

WCLC

ANNUAL REPORT 2026

Western Canada Lottery Corporation
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Board of Directors

As of March 31, 2026

Kandice Machado
Board Chair
Alberta

Steve Tunison
First Vice Chair
Saskatchewan

Gerry Sul
Second Vice Chair
Manitoba

Steve Lautischer
Director
Alberta

Kevin Gilroy
Director
Saskatchewan

Jeff Traeger
Director
Manitoba

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. We recognise that Indigenous peoples in this region include both treaty and non-treaty nations, all of whom maintain deep and enduring connections to their lands.

Across 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 these enduring relationships. 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 and CEO

Together, we are pleased to present WCLC's F26 Annual Report. As a steward of public lottery on behalf of our member provinces and territories, WCLC remains focused on both delivering value today and preparing the organization for what comes next.

As we enter the new fiscal year, WCLC is engaged in work that will shape our next phase of development and represent the most significant changes to our products and channels in years. Enhancements to the national LOTTO MAX game will launch early in F27, alongside early planning for future enhancements to LOTTO 6/49. Shortly thereafter, WCLC will launch a new digital (iLottery) sales channel, consolidating and modernizing existing digital offerings into a next-generation platform that will expand and improve online access to WCLC products.

Following the iLottery launch, efforts will turn to the replacement of WCLC's retail terminal network—a multi-year modernization effort that will renew core retail technology while reinforcing the importance of the retail channel and the partnerships that underpin it.

Looking back on the fiscal year just completed, WCLC's efforts in F26 continued to deliver value to players, retailers, and our member provinces and territories. Against a backdrop of fewer high jackpot moments across key national draw games and a challenging economic environment, the organization remained focused on responsible stewardship and disciplined portfolio management throughout F26.

Sales in F26 reached \$1.50 billion, a decrease of \$59.71 million (↓3.83%) from the prior year. Following an exceptionally strong F25, results in F26 were influenced primarily by fewer extended high jackpot cycles across national draw games. Across the portfolio, performance responded to these conditions while continuing to generate significant benefits for players, retailers, and member jurisdictions.



**\$426.76
MILLION**

Draw-based games continue to represent the core of WCLC's sales portfolio, finishing the year at \$1.04 billion (↓\$62.29 million, ↓5.65%). Within the portfolio, **LOTTO MAX** continued to be the primary sales driver, generating \$426.76 million in sales (↓\$35.10 million, ↓7.60%). Performance in F26 was influenced by a lower opening jackpot at the start of the fiscal year and fewer **MAXMILLIONS** events, with 43 high jackpot events compared with 56 in the previous year. At the same time, the current game format generated smaller increases in sales at similar jackpot levels compared with previous years.



**\$233.76
MILLION**

LOTTO 6/49 generated \$233.76 million in sales (↓\$16.32 million, ↓6.53%). Similar to **LOTTO MAX**, **LOTTO 6/49** experienced fewer sustained high jackpot periods over the fiscal year, which moderated sales compared with F25. The product's performance also reflects a mature national lottery game delivering lower incremental sales over time.

Message from the Chair and CEO (cont'd)



**\$32.98
MILLION**

DAILY GRAND again provided stability within the national portfolio, contributing \$32.98 million in sales (↑\$0.29 million). As of the end of F26, WCLC continued to work collaboratively with other lotteries across Canada on the ongoing management of national products to support long-term performance.

Across the regional draw portfolio, products such as **EXTRA**, **WESTERN MAX** and **WESTERN 6/49**, the **PICK** suite, **KENO**, and **Watch and Win** games continued to provide breadth and resilience. **EXTRA**, an add-on game available with several national and regional host games, delivered \$166.74 million in sales (↓\$6.91 million), reflecting broader national draw trends. The **PICK** suite remained a dependable contributor, with **PICK 2**, **PICK 3**, and **PICK 4** together generating \$33.52 million (↑\$0.97 million). **LIGHTNING LOTTO** posted \$34.51 million in sales (↓\$0.63 million), a solid outcome in the product's second year in market, including two progressive jackpot wins exceeding \$1 million.



**\$353.54
MILLION**

Scratch & Win sales increased to \$353.54 million, up \$5.45 million (↑1.57%) year over year. Results were supported by new ticket launches and ongoing updates to the Scratch & Win portfolio across key price points.



**\$106.45
MILLION**

The **Sports** portfolio generated \$106.45 million in sales (↓\$2.88 million, ↓2.63%). Results varied by sport and season and partly reflected the performance of local teams. Player behaviour continued to shift towards simpler wager types, with single-event betting increasing by \$2.77 million (↑12.00%) and accounting for 27% of total Sports sales, up from 23% in F25.

Alongside these results, WCLC delivered significant benefits to players, retailers, and member jurisdictions in F26. Winners across the region shared \$812.36 million in prizes (↓\$41.91 million, ↓4.91%). Retailers continue to play an essential role in selling products and redeeming prizes in communities throughout the region, with retailer commissions totalling \$97.40 million (↓\$5.32 million, ↓5.18%).

Significantly, F26 generated \$457.97 million in returns for WCLC's member provinces and territories (↓\$23.15 million, ↓4.81%), funding priority programs and services across the region. Throughout this work, WCLC remained committed to operating responsibly and sustainably, balancing entertainment value with the health and long term interests of players, retailers, and the provinces and territories we serve.

As we move forward, we want to thank and congratulate everyone whose efforts contributed to WCLC's results in F26. We are grateful to our employees, leaders, retailers, and partners for their continued collaboration and commitment to excellence. On behalf of the Board of Directors and WCLC's leadership team, we look forward to the continued impact of this shared purpose and the momentum it brings.

Handwritten signature of Kandice Machado in black ink.

Kandice Machado
Chair, Board of Directors

Handwritten signature of Chris Santschi in black ink.

Chris Santschi
President & CEO

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
aglc.ca

- **Sask Lotteries**

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

- **Manitoba Liquor & Lotteries**

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

- **Lotteries Yukon**

101-205 Hawkins Street
Whitehorse, Yukon Y1A 1X3
Phone: (867) 633-7890
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
ntnulotteries.ca



Financial Statements of

**WESTERN CANADA LOTTERY
CORPORATION**

March 31, 2026

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, 2026, 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 information (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, 2026, 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

Winnipeg, Manitoba
May 12, 2026

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WESTERN CANADA LOTTERY CORPORATION

Statement of Comprehensive Income

For the year ended March 31

(in thousands of Canadian dollars)

	2026	2025
LOTTERY REVENUE (Note 5)	\$ 687,615	\$ 705,414
DIRECT EXPENSES		
Retailer commissions	97,396	102,715
Online transactional	3,361	3,164
Ticket printing	19,300	18,190
	120,057	124,069
GROSS INCOME	567,558	581,345
OPERATING EXPENSES		
Administration and operations	92,984	86,702
Depreciation - Property and equipment (Note 7)	9,666	10,672
Amortization - Intangible assets (Note 8)	2,852	3,933
	105,502	101,307
OPERATING INCOME	462,056	480,038
OTHER INCOME (EXPENSE)		
Interest and other income	5,347	10,397
Federal tax expense (Note 9)	(9,433)	(9,313)
	(4,086)	1,084
NET INCOME	457,970	481,122
Other comprehensive income		
Remeasurement gain (Note 11)	3,011	2,622
OTHER COMPREHENSIVE INCOME	3,011	2,622
COMPREHENSIVE INCOME	\$ 460,981	\$ 483,744
Net income allocated to the following provinces or territories		
Alberta	\$ 327,500	\$ 336,295
Saskatchewan	69,518	74,675
Manitoba	51,133	60,492
Yukon Territory	3,817	3,569
Northwest Territories and Nunavut	6,002	6,091
	457,970	481,122
Other comprehensive income		
Remeasurement gain	3,011	2,622
OTHER COMPREHENSIVE INCOME	3,011	2,622
COMPREHENSIVE INCOME	\$ 460,981	\$ 483,744

WESTERN CANADA LOTTERY CORPORATION

Statement of Financial Position

For the year ended March 31

(in thousands of Canadian dollars)

ASSETS	2026	2025
CURRENT		
Cash	\$ 75,161	\$ 47,102
Accounts receivable	22,366	20,885
Interprovincial Lottery Corporation receivable	-	1,647
Inventories (Note 6)	9,494	7,935
Prepaid expenses	4,331	3,712
	111,352	81,281
PROPERTY AND EQUIPMENT (Note 7)	31,088	28,810
INTANGIBLE ASSETS (Note 8)	6,939	9,527
EMPLOYEE BENEFITS (Note 11)	9,417	8,395
Total Assets	\$ 158,796	\$ 128,013
LIABILITIES		
CURRENT		
Prizes payable	\$ 41,437	\$ 35,096
Accounts payable and accrued charges	41,929	24,713
Lease liability (Note 10)	1,988	1,662
Deferred revenue	4,231	11,497
Payable to Interprovincial Lottery Corporation	529	-
Due to Provincial Governments or appointed organizations	42,822	33,250
	132,936	106,218
LEASE LIABILITY (Note 10)	3,439	2,385
Total Liabilities	136,375	108,603
EQUITY		
Deficit	(8,664)	(8,664)
Accumulated other comprehensive income	31,085	28,074
Total Equity	22,421	19,410
	\$ 158,796	\$ 128,013

APPROVED BY THE BOARD

K. Machado Director

Alan T. 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, 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
Balance at March 31, 2025	\$ (8,664)	\$ 28,074	\$ 19,410
Defined benefit plan remeasurement gains	-	3,011	3,011
Total other comprehensive income	-	3,011	3,011
Balance at March 31, 2026	\$ (8,664)	\$ 31,085	\$ 22,421

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)

	<u>2026</u>	<u>2025</u>
Due to Provincial Governments or appointed organizations, beginning of year	\$ 33,250	\$ 58,614
Add net income for the year	457,970	481,122
	491,220	539,736
Deduct		
Distributions during the year	430,451	489,140
Payment to the Federal Government on behalf of the Provincial Governments (Note 9)	17,947	17,346
	448,398	506,486
Due to Provincial Governments or appointed organizations, end of year	\$ 42,822	\$ 33,250
Due as follows:		
Alberta	\$ 29,984	\$ 21,526
Saskatchewan	5,152	5,413
Manitoba	6,560	5,425
Yukon Territory	432	280
Northwest Territories and Nunavut	694	606
	\$ 42,822	\$ 33,250

WESTERN CANADA LOTTERY CORPORATION

Statement of Cash Flows

For the year ended March 31

(in thousands of Canadian dollars)

	<u>2026</u>	<u>2025</u>
OPERATING ACTIVITIES		
Comprehensive income for the year	\$ 460,981	\$ 483,744
Items not affecting cash		
Depreciation - Property and equipment	9,666	10,672
Amortization - Intangibles	2,852	3,933
Loss on disposal - Property and equipment	-	590
Employee benefits	(1,022)	(553)
	<u>472,477</u>	<u>498,386</u>
Changes in non-cash operating working capital items (Note 12)	14,808	8,820
	<u>487,285</u>	<u>507,206</u>
FINANCING ACTIVITIES		
Distributions to Provincial Governments or appointed organizations	(430,451)	(489,140)
Principal repayment of lease obligations	(2,174)	(1,914)
Payment to Federal Government (Note 9)	(17,947)	(17,346)
	<u>(450,572)</u>	<u>(508,400)</u>
INVESTING ACTIVITIES		
Purchase of:		
Property and equipment	(8,390)	(3,887)
Intangible assets	(264)	(1,845)
	<u>(8,654)</u>	<u>(5,732)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	28,059	(6,926)
CASH POSITION, BEGINNING OF YEAR	47,102	54,028
CASH POSITION, END OF YEAR	\$ 75,161	\$ 47,102

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

(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 12, 2026.

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

Year Ended March 31, 2026

(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 Accounting Standards 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 \$419,577 (2025 - \$446,319) and are included in the Corporation's expenses.

In addition, the Corporation's share of the Interprovincial Lottery Corporation's operating expenses, amounting to \$1,587 (2025 - \$1,476), and interest revenues, amounting to \$3,117 (2025 - \$7,871) 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

Year Ended March 31, 2026

(in thousands of Canadian dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) *Revenue recognition (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

Year Ended March 31, 2026

(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 Corporation 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

Year Ended March 31, 2026

(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

Year Ended March 31, 2026

(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

Year Ended March 31, 2026

(in thousands of Canadian dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) 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 in issue but not yet effective

- i) 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.

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.

- ii) Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognized) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system. These amendments are effective for annual reporting periods beginning on or after January 1, 2026.

The Corporation is still evaluating the effect of these amendments on the financial statements.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

(in thousands of Canadian dollars)

4. CHANGE IN ESTIMATE

The estimated useful life of various terminals was revised due to an expected replacement program in fiscal 2028. Accordingly, these terminals are considered obsolete and will be fully amortized over the revised remaining useful life. As a result, amortization expense for the current financial year increased by \$953 which has been recognized in the Statement of Comprehensive Income.

5. LOTTERY REVENUE

Sales revenue by Product is as follows:

	<u>2026</u>	<u>2025</u>
LOTTO 6/49	\$ 233,763	\$ 250,083
INSTANT	353,537	348,086
LOTTO MAX	426,759	461,858
WESTERN MAX	31,314	31,156
DAILY GRAND	32,982	32,695
POKER LOTTO	17,297	20,252
POKER LOTTO ALL IN	8,069	9,482
SPORT SELECT	106,450	109,326
WESTERN 649	38,912	39,163
LIGHTNING LOTTO	34,507	35,132
EXTRA	166,740	173,650
PICK 2	2,566	2,388
PICK 3	19,732	19,477
PICK 4	11,219	10,685
KENO	16,130	16,253
	<u>1,499,977</u>	<u>1,559,686</u>
LESS PRIZES	812,362	854,272
LOTTERY REVENUE	<u>\$ 687,615</u>	<u>\$ 705,414</u>

6. INVENTORIES

	<u>2026</u>	<u>2025</u>
Offline ticket inventory	\$ 6,407	\$ 5,137
Online ticket inventory	3,070	2,791
Office supplies inventory	17	7
Total	<u>\$ 9,494</u>	<u>\$ 7,935</u>

During 2026, \$18,745 (2025 - \$17,966) of ticket inventory was recognized as an expense.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

(in thousands of Canadian dollars)

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, 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
Additions	27	2,841	126	180	-	3,554	5,216	11,944
Disposals	-	-	-	-	-	(1,640)	-	(1,640)
At March 31, 2026	\$ 3,313	\$ 75,146	\$ 29,997	\$ 3,900	\$ 562	\$ 11,025	\$ 5,337	\$ 129,280
Accumulated Depreciation								
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
Depreciation	122	5,517	1,602	124	68	2,233	-	9,666
Disposals	-	-	-	-	-	(1,640)	-	(1,640)
At March 31, 2026	\$ 2,986	\$ 62,005	\$ 23,943	\$ 3,102	\$ 416	\$ 5,740	\$ -	\$ 98,192
Carrying Amounts								
At March 31, 2025	\$ 422	\$ 15,817	\$ 7,530	\$ 742	\$ 214	\$ 3,964	\$ 121	\$ 28,810
At March 31, 2026	\$ 327	\$ 13,141	\$ 6,054	\$ 798	\$ 146	\$ 5,285	\$ 5,337	\$ 31,088

Prior to year end, WCLC entered into an agreement to sell a fully depreciated building located in Stettler, Alberta for proceeds of \$1,323. A deposit of \$100 was received on February 25, 2026 and is being held in trust. Legal possession is expected to transfer on June 1, 2026. The building remained in use as at March 31, 2026 and the carrying amount was \$nil. The gain on disposal will be recognized upon transfer of control.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

(in thousands of Canadian dollars)

8. INTANGIBLE ASSETS

	Central Gaming Software	Other Computer Software	CIP	Total
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
Additions	148	-	116	264
At March 31, 2026	\$ 37,327	\$ 17,778	\$ 1,257	\$ 56,362
Accumulated Amortization				
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
Amortization	1,415	1,437	-	2,852
At March 31, 2026	\$ 32,672	\$ 16,751	\$ -	\$ 49,423
Carrying Amounts				
At March 31, 2025	\$ 5,922	\$ 2,464	\$ 1,141	\$ 9,527
At March 31, 2026	\$ 4,655	\$ 1,027	\$ 1,257	\$ 6,939

9. PAYMENTS TO FEDERAL GOVERNMENT

The Corporation made the following payments to the Federal Government:

	<u>2026</u>	<u>2025</u>
Payment on behalf of the Provinces	\$ 17,947	\$17,346
Federal tax expense	9,433	9,313
Total	\$ 27,380	\$26,659

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

(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 \$94 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 19.12% of the total in 2026 (2025 – 18.84%). 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, 2026, scheduled future minimum lease payments and the present value of the finance lease obligation are as follows for the next five fiscal years:

	2027	2028	2029	2030	2031	2032-2033	Total
Future minimum lease payments	\$ 2,263	\$ 1,446	\$ 1,036	\$ 747	\$ 393	\$ 136	\$ 6,021
Discounted interest expense	275	166	90	43	14	6	594
Present value of lease liability	\$ 1,988	\$ 1,280	\$ 946	\$ 704	\$ 379	\$ 130	\$ 5,427

During 2026, expenses for leases designated as low value of \$43 were recorded through operating expenses. In addition, expenses for variable lease payments of \$1,361 were recorded through operating expenses. In 2025, variable lease payments totaling \$1,365 were recognized as an operating expense under administration and operations in respect of operating leases.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

(in thousands of Canadian dollars)

10. LEASE LIABILITY (continued)

As at March 31, 2026 scheduled future lease commitments not commenced are as follows:

	2027	2028	2029	2030	2031	2032-2038	Total
Cash Flows Base Lease	\$ 101	\$ 659	\$ 710	\$ 710	\$ 751	\$ 4,570	\$ 7,501
Cash Flows Operating	113	917	941	966	991	5,942	9,870
Total	214	1,576	1,651	1,676	1,742	10,512	17,371

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, 2026.

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 expose 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, 2026 (March 31, 2025 – no increase in defined benefit obligation).

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

(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>2026</u>	<u>2025</u>
Discount rate	5.10%	4.70%
Rate of compensation increase	3.0%+SMP	3.0%+SMP
Mortality tables	Canadian Pensioners' Mortality Table 2014 with MI-2024	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>2026</u>	<u>2025</u>
Current service costs	\$ (2,190)	\$ (2,187)
Interest income	415	402
Non-investment expenses	(263)	(314)
Components of defined benefit costs recorded in net income	<u>(2,038)</u>	<u>(2,099)</u>
Remeasurement gain	3,011	2,622
Components of defined benefit costs recorded in other comprehensive income	<u>3,011</u>	<u>2,622</u>
Total of components of defined benefit cost	<u>\$ 973</u>	<u>\$ 523</u>

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>2026</u>	<u>2025</u>
Defined benefit obligation (DBO)	\$ (48,158)	\$ (46,967)
Fair value of plan assets	57,575	55,362
Net assets arising from defined benefit obligation	<u>\$ 9,417</u>	<u>\$ 8,395</u>

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

(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>2026</u>	<u>2025</u>
Opening defined benefit obligation	\$ (46,967)	\$ (45,335)
Current service cost	(2,190)	(2,187)
Interest cost	(2,174)	(2,171)
Contributions from plan participants	(1,097)	(1,001)
Remeasurement gains arising from changes in financial assumptions	2,827	1,685
Benefits paid	1,443	2,042
Closing defined benefit obligation	\$ (48,158)	\$ (46,967)

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

	<u>2026</u>	<u>2025</u>
Opening fair value of plan assets	\$ 55,362	\$ 53,177
Interest income	2,589	2,573
Remeasurement gain arising from: return on plan assets (excluding amounts included in net interest expense)	184	937
Contributions from the employer	49	30
Contributions from plan participants	1,097	1,001
Benefits paid	(1,443)	(2,042)
Non-investment expenses	(263)	(314)
Closing fair value of plan assets	\$ 57,575	\$ 55,362

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

The actual return on plan assets was \$2,773 (2025 - \$3,510).

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

(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 in 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 \$7,065 (increase by \$9,045) if all other assumptions were held constant.
- If the expected salary growth increased (decreased) by 1%, the defined benefit obligation would increase \$2,338 (decrease by \$2,083) if all other assumptions were held constant.
- If the life expectancy increased (decreased) by one year, the defined benefit obligation would increase by \$489 (decrease by \$456) 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 18.9 years. This number can be subdivided into the duration related to:

- active members: 20.7 years;
- deferred members: 21.0 years; and
- retired members: 12.7 years.

The Corporation expects to fund \$49 into the SRP in 2026 (2025 - \$30).

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

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12. SUPPLEMENTARY INFORMATION FOR STATEMENT OF CASH FLOWS

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

	<u>2026</u>	<u>2025</u>
Accounts receivable	\$ (1,481)	\$ (1,158)
Interprovincial Lottery Corporation receivable	1,647	8,590
Inventories	(1,559)	(1,871)
Prepaid expenses	(619)	(1,146)
Prizes payable	6,341	1,523
Accounts payable and accrued charges	17,216	2,354
Deferred revenue	(7,266)	528
Payable to Interprovincial Lottery Corporation	529	-
	<u>\$ 14,808</u>	<u>\$ 8,820</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 \$26,697 (2025 - \$24,597) as at March 31, 2026 on the Statement of Financial Position.

WESTERN CANADA LOTTERY CORPORATION

Notes to the Financial Statements

Year Ended March 31, 2026

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14. FINANCIAL INSTRUMENTS & RISK MANAGEMENT (continued)

a) *Credit risk (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 with the exception of long-term lease liabilities.

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>2026</u>		<u>2025</u>
Compensation and short-term employee benefits	\$	1,318	\$	1,357
Post-employment benefits		<u>253</u>		203
Total	\$	<u>1,571</u>		1,560

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

WCLC