LGS Holdings Incorporated

Financial Statements
For the year ended March 31, 2025

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Independent Auditor's Report

To the Members of the
Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of LGS Holdings Incorporated (the "Company"), which comprise the statement of financial position as at March 31, 2025, and the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Regina, Saskatchewan
May 27, 2025

LGS Holdings Incorporated
Statement of Financial Position
As at March 31

(Thousands of Dollars)	Note	2025	2024
ASSETS			
Current assets:			
Cash		$ 3,358	$ 3,208
Goods and Services Tax (GST) receivable		741	-
Current portion of leases receivable	4	25,451	27,834
		29,550	31,042
Long-term leases receivable	4	69,832	65,170
		$ 99,382	$ 96,212
LIABILITIES AND EQUITY			
Current liabilities:			
Trade and other payables		$ 962	$ 209
Due to LGS	6	11,876	10,802
		12,838	11,011
Retained earnings		86,544	85,201
		$ 99,382	$ 96,212
Description of business	1		

(See accompanying notes)

On behalf of the Board:

Director: Susan Hett Director: Travis Massier

LGS Holdings Incorporated
Statement of Comprehensive Income (Loss)
For Year Ended March 31

(Thousands of Dollars)	**2025**	**2024**
Revenue	$ 150	$ 77
Expenses	1	112
Operating income (loss)	149	(35)
Gain on disposal of non-current assets	1,194	296
Comprehensive income	$ 1,343	$ 261

(See accompanying notes)

LGS Holdings Incorporated
Statement of Changes in Equity
For Year Ended March 31

(Thousands of Dollars)	Note	2025			2024		
		Contributed Surplus	Retained Earnings	Total	Contributed Surplus	Retained Earnings	Total
Beginning of year		$ -	$ 85,201	$ 85,201	$ -	$ 2,551	$ 2,551
Comprehensive income		-	1,343	1,343	-	261	261
Dividend		-	-	-	-	(2,566)	(2,566)
SLGA contribution	1	-	-	-	84,955	-	84,955
Transfer of contributed surplus		-	-	-	(84,955)	84,955	-
End of year		$ -	$ 86,544	$ 86,544	$ -	$ 85,201	$ 85,201

(See accompanying notes)

LGS Holdings Incorporated
Statement of Cash Flows
For Year Ended March 31

(Thousands of Dollars)	2025	2024
Operating activities:		
Comprehensive Income	$ 1,343	$ 261
Adjustments for:		
Decrease in due to SLGA	-	(84,479)
Increase in due to LGS	1,074	10,802
Increase (decrease) in trade and other payables	753	(6,883)
Increase in leases receivable	(2,279)	(5,691)
(Increase) decrease in GST receivable	(741)	197
Net cash from operating activities	150	(85,793)
Financing activities:		
Dividends paid	-	(2,566)
SLGA contribution	-	84,955
Net cash from financing activities	-	82,389
Net change in cash	150	(3,404)
Cash, beginning of year	3,208	6,612
Cash, end of year	$ 3,358	$ 3,208

(See accompanying notes)

LGS Holdings Incorporated
Notes to the Financial Statements
For the Year Ended March 31

1. Description of Business

LGS Holdings Incorporated (the Corporation or LGS Holdings Inc.) is a corporation domiciled in Canada. The address of LGS Holdings Inc.'s registered office and principal place of business is 2055 Albert Street, Regina, SK, S4P 2T8. LGS Holdings Inc. was incorporated on June 26, 2018, under *The Business Corporations Act, 2021 (Saskatchewan)* and began operating as a wholly owned subsidiary under the direction of the Saskatchewan Liquor and Gaming Authority (SLGA) on September 30, 2018.

On June 1, 2023, Lotteries and Gaming Saskatchewan Corporation (LGS) purchased SLGA Holding Inc. and the Corporation was renamed to LGS Holdings Inc.

As a wholly owned subsidiary of LGS, LGS Holdings Inc. is not subject to federal or provincial income or capital taxes. LGS Holdings Inc. is responsible for the purchase of property and equipment for leases to LGS for the video lottery terminal (VLT) program and Saskatchewan Indian Gaming Authority (SIGA) slots.

2. Basis of Preparation

a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on May 27, 2025.

b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for financial instruments which are classified as fair value through profit and loss, which are measured at fair value (Note 7).

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is LGS Holdings Inc.'s functional currency and have been rounded to the nearest thousand unless stated otherwise.

d) Use of estimates and judgements

The preparation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. These estimates and assumptions are based on several factors, including historical experience, current events, and actions that LGS Holdings Inc. may undertake in the future, and other assumptions that LGS Holdings Inc. believes are reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Significant items subject to estimates include the carrying amount of leases receivable (Note 4).

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the IASB requires management to make judgements that affect the application of material accounting policies listed in Note 3.

3. Material Accounting Policies

The material accounting policies set out below have been applied consistently to all years presented in these financial statements and have been applied consistently by LGS Holdings Inc.

a) Financing Leases Receivable

LGS Holdings Inc. purchases property and equipment for the purpose of entering into a direct financing lease agreement with LGS. LGS Holdings Inc. records the cost of the leased assets as leases receivable from LGS and LGS records the equivalent amount as property and equipment. LGS Holdings Inc. initially recognizes financing leases receivable at fair value on the date that they originate. Subsequent to initial recognition, financing leases receivable are measured at amortized cost using the effective interest model, less any provision for impairment losses. LGS Holdings Inc. derecognizes the leases receivable when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the leases receivable in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by LGS Holdings Inc. is recognized as a separate asset or liability.

b) Revenue Recognition

LGS Holdings Inc. evaluates all contractual arrangements it enters into and evaluates the nature of the promises it makes, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are concluded to be distinct from each other, the consideration LGS Holdings Inc. expects to be entitled under the arrangement is allocated to each performance obligation based on its relative estimated stand-alone selling prices.

Revenue includes finance income. Finance income comprises interest income on bank balances. Interest income is recognized as it accrues in income, using the effective interest method.

c) Foreign currency

Transactions in foreign currencies are translated to the functional currency of LGS Holdings Inc. at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. All gains and losses on translation of these foreign currency transactions are included in earnings in the current year.

d) Financial instruments

(i) Non-derivative financial assets and liabilities

LGS Holdings Inc. classifies its financial instruments into one of the following categories: fair value through profit or loss and amortized cost. All financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash is classified as fair value through profit or loss and is recorded at fair value. Cash denominated in foreign currency is translated at the foreign exchange rate in effect at year end.

LGS Holdings Inc. has the following non-derivative financial liabilities which are classified as amortized cost: trade and other payables, due to LGS. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

LGS Holdings Inc. 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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by LGS Holdings Inc. is recognized as a separate asset or liability. LGS Holdings Inc. derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when LGS Holdings Inc. has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

e) Impairment

i) Financial assets

LGS Holdings Inc. recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. LGS Holdings Inc. measures loss allowances for leases receivable at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

ii) Non-financial assets

The carrying amounts of LGS Holdings Inc.'s non-financial 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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is 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, if no impairment loss had been recognized.

f) New standards and interpretations not yet adopted

LGS Holdings Inc. is assessing the impact of new IFRS Accounting Standards, IFRIC® Interpretations and amendments to existing IFRS Accounting Standards that were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting years beginning on or after April 1, 2025. Standards that may impact the Corporation include:

Presentation and Disclosure in Financial Statements
On April 9, 2024 the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1

Presentation of Financial Statements and carries forward many requirements from IAS 1 unchanged. The new standard introduces changes to the structure of the income statement, more discipline and transparency in presentation of non-GAAP measures and less aggregation of items. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027.

4. Leases Receivable

LGS Holdings Inc. entered into a direct financing lease agreement with LGS for property and equipment. LGS Holdings Inc. records the cost of the leased assets as leases receivable from LGS and LGS records the equivalent amount as property and equipment. The leases receivable is non-interest bearing and has minimum repayments as follows:

(Thousands of Dollars)

		2025
2026-27	$	21,455
2027-28		18,739
2028-29		15,015
2029-30		9,764
2030-31 and subsequent		4,859
Total minimum payments receivable		69,832
Current portion		25,451
Total	$	95,283

(Thousands of Dollars)

		2024
2025-26	$	20,372
2026-27		16,210
2027-28		13,581
2028-29		9,820
2029-30 and subsequent		5,187
Total minimum payments receivable		65,170
Current portion		27,834
Total	$	93,004

5. Agreement with LGS

On June 1, 2023, LGS Holdings Inc. entered into an agreement with LGS which is ongoing until given sixty (60) days notice in writing, given by one party to another, for the provision of services by LGS to LGS Holdings Inc. on a cost recovery basis. The services include employees, the use of LGS assets and reimbursement of costs incurred by LGS on behalf of LGS Holdings Inc.

6. Due to LGS

Amounts due to LGS are non-interest bearing and payable on demand. These amounts represent payments made by LGS on behalf of LGS Holdings Inc. which have not yet been reimbursed. The amount owing as at March 31, 2025 is $11.9 million (2024 - $10.8 million).

7. Financial Risk Management

LGS Holdings Inc. has exposure to the following risks from its use of financial instruments: market risk, foreign currency risk, credit risk and liquidity risk.

a) Risk management

The Board of Directors has overall responsibility for the establishment and oversight of LGS Holdings Inc.'s risk management framework and is responsible for developing and monitoring LGS Holdings Inc.'s risk management policies.

LGS Holdings Inc.'s risk management policies are established to identify and analyze the risks faced by LGS Holdings Inc., to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and LGS Holdings Inc.'s activities.

LGS Holdings Inc.'s Board of Directors oversees how management monitors compliance with LGS Holdings Inc.'s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by LGS Holdings Inc. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

b) Fair value

Fair values approximate amounts at which financial instruments could be exchanged in an orderly transaction between market participants based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in IFRS Accounting Standards as issued by the IASB. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The following table presents the carrying amount and fair value of LGS Holdings Inc.'s financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

(Thousands of Dollars)			2025		2024	
Financial Instruments	Classification[1]	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	$ 3,358	$ 3,358	$ 3,208	$ 3,208
GST receivable	AC	N/A	741	741	-	-
Trade and other payables	AC	N/A	962	962	209	209
Due to LGS	AC	N/A	11,876	11,876	10,802	10,802

Classification[1]
FVTPL - Fair value through profit or loss
AC - Amortized cost

LGS Holdings Inc. is exposed to a low number of financial risks in the normal course of operations.

c) Credit and Interest Rate Risk

LGS Holdings Inc. is exposed to minimal credit risk from the potential non-payment of leases receivable as the majority of receivables are due from related parties.

The maximum credit risk from these financial instruments is limited to the carrying value of the financial assets summarized below:

(Thousands of Dollars)	2025	2024
Leases receivable	$ 95,283	$ 93,004
	$ 95,283	$ 93,004

As of March 31, 2025, there was no impairment required on any of the financial assets of LGS Holdings Inc. Interest rate risk is the risk of financial loss resulting from changes in market interest rates. LGS Holdings Inc. has evaluated the interest rate risk as low and has done nothing to mitigate the risk.

d) Foreign exchange risk

LGS Holdings Inc. faces exposure to the United States (U.S.)/Canadian dollar exchange rate through the purchase of goods and services payable in U.S. dollars. LGS Holdings Inc. may utilize financial instruments to manage this risk. As at March 31, 2025, LGS Holdings Inc. had no outstanding foreign exchange derivative contracts. The impact of fluctuations in foreign exchange rates on LGS Holdings Inc.'s financial instruments is not considered significant to the Corporation. Therefore, a sensitivity analysis of the impact on profit or loss has not been provided.

e) Liquidity risk

Liquidity risk is the risk that LGS Holdings Inc. is unable to meet its financial commitments as they become due or can only do so at excessive cost. LGS Holdings Inc. manages its cash resources based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities of LGS Holdings Inc.'s financial liabilities:

(Thousands of Dollars) 2025	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Trade and other payables	$ 962	$ 962	$ 962	$ -	$ -	$ -	$ -
Due to LGS	11,876	11,876	11,876	-	-	-	-
	$ 12,838	$ 12,838	$ 12,838	$ -	$ -	$ -	$ -

(Thousands of Dollars) 2024	Carrying Amount	Total	0-6 Months	7-12 Months	1-2 Years	3-5 Years	More than 5 Years
Trade and other payables	$ 209	$ 209	$ 209	$ -	$ -	$ -	$ -
Due to LGS	10,802	10,802	10,802	-	-	-	-
	$ 11,011	$ 11,011	$ 11,011	$ -	$ -	$ -	$ -

8. Share Capital and Capital Management

As a wholly-owned subsidiary of LGS, the Corporation's share capital currently consists of funds invested by LGS in the amount of $Nil (2024 - $Nil). LGS holds 1 common share with no par value.

LGS Holdings Inc.'s objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of LGS Holdings Inc., and to ensure adequate returns to LGS.

LGS Holdings Inc. funds its capital requirements through internal operating activities and amounts due to LGS.

9. Related Party Transactions

LGS Holdings Inc. is controlled by the Government of Saskatchewan through its ownership of LGS Holdings Inc.'s parent, LGS. Included in these financial statements are transactions with LGS. LGS Holdings Inc. has elected to take a partial exemption under IAS 24, *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

Routine operating transactions with related parties are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition, LGS Holdings Inc. pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.