



Quarterly Financial Report

For the three months ended June 30, 2021

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Consolidated Statement of Financial Position As at June 30

(\$000s, unaudited)

	2021	2020
ASSETS		
Current assets		
Cash	\$ 39,344	\$ 102,358
Trade and other receivables	70,450	64,130
Inventories	70,167	62,652
Prepayments	8,297	7,778
	<u>188,258</u>	<u>236,918</u>
Non-current assets		
Property and equipment, net	331,434	351,196
Right-of-use assets, net	66,786	70,975
Intangible assets, net	8,653	10,890
	<u>406,873</u>	<u>433,061</u>
	<u>\$ 595,131</u>	<u>\$ 669,979</u>
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	\$ 131,445	\$ 141,366
Contract liabilities	11,343	7,101
Payable to the Province of Manitoba	53,777	100,442
Current portion of long-term debt	54,466	52,214
Current portion of lease liabilities	8,162	7,193
	<u>259,193</u>	<u>308,316</u>
Non-current liabilities		
Long-term debt	268,685	290,531
Lease liabilities	62,253	66,132
	<u>330,938</u>	<u>356,663</u>
Equity		
Retained earnings	5,000	5,000
	<u>\$ 595,131</u>	<u>\$ 669,979</u>

Consolidated Statement of Cash Flows For the three months ended June 30

(\$000s, unaudited)

	2021	2020
Operating Activities		
Net income and comprehensive income	\$ 119,176	\$ 88,140
Add (deduct):		
Depreciation related to property and equipment	8,389	8,788
Depreciation on assets related to Conduct and Management agreements	277	433
Depreciation related to right-of-use assets	2,301	2,320
Amortization related to intangible assets	781	840
Interest on financing activities	3,120	3,348
Loss (gain) on disposal of property and equipment	20	(385)
	134,064	103,484
Net change in non-cash working capital items:		
Increase in trade and other receivables	(15,306)	(27,321)
Increase in inventories	(5,832)	(8,088)
Increase in prepayments	(3,823)	(3,396)
Increase in trade and other payables	10,105	20,560
Decrease in contract liabilities	(1,348)	(666)
Cash provided by operating activities	117,860	84,573
Investing Activities		
Purchase of property and equipment	(2,744)	(3,268)
Purchase of intangible assets	(74)	(33)
Proceeds from disposal of property and equipment	-	515
Cash used in investing activities	(2,818)	(2,786)
Financing Activities		
Cash distributions to the Province of Manitoba	(108,000)	(30,000)
Payment of principal and interest on long-term debt	(16,281)	(15,857)
Payment of principal and interest on lease liabilities	(2,539)	(2,541)
Cash used in financing activities	(126,820)	(48,398)
Net increase (decrease) in cash during the period	(11,778)	33,389
Cash, beginning of the period	51,122	68,969
Cash, end of the period	\$ 39,344	\$ 102,358

Operational Highlights

Consolidated net income and comprehensive income for the three months ended June 30, 2021 was \$119.2 million, an increase of \$31.1 million from the same period last year. There were increases of \$17.6 million in Video Lotto, \$8.9 million in Online Gaming, \$7.5 million in Lottery, and \$2.5 million in Cannabis Operations, as well as a decrease in the loss for Casinos of \$0.9 million; offset by a decrease of \$6.3 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 for the full three months and all VLT site locations since May 9, 2021 continue to have a substantial negative impact on the financial results.

Revenue, net of cost of sales, increased \$21.2 million from the same period last year mainly due to 34 additional operational days for the VLT network in the current year. The share of profit of Western Canada Lottery Corporation increased \$10.7 million. On the expenditure side, operating expenses increased \$1.7 million; depreciation and amortization, GST expense and interest expense net of interest income decreased \$0.4 million; and allocations and payments decreased by \$0.5 million.



Consolidated Statement of Operations
For the three months ended June 30

(\$000s, unaudited)

	2021							2020
	Cannabis Operations	Casinos	Liquor Operations	Lottery	Online Gaming	Video Lotto	Total	Total
Revenue	\$ 24,172	\$ -	\$ 223,624	\$ 318	\$ 23,955	\$ 32,580	\$ 304,649	\$ 273,099
Cost of sales	18,993	-	109,543	138	6,787	9,860	145,321	135,035
	5,179	-	114,081	180	17,168	22,720	159,328	138,064
Expenses								
Operating	338	12,890	27,054	1,430	1,419	2,409	45,540	43,778
Depreciation and amortization	-	5,561	4,415	-	39	1,456	11,471	11,948
Goods and Services Tax	-	319	-	44	492	321	1,176	926
	338	18,770	31,469	1,474	1,950	4,186	58,187	56,652
Operating Income	4,841	(18,770)	82,612	(1,294)	15,218	18,534	101,141	81,412
Share of profit of Western Canada Lottery Corporation	-	-	-	21,113	4,280	-	25,393	14,745
Interest expense	-	(1,658)	(979)	(22)	(3)	(458)	(3,120)	(3,348)
Interest income	1	36	30	6	2	73	148	192
Income before Allocations and Payments	4,842	(20,392)	81,663	19,803	19,497	18,149	123,562	93,001
Allocations and payments	50	367	2,048	333	203	1,385	4,386	4,861
Net Income and Total Comprehensive Income	\$ 4,792	\$ (20,759)	\$ 79,615	\$ 19,470	\$ 19,294	\$ 16,764	\$ 119,176	\$ 88,140

Notes to the Consolidated Financial Statements

1. These interim consolidated financial statements should be read in conjunction with the Manitoba Liquor and Lotteries Corporation 2019-20 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.