, to provide reasonable assurance regarding:
    - i) material information relating to the Company made known to us by others, particularly during the period in which the Annual Filings are being prepared; and
    - ii) information required to be disclosed by the Company in its Annual Filings filed or submitted by it under legislation is recorded, processed, summarized and reported within the time periods specified in this legislation; and
  - b) designed ICFR, or caused to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial information for external purposes as defined in International Financial Reporting Standards (IFRS).
- 5.1 Control framework: The control framework that we used to design the effectiveness of ICFR is the one proposed by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), 2013.
- 5.2 Significant ICFR weaknesses related to the design: N/A.
- 5.3 Design scope limitation: N/A.
6. **Evaluation:** We, the undersigned, performed the following:
  - a) evaluated or caused to be evaluated under our supervision the effectiveness of the company's DC&P at fiscal year-end, and the Company has disclosed in its financial review our conclusions based on this evaluation;
  - b) evaluated or caused to be evaluated under our supervision the effectiveness of the company's ICFR at the financial year-end and the Company has disclosed in its annual financial review the following information:
    - i) our conclusions regarding the effectiveness of the ICFR at the financial year-end based on this evaluation; and
    - ii) the elements of each significant weakness related to the existing financial statement close process: N/A.
7. **Disclosure regarding changes to the ICFR:** The Company presented in its annual financial review any changes to its ICFR during the accounting period beginning on March 31, 2024, and ending on March 29, 2025, that have materially affected or are reasonably likely to materially affect the company's ICFR.
8. **Communication with the auditors and the company's Board of Directors or Audit Committee:** Based on the last ICFR evaluation, we informed the independent external auditors and the Company's Board of Directors or its Audit Committee of any fraud involving management or other employees who play an important role in the ICFR.



**Suzanne Bergeron**  
President and Chief Executive Officer

Montréal, May 22, 2025



**Robert Dalcourt**  
Senior Vice-President, Finance and Real Estate

## Management's Responsibility for Financial Information

The following financial statements have been prepared by the management of the Société québécoise du cannabis ("the company") and approved by its Board of Directors. Management is responsible for the information and representations contained in these financial statements and in the other sections of the Annual Report. The financial statements have been prepared according to the policies and procedures established by management in compliance with IFRS Accounting Standards and reflect management's best judgment and estimates based on the information available as at May 22, 2025.

As part of its duties, the company's management maintains an internal control system designed to provide reasonable assurance that the company's assets are adequately safeguarded, that all transactions are duly authorized and that the accounting records constitute a reliable basis for the preparation of accurate and timely financial statements. Management acknowledges that it is responsible for managing the company's business in compliance with the governing laws and regulations.

The company's Board of Directors is responsible for ensuring that management fulfills its obligations for financial reporting and internal controls. The Board of Directors performs this function through its Audit Committee, which consists solely of independent directors. The Committee periodically reviews the financial statements and examines the reports on the accounting policies and internal control systems. The external independent auditors have unrestricted access to meet with the Audit Committee to discuss any audit-related matters.

The financial statements have been jointly audited by the Auditor General of Quebec and Raymond Chabot Grant Thornton LLP in accordance with Canadian generally accepted auditing standards. The Independent Auditors' Report, shown below, specifies the nature and scope of their audit and presents their opinion on these financial statements.



**Suzanne Bergeron**  
President and Chief Executive Officer

Montréal, May 22, 2025



**Robert Dalcourt**  
Senior Vice-President, Finance and Real Estate



## INDEPENDENT AUDITORS' REPORT

To the Minister of Finance

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Société québécoise du cannabis ("the Company"), which comprise the statement of financial position as at March 29, 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 29, 2025, and its financial performance and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Financial Statements and the Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the 2025 Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, chapter V-5.01), we report that, in our opinion, these accounting standards have been applied on a basis consistent with that of the preceding year.

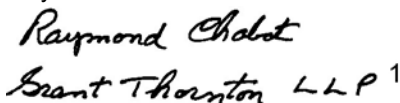
On behalf of the Interim Auditor General of Québec,



Patrick Dubuc, CPA auditor  
Assistant Auditor General

Montréal, May 22, 2025

Raymond Chabot Grant Thornton LLP



<sup>1</sup> CPA auditor, CA public accountancy permit No. A127023

Montréal, May 22, 2025

# Statement of Comprehensive Income

## For the year ended March 29, 2025

(tables in thousands of Canadian dollars)

	2025	2024
<b>Sales (Note 6)</b>	<b>\$741,505</b>	<b>\$662,080</b>
<b>Cost of products sold (Note 6)</b>	<b>498,313</b>	<b>448,059</b>
<b>Gross margin (Note 6)</b>	<b>243,192</b>	<b>214,021</b>
Selling expenses	99,402	87,770
Administrative expenses	27,495	23,583
<b>Operating results</b>	<b>116,295</b>	<b>102,668</b>
Net finance (income) expenses and other income (Note 9)	(1,756)	(1,447)
<b>Net income for the year</b>	<b>118,051</b>	<b>104,115</b>
<b>Other comprehensive income (loss)</b>		
<b>Item that will not be subsequently reclassified to net income</b>		
Revaluation of the defined benefit obligation of the pension plan (Note 17)	35	(25)
<b>Comprehensive income for the year</b>	<b>\$118,016</b>	<b>\$104,140</b>

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

## Statement of Changes in Equity

### For the year ended March 29, 2025

(tables in thousands of Canadian dollars)

	Share capital	Retained earnings	Other comprehensive income (loss)	Total equity
<b>Balance as at March 25, 2023</b>	\$2	\$–	\$–	\$2
Net income for the year	–	104,115	–	104,115
Other comprehensive income (Note 17)	–	–	25	25
Dividend	–	(104,115)	–	(104,115)
<b>Balance as at March 30, 2024</b>	2	–	25	27
Net income for the year	–	118,051	–	118,051
Other comprehensive income (loss) (Note 17)	–	–	(35)	(35)
Dividend	–	(118,041)	–	(118,041)
<b>Balance as at March 29, 2025</b>	\$2	\$10	\$(10)	\$2

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

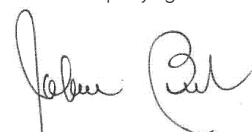
# Statement of Financial Position

As at March 29, 2025

(tables in thousands of Canadian dollars)

	March 29, 2025	March 30, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$51,676	\$42,557
Trade and other accounts receivable (Note 10)	67	94
Inventories (Note 11)	23,979	23,740
Prepaid expenses	1,509	944
	<b>77,231</b>	<b>67,335</b>
<b>Property, plant and equipment (Note 12)</b>	34,065	33,179
<b>Intangible assets (Note 13)</b>	2,067	3,454
<b>Right-of-use assets (Note 14)</b>	31,066	31,916
	<b>\$144,429</b>	<b>\$135,884</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 16)	\$49,118	\$45,176
Taxes payable	2,235	2,762
Dividend payable (Note 8)	58,041	52,115
Due to the SAQ (Note 24)	793	1,042
Current portion of lease obligations (Note 18)	5,162	4,634
	<b>115,349</b>	<b>105,729</b>
<b>Defined benefit obligations (Note 17)</b>	145	71
<b>Lease obligations (Note 18)</b>	28,933	30,057
	<b>144,427</b>	<b>135,857</b>
<b>Equity</b>		
Share capital (Note 19)	2	2
Retained earnings	10	–
Other comprehensive income (loss)	(10)	25
	<b>2</b>	<b>27</b>
	<b>\$144,429</b>	<b>\$135,884</b>

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



**Johanne Brunet**  
Chair of the Board of Directors



**Louise Martel**  
Chair of the Audit Committee

# Statement of Cash Flows

For the year ended March 29, 2025

(tables in thousands of Canadian dollars)

	2025	2024
<b>Operating activities</b>		
Net income the year	\$118,051	\$104,115
Items not affecting cash:		
Depreciation of property, plant and equipment	5,997	6,340
Amortization of intangible assets	1,935	1,506
Depreciation of right-of-use assets	4,948	4,794
Defined benefit obligation expenses	41	46
Remeasurement of a lease	–	(25)
Interest paid under lease obligations	781	800
	<b>131,753</b>	<b>117,576</b>
Net change in non-cash working capital items (Note 21)	2,727	5,674
Benefits paid under the supplementary pension plan for senior management	(2)	–
<b>Cash flows from operating activities</b>	<b>134,478</b>	<b>123,250</b>
<b>Investing activities</b>		
Additions of property, plant and equipment (Notes 12 and 21)	(7,222)	(4,456)
Additions of intangible assets (Notes 13 and 21)	(547)	(1,634)
<b>Cash flows used in investing activities</b>	<b>(7,769)</b>	<b>(6,090)</b>
<b>Financing activities</b>		
Repayment of lease obligations	(4,694)	(4,468)
Interest paid under lease obligations	(781)	(800)
Dividends paid	(112,115)	(106,942)
<b>Cash flows used in financing activities</b>	<b>(117,590)</b>	<b>(112,210)</b>
<b>Net increase in cash</b>	<b>9,119</b>	<b>4,950</b>
<b>Cash, beginning of year</b>	<b>42,557</b>	<b>37,607</b>
<b>Cash, end of year</b>	<b>\$51,676</b>	<b>\$42,557</b>

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

# Notes to Financial Statements

**Year ended March 29, 2025**

(tables in thousands of Canadian dollars)

## 1

### General, statutes and nature of operations

The Société québécoise du cannabis (SQDC or “the company”) was established on June 12, 2018, under the *Act to constitute the Société québécoise du cannabis, to enact the Cannabis Regulation Act and to amend various highway safety-related provisions* (CLRQ, 2018, c. 19). Its head office is located at 7355, rue Notre-Dame Est in Montréal, Québec, Canada. The SQDC began commercial operations on October 17, 2018, and its mission is to sell cannabis with a focus on health protection, the goal being to shift users away from the illicit market without actually encouraging cannabis use. The company is a subsidiary under the *Act respecting the Société des alcools du Québec* (SAQ). However, it does not meet the eligibility criteria for subsidiaries under IFRS 10 of the IFRS Accounting Standards. It is considered an associate instead. As a government corporation, the SQDC is exempt from corporate income tax.

## 2

### Fiscal year

The SQDC’s fiscal year ends on the last Saturday of March each year. Accordingly, its fiscal year ended March 29, 2025, had 52 weeks of operation (53 weeks for the fiscal year ended March 30, 2024).

## 3

### Material accounting policies

#### Basis of presentation and statement of compliance

These financial statements and accompanying notes have been prepared in accordance with IFRS Accounting Standards. The financial statements were approved and authorized for publication by the Board of Directors on May 22, 2025.

The financial statements are presented in Canadian dollars, the functional currency of the SQDC.

#### Basis of measurement

These financial statements were prepared using the historical cost method.

### 3 Material accounting policies (cont.)

#### Revenue recognition

The main source of revenue arising from the SQDC's regular operations is the sale of cannabis products. To determine whether it has to recognize revenue from regular operations, the SQDC uses the following five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue from regular operations when/as the performance obligations are satisfied.

Revenue is recognized either at a point in time or over time, when the company satisfies its performance obligations by transferring the promised goods or services to its customers.

Finance income is recognized on an accrual basis using the effective interest rate method.

#### Financial instruments

##### Recognition and derecognition

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all significant risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

##### Classification and measurement of financial assets

The company's financial assets are all classified and measured as amortized cost.

Financial assets, except for trade and other accounts receivable that do not have a significant financing component and are measured at the transaction price under IFRS 15, are measured at fair value on initial recognition, plus or minus the transaction costs.

Generally, financial assets are classified based on the business model for managing financial assets and the financial asset's contractual cash flow characteristics.

After their initial recognition, financial assets are measured by the company at amortized cost using the effective interest rate method. Discounting is omitted where the effect of discounting is immaterial.

The company's cash and trade accounts and other receivables fall into this category of financial instruments.

##### Classification and measurement of financial liabilities

The company's financial liabilities are all classified and measured at amortized cost.

Financial liabilities are initially recognized at fair value and, when applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Accounts payable and accrued liabilities (except for employee compensation payable), the dividend payable and the due to the SAQ are classified under "Financial liabilities at amortized cost."

### 3 Material accounting policies (cont.)

#### Financial instruments (cont.)

##### Measurement of financial instruments

Fair value is based on the market price when there is an active market; otherwise, fair value is measured using methods based mainly on discounted cash flows that incorporate external market data when possible. The amortized cost of a financial asset or financial liability at initial recognition, less the principal repayments, plus or minus the accumulated depreciation corresponds to the value assigned to a financial asset or financial liability at initial recognition calculated using the effective interest rate method, of any difference between the initial value and the value at maturity and, for financial assets, adjusted as a loss allowance. Although the SQDC's financial assets are subject to the expected credit loss requirements, the identified loss is not material.

#### Cash

Cash represents liquidities deposited with recognized financial institutions and bearing interest at the market rate.

#### Inventories

Inventories are stated at the lower of cost and net realizable value, with cost being established using the first in, first out cost formula. The cost of cannabis product inventories includes the acquisition cost. Net realizable value is the estimated selling price in the ordinary course of business, less the costs needed to complete the sale.

#### Property, plant and equipment

Leasehold improvements, furniture and equipment and IT equipment are recognized at acquisition cost, less depreciation and impairment losses.

Property, plant and equipment items are derecognized when they are disposed of or when no future economic benefit is expected from continued use of the asset. Gains or losses on the disposal or decommissioning of property, plant and equipment, which equal the difference between the proceeds from the sale and the asset's carrying amount, are recognized in the statement of comprehensive income.

These assets are depreciated from the date they become available for use, i.e. when the assets are in the location and condition necessary for them to be capable of operating as intended by management, over their expected useful lives using the straight-line method. Residual values, useful lives and the amortization method are reviewed at the end of each fiscal year. The depreciation periods are as follows:

Leasehold improvements	5 to 10 years
Furniture and equipment	10 years
IT equipment	5 years

The depreciation of property, plant and equipment is allocated to "Selling expenses" and "Administrative expenses."

### 3 Material accounting policies (cont.)

#### Intangible assets

Intangible assets, which consist of internally developed software and acquired software licences, are recognized at cost less subsequent amortization and impairment losses. Cost includes expenses related directly to the acquisition, installation and development of software for internal use.

Costs that are directly attributable to the development phase of new software are recognized as intangible assets provided they meet the following criteria:

- Completion of the intangible asset is technically feasible so that it will be available for use;
- The company intends to complete the intangible asset and use it;
- The company has the ability to use the intangible asset;
- The intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources are available to complete the development of the intangible asset and use of it; and
- Expenditures attributable to the intangible asset during its development can be reliably measured.

Expenses for the research phase of an internal project and development expenses that do not meet these asset recognition criteria are expensed as incurred. Development or customization costs incurred under cloud computing agreements that do not meet capitalization criteria are expensed and recognized in the statement of comprehensive income.

Intangible assets are derecognized when they are disposed of or when no future economic benefit is anticipated from continued use of the asset. Gains or losses on the disposal or decommissioning of intangible assets, which equal the difference between the proceeds from the sale and the asset's carrying amount, are recognized in the statement of comprehensive income.

These assets are amortized from the date they become available for use, i.e. when the assets are in the location and condition necessary for them to be capable of operating as intended by management, over their expected useful lives using the straight-line method. Residual values, useful lives and the amortization method are reviewed at the end of each fiscal year. The amortization periods are as follows:

Acquired software and licences	5 years
Internally developed software	5 years

Software maintenance costs, i.e. the amounts spent for the purchase and installation of minor patches and upgrades, are recognized in net income for the fiscal year in which they are incurred.

The amortization of intangible assets is allocated to "Selling expenses" and "Administrative expenses."

#### Impairment of financial assets

On each closing date, management measures the impairment of financial assets measured at amortized cost at an amount corresponding to the expected credit losses over their useful life, if the credit risk associated with the financial instrument has increased significantly since its initial recognition. When the credit risk has not increased significantly, the company measures the impairment as the amount of the credit losses for the coming 12 months. When appropriate, the impairment is recognized in the Statement of Comprehensive Income.

### 3 Material accounting policies (cont.)

#### Impairment of non-financial assets

For the purposes of assessing depreciation, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). The company considers each retail store to be a separate cash-generating unit for the purposes of depreciation testing. The company tests for impairment when there are indicators of impairment. As a result, some assets are tested individually for depreciation and some are tested at the cash-generating unit level.

Property, plant and equipment, intangible assets and right-of-use assets are tested for impairment when events or changes in circumstance indicate that their carrying amount may not be recoverable. At the end of each fiscal year, the SQDC determines whether there is any indication that a long-lived asset may be impaired. At fiscal year-end, the SQDC tests intangible assets not yet available for use for impairment, irrespective of whether there is any indication of impairment. An impairment loss is recognized as the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. To determine value in use, management estimates the future cash flows of each asset or cash generating unit and then establishes an appropriate interest rate to calculate the discounted present value of those cash flows.

Impairment losses related to cash-generating units are allocated pro rata to the assets of the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. A previous impairment loss may be reversed if the recoverable amount of an asset or cash-generating unit exceeds its carrying amount up to a maximum of what the amortized cost would have been had the impairment not been recognized.

#### Lease

The SQDC recognizes a right-of-use asset and a lease obligation related to a lease as at the date on which the underlying asset is available for use by the company (hereafter the "commencement date").

The right-of-use asset is initially measured at cost, which includes the initial amount of the lease obligation adjusted for rent payments made on or before the commencement date plus the initial direct costs incurred and an estimate of all dismantling and removal costs for the underlying asset and less any lease inducement received.

The right-of-use asset is amortized over the shortest period between the useful life of the underlying asset and the term of the lease on a linear basis, such terms ranging from 5 to 10 years. In addition, the cost of a right-of-use asset is decreased by the accumulated impairment losses and, if applicable, adjusted to account for remeasurement of the related lease obligations.

The lease obligation is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally speaking, the SQDC uses its incremental borrowing rate as its discount rate. The lease payments included in the lease obligation comprise the following:

- Fixed payments (including in-substance fixed payments) less any incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate in effect on the commencement date; and
- Lease payments related to the extension options that the SQDC is reasonably likely to exercise.

The interest expense related to the lease obligations is recorded in net income using the effective interest method.

### 3 Material accounting policies (cont.)

#### Lease (cont.)

The lease obligation is remeasured when there is a change in the future lease payments arising from a change in an index or rate or when the SQDC changes its measurement with respect to the exercise of a purchase, extension or termination option.

Adjustment of the lease obligation is done by adjusting the related right-of-use asset or is recorded in net income if the value of the right-of-use asset is reduced to zero.

Lease payments related to leases with a term of less than 12 months and leases whose underlying asset is of low value are recognized on a straight-line basis as an expense in net income.

#### Employee benefit plans

##### Retirement plans

SQDC employees are members of general and mandatory pension plans, either the Government and Public Employees Retirement Plan (RREGOP), the Pension Plan of Management Personnel (RRPE) or the Retirement Plan for Senior Officials (RRAS). The SQDC considers these plans, which are administered by Retraite Québec, to be defined contribution plans. The SQDC's obligations under these government plans are therefore limited to its employer contributions. The employee portion of these plans is expensed in the period in which the corresponding employee services are received.

The company also administers a supplementary pension plan for senior management. This plan takes into account the number of years of service and the average of the five highest annual salaries during the employee's career. The plan is a defined benefit plan with annually indexed annuity and death benefit guarantees. Contributions to the plan began on April 1, 2022.

Management estimates the defined benefit obligations (DBO) annually with the assistance of independent actuaries. A full actuarial valuation was performed this year. The measurement of the DBO for post-employment benefits is based on actuarial methods and assumptions using the rates specified in the supplementary pension plan for senior management.

Current and past service costs of the pension plan are expensed under "Administrative expenses."

##### Other

Short-term employee benefits, including vacation entitlement, are current liabilities included under "Accounts payable and accrued liabilities" and measured at the undiscounted amount the SQDC expects to pay as a result of the unused entitlement.

#### Provisions

Provisions are recognized when it is probable that the present obligations (legal or constructive) arising from a past event will require an outflow of economic resources from the company and amounts can be reliably estimated. Provisions are liabilities of uncertain timing or amount.

Provisions are measured as the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values where the time value of money is material.

Provisions are reviewed at the end of each fiscal year and adjusted to reflect the current best estimates at the reporting date. Adjustments are recognized in the statement of comprehensive income.

Where the possible outflow of economic resources as a result of a present obligation is considered improbable or remote, no liability is recognized.

#### Equity and dividend

Equity includes share capital, representing the par value of issued shares and retained earnings. When the dividend payable to the shareholder is approved before the closing date, it is reported separately in the Statement of Financial Position.

# 4

## New or revised standards, amendments or interpretations

### Standards that are not yet effective and have not been early adopted early by the company

#### IFRS 18 – Presentation and Disclosure in Financial Statements

Issued by the International Accounting Standards Board (IASB), IFRS 18 *Presentation and Disclosure in Financial Statements* sets out specific requirements for information presentation and disclosure in general-purpose financial statements for the purpose of ensuring that the information provided is relevant and faithfully represents the entity's assets, liabilities, equity, income and expenses.

The provisions of IFRS 18 apply in particular to:

- the presentation of two new defined subtotals in the statement of comprehensive income;
- requiring an entity to disclose management-defined performance measures in the Notes to financial statements;
- new principles for aggregation and disaggregation of items in the Financial statements and Notes to financial statements.

The IFRS 18 standard replaces IAS 1 *Presentation of Financial Statements* and applies to fiscal years beginning on or after January 1, 2027. Early adoption is permitted. The company has not yet assessed the impact of these amendments on its financial statements.

#### **Amendments to IFRS 9 and IFRS 7 – Changes relating to the classification and measurement of financial instruments**

On May 30, 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and to IFRS 7 *Financial Instruments: Disclosures*. The amendments also include clarifications regarding the classification of financial assets with features related to environmental, social and governance matters and address concerns raised about accounting for the settlement of assets using an electronic payment system.

These amendments are effective for fiscal years beginning on or after January 1, 2026. Early adoption is permitted. The company has not yet assessed the impact of these amendments on its financial statements.

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. These have not been early adopted by the SQDC. The company plans to adopt them as of their effective date, but they are not expected to have a significant impact on its financial statements.

## 5

**Use of estimates and critical judgments**

Preparing financial statements in accordance with IFRS Accounting Standards requires management to exercise judgment when applying accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses recognized during the fiscal year.

Underlying estimates and assumptions are reviewed regularly, and the impact of any change is recognized immediately. They are based on experience, economic conditions and general trends, as well as speculation on the likely outcome of those matters. However, actual results may differ from management estimates.

The main judgments, assumptions and estimates are explained below.

Internally developed software and research expenses

Management must use significant judgment when distinguishing the research phase from the development phase. Costs directly attributable to the development phase are recognized as assets when all the criteria are met, whereas research costs are expensed as incurred.

Useful lives of depreciable assets

Management examines the useful lives of depreciable assets at the end of each reporting period. The uncertainties regarding these estimates are related to technical obsolescence, which could affect useful lives.

Impairment of non-financial assets

Measuring facts and circumstances that indicate that an asset's value might be impaired or recovered is a subjective process that requires judgment and often a number of accounting estimates and interpretations. If there is an indication that the value of a non-financial asset or cash-generating unit might be impaired or recovered, the recoverable amount of the individual non-financial asset or the cash-generating unit must be estimated.

When measuring expected future cash flows, management makes assumptions regarding future operating results. These assumptions relate to future events and circumstances. Actual results may differ from those estimates and lead to future adjustments.

Measurement of lease

The SQDC accounts for lease obligations at the discounted value of the remaining lease payments, calculated using the company's incremental borrowing rate. In addition to management's estimates for determining the terms of the leases and the appropriate interest rate for measuring the lease obligations, judgment is used to determine whether there is reasonable certainty that a lease's extension or termination option will be exercised.

Defined benefit obligations

The defined benefit obligations under the supplementary pension plan for senior management are subject to uncertainties, particularly with regard to discount rates, inflation rates and mortality, which may vary significantly in future appraisals of the company's DBO.

# 6

## Sales, cost of products sold and gross margin

	2025			2024		
	Stores	Web <sup>1</sup>	Total	Stores	Web <sup>1</sup>	Total
Sales	\$708,696	\$32,809	\$741,505	\$622,054	\$40,026	\$662,080
Cost of products sold	476,494	21,819	498,313	421,353	26,706	448,059
Gross margin	\$232,202	\$10,990	\$243,192	\$200,701	\$13,320	\$214,021

1. Web sales consist of all sales conducted on the SQDC.ca website, including Pick-Up in Store sales and the 90-minute delivery service, for stores that offer these services.

# 7

## Employee compensation

Expenses recognized as employee compensation consist of the following:

	2025	2024
Selling expenses		
Salaries and other employee benefits	\$44,982	\$36,848
Employee benefit costs and pension plan contributions	9,467	8,284
	54,449	45,132
Administrative expenses		
Salaries and other employee benefits	10,339	9,509
Employee benefit costs and pension plan contributions	2,280	1,997
	12,619	11,506
	\$67,068	\$56,638

## 8

## Dividend

For the fiscal year ended March 29, 2025, the dividend declared by the SQDC was set by the Ministre des Finances du Québec. The dividend is remitted in its entirety to the Fonds de lutte contre les dépendances and reinvested primarily in cannabis-related prevention and research. Each year, the Ministre des Finances declares the amount equal to the net income established in compliance with IFRS Accounting Standards up to the maximum amount without impacting the company's capital. The Ministre also determines the payment terms and conditions.

As at March 29, 2025, \$60.0 million of the \$118.0 million declared dividend was paid before the end of the fiscal year. The residual amount of \$58.0 million is still due.

## 9

## Net finance (income) expenses and other income

	2025	2024
Interest paid under lease obligations	\$781	\$800
	781	800
Less finance income and other income:		
Interest on cash	(2,503)	(2,228)
Other income	(34)	(19)
	(2,537)	(2,247)
	<b>\$(1,756)</b>	<b>\$(1,447)</b>

# 10

## Trade and other accounts receivable

	March 29, 2025	March 30, 2024
Corporate accounts receivable	\$54	\$83
Other receivables	13	11
	<b>\$67</b>	<b>\$94</b>

# 11

## Inventories

	March 29, 2025	March 30, 2024
Dried cannabis products	<b>\$23,711</b>	<b>\$23,563</b>
Related products	261	170
Work-in-process inventory	7	7
	<b>\$23,979</b>	<b>\$23,740</b>

The cost of inventory sold during the year is recognized as an expense under "Cost of products sold" in the statement of comprehensive income.

The cost of products sold is comprised solely of inventory.

No inventory has been pledged to secure liabilities.

## 12

## Property, plant and equipment

	Leasehold improvements	Furniture and equipment	IT equipment	Total
<b>Cost</b>				
Balance as at March 25, 2023	\$32,211	\$9,378	\$8,450	\$50,039
Acquisitions <sup>1</sup>	2,446	912	357	3,715
Write-off	(796)	(274)	(188)	(1,258)
Balance as at March 30, 2024	\$33,861	\$10,016	\$8,619	\$52,496
Acquisitions <sup>1</sup>	4,827	1,519	537	6,883
<b>Balance as at March 29, 2025</b>	<b>\$38,688</b>	<b>\$11,535</b>	<b>\$9,156</b>	<b>\$59,379</b>
<b>Accumulated depreciation</b>				
Balance as at March 25, 2023	\$8,292	\$2,124	\$3,819	\$14,235
Depreciation	3,787	1,132	1,421	6,340
Write-off	(796)	(274)	(188)	(1,258)
Balance as at March 30, 2024	\$11,283	\$2,982	\$5,052	\$19,317
Depreciation	3,726	1,098	1,173	5,997
<b>Balance as at March 29, 2025</b>	<b>\$15,009</b>	<b>\$4,080</b>	<b>\$6,225</b>	<b>\$25,314</b>
<b>Net carrying amount</b>				
Balance as at March 30, 2024	\$22,578	\$7,034	\$3,567	\$33,179
<b>Balance as at March 29, 2025</b>	<b>\$23,679</b>	<b>\$7,455</b>	<b>\$2,931</b>	<b>\$34,065</b>

1. Property, plant and equipment, with a value of \$1.8 million, were in progress as at March 29, 2025 (\$1.6 million as at March 30, 2024), and are not depreciated. These projects consist mainly in leasehold improvements and the installation of furniture and computer equipment for the deployment of stores not in service as at March 29, 2025.

The depreciation of property, plant and equipment has been allocated as follows on the statement of comprehensive income:

	2025	2024
Selling expenses	\$5,943	\$6,080
Administrative expenses	54	260
	<b>\$5,997</b>	<b>\$6,340</b>

# 13

## Intangible assets

	Acquired software and licences	Internally developed software	Total
<b>Cost</b>			
Balance as at March 25, 2023	\$7,800	\$748	\$8,548
Acquisitions <sup>1</sup>	1,847	–	1,847
Balance as at March 30, 2024	\$9,647	\$748	\$10,395
Acquisitions <sup>1</sup>	548	–	548
Write-off	(500)	(206)	(706)
<b>Balance as at March 29, 2025</b>	<b>\$9,695</b>	<b>\$542</b>	<b>\$10,237</b>
<b>Accumulated amortization</b>			
Balance as at March 25, 2023	\$4,768	\$667	\$5,435
Amortization	1,425	81	1,506
Balance as at March 30, 2024	\$6,193	\$748	\$6,941
Amortization	1,935	–	1,935
Write-off	(500)	(206)	(706)
<b>Balance as at March 29, 2025</b>	<b>\$7,628</b>	<b>\$542</b>	<b>\$8,170</b>
<b>Net carrying amount</b>			
Balance as at March 30, 2024	\$3,454	\$–	\$3,454
<b>Balance as at March 29, 2025</b>	<b>\$2,067</b>	<b>\$–</b>	<b>\$2,067</b>

1. Intangible assets valued at \$0.2 million were in progress as at March 29, 2025 (\$0.7 million in intangible assets in progress as at March 30, 2024).

The amortization of intangible assets has been allocated as follows on the statement of comprehensive income:

	2025	2024
Selling expenses	\$1,013	\$443
Administrative expenses	922	1,063
	<b>\$1,935</b>	<b>\$1,506</b>

## 14

## Right-of-use assets

	Total
<b>Cost</b>	
Balance as at March 25, 2023	\$46,726
Acquisitions	2,208
Remeasurements	(189)
Write-off	(252)
Balance as at March 30, 2024	48,493
Acquisitions	4,098
<b>Balance as at March 29, 2025</b>	<b>\$52,591</b>
<b>Accumulated depreciation</b>	
Balance as at March 25, 2023	12,035
Depreciation	4,794
Write-off	(252)
Balance as at March 30, 2024	16,577
Depreciation	4,948
<b>Balance as at March 29, 2025</b>	<b>\$21,525</b>
<b>Net carrying amount</b>	
Balance as at March 30, 2024	\$31,916
<b>Balance as at March 29, 2025</b>	<b>\$31,066</b>

The depreciation of right-of-use assets has been allocated as follows on the statement of comprehensive income:

	2025	2024
Selling expenses	\$4,842	\$4,698
Administrative expenses	106	96
	<b>\$4,948</b>	<b>\$4,794</b>

# 15

## Borrowings

The SQDC has been authorized to establish a borrowing regime, valid until June 30, 2026, that enables it to borrow, on a short-term basis or through a line of credit from financial institutions or the Ministre des Finances, an amount not exceeding \$45 million. As at March 29, 2025, the entirety of the regime was available (as at March 30, 2024, it was also entirely available).

# 16

## Accounts payable and accrued liabilities

	March 29, 2025	March 30, 2024
Accounts payable	\$37,231	\$34,464
Accrued liabilities	2,668	2,704
Employee compensation and benefits payable	9,219	8,008
	\$49,118	\$45,176

## 17

## Employee benefits

**Defined benefit pension plans**

SQDC employees are members of either the Government and Public Employees Retirement Plan (RREGOP), the Pension Plan of Management Personnel (RRPE) or the Retirement Plan for Senior Officials (RRAS). These multi-employer plans are defined benefit plans with guaranteed retirement and death benefits.

As at January 1, 2025, the RREGOP contribution rate was reduced from 9.39% to 9.09% of the eligible payroll and the rate for the RRPE and RRAS, which is part of the RRPE, remained unchanged at 12.67% of eligible payroll. The contributions paid by the employer are equal to the employee contributions.

The SQDC's contribution expense recognized in the statement of comprehensive income totals \$3,227,000 (\$2,974,000 in 2024). The company's obligations under these government plans are therefore limited to its employer contributions.

**Supplementary pension plan for senior management**

In effect since April 1, 2022, the supplementary pension plan for senior management is a defined benefit plan whose main purpose is to supplement the annuity payable to the company's vice-presidents who will see their retirement annuity capped due to *Income Tax Act* limits on the maximum benefits payable by a registered pension plan (RPP). The basic plan is the RRPE (or the RREGOP if the qualification period for the RRPE has not been reached).

The amount of the unreduced annual annuity under the supplementary pension plan for senior management corresponds to 2% of the average eligible salary (calculated according to the provisions of the basic plan without taking tax limits into account) for each credited year of service after April 1, 2022, less the annual annuity provided under the basic plan for those same years.

The present value of the DBO is calculated using a discount rate determined by reference to market yields of high-quality corporate bonds. The estimated term of the high-quality corporate bonds is consistent with the estimated term of the DBO. A decrease in market yield on high-quality corporate bonds will increase the DBO.

## 17 Employee benefits (cont.)

The actuarial assumptions used to measure the defined benefit obligations at the reporting date are the following:

	March 29, 2025	March 30, 2024
Discount rate	4.75%	5.00%
Inflation rate	2.10%	2.10%
Rate of compensation increase	4.00%	4.00%
Increase in maximum pensionable earnings	2.85%	2.85%
<b>Average life expectancy (in years):</b>		
Male, age 65 at reporting date	90.0	89.9
Female, age 65 at reporting date	90.8	90.8

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers. These assumptions have led to the amounts determined as the company's DBO for the reporting period and are regarded as management's best estimate. However, the actual outcome may vary. Estimation uncertainties exist particularly with regard to discount rates, which may vary significantly in future appraisals of the company's DBO.

### Actuarial risks

The main actuarial risk to which the company is exposed under the plan is as follows:

### Market risk

#### Interest rate risk

Interest rate risk is the risk with the greatest potential impact on the statement of financial position and income.

Changes in the discounted present value of the defined benefit obligations are reported as follows:

	March 29, 2025	March 30, 2024
Defined benefit obligations at the start of the period	\$71	\$50
Employer current service cost	36	41
Benefits paid	(2)	–
Interest on the defined benefit obligations	5	5
Actuarial (gains) losses from changes in economic assumptions	8	(2)
Actuarial (gains) losses from changes in the pension plan experience	27	(23)
Defined benefit obligations at the end of the period	\$145	\$71

## 17 Employee benefits (cont.)

Defined benefit obligation income (expenses) recognized in net income and in other comprehensive income are as follows:

	March 29, 2025	March 30, 2024
<b>Expenses recognized in net income</b>		
Cost of services rendered during the year	\$36	\$41
Interest on the defined benefit obligations	\$5	\$5
Expenses recognized in net income	\$41	\$46

	March 29, 2025	March 30, 2024
<b>Income (expenses) recognized in other comprehensive income</b>		
Net actuarial losses (gains) on the pension plan DBO	\$35	\$(25)
Income (expenses) recognized in other comprehensive income	\$35	\$(25)

The duration of the pension plan DBO as at March 29, 2025, is 22.8 years (22.4 years as at March 30, 2024).

### Sensitivity analysis

The significant actuarial assumption for the determination of the defined benefit obligations is the discount rate. The calculation of the plan obligations is sensitive to that assumption. The following table summarizes the impact of a 1% increase or decrease in the discount rate on the obligations.

	2025	
Change in the significant actuarial assumption – Discount rate	Increase of 1%	Decrease of 1%
(Decrease) increase in the pension plan DBO	\$(29)	\$38

	2024	
Change in the significant actuarial assumption – Discount rate	Increase of 1%	Decrease of 1%
(Decrease) increase in the pension plan DBO	\$(13)	\$18

The present value of the defined benefit obligations has been calculated in the sensitivity analysis with the same method as for calculating the DBO in the statement of financial position. The sensitivity analysis is based on a change in one assumption. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in any of the assumptions would occur in isolation of one another as some of the assumptions are correlated.

# 18

## Lease obligations

The SQDC has signed leases for its stores. Each lease is shown on the statement of financial position as a right-of-use asset, the details of which are given in Note 14, and as lease obligations. Variable lease payments not based on an index or rate are not recognized in the initial measurement of lease obligations and the asset.

	Total
<b>Cost</b>	
Balance as at March 25, 2023	\$37,165
Lease obligations added	2,208
Remeasurements	(214)
Repayment of lease obligations	(4,468)
Balance as at March 30, 2024	34,691
Lease obligations added	4,098
Repayment of lease obligations	(4,694)
<b>Balance as at March 29, 2025</b>	<b>\$34,095</b>

Lease obligations are presented in the statement of financial position as follows:

	March 29, 2025	March 30, 2024
Current	<b>\$5,162</b>	\$4,634
Non-current	<b>28,933</b>	30,057
	<b>\$34,095</b>	\$34,691

As at March 29, 2025, the minimum future lease payments due are:

	Within one year	One year to five years	More than five years	Total
<b>March 29, 2025</b>				
Disbursements	\$5,917	\$23,146	\$7,981	\$37,044
Financing charges	(755)	(1,822)	(372)	(2,949)
<b>Lease obligations</b>	<b>\$5,162</b>	<b>\$21,324</b>	<b>\$7,609</b>	<b>\$34,095</b>

## 19

## Shareholders' equity

## Share capital

The SQDC is a business corporation whose shares are part of the public domain and allocated to the Ministre des Finances du Québec (MFQ) and the SAQ. The company's authorized share capital consists of 100,000 shares (one class A share and 99,999 class B shares) having a par value of \$100 million. The amount issued and paid was \$2,000 (two shares).

One class A share with only the right to vote at any meeting of shareholders:

- held by the SAQ; and;

One class B share with only the right to receive any declared dividend and to share any remaining property in the event of liquidation:

- held by the MFQ.

## 20

## Capital management

The SQDC's capital consists of the equity and the dividend payable. The company manages its capital such that it meets the requirements of its shareholders and safeguards funds at all times. It maintains a strict management framework to ensure that it effectively meets the purposes set out in its incorporating act.

The SQDC is not subject to any other requirements concerning the use of outside sources of financing.

The capital structure, as defined by the SQDC, is as follows:

	March 29, 2025	March 30, 2024
Equity	\$2	\$27
Dividend payable	58,041	52,115
	<b>\$58,043</b>	<b>\$52,142</b>

# 21

## Information included in the Statement of Cash Flows

	2025	2024
<b>The net change in non-cash working capital items breaks down as follows:</b>		
Trade and other accounts receivable	\$27	\$47
Inventories	(239)	(1,004)
Prepaid expenses	(565)	(627)
Accounts payable and accrued liabilities	4,273	6,182
Taxes payable	(527)	1,008
Due to the SAQ	(242)	68
	<b>\$2,727</b>	<b>\$5,674</b>
<b>Non-cash investing activities:</b>		
Acquisitions of property, plant and equipment and intangible assets financed by:		
Accounts payable and accrued liabilities	\$329	\$660
Due to the SAQ	214	221
	<b>\$543</b>	<b>\$881</b>

## 21 Information included in the Statement of Cash Flows (cont.)

### Reconciliation of liabilities arising from financing activities

	Liabilities		Equity	Total
	Dividend payable	Lease obligations	Retained earnings	
<b>Balance as at March 25, 2023</b>	<b>\$54,942</b>	<b>\$37,165</b>	<b>\$–</b>	<b>\$92,107</b>
<b>Non-cash activities:</b>				
Lease obligations added		2,208		<b>2,208</b>
Interest paid on lease obligations		800		<b>800</b>
Remeasurement of a lease		(214)		<b>(214)</b>
<b>Cash flows:</b>				
Repayment of lease obligations		(4,468)		<b>(4,468)</b>
Interest paid on lease obligations		(800)		<b>(800)</b>
Dividend paid	(2,827)		(104,115)	<b>(106,942)</b>
Other changes in equity			104,115	<b>104,115</b>
<b>Balance as at March 30, 2024</b>	<b>\$52,115</b>	<b>\$34,691</b>	<b>\$–</b>	<b>\$86,806</b>
<b>Non-cash activities:</b>				
Lease obligations added		2,658		<b>2,658</b>
Interest paid on lease obligations		781		<b>781</b>
<b>Cash flows:</b>				
Repayment of lease obligations		(4,694)		<b>(4,694)</b>
Interest paid on lease obligations		(781)		<b>(781)</b>
Dividend paid	5,926		(118,041)	<b>(112,115)</b>
Other changes in equity			118,051	<b>118,051</b>
<b>Balance as at March 29, 2025</b>	<b>\$58,041</b>	<b>\$32,655</b>	<b>\$10</b>	<b>\$90,706</b>

## 22

### Fair value of financial assets and liabilities

The carrying amount of short-term financial instruments is a reasonable approximation of the fair value. These financial instruments include cash, trade and other accounts receivable, accounts payable and accrued liabilities (except for employee compensation and benefits payable), dividend payable as well as the amount due to the SAQ.

## 23

### Financial instrument risk management

#### Financial risk management objectives and policies

The SQDC is exposed to various financial risks that result from its operating, investing and financing activities. The company's management manages these financial risks. The objective is to secure the SQDC's short-term and medium-term cash flows by reducing exposure to financial risks.

The SQDC does not enter into financial instrument contracts or agreements, including financial derivatives, for speculative purposes.

#### Financial risks

##### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. The company is exposed to interest rate risk.

##### Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument may fluctuate due to fluctuations in market interest rates.

Cash exposes the SQDC to the cash flow risk resulting from interest rate fluctuations since it bears interest at a variable rate.

As at March 29, 2025, the cash balance was \$51.7 million and bore interest at the financial institution's preferred rate less two basis points. The amount due to the SAQ as at March 29, 2025, under the shared services agreement is of a current nature and does not bear interest.

A 1% change in the interest rates on variable-rate instruments would not have had a significant impact on the SQDC's income and equity.

The company does not use derivative financial instruments to reduce its exposure to interest rate risk.

## 23 Financial instrument risk management (suite)

### Financial risks (cont.)

#### Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the SQDC. The company is exposed to credit risk due to its financial assets.

Credit risk arises from the possibility of incurring a loss due to a counterparty's failure to meet its obligations. The value recognized in the SQDC's statement of financial position as financial assets exposed to credit risk is the maximum amount that is exposed to credit risk.

Credit risk is collectively managed in accordance with the company's credit risk management policies and procedures.

The credit risk associated with cash balances and bank deposits is managed by diversifying bank deposits, which are made only with large, reputable financial institutions.

The SQDC considers that its exposure to the credit risk associated with selling cannabis is limited due to its sales being direct sales to consumers, who pay immediately by cash or credit card.

#### Liquidity risk

Liquidity risk represents the risk that the SQDC could encounter difficulty in meeting obligations associated with its financial liabilities. The company is exposed to liquidity risk mainly through its trade accounts payable and accrued liabilities (except for employee compensation and benefits payable), its dividend payable and the amount due to the SAQ.

Managing liquidity risk consists of maintaining a sufficient amount of cash and ensuring that the SQDC has financing sources in the form of sufficient authorized borrowing amounts. The company prepares budget and cash forecasts to make sure it has the funds needed to meet its obligations.

The SQDC's exposure to liquidity risk is reduced by the significant amount of cash flows from operations, level of cash, preauthorized sources of financing and management of short-term variable-rate borrowings. Considering the normal continuity of its business, the company believes it will be able to honour its financial liabilities in the short term.

The maturities of financial liabilities, including interest payments, are as follows:

	March 29, 2025		March 30, 2024	
	Less than 6 months	More than 6 months	Less than 6 months	More than 6 months
Accounts payable and accrued liabilities	\$39,899	\$-	\$37,168	\$-
Dividend payable	58,041	-	52,115	-
Due to the SAQ	793	-	1,042	-
	\$98,733	\$-	\$90,325	\$-

# 24

## Related party transactions

The SQDC is related to all Québec government ministries and special funds as well as to all agencies and enterprises directly or indirectly controlled by the Québec government or subject to either the joint control or significant joint influence of the Québec government. The other parties related to the company include its key management personnel and the SAQ. The company is a subsidiary under the *Act respecting the Société des alcools du Québec*. However, it does not meet the eligibility criteria for subsidiaries under IFRS Accounting Standards. It is considered as an associate instead.

### Entities controlled by the Québec government

Without gathering information that would have involved significant costs, the SQDC believes that it did not enter into any significant business transactions individually or collectively with these related parties, with the exception of the transactions with the SAQ presented below. The SQDC is therefore availing itself of the exemption provided by IAS 24.25 regarding disclosure obligations pertaining to transactions and balances, including commitments, with parties related to a public authority that has control, joint control or significant influence over it. This information would provide no added value to the annual financial statements.

### Key management personnel

The SQDC's key management personnel are the members of its Board of Directors, the President and Chief Executive Officer and the vice-presidents that make up the Management Committee.

The employee compensation expense for key management personnel is as follows:

	2025	2024
Salaries and short-term employee benefits	\$2,527	\$2,400

### Related party transactions

The amount due to the SAQ is comprised of monthly charges related to its annual service agreement with the SAQ. These services (hereinafter the "service agreement") relate to the following fields: information technology, customer service centre, acquisition of goods and services, and other services of an administrative nature. The term of the agreement is indefinite and may be changed or terminated under the terms and conditions specified therein.

The details of the transactions and balances between the SQDC and the SAQ are as follows:

	2025	2024
<b>Transactions</b>		
Service agreement with the SAQ	\$5,761	\$5,879
Other services provided and reimbursements	1,732	1,926
	\$7,493	\$7,805
	March 29, 2025	March 30, 2024
<b>Account balance</b>		
Due to the SAQ	\$793	\$1,042

## Quarterly information

Years ended March 29, 2025, and March 30, 2024

(unaudited, expressed in thousands of Canadian dollars)

	2025				
Number of weeks	Year 52	Q4 12	Q3 16	Q2 12	Q1 12
<b>Sales</b>	<b>\$741,505</b>	<b>\$168,938</b>	<b>\$235,943</b>	<b>\$173,735</b>	<b>\$162,889</b>
<b>Cost of products sold</b>	<b>498,313</b>	<b>113,350</b>	<b>157,928</b>	<b>116,845</b>	<b>110,190</b>
<b>Gross margin</b>	<b>243,192</b>	<b>55,588</b>	<b>78,015</b>	<b>56,890</b>	<b>52,699</b>
Selling expenses	99,402	24,501	29,525	22,312	23,064
Administrative expenses	27,495	7,250	8,553	5,632	6,060
<b>Operating results</b>	<b>116,295</b>	<b>23,837</b>	<b>39,937</b>	<b>28,946</b>	<b>23,575</b>
Net finance (income) expenses and other income	(1,756)	(385)	(606)	(434)	(331)
<b>Net income</b>	<b>118,051</b>	<b>24,222</b>	<b>40,543</b>	<b>29,380</b>	<b>23,906</b>
Other comprehensive income	35	35	–	–	–
<b>Total comprehensive income</b>	<b>\$118,016</b>	<b>\$24,187</b>	<b>\$40,543</b>	<b>\$29,380</b>	<b>\$23,906</b>
<b>Sales by network</b>					
Stores	\$708,696	\$161,169	\$226,458	\$166,046	\$155,023
Online	32,809	7,769	9,485	7,689	7,866
	<b>\$741,505</b>	<b>\$168,938</b>	<b>\$235,943</b>	<b>\$173,735</b>	<b>\$162,889</b>
<b>Sales by category<sup>1</sup></b>					
Dried flowers	\$597,632	\$135,208	\$188,951	\$140,715	\$132,758
Other products (oils, sprays, etc.)	143,873	33,730	46,992	33,020	30,131
	<b>\$741,505</b>	<b>\$168,938</b>	<b>\$235,943</b>	<b>\$173,735</b>	<b>\$162,889</b>
<b>Other information</b>					
Number of stores	104	104	101	100	98
Number of kilograms <sup>1</sup>	149,223	34,614	47,843	34,668	32,098
Number of transactions <sup>1,2</sup>	18,771,000	4,296,000	5,956,000	4,385,000	4,134,000

1. The distribution of net sales per category, the number of kilograms and the number of transactions during the second quarter of fiscal year 2024–2025 was adjusted following the publication of the quarterly report for Q2 2024–2025. These adjustments are not significant.

2. The number of transactions is rounded to the nearest thousand.

	2024				
	Year 53	Q4 13	Q3 16	Q2 12	Q1 12
Number of weeks					
<b>Sales</b>	\$662,080	\$166,198	\$201,600	\$151,657	\$142,625
<b>Cost of products sold</b>	448,059	112,686	135 160	102,975	97,238
<b>Gross margin</b>	214,021	53,512	66,440	48,682	45,387
Selling expenses	87,770	23,140	26,089	19,048	19,493
Administrative expenses	23,583	5,233	7,679	5,050	5,621
<b>Operating results</b>	102,668	25,139	32,672	24,584	20,273
Net finance (income) expenses and other income	(1,447)	(429)	(365)	(362)	(291)
<b>Net income</b>	104,115	25,568	33,037	24,946	20,564
Other comprehensive income (loss)	(25)	(25)	–	–	–
<b>Total comprehensive income</b>	\$104,140	\$25,593	\$33,037	\$24,946	\$20,564
<b>Sales by channel</b>					
Stores	\$622,054	\$156,934	\$189,262	\$142,319	\$133,539
Online	40,026	9,264	12,338	9,338	9,086
	\$662,080	\$166,198	\$201,600	\$151,657	\$142,625
<b>Sales by category</b>					
Dried flowers	\$552,984	\$137,228	\$167,674	\$127,665	\$120,417
Other products (oils, sprays, etc.)	109,096	28,970	33,926	23,992	22,208
	\$662,080	\$166,198	\$201,600	\$151,657	\$142,625
<b>Other information</b>					
Number of stores	97	97	98	98	98
Number of kilograms	122,478	32,090	37,215	27,498	25,675
Number of transactions <sup>1</sup>	16,098,000	4,124,000	4,901,000	3,641,000	3,432,000

1. The number of transactions is rounded to the nearest thousand.

# Sales history since the legalization of cannabis

## Years ended the last Saturday of March

(unaudited, in thousands of Canadian dollars)

	2025	2024	2023	2022	2021	2020	2019 <sup>1</sup>
Number of weeks	Year 52	Year 53	Year 52	Year 52	Year 52	Year 52	Year 24
<b>Sales</b>	<b>\$741,505</b>	\$662,080	\$601,911	\$600,545	\$537,236	\$311,572	\$71,271
<b>Cost of products sold</b>	<b>498,313</b>	448,059	412,034	434,854	403,466	240,615	58,081
<b>Gross margin</b>	<b>243,192</b>	214,021	189,877	165,691	133,770	70,957	13,190
Selling expenses	99,402	87,770	75,689	73,348	56,591	36,179	8,653
Administrative expenses	27,495	23,583	19,687	16,288	10,902	8,371	9,490
<b>Operating results</b>	<b>116,295</b>	102,668	94,501	76,055	66,277	26,407	(4,953)
Financial contribution of the Québec government	–	–	–	–	–	–	(4,889)
Net finance (income) expenses and other income	(1,756)	(1,447)	(441)	346	(227)	111	(64)
<b>Net income</b>	<b>118,051</b>	104,115	94,942	75,709	66,504	26,296	–
Other comprehensive income (loss)	35	(25)	–	–	–	–	–
<b>Total comprehensive income</b>	<b>\$118,016</b>	\$104,140	\$94,942	\$75,709	\$66,504	\$26,296	\$–
<b>Net sales by channel</b>							
Stores	\$708,696	\$622,054	\$567,764	\$564,374	\$486,754	\$285,908	\$57,591
Online	32,809	40,026	34,147	36,171	50,482	25,664	13,680
<b>Net sales by category</b>	<b>\$741,505</b>	\$662,080	\$601,911	\$600,545	\$537,236	\$311,572	\$71,271
Dried flowers	\$597,632	\$552,984	\$508,941	\$515,713	\$484,247	\$287,976	\$62,994
Other products (oils, sprays, etc.)	143,873	109,096	92,970	84,832	52,989	23,596	8,277
	<b>\$751,505</b>	\$662,080	\$600,911	\$600,545	\$537,236	\$311,572	\$71,271
<b>Other information</b>							
Number of stores	104	97	97	87	66	41	13
Number of kilograms <sup>2</sup>	149,223	122,478	106,526	106,488	91,529	46,863	9,922
Number of transactions <sup>3</sup>	18,771,000	16,098,000	13,915,000	13,364,000	10,568,000	7,746,000	1,527,000

1. For the 2019 fiscal year, the SQDC was created on June 12, 2018 (giving a total of 292 days for its fiscal year ended March 30, 2019), but only began operations on October 17, 2018 (i.e., 24 weeks of operations).

2. There was an amendment to the legislation governing the cannabis gram equivalency calculation for beverages in fiscal year 2023. The volumes of fiscal year 2022 were adjusted to reflect the new reality.

3. The number of transactions is rounded to the nearest thousand.

**Photo credits**

Most of the photographs in this annual report were taken by Marc-Olivier Bécotte and Chu Anh Pham.

The SQDC thanks the employees who agreed to appear in the photographs for its Annual Report 2025.

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To view the electronic version of this report, please visit the About the SQDC section of [SQDC.ca](http://SQDC.ca).

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