

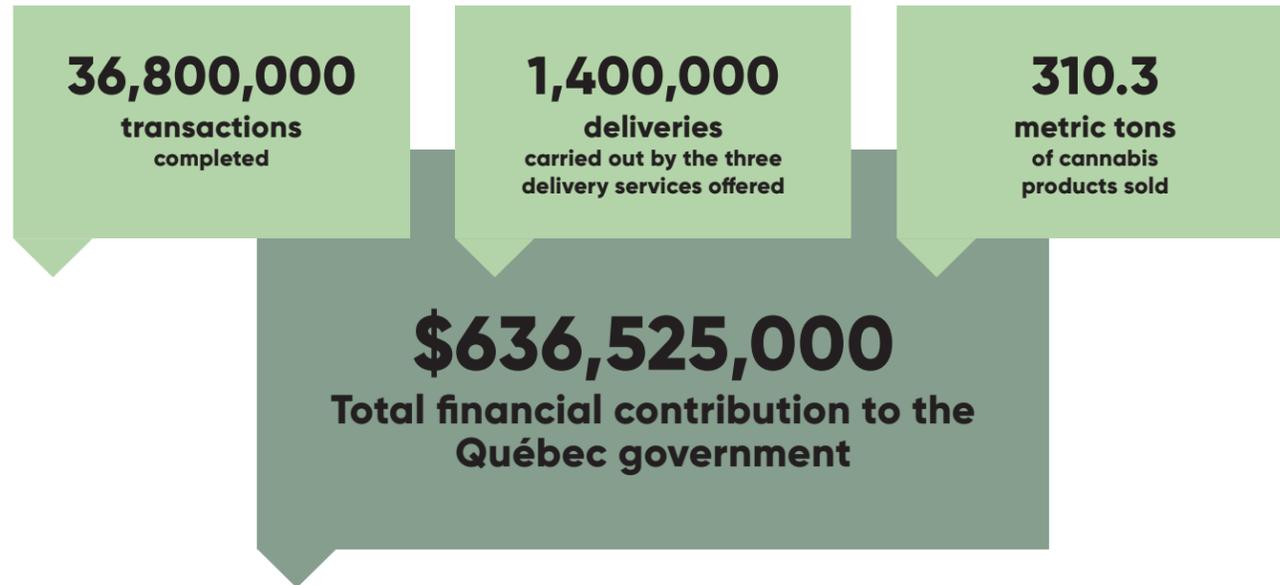
Strategic Plan 2024-2026



For
responsible
consumption

Our business at a glance

Over the last three fiscal years (the period covered by our Strategic Plan 2021-2023)¹



At present²



1. These figures include the results of the first two years of the Strategic Plan 2021-2023 and provisional data for fiscal 2023, which was in progress as this plan was being drafted.

2. As at December 15, 2022.

Introduction



Canada's legal cannabis industry is seeing strong growth in product availability nationwide. Its offer is now well established from coast to coast.

It is in this context of abundance and even oversupply that the Société québécoise du cannabis (SQDC) does business today. To continue capturing an ever-greater share of the market, the government corporation is maintaining its efforts to fulfill its mission, namely to sell cannabis products with a focus on health protection. As its first strategic plan concludes at the end of fiscal 2023, the company now needs to identify the challenges that are part of its new reality. Accordingly, this Strategic Plan 2024-2026 sets out the areas that will be the focus of the SQDC's efforts over the coming three years.



Message

from the Chair of the Board of Directors

The SQDC is driven by the firm desire to carry out its mission while also protecting the health and safety of the Québec public.



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The Société québécoise du cannabis (SQDC) was created in 2018 and mandated to legally sell and distribute cannabis with a focus on protecting users' health at the start of a new era, that of the legalization of cannabis in the country. Though everything had to be built from the ground up, the SQDC's mission, established in the *Cannabis Regulation Act*, provided the necessary guidance regarding the company's operations and governance.

Today, four years after cannabis became legal in Canada and at the end of the period covered by the SQDC's first strategic plan, the company has done exactly that: it has created a new government corporation that is well performing and responsible, unique in Canada and even the world, all while remaining focused on reducing the adverse effects of post-legalization cannabis use.

The SQDC is driven by the firm desire to carry out its mission while also protecting the health and safety of the Québec public. With this in mind and as it embarks on the next three-year period, it has rethought its approach in order to capture even more of the illegal market. For the last several months, the members of the SQDC's Board of Directors and senior management team have worked to develop the three main orientations of its Strategic Plan 2024-2026. They have analyzed trends, studies and the available results. They have also consulted with stakeholders of all stripes and involved the SQDC's teams and partners.

I want to thank each of the people who took the time to share their thoughts with us and thereby enrich the process.

As was the case for its predecessor, implementing this strategic plan will be achieved because of the bonds of trust that the company continues to form and strengthen with cannabis users, with its customers and collaborators and, more broadly, with Québec society. The ongoing effort to capture the illegal cannabis market will be maintained through the only legal distribution channel in Québec, the SQDC.

In anticipation of this promising future for the company, the members of the SQDC's Board of Directors commit to assisting the Management Committee in implementing the Strategic Plan 2024-2026. The Board will support the organization in carrying out its mission efficiently and effectively, always favouring the protection of the public's health and playing a key role in the province's cannabis ecosystem. It is by continuing to act with the utmost responsibility and in keeping with its core values that the SQDC will establish itself as Québécois' trusted destination for cannabis.

Johanne Brunet
Chair of the Board of Directors

Message

from the President and
Chief Executive Officer

Our mission is key for our teams and has been since our earliest days. It is both our raison d'être and the compass that guides our day-to-day initiatives. That it is also the cornerstone of this, our second strategic plan, is entirely natural.



At the Société québécoise du cannabis (SQDC), everything starts with our teams. It is due to the efforts made by all my colleagues over the last four years that the SQDC has become the benchmark in the responsible cannabis industry, a status that extends well beyond the borders of *la belle province* of Québec. During this time, we have, among other things, developed a competitive and relevant product offer that is accessible to all cannabis users across the province through our large network of stores and our various home delivery services.

Migrating cannabis users to the SQDC, the only legal sales channel in Québec, and keeping them there without stimulating demand: that is our mission. But while we can be proud of our success at capturing more than half the estimated market, we still have much work to do.

At a time when the illegal market remains active, when the job market in Québec and elsewhere is undergoing a transformation and when our obligation to act responsibly and set an example remains unchanged, we must now ensure that, in addition to being accessible, we are always the choice of cannabis users. Whether they are SQDC customers, other cannabis users or citizens who still have questions regarding the relevance of our business, we intend to rely on an inclusive approach. Accordingly, our vision is to *be your trusted destination for cannabis*.

The strategic plan you hold between your hands has three main, inter-connected aims. First, we want to *engage our teams*, since everything starts with them. Our engaged teams will *serve our customers* in ways that ensure we are increasingly their preferred choice. Lastly, we want to *raise the profile of the SQDC* and its finely balanced approach so our organization makes sense to all Québécois.

This second strategic plan is the result of the work and reflection of all our teams, our Board of Directors and our stakeholders. Each of them has helped advance our thinking and bring our project to fruition. I want to offer my sincere thanks to all who have contributed to this new plan, which more than ever reflects who we are and what we hope to become.

I hope you enjoy reading it.

Jacques Farcy
President and Chief Executive Officer



Retrospective

The first strategic plan of the Société québécoise du cannabis (SQDC) was prepared and implemented when the country's legal cannabis industry was in its infancy. As a result, its central element was the accessibility of our offer of products and services, which allowed the organization to lay the foundation for fully carrying out its mission.

This goal has been achieved, as the SQDC is now, through its stores and transactional website, accessible to customers across Québec. At the end of the three years covered by its first strategic plan (2021-2023), a period during which the government corporation succeeded in capturing more than half of the estimated illicit cannabis market, a clear conclusion can be drawn: **the Québec model for legal cannabis sales works.**

Over the last three years, the SQDC has laboured to **establish its retail network**, always with the aim of improving both **accessibility and the customer experience**.



Target objective
98
stores

When launched, the first strategic plan set the objective of having 98 SQDC stores open for business, with at least one store in each of the province's administrative regions.

To continue converting users to the legal market, the company has adopted a strategy favouring accessibility and an enhanced customer journey through each point of contact with the SQDC.

The organization accomplishes this by operating a transactional, informational and educational website that it continuously updates and improves. The site's user experience makes it easy for customers to inform themselves and helps them opt for responsible, informed use. For example, the company has added a real-time online chat function staffed by actual advisors.

The SQDC now offers a range of delivery options to meet customers' needs, including regular delivery and same-day express delivery. At the end of the period covered by the preceding strategic plan, a 90-minute delivery option was being pilot-tested in municipalities in several administrative regions, most notably the Québec City, Mauricie and Saguenay-Lac-Saint-Jean regions. The reuse rate for the delivery service during the period covered by the first strategic plan was on the order of 40%.¹

By opting for the Pick Up in Store service, customers can also take delivery of their online purchases at the store of their choosing. This option provides a quick and free alternative to our paid delivery services.

To meet customer expectations, the SQDC also made sure it has a competitive offer.

+

76%
Overall customer satisfaction rate regarding the product offer

Although supply chain issues were real in the early days, the company has since built a product offer that, in terms of quality and safety, exceeds that of the underground market. Tellingly, customers' overall average satisfaction rate with the SQDC's product offer rose to 76% for the 2021-2023 period, well above the target 71%. However, it should also be noted that the SQDC does not offer all types of products available on the illegal markets, as the nature of some cannabis products is incompatible with the laws and principles that guide the company, such as not attracting customers under 21 years old.

Nonetheless, the organization has assembled a varied offer within its various product categories, especially with respect to the diversity of types of product offered, container size and volume, retail prices and THC and CBD content. To the product categories available when its first stores opened, the SQDC has also added hash, beverages, concentrates and edibles.

The SQDC remains attentive to its customers and also to the market as a whole. This is why it has, among other things, created the Québec Grown identifier, which lets customers seeking products made with cannabis mostly grown in Québec to find them among all the products in its catalogue. At the end of 2022, the products bearing the identifier made up approximately 42%² of the product categories covered by the Québec Grown program.

As the only legal sales channel for cannabis in Québec, the Société québécoise du cannabis feels duty bound to respond to consumer demand for cannabis products in all forms. In developing its product catalogue, categories on offer and supplier portfolio, the government corporation has remained fully faithful to its mission, including not carrying products likely to appeal to young people. To properly guide its customers through its offer, the company trains its advisors on a continuous basis. Indeed, providing sound guidance based on an irreproachable sales ethic is one of the organization's great strengths.

Responsible development has been another of the SQDC's constant concerns since the company's creation, as responsibility is one of the organization's four core values as well as an integral part of its mission.

+

\$235 million¹
Contribution to the Fonds de lutte contre les dépendances

This being the case, the company has developed and adopted a Corporate Social Responsibility Plan (CSR plan) that covers the same three years as its strategic plan. The SQDC's CSR plan 2024-2026 builds on the actions taken under the preceding plan and will allow the company to make further progress in areas including eco-responsible containers, residual materials management, the responsible procurement of goods and services and training employees about responsible use, to name only these.

Each of the initiatives taken by the SQDC is designed and implemented in the most responsible manner possible. By enabling the company to meet the indicators of its first strategic plan, the initiatives have raised its contribution to the Fonds de lutte contre les dépendances, the cannabis sales revenue fund, part of which is reinvested in cannabis-related research and protection efforts, to \$235 million.¹ These results exceed the overall objective of \$206 million that the SQDC had set for itself.

At the end of the three years covered by its first strategic plan, the SQDC is proud of its success with each of the plan's three main aims: expanding its network, building a competitive offer and promoting responsible development. The company notes that social acceptance of its mission is now much greater and that customers' expectations are better understood. It seems clear that, to continue converting illegal market users to the legal market while promoting responsible use, the company can no longer simply be present and accessible but must also remain attentive to the cannabis industry and its markets and constantly evolve toward even greater relevancy. As was the case for the SQDC's first strategic plan, the company's mission is in many ways the North Star that has guided the development of this new strategic plan and all the initiatives arising from it. In preparing its Strategic Plan 2024-2026, the company has given itself the latitude to question and review its approach, the better to fulfill its mission.

1. This percentage corresponds to the number of customers who have used SQDC delivery services at least twice in the 2021-2023 period.

2. This percentage is based on the number of products bearing the Québec Grown identifier in December 2022.

1. This figure includes the net earnings from the first two years of the Strategic Plan 2021-2023 and the provisional data for fiscal 2023, which was in progress as this plan was being drafted.

What guides the SQDC

Our mission,
as defined
by law

Our vision,
renewed

Our values,
which have
steered our
teams since
our founding

Sell cannabis products in conformance with the **Cannabis Regulation Act** and with a focus on health protection in order to attract and retain users from the illegal cannabis market without encouraging cannabis use.

Be the **trusted destination** for cannabis

- 1 by reaffirming the central roles of our mission so we can continue capturing the illegal market;
- 2 by always considering our customers and other cannabis users in developing our business, the better to integrate them into the legal market;
- 3 by enlightening the public to increase their confidence in us and secure their support for our role; and
- 4 by counting on our teams to contribute to fulfilling our mission.

Responsibility

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

Simplicity

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

Proximity

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

Excelling

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



Challenges

Challenge 1

Accelerated transformation of the job market

In recent years, we've seen a clear shift in the job market. All companies, including retailers, now have to contend with an ongoing labour shortage.

According to the 2022 white paper of the Forum économique de la relève d'affaires (FERA), people have an increasing number of job options, allowing them to be more demanding of their employer. Job-hopping has also surged across North America, with a growing number of workers leaving their current positions even before they've found another. For this reason if no other, it is essential for organizations to remain attractive not only to their existing employees but also to the people who join their teams in the future.

Besides establishing, actualizing and skillfully promoting their employer brand, companies need to make a priority of being proactive: outside the company to attract new talent and inside the company to foresee and understand employees' expectations to retain personnel. The Société québécoise du cannabis is no exception to the rule.

Besides dealing with these external realities, the SQDC is undergoing a shift of its own. The company has entered the next phase of its growth. It is **no longer in the new-company or start-up phase** because it now exerts influence and plays an important role in the market, albeit while not yet having reached full organizational maturity.

In a context where the SQDC's corporate culture is still being defined, its structure should be allowed to evolve and its teams to grow. As the teams are crucial to fulfilling its mission, the company also needs to develop new ways of engaging and mobilizing its people. Such an evolving organization will have to favour transversality (the breaking down of organizational silos) as well as collaboration among employees, two major trends in the current job market.

In short, the rapid transformation of the job market and of the expectations of in-house teams are major issues for the SQDC. According to a 2022 engagement survey of all SQDC employees, nearly three-quarters of respondents said they were satisfied with their job. However encouraging this result may be, the company must constantly remain on the lookout for new strategies to engage its teams and favour their personal growth.

Challenge 2

Rapid evolution of the cannabis market

The Canadian legal cannabis industry is booming. Its offer is characterized by diversity and the arrival of innovations in the market as well as overproduction, exerting downward pressure on prices.



Approximately
300 metric tons¹
of cannabis
purchased by Québecers
at the SQDC

Over the period covered by the SQDC's Strategic Plan 2021-2023, Québec consumers purchased some 300 metric tons¹ of cannabis from the SQDC instead of the illegal market. It should be borne in mind that, while the migration curve of the first years was encouraging, the legal sale of cannabis remains a new purchase channel for customers who until recently dealt only with illegal suppliers. In other words, the SQDC needs to be alert to the sensitivity and fragility of customers' buying behaviour only four years after cannabis was legalized.

Although it is difficult to precisely determine the size and scope of the illegal market, it surely remains very active. Completely unregulated and lacking a health protection mandate, the product offer and distribution models found in the illegal markets can hold great appeal for cannabis users. These individuals are sought out by underground sellers who offer a wide array of product categories, including some not sold by the SQDC, and products with a higher THC content. Several illicit sellers use strategies designed to convince users that their cannabis products are sold legally. They can even give the impression that they are specialists in the field, despite their goods coming with no assurance of quality or safety and being sold in illegal environments.

It is important to remember that the **Société québécoise du cannabis** is the only legal cannabis distributor in the province.

Moreover, due to its responsiveness and evolving nature, the illegal market appeals to users' clear desire to explore and buy new categories of cannabis products, a notable aspect of current consumer demand. For example, according to the 2022 Enquête québécoise sur le cannabis, cannabis vaping products and drinks are gaining popularity while traditional inhaled methods of use are on the decline. Obviously, in developing its product offer, the SQDC needs to take such customer expectations into account while also doing nothing to encourage use. Based on input from its customers, the SQDC has come to appreciate that they are keen to receive even more information, guidance and advice.

To further its mission of converting users in this evolving industry, the company must remain attentive to its customers and, more broadly, to all cannabis users, including those who buy on the illegal market.

Challenge 3

Social acceptability of our mission

The mission of the **Société québécoise du cannabis** is to sell cannabis with a focus on health protection in conformance with the *Cannabis Regulation Act* in order to attract users to the legal cannabis market and retain them there without encouraging cannabis use.

This mission is what has consistently guided the SQDC in all its actions since its founding: it is the very essence of its being.

It should be noted that the SQDC has existed only since 2018 and that part of the public still does not fully appreciate its model and mission. Though committed to reaching its objective of protecting the public's health, the company sells a product that is far from ordinary. A better understanding of its mandate and approach is essential if the SQDC is to fulfill its mission.

Because it is essential for the company to remain attentive to all Québecers, the SQDC carries out an annual survey of the general public to measure society's perception of its role and approach. Although only 20% of Québecers are cannabis users, the results of the 2022 survey show that 70% of respondents and, by extension, of the general public feel the occasional use of cannabis for non-medical purposes is socially acceptable, a figure slightly under 50% when cannabis was legalized. Beyond this social acceptability, some three-quarters of Québecers say they agree with the SQDC's social mission.

Though this indicator shows good progress compared with the period covered by the first year of its first strategic plan, the young government corporation still needs to ensure a larger number of citizens view its mission favourably. In the coming years, the SQDC should therefore work to increase Québecers' awareness of it so it can educate them about its social role. The company should also address the public's concerns in order to demystify what constitutes responsible cannabis use while not in any way promoting such use.

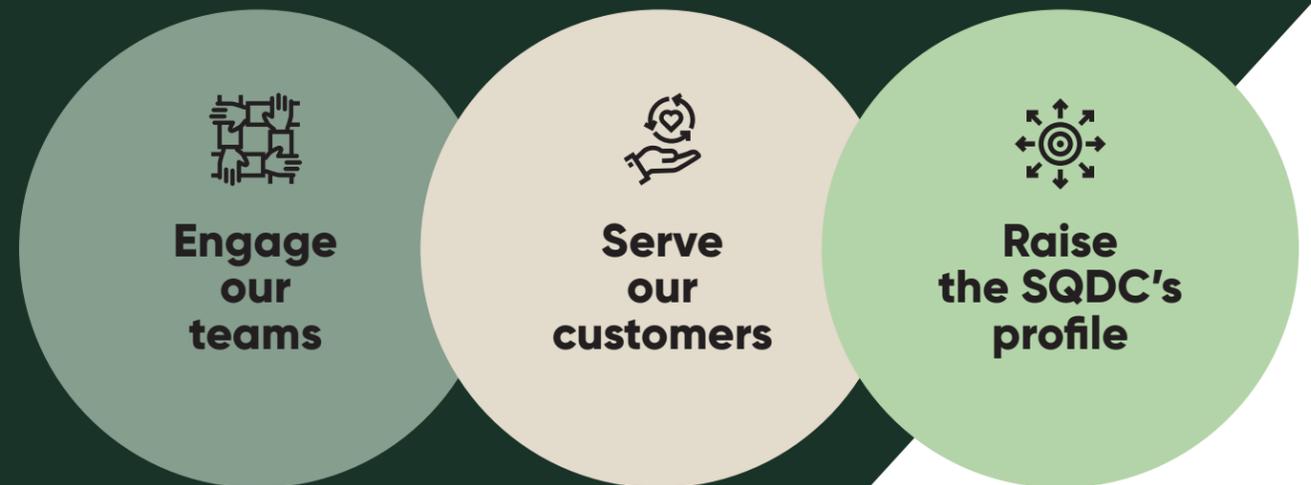
In a similar vein, the company should remain attentive to its stakeholders and work with them to increase the social acceptability of its mission. Whether through prevention and research, the efforts of public security organizations, education and communication or suppliers' development of relevant, controlled products, each of the cannabis industry actors that the SQDC collaborates with plays a key role in protecting consumers' health and thus in fulfilling the company's mission.



1. This figure includes the sales from the first two years of the Strategic Plan 2021-2023 and the provisional data for fiscal 2023, which was in progress as this plan was being drafted.



Strategic orientations





Strategic orientation 1

Engage our teams

Challenge

Accelerated transformation of the job market

Strategy		Overall indicators	Target 2023-2024	Target 2024-2025	Target 2025-2026
1.1	Develop an employer brand and an organizational culture 2.0	Employees' overall satisfaction with their job ¹	70%	72%	74%
1.2	Focus on developing our teams while remaining true to our mission	Employees' satisfaction with opportunities for personal development and contributing to the SQDC's success ¹	65%	67%	69%
1.3	Attract and retain a diversity of talent	Employee net promoter score ¹	10	12	15
1.4	Upgrade our structuring systems	Number of projects implemented since the launch of the Strategic Plan	1	2	3

At the Société québécoise du cannabis (SQDC), our teams are our greatest assets. Through their involvement and engagement as well as the key role they play for our customers, they are fundamental to all our initiatives. Whether in stores and at head office, our engaged teams are the engine that enables us to continue carrying out our mission, that of migrating cannabis users to the SQDC and retaining them as customers, all while maintaining a focus on health protection. For this reason and because we are fortunate to be writing this next chapter with them, an entire pillar of our Strategic Plan 2024-2026 has been devoted to them.

After the boom of the first years, we will concentrate a large part of our efforts on evolving our culture toward one of learning and knowledge-sharing, a culture rooted in collaboration and proximity management. This so-called culture 2.0 will fit naturally with our values of proximity, simplicity, responsibility and excelling. Incidentally, in 2022, 82% of our employees said they felt they were making a direct contribution. What's more, 78% consider our mission to be inspiring and 83% say they feel they have directly contributed to fulfilling it. Building on this sentiment, we will continue developing not only our expertise in the cannabis field but also our unique organizational model in which our mission and values are major drivers of engagement.

Always seeking to move toward a culture of proximity, we will keep on holding consultation tables with our teams to ensure they remain at the forefront of our decisions. Together we will define the pillars of the employee experience, including the promises we make to further the professional development of each of the individuals who make up the organization. In this way, the Société québécoise du cannabis will continue progressing toward what it aspires to be as an employer, building an employer brand that is uniquely its own and that makes the company unique and makes people want to work for it.

This brand will reflect the experience of our team members and of our future colleagues. It will foster team cohesion and employee retention and it will attract talent.

In a similar vein, one of our priorities for the three coming years will be to move forward with our *Cultiver nos talents* initiative, a key element of our organizational development that aims to encourage personal and professional development within the company. In doing so, we intend to maintain and expand our leadership training program, which guides team members to acquire positive proximity leadership skills as part of their duties. At the same time, we will favour an approach based on the recognition and continuous improvement of each in-house collaborator's contribution to the SQDC's success.

Through such a distinctive and inclusive corporate culture, a well-defined employer brand and the many programs enabling employees to achieve their full potential, the company hopes to inspire a diversity of talent, professional advancement and the involvement of all team members in its corporate projects. To measure the success of these initiatives, we will look at the overall level of job satisfaction, the target for which is 74% in the final year of the plan. We will also focus on the employee net promoter score, our objective being 15 by the end of the plan, meaning a majority of employees would recommend the SQDC as an employer. This is because we know there are no better ambassadors than our team members. We also appreciate that they are key to the ongoing success of our recruitment activities.

Lastly, we will develop and upgrade structuring systems that support our decision-making and the conduct of our operations. These systems will help us meet current and future organizational needs. In an industry as young as ours, we need to ensure the longevity and sustainability of our technology ecosystems in order to provide team members with all the resources they need to work efficiently and agilely.

1. These results come from SQDC-commissioned surveys of its employees and customers and the Québec public.



Strategic orientation 2

Serve our customers

Challenge

Rapid evolution of the cannabis market

Strategy

Overall indicators		Target 2023-2024	Target 2024-2025	Target 2025-2026	
2.1	Dynamize the customer experience	Overall level of customer satisfaction ¹	69%	70%	71%
2.2	Expand our market coverage	Annual sales in metric tons	124 MT	128 MT	130 MT
2.3	Develop a relevant product offer while carrying out our health protection mandate	Level of satisfaction with the promise to provide access to products and services desired by customers ¹	56%	57%	58%
2.4	Maintain a quality-price ratio attuned to our customers	Level of satisfaction with the promise to charge a fair price for the product selected by the customer ¹	54%	55%	56%

To carry out our organization-driving mission of converting users of the underground market to the legal market, we must continue making consumers aware of the importance of reasonable cannabis use. This means we have to position the SQDC as the only purchase destination with products guaranteed to be controlled as well as to meet customers' expectations regarding products, advice and the buyer's journey. It is only by properly serving customers that we will succeed in continuing to capture the underground market and fulfilling our role of protecting Québecers' health.

To provide an experience and service that satisfy customers and deliver on what they view as priorities and deciding factors, we have developed four customer promises we are committed to upholding over the three years covered by our second strategic plan: offer choice and service attuned to customers; provide a simple, straightforward shopping experience; maintain an adequate quality-price ratio; and offer sound guidance and support.

With this aim, we will work to develop our offer so it is comprised of products whose features, diversity and availability make them more relevant and competitive than those in the illegal market. While we will maintain our focus on health protection, meeting customers' expectations will be foremost in our decision-making, as this is the best way to ensure we are always the seller of choice. To satisfy customers, we want to be sure the SQDC carries what they are looking for. As a corollary, we commit to offering a fair quality-price ratio aligned with our mission. This is how we will continue capturing the illegal market without commodifying cannabis use. It will be necessary to educate customers regarding the added value of our products as opposed to those of the underground market, which are untested and uncontrolled and which come with no assurance they are what they claim to be.

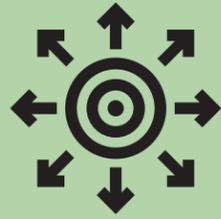
In fulfilling these promises, we will rely primarily on a strategy to dynamize the customer experience on the greeting and guidance fronts while, of course, remaining in alignment with our ethics framework. We will take on this challenge by rethinking the buyer's journey, which until now has been built mainly around the operational aspects of customer service, and by reviewing how our product offer is presented within it.

This rethinking will also focus on dynamizing our advisory service, whether provided in stores or via the online chat function, and on how we guide customers toward the product or products best suited to them. From the beginning to the end of the customer path, we will see that our service stands out for its human touch and personalization. By the end of the Strategic Plan 2024-2026, we aim to achieve an overall customer satisfaction level of 71%.

At the same time, we will improve the training provided to our advisors to better equip them to answer customers' new questions and meet customers' expectations around products and use. In delivering sound advice consistent with the principles of our sales ethic, we will educate customers about features that can influence their experience and provide information like THC content and product price. Along the same lines, we will develop new information tools that customers can use to inform themselves in order to make a responsible choice.

Lastly, to expand our market coverage, we will work to expand accessibility to our current offer. Among other things, we will continue diversifying our delivery and pick-up services and look into ways of extending our presence across Québec. We will also maintain our efforts to facilitate access to our stores and transactional website.

¹ These results come from SQDC-commissioned surveys of its employees and customers and the Québec public.



Strategic orientation 3

Raise the SQDC's profile

Challenge

Social acceptability of our mission

Strategy		Overall indicators	Target 2023-2024	Target 2024-2025	Target 2025-2026
3.1	Play our essential health protection role in the cannabis ecosystem	▶ Number of activities in which the SQDC actively takes part	10	15	20
3.2	Be an evolving, balanced presence for citizens	▶ The public's level of support for the SQDC's mission ¹	75%	75%	75%
3.3	Bring our CSR process to fruition	▶ Percentage of CSR plan objectives reached	100%	100%	100%

We are aware of the leading role we play in the legal cannabis ecosystem in Québec and we appreciate the importance of remaining attentive to our stakeholders when determining the right paths to take in carrying out our mission, which combines selling cannabis with a focus on protecting public health. As a result, we will continue to be a responsible but competitive retailer that successfully takes on the very active illegal market.

To create a product offer attuned to our customers and in keeping with our mission, we will continue working closely with the cannabis industry and providing leadership to set high standards, always with the goal of supporting responsible use.

More broadly, we will remain attentive to Québec society as a whole. To obtain the status of being a trusted partner for all our stakeholders, we will meet with citizens, in particular by taking part in public activities. By opting for this type of direct contact, we hope to acquaint them with our vision, our achievements and our commitment to selling cannabis responsibly. A goal of participating in 20 such activities has been set for the final year of this plan.

Increasing communication between the SQDC and its customers will help us better understand their concerns, questions and comments. It is by maintaining openness, transparency and a constant dialogue that we will gain the trust of Québécois, most of whom agree with the SQDC model that Québec has chosen. We intend to closely monitor this agreement index and will strive to maintain the public's level of agreement with our mission at 75% over the next three years.

At the same time, the SQDC has adopted its second Social Responsibility Plan (CSR plan), which covers the same period (2024-2026) and aims to consolidate the initiatives launched in the 2021-2023 CSR plan. Training advisors on our sales ethic, which encourages responsible use, remains a key aspect of our commitment, along with our initiatives aimed at reducing the carbon footprint of our containers and packaging. Focused not only on the environment but also governance, the community and the involvement of our teams, the Social Responsibility Plan 2024-2026 advances all these new initiatives. More specifically, they will encompass residual materials management, cybersecurity, sustainability in organizational policy development and equity, diversity and inclusion. As responsibility is a core value of the Société québécoise du cannabis, we will make every effort to apply our CSR process to all company projects.

¹ These results come from SQDC-commissioned surveys of its employees and customers and the Québec public.

Expected financial results

Strategic plan

(millions of dollars)	Forecast 2022-2023	2023-2024	Change (%)	2024-2025	Change (%)	2025-2026	Change (%)	AAGR ¹
Net sales	604	677	12.2%	700	3.3%	709	1.3%	5.5%
Gross margin	190	214	12.4%	221	3.3%	224	1.3%	5.6%
Net expenses	95	122	27.6%	127	4.1%	133	4.7%	11.9%
Net earnings	95	92	(3.0)%	94	2.3%	91	(3.3)%	(1.4)%

Dividend paid to the Fonds de lutte contre les dépendances = \$277 million

Operating ratios

Gross margin to sales	31.5%	31.6%		31.6%		31.6%
Net earnings to sales ²	15.8%	18.0%		18.1%		18.7%
Net earnings to sales	15.7%	13.6%		13.5%		12.8%

(millions of dollars)	2023-2024	2024-2025	2025-2026
Government revenue (consumption taxes and excise duties)	195	219	230

At the end of the period covered by its Strategic Plan 2024-2026, the SQDC estimates that its net sales will total \$2.08 billion, corresponding to 383 metric tons of legally sold cannabis. The SQDC will thus continue fulfilling its mission while achieving stability in its rate of growth.

Its target contribution to the Québec government over the three years of the plan will total \$758 million, comprised of a \$481 million share of overall government revenue and a dividend of \$277 million that is also paid to the Québec treasury.

1. AAGR is the average annual growth rate corresponding to the geometric mean over three years, namely fiscal 2023-2024 to fiscal 2025-2026.

2. The increase in the net earnings to sales ratio is due mainly to large non-capitalizable information technology investments.

2024-2026 summary table

Our vision for 2024-2026

To be your trusted destination for cannabis

1	Orientation Engage our teams	Challenge Accelerated transformation of the job market
	Strategies	Overall indicators
		Target 2023-24 Target 2024-25 Target 2025-26
1.1	Develop an employer brand and an organizational culture 2.0	Employees' overall satisfaction with their job ¹
		70% 72% 74%
1.2	Focus on developing on teams while remaining true to our mission	Employees' satisfaction with opportunities for personal development and contributing to the SQDC's success ¹
		65% 67% 69%
1.3	Act and retain a diversity of talent	Employee net promoter score ¹
		10 12 15
1.4	Upgrade our structuring systems	Number of products implemented since the launch of the Strategic Plan
		1 2 3
2	Orientation Serve our customers	Challenge Rapid evolution of the cannabis market
	Strategies	Overall indicators
		Target 2023-24 Target 2024-25 Target 2025-26
2.1	Dynamize the customer experience	Overall level of customer satisfaction ¹
		69% 70% 71%
2.2	Expand our market coverage	Annual sales in metric tons
		124 MT 128 MT 130 MT
2.3	Develop a relevant product offer while carrying out our health protection mandate	Level of satisfaction with the promise to provide access to products and services desired by customers ¹
		56% 57% 58%
2.4	Maintain a quality-price ratio attuned to our customers	Level of satisfaction with the promise to charge a fair price for the product selected by the customer ¹
		54% 55% 56%
3	Orientation Raise the SQDC's profile	Challenge Social acceptability of our mission
	Strategies	Overall indicators
		Target 2023-24 Target 2024-25 Target 2025-26
3.1	Play our essential health protection role in the cannabis ecosystem	Number of activities in which the SQDC actively takes part
		10 15 20
3.2	Be an evolving, balanced presence for citizens	The public's level of support for the SQDC's mission ¹
		75% 75% 75%
3.3	Bring our CSR process to fruition	Percentage of CSR plan objectives reached
		100% 100% 100%

1. These results come from SQDC-conducted surveys of its employees and customers and the Québec public.

The SQDC Strategic Plan 2024-2026 is based on extensive consultation with managers, employees and stakeholders.

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