



Quarterly Financial Report

For the three months ended June 30, 2023

For further information:

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Consolidated Statement of Financial Position

As at June 30
(\$000s, unaudited)

	2023	2022
ASSETS		
Current assets		
Cash	\$ 41,184	\$ 46,207
Trade and other receivables	62,526	67,371
Inventories	71,539	66,338
Prepayments	9,261	8,197
Assets held for sale, net	274	13,957
	<hr/> 184,784	<hr/> 202,070
Non-current assets		
Property and equipment, net	328,747	309,378
Right-of-use assets, net	62,441	60,789
Intangible assets, net	4,080	6,863
	<hr/> 395,268	<hr/> 377,030
	<hr/><hr/>\$ 580,052	<hr/><hr/>\$ 579,100
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 143,685	\$ 142,057
Contract liabilities	13,048	13,139
Payable to the Province of Manitoba	52,364	58,584
Current portion of long-term debt	58,071	57,284
Current portion of lease liabilities	7,977	7,728
	<hr/> 275,145	<hr/> 278,792
Non-current liabilities		
Long-term debt	236,434	237,617
Lease liabilities	63,473	57,691
	<hr/> 299,907	<hr/> 295,308
Equity		
Retained earnings	5,000	5,000
	<hr/> \$ 580,052	<hr/> \$ 579,100

Consolidated Statement of Cash Flows

For the three months ended June 30
(\$000s, unaudited)

	2023	2022
Operating activities		
Net income and comprehensive income	\$ 189,457	\$ 188,756
Add (deduct):		
Depreciation related to property and equipment	7,854	7,761
Depreciation on assets related to Conduct and Management agreements	193	156
Depreciation related to right-of-use assets	2,260	2,163
Amortization related to intangible assets	632	710
Interest on financing activities	3,319	2,871
Loss (gain) on disposal of property and equipment	(54)	55
	<u>203,661</u>	<u>202,472</u>
Changes in non-cash working capital items:		
Increase in trade and other receivables	(3,504)	(7,804)
Increase in inventories	(7,151)	(9,175)
Increase in prepayments	(4,478)	(3,705)
Increase in trade and other payables	10,034	13,887
Increase (decrease) in contract liabilities	(945)	11
Cash provided by operating activities	<u>197,617</u>	<u>195,686</u>
Investing activities		
Purchase of property and equipment	(3,533)	(2,440)
Purchase of intangible assets	(25)	(488)
Proceeds from disposal of property and equipment	150	20
Cash used in investing activities	<u>(3,408)</u>	<u>(2,908)</u>
Financing activities		
Cash distributions to the Province of Manitoba:		
Current year	(174,000)	(177,000)
Payment of principal and interest on long-term debt	(18,209)	(16,687)
Payment of principal and interest on lease liabilities	(2,605)	(2,435)
Cash used in financing activities	<u>(194,814)</u>	<u>(196,122)</u>
Net decrease in cash during the period	(605)	(3,344)
Cash, beginning of the period	<u>41,789</u>	<u>49,551</u>
Cash, end of the period	<u><u>\$ 41,184</u></u>	<u><u>\$ 46,207</u></u>



Operational Highlights

Consolidated net income and comprehensive income for the three months ended June 30, 2023 was \$189.5 million, an increase of \$0.7 million from the same period last year. There were increases of \$3.0 million in Liquor Operations, \$1.5 million in Cannabis Operations, \$0.7 million in Casinos, and \$0.5 million in Video Lotto; offset by decreases of \$2.8 million in Online Gaming and \$2.2 million in Lottery.

Revenue, net of cost of sales, increased \$12.1 million from the same period last year, while the share of profit of Western Canada Lottery Corporation decreased \$2.5 million. On the expenditure side, operating expenses increased \$6.4 million; depreciation and amortization, GST expense and interest expense net of interest income increased \$0.7 million; and allocations and payments increased by \$1.9 million.



Consolidated Statement of Operations

For the three months ended June 30
(\$000s, unaudited)



	2023							2022
	Cannabis Operations	Casinos	Liquor Operations	Lottery	Online Gaming	Video Lotto	Total	Total
Revenue	\$ 36,428	\$ 59,191	\$ 232,318	\$ 439	\$ 19,159	\$ 83,808	\$ 431,343	\$ 413,388
Cost of sales	26,504	2,872	110,837	206	5,458	27,438	173,315	167,494
	9,924	56,319	121,481	233	13,701	56,370	258,028	245,894
Expenses								
Operating	563	24,898	29,928	1,832	3,385	2,729	63,335	56,972
Depreciation and amortization	-	4,651	4,444	-	21	1,630	10,746	10,634
Goods and Services Tax	-	703	-	62	603	596	1,964	1,678
	563	30,252	34,372	1,894	4,009	4,955	76,045	69,284
Operating Income	9,361	26,067	87,109	(1,661)	9,692	51,415	181,983	176,610
Share of profit of Western Canada Lottery Corporation	-	-	-	13,957	2,471	-	16,428	18,958
Interest expense	-	(1,507)	(1,080)	(17)	(4)	(711)	(3,319)	(2,871)
Interest income	11	100	147	18	22	177	475	289
Income before Allocations and Payments	9,372	24,660	86,176	12,297	12,181	50,881	195,567	192,986
Allocations and payments	1,414	545	2,309	320	443	1,079	6,110	4,230
Net Income and Total Comprehensive Income	\$ 7,958	\$ 24,115	\$ 83,867	\$ 11,977	\$ 11,738	\$ 49,802	\$ 189,457	\$ 188,756

Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with the Manitoba Liquor and Lotteries Corporation 2022-23 Annual Report.
2. These interim consolidated financial statements have been prepared following the same accounting policies that are disclosed in the Annual Report.