

**Consolidated Statement of Financial Position**  
**As at December 31**  
(\$000s, unaudited)

**Consolidated Statement of Cash Flows**  
**For the nine months ended December 31**  
(\$000s, unaudited)

|  | 2019                     | 2018                     |
|--|--------------------------|--------------------------|
| <b>ASSETS</b>  |                          |                          |
| <b>Current Assets</b>                                |                          |                          |
| Cash   | \$ 32,193                | \$ 49,022                |
| Trade and other receivables                          | 56,195                   | 55,412                   |
| Inventories  | 53,447                   | 52,468                   |
| Prepayments  | 5,759                    | 11,731                   |
|  | <u>147,594</u>           | <u>168,633</u>           |
| <b>Property and Equipment, and Intangible Assets</b> |                          |                          |
|  | <u>376,774</u>           | <u>392,715</u>           |
|  | <u><b>\$ 524,368</b></u> | <u><b>\$ 561,348</b></u> |
| <b>LIABILITIES AND EQUITY</b>                        |                          |                          |
| <b>Current Liabilities</b>                           |                          |                          |
| Trade and other payables                             | \$ 98,818                | \$ 125,036               |
| Contract liabilities                                 | 8,063                    | 8,626                    |
| Payable to the Province of Manitoba                  | 57,060                   | 65,280                   |
| Current portion of long-term debt                    | 50,814                   | 54,333                   |
|  | <u>214,755</u>           | <u>253,275</u>           |
| <b>Long-term debt</b>                                | <u>304,613</u>           | <u>303,073</u>           |
| <b>Equity</b>  | <u>5,000</u>             | <u>5,000</u>             |
|  | <u><b>\$ 524,368</b></u> | <u><b>\$ 561,348</b></u> |

|   | 2019                           | 2018                           |
|---|--------------------------------|--------------------------------|
| <b>Operating Activities</b>   |                                |                                |
| Net income and comprehensive income                                 | \$ 497,060                     | \$ 491,280                     |
| Add (deduct) items not involving cash:                              |                                |                                |
| Depreciation and amortization                                       | 41,747                         | 38,906                         |
| Depreciation on assets related to Conduct and Management agreements | 1,985                          | 3,151                          |
| Loss (gain) on disposal of property and equipment                   | 627                            | (6)                            |
|   | <u>541,419</u>                 | <u>533,331</u>                 |
| Changes in non-cash working capital items:                          |                                |                                |
| Trade and other receivables   | (2,611)                        | (4,112)                        |
| Inventories   | (3,811)                        | (4,460)                        |
| Prepayments   | (1,008)                        | (7,382)                        |
| Trade and other payables  | (19,654)                       | 9,734                          |
| Contract liabilities  | 377                            | 3,042                          |
| <b>Cash provided by operating activities</b>                        | <u><b>514,712</b></u>          | <u><b>530,153</b></u>          |
| <b>Investing Activities</b>   |                                |                                |
| Purchase of property and equipment, and intangible assets           | (23,731)                       | (39,678)                       |
| Proceeds from disposal of property and equipment                    | 300                            | 224                            |
| <b>Cash used in investing activities</b>                            | <u><b>(23,431)</b></u>         | <u><b>(39,454)</b></u>         |
| <b>Financing Activities</b>   |                                |                                |
| Cash distributions to the Province of Manitoba                      | (490,075)                      | (480,362)                      |
| Proceeds from long-term debt  | 30,140                         | 38,790                         |
| Repayment of long-term debt   | (44,913)                       | (42,226)                       |
| <b>Cash used in financing activities</b>                            | <u><b>(504,848)</b></u>        | <u><b>(483,798)</b></u>        |
| <b>Net increase (decrease) in cash during the year</b>              | <u><b>(13,567)</b></u>         | <u><b>6,901</b></u>            |
| <b>Cash, beginning of the year</b>                                  | <u><b>45,760</b></u>           | <u><b>42,121</b></u>           |
| <b>Cash, end of the year</b>  | <u><u><b>\$ 32,193</b></u></u> | <u><u><b>\$ 49,022</b></u></u> |

# QUARTERLY FINANCIAL REPORT

MANITOBA  
LIQUOR  
& LOTTERIES



**For the nine months ended  
December 31, 2019**

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## Operational Highlights

Manitoba Liquor and Lotteries Corporation's consolidated net income and comprehensive income for the nine months ended December 31, 2019 was \$497.1 million, an increase of \$5.8 million from the same period last year. There were increases of \$7.3 million in Casinos, \$4.7 million in Video Lotto, and \$3.7 million in Cannabis Operations; offset by decreases of \$8.5 million in Lottery and \$1.4 million in Liquor Operations.

Revenue, net of cost of sales, increased \$14.5 million from the same period last year, while the share of profit of Western Canada Lottery Corporation decreased \$8.6 million. On the expenditure side, operating expenses decreased \$3.6 million; depreciation and amortization, GST expense and interest expense net of interest income increased \$3.4 million; and allocations and payments increased by \$0.3 million.

### Consolidated Statement of Operations For the nine months ended December 31 (\$'000s, unaudited)

|   | 2019                   |                  |                      |                  |                   |                   | 2018              |
|---|------------------------|------------------|----------------------|------------------|-------------------|-------------------|-------------------|
|   | Cannabis<br>Operations | Casinos          | Liquor<br>Operations | Lottery          | Video Lotto       | Total             | Total             |
| <b>Revenue</b>  |                        |                  |                      |                  |                   |                   |                   |
| Revenue   | \$ 34,987              | \$ 198,989       | \$ 642,154           | \$ 1,586         | \$ 276,176        | \$ 1,153,892      | \$ 1,112,915      |
| Cost of Sales   | 28,975                 | 15,172           | 317,369              | 932              | 91,199            | 453,647           | 427,214           |
|   | <b>6,012</b>           | <b>183,817</b>   | <b>324,785</b>       | <b>654</b>       | <b>184,977</b>    | <b>700,245</b>    | <b>685,701</b>    |
| <b>Expenses</b>                                       |                        |                  |                      |                  |                   |                   |                   |
| Operating   | 960                    | 86,410           | 85,242               | 4,570            | 9,528             | 186,710           | 190,282           |
| Depreciation and amortization                         | -                      | 19,966           | 5,390                | -                | 16,391            | 41,747            | 38,906            |
| Goods and Services Tax                                | -                      | 822              | -                    | 28               | 1,469             | 2,319             | 2,044             |
|   | <b>960</b>             | <b>107,198</b>   | <b>90,632</b>        | <b>4,598</b>     | <b>27,388</b>     | <b>230,776</b>    | <b>231,232</b>    |
| <b>Operating Income</b>                               | <b>5,052</b>           | <b>76,619</b>    | <b>234,153</b>       | <b>(3,944)</b>   | <b>157,589</b>    | <b>469,469</b>    | <b>454,469</b>    |
| Share of profit of Western Canada Lottery Corporation | -                      | 1,346            | -                    | 45,392           | -                 | 46,738            | 55,311            |
| Interest expense on long-term debt                    | -                      | (5,951)          | (837)                | (77)             | (1,821)           | (8,686)           | (8,383)           |
| Interest income                                       | 3                      | 305              | 175                  | 25               | 325               | 833               | 882               |
| <b>Income before Allocations and Payments</b>         | <b>5,055</b>           | <b>72,319</b>    | <b>233,491</b>       | <b>41,396</b>    | <b>156,093</b>    | <b>508,354</b>    | <b>502,279</b>    |
| Allocations and payments                              | 202                    | 2,826            | 5,961                | 529              | 1,776             | 11,294            | 10,999            |
| <b>Net Income and Total Comprehensive Income</b>      | <b>\$ 4,853</b>        | <b>\$ 69,493</b> | <b>\$ 227,530</b>    | <b>\$ 40,867</b> | <b>\$ 154,317</b> | <b>\$ 497,060</b> | <b>\$ 491,280</b> |

#### Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with the Manitoba Liquor and Lotteries Corporation 2018-19 Annual Report.
2. These interim consolidated financial statements have been prepared following the same accounting policies that are disclosed in the Annual Report.