

British Columbia Lottery Corporation

2023/24
Annual Service Plan Report

August 2024



For more information on the British Columbia Lottery Corporation contact:

74 West Seymour Street, Kamloops, BC, V2C 1E2

T: 250-828-5500

Or visit our website at

bclc.com

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Board Chair's Accountability Statement



The British Columbia 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 – 2025/26 Service Plan published in 2023. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to be 'GM', written over a light grey background.

Greg Moore
Board Chair
July 18, 2024

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Letter from the CEO

On behalf of the British Columbia Lottery Corporation (BCLC), I am pleased to present our Annual Service Plan Report for the 2023/24 fiscal year. BCLC is focused on offering engaging entertainment experiences that generate net income to benefit the people of British Columbia so that communities thrive and grow. In 2023/24, BCLC generated a net income of \$1.5 billion for the Province of B.C. However, we experienced a decline in revenue and increased operating costs, resulting in a decrease of \$87 million in net income from the previous year's record net income of \$1.6 billion. Post-COVID, BCLC observed temporary pent-up demand from players across casinos and community gaming centres (CGCs) which was reflected in our 2022/23 results; however, consumer behaviour seems to have stabilized over the past year. Nevertheless, our 2023/24 net income was higher than our pre-pandemic record net income in fiscal year 2018/19 by \$133 million.

BCLC was challenged by the impact of increasing economic pressures over the past year including high interest rates and inflation, which meant that people in B.C. had less disposable income for entertainment spending, such as gambling with BCLC. Additionally, our growth in the online gambling market slowed as we continued to see significant competition from illegal operators in the B.C. market. In response to this challenge, we made enhancements to PlayNow, including implementing new technology that makes it easier for prospective players to sign up for accounts. This will help encourage players to stay within the BCLC ecosystem, rather than registering with illegal sites whose profits do not go back to the Province of B.C. and which are not required to follow the same player health standards as BCLC since they are not regulated in B.C.

In June 2023, in alignment with our goal to reduce gambling-related harms, we took a bold step to enhance BCLC's Game Break self-exclusion program and introduced a new requirement whereby individuals must present government-issued photo identification for entry at gambling facilities. While no personal information is stored, identification is scanned and checked against a database of individuals restricted from entering gambling facilities, like those enrolled in Game Break. The program is also intended to prevent the entry of individuals who are barred in relation to the Gaming Control Act. B.C. is the first jurisdiction in North America to require identification at gambling facilities entry, a testament to BCLC's commitment to player health and promoting safer play in the business.

As a social purpose company, every decision we make is with the intention of positively contributing to society. In alignment with this purpose and the foundational principles in the Minister's Mandate Letter to BCLC, we continued to make progress on the implementation of our Environmental, Social and Governance (ESG) Framework.

While we are still early in our Indigenous reconciliation journey, we have made strides in building relationships and increasing engagement with the objective of understanding Indigenous communities and their unique needs and perspectives. In October 2023, for the first time, BCLC's Board of Directors and executive team held our quarterly Board meeting at the St. Eugene Resort, which is home to the Casino of the Rockies, owned and operated by the Ktunaxa Nation. We recognize that one opportunity for Indigenous reconciliation is greater

engagement with Indigenous title and rights holders in BCLC's casino development process. To that end, we have been participating in consultations which will inform new policies and processes that are more equitable for Indigenous communities.

BCLC's Board of Directors approved a new five-year corporate strategy in May 2023. The strategy is designed to address the challenges we face so that we can continue to drive responsible growth and value for British Columbians long into the future. With commitment and hard work, together we can evolve as a social purpose company and continue to be a positive force in B.C.

A handwritten signature in black ink, appearing to read 'Pat Davis', with a long horizontal flourish extending to the right.

Pat Davis
President & CEO
July 18, 2024

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for government organizations. Under the BTAA, a Minister Responsible for a Government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2021/22 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the [British Columbia Lottery Corporation 2023/24 - 2025/26 Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

BCLC conducts and manages commercial gambling in a socially responsible manner for the benefit of British Columbians. Through agreements with private-sector service providers, BCLC offers slot machines, table games and bingo at 22 casinos, two racecourse casinos, 12 CGCs and one commercial bingo hall. BCLC's lottery and sports betting products are sold at approximately 3,400 retail locations operated by private-sector retailers through Lottery Retailer Agreements. PlayNow is BCLC's secure and regulated online and mobile channel, with a growing portfolio of lottery games, sports betting, slots, table games and bingo entertainment. BCLC also provides online gambling services and web-based and mobile platforms to the Province of Manitoba through an operating contract with Manitoba Liquor & Lotteries and to Saskatchewan players through an exclusive licensing agreement with the Saskatchewan Indian Gaming Authority (SIGA) and SaskGaming. In addition, BCLC licenses its player health program, GameSense, to partners across North America.

BCLC strives to have a positive impact on the province and our business strategy is guided by our social purpose, "We exist to generate win-wins for the greater good." This purpose guides our decisions so that by conducting our business, social benefits are created which contribute to a better world. Our social purpose compels us to consider how our organization might create additional value for players, employees, business partners, suppliers, communities, and Indigenous, municipal and provincial governments. Inherent in our social purpose is the unwavering commitment to prevent and reduce the harms that some experience from playing our products.

The Province of B.C. uses gambling revenue generated by BCLC to benefit British Columbians through investments in programs and services such as education, health care, communities

and culture. First Nations receive a seven percent entitlement of BCLC net income¹ through the [BC First Nations Gaming Revenue Sharing Limited Partnership](#). Additionally, in accordance with the Province's Host Financial Assistance Agreements, municipal governments and First Nations that host casinos or CGCs typically receive a 10 percent share of net gaming income generated by those facilities.

As a Crown corporation, BCLC is governed by B.C.'s Gaming Control Act and reports to the Ministry of Finance through the Crown Agencies Secretariat (CAS). The Gaming Policy and Enforcement Branch (GPEB) in the Ministry of Public Safety and Solicitor General has regulatory oversight of all gambling in B.C., including all commercial gambling operated by BCLC. BCLC also adheres to requirements set out in federal anti-money laundering (AML) legislation and is monitored by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) for compliance with those requirements.

The consolidated financial statements of BCLC include a wholly owned subsidiary, B.C. Lottotech International Inc. (Lottotech). The primary business of Lottotech is the purchase of capital assets for lease to BCLC. Lottotech's budget is renewed and approved through BCLC's annual business planning process. The financial operations, management and oversight of Lottotech are consolidated within BCLC operations.

¹ BCLC actual net income as defined in the Long-Term BC First Nations Gaming Revenue Sharing and Financial Agreement.

Operating Environment

Economic Conditions

Like many businesses in 2023/24, BCLC was impacted by the effects of adverse economic conditions. The high cost of living, persistent inflation and high interest rates have had an impact on consumer spending habits, putting negative pressure on entertainment spending, such as gambling, and impacting BCLC's revenue.² As many British Columbians shifted their spending from wants to needs, BCLC observed that the average spend per player declined across all lines of business. This is notable because, for illustration purposes, a one percent decline in BCLC revenue represents a \$29-million revenue decline for our business. Inflation and high interest rates also created challenges for BCLC's service providers who operate casinos and CGCs. The commission structure for service providers is fixed within current operational services agreements and, therefore, not responsive to the impacts of inflation. Additionally, other vendors and suppliers experienced the same economic challenges, passing increased costs to BCLC.

Illegal Online Gambling Operators

In fiscal year 2023/24, BCLC continued to experience the impact from illegal online gambling in the B.C. market. Since the Government of Ontario launched the licensing of private-sector online gambling sites in 2022, there has been an influx of advertising across Canada for sites which are only licensed in Ontario. Additionally, these advertisements drive players outside of Ontario to international-affiliated sites of the same brand, which are not regulated in B.C. and are thus illegal. Increased demand for advertising from these sites has driven up the cost of advertising and sponsorship opportunities that BCLC uses to enhance the brand's presence and draw players to PlayNow, the only legal option in our province. BCLC is a member of the Canadian Lottery Coalition, which includes five provincial operating entities and is focused on raising awareness of the implications associated with misleading advertising and the operation of illegal gambling websites.

Gaming Control Act and Regulations

We recognize that a strong regulatory framework is vital to ensuring a legal and regulated gambling industry in B.C. BCLC continued to work closely with CAS and GPEB to prepare to operationalize the new Gaming Control Act, which received royal assent in the fall of 2022 and will come into force through regulation. The new Gaming Control Act combined with Government's and BCLC's commitment to Indigenous reconciliation are driving the need for changes in our approach to casino facility development. Throughout this past year, we have been participating in CAS's consultations with First Nations which will inform new policies around casino development, with the intention to make the process more equitable for Indigenous communities.

² Source: Angus Reid Group "Consumer Economic Pulse: Monitoring Uncertainty." September 2023.

Player Health

For most people, gambling is entertainment. However, inherent in our industry is the risk that any gambling product may cause harm and there are players who experience gambling problems. Societal expectations and public scrutiny around player health and the implications of gambling have increased due to the overwhelming amount of online gambling advertising that has flooded the Canadian market since Ontario licensed many private sector gambling sites. While BCLC recognizes that we cannot control individuals or directly address the fundamental personal and emotional problems that may underlie gambling disorders and gambling-related harms, inherent in our social purpose is the unwavering commitment to preventing and reducing the harms that some experience from playing our products.

Evolving Gambling Landscape

The gambling landscape in B.C. has changed. The casino market has matured, First Nations have expressed a desire to have equitable opportunities to participate in the industry in B.C., and consumers are increasingly seeking digital options for entertainment. In response to the changing realities and challenges facing the organization and industry, BCLC developed a new five-year corporate strategy and introduced a new vision, “to revolutionize gambling entertainment through engaging experiences that build and benefit communities.” The strategy, which came into effect on April 1, 2024, focuses on delivering engaging experiences for our players, responsible growth, meaningful relationships, and amplifying our social and economic impact across the province.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2023/24 – 2025/26 Service Plan. For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest Service Plan on the [BC Budget website](#).

Goal 1: British Columbians enjoy entertaining and safe products and environments offered by BCLC

Objective 1.1: Reduce the percentage of players who score as high risk on the Problem Gambling Severity Index (PGSI)

BCLC is committed to offering safer gambling experiences and supporting all players, including those who are at risk of developing, or have, a gambling problem.

Key results

- Implemented an enhanced identification-at-entry requirement at B.C. casinos and CGCs to support individuals enrolled in BCLC's Game Break self-exclusion program and ensure they are not able to gain entry into a gambling facility.
- Launched a self-assessment tool on PlayNow and GameSense websites to help players adopt safer play behaviours.
- Launched a GameSense marketing campaign to create awareness of the risks of chasing gambling losses.
- Developed a strategic framework for the Keno product with the goal of increasing self-awareness and reducing high-risk behaviours.

Summary of progress made in 2023/24

High-risk play behaviours take time to address; therefore, improving the PGSI scores is an important long-term objective for BCLC. We made progress towards this objective this year through player health support improvements, implementation of additional tools, program and support expansions, and marketing campaigns to help players adopt safer play behaviours.

BCLC continues to evolve the GameSense Advisor program with the introduction of new educational programming to increase customer engagement of safer gambling tools and resources. In support of increased financial literacy, we implemented a new program across the province to increase players' awareness of gambling literacy concepts regarding safer play and financial health related to gambling behaviours.

In June 2023, we introduced enhanced identification at entry for all B.C. casinos and CGCs – a first in North America – to support those enrolled in BCLC’s [Game Break](#) self-exclusion program. Under the new policy, B.C. casinos and CGCs require every individual to present government-issued photo identification for entry. While no personal information is stored, the identification is scanned and automatically checked against a database of individuals restricted from entering gambling facilities, like those enrolled in Game Break. Although the requirement has created some inconveniences for players, such as line-ups to enter some gambling facilities during peak operating times, BCLC continues to streamline and players are becoming accustomed to the new enhanced identification process. Overall, the policy has been very successful in achieving its primary goal of supporting self-excluded individuals by preventing their entry into gambling facilities.

The Player Health team developed and received Board approval for a new Player Health Strategy, which was developed in alignment with and to help deliver on the new corporate strategy. This five-year strategy sets the direction for the Player Health program and will focus on better understanding our players, personalizing their experiences and further fostering a player health culture throughout our business.

BCLC continues to focus on reducing gambling harm and promoting safer gambling in our business operations, continually striving for positive play health outcomes in our processes, products, and marketing campaigns. Part of this work included analyzing behavioural data to better respond to players showing risky-play behaviours and piloting customized messages with feedback from evidence-based high-risk indicators. Additionally, we continued to proactively communicate healthy play information, share resources with our players and work to create safer products and environments.

Objective 1.2: Reduce the number of incidents related to potential crime in and near facilities, including brick-and-mortar, online and/or related to BCLC-managed gambling products.

Any criminal activity related to gambling and in our business is a concern for British Columbians. BCLC is taking action to reduce these risks.

Key results

- Implemented an enhanced identification-at-entry requirement, which assists in preventing the entry of those who are barred pursuant to the Gaming Control Act which has the added benefit of helping to transition player acceptance that casinos are an environment where verification is required, supporting our longer-term move towards verified play.
- Launched the Everi Compliance pilot at Parq Casino and on PlayNow, a cutting-edge transaction monitoring software system aimed at modernizing processes and strengthening BCLC’s AML program.

- Assisted government, through GPEB, in meeting its responsibilities for the overall integrity of gambling by ensuring casino service providers adhere to BCLC's policies, procedures, and B.C. liquor policies and regulations, and through ongoing collaboration and participation in the RCMP-led Counter Illicit Finance Alliance of British Columbia.
- Launched the Fraud Prevention Management Program, which includes the new BCLC Fraud Prevention Policy, formal training for employees, events, and other ongoing educational opportunities.

Summary of progress made in 2023/24

BCLC has continued to prioritize the safety of our players and the public in our operations. Through ongoing collaboration with B.C. casino service providers, law enforcement agencies and GPEB, we have created a proactive network to safeguard our facilities from unsafe behaviours and criminal activity. This collaboration has continued to identify opportunities for better safeguards, modern processes and the implementation of enhanced technology.

In June 2023, BCLC worked in collaboration with B.C. casino service providers to launch a new screening process for patrons: enhanced identification checks at the entrance of facilities. This process supports those enrolled in the Game Break self-exclusion program and checks if individuals have been barred from entering. Since introduction, over 5,000 patrons have been denied entry, either due to their enrolment in Game Break or being barred.

The enhanced identification checks are one way BCLC continues work to address the recommendations from the Cullen Commission. As part of ongoing efforts to continually improve the AML program, BCLC contracted Everi, a leader in AML software for the gambling industry, to deliver its advanced system which provides an aggregated view of player transactions, enhancing BCLC's due-diligence measures and offering a comprehensive understanding of player and play behaviour. Launched at Parq Casino and on BCLC's PlayNow online platform in March 2024, a phased deployment will start in the Lower Mainland with full implementation across B.C. by March 2025.

Objective 1.3: Ensure products and activities offered by BCLC satisfy players' entertainment needs.

We want players who visit BCLC brick-and-mortar and online gambling spaces and engage with our products to feel satisfied by the entertainment choices we offer.

Key results

- Launched an enhanced registration process to provide players with a more seamless first experience when signing up for an account on PlayNow.
- Launched new product offerings and introduced enhancements to existing games.
- Enhanced marketing promotions to provide more targeted and appealing offers and encourage players to try different products and channels.

- Developed a new Enterprise Segmentation Model, which categorizes and groups players and non-players into distinct segments based on common characteristics, allowing BCLC to know our players at a deeper level and deliver more personalized and relevant experiences.

Summary of progress made in 2023/24

BCLC made several enhancements to improve the player experience and offerings on PlayNow and position BCLC as a strong competitor in the iGaming market. New technology was introduced to enhance the PlayNow account registration process, addressing a long-standing pain point for many prospective PlayNow players and keeping players in the BCLC ecosystem. This will in turn help discourage players from registering with illegal market sites whose profits do not go back to the Province. We increased the number of games on PlayNow from approximately 560 to over 700, offering players a wider selection of game content and more new and exclusive offerings. Enhanced marketing offers were intended to help us better compete with promotions from illegal competitors and appeal to players.

BCLC introduced new offerings and enhancements in other delivery channels such as the new \$50 Scratch & Win ticket in retail locations, which was launched to help satisfy player demand for a product with a higher price point and reward level. Enhancements were also made to several electronic table games in casinos and CGCs.

We launched a new PlayNow Sports app to improve the sports betting experience, with a continued focus on positioning BCLC as the sportsbook of choice with sports bettors and fans. We leveraged sponsorships with major B.C. sports organizations to support local interest in this channel of play, including PlayNow Sports experiential marketing activations and contests with established sports brands such as the Vancouver Canucks, Vancouver Whitecaps and BC Lions.

Understanding our players is fundamental to delivering engaging experiences and products. In addition to launching the new Enterprise Segmentation Model, BCLC introduced a new survey for Encore Rewards loyalty program members to gather and analyze experience data from players across all B.C. casino and CGC locations. The Interprovincial Lottery Corporation³ also introduced new research and a segmentation model for lottery players. With this enhanced understanding, BCLC will have the foundation to deliver more personalized and relevant experiences to our players.

³ The Interprovincial Lottery Corporation (ILC) is a Canadian organization that operates lottery games. It is owned jointly by the five provincial lottery commissions.

Performance measure(s) and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.1 Percentage of BCLC players who scored as high risk on the PGSI ¹	10%	8%	11%

Data source: Continuous tracking survey conducted online by a third-party research professional. Study uses market research industry standard techniques to randomize the sample while retaining gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada's Census. To qualify for these measures, a respondent will need to have played at least one BCLC game in the past year.

¹ PM [1.1] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 7% and 7%, respectively.

The PGSI is a widely used tool for assessing self-reported, at-risk gambling behaviors. It is a standardized measure that is recognized globally and based on research of common signs and consequences of problematic gambling. The tool enables BCLC to monitor the proportion of high-risk players in our player base, which is essential to our efforts to promote healthy play and reduce the risk of gambling-related harms.

The 2023/24 enterprise PGSI score fell short of target by three percent and saw an unfavourable increase by one percent over the previous year. BCLC is monitoring the PGSI score to better understand the reason behind this increase. It is crucial to closely monitor and support players through targeted marketing and programming to effectively reduce PGSI scores.

With the implementation of the new Player Health Strategy and our increased focus on personalization, BCLC is working to create new opportunities for interacting with players throughout their player experience to support them in adopting safer gambling behaviours.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.2 Number of incidents of reports of potential crime ¹	4,148	3,734	4,082

Data Source: BCLC iTrak (an internal software platform used for daily log reporting and incident management) and Salesforce Database.

¹ PM [1.2] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 3,548 and 3,371, respectively.

BCLC saw an improvement in 2023/24 as the number of reported potential crime incidents declined slightly over the prior year. Despite this improvement, we did not meet target. The introduction of enhanced identification at entry, which is intended to prevent self-excluded and barred individuals from entering gambling facilities, may have impacted the number of incidents since the misuse of identification increased and is reported as an incident that is criminal in nature. However, during the first nine months of the policy, BCLC also observed a 19 percent decrease in reports of common security incidents such as theft, uttering threats, cheating at play and disturbances.

With the introduction of enhanced identification at entry, BCLC can now track patron numbers at facilities. This will enable us to determine if the number of reported incidents of potential crime is decreasing overall, and how it is trending as a ratio to the number of patrons.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.3 PEN score ^{1,2}	51	62	48

Data Source: Survey conducted online by a third-party research professional. Study uses market research industry standard techniques to randomize the sample while retaining gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada's Census. To qualify for these measures, a respondent will need to have played at least one BCLC game in the past year.

¹ PM [1.3] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 64 and 66, respectively.

² This performance measure was replaced with a new measure in the latest service plan.

The Player Entertainment Needs (PEN) score is a composite measure assessing how well all BCLC products and activities are satisfying players' functional, social, and emotional needs in relation to entertainment. This relates to both the overall strength of BCLC's brands and how satisfied players are with BCLC products. The PEN score attempts to provide an understanding and measurement of the extent to which BCLC's offerings are entertaining, along with shifts in entertainment perceptions in British Columbia. This is calculated by taking an average of how well BCLC scored across 10 different activities or product offerings. As the PEN score increases (100 is perfect alignment), the consumer's use of the brand increases.

BCLC did not achieve the target in 2023/24. One of the factors that may have contributed to the lower score was the influence of recent economic dynamics (the high cost of living, persistent inflation and high interest rates) on consumer entertainment preferences. According to a recent study which measured how BCLC's players were entertained across all activities, apart from Bingo, Scratch & Win in retail, and slots/bingo on PlayNow, most gambling activities experienced a decline. Meanwhile, free and "low-cost to participate" activities such as athletic and outdoor events, and crafts and hobbies saw positive movement in 2023.⁴ Casino service providers also experienced the impacts of economic pressures and staffing challenges, which may have impacted their ability to offer certain experiences at casino and CGC sites, in turn impacting the overall experience for players.

To address these challenges, enhancing players' experiences and providing high entertainment value remains a key focus for BCLC, and creating engaging experiences for players is a priority under BCLC's new corporate strategy.

⁴ Source: Kantar "2023 Entertainment Needs State Tracking Research." 2023.

Goal 2: British Columbians value our contributions

Objective 2.1: Improve public perceptions of how BCLC conducts business based on the following areas:

- Value: BCLC makes positive contributions to the province of B.C.
- Integrity: BCLC operates fairly and honestly
- Social responsibility: BCLC is a good corporate citizen
- Well managed: BCLC is a well-managed corporation
- Trust: The public has trust and confidence in the games offered by BCLC

It is important for the public to agree that we conduct business in a fair, honest, responsible, and trustworthy manner, and that everything we do is done with consideration of its impact on and for the people and communities of B.C.

Key results

- Continued to amplify social purpose and community benefits storytelling through a variety of channels, including strategic sports partnerships with major B.C. sports organizations with established reach, earning media on a variety of positive activities in our business, and focusing on messaging that informs players about how gambling proceeds are used to benefit communities across the province.
- Launched a new Inclusive Holiday Policy that provides employees with the flexibility to substitute statutory holidays for personal and cultural days of significance.
- Quarterly meetings with the BC First Nations Gaming Revenue Sharing Limited Partnership to share information and build mutual awareness and understanding of each other's organization.
- Participated in First Nations consultations with Government, which will help inform new policies around BCLC's casino development process that are more equitable for Indigenous communities.
- Leveraged BCLC's ESG working group to action key items in BCLC's ESG Framework and continue to embed social purpose in the organization.

Summary of progress made in 2023/24

Building trust with the people of B.C. is critical to our social licence to operate. BCLC has continued to proactively communicate major corporate initiatives and activities as a social purpose company to the public, our partners, the media, and our employees to be transparent and accountable, and to build awareness and understanding of BCLC's operations in 2023/24. We also introduced a new advertising campaign to highlight the integrity of PlayNow's operations and differentiate it from illegal operators that may not be safe and secure, and that do not create local jobs or return profits to the Province.

Indigenous reconciliation is a priority and commitment that BCLC shares with the Province. In 2023/24, we continued to improve relationships with Indigenous rights and title holders, Indigenous governments, and Indigenous employees within BCLC with the ultimate goal to collaborate and develop an Indigenous reconciliation action plan that aligns our policies and programs with the Declaration on the Rights of Indigenous Peoples Act (Declaration Act), the Declaration Act Action Plan, and the Truth and Reconciliation Commission of Canada Calls to Action. We made early steps towards improving Indigenous recruitment, retention, training and advancement opportunities within the organization.

BCLC became the first Crown corporation in B.C. to introduce and launch an Inclusive Holiday Policy which offers employees the flexibility to substitute up to six BCLC-observed statutory holidays in a calendar year for other days that have personal, cultural or religious significance to them. The one exception is the National Day for Truth and Reconciliation, which is not available for substitution. Our Diversity, Inclusion and Belonging (DIB) team reviewed over 100 corporate policies with a DIB lens. Specific changes made to various policies included providing gender-neutral language and incorporating the importance and use of pronouns in BCLC’s Diversity, Inclusion and Belonging Policy. BCLC also continued to chair the All-Crowns Accessibility, Diversity and Inclusion Dialogue Network, a community of practice of 29 Crowns which share perspectives and opportunities to advance diversity and inclusion in the workplace.

While government’s response to the recommendations of the Cullen Commission remains ongoing, throughout this reporting year BCLC continued to communicate our collaboration with government and support for the findings with the public, our partners and the media.

BCLC’s ESG working group is responsible for overseeing the implementation of BCLC’s ESG Framework. In 2023/24, the company made progress in a number of areas including completing an assessment of emissions throughout BCLC’s value chain, identifying decarbonization pathways for our operations, as well as conducting an ESG risk assessment to ensure we are staying on top of emerging ESG risks and opportunities. By embedding social purpose into our everyday behaviours, we will maintain an unwavering focus on our social and economic impacts and broader role in B.C.

Performance measure(s) and related discussion

Performance Measures^{1,2}	2022/23 Actual	2023/24 Target	2023/24 Actual
2.1a Value	69%	69%	73%
2.1b Integrity	61%	60%	67%
2.1c Social Responsibility	61%	60%	68%
2.1d Well Managed	60%	59%	68%
2.1e Trust	67%	61%	68%

Data Source: Continuous tracking survey conducted online by a third-party research professional. Study uses market research industry standard techniques to randomize the sample while retaining gender, age and regional balance that is

consistent with B.C. population figures available from Statistics Canada's Census. To qualify for these measures, a respondent will need to have played at least one BCLC game in the past year.

^{1,2} PM [2.1] targets for 2024/25 and 2025/26 were stated in the 2023/24 as a) Value, 70% and 71%, b) Integrity, 61% and 62%, c) Social Responsibility, 61% and 62%, d) Well Managed, 60% and 61%, and e) Trust, 62% and 63%.

¹ These performance measures were replaced in the latest service plan.

The performance measures above evaluate the percentage of the adult population in B.C. that agree with five the statements under Objective 1.2, related to perceptions of BCLC's operations.

In 2023/24, BCLC surpassed all public perceptions targets. Community outreach efforts and sponsorships such as with the Vancouver Canucks may have influenced the increase in reputational metrics. Additionally, media coverage of BCLC trended positive or neutral throughout the reporting year with extensive efforts by BCLC to earn positive coverage. This is a significant shift in coverage given the previous negative attention around B.C. casinos during the Cullen Commission.

Goal 3: BCLC delivers our promised financial return to the Province of B.C.

Objective 3.1: Optimize net income through investment to sustain the long-term health of the business.

BCLC generates net income for the benefit of all British Columbians.

Key results

- Added game content to BCLC's iGaming platform and enhanced the PlayNow registration process to improve player experience.
- Sponsored local professional sports teams to help raise overall awareness of PlayNow Sports with the general population and grow the iSports player base.
- Expanded product offerings as well as introduced enhancements to existing games to appeal to new and existing customers across all delivery channels.
- Launched a pilot program involving a cutting-edge transaction monitoring software system aimed at modernizing processes and strengthening BCLC's Anti-Money Laundering (AML) program.

Summary of progress made in 2023/24

In 2023/24, BCLC continued to make investments in hardware, systems and technology to sustain the long-term health of the business and identify opportunities to create exceptional omni-channel experience for players that nurture and safeguard healthy play. We also made investments to expand and enhance product offerings. Examples include the new \$50 Scratch & Win ticket, the new PlayNow Sports app and enhancements to certain electronic table

games. BCLC developed an ambitious new five-year corporate strategy designed to respond to the changing realities and challenges facing the company and the industry. The strategy positions the organization for future growth and amplified impact in the province. We continued to prioritize growth and operational efficiencies while ensuring we provide meaningful employment and adequate staffing resources that ensure the success of our mandate to generate net income for the benefit of all British Columbians.

Performance measure(s) and related discussion

Performance Measures	2022/23 Actual	2023/24 Target	2023/24 Actual
3.1 Net Income (\$ millions) ¹	1,636	1,578	1,548

Data Source: BCLC's financial plan and audited financial statements (see Appendix C). Actual results are calculated in accordance with International Financial Reporting Standards.

¹ PM [3.1] targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as \$1,602 million and \$1,609 million, respectively.

Discussion

BCLC's 2023/24 net income of \$1,548 million was \$30 million lower than budget and \$87 million lower than the previous year.⁵ The lower performance in comparison to budget is primarily due to a decrease in revenue of four percent. Although there is a decline in net income, the current year net income is higher than pre-pandemic 2018/19 net income by nine percent.

Partially offsetting the impact of revenue declines was lower-than-budgeted expenses. Direct costs are largely based on revenue levels and have declined accordingly, in line with lower revenue. Other operating expenses were lower than budget primarily driven by project timing and conscious cost rationalization to mitigate net income impacts. Lower amortization was largely driven by lower capital spend and the revised launch date of the new lottery terminals (replacing approximately 3,400 lottery terminals across the province) from fiscal year 2023/24 to the next fiscal year. B.C. players are exposed to illegal online gambling operators who are advertising and offering lucrative player incentives. As these sites are not required to follow B.C.'s regulations, they use celebrities in advertising and offer more incentives to sign up, such as free sports tickets, creating an uneven playing field for BCLC.

In addition, current challenging economic factors are putting pressure on players' discretionary spending on items such as entertainment, and this impacts revenue growth for BCLC as average spend per player across all lines of business has declined. Lotto Max sales were lower than budget primarily due to unfavourable jackpot rolls resulting in a low number of jackpot offerings greater than \$50 million. Large jackpots drive greater lottery ticket sales.

⁵ 2022/23 actual net income vs. 2023/24 actual net income is a difference of \$87 million when rounded to the thousands. When rounded to the millions, this figure is \$88 million.

Financial Report

For the auditor's report and audited financial statements, see [Appendix C](#). These documents can also be found on BCLC's website.

Discussion of Results

BCLC generated a net income of \$1,548 million for fiscal year 2023/24 from a total revenue of \$2,871 million.

Of the current year's net income, \$1,536 million was distributed to the Province of B.C. to benefit British Columbians through investments in programs and services such as education, health care, communities and culture; a revenue sharing agreement with First Nations and Host Financial Assistance Agreements with Indigenous or municipal governments that host casinos or CGCs. The remaining \$12 million was delivered to the federal government.

Like many other companies, BCLC faced economic headwinds in fiscal year 2023/24. High interest rates and inflation had a notable impact on consumer discretionary spending, including gambling. Additionally, competition from illegal operators continued to impact BCLC's ability to drive revenue growth.

These factors affected BCLC's revenue, which fell three percent short of the prior year's record. They also impacted operating costs, which increased 10 percent over the previous year.

To address these challenges and maintain the business's long-term health, BCLC focused on enhancing its product portfolio and investing in digital transformation initiatives to improve operational efficiency and player engagement. The company launched several revenue-generating initiatives, including a new \$50 Scratch & Win ticket, the new PlayNow Sports app, increasing the number of games offered on PlayNow, a new PlayNow registration process and enhancements to certain electronic table games.

Overall, BCLC's casino operating segment, which accounted for 61 percent of net income in 2023/24, was below budget by three percent. The lottery operating segment, which accounted for 21 percent of the current year's net income, exceeded budget expectations by 13 percent due to the strong performance of instant tickets and Keno. Additionally, we revised the launch date for the lottery terminals replacement project to May 2024, and as a result did not experience the minor sales disruption in 2023/24 that had been projected. BCLC's iGaming operating segment, which accounted for 18 percent of the current year's net income, fell short of budget by 12 percent due to increased competition from illegal market operators.

In conclusion, 2023/24 financials reflect the results of a complex environment. Facing a variety of external challenges, BCLC implemented financial and strategic responses aimed at maintaining its operational mandate while adapting to shifting market dynamics. The organization's efforts during this fiscal year underscored its focus on sustaining its

contributions to the province's economy, within the framework of responsible gambling and regulatory compliance.

Financial Summary

(\$m) ¹	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance ²
Total Revenue	2,957	2,989	2,871	(118)
Expenses				
Direct Costs	882	898	861	37
Gaming Support Costs	64	65	64	1
Operating Costs	229	268	252	16
Amortization & Other	75	97	75	22
Total Expenses	1,250	1,328	1,252	76
Net Income Before Taxes	1,707	1,661	1,619	(42)
Indirect Tax	71	83	71	12
Net Income	1,636	1,578	1,548	(30)
Total Liabilities	617	559	598	(39)
Capital Expenditures	84	103	77	26
Total Equity	71	31	64	33

¹ Financial information was prepared based on current IFRS Accounting Standards.

² Favourable (unfavourable) 2023/24 Actual vs 2023/24 Budget.

Variance and Trend Analysis

Revenue

Revenues are comprised of the amounts earned from the provision of gambling products to players, and the provision of gambling services to other jurisdictions.

Actual revenue totaled \$2,871 million, a \$86 million (three percent) decrease from prior year and a \$118 million (four percent) shortfall from budget.

Year-over-year variance

- Decreased player spend: A notable reduction in revenue stems from decreased spending at physical casino locations and CGCs.
- Lottery revenue decline: Fewer large jackpots in Lotto Max led to overall lower lottery revenues.

Budget variance

- Decreased player spend: A notable reduction in revenue stems from decreased spending at physical casino locations and CGCs.
- Online gambling competition: The iGaming sector faced strong competition from illegal market operators, who are advertising and offering lucrative player acquisition incentives, creating an uneven playing field for BCLC and leading to lower revenue.

Direct Costs

Direct costs, which vary with revenue, primarily relate to commissions paid to private-sector gambling facility service providers, lottery retailers and revenue share payments to PlayNow gambling content providers.

Actual costs of \$861 million represent a \$21 million (two percent) decrease from prior year and are \$37 million (four percent) lower than budget.

Year-over-year variance & budget variance

- Reduced revenue: The decrease is aligned with the reduction in revenue, reflecting the variable nature of these costs.

Gaming Support Costs

These costs are largely for gaming systems maintenance and upkeep, and therefore do not vary significantly with gaming activity.

Actual costs of \$64 million are in line with prior year but are \$1 million (two percent) lower than budget.

Budget variance

- Timing of Expenses: The decrease is largely due to the timing of the replacement of slot parts in newer slot machines.

Operating Costs

These costs are made up of items such as salaries and benefits, marketing and advertising, professional fees, cost of premises and equipment.

Actual costs of \$252 million represent a \$23 million (10 percent) increase from the prior year but are \$16 million (six percent) lower than budget.

Year-over-year variance

- Salaries and benefits: The increase in operating costs is primarily attributable to continued investment in our workforce to ensure that BCLC remains competitive in the challenging and evolving labour market and has the right skills and capabilities to deliver on corporate strategic initiatives.

Budget variance

- Salaries and benefits: Pension expenses were lower than budgeted due to a difference in the financial assumptions (primarily the discount rate) for the calculation of BCLC's defined benefit plans.
- Advertising: The variance from budget is driven by conscious cost rationalization to mitigate net income impacts and lower spend in a marketing program based on revenue and participation.

Amortization and Other

This balance relates primarily to depreciation of property and equipment, amortization of software costs, interest income, financing costs and other miscellaneous items.

Actual costs of \$75 million are same as the prior year but \$22 million (23 percent) lower than budget.

Budget variance

- Lower capital spend: The variance from budget is driven primarily by depreciation/amortization due to lower than anticipated capital expenditures and revised launch date of projects.

Indirect Tax

These costs relate to Goods and Services Tax (GST) as prescribed under the Games of Chance (GST/HST) Regulations of the Excise Tax Act (Canada), and Provincial Sales Tax paid on purchases as prescribed under the Provincial Sales Tax Act.

Actual costs of \$71 million are same as the prior year but \$12 million (14 percent) lower than budget.

Budget Variance

- Lower expenses: The variance from budget is driven by lower expenses as detailed in the previous sections.

Total Equity

Total equity is comprised of accumulated surplus (deficit) and accumulated other comprehensive income (loss).

Accumulated surplus (deficit) represents the cumulative balance of net income from all years of operation, less any distributions of net income to the Government of British Columbia or payments to the Government of Canada on behalf of the Government of British Columbia.

As BCLC remits all its net income, it would be expected to report a nil accumulated surplus or deficit balance. However, the retrospective application of changes in accounting standards or policies may require BCLC to retroactively adjust its historical net income, resulting in an accumulated surplus or deficit.

The accumulated deficit of \$18 million is consistent with the prior year.

Accumulated other comprehensive income (loss) represents items on income and expenses that are not recognized through profit or loss (net income). For BCLC, those items relate primarily to the remeasurement of the company's defined benefit plans. The \$33 million favourable variance from budget is due to changes in the financial assumptions (primarily the discount rate) for the calculation of BCLC's defined benefit plans.

Risks and Uncertainties

The gambling industry is facing an array of critical risk factors that could pose significant challenges to its financial performance and operations. One of the most notable risks is the shifting consumer preferences towards online and mobile gambling, which could potentially result in reduced revenues for traditional land-based casinos and lotteries. Additionally, the industry is grappling with a shortage of skilled professionals, especially in the technology and digital sectors, which could hinder its potential for innovation and growth.

Any changes in the industry's regulation could potentially impact BCLC's operations and revenues. The threat of cybersecurity attacks such as hacking and data breaches also pose a significant risk, which could result in severe financial losses and reputational damage to the industry. Furthermore, economic conditions, both domestically and globally, could have a substantial impact on consumer spending on gambling, and the volatility of lottery jackpots also presents a significant risk factor.

BCLC has established a formal and comprehensive Enterprise Risk Management (ERM) program that adheres to the CSA ISO 31000 risk management principles and the [Risk Management Guideline for the B.C. Public Sector](#). The program empowers BCLC to take calculated risks while executing its strategic goals and is supported by a robust risk management framework and process. As part of this program, the Board and Executive Management have a shared responsibility to ensure that risks are effectively identified, assessed and managed. The Strategy Committee of the Board receives quarterly reports from the Enterprise Risk Management Services department, providing updates on the key risks identified through the ERM process, as well as the corresponding mitigation strategies. This approach ensures that BCLC's risk management practices are aligned with the organization's overall mandate and goals, and all activities are monitored by the Board and Enterprise Risk Committee for adherence to the program.

Capital Expenditures

Significant IT Projects (over \$20 million in total)	Targeted Year of Completion	Project Cost to Mar 31, 2024 (\$m)	Estimated Cost to Complete (\$m)	Anticipated Total Cost (\$m)
Lottery Terminals and Systems Replacement¹	2024/25	37	11	48
<p>Objective: The lottery terminals and systems replacement project involves the replacement of legacy retail lottery equipment and supporting systems. This equipment, critical to the generation of lottery revenue, is nearing end-of-life.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Eliminates legacy technology and replaces it with modern, reliable and flexible retail sales solutions. • Enables BCLC to quickly and easily introduce new games and experiences for players. • Enables BCLC to tailor products, promotions and experiences to the touchpoints and channels where players interact with BCLC and its retailers. <p>Risks:</p> <ul style="list-style-type: none"> • Further delay to launch, with the potential result that current equipment starts to fail before new equipment is installed. 				

¹ Lottery terminals and systems replacement project was included in the 2023/24 – 2025/26 Service Plan with a completion date of 2023/24. The actual completion has been rescheduled to 2024/25.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 and 2023/24 Mandate Letters from the Minister Responsible.

Mandate Letter Priority	Status as of March 31, 2024
<p>2023/24 Mandate Letter: Work with government to operationalize the new Gaming Control Act.</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> Participating in consultations on the regulations and working with CAS and GPEB to prepare to operationalize the new Gaming Control Act.
<p>2021/22 Mandate Letter: Continue to address concerns raised around illicit behaviour in BCLC’s gambling facilities and continue to prioritize taking action to eradicate money laundering efforts and other illicit behaviours in casinos.</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> Implemented enhanced identification checks at the entrance of casinos and CGCs, which checks if individuals have been barred from entering. Supporting government to address the recommendations of the Cullen Commission. Strong partnership with law enforcement partners, service providers and GPEB to continually improve security controls. Continuing work with service providers to install a scalable financial transaction monitoring system to meet current and future regulatory requirements. Launched at Parq Casino and on BCLC’s PlayNow online platform in March 2024, the system will be in place at all Lower Mainland casinos and CGCs by the end of summer 2024, with full implementation across B.C. by March 2025. Supporting government on provisions of the new Gaming Control Act and regulations related to source of funds

	<p>declarations and prevention of unlawful activity.</p>
<p>2021/22 Mandate Letter: Continue to seek opportunities to strengthen BCLC’s ability to identify and respond to early warning signs of high-risk gambling to mitigate the impacts of gambling products and behaviours. This includes implementation of initiatives to support an enterprise view of players in line with BCLC’s strategy to continue offering responsible, player-centric gambling.</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Developed a new five-year Player Health Strategy that will focus on better understanding our players, personalizing their experiences and further fostering a player health culture throughout our business. • Resumed <u>RG Check accreditation</u>, starting with PlayNow and Parq Casino. • Expanded on High-Risk Indicators pilot and explored risk identification using evidence-based indicators to nudge players towards safer play. • Made enhancements to the GameSense Advisor program that include in-facility, chat function and phone support for player health access and resources. • Made key improvements to guidelines and training for service provider staff to support players and provide intervention through GameSense. • A gambling and financial literacy tool was made available to players in brick-and-mortar facilities and through PlayNow.
<p>2021/22 Mandate Letter: Continue to proactively and responsively share information with the Deputy Minister, Anti-Money Laundering Deputy Ministers’ Committee (AML DMC), Anti-Money Laundering Secretariat (AML Secretariat), and the regulator that assists the government in meeting its responsibilities for the overall integrity of gambling and providing advice on broad policy, standards and regulatory issues.</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Weekly meetings held to discuss suspicious activity and transactions as well as tactical information at the Gaming Integrity Group (BCLC, GPEB, Joint Illegal Gaming Investigation Team). • Continual escalation of systemic issues to the AML Risk Committee (BCLC and GPEB) to inform of BCLC policy changes

	<p>(e.g., limiting cash from a credit card cash advance).</p> <ul style="list-style-type: none"> • AML DMC and AML Secretariat are notified of significant initiatives (through BCLC and GPEB Executive or via briefing note), such as Everi Compliance AML solution deployment. • As a member of the Canadian Lottery Coalition, BCLC proactively shares information with GPEB and CAS regarding the ongoing proliferation of illegal online gambling websites and efforts to have the laws prohibiting illegal gambling enforced. <p>Completed:</p> <ul style="list-style-type: none"> • Worked with FINTRAC on the development of a special bulletin on illegal gambling.
<p>2021/22 Mandate Letter: Sustain operations while collaborating with casino service providers and ensuring alignment with the provincial government’s COVID-19 recovery efforts.</p>	<p>Completed:</p> <ul style="list-style-type: none"> • Casinos and CGCs across the province are open and operating at pre-pandemic levels. • All provincewide COVID-19 restrictions were lifted in April 2022.
<p>2021/22 Mandate Letter: As appropriate, and in alignment with responsible gambling practices, explore options to increase and/or enhance PlayNow.com’s online gambling offerings to increase revenue from this product stream.</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Developing further web and app enhancements. <p>Completed:</p> <ul style="list-style-type: none"> • Increased the number of games on PlayNow from approximately 560 to over 700. • Introduced a new PlayNow Sports app. • Launched an enhanced registration process making it easier for players to register.

	<ul style="list-style-type: none">• PlayNow is now available in three provinces: British Columbia, Manitoba and Saskatchewan.• Sports betting on PlayNow launched with the single-events betting in August 2021.
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Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

B.C. Lottotech International Inc.

The consolidated financial statement of BCLC include B.C. Lottotech International Inc. (Lottotech), a wholly owned subsidiary of BCLC. The primary purpose of Lottotech is to optimize sales taxes through the purchase of capital assets for leasing to BCLC. The main operating activities are revenue from the lease of assets to BCLC and the depreciation associated with capital acquisitions.

The management and oversight of Lottotech is consolidated within BCLC operations and the Board reviews and approves capital purchases through BCLC's annual business planning and budget process.

Financial Summary

(\$m) ¹	2022/23 Actual	2023/24 Budget	2023/24 Actual
Revenues	67	87	66
Expenses	67	88	66
Net Gain (Loss)	—	(1)	—

¹ Financial information was prepared based on an accrual basis.

Discussion of Variance

Lottotech revenues and expenses were in line with the prior year but lower than budgeted. Both lease revenues and depreciation/amortization expenses were below budget due to lower than anticipated expenditures on property, equipment and intangible assets.

Operating Segments

BCLC's operating segments consist of casino and community gaming, lottery and iGaming. BCLC's casino and community gaming operations are results from land-based gambling facilities offering slots, tables and bingo games. Lottery operations are results from brick-and-mortar retail sales of lottery draw-based games, lottery instant tickets and sports betting. iGaming operations are results of BCLC's website PlayNow, which extends BCLC's product offerings for play online. Operating costs for any departments that are not directly dedicated to supporting one of these areas of operations are allocated proportionally across these areas based on their revenues.

Casino and Community Gaming Operations

Financial Summary

(\$m) ¹	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance ²
Total Revenue	1,945	1,940	1,869	(71)
Expenses				
Direct Costs	694	690	668	22
Gaming Support Costs	28	31	30	1
Operating Costs	122	137	132	5
Amortization & Other	56	66	59	7
Total Expenses	900	924	889	35
Net Income Before Taxes	1,045	1,016	980	(36)
Indirect Tax	47	52	45	7
Net Income	998	964	935	(29)

¹ Financial information was prepared based on current IFRS Accounting Standards.

² Favourable (unfavourable) 2023/24 Actual vs 2023/24 Budget.

Lottery Operations

Financial Summary

(\$m) ¹	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance ²
Total Revenue	572	538	560	22
Expenses				
Direct Costs	116	114	113	1
Gaming Support Costs	23	21	22	(1)
Operating Costs	60	70	66	4
Amortization & Other	15	24	12	12
Total Expenses	214	229	213	16
Net Income Before Taxes	358	309	347	38
Indirect Tax	14	17	16	1
Net Income	344	292	331	39

¹ Financial information was prepared based on current IFRS Accounting Standards.

² Favourable (unfavourable) 2023/24 Actual vs 2023/24 Budget.

iGaming Operations

Financial Summary

(\$m) ¹	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance ²
Total Revenue	440	511	442	(69)
Expenses				
Direct Costs	72	94	80	14
Gaming Support Costs	13	13	12	1
Operating Costs	47	61	54	7
Amortization & Other	4	7	4	3
Total Expenses	136	175	150	25
Net Income Before Taxes	304	336	292	(44)
Indirect Tax	10	14	10	4
Net Income	294	322	282	(40)

¹ Financial information was prepared based on current IFRS Accounting Standards.

² Favourable (unfavourable) 2023/24 Actual vs 2023/24 Budget.

Appendix C: Auditor's Report and Audited Financial Statements

British Columbia Lottery Corporation

Consolidated Financial Statements

Year ended March 31, 2024

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Statement of Management’s Responsibility for Financial Reporting

The consolidated financial statements of BCLC have been prepared by management in accordance with IFRS Accounting Standards.

The consolidated financial statements present fairly the consolidated financial position of BCLC as at March 31, 2024, and the results of its consolidated financial performance and cash flows for the year then ended.

Management is responsible for the integrity of the consolidated financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of reliable financial information in a timely manner.

The Board of Directors is responsible for overseeing management in the performance of our financial reporting responsibilities and has approved the consolidated financial statements and other financial information included in this annual report and service plan.

The Audit Committee assists the Board of Directors in discharging its responsibilities. The committee reviews and recommends approval of the consolidated financial statements. It meets periodically with management, and internal and external auditors concerning internal controls and all other matters relating to our financial reporting.

KPMG LLP, Chartered Professional Accountants, have performed an independent audit of BCLC and expressed an unqualified opinion on the consolidated financial statements of BCLC.



Alan Kerr

CFO & Vice-President

Finance and Corporate Services



Pat Davis

President & CEO

Independent Auditor's Report

To the Board of Directors of and Minister Responsible for British Columbia Lottery Corporation

Opinion

We have audited the consolidated financial statements of British Columbia Lottery Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of net income and comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity 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.

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 International Accounting Standards Board, and for such internal control as management 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion.

Independent Auditor's Report continued

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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.
- 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.



Chartered Professional Accountants
Kamloops, Canada
June 25, 2024

Consolidated Statement of Financial Position

At March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
ASSETS		
Cash and cash equivalents (note 6)	\$ 44,408	\$ 30,893
Accounts receivable (note 7)	89,657	64,528
Prepaid and deferred expenses	21,893	22,824
Inventories (note 8)	10,152	8,916
Commission advances (note 9)	5,140	33,529
Gaming cash floats (note 10)	8,884	47,811
Current assets	180,134	208,501
Prepaid and deferred expenses	3,468	3,433
Commission advances (note 9)	—	1,662
Right-of-use assets (note 11)	55,323	57,376
Property and equipment (note 12)	306,504	298,729
Intangible assets (note 13)	33,787	34,052
Employee benefits (note 14)	82,746	83,990
Non-current assets	481,828	479,242
Total assets	\$ 661,962	\$ 687,743

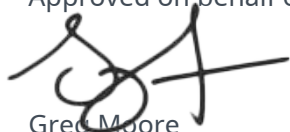
Consolidated Statement of Financial Position continued

At March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
LIABILITIES		
Prizes payable (note 15)	\$ 38,017	\$ 33,589
Accounts payable, accrued and other liabilities (note 16)	116,442	125,203
Short-term financing (note 17)	110,297	140,274
Deferred revenue (note 18)	24,805	23,209
Unsettled wagers (note 19)	6,929	7,110
Lease liabilities (note 11)	5,122	5,799
Due to the Government of British Columbia (note 20)	190,104	177,234
Current liabilities	491,716	512,418
Lease liabilities (note 11)	53,580	54,502
Provisions (note 21)	3,173	3,488
Employee benefits (note 14)	49,772	46,535
Non-current liabilities	106,525	104,525
Total liabilities	598,241	616,943
EQUITY		
Accumulated deficit (note 22)	(17,850)	(17,850)
Accumulated other comprehensive income	81,571	88,650
Total equity	63,721	70,800
Total liabilities and equity	\$ 661,962	\$ 687,743

The accompanying notes are an integral part of these consolidated financial statements.
Commitments and contingencies are outlined in notes 11, 12 and 26.

Approved on behalf of the Board of Directors:



Greg Moore
Chair, Board of Directors



Lisa Ethans
Chair, Audit Committee

Consolidated Statement of Net Income and Comprehensive Income

For the year ended March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
Revenue (note 23)	\$ 2,871,296	\$ 2,957,231
Expenses		
Commissions and fees	744,595	771,294
Employee costs	173,525	151,442
Gaming equipment leases and licenses	102,627	96,028
Amortization and depreciation (notes 11, 12 and 13)	74,922	77,428
Systems, maintenance, and ticket distribution	71,305	69,676
Advertising, marketing, and promotions	40,253	39,879
Professional fees and services	15,901	16,771
Ticket printing	15,234	14,453
Cost of premises	6,942	6,663
Net financing costs (note 24)	2,064	1,055
Loss on disposal of property and equipment	799	885
Other	4,209	5,064
	1,252,376	1,250,638
Income from operations before the undernoted	1,618,920	1,706,593
Indirect tax expense (note 28)	70,529	71,051
Net income	1,548,391	1,635,542
Other comprehensive (loss) income		
Item that will never be reclassified to net income:		
Net defined benefit plan actuarial (loss) gain (note 14)	(7,079)	39,454
Total comprehensive income	\$ 1,541,312	\$ 1,674,996

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

Consolidated Statement of Changes in Equity

For the year ended March 31, 2024 (in thousands of Canadian dollars)

	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
Balance, April 1, 2022	\$ (17,850)	\$ 49,196	\$ 31,346
Net income	1,635,542	—	1,635,542
Net defined benefit plan actuarial gain (note 14)	—	39,454	39,454
Total comprehensive income	1,635,542	39,454	1,674,996
Payments to the Government of Canada on behalf of the Government of British Columbia (note 25)	(12,026)	—	(12,026)
Distributions to the Government of British Columbia (note 20)	(1,623,516)	—	(1,623,516)
Balance, March 31, 2023	\$ (17,850)	\$ 88,650	\$ 70,800
Net income	1,548,391	—	1,548,391
Net defined benefit plan actuarial loss (note 14)	—	(7,079)	(7,079)
Total comprehensive income	1,548,391	(7,079)	1,541,312
Payments to the Government of Canada on behalf of the Government of British Columbia (note 25)	(12,403)	—	(12,403)
Distributions to the Government of British Columbia (note 20)	(1,535,988)	—	(1,535,988)
Balance, March 31, 2024	\$ (17,850)	\$ 81,571	\$ 63,721

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

Consolidated Statement of Cash Flows

For the year ended March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
Cash flows from operating activities:		
Net income	\$ 1,548,391	\$ 1,635,542
Items not involving cash:		
Depreciation (notes 11 and 12)	66,564	64,903
Amortization (note 13)	8,358	12,525
Loss on disposal of property and equipment	799	885
Net benefit plan expense (note 14)	13,057	16,389
Net financing costs (note 24)	2,064	1,055
	1,639,233	1,731,299
Changes in:		
Accounts receivable	(24,948)	2,294
Prepaid and deferred expenses	896	(4,809)
Inventories	(1,236)	1,630
Commission advances	30,051	(1,366)
Gaming cash floats	38,927	(1,150)
Employee benefits	(15,248)	(14,292)
Prizes payable	4,428	(6,821)
Accounts payable, accrued and other liabilities	2,951	4,954
Deferred revenue	1,596	(3,216)
Unsettled wagers	(181)	(7,360)
Provisions	(315)	145
Interest received	4,351	2,970
Net cash from operating activities	1,680,505	1,704,278
Cash flows from financing activities:		
Short-term financing (note 17)	(29,913)	(89)
Interest paid (notes 11 and 17)	(9,561)	(5,119)
Payments on lease liabilities (note 11)	(6,298)	(6,489)
Payments to the Government of Canada on behalf of the Government of British Columbia (note 25)	(12,403)	(12,026)
Distributions paid to the Government of British Columbia (note 20)	(1,523,118)	(1,614,642)
Net cash used in financing activities	(1,581,293)	(1,638,365)
Cash flows from investing activities:		
Additions to property and equipment	(77,892)	(87,102)
Additions to intangible assets	(8,471)	(7,795)
Net proceeds on disposal of property and equipment	666	616
Net cash used in investing activities	(85,697)	(94,281)
Net increase (decrease) in cash and cash equivalents	13,515	(28,368)
Cash and cash equivalents, beginning of year	30,893	59,261
Cash and cash equivalents, end of year (note 6)	\$ 44,408	\$ 30,893

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

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024 (in thousands of Canadian dollars)

1 Corporate information

British Columbia Lottery Corporation (BCLC or the Corporation) is a crown corporation of British Columbia (B.C.) incorporated under the *Company Act* (B.C.) on October 25, 1984 and continued under the *Gaming Control Act* (B.C.). The Government of British Columbia has delegated BCLC the responsibility to develop, undertake, organize, conduct, manage and operate provincial gaming on behalf of the government. Gaming activities include lottery, casino, bingo, and internet gaming (iGaming).

BCLC is also the B.C. regional marketing organization for national lottery games, which are collective undertakings by the provinces of Canada acting through the Interprovincial Lottery Corporation (ILC).

The address of BCLC's registered office is 74 West Seymour Street, Kamloops, B.C., Canada.

As an agent of the crown, BCLC is not subject to federal or provincial corporate income taxes.

These consolidated financial statements (hereinafter referred to as the 'financial statements') include B.C. Lottotech International Inc., a wholly-owned Canadian subsidiary of BCLC.

These financial statements were authorized for issue by BCLC's Board of Directors (the Board) on June 25, 2024.

2 Basis of preparation

(a) Basis of accounting

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS).

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for unsettled wagers and employee benefit plan assets, which are measured at fair value as explained in note 4(b) and note 4(c) respectively.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information has been rounded to the nearest thousand dollars.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

(d) Use of judgments and estimates

The preparation of these financial statements requires management to use judgment in applying accounting policies and to make estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

i. Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements includes:

- the determination of the presence of control, as defined under IFRS for the basis of consolidation, over gaming facility service providers and lottery retailers (note 4(a));
- whether the Corporation is reasonably certain to exercise extension options under lease agreements (note 4(d)).

ii. Estimates

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year includes:

- key actuarial assumptions used in the measurement of defined benefit obligations for the Corporation's pension and post-retirement benefit plans (note 14(e)(i));
- the valuation of private equity and infrastructure investments in the measurement of plan assets for the Corporation's pension plan (note 14(d)).

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Corporation's risk management commitments where appropriate. Revisions to accounting estimates are recognized prospectively.

3 Changes in material accounting policies

The Corporation adopted *Disclosure of Accounting Policies* (Amendment to IAS 1 and IFRS Practice Statement 2) from April 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Corporation to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 4 Material accounting policies (2023: Significant accounting policies) in line with the amendments.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

4 Material accounting policies

The Corporation and its subsidiary have consistently applied the following accounting policies to all periods presented in these financial statements:

(a) Basis of consolidation

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Intercompany transactions and balances are eliminated on consolidation. The Corporation does not control gaming facility service providers or lottery retailers and therefore these financial statements do not include the financial results of those entities.

(b) Financial instruments

Financial instrument	Classification	Initial measurement	Subsequent measurement
Financial assets			
Cash and cash equivalents	AC ¹	FV ²	AC ¹
Accounts receivable	AC ¹	TP ³	AC ¹
Commission advances	AC ¹	FV ²	AC ¹
Gaming cash floats	AC ¹	FV ²	AC ¹
Financial liabilities			
Prizes payable	AC ¹	FV ²	AC ¹
Accounts payable, accrued and other liabilities	AC ¹	FV ²	AC ¹
Short-term financing	AC ¹	FV ²	AC ¹
Unsettled wagers	FVPL ⁴	FV ²	FVPL ⁴
Lease liabilities	AC ¹	FV ²	AC ¹
Due to the Government of British Columbia	AC ¹	FV ²	AC ¹

¹ For accounting recognition and measurement purposes, classified as amortized cost (AC). Financial assets and financial liabilities are subsequently measured using the effective interest method, less any allowances for expected losses. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortized cost of the financial liability.

² For initial recognition purposes, measured at fair value plus or minus transaction costs (FV). Financial assets are initially measured at the present value of future cash flows under the contractual terms plus any directly attributable transaction costs. Financial liabilities are initially measured at fair value less any directly attributable transaction costs.

³ For initial recognition purposes, measured at transaction price (TP).

⁴ For accounting recognition and measurement purposes, classified as fair value through profit or loss (FVPL).

i. Financial assets

Financial assets are recognized initially on the trade dates, which is when the Corporation becomes a party to the contractual provisions of the instruments. Financial assets measured at amortized cost are those held in order to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Gains or losses on derecognition are recognized in profit or loss.

ii. Financial liabilities

Financial liabilities are recognized initially on the trade dates, which are the dates the Corporation becomes a party to the contractual provisions of the instruments.

Net gains and losses, including any interest expense and foreign exchange gains and losses, are recognized in profit or loss.

The Corporation derecognizes a financial liability when its contractual obligations expire, are discharged, or are cancelled. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Corporation has a current, legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(c) Employee benefits

Defined benefit plans

The Corporation's obligation in respect of defined benefit plans, as outlined in note 14, is calculated separately for each plan by estimating the amount of the benefit, payable in the future, that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value. The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

The fair value of any plan assets is deducted from the obligation to determine the net defined benefit liability (asset). When the calculation results in a potential asset for the Corporation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of future economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability (asset), which are comprised of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. BCLC determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying a discount rate. This discount rate aligns with the one used to measure the defined benefit obligation at the start of the annual period, factoring in the then-net defined benefit liability (asset) and considering any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss as employee costs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service, or the gain or loss on curtailment, is recognized immediately in profit or loss as employee costs. The Corporation recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

(d) Leases

At inception of a contract, the Corporation determines whether the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases with terms of less than 12 months. The Corporation recognizes the payments associated with these leases as an expense, on a straight-line basis, over the lease term.

i. Right-of-use asset

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and any estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

A right-of-use asset is depreciated from the commencement date to the end of the lease term, which includes the initial lease term and any optional renewal period if the Corporation is reasonably certain to exercise an option, using the straight-line method. A right-of-use asset will be reduced by impairment losses, if any, and adjusted for the remeasurement of the lease liability.

ii. Lease liability

A lease liability is initially measured at the present value of the 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 Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. The Corporation determines its incremental borrowing rate on a lease-by-lease basis by obtaining Government of Canada bond rates that consider both the term of the lease and the liquidity of lease payments.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option.

Variable lease payments based on revenues or usage are recognized in profit or loss in the period in which the expenses are incurred.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an applicable index or rate, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the right-of-use asset; or if the carrying amount of the right-of-use asset has been reduced to zero, the adjustment is recorded in profit or loss.

The Corporation has elected not to separate non-lease components from lease components within a contract and accounts for these as a single lease component.

(e) Property and equipment

i. Recognition and measurement

The Corporation's property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing the asset to the location and condition for its intended use. The cost of self-constructed assets includes the cost of materials and any other costs directly attributable to bringing the assets to a suitable condition for their intended use. Borrowing costs related to the construction of qualifying assets are capitalized.

When major components of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Corporation.

iii. Depreciation

Land and assets under construction are not depreciated. When property and equipment are available for use, they are depreciated over their estimated useful lives on a straight-line basis. Depreciation is based on cost less estimated residual value and based on the following estimated useful lives:

Asset	Rate
Corporate facilities and equipment	
Building	5 to 20 years
Equipment	2 to 15 years
Leasehold improvements	3 to 30 years
Lottery gaming	
Equipment	3 to 10 years
Retail kiosks	2 to 10 years
Casino and community gaming	
Equipment	2 to 8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

(f) Intangible assets

Expenditures incurred in the development or acquisition of computer software products or systems that will contribute to future economic benefits through revenue generation and/or cost reduction are capitalized as intangible assets. Other development costs are recognized as an expense as incurred.

Development expenditures are capitalized only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to, and has sufficient resources to, complete development and to use or sell the asset.

The cost of computer software and systems that are acquired by the Corporation includes the purchase price and any expenditures directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalized.

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Assets under development are not amortized. When intangible assets are available for use they are amortized using the straight-line method over their estimated useful lives (2 to 10 years). Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Impairment

i. Financial assets

Financial assets not classified at fair value through profit or loss are assessed under an expected credit loss model, which requires the recognition of an allowance for expected losses upon recognition of the asset. The Corporation measures loss allowances at an amount equal to the lifetime expected credit losses, which are the losses that result from all possible default events over the expected life of a financial instrument.

Expected credit losses are a probability-weighted estimate of credit losses. Expected credit losses are based on the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive, discounted at the effective interest rate of the financial asset. Losses are recognized in profit or loss and are deducted from the gross carrying amount of the assets. If the amount of the credit loss subsequently decreases and the decrease can be related objectively to an event occurring after the expected credit loss was recognized, then the previously recognized credit loss is reversed through profit or loss.

When estimating expected credit losses and determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, which includes forward-looking information. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

At each reporting date, the Corporation assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the future cash flows of the financial asset have occurred.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation considers expected credit risk for these assets at both an individual asset and a collective level. All individually significant assets are assessed for expected credit losses. Assets that are not individually significant are assessed collectively for expected credit losses by grouping together assets with similar risk characteristics.

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

ii. Non-financial assets

The carrying amounts of non-financial assets, other than inventories and employee benefit plan assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). An impairment loss is recognized for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount.

The recoverable amount is the greater of an asset's or cash generating unit's fair value less costs to sell and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. Impairment losses are recognized in income and are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

(h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in profit or loss.

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Gaming revenue is earned through various distribution channels as either an Administered or Wagered game. Gaming revenue is recognized net of prizes as outlined below.

In Administered Games where the Corporation earns a variable commission, the variable commission exposes the Corporation to a gain or loss depending on the actual amount of the payout versus the expected prize percentage, which is initially accounted for as a financial liability.

Gains on unclaimed prizes arising from regional lottery games are recognized as revenue when they expire. Unclaimed prizes arising from national lottery games are administered by ILC and, accordingly, are not recognized by the Corporation.

Liabilities under customer loyalty programs are reported as unsettled wagers due to their potential to be discharged through the redemption of free play on Wagered Games.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

i. Administered games

In transactions in which the Corporation administers a game amongst players (“Administered Games”), the Corporation recognizes the portion of the wagers retained, and not distributed as prizes, as revenue from operating the game.

Product	Channel	Revenue recognition policy
Lottery draw-based games	LR ¹ and PN ²	Revenue is recognized at the date of the draw. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as deferred revenue (note 18) with a corresponding financial liability for the portion to be paid as prizes.
Lottery instant tickets	LR ¹	Revenue is recognized at the point of sale to a player. Instant ticket prizes are recorded as a financial liability at the expected prize percentage concurrently with the recognition of revenue.
Sports betting	LR ¹ and PN ²	Revenue is recognized in the period in which the bets settle. Receipts for bets that are received before March 31 for events that occur subsequent to that date are recorded as deferred revenue with a corresponding financial liability for the portion to be paid as prizes.
Bingo games	GF ³ and PN ²	Revenue is recognized in the same period in which the games are played.

¹ Revenue is generated through contracted lottery retailers (LR).

² Revenue is generated online at PlayNow.com (PN).

³ Revenue is generated through contracted gaming facility service providers (GF).

ii. Wagered games

In transactions in which the Corporation and players are wagering against a specific outcome of an event (“Wagered Games”), the Corporation is exposed to gains or losses, which are recognized in revenue.

Product	Channel	Revenue recognition policy
Slot and table games	GF ³ and PN ²	Revenue is recognized, net of financial liabilities under customer loyalty programs, in the same period in which the games are played.
Lottery draw-based games	LR ¹ and PN ²	Revenue is recognized at the date of the draw. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as unsettled wagers (note 19).
Sports betting	LR ¹ and PN ²	Revenue is recognized in the period in which the bets settle. Receipts for bets that are received before March 31 for events that occur subsequent to that date are recorded as unsettled wagers.

¹ Revenue is generated through contracted lottery retailers (LR).

² Revenue is generated online at PlayNow.com (PN).

³ Revenue is generated through contracted gaming facility service providers (GF).

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

iii. Non-gaming revenue

Under IFRS 15, revenue earned from the provision of gaming solutions to third parties is recognized in the period it is earned.

(j) Commissions

Commissions paid to lottery retailers are based on revenue generated and prize payments to players, in accordance with underlying lottery retailer agreements. BCLC recognizes commission expenses at the point of sale to a player for revenue-based commissions and at the point of ticket validation for prize payment-based commissions.

Commissions paid to gaming facility service providers, including commissions for facility investment, are based on revenue generated in accordance with underlying operational services agreements. BCLC recognizes commission expenses in the same period in which the revenues are generated. Commissions paid in advance of revenue being generated are recognized as commission advances on the statement of financial position.

5 Financial risk management and fair value

The Corporation has exposure to the following financial risks from its use of financial instruments: credit risk, liquidity risk, and market risk.

This note presents information on how the Corporation manages those financial risks.

	Risks		
	Credit	Liquidity	Market
Cash and cash equivalents	x		
Accounts receivable	x		
Commission advances	x		
Gaming cash floats	x		
Prizes payable		x	
Accounts payable, accrued and other liabilities		x	
Short-term financing		x	x
Unsettled wagers		x	
Lease liabilities		x	
Due to the Government of British Columbia		x	

(a) Risk management

The Corporation's Board of Directors has the responsibility to manage the affairs of the Corporation.

The Board's role includes oversight of the Corporation's enterprise risk management program, and the integrity of the Corporation's internal control and management systems. The Board, with the support of its Strategy Committee, monitors the Corporation's risk tolerance and risk capacity levels and considers strategic risks as part of the annual strategic planning process. The Board, with support of the Audit Committee, provides oversight of the effectiveness of the Corporation's systems of internal control over financial information.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation has a legal, security and compliance division, as well as an internal audit services department. Furthermore, the Corporation has a dedicated enterprise risk management services department to support the enterprise risk management program in the assessment, monitoring and reporting of strategic and operational risks that may impact the ability of the Corporation to deliver on its objectives. The enterprise risk management services department reports quarterly on its activities and on the Corporation's risk profile for review by management and the Strategy Committee of the Board of Directors. Additionally, the Director, Enterprise Risk and the Director, Internal Audit have a direct reporting relationship to the Chair of the Strategy Committee and Chair of the Audit Committee respectively.

(b) Credit risk

Credit risk is the risk that the Corporation will suffer a financial loss due to a third party failing to meet its contractual obligations to the Corporation. The following table summarizes the Corporation's credit risk by financial asset.

Financial asset	Credit risk
Cash and cash equivalents	Cash and cash equivalents are held with banks and counterparties that have high credit ratings and minimal market risk. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Corporation has a formal policy and guidelines in place for cash equivalents that provide direction for the management of the Corporation's funds with respect to the allocation of responsibilities, investment objectives, asset allocation, allowable fund holdings and investment constraints, and performance standards.
Accounts receivable	Accounts receivable relates to credit provided to lottery retailers and gaming facility service providers. Normal credit terms for accounts receivable are payment within 30 days or less. As at March 31, 2024 and 2023, there were no significant invoiced accounts receivable outstanding for more than 30 days.
Commission advances	Commission advances resulted from the Corporation providing eligible gaming facility service providers with the option to receive an advance of future commissions to support facility reopening after the extended period of closure due to the COVID-19 pandemic. Weekly commission payments to gaming facility service providers are being reduced by 10% until the commission advance is fully repaid.
Gaming cash floats	Gaming cash floats have been temporarily provided to certain gaming facility service providers under amendments to operational services agreements. Although the gaming cash floats are unsecured, the Corporation has limited the exposure to credit risk by restricting their use by gaming facility service providers. These floats are held separately onsite at gaming facilities and are authorized to be used solely by the gaming facility service providers for the purposes of making change, redeeming chips, and paying winnings. The operational services agreement amendments provide the Corporation the right to call back these funds with 60 days notice, and the right to require the repayment of the gaming cash floats upon an event of default. The balance of gaming cash floats outstanding are repayable on or before December 31, 2024.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation's net exposure to credit risk for cash and cash equivalents, accounts receivable, commission advances and gaming cash floats at the reporting date is represented by the carrying amounts less any irrevocable standby letters of credit or security deposits. These amounts are listed as follows:

	2024	2023
Maximum exposure	\$ 148,089	\$ 178,423
Collateral	(4,131)	(4,082)
Net exposure	\$ 143,958	\$ 174,341

Expected credit losses

Accounts receivable, commission advances and gaming cash floats are net of expected credit losses, which consist of a specific allowance estimated based on assessment of the current economic environment and past experience.

The Corporation's exposure to credit losses is primarily due to amounts owing from lottery retailers and gaming facility service providers.

i. Lottery retailers

The Corporation has arrangements with approximately 3,400 lottery retailers but is not materially exposed to any individual lottery retailer. The objectives of the Corporation's lottery retailer credit policies are to provide retailers with adequate time to sell lottery products before payment is required, while not exposing the Corporation to unacceptable risks. Credit assessments are completed for new retailers and may also be completed for retailers who have experienced insufficient fund occurrences on bank sweeps, or in cases where there are concerns that retailers might be experiencing financial difficulties. Security is obtained from lottery retailers who are considered to be of high financial risk or from lottery retailers where minimal credit information is available. Security may include irrevocable standby letters of credit, security deposits, or personal guarantees.

The Corporation has assessed the expected credit loss for lottery retailers and no credit losses are expected as the balances outstanding continue to be short-term in nature and collected through bank sweeps without any material losses.

ii. Gaming facility service providers

The Corporation has operating agreements with 13 gaming facility service providers. The Corporation has a concentrated credit risk exposure with its 3 (2023: 3) largest gaming facility service providers. Concentrated credit risk exists when the outstanding balance owing from an individual gaming facility service provider represents more than 10% of the total owed from all gaming facility service providers. As at March 31, 2024, the total balance of financial assets subject to a concentration of credit risk was \$39,959 (2023: \$103,216), which represents 87% (2023: 95%) of the total amount due from gaming facility service providers.

At any time, accounts receivable from gaming facility service providers includes balances relating to outstanding chips. These balances, which represent the Corporation's liability to players, are held in trust and are not invoiced because they will be relieved through the normal course of operations.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation monitors gaming facility service providers' financial health by reviewing their revenue levels, cash position and ability to service external debt obligations. The Corporation has not experienced any material collection issues related to accounts receivable, commission advances and gaming cash floats from gaming facility service providers. The Corporation has considered its historical experience and current collection of accounts receivable in the assessment of credit risk related to gaming cash floats and commission advances.

At March 31, 2024, an allowance for expected credit losses of nil (2023: \$1,820) has been recognized. The estimated allowance for impairment loss is reflective of the related credit risk.

The movement in the allowance for impairment in respect of accounts receivable, commission advances and gaming cash floats during the year was as follows:

	2024	2023
Balance at April 1	\$ 1,820	\$ 1,010
Net remeasurement of loss allowance	(1,820)	810
Balance at March 31	\$ —	\$ 1,820

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

The Corporation manages liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis to ensure that sufficient funds are available to meet the Corporation's financial obligations.

To manage cash flow requirements, the Corporation has a short-term financing agreement with the Government of British Columbia under its Fiscal Agency Loan program (note 17). Under this agreement, the Corporation may, until March 31, 2024, borrow up to an aggregate amount of \$325 million, thereafter \$250 million. The Government of British Columbia uses reasonable efforts to meet the borrowing requirements of the Corporation by securing funds at market rates; however, the interest rate on any loan will be determined at the sole discretion of the Government of British Columbia. Loans are unsecured and there are no pre-established repayment terms other than the requirement that loans must have a short term duration. The terms are set by the Government of British Columbia each time a loan is requested under this agreement. To date, the durations of the loans have not exceeded 90 days.

The contractual maturities of all financial liabilities except lease liabilities as at March 31, 2024 and 2023 are 90 days or less. The contractual maturities of the Corporation's lease liabilities are included in note 11.

The Corporation also has an unused \$10 million unsecured demand operating credit facility with a Canadian commercial bank. Interest is payable at the bank's commercial prime lending rate (2023: prime rate).

(d) Market risk

Market risk, including interest rate risk, is the risk that changes in market prices will affect the fair value of, or future cash flows from, a financial instrument. The Corporation is subject to interest rate risk when it renews its short-term financing at rates determined by current market conditions.

The Corporation does not account for any fixed-rate financial liabilities at fair value through profit or loss, and does not utilize interest rate swaps. Therefore, a change in interest rates at the reporting date would not affect income.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

(e) Fair values

The carrying amounts of financial assets and financial liabilities not classified as fair value through profit or loss approximate their fair values at the reporting date. This is due to the relatively short periods to maturity of these items or because they are due on demand. The carrying values of gaming cash floats and commission advances approximate their fair values, and are estimated based on discounted contractual future cash flows using current rates for similar financial instruments subject to similar risks and maturities.

6 Cash and cash equivalents

	2024	2023
Cash and cash equivalents	\$ 16,011	\$ 6,221
Funds held for player accounts	24,642	20,967
Funds held for security deposits	3,755	3,705
	\$ 44,408	\$ 30,893

Funds held for player accounts represent funds provided to the Corporation through player accounts on PlayNow.com. These amounts are deposited into a separate bank account and are internally restricted by the Corporation exclusively for funding the player accounts liability. A corresponding player accounts liability in the amount of \$24,642 (2023: \$20,967) is included in accounts payable, accrued and other liabilities (note 16).

Funds held for security deposits include security deposit amounts provided by lottery retailers and gaming facility service providers to the Corporation. These funds are deposited into a separate bank account. All security deposit amounts are internally restricted by the Corporation exclusively for funding the security deposit liability. A corresponding security deposit liability in the amount of \$3,755 (2023: \$3,705) is included in accounts payable, accrued and other liabilities (note 16).

Select gaming facility service providers are responsible for holding and accounting for player funds held in Patron Gaming Accounts (gaming accounts). These gaming accounts are administered in accordance with the Corporation's casino and community gaming centre standards, policies and procedures, as well as in accordance with the regulations of Gaming Policy and Enforcement Branch (GPEB). No amounts are recorded in the Corporation's financial statements for these gaming accounts. The gaming facility service providers are legally liable for the player funds held in these accounts.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

7 Accounts receivable

	Gross amounts	Amounts offset in the statement of financial position ¹	Net amounts presented in the statement of financial position
As at March 31, 2024			
Lottery retailers	\$ 54,341	\$ (17,976)	\$ 36,365
Gaming facility service providers ²	47,177	(15,338)	31,839
Due from Interprovincial Lottery Corporation	17,010	(890)	16,120
Other	9,777	(4,444)	5,333
	\$ 128,305	\$ (38,648)	\$ 89,657
As at March 31, 2023			
Lottery retailers	\$ 50,517	\$ (15,111)	\$ 35,406
Gaming facility service providers ²	33,376	(11,368)	22,008
Due from Interprovincial Lottery Corporation ³	4,892	(873)	4,019
Other	7,021	(3,926)	3,095
	\$ 95,806	\$ (31,278)	\$ 64,528

¹ Impacts of offsetting to liabilities are disclosed in note 16.

² Net of allowance for impairment of nil (2023: \$316).

³ The current year presentation has been updated to report due from Interprovincial Lottery Corporation separately. In the prior year due from Interprovincial Lottery Corporation of \$4,019 was included in other.

The Corporation has an enforceable right to offset certain liabilities payable with accounts receivable and intends to settle the amounts on a net basis.

The accounts receivable balance includes revenue generated from both Administered Games and Wagered Games.

The Corporation's exposure to credit risk and impairment losses related to accounts receivable is disclosed in note 5(b).

8 Inventories

The major components of inventories are as follows:

	2024	2023
Lottery instant tickets	\$ 3,995	\$ 4,298
Consumables and other	3,573	1,738
Slot machine spare parts	2,584	2,880
	\$ 10,152	\$ 8,916

For the year ended March 31, 2024, inventories recognized as an expense amounted to \$19,348 (2023: \$18,796), which includes write-downs of \$1,691 (2023: \$1,573).

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

9 Commission advances

	2024	2023
Balance at April 1	\$ 35,191	\$ 33,825
Repayments	(32,090)	(395)
Service fees accrued	1,321	2,106
Reversal of (allowance for) expected credit losses	718	(345)
Balance at March 31	\$ 5,140	\$ 35,191

Commission advances are presented on the statement of financial position as follows:

	2024	2023
Current	\$ 5,140	\$ 33,529
Non-current	—	1,662
Balance at March 31	\$ 5,140	\$ 35,191

Commission advances are subject to a monthly service fee of 0.5% to be applied on the aggregate outstanding amount. Collection of the aggregate outstanding amount commenced April 2023 with repayment terms as described in note 5(b).

The Corporation's exposure to credit risk related to commission advances is disclosed in note 5(b).

10 Gaming cash floats

	2024	2023
Balance at April 1	\$ 47,811	\$ 46,661
Repayments	(40,959)	—
Service fees accrued	132	—
Accretion income	1,114	1,435
Reversal of (allowance for) expected credit losses	786	(285)
Balance at March 31	\$ 8,884	\$ 47,811

Gaming cash floats of \$49,711 were advanced to gaming facility service providers in fiscal year 2022. In the current fiscal year, gaming cash floats of \$40,959 were repaid to the Corporation. The remaining gaming cash floats are due from gaming facility service providers who have accepted a revised repayment date of December 31, 2024. As part of the amended terms of the revised repayment date, the remaining gaming cash floats are subject to a monthly service fee of 0.5% on the aggregate outstanding amount from January 1, 2024 until repayment is made.

The Corporation's exposure to credit risk related to gaming cash floats is disclosed in note 5(b).

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

11 Leases

The Corporation leases office and warehouse real estate, lottery retail locations, vehicles and equipment. Leases of real estate have lease terms between 8 and 30 years, while lottery retail locations, vehicles, and equipment generally have lease terms of 5 years. Real estate and lottery retail location lease agreements frequently include extension options, which have been included in the term of the leases after consideration of the likelihood of the Corporation exercising the options. Generally, the lease payments under the extensions will be negotiated upon exercise of the option.

The Corporation leases casino and community gaming equipment with lease terms between less than one year and two years. The Corporation has elected not to recognize right-of-use assets and lease liabilities for the leases of less than one year.

The Corporation leases space within the casino and community gaming service provider facilities for gaming purposes. Lease payments for the gaming floors are fully variable; as such, right-of-use assets and lease liabilities have not been recognized.

Information about leases for which the Corporation is a lessee is presented below.

i. Right-of-use assets

	Real estate	Lottery retail locations	Gaming equipment	Fleet vehicles and other	Total
Balance at April 1, 2022	\$ 43,007	\$ 8,222	\$ 942	\$ 313	\$ 52,484
Additions	9,273	2,497	—	170	11,940
Depreciation	(3,179)	(2,901)	(767)	(162)	(7,009)
Derecognition	—	(39)	—	—	(39)
Balance at March 31, 2023	\$ 49,101	\$ 7,779	\$ 175	\$ 321	\$ 57,376
Additions	1,857	2,372	2,561	190	6,980
Depreciation	(3,208)	(2,887)	(461)	(171)	(6,727)
Derecognition	—	(17)	(2,275)	(14)	(2,306)
Balance at March 31, 2024	\$ 47,750	\$ 7,247	\$ —	\$ 326	\$ 55,323

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

ii. Lease liabilities

	2024	2023
Balance at April 1	\$ 60,301	\$ 54,889
Additions	6,980	11,940
Interest expense	1,112	972
Derecognized	(2,306)	(39)
Interest paid	(1,087)	(972)
Principal payments	(6,298)	(6,489)
Balance at March 31	\$ 58,702	\$ 60,301

Lease liabilities are presented on the statement of financial position as follows:

	2024	2023
Current	\$ 5,122	\$ 5,799
Non-current	53,580	54,502
Balance at March 31	\$ 58,702	\$ 60,301

Maturity analysis – undiscounted cash flows	2024	2023
Less than one year	\$ 7,386	\$ 6,767
One to five years	20,803	16,996
More than five years	42,152	44,928
Total undiscounted lease liabilities at March 31	\$ 70,341	\$ 68,691

iii. Amounts recognized in profit or loss

	2024	2023
Expenses relating to short-term leases	\$ 22,587	\$ 22,881
Depreciation of right-of-use assets	6,727	7,009
Variable lease payments not included in the measurement of the lease liabilities ¹	3,088	2,961
Interest on lease liabilities	1,112	972

¹ These amounts do not include variable lease payments for the use of the gaming floors as they are recorded as part of the total commissions paid to gaming facility service providers.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

12 Property and equipment

2024	Land	Corporate facilities & equipment	Lottery gaming	Casino & community gaming	Assets under construction	Total
Cost						
Balance at April 1, 2023	\$ 5,227	\$ 132,695	\$ 131,770	\$ 575,572	\$ 74,686	\$ 919,950
Additions (derecognition)	38	1,287	615	46,481	20,656	69,077
Transfers	—	3,331	2,268	20,709	(26,308)	—
Disposals and retirements	—	(3,114)	(27,861)	(36,526)	(1)	(67,502)
Balance at March 31, 2024	5,265	134,199	106,792	606,236	69,033	921,525
Accumulated depreciation						
Balance at April 1, 2023	—	111,591	114,672	394,958	—	621,221
Depreciation for the year	—	6,316	6,183	47,338	—	59,837
Disposals and retirements	—	(3,110)	(27,817)	(35,110)	—	(66,037)
Balance at March 31, 2024	—	114,797	93,038	407,186	—	615,021
Carrying amounts						
At March 31, 2024	\$ 5,265	\$ 19,402	\$ 13,754	\$ 199,050	\$ 69,033	\$ 306,504

2023	Land	Corporate facilities & equipment	Lottery gaming	Casino & community gaming	Assets under construction	Total
Cost						
Balance at April 1, 2022	\$ 5,373	\$ 126,732	\$ 131,932	\$ 534,586	\$ 79,286	\$ 877,909
Additions (derecognition)	(146)	3,525	1,601	38,602	34,251	77,833
Transfers	—	6,058	1,360	31,433	(38,851)	—
Disposals and retirements	—	(3,620)	(3,123)	(29,049)	—	(35,792)
Balance at March 31, 2023	5,227	132,695	131,770	575,572	74,686	919,950
Accumulated depreciation						
Balance at April 1, 2022	—	108,882	110,607	378,129	—	597,618
Depreciation for the year	—	6,322	7,185	44,387	—	57,894
Disposals and retirements	—	(3,613)	(3,120)	(27,558)	—	(34,291)
Balance at March 31, 2023	—	111,591	114,672	394,958	—	621,221
Carrying amounts						
At March 31, 2023	\$ 5,227	\$ 21,104	\$ 17,098	\$ 180,614	\$ 74,686	\$ 298,729

As of March 31, 2024, the Corporation is committed to incur capital expenditures relating to property and equipment and intangible assets of \$7,804 (2023: \$14,640). These commitments are expected to be settled within the next 12 months.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

13 Intangible assets

2024	Software	Assets under development	Total
Cost			
Balance at April 1, 2023	\$ 209,143	\$ 11,754	\$ 220,897
Acquisitions - separately acquired	3,012	4,559	7,571
Acquisitions - internally generated	—	522	522
Transfers	2,011	(2,011)	—
Disposals and retirements	(34)	—	(34)
Balance at March 31, 2024	214,132	14,824	228,956
Accumulated amortization			
Balance at April 1, 2023	186,845	—	186,845
Amortization for the year	8,358	—	8,358
Disposals and retirements	(34)	—	(34)
Balance at March 31, 2024	195,169	—	195,169
Carrying amounts at March 31, 2024	\$ 18,963	\$ 14,824	\$ 33,787

2023	Software	Assets under development	Total
Cost			
Balance at April 1, 2022	\$ 207,616	\$ 7,496	\$ 215,112
Acquisitions - separately acquired	890	4,053	4,943
Acquisitions - internally generated	—	974	974
Transfers	769	(769)	—
Disposals and retirements	(132)	—	(132)
Balance at March 31, 2023	209,143	11,754	220,897
Accumulated amortization			
Balance at April 1, 2022	174,452	—	174,452
Amortization for the year	12,525	—	12,525
Disposals and retirements	(132)	—	(132)
Balance at March 31, 2023	186,845	—	186,845
Carrying amounts at March 31, 2023	\$ 22,298	\$ 11,754	\$ 34,052

The intangible assets balance represents purchased and internally-generated software assets.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

14 Employee benefits

The Corporation, as the plan sponsor and plan administrator, contributes to and controls the following pension and post-retirement defined benefit plans:

i. Registered Pension Plan (Plan A)

Plan A is a registered pension plan in the Province of B.C. under the Pension Benefits Standards Act (British Columbia) (PBSA). Plan A covers substantially all of the Corporation's employees. Plan A entitles an employee to receive an annual pension payment after retirement based on length of service and the average of the 60 consecutive months of highest pensionable earnings. The pension benefits are partially indexed for inflation after retirement.

ii. Supplementary Pension Plan (Plan B)

Plan B covers employees designated by the Corporation. The pension benefits under Plan B provide designated employees a top-up to Plan A benefits to the extent, if any, that they are limited by the Income Tax Act (Canada) maximum pension rules.

iii. Post-Retirement Benefit Plan – Non-Pension (Plan C)

Plan C covers qualifying employees for post-retirement medical, dental and life insurance benefits.

(a) Risk management

These plans expose the Corporation to foreign currency risk, interest rate risk, longevity risk, inflation risk, and other market price risk.

The Board of Directors provides governance oversight of the plans through the Audit Committee and People Committee. The Board of Directors has established a Pension Committee to have primary responsibility for the administration and oversight of the plans and to perform certain delegated responsibilities.

(b) Funding

Plan A is funded by investment returns, employer contributions, and employee contributions. The Corporation funds Plan A in accordance with the PBSA based on the advice of an actuary. The funding provides for the cost of the benefits accruing under the plan and for the proper amortization of any unfunded liability or applicable solvency deficiency after taking into account the assets of the plan, employee contributions and all other relevant factors. The actuarial assumptions used to determine funding requirements, which are based on a separate actuarial valuation for funding purposes, may differ from the assumptions outlined in section (e)(i) of this note.

If at any time the actuary certifies that the net assets available for benefits under Plan A exceed the actuarially-determined present value of the accrued pension benefit obligation, such surplus, or any portion thereof, may be used by the Corporation at its discretion, to improve the benefits provided by Plan A or reduce contribution obligations, subject to PBSA restrictions and *Income Tax Act (Canada)* requirements.

The Corporation expects to contribute \$14,028 to Plan A in the year ending March 31, 2025.

Plans B and C are unfunded. As such, the Corporation pays all benefits thereunder as they fall due.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

(c) Movement in net defined benefit liability (asset)

A reconciliation from the opening balances to the closing balances for the net defined benefit liability (asset) and its components is as follows:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2024	2023	2024	2023	2024	2023
Balance at April 1	\$ 358,601	\$ 378,823	\$ (396,056)	\$ (378,921)	\$ (37,455)	\$ (98)
Included in income						
Current service cost	14,146	15,601	—	—	14,146	15,601
Interest cost (income)	18,397	17,155	(19,829)	(16,697)	(1,432)	458
Administration cost	—	—	343	330	343	330
	32,543	32,756	(19,486)	(16,367)	13,057	16,389
Included in other comprehensive income						
Re-measurements loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	—	—	—	—	—	—
Financial assumptions	9,213	(41,550)	—	—	9,213	(41,550)
Experience adjustments	30,933	1,636	—	—	30,933	1,636
(Return) loss on plan assets excluding interest income	—	—	(33,067)	460	(33,067)	460
	40,146	(39,914)	(33,067)	460	7,079	(39,454)
Other						
Contributions paid by the employer	—	—	(15,655)	(14,292)	(15,655)	(14,292)
Contributions paid by the employee	4,080	3,445	(4,080)	(3,445)	—	—
Benefits paid	(15,725)	(16,509)	15,725	16,509	—	—
	(11,645)	(13,064)	(4,010)	(1,228)	(15,655)	(14,292)
Balance at March 31	\$ 419,645	\$ 358,601	\$ (452,619)	\$ (396,056)	\$ (32,974)	\$ (37,455)
Represented by:					2024	2023
Net defined benefit asset (Plan A)					\$ (82,746)	\$ (83,990)
Net defined benefit liability (Plans B and C)					49,772	46,535
					\$ (32,974)	\$ (37,455)

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

(d) Plan assets

Plan assets are comprised of:

	2024	2023
Global equities		
Information technology	\$ 46,450	\$ 38,379
Financials	43,209	39,092
Industrials	29,162	23,143
Health care	28,830	26,874
Other	26,969	19,032
Consumer discretionary	21,984	15,865
Communication services	15,560	14,848
Consumer staples	13,265	12,533
	225,429	189,766
Private equities	77,103	66,215
Infrastructure	45,662	42,156
Long term bonds		
Government	44,269	38,041
Corporate	18,353	16,277
	62,622	54,318
Real return bonds		
Government	41,159	41,185
Cash and accruals	644	2,416
Total Plan Assets	\$ 452,619	\$ 396,056

Global equities are held in pooled funds and are valued at the unit values supplied by the pooled fund administrator, which represent Plan A's proportionate share of the underlying net investments at fair values determined using closing share prices in active public markets.

Private equities and infrastructure assets are held in funds with external investment managers and are valued based on provided valuation statements, which represent Plan A's proportionate share of the estimated fair value of the underlying assets. For private equities, fair values of the underlying assets are determined using valuation models incorporating data from recent transactions and comparable public market investments, discounted cash flow analysis, and valuations of partner capital statements. For infrastructure assets, the fair value of the underlying investments is determined through a process undertaken with an independent third-party external valuator on a quarterly basis, with each investment undergoing a full independent valuation at least once per year.

The fair values of long-term bonds and real return bonds are determined based on price quotations; however, in the underlying market where these instruments are traded, the trade frequency for a substantial portion of these investments is not considered active.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

With consideration of the long-term nature of the plan liabilities, and the shorter-term liquidity needs for payments to retirees, the Corporation has a general target allocation of 60% return seeking assets and 40% liability hedging assets. As a general policy, and in accordance with the relevant regulations, the Corporation has adopted the investment guidelines of the PBSA for defining permissible investment activities for money held in trust. Overall, the portfolio of Plan A's assets is managed within the parameters of the strategic asset mix comprising of 40% to 70% return seeking assets, 30% to 50% liability hedging assets, and up to 5% cash and cash equivalents.

(e) Defined benefit obligation

i. Actuarial valuation and assumptions

An actuarial valuation for funding purposes is required by the PBSA, at a minimum, every three years to assess the financial position of Plan A. An actuarial valuation of Plan A for funding purposes was performed as at December 31, 2022, by TELUS Health (Canada) Ltd., an independent firm of consulting actuaries. The defined benefit obligation for Plan A has been based on this valuation, with adjustments for accounting policies as described in note 4(c). These adjustments include revisions for cash flows and material events since December 31, 2022. In addition, assumptions have been reviewed and assessed at the reporting date. The discount rate has been updated to use a rate reflective of high quality bonds and market conditions as at March 31, 2024. The next required actuarial valuation for funding purposes is as of December 31, 2025 with a determination of the funded status of the pension plan available in mid-2026.

There is no statutory actuarial valuation requirement for Plan B. The defined benefit obligation for Plan B is based on census data for those members as at March 31, 2024.

There is no statutory actuarial valuation requirement for Plan C; however, a full actuarial valuation is completed every three years on Plan C. A full actuarial valuation of Plan C was performed by HUB International Ltd. as at November 2, 2021. The defined benefit obligation for Plan C has been based on this valuation, with adjustments made for cash flows and material events since that date. In addition, certain assumptions have been updated to reflect market conditions as at March 31, 2024.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The principal actuarial assumptions at the reporting date (expressed as weighted averages) were as follows:

	Plans A and B		Plan C	
	2024	2023	2024	2023
Discount rate:				
Defined benefit obligation	4.90 %	5.00 %	4.90 %	5.00 %
Benefit cost	5.00 %	4.40 %	5.00 %	4.40 %
Rate of compensation increase for the fiscal year	3.25 %	3.00 %	—	—
Future compensation increases	3.25 %	3.00 %	—	—
Inflation	2.00 %	2.00 %	—	—
Initial weighted-average health care trend rate	—	—	4.87 %	4.87 %
Ultimate weighted-average health care trend rate	—	—	3.97 %	3.97 %
Year ultimate weighted-average health care trend rate reached	—	—	2040	2040
Assumed life expectations on retirement at age 65				
Current pensioners				
Male	22.9	22.8	22.9	22.8
Female	25.2	25.2	25.2	25.2
Retiring in 20 years				
Male	23.9	23.8	23.9	23.8
Female	26.1	26.1	26.1	26.1

At March 31, 2024, the weighted-average duration of the defined benefit obligation was 14.2 years (2023: 13.7 years).

ii. Sensitivity analysis

Changes at March 31, 2024 to one of the relevant actuarial assumptions, holding the other assumptions constant, would have affected the defined benefit obligation by the following amounts:

	Effect on the defined benefit obligation			
	2024		2023	
	Increase in	Decrease in	Increase in	Decrease in
Discount rate (1% movement)	\$ (53,589)	\$ 67,622	\$ (45,363)	\$ 56,992
Future compensation increase (1% movement)	14,493	(13,032)	14,645	(12,921)
Inflation (1% movement)	22,996	(21,056)	22,480	(20,543)
Health care cost trend rate (1% movement)	3,519	(3,508)	3,091	(3,081)
Future mortality (10% movement)	(6,636)	7,221	(5,830)	6,334

In practice, it is unlikely that one assumption would change while all other assumptions remained constant, since changes in some of the assumptions are interdependent; however, this analysis does provide an approximation of the sensitivity of the assumptions shown.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

iii. Composition by plan membership

The defined benefit obligation relates to three member groups: active employees, former employees who have not yet started receiving a pension (deferred vested) and former employees and other beneficiaries currently receiving a pension (retirees). The breakdown of the defined benefit obligation at March 31, 2024 by member group, expressed as a percentage, is as follows:

Defined benefit obligation	2024	2023
Active members	54 %	51 %
Deferred vested members	5 %	5 %
Retirees	41 %	44 %
	100 %	100 %

15 Prizes payable

	2024	2023
Lottery games	\$ 28,453	\$ 25,252
Progressive jackpots	9,477	8,081
Other	87	256
	\$ 38,017	\$ 33,589

16 Accounts payable, accrued and other liabilities

	2024	2023 ¹
Accrued expenses	\$ 44,272	\$ 44,832
Player accounts liability (note 6)	24,642	20,967
Gaming chips and vouchers liability	19,342	19,016
Trade payables	15,073	26,847
Indirect tax payable	5,134	6,229
Due to Interprovincial Lottery Corporation	4,224	3,607
Security deposits payable (note 6)	3,755	3,705
	\$ 116,442	\$ 125,203

¹ The current year presentation has been updated to report gaming chips and vouchers separately. In the prior year gaming chips and vouchers of \$19,016, trade payables of \$2,591 and accrued expenses of \$240 were reported as other.

Under agreements with its counterparties, the Corporation has an enforceable right to offset certain liabilities payable with accounts receivable and intends to settle the amounts on a net basis (note 7). As at March 31, 2024, gross accounts payable, accrued and other liabilities of \$155,090 (2023: \$156,481) were offset against accounts receivable in the amount of \$38,648 (2023: \$31,278), resulting in a net balance of \$116,442 (2023: \$125,203) presented in the statement of financial position.

The Corporation's exposure to liquidity risk related to accounts payable, accrued and other liabilities is disclosed in note 5(c).

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

17 Short-term financing

2024						
Type	Repayment	Principal	Interest	Rate	Maturity	Outstanding
Government of British Columbia loans (unsecured)	Single installment	\$ 40,014	\$ 186	4.85 %	April 10, 2024 ¹	\$ 40,147
	Single installment	39,980	190	4.81 %	April 18, 2024 ¹	40,075
	Single installment	30,059	116	4.85 %	April 25, 2024 ¹	30,075
		\$ 110,053	\$ 492			\$ 110,297

¹ Repaid and refinanced within the normal course of operations subsequent to March 31, 2024

2023						
Type	Repayment	Principal	Interest	Rate	Maturity	Outstanding
Government of British Columbia loans (unsecured)	Single installment	\$ 50,001	\$ 199	4.40 %	April 11, 2023	\$ 50,134
	Single installment	49,966	184	4.33 %	April 3, 2023	50,131
	Single installment	39,999	141	4.29 %	April 28, 2023	40,009
		\$ 139,966	\$ 524			\$ 140,274

Reconciliation of the movements of liabilities to cash flows arising from financing activities:

	2024	2023
Balance at April 1	\$ 140,274	\$ 140,070
Changes from financing cash flows		
Proceeds from borrowings	1,875,751	1,845,192
Repayment of borrowings	(1,905,664)	(1,845,281)
Total changes from financing cash flows	(29,913)	(89)
Other changes		
Interest expense	\$ 5,484	\$ 3,053
Interest paid	(8,474)	(4,147)
Capitalized borrowing costs	2,926	1,387
Total other changes	(64)	293
Balance at March 31	\$ 110,297	\$ 140,274

The Corporation's exposure to liquidity risk related to short-term financing is disclosed in note 5(c).

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

18 Deferred revenue

Deferred revenue includes revenue expected to be recognized in the future related to performance obligations, as described in note 4(i), that are unsatisfied (or partially unsatisfied) at the reporting date. The amounts recorded below are expected to be recognized as revenue by the Corporation within 12 months. All deferred revenue at March 31, 2023 has been recognized as revenue during the year ended March 31, 2024.

	2024	2023
Lottery games	\$ 23,962	\$ 22,407
Other	843	802
	\$ 24,805	\$ 23,209

19 Unsettled wagers

Unsettled wagers include revenue expected to be recognized in the future related to outcomes, as described in note 4(i), that have not yet occurred at the reporting date. The amounts recorded below are expected to be recognized as revenue by the Corporation within 12 months.

	2024	2023
Customer loyalty programs	\$ 3,371	\$ 3,551
Sports betting	1,432	1,337
Lottery games	1,151	1,391
Other	975	831
	\$ 6,929	\$ 7,110

20 Due to the Government of British Columbia

Each fiscal year the Corporation's net income, after deducting payments the Corporation has made to the Government of Canada on behalf of the Government of British Columbia (note 25), is paid into the consolidated revenue fund of the Government of British Columbia in the manner directed by the Lieutenant Governor in Council in accordance with the Gaming Control Act (B.C.) ("the Act"). These distributions are inclusive of the 7% of "actual net income" as defined in the Act, that is remitted by the Government of British Columbia to the BC First Nations Gaming Revenue Sharing Limited Partnership as outlined in section 14.3 of the Act. The Government of British Columbia has also established various agreements that further distribute the Corporation's net income, including payments to host local governments of gaming facilities and the horse racing industry. The Corporation's transfer of distributions to the Government of British Columbia occurs after each fiscal month-end. The Corporation does not retain any earnings.

	2024	2023
Balance at April 1	\$ 177,234	\$ 168,360
Distributions to the Government of British Columbia	1,535,988	1,623,516
Distributions paid to the Government of British Columbia	(1,523,118)	(1,614,642)
Balance at March 31	\$ 190,104	\$ 177,234

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

21 Provisions

The Corporation recognizes provisions for liabilities associated with the decommissioning or environmental remediation of property and equipment when obligations result from acquisition, construction, development and/or normal operation of assets. The Corporation expects that the cash outflows for provisions will occur near the dates the related assets are retired or remediated.

	2024	2023
Balance at April 1	\$ 3,488	\$ 3,343
Additions and effect of discounting	35	525
Uses	(350)	(234)
Reversals	—	(146)
Balance at March 31	\$ 3,173	\$ 3,488

22 Accumulated deficit

Upon adoption of IFRS, subsequent adoption of new or amended IFRS standards, and retrospective application of changes to accounting policies, the Corporation was required to adjust amounts previously reported in its financial statements. These adjustments did not reduce or increase the amounts distributed to the Government of British Columbia and therefore have resulted in the Corporation recognizing an accumulated deficit.

	Fiscal year adopted	Accumulated deficit
Adoption of IFRS	2012	\$ (17,728)
Adoption of amended IAS 19 Employee Benefits	2014	584
Adoption of IFRS 15 Revenue from Contracts with Customers	2019	(8,319)
Adoption of International Financial Reporting Standards Interpretation Committee (IFRIC) clarifying guidance on IAS 19 Employee Benefits	2022	7,613
		\$ (17,850)

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

23 Revenue

The Corporation's revenue is disaggregated by major product lines as follows:

2024	Wagered Games	Administered Games	Total
Slot and table games	\$ 2,138,823	\$ 31,364	\$ 2,170,187
Lottery games	217,481	393,734	611,215
Sports betting	35,459	1,557	37,016
Bingo games	—	17,922	17,922
Gaming revenue	\$ 2,391,763	\$ 444,577	\$ 2,836,340
Non-gaming revenue			34,956
Total revenue			\$ 2,871,296

2023	Wagered Games	Administered Games	Total
Slot and table games	\$ 2,218,042	\$ 29,583	\$ 2,247,625
Lottery games	220,358	403,228	623,586
Sports betting	37,443	1,586	39,029
Bingo games	—	17,215	17,215
Gaming revenue	\$ 2,475,843	\$ 451,612	\$ 2,927,455
Non-gaming revenue¹			29,776
Total revenue			\$ 2,957,231

¹ The current year presentation has been updated to report non-gaming revenue and gaming revenue separately. In the prior year non-gaming revenue was classified as other.

For the year ended March 31, 2024, gains on the expiry of prizes payable of \$9,175 (2023: \$9,300) are included in revenue.

24 Net financing costs

	2024	2023 ¹
Interest on short-term financing	\$ 8,410	\$ 4,440
Interest on lease liabilities	1,112	972
Capitalized borrowing costs	(2,926)	(1,387)
Interest income	(4,532)	(2,970)
	\$ 2,064	\$ 1,055

¹ The current year presentation has been updated to report net financing costs separately. In the prior year net financing costs of \$1,055 was included in other on the consolidated statement of net income and comprehensive income.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

25 Payments to the Government of Canada on behalf of the Government of British Columbia

The Corporation makes payments to ILC, which are then paid to the Government of Canada as a result of an agreement between the provincial and federal governments following the withdrawal of the Government of Canada from the lottery field. The agreement requires the provinces, on a combined basis, to make on-going payments of \$24 million in 1979 dollars annually on an inflation adjusted basis. The Corporation, as the B.C. regional marketing organization of ILC, remits the Government of British Columbia's portion of the payments based on current population statistics.

26 Contingencies

From time to time, the Corporation is party to legal proceedings and claims that arise in the ordinary course of business. The Corporation recognizes a provision for these contingencies when it is probable that there will be an outflow of economic benefits and the amount can be estimated reliably.

The Corporation periodically enters into agreements with suppliers that include limited indemnification obligations. The B.C. Government Risk Management Branch must approve all such indemnification obligations. These indemnifications typically require the Corporation to compensate the other party for certain damages and costs incurred as a result of third-party claims. The nature of these agreements prevents the Corporation from making reasonable estimates of the maximum amount it could be required to pay its suppliers and therefore, no amount has been accrued in the financial statements for these indemnifications. Historically, the Corporation has not made any significant indemnification payments under such agreements.

27 Related party transactions

BCLC, as a wholly-owned crown corporation, is controlled by the Government of British Columbia. Included in these financial statements are transactions with various ministries, agencies, and crown corporations related to the Corporation by virtue of common control.

All transactions with the Government of British Columbia ministries, agencies, and crown corporations occurred in the normal course of operations. Transactions that are considered to be individually or collectively significant include loan agreements (note 17) and distributions to the Government of British Columbia (note 20). The Corporation pays Provincial Sales Tax on its taxable purchases and also collects and remits Provincial Sales Tax to the Government of British Columbia on its taxable sales (note 28).

Key management personnel have been defined as the members of the Board of Directors, the President & CEO, and the Corporation's Officers. The compensation for key management personnel is shown below:

	2024	2023
Short-term employee benefits ¹	\$ 2,406	\$ 2,239
Post-retirement benefits ²	240	192
	\$ 2,646	\$ 2,431

¹ Salaries and non-cash benefits

² Contributions to the Registered Pension Plan and amounts for the Supplementary Pension Plan outlined in note 14

The Corporation is also related to the pension and post-retirement defined benefits plans. Transactions with these plans are disclosed in note 14.

Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

28 Indirect tax expense

As a provincial gaming authority, BCLC is a prescribed registrant under the *Games of Chance Goods and Services Tax (GST)/Harmonized Sales Tax (HST) Regulations* of the *Excise Tax Act* (the Regulations). The Corporation makes GST remittances to the Government of Canada pursuant to the Regulations. The Corporation's net tax for a reporting period is comprised of net tax attributable to both gaming and non-gaming activities. Imputed tax on gaming expenses is calculated according to a formula set out in the Regulations, resulting in the direct payment of additional GST at the applicable statutory rate. The net tax attributable to non-gaming activities is calculated similarly to that for other GST registrants.

Provincial Sales Tax is calculated and remitted to the Province of B.C. pursuant to the *Provincial Sales Tax Act*.