



Quarterly Financial Report

For the nine months ended December 31, 2023

For further information:

Corporate Communications

Manitoba Liquor & Lotteries
Unit A - 1555 Buffalo Place
Winnipeg, MB R3T 1L9

(204) 957-2500
1-800-782-0363

mbl.ca

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Consolidated Statement of Financial Position

As at December 31
(\$000s, unaudited)

	2023	2022
ASSETS		
Current assets		
Cash	\$ 45,617	\$ 48,047
Trade and other receivables	63,665	60,196
Inventories	59,463	63,320
Prepayments	6,603	4,885
Assets held for sale, net	-	13,957
	<u>175,348</u>	<u>190,405</u>
Non-current assets		
Property and equipment, net	352,295	317,565
Right-of-use assets, net	59,505	56,903
Intangible assets, net	2,976	5,557
	<u>414,776</u>	<u>380,025</u>
	<u>\$ 590,124</u>	<u>\$ 570,430</u>
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 136,905	\$ 133,282
Contract liabilities	14,656	14,022
Payable to the Province of Manitoba	57,372	56,992
Current portion of long-term debt	52,130	57,223
Current portion of lease liabilities	7,402	7,753
	<u>268,465</u>	<u>269,272</u>
Non-current liabilities		
Long-term debt	255,029	242,024
Lease liabilities	61,630	54,134
	<u>316,659</u>	<u>296,158</u>
Equity		
Retained earnings	5,000	5,000
	<u>\$ 590,124</u>	<u>\$ 570,430</u>

Consolidated Statement of Cash Flows

For the nine months ended December 31
(\$000s, unaudited)

	2023	2022
Operating activities		
Net income and comprehensive income	\$ 572,372	\$ 572,992
Add (deduct):		
Depreciation related to property and equipment	24,330	22,519
Depreciation on assets related to Conduct and Management agreements	474	463
Depreciation related to right-of-use assets	6,781	6,471
Amortization related to intangible assets	1,783	2,068
Interest on financing activities	9,994	8,609
Gain on disposal of assets held for sale	(4,394)	-
Gain on disposal of property and equipment	(233)	(288)
	611,107	612,834
Changes in non-cash working capital items:		
Increase in trade and other receivables	(4,643)	(629)
Decrease (increase) in inventories	4,925	(6,157)
Increase in prepayments	(1,820)	(393)
Increase in trade and other payables	3,254	5,112
Increase in contract liabilities	663	894
Cash provided by operating activities	613,486	611,661
Investing activities		
Purchase of property and equipment	(43,876)	(25,735)
Purchase of intangible assets	(72)	(540)
Proceeds from disposal of assets held for sale	4,676	-
Proceeds from disposal of property and equipment	359	406
Cash used in investing activities	(38,913)	(25,869)
Financing activities		
Cash distributions to the Province of Manitoba:		
Current year	(540,000)	(546,000)
Prior Year	(11,907)	(16,828)
Proceeds from long-term debt	44,300	33,000
Payment of principal and interest on long-term debt	(55,297)	(50,088)
Payment of principal and interest on lease liabilities	(7,841)	(7,380)
Cash used in financing activities	(570,745)	(587,296)
Net increase (decrease) in cash during the period	3,828	(1,504)
Cash, beginning of the period	41,789	49,551
Cash, end of the period	\$ 45,617	\$ 48,047



Operational Highlights

Consolidated net income and comprehensive income for the nine months ended December 31, 2023 was \$572.4 million, a decrease of \$0.6 million from the same period last year. There were increases of \$6.4 million in Video Lotto, \$5.5 million in Cannabis Operations, and \$2.9 million in Casinos; offset by decreases of \$6.2 million in Online Gaming, \$5.2 million in Liquor Operations, and \$4.0 million in Lottery.

Revenue, net of cost of sales, increased \$25.6 million from the same period last year, while the share of profit of Western Canada Lottery Corporation decreased \$5.1 million. On the expenditure side, operating expenses increased \$14.2 million; depreciation and amortization, GST expense and interest expense net of interest income increased \$3.8 million; and allocations and payments increased by \$3.1 million.



Consolidated Statement of Operations

For the nine months ended December 31
(\$000s, unaudited)



	2023							2022
	Cannabis Operations	Casinos	Liquor Operations	Lottery	Online Gaming	Video Lotto	Total	Total
Revenue	\$ 113,748	\$ 185,620	\$ 685,703	\$ 1,310	\$ 55,447	\$ 255,408	\$ 1,297,236	\$ 1,261,454
Cost of sales	81,875	9,832	327,155	828	15,298	86,519	521,507	511,301
	31,873	175,788	358,548	482	40,149	168,889	775,729	750,153
Expenses								
Operating	1,314	80,976	85,617	5,440	9,567	7,026	189,940	175,735
Depreciation and amortization	-	15,070	12,712	-	34	5,078	32,894	31,058
Goods and Services Tax	-	2,289	-	168	1,731	1,708	5,896	4,836
	1,314	98,335	98,329	5,608	11,332	13,812	228,730	211,629
Operating Income	30,559	77,453	260,219	(5,126)	28,817	155,077	546,999	538,524
Share of profit of Western Canada Lottery Corporation	-	-	-	42,060	7,065	-	49,125	54,253
Interest expense	-	(4,551)	(2,994)	(49)	(12)	(2,388)	(9,994)	(8,609)
Interest income	49	383	564	70	81	582	1,729	1,176
Income before Allocations and Payments	30,608	73,285	257,789	36,955	35,951	153,271	587,859	585,344
Allocations and payments	1,932	1,448	6,786	933	1,281	3,107	15,487	12,352
Net Income and Total Comprehensive Income	\$ 28,676	\$ 71,837	\$ 251,003	\$ 36,022	\$ 34,670	\$ 150,164	\$ 572,372	\$ 572,992

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.