



Manitoba Liquor and Lotteries Corporation

**2025-26
Corporate Business Plan**



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Mission, Vision, Purpose & Values

Vision

To consistently be one of the largest contributors to our province

Mission

To proudly and responsibly serve positive experiences

Purpose

Enriching the lives of Manitobans

Values



CARING

Everyone Matters – We care about each other, our communities and the environment by being genuine, responsible and considerate.



COMMITTED

Keep Promises – We take pride and ownership in making and meeting our commitments.



COLLABORATIVE

Better Together – We work together in an open, respectful way to produce and deliver outstanding results.



CREATIVE

Courage to Explore – We foster an environment of idea sharing, continuous learning and improvement, and push beyond what we have today to what is possible tomorrow.



CUSTOMER FOCUSED

Great Experiences – We listen to our internal and external customers so we can anticipate, understand and respond to their needs.



Executive Summary

Manitoba Liquor and Lotteries Corporation ('MBLL' or 'the Corporation') acts as the government's agent to retail and distribute liquor, distribute non-medical cannabis and has been delegated the responsibility to conduct and manage gaming throughout the province of Manitoba.

In order to achieve its vision, mission, and purpose, MBLL has set out its strategic goals as follows:

- Provide a positive impact to Manitoba
- Be a great place to work
- Enhance customer and partner experience

The goals are further focused on organizational priorities, which are supported by key performance measures and annual targets. Key performance measures are monitored and reported on throughout the year. There are a variety of initiatives planned in the year that will contribute to the achievement of the goals.

The 2025-26 operating budget includes a total net income of \$737.0 million remitted to the Province of Manitoba, an increase of \$22.0 million, or 3.1%, over the 2024-25 budget. The \$50.0 million capital budget is primarily for necessary maintenance, carbon & energy reduction, safety, and security programs as well as key initiatives where the return on investment will assist in maximizing MBLL's dividend to the province such as the replacement of fully depreciated gaming equipment and the Liquor Mart store development program. No major changes to the organizational structure are planned.

Current situational concerns that are challenging operational goals from a business perspective are the state of the economy with high cost of living and Manitobans carrying high debt loads as MBLL's revenue flow strongly correlates with disposable income. Concurrent with this, increased compensation competitiveness and a persisting labour shortage in key areas is challenging the organization to attract and retain skilled staff required to support the business. While the provincial government is considering changes to the gaming landscape, the liquor line of business is challenged to adapt to changing consumer preferences, and the cannabis market in Manitoba continues to stabilize.



Mandate & Strategic Direction

The Manitoba Liquor and Lotteries Corporation Act states:

The purposes of the corporation are:

- (a) to sell liquor;
- (b) to buy liquor, and bring liquor into Manitoba, for sale in Manitoba;
- (c) to conduct and manage lottery schemes;
- (c.1) to acquire cannabis and sell it to operators of cannabis stores for resale;
- (d) to carry out functions relating to lottery schemes, liquor and cannabis conferred on it under this Act; and
- (e) to conduct or fund initiatives that promote responsible gaming and responsible liquor and cannabis consumption.

In addition to the purposes outlined above, the Minister responsible for the Manitoba Liquor and Lotteries Corporation may issue mandate letters to the Board Chair of MBLL. The most recent mandate letter, issued on December 12, 2023, can be viewed here:

<https://www.gov.mb.ca/openmb/infomb/ministerials.html>

MBLL is committed to encouraging the responsible use of its products and services and is required by legislation to allocate 2% of annual anticipated consolidated net income to social responsibility initiatives.

Operating Environment and Highlights

About Manitoba Liquor & Lotteries

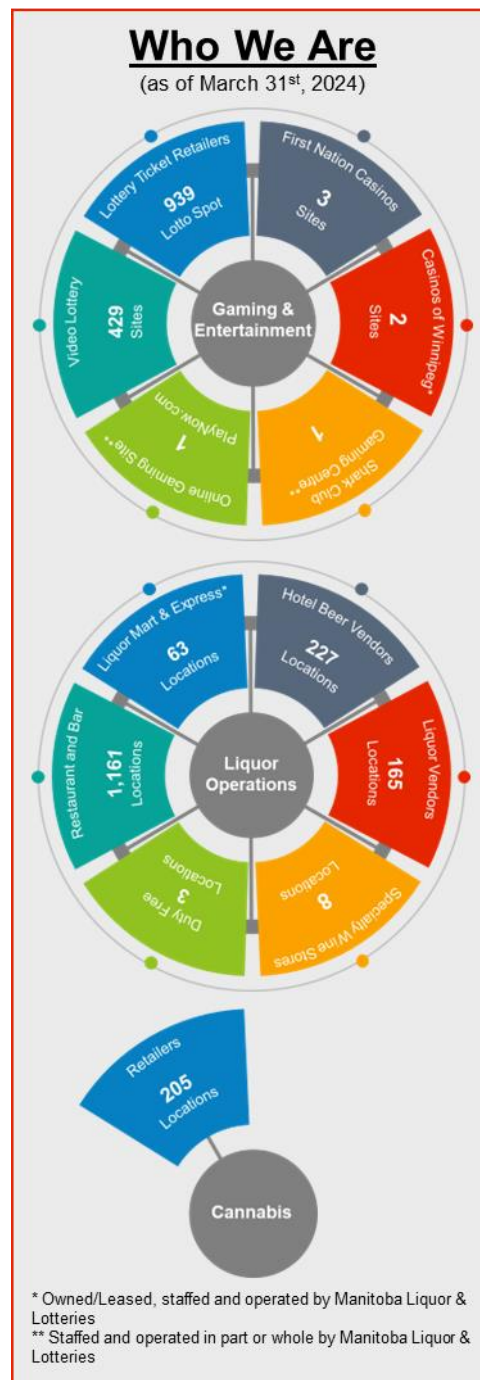
MBLL is a provincial Crown corporation with a core mandate to provide revenue to the Province of Manitoba to support provincial programs and initiatives such as health care, education, social services, housing and infrastructure. The Corporation is responsible for the sale and distribution of liquor, conduct and management of lottery schemes and the supply and distribution of non-medical cannabis in Manitoba using a sustainable and socially responsible approach. All liquor and cannabis sold by private retailers and other businesses in Manitoba is purchased through MBLL. All gaming equipment and supplies must be purchased by MBLL.

The Government of Manitoba has overall control over gaming in Manitoba in accordance with the requirements of the Criminal Code of Canada and has appointed MBLL to act as its agent in the Conduct and Management of the gaming regime. Within this authority, the Corporation operates Club Regent Casino, McPhillips Station Casino, a network of Video Lottery Terminals (VLTs), and online gaming through PlayNow. The Government has provided certain First Nations the opportunity to operate casinos. In addition, the Government has provided TN Arena Limited Partnership the opportunity to establish the Shark Club Gaming Centre. MBLL maintains Conduct and Management authority over these gaming activities.

MBLL is the exclusive supplier of breakopen tickets and bingo paper in Manitoba; and distributes and sells lottery tickets at lottery retailers across Manitoba in partnership with the Western Canada Lottery Corporation (WCLC) and the Interprovincial Lottery Corporation (ILC).

The Corporation distributes beverage alcohol through a provincial retail network that includes Liquor Mart and Liquor Mart Express locations operated by MBLL, as well as privately-owned beer vendors, specialty wine stores, liquor vendors located throughout rural Manitoba, and duty-free stores. MBLL also supplies liquor products to licensees across Manitoba.

The Corporation supplies and distributes non-medical cannabis in Manitoba to privately-owned retail stores.





Social Responsibility

The Manitoba Liquor and Lotteries Corporation Act requires MBLL to allocate 2% of annual anticipated consolidated net income and comprehensive income to social responsibility initiatives.

MBLL takes a multi-pronged approach to social responsibility, including developing and producing information intended to help consumers have lower-risk, positive experiences with the products offered, program and research funding, and customer awareness campaigns. MBLL provides funding to Shared Health Manitoba and a province-wide network of grassroots organizations offering alcohol and gambling addiction treatment, support, and harm minimization programs. Additionally, the corporation invests in research which informs social responsibility programming and treatment efforts in the province. MBLL focuses on customer awareness campaigns in its Liquor Marts and Casinos and provides funding to the Liquor, Cannabis, and Gaming Authority (LGCA) for larger public awareness initiatives. The Corporation further supports its culture of social responsibility through extensive employee training and incorporation into business planning and decision-making processes.

Environment, Social & Governance

Recognizing that environment, social and governance (ESG) is a collective responsibility, MBLL actively integrates ESG principles into its annual business planning and daily decisions. Since 2017, MBLL has published a Corporate Responsibility Report based on the Global Reporting Index (GRI) standards and is transitioning to a comprehensive ESG report.

MBLL's sustainable development program reflects its long-standing commitment to reducing its impact on the environment across operations, procurement, and strategic planning. The Corporation's near-term strategy is to reduce greenhouse gas emissions generated from MBLL operations, minimizing waste, and water and energy conservation. MBLL has recently updated its Sustainable Development Policy, drafted a Climate Vulnerability Risk Assessment, and is developing a roadmap to achieve net zero emissions by 2050.

MBLL tracks and reports on social performance indicators, underscoring its commitment to its employees, partners, and communities. Included in these metrics are diversity, safety and health, and workplace giving. The Corporation is expanding its social procurement framework and has taken steps to reduce the risk that forced or child labour exist in our supply chain. MBLL's commitment to fair trade has earned it the designation of a Fair Trade workplace since 2019, making it the largest business in Canada to hold this designation.

Strong governance is central to MBLL's success, supported by effective Board and Executive leadership, compliance with FINTRAC and other anti-corruption best practices, and transparent reporting. MBLL has adopted best practices regarding International Financial Reporting Standards (IFRS) for ESG reporting to ensure compliance and to remain at the forefront of ESG and financial reporting obligations.



Diversity, Equity and Inclusion (DEI)

At MBLL, Diversity, Equity and Inclusion (DEI) is more than a value; it is a driving force that propels the corporation toward becoming one of Canada's most inclusive workplaces. This will be measured against the Global Diversity, Equity and Inclusion Benchmarks (GDEIB). The corporation's commitment to DEI extends beyond words – it is delivered through tangible actions that contribute to the prosperity of employees, customers, and communities, outlined in MBLL's DEI Roadmap.

The journey towards advancing DEI at MBLL is characterized by significant achievements. From the formulation of a comprehensive DEI Vision Statement to the addition of pronouns to nametags and email signatures, the corporation has consistently pursued progress in diversity, equity and inclusion. This evolution is an ongoing process that demands unwavering dedication and continual focus.

Through these efforts, the corporation maintains an environment where individuals can be heard, are valued, and have a sense of belonging.

Truth & Reconciliation

At Manitoba Liquor and Lotteries, our commitment to Truth & Reconciliation is part of who we are and how we operate. It is woven into our strategic plan, guided by the Truth and Reconciliation's 94 Calls to Action, with a specific focus on Calls to Action 92 and 33, and comes to life through specific actions and goals outlined in our ReconciliACTION Roadmap, all aimed at making a meaningful impact for our employees, customers, and communities.

Along this journey we have celebrated many important steps including the creation of a land acknowledgement, training and learning opportunities for staff, community participation, and being active and intentional to create a culture that is grounded in relationship-building and practicing reciprocity.


This work is Indigenous-led, with insight and direction from an Indigenous Advisory Circle, made up of First Nations, Metis, and Inuit community leaders from diverse cultural backgrounds and experiences throughout Manitoba.

External Operating Environment

Manitoba's economy continues to stabilize, with moderate growth expected in 2024 and 2025 (forecasted real GDP growth of 1.0% and 1.9%, respectively).¹ Manitoba's inflation continues to decline after a steep rise in 2021 and 2022, peaking at almost 10% in mid-2022. Manitobans are now benefitting from the lowest inflation rate in the country, reaching a mere 0.4% in April, owing in part to the provincial government's fuel tax holiday, which has been extended to September 2024. CPI inflation rose to 1.4% in June 2024, compared to June 2023.² Inflation is forecast to be 1.5% for the year in 2024 before rising slightly above the Bank of Canada's 2% target in 2025 at 2.1%.¹

¹ [Manitoba Survey of Economic Forecasts; Manitoba Bureau of Statistics, July 9, 2024](#)

² [Consumer Price Index; Manitoba Bureau of Statistics, June 2024](#)



With inflation calming across the country, the Bank of Canada began lowering interest rates on June 5, July 24 and again on September 4, 2024, bringing down the overnight rate to 4.25% from 5.00%. These are the first rate decreases since they hiked the overnight rate nine times in 2022 and 2023 from 0.50% to 5.00% to try to bring down inflation. The overnight rate is expected to gradually decrease each quarter and is estimated to be below 3.00% by the end of 2025, according to the Manitoba Bureau of Statistics.

In 2023, Canadian credit card debt rose to historic highs and non-mortgage debt rose to levels not seen since before the pandemic. Lower inflation and interest rates will help reduce financial pressures on the average Manitoban household in the 2025-26 fiscal year. However, existing debt load and the higher cost of living from high inflation in recent years will continue to negatively impact disposable income.

Reductions in disposable income do present a threat to the achievement of revenue targets and the impact will be acutely monitored. Likewise, the Corporation's operating expense budgets are impacted by these factors as well (discussed on page 17 Financial Statements).

Manitoba's unemployment rate of 5.1% in June 2024 remained the lowest in Canada, below the national average of 6.4%. Full employment, which is the unemployment rate where the number of employers seeking employees and the number of jobseekers who are able to find jobs is in equilibrium, is considered to be between 5.5% and 6.5% in Canada. The only time the unemployment rate in Manitoba reached 5.5% in the last two and a half years was in August 2023, before dropping back below 5.0% by November 2023. This demonstrates a chronic province-wide labour shortage, which may drive up wages as employers compete for workers to meet operational needs.

Financial / Operational Risks and Opportunities


A regular review process identifies risks and opportunities that may have a significant impact on operations at MBLL. These include risks and opportunities for the Corporation as a whole, as well as those that are associated with a particular line of business.

Corporate Risks and Opportunities

Manitoba's economy faces challenges as higher cost of living and debt load persist even as inflation and interest rates decline. GDP growth is expected to be slow in the next couple years, and labour market shortages persist. For MBLL, the chief economic concerns will be the effects that higher prices will have on the overall business, not just in terms of increased costs of business but also in impacts to struggling channel partners as well as consumers' disposable income, leaving them with less to spend on entertainment options such as liquor, cannabis and gaming.

As a Crown Corporation, the purposes of MBLL are stated in relevant legislation. Should there be changes to statutes, regulations and government priorities, this may impact the organization's goals, priorities, and plans.

The World Economic Forum's Global Risks Report 2024 identified environmental concerns as the most severe risks over the next 10 years (compared to various economic, societal, geopolitical and technological risks). Its surveys of global experts and leaders in the field found that extreme



weather events, critical change to Earth systems, biodiversity loss and ecosystem collapse, and natural resource shortages are seen as the four most severe global risks in the long term.³

Climate change could impact MBLL's lines of business in a number of ways, such as:

- Disruption to the supply chain due to increased frequency of extreme weather events
- Changes to product characteristics and availability
- Increasing production costs as many areas would become unsuitable for wine and cannabis production, while new regions may become suitable
- Transition to low-carbon buildings and other assets

As cyber threats continue to evolve and become more sophisticated, there is risk to MBLL's operations and reputation. The risk associated with cyber threats increases as technology becomes more prevalent. As a result, the global cost of cybercrime is expected to surge in the next four years.⁴ Phishing and ransomware attacks remain the most common types of activities, with criminal hackers increasingly leveraging artificial intelligence and automation to exponentially expand their reach. MBLL is implementing modern processes and technologies to enable business requirements while protecting the corporation's cyber assets. These cyber security improvements combined with awareness training for employees will be vital in protecting the Corporation from attacks that target vulnerabilities.

Opportunities have been identified to improve efficiencies and increase net income through process improvements, technological advancements, and consolidation of technology infrastructure to support continual improvement efforts. Operational excellence activities are being explored across the organization to tackle rising costs and labour challenges by looking to reduce waste, variation, and complexity in current business processes to ensure the corporation can continue to serve customers in the ways they have become accustomed to.

MBLL must continue to invest in replacing and modernizing its information technologies to meet the evolving needs of customers and stakeholders. As technologies age, they become more costly to modify and maintain. Additionally, aging systems are at a higher risk of incurring failures that could harm MBLL's ability to deliver on its net income commitments.


As a consistent and trusted contributor of net income to the Province, it is critical that MBLL maintains a fulsome and current business continuity management plan that is consistent with its significant contributions. It is essential that measures are taken to mitigate exposure to significant business interruptions.

Liquor

In recent years, there was a pause on expansion and updates of Liquor Mart stores. However, with the direction given in the mandate letter to responsibly expand public liquor retail stores, including Liquor Mart Express outlets, MBLL will once again be able to pursue options to increase revenues remitted to the Province while giving Manitobans more options and improving

³ [Global Risks Report 2024; World Economic Forum, January 2024](#)

⁴ [Cybercrime Expected To Skyrocket in Coming Years; Statista, Feb. 22, 2024](#)



convenience. MBLL will continue to support retail partners, such as the small businesses that sell liquor throughout Manitoba, and work with partners to improve accessibility to all of Manitoba.

Manitoba is home to a passionate community of local liquor producers that drive customer enthusiasm and creates jobs in Manitoba communities. MBLL will continue to focus on supporting local liquor producers and providing mechanisms that can aid the growth and long-term sustainability of their businesses.

In recent years, the beverage alcohol market has undergone substantial changes, shaped by shifting consumer preferences, heightened health awareness, and a growing appreciation for premium quality products.

In Manitoba, like the rest of Canada and much of the world, the overall market share of beer and wine has been declining in recent years compared to distilled liquor and ready-to-drink beverages (RTDs). Meanwhile, RTDs' market share has more than doubled in the last five years, both in terms of dollar-sales and volume. Nationally, the RTD segment's growth has been driven by increasing consumer preference for hard seltzers and high-quality, easy-to-enjoy premixed cocktails, as well as an increase in the number and variety of RTD options on the market.


Gaming & Entertainment

As casino dealer salaries have increased over time, casinos have been forced to increase minimum wagers or introduce game play elements that increase house edge (i.e. triple zero roulette, minimum \$25 bet on single zero roulette). As a result, casinos have begun to introduce electronic table games (ETGs) to accommodate the smaller wagering players. These terminals can either allow one dealer to deal to an unlimited number of players, or the systems can run independently, automatically dealing cards, dice, or wheel games to every terminal, significantly increasing efficiency and reducing salary expenses.

Since the reopening of the casino sites, there has been an initial dramatic shift in age demographics toward the 55+ age group, with almost 80% of patrons in 2021-22 in the 55+ category. This may have been due to initial limited offerings of promotions and entertainment options during the reopening period. Since then, age demographics have been easing back to a younger mix of age groups, although in fiscal 2023-24 the age composition at the casinos was still older than it was pre-COVID, with about 2/3 of patrons in the 55+ category and only 1/10 that are 18-34.

While casino and VLT operations shuttered during the pandemic, participation on MBLL's PlayNow online gaming platform soared, as many customers migrated to online gaming. With land-based gaming options now open for some time, PlayNow activity has steadily declined, but is still much higher than it was before the pandemic as 500% growth in net income was experienced during that period. The success of MBLL's online gaming platform has resulted in a more robust customer base in the event of another business interruption to our land-based casinos. It also creates opportunities for cross-channel promotions and events.

PlayNow faces significant competition from many well-established and aggressive illegal online gaming sites. There is a risk that as traditionally land-based gaming patrons may become more



accustomed to online gaming options, they may be more open to try illegal sites as well. Some illegal sites have transitioned to the legal market in jurisdictions where that is permitted (most notably in Ontario) while continuing to operate illegally in other jurisdictions like Manitoba. MBLL must maintain strong marketing efforts to compete with illegal sites.

MBLL is a member of the Coalition of Lottery Corporations with British Columbia, Saskatchewan, Quebec and the four (4) Atlantic provinces. The Coalition is working with the federal government to identify mechanisms to deter illegal activity occurring in Canada and prevent important provincial revenues from being directed to foreign countries.

While most of Manitoba's VLT equipment reached the end of its useful life in 2021-22 and are at risk of failing, the annual VLT equipment replacement resumed in 2021-22 following a multi-year pause. The replacement program is anticipated to continue into future years, with over 40% of the network supported at the end of 2023-24. Any further interruptions to the current VLT replacement program would increase the risk of machines failing and negatively impacting the direct income to the province and to VLT siteholders.

All expansion of gaming was paused by the former government. As directed in MBLL's mandate letter in December 2023, MBLL will work collaboratively with stakeholders to lift the pause on gaming expansion in a targeted fashion to include supporting economic reconciliation and local economic development while maintaining MBLL's commitment to supporting the communities it serves.


Challenges also exist around monitoring and predicting customer behaviour and the ability to identify consumer preferences. These challenges could lead to decisions regarding products and services that are not in line with changing consumer choices and expectations. Cross-jurisdictional meetings with other Canadian gaming entities and leveraging data analytics from the customer loyalty program are tools used to gain insights into consumer preferences.

Cannabis

As the cannabis industry continues to evolve and mature, cannabis operations actively monitor the external environment, leveraging retail, channel partner, other jurisdictions and customer sources of data and expertise.

Consolidations and insolvencies continue across the industry among retailers and suppliers alike, as companies are struggling to realize profits and maintain financial viability. The industry has been calling for further deregulation of the market impacting how businesses perform. With deregulation the current number of stores may be fine and overall businesses may be more competitive resulting in less consolidation.

The Government of Canada launched a legislative review of the country's Cannabis Act. An Expert Panel was established with a mandate to provide independent, expert advice to government on progress made towards achieving the Cannabis Act's objectives and on the identification of areas to improve the functioning of the framework. The new report, titled [*Legislative Review of the Cannabis Act: What We Heard Report*](#), summarizes their findings heard



during their public consultations between December 2022 and June 2023 regarding the impact of cannabis legalization and the Cannabis Act on multiple areas.

Cannabis sales growth in Manitoba has remained strong compared to Canada as a whole, with provincial sales surpassing \$20 million in a month for the first time in May 2024.⁵ Growth has been particularly strong in the first half of 2024, supported by several market enhancements launched in fiscal 2023-24 focused on bringing more cannabis inventory into Manitoba closer to the retail network, significantly shortening lead times, improving fulfillment cycles for retailers and increasing compliance rates for reporting receipt of purchase orders. Store expansion is not believed to be the primary driver of this growth as the number of stores added to the market over this period (17 over 7 months) was very close to the number of stores added in the previous 7 months (16).

Key Planning Assumptions

The 2025-26 Corporate Business Plan is based on data available at the time of planning and is predicated on the following assumptions. If these assumptions do not hold true, MBLL will need to adjust its plans accordingly.

- There will be no major economic disruptions or major environmental catastrophes.
- The capital program will proceed as planned, without significant interruptions or delays.
- There will be no major unanticipated changes in legislation, regulatory acts and/or trade agreements relating to MBLL's lines of business.
- There will be no significant changes to MBLL's strategic goals and priorities.
- There will be no significant changes to the Manitoba gaming landscape/framework.
- Current partnerships with existing stakeholders will continue without significant change.
- The provincial gaming pause has been lifted.
- Cost of fuel, insurance, freight, third-party support, etc. will be reasonably close to the rates budgeted.
- Outside expertise in the form of contracted resources and professional services will be available as necessary.
- The Canadian dollar will be stable with minimal fluctuations relative to other major currencies.

⁵ Statistics Canada. Table 20-10-0056-01 Monthly retail trade sales by province and territory (x 1,000)



Strategic Goals, Priorities and Initiatives

Goals and Organizational Priorities

The Corporation's goals are intended to support all stakeholders and will contribute to achieving MBLL's mission, vision, and purpose.

To support achievement of these goals, we have set organizational priorities for each goal to guide the organization in planning initiatives and activities.

1. Provide a positive impact to Manitoba	2. Be a great place to work	3. Enhance customer and partner experience
<ul style="list-style-type: none">• Achieve our financial contribution targets• Support economic reconciliation and local economic development in the communities we serve• Advance our environmental sustainability, corporate responsibility, and social responsibility impact• Showcase MBLL's contribution to the province	<ul style="list-style-type: none">• Attract and retain an engaged workforce• Champion diversity, equity and inclusion• Support Truth and Reconciliation calls to action• Ensure a safe workplace	<ul style="list-style-type: none">• Focus on business continuity management to minimize business interruption• Provide exceptional products and service experiences• Stabilize and secure technologies to maintain system operations

Key Initiatives

Initiatives are the projects or activities that MBLL invests time and resources towards to accomplish its strategic goals. Below are some key initiatives planned for the year that will contribute to the goals and priorities above.

Initiative	Outcomes	Goal Alignment
VLT & slot replacement programs	<ul style="list-style-type: none"> Maximized sustainable net income within the VLT and casino business segments Maintained customer engagement and satisfaction Replacement within the network of a portion of the VLTs and slots that are at the end of their useful life Replacement of slots at First Nations Casinos to fulfill Conduct and Manage requirements and support business partners achieving higher profitability 	1, 3
Liquor Mart store development program	<ul style="list-style-type: none"> Renovated existing Liquor Marts in alignment with lease renewal periods Net new or expanded stores to meet the demand of growing, under-supported communities. Able to meet the needs of current and future customers 	1, 3
Carbon and energy reduction	<ul style="list-style-type: none"> Minimize building energy usage (major step towards net-zero emissions by 2050) Reduced operating costs Reduced greenhouse gas emissions Improved thermal comfort of customers Improved overall climate resiliency of owned buildings 	1
Truth and Reconciliation roadmap implementation	<ul style="list-style-type: none"> Implemented recommendations from Truth and Reconciliation Commission Calls to Action Reduced cultural bias and increased cultural competency within the organization Improved support for Indigenous employees and future employees Increased representation of Indigenous employees at all levels within the organization Engaged and built further relationships with Indigenous peoples and communities Collaborated on solutions for diversity, equity and inclusion matters faced by Indigenous peoples in Manitoba 	1, 2
Diversity, equity and inclusion roadmap implementation	<ul style="list-style-type: none"> Increased representation, support, awareness and understanding of DEI Increased representation of employment equity groups 	2



Initiative	Outcomes	Goal Alignment
Enhanced non-desk employee communications & engagement	<ul style="list-style-type: none">• Developed information sharing, planning and prioritization tools and framework• Developed communications channel matrix to allow for easier identification of preferred tools for reaching and informing specific audiences• Improved knowledge and awareness of shared information from non-desk staff• Increased employee engagement and participation in initiatives	2
Compensation program review	<ul style="list-style-type: none">• Increased ability to attract qualified applicants• Increased retention and engagement of existing employees• Reduced costs associated with turnover and prolonged recruitment processes• Reduced risk to business operations associated with role vacancies going unfilled	2
Business continuity management	<ul style="list-style-type: none">• Established dedicated Business Continuity Management team with standardized practices and processes• Developed business continuity plans for key areas throughout the organization to ensure increased resilience to adverse circumstances	3
Critical data centre modernization	<ul style="list-style-type: none">• Modernized and enhanced technology-related business continuity and disaster recovery capabilities• A stable technology environment	3

Key Performance Measures

Key performance measures are metrics that are monitored and reported on throughout the year to ensure the Corporation is on track to achieve its goals.

Goal	Key Performance Measures
1. Provide a positive impact to Manitoba	<ul style="list-style-type: none">• Net income remitted to the government• Community support funding• Social responsibility funding• Reduction in Greenhouse Gas Emissions
2. Be a great place to work	<ul style="list-style-type: none">• Employee engagement & retention index• Percentage of employees who have identified as a member of each equity group<ul style="list-style-type: none">• Women• Members of racialized groups• Indigenous people• Persons with disabilities• Percentage of procurement through economically disadvantaged/ women-owned/ diverse businesses• Percentage of employees and leaders who have completed education related to the history of Indigenous people• Number of workplace safety and health incidents
3. Enhance customer and partner experience	<ul style="list-style-type: none">• Customer satisfaction scores• Partner satisfaction scores

Financial Statements

Manitoba Liquor & Lotteries (\$000s)	2023-24 Actuals	2024-25 Budget	2025-26 Budget
Revenue	\$ 1,692,029	\$ 1,776,169	\$ 1,828,909
Cost of sales	(675,095)	(719,939)	(727,708)
	1,016,934	1,056,230	1,101,201
Operating expenses	(262,620)	(316,938)	(334,898)
Depreciation and amortization	(45,714)	(51,567)	(49,941)
Goods and Services Tax	(8,266)	(9,061)	(9,767)
	(316,600)	(377,566)	(394,606)
Operating Income	700,334	678,664	706,595
Share of profit of Western Canada Lottery Corporation	62,950	69,541	62,097
Interest expense on long-term debt	(12,718)	(14,710)	(13,044)
Interest income	2,190	1,956	2,117
Income before Allocations and Payments	752,756	735,451	757,765
Allocations and payments	(20,290)	(20,451)	(20,765)
Net Income and Comprehensive Income and Total Allocation to the Province of Manitoba	\$ 732,466	\$ 715,000	\$ 737,000

MBLL's 2025-26 budget is based on a balance of: increased revenue through the continuation of gaming equipment replacement programs at the Casinos of Winnipeg and the Manitoba VLT network, increased online gaming, cannabis volume growth, and execution of strategic initiatives. Operational expenses are anticipated to increase due to staffing required to execute strategic initiatives, support and stabilize technology, and maintain facilities infrastructure, along with collective agreement increases. Operational expenses are also increasing associated with technology systems and support, expanded community support related to Indigenous community sponsorships, and marketing and public awareness costs, primarily relating to PlayNow focused marketing efforts to compete with grey market offerings.

Capital Plan & Asset Summary

Summary of Capital Expenditures

(\$000s)	Actual 2023-24	Forecast 2024-25	Budget 2025-26	Budget 2026-27	Budget 2027-28
Regular Capital Program					
Carbon and Energy Reduction		-	650	650	650
Casinos HVAC Replacement	3,655	-	4,500	7,500	-
Specialized Equipment - Gaming	32,582	12,448	17,350	36,083	37,264
Information Technology	3,548	3,230	1,581	3,077	3,077
Liquor Mart Store Development Program		2,990	6,000	6,000	6,000
Operational Equipment	4,231	1,189	5,698	6,425	6,005
Other Necessary Maintenance – Facilities	4,658	6,665	6,695	11,312	5,066
Previously Approved Continuing Projects	224	4,928			
Total Regular Capital Program	\$ 48,899	\$ 31,450	\$ 42,474	\$ 71,047	\$ 58,062
First Nations Capital Program					
First Nations – Specialized Equipment - Gaming	4,676	4,150	5,327	5,492	3,492
First Nations – Information Technology	559	-	2,200	-	-
Previously Approved Continuing Projects		600			
Total First Nations Capital Program	\$ 5,235	\$ 4,750	\$ 7,527	\$ 5,492	\$ 3,492
Total	\$ 54,134	\$ 36,200	\$ 50,000	\$ 76,539	\$ 62,004

The 2025-26 Regular Capital Program primarily consists of funding for regular replacement of gaming equipment that is fully depreciated and underperforming as well as projects that are required for the necessary maintenance, safety and security of MBLL's facilities, equipment, infrastructure, systems, employees, and customers. The Liquor Mart store development program plans to renovate a number of existing Liquor Mart locations, coordinated to coincide with lease renewal periods, as well as consideration and pursuit of net new store development opportunities.

The 2025-26 First Nations Capital Program consists of funding for net new VLT requirements, as well as regular replacement of gaming equipment that is fully depreciated and underperforming to improve customer experiences at First Nations casinos, alongside necessary upgrades required to casino management systems. All costs associated with these capital projects are fully recoverable (including interest) from the First Nations Casinos.

Human Resources

Staffing Summary

MBLL provides employment to about 3,000 full-time, part-time and casual employees throughout the province of Manitoba. These employees include members of the executive team, management roles and employees and front-line staff required to appropriately service the Corporation's customers. A breakdown of the full-time equivalent positions by category is provided below.

Full-Time Equivalents (FTEs) (Filled and Vacant)	2023-24 Actuals	2024-25 Forecast	2025-26 Budget
Executive	8	8	8
Management	173	176	179
Employees	1,567	1,603	1,633
Total	1,748	1,792	1,820

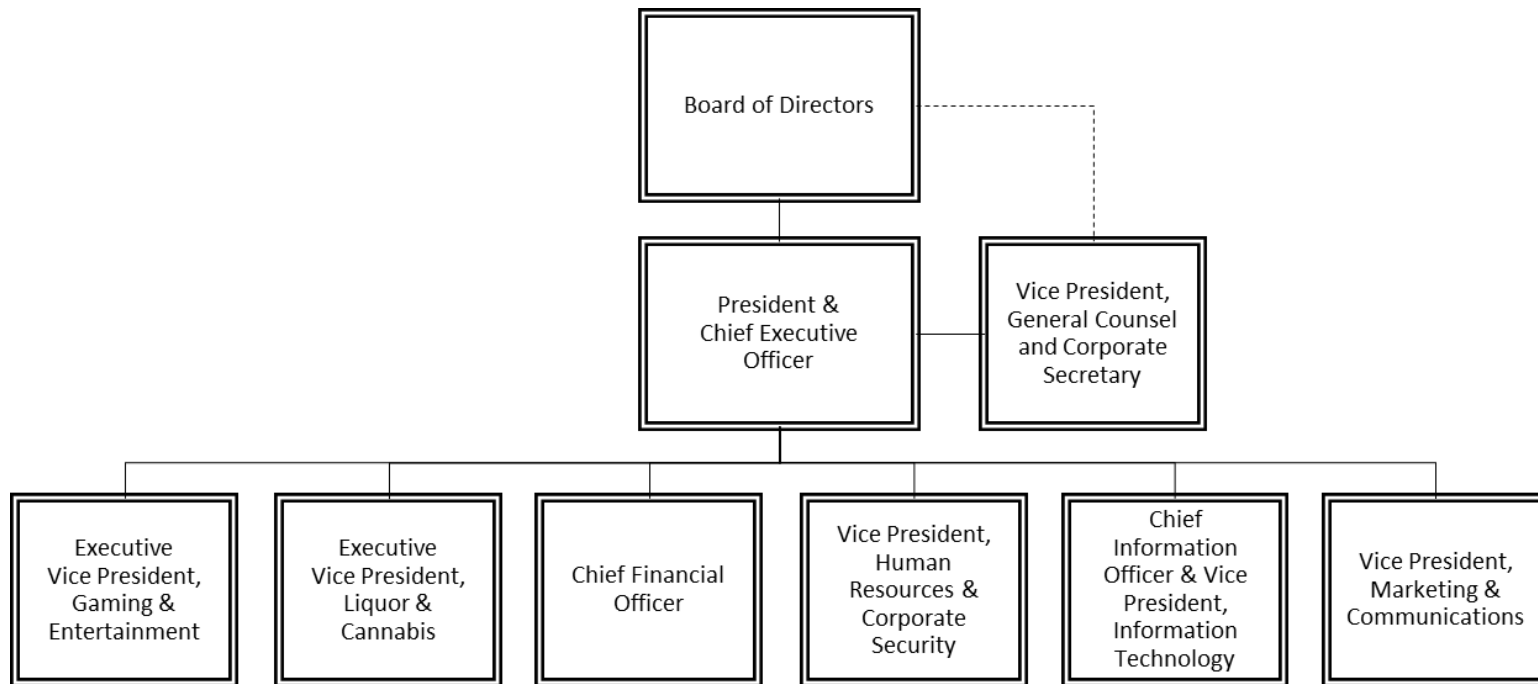
About 76% of employees are unionized and are represented by five (5) unions operating under seven (7) individual collective agreements. All the agreements have been ratified recently with three (3) agreements nearing end of their terms in 2026.

Salaries & benefits are budgeted to increase to \$201.7 million in 2025-26 from 2024-25 budget of \$191.2 million mainly attributed to negotiated terms from collective bargaining agreements. Other increases include new FTE requirements to execute planned strategic initiatives, support and stabilize technology, and maintain facilities infrastructure. These increases are partially offset by vacancy management efforts.

Management Structure

MBLL is overseen by a Board of Directors consisting of at least six and not more than ten Board members recommended by the Minister responsible for Manitoba Liquor and Lotteries Corporation and appointed by the Lieutenant Governor in Council.

The organizational structure is as follows:





Glossary

PlayNow – MBLL’s online gaming website hosted by British Columbia Lottery Corporation (BCLC)

Video Lottery Terminals (VLTs) – Electronic gaming machines featuring multiple games that are specifically configured to align with Manitoba *VLT Lottery Regulation* (M.R. 84/2014). Machines are available at First Nations communities, licensed establishments, and veterans’ organizations throughout the province.

Ready-to-drink beverages (RTDs) – Beverages sold in a prepared form, ready for consumption. Examples include hard seltzers, pre-mixed cocktails, hard coffees and teas, wine coolers and spritzers, and flavoured alcoholic beverages.