

Annual Report

2024-25

Saskatchewan Liquor and Gaming Authority

Table of Contents

Letters of Transmittal	1
Overview.....	2
Mandate	2
Mission	2
Vision.....	2
About SLGA.....	2
Progress in 2024-25.....	3
Progress on Goal 1: Maximize SLGA’s net income to contribute to a strong Saskatchewan.....	3
Progress on Goal 2: Ensure liquor, gaming and cannabis products are provided fairly and safely	5
Progress on Goal 3: Provide responsive and collaborative service to support our customers, employees, partners and stakeholders	7
Progress on Goal 4: Build an internal culture that establishes SLGA as a great place to work.....	9
2024-25 Improvement and Innovation Highlights	11
Financial Summary	13
2024-25 Audited Financial Statements	14
Appendix A.....	49
Appendix B.....	50

Letters of Transmittal



Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Annual Report for the Saskatchewan Liquor and Gaming Authority (SLGA) for the fiscal year ending March 31, 2025. This report includes the financial statements in the form required by Treasury Board and in accordance with *The Alcohol and Gaming Regulation Act, 1997*.

The 2024-25 financial statements show a net income of \$271.4 million. As the wholesaler and distributor of beverage alcohol in Saskatchewan and the regulator of liquor, gaming and cannabis for the province, SLGA will continue to deliver the Government's commitments to the people of Saskatchewan and be a positive contributor to the growth and prosperity of the province.

The Honourable Alana Ross
Minister Responsible for
the Saskatchewan Liquor
and Gaming Authority

A stylized, handwritten signature in dark ink.

Alana Ross
Minister Responsible for the Saskatchewan Liquor and Gaming Authority



The Honourable Alana Ross
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Dear Minister:

I have the honour of submitting SLGA's Annual Report for the fiscal year ending March 31, 2025.

As President and CEO of SLGA, I acknowledge responsibility for this report and am pleased to provide assurance on the accuracy, completeness and reliability of the information contained in it. I also acknowledge responsibility for the financial administration and management control of SLGA.

Susan E. Ross
President and CEO of the
Saskatchewan Liquor and
Gaming Authority

A stylized, handwritten signature in dark ink, appearing to be 'S. Ross'.

Susan E. Ross
President and CEO, Saskatchewan Liquor and Gaming Authority

Overview

Mandate

SLGA is the provincial regulator of liquor, gaming and cannabis and the wholesale distributor of liquor in Saskatchewan.

Mission

We serve the public by providing a modern framework for the liquor, gaming and cannabis sectors to operate fairly and safely in Saskatchewan.

Vision

A better Saskatchewan through excellence in regulation and liquor distribution.

About SLGA

SLGA is a Treasury Board Crown Corporation operating under *The Alcohol and Gaming Regulation Act, 1997*. SLGA achieves its mandate through socially responsible, fair and effective services at offices in Regina and Saskatoon and a liquor distribution centre in Regina.

SLGA issues liquor permits to businesses that serve liquor for on-site consumption, including restaurants and taverns, to operate liquor retail stores, to sell liquor for off-site consumption and to craft producers who manufacture liquor in the province. As of March 31, 2025, there were 2,608 liquor permits issued in the province, including 640 retail store permittees. During 2024-25, there were also 9,992 special occasion permits issued to individuals, businesses or organizations to sell or serve liquor products at special events like weddings, anniversaries and festivals.

SLGA regulates ticket lotteries (e.g., Lotto 649 and scratch tickets), video lottery terminal sites operated in Saskatchewan, casinos (seven SLGA casinos and two operated by SaskGaming) and online gaming (PlayNow.com). Charitable Gaming is licensed and regulated by SLGA and includes bingos, raffles, breakopen tickets, Texas Hold'em poker and Monte Carlo events and the provincial horse racing industry.

SLGA's operations include permitting and regulating cannabis which is wholesaled and retailed by the private sector. As of March 31, 2025, there were 200 cannabis retail store permits issued in Saskatchewan along with three wholesale permits and 168 licensed producer registrations.

On March 31, 2025, there were 260 (226 full-time and 34 part-time) employees at SLGA.

The Annual Report provides an update on SLGA's progress toward its [2024-25 Business Plan](#).

Progress on Goal 1: Maximize SLGA's net income to contribute to a strong Saskatchewan

A balanced budget and strong economy are among the goals outlined in Saskatchewan's Growth Plan. As a contributor to the General Revenue Fund, SLGA's net income helps the Government meet these goals. The net income also supports government objectives in classrooms, care and communities. SLGA plans to achieve this goal by focusing on improving operations to positively impact liquor wholesale net income.

Strategy: *The approach we took to achieve our goal*

Use innovative strategies to promote liquor products available to retailers and consumers.

Key Actions: *What we did to get there*

- Review the assortment of wholesale liquor products available to align with customer preferences and meet the needs of liquor suppliers and retailers.
 - A new strategy was adopted that places emphasis on fast-moving, high-volume products while also examining profitability thresholds for products. Products that do not meet established targets are removed from the regular listing of products available for retailers. These products can still be obtained by retailers through the special order program. The updated strategy is improving profitability and better meeting the needs of suppliers and retail customers.
- Host tradeshow and other events and activities to showcase new and trending products to retailers in the province that align to customer preferences.
 - In May 2024, SLGA joined with Hospitality Saskatchewan to host the annual Food and Beverage Expo.
 - The event included a trade show where retailers met face to face with suppliers and a business section where retailers and suppliers received liquor related updates from SLGA.
 - Approximately 100 suppliers had booths showcasing close to 500 products. The trade show resulted in more than \$4 million in sales translating to roughly 78,000 cases sold at the Expo.
 - Commercial liquor permit holders, or those who sell liquor for on-table consumption such as restaurants and taverns, were also invited to attend the Expo and learn about new liquor products that may be of interest to their customers. Feedback from discussions with commercial liquor permittees was positive and it is expected more may attend in future years.

Strategy: *The approach we took to achieve our goal*

Broaden awareness among Saskatchewan craft producers of the benefits and efficiencies of using SLGA's wholesale liquor Distribution Centre.

Key Actions: *What we did to get there*

- Promote to Saskatchewan craft producers the benefits of distributing their products through the SLGA Distribution Centre.
 - As part of the regular correspondence with Saskatchewan craft producers, SLGA provides information about distributing product through the SLGA Distribution Centre.
 - During the year, SLGA provided support to a producer who moved from self distribution of their liquor spirit line to the SLGA Distribution Centre. Distributing through the Distribution Centre expanded the number of customers the producer could reach and increased potential sales for the producer and SLGA.

Performance Measure Results:

SLGA net income

The majority of SLGA's net income is from the wholesale distribution of liquor products. SLGA net income helps fund Government of Saskatchewan initiatives.

Target net income: \$259.6 Million

- SLGA's net income exceeded its target by \$11.8 million. This can be attributed to an increase in refreshment beverage sales and the sale of a SLGA owned liquor store building.

Fiscal Year	Budget Net Income	Actual Net Income
2024-25	\$259.6M	\$271.4M
2023-24	\$223.5M	\$305.5M
2022-23	\$444.4M	\$518.4M
2021-22	\$423.4M	\$477.4M
2020-21	\$263.6M	\$360.6M

Progress on Goal 2: Ensure liquor, gaming and cannabis products are provided fairly and safely

Liquor, gaming and cannabis products and services come with risks if not used safely. SLGA regulates these industries and works to ensure that businesses are operating responsibly and have knowledge of responsible use practices. These practices help to protect the integrity of each business and promote community well-being. SLGA plans to achieve this goal by continuing to modernize SLGA's regulatory environment to respond to changing societal expectations while ensuring fair and safe operations, increasing focus on SLGA's role in supporting social responsibility and continuing to support a strong environment of compliance.

Strategy: *The approach we took to achieve our goal*

Participate in strategic partnerships with other organizations to work collaboratively on social responsibility initiatives.

Key Actions: *What we did to get there*

- Provide grant funding support to organizations that encourage the socially responsible use of liquor, gaming and cannabis.
 - SLGA provided grants of more than \$640,000 to multiple organizations that encourage responsible use of liquor and gaming products. This amount is less than the prior year as some funding was transferred to Lotteries and Gaming Saskatchewan for its own responsible use initiatives.
 - Some of the initiatives SLGA supported include:
 - Mothers Against Drunk Driving, to provide a school assembly program that raises awareness and helps to prevent impaired driving in the province.
 - The Northern Alcohol Strategy, to support northern communities in developing and implementing strategies to reduce alcohol related harms in their communities.
 - The Saskatchewan Prevention Institute and the Fetal Alcohol Spectrum Disorder (FASD) Support Network to promote information on FASD prevention and supports.

Strategy: *The approach we took to achieve our goal*

Promote successful compliance outcomes through a balance of education and enforcement.

Key Actions: *What we did to get there*

- Review SLGA's liquor sanctioning process and consider if changes are required to improve compliance.
 - Research of other jurisdictions in Canada resulted in SLGA introducing amended legislation to change the maximum administrative penalty for liquor sanctions from \$10,000 to \$25,000. This is the first change to the dollar value of sanctions in 20 years.

Performance Measure Results:

Retail store permittee (RSP) compliance with Saskatchewan laws

SLGA employs minors who attempt to buy liquor and cannabis products from retailers. The results help to assess retail store compliance with Saskatchewan laws.

Target: Increase compliance by five percentage points compared to the prior year for liquor and establish a benchmark for cannabis.

- Results in 2024-25 show that liquor RSP compliance improved to 67 per cent from 65 per cent but fell short of its goal of 70 per cent.
- Cannabis RSP compliance declined from 82 per cent to 80 per cent. With two full years of data, 80 per cent will be used as a benchmark.
- In September 2024, a letter was sent to liquor and cannabis retailers outlining the purpose and benefits of the minors as test shoppers program.
- During the year SLGA sent correspondence to liquor and cannabis retailers who complied with Saskatchewan laws and did not serve minors during SLGA inspections. The letters thanked those retailers for their commitment to providing responsible service, asking minors for identification and refusing to sell minors liquor or cannabis products.
- Liquor and cannabis retailers who did not comply with Saskatchewan laws and did serve minors were provided with information on the importance of complying with this law and were subject to sanctions.

Liquor RSP compliance with not selling liquor to minors

Reporting Period	Compliance %
April 2024 to March 2025	67%
April 2023 to March 2024	65%
August 2022 to March 2023	80%
April 2019 to March 2020	58%
February to March 2019	79%

Cannabis RSP compliance with not selling cannabis to minors

Reporting Period	Compliance %
April 2024 to March 2025	80%
April 2023 to March 2024	82%
February to March 2023	100%

Note: During the period February to March 2023, it was still mandatory for cannabis retailers to ask all customers for identification before selling any cannabis product.

Progress on Goal 3: Provide responsive and collaborative service to support our customers, employees, partners and stakeholders

SLGA works with businesses to distribute and regulate liquor, cannabis and gaming products and services. Obtaining feedback from these businesses allows SLGA to identify areas to improve its programs and services. These improvements can support the growth of businesses and reduce red tape in alignment with the goals set out in the Growth Plan. SLGA plans to achieve this goal by modernizing SLGA's business processes and supporting technology systems, efficiencies, data management and customer interaction.

Strategy: *The approach we took to achieve our goal*

Modernize internal business processes to reflect SLGA's mandate, address any inefficiencies and leverage existing technology tools.

Key Actions: *What we did to get there*

- Renew SLGA's culture of continuous improvement with a focus on responding to evolving customer and employee needs.
 - SLGA employees have a strong awareness of the importance of continuous improvement based on the corporate value of excellence and innovation.
 - Some improvements achieved during the year include:
 - A new notification procedure to inform the RCMP of specific commercial permittee approvals.
 - Implementation of refunds via credit card for quicker delivery of refunds.
 - Additional improvements can be found in the Improvement and Innovation highlights section of this report.

Strategy: *The approach we took to achieve our goal*

Continue obtaining feedback from customers, employees, partners and stakeholders to drive continuous improvement and strategic decision making.

Key Actions: *What we did to get there*

- Implement a customer service framework to maintain an awareness of customer needs and satisfaction.
 - As part of the customer service framework, surveys were sent to customer groups as noted in the performance measure section.
 - Achievements that occurred during the year to help improve customer satisfaction included:
 - Effective April 2, 2024, individuals holding a special occasion permit can serve homemade beer and wine at family events such as birthdays, weddings and reunions. This includes products made at UBrew/UVin facilities. While these products can be served, organizers cannot charge a guest for these products.
 - Beginning in April 2024, applicants for new liquor permits are no longer required to publish notice of their intention to apply for a permit. Removing this requirement saves applicants the costs of advertising in local newspapers and removes weeks from the application process.

- Another change allowed Saskatchewan craft producers to provide samples of their products at farmers' markets without having to obtain a special occasion permit.

Performance Measure Results:

Customer satisfaction

Customer satisfaction measures how well a customer's experience meets their needs. The results can lead to improvement and a better customer experience.

Target: 80 per cent or higher for all external customer groups with established benchmarks.

- Although satisfaction scores in the areas of cannabis and special occasion permits declined, they are still comfortably above the target of 80 per cent.

Customer Group	Satisfaction Score (Change from Previous Survey)
Cannabis (Survey provided to Retail Store Permittees, Wholesalers and Licensed Producers)	85% (-3 percentage points)
Liquor Licensing (Survey provided to Liquor Permittees, Retail Store Permittees and Saskatchewan Manufacturers)	87% (+1 percentage points)
Special Occasion Permit Holders (Survey provided to individuals, businesses or organizations that obtained a permit to hold a special occasion function where people would gather and liquor would be provided)	91% (-3 percentage points)

Progress on Goal 4: Build an internal culture that establishes SLGA as a great place to work

SLGA employees are the heart of the organization. SLGA's core values of one team, respect and integrity, serving citizens and excellence and innovation help to encourage an environment where employees are engaged and enabled to do their best in support of SLGA's vision and mission. SLGA plans to achieve this goal by improving retention and recruitment of skilled and experienced employees, ensuring SLGA's internal culture reflects living the SLGA values across the organization, and improving the overall work environment, including physical and mental well-being, for improved staff satisfaction and safety.

Strategy: *The approach we took to achieve our goal*

Promote SLGA as a great place to work and the benefits of being a SLGA employee.

Key Actions: *What we did to get there*

- Attract and maintain an adequate employee complement at the Distribution Centre and head office in a competitive labour market to ensure strong customer service.
 - A majority of vacant part-time positions have been filled at the Distribution Centre. A focus has been on recruiting employees who may have a more flexible schedule and not as dependent on regular hours.
 - Additional steps implemented to address positions at head office is documented in the Improvement and Innovation Highlights section of this report.

Strategy: *The approach we took to achieve our goal*

Improve employee engagement by addressing employee feedback

Key Actions: *What we did to get there*

- Develop and implement actions to address results of the 2023-24 Employee Engagement and Culture survey to improve employee engagement.
 - SLGA conducted employee focus groups on the engagement related topics of recognition and career development. Discussions and ideas were summarized and presented to SLGA Executive and Senior Leadership for review. SLGA is conducting a review of its employee recognition processes to determine if they are achieving their objectives. Additional actions to address the findings are being developed.
 - SLGA managers were provided the opportunity to gather as a group to collaborate and share information in areas such as career growth and to develop leadership skills. These group settings are planned to continue and help improve the sharing of information on SLGA actions and values.

Strategy: *The approach we took to achieve our goal*

Prioritize physical and psychological safety for all employees.

Key Actions: *What we did to get there*

- Create a psychologically healthy workplace framework and action plan that outlines actions to perform to improve physical and mental wellness.
 - A focus in 2024-25 was to provide employees with proper ergonomic equipment to help improve their physical workspace. New ergonomic chairs and sit-stand workstations were delivered to employees during the year.
 - The development of a formalized framework for psychological health is planned to be rolled out to employees in the 2025-26 fiscal year.

Performance Measure Results:

Employee engagement score (score)

Employees who feel connected to their work and organization tend to have increased satisfaction which can lead to greater effectiveness and efficiency of processes. The score is determined by a set of specific questions as part of the Employee Engagement and Culture survey, to determine the level of engagement in the organization and in employees' work. Improvements in the score demonstrate that employees are engaged and want to contribute to SLGA succeeding in achieving its goals and vision. A comprehensive Employee Engagement and Culture survey is conducted every two years. Additional surveys may be conducted as resources allow.

Target: Five percentage point increase from the 2023 survey.

- The comprehensive Employee Engagement and Culture survey is scheduled to occur in September 2025.

Survey Year	SLGA Employee Engagement Score
2023	57%
2021	65%

Number of medical aid and time loss injuries

Providing a safe workplace can help to increase employee satisfaction and productivity.

Target: zero workplace injuries.

- After a slight rise in 2022, SLGA reduced the total number of injuries in 2023 as noted below.
- Despite recording five injuries in 2024, the lowest number of injuries in the last five years, SLGA did not meet its target of zero injuries.
- Safety continues to be a priority especially at SLGA's Distribution Centre. Reporting of near misses has increased demonstrating that staff feel confident in bringing issues forward.

	2020	2021	2022	2023	2024
Time loss injuries	18	7	10	8	3
No time loss injuries	13	8	10	4	2
Total injuries	31	15	20	12	5

2024-25 Improvement and Innovation Highlights

<p>1</p>	<p>Distribution Centre Risk Management</p> <ul style="list-style-type: none"> • The SLGA Distribution Centre is responsible for liquor distribution in the province. • Ensuring it is running in an effective and efficient manner is important to minimize business disruptions and provide strong customer service. • SLGA's Distribution Centre implemented a "Solution Factory" to make improvements on the warehouse floor. By analyzing sales data and having conversations with staff, more than 200 liquor products were relocated throughout the facility. The changes allowed for 79 new pallet locations on the warehouse floor resulting in increased product selection for SLGA's retail customers. The changes increased overall safety by rearranging products so they can be more easily handled by staff and reduce the risk for injury. • Equipment, such as pallet dispensers and sit-down forklifts, were purchased during the year to improve the safety and effectiveness of operations.
<p>2</p>	<p>System Modernization</p> <ul style="list-style-type: none"> • As the technological world continues to evolve, having effective modern systems becomes even more important to help conduct effective and efficient work. <p>Food and Beverage Expo</p> <ul style="list-style-type: none"> • The Food and Beverage Expo is an annual event hosted by SLGA and Hospitality Saskatchewan that brings together liquor suppliers to showcase their products for retailers to consider ordering. For this event, SLGA was able to work as a team to improve the online ordering experience for retailers so that it more closely resembled their typical ordering process. The change improved the retailer experience and streamlined SLGA's efforts resulting in a better experience for all. <p>Project Management</p> <ul style="list-style-type: none"> • SLGA has multiple projects in progress to improve reporting, business resilience, and modernize business systems and processes. • In 2024-25, SLGA completed a multi-year project to revamp more than 90 per cent of its project management practices. The improved practices allow for collaboration to occur among people with necessary skill sets to ensure the project objectives are met. Well documented requirements of what is to be achieved, and regular project monitoring have led to the projects meeting its objectives and progressing in a timely manner.

3

Recruitment and Retention Strategies

- Having adequate resources to perform the operations necessary throughout SLGA is vital to the continued generation of revenue and employee well-being.
- SLGA has dedicated a Manager, Labour Relations resource to improve recruitment and retention efforts. The resource will provide additional support to employees and managers in the areas of recruitment, onboarding, performance management, employee development and position classification.
- An assessment of positions where recruitment and retention has been difficult was performed on a case-by-case basis. The assessment included reviewing the job description and factors such as the educational requirements to assess if the stated qualifications could be obtained through a combination of education and experience. Changes to the education requirement could impact where the job would be posted externally such as at an educational institute or through a professional accounting body. Additional analysis of areas such as the educational component of a job posting and making changes have been successful in filling some positions.

Financial Summary

SLGA Net Income to Budget and Prior Year

As noted in the table below, SLGA net income for 2024-25 was \$11.8 million above SLGA's budget and \$34.1 million below the prior year. SLGA liquor sales (liquor wholesale) were slightly higher than anticipated resulting in the increase from the budgeted amount.

	2023-24 Actual	2024-25 Budget	2024-25 Actual
SLGA Net Income	\$305.5M	\$259.6M	\$271.4M
Revenues			
Liquor Sales	\$617.2M	\$613.6M	\$624.5M
Licence and Other Income	\$ 12.0M	\$12.3M	\$12.1M
Permit Revenue¹	\$ 21.0M	\$20.0M	\$19.0M
Total Revenue	\$650.2M	\$645.9M	\$655.6M

Source: SLGA Financial Statements, Statement 2

SLGA Revenue to Budget and Prior Year

As noted in the table above, SLGA's total revenue for 2024-25 was \$655.6 million, \$9.7 million over budget and an increase of \$5.4 million from the prior year. A closer look at the revenues of SLGA notes the following:

- Wholesale liquor sales were \$10.9 million above budget and \$7.3 million above the prior year.
- Licence and other income was \$0.2 million below budget and \$0.1 million above the prior year.
- Permit revenue was \$1.0 million below budget and \$2.0 million below the prior year.

SLGA Net Income

SLGA's net income is essential funding to support government programs and services. While SLGA's net income has declined as a result of Government's 2023 gaming reorganization which moved gaming operations and the revenue derived from them to Lotteries and Gaming Saskatchewan, SLGA continues to be a significant contributor to the General Revenue Fund.

Additional financial information can be found in the Government of Saskatchewan Public Accounts located at <https://publications.saskatchewan.ca/#/categories/893>

¹ Permit revenue refers to funds collected from SLGA's retail store permit auctions.

MANAGEMENT'S REPORT

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management using IFRS Accounting Standards as issued by the International Accounting Standards Board. Management is responsible for the integrity, objectivity, and reliability of the financial statements.

SLGA's management has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and reliable financial records are maintained. An auditing function exists within SLGA, which objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined SLGA's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion on the fairness of presentation of SLGA's financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.



Susan E. Ross
President & CEO



Warren Fry, CPA, CMA
Vice-President, Corporate Services

Regina, Saskatchewan
May 27, 2025



David Wishlow, CPA, CMA
Director, Financial Services



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Saskatchewan Liquor and Gaming Authority, which comprise the statement of financial position as at March 31, 2025, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Saskatchewan Liquor and Gaming Authority as at March 31, 2025, and the results of 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Saskatchewan Liquor and Gaming Authority 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 these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board for Treasury Board's approval, 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 Saskatchewan Liquor and Gaming Authority'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 Saskatchewan Liquor and Gaming Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Saskatchewan Liquor and Gaming Authority'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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Saskatchewan Liquor and Gaming Authority'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 Saskatchewan Liquor and Gaming Authority'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 Saskatchewan Liquor and Gaming Authority 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 identified during the audit.

Regina, Saskatchewan
May 27, 2025

1500-1920 Broad Street, Regina, SK S4P 3V2
t 306.787.6398 f 306.787.6383 e info@auditor.sk.ca
www.auditor.sk.ca



Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at March 31

	Notes	2025 (000's)	2024 (000's)
Current assets:			
Cash		\$ 660	\$ 695
Due from General Revenue Fund	4	28,881	32,924
Trade and other receivables	10	14,564	22,224
Current portion long term receivable – LGS	10	3,060	3,060
Prepaid expenses		1,914	1,960
Inventory	6	19,725	17,343
Held for sale	7 & 24	---	471
Total current assets		<u>68,804</u>	<u>78,677</u>
Non-current assets:			
Long term receivable – LGS	10	17,510	20,258
Long term receivable – permit & other	10 & 24	123	508
Property, plant and equipment	7 & 11	23,236	25,236
Intangible assets	8	4,475	5,925
Total non-current assets		<u>45,344</u>	<u>51,927</u>
Total Assets		<u>\$ 114,148</u>	<u>\$ 130,604</u>
Current liabilities:			
Trade and other payables		\$ 15,960	\$ 31,556
Payable to the General Revenue Fund	5	67,829	50,110
Goods and Services Tax payable	11	1,158	883
Provisions	19	576	516
Lease liabilities	9	63	933
Contract liability	24	1,898	19,154
Total current liabilities		<u>87,484</u>	<u>103,152</u>
Non-current liabilities:			
Accrued pension liability	12	26,992	26,202
Lease liabilities	9	504	823
Contract liability	24	---	1,463
Total non-current liabilities		<u>27,496</u>	<u>28,488</u>
Total Liabilities		<u>\$ 114,980</u>	<u>\$ 131,640</u>
Equity			
Retained earnings (deficit) and unrealized (losses)/gains (Statement 3)		<u>(832)</u>	<u>(1,036)</u>
Total Equity		<u>\$ (832)</u>	<u>\$ (1,036)</u>
Total Liabilities & Equity		<u>\$ 114,148</u>	<u>\$ 130,604</u>

Contingencies (Note 18)

(See the accompanying notes to the financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended March 31

	Notes	2025		2024
		Budget (000's) (Note 15)	Actual (000's)	Actual (000's)
Operating				
Revenues:				
Liquor sales	14	\$ 613,589	\$ 624,544	\$ 617,189
Licence and other income		12,353	12,107	11,969
Permit revenue	24	20,000	18,957	21,041
		<u>645,942</u>	<u>655,608</u>	<u>650,199</u>
Cost of sales:				
Cost of liquor	6	<u>337,142</u>	<u>340,731</u>	<u>338,493</u>
Gross profit on sales		308,800	314,877	311,706
Expenses (Schedule 1):				
Liquor and gaming	24	<u>49,168</u>	<u>43,855</u>	<u>42,255</u>
Total expenses		<u>49,168</u>	<u>43,855</u>	<u>42,255</u>
Operating Income		<u>\$ 259,632</u>	<u>\$ 271,022</u>	<u>\$ 269,451</u>
Finance Income and Expense				
Finance income		---	4	23
Finance expense		---	(27)	(54)
Net Finance Income (Loss)		<u>---</u>	<u>(23)</u>	<u>(31)</u>
Net Income from continuing operations		<u>\$ 259,632</u>	<u>\$ 270,999</u>	<u>\$ 269,420</u>
Discontinued Operations	24			
(Loss) Earnings from discontinued operations		---	(1,322)	33,960
Gains from disposal of held for sale assets		---	1,714	2,143
Net income (loss) from discontinued operations		<u>\$ ---</u>	<u>\$ 392</u>	<u>\$ 36,103</u>
Net Income		<u>\$ 259,632</u>	<u>\$ 271,391</u>	<u>\$ 305,523</u>
Other Comprehensive Income (OCI)				
Net (loss) on interest rate swaps		---	---	(1,468)
Remeasurement of defined benefit obligation	12	---	(2,013)	578
Total OCI		<u>\$ ---</u>	<u>\$ (2,013)</u>	<u>\$ (890)</u>
Total Comprehensive Income		<u>\$ 259,632</u>	<u>\$ 269,378</u>	<u>\$ 304,633</u>

(See the accompanying notes to the financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF CHANGES IN EQUITY
For the Year Ended March 31

	Retained earnings (deficit)	Net gain (loss) on interest rate swaps	Net actuarial gain (loss) on defined benefit pension plans	Total
	(000's)	(000's)	(000's)	(000's)
Equity				
Balance April 1, 2023	\$ (4,471)	\$ 1,468	\$ 4,907	\$ 1,904
Net income	305,523	---	---	305,523
Other comprehensive income (loss)	---	(1,468)	578	(890)
Dividends	(307,573)	---	---	(307,573)
Balance March 31, 2024 (to Statement 1)	\$ (6,521)	\$ ---	\$ 5,485	\$ (1,036)
Net income	271,391	---	---	271,391
Other comprehensive income (loss)	---	---	(2,013)	(2,013)
Dividends	(269,174)	---	---	(269,174)
Balance March 31, 2025 (to Statement 1)	\$ (4,304)	\$ ---	\$ 3,472	\$ (832)

(See the accompanying notes to the financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2025 (000's)	2024 (000's)
Operating		
Receipts from customers	\$ 684,086	\$ 836,448
Interest received	343	472
Interest paid	(90)	(1,054)
Payments to suppliers and other	(401,684)	(413,743)
Payments to employees	(25,635)	(24,773)
Payments to grant recipients	(1,043)	(2,140)
Payment of Goods and Services Tax	(11,717)	(15,739)
Net cash provided by operating activities	<u>\$ 244,260</u>	<u>\$ 379,471</u>
Investing		
Purchase of property, plant and equipment	(353)	(2,574)
Purchase of intangible assets	(544)	(411)
Proceeds from current and long term receivable - LGS	3,060	6,120
Proceeds from disposal of property, plant and equipment	4	39,954
Proceeds from sale of stores	1,797	4,554
Net cash provided by (used in) investing activities	<u>\$ 3,964</u>	<u>\$ 47,643</u>
Financing		
Cash deposited in General Revenue Fund	(251,455)	(402,152)
Promissory note repayments	---	(38,284)
Payment of lease liabilities	(847)	(2,692)
Net cash (used in) financing activities	<u>\$ (252,302)</u>	<u>\$ (443,128)</u>
Net increase (decrease) in cash position	(4,078)	(16,014)
Cash position, beginning of year	33,619	49,633
Cash position, end of year	<u><u>\$ 29,541</u></u>	<u><u>\$ 33,619</u></u>
Cash position consists of:		
Cash	\$ 660	\$ 695
Due from General Revenue Fund	28,881	32,924
	<u><u>\$ 29,541</u></u>	<u><u>\$ 33,619</u></u>

(See the accompanying notes to the financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

1. Description of Business

The Saskatchewan Liquor and Gaming Authority (SLGA) is a corporation located in Canada. The address of SLGA's registered office and principal place of business is 2500 Victoria Avenue, Regina, SK, S4P 3M3.

SLGA is the provincial regulator of liquor, gaming and cannabis and the wholesale distributor of liquor in Saskatchewan.

From September 30, 2018 to May 31, 2023, SLGA Holding Inc. operated under *The Alcohol and Gaming Regulation Act, 1997*, as a wholly owned subsidiary of the SLGA. Effective June 1, 2023, SLGA Holding Inc.'s sole share was purchased by Lotteries and Gaming Saskatchewan (LGS) pursuant to the divestment of SLGA's gaming revenue segments. Prior to this restructure, SLGA owned and operated video lottery terminals and owned and managed the slot machines at the Saskatchewan Indian Gaming Authority's (SIGA) casinos. Revenue from slot machines at SIGA's casinos and related expenses up to May 31, 2023, are included in these financial statements as discontinued operations (Note 24).

From October 9, 2016 to March 31, 2024, SLGA Retail Inc. operated as a wholly owned subsidiary under the direction of the SLGA. SLGA and SLGA Retail Inc. operated under *The Alcohol and Gaming Regulation Act, 1997*, with SLGA overseeing the operation of SLGA Retail Inc.'s retail liquor stores until their closing on March 11, 2023 (Note 24) and SLGA Retail Inc.'s eventual dissolution, effective March 31, 2024. Any remaining SLGA Retail Inc. assets and liabilities were transferred to SLGA at March 31, 2024.

SLGA operates as a Treasury Board Crown Corporation under the direction of the Government of Saskatchewan. As such, SLGA is not subject to federal or provincial income or capital taxes. The financial results of SLGA are included in the Summary Financial Statements of the Province of Saskatchewan.

2. Basis of Preparation

(a) Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). SLGA's board of directors approved these financial statements on May 27, 2025.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for held for sale assets measured at the lower of carrying amount or fair value less costs to sell and financial instruments classified as fair value through profit and loss which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets or liabilities.

(c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is SLGA's functional currency.

(d) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. These estimates and assumptions are based on several factors, including historical experience, current events including, but not limited to actions that SLGA may undertake in the future, along with other assumptions that SLGA believes are reasonable under the circumstances. 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Useful lives of property, plant and equipment (note 3(e), note 7); intangible assets (note 3(f), note 8); and right of use assets (note 3(h) and note 7).
- Measurement of defined benefit obligations (note 12(b)).
- Provisions (note 19).
- Measurement of lease liabilities (note 9, note 3(h)).
- Cash generating units (CGUs) for SLGA are SLGA liquor operations (note 3(g)(ii)).

(e) Basis of Consolidation

The financial statements for year ended March 31, 2025 are not consolidated but were consolidated for year ended March 31, 2024 as it included SLGA Retail Inc. until its dissolution at March 31, 2024 and SLGA Holding Inc. until its sole share was purchased by LGS on June 1, 2023.

3. Material Accounting Policies

(a) Adoption of Amendments to Accounting Standards

(i) *Adoption of amendments to IAS 1 Presentation of Financial Statements*

SLGA adopted the amendments to IAS 1, Presentation of Financial Statements (IAS 1) with a date of initial application of April 1, 2024. In accordance with the transitional provisions of IAS 1, SLGA has applied the amendments to IAS 1 prospectively. The amendments define how an entity classifies debt and other financial liabilities into current and non-current, and disclosure regarding non-current liabilities subject to covenants within twelve months of the reporting date. There was no impact to the financial statements upon adoption of the amendments to the standards.

(ii) Adoption of amendments to IAS 7 *Statement of Cash Flows* and amendments to IFRS 7 *Financial Instruments: Disclosures*

SLGA adopted the amendments to IAS 7, *Statement of Cash Flows* (IAS 7) and amendments to IFRS 7, *Financial Instruments: Disclosures* (IFRS 7), with a date of initial application of April 1, 2024. In accordance with the transitional provisions of IAS 7 and IFRS 7, SLGA has applied the amendments to IAS 7 and IFRS 7 prospectively. The amendments require disclosure regarding supplier finance arrangements to enable stakeholders to assess the effects of those arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. There was no impact to the financial statements upon adoption of the amendments to the standards.

(b) Recent Pronouncements Not Yet Effective and That Have Not Been Adopted Early

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) that are not yet effective. The standards and amendments issued that are applicable to SLGA are as follows:

(i) Amendments to IFRS 7, *Financial Instruments: Disclosures* and IFRS 9, *Financial Instruments*

The amendments issued May 2024 to IFRS 7 and IFRS 9 provide further guidance on financial liabilities settled using an electronic payment system, the assessment of the contractual cash flow characteristics of financial assets, and disclosures.

The amendments issued July 2024 to IFRS 7 require disclosure of the gain or loss on derecognition relating to financial assets in which the entity has continuing involvement.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2026, with early application permitted. No significant impact to SLGA's financial statements is expected.

(ii) Adoption of IFRS 18, *Presentation and Disclosure in the Financial Statements* (IFRS 18)

In April 2024, the newly introduced IFRS 18 standards were issued and will replace IAS 1, *Presentation of Financial Statements*. IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information representing an entity, with a focus on the statement of profit or loss with newly defined subtotal categories, disclosure of management-defined performance measures, and greater aggregation and disaggregation of information.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2027, with early application permitted. With the issue of IFRS 18, some paragraphs were moved from IAS 1 to IAS 8, *Basis of Preparation of Financial Statements* and IFRS 7, *Financial Instruments: Disclosures*. An entity shall apply those amendments when it applies IFRS 18. SLGA is assessing the impact of the new standards on the presentation of its financial statements.

(c) Revenue Recognition

SLGA evaluates all contractual arrangements it enters into and evaluates the nature of the promises it makes, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are concluded to be distinct from each other, the consideration SLGA expects to be entitled under the arrangement is allocated to each performance obligation based on its relative estimated stand-alone selling prices.

(i) Liquor sales

Sales are recorded upon shipment from the SLGA or 3rd party distributor warehouse and are net of returns, container deposits, Goods and Services Tax and Liquor Consumption Tax.

(ii) Licence fees

Liquor and gaming licence fees are recorded over the period of the licence.

(iii) Permit revenue

Under the liquor permit purchase agreements, the winning bidders have up to 18 months to make the payments amounting to the full bid/purchase price for each permit, upon which control over the permit is completely transferred to the winning bidders. As such, permit revenue is recorded when the winning bidders pay the purchase price in full. SLGA recorded a receivable and a contract liability when the winning bidder signed the permit purchase agreement.

(d) Inventories

Inventories of wines, coolers, spirits and beer are valued at the lower of average cost and net realizable value.

Cost for liquor inventories is determined using the weighted average cost method. Inventory cost includes the costs of purchase plus other costs, such as excise duties and taxes and transportation that were directly incurred to bring inventories to their location. Previous write-downs of inventories to net realizable values were reversed when inventory values increase.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item, that are significant in comparison to the whole, of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment, including right of use assets, are depreciated commencing in the year in which these assets are available for use on a straight-line basis at rates designed to allocate the cost of these assets over their estimated useful lives. The estimated useful lives of right-of-use assets are determined on the length of the lease contract. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Rates are as follows:

- Buildings 5 – 40 years
- Furniture & equipment 3 – 10 years

Leasehold improvements are depreciated over the lesser of the life of the asset or the term of the lease.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as necessary.

Property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in comprehensive income when the asset is derecognized.

Assets held for sale are valued at the lower of net book value and fair market value less selling costs.

(f) Intangible Assets

Intangible assets consist of software and are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful lives of three to seven years. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in comprehensive income when the asset is derecognized.

(g) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in comprehensive income and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through comprehensive income.

SLGA recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. SLGA measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased, SLGA performs a quantitative and qualitative analysis based on SLGA's historical experience and forward-looking information. SLGA assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. SLGA considers a financial asset to be in default when it is more than 90 days past due.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

(ii) Non-financial assets

The carrying amounts of SLGA's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in comprehensive income. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(h) Leases

At inception of a contract, SLGA assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

SLGA recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the 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 to restore the underlying asset or the site on

which it is located, less any lease incentives received. Right-of-use assets are included in property, plant and equipment.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, SLGA's incremental borrowing rate.

After initial recognition, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in SLGA's estimate of the amount expected to be payable under a residual value guarantee, or if SLGA changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the year ended March 31, 2024, pursuant to the closure of the liquor segment (Note 24), SLGA terminated seven of the 10 remaining leases and recognized termination fees of \$1.5 million and gains of \$1.4 million in earning/loss from discontinued operations. During the year ended March 31, 2025, one lease contract expired and two contracts were terminated and SLGA recognized termination fees of \$0.2 million and gains of \$0.4 million in earning/loss from discontinued operations.

(ii) Short-term leases and leases of low-value assets

SLGA has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. SLGA recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Provisions

Provisions are recognized when SLGA has a present obligation (legal or constructive) as a result of a past event, it is probable that SLGA 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, uncertainties and timing 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.

(j) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

(k) Employee Benefits

(i) Defined benefit plan

A defined benefit plan is a post-employment plan other than a defined contribution plan. Total cost of the pension benefits earned by employees, who are members of SLGA's defined benefit plan (closed to new members since 1977), is determined using the projected unit credit method prorated on service. Remeasurements comprising of actuarial gains and losses and the return on plan assets (excluding 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. Remeasurements recorded in other comprehensive income will not be subsequently reclassified to comprehensive income. Past service cost is recognized in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability. Defined benefit costs are split into three categories:

- Past-service cost, gains and losses on curtailments and settlements.
- Net interest expense or income.
- Remeasurement.

SLGA presents the first two components of defined benefit costs in the line item "Salaries, wages and benefits" in Schedule 1. Curtailments gains and losses are accounted for as past-service cost.

Remeasurements are recorded in other comprehensive income.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit in SLGA's defined benefit plan.

The discount rate used to determine the accrued benefit obligation is determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and the amount of expected benefit payments. Pension plan assets are valued at fair value for the purposes of calculating the expected return on plan assets.

(ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the statement of comprehensive income when services are rendered by employees.

Employees hired after 1977 are members of a defined contribution pension plan. SLGA expenses contributions it is required to make for current service of those employees. SLGA's liability for these employees is limited to the required employer's contributions.

(iii) Other employee benefits

Long service gratuity is a benefit paid to employees over age 50 upon retirement. The gratuity is calculated as one half of a day's pay for every year of employment with SLGA upon retirement. Changes in the provision for long service gratuity are included in comprehensive income.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(l) Grants

Grants are recognized when approved and eligibility criteria, if any, are met.

(m) Financial Instruments

(i) Non-derivative financial assets and liabilities

SLGA classifies its financial instruments into one of the following categories: fair value through profit or loss; amortized cost; and other liabilities. All financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash and Due from General Revenue Fund are classified as fair value through profit or loss and are recorded at fair value. Cash denominated in foreign currency is translated at the foreign exchange rate in effect at year end.

Trade and other receivables and long term receivables are classified as amortized cost. Financial assets classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial assets are measured at amortized costs using the effective interest model, less any impairment losses.

SLGA has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, payable to the General Revenue Fund, goods and services tax payable. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

SLGA derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by SLGA is recognized as a separate asset or liability. SLGA derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, SLGA has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in comprehensive income.

SLGA has not identified any material embedded derivatives in any of its financial instruments that are required to be separately valued.

(n) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets are added to the costs of that asset, until it is available for use. Qualifying assets are those assets that take a substantial period of time to get ready for their intended use. SLGA capitalizes borrowing costs used for the purpose of obtaining a qualifying asset using the weighted average cost of debt. All other borrowing costs are recognized in finance expenses in the period in which they are incurred.

4. Due from General Revenue Fund

Most of SLGA's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. During the year, the General Revenue Fund did not pay interest on SLGA's bank accounts.

5. Disposition of Retained Earnings

Subsection 182(5) of *The Alcohol and Gaming Regulation Act, 1997* (Act) allows SLGA to provide interest free advances to the Minister of Finance for deposits in the General Revenue Fund (GRF) until Treasury Board determines the disposition of SLGA's retained earnings. Under subsection 182(1) of the Act, Treasury Board may, at any time, direct that all or any portion of SLGA's retained earnings be transferred to the GRF. Treasury Board has directed SLGA to transfer \$269.2 million (2024 - \$307.6 million) to the GRF under subsection 182(1) of the Act. At March 31, amounts payable to GRF were determined as follows:

	2025 (000's)	2024 (000's)
Payable to GRF at beginning of year	\$ 50,110	\$ 144,689
Deposits during the year	(251,455)	(402,152)
Dividend to GRF	269,174	307,573
Payable to GRF at end of year	<u>\$ 67,829</u>	<u>\$ 50,110</u>

6. Inventories

	<u>2025</u>	<u>2024</u>
	(000's)	(000's)
Wines, coolers and spirits in warehouse	\$ 19,725	\$ 17,343

The cost of liquor inventories recognized as an expense during the year ended March 31, 2025 was \$340.7 million (2024 – \$338.5 million). During the year, SLGA had no write-downs of inventory below cost and no reversals of inventories previously written down. As of March 31, 2025 there was no amount of inventory pledged as security.

7. Property, Plant and Equipment

(000's)	Land	Buildings	Slot Machines	VLT	Furniture and Equipment	Right of Use Assets	Leasehold Improvements	Held for Sale	Total
Cost									
Balance, April 1, 2023	\$ 2,578	\$ 30,821	\$ 80,603	\$ 109,334	\$ 20,136	\$ 19,507	\$ 2,960	\$ 20,672	\$ 286,611
Additions/adjustments	---	20	1,560	107	877	(268)	10	---	2,306
Transfer to held for sale	---	(21)	---	---	---	---	---	21	---
Disposals/ Retirements	---	(11)	(82,163)	(109,441)	(16,749)	(6,696)	(1,866)	(17,156)	(234,082)
Balance, March 31, 2024	\$ 2,578	\$ 30,809	\$ ---	\$ ---	\$ 4,264	\$ 12,543	\$ 1,104	\$ 3,537	\$ 54,835
Additions/adjustments	---	76	---	---	277	4	---	---	357
Transfer to held for sale	---	---	---	---	---	---	---	---	---
Disposals/ Retirements	---	---	---	---	(154)	(11,530)	---	(3,537)	(15,221)
Balance, March 31, 2025	\$ 2,578	\$ 30,885	\$ ---	\$ ---	\$ 4,387	\$ 1,017	\$ 1,104	\$ ---	\$ 39,971
Accumulated Depreciation									
Balance, April 1, 2023	\$ ---	\$ 9,613	\$ 58,702	\$ 51,762	\$ 17,387	\$ 15,002	\$ 2,699	\$ 16,345	\$ 171,510
Depreciation expense	---	1,049	1,508	2,147	453	2,616	14	---	7,787
Disposals/ Retirements	---	---	(60,210)	(53,909)	(14,752)	(6,410)	(1,609)	(13,279)	(150,169)
Balance, March 31, 2024	\$ ---	\$ 10,662	\$ ---	\$ ---	\$ 3,088	\$ 11,208	\$ 1,104	\$ 3,066	\$ 29,128
Depreciation expense	---	1,051	---	---	441	908	---	---	2,400
Adjustments	---	---	---	---	---	---	---	---	---
Disposals/ Retirements	---	---	---	---	(159)	(11,568)	---	(3,066)	(14,793)
Balance, March 31, 2025	\$ ---	\$ 11,713	\$ ---	\$ ---	\$ 3,370	\$ 548	\$ 1,104	\$ ---	\$ 16,735
Net Book Value									
Balance, March 31, 2024	\$ 2,578	\$ 20,147	\$ ---	\$ ---	\$ 1,176	\$ 1,335	\$ ---	\$ 471	\$ 25,707
Balance, March 31, 2025	\$ 2,578	\$ 19,172	\$ ---	\$ ---	\$ 1,017	\$ 469	\$ ---	\$ ---	\$ 23,236

8. Intangible Assets

(000's)		Total
Cost		
Balance, April 1, 2023	\$	58,082
Additions/adjustments		411
Disposals/retirements/write-offs		(15,298)
Balance, March 31, 2024	\$	43,195
Additions/adjustments		544
Disposals/retirements		---
Balance, March 31, 2025	\$	43,739
Accumulated depreciation		
Balance, April 1, 2023	\$	42,824
Depreciation expense		3,981
Disposals/retirements/write-offs		(9,535)
Balance, March 31, 2024	\$	37,270
Depreciation expense		1,997
Disposals/retirements		(3)
Balance, March 31, 2025	\$	39,264
Net Book Value		
Balance, March 31, 2024	\$	5,925
Balance, March 31, 2025	\$	4,475

9. Leases

SLGA leases buildings from third parties which comprise right-of-use assets (included in property, plant and equipment – see note 7) and have corresponding lease liabilities:

Leases liabilities

(000's)			
At March 31,		2025	2024
Contractual undiscounted cash flows			
One year or less	\$	85	\$ 1,042
Between one and five years		184	565
Greater than five years		---	80
Total undiscounted lease liabilities	\$	269	\$ 1,687
Discounted lease liabilities included in the statement of financial position			
Current	\$	63	\$ 933
Non-current	\$	504	\$ 823
Interest on lease liabilities			
(000's)			
For the year ended March 31,		2025	2024
Amounts recognized as continued operations	\$	27	\$ 54
Amounts recognized as discontinued operations		63	142
Amounts recognized in comprehensive income	\$	90	\$ 196

Amounts recognized in the statement of cash flows
(000's)

For the year ended March 31,

	2025	2024
Interest paid on lease liabilities	\$ 90	\$ 196
Lease liability principal payments	847	2,692
Total cash outflow for leases	\$ 937	\$ 2,888

10. Trade and Other Receivables and Long Term Receivables

	2025 (000's)	2024 (000's)
Current Receivables		
Trade receivables	\$ 14,039	\$ 14,630
Permit receivable (Note 24)	525	7,594
Current portion long term receivable – LGS (Note 13)	3,060	3,060
Total Current Receivables	\$ 17,624	\$ 25,284
Long term receivable – LGS (Note 13)	17,510	20,258
Long term receivable – permit & other	123	508
Total Receivables	\$ 35,257	\$ 46,050

11. Goods and Services Tax (GST)/Harmonized Sales Tax (HST)

The GST paid on property, plant and equipment is set up as part of the cost of the asset and is depreciated on a straight-line basis over the useful life of the property, plant and equipment.

SLGA also pays GST/HST to the Canada Revenue Agency and claims input tax credits on all its liquor and other taxable purchases.

12. Post Employment Benefits

SLGA sponsors a defined benefit pension plan and participates in a defined contribution pension plan covering substantially all of its employees.

(a) Defined Contribution Plan

The defined contribution plan is called the Public Employees Pension Plan (PEPP). SLGA is required to contribute a specified percentage of payroll costs to PEPP to fund the benefits. The only obligation of SLGA with respect to PEPP is to make the specified contributions. During the year, SLGA paid PEPP and expensed its required contributions of \$1.6 million (2024 - \$1.7 million).

(b) Defined Benefit Plan

The Liquor Board Superannuation Commission administers the defined benefit plan, Liquor Board Superannuation Plan (Plan), for SLGA. The Plan provides pensions calculated at two per cent of a member's average salary for the five years of highest salary, multiplied by the number of years of service to a maximum of 35. This Plan has been closed to new members since 1977.

TELUS Health performed the valuation of the Plan as at September 30, 2023 and extrapolated the valuation to March 31, 2025. The accrued benefit obligation is based on

a number of assumptions about future events including: discount rate, mortality, retirement rates and inflation. The following significant assumptions were adopted in measuring the accrued benefit obligation:

	2025	2024
Expected long-term rate of return on plan assets	4.50%	5.10%
Inflation rate	2.00%	2.00%
Discount rate	4.50%	4.90%
Indexing increases to pensions as a percentage of Consumer Price Index	70%	70%
Expected average remaining service life*	0 years	0 years

* SLGA does not have any contributing employees, all have reached 35 years of service.

The following illustrates the effect of changing certain assumptions from assumed rate of: inflation 2.00 per cent and discount rate 4.50 per cent.

	Long-Term Assumptions			
	Inflation*		Discount Rate	
	3.00%	1.00%	5.5%	3.5%
(Decrease) increase in liability	(2.7%)	2.9%	(8.2%)	9.5%

* A change in the inflation rate of 1 per cent has a corresponding change in the discount rate of 1 per cent.

SLGA's pension costs are included in salary, wages and benefits on Schedule 1 and OCI.

	2025 (000's)	2024 (000's)
Current service cost – defined contribution plan	\$ 1,646	\$ 1,665
Net interest expense	1,405	1,494
Components of pension costs recorded in profit or loss	<u>3,051</u>	<u>3,159</u>
Return on plan assets (excluding net interest expense)	(742)	(607)
Actuarial (gains) losses	2,755	29
Components of defined benefit costs recorded in OCI	<u>2,013</u>	<u>(578)</u>
Total of components of benefit cost	<u>\$ 5,064</u>	<u>\$ 2,581</u>

Information about SLGA's defined benefit plan is as follows:

	2025 (000's)	2024 (000's)
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	\$ 36,980	\$ 38,362
Interest cost	1,734	1,801
Benefits paid	(3,191)	(3,212)
Actuarial (gain) loss		
- Change in financial and mortality assumptions	2,901	516
- Experience (gain) loss	(146)	(487)
	<u>\$ 38,278</u>	<u>\$ 36,980</u>
Plan Assets		
Fair value of plan assets, beginning of year	\$ 10,778	\$ 9,807
Actual return on plan assets	1,071	913
Employer contributions	2,628	3,270
Benefits paid	(3,191)	(3,212)
Fair value of plan assets, end of year	<u>\$ 11,286</u>	<u>\$ 10,778</u>
Accrued pension liability	<u>\$ 26,992</u>	<u>\$ 26,202</u>

The plan holds all of its assets in various pooled funds. The Plan's holdings consist of 22.0 per cent (2024 – 22.9 per cent) in a Canadian equity pooled fund, 27.7 per cent (2024 – 29.7 per cent) in foreign equity pooled funds, 46.3 per cent (2024 – 42.5 per cent) in a bond and debenture pooled fund and 4.0 per cent (2024 – 4.9 per cent) in a short term investment pooled fund.

The major categories of plan assets at the end of the reporting period for each category are as follows:

	2025 (000's)	2024 (000's)
Cash	\$ 65	\$ 120
TD Canadian Bond Index Fund	5,215	4,552
Equity Instruments		
- TD Canadian Equity Index Fund	2,472	2,452
- TD International Equity Index Fund	1,642	1,562
- TD Pooled US Fund	1,478	1,620
- TD Canadian Short Term Investment Fund	456	518
Total equity instruments	<u>6,048</u>	<u>6,152</u>
	<u>\$ 11,328</u>	<u>\$ 10,824</u>

The Plan limits its investment in foreign equities including foreign pooled funds to 38 per cent of the cost of the investment portfolio and is denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

The TD Canadian Equity Index Fund, the TD Pooled US Fund and the TD International Equity Index Fund all may use derivative financial instruments such as forward and futures contracts, options and swaps, as permitted by the Canadian Securities legislation, to gain exposure to

the S&P/TSX Composite Index, the S&P 500 Index and the MSCI EAFE Index and their underlying components respectively, to hedge against movements in currency exchange rates and equity indices, and to increase liquidity within the portfolio. Sufficient cash or securities will be held within each fund to cover all derivative obligations.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivative transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

The total cash inflow is the amount of employer contributions expected to be received by the pension plan together with interest on investments of 4.50 per cent and employer contributions calculated as 70.6 per cent of total benefit payments. The total cash outflows are the amounts that are required to pay all pension obligations. Forecast of cash flows have been determined using the long-term assumptions used in the valuation. All amounts are based on actual dollar forecasts.

		(\$000's)		
	Contributions	Benefits Paid	Investment Return	Net Cash Outflow
2026	2,244	3,179	487	(448)
2027	2,189	3,102	467	(446)
2028	2,150	3,046	447	(449)
2029	2,112	2,992	428	(452)
2030	2,071	2,934	408	(455)
Total next 5 years	10,766	15,253	2,237	(2,250)
Total 5-10 years	9,658	13,683	1,736	(2,289)
Total 11-30 years	21,526	30,500	2,575	(6,399)
Total 31-50 years	927	1,312	42	(343)

13. Casino Operating Agreement with the Saskatchewan Indian Gaming Authority

Effective June 11, 2007 the Province and the Federation of Sovereign Indigenous Nations (FSIN) agreed to amend the 2002 Framework Agreement for the purpose of increasing economic and employment opportunities for Aboriginal peoples through casino development within the parameters of *The Criminal Code of Canada*.

The 2002 Framework Agreement required the Province to retain a portion of the net profits from slot machines in the GRF and distribute the remaining profits to the First Nations Trust, and the Community Development Corporations. To implement the 2002 Framework Agreement, SLGA and SIGA made agreements for casino operations and slot machine management. The Casino Operating Agreement required SIGA to pay the net profits from slot machines to SLGA. This agreement also ensured SLGA recovered the cost of slot machines, the related computer system and interest over the useful life up until the transfer to LGS on June 1, 2023.

Due to the prolonged closure of casinos in response to the COVID-19 pandemic, SIGA's ability to make all required payments to SLGA had been reduced and therefore both parties agreed in March 29, 2021 to a Forbearance and Debt Repayment Agreement to provide SIGA with additional time to repay their indebtedness (included in trade and other receivables and long

term receivable – LGS). Subsequent to the June 1, 2023 cessation of contractual agreements between SLGA and SIGA, LGS has issued an interest-free promissory note to assume SIGA's contractual and legal obligation in relation to the unsecured loan provided by SLGA in accordance with the June 7, 2021 Forbearance and Debt Repayment Agreement. During the year ended March 31, 2025, SLGA received total payments of \$3.1 million towards this loan, of which \$20.6 million remains outstanding as at year-end (2024 – \$23.3 million). The loan is non-interest bearing with \$0.3 million repayable monthly until June 2032.

14. Liquor Sales to Retail Store Permittees

	2025 (000's)	2024 (000's)
Wines, coolers and spirits	\$ 365,931	\$ 360,925
Beer	258,613	256,264
Total	<u>\$ 624,544</u>	<u>\$ 617,189</u>

15. 2025 Budget

These amounts represent the budget approved by Treasury Board.

16. Segmented Information

SLGA operates in three segments – liquor, gaming and cannabis.

The liquor segment reflects the wholesale licensing of beverage alcohol activities within the province.

The gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, raffles and the regulation and support of the horse racing industry.

The cannabis segment reflects the regulation of cannabis.

Key amounts by segment as follows:

SEGMENTS					
	2025 (000'S)				2024 (000'S)
	Liquor	Gaming	Cannabis	Total	Total
Revenues	\$ 624,544	\$ ---	\$ ---	\$ 624,544	\$ 617,189
Other income	29,645	599	824	31,068	33,033
Total revenues	654,189	599	824	655,612	650,222
Direct expenses	340,731	---	---	340,731	338,493
Operating expenses (Schedule 1)	31,542	7,247	5,093	43,882	42,309
Total expenses	372,273	7,247	5,093	384,613	380,802
Subtotal	281,916	(6,648)	(4,269)	270,999	269,420
Net income (loss) from discontinued operations	392	---	---	392	36,103
Other comprehensive income	(2,013)	---	---	(2,013)	(890)
Total comprehensive income	\$ 280,295	\$ (6,648)	\$ (4,269)	\$ 269,378	\$ 304,633
Retained earnings (deficit) beginning of year	(1,036)	---	---	(1,036)	1,904
Dividend to General Revenue Fund	279,786	(6,475)	(4,137)	269,174	307,573
Retained earnings (deficit) end of year	<u>\$ (527)</u>	<u>\$ (173)</u>	<u>\$ (132)</u>	<u>\$ (832)</u>	<u>\$ (1,036)</u>
Property, plant and equipment and intangible assets	<u>\$ 26,745</u>	<u>\$ 451</u>	<u>\$ 515</u>	<u>\$ 27,711</u>	<u>\$ 31,632</u>
Property, plant and equipment and intangible asset purchases	<u>\$ 811</u>	<u>\$ 78</u>	<u>\$ 12</u>	<u>\$ 901</u>	<u>\$ 2,717</u>
Depreciation	<u>\$ 3,720</u>	<u>\$ 583</u>	<u>\$ 94</u>	<u>\$ 4,397</u>	<u>\$ 11,768</u>

17. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SLGA by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

Government-related entities are exempt from providing disclosure about individual related party transactions, other than the transactions with key management personnel disclosed below. Instead, government-related entities are required to disclose the types and extent of individually or collectively significant transactions with related parties. In determining individually significant transactions, SLGA considers the size, type and terms of the transaction.

SLGA also pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance. Taxes paid are recorded as part of the cost of those purchases. SLGA also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance. All other transactions with related parties are routine operating transactions that are settled at prevailing market prices under normal trade terms.

SLGA's Key Management Personnel Compensation

Key management personnel include the president and vice presidents. The compensation paid (including benefits) to key management for employee services is shown below:

	2025 (000's)	2024 (000's)
Salaries and executive benefits	\$ 932	\$ 798
Severance expense	---	188
Employment benefits	190	164
	<u>\$ 1,122</u>	<u>\$ 1,150</u>

18. Contingencies

As part of ongoing operations SLGA faces legal actions initiated by third parties and contract disputes.

At March 31, 2025 there were actions outstanding against SLGA, which the likelihood of loss is unlikely. Settlements arising from the resolution of these actions will be accounted for in the year in which the settlements occur.

19. Provisions

	Short-term Employee Benefits (000's)
Balance, April 1, 2023	\$ 985
Provisions made during the period	516
Provisions used during the period	(985)
Balance, March 31, 2024	\$ 516
Provisions made during the period	576
Provisions used during the period	(516)
Balance, March 31, 2025	\$ 576

Short-Term Employee Benefits

The provision for short-term employee benefits represents annual sick leave and long service gratuity entitlements.

20. Western Canada Lottery Corporation

Until June 1, 2023, the Saskatchewan Video Lottery Division (Division) of the Western Canada Lottery Corporation (WCLC) operated the video lottery terminals and central computer system on behalf of SLGA. WCLC provided accounting, purchasing, cash disbursements, human resources and technical services for the VLT program. On June 1, 2023, pursuant to an order in council issued by the Government of Saskatchewan, SLGA transferred all contractual arrangements with WCLC to LGS, which began assuming the conduct and management responsibilities associated with the operation of casinos, VLTs, lottery, and online gaming in Saskatchewan. As such, for year ended March 31, 2025, WCLC charged SLGA \$Nil to operate the VLT program (2-months, until May 31, 2023 – \$2.8 million).

21. Financial Risks

(a) Fair Value

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The following table presents the carrying amount and fair value of SLGA's financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

Financial Instruments	Classification ¹	Fair Value Hierarchy	2025		2024	
			(000's)		(000's)	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	\$ 660	\$ 660	\$ 695	\$ 695
Due from General Revenue Fund	FVTPL	Level One	28,881	28,881	32,924	32,924
Trade and other receivables	AC	N/A	14,564	14,564	22,224	22,224
Current portion long term receivable – LGS	AC	N/A	3,060	3,060	3,060	3,060
Long term receivable – LGS	AC	N/A	17,510	17,510	20,258	20,258
Long term receivable – permit & other	AC	N/A	123	123	508	508
Trade and other payables	OFL	N/A	15,960	15,960	31,556	31,556
Payable to General Revenue Fund	OFL	N/A	67,829	67,829	50,110	50,110
GST Payable	OFL	N/A	1,158	1,158	883	883

¹ Classification:

FVTPL – Fair value through profit and loss, AC – Amortized Cost, OFL - Other financial liabilities

SLGA is exposed to a number of financial risks in the normal course of operations.

(b) Credit and Interest Rate Risk

SLGA is exposed to minimal credit risks from the potential non-payment of accounts receivable as most trade receivables are short-term and are collected shortly after year end, and the majority of its long term receivables are from a related party.

The maximum credit risk from these financial instruments is limited to the carrying value of the financial assets summarized below:

	2025	2024
	(000's)	(000's)
Cash	\$ 660	\$ 695
Due from General Revenue Fund	28,881	32,924
Trade and other receivables	14,564	22,224
Current portion long term receivable – LGS	3,060	3,060
Long term receivable – LGS	17,510	20,258
Long term receivable – permit & other	123	508
	<u>\$ 64,798</u>	<u>\$ 79,669</u>

As of March 31, 2025, there was no impairment required on any of the financial assets of SLGA.

SLGA has evaluated the interest rate risk as low and has done nothing to mitigate the risk.

(c) Foreign Currency Exchange Risk

SLGA is exposed to foreign exchange risk due to purchase transactions for liquor. As of March 31, 2025, SLGA had \$0.1 million (2024 - \$6.1 million) in United States (U.S.) financial liabilities. SLGA is also exposed to foreign exchange risks resulting from a U.S. dollar denominated cash deposit account. This U.S. dollar denominated cash deposit account is included in SLGA's Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. As of March 31, 2025, SLGA has \$700 thousand (2024 - \$663 thousand) in this account.

In 2025, SLGA recorded a \$28 thousand gain (2024 - \$64 thousand gain) due to the variation in the foreign exchange rates.

To date, SLGA has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

(d) Liquidity Risk

Liquidity risk is the risk that SLGA will not be able to meet its financial obligations as they fall due. SLGA relies on funds generated from its operations to meet operating requirements and to finance capital investment.

Contractual cash flows - 2025
(In 000's)

Financial Liabilities	Carrying amount	Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	Greater than 5 years
Trade and other payables	\$ 15,960	\$ 15,960	\$ 15,960	\$ ---	\$ ---	\$ ---	\$ ---
Payable to the GRF	67,829	67,829	67,829	---	---	---	---
GST payable	1,158	1,158	1,158	---	---	---	---
Provisions	576	576	576	---	---	---	---
Accrued pension liability	26,992	26,992	1,590	1,589	3,102	8,972	11,739
	<u>\$ 112,515</u>	<u>\$ 112,515</u>	<u>\$ 87,113</u>	<u>\$ 1,589</u>	<u>\$ 3,102</u>	<u>\$ 8,972</u>	<u>\$ 11,739</u>

Contractual cash flows - 2024
(In 000's)

Financial Liabilities	Carrying amount	Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	Greater than 5 years
Trade and other payables	\$ 31,556	\$ 31,556	\$ 31,556	\$ ---	\$ ---	\$ ---	\$ ---
Payable to the GRF	50,110	50,110	50,110	---	---	---	---
GST payable	883	883	883	---	---	---	---
Provisions	516	516	516	---	---	---	---
Accrued pension liability	26,202	26,202	1,599	1,599	3,179	9,134	10,691
	<u>\$ 109,267</u>	<u>\$ 109,267</u>	<u>\$ 84,664</u>	<u>\$ 1,599</u>	<u>\$ 3,179</u>	<u>\$ 9,134</u>	<u>\$ 10,691</u>

22. Capital

Treasury Board determines the disposition of SLGA's retained earnings (Note 5). SLGA management's objectives to manage its capital are to use capital to provide an appropriate return on investment to the Government of Saskatchewan and to preserve financial flexibility in order to maintain SLGA's ability to meet financial obligations.

SLGA does not set a target rate of return on capital for managing its operations but rather promotes year-over-year sustainable profitable growth. SLGA is not subject to any externally imposed capital requirements.

23. Funds Held in Trust

SLGA holds funds in trust on behalf of employees as part of SLGA's extended health care plan. At March 31, 2025, SLGA held \$634 thousand (2024 - \$659 thousand) on behalf of in-scope employees.

24. Discontinued Operations

Liquor retailing changes

On November 18, 2015, the Government of Saskatchewan announced its intent to make changes to liquor retailing in the province. The plan was for all liquor retailers, moving to a wholesale model for the distribution of liquor and creating new private liquor retailing opportunities.

The plan for all liquor retailers was implemented on October 9, 2016. This included creating a wholesale model for the distribution of liquor and converting all SLGA liquor stores, franchises, private stores and commercial permittees with offsale endorsements to retail store permittees. Retail store permittees are all eligible to access wholesale prices from SLGA's distribution centre. As well, the plan allowed all liquor retailers, retail store permittees and commercial permittees, to purchase liquor from any other liquor retailer in Saskatchewan.

In 2016-17 SLGA released RFPs for 50 retail store permittee opportunities. These opportunities were for communities with an existing SLGA store that would be closed as the new private stores open as well as the addition of 11 new retail opportunities.

On October 27, 2022, the Government of Saskatchewan announced its intention to completely exit from the retail liquor segment in 2022-23. Subsequently, all 34 SLGA Retail Inc.'s liquor stores ceased operations by March 11, 2023 and the liquor store permits were offered for sale to the public in an auction process that ended on February 24, 2023. SLGA and the Government of Saskatchewan committed to a plan to liquidate the retail liquor segment. SLGA remaining liquor assets, including property and equipment, were classified as assets held for sale on the Statement of Financial Position. Depreciation of these assets ceased March 11, 2023. The carrying amounts of these assets approximate or are less than their fair values. Under a Special Resolution of the Shareholders, effective March 31, 2024, SLGA Retail Inc. was dissolved pursuant to Section 16-3(4) of *The Business Corporations Act, 2021*. Current and prior period earnings for the now dissolved SLGA Retail Inc., have been classified as discontinued operations on the Statement of Comprehensive Income.

Divestment of VLT and Slots Functions

On March 30, 2023, the Government of Saskatchewan introduced new legislation to create Lotteries and Gaming Saskatchewan (LGS) as a new crown corporation that oversees the province's gaming policy and management, thereby splitting off the gaming functions from the activities of SLGA, including the payment of charitable gaming grants.

Effective June 1, 2023, under the new governance structure, LGS assumed SLGA's previous roles of overseeing all casinos and VLTs in the province, and the payment of charitable gaming grants.

Pursuant to the new legislation, SLGA Holding Inc. transferred to LGS on June 1, 2023.

(a) Assets held for sale

As part of the liquor retailing changes, SLGA is selling land and buildings related to discontinued SLGA retail stores. Assets related to closed stores have been reclassified to held-for-sale (Note 7). Held for sale assets are expected to be sold within one year. Assets classified as held-for-sale comprise the following:

	2025 (000's)	2024 (000's)
Building	\$ ---	\$ 297
Land	---	173
Leasehold Improvements	---	1
Assets held-for-sale	<u>\$ ---</u>	<u>\$ 471</u>

(b) Discontinued operations

The impact of discontinued operations on net (loss) income comprise the following:

	2025 (000's)	2024 (000's)
Revenues:		
VLT	\$ ---	\$ 40,501
Slot machines	---	44,132
Other income	---	75
Cost of sales:		
VLT site commissions	---	(7,410)
	<u>---</u>	<u>77,298</u>
Expenses:		
Salary, wages and benefits – liquor	190	(242)
Other operating – liquor	1,132	4,012
Other (Note 13)	---	2,698
VLT expense	---	15,247
Slot machines expense	---	21,623
	<u>1,322</u>	<u>43,338</u>
Gains (losses) from disposal of held for sale assets	<u>1,714</u>	<u>2,143</u>
Earnings (loss) from discontinued operations	<u>\$ 392</u>	<u>\$ 36,103</u>

The impact of discontinued operations on cash flows comprise the following:

	2025 (000's)	2024 (000's)
Cash from (used in) operating activities	\$ (867)	\$ 114,029
Cash from (used in) investing activities	4,861	46,241
Net change in cash and cash equivalents	<u>\$ 3,994</u>	<u>\$ 160,270</u>

(c) Permit revenue

For each liquor permit being sold and before its dissolution on March 31, 2024, SLGA Retail Inc. initially recognized a receivable and a contract liability upon signing the purchase agreement with the successful bidder, both recorded at the full purchase price of the permit. Thereafter, the receivable amount was drawn down for each payment made by the successful bidder, with the contract liability balance remaining unchanged until the successful bidder made full payment amounting to the purchase price of the liquor permit. Subsequently, SLGA Retail Inc. fully recognized the contract liability in revenue.

During the year ended March 31, 2024, SLGA Retail Inc. had fully transferred control of 16 of the liquor permits to the successful bidders and recognized permit revenue of \$21.0 million. Immediately prior to its dissolution, pursuant to *The Alcohol Control Amendment Regulations, 2024* SLGA Retail Inc. transferred to SLGA the rights and obligations of 18 liquor permits that were in the process of being sold. For the year ended March 31, 2025, \$0.5 million is due to SLGA from the successful bidder of an aggregate total purchase price of \$0.7 million (2024 - \$7.6 million due of \$19.0 million aggregate total).

The year-over-year continuity between accounts receivable, contract liabilities and permit revenue, are as follows:

	2025		2024	
	Trade and other receivables (000's)	Contract liabilities (000's)	Trade and other receivables (000's)	Contract liabilities (000's)
Balance – beginning of year	\$ 7,594	\$ 18,957	\$ 25,404	\$ 33,872
Purchase agreements signed	700	700	7,185	7,185
Cancelled and reauctioned	---	---	(1,069)	(1,069)
Forfeited deposits	---	---	---	5
Payments made by winning bidder	(7,769)	---	(23,926)	---
Recognized as permit revenue	---	(18,957)	---	(21,036)
Balance – end of year	<u>\$ 525</u>	<u>\$ 700</u>	<u>\$ 7,594</u>	<u>\$ 18,957</u>

*2024 Contract liability – \$356,250 recognized as revenue from forfeited bid, remainder allocated to cancelled and reauctioned.

Included in the statement of financial position is \$0.3 million of trade and other receivables, \$Nil of long term receivable – permit & other, and \$1.2 million in contract liabilities (2024 - \$0.9 million trade and other receivables, \$0.3 million long term receivable -permit & other, and \$1.7

million contract liabilities) related to the sale of new retail liquor permits that are not part of discontinued operations.

25. Comparative Figures

Certain prior year balances have been reclassified to conform with the current year's presentation.

26. Subsequent Events

On April 14, 2025 a Memorandum of Agreement was signed between the Saskatchewan Liquor and Gaming Authority and the Saskatchewan Government and General Employees' Union related to the Collective Bargaining Agreement effective April 1, 2023 until March 31, 2026. On May 21, 2025 Saskatchewan Liquor and Gaming Authority and Personnel Policy Secretariat, Ministry of Finance approved the out-of-scope compensation retroactive from April 2, 2023. The effects of these changes for year ended March 31, 2025 resulted in an increase of \$1.9 million in salary and benefits expense included in liquor and gaming expenses on the Statement of Comprehensive Income and an increase of \$1.9 million in the trade and other payables on the Statement of Financial Position.

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
SCHEDULE OF SEGMENTED OPERATING EXPENSES
For the Year Ended March 31

	Liquor		Gaming		Cannabis		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Salaries, wages and benefits	\$ 18,133	\$ 17,051	\$ 5,149	\$ 4,597	\$ 3,171	\$ 2,479	\$ 26,453	\$ 24,127
Depreciation	3,290	5,050	250	851	400	712	3,940	6,613
Professional and contractual services	2,423	2,272	576	574	609	330	3,608	3,176
Debit/credit charges	2,341	2,428	47	48	---	---	2,388	2,476
Information technology	1,500	1,531	422	357	393	197	2,315	2,085
Rent utilities and insurance	1,364	997	334	149	210	75	1,908	1,221
Grants (Note 3(l))	693	715	142	(483)	160	83	995	315
Sundry	530	490	20	25	6	7	556	522
Operations and maintenance	470	474	40	30	7	7	517	511
Travel and business	285	217	146	109	68	62	499	388
Stationary and supplies	169	386	25	20	15	6	209	412
Communication	107	77	56	47	26	10	189	134
Customer service programs	97	52	---	---	---	---	97	52
Service charges & interest	47	75	16	37	10	17	73	129
Advertising, printing, and promotion	40	57	11	11	9	11	60	79
Honoraria and related expenses	22	22	13	13	9	9	44	44
Goods and services tax	31	25	---	---	---	---	31	25
	<u>\$ 31,542</u>	<u>\$ 31,919</u>	<u>\$ 7,247</u>	<u>\$ 6,385</u>	<u>\$ 5,093</u>	<u>\$ 4,005</u>	<u>\$ 43,882</u>	<u>\$ 42,309</u>

Appendix A

Saskatchewan Liquor and Gaming Licensing Commission

The Saskatchewan Liquor and Gaming Licensing Commission (Commission) is an independent quasi-judicial body which reviews:

- a) decisions of SLGA with respect to gaming registrations and liquor and compliance matters;
- b) decisions of SIGA casino operators and SaskGaming respecting involuntary casino exclusions of patrons from their casinos;
- c) decisions of the Indigenous Gaming Regulators (IGR) with respect to on-reserve charitable gaming registrations and compliance matters.

The Commission's primary role is to serve as an independent and fair quasi-judicial review body mandated to ensure proper application of the legislation and regulations governing liquor, gaming, horse racing and cannabis to ensure the fairness and integrity of SLGA regulatory decisions. Any party who disagrees with a regulatory decision of SLGA or IGR has the right to apply to the Commission for a review. Similarly, any individual (such as a casino patron) who has been involuntarily excluded from a casino by SaskGaming or SIGA may request a review by the Commission.

The Commission provides written decisions which are public records and are maintained in the office of the Commission Registrar.

Hearings are held each month, in either Saskatoon or Regina. Twelve hearings were held in 2024-25: ten in Saskatoon and two in Regina. Six of the hearings related to liquor sanctions, three related to cannabis sanctions, two related to SIGA casino admission bans and one related to an SLGA gaming registration cancellation.

The Commission members during the year were:

- Roy Ludwig, Chair, Estevan
- Ray Sadler, Vice Chair, Biggar
- Cindy Gross, Secretary, Swift Current
- Neil Wylie, Saskatoon
- Riel Bellegarde, Saskatoon

The Commission also has a part-time Registrar.

Since 1997, the Commission has initiated procedural changes and is constantly developing its own policies to continue to ensure equitable treatment of all parties appearing before it. The Commission also makes written recommendations to SLGA regarding any significant regulatory issues that come to its attention through contact with the industries within its jurisdiction. It also continues to stay up to date in the changing environment of administrative law and the industries it regulates through its own research and training opportunities.

Appendix B

2024-25 Results at a glance

SLGA net income	\$271.4M
Total liquor sales	\$624.5M
Liquor net income	\$282.3M
Number of SLGA employees	260
Number of active liquor permittees	2,608
Number of active liquor retail store permittees	640
Number of Saskatchewan craft liquor producers	61
Number of active Saskatchewan craft liquor permits	92
Special order listings	6,840
Total SLGA distributed products (core listings and special orders)	9,610
Privately distributed products	756
Total retail products available (excluding Saskatchewan craft direct delivery)	10,366
Number of special occasion permits issued	9,992
Number of cannabis retail store permits issued	200
Number of cannabis wholesale permits issued	3
Number of cannabis licensed producer registrations	168
Number of sanctions and warnings (liquor, gaming, cannabis and horse racing)	467
Number of conditions, issues and violations	121
Number of registered gaming employees	1,105
Number of registered gaming suppliers	112
Total number of bingo, raffle, breakopen, charitable gaming event, Texas Hold'em and Monte Carlo licences	8,178
Number of bingo halls	7
Total gross bingo sales	\$6.1M
Total gross raffle sales	\$63.4M
Total gross breakopen sales	\$1.7M
Total gross charitable gaming event sales	\$42.2M
Total gross sales for charity (bingo, raffle, breakopen, charitable gaming event, Texas Hold'em and Monte Carlo)	\$113.5M
Total net proceeds to charity (bingo, raffle, breakopen, charitable gaming event, Texas Hold'em and Monte Carlo)	\$33.9M