



Quarterly Financial Report

For the six months ended September 30, 2021

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Consolidated Statement of Financial Position As at September 30

(\$000s, unaudited)

	2021	2020
ASSETS		
Current assets		
Cash	\$ 41,906	\$ 78,671
Trade and other receivables	62,060	57,329
Inventories	71,164	65,052
Prepayments	7,254	6,475
	<u>182,384</u>	<u>207,527</u>
Non-current assets		
Property and equipment, net	329,312	346,546
Right-of-use assets, net	65,053	70,972
Intangible assets, net	7,904	10,322
	<u>402,269</u>	<u>427,840</u>
	<u>\$ 584,653</u>	<u>\$ 635,367</u>
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 127,999	\$ 126,042
Contract liabilities	13,129	9,953
Payable to the Province of Manitoba	50,063	91,107
Current portion of long-term debt	54,345	52,074
Current portion of lease liabilities	7,481	7,259
	<u>253,017</u>	<u>286,435</u>
Non-current liabilities		
Long-term debt	265,142	277,593
Lease liabilities	61,494	66,339
	<u>326,636</u>	<u>343,932</u>
Equity		
Retained earnings	5,000	5,000
	<u>\$ 584,653</u>	<u>\$ 635,367</u>

Consolidated Statement of Cash Flows For the six months ended September 30

(\$000s, unaudited)

	2021	2020
Operating Activities		
Net income and comprehensive income	\$ 288,063	\$ 251,107
Add (deduct):		
Depreciation related to property and equipment	16,862	17,600
Depreciation on assets related to Conduct and Management agreements	554	852
Depreciation related to right-of-use assets	4,591	4,589
Amortization related to intangible assets	1,560	1,618
Interest on financing activities	6,154	6,634
Loss (gain) on disposal of property and equipment	(487)	3,990
	317,297	286,390
Net change in non-cash working capital items:		
Increase in trade and other receivables	(6,916)	(20,520)
Increase in inventories	(6,829)	(10,488)
Increase in prepayments	(2,780)	(2,093)
Increase in trade and other payables	6,659	5,236
Increase in contract liabilities	438	2,186
Cash provided by operating activities	307,869	260,711
Investing Activities		
Purchase of property and equipment	(9,459)	(12,243)
Purchase of intangible assets	(104)	(243)
Proceeds from disposal of property and equipment	594	534
Cash used in investing activities	(8,969)	(11,952)
Financing Activities		
Cash distributions to the Province of Manitoba:		
Current year	(273,000)	(200,000)
Prior year	(7,601)	(2,302)
Proceeds from long-term debt	10,000	-
Payment of principal and interest on long-term debt	(32,440)	(31,645)
Payment of principal and interest on lease liabilities	(5,075)	(5,110)
Cash used in financing activities	(308,116)	(239,057)
Net increase (decrease) in cash during the period	(9,216)	9,702
Cash, beginning of the period	51,122	68,969
Cash, end of the period	\$ 41,906	\$ 78,671

Operational Highlights

Consolidated net income and comprehensive income for the six months ended September 30, 2021 was \$288.1 million, an increase of \$37.0 million from the same period last year. There were increases of \$14.9 million in Online Gaming, \$8.3 million in Video Lotto, \$5.0 million in Cannabis Operations, \$4.5 million in Lottery, and a decrease in the loss related to Casinos of \$7.9 million; offset by a decrease of \$3.6 million in Liquor Operations. Although the results are an improvement from 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 have had a substantial negative impact on the financial results.

Revenue, net of cost of sales, increased \$18.5 million from the same period last year. The share of profit of Western Canada Lottery Corporation increased \$8.6 million. On the expenditure side, operating expenses decreased \$7.4 million; depreciation and amortization, GST expense and interest expense net of interest income decreased \$0.8 million; and allocations and payments decreased by \$1.7 million.



Consolidated Statement of Operations
For the six months ended September 30
(\$000s, unaudited)

	2021							2020
	Cannabis Operations	Casinos	Liquor Operations	Lottery	Online Gaming	Video Lotto	Total	Total
Revenue	\$ 52,274	\$ 32,757	\$ 462,479	\$ 687	\$ 43,811	\$ 95,422	\$ 687,430	\$ 659,515
Cost of sales	40,688	1,388	226,395	306	12,254	29,739	310,770	301,365
	11,586	31,369	236,084	381	31,557	65,683	376,660	358,150
Expenses								
Operating	696	30,462	50,707	2,768	2,817	4,447	91,897	99,261
Depreciation and amortization	-	11,048	8,890	-	76	2,999	23,013	23,807
Goods and Services Tax	-	771	-	92	912	782	2,557	2,154
	696	42,281	59,597	2,860	3,805	8,228	117,467	125,222
Operating Income	10,890	(10,912)	176,487	(2,479)	27,752	57,455	259,193	232,928
Share of profit of Western Canada Lottery Corporation	-	-	-	35,825	7,215	-	43,040	34,389
Interest expense	-	(3,264)	(1,941)	(43)	(6)	(900)	(6,154)	(6,633)
Interest income	2	71	59	9	7	150	298	410
Income before Allocations and Payments	10,892	(14,105)	174,605	33,312	34,968	56,705	296,377	261,094
Allocations and payments	104	718	3,907	658	407	2,520	8,314	9,987
Net Income and Total Comprehensive Income	\$ 10,788	\$ (14,823)	\$ 170,698	\$ 32,654	\$ 34,561	\$ 54,185	\$ 288,063	\$ 251,107

Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with the Manitoba Liquor and Lotteries Corporation 2020-21 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.