



Quarterly Financial Report

For the nine months ended December 31, 2022

For further information:

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Consolidated Statement of Financial Position

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

	2022	2021
ASSETS		
Current assets		
Cash	\$ 48,047	\$ 35,098
Trade and other receivables	60,196	61,376
Inventories	63,320	56,934
Prepayments	4,885	5,516
Assets held for sale, net	13,957	-
	<hr/> 190,405	<hr/> 158,924
Non-current assets		
Property and equipment, net	317,565	332,107
Right-of-use assets, net	56,903	64,790
Intangible assets, net	5,557	7,187
	<hr/> 380,025	<hr/> 404,084
	<hr/><hr/>\$ 570,430	<hr/><hr/>\$ 563,008
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 133,282	\$ 122,571
Contract liabilities	14,022	13,706
Payable to the Province of Manitoba	56,992	36,980
Current portion of long-term debt	57,223	54,225
Current portion of lease liabilities	7,753	7,730
	<hr/> 269,272	<hr/> 235,212
Non-current liabilities		
Long-term debt	242,024	261,600
Lease liabilities	54,134	61,196
	<hr/> 296,158	<hr/> 322,796
Equity		
Retained earnings	5,000	5,000
	<hr/> \$ 570,430	<hr/> \$ 563,008

Consolidated Statement of Cash Flows

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

	2022	2021
Operating Activities		
Net income and comprehensive income	\$ 572,992	\$ 463,980
Add (deduct):		
Depreciation related to property and equipment	22,519	24,781
Depreciation on assets related to Conduct and Management agreements	463	760
Depreciation related to right-of-use assets	6,471	6,760
Amortization related to intangible assets	2,068	2,306
Interest on financing activities	8,609	9,129
Gain on disposal of property and equipment	(288)	(476)
	<u>612,834</u>	<u>507,240</u>
Changes in non-cash working capital items:		
Increase in trade and other receivables	(629)	(6,232)
Decrease (increase) in inventories	(6,157)	7,401
Increase in prepayments	(393)	(1,042)
Increase in trade and other payables	5,112	1,231
Increase in contract liabilities	894	1,015
Cash provided by operating activities	<u>611,661</u>	<u>509,613</u>
Investing Activities		
Purchase of property and equipment	(25,735)	(20,380)
Purchase of intangible assets	(540)	(133)
Proceeds from disposal of property and equipment	406	584
Cash used in investing activities	<u>(25,869)</u>	<u>(19,929)</u>
Financing Activities		
Cash distributions to the Province of Manitoba:		
Current year	(546,000)	(462,000)
Prior year	(16,828)	(7,601)
Proceeds from long-term debt	33,000	20,000
Payment of principal and interest on long-term debt	(50,088)	(48,540)
Payment of principal and interest on lease liabilities	(7,380)	(7,567)
Cash used in financing activities	<u>(587,296)</u>	<u>(505,708)</u>
Net decrease in cash during the period	(1,504)	(16,024)
Cash, beginning of the period	<u>49,551</u>	<u>51,122</u>
Cash, end of the period	<u><u>\$ 48,047</u></u>	<u><u>\$ 35,098</u></u>



Operational Highlights

Consolidated net income and comprehensive income for the nine months ended December 31, 2022 was \$573.0 million, an increase of \$109.0 million from the same period last year. There were increases of \$69.9 million in Casinos, \$50.8 million in Video Lotto, and \$5.5 million in Cannabis Operations; offset by decreases of \$8.2 million in Online Gaming, \$7.1 million in Lottery, and \$1.9 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 \$142.4 million from the same period last year, while the share of profit of Western Canada Lottery Corporation decreased \$8.0 million. On the expenditure side, operating expenses increased \$27.7 million; depreciation and amortization, GST expense and interest expense net of interest income decreased \$3.1 million; and allocations and payments increased by \$0.8 million.



Consolidated Statement of Operations

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



	2022							2021
	Cannabis Operations	Casinos	Liquor Operations	Lottery	Online Gaming	Video Lotto	Total	Total
Revenue	\$ 97,158	\$ 169,761	\$ 696,173	\$ 1,206	\$ 56,582	\$ 240,574	\$ 1,261,454	\$ 1,081,622
Cost of sales	72,295	9,761	333,013	689	15,656	79,887	511,301	473,862
	24,863	160,000	363,160	517	40,926	160,687	750,153	607,760
Expenses								
Operating	1,386	69,213	85,589	4,883	6,537	8,127	175,735	148,009
Depreciation and amortization	-	14,880	12,955	-	31	3,192	31,058	33,847
Goods and Services Tax	-	1,813	-	157	1,404	1,462	4,836	3,950
	1,386	85,906	98,544	5,040	7,972	12,781	211,629	185,806
Operating Income	23,477	74,094	264,616	(4,523)	32,954	147,906	538,524	421,954
Share of profit of Western Canada Lottery Corporation	-	-	-	45,565	8,688	-	54,253	62,210
Interest expense	-	(4,145)	(2,706)	(56)	(7)	(1,695)	(8,609)	(9,129)
Interest income	27	272	379	50	54	394	1,176	460
Income before Allocations and Payments	23,504	70,221	262,289	41,036	41,689	146,605	585,344	475,495
Allocations and payments	360	1,300	6,052	955	849	2,836	12,352	11,515
Net Income and Total Comprehensive Income	\$ 23,144	\$ 68,921	\$ 256,237	\$ 40,081	\$ 40,840	\$ 143,769	\$ 572,992	\$ 463,980

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.