



Quarterly Financial Report

For the six months ended September 30, 2022

For further information:

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Consolidated Statement of Financial Position

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

	2022	2021
ASSETS		
Current assets		
Cash	\$ 34,842	\$ 41,906
Trade and other receivables	58,963	62,060
Inventories	75,546	71,164
Prepayments	6,620	7,254
Assets held for sale, net	13,957	-
	<hr/> 189,928	<hr/> 182,384
Non-current assets		
Property and equipment, net	307,572	329,312
Right-of-use assets, net	58,641	65,053
Intangible assets, net	6,203	7,904
	<hr/> 372,416	<hr/> 402,269
	<hr/> \$ 562,344	<hr/> \$ 584,653
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 134,800	\$ 127,999
Contract liabilities	14,739	13,129
Payable to the Province of Manitoba	53,743	50,063
Current portion of long-term debt	57,256	54,345
Current portion of lease liabilities	7,708	7,481
	<hr/> 268,246	<hr/> 253,017
Non-current liabilities		
Long-term debt	233,318	265,142
Lease liabilities	55,780	61,494
	<hr/> 289,098	<hr/> 326,636
Equity		
Retained earnings	5,000	5,000
	<hr/> \$ 562,344	<hr/> \$ 584,653

Consolidated Statement of Cash Flows

For the six months ended September 30
(\$000s, unaudited)

	2022	2021
Operating Activities		
Net income and comprehensive income	\$ 380,743	\$ 288,063
Add (deduct):		
Depreciation related to property and equipment	15,402	16,862
Depreciation on assets related to Conduct and Management agreements	313	554
Depreciation related to right-of-use assets	4,319	4,591
Amortization related to intangible assets	1,397	1,560
Interest on financing activities	5,754	6,154
Gain on disposal of property and equipment	(193)	(487)
	<u>407,735</u>	<u>317,297</u>
Changes in non-cash working capital items:		
Decrease (increase) in trade and other receivables	604	(6,916)
Increase in inventories	(18,383)	(6,829)
Increase in prepayments	(2,128)	(2,780)
Increase in trade and other payables	6,630	6,659
Increase in contract liabilities	1,611	438
Cash provided by operating activities	<u>396,069</u>	<u>307,869</u>
Investing Activities		
Purchase of property and equipment	(8,463)	(9,459)
Purchase of intangible assets	(515)	(104)
Proceeds from disposal of property and equipment	299	594
Cash used in investing activities	<u>(8,679)</u>	<u>(8,969)</u>
Financing Activities		
Cash distributions to the Province of Manitoba:		
Current year	(357,000)	(273,000)
Prior year	(16,828)	(7,601)
Proceeds from long-term debt	10,000	10,000
Payment of principal and interest on long-term debt	(33,398)	(32,440)
Payment of principal and interest on lease liabilities	(4,873)	(5,075)
Cash used in financing activities	<u>(402,099)</u>	<u>(308,116)</u>
Net decrease in cash during the period	(14,709)	(9,216)
Cash, beginning of the period	<u>49,551</u>	<u>51,122</u>
Cash, end of the period	<u><u>\$ 34,842</u></u>	<u><u>\$ 41,906</u></u>

Operational Highlights

Consolidated net income and comprehensive income for the six months ended September 30, 2022 was \$380.7 million, an increase of \$92.7 million from the same period last year. There were increases of \$64.2 million in Casinos, \$41.7 million in Video Lotto, and \$3.7 million in Cannabis Operations; offset by decreases of \$8.1 million in Online Gaming, \$7.5 million in Lottery, and \$1.3 million in Liquor Operations. In the prior year, the COVID-19 pandemic directives from Manitoba Health for individuals to stay home and the closure of certain businesses in the province, which included the casinos until July 27, 2021 and all VLT site locations between May 9, 2021 and July 16, 2021, had a substantial negative impact on the financial results.

Revenue, net of cost of sales, increased \$120.1 million from the same period last year, while the share of profit of Western Canada Lottery Corporation decreased \$8.7 million. On the expenditure side, operating expenses increased \$21.0 million; depreciation and amortization, GST expense and interest expense net of interest income decreased \$2.1 million; and allocations and payments decreased by \$0.2 million.



Consolidated Statement of Operations

For the six months ended September 30
(\$000s, unaudited)



	2022							2021
	Cannabis Operations	Casinos	Liquor Operations	Lottery	Online Gaming	Video Lotto	Total	Total
Revenue	\$ 61,687	\$ 114,978	\$ 463,436	\$ 804	\$ 36,777	\$ 159,168	\$ 836,850	\$ 687,430
Cost of sales	46,108	6,241	225,175	415	10,306	51,884	340,129	310,770
	15,579	108,737	238,261	389	26,471	107,284	496,721	376,660
Expenses								
Operating	897	44,353	54,660	3,199	4,278	5,544	112,931	91,897
Depreciation and amortization	-	10,278	8,611	-	19	2,210	21,118	23,013
Goods and Services Tax	-	1,139	-	104	923	991	3,157	2,557
	897	55,770	63,271	3,303	5,220	8,745	137,206	117,467
Operating Income	14,682	52,967	174,990	(2,914)	21,251	98,539	359,515	259,193
Share of profit of Western Canada Lottery Corporation	-	-	-	28,624	5,750	-	34,374	43,040
Interest expense	-	(2,834)	(1,833)	(38)	(5)	(1,044)	(5,754)	(6,154)
Interest income	16	167	232	31	31	253	730	298
Income before Allocations and Payments	14,698	50,300	173,389	25,703	27,027	97,748	388,865	296,377
Allocations and payments	217	896	3,974	591	548	1,896	8,122	8,314
Net Income and Total Comprehensive Income	\$ 14,481	\$ 49,404	\$ 169,415	\$ 25,112	\$ 26,479	\$ 95,852	\$ 380,743	\$ 288,063

Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with the Manitoba Liquor and Lotteries Corporation 2021-22 Annual Report.
2. These interim consolidated financial statements have been prepared following the same accounting policies that are disclosed in the Annual Report.
3. Comparative operational information has been reclassified to conform to the presentation of the current year consolidated financial results.