British Columbia Lottery Corporation

2025/26
Annual Service Plan Report

August 2026

BRITISH
COLUMBIA

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Published by the British Columbia Lottery Corporation

Board Chair's Accountability Statement

The British Columbia Lottery Corporation (BCLC) 2025/26 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2025/26 – 2027/28 Service Plan published in 2025. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

Greg Moore
Board Chair
July 14, 2026

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Letter from the CEO

I am pleased to present BCLC's Annual Service Plan Report for the 2025/26 fiscal year.

Over the 2025/26 fiscal year, BCLC remained focused on delivering on our vision*: to revolutionize gambling entertainment through engaging experiences that build and benefit communities*. The year unfolded against a challenging economic landscape, which continued to influence discretionary spending and player behaviour. Despite these pressures, BCLC achieved year-over-year revenue growth, supported by strategic investments that strengthened our performance and positioned us for long term success. In 2025/26, BCLC generated $1.373 billion in net income for the Province of B.C., finishing $15 million below target. This was also lower than the prior year, reflecting inflationary pressures, economic uncertainty and continued investment in initiatives to drive future revenue growth.

The development of our inaugural Indigenous Reconciliation Action Plan in 2025/26 marked a meaningful step forward for implementing specific initiatives and establishing a foundation for how we will continue to embed reconciliation into our operations and programs. Additionally, the casino landscape shifted significantly over the past year as several First Nations purchased or explored purchasing gaming facilities.

On the iGaming front, we accelerated our progress, seconding employees from across the company to initiate implementation of a new PlayNow platform, roll out new app and web experiences, and deploy modern player engagement and player health tools. Despite facing significant competition from illegal operators, our iGaming revenue grew by nine percent in comparison to the previous year and we remain committed to competing while providing a safe, regulated platform. We were pleased to collaborate with the Combined Forces Special Enforcement Unit and the Gaming Policy Enforcement Branch (now the Independent Gambling Control Office) on the *Not Worth the Gamble* campaign, informing British Columbians of the impacts of illegal gambling.

A major highlight for the year was a Surrey resident winning an $80-million Lotto Max jackpot in May 2025 – the largest lottery jackpot ever won in B.C. and the largest jackpot ever won by a single individual in Canada. We also launched the Greater Good Giveaway ticket, BCLC's first purpose-driven product, which allows players to win a cash prize for themselves and a local charity of their choice.

In keeping with our commitment to operate in the best interests of British Columbians, our work continues to be anchored in our social purpose: *We exist to generate win-wins for the greater good.* This past year, we also advanced our sustainability agenda by developing our first climate change strategy, outlining clear actions to reduce greenhouse gas emissions and strengthen our resilience to the risks associated with climate change.

As global economic conditions continue to evolve, we remain firmly committed to the responsible growth of our business. We will continue to work closely with Government and make disciplined investment decisions, while advancing efficiencies across our operations and strengthening our role as a positive force for British Columbia.

Pat Davis
President & CEO
July 14, 2026

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 2024 and the Board Chair's Mandate Letter from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the BCLC 2025/26 – 2027/28 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 Operational Services Agreements with private-sector service providers, BCLC offers slot machines, table games and bingo at 36 casinos and one commercial bingo hall. BCLC's lottery and sports betting products are sold at approximately 3,600 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 Lotteries and Gaming Saskatchewan. In addition, BCLC licenses its player health program, GameSense, to partners across North America.

BCLC's business strategy is guided by its social purpose*: to generate win-wins for the greater good.* This purpose guides BCLC's decisions so that through its actions, social benefits are created, which contribute to a better world. The social purpose compels BCLC to consider how the organization creates additional value for players, employees, business partners, suppliers, communities, Indigenous rights and title holders, and municipal and provincial governments.

BCLC's gambling revenue benefits British Columbians through provincial Government investments in programs and services such as education, health care, communities and culture. First Nations receive a seven percent entitlement of BCLC net income through the BC First Nations Gaming Revenue Sharing Limited Partnership.[1] Additionally, in accordance with the Province's Host Financial Assistance Agreements, municipal governments and First Nations

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

that host casinos or community gaming centres (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 in coordination with the Crown Agencies Secretariat (CAS). The Independent Gambling Control Office (IGCO) has regulatory oversight of all gambling in B.C., including all commercial gambling operated by BCLC.[2] 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 its wholly owned subsidiary, B.C. Lottotech International Inc. (Lottotech). The primary purpose of Lottotech is to purchase capital assets for lease to BCLC. Lottotech's budget is reviewed and approved through BCLC's annual business planning process. The financial operations, management and oversight of Lottotech are consolidated within BCLC operations.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2025/26 – 2027/28 service plan. For forward-looking planning information, including current and future performance targets, please see the latest service plan.

Goal 1: Deliver engaging experiences for our players

BCLC's long-term relevance is tied to keeping pace with emerging player preferences. By accelerating the development of digital capabilities, it will be able to create competitive, personalized and healthy gambling entertainment experiences while preserving the security of BCLC and the industry.

Objective 1.1: Increase the percentage of player base that has a verified player account with BCLC

This objective highlights the work BCLC is undertaking to move towards 100 percent account-based known play in our casinos. As PlayNow accounts are already verified, the focus is on casino and CGC players. Increasing account-based and verified play in brick-and-mortar facilities will provide BCLC with data to personalize gambling experiences.

[2] The Gaming Policy and Enforcement Branch transitioned to the Independent Gambling Control Office (IGCO) on April 13, 2026.

Key results

- Piloted an automated identification-at-entry fast-track lane to streamline access and reduce wait times for Encore Rewards casino loyalty program members.
- Offered enhanced promotions to encourage new players to register as Encore Rewards members and provide additional value to existing members.
- Introduced a mobile app for Encore Rewards members, establishing a platform to strengthen player relationships through a more seamless experience, personalized offers, and enhanced player health messaging.
- Established player data governance practice, including ongoing monitoring and validation to maintain high data quality and accuracy, ensuring reliable information is available to support the delivery of relevant player promotions.
- Advanced implementation of a unified customer identity and access management (CIAM) system by deploying the solution on PlayNow and initiating integration with the Lottery Mobile app, laying the foundation for players to use a single set of credentials across all lines of business.

Summary of progress made in 2025/26

With 100 percent verified play already in place on PlayNow, BCLC has been focused on increasing verified play in casinos through the Encore Rewards casino loyalty program. Enhancing the value of the Encore Rewards program and ensuring seamless player experiences is key to attracting new members.

The launch of the Encore Rewards App answered a longstanding call from players to deliver a more modern, mobile-enabled loyalty experience. Notably, BCLC observed a higher redemption rate of players using offers delivered straight to the app compared to those redeeming email offers.

The 2025/26 automated identification-at-entry pilot streamlined entry procedures for Encore Rewards members at casinos. It generated valuable feedback from players and service providers which is being incorporated into a revised version of the feature which will be repiloted.

Along with improving data quality, BCLC undertook advanced player segmentation work, resulting in more personalized offers and accurate delivery.

Objective 1.2: Ensure products and experiences offered by BCLC satisfy players' expectations

BCLC wants players to feel satisfied with the products and entertainment choices offered at their brick-and-mortar and iGaming spaces.

Key results

- Began developing the strategy for a new omni-channel rewards and incentives program designed to deliver enhanced value to players through improved personalization, strengthened player health programming and more seamless player experiences.[3]

- Launched a new PlayNow Slots App and initiated implementation planning for a new PlayNow platform that will offer more modern experiences, rectify player pain points and enable enhanced platform stability.
- Rolled out four additional retail sportsbook lounges in casinos across the province to enhance the sports betting experience and compete against illegal operators.
- Continued to refresh casino gaming floors to ensure players are experiencing the latest game content and launched new and innovative lottery products.
- Proactively engaged players through surveys, focus groups, in-person events and community panels, strengthening BCLC's ability to gather meaningful feedback and test new concepts to inform product and experience improvements.

Summary of progress made in 2025/26

BCLC continued to prioritize delivering engaging products and experiences, introducing new games and enhancements across the business in 2025/26 to strengthen player entertainment and value. Examples include refreshing BCLC's largest electronic table gaming stadium at the River Rock Casino, launching the new interactive Big Spin Scratch & Win and partnering with 7-Eleven to launch the new 7-Run Scratch & Win. BCLC launched the option to receive monetary prizes of up to $25,000 via e-transfer, providing a more seamless and convenient prize claim experience for retail lottery winners.

As the contract for PlayNow's existing iCasino platform was nearing expiration, BCLC completed a public procurement process to secure a new vendor and began implementation, testing and transition planning for a new platform which will enable BCLC to meet emerging needs and improve competitiveness against illegal iGaming operators.

Performance measures and related discussion

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
[1.1] Percentage of casino player base that has a verified Encore Rewards account[1]	53%	54%	58%

Data source: BCLC iTrak (an internal software platform used for daily log reporting and incident management) and BCLC Enterprise Data Warehouse

[1]PM [1.1] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 57% and 64%, respectively.

In 2025/26, BCLC surpassed the target for percentage of player base that has a verified Encore Rewards account. This may be attributed to the sign-up promotions as well as promotions that continued to drive value for existing members. Contest draws offering significant cash prizes

[3] Omni-channel at BCLC refers to delivering unified and seamless player experiences across retail lottery, casinos, and PlayNow.

exclusively to Encore Rewards members appeared to contribute to increased new registrations.

Over the past year, BCLC saw 141,000 new active Encore Rewards members. New active Encore Rewards members are defined as new registered players as well as players who were already Encore Rewards members who reactivated their status in 2025/26 after not playing for more than a year. Of those registrations, 83,000 were brand new signups.

Performance Measure	2024/25 Actual[2]	2025/26 Target	2025/26 Actual
[1.2] Player Experience Index - Enterprise[1]	76.43	77.20	79.55

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 [1.2] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 77.87 and 78.54, respectively.
[2]Based on three quarters of data as data collection began in July 2024.

The Player Experience Index is BCLC's metric to measure player satisfaction and allows the organization to pinpoint the specific areas of player experience that need to be addressed and optimized. It is a measure out of 100 and was developed to account for the various aspects of a player's experience such as customer service, atmosphere/environment, information, safety and comfort, wait times, variety of products and amenities, fairness, value for money and how engaged players feel.

In 2025/26, BCLC surpassed the target for the year. The organization observed a consistent increase in scores across the various aspects of the player experience that go into creating the overall measure.

Goal 2: Generate responsible net income for the benefit of all British Columbians

BCLC conducts and manages gambling for the benefit of British Columbians. As an organization, BCLC must continue to balance generating revenue with reducing gambling-related harm and promoting responsible gambling across business operations.

Objective 2.1: Reduce harms associated with gambling

Growing responsibly requires a focus on reducing harms associated with gambling. BCLC strives to lower Problem Gambling Severity Index (PGSI) scores among higher-risk players through various interventions and education programs.

Key results

- Launched a targeted GameSense campaign for sports bettors to reinforce healthier play habits, reduce stigma and provide messaging relevant to key sports betting audiences.

- Expanded virtual GameSense support and broadened access to Game Break, BCLC's self-exclusion program, through enhanced virtual delivery, enabling more players to receive assistance and utilize break from play tools.
- Elevated the role of GameSense Advisors as coaches and guides for safer gambling through targeted local campaigns that generated earned media and increased awareness of the GameSense Advisor program.
- Developed and piloted a new player health outcomes framework at four casinos to measure short and long-term safer gambling behaviours, with results shared with service providers to support ongoing player health improvements.

Summary of progress made in 2025/26

In 2025/26, BCLC continued rolling out its five-year Player Health Strategy which focuses on better understanding player behaviours, improving personalized supports and strengthening a culture of player health across the organization and industry. In the second year of the strategy, BCLC made considerable progress.

Building on the growing importance of online play, BCLC developed an iGaming-specific player health framework and a plan to reduce PGSI scores. BCLC began work to introduce a new player health dashboard on PlayNow that provides players with a clear summary of their total wins, losses and overall spend, supporting informed decisions about their play. The organization also initiated implementation of a behaviour-based analytics tool to further support healthy player behaviour on the new platform. Once in place, the tool will enable near real-time detection of high-risk behaviours and support proactive outreach to players at moments when risk may be present.

Objective 2.2: Optimize net income through investment to sustain the long-term health of the business

BCLC serves the Province by operating gambling in a secure and responsible manner, while also proactively investing in new systems, technology and talent that support the responsible generation of revenue for Government.

Key results

- Successfully launched new games and experiences including the Big Spin Scratch & Win offering instant prizes or a "spin" win which reveals a guaranteed cash prize or a "Big Spin" on a physical wheel at the BCLC Prize Payout Centre.
- Completed procurement for a new PlayNow platform and began implementation, test and transition planning to deliver a modern, user-friendly experience with improved promotional capabilities.
- Collaborated with Parq Casino to secure City of Vancouver approval to increase the limit of permitted slot machines from 600 to 900 to enable flexibility to meet market demand.

- Identified cost efficiencies while also complying with Government of B.C. directives to exclude goods and services from U.S. suppliers, where viable.

Summary of progress made in 2025/26

In 2025/26, 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 experiences for players that nurture and safeguard healthy play across all channels. Investments were also made to expand and enhance product offerings. Examples include (in addition to those mentioned under Key Results), launching four Sportsbooks in casinos, optimizing slot machine network and content, and offering engaging promotions and programs that provide value to players. BCLC completed its second year of 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.

The organization continued to prioritize growth and operational efficiency, balancing the need to invest and remain fiscally responsible.

Performance measures and related discussion

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
[2.1] Percentage of BCLC players who score as high risk on the PGSI[1]	13%	12%	15%

Data source: Continuous tracking survey conducted online by a third-party research professional.
[1]PM [2.1] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 12% and 11% 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 its player base, which is essential to BCLC's efforts to promote healthy play and reduce the risk of gambling-related harms.

In 2025/26, BCLC did not meet its PGSI target. Elevated PGSI scores remain a concern given their association with increased risk of gambling-related harm among British Columbians. Current evidence points to several contributing factors, including a shift toward higher-risk online play, increased exposure to gambling advertising that drives players to multiple platforms, greater play on unregulated sites lacking responsible gambling safeguards, and broader economic pressures that may heighten financial stress and risky gambling behaviour.[4]

While BCLC cannot control all these factors, its social purpose includes a strong commitment to preventing and mitigating gambling-related harm. BCLC continues to embed harm reduction principles into its operations, focusing on safer gambling practices and positive

[4] Young, M.M., McKnight, S., Kalbfleisch, L., Leon, C. Lusk, E., Smit Quosai, T., & Stark, S. (2024). Gambling availability and advertising in Canada: A call to action. Prepared by Greo Evidence Insights. Ottawa, Ont.: Canadian Centre on Substance Use and Addiction.

player health outcomes across its products, processes, and marketing campaigns. In 2025/26, BCLC initiated work to secure a behaviour-based analytics tool for PlayNow that will enable timely safer play messaging during play and support the development of a proactive outreach program for players showing significant and sustained behaviours of concern.

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
[2.2] Net Income ($ millions)[1,2]	1,408	1,388	1,373

Data source: BCLC's financial plan, see page 23.
[1]PM [2.2] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 1,443 and 1,491, respectively.
[2] Targets for performance measure [2.2] were revised in the latest service plan.

BCLC's 2025/26 net income of $1.373 billion was $15 million lower than target. The lower performance in comparison to budget is primarily due to a shortfall in revenue of 1.6 percent.

Although some economic factors such as the Bank of Canada interest rate and inflation trended downwards and held steady throughout the fiscal year, uncertainty in the economy persisted due to the evolving U.S. tariff threats. Towards the end of the fiscal year, there were heightened global volatility and security related events that increased uncertainty in the global economic environment. As a result, discretionary spending became more cautious, impacting both player frequency and average spend.

B.C. players also continue to be exposed to illegal online gambling operators who are aggressively advertising and offering lucrative player incentives, creating an uneven playing field for BCLC.

Despite a challenging economic landscape, BCLC's slot products and social category[5] products met budgeted growth expectations which comprises 65 percent of total BCLC revenue. Keno, a lottery game representing the majority of the social category, achieved its highest revenue to date. Casinos experienced a less than one percent variance to budgeted expectations largely due to underperformance in table products. Lotto Max and Lotto 6/49 experienced jackpot rolls in line with expectations; however, Lotto 6/49 sales per jackpot levels have been declining which is a consistent trend across Canada. This has largely contributed to the revenue shortfall in the lottery channel. Overall iGaming revenue, excluding iLotto offerings, performed slightly above target.

The impact of the revenue shortfall on budgeted net income was partially offset by lower expenses. Direct costs are largely based on revenue levels and declined accordingly. Other operating expenses were lower than budgeted due to deliberate identification of cost efficiencies and rationalization throughout the year, and revised timing of project spend. Indirect tax, based on expense levels, were lower than budget in line with lower expenditures.

[5] Products in the social category include Keno, Pacific Hold'Em Poker and BC 50/50.

Goal 3: Amplify our social and economic impact across the province

As a Crown corporation and social purpose organization, BCLC has the opportunity and mandate to amplify our commitment to the greater good.

Objective 3.1: Integrate our social purpose and Environmental, Social and Governance (ESG) Framework into our business to create a positive impact

We are continually seeking ways to further integrate social purpose into all that we do. Aligning ourselves to leading international ESG frameworks helps us manage material ESG risks and opportunities, supporting positive outcomes for our employees, stakeholders, Indigenous rights and title holders and the community at large.

Key results

- Launched the Greater Good Giveaway Scratch & Win ticket, offering 40 top prizes that included $10,000 for the winning player and $10,000 for their registered B.C. charity of choice.
- Refreshed BCLC's corporate brand to strengthen awareness of BCLC as a purpose-led organization and deepen player and public connection to its social purpose, including how gambling revenue benefits communities across the province.
- Introduced a new approach to community relations through partnerships that promote human connection and build understanding of why it matters within communities, and integration of connection-focused programming into existing sponsorships.
- Updated ESG Framework to better align to BCLC's corporate strategy and social purpose and address identified and emerging ESG risks.
- Integrated social purpose into internal programs, including through new employee connection initiatives, an internal Social Purpose Ambassador network, and expansion of purpose-related goals in performance processes.

Summary of progress made in 2025/26

In 2025/26, BCLC advanced its social purpose across the organization, through a new focus of human connection which started to be integrated into culture, experiences, community programs and products. This included the Greater Good Giveaway, which connected players to BCLC's social purpose to generate win-wins for the greater good by enabling winners to direct $10,000 prizes to B.C. charities of their choice, including BC Children's Hospital Foundation, BC Cancer Foundation and the BC SPCA.

BCLC also finalized an updated ESG Framework that aligns with both its social purpose and corporate strategy.

Objective 3.2: Reduce greenhouse gas (GHG) emissions throughout our value chain

This objective supports BCLC's commitment to ensure that its business operations align with and exceed the Government of British Columbia's CleanBC climate plan, highlighting strategies for minimizing GHG emissions and moving towards a low-carbon economy.

Key results

- Completed the development and began implementation of a climate change strategy aimed at reducing emissions across BCLC's operations and value chain.
- Maintained ongoing engagement with casino service providers to advance energy audits and identify emissions reduction opportunities within their operations.
- Completed feasibility studies to assess opportunities for installing additional electric vehicle charging infrastructure at casino sites and offices to support low-carbon transportation.
- Continued to source renewable energy for the Kamloops office and began sourcing it for the Vancouver office through the purchase of renewable natural gas from FortisBC.

Summary of progress made in 2025/26

Building resilient communities and leading environmental practices continues to be a core focus for BCLC. BCLC's climate change strategy outlines its commitment to emissions reduction and operational resilience. The strategy is focused on three key areas:

- Resilient operations: Minimizing in-house GHG emissions and improving the resilience of facilities, including offices, data centres, and warehouses.
- Resilient people and communities: Supporting employees and communities in adapting to climate risks and lowering their carbon footprints.
- Resilient value chain: Working with casino service providers, lottery retailers, vendors and other partners to strengthen climate resilience and support GHG reduction efforts.

In addition to completing an energy audit at BCLC's head office in Kamloops, in 2025/26, BCLC completed two energy audits at casino sites. These audits are critical to developing energy management plans and reducing emissions across BCLC's value chain.

Performance measures and related discussion

Performance Measure	2024/25 Actual	2025/26 Target[2]	2025/26 Actual
[3.1 a] Social purpose progress measure[1]	168 (76%)	173 (78%)	174 (79%)

Data source: United Way Social Purpose Institute Purpose Assessment Scorecard.
[1]PM [3.1 a] targets for 2026/27 and 2027/28 were stated in the 2025/26 service plan as 173 (78%) and 189 (85%), respectively.

[2] In the 2025/26 report, targets were inadvertently recorded in a way that caused each to appear one fiscal year behind. The correct 2025/26 target has been updated in the table above and targets have been revised in the most recent service plan.

BCLC uses the social purpose progress measure to track how effectively social purpose is being embedded across the organization. The measure is based on a framework originally developed by the United Way Social Purpose Institute that included 44 outcomes that reflect integration across areas such as leadership behaviours, internal communications and purpose aligned workplace practices. Each outcome is rated on a five-point scale, with a maximum score of 220 indicating full implementation of all indicators.

The launch of a refreshed brand that builds awareness of BCLC as a purpose-led company, integration of purpose into operations and the launch of its first purpose-driven product contributed to BCLC exceeding its target for 2025/26.

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
[3.1 b] ESG Performance Index score: number (percentage) of ESG actions that are on track or achieved out of 49 key action items[1]	36 (73%)	42 (86%)	45 (92%)

Data source: BCLC's ESG Scorecard.
[1]No targets were provided for PM [3.1 b] in 2026/27 and 2027/28 in the 2025/26 service plan as BCLC will be adopting an updated measure in alignment with the updated ESG Framework. As a result, this performance measure was removed from the latest service plan.

In 2025/26, BCLC exceeded the 2025/26 ESG Performance Index score target, due to progress against key action items including the development of a climate change strategy (see results under Objective 3.2), Indigenous Reconciliation Action Plan (IRAP) and Indigenous Procurement Policy (see results under Objective 4.1).

Performance Measure	2024 Actual	2025 Target	2025 Actual
[3.2 a] Scope 1 emissions (tonnes of CO2)[1]	125	195	193
[3.3 b] Scope 2 emissions (tonnes of CO2) [2]	60	72	164
[3.3 c] Scope 3 emissions (tonnes of CO2)[3,4,5,6]	N/A	Tier 1: 61,667 Tier 2: 33,931	N/A

Data source: Scope 1 emissions are collected and quantified using natural gas bills from Fortis BC, fleet vehicle fuel usage report, and internal records of refrigerant use and diesel consumption. Scope 2 emissions are collected and quantified using electricity bills from BC Hydro. By entering the Scope 1 and 2 primary data into the Climate Action Secretariat's Government portal, the equivalent tonnes of CO_2 emissions are calculated according to the GHG Protocol. There are 15 categories of Scope 3 emissions. Depending on the category, Scope 3 emissions are collected and quantified using either primary data specific to the activity within a company's value chain (including procurement data, transport data, fuel purchases, utility bills provided by service providers) or secondary data such as industry averages, proxy data, or other generic data.
[1]PM [3.2 a] targets for 2026/27 (2026) and 2027/28 (2027) were stated in the 2025/26 service plan as 98 and 49, respectively.

[2]PM [3.3 b] targets for 2026/27 (2026) and 2027/28 (2027) were stated in the 2025/26 service plan as 50 and 35, respectively.
[3]PM [3.3 c] Tier 1 targets for 2026/27 (2026) and 2027/28 (2027) were stated in the 2025/26 service plan as 55,994 and 50,842, respectively. Tier 2 targets for 2026/27 (2026) and 2027/28 (2027) were stated in the 2025/26 service plan as 30,809 and 27,975, respectively.
[4]Tier 1: Emissions related to the products BCLC owns, sells or leases (under BCLC's direct control).
[5]Tier 2: Emissions from casino operations (BCLC's indirect control).
[6]Scope 3 emissions were removed from the 2026/27 Service Plan. See discussion below for details.

BCLC tracks its greenhouse gas emissions on a calendar-year basis. With 2025 being BCLC's first year of sourcing renewable energy for the Vancouver office, Scope 1 emissions targets were slightly exceeded. Despite this, Scope 1 emissions were up from 2024 as a compressor failure in an HVAC air-conditioning system resulted in a refrigerant leak. This resulted in an increase of 94 tonnes of CO2 emissions. In response, BCLC proactively replaced 13 compressors that had been in service for 10 years to reduce the likelihood of similar failures in the future.

Although BCLC reduced electricity consumption by seven percent in 2025, its Scope 2 GHG emissions increased resulting in BCLC not meeting its reduction target. The increase in Scope 2 emissions was caused by the province-wide drought, which required the purchase of electricity from outside of B.C. The power purchased outside of BC is often generated from coal and natural gas, both of which have higher GHG emissions per unit of electricity compared to hydroelectricity.

Actual data for Scope 3 emissions is not available as BCLC did not initiate tracking as planned given economic conditions and resource constraints. Tracking Scope 3 emissions is complex and in BCLC's instance, requires significant collaboration with service providers. BCLC will continue to report out on Scope 1 and 2 emissions but will be removing the Scope 3 performance measures from future service plans until it advances implementation of the climate change strategy and initiatives within it to reduce Scope 3 emissions.

Goal 4: Be a sought-after partner for the shared value we can create together

Meaningful relationships are critical to BCLC's success and partnerships. As a social purpose company, BCLC can only achieve its purpose and vision by collaborating with stakeholders, Indigenous rights and title holders and other partners in mutually reciprocal relationships.

Objective 4.1: Deepen our relationships with partners, stakeholders, and Indigenous rights and title holders

A focus on win-wins for the greater good requires collaboration with stakeholders and with Indigenous rights and title holders on mutually beneficial strategies that create a positive benefit beyond the partnerships.

Key Results

- Finalized BCLC's inaugural Indigenous Reconciliation Action Plan (IRAP).

- Welcomed a fully Indigenous cohort of employees in the Customer Support Centre, advancing Indigenous employment opportunities and increasing Indigenous representation at BCLC.
- Introduced a new Indigenous Procurement Policy to create more equitable access for Indigenous-owned businesses within BCLC's procurement processes.
- Hosted an Indigenous Vendors Showcase in partnership with the Sc̓ẃéẃwen Economic Development Corporation, City of Kamloops, and Thompson Rivers University to connect Indigenous-owned businesses with regional purchasers.
- Continued corporate sponsorships – including a dedicated Indigenous Sponsorships Program – and community outreach to support community and cultural events and enhance public understanding of BCLC, the gambling industry, and the community benefits of gaming revenue.

Summary of progress made in 2025/26

While BCLC is still early in its Indigenous reconciliation journey, the organization completed the development of an IRAP using the United Nations Declaration on the Rights of Indigenous Peoples as the framework for reconciliation and its Mandate Letter as additional guidance. The plan outlines concrete commitments, goals and actions to advance reconciliation with Indigenous peoples and support common goals towards reconciliation that align with the Declaration Act, the Declaration Act Action Plan and the Truth and Reconciliation Commission of Canada Calls to Action. The IRAP includes four key pillars that will guide BCLC in creating deep and lasting change:

1. Meaningful Relationships: Build genuine relationships based on mutual respect and shared benefits, fostering long-term, reciprocal partnerships that extend beyond strategic relationships.
2. Education Commitment: Build cultural awareness and understanding of Indigenous history, contemporary realities and reconciliation efforts.
3. Economic Reconciliation Commitment: Create initiatives, policies and programs that empower Indigenous People and communities to realize sustainable economic benefit from BCLC's activities.
4. Employment Outcomes Commitment: Support equitable recruitment, professional development and advancement opportunities for Indigenous People at BCLC.

The casino ownership landscape has changed markedly over the past year, with multiple First Nations purchasing or seeking to acquire casinos. This shift reinforces the importance of the IRAP and BCLC's commitment to strengthening relationships with Indigenous Peoples and deepening understanding of Indigenous priorities and perspectives.

Performance measure and related discussion

While there are no performance measures to report on for 2025/26, in the 2025/26 Service Plan, a new metric was introduced that will measure BCLC's progress against the 50 actions in BCLC's IRAP.

Financial Report

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

Discussion of Results

BCLC's 2025/26 financial results reflect a year of continued economic uncertainty, cautious discretionary spending by players and inflation driving up costs. Despite this environment, BCLC generated significant financial returns for the Province of British Columbia while maintaining a strong year-end financial position.

Net income for the year was $1.373 billion, $15 million (1.1 percent) below the service plan target and $35 million (2.5 percent) lower than 2024/25. Total revenue was $2.837 billion, $47 million (1.6 percent) below plan but $34 million (1.2 percent) higher than the prior year. Total expenses were $1.383 billion, $26 million (1.8 percent) better than plan but $63 million (4.8 percent) higher than the prior year.

Performance against plan was primarily driven by softer results in lottery and casino tables. Lottery revenue was below plan due to lower sales per jackpot performance in national draw games and instant tickets. Casino and community gaming results were close to plan overall, with lower-than-expected play in higher-value table segments partly offset by steadier slot performance. iGaming revenue was on target in spite of ongoing competitive pressure from illegal online gambling operators. Year over year, revenue growth was driven by a 9 percent increase in iGaming revenue, offset by softness in Lottery.

Expenses finished below plan due to cost containment measures, diligent monitoring of spending, a hiring freeze and the timing of planned work and project delivery. Consistent with Government direction on cost containment and efficiency, management limited discretionary spending and prioritized resources toward core operations and the most critical strategic initiatives. Year over year, expenses increased largely due to higher direct costs (including inflationary and contract-related pressures), higher gaming support costs (including technology and cloud cost growth), and higher amortization and other costs associated with modernization activities and certain one-time asset-related impacts. Capital expenditures were $85 million, $20 million below budget, reflecting the timing and sequencing of planned investments.

BCLC managed financial risks through its enterprise risk management approach, with Board oversight and executive accountability for identifying emerging risks and implementing mitigation strategies. Throughout the year, management monitored economic and competitive conditions, prioritized spending and investments to protect core operations, and maintained disciplined financial management to preserve liquidity and support planned investments.

Financial Summary

($m)[1]	2024/25 Actual	2025/26 Budget	2025/26 Actual	2025/26 Variance[2]
Total Revenue	**2,803**	**2,884**	**2,837**	**(47)**
Expenses				
Direct Costs	871	906	900	6
Gaming Support Costs	73	94	87	7
Operating Costs	289	310	291	19
Amortization & Other	87	99	105	(6)
Total Expenses	**1,320**	**1,409**	**1,383**	**26**
Net Income Before Taxes	**1,483**	**1,475**	**1,454**	**(21)**
Indirect Tax	75	87	81	6
Net Income	**1,408**	**1,388**	**1,373**	**(15)**
Total Liabilities	**575**	**626**	**558**	**68**
Capital Expenditures	**98**	**105**	**85**	**20**
Total Equity	**86**	**64**	**116**	**52**

[1] Financial information was prepared based on IFRS Accounting Standards.
[2] Favourable (unfavourable) impact to Net Income 2025/26 Actual vs 2025/26 Budget.

Variance and Trend Analysis

Economic and Consumer Context

The 2025/26 fiscal year unfolded against a backdrop of elevated cost-of-living pressures and continued economic uncertainty. While inflation moderated, prices remained high relative to recent years, and essential costs such as housing, food and energy continued to weigh on household budgets.[6] Consumers' spending intentions remained cautious, reflecting ongoing concerns about high prices and the broader economic outlook.[7]

Trade and tariff-related uncertainty also continued to influence the broader economic environment through the year, contributing to cautious consumer sentiment and ongoing sensitivity in discretionary spending.

For BCLC, this environment contributed to more cautious discretionary spending patterns, which affects both how often people play and how much they spend when they do play. Previous experience has shown that changes in the economic environment can influence consumer behaviour with a lag, meaning the impacts on discretionary spending may persist even as some economic indicators stabilize.

Revenue Mix and Performance by Line of Business

Total Revenue, earned from gambling products provided to players and contracted gambling services provided to other jurisdictions, was $2.837 billion in 2025/26. This result was $47 million (1.6 percent) below the service plan target and $34 million (1.2 percent) higher than the prior year.

Relative to plan, performance reflected softer results in key areas across lines of business. Casino and community gaming results were close to plan overall, with lower-than-expected play in higher-value table segments partly offset by steadier performance in slots. Lottery revenue was below plan, reflecting softer sales per jackpot performance in national draw games and instant tickets relative to expectations. Overall iGaming revenue performed in line with plan despite softness in iLottery sales and continued competitive pressure from illegal online gambling operators.

Compared to the prior year, revenue had a modest increase, primarily driven by a 9 percent growth in iGaming casino products. This growth was partially offset by lower casino table revenue and relatively flat lottery performance year over year.

[6] Statistics Canada. The Daily — Consumer Price Index (monthly releases covering April 2025 through March 2026)
[7] Bank of Canada. Canadian Survey of Consumer Expectations — Second Quarter 2025 (July 21, 2025) and Fourth Quarter 2025 (January 19, 2026)

Expense Variances and Trends

Total Expenses in 2025/26 were $1.383 billion, which was $26 million (1.8 percent) below the service plan and $63 million (4.8 percent) higher than the prior year.

Expense management during the year was shaped by continued Government direction on cost containment and efficiency, with management actively monitoring spend and reprioritizing where possible to mitigate revenue softness while protecting core operations. In addition, BCLC complied with provincial purchasing directives related to U.S. suppliers, completing viability assessments and adjusting procurement channels where feasible, which added complexity to purchasing decisions in several areas.

Direct costs, which vary with revenue and primarily include commissions paid to private-sector gambling facility service providers and lottery retailers, as well as revenue share payments to gambling content providers, were $900 million in 2025/26. This was $6 million (0.7 percent) below the service plan target and $29 million (3.3 percent) higher than the prior year.

Relative to plan, direct costs were modestly lower overall, consistent with the softer revenue performance described above and the largely variable nature of these costs.

Compared to the prior year, direct costs were higher, reflecting increased cost pressures within certain revenue share and contract arrangements, including implementation and licensing costs associated with platform and content providers, vendor contract rate increases, the annualization of the temporary service provider commission, and higher slot lease costs following changes to cost recovery arrangements.

Gaming support costs, which primarily relate to gaming systems maintenance and upkeep and therefore do not vary significantly with gaming activity, were $87 million in 2025/26. This was $7 million (7.4 percent) below the service plan target and $14 million (19.2 percent) higher than the prior year.

Relative to plan, gaming support costs were lower than expected, reflecting continued scrutiny over spending and the timing of planned work and project delivery through the year.

Compared to the prior year, gaming support costs increased, reflecting higher operational and technology-related pressures, including inflationary impacts and increased cloud and technology costs, along with post-implementation costs associated with major initiatives.

Operating costs, which include items such as salaries and benefits, marketing and advertising, professional fees, and costs of premises and equipment, were $291 million in 2025/26. This was $19 million (6.1 percent) below the service plan target and $2 million (0.7 percent) higher than the prior year.

Relative to plan, the favourable variance was driven primarily by lower salaries and benefits resulting from hiring constraints, vacancy management, and lower salary increases, as well as reduced administrative and discretionary spending consistent with cost containment measures. Administrative savings were concentrated in travel and related costs, employee-related spending such as training, conferences, and meetings, and lower equipment and other administrative purchases.

Compared to the prior year, operating costs were relatively stable overall, as inflationary pressures and certain one-time operational items were largely offset by continued cost discipline and timing effects.

Amortization and other, which relates primarily to depreciation of property and equipment, amortization of software costs, and other miscellaneous items such as financing-related costs, was $105 million in 2025/26. This was $6 million (6.1 percent) above the service plan target and $18 million (20.7 percent) higher than the prior year.

Relative to plan, amortization and other finished higher than expected, reflecting asset-related impacts recognized during the year, including accelerated depreciation and one-time adjustments associated with technology platform modernization and slot network optimization.

Compared to the prior year, amortization and other increased, reflecting a higher level of depreciation and amortization associated with BCLC's evolving asset base and modernization activities, including accelerated depreciation related to technology platforms approaching end of life ahead of planned replacements.

Indirect tax, which includes GST as prescribed under the Games of Chance GST/HST Regulations of the Excise Tax Act (Canada) and PST paid on purchases under the Provincial Sales Tax Act, was $81 million in 2025/26. This was $6 million (6.9 percent) below the service plan target and $6 million (8.0 percent) higher than the prior year.

Relative to plan, indirect tax was lower than expected, consistent with lower overall expenditures versus plan across the cost categories that drive indirect tax.

Compared to the prior year, indirect tax was higher overall, consistent with higher year-over-year expense levels and the associated tax impacts on purchases.

Total equity, which is comprised of accumulated surplus (deficit) and accumulated other comprehensive income (loss), was $116 million in 2025/26. This was $52 million higher than the service plan target and $30 million (approximately 35 percent) higher than the prior year.

Relative to plan, the favourable variance primarily reflects higher accumulated other comprehensive income, which represents items not recognized through net income and, for BCLC, relates primarily to the remeasurement of defined benefit plans.

Compared to the prior year, total equity increased mainly due to growth in accumulated other comprehensive income driven by a net defined benefit plan actuarial gain recorded in the year, while the accumulated deficit remained unchanged.

As BCLC remits all net income to the Province, it would normally be expected to report a nil accumulated surplus or deficit; however, retrospective application of changes in accounting standards or policies can require adjustments to historical net income that do not change amounts previously distributed, resulting in an accumulated deficit that persists over time.

Risks and Uncertainties

BCLC is exposed to financial risks and uncertainties that may affect its financial position and future operations. These risks are managed through BCLC's enterprise risk management approach, which supports informed decision-making and reinforces accountability. The Board of Directors, through the Strategy Committee, oversees risk governance, while Executive Management is responsible for day-to-day risk management, including identifying emerging risks, implementing mitigation strategies, and integrating risk considerations into business processes. Enterprise Risk Management Services provides independent oversight and regular reporting to the Strategy Committee on key risks, treatment progress, and emerging issues.

BCLC manages a range of risks that can influence financial performance and operating results. Key risks include economic conditions that may affect discretionary spending on gambling; competitive dynamics in the digital market, including competition from unregulated operators; cybersecurity threats that could disrupt operations and erode public trust; regulatory changes that may affect operating requirements; workforce availability challenges that can impact the pace and cost of modernization; and fluctuations in jackpot activity that can influence lottery revenue. Addressing these risks requires ongoing monitoring, disciplined prioritization of spending and investments, and continued focus on initiatives that support secure and sustainable operations.

BCLC maintained a strong financial position throughout the year and, as at March 31, 2026, had continued access to liquidity to support operations, manage financial risks, and fund planned investments.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2025 Mandate Letter from the Minister Responsible.

2025 Mandate Letter Priority	Status as of March 31, 2026
Continue to work with Government to operationalize the new *Gaming Control Act*.	**Ongoing:** • Participating in consultations on the regulations and working with CAS and IGCO to prepare to operationalize the new Gaming Control Act.
Continue to work with law enforcement partners, service providers, the gambling regulator and CAS to analyze the effectiveness of policies and procedures implemented to disrupt and combat money laundering in B.C. casinos.	**Ongoing:** • Strong partnership with law enforcement partners, service providers and IGCO to continually improve security controls. • Supporting Government on provisions of the new Gaming Control Act and regulations related to source of funds declarations and prevention of unlawful activity. **Complete:** • Collaborated with the Combined Forces Special Enforcement Unit (CFSEU-BC), the Joint Illegal Gaming Investigation Team (JIGIT) and the IGCO on the Not Worth the Gamble marketing campaign aimed at reducing participation in illegal gambling – both online and in person – by increasing public awareness of the risks, educating on how to identify illegal activity and directing residents to safe reporting channels.

2025 Mandate Letter Priority	Status as of March 31, 2026
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 advancing BCLC's Player Health Strategy.	**Ongoing:** • Working to implement a behaviour-based analytics tool to further support healthy player behaviour on the new PlayNow platform. Once in place, the tool will enable near real-time detection of high-risk behaviours and support proactive outreach to players at moments when risk may be present. • Working to introduce a new PlayNow player health dashboard that provides players with a clear summary of their total wins, losses and overall spend, supporting informed decisions about their play. **Completed:** • Completed second year of BCLC's five-year Player Health Strategy that focuses on better understanding players, personalizing their experiences and further fostering a player health culture throughout the business.

2025 Mandate Letter Priority	Status as of March 31, 2026
As appropriate, and in alignment with responsible gambling practices, continue to bring forward engaging products and services to personalize player experiences and increase revenue from online and land-based play.	**Ongoing:** • Planning for the implementation of a new PlayNow platform that will modernize operations and elevate the player experience. • Building out a new omni channel rewards and incentives program designed to deliver enhanced value to players through improved personalization, strengthened player health programming and more seamless player experiences. **Completed:** • Introduced a new PlayNow Slots app. • Expanded retail sportsbook lounges to additional casino locations. • Continued to refresh casino gaming floors. • Launched new and innovative lottery products. • Introduced a mobile app for Encore Rewards members.
Work with Government to develop a policy framework for gaming facility development that involves First Nations Rights and Title Holders and is aligned with the *Declaration on the Rights of Indigenous Peoples Act*.	**Ongoing:** • Participating in working group with the Crown Agencies Secretariat to create a predictable, transparent, procedurally fair process for the relocation of gaming facilities that considers the revenue impacts of the project, impacts on health and safety, the results of consultation with Indigenous people, and whether the project provides economic benefits for First Nations.

2025 Mandate Letter Priority	Status as of March 31, 2026
Optimize BCLC's financial performance and net returns to the Province of British Columbia, including aligning with the spirit and intent of Government's financial and hiring directives.	**Ongoing:** • Identifying cost efficiencies while simultaneously supporting the Province of B.C. directive to exclude U.S. vendors, where viable. **Complete** • Continued to expand and enhance product offerings and experiences. • Continued to invest in hardware, systems and technology to sustain the long-term health of the business. • Implemented cost containment measures in the areas of staffing, travel, meetings, professional fees, and advertising.

Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

B.C. Lottotech International Inc.

The consolidated financial statements 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]	2024/25 Actual	2025/26 Budget	2025/26 Actual
Revenues	**73**	**90**	**84**
Expenses	**74**	**91**	**91**
Net Gain (Loss)	**(1)**	**(1)**	**(7)**

[1] Financial information was prepared based on an accrual basis.

Discussion of Variance

Lottotech revenues and expenses were higher than the previous year, driven by BCLC's continued shift to modernized technology platforms, including higher amortization and asset retirements associated with equipment and system refresh activities and the planned decommissioning of legacy and underperforming assets. Lottotech revenue increased in line with higher depreciation. Expenses were generally in line with budget, while revenue was below budget due to lower-than-expected overall capital spending.

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 gaming 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]	2024/25 Actual	2025/26 Budget	2025/26 Actual	2025/26 Variance[2]
Total Revenue	**1,823**	**1,830**	**1,818**	**(12)**
Expenses				
Direct Costs	670	685	681	4
Gaming Support Costs	34	42	40	2
Operating Costs	157	165	155	10
Amortization & Other	63	69	72	(3)
Total Expenses	**924**	**961**	**948**	**13**
Net Income Before Taxes	**899**	**869**	**870**	**1**
Indirect Tax	47	53	50	3
Net Income	**852**	**816**	**820**	**4**

[1] Financial information was prepared based on IFRS Accounting Standards.

[2] Favourable (unfavourable) impact to Net Income 2025/26 Actual vs 2025/26 Budget.

Lottery Operations

Financial Summary

($m)[1]	2024/25 Actual	2025/26 Budget	2025/26 Actual	2025/26 Variance[2]
Total Revenue	**526**	**555**	**525**	**(30)**
Expenses				
Direct Costs	112	119	115	4
Gaming Support Costs	26	33	29	4
Operating Costs	72	79	78	1
Amortization & Other	20	24	25	(1)
Total Expenses	**230**	**255**	**247**	**8**
Net Income Before Taxes	**296**	**300**	**278**	**(22)**
Indirect Tax	16	20	18	2
Net Income	**280**	**280**	**260**	**(20)**

[1] Financial information was prepared based on IFRS Accounting Standards.

[2] Favourable (unfavourable) impact to Net Income 2025/26 Actual vs 2025/26 Budget.

iGaming Operations

Financial Summary

($m)[1]	2024/25 Actual	2025/26 Budget	2025/26 Actual	2025/26 Variance[2]
Total Revenue	**454**	**499**	**494**	**(5)**
Expenses				
Direct Costs	89	102	104	(2)
Gaming Support Costs	13	19	18	1
Operating Costs	60	66	58	8
Amortization & Other	4	6	8	(2)
Total Expenses	**166**	**193**	**188**	**5**
Net Income Before Taxes	**288**	**306**	**306**	**—**
Indirect Tax	12	14	13	1
Net Income	**276**	**292**	**293**	**1**

[1] Financial information was prepared based on IFRS Accounting Standards.

[2] Favourable (unfavourable) impact to Net Income 2025/26 Actual vs 2025/26 Budget.

Appendix C: Auditor’s Report and Audited Financial Statements

British Columbia Lottery Corporation

Consolidated Financial Statements

Year ended March 31, 2026

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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 as issued by the International Accounting Standards Board.

The consolidated financial statements present fairly the consolidated financial position of BCLC as at March 31, 2026, 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, 2026
- 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, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor’s report thereon, included in the Annual Service Plan Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor’s report thereon, included in the Annual Service Plan Report as at the date of this auditor’s report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the 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.

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.

Independent Auditor's Report continued

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Kamloops, Canada

June 25, 2026

BRITISH COLUMBIA LOTTERY CORPORATION

Consolidated Statement of Financial Position

At March 31, 2026 (in thousands of Canadian dollars)

	Note	2026	2025
ASSETS			
Cash	*6*	$ 36,937	$ 46,716
Accounts receivable	*7*	51,172	48,636
Prepaid and deferred expenses		25,590	24,208
Inventories	*8*	12,436	10,731
Current assets		**126,135**	**130,291**
Prepaid and deferred expenses		6,090	3,109
Right-of-use assets	*9*	51,054	54,489
Property and equipment	*10*	324,814	324,354
Intangible assets	*11*	30,254	38,480
Employee benefits	*12*	136,065	109,795
Non-current assets		**548,277**	**530,227**
Total assets		**$ 674,412**	**$ 660,518**

Consolidated Statement of Financial Position continued

At March 31, 2026 (in thousands of Canadian dollars)

	Note	2026	2025
LIABILITIES			
Prizes payable	*13*	$ 32,244	$ 32,678
Accounts payable, accrued and other liabilities	*14*	169,296	148,185
Short-term financing	*15*	110,083	130,229
Deferred revenue	*16*	3,388	3,987
Unsettled wagers	*17*	5,337	5,774
Lease liabilities	*9*	4,456	5,389
Due to the Government of British Columbia	*18*	124,072	136,738
Current liabilities		**448,876**	**462,980**
Lease liabilities	*9*	51,147	53,131
Provisions	*19*	2,757	2,926
Employee benefits	*12*	55,234	55,544
Non-current liabilities		**109,138**	**111,601**
Total liabilities		**558,014**	**574,581**
EQUITY			
Accumulated deficit	*20*	(17,850)	(17,850)
Accumulated other comprehensive income		134,248	103,787
Total equity		**116,398**	**85,937**
Total liabilities and equity		**$ 674,412**	**$ 660,518**

The accompanying notes are an integral part of these consolidated financial statements.
Commitments and contingencies are outlined in notes 9, 10 and 24.

Approved on behalf of the Board of Directors:

Greg Moore
Chair, Board of Directors

Christine Dacre
Chair, Audit Committee

BRITISH COLUMBIA LOTTERY CORPORATION

Consolidated Statement of Net Income and Comprehensive Income

For the year ended March 31, 2026 (in thousands of Canadian dollars)

	Note		2026		2025
Revenue	*21*	**$**	**2,837,331**	**$**	**2,803,327**
Expenses					
Commissions and fees			739,710		737,955
Employee costs			197,865		193,542
Gaming equipment leases and licenses			145,431		117,863
Systems, maintenance, and ticket distribution			99,159		83,357
Amortization and depreciation	*9, 10, 11*		92,415		81,092
Advertising, marketing, and promotions			41,777		42,002
Professional fees and services			21,363		27,775
Ticket printing			14,967		15,950
Cost of premises			8,355		7,416
Loss on disposal of property and equipment			6,827		912
Net financing costs	*22*		1,591		2,466
Other			13,421		10,273
			1,382,881		**1,320,603**
Income from operations before the undernoted			**1,454,450**		**1,482,724**
Indirect tax expense	*26*		81,832		75,166
Net income			**1,372,618**		**1,407,558**
Other comprehensive income					
Item that will never be reclassified to net income:					
Net defined benefit plan actuarial gain	*12*		30,461		22,216
Total comprehensive income		**$**	**1,403,079**	**$**	**1,429,774**

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

BRITISH COLUMBIA LOTTERY CORPORATION

Consolidated Statement of Changes in Equity

For the year ended March 31, 2026 (in thousands of Canadian dollars)

	Note	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
Balance, April 1, 2024		**$ (17,850)**	**$ 81,571**	**$ 63,721**
Net income		1,407,558	—	1,407,558
Net defined benefit plan actuarial gain	*12*	—	22,216	22,216
Total comprehensive income		**1,407,558**	**22,216**	**1,429,774**
Payments to the Government of Canada on behalf of the Government of British Columbia	*23*	(12,731)	—	(12,731)
Distributions to the Government of British Columbia	*18*	(1,394,827)	—	(1,394,827)
Balance, March 31, 2025		**$ (17,850)**	**$ 103,787**	**$ 85,937**
Net income		1,372,618	—	1,372,618
Net defined benefit plan actuarial gain	*12*	—	30,461	30,461
Total comprehensive income		**1,372,618**	**30,461**	**1,403,079**
Payments to the Government of Canada on behalf of the Government of British Columbia	*23*	(12,956)	—	(12,956)
Distributions to the Government of British Columbia	*18*	(1,359,662)	—	(1,359,662)
Balance, March 31, 2026		**$ (17,850)**	**$ 134,248**	**$ 116,398**

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

BRITISH COLUMBIA LOTTERY CORPORATION

Consolidated Statement of Cash Flows

For the year ended March 31, 2026 (in thousands of Canadian dollars)

	Note	2026	2025
Cash flows from operating activities:			
Net income		$ 1,372,618	$ 1,407,558
Items not involving cash:			
Depreciation	9, 10	80,168	74,215
Amortization	11	12,247	6,877
Loss on disposal of property and equipment		6,827	912
Net benefit plan expense	12	20,420	16,938
Net financing costs	22	1,591	2,466
		1,493,871	**1,508,966**
Changes in:			
Accounts receivable		(2,517)	40,690
Prepaid and deferred expenses		(4,363)	(1,956)
Inventories		(1,705)	(579)
Commission advances		—	5,140
Gaming cash floats		—	8,884
Employee benefits		(16,539)	(15,999)
Prizes payable		(434)	(5,339)
Accounts payable, accrued and other liabilities		19,003	20,653
Deferred revenue		(599)	(20,818)
Unsettled wagers		(437)	(1,155)
Provisions		(169)	(247)
Interest received		2,641	3,809
Net cash from operating activities		**1,488,752**	**1,542,049**
Cash flows from financing activities:			
Short-term financing	15	(20,128)	20,039
Interest paid	9, 15	(4,323)	(6,703)
Payments on lease liabilities	9	(6,136)	(5,936)
Payments to the Government of Canada on behalf of the Government of British Columbia	23	(12,956)	(12,731)
Distributions paid to the Government of British Columbia	18	(1,372,328)	(1,448,193)
Net cash used in financing activities		**(1,415,871)**	**(1,453,524)**
Cash flows from investing activities:			
Additions to property and equipment		(71,357)	(81,560)
Additions to intangible assets		(11,703)	(4,892)
Net proceeds on disposal of property and equipment		400	235
Net cash used in investing activities		**(82,660)**	**(86,217)**
Net (decrease) increase in cash		**(9,779)**	**2,308**
Cash, beginning of year		46,716	44,408
Cash, end of year	6	**$ 36,937**	**$ 46,716**

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

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, 2026.

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 3(b) and note 3(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.

(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 3(a));
- whether the Corporation is reasonably certain to exercise extension options under lease agreements (note 3(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 12(e)(i));
- the valuation of private equity and infrastructure investments in the measurement of plan assets for the Corporation’s pension plan (note 12(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 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	AC[1]	FV[2]	AC[1]
Accounts receivable	AC[1]	TP[3]	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.

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 is when 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 12, 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 gain or loss with respect to a 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.

(d) Leases

At inception of a contract, the Corporation determines whether the contract is, or contains a lease. A contract is, or 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.

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.

(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 11 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.

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.

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 16) with a financial liability recorded 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 financial liability recorded 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 17).
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).

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 to the player 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 bonus play on Wagered Games.

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.

4 Accounting standards issued but not yet effective

A number of amendments to standards take effect in future fiscal reporting periods beginning on or after January 1, 2026. Early application is permitted; however, the Corporation has not elected to adopt these amendments early in preparing these financial statements. A summary of those that may have a material impact to the financial statements of the Corporation are set out below:

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 will replace IAS 1, Presentation of Financial Statements, and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Corporation is in the process of assessing the impact of the new standard, particularly with respect to the structure of the Corporation’s statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Corporation is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

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	x		
Accounts receivable	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.

The Corporation’s enterprise risk management services (ERMS) department supports the assessment, monitoring and reporting of strategic and operational risks that may impact the ability of the Corporation to deliver on its objectives. The ERMS 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. The Director of ERMS has a direct reporting relationship to the Chair of the Strategy Committee.

The Corporation’s internal audit department provides assurance on the effectiveness of BCLC's risk management processes and internal controls. The department advises management on risk mitigation strategies and improvements to enhance the overall control environment. The Director of internal audit has a direct reporting relationship to the Chair of the Audit Committee.

Changes in U.S. trade policy, including the introduction of tariffs, continue to contribute to uncertainty in the broader economic environment. While BCLC’s operations are primarily domestic, the Corporation relies on a mix of Canadian, U.S. and International vendors. In response to tariffs and related trade measures, BCLC has, where viable, transitioned away from U.S. based vendors and entities, resulting in changes to procurement strategies and vendor engagements. Management monitors developments in trade policy and considers potential indirect impacts as part of regular planning and forecasting activities.

For the year ended March 31, 2026 (in thousands of Canadian dollars)

(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	Cash is held with a bank that has high credit rating and minimal market risk. As such, management does not expect the bank to fail to meet its obligations.
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, 2026 and 2025, there were no significant invoiced accounts receivable outstanding for more than 30 days.

The Corporation's net exposure to credit risk for cash and accounts receivable 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:

	2026	2025
Maximum exposure	$ 88,109	$ 95,352
Collateral	(3,839)	(3,800)
Net exposure	**$ 84,270**	**$ 91,552**

Expected credit losses

Accounts receivable 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 3,600 (2025: 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 14 (2025: 14) gaming facility service providers. The Corporation has a concentrated credit risk exposure with its 2 (2025: 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, 2026, the total balance of financial assets subject to a concentration of credit risk was $16,983 (2025: $19,550), which represents 66% (2025: 76%) 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.

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 from gaming facility service providers. The Corporation has considered its historical experience and current collection of accounts receivable in the assessment of credit risk.

At March 31, 2026, an allowance for expected credit losses of nil (2025: nil) has been recognized as no material losses are expected. The estimated allowance for impairment loss is reflective of the related credit risk.

(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 15). Under this agreement, the Corporation may borrow up to $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, 2026 and 2025 are 90 days or less. The contractual maturities of the Corporation's lease liabilities are included in note 9.

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 (2025: prime rate).

For the year ended March 31, 2026 (in thousands of Canadian dollars)

(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.

(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.

6 Cash

	2026	2025
Cash	$ 6,344	$ 15,401
Funds held for player accounts	26,889	27,662
Funds held for security deposits	3,704	3,653
	$ 36,937	**$ 46,716**

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 $26,889 (2025: $27,662) is included in accounts payable, accrued and other liabilities (note 14).

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 $3,704 (2025: $3,653) is included in accounts payable, accrued and other liabilities (note 14).

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.

For the year ended March 31, 2026 (in thousands of Canadian dollars)

7 Accounts receivable

As at March 31, 2026	Gross amounts	Amounts offset in the statement of financial position[1]	Net amounts presented in the statement of financial position
Gaming facility service providers	$ 42,216	$ (16,823)	$ 25,393
Lottery retailers	34,099	(18,179)	15,920
Due from Interprovincial Lottery Corporation	3,607	(564)	3,043
Other	11,601	(4,785)	6,816
	$ 91,523	**$ (40,351)**	**$ 51,172**

As at March 31, 2025			
Gaming facility service providers	$ 41,961	$ (16,283)	$ 25,678
Lottery retailers	33,208	(17,118)	16,090
Due from Interprovincial Lottery Corporation	2,498	(317)	2,181
Other	9,003	(4,316)	4,687
	$ 86,670	**$ (38,034)**	**$ 48,636**

[1] Impacts of offsetting to liabilities are disclosed in note 14.

The Corporation has enforceable rights of set-off under contractual agreements to offset certain liabilities payable with accounts receivable with the same counterparties, and intends to settle such 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:

	2026	2025
Lottery instant tickets	$ 6,413	$ 5,497
Consumables and other	4,388	3,219
Slot machine spare parts	1,635	2,015
	$ 12,436	**$ 10,731**

For the year ended March 31, 2026, inventories recognized as an expense amounted to $18,154 (2025: $19,310), which includes write-downs of $1,900 (2025: $2,525).

For the year ended March 31, 2026 (in thousands of Canadian dollars)

9 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 less than one year. 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 based on gaming revenue and fully variable; as such, right-of-use assets and lease liabilities have not been recognized and lease payments are expensed as incurred.

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

i. **Right-of-use assets**

	Real estate	Lottery retail locations	Fleet vehicles and other	Total
Balance at April 1, 2024	$ 47,750	$ 7,247	$ 326	$ 55,323
Additions	—	5,074	749	5,823
Depreciation	(3,091)	(3,248)	(249)	(6,588)
Derecognition	(46)	(15)	(8)	(69)
Balance at March 31, 2025	**$ 44,613**	**$ 9,058**	**$ 818**	**$ 54,489**
Additions	—	3,873	67	3,940
Depreciation	(3,094)	(3,323)	(237)	(6,654)
Derecognition	(672)	(49)	—	(721)
Balance at March 31, 2026	**$ 40,847**	**$ 9,559**	**$ 648**	**$ 51,054**

For the year ended March 31, 2026 (in thousands of Canadian dollars)

ii. Lease liabilities

	2026	2025
Balance at April 1	$ 58,520	$ 58,702
Additions	3,940	5,823
Interest expense	1,116	1,211
Derecognized	(721)	(69)
Interest paid	(1,116)	(1,211)
Principal payments	(6,136)	(5,936)
Balance at March 31	**$ 55,603**	**$ 58,520**

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

	2026	2025
Current	$ 4,456	$ 5,389
Non-current	51,147	53,131
Balance at March 31	**$ 55,603**	**$ 58,520**

Maturity analysis – undiscounted cash flows	2026	2025
Less than one year	$ 5,642	$ 6,579
One to five years	22,885	21,585
More than five years	34,284	38,528
Total undiscounted lease liabilities at March 31	**$ 62,811**	**$ 66,692**

iii. Amounts recognized in profit or loss

	2026	2025
Expenses relating to short-term leases	$ 26,867	$ 21,265
Depreciation of right-of-use assets	6,654	6,588
Variable lease payments not included in the measurement of the lease liabilities[1]	2,947	3,129
Interest on lease liabilities	1,116	1,211

[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.

For the year ended March 31, 2026 (in thousands of Canadian dollars)

10 Property and equipment

2026	Land	Corporate facilities & equipment	Lottery gaming	Casino & community gaming	Assets under construction	Total
Cost						
Balance at April 1, 2025	$ 5,297	$ 137,818	$ 147,334	$ 621,539	$ 28,967	$ 940,955
Additions (derecognition)	(568)	2,472	14,630	35,748	28,319	80,601
Transfers	—	2,595	4,444	18,727	(25,766)	—
Disposals and retirements	—	(2,661)	(8,473)	(47,209)	—	(58,343)
Balance at March 31, 2026	**4,729**	**140,224**	**157,935**	**628,805**	**31,520**	**963,213**
Accumulated depreciation						
Balance at April 1, 2025	—	118,061	74,005	424,535	—	616,601
Depreciation for the year	—	7,022	14,894	51,598	—	73,514
Disposals and retirements	—	(2,646)	(7,945)	(41,125)	—	(51,716)
Balance at March 31, 2026	**—**	**122,437**	**80,954**	**435,008**	**—**	**638,399**
Carrying amounts						
At March 31, 2026	**$ 4,729**	**$ 17,787**	**$ 76,981**	**$ 193,797**	**$ 31,520**	**$ 324,814**

2025	Land	Corporate facilities & equipment	Lottery gaming	Casino & community gaming	Assets under construction	Total
Cost						
Balance at April 1, 2024	$ 5,265	$ 134,199	$ 106,792	$ 606,236	$ 69,033	$ 921,525
Additions (derecognition)	32	4,083	12,427	45,895	24,187	86,624
Transfers	—	3,143	57,741	3,369	(64,253)	—
Disposals and retirements	—	(3,607)	(29,626)	(33,961)	—	(67,194)
Balance at March 31, 2025	**5,297**	**137,818**	**147,334**	**621,539**	**28,967**	**940,955**
Accumulated depreciation						
Balance at April 1, 2024	—	114,797	93,038	407,186	—	615,021
Depreciation for the year	—	6,862	10,580	50,185	—	67,627
Disposals and retirements	—	(3,598)	(29,613)	(32,836)	—	(66,047)
Balance at March 31, 2025	**—**	**118,061**	**74,005**	**424,535**	**—**	**616,601**
Carrying amounts						
At March 31, 2025	**$ 5,297**	**$ 19,757**	**$ 73,329**	**$ 197,004**	**$ 28,967**	**$ 324,354**

As of March 31, 2026, the Corporation is committed to incur capital expenditures relating to property and equipment and intangible assets of $13,868 (2025: $15,195). These commitments are expected to be settled within the next 12 months.

For the year ended March 31, 2026 (in thousands of Canadian dollars)

11 Intangible assets

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

2026	Software	Assets under development	Total
Cost			
Balance at April 1, 2025	$ 233,865	$ 6,322	$ 240,187
Acquisitions - separately acquired	839	559	1,398
Acquisitions - internally generated	1,823	1,400	3,223
Transfers	6,104	(6,104)	—
Disposals and retirements	(2,761)	—	(2,761)
Balance at March 31, 2026	**239,870**	**2,177**	**242,047**
Accumulated amortization			
Balance at April 1, 2025	201,707	—	201,707
Amortization for the year	12,247	—	12,247
Disposals and retirements	(2,161)	—	(2,161)
Balance at March 31, 2026	**211,793**	**—**	**211,793**
Carrying amounts at March 31, 2026	**$ 28,077**	**$ 2,177**	**$ 30,254**

2025	Software	Assets under development	Total
Cost			
Balance at April 1, 2024	$ 214,132	$ 14,824	$ 228,956
Acquisitions - separately acquired	6,691	945	7,636
Acquisitions - internally generated	648	3,286	3,934
Transfers	12,733	(12,733)	—
Disposals and retirements	(339)	—	(339)
Balance at March 31, 2025	**233,865**	**6,322**	**240,187**
Accumulated amortization			
Balance at April 1, 2024	195,169	—	195,169
Amortization for the year	6,877	—	6,877
Disposals and retirements	(339)	—	(339)
Balance at March 31, 2025	**201,707**	**—**	**201,707**
Carrying amounts at March 31, 2025	**$ 32,158**	**$ 6,322**	**$ 38,480**

12 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 final average salaried defined benefit 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 their final average salary, defined as 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 actuarial risks such as 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. Additionally, a member of the Audit Committee serves as the Board Representative for the Pension Committee. The Pension Committee, consisting of designated management and employee representatives, is delegated specific responsibilities for the administration and oversight of the plans.

Plan A's strategic asset mix outlined in section (d) of this note is integral to risk management. Investment policies are reviewed at least annually, and asset-liability studies are conducted every three to five years. In accordance with the relevant regulations, the Corporation follows the investment guidelines of the PBSA for defining permissible investment activities for money held in trust, including investment in assets subject to foreign currency risk.

(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.

For the year ended March 31, 2026 (in thousands of Canadian dollars)

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 $14,587 to Plan A in the year ending March 31, 2027.

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

(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)	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**
Balance at April 1	$ 468,056	$ 419,645	$ (522,307)	$ (452,619)	$ (54,251)	$ (32,974)
Included in income						
Current service cost	21,870	17,622	—	—	21,870	17,622
Interest cost (income)	22,919	21,241	(24,723)	(22,276)	(1,804)	(1,035)
Administration cost	—	—	354	351	354	351
	44,789	**38,863**	**(24,369)**	**(21,925)**	**20,420**	**16,938**
Included in other comprehensive income						
Re-measurements loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	—	—	—	—	—	—
Financial assumptions	(32,873)	12,613	—	—	(32,873)	12,613
Experience adjustments	(37)	6,000	—	—	(37)	6,000
(Return) loss on plan assets excluding interest income	—	—	2,449	(40,829)	2,449	(40,829)
	(32,910)	**18,613**	**2,449**	**(40,829)**	**(30,461)**	**(22,216)**
Other						
Contributions paid by the employer	—	—	(16,539)	(15,999)	(16,539)	(15,999)
Contributions paid by the employee	4,426	4,292	(4,426)	(4,292)	—	—
Benefits paid	(14,335)	(13,357)	14,335	13,357	—	—
	(9,909)	(9,065)	(6,630)	(6,934)	(16,539)	(15,999)
Balance at March 31	**$ 470,026**	**$ 468,056**	**$ (550,857)**	**$ (522,307)**	**$ (80,831)**	**$ (54,251)**

Represented by:	**2026**	**2025**
Net defined benefit asset (Plan A)	$ (136,065)	$ (109,795)
Net defined benefit liability (Plans B and C)	55,234	55,544
	$ (80,831)	**$ (54,251)**

For the year ended March 31, 2026 (in thousands of Canadian dollars)

(d) Plan assets

Plan assets are comprised of:

	2026	2025
Global equities		
Information technology	$ 57,639	$ 58,261
Financials	44,256	54,374
Industrials	25,704	22,162
Health care	23,776	28,874
Consumer discretionary	23,016	28,233
Communication services	18,584	16,414
Consumer staples	12,031	15,806
Other	24,127	29,556
	229,133	**253,680**
Private equities	**95,748**	**96,607**
Infrastructure	**56,162**	**53,304**
Long term bonds		
Government	75,321	53,708
Corporate	21,641	19,037
	96,962	**72,745**
Real return bonds		
Government	**70,401**	**45,183**
Cash and accruals	**2,451**	**788**
Total Plan Assets	**$ 550,857**	**$ 522,307**

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.

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. Overall, the portfolio of Plan A's assets is managed within the parameters of the strategic asset mix comprising of 50% to 70% return seeking assets, 30% to 50% liability hedging assets, and up to 5% cash and cash equivalents.

Recent geopolitical uncertainty and the resulting economic volatility may impact other market price risk. Unexpected volatility or illiquidity could occur due to legal, political, regulatory, economic or other developments and may impair the investment manager's ability to carry out the objectives of the funds or cause the funds to incur losses. Neither the duration nor ultimate effect of any such market conditions, nor the degree to which such conditions may worsen, can be predicted. The investment managers adhere to the parameters of the strategic asset mix in relation to asset class and diversification, thus minimizing exposure to other market price risk.

(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 3(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, 2026. The next required actuarial valuation for funding purposes, as at December 31, 2025, is underway, and the funded status of Plan A is expected to be 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, 2026.

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 1, 2024. The defined benefit obligation for Plan C has been based on this valuation, with adjustments made for cash flows and material events to March 31, 2026. In addition, assumptions have been reviewed and assessed at the reporting date.

For the year ended March 31, 2026 (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	
	2026	2025	2026	2025
Discount rate:				
Defined benefit obligation	5.10 %	4.70 %	5.10 %	4.70 %
Benefit cost	4.70 %	4.90 %	4.70 %	4.90 %
Rate of compensation increase for the fiscal year	Plan A 3.25 % Plan B 2.00 %	Plan A 3.25% Plan B 3.25%	—	—
Future compensation increases	Plan A 3.25 % Plan B 2.00 %	Plan A 3.25% Plan B 3.25%	—	—
Inflation	2.00 %	2.00 %	—	—
Initial weighted-average health care trend rate	—	—	4.79 %	4.85 %
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	23.0	22.9	23.0	22.9
Female	25.3	25.3	25.3	25.3
Retiring in 20 years				
Male	24.0	23.9	24.0	23.9
Female	26.2	26.2	26.2	26.2

At March 31, 2026, the weighted-average duration of the defined benefit obligation was 13.5 years (2025: 14.2 years).

ii. Sensitivity analysis

Changes at March 31, 2026 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			
	2026		2025	
	Increase in	Decrease in	Increase in	Decrease in
Discount rate (1% movement)	$ (57,335)	$ 72,146	$ (60,142)	$ 76,483
Future compensation increase (1% movement)	19,119	(17,124)	18,230	(16,316)
Inflation (1% movement)	23,792	(21,866)	23,644	(21,661)
Health care cost trend rate (1% movement)	6,254	(5,079)	6,514	(5,269)
Future mortality (10% movement)	(7,792)	8,457	(7,926)	9,458

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 provides an approximation of the sensitivity of the assumptions shown.

For the year ended March 31, 2026 (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, 2026 by member group, expressed as a percentage, is as follows:

Defined benefit obligation	2026	2025
Active members	54 %	54 %
Deferred vested members	5 %	5 %
Retirees	41 %	41 %
	100 %	**100 %**

13 Prizes payable

	2026	2025
Lottery games	$ 23,031	$ 23,404
Progressive jackpots	9,213	9,274
	$ 32,244	**$ 32,678**

14 Accounts payable, accrued and other liabilities

	2026	2025
Accrued expenses	$ 67,347	$ 59,581
Trade payables	38,991	28,952
Player accounts liability	26,889	27,662
Gaming chips and vouchers liability	22,154	20,557
Indirect tax payable	7,357	5,897
Security deposits payable	3,704	3,653
Due to Interprovincial Lottery Corporation	2,854	1,883
	$ 169,296	**$ 148,185**

Accounts payable, accrued and other liabilities include player accounts liability and security deposits payable, for which the related cash is internally restricted by the Corporation (note 6).

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, 2026, gross accounts payable, accrued and other liabilities of $209,647 (2025: $186,219) were offset against accounts receivable in the amount of $40,351 (2025: $38,034), resulting in a net balance of $169,296 (2025: $148,185) 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).

For the year ended March 31, 2026 (in thousands of Canadian dollars)

15 Short-term financing

2026									
Type	**Repayment**		**Principal**		**Interest**	**Rate**	**Maturity**		**Outstanding**
Government of British Columbia loans (unsecured)	Single installment	$	49,999	$	101	2.11 %	April 10, 2026[1]	$	50,071
	Single installment		50,010		95	2.16 %	April 17, 2026[1]		50,055
	Single installment		9,955		17	2.50 %	April 24, 2026[1]		9,957
		$	**109,964**	**$**	**213**			**$**	**110,083**

[1] Repaid and refinanced within the normal course of operations subsequent to March 31, 2026

2025									
Type	**Repayment**		**Principal**		**Interest**	**Rate**	**Maturity**		**Outstanding**
Government of British Columbia loans (unsecured)	Single installment	$	49,975	$	125	2.60 %	April 9, 2025	$	50,068
	Single installment		30,033		67	2.45 %	April 16, 2025		30,068
	Single installment		50,082		95	2.47 %	April 25, 2025		50,093
		$	**130,090**	**$**	**287**			**$**	**130,229**

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

		2026		**2025**
Balance at April 1	$	130,229	$	110,297
Changes from financing cash flows				
Proceeds from borrowings		1,630,656		1,615,777
Repayment of borrowings		(1,650,784)		(1,595,738)
Total changes from financing cash flows		**(20,128)**		**20,039**
Other changes				
Interest expense net of capitalized borrowing costs	$	3,135	$	4,733
Interest paid		(3,207)		(5,492)
Capitalized borrowing costs		54		652
Total other changes		**(18)**		**(107)**
Balance at March 31	**$**	**110,083**	**$**	**130,229**

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

For the year ended March 31, 2026 (in thousands of Canadian dollars)

16 Deferred revenue

Deferred revenue includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. These performance obligations pertain to Administered Games as described in note 3(i). The amounts recorded below are expected to be recognized as revenue by the Corporation within 12 months. All deferred revenue at March 31, 2025 has been recognized as revenue during the year ended March 31, 2026.

	2026	2025
Lottery games	$ 2,747	$ 3,327
Other	641	660
	$ 3,388	**$ 3,987**

17 Unsettled wagers

Unsettled wagers include revenue expected to be recognized in the future related to outcomes on Wagered Games as well as customer loyalty programs, as described in note 3(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.

	2026	2025
Customer loyalty programs	$ 2,906	$ 3,197
Sports betting	1,236	1,209
Lottery games	900	1,089
Other	295	279
	$ 5,337	**$ 5,774**

18 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 23), 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. 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.

	2026	2025
Balance at April 1	$ 136,738	$ 190,104
Net income after provision for payments to the Government of Canada	1,359,662	1,394,827
Distributions paid	(1,372,328)	(1,448,193)
Balance at March 31	**$ 124,072**	**$ 136,738**

For the year ended March 31, 2026 (in thousands of Canadian dollars)

19 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.

	2026	2025
Balance at April 1	$ 2,926	$ 3,173
Additions and effect of discounting	728	38
Uses	(329)	(285)
Reversals	(568)	—
Balance at March 31	**$ 2,757**	**$ 2,926**

20 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)

For the year ended March 31, 2026 (in thousands of Canadian dollars)

21 Revenue

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

2026	Wagered Games	Administered Games	Total
Slot and table games	$ 2,123,850	$ 31,249	$ 2,155,099
Lottery games	238,712	346,431	585,143
Sports betting	34,884	861	35,745
Bingo games	—	18,462	18,462
Gaming revenue	**$ 2,397,446**	**$ 397,003**	**$ 2,794,449**
Non-gaming revenue	**—**	**—**	**42,882**
Total revenue			**$ 2,837,331**

2025	Wagered Games	Administered Games	Total
Slot and table games	$ 2,090,550	$ 32,388	$ 2,122,938
Lottery games	215,146	374,303	589,449
Sports betting	30,088	698	30,786
Bingo games	—	19,046	19,046
Gaming revenue	**$ 2,335,784**	**$ 426,435**	**$ 2,762,219**
Non-gaming revenue	**—**	**—**	**41,108**
Total revenue			**$ 2,803,327**

For the year ended March 31, 2026, gains on the expiry of prizes payable of $9,047 (2025: $10,508) are included in revenue. In addition, losses of $13,210 (2025: $669) arising from differences between theoretical prize estimates and actual prize payouts for draw-based lottery games for which the Corporation earns a variable commission are included in revenue.

22 Net financing costs

	2026	2025
Interest on short-term financing	$ 3,189	$ 5,385
Interest on lease liabilities	1,116	1,211
Capitalized borrowing costs	(54)	(652)
Interest income	(2,660)	(3,478)
	$ 1,591	**$ 2,466**

23 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.

24 Contingencies

From time to time, the Corporation is party to legal proceedings, regulatory matters 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, which must be approved by B.C. Government Risk Management Branch. These indemnifications typically require the Corporation to compensate the other party for certain damages and costs incurred as a result of third-party claims. Due to the nature of these agreements, the Corporation cannot reasonably estimate the maximum amount it could be required to pay its suppliers; therefore, no amount has been recognized in the financial statements for these indemnifications. Historically, the Corporation has not made any significant indemnification payments under such agreements.

For the year ended March 31, 2026 (in thousands of Canadian dollars)

25 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 real estate leases (note 9), loan agreements (note 15), and distributions to the Government of British Columbia (note 18). 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 26).

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:

	2026	2025
Short-term employee benefits[1]	$ 2,742	$ 2,783
Post-retirement benefits[2]	245	260
Termination benefits	1,072	—
	$ 4,059	**$ 3,043**

[1] Salaries and non-cash benefits

[2] Contributions to the Registered Pension Plan and amounts for the Supplementary Pension Plan outlined in note 12

The Corporation is also related to the pension and post-retirement defined benefits plans. Transactions with these plans are disclosed in note 12.

26 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.*