



WCLC

ANNUAL REPORT 2025

Western Canada Lottery Corporation
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Board of Directors – Fiscal 2025

(April 1, 2024 to March 31, 2025)

Gerry Sul	Board Chair	Manitoba	
Len Rhodes	First Vice Chair	Alberta	
Kevin Gilroy	Second Vice Chair	Saskatchewan	
Steve Tunison	Director	Saskatchewan	
Jeff Traeger	Director	Manitoba	
Kandice Machado	Director	Alberta	(from June 12, 2024)
Steve Lautischer	Director	Alberta	(until June 12, 2024)

Western Canada Lottery Corporation Structure

Western Canada Lottery Corporation (WCLC) is a non-profit organization authorized to manage, conduct, and operate lottery and gaming-related activities for its members, the Governments of Alberta, Saskatchewan, and Manitoba. Yukon, Northwest Territories, and Nunavut participate as associate members.

The Corporation works in conjunction with the provincial and territorial organizations in its region: Alberta Gaming, Liquor & Cannabis, Sask Lotteries, Lotteries and Gaming Saskatchewan, Manitoba Liquor & Lotteries, Lotteries Yukon, and NWT & Nunavut Lotteries.

WCLC is a participating member of the Interprovincial Lottery Corporation (ILC). ILC is incorporated to manage and conduct lotteries on behalf of his Majesty the King in right of all provinces.

WCLC's affairs are governed by a Board of Directors, comprising two representatives from each of the participating provincial governments.

Land Acknowledgement

We affirm that the lands on which we work and gather are the traditional territories of diverse Indigenous peoples. Across the region of the Prairies and the North, Indigenous communities that include the Cree, Saulteaux, Dakota, Nakota, Dene, Métis, and Inuit peoples have nurtured and safeguarded these lands for generations.

Our presence on this land is a reminder of the enduring connection between Indigenous peoples and their territories. We pay our respects to the original caretakers, express gratitude for the opportunity to work in this space, and commit to understanding and honouring the histories, cultures, and ongoing contributions of Indigenous communities.

Message from the Chair

I am pleased to present the F25 Annual Report on behalf of WCLC. Over the past year, we have not only delivered exciting, life-changing wins to players across the Prairies and the North, but also continued to make valuable contributions to the provinces we serve. Sales reached \$1.560 billion, the second highest in our history and just 0.52% below our all-time record. These results generated \$481.12 million in returns for our members.

Draw-based games remained WCLC's largest category, ending the year with \$1.102 billion in sales (↑7.83%). A key driver of those sales was **LOTTO MAX**. After a year in F24 with fewer large jackpots, LOTTO MAX rebounded in F25 with \$461.86 million in sales — up 18.94% (\$73.54 million). Much of this can be attributed to favourable jackpot levels: F25 saw 56 jackpots at \$50 million or more, up from just 29 the year before.

Conversely, **LOTTO 6/49** saw lower jackpot levels overall than in F24, and the long-running national game's sales followed suit. Driven by lower aggregate jackpots – 28 jackpots of \$40 million or more, compared to 38 in F24 – product sales for the year came in at \$250.08 million (↓10.62%).

The third national game, **DAILY GRAND**, contributed \$32.70 million in sales (↑1.14%), and the regional extensions of LOTTO MAX and LOTTO 6/49 followed the trends of their national parents: **WESTERN MAX** ended the year at \$31.16 million (↑2.95%), and **WESTERN 649** finished at \$39.16 million (↓2.65%). Other regional DBG products also added to the year's net positive trend. The daily add-on game **EXTRA** increased sales by \$11.76 million (↑7.26%) to finish at \$173.65 million. And the PICK suite of games – **PICK 2**, **PICK 3**, and **PICK 4** – all saw continued growth with sales increases of 7.14%, 2.36%, and 11.59%, respectively. Combined, the PICK games sold \$32.55 million this year.

In April 2025, WCLC **launched LIGHTNING LOTTO**, a dynamic addition to our regional portfolio. LIGHTNING LOTTO joined POKER LOTTO and ALL IN as a retail-only product that offers an instant result for the player. With a growing jackpot that starts at \$100,000, LIGHTNING LOTTO delivered a jolt to this Watch and Win game category, ending F25 with \$35.13 million in sales. As expected, LIGHTNING LOTTO's launch contributed to reduced sales for the other Watch and Win products, POKER LOTTO and ALL IN, with combined sales of \$29.73 million (↓28.98%). However, the new product's introduction was a net positive, with total Watch and Win sales reaching \$64.87 million (↑54.93% vs last year).

Scratch & Win sales declined 4.31% to \$348.09 million, likely due to the absence of a major product launch in the category this year. While previous years saw the player excitement and sales resulting from the launches of THE BIG SPIN, THE BIGGER SPIN, and PLINKO, the key launch in F25 was for LIGHTNING LOTTO, a draw-based product. While most Scratch & Win products are regional, WCLC continued to offer selections in conjunction with other lotteries across Canada. In F25, these national tickets accounted for a quarter of the sales in this category.

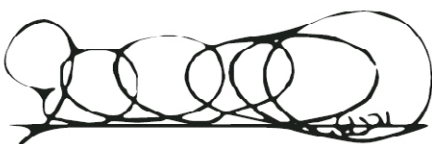
The **Sports** portfolio saw its best year ever in F25, bringing in \$109.33 million in sales. This total marks an increase of \$3.73 million (3.53%) over last year and 2.82% over the previous sales record set a decade ago. The year began with a strong boost from Edmonton's playoff run, pushing hockey sales up over 30% year over year. The summer also saw elevated engagement, driven by baseball, the Summer Olympics, and international soccer tournaments. The ongoing expansion of Props offerings helped fuel that product's sales to \$2.08 million in F25 (↑36.90% vs last year). New offerings in F25 included women's college basketball, along with new soccer and cricket leagues. New events included hockey's 4 Nations Face-Off, the Golden Globe awards, spring baseball training, and professional hockey. Single-event bets accounted for 23% of total Sports sales this year, continuing the steady growth of single-event relative to parlay bets since their introduction in F23.

Along with **\$481.12 million returned** to WCLC's member provinces and territories (↓0.74%), strong sales provided benefit to the more than 5,000 Lotto Spot retailers throughout the region who sell lottery products and redeem prizes to players. Retailer commissions rose to \$102.72 million, up \$4.23 million (4.30%) – and marking just the fifth time in WCLC's history that they have topped \$100 million.

And winners through the region shared an impressive **\$854.27 million in prizes**. This represents a \$59.59 million (↑7.49%) rise over last year and is WCLC's highest prize total in history. It included 85 winners of \$1 million or more from across the region. Among these were marquee jackpots of \$66 million, \$54 million, \$40 million, and \$30 million. The new LIGHTNING LOTTO product minted its own first millionaire when the game's progressive jackpot reached \$1.3 million in July.

While managing significant operational and day-to-day work in a challenging economic environment, WCLC remained **focused on advancing key priorities** that will shape its future. Over the past year, the organization marked its 50th anniversary, rebranded its product and corporate identities, and laid important groundwork for long-term modernization. These activities reflect a commitment to evolving with players' expectations and maintaining a strong presence in a dynamic marketplace. Looking ahead, work continues toward the development and launch of a new, cohesive digital presence and sales channel, and towards the renewal of vital retail technology in our retail partner locations. These milestones reflect steady progress as we build momentum for the next phase of our evolution, strengthening our foundation, embracing innovation, and remaining committed to responsible play.

As we look ahead to F26, I extend sincere **thanks and congratulations** to everyone whose efforts contributed to WCLC's success this past year. From celebrating 50 years of service to laying the foundation for future growth, your work continues to impact players, retailers, and communities across the Prairies and North. I am grateful to our dedicated employees, leadership team, and partners for your continued collaboration and commitment to excellence. On behalf of the Board of Directors, we look forward to the continued impact of this shared purpose and the strong momentum it brings.

A handwritten signature in black ink, appearing to read 'Gerry Sul', with a stylized flourish underneath.

Gerry Sul, Chair
Board of Directors

Lottery Revenue Disbursement

Contact the following organizations for information regarding lottery revenue disbursement:

Alberta Gaming, Liquor & Cannabis

50 Corriveau Avenue
St. Albert, Alberta T8N 3T5
Phone: (780) 447-8600
Fax: (780) 447-8931
aglc.ca

Sask Lotteries

1870 Lorne Street
Regina, Saskatchewan S4P 2L7
Phone: (306) 780-9300
Fax: (306) 781-6021
sasklotteries.ca

Manitoba Liquor & Lotteries

Unit A, 1555 Buffalo Place
Winnipeg, Manitoba R3T 1L9
Phone: (204) 957-2500
Fax: (204) 957-2621
mbll.ca

Lotteries Yukon

101-205 Hawkins Street
Whitehorse, Yukon Y1A 1X3
Phone: (867) 633-7890
Fax: (867) 668-7561
lotteriesyukon.com

NWT & Nunavut Lotteries

P.O. Box 1676 X1A 2P3
Centre Ice Plaza
480 Range Lake Road
Yellowknife, Northwest Territories X1A 3R9
Phone: (867) 767-9166 Ext 21115
Fax: (867) 920-6467
ntnulotteries.ca

Financial Statements of

**WESTERN CANADA LOTTERY
CORPORATION**

March 31, 2025

Independent Auditor's Report

To the Members and the Board of Directors of Western Canada Lottery Corporation

Opinion

We have audited the financial statements of Western Canada Lottery Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2025, and the statements of comprehensive income, changes in equity, changes in amounts due to provincial governments or appointed organizations and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information¹ (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Western Canada Lottery Corporation as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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.

Deloitte LLP

Chartered Professional Accountants
May 13, 2025
Winnipeg, Manitoba

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WESTERN CANADA LOTTERY CORPORATION

Statement of Comprehensive Income

For the year ended March 31

(in thousands of Canadian dollars)

	2025	2024
LOTTERY REVENUE (Note 5)	\$ 705,414	\$ 696,945
DIRECT EXPENSES		
Retailer commissions	102,715	98,485
Online Transactional	3,164	2,638
Ticket printing	18,190	17,886
	124,069	119,009
GROSS INCOME	581,345	577,936
OPERATING EXPENSES		
Administration and operations	86,702	79,198
Depreciation - Property and equipment (Note 7)	10,672	8,930
Amortization - Intangible assets (Note 8)	3,933	2,532
	101,307	90,660
OPERATING INCOME	480,038	487,276
OTHER INCOME (EXPENSE)		
Interest and other income	10,397	6,105
Federal tax expense (Note 9)	(9,313)	(8,693)
	1,084	(2,588)
NET INCOME	481,122	484,688
Other comprehensive income		
Remeasurement gain (Note 11)	2,622	1,995
OTHER COMPREHENSIVE INCOME	2,622	1,995
COMPREHENSIVE INCOME	\$ 483,744	\$ 486,683
Net income allocated to the following provinces or territories		
Alberta	\$ 336,295	\$ 333,746
Saskatchewan	74,675	75,446
Manitoba	60,492	65,880
Yukon Territory	3,569	3,872
Northwest Territories and Nunavut	6,091	5,744
	481,122	484,688
Other comprehensive income		
Remeasurement gain	2,622	1,995
OTHER COMPREHENSIVE INCOME	2,622	1,995
COMPREHENSIVE INCOME	\$ 483,744	\$ 486,683

WESTERN CANADA LOTTERY CORPORATION

Statement of Financial Position

For the year ended March 31

(in thousands of Canadian dollars)

ASSETS	2025	2024
CURRENT		
Cash	\$ 47,102	\$ 54,028
Accounts receivable	20,885	19,727
Interprovincial Lottery Corporation receivable	1,647	10,237
Inventories (Note 6)	7,935	6,064
Prepaid expenses	3,712	2,566
	81,281	92,622
PROPERTY AND EQUIPMENT (Note 7)	28,810	33,126
INTANGIBLE ASSETS (Note 8)	9,527	11,615
EMPLOYEE BENEFITS (Note 11)	8,395	7,842
Total Assets	\$ 128,013	\$ 145,205
LIABILITIES		
CURRENT		
Prizes payable	\$ 35,096	\$ 33,573
Accounts payable and accrued charges	24,713	22,359
Lease liability (Note 10)	1,662	1,668
Deferred revenue	11,497	10,969
Due to Provincial Governments or appointed organizations	33,250	58,614
	106,218	127,183
LEASE LIABILITY (Note 10)	2,385	1,234
Total Liabilities	108,603	128,417
EQUITY		
Deficit	(8,664)	(8,664)
Accumulated other comprehensive gain	28,074	25,452
Total Equity	19,410	16,788
	\$ 128,013	\$ 145,205

APPROVED BY THE BOARD

 Director

 Director

WESTERN CANADA LOTTERY CORPORATION

Statement of Changes in Equity

For the year ended March 31

(in thousands of Canadian dollars)

	<u>Deficit</u>	<u>Accumulated other comprehensive income</u>	<u>Total Equity</u>
Balance at March 31, 2023	\$ (8,664)	\$ 23,457	\$ 14,793
Defined benefit plan remeasurement gains	-	1,995	1,995
Total other comprehensive income	-	1,995	1,995
Balance at March 31, 2024	\$ (8,664)	\$ 25,452	\$ 16,788
Balance at March 31, 2024	\$ (8,664)	\$ 25,452	\$ 16,788
Defined benefit plan remeasurement gains	-	2,622	2,622
Total other comprehensive income	-	2,622	2,622
Balance at March 31, 2025	\$ (8,664)	\$ 28,074	\$ 19,410

WESTERN CANADA LOTTERY CORPORATION

Statement of Changes in Amounts Due to Provincial Governments or Appointed Organizations

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

	2025	2024
Due to Provincial Governments or appointed organizations, beginning of year	\$ 58,614	\$ 61,969
Add net income for the year	481,122	484,688
	539,736	546,657
Deduct		
Distributions during the year	489,140	471,087
Payment to the Federal Government on behalf of the Provincial Governments (Note 9)	17,346	16,956
	506,486	488,043
Due to Provincial Governments or appointed organizations, end of year	\$ 33,250	\$ 58,614
Due as follows:		
Alberta	\$ 21,526	\$ 38,233
Saskatchewan	5,413	9,066
Manitoba	5,425	10,169
Yukon Territory	280	458
Northwest Territories and Nunavut	606	688
	\$ 33,250	\$ 58,614

WESTERN CANADA LOTTERY CORPORATION

Statement of Cash Flows

For the year ended March 31

(in thousands of Canadian dollars)

	2025	2024
OPERATING ACTIVITIES		
Comprehensive income for the year	\$ 483,744	\$ 486,683
Items not affecting cash		
Depreciation - Property and equipment	10,672	8,930
Amortization - Intangibles	3,933	2,532
Loss on disposal - Property and equipment	590	-
Employee benefits	(553)	(251)
	498,386	497,894
Changes in non-cash operating working capital items (Note 12)	8,820	(7,783)
	507,206	490,111
FINANCING ACTIVITIES		
Distributions to Provincial Governments or appointed organizations	(489,140)	(471,087)
Principal repayment of lease obligations	(1,914)	(1,879)
Payment to Federal Government (Note 9)	(17,346)	(16,956)
	(505,341)	(489,733)
INVESTING ACTIVITIES		
Purchase of:		
Property and equipment	(3,887)	(4,847)
Intangible assets	(1,845)	(3,945)
	(8,791)	(8,981)
(DECREASE) IN CASH DURING THE YEAR	(6,926)	(8,603)
CASH POSITION, BEGINNING OF YEAR	54,028	62,631
CASH POSITION, END OF YEAR	\$ 47,102	\$ 54,028

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

1. NATURE OF THE CORPORATION

The Western Canada Lottery Corporation (the "Corporation") was incorporated without share capital under Part II of the Canada Corporations Act on April 16, 1974 and was continued under the Canada Not-for-profit Corporations Act on June 30, 2014. The Provincial Governments of Manitoba, Saskatchewan and Alberta are members in the Corporation, 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 Corporation with the distribution of gaming products in its jurisdiction. The registered address of the Corporation is 242 Hargrave Street, Winnipeg, Manitoba, R3C 0T8.

The Corporation is responsible for the conduct and management of lottery games in Western Canada. It solely conducts the WESTERN MAX, WESTERN 649, LIGHTNING LOTTO, POKER LOTTO, POKER LOTTO ALL IN, PICK 2, PICK 3, PICK 4, SPORT SELECT, KENO, EXTRA and INSTANT lottery games and participates in the conduct of the LOTTO 6/49, LOTTO MAX, DAILY GRAND and NATIONAL INSTANT lotteries through the Interprovincial Lottery Corporation. In addition, the Corporation manages projects for member provinces such as the operation of video lottery terminals in the Province of Saskatchewan. The revenues and expenses of these projects are not included in these financial statements.

The Interprovincial Lottery Corporation is incorporated under the Canada Business Corporations Act, and its shares are held by His Majesty the King in right of the respective provinces. The Western Canada Lottery Corporation is a Regional Marketing Organization for the LOTTO 6/49, LOTTO MAX, DAILY GRAND and NATIONAL INSTANT lotteries in its members' jurisdictions. The Ontario Lottery and Gaming Corporation, Loto Quebec, the Atlantic Lottery Corporation and the British Columbia Lottery Corporation are the other Regional Marketing Organizations.

The functional currency of the Corporation is Canadian dollars.

2. BASIS OF PRESENTATION

a) *Statement of compliance*

The financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on May 13, 2025.

b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for certain liabilities that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

2. BASIS OF PRESENTATION (continued)

c) *Use of estimates and judgments*

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include property and equipment, intangible assets, legal accruals, prizes payable, as well as the accrued benefit obligation. Actual results could differ from these estimates.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

a) *Accounting for the expenses of the LOTTO 6/49, LOTTO MAX, DAILY GRAND and NATIONAL INSTANT lotteries.*

As the Corporation is a Regional Marketing Organization for the LOTTO 6/49, LOTTO MAX, DAILY GRAND and NATIONAL INSTANT lotteries, it pays the Interprovincial Lottery Corporation its share of the cost of prizes for these games as well as its share of ticket printing costs for the NATIONAL INSTANT lotteries. These costs amount to \$446,319 (2024 - \$428,425) and are included in the Corporation's expenses.

In addition, the Corporation's share of the Interprovincial Lottery Corporation's operating expenses, amounting to \$1,476 (2024 - \$1,098), and interest revenues, amounting to \$7,871 (2024 - \$2,689) are included in the Corporation's expenses and interest revenue respectively.

b) *Revenue recognition*

Under IFRS 15, lottery revenue will continue to be recorded as of the date of the draw with the exception of INSTANT game revenue which is recorded at the time the retailer activates a specific book of tickets via the on-line accounting system for sale to customers.

IFRS 15 presents a single model of recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs. The standard requires revenue

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services.

Presentation:

Under IFRS 15, revenue is measured at the transaction price, which is allocated to the performance obligations identified in the contract with the customer. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to customers.

As a result, revenue is required to be reported as net of expected prize expense. This results in all of the corporations Lottery Sales income being combined into a single line on the consolidated statement of comprehensive income, labeled Lottery Revenue.

c) *Inventories*

Inventories are measured at the lower of cost and net realizable value and include expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

d) *Property and equipment*

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses and are depreciated over their estimated useful lives. Expenditures for repairs and maintenance are charged to income when incurred.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant components of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment and are depreciated over the useful life of the component.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in the statement of comprehensive income.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

d) *Property and equipment (continued)*

Property and equipment also includes Right of use (ROU) assets. The ROU assets for building, computer equipment and vehicles are initially measured at an amount equal to the associated lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated based on the lease term using the straight-line method.

The Company applies IAS 36 to determine whether a ROU is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment less its residual value, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Central gaming system hardware	8 to 10 years
Other computer systems hardware	3 to 8 years
Retailer signage and fixtures	5 years
Building and leasehold improvements	10 years
Office furniture and fixtures	5 to 10 years
Right of use assets	3 to 8 years

The Corporation conducts an annual assessment of the estimated residual balances, useful lives, and depreciation methods being used for property and equipment and any changes arising from this assessment are applied by the Corporation prospectively.

e) *Intangible assets*

Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for the current and comparative periods are as follows:

Central gaming software	8 to 10 years
Other computer software	3 to 8 years

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f) *Accounting for free ticket prizes*

Lottery tickets issued as a consequence of the redemption of free ticket prizes are not recorded as ticket sales or as prizes paid.

g) *Employee benefits*

In accordance with IAS 19, a defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Corporation's net obligation in respect of the defined benefit pension plans (the "Plans") is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value.

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding expected interest) are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Re-measurement recorded in other comprehensive income is ultimately not recorded in net income in future periods. However, the entity may transfer those amounts recognized in other comprehensive income within equity. Past service costs are recognized in profit or loss in the period in which they occur. Net interest expense or income is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service cost
- net interest expense or income
- re-measurement gains or losses

The Corporation presents the first two components of defined benefit costs in the line item administration and operations' in its statement of comprehensive income.

Re-measurement is recorded in other comprehensive income and remains as part of accumulated other comprehensive income within the Corporation's equity.

Pension assets recognized in the statement of financial position are limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

h) Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

i) Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets or 'loans and receivables'. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. The classification depends on the nature and purpose of the financial assets or liabilities and is determined at the time of initial recognition.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Corporation's financial instruments consist of cash, accounts receivable, prizes payable, accounts payable and accrued charges, receivable/payable to Interprovincial Lottery Corporation and due to Provincial Governments or appointed organizations.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) IFRS 16 - Leases

IFRS 16 specifies how the Corporation will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the asset group has a low value. It also eliminates the separate treatment of operating leases. The focus of this standard is on controlling the use of an asset.

The Corporation leases the following types of assets:

- Buildings
- Computer equipment
- Vehicles

k) New standards and interpretations that are effective for the current year

The Corporation has adopted the amendments to IAS 1 prospectively for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expense, or information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

There were no impacts to the financial statements as a result of the adoption of the amendments of IAS 1.

l) New standards and interpretations in issue but not yet effective

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some of the IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 *Earnings Per Share*.

IFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss;
- Provide disclosures on management defined performance measure (MPMs) in the notes to the financial statements; and
- Improve aggregation and disaggregation.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

An entity is required to apply IFRS 18 to annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The application of these amendments may have an impact on the Corporation's financial statements in future periods.

4. CHANGE IN ESTIMATE

The estimated useful life of the LOTTO SPOT APP was revised to align with the expected launch of the new Digital Platform, at which point the asset is anticipated to become obsolete. As a result of this change in estimate, amortization expense for the current financial year increased by \$1,200. This adjustment has been recognized in the Statement of Comprehensive Income.

5. LOTTERY REVENUE

Sales revenue by Product is as follows:

	<u>2025</u>	<u>2024</u>
LOTTO 6/49	\$ 250,083	\$ 279,798
INSTANT	348,086	363,747
LOTTO MAX	461,858	388,322
WESTERN MAX	31,156	30,264
DAILY GRAND	32,695	32,326
POKER LOTTO	20,252	28,427
POKER LOTTO ALL IN	9,482	13,442
SPORT SELECT	109,326	105,598
WESTERN 649	39,163	40,229
LIGHTNING LOTTO	35,132	-
EXTRA	173,650	161,893
PICK 2	2,388	2,229
PICK 3	19,477	19,028
PICK 4	10,685	9,575
KENO	16,253	16,747
	1,559,686	1,491,625
LESS PRIZES	854,272	794,680
LOTTERY REVENUE	\$ 705,414	\$ 696,945

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

6. INVENTORIES

	<u>2025</u>	<u>2024</u>
Offline ticket inventory	\$ 5,137	\$ 5,071
Online ticket inventory	2,791	978
Office supplies inventory	7	15
Total	\$ 7,935	\$ 6,064

During 2025, \$17,966 (2024 - \$17,604) of ticket inventory was recognized as an expense.

7. PROPERTY AND EQUIPMENT

	Central gaming system	Other computer systems hardware	Retailer signage and fixtures	Building and leasehold improvements	Office furniture and fixtures	Right of use assets	CIP	Total
At March 31, 2023	\$ 3,368	\$ 65,992	\$ 28,674	\$ 8,637	\$ 1,304	\$ 9,865	\$ -	\$ 117,840
Additions	-	3,113	951	685	180	189	-	5,118
Disposals	(82)	-	-	-	-	-	-	(82)
At March 31, 2024	\$ 3,286	\$ 69,105	\$ 29,625	\$ 9,322	\$ 1,484	\$ 10,054	\$ -	\$ 122,876
Additions	-	3,200	246	252	68	3,059	121	6,946
Disposals	-	-	-	(5,854)	(990)	(4,002)	-	(10,846)
At March 31, 2025	\$ 3,286	\$ 72,305	\$ 29,871	\$ 3,720	\$ 562	\$ 9,111	\$ 121	\$ 118,976
Accumulated Depreciation								
At March 31, 2023	\$ 2,482	\$ 44,773	\$ 19,366	\$ 7,951	\$ 1,141	\$ 5,107	\$ -	\$ 80,820
Depreciation	187	5,205	1,396	262	69	1,811	-	8,930
At March 31, 2024	\$ 2,669	\$ 49,978	\$ 20,762	\$ 8,213	\$ 1,210	\$ 6,918	\$ -	\$ 89,750
Depreciation	195	6,510	1,579	105	52	2,231	-	10,672
Disposals	-	-	-	(5,340)	(914)	(4,002)	-	(10,256)
At March 31, 2025	\$ 2,864	\$ 56,488	\$ 22,341	\$ 2,978	\$ 348	\$ 5,147	\$ -	\$ 90,166
Carrying Amounts								
At March 31, 2024	\$ 617	\$ 19,127	\$ 8,863	\$ 1,109	\$ 274	\$ 3,136	\$ -	\$ 33,126
At March 31, 2025	\$ 422	\$ 15,817	\$ 7,530	\$ 742	\$ 214	\$ 3,964	\$ 121	\$ 28,810

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

8. INTANGIBLE ASSETS

	Central Gaming Software	Other Computer Software	AIP	Total
At March 31, 2023	\$ 34,964	\$ 15,344	\$ -	\$ 50,308
Additions	1,802	2,143	-	3,945
At March 31, 2024	\$ 36,766	\$ 17,487	\$ -	\$ 54,253
Additions	413	291	1,141	1,845
At March 31, 2025	\$ 37,179	\$ 17,778	\$ 1,141	\$ 56,098
Accumulated Amortization				
At March 31, 2023	\$ 27,833	\$ 12,273	\$ -	\$ 40,106
Amortization	1,707	825	-	2,532
At March 31, 2024	\$ 29,540	\$ 13,098	\$ -	\$ 42,638
Amortization	1,717	2,216	-	3,933
At March 31, 2025	\$ 31,257	\$ 15,314	\$ -	\$ 46,571
Carrying Amounts				
At March 31, 2024	\$ 7,226	\$ 4,389	\$ -	\$ 11,615
At March 31, 2025	\$ 5,922	\$ 2,464	\$ 1,141	\$ 9,527

9. PAYMENTS TO FEDERAL GOVERNMENT

The Corporation made the following payments to the Federal Government:

	<u>2025</u>	<u>2024</u>
Payment on behalf of the Provinces	\$17,346	\$16,956
Federal tax expense	9,313	8,693
Total	\$26,659	\$25,649

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

9. PAYMENTS TO FEDERAL GOVERNMENT (continued)

The Corporation's payments to the Federal Government are described as follows:

a) Payment to the Federal Government on behalf of the Provincial Governments

The Interprovincial Lottery Corporation makes payments to the Government of Canada as a result of an agreement between the Provincial Governments and the Federal Government on the withdrawal of the Federal Government from the lottery field. The agreement requires the provinces, on a combined basis, to make on-going payments of \$24 million in 1979 dollars annually on an inflation adjusted basis (currently \$92 million).

The Corporation, as a Regional Marketing Organization of the Interprovincial Lottery Corporation, remits its member provinces' share of the above payments to the Interprovincial Lottery Corporation which is based on current population statistics and amounted to 18.84% of the total in 2025 (2024 – 18.6%). The cost is allocated between each participant / associate participant province based on their share of lottery ticket sales.

b) Federal tax expense

Taxes are paid to the Federal Government by the Corporation based on a specific formula. This payment is in lieu of the collection of GST on lottery ticket sales to the consumers and is in addition to the GST paid on goods and services purchased by the Corporation.

10. LEASE LIABILITY

Leases are recognized as right-of-use assets and corresponding liabilities at the date at which a leased asset is available for use. Payments for short-term leases and leases of low-value assets are expensed on a straight-line basis and excluded from lease liability.

As at March 31, 2025, scheduled future minimum lease payments and the present value of the finance lease obligation are as follows for the next five fiscal years:

	2026	2027	2028	2029	2030	2031 - 2033	Total
Future minimum lease payments	\$1,936	\$1,213	\$ 567	\$ 426	\$271	\$ 214	\$ 4,627
Discounted interest expense	274	151	82	42	17	14	580
Present value of lease liability	\$1,662	\$1,062	\$ 485	\$ 384	\$254	\$ 200	\$ 4,047

During 2025, expenses for leases designated as low value of \$54 were recorded through operating expenses. In addition, expenses for variable lease payments of \$1,365 were recorded through operating expenses. In 2024, variable lease payments totaling \$969 were recognized as an operating expense under administration and operations in respect of operating leases.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

10. LEASE LIABILITY (continued)

As at March 31, 2025 scheduled future lease commitments not commenced are as follows:

	2026	2027	2028	2029	2030	2031-2038	Total
Cash Flows Base Lease	\$ 362	\$ 362	\$ 920	\$ 971	\$ 971	\$ 5,220	\$ 8,806
Cash Flows Operating	40	40	844	868	893	6,821	9,506
Total	\$ 402	\$ 402	\$ 1,764	\$ 1,839	\$ 1,864	\$ 12,041	\$18,312

11. EMPLOYEE BENEFITS

The Corporation operates two defined benefit plans. The first is a funded registered pension plan covering substantially all of its employees and employees in the Saskatchewan Video Lottery Division. The Corporation identifies its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan. The second plan is an unfunded supplementary retirement plan (SRP) for certain employees. These plans are presented on a combined basis in these financial statements as the SRP comprised only 2% of the total defined benefit obligation at March 31, 2025.

The registered plan's Pension Committee is comprised of Corporation staff at various reporting levels and representatives of the active and inactive membership. The Pension Committee is required by law to act in the best interests of plan members, i.e. active employees, inactive employees and retirees. The Pension Committee is responsible for the investment policy with regard to the assets of the fund. The Corporation makes contributions to the plan which provides pension benefits for employees upon retirement. The plan entitles a retired employee to receive a monthly payment that is based on a complex calculation based on years of service, earnings, and the age of the employee.

The plans exposes the Corporation to risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The most recent actuarial valuation for funding purposes was carried out as at March 31, 2024 by Aon and the next required valuation will be conducted no later than as at March 31, 2027.

The present value of the defined benefit obligation, and current service cost were determined using the Projected Unit Credit cost method.

The Corporation has determined that, in accordance with the terms and conditions of the registered plan, and in accordance with the statutory requirements of the plans under the Pensions Benefit Act (such as minimum funding requirements), the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan's assets less the total present value of obligations. As such, no increase in the defined benefit obligation is necessary at March 31, 2025 (March 31, 2024 – no increase in defined benefit obligation).

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

11. EMPLOYEE BENEFITS (continued)

The principal assumptions used for the purposes of the actuarial valuations of the plans were as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	4.70%	4.90%
Rate of compensation increase	3.0%+SMP	3.0%+SMP
Mortality tables	Canadian Pensioners' Mortality Table 2014 with MI-2017	Canadian Pensioners' Mortality Table 2014 with MI-2017
Year's maximum pensionable earnings increase (per annum)	3.00%	3.00%

Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:

	<u>2025</u>	<u>2024</u>
Current service costs	\$ (2,187)	\$ (1,829)
Interest income	402	385
Non-investment expenses	(314)	(330)
Components of defined benefit costs recorded in net income	(2,099)	(1,774)
Remeasurement gain	2,622	1,995
Components of defined benefit costs recorded in other comprehensive income	2,622	1,995
Total of components of defined benefit cost	\$ 523	\$ 221

The current service cost and the net interest expense for the year are included in the administration and operations expenses in the statement of comprehensive income. The remeasurement of the net defined benefit liability is included in the statement of comprehensive income as other comprehensive income.

The amount included in the statement of financial position arising from the Corporation's obligation in respect of its defined benefit plan is as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligation (DBO)	\$ (46,967)	\$ (45,335)
Fair value of plan assets	55,362	53,177
Net assets arising from defined benefit obligation	\$ 8,395	\$ 7,842

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

11. EMPLOYEE BENEFITS (continued)

Movements in the present value of the defined benefit obligation in the current year were as follows:

	<u>2025</u>	<u>2024</u>
Opening defined benefit obligation	\$ (45,335)	\$ (44,791)
Current service cost	(2,187)	(1,829)
Interest cost	(2,171)	(2,093)
Contributions from plan participants	(1,001)	(836)
Remeasurement gains arising from changes in financial assumptions	1,685	75
Benefits paid	2,042	4,139
Closing defined benefit obligation	\$ (46,967)	\$ (45,335)

Movements in the present value of the plan assets in the current year were as follows:

	<u>2025</u>	<u>2024</u>
Opening fair value of plan assets	\$ 53,177	\$ 52,382
Interest income	2,573	2,478
Remeasurement gain arising from:		
Return on plan assets (excluding amounts included in net interest expense)	937	1,920
Contributions from the employer	30	30
Contributions from plan participants	1,001	836
Benefits paid	(2,042)	(4,139)
Non-investment expenses	(314)	(330)
Closing fair value of plan assets	\$ 55,362	\$ 53,177

Plan assets include, but are not limited to, Canadian long bonds, infrastructure, global equity, and real estate.

The actual return (loss) on plan assets was \$3,510 (2024 – \$4,398).

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025
(in thousands of Canadian dollars)

11. EMPLOYEE BENEFITS (continued)

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, expected salary increase, and mortality. The sensitivity analyses below have been determined based on possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate increased (decreased) by 1%, the defined benefit obligation would decrease by \$6,963 (increase by \$8,989) if all other assumptions were held constant.
- If the expected salary growth increased (decreased) by 1%, the defined benefit obligation would increase by \$2,345 (decrease by \$2,086) if all other assumptions were held constant.
- If the life expectancy increased (decreased) by one year, the defined benefit obligation would increase by \$564 (decrease by \$583) if all other assumptions were held constant.

Interrelationships between the assumptions, especially between discount rate and expected salary increases depend, to a certain extent, on expected inflation rates. The analyses above ignores the interdependence between the assumptions and quantifies sensitivity on individual variables.

An ALM (Asset-Liability Matching) study is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study.

The Corporation is expected to fund the cost of the entitlements expected to be earned on a yearly basis relating to the employees of the WCLC. Employees contribute to the pension plan at a rate of 5.7% up to Year's Maximum Pensionable Earnings (YMPE) and 8.2% on earnings over YMPE. The funding requirements are based upon the advice of the actuary to provide the normal cost of the benefits currently accruing to members under the plan and for the proper amortization of any unfunded liability or solvency deficiency in accordance with the Pension Benefits Act.

The average duration of the obligation of the funded defined benefit plan at the end of the reporting period is 19.3 years. This number can be subdivided into the duration related to:

- active members: 21.1 years;
- deferred members: 20.9 years; and
- retired members: 12.7 years.

The Corporation expects to fund \$30 in to the SRP in 2025 (2024 - \$30).

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

12. SUPPLEMENTARY INFORMATION FOR STATEMENT OF CASH FLOWS

Net change in non-cash working capital balances related to operations:

	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ (1,158)	\$ 22
Receivable from Interprovincial Lottery Corporation	8,590	(10,237)
Inventories	(1,871)	465
Prepaid expenses	(1,146)	(453)
Prizes payable	1,523	8,469
Accounts payable and accrued charges	2,354	(1,695)
Deferred revenue	528	(1,770)
Payable to Interprovincial Lottery Corporation	-	(2,584)
	<u>\$ 8,820</u>	<u>\$ (7,783)</u>

13. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

Financial instruments

The Corporation has made the following classifications:

Cash	Loans and receivables
Accounts receivable	Loans and receivables
Interprovincial Lottery Corporation receivable	Loans and receivables
Prizes payable	Other Financial Liabilities
Lease liabilities	Other Financial Liabilities
Accounts payable and accrued charges	Other Financial Liabilities
Payable to Interprovincial Lottery Corporation	Other Financial Liabilities
Due to Provincial Governments or appointed organizations	Other Financial Liabilities

Fair value of financial instruments

The carrying value of all financial assets and liabilities approximates their fair value due to the short-term nature of these instruments.

Risk management

a) Credit risk

Credit Risk represents the loss that would be recognized if the counterparties in which the Corporation holds financial assets at the reporting date fail to honour their obligations under contract. The Corporation's maximum exposure to credit risk is represented by the amounts of the accounts receivable and prepaid expenses of \$24,597 (2024 - \$22,293) as at March 31, 2025 on the Statement of Financial Position.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

For the year ended March 31, 2025

(in thousands of Canadian dollars)

13. FINANCIAL INSTRUMENTS & RISK MANAGEMENT (continued)

WCLC minimizes its credit risk on receivables by undertaking its sales transactions with a large number of retailers and requiring those retailers to remit any balance owing on a weekly basis.

b) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations as they fall due. This risk is managed by cash flow planning and access to approved bank overdraft facilities. All of the Corporation's financial liabilities mature within one year of the Statement of Financial Position date.

c) Interest rate risk

Interest rate risk is the risk that the Corporation will suffer a financial or economic opportunity loss due to an unfavourable change in interest rates. WCLC's exposures to such risks are not significant due to the nature of its financial assets and liabilities.

d) Capital management

The Corporation's policy is to maintain a capital structure for the business which ensures sufficient liquidity and support for operations and positions the Corporation for future growth. The ongoing maintenance and pursuit of this policy is characterized by ongoing cash flow forecast analysis and budgeting processes directed at providing sound financial positioning for the Corporation's operations and financial management activities.

14. CONTINGENCIES

The Corporation is involved in various claims and litigation arising in the ordinary course and conduct of their business. Although such matters cannot be predicted with certainty, management does not consider the Corporation's exposure to such litigation to be material to these financial statements.

15. COMPENSATION OF KEY MANAGEMENT

Compensation awarded to key management included:

		<u>2025</u>	<u>2024</u>
Compensation and short-term employee benefits	\$	1,357	\$ 1,300
Post-employment benefits		203	194
Total	\$	1,560	1,494

Key management includes the Corporation's Board of Directors and senior management.

