



Quarterly Financial Report

For the nine months ended December 31, 2021

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Consolidated Statement of Financial Position As at December 31

(\$000s, unaudited)

	2021	2020
ASSETS		
Current assets		
Cash	\$ 35,098	\$ 43,132
Trade and other receivables	61,376	45,763
Inventories	56,934	64,050
Prepayments	5,516	5,056
	<u>158,924</u>	<u>158,001</u>
Non-current assets		
Property and equipment, net	332,107	342,653
Right-of-use assets, net	64,790	70,313
Intangible assets, net	7,187	9,632
	<u>404,084</u>	<u>422,598</u>
	<u>\$ 563,008</u>	<u>\$ 580,599</u>
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 122,571	\$ 117,253
Contract liabilities	13,706	10,566
Payable to the Province of Manitoba	36,980	44,674
Current portion of long-term debt	54,225	52,944
Current portion of lease liabilities	7,730	7,690
	<u>235,212</u>	<u>233,127</u>
Non-current liabilities		
Long-term debt	261,600	276,846
Lease liabilities	61,196	65,626
	<u>322,796</u>	<u>342,472</u>
Equity		
Retained earnings	5,000	5,000
	<u>\$ 563,008</u>	<u>\$ 580,599</u>

Consolidated Statement of Cash Flows For the nine months ended December 31

(\$000s, unaudited)

	2021	2020
Operating Activities		
Net income and comprehensive income	\$ 463,980	\$ 349,674
Add (deduct):		
Depreciation related to property and equipment	24,781	26,059
Depreciation on assets related to Conduct and Management agreements	760	1,272
Depreciation related to right-of-use assets	6,760	6,903
Amortization related to intangible assets	2,306	2,404
Interest on financing activities	9,129	9,760
Loss (gain) on disposal of property and equipment	(476)	3,206
	<u>507,240</u>	<u>399,278</u>
Net change in non-cash working capital items:		
Increase in trade and other receivables	(6,232)	(8,954)
Decrease (increase) in inventories	7,401	(9,486)
Increase in prepayments	(1,042)	(674)
Increase (decrease) in trade and other payables	1,231	(3,553)
Increase in contract liabilities	1,015	2,799
Cash provided by operating activities	<u>509,613</u>	<u>379,410</u>
Investing Activities		
Purchase of property and equipment	(20,380)	(16,957)
Purchase of intangible assets	(133)	(339)
Proceeds from disposal of property and equipment	584	1,046
Cash used in investing activities	<u>(19,929)</u>	<u>(16,250)</u>
Financing Activities		
Cash distributions to the Province of Manitoba:		
Current year	(462,000)	(345,000)
Prior year	(7,601)	(2,302)
Proceeds from long-term debt	20,000	13,200
Payment of principal and interest on long-term debt	(48,540)	(47,269)
Payment of principal and interest on lease liabilities	(7,567)	(7,626)
Cash used in financing activities	<u>(505,708)</u>	<u>(388,997)</u>
Net decrease in cash during the period	(16,024)	(25,837)
Cash, beginning of the period	<u>51,122</u>	<u>68,969</u>
Cash, end of the period	<u>\$ 35,098</u>	<u>\$ 43,132</u>

Operational Highlights

Consolidated net income and comprehensive income for the nine months ended December 31, 2021 was \$464.0 million, an increase of \$114.3 million from the same period last year. There were increases of \$40.2 million in Casinos, \$35.7 million in Video Lotto, \$15.0 million in Online Gaming, \$13.1 million in Lottery, \$7.6 million in Cannabis Operations, and \$2.7 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 \$92.8 million from the same period last year. The share of profit of Western Canada Lottery Corporation increased \$17.7 million. On the expenditure side, operating expenses increased \$1.0 million; depreciation and amortization, GST expense and interest expense net of interest income decreased \$1.4 million; and allocations and payments decreased by \$3.4 million.



Consolidated Statement of Operations
For the nine months ended December 31

(\$000s, unaudited)

	2021							2020
	Cannabis Operations	Casinos	Liquor Operations	Lottery	Online Gaming	Video Lotto	Total	Total
Revenue	\$ 82,674	\$ 78,200	\$ 695,558	\$ 1,061	\$ 62,992	\$ 161,137	\$ 1,081,622	\$ 952,114
Cost of sales	63,777	3,783	337,288	583	17,515	50,916	473,862	437,152
	18,897	74,417	358,270	478	45,477	110,221	607,760	514,962
Expenses								
Operating	1,176	52,071	79,014	4,317	4,378	7,053	148,009	146,965
Depreciation and amortization	-	16,179	13,144	-	116	4,408	33,847	35,366
Goods and Services Tax	-	1,292	-	135	1,329	1,194	3,950	3,385
	1,176	69,542	92,158	4,452	5,823	12,655	185,806	185,716
Operating Income	17,721	4,875	266,112	(3,974)	39,654	97,566	421,954	329,246
Share of profit of Western Canada Lottery Corporation	-	-	-	52,242	9,968	-	62,210	44,513
Interest expense	-	(4,813)	(2,897)	(63)	(9)	(1,347)	(9,129)	(9,760)
Interest income	4	111	87	13	12	233	460	564
Income before Allocations and Payments	17,725	173	263,302	48,218	49,625	96,452	475,495	364,563
Allocations and payments	154	1,128	5,126	1,006	625	3,476	11,515	14,889
Net Income and Total Comprehensive Income	\$ 17,571	\$ (955)	\$ 258,176	\$ 47,212	\$ 49,000	\$ 92,976	\$ 463,980	\$ 349,674

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.