Manitoba
Liquor & Lotteries

Annual Report 2021/22

MANITOBA
LIQUOR & LOTTERIES

Land Acknowledgement

Manitoba Liquor & Lotteries benefits from being on the original territories of the Anishinaabe, Cree, Oji-Cree, Dakota, Lakota, and Dene peoples, lands now known as Treaties One through Five – and the homeland of the Red River Métis.

We commit to respecting the treaties made on these territories while acknowledging the harms of the past and moving forward in partnership with Indigenous communities and a spirit of reconciliation.

While we acknowledge that territorial acknowledgements are only one step in cultivating greater respect for and inclusion of Indigenous Peoples, these words will accompany actions invested in building a future and community better for all.

VALUES

We aspire to live these values in all that we do to enrich the lives of Manitobans.

CARING

Everyone Matters:
We care about each other, our communities and the environment by being genuine, responsible and considerate.

COMMITTED

Keep Promises:
We take pride and ownership in making and meeting our commitments.

COLLABORATIVE

Better Together:
We work together in an open, respectful way to produce and deliver outstanding results.

CREATIVE

Courage to Explore:
We foster an environment of idea sharing, continuous learning and improvement, and push beyond what we have today to what is possible tomorrow.

CUSTOMER FOCUSED

Great Experiences:
We listen to our internal and external customers so we can anticipate, understand and respond to their needs.

LETTER OF TRANSMISSION

Honourable Andrew Smith

Minister responsible for the Manitoba Liquor and Lotteries Corporation

Room 118, Legislative Building

450 Broadway

Winnipeg, MB R3C 0V8

July 29, 2022

Dear Honourable Minister:

It is my pleasure to present you with the annual report of Manitoba Liquor and Lotteries Corporation for the fiscal year ended March 31, 2022.

Respectfully submitted,

Bonnie Mitchelson

Chair, Board of Directors

BOARD OF DIRECTORS

As of June 7, 2022

Bonnie Mitchelson, Chairperson

Tim Comack, Vice Chair

Rod Bruinooge

Gestur Kristjansson

Bryce Matlashewski

Wayne Rempel

Brenda Tobac

Christine Van Cauwenberghe

BOARD OF DIRECTORS

April 1, 2021 - March 31, 2022

Randy Williams, Chairperson*

Marshall Ring, Vice Chair*

Rod Bruinooge

Gestur Kristjansson

Bryce Matlashewski

Wayne Rempel

James Spencer*

Brenda Tobac

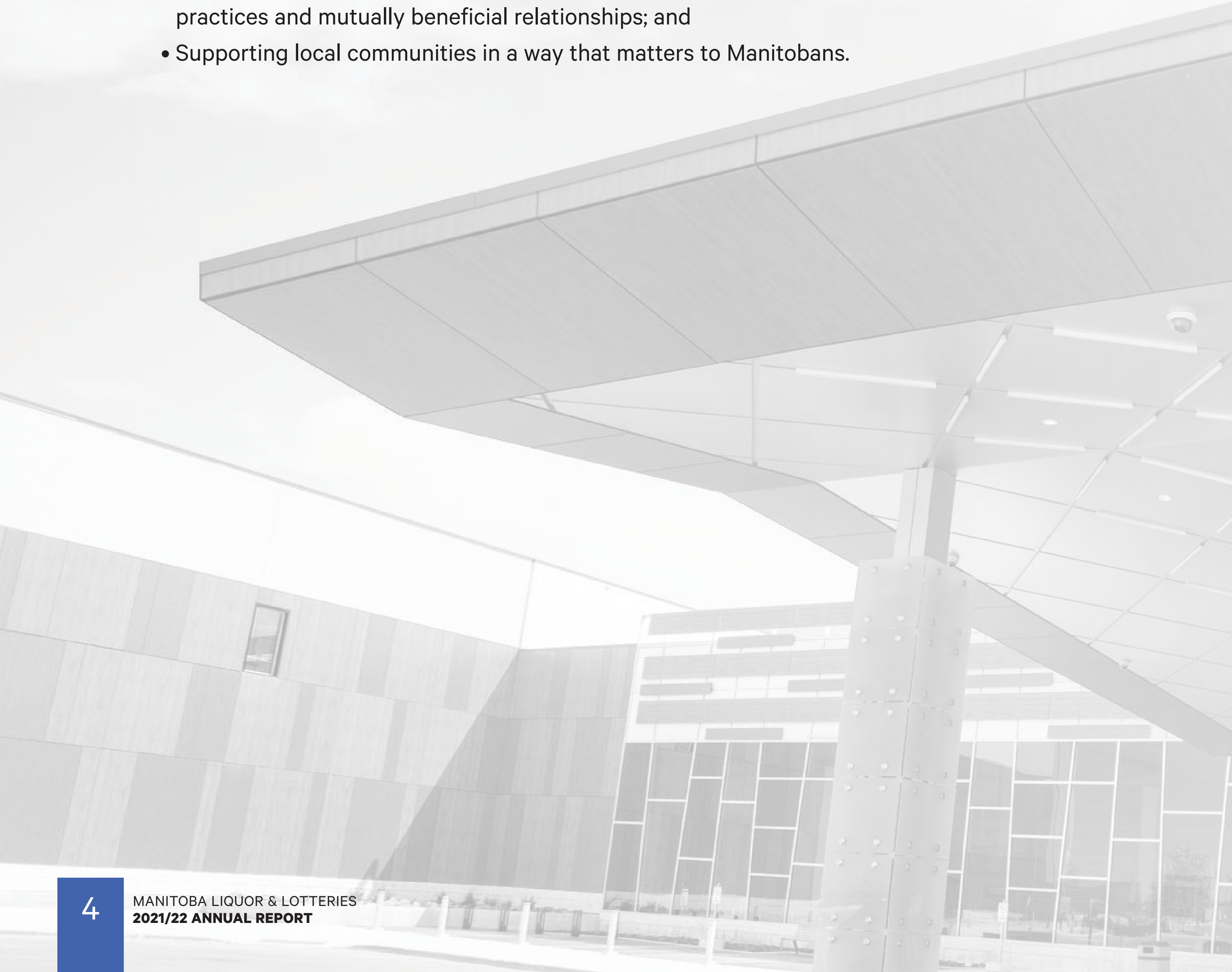
Christine Van Cauwenberghe

*Outgoing June 7, 2022

PURPOSE

To enrich the lives of Manitobans by:

- Meeting the needs of the Government by making the greatest possible contribution to the economic and social well-being of the Province of Manitoba;
- Anticipating the needs of customers;
- Enabling our employees;
- Engaging private sector partners and suppliers in sound business practices and mutually beneficial relationships; and
- Supporting local communities in a way that matters to Manitobans.



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MESSAGE FROM
The Chair

During the 2021-22 fiscal year, the pandemic impacted Manitoba families, organizations, and governments in profound and unpredictable ways, creating challenges that required creative and cooperative solutions.

On behalf of the Board of Directors, I would like to offer thanks to all Manitobans for their understanding as Liquor & Lotteries worked through ebbs and flows of the COVID-19 pandemic and the evolving public health requirements.

All our employees stepped up to help our province by supporting the distribution of face masks at casinos and Liquor Mart locations and running the Vax to Win lottery that encouraged more people to get protected from COVID-19.

As Liquor & Lotteries' newly appointed Board Chair, I extend my thanks to the previous Chair and Board members. I look forward to building on past successes to maximize the value we bring to Manitobans. The Board is confident that by continuing to adapt and apply what we have learned we can keep serving Manitobans in exceptional ways, while generating revenue for the government to help support important programs like healthcare, education, and social services.

Looking ahead, our updated strategic plan will help to focus our efforts. This includes considering how we will evolve to meet the needs of customers and partners and continue to deliver our products sustainably and responsibly.

Thanks to the dedication and ingenuity of our executive, management and staff the Board is very optimistic about our future.

Collectively, we remain committed to ongoing improvement, identifying and acting on new and evolving opportunities, and ensuring the success of Manitoba Liquor & Lotteries, so we can continue to enrich the lives of Manitobans.

BONNIE MITCHELSON
Chair, Board of Directors

MESSAGE FROM

The President & CEO

This fiscal year saw the return to near normalcy in some areas of business that were previously hard-hit by the pandemic, while other aspects of our operations continue to evolve and recover from its impacts.

I offer my sincere thanks to our more than 3,000 employees for their ongoing resilience and commitment to delivering exceptional customer service and quality results, with compassion, as we serve our community in both old and new innovative ways. Thank you as well to our Board, for their support and leadership over the past year.

Overall, we generated nearly $600 million for the Province of Manitoba, which is used for priority programs and services such as health care and education. This reflects more than 40% growth in income over the previous highly challenging year.

These results are in part due to careful management of operating expenses. We are mandated to deliver our services in a fiscally sustainable, predictable, transparent and reliable manner. We achieved this to a remarkable degree in the face of major business and social shifts that required agility and continual reassessment of our business and delivery to customers.

Our net income made a significant recovery over the previous year largely because of the reopening of our casinos and VLT network with fewer days being shuttered due to public health closures. Our casino teams worked tirelessly to make guests feel comfortable and safe returning to our facilities. We introduced low-limit live-electronic gaming, with live dealers connected to multiple table games, giving players more individual space and gaming options.

PlayNow.com was another bright spot in our portfolio, as online gaming continued to grow at a rapid pace. We anticipate even more Manitobans will discover our province's only legal, safe and secure online gaming site that keeps dollars in our communities.

Liquor operations saw a return to pre-pandemic levels, as public health restrictions were reduced, and activity once more picked up at bars, restaurants, and events. Considered an essential service since the beginning of the pandemic, Manitoba's Liquor Marts have maintained exceptional customer service in an ever-changing landscape of public health measures, supply disruptions, and strengthened safety practices. Our Shop Online sales stream (home delivery and curbside pickup in select locations) saw another significant uptick in volume as we continued to build up our capacity in this area.

The pandemic underscored just how critical online architecture is for business today and into the future. It's not just about a great website, but also modernizing our distribution processes and supply chain management, plus enhancing the shopping experience at our brick-and-mortar stores through online tools. To that end, we wrapped up the year testing a new online ordering system for cannabis retailers and liquor licensees such as beer and liquor vendors, speciality wine stores, restaurants, and lounges. Our teams look forward to further developing our technology and process capacities in liquor distributing and retailing, online gaming, and many other areas of business.

Throughout the pandemic we remained committed to corporate responsibility. Two percent of our anticipated annual net income is allocated to fund addictions programs, promote responsible gambling and lower risk liquor consumption, and conduct research to inform responsible use strategies for gambling, liquor, and cannabis. In 2021/22 we spent $13.1 million to support these efforts. Through our community support programs we also continued to support many charities and non-profit groups and found creative ways for employees to get involved through virtual volunteer opportunities.

One of our more high-visibility sustainability initiatives was the Bring Your Own Bag (BYOB) campaign to prepare Liquor Mart customers for the introduction of a single-use bag fee. The purpose of the small fee is to nudge our customers towards reusable bags and cardboard carriers available in our store. Together, we can save more than eight million single-use bags from entering our recycling and garbage streams every year – equivalent to saving 3,700 trees – while cutting harmful greenhouse gas emissions.

A solid plan is critical for success. Our strategic plan is our roadmap, outlining how we intend to serve Manitoba in the coming years. Our current strategic goals include:

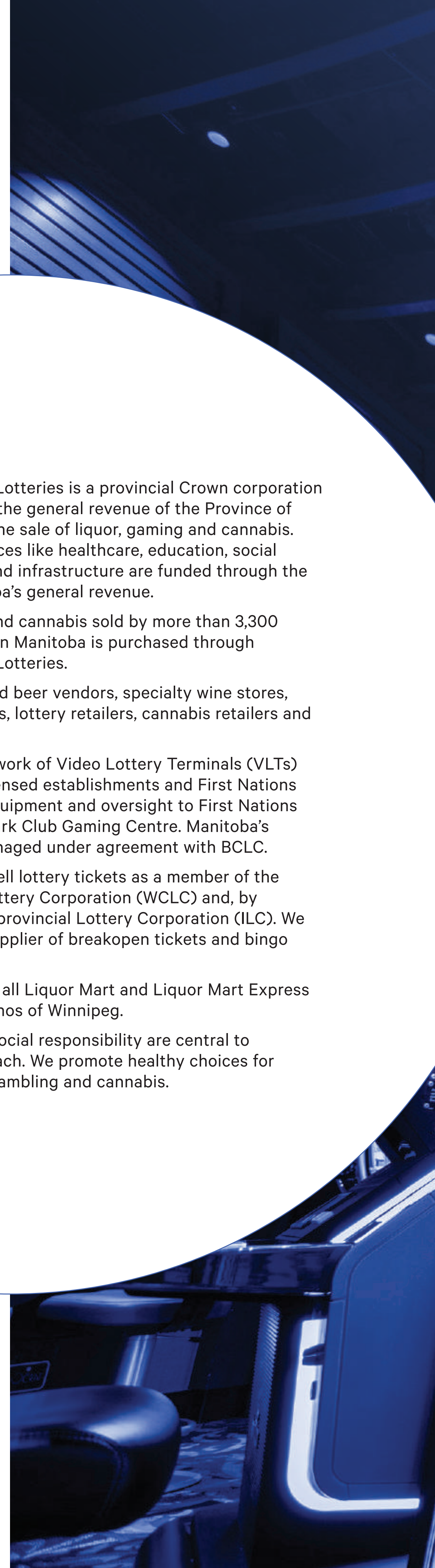
- Delivering net income for Manitobans
- Investing in planning, technology and continuous improvement to ensure long-term fiscal performance
- Attracting, developing and retaining a diverse workforce by creating an engaged, enabled, and safe workplace
- Evolving to meet the changing needs of our customers and partners
- Delivering positive impacts to Manitoba through sustainable and responsible business efforts

I am confident, after seeing what our employees and management accomplished in the past 12 months, that we will achieve these goals.

Once again, thank you to all our employees, business partners, and stakeholders. The pandemic showed us that where there is challenge, there is also opportunity. I look to the coming year with enthusiasm and anticipation, confident that we have used this recent challenging period in our province and the world to reflect on how we can best deliver results for Manitobans and to position Manitoba Liquor & Lotteries for meaningful growth and reinvigorated performance in the immediate future.

MANNY ATWAL
President & Chief Executive Officer

About Us



Manitoba Liquor & Lotteries is a provincial Crown corporation that contributes to the general revenue of the Province of Manitoba through the sale of liquor, gaming and cannabis. Programs and services like healthcare, education, social services, housing and infrastructure are funded through the Province of Manitoba's general revenue.

All liquor, gaming and cannabis sold by more than 3,300 private businesses in Manitoba is purchased through Manitoba Liquor & Lotteries.

We supply liquor and beer vendors, specialty wine stores, restaurants and bars, lottery retailers, cannabis retailers and other licensees.

We operate the network of Video Lottery Terminals (VLTs) found at private licensed establishments and First Nations sites, and supply equipment and oversight to First Nations casinos and the Shark Club Gaming Centre. Manitoba's PlayNow.com is managed under agreement with BCLC.

We distribute and sell lottery tickets as a member of the Western Canada Lottery Corporation (WCLC) and, by extension, the Interprovincial Lottery Corporation (ILC). We are the exclusive supplier of breakopen tickets and bingo paper in Manitoba.

We directly operate all Liquor Mart and Liquor Mart Express stores and the Casinos of Winnipeg.

Sustainability and social responsibility are central to our business approach. We promote healthy choices for consuming liquor, gambling and cannabis.


LUXURY
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LUXURY
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GRAND
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LUXURY
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$0.75

MANAGEMENT

Discussion and Analysis

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS AT MARCH 31, 2022

The Management Discussion and Analysis reviews the consolidated financial results of the operations of Manitoba Liquor and Lotteries Corporation (the Corporation) for the fiscal year ended March 31, 2022. This report should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes.

Management is responsible for the reliability and timeliness of the information disclosed in the management discussion and analysis and does so by implementing and monitoring the appropriate existence and effectiveness of systems, controls and procedures used by the Corporation. Management has concluded, as at March 31, 2022, that the systems, controls, and processes in place are adequate to provide reliable and accurate information for the management discussion and analysis.

OVERVIEW AND RESULTS OF OPERATIONS

The six operating segments of the Corporation are: Cannabis Operations, Casinos, Liquor Operations, Lottery, Online Gaming and Video Lotto. In accordance with International Financial Reporting Standards (IFRS), the Corporation accounts for WCLC using the equity method and therefore presents its share of the profit of WCLC as one line in the consolidated statement of net income, comprehensive income and equity of the audited consolidated financial statements.

For reporting purposes within the management discussion and analysis, the administrative costs associated with corporate support services – including human resources, finance, marketing and communications, facilities, technology, internal audit, corporate governance, security, and corporate responsibility – have been allocated to each of the operating segments.

During 2021/22, the COVID-19 pandemic continued to impact each of the Corporation's operating segments in different ways. The Casinos and Video Lotto segments were impacted by provincially mandated extended closures as well as additional public health measures when open to customers, including capacity restrictions, distancing requirements, and mandatory proof of vaccination. The closures and restrictions in these two segments had a material negative impact on the 2021/22 financial results, while the Online Gaming segment saw continued growth as Manitobans sought gaming options during the closures. The Lottery segment was fully operational throughout 2021/22 after experiencing a two-month shutdown of the majority of the lottery network in the prior year. From the beginning of the pandemic, the sale of cannabis and liquor products were deemed essential services under provincial health orders, and therefore the Cannabis Operations and Liquor Operations segments remained operational throughout the entire year. The Corporation's allocation to the Province of Manitoba for 2021/22 was $597.8 million, an increase of $172.7 million or 40.6% when compared to the 2020/21 allocation of $425.1 million.

2022 *(in thousands)*	CANNABIS OPERATIONS	CASINOS	LIQUOR OPERATIONS	LOTTERY	ONLINE GAMING	VIDEO LOTTO	TOTAL
Revenue	$ 113,922	$ 118,831	$ 873,194	$ 1,338	$ 82,940	$ 226,624	$ 1,416,849
Cost of sales	87,426	6,116	421,017	716	22,967	71,090	609,332
	26,496	**112,715**	**452,177**	**622**	**59,973**	**155,534**	**807,517**
Operating expenses	1,693	74,712	108,968	5,978	6,821	9,527	207,699
Depreciation and amortization	-	21,837	17,451	-	138	7,424	46,850
Goods and Services Tax	-	1,879	-	236	1,862	1,496	5,473
	1,693	**98,428**	**126,419**	**6,214**	**8,821**	**18,447**	**260,022**
Operating Income	**24,803**	**14,287**	**325,758**	**(5,592)**	**51,152**	**137,087**	**547,495**
Share of profit of Western Canada Lottery Corporation	-	-	-	64,729	12,783	-	77,512
Interest expense	-	(6,257)	(3,814)	(82)	(10)	(1,717)	(11,880)
Interest income	8	150	129	19	20	318	644
Income Before Allocations and Payments	**24,811**	**8,180**	**322,073**	**59,074**	**63,945**	**135,688**	**613,771**
Allocations and payments	231	1,709	5,703	1,367	821	6,112	15,943
Net Income and Comprehensive Income and Total Allocation to the Province of Manitoba	**$ 24,580**	**$ 6,471**	**$ 316,370**	**$ 57,707**	**$ 63,124**	**$ 129,576**	**$ 597,828**

2021 *(in thousands)*	CANNABIS OPERATIONS	CASINOS	LIQUOR OPERATIONS	LOTTERY	ONLINE GAMING	VIDEO LOTTO	TOTAL
Revenue	$ 80,180	$ 33,661	$ 885,997	$ 921	$ 72,434	$ 137,506	$ 1,210,699
Cost of sales	64,507	1,261	424,910	675	19,984	45,103	556,440
	15,673	**32,400**	**461,087**	**246**	**52,450**	**92,403**	**654,259**
Operating expenses	1,480	63,245	109,596	5,515	6,669	11,479	197,984
Depreciation and amortization	-	28,418	18,633	-	222	6,458	53,731
Goods and Services Tax	-	1,734	-	165	1,660	1,336	4,895
	1,480	**93,397**	**128,229**	**5,680**	**8,551**	**19,273**	**256,610**
Operating Income	**14,193**	**(60,997)**	**332,858**	**(5,434)**	**43,899**	**73,130**	**397,649**
Share of profit of Western Canada Lottery Corporation	-	-	-	48,767	9,602	-	58,369
Interest expense	-	(6,938)	(3,758)	(92)	(12)	(2,044)	(12,844)
Interest income	7	295	215	23	29	116	685
Income Before Allocations and Payments	**14,200**	**(67,640)**	**329,315**	**43,264**	**53,518**	**71,202**	**443,859**
Allocations and payments	51	1,961	8,635	1,402	1,689	5,020	18,758
Net Income and Comprehensive Income and Total Allocation to the Province of Manitoba	**$ 14,149**	**$ (69,601)**	**$ 320,680**	**$ 41,862**	**$ 51,829**	**$ 66,182**	**$ 425,101**

Revenue of $1,416.8 million was $206.1 million or 17.0% higher when compared to the revenue of $1,210.7 million in 2020/21. Cannabis Operations revenues increased $33.7 million from the prior year. The cannabis retail market continued to grow in 2021/22, with 84 new stores opening during the year. Casino revenues increased $85.2 million year-over-year. The Casinos of Winnipeg operations were closed for 118 days during the year in response to the COVID-19 pandemic, compared to 282 closed days in 2020/21. Video Lotto revenues increased by $89.1 million from 2020/21. While the VLT network was shut down for 69 days during the year, this was an improvement over the 195 days lost in the prior year. Liquor Operations revenues decreased by $12.8 million over last year, mainly attributable to a return to more normal purchasing patterns after customer uncertainty and stricter stay-at-home orders increased sales last year. Online Gaming revenues grew by $10.5 million from 2020/21, as the active player base continued to grow due to the closures of the casinos and VLT network.

Operating expenses in 2021/22 were $207.7 million, an increase of $9.7 million or 4.9% from the $198.0 million in the prior year and include employee and other costs directly related to the generation of revenues. Employee costs increased as both the casinos and the VLT network were operational for a longer portion of the year in 2021/22. Other operating expenses were higher mainly due to activation of technology initiatives that were delayed last year as well as increased promotional expenditures attributable to more operational days at the Casinos of Winnipeg.

Non-operating expenses of the Corporation include depreciation and amortization, Goods and Services Tax (GST) related to gaming expenditures, interest expense net of interest income, and allocations and payments. Total non-operating expenses were $79.5 million in 2021/22, a decrease of $10.0 million or 11.2% from the $89.5 million recorded in 2020/21. This decrease is primarily seen in depreciation and amortization due to a reduction in the Corporation's capital investment program over the last number of years. A reduction in regulatory expenses and lower interest expense attributable to lower debt balances also contributed to the decrease.

Cannabis Operations

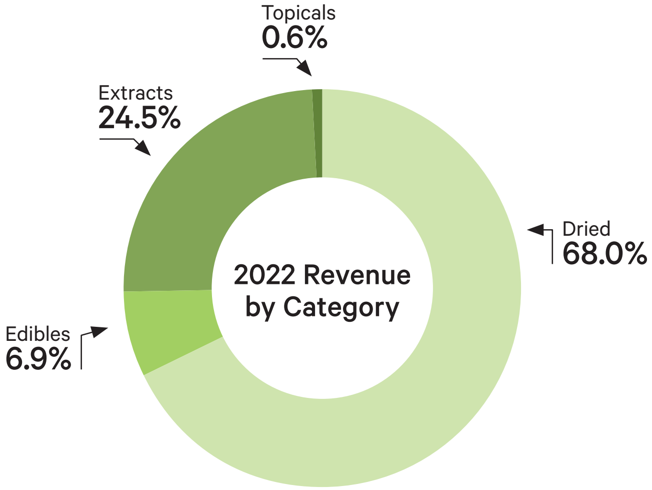
The sale and consumption of non-medical cannabis became legal in Canada in October 2018. The Corporation is mandated to secure a safe supply of cannabis and to coordinate the distribution of cannabis to private sector retailers. Manitoba uses a direct distribution model that sees cannabis ship directly from Canadian producers to retailers.

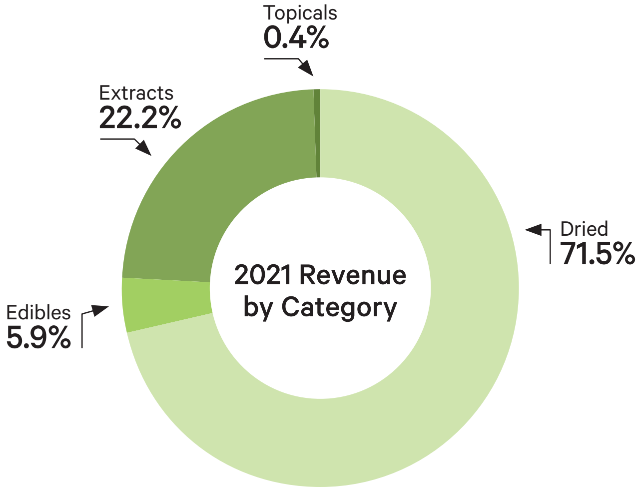
Cannabis Operations supports private retailers as the provincial wholesale distributor, maintaining a catalogue of available cannabis products, including dried flower, edibles, extracts, vapes, beverages, and topicals. The cannabis industry has experienced substantial growth since legalization, with a significant increase in the number of suppliers delivering higher-quality products.

In 2021/22, Cannabis Operations earned comprehensive income of $24.6 million, an increase of $10.5 million or 74.5% from the $14.1 million earned in the prior year.

Revenue generated by Cannabis Operations was $113.9 million in 2021/22, an increase of $33.7 million or 42.0% from revenue of $80.2 million in the prior year. Revenue growth occurred in all categories, including increases of $20.1 million in dried cannabis, $10.1 million in extracts, $3.1 million in edibles, and $0.4 million in topicals. During the year, 84 additional retail locations opened, providing a total of 155 locations throughout the province. The sale of cannabis was designated as an essential service in Manitoba at the onset of the pandemic therefore retail locations were allowed to remain open for the full year. All licensed retailers are also eligible to offer online sales and many focused on that as an option for their customers in response to the pandemic.

The Corporation continues to work with the private retail partners to meet the requirements of the federal government's Cannabis Tracking and Licensing System, developed to track the flow of cannabis as a means of preventing the illegal diversion of cannabis into and out of the legal cannabis supply chain.





Casinos

The Corporation owns and operates two casinos in the City of Winnipeg – Club Regent Casino and McPhillips Station Casino. Both casinos offer a full range of gaming services including slots, table games, bingo, and the ability to purchase lottery tickets and partake in off-track horse race betting. In addition to its gaming offerings, the Corporation provides hospitality and entertainment services at its casinos through food and beverage offerings to meet the varied appetites of customers and through entertainment at the Club Regent Event Centre.

Casino operations generated comprehensive income of $6.5 million in 2021/22, an increase of $76.1 million over the comprehensive loss of $69.6 million in the prior year.

The measures enacted by the Province of Manitoba to combat the spread of COVID-19 had a material negative impact on the financial results of the casinos. During the 2021/22 year, the Casinos of Winnipeg lost 118 operational days from April 1, 2021 to July 27, 2021 and experienced varying public health restrictions through the remainder of the year. By comparison, there were 282 operational days lost in the prior year. Overall, the increased operational time resulted in casino revenue of $118.8 million, an increase of $85.2 million when compared to 2020/21. While this remains below pre-pandemic levels, the casinos saw steady growth in revenue over the final three months of the year. By March, monthly electronic gaming revenue had returned to 89% of the amount in March 2019, the last comparable period before the pandemic. The Club Regent Event Centre also had a successful March, with 5 shows in the month averaging 90% of capacity. In the table games area, an updated experience was introduced through the implementation of low-limit stadium gaming, a new hybrid of electronic table games assisted by live dealers. Casino cost of sales increased $4.8 million over the prior year and include gaming direct expenses associated with the operation and maintenance of electronic gaming equipment and table games equipment as well as costs associated with the non-gaming offerings in the food and beverage and entertainment areas. Other expenses increased $4.2 million or 4.2% over the prior year, a result of increased operational days during the year. The Corporation once again mitigated the impact of the operational closures through the use of temporary staff layoffs, the suspension or cancellation of service contracts wherever possible, and the reduction or elimination of discretionary spending. These mitigation factors were slowly lifted in conjunction with the easing of public health restrictions.

Liquor Operations

The Corporation is mandated with distributing and selling liquor in the Province of Manitoba. In addition to all Liquor Mart and Liquor Mart Express locations operated by the Corporation, the retail network in the province includes private retailers comprised of liquor vendors located throughout rural Manitoba, duty-free stores, beer vendors, and specialty wine stores. This model provides Manitobans with convenient access to a broad range of products.

Liquor Operations earned comprehensive income of $316.4 million in the year, a decrease of $4.3 million or 1.3% from the $320.7 million earned in the prior year.

Liquor Operations generated revenue of $873.2 million in 2021/22, a decrease of $12.8 million or 1.4% from the revenue of $886.0 million in 2020/21. The sale of liquor was designated as an essential service at the onset of the pandemic and liquor retail locations were operational throughout the full year. During 2021/22, the refreshment beverages category experienced growth both in dollars and volume, with dollar sales increasing 19.1% over the prior year. Liquor sales decreased in both dollars and in volume in the beer, spirits, and wine categories. Sales returned to more regular levels in 2021/22 after a sharp increase in liquor sales last year during the early stages of the pandemic due to customer uncertainty regarding potential closures. The refreshment beverages category continued to experience strong growth in the year, offering innovative product types that resonate with consumers. Growth in this category is partly attributable to attracting consumers away from the beer and wine categories.

When viewed by channel, the impact of a return to regular sales levels was seen in Liquor Marts and liquor vendors, which experienced decreases in sales of $23.6 million and $1.3 million, respectively. However, both channels are well above the sales in 2019/20, the last pre-pandemic year. Licensee sales increased by $11.2 million in the year. The easing of public health restrictions throughout the year resulted in increased sales in bars and restaurants. Sales also increased with the return of banquets, festivals, and large-scale sporting and concert events, which were cancelled throughout 2020/21. These were partially offset by decreased hotel beer vendor sales, which experienced a return to normal sales levels. Specialty wine stores sales increased $3.4 million over last year as pandemic-related restrictions for bars and restaurants were lifted. Operating and non-operating expenses decreased by $4.6 million or 3.3% due to lower regulatory costs as well as reduced spending on supplies and maintenance.

2022 *(in thousands)*

	BEER	REFRESHMENT BEVERAGES	SPIRITS	WINE	TOTAL
Stores	$ 79,096	$ 39,092	$ 220,433	$ 130,476	$ 469,097
Liquor Vendors	18,512	12,204	46,540	15,056	92,312
Licensees	225,194	43,025	14,419	2,607	285,245
Specialty Wine Stores	-	148	104	18,696	18,948
Total Sales	**322,802**	**94,469**	**281,496**	**166,835**	**865,602**
Cost of Sales	191,429	45,675	106,165	77,408	420,677
Gross Profit	**$ 131,373**	**$ 48,794**	**$ 175,331**	**$ 89,427**	**$ 444,925**

2021 *(in thousands)*

	BEER	REFRESHMENT BEVERAGES	SPIRITS	WINE	TOTAL
Stores	$ 86,619	$ 37,002	$ 227,954	$ 141,078	$ 492,653
Liquor Vendors	19,285	11,109	46,984	16,205	93,583
Licensees	234,595	31,035	7,084	1,311	274,025
Specialty Wine Stores	-	140	72	15,379	15,591
Total Sales	**340,499**	**79,286**	**282,094**	**173,973**	**875,852**
Cost of Sales	200,624	38,068	106,605	79,326	424,623
Gross Profit	**$ 139,875**	**$ 41,218**	**$ 175,489**	**$ 94,647**	**$ 451,229**

Volume Sales
(in millions of litres)

	BEER	REFRESHMENT BEVERAGES	SPIRITS	WINE
2022	**69.6**	**14.8**	**8.0**	**11.4**
2021	74.3	12.1	8.1	12.3
2020	70.9	7.8	7.6	12.0
2019	74.3	6.9	7.3	11.7
2018	76.1	6.3	7.3	12.1

Liquor Operations

Lottery

The Province of Manitoba is a member of WCLC, a non-profit organization authorized to manage, conduct and operate lottery and gaming-related activities in the Prairie provinces and the territories. The Corporation distributes and sells tickets for national lotteries operated by ILC and lottery gaming products operated by WCLC. As the province's sole distributor of lottery products, the Corporation is responsible for developing and maintaining a network of more than 900 private retail outlets across Manitoba, and marketing a selection of breakopen tickets through those outlets, charitable organizations, and casinos across the province. The Corporation also continues to be the exclusive supplier of bingo paper to Manitoba's charitable and non-profit licensed bingo operators. In the online environment, ILC and WCLC lottery gaming products are also available on Manitoba's online gaming platform, PlayNow.com, and the share of profit from these products is presented separately in the Online Gaming segment.

In 2021/22, the share of the profit of WCLC considered to be part of the Lottery operating segment was $64.7 million, an increase of $15.9 million or 32.6% from last year's share of the profit of WCLC of $48.8 million. During the year, lottery retailers experienced fewer public health restrictions after experiencing a two-month shutdown of the majority of the lottery network in the prior year.

The sale of lottery products tends to follow jackpot levels. While average jackpot levels remained flat, LOTTO MAX experienced an increase in sales mainly attributable to more large jackpots. There were 11 draws with $70 million jackpots in 2021/22, including 7 consecutive draws in June 2021, compared to a total of 7 such draws in 2020/21. Additionally, there were $548 million in MAXMILLIONS prizes available compared to $304 million in the prior year. Sales of LOTTO 6/49 increased as the average jackpot increased from $9.6 million last year to $10.2 million in 2021/22. Increased sales for the national products LOTTO MAX and LOTTO 6/49 also had a positive impact on the sales for the regional product EXTRA. SPORTS SELECT products experienced an increase in sales with the return to a full sports schedule, along with the introduction of single event betting and enhanced betting options launched in November 2021.

Online Gaming

The Corporation provides Manitoba players with online gaming through the PlayNow.com site. PlayNow.com is the province's only regulated offering of online gaming and provides customers a safe and reputable site featuring extensive responsible gaming measures. The online platform was developed by BCLC whom the Corporation has partnered with to provide Manitoba players with casino games, lottery products, bingo, poker, and live sports betting.

Online Gaming generated comprehensive income of $63.1 million in 2021/22, an increase of $11.3 million or 21.8% from the $51.8 million earned in the prior year.

Revenue generated by Online Gaming was $82.9 million in the current year, an increase of $10.5 million or 14.5% over the revenue of $72.4 million generated in 2020/21. During the 2021/22 year, PlayNow.com continued to see an increase in registrations as Manitobans sought online gaming options while the casinos and VLT network were at times closed or unavailable due to pandemic-related public health orders. Cost of sales increased $3.0 million over the prior year and include direct expenses associated with the operation and maintenance of the online gaming platform. The share of the profit of WCLC earned through the sale of lottery products on PlayNow.com was $12.8 million, an increase of $3.2 million or 33.3% from the $9.6 million earned in the prior year. While this increase partially relates to jackpot levels for LOTTO MAX and LOTTO 6/49, it is also attributable to a full year of activity from lottery players who joined the site in 2020/21 during the period from November 2020 to January 2021 when the majority of Manitoba lottery retailers were unable to sell lottery tickets due to pandemic-related restrictions.

Video Lotto

The Corporation is responsible for the operation and maintenance of VLTs. VLTs are located at First Nations communities, licensed establishments, and veterans' organizations. The operation of VLTs provides annual commissions and contributions to all VLT siteholders who operate equipment on their premises.

Video Lotto comprehensive income of $129.6 million in 2021/22 increased $63.4 million or 95.8% from the comprehensive income of $66.2 million in the prior year. The measures enacted by the Province of Manitoba to combat the spread of COVID-19 had a material negative impact on the financial results for Video Lotto. During the 2021/22 year, the VLT network was completely shut down for 69 days from May 9, 2021 to July 16, 2021 and experienced varying public health restrictions through the remainder of the year. By comparison, there were 195 days lost in the prior year. Additionally, after the network went live an average of 90.7% of machines were active on the network for the remainder of the year, compared to only 46.7% in 2020/21. Overall, the increased operational time with more active machines resulted in revenue of $226.6 million, an increase of $89.1 million when compared to last year. While this remains below pre-pandemic levels, Video Lotto experienced steady growth in revenue over the final three months of the year. By March, monthly VLT revenue had returned to 84% of the amount in March 2019, the last comparable period before the pandemic.

In the 2021/22 year, the operation of VLTs provided annual commissions and contributions of $71.1 million to all VLT siteholders who operate equipment on their premises, an increase of $26.0 million from the $45.1 million of support provided in the prior year. Included in the total commissions and contributions amount is $34.4 million of support to First Nations communities. First Nations VLT siteholders retain 90% of net win from the VLTs. Of that 90%, 5% represents the actual service component provided to the Corporation for hosting the terminals and the other 85% is provided as a contribution to promote sustainable social and economic benefits and opportunities within First Nations communities. Licensed beverage room VLT siteholders operate under a tiered structure whereby they retain between 17.5% and 22.0% of the net win from VLTs. Of this amount, 10% represents the actual service component provided by the siteholders to the Corporation for hosting the terminals and the balance is provided as a contribution to promote tourism in the province. During 2021/22, this support totaled $35.1 million. The commissions and contributions rate provided to veterans' organizations allows these siteholders to retain 30% of net win from the VLTs. Support to veterans' organizations totaled $1.6 million in the year.

VLT COMMISSIONS & CONTRIBUTIONS *(in millions)*

	FIRST NATIONS	CITY SITEHOLDERS	RURAL SITEHOLDERS	TOTAL
2022	**$ 34.4**	**$ 21.3**	**$ 15.4**	**$ 71.1**
2021	23.2	12.5	9.4	45.1
2020	63.3	31.0	23.1	117.4
2019	61.8	30.6	23.7	116.1
2018	62.8	31.1	23.9	117.8

Total operating and non-operating expenses remain unchanged when compared to 2020/21. Depreciation expense increased as Video Lotto began a program to replace old and obsolete VLT machines, with over 400 new machines installed by the end of the 2021/22 year. Allocations and payments were higher than last year due to increased social responsibility spending attributable to the lifting of pandemic restrictions and increased support of partners through the pandemic through the payment of Liquor, Gaming and Cannabis Authority of Manitoba licence fees on behalf of siteholders. These increases were offset by lower operating expenses due to the absence of certain pandemic-related expenses in the current year.

FIRST NATIONS CASINOS AND SHARK CLUB GAMING CENTRE

The Corporation maintains conduct and management authority over First Nations Casinos and the Shark Club Gaming Centre as the agent appointed to act as such for the gaming regime of the province. As authorized by the gaming agreements, all costs of gaming supplies are recovered on an annual basis and capital costs of gaming equipment are funded by the Corporation and are recovered over a five-year term. During the 2021/22 year, these gaming operations were subject to the same provincially mandated extended closure and capacity restrictions as the casinos operated by the Corporation.

No purchases of gaming equipment were made for Aseneskak Casino, South Beach Casino, Sand Hills Casino, or Shark Club Gaming Centre during the year.

MLC HOLDINGS INC.

The Corporation's consolidated financial statements include the results of MLC Holdings Inc., a controlled entity established to purchase certain capital assets for lease to the Corporation at cost. The management and oversight of MLC Holdings Inc. is consolidated within the Corporation's operations and the Board reviews and approves capital purchases through the annual business planning and budget process. To support capital initiatives in the 2021/22 year, MLC Holdings Inc. acquired $24.9 million in capital assets for lease to the Corporation.

SOCIAL RESPONSIBILITY

The Corporation is committed to encouraging the responsible use of its products and instills social responsibility values throughout all business operations. As outlined within The Manitoba Liquor and Lotteries Corporation Act, 2% of annual anticipated consolidated net income and comprehensive income is allocated to social responsibility initiatives.

The Corporation's social responsibility program is focused on helping customers make low risk and informed decisions related to product use, providing funding to addictions treatment and support programs, developing responsible product and service delivery training for staff, and funding research initiatives related to harm minimization approaches and product use outcomes. In addition, social responsibility considerations are also applied to the development of new processes, to the introduction of new liquor and gaming products, to business partner relationships, and to all marketing campaigns produced by the Corporation.

The on-site casino-related components of the Corporation's 2021/22 social responsibility program were impacted by the pandemic-driven closure of casino properties for part of the year. This included the operation of GameSense Information Centres, the launch of new staff training programs, and some research initiatives; resulting in associated expenditures being unspent and carried forward for use in future years.

During 2021/22, spending on social responsibility programming reduced the year-over-year value of funding carried forward to future years. Of the 2021/22 committed amount, $0.8 million was unspent and carried forward, reserved for social responsibility initiatives in the 2022/23 year.

(in thousands)	2022	2021
Funding support	$ 9,483	$ 8,714
Internal research and program evaluation	291	422
Operating and consumer awareness	3,334	3,092
Prior year funding spent in current year	(2,516)	(1,835)
Funding carried forward to future years	808	2,516
	$ 11,400	$ 12,909

For more information on the Corporation's commitment to the responsible use of its products please visit www.mbll.ca.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities during the 2021/22 year provided the Corporation with $666.9 million in cash flows compared to $471.9 million in the prior year, an increase of $195.0 million or 41.3%.

Cash spent on property and equipment in 2021/22 totaled $27.4 million as compared to the $25.3 million spent in the prior year. During the year Video Lotto began a program to replace old and obsolete VLT machines, with over 400 new machines installed by the end of the 2021/22 year. In Liquor Operations, the commercial customer ordering system was upgraded to facilitate order entry ease and tracking history. The audio and visual technology at the Club Regent Event Centre was replaced during the year, as the equipment had reached the end of its useful life. The Corporation also invested in technologies to support its long-term remote work strategy while strengthening its cybersecurity infrastructure.

The Corporation finances capital expenditures through a combination of working capital and long-term debt. All long-term debt is payable to the Province of Manitoba at rates established by the Minister of Finance at the time of issue. Borrowing is authorized under *The Manitoba Liquor and Lotteries Corporation Act* and *The Loan Act*. The Corporation submits annual requests for necessary borrowing authority under *The Loan Act* to fund new capital projects related to its operations, as well as to provide funding to acquire capital assets related to the conduct and management agreements with the First Nations Casinos. Debt service costs on advances drawn to purchase gaming equipment for the First Nations Casinos are fully recovered over a five-year term, consistent with the recovery of the capital costs of the gaming equipment purchased.

In the 2021/22 year, proceeds of long-term debt received were $27.0 million as compared to the $33.6 million of proceeds received in the prior year. The majority of long-term debt has fixed interest rates and is repayable in monthly instalments.

Cash distributions to the Province of Manitoba during 2021/22 resulted in a cash outflow of $593.6 million compared to last year's $424.8 million.

CORPORATE GOVERNANCE

Corporate governance is the practice of ensuring an organization is accountable and conducts itself within the applicable legal framework and through an established system of by-laws, policies, processes, and structures by which the long-term goals and strategic plans of the Corporation are guided. The corporate governance structure specifies the distribution of authority and accountability among the different levels of the Corporation, particularly at the Government, Board of Directors, and Executive Management levels. It outlines the best practices and guiding principles for making decisions on corporate affairs and provides a mechanism for accountability in relation to those decisions.

The Corporation reports on its progress to the government on a quarterly and annual basis to meet various legislative requirements. In accordance with the requirements of *The Manitoba Liquor and Lotteries Corporation Act,* an Annual Report is prepared which includes the externally audited consolidated financial statements. Other reporting includes quarterly financial statements; an annual Business Plan outlining goals and objectives, key performance measures, and planned expenditures as required under the provisions of *The Crown Corporations Governance and Accountability Act;* a Schedule of Compensation which is prepared in accordance with the requirements of *The Public Sector Compensation Disclosure Act;* and an update on efforts to reduce red tape and improve regulatory accountability under *The Regulatory Accountability Act*.

RISK MANAGEMENT

The Corporation continues to use and enhance its enterprise risk management framework to effectively embed risk management practices into key organizational processes.

By establishing a consistent approach for assessing and managing its business risks, the Corporation can effectively address the impact of internal and external factors and events on the achievement of its business goals and objectives.

In the normal course of business, the Corporation is exposed to a number of risks. These risks and the actions taken to mitigate them are discussed below.

STRATEGIC RISKS

Strategic risks include external environment forces and events, risks impacting the effective allocation of resources, risks that major initiatives are not aligned with the Corporation's goals and objectives and are not being carried out effectively, risks of ineffective relationships with key stakeholders, and risks to reputation.

The Corporation researches, recognizes and understands changes to its external environment through market research and formalized strategic planning for its key lines of business and corporate functions. Management engages in rigorous annual business planning and budgeting activities. Management has established a formal project methodology and is dedicated to developing and maintaining effective communication processes with its key stakeholders. The Corporation is committed to be a good corporate citizen through its various sustainability, corporate responsibility, and social responsibility programs and initiatives.

OPERATIONAL RISKS

Operational risks include risks that the operations of the Corporation are not efficient, do not meet customer needs, do not effectively manage product quality, do not protect product or service integrity, and do not safeguard the Corporation's significant monetary assets.

The Corporation has established appropriate functional areas and developed processes to effectively provide, promote and deliver products and services to customers; recruit, develop and retain resources to meet current and future operational needs; manage hazards; and manage information technology operations in order to achieve its goals and objectives. Management regularly reviews and assesses the amount of risk present in operating units, large scale projects, and specific business processes and develops action plans to support continuous improvement.

As the Corporation continues to leverage technological opportunities to support its business, various tactics have been developed to manage the risks associated with new technologies. These include the development of formal technology strategies, architectures, and roadmaps to help guide future direction.

FINANCIAL RISKS

Financial risks include risks that cash flows and financial information are not efficiently and effectively managed or safeguarded which can compromise financial integrity and decision-making ability of the Corporation.

The Corporation's exposure to interest-rate risk is substantially limited due to the use of fixed-rate, long-term debt. Credit risk due to the inability or unwillingness of a counterparty to fulfill its payment obligations, while low, is mitigated through the Corporation's centralized credit management and collection practices. The Corporation manages its liquidity risk through effective cash and long-term debt management. The Corporation is exposed to currency risk through liquor inventory purchase transactions that require settlement in foreign currencies, which is mitigated by the policy of adjusting purchase or selling prices to maintain approved liquor profit margins.

GOVERNANCE AND COMPLIANCE RISKS

Governance and compliance risks include the risks of acts of fraud or corruption; the failure to comply with regulatory or contractual requirements; and that business objectives are being pursued in an unmanaged environment that does not encourage integrity, ethical values and competence.

The Corporation is committed to having an effective control environment through the establishment and maintenance of its corporate governance model, policies and procedures, regulatory compliance programs, and audit controls. Management regularly reviews the appropriateness and effectiveness of control activities embedded within processes and takes corrective action to strengthen its system of internal controls.

WHISTLEBLOWER REPORT

In response to the enactment of *The Public Interest Disclosure (Whistleblower Protection) Act,* the Corporation implemented the Whistleblower Protection Policy and put into place a process through which employees can report serious and significant wrongdoings observed in the workplace without fear of reprisal.

A disclosure of alleged wrongdoing was submitted to the designated officer during the 2021/22 year. It was determined that the inquiry did not qualify as a wrongdoing as defined in the legislation and the Corporation's Whistleblower Protection Policy.

FUTURE OUTLOOK

The Corporation's allocation to the Province of Manitoba is budgeted to be $635.0 million in the 2022/23 year. This represents an increase of $37.2 million from the $597.8 million allocation to the Province of Manitoba in the 2021/22 year.

In response to the growth in retail locations, Cannabis Operations will continue to review the long-term distribution plans for the province. To this end, in 2022/23 Cannabis Operations will initiate a pilot project for cross-docking services to address some of the challenges posed by the direct-to-retail shipping model. It is anticipated that the rapid expansion of retail locations will slow in the coming year as the cannabis retail market approaches its capacity in the province. On a federal level, a review of the Cannabis Act will be completed, and the Corporation will be ready to adapt to any changes that arise from this process.

During the 2022/23 year Liquor Operations will focus on several technology initiatives, including the necessary upgrade of point-of-sale software at the Liquor Marts, an upgrade of the sales audit system used to transfer sales data from Liquor Marts to other systems, and the replacement of the existing central inventory replenishment software. A project to modernize the pricing structure and supporting systems will be launched with the objectives of increasing the flexibility to adapt to expanded retailing opportunities, increasing availability and convenience for Manitobans, and providing administrative efficiencies. By taking a holistic look at operations improvements will be made to the way liquor is sourced, priced, distributed and sold.

The Corporation will continue to find ways to provide a modern and fun gaming experience in a safe environment. At the casinos, customers can anticipate enhancements to improve the gaming experience. During 2022/23, approximately 300 aging electronic gaming devices will be replaced with a variety of new leased, purchased, and networked games. A new bingo option, Bingo Millions, will also be introduced which will provide players with the opportunity to win a $1 million grand prize. Video Lotto will continue its program to upgrade old and obsolete VLT machines, which will include the replacement of approximately 960 machines by the end of 2022/23. Additionally, necessary upgrades to the Video Lotto gaming management system will occur to ensure the continued integrity of the gaming environment. In 2022/23, online gaming will continue to focus on growth through a new "Bet on Manitoba" marketing campaign that will promote PlayNow.com as the only legal and safe online gaming platform, with 100% of profits staying in Manitoba. In 2022/23, WCLC will be introducing enhancements to LOTTO 6/49 prizing, with two chances to win on each draw. The Classic Draw will offer a $5 million jackpot while the Gold Ball Draw will offer players the chance at winning either a guaranteed $1 million jackpot or the progressive jackpot that starts at $10 million and can grow to more than $60 million.

A priority in 2022/23 is advancing plans to increase engagement, retention, and talent development. The Corporation is committed to the principles of workforce diversity, inclusion and employment equity, through encouraging and maintaining a safe and respectful workplace that is reflective of the Manitoba population. This past year Manitoba Liquor & Lotteries made important progress in this area, including creating an internal Diversity, Equity and Inclusion Advisory Committee and an external Indigenous Advisory Circle, to help guide progress down the path of reconciliation. In the coming year, the Corporation will develop a roadmap in support of the Truth and Reconciliation Commission's Calls to Action, and at all levels of the workplace increase Indigenous representation and formal training and exposure about Indigenous history and culture.

In 2022/23, the Corporation will continue to move forward on its long-term remote work strategy, resulting in ongoing financial benefits through reduced office space requirements and providing staff a more flexible work environment. It is expected the sale of the Corporation's location at 1555 Buffalo Place will be finalized during the 2022/23 year. Since March 2020 there have been more than 600 staff members performing all or most of their job functions from home. In that time, the Corporation has leveraged technology to effectively communicate, collaborate, perform daily tasks, and manage a remote workforce. In the 2022/23 year staff who have been working remotely over the past two years will begin to return to the office under a new hybrid work model. The adoption of a hybrid model will allow the Corporation to reduce its environmental footprint and continue to evaluate its real estate requirements going forward, while also providing employees with flexibility and better work/life balance.

Future Outlook

MANITOBA LIQUOR AND LOTTERIES CORPORATION

Consolidated Financial Statements

MANAGEMENT

Report

The accompanying consolidated financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the consolidated financial statements. Management has prepared the consolidated financial statements in accordance with International Financial Reporting Standards. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the Annual Report is consistent with that in the consolidated financial statements unless otherwise stated.

Management is responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for Manitoba Liquor and Lotteries Corporation. Management designed such internal controls, or caused them to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of Manitoba Liquor and Lotteries Corporation are properly safeguarded. As part of the financial statement audit performed by Ernst & Young LLP, they reviewed the corporation's internal controls to the extent that they considered necessary and reported their findings to management and the Board of Directors.

The responsibility of Ernst & Young LLP is to express an independent opinion on whether the consolidated financial statements are fairly stated in accordance with International Financial Reporting Standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Board meets with management and Ernst & Young LLP to satisfy itself that each group has properly discharged its respective responsibilities and to review the consolidated financial statements before approving them. The Board has reviewed and approved the consolidated financial statements for the fiscal year ended March 31, 2022.

Original signed by

MANNY ATWAL
President &
Chief Executive Officer

Original signed by

IAN URQUHART
Chief Financial Officer

INDEPENDENT Auditor's Report

To the Board of Directors of Manitoba Liquor and Lotteries Corporation

OPINION

We have audited the consolidated financial statements of Manitoba Liquor and Lotteries Corporation (the "Corporation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of net income, comprehensive income and equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, in the Corporation's Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants
Winnipeg, Canada
July 6, 2022

INDEPENDENT
Auditor's
Report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
(in thousands of Canadian dollars)

	NOTES	2022	2021
ASSETS			
CURRENT ASSETS			
Cash		$ 49,551	$ 51,122
Trade and other receivables	4	59,567	55,144
Inventories	5	57,163	64,335
Prepayments	6	4,492	4,474
Assets held for sale, net	7	13,957	-
		184,730	175,075
NON-CURRENT ASSETS			
Property and equipment, net	7	314,930	337,376
Right-of-use assets, net	8	62,640	68,257
Intangible assets, net	9	7,085	9,360
		384,655	414,993
TOTAL ASSETS		**$ 569,385**	**$ 590,068**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	10	$ 128,170	$ 121,340
Contract liabilities	11	13,128	12,691
Payable to the Province of Manitoba		46,828	42,601
Current portion of long-term debt	12	57,302	54,633
Current portion of lease liabilities	8	7,698	7,536
		253,126	238,801
NON-CURRENT LIABILITIES			
Long-term debt	12	251,926	282,228
Lease liabilities	8	59,333	64,039
		311,259	346,267
Commitments and contingencies	16		
EQUITY			
Retained earnings		5,000	5,000
TOTAL LIABILITIES AND EQUITY		**$ 569,385**	**$ 590,068**

(see accompanying notes to the consolidated financial statements)

On behalf of the Board

Original signed by

BONNIE MITCHELSON
Director & Chair of the Board of Directors

Original signed by

BRENDA TOBAC
Director & Chair of the Audit & Finance Committee

CONSOLIDATED STATEMENT OF NET INCOME, COMPREHENSIVE INCOME AND EQUITY

For the year ended March 31
(in thousands of Canadian dollars)

	NOTES	2022	2021
REVENUE	13	$ 1,416,849	$ 1,210,699
COST OF SALES	13	609,332	556,440
		807,517	654,259
Operating expenses	13	207,699	197,984
Depreciation and amortization		46,850	53,731
Goods and Services Tax		5,473	4,895
		260,022	256,610
OPERATING INCOME		547,495	397,649
Share of profit of Western Canada Lottery Corporation	14	77,512	58,369
Interest expense		(11,880)	(12,844)
Interest income		644	685
INCOME BEFORE ALLOCATIONS AND PAYMENTS		613,771	443,859
Allocations and payments	15	15,943	18,758
NET INCOME AND COMPREHENSIVE INCOME		597,828	425,101
EQUITY, BEGINNING OF THE YEAR		5,000	5,000
Allocation to the Province of Manitoba		(597,828)	(425,101)
EQUITY, END OF THE YEAR		**$ 5,000**	**$ 5,000**

(see accompanying notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31
(in thousands of Canadian dollars)

	2022	2021
OPERATING ACTIVITIES		
Net income and comprehensive income	$ 597,828	$ 425,101
Add (deduct):		
Depreciation related to property and equipment	34,885	41,250
Depreciation on assets related to Conduct and Management agreements	921	1,691
Depreciation related to right-of-use assets	8,930	9,218
Amortization related to intangible assets	3,035	3,263
Interest on financing activities	11,880	12,844
Loss (gain) on disposal of property and equipment	(570)	1,233
	656,909	494,600
Changes in non-cash working capital items:		
Increase in trade and other receivables	(4,423)	(18,335)
Decrease (increase) in inventories	7,172	(9,771)
Increase in prepayments	(18)	(92)
Increase in trade and other payables	6,830	534
Increase in contract liabilities	437	4,924
CASH PROVIDED BY OPERATING ACTIVITIES	666,907	471,860
INVESTING ACTIVITIES		
Purchase of property and equipment	(27,436)	(25,332)
Purchase of intangible assets	(760)	(926)
Proceeds from disposal of property and equipment	689	1,061
CASH USED IN INVESTING ACTIVITIES	(27,507)	(25,197)
FINANCING ACTIVITIES		
Cash distributions to the Province of Manitoba:		
Current year	(586,000)	(422,500)
Prior year	(7,601)	(2,302)
Proceeds from long-term debt	27,000	33,600
Payment of principal and interest on long-term debt	(64,365)	(63,123)
Payment of principal and interest on lease liabilities	(10,005)	(10,185)
CASH USED IN FINANCING ACTIVITIES	(640,971)	(464,510)
NET DECREASE IN CASH DURING THE YEAR	(1,571)	(17,847)
CASH, BEGINNING OF THE YEAR	51,122	68,969
CASH, END OF THE YEAR	**$ 49,551**	**$ 51,122**

(see accompanying notes to the consolidated financial statements)

1. BACKGROUND

By consent of the Legislative Assembly of Manitoba, *The Manitoba Liquor and Lotteries Corporation Act* was enacted on December 5, 2013 and came into force on April 1, 2014. Under *The Manitoba Liquor and Lotteries Corporation Act,* Manitoba Liquor and Lotteries Corporation (the Corporation) was established as a Crown corporation.

The registered office of the Corporation is located at 830 Empress Street, Winnipeg, Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PRESENTATION

The consolidated financial statements of the Corporation for the year ended March 31, 2022 were authorized for issue by the Board of Directors on July 6, 2022.

These consolidated financial statements were prepared on a going concern basis, using historical cost except for certain financial instruments, which are reported at fair value. The consolidated financial statements are presented in Canadian dollars, the functional currency of the Corporation, and all values are rounded to the nearest thousand dollars ($000) except where otherwise indicated.

(B) STATEMENT OF COMPLIANCE

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations as issued by the International Accounting Standards Board (IASB).

(C) BASIS OF CONSOLIDATION

The consolidated financial statements combine the accounts of the Corporation and MLC Holdings Inc. This controlled entity was established to purchase capital assets, which are leased to the Corporation at cost.

MLC Holdings Inc. has been fully consolidated since the date of inception and will continue to be consolidated until the date when control ceases. The financial statements of MLC Holdings Inc. are prepared for the same reporting period as the Corporation using consistent accounting policies. All intercompany transactions and accounts have been eliminated on consolidation.

(D) WESTERN CANADA LOTTERY CORPORATION

The Western Canada Lottery Corporation (WCLC) was incorporated without share capital under Part II of the *Canada Corporations Act* on May 13, 1974. The provincial governments of Manitoba, Saskatchewan and Alberta are members in the WCLC, and the Yukon Territory, the Northwest Territories and Nunavut participate with the provinces as associate members in the sale of gaming products. Each province and territory has appointed a lottery organization to assist the WCLC with the distribution of gaming products in its jurisdiction (the Corporation for the Province of Manitoba).

The Corporation has significant influence, but not control, over the financial and operating policies of the WCLC and therefore accounts for its share of the results of the operations of the WCLC (considered an associate) using the equity method. The financial statements of the WCLC are prepared for the same reporting period and the Corporation's share of the profits calculated based on relative sales levels by jurisdiction is disclosed in note 14.

(E) FIRST NATIONS CASINOS AND SHARK CLUB GAMING CENTRE

The Government of Manitoba has overall control over gaming in Manitoba in accordance with the requirements of the Criminal Code of Canada and has appointed the Corporation to act as its agent in the Conduct and Management (C&M) of the gaming regime.

Through a selection process, the Government of Manitoba has provided certain First Nations the opportunity to operate casinos, with the Corporation maintaining the C&M authority over these casinos. The Corporation recovers all direct gaming related expenses from First Nations Casinos and provides general administrative and compliance services upon request on a fee-for-service basis.

The Government of Manitoba has provided the TN Arena Limited Partnership the opportunity to establish the Shark Club Gaming Centre, with the Corporation maintaining the C&M authority over this gaming centre. As part of this authority, the Corporation recovers all direct gaming related expenses. In addition, the Corporation has entered into an agreement with the owner to perform management services on their behalf with respect to the gaming activity of the gaming centre.

(F) PLAYNOW ONLINE GAMING PLATFORM

The Corporation entered into an agreement with British Columbia Lottery Corporation (BCLC) to develop a Manitoba version of their online gaming platform, PlayNow, which became operational in Manitoba in January 2013. BCLC is responsible for the overall direction and day-to-day operations of the PlayNow platform, with the Corporation maintaining C&M authority. BCLC and the Corporation collaborate on marketing initiatives, which are carried out in Manitoba on a fee-for-service basis.

(G) FOREIGN CURRENCY TRANSLATION

The functional currency is the currency of the primary economic environment in which the Corporation operates and is normally the currency in which the Corporation generates and expends cash. Each entity determines its own functional currency and items included in the financial statements are measured using that functional currency. The functional currency and presentation currency of the Corporation is the Canadian dollar (CAD).

Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate at the reporting date and all differences are recorded in the consolidated statement of net income, comprehensive income and equity. Non-monetary assets and liabilities and revenue and expenses that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value is determined.

(H) FINANCIAL INSTRUMENTS

Financial instruments are recognized in the consolidated statement of financial position when the Corporation becomes a party to the contractual terms of the instrument, which represents its trade date. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, all financial instruments are initially measured at fair value adjusted for directly attributable transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price. Upon initial recognition, the Corporation designates its financial instruments as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The financial assets of the Corporation include cash and trade and other receivables. The financial liabilities of the Corporation include trade and other payables, contract liabilities, payable to the Province of Manitoba, lease liabilities and long-term debt.

(i) Fair value through profit or loss

Cash is classified as fair value through profit or loss and is measured at fair value. Any gains or losses arising on the revaluation to fair value are recorded in the consolidated statement of net income, comprehensive income and equity.

(ii) Amortized cost

Trade and other receivables are subsequently measured at amortized cost using the effective interest rate method, less impairment as they are held to collect contractual cash flows of principal and interest on specified dates. Any gains or losses and any losses arising from impairment are recognized in the consolidated statement of net income, comprehensive income and equity.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Any gains or losses are recognized in the consolidated statement of net income, comprehensive income and equity.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Corporation has transferred its rights to receive cash flows from the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. Any difference in the respective carrying amounts of the financial liability is recognized in the consolidated statement of net income, comprehensive income and equity.

(I) PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, net of accumulated depreciation and any accumulated impairment losses. Cost includes expenditures directly attributable to the acquisition of the assets. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be reliably measured. If the costs of a certain component of property and equipment are significant in relation to the total cost of the asset, these are accounted for and depreciated separately. All other repairs and maintenance costs are charged to the consolidated statement of net income, comprehensive income and equity as incurred.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs associated with the borrowing of funds.

Depreciation is charged to the consolidated statement of net income, comprehensive income and equity based on cost, less estimated residual value, on a straight-line basis over the estimated useful life of the asset as follows:

Furniture and equipment	3 to 40 years
Gaming equipment	5 to 8 years
Assets related to C&M agreements	5 to 7 years
Parking lots and roads	15 to 25 years
Leasehold improvements	Over the remaining term of the lease
Major building components	5 to 50 years
Building structures	40 to 50 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each fiscal year-end and are adjusted prospectively, if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of net income, comprehensive income and equity when the asset is derecognized.

(J) LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date based on whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee on the date that the underlying asset is available for use. Exceptions include leases of low-value assets, short-term leases (those with a lease term of 12 months or less), and variable leases where payment is linked to future performance or use. Payments related to low-value and short-term leases are recorded as an operating expense in the consolidated statement of net income, comprehensive income and equity on a straight-line basis over the term of the lease. Variable leases consist of leases for certain gaming equipment and are recorded in cost of sales in the consolidated statement of net income, comprehensive income and equity.

The lease liability is initially measured at the present value of lease payments to be made over the lease term and includes fixed payments, net of any lease incentives. The Corporation uses judgment in determining the appropriate lease term on a lease-by-lease basis and includes renewal options where it is reasonably certain the lease will be renewed. The present value of lease payments is calculated using the Corporation's incremental borrowing rate at the lease commencement date, unless the interest rate implicit in the lease is readily determinable.

Subsequent to initial measurement, lease liabilities are measured at amortized cost using the effective interest rate method. Lease liabilities are remeasured for any changes in lease terms, changes in future lease payments due to a change in the rate or index associated with those payments, or any lease contract modifications that do not result in the recognition of a separate lease. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized within interest expense in the consolidated statement of net income, comprehensive income and equity.

Right-of-use assets are initially measured at the amount of the corresponding lease liability plus any significant initial direct costs and decommissioning costs. Subsequent to initial measurement, right-of-use assets are measured at cost, net of accumulated depreciation, and are adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and the estimated useful life of the underlying asset. Right-of-use assets are subject to impairment, as described in note 2(m)(ii).

(K) INTANGIBLE ASSETS

Acquired intangible assets of the Corporation consist of finite-life computer software. Intangible assets acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is charged to the consolidated statement of net income, comprehensive income and equity on a straight-line basis over the estimated useful life of the asset as follows:

Computer software	3 to 15 years

The assets' useful lives and methods of amortization are reviewed at each fiscal year-end and adjusted prospectively, if appropriate.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of net income, comprehensive income and equity when the asset is derecognized.

(L) INVENTORIES

Inventories consist of goods for resale and consumable supplies and are valued at the lower of average cost and net realizable value. Costs incurred in bringing each product to the distribution centre or warehouse location are accounted for as the purchase cost assigned on a weighted average basis and consist of the purchase price, import duties and freight. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Inventory write-downs are reversed if the estimated calculations of the recoverable amount change. Write-downs are reversed only to the extent that the carrying value does not exceed the carrying value that would have been determined if no write-down had been recognized.

(M) IMPAIRMENT

(i) Trade and other receivables

The Corporation assesses at each reporting date whether to recognize a loss allowance for expected credit losses (ECLs) for a financial asset or group of financial assets not held at fair value through profit or loss. If there is objective evidence that an ECL exists, the loss is recognized in the consolidated statement of net income, comprehensive income and equity. The ECL is estimated as the difference between the contractual cash flows due in accordance with the contract and all cash flows the Corporation expects to receive.

The Corporation applies a simplified approach in calculating ECLs where changes in credit risk are not tracked, and loss allowances are based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Non-financial assets

The Corporation assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the asset's recoverable amount is estimated. For the purposes of impairment testing, non-financial assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, the cash-generating unit (CGU).

The recoverable amount of a non-financial asset or CGU is the greater of its fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses, if applicable, are recognized in the consolidated statement of net income, comprehensive income and equity.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment loss reversals are recognized in the consolidated statement of net income, comprehensive income and equity in a manner consistent with the originally recognized impairment loss.

(N) PROVISIONS

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. The expense relating to any provision is presented in the consolidated statement of net income, comprehensive income and equity net of any reimbursement and, if the effect of the time value of money is material, is discounted using a rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase to the provision due to the passage of time is recognized as a finance cost.

(O) PENSION PLANS

In accordance with the provisions of *The Civil Service Superannuation Act* (CSSA), employees of the Corporation are eligible for pension benefits. Plan members are required to contribute to the multi-employer Civil Service Superannuation Fund (Fund) at prescribed rates for defined benefits and will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five years prior to retirement, termination or death that provides the highest earnings. The Corporation is required to match contributions contributed to the Fund by the employees at prescribed rates, which are recorded as an operating expense. Under the CSSA, the Corporation has no further pension liability. Based on limited information available from the Fund, the Corporation has judged this information to be insufficient to properly allocate any potential pension plan deficits and is therefore not able to reliably determine its participation in any potential future deficit. As a result, the Corporation expenses contributions made to the pension plan as if the plan was a defined contribution plan.

For employees whose annual earnings exceed the limit under the Fund, a pension liability is established. This liability is determined actuarially on an annual basis. Actuarial gains and losses are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to operating expenses in the period in which they occur.

The Corporation also makes contributions for certain employees and officers to a money purchase pension plan at prescribed rates, which are recorded as an operating expense.

(P) REVENUE RECOGNITION

Revenue from contracts with customers is recognized at an amount equal to the transaction price allocated to the specific distinct performance obligation when the performance obligation is satisfied. Revenue from contracts with customers is evaluated and separated into distinct performance obligations when there is a distinct good or service to be transferred in the future. The Corporation assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent and has generally concluded that it is acting as principal in all of its revenue arrangements, with the exception of the agency relationships described below, as it typically controls the goods or services before transfer to the customer.

Revenue from product sales is recognized when the significant rewards of ownership of the products have passed to the buyer, usually on the delivery of products. Lottery revenue is recognized as of the date of the draw with the exception of instant game revenue, which is recorded at the time the ticket is activated by the retailer via the online accounting system for sale to customers. Video lottery and other gaming revenue are recognized at the time of play, net of prizes paid. Other revenue sources are discussed below.

(i) Promotional allowances

Promotional allowances include the value of food, beverages, gaming free play, and other items provided on a complimentary basis to casino patrons. The value of these complimentary items is included in gross revenue and then deducted as a promotional allowance to arrive at net revenue.

The Corporation also operates a loyalty points program whereby patrons can earn points based upon their level of play on certain casino games. Points can be redeemed for gaming free play and certain goods and services provided by the casinos. Where a revenue transaction includes points awarded under the program, the revenue allocated to the points is deferred based on the fair value of the awards, which is assigned as $0.01 per point earned, and recognized as revenue when the points are redeemed and the Corporation fulfills its obligation to supply the awards.

(ii) Third-party AIR MILES® program

The Corporation participates in the third-party AIR MILES® program, which allows customers to earn AIR MILES® points when they purchase products in the Corporation's retail liquor stores. The redemption of points by customers is the responsibility of the third-party AIR MILES® program. Consideration received is recorded net of related expenses as the Corporation is acting as an agent for the AIR MILES® program.

(iii) Micro-producer direct sales

The Corporation provides micro-producers who manufacture liquor products on-site in a Manitoba location the opportunity to sell their product directly to customers at the location where it is produced. Under this arrangement, the manufacturers remain the primary obligor responsible to fulfill the promise to deliver the goods upon completion of the sale transaction. Due to the economic substance of the arrangement, the Corporation is acting as agent for these direct sales and records revenue net of related expenses.

(iv) Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer and a contract asset is recognized for the earned consideration that is conditional if performance is complete before payment is received or becomes due. A receivable represents the Corporation's right to an amount of consideration that is unconditional, meaning that only the passage of time is required before payment of the consideration is due.

A contract liability is the obligation to transfer goods or services to a customer for which the Corporation has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the Corporation performs under the contract and are disclosed in note 11.

(Q) GOODS AND SERVICES TAX

In lieu of Goods and Services Tax (GST) on lottery and gaming revenue, the Corporation forgoes claiming input tax credits and pays an additional 5% GST on gaming expenditures, including retailer commissions. Total GST is reported as GST expense in the consolidated statement of net income, comprehensive income and equity.

The Corporation collects GST on liquor and cannabis sales, as well as applicable entertainment, food and beverage, and casino retail store operations. An input tax credit is claimed for GST paid on non-gaming expenditures.

(R) ASSETS HELD FOR SALE

Assets held for sale are presented separately in the consolidated statement of financial position when the Corporation is committed to selling the assets, an active plan of sale has commenced, and the sale is expected to be completed within 12 months. Immediately before the initial classification of the assets as held for sale, the carrying amounts of the assets are measured in accordance with the applicable accounting policy. Assets held for sale are subsequently measured at the lower of their carrying amount and fair value less cost to sell.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements. Actual results could differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts recognized in the consolidated financial statements of the Corporation are discussed below.

(A) DETERMINATION OF USEFUL LIVES FOR TANGIBLE AND INTANGIBLE ASSETS

The Corporation has based the determination of the useful lives of tangible and intangible assets on a detailed review of all empirical data for the different asset classes. The Corporation annually reviews the validity of the useful lives applied to the different asset classes based on current circumstances and considers the impact of any external or internal changes in the Corporation's environment, which may indicate the requirement to reconsider these useful lives.

(B) LEASES

The Corporation has based the determination of the lease terms for right-of-use assets on a detailed review of all facts and circumstances for each lease. The Corporation uses judgment in determining the incremental borrowing rate applicable to each lease, which is used in the calculation of the value of the right-of-use asset and lease liability. The periods covered by renewal options are included in the lease term only if it is reasonably certain that the lease will be renewed. The Corporation annually reviews the validity of the lease term for each right-of-use asset based on current circumstances and considers the impact of any external or internal changes in the Corporation's environment, which may indicate the requirement to reconsider the lease term applied.

(C) REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Loyalty points program

The Corporation operates a program whereby patrons can earn points based upon their level of play on certain casino games. Points can be redeemed for gaming free play and certain goods and services provided by the casinos. The future redemption liability is included in contract liabilities and is based on an assessment of anticipated point redemptions and point value. The Corporation adjusts the estimated liability based on redemption experience and additional points earned and any adjustments are recorded in the consolidated statement of net income, comprehensive income and equity.

(ii) Principal versus agent considerations

The Corporation participates in the third-party AIR MILES® program, which allows customers to earn AIR MILES® points when they purchase products in the Corporation's retail liquor stores. The redemption of points by customers is the responsibility of the third-party AIR MILES® program; therefore, no contract liability remains. The Corporation has concluded it is acting as agent under this arrangement and consideration received is recorded net of related expenses.

The Corporation has concluded it is acting as agent under an arrangement, which allows micro-producers who manufacture liquor products on-site in a Manitoba location to sell product directly to customers at the location where it is produced. As a result, revenue is recorded net of related expenses under this agency relationship.

(iii) Other consideration and obligations

The Corporation is required to make several other estimates and judgments including the determination of the nature of performance obligations under its contracts, the assessment of the amount of variable consideration stemming from its performance obligations and whether a significant financing component exists in any of its contracts with customers.

In addition to the gaming loyalty points program, other distinct performance obligations have been identified where consideration has been received and a future obligation to be satisfied by the Corporation exists. The performance obligations relating to these revenues remain as an outstanding contract liability until the performance obligation has been satisfied. The majority of contracts with customers are settled immediately or through commercial sales with 30-day credit terms; therefore, the Corporation has concluded that no significant financing components exist.

(in thousands of Canadian dollars)

4. TRADE AND OTHER RECEIVABLES

	2022	2021
Trade	$ 41,888	$ 44,087
British Columbia Lottery Corporation	6,171	6,544
Western Canada Lottery Corporation	11,508	4,513
	$ 59,567	**$ 55,144**

The Corporation's exposure to credit risk related to trade and other receivables is disclosed in note 17(d).

5. INVENTORIES

	2022	2021
Warehouse	$ 39,228	$ 45,124
Retail locations	17,641	18,839
Consumable supplies	294	372
	$ 57,163	**$ 64,335**

The amount of unpaid and unrecorded Customs and Excise duties on owned merchandise held in bond is $5,525 at the end of the 2022 fiscal year (2021 – $6,625).

6. PREPAYMENTS

	2022	2021
Maintenance contracts	$ 3,363	$ 3,237
Deposits and other	933	895
Insurance	196	342
	$ 4,492	**$ 4,474**

(in thousands of Canadian dollars)

7. PROPERTY AND EQUIPMENT

COST	Land	Buildings, parking lots and roads	Leasehold improvements	Gaming equipment	Furniture and equipment	Assets related to C&M agreements	Work in progress (WIP)	Total
April 1, 2020	$ 25,424	$ 387,571	$ 39,913	$ 214,320	$ 128,252	$ 40,524	$ 20,134	$ 856,138
Additions	-	12,052	5,114	1,312	5,513	75	1,266	25,332
Transfers from WIP	-	2,189	12,000	-	2,796	-	(16,985)	-
Disposals	(4)	(7,026)	(220)	(523)	(6,379)	(190)	-	(14,342)
March 31, 2021	**25,420**	**394,786**	**56,807**	**215,109**	**130,182**	**40,409**	**4,415**	**867,128**
Additions	-	679	850	11,538	6,609	41	7,719	27,436
Transfers from WIP	-	98	150	234	566	-	(1,048)	-
Reclassified as held for sale	(50)	(24,194)	-	-	(2,224)	-	-	(26,468)
Disposals	-	(498)	-	(9,929)	(11,016)	(7,222)	-	(28,665)
March 31, 2022	**$ 25,370**	**$ 370,871**	**$ 57,807**	**$ 216,952**	**$ 124,117**	**$ 33,228**	**$ 11,086**	**$ 839,431**

DEPRECIATION	Land	Buildings, parking lots and roads	Leasehold improvements	Gaming equipment	Furniture and equipment	Assets related to C&M agreements	Work in progress (WIP)	Total
April 1, 2020	$ -	$ 161,444	$ 14,782	$ 177,247	$ 108,322	$ 37,064	$ -	$ 498,859
Depreciation	-	16,463	4,568	13,681	6,538	1,691	-	42,941
Disposals	-	(5,032)	(66)	(523)	(6,237)	(190)	-	(12,048)
March 31, 2021	**-**	**172,875**	**19,284**	**190,405**	**108,623**	**38,565**	**-**	**529,752**
Depreciation	-	11,441	4,008	13,785	5,651	921	-	35,806
Reclassified as held for sale	-	(11,059)	-	-	(1,452)	-	-	(12,511)
Disposals	-	(497)	-	(9,862)	(10,965)	(7,222)	-	(28,546)
March 31, 2022	**$ -**	**$ 172,760**	**$ 23,292**	**$ 194,328**	**$ 101,857**	**$ 32,264**	**$ -**	**$ 524,501**

NET BOOK VALUE	Land	Buildings, parking lots and roads	Leasehold improvements	Gaming equipment	Furniture and equipment	Assets related to C&M agreements	Work in progress (WIP)	Total
March 31, 2022	**$ 25,370**	**$ 198,111**	**$ 34,515**	**$ 22,624**	**$ 22,260**	**$ 964**	**$ 11,086**	**$ 314,930**
March 31, 2021	25,420	221,911	37,523	24,704	21,559	1,844	4,415	337,376

Capital assets related to C&M agreements consist primarily of the cost of the gaming equipment and related computer equipment for the First Nations Casinos and Shark Club Gaming Centre.

Property and equipment not yet in use is classified as work in progress and is stated at cost. No depreciation is recorded for these assets.

Assets held for sale relate to the land, building, and furniture and equipment at 1555 Buffalo Place in Winnipeg, Manitoba, which were offered for sale during the 2022 fiscal year. The assets held for sale are presented at their carrying amounts in the consolidated statement of financial position. The sale is expected to be completed during the 2023 fiscal year.

The amount of borrowing costs capitalized during the 2022 fiscal year was $104 (2021 – $112). The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 1.76%, the effective interest rate of the specific borrowing.

(in thousands of Canadian dollars)

8. LEASES

The Corporation has entered into lease contracts for the use of various land, buildings, and equipment used in its operations, which have remaining lease terms ranging from 1 to 18 years.

The Corporation's right-of-use (ROU) assets are grouped into categories consistent with property and equipment, and consist of the following:

COST	ROU Land	ROU Buildings	ROU Equipment	Total
April 1, 2020	$ 305	$ 80,412	$ 1,158	$ 81,875
Additions	34	4,063	685	4,782
March 31, 2021	**339**	**84,475**	**1,843**	**86,657**
Additions	-	3,313	-	3,313
Disposals	(339)	-	-	(339)
March 31, 2022	**$ -**	**$ 87,788**	**$ 1,843**	**$ 89,631**
DEPRECIATION				
April 1, 2020	$ 185	$ 8,787	$ 210	$ 9,182
Additions	123	8,906	189	9,218
March 31, 2021	**308**	**17,693**	**399**	**18,400**
Additions	31	8,761	138	8,930
Disposals	(339)	-	-	(339)
March 31, 2022	**$ -**	**$ 26,454**	**$ 537**	**$ 26,991**
NET BOOK VALUE				
March 31, 2022	**$ -**	**$ 61,334**	**$ 1,306**	**$ 62,640**
March 31, 2021	31	66,782	1,444	68,257

The carrying value of lease liabilities are as follows:

April 1, 2020	$ 74,657
Additions and extensions	4,782
Payments	(10,185)
Interest on lease liabilities	2,321
March 31, 2021	**71,575**
Additions and extensions	3,313
Payments	(10,005)
Interest on lease liabilities	2,148
March 31, 2022	**$ 67,031**

Current portion of lease liabilities	$ 7,698
Lease liabilities	59,333
	$ 67,031

Payments for leases of low-value assets and short-term leases related to certain buildings and equipment in the 2022 fiscal year were $643 (2021 – $415) and are recorded in operating expenses. Variable lease payments in the 2022 fiscal year were $9,952 (2021 – $5,854) and are recorded in cost of sales.

(in thousands of Canadian dollars)

9. INTANGIBLE ASSETS

COST	Computer software – acquired
April 1, 2020	$ 56,934
Additions	926
Disposals	(27)
March 31, 2021	**57,833**
Additions	760
Disposals	(26)
March 31, 2022	**$ 58,567**

AMORTIZATION	
April 1, 2020	$ 45,237
Amortization	3,263
Disposals	(27)
March 31, 2021	**48,473**
Amortization	3,035
Disposals	(26)
March 31, 2022	**$ 51,482**

NET BOOK VALUE	
March 31, 2022	**$ 7,085**
March 31, 2021	9,360

10. TRADE AND OTHER PAYABLES

	2022	2021
Trade	$ 81,310	$ 72,544
Employee benefits	35,816	36,382
Jackpot liability	6,445	7,099
Goods and Services Tax	2,234	2,709
Manitoba Retail Sales Tax	2,365	2,606
	$ 128,170	$ 121,340

11. CONTRACT LIABILITIES

	2022	2021
Unearned revenue	$ 5,648	$ 6,048
Loyalty points program liability	3,560	3,351
Gift card liability	3,661	3,076
Other contract liabilities	259	216
	$ 13,128	**$ 12,691**

Revenue recognized in the 2022 fiscal year that was included in contract liabilities at the beginning of the year was $10,923 (2021 – $3,933).

12. LONG-TERM DEBT

	2022	2021
Province of Manitoba, bearing interest at rates ranging from 1.25% to 5.05%, repayable in monthly principal instalments ranging from $2 to $600 plus interest with maturity dates ranging from February 28, 2023 to March 31, 2041.	$ 301,028	$ 336,861
Province of Manitoba, bearing interest at the prevailing Royal Bank Prime Rate less 0.75%, interest only payable quarterly. No fixed repayment schedule and maturity date.	8,200	-
	309,228	336,861
Less current portion of long-term debt	57,302	54,633
	$ 251,926	**$ 282,228**

All long-term debt is unsecured and the fair market value as at March 31, 2022 is $305,182.

The Corporation's exposure to liquidity risk related to long-term debt is disclosed in note 17(c).

(in thousands of Canadian dollars)

13. REVENUE, COST OF SALES AND EXPENSES BY NATURE

The Corporation's revenue consists of the following:

	2022	2021
Liquor sales	$ 865,602	$ 875,852
Cannabis sales	113,916	80,176
VLT	224,554	136,659
Casino and other gaming	112,979	32,916
Online gaming	82,935	72,429
Non-gaming revenue	16,863	12,667
	$ 1,416,849	$ 1,210,699

The Corporation's cost of sales consists of the following:

	2022	2021
Liquor cost of sales	$ 420,677	$ 424,623
Cannabis cost of sales	87,426	64,507
VLT commissions	21,635	12,911
First Nations allocation	32,463	21,889
Tourism contribution	16,993	10,303
Casino and other gaming direct expenses	4,927	1,535
Online gaming direct expenses	22,967	19,984
Non-gaming cost of sales	2,244	688
	$ 609,332	$ 556,440

First Nations VLT siteholders receive an allocation of VLT revenue to provide sustainable social and economic benefits and opportunities within the siteholders' communities in Manitoba. The Corporation also provides contributions towards supporting tourism in Manitoba through the VLT program.

Casino and other gaming direct expenses consist primarily of costs associated with the operation and maintenance of the Corporation's electronic gaming equipment and table games equipment.

Online gaming direct expenses consist primarily of costs associated with the operation and maintenance of the PlayNow online gaming platform.

Non-gaming revenue and cost of sales consist primarily of revenue and costs associated with the Corporation's entertainment, food and beverage, and casino retail store operations; and unredeemed liquor container deposits.

The Corporation's operating expenses by their nature are as follows:

	2022	2021
Employee benefits	$ 139,068	$ 132,767
Bank charges	4,162	4,185
Community support	1,048	980
Consultant and professional fees	1,077	1,015
Freight and delivery	5,070	4,670
Grants in lieu of taxes	6,317	6,761
Learning and development	644	485
Maintenance	20,937	20,307
Marketing and public awareness	4,406	3,259
Rents	647	449
Sundry	2,561	3,783
Supplies and equipment	2,881	3,344
Technology systems and support	11,918	9,688
Telecommunications	2,472	2,327
Transportation and vehicles	714	599
Utilities	3,777	3,365
	$ 207,699	$ 197,984

(in thousands of Canadian dollars)

14. SHARE OF PROFIT OF WCLC

	2022	2021
Revenue	$ 275,760	$ 221,387
Prizes, commissions and other cost of sales	190,733	156,303
WCLC partner equalization	4,883	4,493
Payment to Government of Canada	2,632	2,222
Profit	**$ 77,512**	**$ 58,369**

The WCLC earned revenue in the 2022 fiscal year in the amount of $1,549,505 (2021 – $1,456,006), of which the Corporation's share calculated based on relative sales levels by jurisdiction is 18% (2021 – 15%). The WCLC's total profit for the 2022 fiscal year was $512,028 (2021 – $480,474), of which the Corporation's share is 15% (2021 – 12%).

The Province of Manitoba is a member in the WCLC. An agreement is in place with the Provinces of Alberta and Saskatchewan where the Corporation provides economic benefit equalization specific to salary costs of head office employees residing in Manitoba.

Effective January 1, 1980, the Government of Canada terminated its involvement in lotteries. In return, the ten provinces are to contribute an annual sum of $24,000, adjusted for inflation, to the federal government.

15. ALLOCATIONS AND PAYMENTS

	2022	2021
Social responsibility funding	$ 11,400	$ 12,909
LGCA funding and Crown Services Secretariat levy	4,032	5,325
Other community funding	511	524
	$ 15,943	**$ 18,758**

Social responsibility funding includes amounts paid to the Addictions Foundation of Manitoba and other organizations for their research and programming that promote responsible gaming and responsible liquor and cannabis consumption. The Corporation is required to allocate 2% of annual anticipated consolidated net income and comprehensive income to social responsibility initiatives. Any liability associated with this funding is included in trade and other payables.

The Corporation provides funding to the Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) through the payment of annual licence fees for employees, electronic gaming devices and retail liquor locations, as well as additional amounts directed to be paid under *The Liquor, Gaming and Cannabis Control Act*. During the 2021 fiscal year, the Corporation also provided funding to the Crown Services Secretariat through the payment of an annual levy.

The Corporation provides funding to various charitable and community organizations throughout Manitoba.

16. COMMITMENTS AND CONTINGENCIES

(A) LEGAL CLAIMS

Incidental to the nature of its business, the Corporation is defending various pending legal actions and claims. Management is of the opinion that the appropriate adjustments have been made in the accounts, and the outcome of these claims either cannot be determined or will not have a material adverse effect on the financial position of the Corporation.

(B) PURCHASE COMMITMENTS

At the end of the 2022 fiscal year, the Corporation had purchase commitments of $27,041 related to property and equipment and intangible assets.

(in thousands of Canadian dollars)

17. FINANCIAL INSTRUMENTS

The Corporation is exposed to interest rate, currency, liquidity and credit risks arising from financial assets and liabilities. The Corporation's objectives in managing these risks are to protect from volatility and to minimize exposure from fluctuations in market rates, and it does so through a combination of a system of internal and disclosure controls, effective cash management strategies and sound business practices.

Risk management policies have been established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Corporation's management oversees the management of these risks in accordance with the risk management policies and framework approved by the Board of Directors.

(A) INTEREST RATE RISK

Interest rate risk is the risk to the Corporation's income that arises from fluctuations in interest rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to reduce its exposure to interest rate risk, though risks associated with interest rate fluctuations are mitigated based on 97% (2021 – 100%) of long-term debt having a fixed interest rate.

(B) CURRENCY RISK

The Corporation is exposed to currency risk through liquor inventory purchase transactions that require settlement in foreign currencies. Exposure to fluctuations in exchange rates is mitigated by the policy of adjusting purchase or selling prices to maintain approved liquor profit margins. Purchases denominated in foreign currencies during the 2022 fiscal year were $7,998 (2021 – $8,778). Accordingly, a 10% increase or decrease in the exchange rate between the Canadian dollar and other foreign currencies would result in a total increase or decrease of $800 (2021 – $878), assuming the inventory purchased had been sold by the end of the year.

(C) LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial liability obligations. The Corporation manages this risk through effective cash and long-term debt management. Trade and other payables are due within one year and a significant portion of the existing long-term debt is repayable in monthly instalments. Liquidity risk is further mitigated by collection terms on trade and other receivables being set at less than or equal to the payment terms of trade and other payables.

The table below summarizes the maturity profile of the Corporation's financial liabilities as at year-end based on contractual undiscounted payments.

2022	On demand	Less than 1 year	1 year	2 years	3 years	4 years	5 years	> 5 years
Trade and other payables	$ 6,445	$ 121,725	$ -	$ -	$ -	$ -	$ -	$ -
Contract liabilities	7,423	5,705	-	-	-	-	-	-
Payable to the Province of Manitoba	-	46,828	-	-	-	-	-	-
Long-term debt	-	57,302	56,939	41,540	31,733	22,887	14,607	84,220
Lease liabilities	-	9,662	9,359	8,779	8,249	6,888	5,356	32,270
	$ 13,868	**$ 241,222**	**$ 66,298**	**$ 50,319**	**$ 39,982**	**$ 29,775**	**$ 19,963**	**$ 116,490**

2021	On demand	Less than 1 year	1 year	2 years	3 years	4 years	5 years	> 5 years
Trade and other payables	$ 7,099	$ 114,241	$ -	$ -	$ -	$ -	$ -	$ -
Contract liabilities	6,587	6,104	-	-	-	-	-	-
Payable to the Province of Manitoba	-	42,601	-	-	-	-	-	-
Long-term debt	-	54,633	54,164	53,801	38,403	28,596	19,750	87,514
Lease liabilities	-	9,656	9,115	8,812	8,232	7,702	6,558	36,975
	$ 13,686	**$ 227,235**	**$ 63,279**	**$ 62,613**	**$ 46,635**	**$ 36,298**	**$ 26,308**	**$ 124,489**

(in thousands of Canadian dollars)

(D) CREDIT RISK

Credit risk is the risk to the Corporation that a counterparty will fail to perform its obligations or pay amounts due causing a financial loss. The Corporation mitigates this risk through centralized credit management and collection practices and, where applicable, the establishment of ECLs for non-collectible amounts, which are netted against trade and other receivables. Trade and other receivables are non-interest bearing and generally have 30-day terms. The Corporation applies a simplified approach in evaluating the ECLs associated with trade and other receivables by calculating a loss allowance based on historical losses, as well as forward-looking information such as economic conditions. The ECL allowance for trade and other receivables for the 2022 fiscal year is $6,242 (2021 – $6,606). The maximum credit risk exposure is the carrying value of each class of financial asset disclosed in note 4.

The aging of trade and other receivables at the end of the 2022 fiscal year is as follows:

Current	$ 65,592
Past due as follows:	
Within 30 days	111
31 to 60 days	73
61 to 90 days	4
Over 90 days	29
Expected credit losses	(6,242)
	$ 59,567

(E) CAPITAL MANAGEMENT

The Corporation's capital is comprised of long-term debt and equity. The Corporation's objectives when managing its capital structure are to continue its ability to meet its financial obligations and to finance growth and capital expenditures. These objectives are considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget and have remained unchanged over the fiscal years presented.

The Corporation is subject to capital growth restrictions as the result of the requirement to allocate 100% of annual consolidated net income and comprehensive income to the Province of Manitoba.

(F) FAIR VALUE

The fair value of the Corporation's financial instruments on initial recognition is the transaction price, which is the value of the consideration given or received. Financial instruments recognized at fair value must be classified in one of the following three fair value hierarchy levels:

Level 1 - measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Lev**el 3** - measurement based on inputs that are not observable (supported by little or no market activity) and that are significant to the fair value of the assets or liabilities.

The Corporation's financial instruments consist of cash, trade and other receivables, trade and other payables, contract liabilities, payable to the Province of Manitoba, lease liabilities, and long-term debt. Unless otherwise stated, the fair value of the Corporation's financial instruments approximates their carrying value.

Financial instruments recorded at fair value, classified using the fair value hierarchy, are as follows:

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 49,551	$ -	$ -	$ 49,551
	$ 49,551	$ -	$ -	**$ 49,551**

2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 51,122	$ -	$ -	$ 51,122
	$ 51,122	$ -	$ -	**$ 51,122**

(in thousands of Canadian dollars)

18. RELATED PARTY DISCLOSURES

The Corporation is related to various other government agencies, ministries and Crown corporations under the common control of the Government of Manitoba. All transactions with these related parties are in the normal course of operations and are measured at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and settlement occurs in cash. These transactions include long-term debt with the Province of Manitoba as disclosed in note 12.

Compensation of key management personnel of the Corporation, which is recognized as an operating expense during the year, is as follows:

	2022	2021
Short-term employee benefits	$ 2,381	$ 2,127
Post-employment pension and medical benefits	168	152
Termination benefits	471	406
	$ 3,020	$ 2,685

19. COMPARATIVE FIGURES

Comparative figures are presented where available. The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's consolidated financial statements.

20. COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus (COVID-19) to be a global pandemic. Over the past two years, governments worldwide have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, and physical distancing, have caused material disruption to business globally, resulting in an economic slowdown. During the year, the Corporation was impacted by public health measures resulting at various times in the closure of the casinos and a shutdown of the VLT network as well as capacity restrictions when operational. These closures and restrictions had a material negative impact on the Corporation's financial results. From the beginning of the pandemic, the sale of liquor and cannabis were both designated as essential services by Manitoba Public Health and were allowed to operate under capacity restrictions that were in place for portion of the year. Within all lines of business and at all corporate locations, the Corporation implemented specific measures, guided by public health recommendations, to ensure the safety of customers and staff.

As at the date of approval of the Corporation's consolidated financial statements, all of the Corporation's lines of business are fully operational. However, new variants of the COVID-19 virus continue to be identified. The duration and impact of the COVID-19 pandemic and associated emergency measures attributable to new variants are unknown at this time, and it is not possible to reliably estimate the impact they may have on the financial results of the Corporation.

This publication is available in alternate formats, upon request.