



Atlantic Lottery

Annual Report 2020-2021



Supporting our communities for 45 years



OUR PURPOSE

To delight players and make a meaningful contribution to all Atlantic Canadians, with whom we share a common bond, the joy of play and our love of this place.

OUR VISION

To be a world-leading, responsible, digital, gaming experience company driven by the higher purpose to give back.

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Chair Message

Once again, the annual report for Atlantic Lottery must highlight the effects of the COVID-19 pandemic, which heavily impacted the financial results for the year ended March 31, 2021. Like many businesses, we started our fiscal year with shutdowns in the hospitality and horse-racing industry, as well as at some retail locations. Throughout the year, necessary public health measures were brought in to curb localized outbreaks, which continued to affect all aspects of Atlantic Lottery's operations. The effect of these measures was to reduce overall net income from \$395.4 million in 2019-20 to \$346.5 million in 2020-21, well below our original pre-pandemic plan.

Despite the additional personal disruptions necessary as a result of remote work, the employees of Atlantic Lottery remained focused on delivering for our players, retailers and shareholders. Like all businesses during these extraordinary times, this required our employees and stakeholders to think and act differently in response to continuous change, always with our players and responsible play at the forefront. Unlike some businesses, Atlantic Lottery also executed on a plan for restructuring, which unfortunately resulted in the departure of approximately 10 per cent of our overall workforce. This was a difficult but necessary undertaking, which is part of ensuring we remain a world-class, competitive, digital gaming company.

This strategy also includes increased adoption of our digital products and services. This process, which began prior to the pandemic, has been accelerated by the pandemic as our players demand an ever-growing range of products be available to them digitally.

The company has responded with an improved online experience through alc.ca, a revamped mobile application and the iCasino offering in New Brunswick.

In combination with the robust physical presence that will continue with our retail partners across the region, this will underpin Atlantic Lottery's success by delivering to our customers the products and experiences they demand. This is fundamental to the corporation's core strategy of growing its player base, improving the player experience in a digital world, and deepening its relationships with players; all while improving healthy play.

The foundation for all of the above is Atlantic Lottery's steadfast commitment to social responsibility in the form of supporting our communities and encouraging healthy play. As a publicly owned company, social responsibility is and will always remain fundamental to our corporation's role in making Atlantic Canada a better place for all.

In 2021-22, the Board continues to support the priorities set within the broad strategic framework. In addition, it has identified the completion of senior leadership renewal, a comprehensive review of Atlantic Lottery's total rewards program, as well as a comprehensive diversity and inclusion strategy as key objectives.

Sincerely,



C. Sean O'Connor, CPA, CA
Chair, Board of Directors



CEO Message

This past year was unlike any other in Atlantic Lottery's 45-year history. Never before has our unique dual mandate of both delivering profit and making socially responsible contributions across our region been more important.

I am proud that Atlantic Lottery returned more than \$346.5 million in profit to the four Atlantic provinces in 2020-21, providing essential revenue at a time when it was much needed to help fund important services we all use. Although this was less than the original target set in February 2020, before COVID-19 arrived in Atlantic Canada, it represents a resilient performance during challenging and continuously changing conditions. The profit shortfall can be attributed entirely to various shutdowns during the first quarter, after which we achieved our targets through the last three quarters. Our business bounced back, proving that our customers are loyal and our brands are strong. We have budgeted for a record profit for 2021-22 and are poised to attain it. Like others, we look forward to the day when our business, our communities and our lives can fully return to normal.

However, Atlantic Lottery's purpose includes not only returning profit, but also further making a meaningful contribution to all Atlantic Canadians. This comes in many forms, the first being providing an entertaining and responsible gambling experience for those who choose to play our games. Our players are at the heart of everything we do at Atlantic Lottery and this year we had to adapt to events to ensure we could continue to provide world-class products while serving players in the safest and most convenient way possible.

Furthermore, as the festivals and events we're so proud to partner with had to cancel their plans last year and charitable organizations saw demand for their services increase, Atlantic Lottery stepped up and created the Community Proud program to help support local organizations. These groups are making a difference for people across Atlantic Canada and reveal the true generosity of our people. We're also beyond excited to see the festivals and events that showcase the vibrancy and diversity of our region beginning to return in 2021-22.

As we look through the pages of this report at our activities in the past year, it's important to reflect on how much has happened and how far we all have come. We have faced hardships but also overcome so much. Both as a company and as individuals, we have accomplished more than we thought possible because of the ability to adapt, work together and focus on the greater good. This year has shown not only the character of the Atlantic Lottery team, but also the strength of the communities of Atlantic Canada. It has demonstrated why I'm grateful to be a part of both.

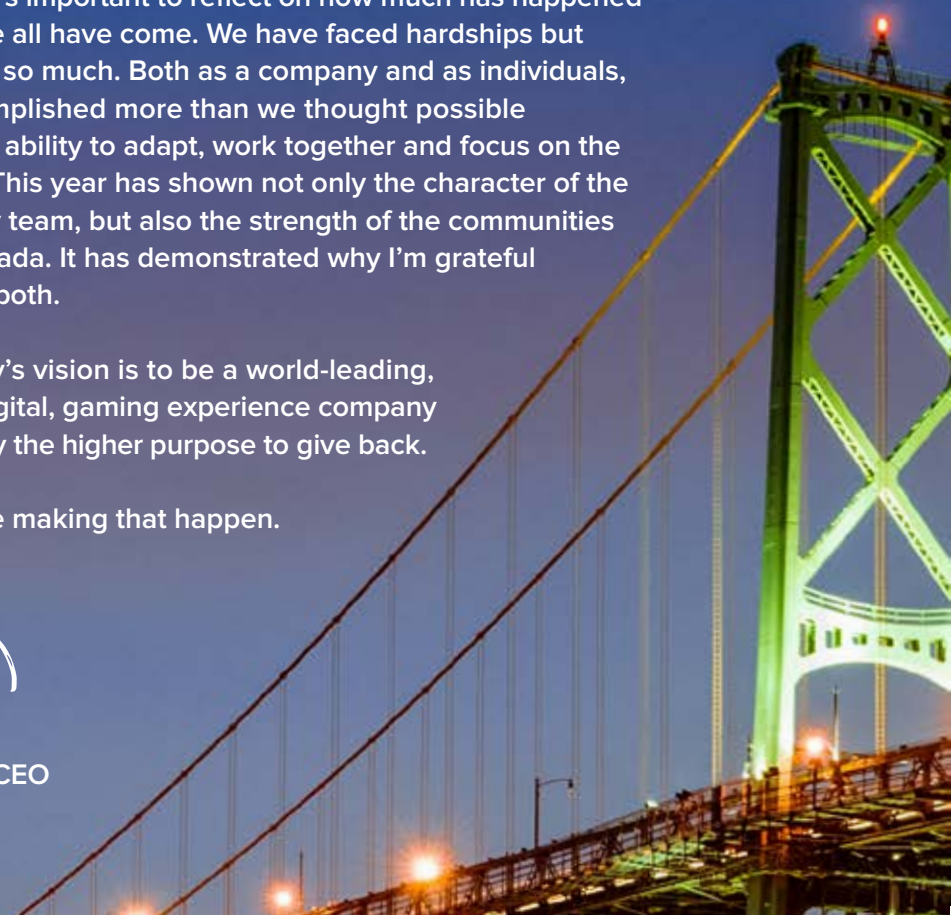
Atlantic Lottery's vision is to be a world-leading, responsible, digital, gaming experience company that is driven by the higher purpose to give back.

Together, we're making that happen.

Sincerely,



Patrick Daigle
President and CEO



Executive Summary

Every business decision at Atlantic Lottery is made through the lens of balancing social responsibility with delivering sustainable returns for Atlantic Canadians. In 2020-21, Atlantic Lottery returned \$346.5 million to the provincial governments in Atlantic Canada, which was \$78.9 million below our original profit target of \$425.4 million. The 2021 budget was finalized in February 2020, when COVID-19 and its impact on Atlantic Canada was still unknown.

Overall, \$177.1 million was delivered from the Destination line of business and \$169.4 million from the Retail and iLottery lines.

The Destination line of business result is \$100.3 million under budget while the Retail and iLottery lines of business partially offset this budget shortfall by exceeding its profit budget by \$21.5 million. The underperformance in Destination is a direct result of safety measures implemented during the COVID-19 pandemic which included a temporary shutdown of our operations in the Destination line of business, while decreased in-store traffic similarly affected results at Retail.



Executive Summary

In addition to the profits distributed to the provincial governments, Atlantic Lottery remitted \$46.1 million to the provincial and federal governments in taxes and federal contributions.

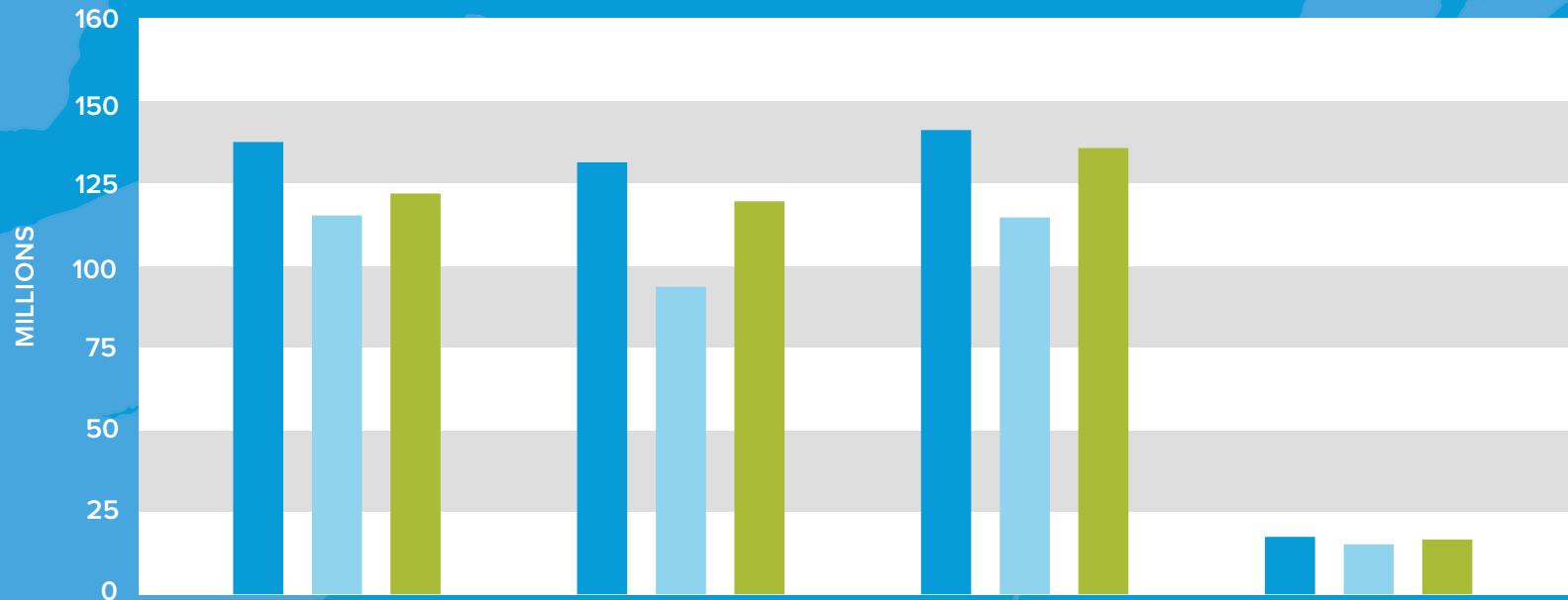
Atlantic Lottery experienced record sales through its alc.ca platform in 2020-21 and the number of Atlantic Canadians with active accounts continues to grow, demonstrating the importance of the online space. The iLottery share of net profit increased to 16 per cent in 2020-21 from 4 per cent the previous year, while the share of total lottery sales from the iLottery line of business increased to 27 per cent from 8 per cent. Atlantic Lottery continues to provide new games and experiences, which is central to our efforts of putting players first with competitive, innovative products within a regulated environment.

Red Shores was 36 per cent below budget, with the shortfalls in the casino games and food and beverage categories attributed to closing both properties due to COVID-19.





Profit By Province



Budget 2021



Actual 2021



Actual 2020



NEW BRUNSWICK

\$137,635,495

\$118,596,537

\$124,538,260

NEWFOUNDLAND & LABRADOR

\$128,378,071

\$94,344,157

\$121,131,484

NOVA SCOTIA

\$139,498,200

\$118,897,046

\$131,082,623

PRINCE EDWARD ISLAND

\$19,833,727

\$14,706,039

\$18,674,926

Social Responsibility

As a publicly owned corporation, Atlantic Lottery's mandate from the start has always been driven by giving back. We are privileged to provide Atlantic Canadian adults who choose to play with a regulated and responsible lottery experience where they can be proud knowing that 100 per cent of our profit stays in Atlantic Canada every year.

As a corporation and as individuals, our commitment to Social Responsibility (SR) is an essential part of every game we offer, every event we sponsor and every decision we make. Never in our 45-year history has this role been more important than it was in 2020-21 as the COVID-19 pandemic brought uncertainty and disruption to Atlantic Canada and the world. This extraordinary situation not only added to the importance of the profit returned to our provincial shareholders, but also highlighted the significance of the various other ways Atlantic Lottery contributes to our communities.

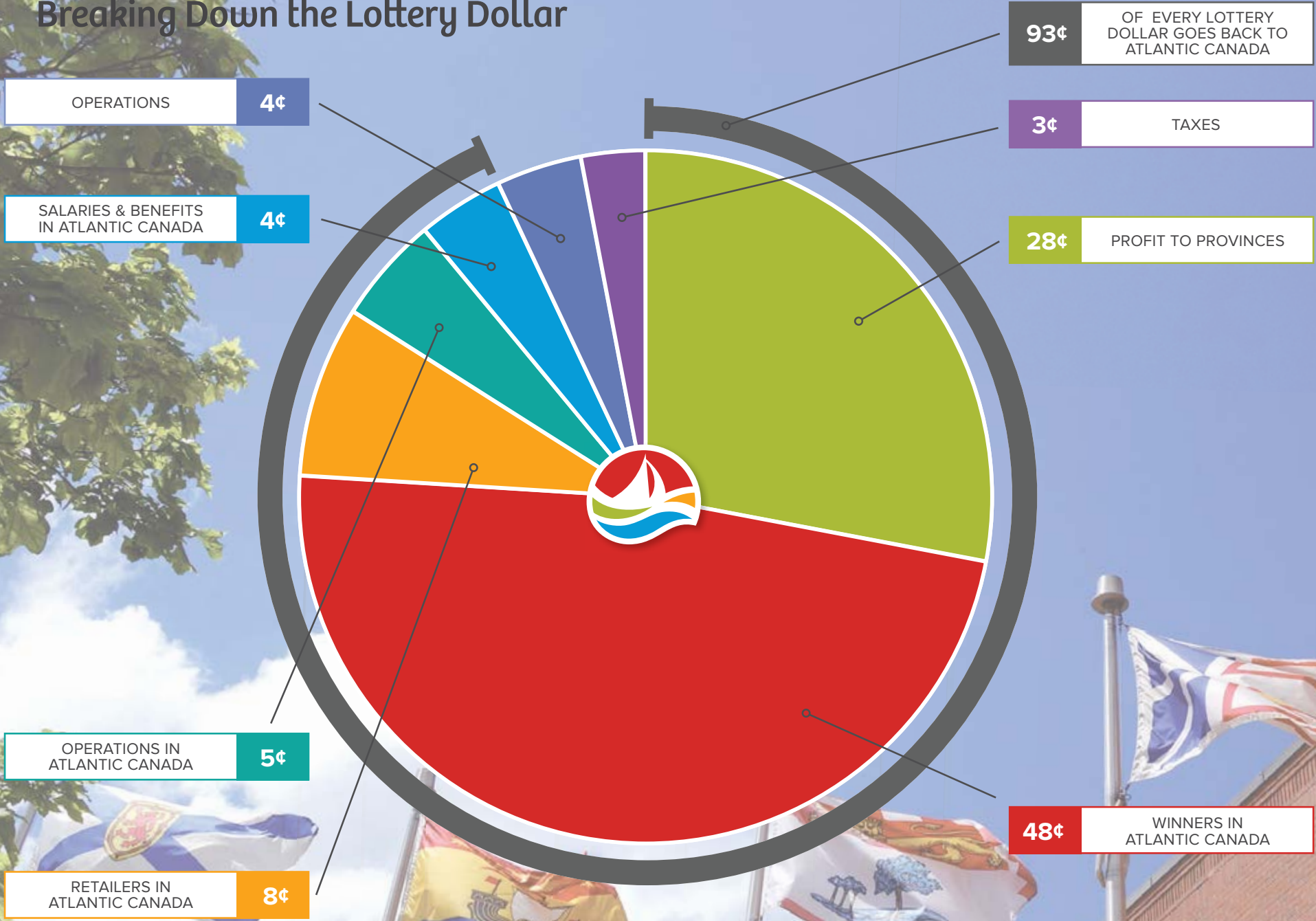
More information about Atlantic Lottery's SR activities and response to the COVID-19 pandemic can be found in the [2020-21 Community Impact Report](#).



ATLANTIC LOTTERY'S SR STRATEGY FOCUSES ON SIX PILLARS:



Breaking Down the Lottery Dollar



Where the Money Goes – 93 Cents of Every Dollar Stays Here



Every year, 100 per cent of Atlantic Lottery's profit is directly returned to our four shareholder governments, keeping it right here in our region to help fund essential services like health care, education and infrastructure. Atlantic Lottery also supports our communities and contributes to the regional economy in several other ways.

A breakdown of how Atlantic Lottery's revenue was allocated in 2020-21 highlights where that money went and reveals that **93 cents of every lottery dollar** stayed in the four Atlantic Canadian provinces.



\$601.9 million awarded in prizes to winners from every corner of Atlantic Canada.

\$346.5 million returned to the four Atlantic provinces in profit to help fund important services.

\$95.9 million earned by almost 4,000 Atlantic Canadian retailers from Atlantic Lottery sales.

Overall operations contributed indirectly to more than 6,938 jobs and \$1.5 billion in economic activity across the region last fiscal year.

Atlantic Lottery employees live, work and spend their salaries in our Atlantic Canadian communities.

Atlantic Lottery also partners with companies outside the region, depending on third-party availability and the services they provide.

More funds returned to governments to support essential services for Atlantic Canadians.

Winners

Major wins (\$10,000 or more) by province.

Last year, a total of 721 Atlantic Canadians won a prize of \$10,000 or more on Atlantic Lottery products. That's up from 533 major winners the previous year.



228

New Brunswick



212

Newfoundland
& Labrador



236

Nova Scotia



45

Prince Edward
Island



Balanced Scorecard

2020-21 CORPORATE PERFORMANCE TO TARGETS

Atlantic Lottery's balanced scorecard presents, measures and reports on specific corporate metrics that have been identified as key to the successful realization of the operating plan and long-term strategic plan. Each year, the scorecard is established by Atlantic Lottery's management team and the Board of Directors of the corporation. Its measures are essential to ensuring Atlantic Lottery continues to adapt to and excel within its evolving competitive environment. In 2020-21, the scorecard targets were adjusted in Q2 (Spring 2021) to reflect the ongoing uncertainty due to the pandemic and the potential impact of restrictions and reopening plans on various areas of Atlantic Lottery's operations.



METRIC	TARGET	ACTUAL
PLAYER		
Known Players ¹	294,180	308,253
OPERATIONAL		
Lottery digital enabled gross gaming revenue ² (in millions)	\$110.50	\$125.70
FINANCIAL		
Annual total corporate net profit (in millions)	\$320	\$346.50
Annual gross gaming revenue ² (in millions)	\$620.40	\$637.90

¹Consisting of alc.ca active players and members using their online account to enter physical tickets into 2Chance during the past 52 weeks.

²GGR = Revenue less prizes paid to players

Financial Position Overview

The below provides an overview of the financial position of Atlantic Lottery for the year ended March 31, 2021 and is to be read in conjunction with the associated audited consolidated financial statements and note disclosures which are prepared in accordance with International Financial Reporting Standards (IFRS). Refer to Notes to consolidated Financial Statements (note 1 and 2) for additional detail regarding the nature of operations for Atlantic Lottery and the significant accounting policies employed.

Consolidated Balance Sheet – Assets

	2020-21	2019-20	VARIANCE
TOTAL ASSETS (thousands of dollars)	\$269,289	\$264,436	\$4,853

Assets increased by 2 per cent from 2019-20. Current assets increased by \$0.5 million driven by the addition of \$6 million in cash at year end (explained in detail in the statement of cash flow) and an increase in Inventories of \$1 million which is counterbalanced by a \$7.5-million decrease in accounts receivable (note 6). The \$8 million reduction in retailer receivable is due to the decline in sales due to on-going site closures in relations to the pandemic and less days of sales compared to last year. The \$4.5-million increase in long-term assets can be explained largely by the depreciation and amortization on property and equipment, intangibles and right-of-use assets of \$30 million which offset the \$26.7-million increase in employee future pension benefit asset (note 17).

Financial Position Overview

Consolidated Balance Sheet – Liabilities

	2020-21	2019-20	VARIANCE
TOTAL LIABILITIES (thousands of dollars)	\$179,412	\$198,993	\$19,581

Liabilities were down by 10 per cent compared to 2019-20. The decrease was mainly driven by \$55 million in less debt carried when combining the line of credit (note 11) and the current portion of long-term debt (note 15). This decrease was driven by debt that matured in the year and a new loan that was executed. In contrast there was an increase of accounts payable (note 12) of \$16 million compared to prior year as a result of an \$8-million increase in trade payable and a \$3-million increase in salaries payable, both of which relate to timing of payments. A \$2-million increase in taxes payable related to the prior year being in a full network shutdown at year end which decreased the taxes on sales and direct costs. Player payable increased to \$4 million from \$2 million in prior year due to the increased presence on alc.ca.

Shareholders' Equity

	2020-21	2019-20	VARIANCE
TOTAL SHAREHOLDERS' (thousands of dollars)	\$89,877	\$65,443	\$24,434

The increase is driven by the change in Other Comprehensive Income (OCI). OCI is comprised of the change in fair value of Atlantic Lottery's cash flow hedges on long-term debt, deemed effective with no changes in critical terms and from the change in actuarial assumptions on employee future benefits (note 17).



Consolidated Statement of Operations

(THOUSANDS OF DOLLARS)	2020-21	2019-20	VARIANCE
REVENUE	\$637,926	\$725,484	\$(87,558)
Direct Expenses	\$111,995	\$134,450	\$22,455
GROSS PROFIT	\$525,931	\$591,034	\$(65,103)
Operating Expenses	\$133,613	\$144,726	\$11,113
NET PROFIT	\$346,574*	\$395,683	\$(49,109)
<i>Gross Profit % of Revenue</i>	82.4%	81.5%	0.9%
<i>Operating Expenses % Revenue</i>	20.9%	19.9%	1.0%
<i>Net Profit % of Revenue</i>	54.3%	54.5%	(0.2%)

*Consolidated Net includes gain from Atlantic Gaming Equipment of \$0.1M.

Financial Position Overview

Revenue consists of gross sales less consideration paid to the player (prize expense). The year-over-year reduction in revenue is driven by the network wide disruption of our Video Lottery category caused by COVID-19 which resulted in a shortfall of over \$110 million compared to prior year. In the Retail line of business, the Instant category saw its own disruption due to decreased foot traffic from provincial emergency health and safety measures. The decrease in this category over prior year is \$14 million. This negative variance is partially offset by Draws and iGames categories which both exceeded prior year by \$8 million and \$37 million respectively.

Direct expenses include commissions paid to retailers of \$96 million down \$26 million from prior year. This reduction is directly tied to the lower revenue, more specifically Video Lottery revenue as the commission on that product is higher than products in the retail channel. Ticket and selling costs of \$16 million are \$3.5 million over prior year driven by the revenue share on iGames.

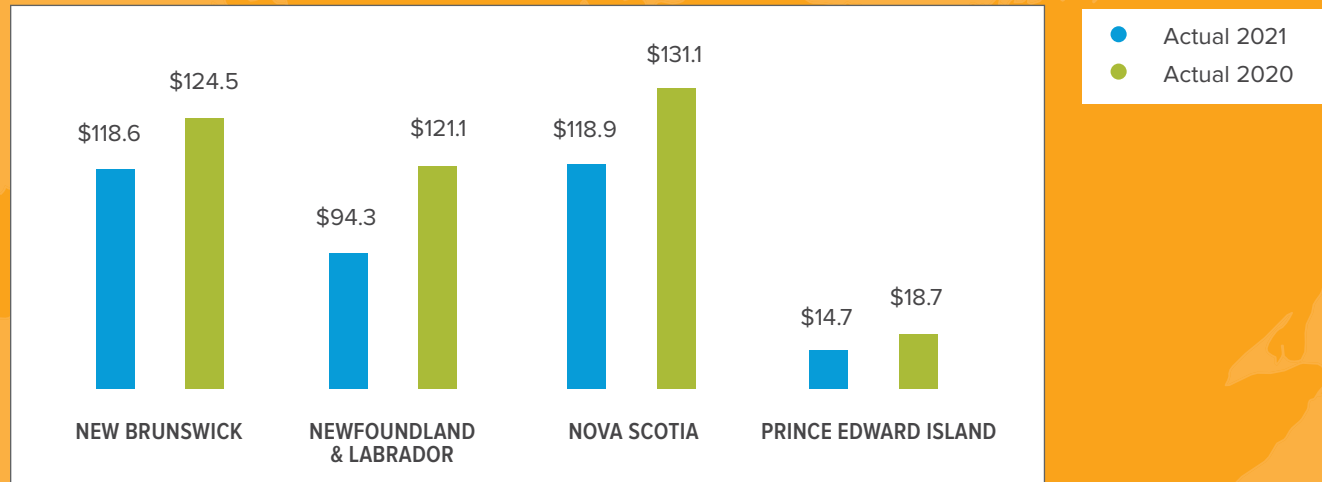
Overall operating expenses are down from \$145 million in prior year to \$134 million in 2020-21. Of the \$11-million variance, \$6 million relates to the cost cutting measures that were implemented due to the uncertainty created by the COVID-19 pandemic. The main drivers of the \$6 million savings were technology and telecommunication for \$1.5 million, \$2 million related to marketing and communications, \$1 million related to retailer training and terminal maintenance and \$1.5 million in savings from outsourced services. Salaries and benefits (and other employee expenses) contributed an additional \$1.5 million savings compared to prior year and a savings of \$2.5 million occurred in depreciation due to changes in useful life of assets to align with current replacement plans for the Video Lottery Terminals (VLTs).



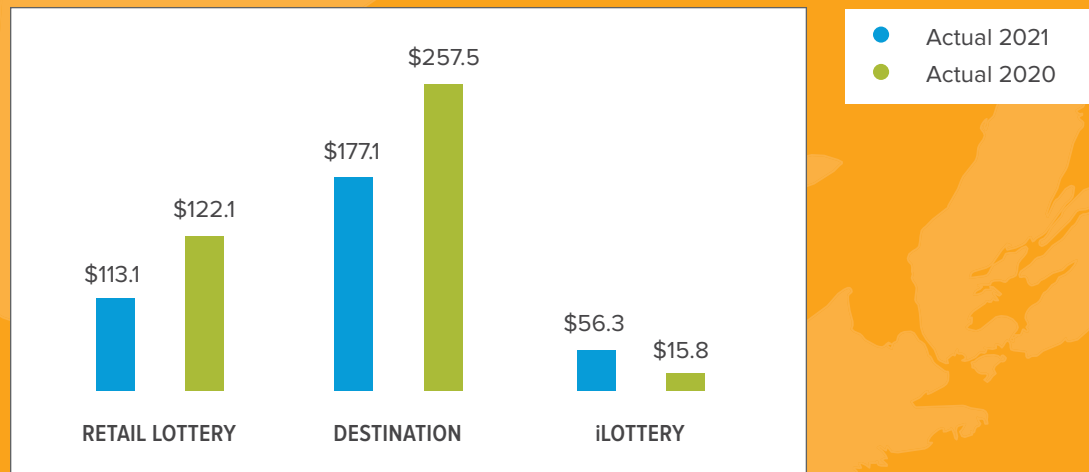
Financial Position Overview



Profit by Province (in millions)



Profit by Line of Business (in millions)



Consolidated Statement of Cash Flows

The statement of cash flow provides the basis to assess the generation and spending of cash, prepared using the indirect method where net profit is adjusted for the effects of non-cash transactions.

Operating activities presents the net of cash inflows and outflows from regular business activities. Beginning with net profit, adjustments are made for non-cash items such as Depreciation and amortization of \$30 million, non-cash working capital of \$19 million. This results in cash generated from regular business activities of \$400 million.

Investing activities represents the amount spent on property, equipment and intangible assets, net of proceeds on asset disposals. During the year, Atlantic Lottery acquired \$9 million in capital assets, of which \$3 million was property and equipment while \$6 million was intangible assets. The property and equipment purchased consists of \$2 million in operational and gaming equipment. Intangible assets additions related to the implementation and testing of new gaming software solutions and internet websites for the sale of new customer products.

Financing activities reflect cash inflows and outflows relating to debt. Atlantic Lottery managed cash flow and interest expense through the purchase of short-term 30 days bankers' acceptances notes in the amount of \$5-30 million. During the year, a new long-term debt was acquired for \$50 million and repayments for both long term and short-term facilities equaled \$65 million.

The net change for cash in 2020-21 is an increase of \$6 million.





Consolidated Statement of Cash Flows

(THOUSANDS OF DOLLARS)

2020-21

2019-20

Operating Activities	\$399,530	\$431,971
Investing Activities	\$(8,936)	\$(42,821)
Financing Activities	(\$37,604)	\$6,965
Distribution to Shareholders	\$(346,703)	\$(385,888)
Change in Cash Balance	\$6,287	\$10,227
Opening Cash Balance	\$29,753	\$19,526
Closing Cash Balance	\$36,040	\$29,753

Business Overview – Draw Games

The draws category delivered gross gaming revenue (GGR) of \$174 million, an increase of 6 per cent from the previous fiscal year.

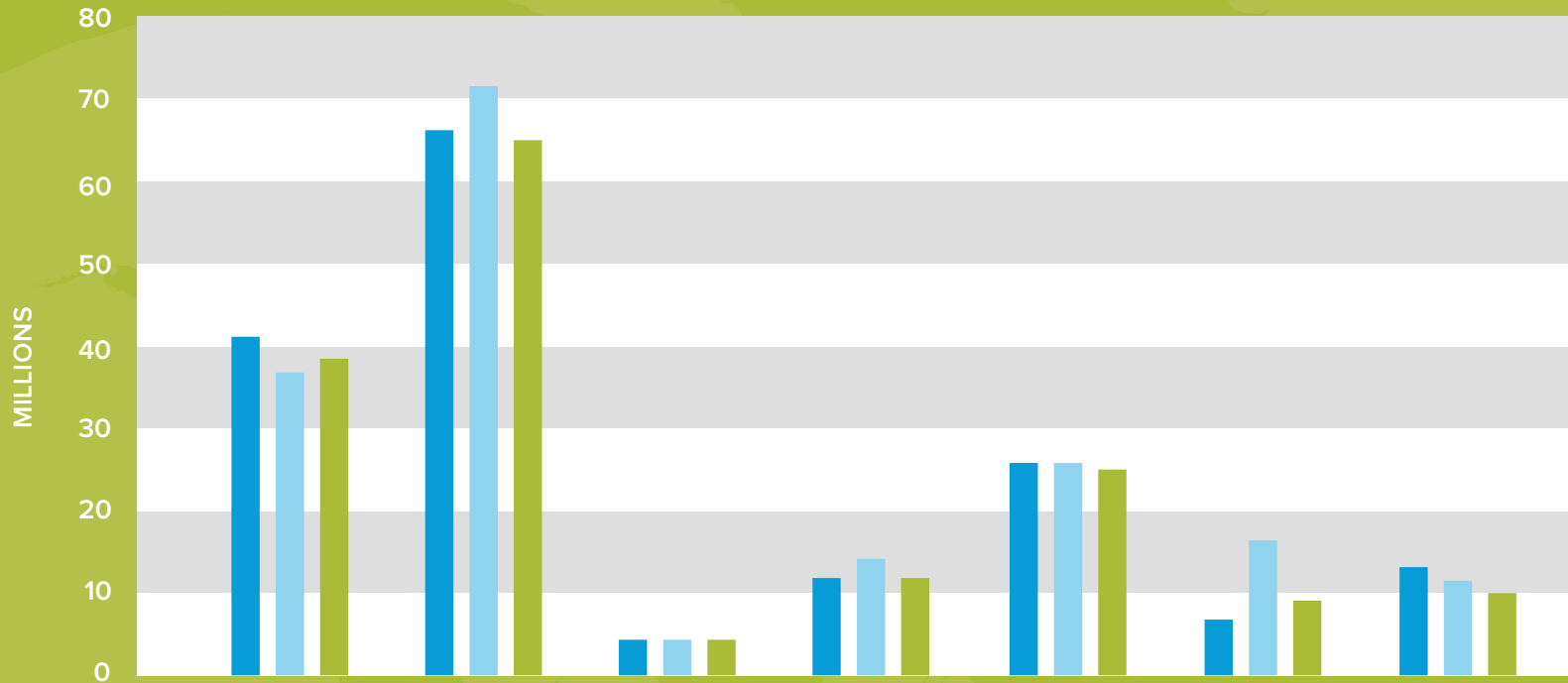
Lotto 6/49 finished the year \$2 million in net revenue under fiscal 2019-20. There was a favourable sales impact due to the actualized roll pattern versus the budget. There were six fewer jackpots of less than \$10 million and three additional jackpots of \$20 million or more versus budget. However, there was an unfavourable impact due to sales that were lower than budgeted assumptions. The sales decline was seen across all jackpot levels and was a result of the COVID-19 pandemic. Planned Super Draws were delayed for the first five months of the fiscal year; the first Super Draw occurred on September 12, 2020 and five Super Draw events were held in total. COVID-19 resulted in a higher share of sales on alc.ca than budgeted. Lotto 6/49 share of sales for 2020-21 on alc.ca was 19.5 per cent, compared to a budget of 8.7 per cent.

In 2020-21, net revenue for Lotto Max reached \$71 million, surpassing the previous year's net revenue of \$65 million. The Lotto Max jackpot was in Maxmillions for the same amount of time as the previous year, with 34 per cent of draws including Maxmillions. However, there was an impact to overall revenue due to an increase of lower base jackpots, with four more jackpots that started at the \$10 million base this fiscal year. This impact would have been more significant, however, there were five additional Lotto Max draws that helped to offset the unfavourable roll pattern impact. Offsetting lower jackpots was a favourable impact due to higher sales versus budgeted assumptions. This is primarily driven by Tuesday sales adoption and higher sales per jackpot as of July, when sales began to recover from the COVID-19 impact and exceeded budgeted assumptions. COVID-19 resulted in a higher share of Lotto Max sales on alc.ca over budget, at 21.7 per cent compared to 9.9 per cent.





Draw Games Net Revenue



2020-21 Budget	●
2020-21 Actual	●
2019-20 Actual	●

LOTTO 649	LOTTO MAX	DAILY GRAND	ATLANTIC 49	TAG	TWIST	OTHER
\$41M	\$66M	\$4M	\$11M	\$26M	\$8M	\$12M
\$37M	\$71M	\$4M	\$12M	\$26M	\$13M	\$11M
\$39M	\$65M	\$4M	\$11M	\$25M	\$9M	\$10M

Business Overview – Instant Games

Scratch’N Win net revenue was \$74 million in 2020-21, a decrease of \$3 million from 2019-20. All three Maritime provinces exceeded budget, with Newfoundland and Labrador performing under budget. The impact of COVID-19 shutdowns resulted in a negative 32 per cent variance to budget in 2020-21. The brands that were primarily affected were Set for Life and National games, as Newfoundland and Labrador traditionally drives a significant portion of sales for these tickets.

Breakopen net revenue was \$27 million, a decrease of \$10 million from 2019-20. Two major factors impacted performance of Breakopen in 2020-2021: the transition from a non-barcoded to barcoded product and retail shutdowns due to COVID-19, particularly in Newfoundland and Labrador. The implementation of barcoded Breakopen was delayed from September to November, with a gradual roll out of new product occurring in the second half of the fiscal. Retail sales continued to be impacted by COVID-19 throughout the year. All provinces experienced a decline to budget however, Newfoundland and Labrador historically represents 65 per cent of total Breakopen sales and experienced the most significant negative budget impact at 45 per cent.



Business Overview – iGames

Adult Atlantic Canadians continue to embrace the digitization of products and services – a trend that spans multiple industries throughout North America. This was particularly the case during this fiscal year. With some level of public health restrictions in place for most of the year, alc.ca provided a safe alternative for players to purchase Atlantic Lottery products.

iGaming net revenue saw an increase of close to \$31 million over 2019-20 and was reported at more than \$43 million in 2020-21 across all categories. The largest increase was in the Digital Instants category, which reported a \$20-million growth in net revenue from the previous year.

As our range of online products continues to grow, Atlantic Lottery continues to provide and expand on the best-in-class range of identity verification and responsible gambling features to alc.ca players, ensuring the digital channel demonstrates our commitment to healthy play.





iGames Net Revenue



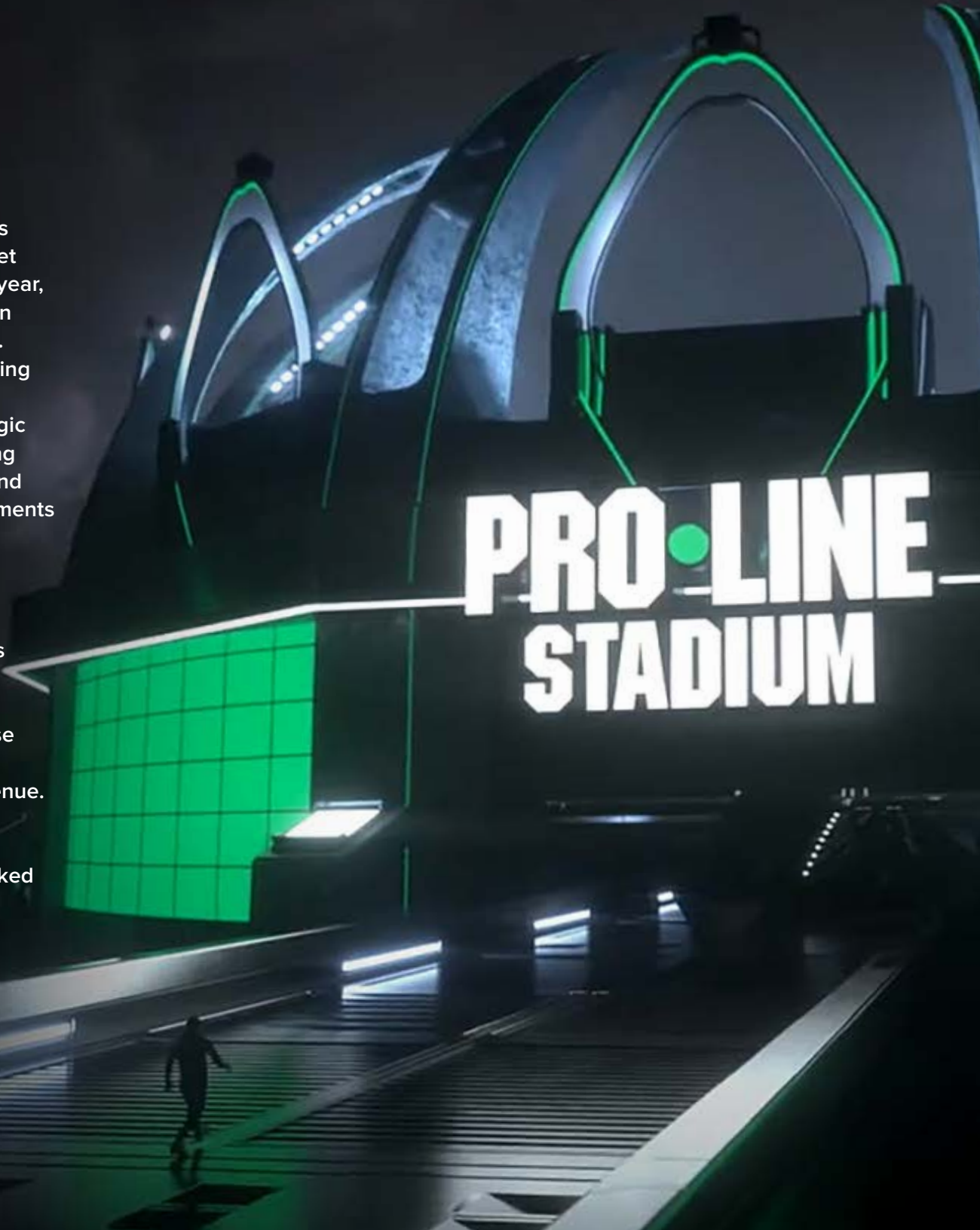
	DIGITAL INSTANTS	iBINGO	iSLOTS	iTABLE GAMES
2020-21 Budget	\$7.9M	\$2.7M	\$6.5M	\$0M
2020-21 Actual	\$31M	\$4.9M	\$6.6M	\$7M
2019-20 Actual	\$10.6M	\$2M	\$0M	\$0M

Business Overview – Sports

In 2020-21, net revenue in the sports category was \$12 million. The entire \$3 million shortfall to budget occurred during the first four months of the fiscal year, directly attributable to the impact COVID-19 had on sports leagues' inability to schedule their seasons. While Pro-Line continued to offer some sports betting during the first quarter, the time was also used to conduct player research to guide Pro-Line's strategic direction. The research confirmed the sports betting product was an attractive and competitive brand and that greater awareness of recent product enhancements was required.

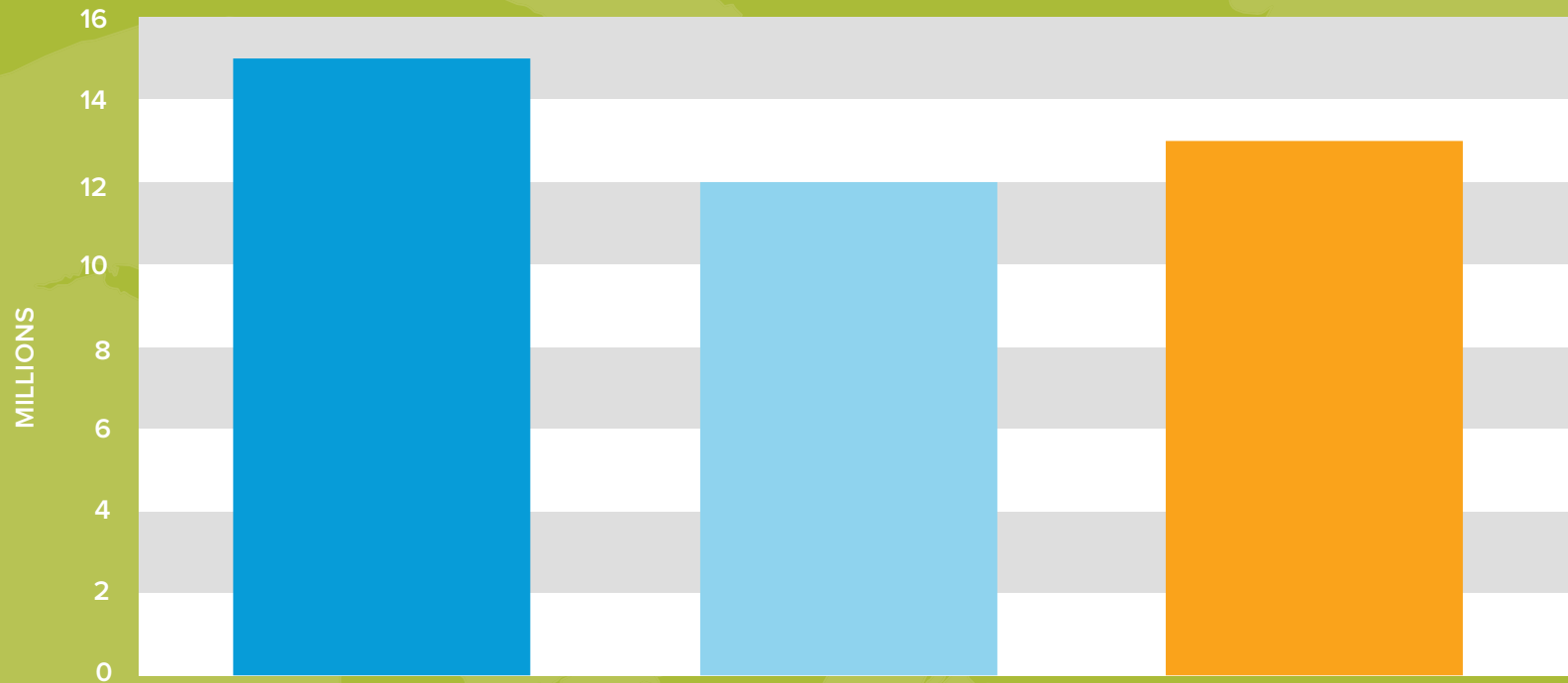
Pro-Line subsequently launched a re-imaging advertising campaign during the third quarter and was also added to the mobile app. These initiatives contributed to:

- An \$8 million (33 per cent) year-over-year increase in the third and fourth quarter sales, including a \$6.8 million (93 per cent) increase in internet revenue.
- A positive Net Promoter Score of 4.4 per cent for the fourth quarter (a Pro-Line first), which peaked at 13.5 per cent during January.
- National leading growth for 2020-21 internet sales (70 per cent), GGR (48 per cent) and active players (68 per cent).
- Digital sales as a proportion of total revenue reached 63.8 per cent, up from 44.3 per cent and 26.5 per cent in the two previous fiscal years.





Sports Games Net Revenue



2020-21 Budget ●
2020-21 Actual ●
2019-20 Actual ●

TOTAL SPORTS

\$15M

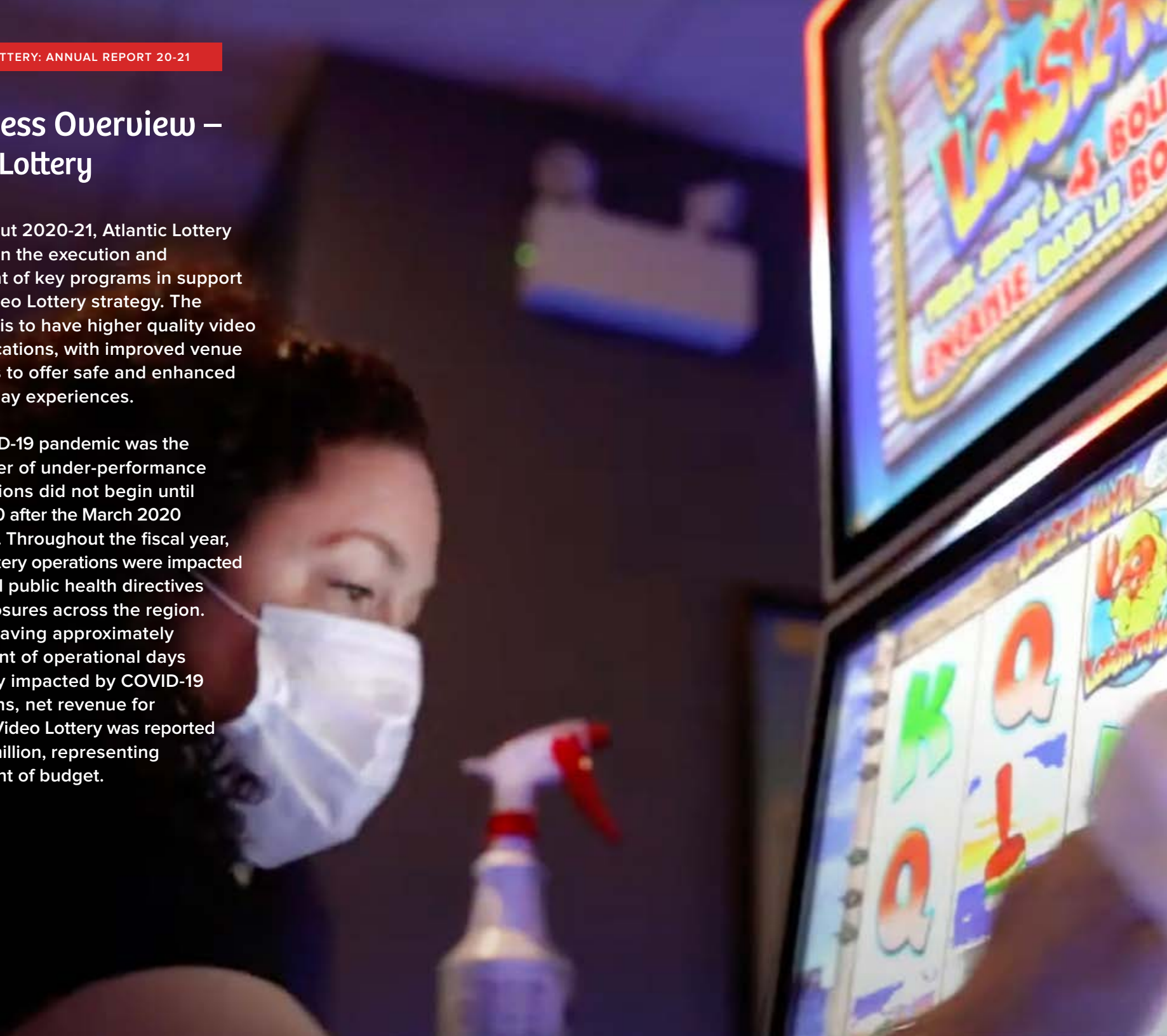
\$12M

\$13M

Business Overview – Video Lottery

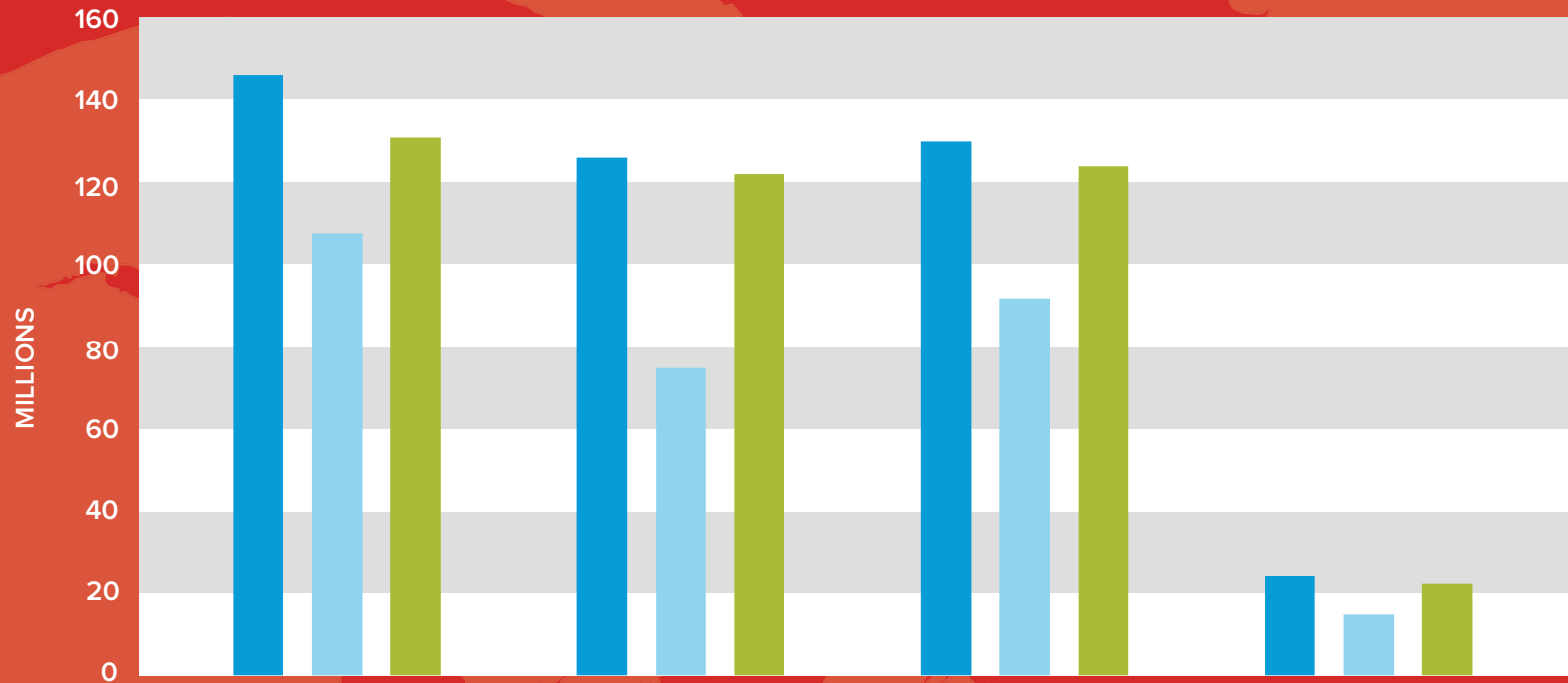
Throughout 2020-21, Atlantic Lottery focused on the execution and refinement of key programs in support of the Video Lottery strategy. The objective is to have higher quality video lottery locations, with improved venue standards to offer safe and enhanced healthy play experiences.

The COVID-19 pandemic was the main driver of under-performance as operations did not begin until June 2020 after the March 2020 shutdown. Throughout the fiscal year, Video Lottery operations were impacted by several public health directives and/or closures across the region. Despite having approximately 35 per cent of operational days negatively impacted by COVID-19 restrictions, net revenue for 2020-21 Video Lottery was reported at \$292 million, representing 70 per cent of budget.





Video Lottery Net Revenue By Province



2020-21 Budget	●
2020-21 Actual	●
2019-20 Actual	●

NEW BRUNSWICK

\$145M
\$108M
\$133M

NEWFOUNDLAND & LABRADOR

\$125M
\$77M
\$121M

NOVA SCOTIA

\$130M
\$91M
\$123M

PRINCE EDWARD ISLAND

\$23M
\$16M
\$21M

Business Overview – Red Shores

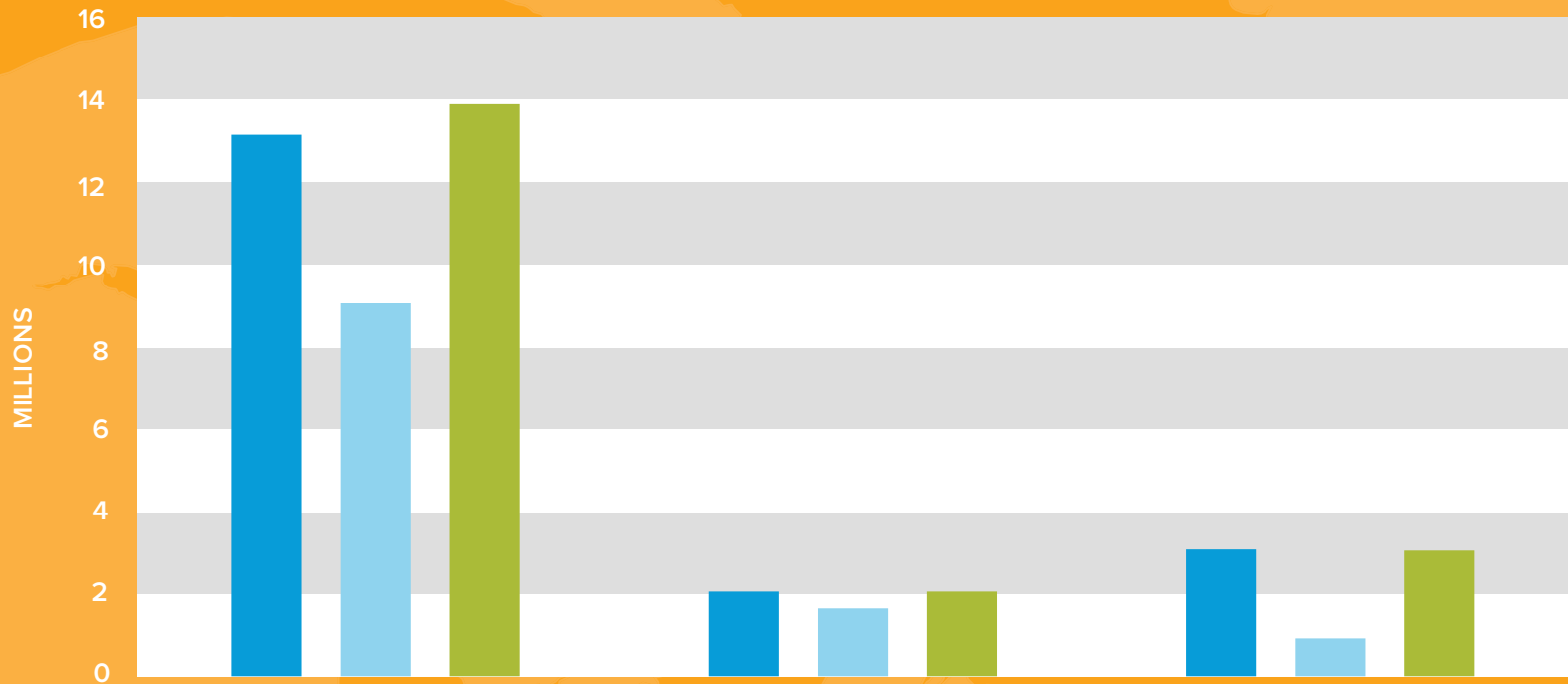
Red Shores was 36 per cent below 2020-21 budget, with total net revenues reported at \$12 million for the fiscal year. The shortfall is directly attributed to the impact of COVID-19. Both Charlottetown and Summerside Red Shores locations closed in March 2020 and, as public health restrictions eased, both locations began partially reopening in June 2020 with a reduced maximum guest capacity and reduced product offering to allow for physical distancing.

Although capacity constraints and distancing remained in place for the entire year, Red Shores casino games performed at 91 per cent of budget from September 2020 through March 2021. Live on-track handle was down 54 per cent largely driven by capacity constraints during key race events. Racing was able to offset losses by driving betting through online wagering platform HPIbet, which trended up 122 per cent year-over-year. Dining was the most affected line of business, operating at 50 per cent capacity through the year.





Red Shores Net Revenue By Category



2020-21 Budget ●
 2020-21 Actual ●
 2019-20 Actual ●

CASINO GAMES

\$13.7M
\$9.2M
\$13.9M

RACING

\$2.1M
\$1.8M
\$2M

FOOD & BEVERAGE

\$3.2M
\$1.2M
\$3.1M

Financial Highlights – Provincial Net Profit (\$ in '000s)

	New Brunswick		Newfoundland & Labrador		Nova Scotia		Prince Edward Island	
	2021	2020	2021	2020	2021	2020	2021	2020
Net ticket sales	\$95,497	\$80,858	\$101,328	\$106,709	\$115,179	\$101,079	\$18,750	\$16,200
<i>Prizes as % of sales</i>	62%	59%	66%	60%	66%	59%	66%	60%
Net video lottery receipts	\$108,253	\$132,489	\$77,420	\$120,642	\$91,270	\$123,430	\$15,885	\$21,019
Entertainment centre revenue	–	–	–	–	–	–	\$12,021	\$18,688
Net revenue	\$203,751	\$213,347	\$178,748	\$227,351	\$206,449	\$224,509	\$46,655	\$55,908
Direct expenses	\$34,354	\$36,989	\$36,047	\$50,129	\$34,552	\$38,659	\$7,042	\$8,673
Gross profit	\$169,396	\$176,358	\$142,701	\$177,222	\$171,897	\$185,850	\$39,614	\$47,235
<i>Gross profit as % of net revenue</i>	83%	83%	80%	78%	83%	83%	85%	84%
Operating & administrative expenses	\$27,677	\$27,672	\$26,668	\$29,445	\$30,181	\$31,960	\$16,802	\$19,715
<i>Operating expenses as % of net revenue</i>	14%	13%	15%	13%	15%	14%	36%	35%
Capital-related costs	\$8,925	\$9,114	\$8,006	\$9,392	\$10,564	\$11,310	\$3,570	\$3,877
Other expenses & distributions	\$14,198	\$15,034	\$13,682	\$17,254	\$12,255	\$11,497	\$4,536	\$4,967
Net profit	\$118,597	\$124,538	\$94,344	\$121,131	\$118,897	\$131,083	\$14,706	\$18,675
<i>Net profit as % of net revenue</i>	58%	58%	53%	53%	58%	58%	32%	33%
Number of lottery retail terminals	820	838	855	885	998	1,015	154	158
Number of video lottery terminals	1,846	1,938	1,920	2,045	1,931*	2,012*	301	306
Profit distribution per capita	\$189	\$199	\$219	\$281	\$152	\$167	\$120	\$153

• Provincial Net Profit is based on Atlantic Lottery's non-consolidated financial statements.

• Corporate Net Profit is based on Atlantic Lottery's consolidated financial statements.

• Figures are rounded.

* Does not include First Nation sites.

Financial Highlights – Corporate Net Profit (\$ in '000s)

	2021	2020	2019	2018	2017
Net ticket sales	\$330,754	\$304,846	\$297,395	\$306,807	\$326,256
<i>Prizes as % of sales</i>	65%	57%	58%	56%	55%
Net video lottery receipts	\$292,828	\$397,581	\$439,136	\$434,012	\$438,138
Entertainment centre revenue	\$12,021	\$18,688	\$19,626	\$19,259	\$18,520
Net revenue	\$635,602	\$721,115	\$756,157	\$760,078	\$782,914
Direct expenses	\$111,995	\$134,450	\$148,532	\$146,070	\$150,095
Gross profit	\$523,608	\$586,665	\$607,625	\$614,008	\$632,819
<i>Gross profit as % of net revenue</i>	82%	81%	80%	81%	81%
Operating & administrative expenses	\$101,328	\$108,793	\$101,562	\$105,054	\$109,008
Capital-related costs	\$31,065	\$33,693	\$31,490	\$32,549	\$38,774
Other expenses & distributions	\$44,671	\$48,752	\$55,348	\$54,473	\$53,458
Net profit	\$346,544	\$395,427	\$419,225	\$421,932	\$431,579
<i>Net profit as % of net revenue</i>	55%	55%	55%	56%	55%
Number of lottery retail terminals	2,827	2,896	2,977	3,007	3,003
Number of multi-purpose retail terminals	0	0	0	2	29
Number of video lottery terminals	5,998*	6,301*	6,317*	6,248*	6,300*

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