SQ
DC

For responsible consumption

Annual Report 2026

[←] Cover photo

Marc-André Milette
Advisor and Team Leader
at the Trois-Rivières-Ouest store

Contents

Vision

Be your trusted destination for cannabis.

[↑] Photo

Guillaume Poupart
Advisor at the
Trois-Rivières-Ouest store

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.

Values

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 managing our business so our profits can benefit all Québecers.

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.

Proximity

At the SQDC, proximity is a pervasive concept. Whether it is between colleagues, with our partners or through guiding customers, we establish trust-based relationships so we can all»go further together.

Excellence

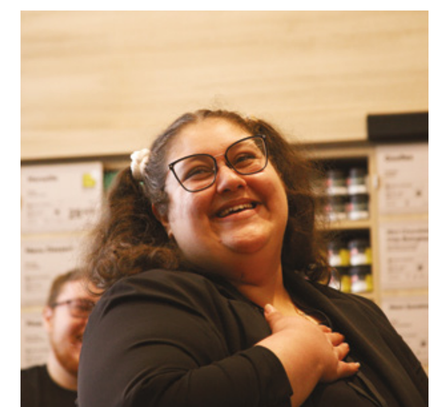
Every day, we work to build the SQDC by being bold and courageous. Our passion for our work and our collective desire to succeed drive us to move beyond stigmas, encourage initiative and give our all.

[↓] Photo
Angélique Batista
Advisor and Temporary Team Leader at the Pierrefonds store

[↓] Photo
Marika Bouchard
Advisor at the Trois-Rivières-Ouest store

[↓] Photo
Suzanne Bergeron
President and Chief Executive Officer

Strategic orientations



Engage our teams

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

Serve our customers

Migrate consumers from the illegal market to the legal market through a varied, relevant and accessible offer, a streamlined customer journey, an appropriate quality-price ratio and a sound advisory service.

Raise the SQDC's profile

Act with a view to protecting cannabis users' health by assuming our essential role in the cannabis ecosystem and in Québec society through our ethical and responsible practices and our contributions to society.

Each of these numbers results from the expertise and dedication of our teams, which are committed to giving cannabis users responsible support to facilitate their migration to the legal market.

As an organization, we choose to act with integrity and make thoughtful decisions to sustainably support our mission and the communities we serve.

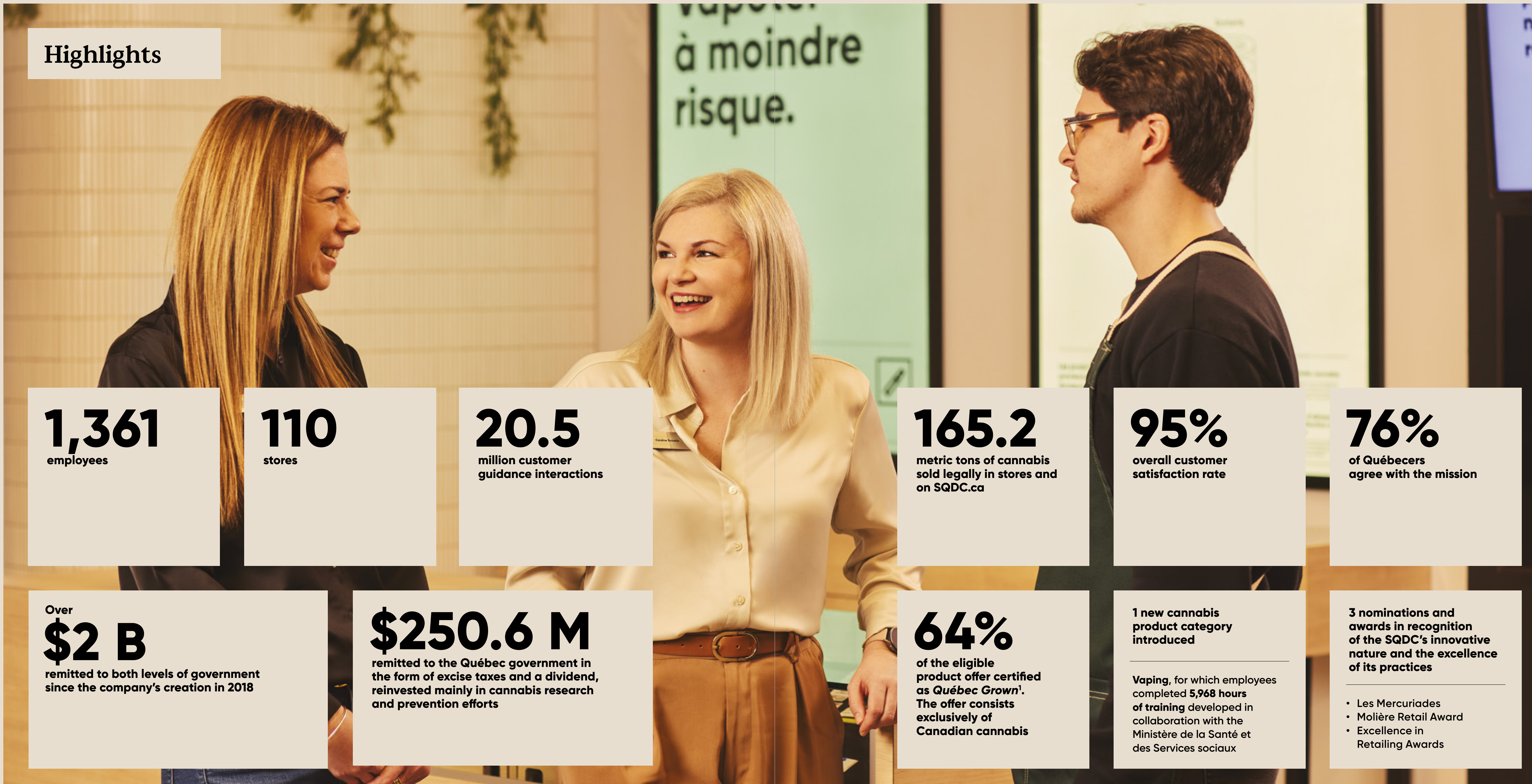
[↓] Photo

Marie-Pier Boisvert
Manager at the Trois-Rivières-Ouest store

Caroline Turcotte
Advisor, Operational Efficiency

Tommy Haley
Advisor and Team Leader at the Trois-Rivières-Ouest store

Highlights



1,361
employees

110
stores

20.5
million customer guidance interactions

165.2
metric tons of cannabis sold legally in stores and on SQDC.ca

95%
overall customer satisfaction rate

76%
of Québecers agree with the mission

Over
$2 B
remitted to both levels of government since the company's creation in 2018

$250.6 M
remitted to the Québec government in the form of excise taxes and a dividend, reinvested mainly in cannabis research and prevention efforts

64%
of the eligible product offer certified as *Québec Grown*[1]. The offer consists exclusively of Canadian cannabis

1 new cannabis product category introduced

Vaping, for which employees completed **5,968 hours of training** developed in collaboration with the Ministère de la Santé et des Services sociaux

3 nominations and awards in recognition of the SQDC's innovative nature and the excellence of its practices

- Les Mercuriades
- Molière Retail Award
- Excellence in Retailing Awards

1. To obtain the *Québec Grown* identifier, products must meet several criteria, including being composed of at least 65% cannabis grown in Québec. At the time of writing, the only product categories eligible for this certification are dried and ground flowers, pre-rolleds, hash and kief.

Message from the Chair of the Board of Directors

"At every stage of its development, the SQDC has shown that it is possible to be both innovative and disciplined while also ensuring that each decision is guided by a focus on protecting health."

In fiscal 2025-2026, the Société québécoise du cannabis (SQDC) continued to grow in full alignment with its mission: **to sell cannabis with a focus on health protection**. Since the company's inception, this mission has guided each decision. It informs the SQDC's priorities and has remained an essential guide for the Board of Directors, the Management Committee and our teams.

Throughout the fiscal year – the final year of the *Strategic Plan 2024-2026* – the company continued its rigorous management grounded in sound governance. It also showed innovation and creativity in adapting to a constantly changing environment, allowing it to respond ever more effectively to users' needs.

One of the year's major achievements and chief highlights was the introduction of responsible vaping product sales. This new category, developed in response to a very real public health issue, is based on meticulous in-depth work done in close collaboration with all stakeholders. It reflects the SQDC's commitment to offering compliant, lower-risk products with the goal of attracting users to the legal market and keeping them there.

By providing reliable and accessible information backed by an attentive and structured advisory service, the company helps customers make more informed choices and works to destigmatize cannabis while maintaining its focus on health protection. This responsible approach remains at the heart of the Québec model and clearly sets the SQDC apart in the Canadian and international landscape.

In 2025-2026, 165.2 metric tons of cannabis were sold legally, reducing the share of purchases made on the illegal market. In total, $331.3 million will be remitted to the Québec government, including $250.6 million in excise taxes and a dividend transferred to the Fonds de lutte contre les dépendances, which will reinvest it primarily into research and prevention efforts related to the harmful effects of cannabis.

As a result, the company continues to generate tangible value for Québec society. Beyond the funds redistributed to the two levels of government, its contribution to community development is also reflected in its economic impact and the high-quality jobs it provides in all regions of Québec.

I would like to express my deep gratitude to each member of the Board of Directors, all of whom have steadfastly supported the SQDC for several years. Their complementary expertise improves implementation of the company's exemplary management practices. Several of them, including some who will soon conclude their tenure on the Board, have been witness to the various stages of the company's development. They continue to provide an informed perspective on our priorities. I am very grateful to have been able to count on their ongoing commitment to ensuring the continuity and quality of governance.

I would also like to commend the work of the Management Committee under the compassionate and determined leadership of Suzanne Bergeron. The committee's strategic contributions help keep our organization agile, professional and keenly aware of its responsibility to Québecers.

Finally, I sincerely thank all 1,361 employees who embody the values and purpose of the company each and every day. Thanks to their discipline and commitment to serving customers responsibly, they give full meaning to our model and support a lasting migration to the legal market. Thanks to their work, the SQDC's mission is achieving its full impact.

Johanne Brunet
Chair of the Board of Directors

Message from the President and Chief Executive Officer

> "The strength of the SQDC lies in the collective commitment of our teams, who rigorously uphold our mission and guide the public every day with compassion and professionalism."

The year just ended saw the completion of our second strategic plan. During the year, we improved our ability to progress as a strong, efficient and forward-looking organization while never losing sight of our mission focused on health protection. This evolution is made possible by the exceptional work of our talented employees, who bring the SQDC to life and who, year after year, support our contribution to Québec society.

At the end of fiscal 2025-2026, we are remitting $250.6 million to the Québec government in the form of excise taxes and a dividend. The funds will be transferred in full to the Fonds de lutte contre les dépendances. These results reflect the same commitment that has driven the SQDC since its inception: to reduce the reach of the illegal market by converting cannabis users to the legal market within a responsible and safe framework.

A key initiative this year was introducing the responsible sale of vaping products. As this method of use is seeing strong growth along with increasing public health concerns, it was clear that the SQDC had a role to play in offering a legal, regulated and lower-risk alternative. We planned this initiative with great care. All our advisors received four and a half hours of training, developed in collaboration with the Ministère de la Santé et des Services sociaux, to adapt our advisory service to this new product category and better guide our customers. We also worked closely with our supplier partners to develop products tailored to the Québec context. This transition involved several internal and external players and highlighted the excellent work of our talented people. I would like to commend the quality of the teamwork that made this possible.

At the same time, we have been reflecting on the SQDC's future by preparing our Strategic Plan 2027-2029, in which we focus on reducing barriers hindering access to the legal market and strengthening our organizational efficiency. With this in mind, we have continued our efforts to better structure our operations: optimizing processes, clarifying work methods and implementing tools better suited to our situation.

These advancements allow us to fully support the potential of our teams and provide them with the necessary resources to perform their roles effectively.

The SQDC also continues to be an integral part of Québec's social and economic fabric through its regulated legal product offer, collaboration with Québec and Canadian suppliers and status as an employer of choice. Throughout the year, we strengthened our culture, supported peer learning and consolidated our leadership model. These actions help create an inclusive work environment where everyone can thrive in their own way, be embraced for their uniqueness and actively contribute to fulfilling our mission.

In this vein, I would like to thank the Ministère des Finances, the Ministère de la Santé et des Services sociaux and the Conseil du trésor, whose expertise and cooperation have been particularly helpful. I also thank our other government partners and our producers, with whom we share a commitment to building a responsible industry.

Finally, I want to highlight the remarkable commitment of our teams, who bring our mission to life every day. The Management Committee's commitment is also commendable; its cohesion and stability are essential driving forces for the entire organization. I am also grateful to our Board of Directors, whose ongoing support allows us to continue our work with confidence.

As the SQDC enters a new phase, I could not be prouder of the organization we are becoming. Despite constant pressure from the illegal market, the trust our customers place in us reminds us of the importance of our mandate. Together, we will continue to move forward with discipline, responsibility and professionalism, for the benefit of all Quebecers.

Suzanne Bergeron
President and Chief Executive Officer

Mangement Committee

Our people can count on a strong, united leadership team with an unshakable commitment to the SQDC's mission. As we have grown, certain vice-presidential roles have evolved to better reflect our level of maturity and our ambitions for the future.

These adjustments foster synergy among teams and allow us to tackle our projects with even greater agility. Our management team has been steadfast during these changes, guiding the organization with discipline, compassion and determination.

Suzanne Bergeron
President and
Chief Executive Officer

Each member of senior management and their respective teams are responsible for the sale of cannabis with a focus on health protection, without encouraging use.

Pietro Perrino
Vice-President,
Health Protection
and Government Affairs

Josée Laliberté
Senior Vice-President,
Culture, Communication
and Corporate Secretary

Geneviève Giroux
Vice-President,
Responsible Merchandising
and Supply Chain

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

Yves Lokossou
Vice-President,
Information Technology
and Cybersecurity

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


Extraits
haschich & kief

[←] Photos – preceding page

Erica Careine Noubi Nguiam
Advisor at the
Trois-Rivières-Ouest store

Maxime Grimard
Advisor and Team Leader
at the Trois-Rivières-Ouest store

Marie-Lou Séguin-Pilloud
Assistant Manager at
the Trois-Rivières-Ouest store

Review of Activities

The *Cannabis Act* was passed by the Parliament of Canada in June 2018. Subsequently, Québec passed the *Act to Constitute the Société québécoise du cannabis*.
A subsidiary of the Société des alcools du Québec (SAQ), the SQDC opened its first stores in the fall of that year.

The federal act legalizes access to cannabis in Canada while regulating its production, distribution and sale. The federal government also defines the criminal and penal offenses aimed at combatting the unauthorized sale, production and distribution of cannabis.

Québec's legislation governs the sale, promotion and advertising of cannabis. It sets the minimum age for possession at 21 and establishes the operating and governance rules for the SQDC, which is the only entity authorized to retail cannabis in Québec.

Background

The state of the SQDC in 2026

The SQDC's transition from a start-up to a more mature organization continues. More than seven years after the company's creation, we have solidified our role within Québec's legal cannabis ecosystem and our model continues to prove its relevance. This year was the final stage of the Strategic Plan 2024-2026. During this cycle, we identified the new priorities that will guide us as we carry out our mission in a constantly evolving market.

That is the spirit in which we carefully developed and began responsible sales of reduced-risk cannabis vaping products, always with a focus on protecting health. This launch required a significant, company-wide team effort. Custom training, operational support and the optimization of several internal processes enabled the seamless addition of this new category to the product offer. The initiative required close collaboration with our industry partners to enable us to offer products that reflect user habits while complying with Québec's regulatory framework. Throughout the process, we focused on one goal: to offer safer alternatives to the illegal and unregulated market, while adequately informing and preparing everyone who walks through our doors.

At the same time, we continued to update the customer experience. Several adjustments were made to better meet expressed expectations, including a review of opening hours across the store network. We also continued to test and improve our stores and innovations that put advisory services at the centre of the experience. On the real estate front, constructing new stores will gradually give way to optimizing the existing network, informed by the lessons learned in recent years, while maintaining suitable and accessible coverage across Québec.

None of this would be possible without the commitment and passion of our teams. That is why we have continued to build a culture grounded in collaboration, innovation, learning and proximity. We have implemented our *ADN du leadership* (leadership DNA) program to develop a management model that reflects who we are. We have also invested in building our teams. As part of this process, we have continued improving our organizational efficiency. The modernization of our practices and systematic optimization of our processes support our ambitions. They enable us to equip our teams with the tools they need to maximize the value they create with their expertise. This evolution reflects an organization that is becoming more structured while remaining in touch with real-world conditions and users' needs.

Finally, we have used our platform to raise awareness of our role and help reduce the stigma associated with cannabis. We also continued our ongoing dialogue with our stakeholders and with organizations interested in the Québec model. We are proud that the hard work of our talented people was recognized with three nominations and awards during the fiscal year.

Through all these achievements, we remain fully aligned with our mission: to transition cannabis users to the legal market and keep them there, without encouraging or trivializing use. This is the guiding principle that continues to shape our decisions, our priorities and the daily work of our teams across Québec.

[←] Photo
Jean-François Dulac-Lemelin
Senior Vice-President, Customer Experience

[↓] Photo
François St-Jean
Assistant Manager at the Beloeil store

Engage our teams

What have we done to support the engagement of the people who carry out our mission every day?

81%
Overall job satisfaction rate[2]

This year, we focused on the SQDC's core strengths: a vibrant culture, leadership by example, collaborative work relationships and professional development grounded in our teams' real-world experience. We defined our Culture 2.0 and our EDI vision, launched a leadership DNA program designed by and for our people, and continued working closely with our union partners. We also redefined what career growth means at the SQDC and invested in a continuous learning approach based not only on training, but on experience and mutual support. Lastly, we took specific steps to promote well-being and inclusion. We started optimizing our practices to foster an environment where everyone can thrive and contribute to our mission with diligence, responsibility and compassion. We are firmly committed to continuing to innovate by developing practices and programs that improve, engage and support all of our teams.

2. Data from the SQDC's 2026 employee experience survey.

Strategy 1

Develop an employer brand and an organizational culture 2.0

THE FIRE IN OUR BELLY

[↓] Trois-Rivières-Ouest store

Erica Careine Noubi Nguiam, Advisor • **Marie-Lou Séguin-Pilloud**, Assistant Manager • **Maxime Grimard**, Advisor and Team Leader
Tommy Haley, Advisor and Team Leader • **Marie-Pier Boisvert**, Manager • **Juan Jose Aguirre**, Advisor

Our organizational culture has become well established over time and continues to evolve with the organization. "The fire in our belly" is our employer brand, and it provides the guiding principle: it expresses our values, informs our practices and helps us show our colleagues and prospective colleagues who we are. It embodies what unites us and what sets us apart: a people-centric organization, driven by a unique mission and staffed by committed individuals. The fire in our belly is not just an expression, it is part of who we are.

In that vein, we worked hard to clearly define the scope of version 2.0 of our culture. A structured group brainstorming process helped us identify the existing core elements of our way of working: collaboration, proximity and continuous learning. We will also strive to strengthen our innovative spirit, accountability and efficiency. These fundamentals help us preserve our essential character, while also allowing our culture to adapt to the realities of an increasingly professional organization, and they continue to drive team engagement.

"Hearing colleagues from different professions and backgrounds talk about leadership in their own words helped us better understand what unites us. I'm especially proud that we've managed to create a framework that brings us together and truly reflects who we are at the SQDC. "

Matei Lamasanu
Manager of the Montréal – Métro Snowdon store and participant in the workshops to define the leadership DNA

Leadership DNA by and for our teams

Our leadership DNA is how we want to fulfill our leadership role at the SQDC. The result of a collective effort, it is based on four human qualities: courage, empathy, curiosity and drive, all experienced authentically. These qualities are not hypothetical: they reflect our real expectations of the people who lead our teams.

Developed in recent months in collaboration with our people, this DNA fully embodies our spirit of innovation and the way we want to work together. By bringing employees and managers from the store network and headquarters together for a series of workshops, we succeeded in building a simple, coherent model firmly grounded in the reality of our respective professions. The discussions allowed us to compare a variety of perspectives, listen to front-line workers and ensure that our leadership DNA reflects both our current identity and what we aspire to be.

Our leadership DNA was first presented to head office management in September 2025, then introduced to the rest of the organization in January 2026. This phased rollout was aimed at fostering genuine buy-in before the official launch in the spring of 2026, when store managers will have the opportunity to delve deeper into each of its features. Further steps will follow to ensure that this DNA is fully ingrained in our practices and our attitude alike.

A collaborative approach to labour relations

In recent years, the SQDC has updated its approach to labour relations to place greater emphasis on dialogue, openness and the search for joint solutions. Building on this shift, we have deepened collaboration by working to find more common ground and build trust – essential elements for the quality of our labour relations.

Starting in the fall of 2025, these efforts took on particular importance against the backdrop of a new round of negotiations with the CSN, which represents employees in 17% of our stores across Québec. To properly prepare for these talks, we co-developed a negotiation protocol that established a clear, respectful and structured framework for both parties. In the same spirit, representatives from the SQDC and the CSN participated in a joint seminar given by the Ministère du Travail. This exercise helped align our understanding of roles and responsibilities in our respective teams and jointly identify the conditions for a successful negotiation: thorough preparation, open communication and a willingness to work together. It also helped maintain the bond of trust built over the past few years.

Enfin, cette approche collaborative s'est également reflétée dans plusieurs projets majeurs de l'année. Nous avons interpellé nos partenaires syndicaux, la CSN comme le SCFP, dès les phases préparatoires de certains chantiers. Leur apport en amont a permis d'ancrer ces initiatives dans les réalités opérationnelles de nos équipes, tout en posant les bases nécessaires pour avancer ensemble de manière concertée au moment de les mettre en œuvre.

Strategy 2

Focus on developing our teams while remaining true to our mission

[↓] Photo
Ralph Lorminey
Manager of the
Rivière-du-Loup store

[→] Photo
Laurence Millette
Advisor
Internal Communications

Christiane Azzi
Director
Customer Experience – Network

At the SQDC, training is a strategic activity. Our role requires solid knowledge, sound judgment and a strong sense of ethics. That is why we invest in training programs that are grounded in real-world experience and adapted to all job categories. In fact, 70% of employees reported being satisfied with the available professional development opportunities, while 69% say they feel they can contribute to the organization's success. Accordingly, we are continuing on this path by linking learning even more closely to our organizational culture and mission.

This year, the importance of training became obvious as we prepared for the launch of vaping products. Working with the Ministère de la Santé et des Services sociaux, we developed educational content to ensure that the addition of this new product category would be carried out in a responsible and compliant manner. The 4.5-hour training sessions prepared our teams to guide customers in a conscientious and informed manner from day one, as will be explained later in this report.

24,013
Total number of training hours completed during the year

A renewed vision of training

We have also clarified what "professional development" means at the SQDC and have made it a true guiding principle.

This company-wide vision gives clear meaning to all our initiatives: developing a strong learning culture, valuing autonomy and encouraging the regular sharing and transfer of knowledge. The vision results from a more accurate charting of the organization's needs and allows the various training activities to be more closely aligned. This means the activities support the development of our teams' technical and interpersonal skills and play a key role in the advancement of our organizational culture.

We also see this vision as a means of ensuring the continued social acceptance of the SQDC. Integrating, developing and supporting our people does more than strengthen our internal practices: above all, it ensures we can carry out our mission effectively and keep earning the public's trust.

Professional development at the SQDC means constantly growing through curiosity, learning, experimentation and sharing, to become a better version of ourselves for the benefit of the organization and colleagues.

This development is part of a culture of continuous learning and collaboration, where everyone is responsible for their own path, with the support of their manager and the organization. Integrated into the daily work routine, it is based on mutual support and helps produce lasting positive impacts for the organization and the community.

[←]
Propulsion cohort

A program to support continuous learning

We have continued refining the mandatory basic training program for store-based advisors, which covers legal, operational and pedagogical issues. The goal remains the same: to ensure our teams are properly equipped to give customers tailored, reliable and high-quality guidance.

In addition to onboarding training, our team members have access to training on specific topics, including use by ingestion, cybersecurity, privacy protection, corporate social responsibility and mindful communication.

These training modules help strengthen three essential facets of our teams' development:

1. **an accurate understanding of cannabis;**
2. **adequate knowledge of cybersecurity challenges;**
3. **strict compliance with legal and operational requirements.**

At head office, we have also been preparing for our next strategic plan. To that end, we developed a training program designed to help us develop new reflexes around project management and change management, both of which will be essential elements in our organization's transformation.

Store managers remain very enthusiastic about the Propulsion program. This ten-module course, which now takes four months to complete, was developed specifically for the SQDC in collaboration with the Centre Laurent Beaudoin at the Université de Sherbrooke. Its aim is to develop key leadership skills and ensure that store teams benefit from them. The program was enriched with hands-on exercises and mechanisms to encourage the real-world application of newly acquired knowledge between training sessions. Managers who have completed Propulsion now have a dedicated internal communication channel where they can share best leadership practices. To date, 16 cohorts and 206 individuals have completed the program, including 22 this year. The graduates include store managers, assistant managers and several head office employees.

Beyond traditional training, the SQDC values on-the-job learning. This is the goal of the *Enraciner les talents* program, which offers cross-departmental professional development opportunities to all employees. Participants can enrich their career paths by taking on a hybrid assignment, contributing to committees or special projects or by filling a temporary position, which allows them to grow while meeting the organization's needs. In all, 25 people have accepted an internal opportunity this year, out of 107 since the program's launch.

[←]
A group of learning facilitators

Facilitating peer learning: an innovative model that is proving its worth

One way to participate in the *Enraciner les talents* program is to serve as a learning facilitator.

Facilitating peer learning is now a cornerstone of our approach to training. Our in-house team, with some seven facilitators, assists with the design and delivery of training programs and leads co-development sessions. Inspired by collective intelligence, this approach strengthens cohesion, enriches educational content and fosters internal engagement. In view of its effectiveness, this model will now be expanded to other organizational issues, particularly change management.

> "Being a learning facilitator means sharing my knowledge while learning from others. Peer learning brings our content to life and keeps it firmly grounded in the real world. This model fosters a strong sense of cohesion among teams and tangibly improves our day-to-day work, thanks to training modules created by us, for us."
>
> **Philippe Duchesne**
> Assistant Manager at the Bromont store and learning facilitator

Strategy 3

Attract and retain a diversity of talent

[↓] Photo

Mélodie Lalonde Marticotte, Category Specialist | **Lisa-Marie Veillette** Specialist, Customer and Brand Communication | **Mathieu Gascon** Advisor, Communication and Events

A fair, caring and safe environment

Supporting employee engagement starts with providing a caring environment where everyone can thrive and work safely. We have therefore continued our efforts to prevent workplace harassment and violence: 1,361 colleagues completed mandatory training on these issues and 191 managers participated in practical workshops that are now part of the onboarding process.

These workshops cover essential concepts such as rudeness, managerial authority, insubordination and maintaining a healthy and safe work environment.

To contribute to the well-being of our teams, we also renewed our *Conférence qui fait du bien*, a feel-good talk attended by all employees at the start of each year. Led by psychologist and speaker Alexandra Larouche, the 2026 edition focused on emotional intelligence. The teams were able to explore together how this attribute can help them handle daily challenges, take care of themselves and support their colleagues.

Our EDI vision

At the SQDC, we foster an environment where everyone can find their place, is welcomed for their uniqueness and can grow with confidence. We believe that a diversity of voices, backgrounds and experiences enriches our collective identity. Our commitment to inclusion is a shared responsibility that we strive to bring to life every day through our actions and our culture, which helps us carry out our mission.

Inclusion at the SQDC: a shared responsibility

Since its inception, the SQDC has been committed to providing a fair and inclusive workplace that reflects the diversity of Québec society. At this time last year, several initiatives were already underway: the standardization of our interview canvases, the completion of a pay equity review, the provision of feminine hygiene products for our employees, the shift to gender-neutral language in our communications and the annual renewal of our *Plan d'action à l'égard des personnes handicapées*.

In fiscal 2025-2026, we took this initiative to the next level by defining our EDI vision. We made it an organizational priority and chose, unequivocally and confidently, to make inclusion central to our approach. Beyond representation, we are focusing on what truly transforms a culture: creating an environment where every person feels welcome, supported and valued. To give momentum to this ambition, we have developed a two-year action plan, guided by clear and measurable objectives for inclusion.

Now that our vision is established, we are working to promote it and ensure that every member of the organization can embrace it. Working together, we will bring it to life across all of our initiatives. It is already reflected in our leadership DNA and will, over time, become an intrinsic part of our culture, supporting both the integration and development of our people.

[↑] Photo

Andrew Laplante, Manager at the Valleyfield store • **Neil Ramcharitar**, Manager at the Lachine store • **Véronique Ouellet**, Manager at the Place Longueuil store • **Taqueenia Mohammed Seemongal**, Advisor at the Lachine store • **Anouk Desnoyers**, former advisor at the Laval store

Strategy 4

Upgrade our structuring systems

[↓] Photo

Lansiné Kaba
Developer,
Business Intelligence

Arthur Janville
Director, Infrastructure, IT
Operations and Cybersecurity

Kathleen Bégin
Senior Business Intelligence Analyst,
Commercial Strategy and Merchandising

[→] Photo

Sainte-Julie store

Making time for what matters most

The three structuring systems outlined in the Strategic Plan 2024-2026 are now fully operational: a decision-support information system, an upgraded point-of-sale system and a new integrated human resources management system (HRMS), for which we are finalists for the Mercuriades awards[3].

These solutions have already yielded efficiency gains for our store teams and for head office. They allow us to better structure our operations, improve the employee experience and lay a solid technological foundation for the next phase of our journey.

Since these systems were fully operational, we were able to devote more attention to optimizing our tools and processes in order to maximize the value created by our teams and simplify their day-to-day work.

3. Les Mercuriades is an awards program run by the Fédération des chambres de commerce du Québec (FCCQ). Each year it recognizes the innovation, ambition, entrepreneurship and performance of Québec businesses.

For example, we created a centralized portal for IT tickets, launched our project office, initiated several targeted automations and deployed a robust cybersecurity plan – a critical business priority as digital security becomes increasingly complex for all organizations. We have also begun overhauling our supply chain and merchandising systems.

This modernization involved implementing specific measures to effectively manage our priorities and internal capabilities as well as upgrading our IT function to be more structured and better equipped. It aims to focus our efforts where they are most needed by aligning our practices with the company's strategic orientations and developing solutions adapted to our current and future needs. Above all, it helps foster innovation in a constantly changing environment. We are now better positioned to meet the challenges of tomorrow and fully accomplish our mission.

[↑]

Yves Lokossou
Vice-president, Information
Technology and Cybersecurity

Marc-André Beauchesne
Director, Analytical Data
and Artificial Intelligence

[←] Photo

Juan Jose Aguirre
Advisor at the Trois-Rivières-Ouest store

[↓] Photo

Daniel Di Maurizio
Manager at the Quartier des spectacles store

Stéphanie Martel Gill
Assistant Manager at the Quartier des spectacles store

Serve our customers

How have we adapted our practices to better meet our customers' evolving needs?

95%
Overall customer satisfaction rate[4]

70-78%
Percentage of Québec users age 21 and over who purchase some or all of their cannabis from the SQDC[5]

The introduction of responsible vaping product sales marked a turning point in how we serve our customers. We took this initiative very seriously and planned meticulously to ensure it is aligned with our mission. It was accompanied by broader adjustments to our in-store experience to optimize the customer journey and guidance framework as well as ensure greater consistency across our points of contact to effectively reach customers. We also adjusted our opening hours to account for regional differences and be available at the right time, the better to compete with the illegal market. All these actions converge on a single objective: to offer honest, straightforward and compassionate guidance, with a focus on health protection.

4. Data from a 2026 survey of SQDC customers.
5. Data from the Québec Cannabis Survey 2025.

Strategy 1

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

[↓] Photo
Several members of the team that worked on launching the responsible sale of vaping products

Launching the responsible sale of vaping products: a collaborative, rigorous and considered approach

Since its inception, the SQDC has developed a product offer designed to steer consumers away from the illegal market while maintaining a focus on protecting health.

The launch of vaping product sales in November 2025 was based on the same logic: to offer a legal, regulated and lower-risk alternative for a consumption method that is becoming increasingly popular. In 2025, the Institut de la statistique du Québec reported that vaping is among the most widespread methods of cannabis use[6]. That being the case, staying out of this segment would have represented an even greater risk to public health.

6. Information from the Québec Cannabis Survey 2025.

[↑] The two leaders of the vaping project

Julian Damien Armengaud
Regional Director

Stéphanie Gagné
Director, Merchandising and Logistics

It is important to remember that illegal-market products carry significant hazards: very high and variable levels of intoxicating cannabinoids, unspecified fluid composition, possible presence of banned additives, a lack of reliable information and guidance, and devices whose safety is not guaranteed. Offering a reduced-risk option therefore became an unavoidable responsibility for the SQDC.

Taking the time to do it right

Preparations for the sale of vaping products were carried out with care, drawing on the expertise, data and collaborations necessary to act responsibly. We gave ourselves enough time to do things right, starting with an in-depth review that included:

- Coordinating with the Ministère de la Santé et des Service sociaux;
- Consulting with experts in the industry and the scientific community;
- Holding discussions with our supplier partners, particularly those specializing in extracts, to fully understand the technical details of this product category;
- Cooperating with other provinces to compare their practices and learn from them;
- Taking into account concerns raised by the public health community.

This work was based on a collaborative and multidisciplinary approach, involving several areas of expertise: merchandising, business strategy, customer journey design, training, communication, business intelligence and the customer experience.

Responsible sales based on a reduced-risk approach

Our merchandising approach was initially based on establishing strict criteria designed to ensure a lower-risk product offer that complies with Québec regulations. Among other things, we required:

- Compliance with regulations, including a maximum THC content of 30%;
- The absence of added flavours;
- Increased transparency in labelling and clear identification of all ingredients, including any additives, to enable informed choices;
- Demonstration that rigorously supervised tests were conducted as part of the research and development of these new products;
- Quality certified by Health Canada-approved laboratories, as is the case with all products sold by the SQDC.

As for batteries, we prioritized neutral models that meet high safety standards to promote lower-risk inhalation. The selection criteria included:

- The ability to control the voltage;
- The inclusion of a preheat function;
- Attainment of certain safety certifications, particularly in electrical and thermal safety.

The SQDC's selection of accessories is consistent with its mission of conducting responsible sales with a focus on health protection. It is aimed at informing customers and providing guidance on using the products appropriately.

We gave suppliers the time they needed to develop compliant formulations and adapt their production processes accordingly. With the close collaboration with the industry, we are able to offer products aligned with our mission.

[↑] Photo
Quartier des spectacles store

[→] Photo
Raphaël Diop
Advisor at the Quartier des spectacles store

Camille Beauséjour Lépine
Advisor at the Quartier des spectacles store

"What stands out most is the importance of having a quality-controlled product, as opposed to what's available on the illegal market. We also take the time to explain how to use the products to prevent problems and ensure safer use."

Mélodie Gagnon
Advisor and Team Leader
at the Montmagny store

[1] A customer journey adapted to this new category

The addition of vaping products to the existing customer journey was carefully designed to enable responsible sales. The process includes appropriate signage to facilitate product identification as well as clear information on risks, regulatory limits and the characteristics of the extracts. We have also redesigned our store layouts to include a dedicated area for consulting services pertaining to vaping products.

The goal is simple:

Ensure that people who choose to vape have access to accurate information and receive the guidance they need to make informed choices.

[2] Training as a tool for responsible guidance

To provide customers with appropriate guidance, the SQDC dedicated an entire component of the project to training. Developed in collaboration with the Ministère de la Santé et des Services sociaux, the 4.5-hour training program equips advisors with the knowledge they need to provide clear, objective guidance with an emphasis on harm reduction. With the Ministère's support, we also adapted our existing advisory framework to account for the introduction of this category.

In addition, we enlisted our team of learning facilitators to lead webinars designed to increase familiarity with this method of use and the associated accessories, while also fostering knowledge retention.

All SQDC employees have completed this specialized training, which is now part of our mandatory onboarding training.

[3] Communication focused on information and support

In keeping with our mission, communication surrounding the arrival of vaping products was focused on information and guidance.

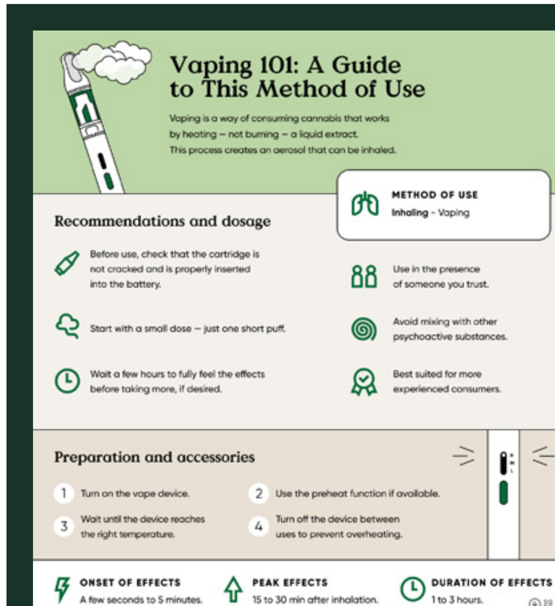
The central message was:

If you choose to vape, the SQDC offers a legal, regulated and reduced-risk alternative, but never encourages use.

To support our store teams, we produced a variety of communication tools targeting harm reduction: posters, brochures, fact sheets and digital content. Our website's pages on vaping products are among the most visited in recent years, highlighting the importance of making reliable information accessible to ensure informed use.

At the same time, the SQDC launched a presence on Reddit, a platform where conversations among cannabis users are already well established. This measured presence allows us to listen, answer questions, debunk myths and better understand the community's concerns, always with an emphasis on providing information and guidance.

Initial findings attest to the credibility and effectiveness of the approach: some customers visit us specifically for this product category, confirming that the initiative is already helping steer users away from the illegal market. The rollout went smoothly, in a manner consistent with our core values and without operational problems.



Vaping 101: A Guide to This Method of Use

Vaping is a way of consuming cannabis that works by heating – not burning – a liquid extract. This process creates an aerosol that can be inhaled.

METHOD OF USE
Inhaling - Vaping

Recommendations and dosage

- Before use, check that the cartridge is not cracked and is properly inserted into the battery.
- Start with a small dose – just one short puff.
- Wait a few hours to fully feel the effects before taking more, if desired.
- Use in the presence of someone you trust.
- Avoid mixing with other psychoactive substances.
- Best suited for more experienced consumers.

Preparation and accessories

1. Turn on the vape device.
2. Use the preheat function if available.
3. Wait until the device reaches the right temperature.
4. Turn off the device between uses to prevent overheating.

ONSET OF EFFECTS
A few seconds to 5 minutes.

PEAK EFFECTS
15 to 30 min after inhalation.

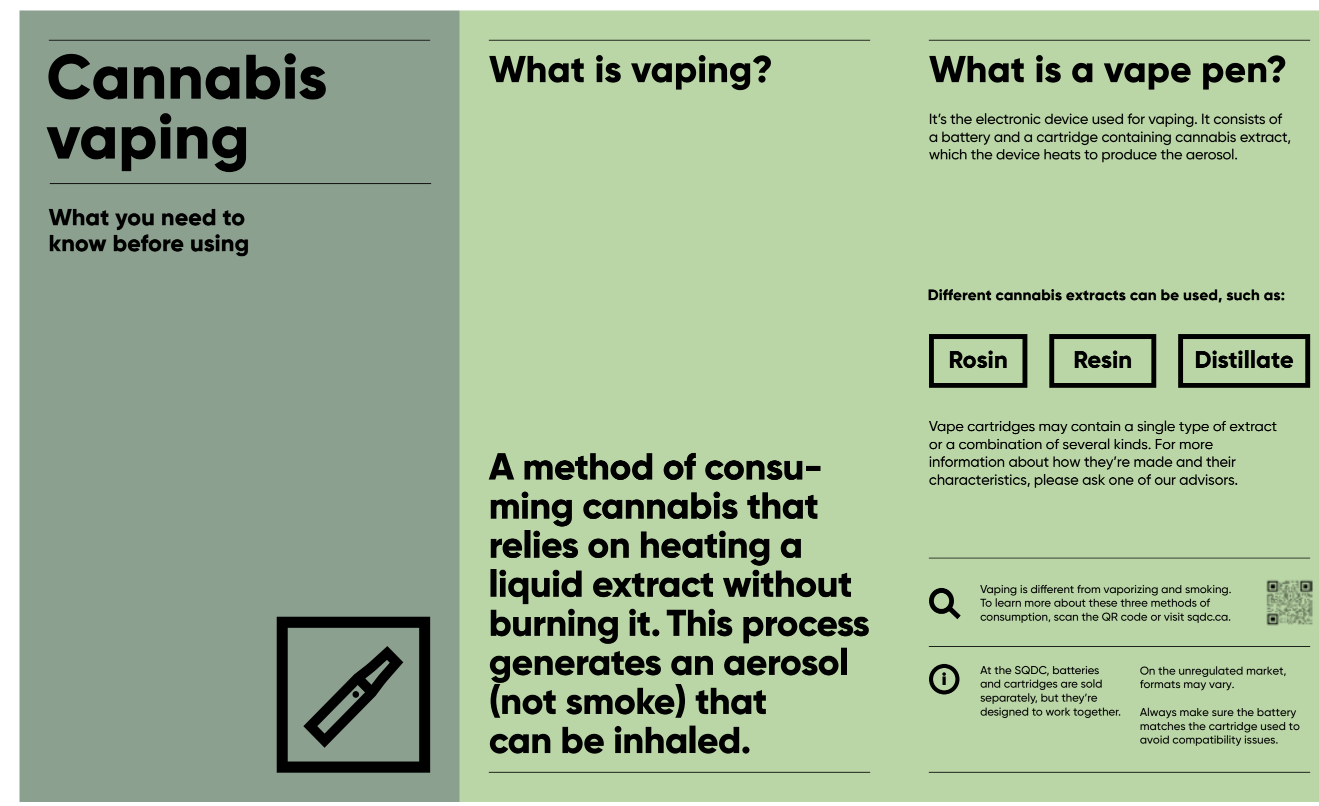
DURATION OF EFFECTS
1 to 3 hours.

[↑]

Vaping 101 guide

The vaping offer at a glance

- Three subcategories offered: distillate, resin and rosin.
- Cartridges account for 6.5% of total sales since launch.
- 14 suppliers, including 9 based in Québec.
- The price of a vape cartridge (1 g format) ranges from $34 to $53.70, with an average price of $41.15.



Cannabis vaping

What you need to know before using

What is vaping?

A method of consu-ming cannabis that relies on heating a liquid extract without burning it. This process generates an aerosol (not smoke) that can be inhaled.

What is a vape pen?

It's the electronic device used for vaping. It consists of a battery and a cartridge containing cannabis extract, which the device heats to produce the aerosol.

Different cannabis extracts can be used, such as:

Rosin | Resin | Distillate

Vape cartridges may contain a single type of extract or a combination of several kinds. For more information about how they're made and their characteristics, please ask one of our advisors.

Vaping is different from vaporizing and smoking. To learn more about these three methods of consumption, scan the QR code or visit sqdc.ca.

At the SQDC, batteries and cartridges are sold separately, but they're designed to work together.

On the unregulated market, formats may vary.

Always make sure the battery matches the cartridge used to avoid compatibility issues.

[↖] Photo

Tommy Haley
Advisor and Team Leader
at the Trois-Rivières-Ouest store

Juan Jose Aguirre
Advisor at the
Trois-Rivières-Ouest store

Strategy 2

Expand our market coverage

[↓] Photo

Trois-Rivières-Ouest store

[→] Photo

Lucien NKE
EVA delivery person

Émilie Houle
Assistant Manager at the Shawinigan store

Store hours adjusted for local conditions

In the summer of 2025, we extended opening hours at some 20 stores, addressing a clear issue: approximately 19% of people who purchase at least some of their cannabis outside the SQDC cite business hours as the main reason[7].

This initiative has allowed us to better serve customers during peak demand periods and where illegal sellers are active. The data collected were then used to revise all of our store hours, aligning them more closely with actual foot traffic and purchasing habits while also improving efficiency.

7. Data from a 2023 survey of SQDC customers.

[↑]

Suzanne Bergeron
President and Chief Executive Officer

Delivery services in all regions

Delivery also plays a key role in the accessibility of legal cannabis. Our available options include standard delivery via Canada Post throughout Québec, 90-minute delivery in eight regions (Capitale-Nationale, Montérégie, Centre-du-Québec, Estrie, Outaouais, Mauricie, Saguenay–Lac-Saint-Jean and Chaudière-Appalaches) and same-day delivery in the greater Montréal area. In addition, customers have the option of picking up online orders at a store. This range of services reflects our commitment to offering solutions adapted to customers' needs and circumstances.

Strategy 3

Dynamize the customer experience

[↓] Photo

Raphaël Diop
Advisor at the
Quartier des spectacles store

As the legal cannabis market matures, expectations for the customer experience are rising. At a time when the illegal market is proving particularly agile and inventive, it becomes essential to support customers in a responsible and informed manner, offering a compassionate and positive experience.

Rethinking the customer experience to bring our teams and customers closer together

In its first few years, the SQDC's priority was to rapidly expand its store network to improve access to legal cannabis, enabling it to carry out its mission of capturing the illegal market while maintaining a focus on protecting health.

Now that we are established throughout Québec, we can direct our efforts to optimizing the store network and adapting even more accurately to the unique situation in each region's communities.

Following the shift initiated last year, we have continued to improve our stores. Six new locations have opened. In addition, two stores were relocated to more suitable spaces and another renovated. These changes aim to enhance the customer experience while improving our teams' quality of life. They also reflect our commitment to establishing a lasting presence in the Québec landscape through stores that mesh well with their surroundings and fit into their neighbourhoods.

Beyond these new developments, we have reimagined the customer experience to put people back at the centre. The process has led us to reaffirm the importance of the advisory role in fostering more genuine, natural and tailored interactions.

The new Quartier des spectacles location embodies this shift. The goal is to offer a reconceived experience in which access to information is streamlined and the advisor-customer relationship is central. This approach eliminates the traditional physical barrier of the counter, reduces the pressure associated with waiting in line and creates an atmosphere of openness that helps reduce the stigma surrounding cannabis. It also enhances the experience for our teams, who can interact more freely with customers in a warm and welcoming setting.

Six new stores

- **Amqui**
- **Montréal – boulevard de Pierrefonds**
- **Vieux-Montréal**
- **Saint-Félix-de-Valois**
- **Amos**
- **Saint-Lin-Laurentides**

Two relocations

- **Montréal – Quartier des spectacles**
- **Laval – Sainte-Dorothée**

[←]
Four members of the CRC team

A digital experience that supports our advisory role

The customer experience also takes place online. With digital habits evolving rapidly, we are working to better connect our various channels to ensure continuity between our in-store and online support. This digital ecosystem remains essential for informing and guiding customers, particularly as our product offer evolves, as was the case with the introduction of vaping products.

We have therefore begun work on redesigning our transactional website, SQDC.ca, with the new version scheduled to launch in the fall of 2027. The modernized platform will deliver a more intuitive experience, improved e-commerce practices and features better adapted to customer needs. This evolution is all the more important as the illegal market is highly creative and competitive online. To remain Québecers' trusted destination, we must deliver an accessible, simple and reliable digital experience.

As a result, we have expanded our informational content to help users access clear, factual insights about our products, their effects and responsible use. Moreover, our chat service, staffed by qualified advisors, remains one of the preferred channels for those looking to ask questions, get information or receive personalized advice.

- In 2025-2026, there were 5,890,158 visits to SQDC.CA, including 308,986 to the Learn About Cannabis section, for a monthly average of 490,865 visits.
- Advisors conducted 30,000 chat sessions this year, with an 84% satisfaction rate.

Accessible and human customer service

Providing excellent customer service means being available regardless of the channel. Our Customer Relations Centre (CRC) plays an essential role by complementing the support offered in-store and on SQDC.ca. By answering questions related to opening hours, delivery, returns, transactions or website usage, this team allows in-store advisors and online chat agents to remain fully dedicated to guiding SQDC customers.

Strategy 4

Maintain a quality-price ratio attuned to our customers

[↓] Photo

Shanie Cloutier
Manager at the Neufchâtel store

Marie-Pier Boisvert
Manager at the Trois-Rivières-Ouest store

We do not aim to offer the lowest prices but rather fair prices that allow us to compete with the illegal and unregulated market while ensuring the quality and compliance of the products we sell. However, price remains one of the most frequently cited reasons why people purchase outside the legal market, sometimes based on inaccurate perceptions.

Throughout the fiscal year, we clarified that the SQDC's prices reflect product quality, compliance with public health standards and the guarantee that our products come from a legal and regulated supply chain – all while remaining competitive. Using this approach, we remind people that our prices are fair, accessible and consistent with customer needs.

[←] Photo
Alexander Bove
Director, Real Estate

[↓] Photo
Ali Touhami Dib
Advisor at the Gatineau (de la Gappe) store

Wiktri Dimbanda Dikenda
Advisor and Team Leader at the Gatineau (de la Gappe) store

Raise the SQDC's profile

How have we retained Quebecers' trust?

76%
Public support for the SQDC's mission[8]

Our identity is built on being clear in our intentions and consistent in our actions.

Trust is built through transparency, attentiveness and the quality of the relationships we build with our stakeholders. By openly sharing our approach, being an active participant in the conversation and assessing our decisions through a strategic lens to ensure they benefit the community, our model remains credible and strengthens our position in the Québec landscape.

8. Data from a 2025 SQDC survey of the general public.

Strategy 1

Play our essential health protection role in the cannabis ecosystem

[↓] Photo
Chu Anh Pham
Public Affairs Advisor and Spokesperson

[→] Photo
Marie-Pier Boisvert
Manager at the Trois-Rivières-Ouest store

Marika Bouchard
Advisor at the Trois-Rivières-Ouest store

With its unique mission, some 1,360 high-quality jobs and a well-established presence across Québec, the SQDC occupies a unique position in the legal cannabis ecosystem and, more broadly, in civil society. Beyond our role as a retailer, we play a key role in harm reduction and make real contributions to regional vitality and community development.

These facts continue to attract considerable attention at home and abroad, and we are regularly invited to explain our model and approach in various social, business and professional forums. When this happens, we always prioritize dialogue and transparency to convey our mission, maintain public trust and remain an integral part of Québec's social fabric.

Cultivating close relationships with our stakeholders

Since our activities are grounded in health protection, maintaining close ties with social stakeholders is a natural part of our work. We uphold this commitment by regularly meeting with public safety officials, economic stakeholders, municipal representatives, public health experts and government officials. For example, we have maintained regular contact with the Ministère de la Santé et des Services sociaux, the Direction nationale de la santé publique and the Conseil du trésor, while collaborating with other government departments based on their areas of expertise. It is essential for us to expand our network, build these relationships and prioritize the kind of knowledge sharing that helps us improve our practices.

These interactions give us the chance to explain our role and highlight the training we offer our teams – training that supports responsible purchasing practices and addresses competition from the illegal market, which remains active, agile and creative. They also provide opportunities to hear our stakeholders' concerns, which we can then address in our strategic thinking to remain in step with Québec society.

A model that generates interest beyond our borders

The SQDC's unique approach also attracts international attention. Once again this year, foreign delegations visited us to gain a better understanding of our government corporation's business model for the responsible sale of cannabis. Discussions took place with a Swiss delegation engaged in a legalization process and with MBA students from HEC Paris-Sorbonne, showing that our reputation reaches beyond our borders.

[↑] Media interview
Geneviève Giroux
Vice-President, Responsible Merchandising and Supply Chain

Strategy 2

Be a balanced, evolving presence for citizens

[↓] Photo

Geneviève Giroux
Vice-President, Responsible Merchandising and Supply Chain

Our expertise and talent at the forefront

Several colleagues helped raise the SQDC's profile this year. They took part in events, forums, panels and industry meetings that allowed us to explain who we are, highlight our unique mission and draw inspiration from best practices to inform our strategic vision.

We were invited to speak at various forums, both to share our experience and to explain how we tackle our challenges with rigour, innovation and creativity. Visits to our counterparts in New Brunswick and Western Canada allowed us to learn from each other. We were also active in various professional settings, whether to present our supply chain approach, highlight our management successes or share our opinions on developments in the legal cannabis market.

Our key appearances included →

A panel organized by Deloitte featuring **Josée Laliberté**, Senior Vice-President, Culture, Communication and Corporate Secretary, on the successful implementation of our integrated human resources and payroll system (HRIS).

Participation by **Geneviève Giroux**, Vice-President, Responsible Merchandising and Supply Chain, at CanExec 25 to discuss the state of our industry and supply chain outlook.

Presentation by **Alexandre Ouellet**, Director, Commercial Strategy and Supply Chain, at GCL's Logistics Forum on the responsible deployment of a public distribution network in a highly regulated sector.

Participation by **Mengjin Li**, Director, Marketing and Communications, at Radicle Femmes 2026, to speak to female professionals in the Canadian cannabis industry about our strategic vision focused on the quality of our advisory services.

Presentations by **Suzanne Bergeron**, President and Chief Executive Officer, at panels organized by the McGill–HEC Montréal EMBA program on leadership, notably on International Women's Day.

Les Affaires conference on internal communications, where **Vanessa Roland**, Director, Public Affairs and Corporate Communications, presented our inspiring and authentic approach to building team pride.

We also participated in several events focused on innovation, information technology and harm reduction. These activities allow us to stay abreast of best practices, guide our development and strengthen our role as a responsible industry player. Notable events included the *Canadian Cannabis Jurisdictional Leadership* conference in Moncton and the Canadian Centre on Substance Use and Addiction conference in Halifax, which deepened our understanding of emerging issues.

[↑]
Excellence in Retailing Awards

[↑]
Les Mercuriades

[↑]
Molière Retail Awards

Our teams' work recognized and rewarded

Our capacity for innovation and our professional rigour have been recognized with several awards. The SQDC was a finalist in two categories at the Excellence in Retailing Awards – for its 90-minute delivery service and for its open-concept store in Sainte-Julie[9]. At the Mercuriades, one of Québec's most prestigious business awards programs, we distinguished ourselves as finalists in the Productivity Growth category thanks to the rigorous implementation of our Workday HRIS[10]. Lastly, for the third year running, we won a Molière Retail Award for the quality of French in our in-store, online and telephone-based customer service. Such recognition is rare and attests to the professionalism and unwavering commitment of our teams[11].

Our sensitivity to the French language and our contribution to promoting the use of correct French-language terminology within the cannabis ecosystem – where English-language jargon is still common – were also highlighted in a presentation to the Comité multilatéral pour l'exemplarité de l'État of the Ministère de la Langue française. The use of accurate and clear vocabulary also helps reduce the stigma around cannabis.

Informing, raising awareness and maintaining public trust

We pay particular attention to our media presence. Throughout the year, we gave interviews and hosted media at our stores to present our major initiatives, including the launch of vaping products and the adjustment of our opening hours, and to raise awareness about the hazards of products available on the illegal market. Carried out with openness and transparency, these initiatives fostered a better understanding of the legal cannabis industry and demonstrated the seriousness and diligence with which we do business.

Beyond our primary mission, these forums also allowed us to highlight our CEO's compassionate and inclusive leadership. Our innovative approach to professional development also caught the attention of *Revue RH*, the journal of the Ordre des conseillers en ressources humaines agréés, which highlighted our commitment to collective intelligence and peer learning.

9. The Excellence in Retailing Awards, presented by the Retail Council of Canada, recognize innovation and excellence in a dozen categories. The awards are presented at a gala attended by industry leaders.
10. Les Mercuriades is an awards program run by the Fédération des chambres de commerce du Québec (FCCQ) that celebrates the innovation, ambition, entrepreneurship and performance of Québec businesses each year.
11. These awards, presented by the Retail Council of Canada in partnership with the Office québécois de la langue française, highlight Québecers' appreciation for retailers' outstanding use of the French language.

JANVIER-FÉVRIER-MARS 2026 **REVUERH.ORG** 53

Développer les talents… autrement

LA FACILITATION DE L'APPRENTISSAGE À LA SQDC : UNE CULTURE QUI S'ENRACINE

Pyerre Boisvert, CRHA, conseiller, Formation et développement, Société québécoise du cannabis (SQDC)

À la SQDC, le développement des compétences n'est plus seulement un outil : c'est une véritable orientation stratégique. Pour soutenir cette vision, une idée novatrice a vu le jour en 2024 : la facilitation d'apprentissage par les pairs. Inspirée de l'intelligence collective, cette initiative mobilise des personnes passionnées, issues du réseau et du siège social. Ensemble, elles conçoivent, animent et incarnent une culture d'apprentissage continue, au service de la mission de la SQDC : vendre du cannabis dans une perspective de protection de la santé.

Le pari de l'intelligence collective

Lorsque je suis arrivé à la Société québécoise du cannabis (SQDC) en janvier 2024 comme conseiller en formation et en développement, un constat s'imposait : instaurer un réel écosystème d'apprentissage (autrement dit, un système de formation et de développement) nécessiterait plus qu'un simple poste consacré à cette tâche. La SQDC, jeune entreprise gouvernementale ayant un mandat de commercialisation du cannabis dans une perspective de santé publique, devait se doter d'un modèle

[↑]
Featured in Revue RH, published by the Ordre des conseillers en ressources humaines (CRHA)

A more strategic digital presence

Our social media platforms have also evolved. In addition to Reddit, we will expand our presence to Instagram to demystify the SQDC with accessible content and engage with cannabis communities in their established spaces. We also maintain a balanced presence on Facebook to provide reliable and useful information and build trust with our customers. LinkedIn remains a key platform for sharing our achievements, showcasing our teams and promoting our mission.

[↑] Photo

Charlotte Domingue
Analyst,
Supply Chain

Charles-Étienne Meloche
Partner, Talent Attraction and Retention, Diversity and Inclusion

Chu Anh Pham
Advisor, Public Affairs
and Spokesperson

Strategy 3

Bring our CSR approach to fruition

[↓] Photo

Simon Vézina
Advisor and Team Leader
at the Saint-Nicolas store

Jean-Christophe Bettey-Marte
Manager at the
Montmagny store

Making social responsibility second nature

As Québec's only authorized retailer of recreational cannabis, the SQDC takes its social responsibility seriously. That is why we take care to consider the social and environmental impacts of all our activities, not only to mitigate any negative effects but also to generate tangible benefits for the community. This mindful approach is now an integral part of how we work.

During the fiscal year, we implemented a process that allows us to systematically assess the social, ethical and environmental dimensions of every project we undertake. It is based on structured deliberations and supported by a questionnaire that guides the analysis of related issues. This approach helps us better anticipate risks and make informed decisions with an eye to sustainability.

We have also updated our *Sustainable Development Action Plan 2024-2028* to bring it into closer alignment with government priorities.

Our container recovery program, which customers and staff are now well aware of, remains a key component of our commitment to sustainability. It allows consumers to return their empty cannabis containers to our stores, where they are collected for processing by our partner specializing in the recycling of complex materials. As a participant in Recyc-Québec's *ICI on recycle +* program, the SQDC is also continuing its residual materials management efforts.

These initiatives demonstrate our commitment to improving our practices with a focus on sustainability so we can carry out our mission consistently and responsibly.

Strategic Plan 2024-2026

Summary table of last year's results

Engage our teams

Strategy	Overall indicator	2025-2026 target	2025-2026 results
Develop an employer brand and an organizational culture 2.0	Employees' overall satisfaction with their job	74%	**81%** ✓
Focus on developing teams while remaining true to our vision	Employees' satisfaction with opportunities for personal development and contributing to the SQDC's success	69%	**69.5%** ✓
Attract and retain a diversity of talent	Employee net promoter score	15	**14**[12]
Upgrade our structuring systems	Number of projects implemented since the launch of the strategic plan	3	**3** ✓

Serve our customers

Strategy	Overall indicator	2025-2026 target	2025-2026 results
Dynamize the customer experience	Overall level of customer satisfaction	71%	**95%** ✓
Expand our market coverage	Annual sales in metric tons	130 T	**165.2 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	58%	**86%** ✓
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	56%	**76%** ✓

Raise the SQDC's profile

Strategy	Overall indicator	2025-2026 target	2025-2026 results
Play our essential health protection role in the cannabis ecosystem	Number of activities in which the SQDC actively takes part	20	**22** ✓
Be a balanced, evolving presence for citizens	The public's level of support for the SQDC's mission	75%	**76%** ✓
Bring our CSR approach to fruition	Percentage of CSR plan objectives reached	100%	**100%**[13] ✓

12. The Net Promoter Score (NPS) reflects a year of transition marked by changes in our ways of working. This ongoing evolution has mobilized the organization around an adaptation phase. These structuring initiatives are essential foundations that will enable the company to carry out its mission even more effectively.
13. 100% of applicable targets were met. The indicator for the proportion of acquisitions incorporating responsible components (construction and renovation work) is not considered, since no contracts awarded during the period met the basic selection criteria.

Strategic Plan 2027-2029

Updated guiding principles to support our ambitions

The SQDC has reached a significant milestone. It is no longer a start-up but a mature organization that must adapt to a changing market and constantly evolving expectations. To pursue our mission even more effectively, we have revised the strategic orientations that will guide our work in the coming years.

This process was based on a rigorous and collaborative approach. It involved a careful analysis of the market and our operating environment as well as close consultation with our stakeholders and front-line teams. Taken together, these perspectives helped us identify the key challenges we face in sustainably converting users to the legal market. These challenges relate both to persistent obstacles and to the need to align our organizational capabilities with our stage of development.

To address these findings, our *Strategic Plan 2027-2029* is built around two main pillars: **reducing obstacles and strengthening our foundations.**

Pillar 1

Reduce obstacles

In response to Challenge 1

There are still barriers to attracting and retaining legal-market users

To encourage more cannabis users to choose the legal market, we must address the barriers that continue to slow the transition. These barriers take many forms, ranging from a lack of understanding of our model to inaccurate perceptions of our product offer as well as difficulties related to accessibility or to certain steps in the purchasing process. Because the illegal market is ever more creative in circumventing the rules, it is essential to clarify our role, provide reliable information about our products and offer a consistent, simple and seamless experience, both online and in-store.

This pillar will comprise concrete solutions to raise awareness of our practices and services, optimize our store network, enhance our digital ecosystem and improve our website. These efforts are aimed at creating more favourable conditions for customers, so that those who choose the legal market can more easily navigate it and remain within it, always with a focus on responsible guidance.

Pillar 2

Strengthen our foundations

In response to Challenge 2

Our organizational capabilities must evolve in a manner consistent with the company's stage of development

Having built a strong retail network in an entirely new sector, the SQDC is entering a phase of development that requires capabilities commensurate with its ambitions. To continue moving forward effectively, we must streamline our processes, make better use of the tools and data at our disposal and direct our efforts where they create the most value. This approach aims to increase efficiency, support our teams and free up their time so they can fully leverage their expertise. Various ongoing initiatives are already using this approach, including the overhaul of our supply chain and retail management systems.

This pillar also relies on strengthening our organizational culture. Collaboration, proximity, learning and innovation as well as efficiency and accountability will guide our daily actions going forward. We strive to foster skills development, equip our managers to fully implement our leadership model and uphold our commitment to inclusiveness so that everyone can grow with confidence. Strengthening our foundations means equipping ourselves with the vision and tools we need to keep moving forward in alignment with our mission.

[←] Photo

Isabelle To
Manager, Supply Chain and Continuous Improvement

Cristina D'Onofrio
Coordinator, Commercial Strategy

2026 Social Responsibility Report

What steps are we taking to reduce our environmental footprint and make positive contributions to Québec society?

Last year, we took specific and measurable actions to more fully integrate sustainability into our operations and decision making. To reduce our environmental footprint, we continued our efforts to adopt more eco-friendly packaging, encourage in-store recycling of containers and improve our residual materials management. All these efforts are made possible by our teams' commitment. At the same time, the systematic integration of social and environmental criteria into our decision making has made those concerns a key part of our governance. Finally, having a product offer grown mainly in Québec reflects our commitment to supporting the local economy and generating benefits for the community.

Message from the President and CEO

The 2025-2026 fiscal year marks the midpoint of our *Sustainable Development Action Plan 2024-2028*. This milestone is part of a strategic transition for our organization, as we have moved from a social responsibility plan to a Sustainable Development Action Plan (SDAP). This decision reflects our commitment to aligning with Québec's Government *Sustainable Development Strategy 2023-2028*.

This transition is much more than an update to our targets: it is also about optimizing our processes. From the outset, social responsibility and sustainability issues were central to the discussions leading up to the drafting of our *Strategic Plan 2027-2029*, with the goal of ensuring our organizational directions and our social and environmental commitments are aligned.

Suzanne Bergeron
President and Chief Executive Officer,
Société québécoise du cannabis

Environment

The SQDC is continuing its efforts to reduce the environmental footprint of its operations. By focusing on the operational elements we control, we are contributing to the fight against climate change and helping build the circular economy.

Objective

Reduce the environmental footprint of containers and packaging

Indicator	2026 Target	2026 Result
Proportion of packaging that meets at least two of the four eco-responsibility criteria	60%	**71%** ✓
Number of new annual initiatives implemented to support eco-responsibility measures in the industry	2	**2** ✓

The cornerstone of our eco-design strategy continues to be collaboration with our suppliers. Due to our ongoing support, the proportion of products meeting our eco-responsibility criteria remains high at 71% – surpassing the target of 60%. We also maintained our commitment to the industry by launching two initiatives aimed at facilitating the transition to more sustainable practices. First, we held coordination meetings with Québec packaging manufacturers and suppliers, with the aim of bringing existing offerings into alignment with the SQDC's expectations for eco-responsible packaging. We also met with representatives from international organizations to discuss best practices for packaging and container recovery programs, the goal being to draw inspiration from others' practices in order to improve our own. These discussions led to a clear conclusion: the SQDC's work compares favourably to similar initiatives elsewhere in North America.

Objective

Increase participation in the recovery program

Indicator	2026 Target	2026 Result
Packaging recovery rate	5%	**6.2%** ✓

Our in-store container recovery program, run in partnership with GoZero, is becoming part of our customers' routines. With a recovery rate of 6.2%, we are diverting more than 32,000 kilograms of material from landfills, demonstrating the value of this initiative as a complement to municipal curbside recycling. Readers may recall that we focus on hard-to-recycle items such as black plastics and flexible plastic pouches, which curbside programs have a limited ability to handle. We encourage customers to dispose of easily recyclable materials in their municipal recycling bins and to take their deposit containers, batteries and vape cartridges to authorized drop-off locations.

Objective

Structure our residual materials management practices

Indicator	2026 Target	2026 Result
Percentage of stores holding the *ICI on recycle +* attestation	60%	**66%** ✓

The SQDC has accelerated the rollout of the processes required for obtaining RECYC-QUÉBEC's *ICI on recycle +* attestation. At the end of fiscal 2025-2026, 66% of our store network had achieved this goal, demonstrating our store teams' commitment to optimizing the sorting, reduction at source and reclamation of residual materials.

Objective

Raise team awareness of sustainable mobility

Indicator	2026 Target	2026 Result
Percentage of employees who describe themselves as aware of sustainable mobility	60%	**68%** ✓

Combined with our incentives for using active and public transportation, our internal communication campaigns continue to pay off. Our annual employee survey indicates that 68% of our colleagues consider themselves aware of sustainable mobility issues, exceeding the target set for the year.

Governance

The SQDC is consistently rigorous in its business practices. We have integrated sustainability principles into our procurement and management processes to ensure ethical and transparent governance.

Objective

Increase our responsible acquisitions

Indicator	2026 Target	2026 Result
Percentage of acquisitions with responsible features (goods and services)	35%	**70%** ✓
Percentage of acquisitions with sustainable features (construction and renovation work)	35%	n/a

In accordance with Québec's *Stratégie gouvernementale des marchés publics* (government procurement strategy), the SQDC includes environmental and social criteria in each call for tenders. This results in the inclusion of at least one responsible component in 70% of goods and services contracts. With regard to construction and renovation work, no contract awarded in the past year met the basic evaluation criteria.

Objective

Reinforce sustainability concepts in the organization's governance

Indicator	2026 Target	2026 Result
Percentage of initiatives deemed structuring that have been assessed for sustainability	100%	**100%** ✓

We remain committed to making sustainability analysis an integral part of our decision making. Each initiative deemed structuring undergoes a rigorous impact assessment to ensure it aligns with our mission and government directions.

During the development of our *Strategic Plan 2027-2029*, a sustainability assessment was carried out to measure the plan's potential impacts. The analysis demonstrated that the proposed orientations introduce no risks or adverse effects on our sustainability commitments and comply with established frameworks and principles. This is the only major initiative for which such an assessment was needed, given its influence on all of the company's future actions. Note that the SDAP specifically includes actions with a positive impact on sustainability.

Community

As the key player in the legal cannabis ecosystem, the SQDC contributes to the vitality of Québec and local economic growth.

Objective

Increase the number of Québec products

Indicator	2026 Target	2026 Result
Percentage of products with a Québec product identifier[1]	44%	**64%** ✓

Customer interest in buying local products remains strong. The *Québec Grown*[1] identifier makes it easier to pick out Québec-grown products and take that criterion into account when purchasing. With 64% of eligible products bearing this identifier, we are helping sustain local production, reduce shipping distances and contribute to our regional economies.

1. To obtain the *Québec Grown* identifier, products must meet several criteria, including being composed of at least 65% cannabis grown in Québec. At the time of writing, only certain product categories are eligible for this certification: dried and ground flowers, pre-rolleds, hash and kief.

Report CSR 2025-2026

Summary of Results

Environment	Indicator	2026 Target	2026 Result
1	Proportion of packaging that meets at least two of the four eco-responsibility criteria	60%	71% ✓
	Number of new annual initiatives implemented to support eco-responsibility measures in the industry	2	2 ✓
2	Packaging recovery rate	5%	6.2% ✓
3	Percentage of stores holding the *ICI on recycle +* attestation	60%	66% ✓
4	Percentage of employees who describe themselves as aware of sustainable mobility	60%	68% ✓

Governance	Indicator	2026 Target	2026 Result
1	Percentage of acquisitions with responsible features (goods and services)	35%	70% ✓
	Percentage of acquisitions with sustainable features (construction and renovation work)	35%	n/a
2	Percentage of initiatives deemed structuring that have been assessed for sustainability	100%	100% ✓

Community	Indicator	2026 Target	2026 Result
1	Percentage of products with a Québec product identifier[2]	44%	64% ✓

2. To obtain the *Québec Grown* identifier, products must meet several criteria, including being composed of at least 65% cannabis grown in Québec. At the time of writing, only certain product categories are eligible for this certification: dried and ground flowers, pre-rolleds, hash and kief.

Appendix 1 (available in French only)

Contribution du *Plan d'action de développement durable 2024-2028* (PADD) de la SQDC à la *Stratégie gouvernementale de développement durable 2023-2028* (SGDD).

PADD 2024-2028	Orientations concernées de la SGDD	Objectifs concernés de la SGDD	Sous-objectifs concernés de la SGDD
1.1 Réduire l'empreinte environnementale 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** Faciliter les choix de consommation responsables et locaux
1.1 Réduire l'empreinte environnementale liée aux contenants et emballages	**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	**1.1.1** Accroître la proportion d'entreprises qui axent leur stratégie d'affaires sur le développement durable
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 Sensibiliser les employés et les employées 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
2.1 Augmenter la part de nos acquisitions responsables	**5** Créer un État exemplaire qui agit en faveur de l'innovation	**5.6** Améliorer la performance environnementale des bâtiments et infrastructures publics	**5.6.2** Accroître la gestion écoresponsable des chantiers de construction et de rénovation
2.2 Renforcer les notions de durabilité au sein de la gouvernance de l'organisation	**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

[←] Preceding page photo

Sabrina Fontaine Advisor, Internal Communication | **Brian Zhang** Administrative Technician | **Adriane Del Torto** Senior Analyst, Strategic Planning and Risk Management | **Daniel Olivier-Cividino** Architect and Project Manager

[↑] Photo

The members of the Board of Directors

Governance

How does our governance lead to responsible decisions aligned with our mission and the expectations of Québec society?

The SQDC is led by an experienced and engaged Board of Directors whose members contribute complementary expertise. The company's governance framework guides the organization's development by ensuring that each decision is aligned with its mission, values and the public interest. Through close collaboration with management, input from its committees and a keen understanding of emerging issues, the Board promotes structuring, enlightened and responsible decision-making, ensuring that cannabis is, first and foremost, sold with a focus on health protection.

Report of the Board of Directors

The Board of Directors ensures that the Société québécoise du cannabis (SQDC) is managed 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. To that end, the Board reviews, together with management, the proposals, risks and strategies that will guide the SQDC's actions and development. To carry out its mandate, the Board has established four committees: the Governance, Ethics and Business Practices Committee, the Audit Committee, the Human Resources Committee and the Health Protection Committee.

In fiscal 2025-2026, the Board of Directors held four regular meetings and two special meetings.

A main focus of the Board's work during the fiscal year was the SQDC's third strategic planning cycle. For the purpose, the Board created a Strategic Planning Committee comprised of the Chair of the Board of Directors and the chairs of the four standing committees. In addition to meetings with management, the committee participated in strategic brainstorming sessions involving managers and employees. The committee members attending these sessions had the opportunity to engage with individuals in various positions at the SQDC and to consider the views of the company's stakeholders, including customers. While rapid growth has characterized the SQDC's trajectory since 2018, the strategic planning process highlighted the importance of consolidating the progress made to date. In the coming years, the company will focus on optimizing its operations, while continuing its efforts to reduce the barriers that prompt some consumers to continue buying from illegal and unregulated sources. All of this work was overseen by the Board of Directors, which, at its regular meeting on February 12, 2026, approved the *SQDC's Strategic Plan 2027-2029*.

At the four regular meetings held during the fiscal year, the Board reviewed management's report on its handling of the company's business and the implementation of its strategic orientations. The Board was briefed on the work done during committee meetings and decided on the resulting recommendations. A closed-door meeting of the independent directors was held at the end of each session, and the Board met in closed session with the President and Chief Executive Officer after each of its regular meetings.

During this final year of *the Strategic Plan 2024-2026*, the Board and its committees oversaw and supported implementation of the business objectives underpinning each of the plan's three strategic pillars. Among the year's notable achievements, the Board led discussions on the responsible sale of cannabis vaping products with a focus on harm reduction. Although the SQDC did not sell these products, a growing number of users were choosing vaping as a method of cannabis consumption. This trend, involving purchases from illegal and unregulated sources, led the SQDC, the Board and the Health Protection Committee to pay special attention during the fiscal year to the development of a regulated, reduced-risk response. Upon completion of this work, the SQDC decided to begin selling, as of November 26, 2025, legal and regulated cannabis vaping products as an alternative. Throughout this in-depth process, the Board and its committees ensured compliance with the SQDC's mission. The company's sound governance mechanisms ensure that it remains a trusted player.

The Board approved the company's operating and investment budgets before the beginning of the fiscal year and followed up on the Audit Committee's quarterly reports. The Board monitored the SQDC activities over which it exercises oversight, including employee remuneration and working conditions, results and other financial indicators, risk management, succession planning, major projects and contract approvals. The Board also reviewed and approved amendments to the company's policies. At fiscal year-end, the Board also evaluated its own functioning.

Composition of the Board of Directors

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). Selections are made based on the expertise and experience profile defined by the SQDC Board of Directors. Four permanent observers attend Board meetings but do not have voting rights. These observers are designated respectively by the Québec ministers of Affaires municipales, of Régions et de l'Occupation du territoire, of Finances, of Santé et des Services sociaux and of Sécurité publique du Québec.

As at March 28, 2026, the SQDC Board of Directors had 11 members, six of whom were women and five men. One member was under 35 years of age when appointed, and another was a member of a minority group. All except the President and Chief Executive Officer qualified 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 and the *Act respecting the Société des alcools du Québec*, drawn up an exhaustive profile of the skills and experience expected of its members. The areas of expertise include governance, finance, risk management, human resources and labour relations, public health and substance abuse, social intervention and youth issues, education and communication, managing medium-to-large organizations, operations management, retailing, real estate, information resources, laws and regulations and government operations. In the event of a vacancy, members assist in the search for candidates who will fulfill the Board's composition requirements by contributing complementary expertise. During the fiscal year, the Board actively worked on succession planning in preparation for the end of the terms of some of its members.

Board Committees

The committees of the Board of Directors conduct in-depth studies of business issues crucial to the company.

They perform periodic analysis of developments in their respective fields and read reports submitted by management, whose work they support and oversee. They also conduct a thorough review of the SQDC's policies and other documents essential to the company's governance, including budgets, financial statements and strategic planning, and recommend their adoption by the Board of Directors. All Board committees are composed 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. They also evaluate their own functioning and perform annual planning of their work.

Activity Report of the Governance, Ethics and Business Practices Committee

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 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 2025-2026, the committee performed its role of reviewing and overseeing the integrity of the company's contracting and real estate processes and the related compliance and risk-prevention controls put in place. It analyzed the company's contract landscape based on the scale and risk posed by contracts and analyzed and recommended approval of goods and services acquisitions for which the Board is responsible. It also analyzed strategies and risks related to the company's reputation, communications and the quality of its interactions with stakeholders.

The committee reviewed management's initiatives to communicate with the Québec public, manage the company's reputation and explain its mission. It also oversaw the company's business practices and ensured they were conducted responsibly.

During the fiscal year, the committee led the evaluation of the Board's operation. As part of this work, the committee oversaw the implementation of an orientation and training roadmap for Board members. The training is designed to deepen directors' understanding of the company's activities, its business environment and significant trends that could impact its operations at the strategic level. The committee was involved in the succession planning process for Board members, a commitment that was accompanied by an annual review of the directors' skill and experience profiles. It also examined the Board's practices regarding the onboarding and training of new members.

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

Activity Report of the Audit Committee

The Audit Committee of the SQDC 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 2025-2026, the Audit Committee held four regular meetings and two special meetings. A closed session was held at the end of each meeting.

At each of the committee's regular meetings, management reported to the committee on developments affecting the company's key business risks and the measures implemented to control them. During fiscal 2025-2026, the procedures for overseeing business risk management were updated based on the committee's work. Specifically, the changes resulted in improved oversight of the action plans designed to mitigate known risks. These included cybersecurity measures, which the committee monitored regularly. Cybersecurity is a constantly evolving challenge facing all organizations. Also, as the organization strengthened its cross-department risk management practices, with particular attention to project management, the committee examined how risks potentially affecting the company's major projects are managed. This new practice will ensure the committee can monitor these projects from its own unique perspective, thereby strengthening their governance.

On receiving the report of the chair of the Financial Disclosure Committee each quarter, the committee checked that the company's *Financial Disclosure Policy* had been properly applied. The committee monitored strategies for 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 and recommended the budget for fiscal 2026-2027. It is also taking a longer-term view with the company's financial forecasts. The Audit Committee approved the interim financial statements for each quarter of the fiscal year. It held a closed session with the Senior Vice-President, Finance and Real Estate, at the end of each of the committee's regular meetings.

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 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 with no members of management present. The purpose of these sessions was to ensure the 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.

Lastly, the committee met with the external auditors to discuss 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 fiscal year ended March 28, 2026, which are included in 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' fee for the annual audit mandate for these financial statements is $63,000.

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 (VGQ) act jointly as the external auditors of the books and accounts of the SQDC.

Activity Report of the Human Resources Committee

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. During the fiscal year, the committee held four regular meetings and one special meeting. 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. In particular, the committee focused on employee engagement, labour relations, training, succession planning, compensation and benefits, occupational health and safety, staffing, diversity, recruitment and employer branding. More specifically, the committee conducted oversight on the new means adopted by the company to strengthen its succession planning and managerial skills development, in particular through its new *ADN de leadership* (leadership DNA) program. The committee also continued its work on skills development and the creation of growth opportunities for all SQDC employees.

In fiscal 2025-2026, the committee supported the Senior Vice-President, Culture, Communication and Corporate Secretary in refining human resources oversight indicators along with the additional capabilities generated by the implementation and evolution of the integrated human resources information system (HRIS). Last fiscal year, the committee played a supporting role in restructuring senior management to better support the company's mission. In fiscal 2025-2026, the committee continued this work with the President and Chief Executive Officer, paying particular attention to compensation, objectives, performance and the evaluation of senior managers. It also studied strategic initiatives aimed at consolidating and improving the management of talent and leadership in the company after seven years of growth since its inception. As well as influencing the evolution of the company's culture and its talent and leadership development during the fiscal year, these initiatives were reflected in work on the Strategic Plan 2027-2029, which incorporates them. The committee also carried out its duties regarding compensation and other work conditions for all SQDC employees. On completing a thorough study, the committee recommended that the Board adopt the bargaining mandates necessary to renew collective agreements for the subset of the company's in-store advisors who are CSN members. It also reviewed the measures taken to improve labour relations at the SQDC.

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

Activity Report of the Health Protection Committee

In addition to the three committees required by the *Act respecting the governance of state-owned enterprises*, the Board of Directors has 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.

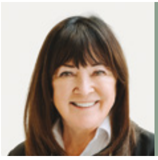
The Health Protection Committee is chaired by Dr. Jack Siemiatycki, Ph.D., an epidemiologist. The committee is comprised of five independent members with expertise in public health and related fields. During the fiscal year, the committee met four times. It held a closed session limited to independent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

During fiscal 2025-2026, the committee reviewed initiatives proposed or implemented by management to ensure that the company fulfills its role of selling cannabis with a focus on health protection. In particular, it examined the division of responsibilities regarding health protection and activities that could have an impact in this area. It also focused, among other things, on training store staff on aspects of health protection and regulatory compliance and on following up on certain recommendations issued by the Vérificateur général du Québec following a performance audit in the previous fiscal year. The committee also monitored the measures put in place for the responsible sale of cannabis vaping products prior to their rollout in November 2025. Beyond management's current activities and precautions, the committee conducted an in-depth review to identify any current and emerging risks related to health protection that warrant being added to those already being monitored.

The committee also examined the intersection of the SQDC's mission and that of other key players in Québec's cannabis regulatory framework. In this regard, it reviewed the mandates of the Ministère de la Santé et des Services sociaux (MSSS), as well as cannabis-related research activities conducted in Québec, many of which are funded through dedicated funds that funnel the dividend generated by the SQDC into health protection and research.

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

Composition of the Board of Directors



Johanne Brunet

Chair of the Board of Directors

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

Professor

- Marketing Department, HEC Montréal

A member of the Ordre des comptables professionnels agréés du Québec, Johanne Brunet holds a Ph.D. in Industrial and Business Studies from the University of Warwick (United Kingdom) and an MBA in marketing and international management from HEC Montréal. Ms. Brunet also holds a certificate in corporate governance from the Collège des administrateurs de sociétés of Université Laval, qualifying her for the title of Certified Corporate Director.

In 1999, Ms. Brunet received the Action Femmes d'Affaires Award from the Board of Trade of Metropolitan Montreal. She was a finalist for the 2013 Business Professor of the Year Award in the competition organized by the renowned weekly magazine *The Economist*. She also served as director 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 TCJ Group and serves on the boards of Laurentian Bank and the Théâtre du Rideau Vert.

Drawing on her recognized expertise in governance, **Ms. Brunet leverages her unique understanding of business environments and government corporations to guide the SQDC through responsible growth aligned with its core values.** In doing so, she helps maintain a rigorous framework that supports the organization's mission and fosters the creation of sustainable value for Quebec society.

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, training in governance from the Institute for Governance of Private and Public Organizations (IGOPP) and an Executive Leadership certificate from Cornell University, Ms. Bergeron has nearly 20 years of experience in strategic planning, talent development and operations management.

Before being appointed President of the SQDC, Ms. Bergeron worked for 18 years at Groupe Sodexo, a global company providing food services and facilities management in over 50 countries. She rose through the ranks there, holding positions including president of Sodexo Canada and Global Talent Director. Through her active contributions, she succeeded in making Sodexo an indispensable partner for its clients and an internationally renowned employer of choice.

Guided by a modern and collaborative approach to governance, **Ms. Bergeron ensures sound management of the SQDC and is in constant dialogue with the Board of Directors and stakeholders.** Her mindful and empathetic leadership fosters the emergence of innovative solutions focused on human needs and the organization's sustainable growth in keeping with its mission.

Céline Blanchet

Director and 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 director

Attorney

Economist

Corporate director

A graduate in economics and law from Université Laval, Céline Blanchet is a member of the Barreau du Québec and holds a certificate in corporate governance, qualifying her for the title of Certified Corporate Director.

Ms. Blanchet was Vice-President, Corporate Affairs and Strategic Development at DeSerres for more than 15 years. She previously served as senior manager of public affairs at Laurentian Bank of Canada and held various positions at Hydro-Québec.

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

Ms. Blanchet is Vice-Chair of the Board of Directors of Merinov and serves on the Board of Directors of Renaissance Québec. She is a member of the Canadian Bar Association, the Institute of Corporate Directors (ICD), the Association des économistes du Québec (ADEQ) and Cercle Omer DeSerres.

With her in-depth knowledge of the retail sector and her experience in highly regulated industries, **Ms. Blanchet brings to the SQDC a perspective grounded in a nuanced understanding of evolving consumer dynamics**. She applies this expertise to drive the organization's ongoing growth by promoting the adoption of innovative and responsible practices.

Stéphane Borreman

Director

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

Emergency Physician

- McGill University Health Centre
- CIUSSS des Laurentides

Corporate director

A physician and corporate director, Dr. Stéphane Borreman's unique background combines emergency medicine, healthcare management and corporate governance.

Holding a bachelor's degree in mechanical engineering, a master's degree in surgery, a doctorate in medicine, a postdoctoral diploma in family medicine from McGill University and a Certificate of Added Competence in emergency medicine, Dr. Borreman has been practicing emergency medicine at the McGill University Health Centre since 2005.

A member of the Institute of Corporate Directors (ICD) and a graduate of the ICD-Rotman Directors Education Program, he has served on the boards of directors of various organizations in the health sector.

During his career, Dr. Borreman has served as a business consultant for McKinsey & Company, where he advised international companies in the pharmaceutical and healthcare sectors. He worked in North America, Europe and Asia. Subsequently, he was a private consultant for Canadian companies. He also served as vice president for a Canadian firm providing IT solutions to hospitals and as an advisor to local start-ups.

At the forefront of public health issues, **Dr. Borreman brings to the SQDC a vital perspective on the real impacts of cannabis consumption and the importance of responsible regulation.** His clinical experience, combined with his expertise in management and consulting, helps guide decisions leading to the sustainable integration of consumers into the legal market.

Martine Lapointe

Director

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

Information Technology and Digital Transformation Consultant

Corporate director

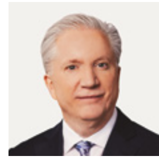
A graduate of the Department of Information Systems and Quantitative Management Methods at the University of Sherbrooke (UdeS), Martine Lapointe also holds a master's degree in project management from the Université du Québec à Montréal (UQAM) and an Executive MBA from the Université de Sherbrooke. Ms. Lapointe received the 2017 MGP Career Award from the school of management sciences at UQAM. She is also a certified member of the Project Management Institute, a Fellow of the Life Management Institute and certified in cybersecurity by ISC2 (International Information Systems Security Certification Consortium).

With over 30 years of experience in the finance and information technology sectors, Ms. Lapointe has served as a manager, senior executive and digital transformation consultant for major organizations in the financial, public and industrial sectors. In these roles, she has worked with entities such as Pratt & Whitney, Revenu Québec, Canadian National, Air Canada, Hydro-Québec, Desjardins, National Bank and Laurentian Bank. She has also held senior management and strategic advisory positions in governance, risk management, cybersecurity, regulatory compliance and artificial intelligence.

She holds a certificate in corporate governance from the Collège des administrateurs de sociétés of Université Laval, and has extensive experience in the governance of complex organizations, gained notably with the Desjardins Group as well as public and non-profit organizations. She currently serves on the board of directors of the Desjardins Group and the Caisse Desjardins Pierre-Boucher.

Ms. Lapointe is also actively involved in the development of the IT profession in Québec. She chaired the board of directors of Réseau Action TI for eight years and is currently a director of that organization.

Ms. Lapointe brings her expertise to the SQDC to support the evolution and modernization of its internal practices. As a key advisor on the Board for decisions related to information technology strategies and investments as well as operational agility, she helps strengthen the organization's foundations, supporting the fulfillment of its mission.



René Leprohon

Director and Chair of the Human Resources Committee

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

Corporate director

A member of the Ordre des comptables professionnels agréés du Québec, the Institute of Internal Auditors and the Canadian Association of Management Consultants, René Leprohon holds a Bachelor of Business Administration from HEC Montréal and a Certified Risk Management Assurance (CRMA) designation. A retired partner at KPMG, he led the firm's internal audit and enterprise risk management practice for more than 12 years.

During his career, Mr. Leprohon has also served as Senior Vice President and Partner at Meloche Monnex (now TD Insurance) and as a Partner at EY, where he further developed his expertise in human resources, change management, internal audit, mergers and acquisitions, business process reengineering and strategic planning.

Over the years, he has served on numerous boards of directors, audit committees and other governance committees for publicly traded companies, government-owned corporations and non-profit organizations. He currently serves on the board of directors of the Institute of Internal Auditors (Montreal chapter) as Chair of the Finance and Audit Committee. Since February 2018, he has been a member of the Board of Directors of the Société des alcools du Québec (SAQ), where he is Chair of the Audit Committee and a member of the Human Resources Committee.

Recognized for his rigour and mastery of accounting, auditing and risk management practices, **Mr. Leprohon helps ensure a solid and consistent internal structure is maintained in the SQDC.** His dual expertise in human resources and financial governance makes him a key figure in supporting responsible management and fostering the engagement of the teams that bring the company's mission to life every day.

Louise Martel

Director and Chair of the Audit Committee

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

Honorary Professor

- HEC Montréal

A member of the Ordre des comptables professionnels agréés du Québec and a graduate in business administration from HEC Montréal, Louise Martel also holds a Master of Science in Management (M.Sc. Finance) from the same institution, where she lso serves as an honorary professor.

Specializing in financial reporting and analysis, governance, risk management, internal control and auditing, Ms. Martel has held various positions throughout her career, including instructor, assistant professor, associate professor, full professor and chair of the accounting department at HEC Montréal. In her roles as a senior director and associate professor she has been continuously involved with KPMG. She is the author of numerous conference papers and some 75 research papers and articles, many of which have been published in national and international journals and have earned her awards from the Canadian Association of Accounting Educators.

Ms. Martel has also been awarded the title of Fellow (FCPA) by the Ordre des comptables professionnels agréés du Québec. In recent years, she has served on numerous boards of directors and notably chaired the audit committee of the Ombudsman for Banking Services and Investment (OBSI) and Télé-Québec.

With a stellar background in finance and academia, **Ms. Martel helps ensure the reliability and rigour of the SQDC's internal audits.** Her experience and proven excellence in academia and business guide the work of the Audit Committee and support effective and responsible management, fostering the sustainable integration of users into the legal market.

Jack Siemiatycki

Director and Chair of the Health Protection Committee

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

Researcher

- Centre de recherche du Centre hospitalier de l'Université de Montréal (crCHUM)

Professor of Preventive Medicine and holder of the Guzzo Environment-Cancer Research Chair at the Société de recherche sur le cancer at the Université de Montréal

- Université de Montréal school of public health

With a master's degree in statistics and a doctorate in epidemiology from McGill University, Jack Siemiatycki is known in the scientific community for developing innovative and influential research methods in occupational cancer etiology and for publishing findings on numerous potentially carcinogenic substances present in the environment. He is also known for the results of his studies on the causes of cancer in the workplace and the risk of developing brain cancer from the use of cell phones. He has authored or co-authored more than 300 articles.

Throughout his career, Dr. Siemiatycki has contributed his expertise to more than a hundred national and international expert advisory committees, as well as to editorial boards of scientific journals such as the American Journal of Epidemiology. He served as the lead expert witness in a class-action lawsuit that resulted in the conviction of tobacco companies.

An elected member of the Canadian Academy of Health Sciences, he is often called upon to synthesize knowledge on the relationships between individual behaviours or environmental factors and the risk of developing various diseases. He is also the author of children's books.

As a recognized scientist, **Dr. Siemiatycki helps the SQDC stay focused on its mission by ensuring that its activities remain grounded in a harm-reduction approach.** With his expertise in public health and background as a researcher, he provides valuable counsel to the Board to help ensure that the company's decisions align with best practices in the field.

Marie-Claude Guay

Director
- Appointed on February 3, 2020, for a two-year term
- Term renewed until February 9, 2030
- Independent director

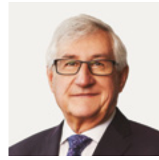
Director, Strategic Planning
- CGI

Marie-Claude Guay holds a Master of Business Administration (MBA) from HEC Montréal, a Bachelor of Arts in Foreign Languages, Literature and Linguistics from Bishop's University, a certification in Design Thinking from IDEO U and a certification in Sustainability Leadership: Innovation for Growth from the University of Toronto – Rotman School of Management. She is recognized as an agent of change and innovation.

With nearly 20 years of experience in the fields of communications, media and marketing, Ms. Guay has accumulated international experience in the creation and management of both brand identity and business strategies. She began her career as a journalist for Radio-Canada, where several of her reports won awards. She notably served as Head of Strategic Communications and Innovative Initiatives at Tata Communications, where she applied her expertise to create and lead digital and public relations strategies for several major international events such as the Mobile World Congress, the NAB Show and Quartz.

Ms. Guay co-founded Next 3B, an international partnership organization dedicated to accelerating Internet access worldwide, and served as its Executive Director. She also founded a market strategy firm, C. Global Inc. She is a lecturer at HEC Montréal.

Drawing on her solid background in strategic communications and public image management, **Ms. Guay supports the SQDC in its ambition to remain Québecers' trusted destination for cannabis.** Her sensitivity to reputational issues and her background in communications help ensure consistent messaging and preserve the organization's credibility with all its stakeholders.



Jean-Claude Dufour

Director
- Appointed on February 3, 2020, for a two-year term
- Term renewed until February 9, 2030
- Independent director

Expert consultant in the agri-food sector and corporate director

Holding a bachelor's degree in agronomy with a concentration in plants, a master's degree in rural economics and a Ph.D. in business administration from Université Laval, including a specialization in distribution, logistics and marketing from the University of Michigan, Jean-Claude Dufour is recognized as a marketing expert in the food sector, as well as for his extensive work and research. He is a Certified Corporate Director (CCD).

Mr. Dufour has left his mark at Université Laval, where he was a professor for 42 years and served as Dean of the Faculty of Agricultural and Food Sciences for 12 years. He also chaired the Canadian Council of Deans of Agriculture and Food Sciences, as well as faculties of veterinary medicine, from 2017 to 2019.

Over the course of his career, Mr. Dufour has delivered more than 600 lectures in several countries, supervised or co-supervised 69 doctoral students and authored numerous publications.

He has served on some 30 boards of directors for companies, para-public agencies, investment funds, colleges and universities. He also chaired the Commission interministérielle sur la révision de la fiscalité agricole au Québec. He chaired the Société de développement de l'industrie maricole du Québec (SODIM) from 2007 to 2013 and the Board of Directors of Collège Notre-Dame-de-Foy from 2007 to 2010.

In 2015, Mr. Dufour was named a Personnalité alimentaire au Québec by the Conseil de la transformation alimentaire du Québec (CTAQ). He was also honoured with the Mérite interprofessionnel presented by the Office des professions du Québec and the Ordre des agronomes du Québec (OAQ), and was 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 Administrateurs agréés du Québec.

With extensive experience in the agri-food sector and a long academic career, **Mr. Dufour brings to the SQDC a deep understanding of the realities of plant cultivation and the changing consumption and purchasing habits of Québecers.** His background in research and teaching enriches Board discussions and helps the organization better understand the unique characteristics of cannabis in order to fulfill its health-focused mission

Jean-Simon Denault

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

Pharmacist
- Centre hospitalier de l'Université de Montréal (CHUM)
- Multi-organ transplantation clinical sector
- Clinical IT sector
- Research pharmacy manager

Jean-Simon Denault holds a master's degree in advanced pharmacotherapy and a bachelor's degree in pharmacy from the Université de Montréal as well as a U.S. certification in specialized pharmacotherapy. He is recognized by his peers for his professional and social commitments.

Mr. Denault worked for nearly 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 duties, he is currently working to enhance the pharmacy department's technology and coordinate the institution's research medication service. He also co-founded the Comité de la recherche en pharmacie.

Throughout his career, Mr. Denault has received numerous awards recognizing the quality of his work and his dedication to pharmacy students. In 2021, he was honoured with the Associate Clinicians' Award of Excellence for his involvement in teaching fourth-year pharmacy students at the Université de Montréal.

With his clinical experience in hospital settings and expertise in pharmacotherapy, **Mr. Denault brings to the SQDC a practical understanding of the issues surrounding substance use and its effects.** Recognized for his thoroughness, determination and commitment to his community, he enhances the quality of the Board's deliberations in a context where safety and accountability remain essential.

Observers

Ministère de la Santé et des Services sociaux du Québec

Julie Loslier
Directrice médicale, sous-ministériat à la prévention et à la santé publique, ministère de la Santé et des Services sociaux

Ministère de la Sécurité publique du Québec

Myriam Poirier
Directrice générale aux activités et à l'organisation policières au ministère de la Sécurité publique

Ministère des Finances du Québec

Samir Hareb
Directeur général, direction générale de l'optimisation des revenus et des politiques écofiscales, locales et autochtones, ministère des Finances

Ministère des Affaires municipales et de l'Habitation du Québec

Guillaume Roy
Secrétaire général, ministère des Affaires municipales et de l'habitation

Directors' Attendance at Meetings of the Board and Board Committees

2025-2026 fiscal year

	BoD[1]	AC[2]	GEC[3]	HPC[4]	HRC[5]	Strategic Planning[6]
Number of sessions	**6**	**6**	**4**	**4**	**5**	**7**
Johanne Brunet[7]	6/6	6/6	4/4	4/4	5/5	3/7
Suzanne Bergeron	6/6	n/a[8]	n/a[8]	n/a[8]	n/a[8]	n/a[8]
Céline Blanchet	6/6	n/a	4/4	n/a	5/5	7/7
Stéphane Borreman	6/6	n/a	4/4	4/4	n/a	s. o
Jean-Simon Denault	6/6	n/a	n/a	4/4	n/a	s. o
Jean-Claude Dufour	6/6	n/a	n/a	4/4	5/5	s. o
Marie-Claude Guay	6/6	n/a	4/4	4/4	n/a	s. o
Martine Lapointe	6/6	6/6	4/4	n/a	n/a	s. o
René Leprohon	6/6	6/6	n/a	n/a	5/5	6/7
Louise Martel	4/6	5/6	n/a	n/a	4/5	3/7
Jack Siemiatycki	6/6	n/a	n/a	4/4	n/a	7/7

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 Five (5) regular meetings and one (1) short meeting 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 one (1) short meeting of the Human Resources Committee were held during the fiscal year.
6 Four (4) regular meetings and three (3) short meetings of the Strategic Planning Committee were held during the fiscal year.
7 The Chair of the Board of Directors is an ex officio member of all Board committees.
8 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

2025-2026 fiscal year (in Canadian dollars)

	Meeting fee for BoD meetings[1]	Meeting fee for Board Committe Meetings[1]	Annual base compensation[2]	Annual total compensation[3]
Johanne Brunet	$5,534	$21,588	$23,666	$50,788
Céline Blanchet	$3,705	$10,374	$16,273	$30,352
Stéphane Borreman	$3,705	$5,928	$11,836	$21,469
Jean-Simon Denault	$3,705	$2,964	$11,836	$18,505
Jean-Claude Dufour	$3,705	$6,298	$11,836	$21,839
Marie-Claude Guay	$3,705	$5,928	$11,836	$21,469
Martine Lapointe	$3,705	$6,669	$11,836	$22,210
René Leprohon	$3,705	$10,374	$16,273	$30,352
Louise Martel	$2,593.50	$7,409.50	$16,273	$26,276
Jack Siemiatycki	$3,705	$7,039	$11,836	$22,580
Total				$265,840

1. Pursuant to 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 $1,107. The meeting fee for directors other than the Chair of the Board for Board meetings and committee meetings is $741. 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 $23,666. The annual base compensation of the other Board members is $11,836. Céline Blanchet, Louise Martel and René Leprohon received a supplement of $4,437 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 amounts were paid to directors in the form of a taxable benefit.

Compensation Paid to the Five Most Highly Compensated Officers

2025-2026 fiscal year (in Canadian dollars)

SQDC executives: compensation in fiscal 2025-2026

Name	Title	Base compensation paid	Variable pay and LTPS paid[1]	Pension plan contribution paid by the SQDC[2]	Other benefits paid or granted[3]	Total compensation for the fiscal year
Suzanne Bergeron	President and Chief Executive Officer	$346,253	n/a	$24,128	$40,569	$410,950
Robert Dalcourt	Senior Vice-President, Finance and Real Estate	$258,000	n/a	$33,005	$25,908	$316,913
Josée Laliberté	Senior Vice-President, Culture, Communication and Corporate Secretary	$260,000	n/a	$38,405	$18,494	$316,899
Pietro Perrino[4]	Vice-President, Health Protection and Government Relations	$238,651	n/a	–	$47,730	$286,381
Jean-François Dulac Lemelin	Senior Vice-President, Customer Experience	$234,600	n/a	$38,805	$14,619	$288,024

1. The SQDC does not offer a bonus plan, variable pay or a long-term profit sharing plan (LTPS) to its employees.
2. Vice-presidents participate in the PPMP and benefit from an annual pension accrual rate of 2% up to the maximum eligible salary set by Retraite Québec. Through a supplementary pension plan, they benefit from an annual pension accrual rate of 2% on the portion of their salary that exceeds the maximum eligible salary. The President and CEO of the SQDC participates in the RRAS and benefits from 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, paid vacations and, for the President and Chief Executive Officer, the taxable benefit related to the use of a company 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.

Government Language Policy

As the emissary for the French language at the SQDC, the Corporate Secretary is responsible for ensuring compliance with the Charter of the French Language, 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. Ultimately, 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 in its customer service interactions in person, online or on the telephone. This was the SQDC's third consecutive award for the quality of its French.

Out of 1,361 employee positions, the SQDC has 54 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.

Strategic Plan 2024-2026

The SQDC's *Strategic Plan 2024-2026* is at the centre of the actions that the company takes to fulfill its mission and continue capturing shares of the illegal cannabis market, all while working to protect Quebecers' 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 final year of the plan can be found in the Review of Activities section of this report.

Starting in fiscal 2026-2027, the Strategic Plan 2027-2029 will take over and set new goals that the SQDC aims to meet by the end of fiscal 2028-2029, as well as the main strategic orientations it plans to adopt to achieve them.

Sustainable Development Action Plan 2024-2028

In fiscal 2025-2026, the SQDC reworked its Social Responsibility Plan 2024-2026, leading to the adoption of the *Sustainable Development Action Plan 2024-2028*, which continues to be built around the ever-relevant core initiatives identified in the previous plan. This approach has enabled the SQDC to better align with *Québec's Government Sustainable Development Strategy 2023-2028*.

In parallel with this work, the 2027-2029 strategic planning process provided an opportunity for reflection that directly incorporated the SQDC's commitment to social responsibility, a commitment that underpins all the strategic orientations of the Strategic Plan 2027-2029.

The Sustainable Development Action Plan 2024-2028 targets actions aimed at improving the SQDC's environmental, social and governance performance. It enables the SQDC to meet its obligations under the *Sustainable Development Act* and contribute to the efforts made as part of the Government Sustainable Development Strategy. A summary of the measures to be taken in fiscal 2025-2026 precedes the Governance section of this report.

Measures to evaluate the company's effectiveness and performance

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 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 2025-2026, 29 requests were received and 28 requests were processed[1]. 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	9	2	5
21 to 30 days	10	1	0
31 days or longer (if applicable)	1	0	0
Total	**20**	**3**	**5**

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			
Decision made	Administrative (Number)	Personal (Number)	Correction (Number)	Cited sections of the *Act*
Accepted (entirely)	6	1	0	
Partially accepted	8	0	1	9, 14, 15, 21, 22, 23, 24, 27, 28, 32, 37, 53, 54
Refused (entirely)	4	0	0	15, 29, 53, 54
Other[1]	4	0	4	
Total	**22**	**1**	**5**	

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 affecting security and crime prevention;
- 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 Appendix 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;

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

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 Appendix 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 confidentially 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.

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:
    a) where the contract or matter in question is discussed; or
    b) 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.

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 Appendix 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

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.

Section 7 – Exemptions

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

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

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.

Appendix 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.

Appendix 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 asset 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.

Appendix 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.

Appendix 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 Appendix.

    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.

Appendix 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.

Appendix 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

Appendix 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[1,2] 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.

1. Treasury bonds or monetary instruments and government (federal and provincial) bonds are not considered as interests in a legal person.
2. 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

[←] Photo

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

Finance

What value have we created for Québec society by encouraging the migration of cannabis sales to the legal market?

Our operations help reduce the reach of the illegal market by giving customers access to a legal, regulated framework where reduced-risk products can be purchased in a supervised setting with responsible guidance. The financial results for the fiscal year reflect that money previously spent in the illegal market now generates benefits for the government and society. This value creation is seen in both the creation of quality jobs and the sums remitted to the Québec and Canadian governments, part of which is paid into the Fonds de lutte contre les dépendances (fund to combat addiction) to support research, prevention, and harm reduction related to the use of psychoactive substances.

165.2 metric tons

of cannabis sold legally in-stores and online at SQDC.ca, making it possible to remit a financial contribution of:

$331.3M

to the Québec government, of which:

$250.6M
was paid in the form of a dividend and excise taxes to the government and reinvested primarily in cannabis-related research and prevention

$80.7M
was collected in the form of consumer taxes

Financial Review

This report reviews the operations of the Société québécoise du cannabis (SQDC) for the fiscal year ended March 28, 2026, its financial position and its cash flows as at that date.

This report should be read in conjunction with the financial statements and notes thereto, which can be found later in this section. The information contained in this analysis includes all the transactions and significant events that have occurred up to May 21, 2026.

Highlights of 2025-2026

The 2025-2026 fiscal year was the final year of the SQDC's *Strategic Plan 2024-2026*, which focuses on three areas: engaging its teams, optimizing the guidance provided to customers and raising awareness of its mission across Québec.

For the fiscal year ended March 28, 2026, the SQDC recorded a sales volume of 165,169 kg of cannabis, an increase of 10.7% compared with the preceding fiscal year (149,223 kg in fiscal 2024-2025). The company's sales increased by 9.2% compared with fiscal 2024-2025 and generated a total of $809.5 million.

This sales volume increase is largely attributable to the opening of six new stores in fiscal 2025-2026. This meant the SQDC ended the fiscal year with 110 stores in operation, compared with 104 at the end of fiscal 2024-2025. The addition of these new points of sale, as called for in the *Strategic Plan 2024-2026*, is aimed at optimizing accessibility and, ultimately, fulfilling the company's mission.

Growing demand for products in the cannabis extract and pre-rolled categories, the responsible introduction of cannabis vaping product sales at the end of November 2025 and the change in opening hours at certain stores also contributed to the increase in sales compared with the preceding fiscal year.

With regard to net expenses, the SQDC maintained its sound management of operating expenses, resulting in a 16.9% ratio of net expenses to sales, unchanged from the preceding fiscal year. The company also continued investing in strategic projects in accordance with the objectives of its strategic plan.

Overview of results

For the fiscal year ended March 28, 2026, the SQDC reported net income of $132.4 million compared with $118.1 million for the preceding year. This amount 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.

The company's operations also generated consumer and excise tax revenue, estimated at approximately $278.8 million ($198.9 million to Québec and $79.9 million to the federal government). For fiscal 2025-2026, the SQDC thus remitted $411.2 million to the two governments, including $331.3 million to the Québec government.

Sales

The SQDC's sales for the fiscal year ended March 28, 2026, totalled $809.5 million, the equivalent of 165,169 kg of cannabis, compared with $741.5 million and 149,223 kg of cannabis for the preceding year.

The SQDC recorded 20.5 million transactions in fiscal 2025-2026 (18.8 million transactions in fiscal 2024-2025), with an average sales price of $5.63 per gram across all products (taxes included), compared with $5.71 per gram across all products (taxes included) in fiscal 2024-2025.

By sales network

Store network sales totalled $775.0 million, compared with $708.7 million in fiscal 2024-2025. In volume terms, store sales totalled 158,036 kg, compared with 142,562 kg for the preceding fiscal year.

In addition, sales made on the company's website totalled $34.5 million, compared with $32.8 million in fiscal 2024-2025, for a total volume of 7,133 kg, compared with 6,661 kg in fiscal 2024-2025.

Cost of products sold and gross margin

In fiscal 2025-2026, the cost of products sold by the SQDC amounted to $540.3 million ($498.3 million in fiscal 2024-2025). The company generated a gross profit of $269.2 million ($243.2 million in fiscal 2024-2025).

Net expenses

Net expenses include selling expenses, administrative expenses and net finance income and other income. For the year ended March 28, 2026, net expenses totalled $136.8 million ($125.1 million in fiscal 2024-2025). These net expenses amounted to 16.9% of sales (16.9% in fiscal 2024-2025).

Human resources expenses, which is the company's largest net expense category, totalled $78.5 million. This item corresponds to 57.4% of total net expenses. As a percentage of sales, employee compensation was 9.7%.

Building occupancy expenses and other operating expenses are the next two largest net expense categories. Building occupancy expenses totalled $32.0 million or 23.4% of net expenses and 4.0% of sales.

Other operating expenses totalled $21.2 million or 15.5% of net expenses and 2.6% of sales.

Lastly, delivery, handling and other expenses totalled $5.1 million or 3.7% of net expenses and 0.6% of sales.

Investments

Capital investments totalled $8.4 million during the year. Most of these investments were related to opening new stores and improving existing points of sale.

Financial position

As at March 28, 2026, the SQDC had total assets of $161.1 million, compared with $144.4 million as at March 29, 2025. Cash stood at $65.3 million. The company has few accounts receivable because all sales are paid by cash, debit or credit card. The inventory totalling $26.1 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 $67.9 million.

Current liabilities totalled $131.9 million ($115.3 million as at March 29, 2025). Accounts payable and accrued liabilities amounted to $55.1 million. The $67.4 million dividend payable is the unpaid declared dividend at year-end and will be paid during the first half of next fiscal year. The $1.0 million due to the Société des alcools du Québec (SAQ) under the services agreement is for expenses in the last period. The $2.8 million in taxes payable and the current portion of lease obligations, totalling $5.6 million, are the residual current liabilities.

Totalling $29.1 million, non-current liabilities consist of lease obligations and the defined benefit obligations.

Cash flows

During the fiscal year ended March 28, 2026, the SQDC's operating activities generated sufficient cash to support investing and financing activities.

Specifically, with $150.6 million in cash flows generated by operating activities, the company was able to spend $7.9 million to acquire property, plant, equipment and intangible assets, repay $6.0 million in lease obligations and pay $58.0 million for the balance of the dividend from the preceding fiscal year and $65.0 million for a portion of the fiscal 2025-2026 dividend.

As a result, the company's Statement of Cash Flows shows a net increase of $13.7 million.

Outlook

The SQDC's management is satisfied with the results of the fiscal year ended March 28, 2026.

The company is reaching the end of its Strategic Plan 2024-2026, which has helped to promote a vision that remains unchanged: to be the trusted destination for Québecers who buy cannabis. During this period, a number of achievements have enabled the company to meet most of its objectives particularly by improving access to legal cannabis and reduced-risk products across Québec's regions and have laid a solid foundation for the continuation of its mission.

Over the next three years, the SQDC's strategic priorities will focus on reducing barriers to attract and retain users in the legal market, while strengthening the company's organizational capabilities in line with its current stage of development.

With this in mind and in order to improve access to its services, the SQDC will continue modernizing its store network over the coming fiscal year while also opening a few new points of sale in areas currently underserved. It will also begin a new phase of its review of the opening hours of certain stores to better reflect customer traffic.

With customer satisfaction remaining a top priority, the SQDC will continue optimizing the customer experience, both online and in stores, and developing a constantly evolving product range.

Lastly, the SQDC remains committed to offering products with lower risk than those available on the illegal and unregulated market. In this regard, the responsible marketing of cannabis vaping products is subject to ongoing monitoring by the company.

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 Development, 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 28, 2026.
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;
      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;
   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 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 annual 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 fiscal 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 fiscal year-end based on this evaluation; and
      ii) the elements of each significant weakness related to the operating existing at the financial statement year end: 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 30, 2025, and ending on March 28, 2026, 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

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

Montréal, May 21, 2026

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 21, 2026.

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 Vérificateur général du Québec 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

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

Montréal, May 21, 2026

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 28, 2026, 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 28, 2026, 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 2026 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 Auditor General of Québec,	Raymond Chabot Grant Thornton LLP
Patrick Dubuc, CPA auditor	Raymond Chabot Grant Thornton LLP [1]
Patrick Dubuc, CPA auditor Assistant Auditor General	[1] CPA auditor, CA public accountancy permit No. A127023
Québec, May 21, 2026	Montréal, May 21, 2026

Statement of Comprehensive Income For the year ended March 28, 2026

(tables in thousands of Canadian dollars)

	2026	2025
Sales (Note 6)	**$809,481**	**$741,505**
Cost of products sold (Note 6)	**540,293**	**498,313**
Gross margin (Note 6)	**269,188**	**243,192**
Selling expenses	107,690	99,402
Administrative expenses	30,275	27,495
Operating results	**131,223**	**116,295**
Net finance income and other income (Note 9)	(1,210)	(1,756)
Net income for the year	**132,433**	**118,051**
Other comprehensive income (loss)		
Item that will not be subsequently reclassified to net income		
Revaluation of the defined benefit obligations of the pension plan (Note 17)	(29)	35
Comprehensive income for the year	**$132,462**	**$118,016**

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

Statement of Changes in Equity For the year ended March 28, 2026

(tables in thousands of Canadian dollars)

	Share capital	Retained earnings	Other comprehensive income (loss)	Total equity
Balance as at March 30, 2024	$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)
Balance as at March 29, 2025	2	10	(10)	2
Net income for the year	–	132,433	–	132,433
Other comprehensive income (Note 17)	–	–	29	29
Dividend	–	(132,433)	–	(132,433)
Balance as at March 28, 2026	$2	$10	$19	$31

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

Statement of Financial Position As at March 28, 2026

(tables in thousands of Canadian dollars)

	March 28, 2026	March 29, 2025
Assets		
Current assets		
Cash	$65,347	$51,676
Trade and other accounts receivable (Note 10)	315	67
Inventories (Note 11)	26,095	23,979
Prepaid expenses	1,356	1,509
	93,113	**77,231**
Property, plant and equipment (Note 12)	35,830	34,065
Intangible assets (Note 13)	781	2,067
Right-of-use assets (Note 14)	31,328	31,066
	$161,052	**$144,429**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 16)	$55,127	$49,118
Taxes payable	2,769	2,235
Dividend payable (Note 8)	67,433	58,041
Due to the SAQ (Note 24)	999	793
Current portion of lease obligations (Note 18)	5,610	5,162
	131,938	**115,349**
Defined benefit obligations (Note 17)	198	145
Lease obligations (Note 18)	28,885	28,933
	161,021	**144,427**
Equity		
Share capital (Note 19)	2	2
Retained earnings	10	10
Other comprehensive income (loss)	19	(10)
	31	2
	$161,052	**$144,429**

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 28, 2026

(tables in thousands of Canadian dollars)

	2026	2025
Operating activities		
Net income for the year	$132,433	$118,051
Items not affecting cash:		
Depreciation of property, plant and equipment	6,684	5,997
Amortization of intangible assets	1,286	1,935
Depreciation of right-of-use assets	5,333	4,948
Defined benefit obligation expenses	82	41
Remeasurement of leases	(53)	–
Interest paid under lease obligations	900	781
	146,665	**131,753**
Net change in non-cash working capital items (Note 21)	3,963	2,727
Benefits paid under the supplementary pension plan for senior management	–	(2)
Cash flows from operating activities	**150,628**	**134,478**
Investing activities		
Acquisitions of property, plant and equipment (Notes 12 and 21)	(7,660)	(7,222)
Acquisitions of intangible assets (Notes 13 and 21)	(214)	(547)
Cash flows used in investing activities	**(7,874)**	**(7,769)**
Financing activities		
Repayment of lease obligations	(5,142)	(4,694)
Interest paid under lease obligations	(900)	(781)
Dividends paid	(123,041)	(112,115)
Cash flows used in financing activities	**(129,083)**	**(117,590)**
Net increase in cash	**13,671**	**9,119**
Cash, beginning of year	**51,676**	**42,557**
Cash, end of year	**$65,347**	**$51,676**

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

Notes to Financial Statements

Year ended March 28, 2026

(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* (CQLR, 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 in order to attract and retain illicit market customers without actually promoting 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. The fiscal years ended March 28, 2026 and March 29, 2025, each comprised 52 weeks of operations.

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 21, 2026.

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.

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

[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;
5. Recognizing revenue from regular operations when/as the performance obligations are satisfied.

Revenue is recognized either at a point in 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."

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

[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".

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

[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.

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

[3] Material accounting policies (cont.)

Impairment of non-financial assets

For the purposes of assessing impairment, 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 impairment testing. The company tests for impairment when there are indicators of impairment. As a result, some assets are tested individually for impairment 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.

Leases

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 five 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.

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.

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

[3] Material accounting policies (cont.)

Leases (cont.)

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 employer's 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
Current 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.

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

4 New or revised standards, amendments or interpretations

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

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18, *Financial Statements: Presentation and Disclosures*, which replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 sets out presentation and disclosure requirements for general purpose financial statements aimed at 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.

IFRS 18 applies to fiscal years beginning on or after January 1, 2027, but early application is permitted. The Company is currently assessing 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 is currently assessing 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.

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

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 critical 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 leases
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.

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

6 Sales, cost of products sold and gross margin

	2026			2025		
	Stores	Online[1]	Total	Stores	Online[1]	Total
Sales	**$775,028**	**$34,453**	**$809,481**	$708,696	$32,809	$741,505
Cost of products sold	**517,614**	**22,679**	**540,293**	476,494	21,819	498,313
Gross margin	**$257,414**	**$11,774**	**$269,188**	$232,202	$10,990	$243,192

1. Online 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:

	2026	2025
Selling expenses		
Salaries and other employee benefits	**$50,369**	$44,982
Employee benefit costs and pension plan contributions	**10,489**	9,467
	60,858	54,449
Administrative expenses		
Salaries and other employee benefits	**12,582**	10,339
Employee benefit costs and pension plan contributions	**2,810**	2,280
	15,392	12,619
	$76,250	$67,068

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

8 Dividend

For the fiscal year ended March 28, 2026, 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 28, 2026, $65.0 million of the $132.4 million declared dividend was paid before the end of the fiscal year. The residual amount of $67.4 million is still due.

9 Net finance income and other income

	2026	2025
Interest on cash	**$2,058**	$2,503
Other income	**52**	34
	2,110	2,537
Less interest paid under lease obligations	**(900)**	(781)
Net finance income and other income	**$1,210**	$1,756

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

10 Trade and other accounts receivable

	March 28, 2026	March 29, 2025
Corporate accounts receivable	**$288**	$54
Other receivables	**27**	13
	$315	$67

11 Inventories

	March 28, 2026	March 29, 2025
Cannabis products	**$25,508**	$23,711
Related products	**580**	261
Work-in-process inventory	**7**	7
	$26,095	$23,979

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.

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

12 Property, plant and equipment

	Leasehold improvements	Furniture and equipment	IT equipment	Total[1]
Cost				
Balance as at March 30, 2024	$33,861	$10,016	$8,619	$52,496
Acquisitions	4,827	1,519	537	6,883
Balance as at March 29, 2025	$38,688	$11,535	$9,156	$59,379
Acquisitions	5,627	1,279	1,543	8,449
Write-off	(632)	(202)	(121)	(955)
Balance as at March 28, 2026	**$43,683**	**$12,612**	**$10,578**	**$66,873**
Accumulated depreciation				
Balance as at March 30, 2024	$11,283	$2,982	$5,052	$19,317
Depreciation	3,726	1,098	1,173	5,997
Balance as at March 29, 2025	$15,009	$4,080	$6,225	$25,314
Depreciation	4,354	1,278	1,052	6,684
Write-off	(632)	(202)	(121)	(955)
Balance as at March 28, 2026	**$18,731**	**$5,156**	**$7,156**	**$31,043**
Net carrying amount				
Balance as at March 29, 2025	$23,679	$7,455	$2,931	$34,065
Balance as at March 28, 2026	**$24,952**	**$7,456**	**$3,422**	**$35,830**

1. Property, plant and equipment, with a value of $2.1 million, were in progress as at March 28, 2026 ($1. 8 million as at March 29, 2025), and are not depreciated. These projects consist mainly in leasehold improvements and the installation of computer equipment for the deployment of stores not in service as at March 28, 2026.

The depreciation of property, plant and equipment has been allocated as follows on the Statement of Comprehensive Income:

	2026	2025
Selling expenses	**$6,595**	$5,943
Administrative expenses	**89**	54
	$6,684	$5,997

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

13 Intangible assets

	Acquired software and licences	Internally developed software	Total[1]
Cost			
Balance as at March 30, 2024	$9,647	$748	$10,395
Acquisitions	548	–	548
Write-off	(500)	(206)	(706)
Balance as at March 29, 2025	$9,695	$542	$10,237
Acquisitions	–	–	–
Balance as at March 28, 2026	**$9,695**	**$542**	**$10,237**
Accumulated amortization			
Balance as at March 30, 2024	$6,193	$748	$6,941
Amortization	1,935	–	1,935
Write-off	(500)	(206)	(706)
Balance as at March 29, 2025	$7,628	$542	$8,170
Amortization	1,286	–	1,286
Balance as at March 28, 2026	**$8,914**	**$542**	**$9,456**
Net carrying amount			
Balance as at March 29, 2025	$2,067	$–	$2,067
Balance as at March 28, 2026	**$781**	**$–**	**$781**

1. The company did not have any intangible assets in progress as at March 28, 2026 ($0.2 million in intangible assets in progress as at March 29, 2025).

The amortization of intangible assets has been allocated as follows on the Statement of Comprehensive Income:

	2026	2025
Selling expenses	**$567**	$1,013
Administrative expenses	**719**	922
	$1,286	$1,935

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

14 Right-of-use assets

	Total
Cost	
Balance as at March 30, 2024	$48,493
Acquisitions	4,098
Balance as at March 29, 2025	52,591
Acquisitions	6,553
Remeasurements	(958)
Write-off	(1,314)
Balance as at March 28, 2026	**$56,872**
Accumulated depreciation	
Balance as at March 30, 2024	$16,577
Depreciation	4,948
Balance as at March 29, 2025	21,525
Depreciation	5,333
Write-off	(1,314)
Balance as at March 28, 2026	**$25,544**
Net carrying amount	
Balance as at March 29, 2025	$31,066
Balance as at March 28, 2026	**$31,328**

The depreciation of right-of-use assets has been allocated as follows on the Statement of Comprehensive Income:

	2026	2025
Selling expenses	**$5,226**	$4,842
Administrative expenses	**107**	106
	$5,333	$4,948

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

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 28, 2026, the entirety of the regime was available (as at March 29, 2025, it was also entirely available).

16 Accounts payable and accrued liabilities

	March 28, 2026	March 29, 2025
Accounts payable	**$40,084**	$37,231
Accrued liabilities	**4,667**	2,668
Employee compensation and benefits payable	**10,376**	9,219
	$55,127	$49,118

Year ended March 28, 2026 (tables in thousands of Canadian dollars)

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, 2026, the RREGOP contribution rate was reduced from 9.09% to 8.63% of the eligible payroll and the rate for the RRPE and RRAS, which is part of the RRPE was reduced from 12.67% to 11.23% of the 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 $3,713,000 ($3,227,000 in 2025). 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 28, 2026	March 29, 2025
Discount rate	**5.25 %**	4.75 %
Inflation rate	**2.10 %**	2.10 %
Rate of compensation increase	**4.00 %**	4.00 %
Increase in maximum pensionable earnings	**2.85 %**	2.85 %
Average life expectancy (in years):		
Male, age 65 at reporting date	**91.5**	90.0
Female, age 65 at reporting date	**91.8**	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 28, 2026	March 29, 2025
Defined benefit obligations, beginning of year	**$145**	$71
Employer current service cost	**72**	36
Benefits paid	**–**	(2)
Interest on the defined benefit obligations	**10**	5
Actuarial (gains) losses from changes in economic assumptions	**(24)**	8
Actuarial losses from changes in demographic assumptions	**7**	–
Actuarial (gains) losses from changes in the pension plan experience	**(12)**	27
Defined benefit obligations, end of year	**$198**	$145

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

[17] Employee benefits (cont.)

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

	March 28, 2026	March 29, 2025
Expenses recognized in net income		
Cost of services rendered during the year	$72	$36
Interest on the defined benefit obligations	10	5
Expenses recognized in net income	$82	$41

	March 28, 2026	March 29, 2025
(Income) expenses recognized in other comprehensive income		
Net actuarial losses (gains) on the pension plan DBO	$(29)	$35
(Income) expenses recognized in other comprehensive income	$(29)	$35

The duration of the pension plan DBO as at March 28, 2026, is 22.5 years (22.8 years as at March 29, 2025).

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.

	2026	
Change in the significant actuarial assumption – Discount rate	Increase of 1%	Decrease of 1%
(Decrease) increase in the pension plan DBO	$(39)	$52

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

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.

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

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 the lease obligations and the asset.

	Total
Cost	
Balance as at March 30, 2024	$34,691
Lease obligations added	4,098
Repayment of lease obligations	(4,694)
Balance as at March 29, 2025	34,095
Lease obligations added	6,553
Remeasurements	(1,011)
Repayment of lease obligations	(5,142)
Balance as at March 28, 2026	**$34,495**

Lease obligations are presented in the Statement of Financial Position as follows:

	March 28, 2026	March 29, 2025
Current	$5,610	$5,162
Non-current	28,885	28,933
	$34,495	$34,095

As at March 28, 2026, the minimum future lease payments due are:

	Within one year	One year to five years	More than five years	Total
March 28, 2026				
Disbursements	$6,475	$23,238	$8,346	$38,059
Financing charges	(865)	(2,116)	(583)	(3,564)
Lease obligations	$5,610	$21,122	$7,763	$34,495

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 Ministère des Finances du Québec (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 28, 2026	March 29, 2025
Equity	**$31**	$2
Dividend payable	**67,433**	58,041
	$67,464	$58,043

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

21 Information included in the Statement of Cash Flows

	2026	2025
The net change in non-cash working capital items breaks down as follows:		
Trade and other accounts receivable	**$(248)**	$27
Inventories	**(2,116)**	(239)
Prepaid expenses	**153**	(565)
Accounts payable and accrued liabilities	**5,220**	4,273
Taxes payable	**534**	(527)
Due to the SAQ	**420**	(242)
	$3,963	$2,727
Non-cash investing activities:		
Acquisitions of property, plant and equipment and intangible assets financed by:		
Accounts payable and accrued liabilities	**$1,118**	$329
Due to the SAQ	**–**	214
	$1,118	$543

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

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

Reconciliation of liabilities arising from financing activities

	Liabilities		Equity	
	Dividend payable	Lease obligations	Retained earnings	Total
Balance as at March 30, 2024	$52,115	$34,691	$–	**$86,806**
Non-cash activities:				
Lease obligations added		4,098		**4,098**
Interest paid on lease obligations		781		**781**
Cash flows:				
Repayment of lease obligations		(4,694)		**(4,694)**
Interest paid on lease obligations		(781)		**(781)**
Dividend paid	5,926		(118,041)	**(112,115)**
Other changes in equity			118,051	**118,051**
Balance as at March 29, 2025	$58,041	$34,095	$10	**$92,146**
Non-cash activities:				
Lease obligations added		6,553		**6,553**
Interest paid on lease obligations		900		**900**
Remeasurement of a lease		(1,011)		**(1,011)**
Cash flows:				
Repayment of lease obligations		$(5,142)		**$(5,142)**
Interest paid on lease obligations		(900)		**(900)**
Dividend paid	9,392		(132,433)	**(123,041)**
Other changes in equity			132,433	**132 433**
Balance as at March 28, 2026	$67,433	$34,495	$10	**$101,938**

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

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), the 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 28, 2026, the cash balance was $65.3 million and bore interest at rates ranging from the financial institution's prime rate minus 2 basis points and financial institution's prime rate minus 1.65 basis points. The amount due to the SAQ as at March 28, 2026 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.

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

[23] Financial instrument risk management (cont.)

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 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 28, 2026		March 29, 2025	
	Less than 6 months	6 months or more	Less than 6 months	6 months or more
Accounts payable and accrued liabilities	**$44,751**	**$–**	$39,899	$–
Dividend payable	**67,433**	**–**	58,041	–
Due to the SAQ	**999**	**–**	793	–
	$113,183	**$–**	$98,733	$–

Notes to Financial Statements
Year ended March 28, 2026 (tables in thousands of Canadian dollars)

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 of the SAQ 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 who make up the Management Committee.

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

	2026	2025
Salaries and current employee benefits	**$2,328**	$2,527

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:

	2026	2025
Transactions		
Service agreement with the SAQ	**$6,362**	$5,761
Other services provided and reimbursements	**1,253**	1,732
	$7,615	$7,493
	March 28, 2026	March 29, 2025
Account balance		
Due to the SAQ	**$999**	$793

Quarterly information

Years ended March 28, 2026 and March 29, 2025

(unaudited, expressed in thousands of Canadian dollars)

	2026				
Number of weeks	Year 52	Q4 12	Q3 16	Q2 12	Q1 12
Sales	**$809,481**	**$185,480**	**$253,674**	**$189,358**	**$180,969**
Cost of products sold	**540,293**	**122,692**	**169,114**	**126,946**	**121,541**
Gross margin	**269,188**	**62,788**	**84,560**	**62,412**	**59,428**
Selling expenses	**107,690**	**25,663**	**31,924**	**25,399**	**24,704**
Administrative expenses	**30,275**	**6,769**	**9,297**	**6,857**	**7,352**
Operating results	**131,223**	**30,356**	**43,339**	**30,156**	**27,372**
Net finance income and other income	**(1,210)**	**(281)**	**(307)**	**(316)**	**(306)**
Net income	**132,433**	**30,637**	**43,646**	**30,472**	**27,678**
Other comprehensive income	**(29)**	**(29)**	**–**	**–**	**–**
Total comprehensive income	**$132,462**	**$30,666**	**$43,646**	**$30,472**	**$27,678**
Sales by channel					
Stores	**$775,028**	**$176,624**	**$243,183**	**$181,878**	**$173,343**
Online	**34,453**	**8,856**	**10,491**	**7,480**	**7,626**
	$809,481	**$185,480**	**$253,674**	**$189,358**	**$180,969**
Sales by category					
Dried flowers	**$620,188**	**$135,775**	**$191,596**	**$149,373**	**$143,444**
Other products (extracts, accessories, etc.)	**189,293**	**49,705**	**62,078**	**39,985**	**37,525**
	$809,481	**$185,480**	**$253,674**	**$189,358**	**$180,969**
Other information					
Number of stores	**110**	**110**	**109**	**108**	**106**
Number of kilograms	**165,169**	**37,366**	**51,732**	**38,957**	**37,114**
Number of transactions[1]	**20,532,000**	**4,650,000**	**6,402,000**	**4,836,000**	**4,644,000**

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

Quarterly Information
Years ended March 28, 2026 and March 29, 2025
(unaudited, expressed in thousands of Canadian dollars)

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

Sales history since the legalization of cannabis

Years ended the last Saturday of March

(unaudited, in thousands of Canadian dollars)

	2026	2025	2024	2023	2022	2021	2020	2019[1]
Number of weeks	Year 52	Year 52	Year 53	Year 52	Year 52	Year 52	Year 52	Year 24
Sales	**$809,481**	$741,505	$662,080	$601,911	$600,545	$537,236	$311,572	$71,271
Cost of products sold	**540,293**	498,313	448,059	412,034	434,854	403,466	240,615	58,081
Gross margin	**269,188**	243,192	214,021	189,877	165,691	133,770	70,957	13,190
Selling expenses	**107,690**	99,402	87,770	75,689	73,348	56,591	36,179	8,653
Administrative expenses	**30,275**	27,495	23,583	19,687	16,288	10,902	8,371	9,490
Operating results	**131,223**	116,295	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	**(1,210)**	(1,756)	(1,447)	(441)	346	(227)	111	(64)
Net income	**132,433**	118,051	104,115	94,942	75,709	66,504	26,296	–
Other comprehensive income (loss)	**(29)**	35	(25)	–	–	–	–	–
Total comprehensive income	**$132,462**	$118,016	$104,140	$94,942	$75,709	$66,504	$26,296	$–
Net sales by channel								
Stores	**$775,028**	$708,696	$622,054	$567,764	$564,374	$486,754	$285,908	$57,591
Online	**34,453**	32,809	40,026	34,147	36,171	50,482	25,664	13,680
	$809,481	$741,505	$662,080	$601,911	$600,545	$537,236	$311,572	$71,271
Net sales by category								
Dried flowers	**$620,188**	$597,632	$552,984	$508,941	$515,713	$484,247	$287,976	$62,994
Other products (extracts, accessories, etc.)	**189,293**	143,873	109,096	92,970	84,832	52,989	23,596	8,277
	$809,481	$741,505	$662,080	$600,911	$600,545	$537,236	$311,572	$71,271
Other information								
Number of stores	**110**	104	97	97	87	66	41	13
Number of kilograms	**165,169**	149,223	122,478	106,526	106,488	91,529	46,863	9,922
Number of transactions[3]	**20,532,000**	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.

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