

ANNUAL REPORT

2024



For **ALBERTANS**

Our commitment to the province of Alberta is at the heart of everything we do. As both a regulator and enabler of gaming, liquor and cannabis products and experiences for the province, we proudly uphold the values and standards that protect and enrich the lives of all Albertans.

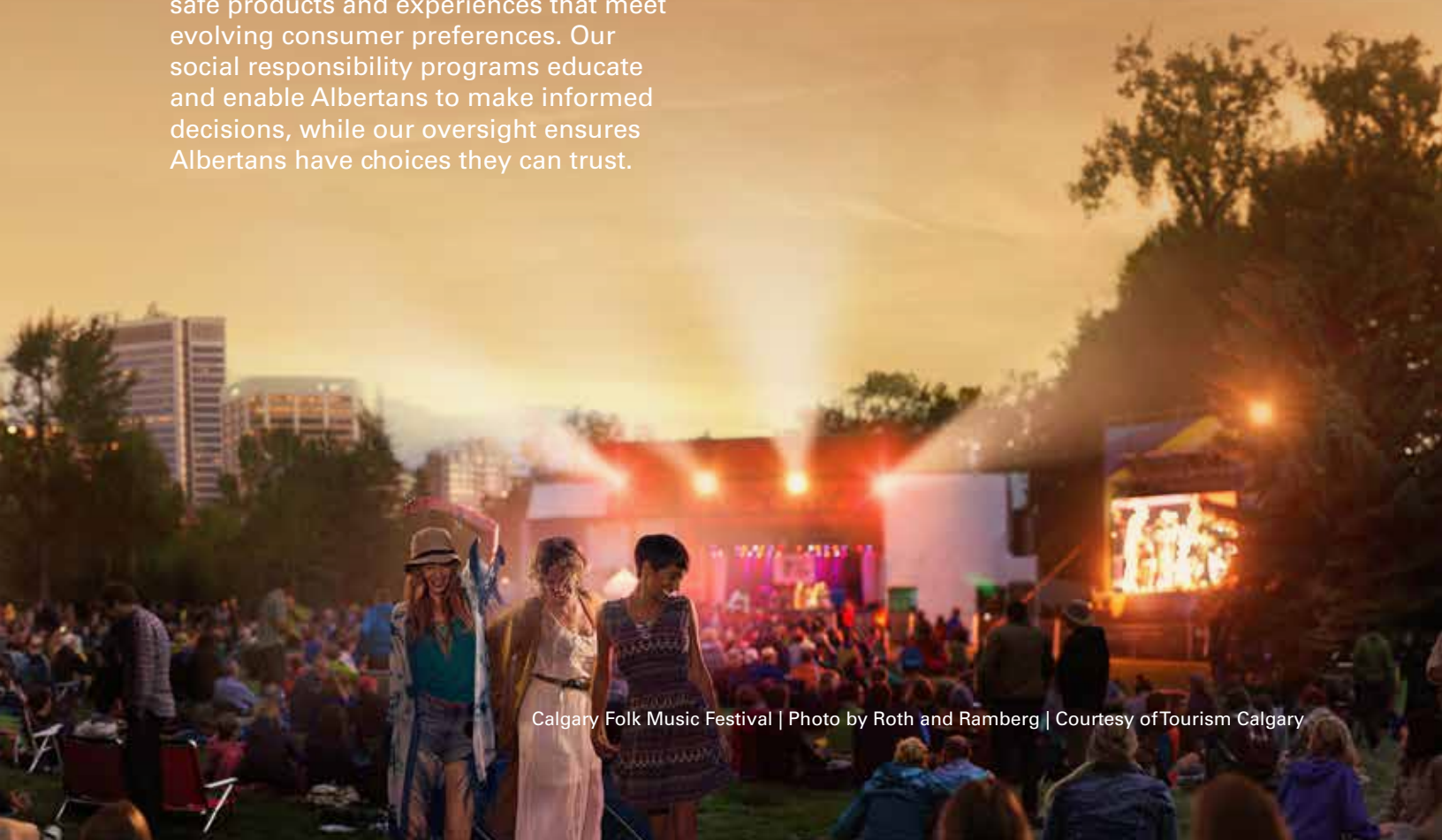
It starts with our team and our focus on fostering a workplace that delivers a compelling employee experience where employees feel valued, engaged and inspired. Through their hard work and dedication, they are crucial to delivering a modern regulatory environment. This contributes to the prosperity of Alberta by stimulating economic activity and empowering industry innovation and expansion.

Industry is empowered to provide consumers access to a wide range of safe products and experiences that meet evolving consumer preferences. Our social responsibility programs educate and enable Albertans to make informed decisions, while our oversight ensures Albertans have choices they can trust.

Everything we do is rooted in making a positive impact and contributing to communities we serve. Acting as stewards, we ensure revenue generated from Albertan's consumption of gaming, liquor and cannabis products and experiences goes right back into Alberta communities to support essential services. Additionally, our unique charitable gaming model enables charities to further make a difference for Albertans and communities across the province.

We are intentional about our impact on Albertans and the environment, demonstrating our accountability to current and future communities.

We are here for Albertans and are committed to making a difference every day!



A person in traditional Indigenous regalia, including a feathered headdress and a long, patterned dress, stands on the edge of a rocky cliff. The scene is set at sunset, with a warm orange and yellow glow in the sky and a view of a vast, open landscape in the distance. The person is looking out over the horizon.

Land **ACKNOWLEDGMENT**

AGLC respectfully acknowledges that we operate on the traditional territory of many peoples, including the Indigenous peoples who are signatories to Treaties 4, 6, 7, 8 and 10. We also acknowledge the Métis people of Alberta, who have a strong connection and share a deep history with this land. We acknowledge, honour and respect the wisdom of the Elders - past, present and future.

ACTION: In 2024, policy changes were approved to provide more autonomy to Host First Nation casinos to designate spaces based on consumer preferences, driving incremental revenue.

Head-Smashed-In Buffalo Jump Heritage Site | Courtesy of Travel Alberta

Table of **CONTENTS**

4 Land Acknowledgment

6 Accountability Statement

7 Public Interest Disclosure

8 Messages from the Board Chair and CEO

12 About AGLC

- Our Board
- Our Leaders
- Our Purpose

18 For Albertans

- Employees
- Industry
- Consumers
- Communities
- Environment

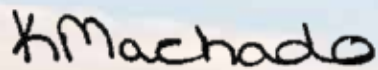
34 Management Discussion and Analysis

- Introduction
- Performance measures update
- Gaming operations
- Liquor operations
- Cannabis operations
- Managing enterprise risk
- Future outlook

56 Financial Statements

Accountability **STATEMENT**

AGLC's Annual Report for the year ended March 31, 2024 was prepared under the Board's direction in accordance with the *Sustainable Fiscal Planning and Reporting Act* and ministerial guidelines established pursuant to the *Gaming, Liquor and Cannabis Act* and the Gaming, Liquor and Cannabis Regulation. All material, economic or fiscal implications of which we are aware have been considered in the preparation of this report.



Kandice Machado
Chief Executive Officer



Nick Knight
Vice President, Corporate Services
and Chief Financial Officer

Public Interest **DISCLOSURE**

There were no disclosures reported this past year.



CHAIR



LEN RHODES

Striking a balance between creating opportunities for business development and protecting Albertans is a cornerstone value of AGLC. As a board, we take our role seriously to set the right conditions for industry to thrive, ensure that regulations focus on keeping Albertans safe and prioritize social responsibility.

AGLC's work is guided by our customer first approach, which means we listen closely to the needs and opportunities stakeholders bring to us. As experts, we rely on stakeholders' knowledge and experience to help ensure our policy decisions reflect real-world perspectives. By prioritizing red tape reduction we're supporting the gaming, liquor and cannabis industries by removing barriers and empowering industry innovation and expansion. We're extremely proud of this work – exceeding our own expectations with a total 49.7 per cent reduction in red tape.

At an industry level, we're adapting our liquor model to build on our success. Recently, we made policy changes to make it easier for liquor agencies and manufacturers to register their products. We continue to build success with Play Alberta– giving Albertans a legal online gaming experience that considers socially responsible game play and keeps money in the province. And in the cannabis market, our work has focused on reducing stigma, building trust through safe products and creating a business environment that is sustainable.

Our social responsibility programs – GameSense, DrinkSense and CannabisSense – continue to make an impact. GameSense Advisors have connected with over 130,000 players since 2021 and supported more than 3,000 individuals through our self-exclusion program.

Amongst all this change and to meet the evolving expectations of both industry and Albertans, AGLC has embarked on a modernization strategy. This includes ensuring our technology meets our business needs of today and tomorrow. These investments will help us better serve industry and Albertans with more online and automated services.

As of July 2023, AGLC reports to the ministry of Service Alberta and Red Tape Reduction. AGLC's board and leadership are excited to work with the Honourable Dale Nally to support the mandate to continue to build and define opportunities for liquor, gaming and cannabis industries. Minister Nally has been very supportive and welcomed us to pursue business development, while balancing social responsibility.

This is an exciting time for Alberta. Our province is leading the nation with significant population growth that will continue to make Alberta the best place to do business. AGLC will continue to pursue our balance of business development and social responsibility to capitalize on emerging opportunities for all our lines of business.



Len Rhodes
Board Chair



KANDICE MACHADO

At AGLC, we're all about making a positive difference for our customers. By beginning the transformation of our operations inside-out, we've raised the bar by modernizing technology and boosting our team's technical skills to deliver more relevant, efficient and user-friendly services. This has allowed us to continue to provide stability to our province on many different fronts including helping businesses grow and thrive, charities raise \$409.3 million, and transferring \$2.3 billion to Alberta's general revenue fund to support many of the services on which Albertans rely.

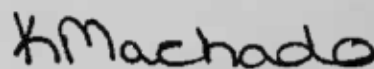
AGLC's strategic plan continues to be our roadmap and our accomplishments are made possible by our dedicated team. I feel incredibly fortunate to work alongside a team who truly lives our values in everything they do and contributes so much to our success. This year we launched our employer brand which was largely informed by our team and what they love about working at AGLC – being a force for good! And, our shared passion for creating choices Albertans can trust can be seen in products on the shelves of Alberta businesses and in the gaming entertainment options available across our province.

We value engaging with industry regularly to ensure policies are meeting their needs while balancing the need to protect Albertans. Through this collaboration, we've been able to reduce red tape by 49.7 per cent. Our red tape reduction efforts are a great example of how AGLC

continues to innovate and reimagine our work to meet the business challenges and opportunities of tomorrow.

This includes working hard to reduce regulatory burdens in cannabis to support industry stability while enabling businesses to evolve with consumer expectations. With nearly 30 years of success, our one-of-a-kind liquor model has also served as the basis to support many of the changes we have made. We've also worked to ensure that our gaming offerings, both in person, and online through Play Alberta, are supporting a world class gaming experience for Albertans.

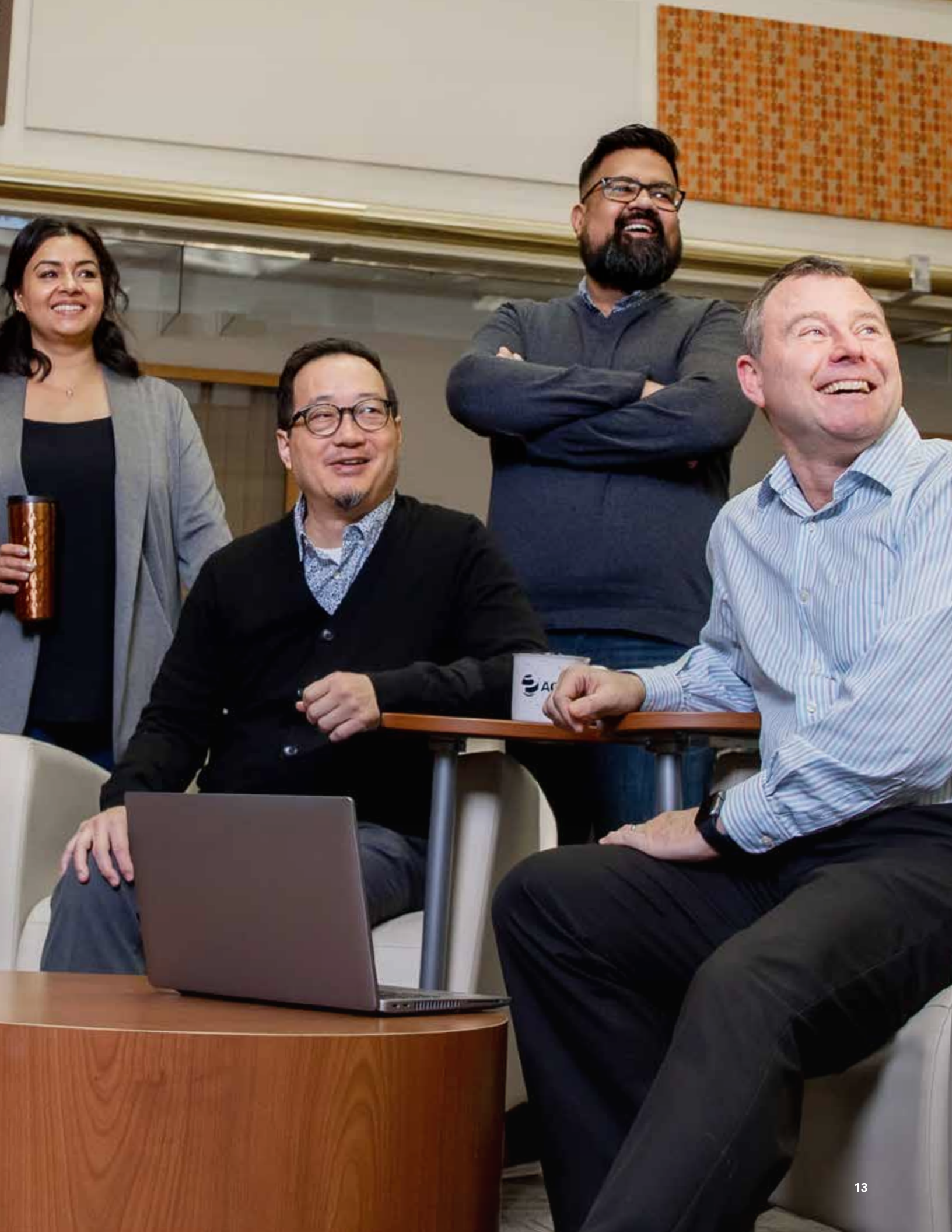
Over the past year, we have adapted to changing consumer preferences and the external pressures that impact industry to find ways to reduce barriers for business owners and organizations across the province. Working in partnership with the Government of Alberta, AGLC will continue to provide choice, benefits and services for all Albertans.



Kandice Machado
Chief Executive Officer



**ABOUT
AGLC**



Our BOARD

Pursuant to the *Gaming, Liquor and Cannabis Act*, the Board of Directors is responsible for the governance of AGLC and overseeing the management of AGLC's business affairs. The Board is accountable to the Minister of Service Alberta and Red Tape Reduction of the Government of Alberta.



Len Rhodes
Board Chair
Member since 2019



Patti Grier
Board Member
Member since 2017



**Angela Tu
Weissenberger**
Board Member
Member since 2019



Elan Harper
Board Member
Member since 2019



Tongjie (TJ) Zhang
Board Member
Member since 2019



Vincent Vavrek
Board Member
Member since 2019



Jack Fujino
Board Member
Member since 2020



Maureen Moneta
Board Member
Member since 2022



Wayne Drysdale
Board Member
Member since 2023¹

Note:

1. Appointed May 13, 2023.

Our LEADERS

AGLC's leadership team is comprised of a talented and diverse group of individuals who help shape what we do every day for Albertans.



Kandice Machado
Chief Executive Officer¹



Steve Lautischer
Executive Vice President,
Business Development



Dan Keene
Vice President,
Gaming



Jay Shukle
Vice President,
Liquor and Cannabis



Dave Berry
Executive Vice President,
Public Engagement and CRO



Gary Peck
Vice President,
Regulatory Services



Angelle Sasseville
Vice President,
Policy & Public Affairs



Nick Knight
Vice President,
Corporate Services & CFO



Jay Redmond
Vice President,
Information Technology
& CIO



Ash Tuli
Vice President,
Human Resources

Note:

1. AGLC's Chief Executive Officer is a non-voting member of the Board.



Our PURPOSE

AGLC is the Crown commercial enterprise that oversees the gaming, liquor and cannabis industries in Alberta. We uphold a commitment to balancing choice and social responsibility to provide choices Albertans can trust.

VISION

Strengthen Alberta through its leading-edge gaming, liquor and cannabis industries.

MISSION

Create an environment for responsible choices to deliver economic and social benefits to Albertans.

VALUES



Integrity

We hold ourselves to a high standard. That means operating fairly and honourably with colleagues, customers and stakeholders, even when no one is watching.



Respect

We listen and empower. Our culture adapts and ensures all are heard to build a vibrant Alberta. And when we misstep, we take accountability.



Collaboration

We harness the power of multiple minds and ideas. By breaking down internal and external boundaries to work together, we amplify our achievements.



Innovation

We are always reinventing. The first answer is not always the best answer, so we let our curiosity continuously challenge the status quo.



Inclusion

We embrace the power of diversity. Each of our unique talents, experiences and relationships come together to form one stronger AGLC.

WE ARE LEADING-EDGE BY:

- **driving innovation** through tested yet forward-thinking new products, services and ways of working;
- **being customer-centric**, making AGLC the easiest and most adaptable organization to do business with; and
- **transforming operations** to deliver an effective and efficient modern service experience.

FOR **ALBERTANS**

● **EMPLOYEES**



● **ENVIRONMENT**

● **COMMUNITIES**

● **CONSUMERS**

● **INDUSTRY**

EMPLOYEES

Our employees stand as the cornerstone of our organization, driving our mission with their expertise, passion and commitment.

We strive to provide an environment where our team can thrive, both personally and professionally. This means investing in a culture that values each individual's authentic self and ensuring they feel safe, respected and supported every day. Through their hard work and dedication, they are crucial to fostering positive changes within the gaming, liquor and cannabis industries.

Alberta's



2024 marked the eighth time AGLC was selected as one of Alberta's top employers.

Employee Engagement



Creating meaningful cultural change started with AGLC's 2023 engagement survey results. Four corporate priorities were identified with a focus on work-life balance, leadership and accountability, growth and development and innovation. This prompted the formation of engagement teams, which were comprised of employees from across the organization.

Employer Brand



In February 2024, AGLC launched our new employer brand to employees and the marketplace. The employer brand represents our unique employer identity and conveys our employee promise to celebrate diversity, equity and inclusion, provide opportunities for growth and advancement, and feel good about the work we do to create a more vibrant Alberta.

8

employee engagement action teams worked together to craft over 50 approved action items to improve engagement at AGLC.

602%

increase in website views since our employer brand launch.

LinkedIn Learning



In March 2024, LinkedIn Learning was launched as part of AGLC's Learning and Development Programming refresh. LinkedIn Learning provides employees access to on-demand, up-to-date, relevant content to develop the skills they need. This learning platform compliments AGLC's current and future learning and development programs.

Employees have access to over

8,500

virtual courses, making learning more accessible and inclusive and promoting continuous development across AGLC.

INDUSTRY

AGLC strives to create an environment where the gaming, liquor and cannabis industries can thrive and continue to invest in Alberta.

This means being the easiest and most adaptable organization to conduct business with while focusing on creating business opportunities and generating social value.

We do this by engaging with industry regularly to ensure policies are meeting industry's needs. Our continued dedication to reviewing and updating policies demonstrates the deep commitment we have to a modern regulatory environment, which contributes to the prosperity of Alberta by stimulating economic activity and empowering industry innovation and expansion.

49.7%
of red tape reduced
(GOA target 33%)
since inception
of the Red Tape
Reduction Initiative.

At the end of fiscal
year 2024,
12,332
pieces of red tape
have been removed
since inception
of the Red Tape
Reduction initiative.

12,800+
businesses
positively impacted.

GAMING

- Temporary investment commission provided to casino operators to support property reinvestment, including facility reinvestment, marketing initiatives and non-gambling enhancements and deliver incremental revenue.
- **1,818 slot terminals** replaced in the network to meet player demand and optimize revenue for casino operators.
- VLT Distributed Network Cap removed to provide opportunity for VLT retailers and overall market growth.
- Partnership agreements between AGLC and all the major professional sports teams and other world-class organizations in the province secures revenue growth for Play Alberta.
- Winner's Edge loyalty program migration to casino operators underway offering the ability to deliver site-specific promotions and marketing support for initiatives.

**INDUSTRY
SATISFACTION**



96%

Charitable Gaming
Licensees



94%

Gaming Retailers
and Operators

LIQUOR

- Modernized liquor container registration process.
- Small manufacturer off-sales at Alberta-based trade shows approved, providing another revenue generating opportunity.
- Exclusivity agreements at events enabled, promoting competitive business opportunities for licensees, manufacturers and agencies, while streamlining partnerships between liquor industry stakeholders.
- Retailers approved to sell additional products, including energy drinks, to drive incremental revenue.

\$810,000

estimated revenue generated for industry from amending Manufacturer Class D Off-Sales at trade shows.

CANNABIS

- Collaborated with licensed producers to streamline internal processes and reduce fees/fines, fostering open channels of communication and aligning consumer preferences with product availability.
- Expanded access to legal regulated cannabis with temporary retail sales at events (i.e. festivals) and extended hours of operations approved, increasing revenue generating opportunities.
- Enhanced flexibility for retailers by permitting sales between licensed retailers, unlimited transfers between licensees owned by the same legal entity, amendments to size and number of samples that may be provided, and storage requirements amended, improving efficiencies.

\$2,950,000

estimated cost savings for industry through the amendment of storage requirements.

\$4,050,000

estimated cost savings for industry by reducing the listing fees for cannabis SKUs, among other procedural changes.



90%

Liquor Licensees and Agencies



85%

Cannabis Licensees and Licensed Producers



93%

Overall Stakeholder Satisfaction

CONSUMERS

AGLC is dedicated to delivering choices Albertans can trust.

When it comes to consumer choice, AGLC focuses on providing and facilitating access to a wide range of safe products and experiences to meet changing consumer preferences. AGLC's role in overseeing gaming, liquor and cannabis industries ensures the products and experiences offered by industry can be trusted by Albertans.

Gaming

19
traditional casinos

5
Host First Nations
casinos

5
racing entertainment
centres

2,837
lottery ticket centres

756
VLT locations

1
online gambling
platform
(Play Alberta)

Liquor

5,599
licensed restaurants,
bars, lounges

2,429
licensed liquor
retailers

35,537
liquor products
available

8,967
liquor products
made in Alberta

Cannabis

2,356
cannabis products
available

752
licensed cannabis
stores

136
contracts with licensed
producers of cannabis
(36 contracts with
Alberta-based licensed
producers)



78%

of Albertans trust AGLC to manage gaming, liquor and cannabis activities in Alberta.

90%

of Albertans are satisfied with lottery products.

81%

of Albertans are satisfied with products in casinos and racetracks.

92%

of Albertans are satisfied with the selection of liquor products in liquor stores.

91%

of Albertans who purchased liquor at a restaurant, lounge or bar are satisfied with the hours of service.

86%

of Albertans who purchased cannabis are satisfied with product variety.

82%

of Albertans are satisfied with the accessibility to purchase cannabis.



In Alberta, we all have a role to play in being socially responsible.

At AGLC, being responsible means providing policies, regulations, program tools and resources that educate and enable Albertans to make informed decisions.

AGLC's dedicated regulatory and policy environment maintains our commitment to industry integrity.

ACTIONS

	Gaming	Liquor	Cannabis
ACTIONS	5,282 inspections conducted	20,455 inspections conducted	3,442 inspections conducted
RESULTS	99% compliance rate	99% compliance rate	98% compliance rate

AGLC's Due Diligence unit conducts investigations to determine eligibility of an applicant to hold or continue to hold a registration, licence or approval.

In 2024, AGLC received and processed

891

due diligence disclosures.

AGLC
SMART

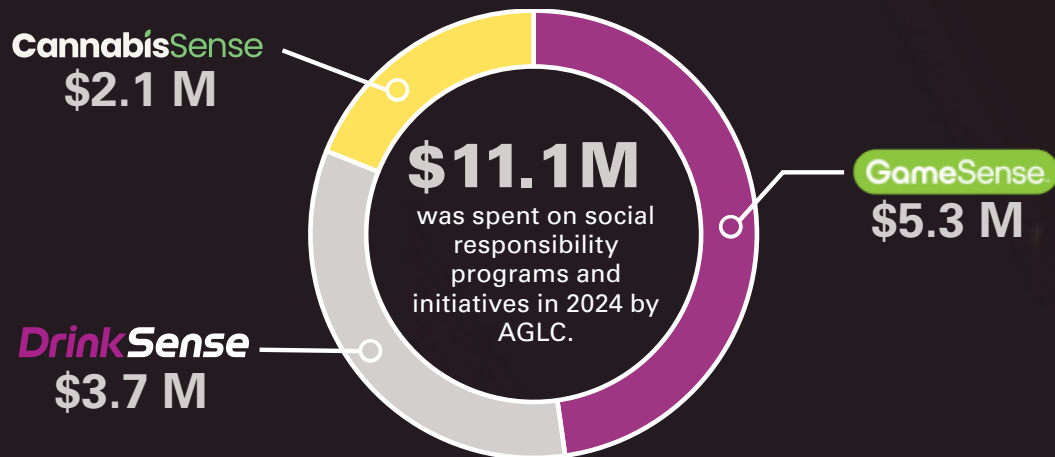
Designed to help gaming, liquor and cannabis industry workers understand their social responsibilities and duty of care obligations so they can provide safe, responsible service at Alberta's licensed premises. AGLC requires all workers in licensed premises to have SMART Training certification for the work they do.

81,547

SMART Training certificates were issued.

Albertans are encouraged to have fun and make informed choices to enjoy gaming, liquor and cannabis products and experiences responsibly.

Our range of social responsibility programs aim to provide awareness, education and support to Albertans to maintain healthy behaviours.



GameSense

Provides players with information on responsible gambling so they have the knowledge they need to make informed decisions.

51%

of Albertans are aware of GameSense.

95%

of Albertans who gamble, gamble responsibly.

DrinkSense

Provides facts about liquor to help Albertans make informed choices about alcohol.

40%

of Albertans are aware of DrinkSense.

93%

of Albertans who drink, drink responsibly.

CannabisSense¹

Educates Albertans on how to understand cannabis, identify legal products and how to consume in moderation.

30%

of Albertans are aware of CannabisSense.

Note:

¹Currently, there is no national standard for responsible cannabis consumption.



DRY9

Aims to support pregnant people and supporters in their decision to not drink any alcohol throughout their pregnancy.

1,473

people signed up to do a Dry9 (565 pregnancy sign-ups and 908 supporter sign-ups).

BEST BAR NONE BB

Aims to reduce alcohol related harms by raising the safety standards of operations in licensed premises.

179

venues accredited.

14

of those were new to the program.

COMMUNITIES

AGLC is committed to making a positive impact and contributing to communities it serves.

Acting as stewards, we ensure revenue generated from Albertan's consumption of gaming, liquor and cannabis products and experiences goes right back into Alberta communities to support essential services such as:



Education



Housing



Infrastructure



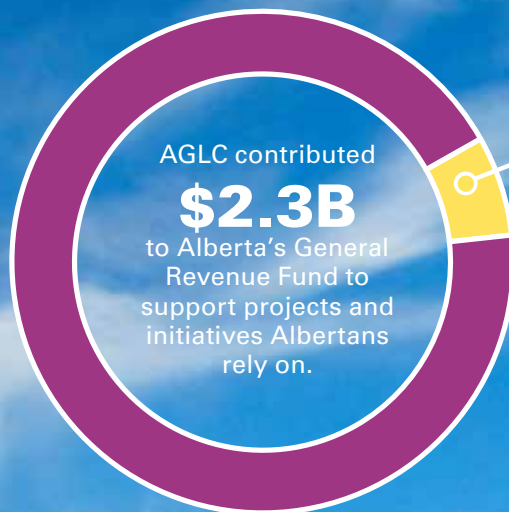
Social Services



Healthcare



Community Development



\$148.6M allocated from Alberta's General Revenue Fund to the First Nations Development Fund.

Alberta is the only province that licenses charities to conduct and manage casino events that support charitable organizations.

Programs and services charities support include:



Youth and older adults



Social and community development programs



Sports



Donations



Cultural



Business, employment, research



Training/education

AGLC's charitable gaming model enables **23,055**

charities to make a difference for Albertans and communities across the province.

67.7%

of gaming funds raised by charitable organizations came from casino events, showing the impact of Alberta's unique charitable gaming model.



\$330.2M
raised by charitable organizations.

\$79.1M
raised by Host First Nation charities.



AGLC offers the Gaming Information for Charitable Groups (GAIN) program to help Alberta charities better understand charitable gaming policies.

121

GAIN webinars held with representatives from **678 organizations.**



United Way
Alberta Capital Region

\$1M+ RAISED

AGLC exceeded its lifetime goal of raising \$1 million for United Way.

AGLC is proud to be a part of over 100 partners in the social services sector that the United Way brings together to address poverty in Alberta.



ENVIRONMENT

AGLC is committed to environmental sustainability.

That commitment underscores our dedication to implementing eco-friendly policy and initiatives. Throughout our industries and our own operations, AGLC is identifying opportunities to minimize our ecological footprint and adopt sustainable practices.

Zero fines or sanctions for non-compliance with environmental laws and regulations.



Transition to LED Lighting in St. Albert




Transitioning to LED lighting at our Corriveau Warehouse is 77 per cent complete, with the parking lot 100 per cent complete.

As part of the Corriveau Tower Retrofit project, we are transitioning the office tower to LED lighting over the next three years, along with a comprehensive upgrade to all systems including HVAC, electrical, flooring and windows.

Single-Use Plastics



In alignment with the Government of Canada's Single-use Plastics Prohibition Regulations, effective June 2024, single-use plastic ring carriers will no longer be distributed from AGLC approved warehouses or manufacturers. For the cannabis industry, a recycling plan is in development which will allow for cannabis containers to be recycled.



MANAGEMENT DISCUSSION & ANALYSIS



INTRODUCTION

The management discussion and analysis section describes AGLC’s mandate and provides additional details regarding the gaming, liquor and cannabis lines of business.

The information included is the best known at the time of publication and should be read in conjunction with the audited financial statements and notes for the year ended March 31, 2024.

Mandate

AGLC is responsible for:



Regulating Alberta’s charitable gaming activities, promoting responsible player experiences, conducting and managing provincial gaming and lottery activities, innovating the player gaming experience and operating Alberta’s only regulated online gambling website, PlayAlberta.ca.

Regulating the manufacture, importation, sale, purchase, possession, storage, transportation and use of liquor; overseeing a stable liquor distribution network; and promoting responsible consumption of liquor in Alberta.



Regulating Alberta’s nonmedical cannabis industry, distributing cannabis and promoting responsible and informed cannabis use.

In 2024, Alberta’s economy showed resilience despite lingering impacts of high interest rates and inflation, with modest real GDP growth and strong population growth supporting both the labour and consumer sectors.

AGLC saw strong performance in gaming and cannabis, eased by lower performance in liquor.

Slots, VLTs and online gambling experienced year-over-year

growth—with online gambling being the most notable where net sales grew 22.0 per cent in comparison to 2023. This was offset by a 4.7 per cent decline in net lottery sales.

While liquor sales and volume remained relatively stable, overall net revenue declined due to the market share growth for Alberta small manufacturers. Additionally, factors such as health consciousness, shifting

tastes and evolving social trends are impacting consumer choices.

Cannabis sales growth was driven by a wider array of product choices, reduced prices and marketing efforts, leading to an increase in legal market share.

In 2024, AGLC contributed \$2.3 billion from gaming, liquor and cannabis operations to the General Revenue Fund.

Performance MEASURES UPDATE

The following table summarizes AGLC's performance against the 2023-26 Business Plan¹.

Performance measures	2024 Target	2024 Actual	2023 Actual
Gaming net operating income (in thousands of dollars)	\$1,514,605	\$1,568,781	\$1,553,562
Liquor net operating income (in thousands of dollars)	\$829,576	\$790,594	\$825,104
Cannabis net operating income ² (in thousands of dollars)	\$4,580	\$10,824	\$18,032
Stakeholder satisfaction	93%	93%	93%
Compliance charitable gaming activities ³	98%	99%	99%
Compliance liquor licensees ³	99%	99%	99%
Compliance cannabis licensees ³	98%	98%	98%
Responsible gamblers	97%	95%	97%
Responsible drinkers	89%	93%	89%
GameSense awareness	41%	51%	48%
DrinkSense awareness	40%	40%	40%
CannabisSense awareness	32%	30%	32%
Reputation index ⁴	84%	75%	77%

Notes:

1. The following performance measures were updated according to the 2024-27 Business Plan: GameSense awareness, DrinkSense awareness and CannabisSense awareness.
2. Does not include cannabis tax revenue of \$210 million collected by the Government of Alberta.
3. Calculated by total inspections during the fiscal year, minus incidents resulting in penalties, divided by total inspections during the fiscal year.
4. The reputation index is calculated by averaging six separate dimensions (emotional appeal, financial performance, vision and leadership, workplace, social responsibility, and products and services).



Gaming **OPERATIONS**

Gaming model

Legal gaming in Alberta includes slot terminals (slots) and video lottery terminals (VLTs), online gambling (PlayAlberta.ca), bingo, lottery tickets, raffles and pull tickets. AGLC provides equipment to retail operators through slots supplied to casinos and Racing Entertainment Centres

(RECs), VLTs provided to casinos and licensed premises, and lottery ticket terminals made available to various retail outlets. Retail operators earn commission reflective of the services they provide. Alberta also has a unique charitable gaming model and is the only province in Canada where charitable organizations are licensed to conduct and manage casino events.

Play Alberta proudly delivers a safe and regulated iGaming option to over

313K

legal age Albertans.

Slot terminals

	2024	2023	2022
	Deployed as of March 31, 2024	Deployed as of March 31, 2023	Deployed as of March 31, 2022
Casinos			
Edmonton	5,069	5,046	5,056
Calgary	4,609	4,625	4,701
Other	3,222	3,250	3,272
Racing Entertainment Centres	1,511	1,523	1,462
TOTAL	14,411	14,444	14,491

Slot net sales

For the year ended March 31

	2024		2023		2022	
	in thousands of dollars	% of net sales	in thousands of dollars	% of net sales	in thousands of dollars	% of net sales
Traditional casinos	\$835,452	64.3%	\$767,677	63.9%	\$545,071	62.5%
Host First Nation casinos	372,384	28.6%	344,746	28.7%	261,984	30.1%
Racing Entertainment Centres	92,523	7.1%	88,955	7.4%	64,739	7.4%
TOTAL	\$1,300,359		\$1,201,378		\$871,794	

Video lottery terminals (VLTs)

	2024	2023	2022
	Deployed as of March 31, 2024	Deployed as of March 31, 2023	Deployed as of March 31, 2022
Within distributed network¹			
Number of operating VLTs	6,033	5,914	5,854
VLT retail locations	756	754	770
Gaming entertainment centres ²	67	67	68
Within casinos			
Number of operating VLTs	459	473	462

Notes:

1. Distributed network includes bars, pubs, airport and gaming entertainment centres. The airport, with 14 deployed terminals, has been temporarily closed since January 14, 2024.
2. Included in the total number of retail locations. Gaming Entertainment Centre refers to a Class A Minors Prohibited licensed premises with 15 to 49 VLTs installed.

VLT net sales

For the year ended March 31

	2024		2023		2022	
	in thousands of dollars	% of net sales	in thousands of dollars	% of net sales	in thousands of dollars	% of net sales
Distributed network ¹	\$512,727	92.0%	\$501,458	91.9%	\$367,455	91.8%
Casinos	44,318	8.0%	44,151	8.1%	32,606	8.2%
TOTAL	\$557,045		\$545,609		\$400,061	

Online gambling net sales

For the year ended March 31

AGLC's online gambling platform, PlayAlberta.ca, offers five distinct gaming experiences for players. Play Alberta has maintained its popularity and continues to attract a strong user base which can be attributed to enhancements and new games added to the platform. A total of \$5.3 billion in bets were placed on Play Alberta across all games in 2024 which was an increase of 20.8 per cent compared to 2023.

In 2024, Play Alberta saw an increase of

27.5%

in registered signups compared to 2023, indicating continued growth and interest in legal online gambling.



	2024		2023		2022	
	in thousands of dollars	% of net sales	in thousands of dollars	% of net sales	in thousands of dollars	% of net sales
Casino	\$177,182	75.4%	\$137,193	71.2%	\$113,873	74.5%
Instants	20,687	8.8%	18,845	9.8%	16,205	10.6%
Live Dealer	17,367	7.4%	15,799	8.2%	10,624	7.0%
Lottery ²	14,119	6.0%	14,920	7.8%	9,398	6.1%
Sports	5,591	2.4%	5,812	3.0%	2,761	1.8%
TOTAL	\$234,946		\$192,569		\$152,862	

Notes:

1. Distributed network includes bars, pubs, airport and gaming entertainment centres.
2. Classified in share of income from Western Canada Lottery Corporation in the financial statements.

Lottery ticket centres

as at March 31

The province of Alberta is a member of the Western Canada Lottery Corporation (WCLC), a non-profit organization authorized to manage, conduct and operate lottery and gaming-related activities for its members, the provincial governments of Alberta, Saskatchewan and Manitoba. Yukon, Northwest Territories and Nunavut participate as associate members. AGLC distributes and sells tickets for national lotteries operated by the Interprovincial Lottery Corporation and lottery gaming products operated by WCLC. As the province’s sole distributor of lottery products, AGLC is responsible for the development and maintenance of the network of Lotto Spot locations in Alberta as follows:

	2024	2023	2022
Number of lottery ticket centres	2,837	2,849	2,856

Lottery net sales

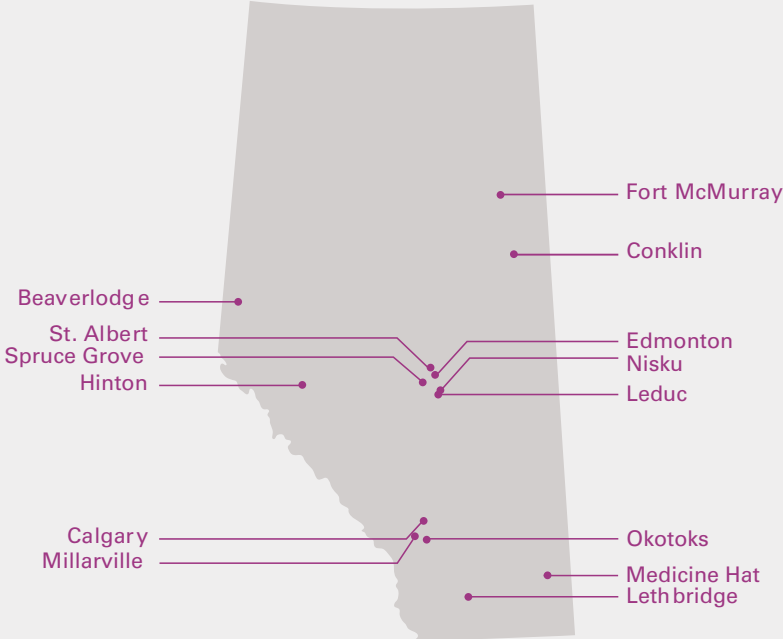
For the year ended March 31

(in thousands of dollars)	2024	2023	2022
Lottery net sales ¹	\$436,974	\$468,103	\$464,991

As of March 31, there were 33 tickets sold in Alberta that won over \$1 million, totaling \$338,166,722 in payouts and a largest single win of \$70M.



Cities and towns in Alberta where winning tickets over \$1 million dollars were sold.



Note:

1. Net of prizes; excludes ticket sales made on PlayAlberta.ca.

Charitable gaming model

The Criminal Code of Canada requires that groups participating in charitable gaming are charitable or religious in nature and that the proceeds from gaming activities be directed to charitable or religious purposes.

Eligible organizations may apply for charitable gaming licences to conduct and manage events. The criteria used to determine eligibility generally includes: aid of distress, advancement of education, advancement of religion and other purposes beneficial to the community. Once approved, AGLC grants licences, monitors compliance with governing policies and oversees the utilization of charitable gaming funds to ensure funding is used in adherence to regulation.

Other than fees for licences, administration and trustee services for charitable proceeds from traditional casino events, AGLC does not receive any revenue from charitable gaming. The groups pay private sector suppliers for the cost of products and services they obtain to conduct their events.

Host First Nation (HFN) casinos operate in parallel to traditional casinos, whereby a HFN is the casino facility operator. A dedicated HFN licensed charity, as a separate and distinct organization, conducts and manages charitable casino events at each HFN facility.

Charitable organizations in Alberta earned \$409.3 million to support programs and services for Albertans.

Charitable gaming proceeds

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

	Bingos ¹	Casinos	Pull tickets ²	Raffles ³	2024	2023	2022
Charity licences ⁴	724	3,462	212	18,657	23,055	19,193	13,338
Total gross proceeds	\$ 113,576	\$ 1,331,343	\$ 94,440	\$ 297,600	\$ 1,836,959	\$ 1,678,114	\$ 1,271,528
Prize/winnings	(75,090)	(1,064,836)	(65,581)	(128,238)	(1,333,745)	(1,206,804)	(900,655)
Expenses ⁵	(24,317)	(172,407)	(17,322)	(62,701)	(276,747)	(255,089)	(185,431)
	(99,407)	(1,237,243)	(82,903)	(190,939)	(1,610,492)	(1,461,893)	(1,086,086)
Net proceeds	\$ 14,169	\$ 94,100	\$ 11,537	\$ 106,661	\$ 226,467	\$ 216,221	\$ 185,442
Electronic gaming proceeds	-	182,746	-	-	182,746	167,648	121,098
KENO proceeds	50	12	-	-	62	80	70
Total proceeds to charity⁶	\$ 14,219	\$ 276,858	\$ 11,537	\$ 106,661	\$ 409,275	\$ 383,949	\$ 306,610

Notes:

1. Includes current year information for bingo events conducted at licensed bingo facilities and prior year data for bingo events conducted at community bingo facilities. Does not include community bingos with gross sales \$20,000 and under.
2. Includes current year information for pull tickets sold at licensed bingo facilities and prior year information for pull tickets sold at all other locations.
3. Includes prior year information for raffles with gross sales over \$20,000 and current year information for raffles with gross sales of \$20,000 and less.
4. Bingo and pull ticket licences are generally in effect for two years. Licences for casinos are generally issued for a single event.
5. Includes event fees/expenses (including licence fees) and pool expenses.
6. Includes data for HFN casinos. Data is collected from many sources and may be based on the current year and/or prior year and, therefore, does not reconcile with AGLC financial statements.





Cold Garden | Photo by Colin Way | Courtesy of Tourism Calgary



Liquor OPERATIONS

Liquor model

Alberta stands out as the only province in Canada with a fully privatized liquor retail model. Saskatchewan is the only other province that has privatized retail but continues to operate as a wholesaler.

As part of our model, liquor retail is managed by private industry. Alberta has an open listing process for liquor products enabling industry to choose what products to list. AGLC manages warehousing and delivery through a private logistics provider where a majority of

There were
260
licensed liquor
manufacturers
in the province of Alberta
in 2024.

manufacturers and suppliers sell liquor products to licensees on consignment through AGLC.

All licensees pay the same wholesale price which includes the manufacturers' invoice price, federal customs and excise duties (where applicable), AGLC's markup, recycling costs, bottle depot and GST. AGLC retains the revenue from the markup and remits it to the General Revenue Fund (less operating expenses). The remaining fees and tax are remitted to the appropriate entities.

Liquor licences¹

as at March 31

	2024	2023	2022
Class A (restaurants/bars/lounges/taprooms)	5,599	5,539	5,452
Class B (sports stadiums/convention centres/racetracks)	1,117	1,062	958
Class C (private clubs/military or police canteens)	755	762	759
Class D (retail stores/delivery services/ hotel off-sales)	2,429	2,418	2,413
Class E (liquor manufacturers/packaging)	260	257	236
Class F (fermentation/winemaking facilities)	22	27	27
TOTAL	10,182	10,065	9,845

Liquor products available

as at March 31

(approximate number of stock keeping units (SKUs))

8,967
liquor products were
produced in Alberta.

	2024	2023	2022
Wine	17,239	16,349	14,701
Spirits	7,925	7,181	6,039
Beer	8,385	8,200	7,652
Refreshment beverages ²	1,988	1,898	1,655
TOTAL	35,537	33,628	30,047

Notes:

1. Please refer to aglc.ca for detailed information regarding liquor licences in Alberta.
2. Includes coolers, ciders, kombucha and ready-to-drink (RTD) beverages.

Liquor sales

For the year ended March 31

	2024	2023	2022	2024	2023	2022
	in thousands of dollars			in hectolitres, hL		
Beer	\$936,700	\$943,344	\$932,120	2,132,370	2,189,809	2,233,147
Spirits	927,133	933,641	909,451	301,691	299,984	303,380
Wine	623,440	636,960	636,943	397,887	412,790	430,522
Refreshment beverages ¹	313,042	294,606	285,972	581,089	567,550	573,567
TOTAL	\$2,800,315	\$2,808,551	\$2,764,486	3,413,037	3,470,133	3,540,616

Note:

1. Includes coolers, ciders, kombucha and Ready-to-drink (RTD) beverages.





Cannabis OPERATIONS

Cannabis model

Alberta has a private model for non-medical cannabis retail sales. All cannabis retailers must be licensed by AGLC. All licence applicants undergo extensive mandatory background checks and are subject to government regulations and AGLC licensing terms and conditions.

Licensed producers are regulated by Health Canada.

AGLC collects markup on cannabis products sold to retailers, but is not responsible for collecting excise duties on cannabis.

The **6%** markup on
cannabis products
contributed to

\$38.1M

of net revenue in 2024.

Cannabis retail stores

as at March 31

	2024	2023	2022
Licensed cannabis retail stores	752	756	756

Cannabis products available

as at March 31
(number of SKUs)

	2024	2023	2022
Pre-roll	574	401	333
Vape	455	342	303
Dried flower	431	550	420
Extract	395	258	132
Edible	222	218	190
Capsule/soft gel	59	41	24
Milled flower	59	81	23
Beverage	57	73	66
Oil/spray	56	44	59
Topical	39	59	79
Seed	5	7	19
Beverage (non-liquid)	4	11	16
Total	2,356	2,085	1,664

Cannabis sales¹

For the year ended March 31

AGLC, alongside the federal and provincial governments, works with licensed producers to ensure pricing is competitive with the goal of increasing legal market share and ultimately reducing the illegal market share.

	2024	2023	2022	2024	2023	2022
	in thousands of dollars			in kilograms ²		
Dried flower	\$207,435	\$206,886	\$226,528	65,127	59,121	59,490
Vape	143,116	127,574	103,946	23,956	19,018	12,824
Pre-roll	138,090	131,789	120,874	29,514	25,465	21,704
Extract	108,659	73,372	28,940	35,174	20,569	5,781
Edible	30,746	28,514	23,993	9,764	8,126	5,997
Milled flower	17,301	23,902	15,726	6,529	7,939	5,265
Oil/spray	8,020	9,185	11,492	267	330	477
Beverage	9,715	7,843	6,406	1,333	1,931	6,418
Capsule/soft gel	7,480	6,620	6,001	600	621	478
Topical	2,733	2,628	3,261	353	702	795
Beverage (non-liquid)	131	426	773	21	45	51
Seed	102	139	366	16	26	49
Total	\$673,528	\$618,878	\$548,306	172,654	143,893	119,329

Note:

1. Does not include cannabis tax revenue of \$210 million collected by the Government of Alberta.
2. Sales in kg is calculated using dried cannabis equivalent for each product.





Managing **ENTERPRISE RISK**

The Enterprise Risk Management (ERM) Program supports the achievement of AGLC's strategy by encouraging a collaborative risk management culture through a shared responsibility among all employees to create and protect value.

ERM considers and manages both threats and opportunities to ensure the gaming, liquor and cannabis business lines deliver long-term benefits for Albertans.

AGLC's Risk Appetite reflects our values, mission and vision:

AGLC takes on risks required to create leading-edge gaming, liquor and cannabis industries that deliver economic and social benefits to Albertans.

The risks taken on must be understood and managed.

The risks cannot expose AGLC to any significant losses related to social responsibility, industry integrity or compromise our ability to meet regulatory obligations.

Top and Emerging Risks



As part of the ERM program, AGLC regularly reviews and assesses the operational environment to identify top and emerging risks, and it takes action to mitigate or pursue potential impacts. AGLC's top risks are those that could pose challenges or create opportunities for AGLC in pursuit of our strategic aims. An emerging risk is one that has not fully materialized but is being monitored for how it may impact the organization. Emerging risks are beyond AGLC's control, but the organization can prepare to reduce any negative outcomes or take advantage of any positive influences.

Workforce



Attracting, developing and retaining employees with necessary skills and behaviours is crucial for AGLC to meet current and future operational needs.

To proactively address and respond to this risk, AGLC is focusing on enhancing the employee experience through our People Strategy. This strategy aims to support employees through meaningful work, learning and development opportunities and a supportive leadership environment. These elements in our People Strategy are intended to be key factors in helping employees advance their career at AGLC and beyond.

Emerging risks such as evolving talent requirements and faster career shifts highlight the importance of AGLC's People Strategy to proactively respond to these risks.

Market Dynamics



Economic conditions, shifts in consumer behaviour and new technology drive our market dynamics risk. These factors play a significant role in determining investment decisions related to gaming, liquor and cannabis products and experiences.

To proactively manage this risk, AGLC continues to prioritize industry collaboration, benefits for Albertans and protection for consumers through execution of its Customer and Industry Strategies. AGLC will continue to foster agility to respond to any opportunities and challenges in the gaming, liquor and cannabis sectors, including emerging legislative changes and economic uncertainty.

Information Systems, Technology & Security



The increased sophistication and continual evolution of technologies and platforms—along with the need for seamless integration to improve the services AGLC provides—influence our information systems, technology and security risk.

To proactively manage this risk, our Digital Strategy will deliver modernized IT services along with new technology and processes that protect AGLC while safeguarding industry integrity. AGLC continues to monitor the evolving emerging technological risk landscape to respond and adapt as required.

Future **OUTLOOK**

Alberta's economy continues to be resilient and remains a growth leader in Canada, despite the lingering impact of high interest rates and inflation over the last couple of years.

Leading all provinces in population growth and outpacing the national economy on job creation, Alberta's economy is projected to expand in the coming year. Real GDP is forecast to rise 2.9 per cent, diverging from the slower growth in Canada and globally.

Gaming and cannabis are expected to continue their strong performance, eased by sustained lower performance in liquor. Overall, strong revenue performance will be offset by increased operational expenses, primarily related to the change in useful life of gaming terminals, modernization of systems and platforms, and inflationary pressures.

As we continue to execute our customer and industry strategies, we remain committed to innovating the player gaming experience, modernizing opportunities in the liquor industry and advancing the cannabis market while also advancing social responsibility.

Gaming will continue to invest funds to support our ongoing commitment to a leading-edge gaming industry. This includes significant reinvestment into gaming terminals to meet

evolving customer preferences, as well as the temporary investment commission for casino operators to support property reinvestment, including facility reinvestment, marketing initiatives and non-gambling enhancements, to drive land-based revenue. The launch of the Play Alberta mobile app in late-2024 will enhance the mobile gaming experience for Albertans while driving increased market share.

To expand access to responsible gambling resources, GameSense will be launching a dedicated phone line for customers playing from home or at VLT retailer locations. Additionally, the Self-Exclusion program is being enhanced with a self-scheduling feature allowing customers to discuss program enrolment at their convenience.

In the face of shifting consumer preferences, AGLC continues to find new ways to support the liquor industry through novel business opportunities and the modernization of Alberta's vibrant liquor industry. Being a mature industry, liquor volumes are expected to remain stable. However, the increased market share capture by small manufacturers is contributing to the expected lower performance in liquor.



AGLC's DrinkSense, Dry9 and Best Bar None social responsibility programs are resources trusted by Albertans that raise awareness and promote a culture of moderation. Continued mass media campaigns for DrinkSense are planned to encourage Albertans who choose to drink alcohol to be mindful of the potential risks and offer simple tips to consume in moderation. In addition, updated campaigns are planned to raise awareness of our Dry 9 programs and the dangers of drinking while pregnant.

AGLC continues to work with cannabis industry stakeholders to develop a progressive business model that ensures sustainability and industry success. Increased consumer demand coupled with competitive pricing and product choice continues to drive cannabis growth.

AGLC's mandate to regulate retail licensing, operations and distribution channels, limits the growth of the illegal market—further bolstering performance.

AGLC's CannabisSense program has made considerable headway with significant growth in awareness. The program will continue to educate

Albertans on what cannabis is, consumption methods, identifying legal products and how to consume in moderation while also explaining the health effects of cannabis.

AGLC remains focused on achieving sustainable growth in the ever-evolving environment through its strategic business investments and cost management. We continually look for ways to deliver our services more efficiently and effectively to Albertans. Through the execution of AGLC's five-year strategic plan, we continue to propel the province of Alberta to the forefront of industry advancements while stewarding a balanced environment where businesses thrive and the interests of Albertans are protected.

FINANCIAL STATEMENTS



Statement of Management’s Responsibility for Financial Reporting

The accompanying financial statements of the Alberta Gaming, Liquor and Cannabis Commission (AGLC) have been prepared by management and approved by AGLC’s Board (Board). The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Management is responsible for the integrity and fairness of the financial statements. Where required, management has made informed judgments and estimates regarding the expected future effects of current events and transactions with appropriate consideration to materiality. In the opinion of management, the financial statements have been properly prepared and fairly represent the financial position, operational results and cash flows of AGLC.

Management has developed and implemented appropriate systems of internal controls and supporting procedures which have been designed to provide reasonable assurance that assets are protected; transactions are properly authorized, executed and recorded; and the financial statements are free from material misstatements. AGLC maintains a team of internal auditors whose functions include an ongoing review of internal controls and their applications. The Director, Internal Audit, has direct and unrestricted access of the Audit and Finance Committee.

The Board, assisted by the Audit and Finance Committee, is responsible for overseeing management in performance of its financial reporting duties. The Audit and Finance Committee meets regularly with management and external auditors to review the scope and findings of audits and to satisfy itself that the committee’s responsibility has been properly discharged. The Audit and Finance Committee has reviewed the financial statements and has recommended their approval by the Board.

The Office of the Auditor General of Alberta performs an independent external audit of these financial statements and prepared an Independent Auditor’s Report, which is presented as part of the financial statements. The Independent Auditor’s Report outlines the scope of the audit examination and provides the audit opinion.



Kandice Machado

Chief Executive Officer



Nick Knight

Vice President, Corporate Services
and Chief Financial Officer



Independent Auditor's Report



To the Members of Alberta Gaming, Liquor and Cannabis Commission

Report on the Financial Statements

Opinion

I have audited the financial statements of Alberta Gaming, Liquor and Cannabis Commission (the Commission), which comprise the statement of financial position as at March 31, 2024, and the statements of net income, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2024, and its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

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

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

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 Commission'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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

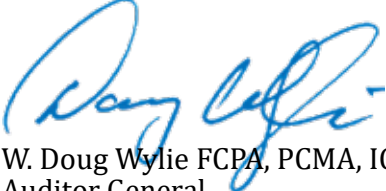
Auditor's responsibilities for the audit of the financial statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Commission'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 Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission 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.

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



W. Doug Wylie FCPA, PCMA, ICD.D
Auditor General

May 24, 2024
Edmonton, Alberta

STATEMENT OF FINANCIAL POSITION

As at March 31
(in thousands of dollars)

	Note	2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	5	\$ 112,509	\$ 134,731
Trade and other receivables		60,280	32,438
Lease receivables	10	3,332	3,901
Inventories and prepaid expenses	6	91,207	92,840
		<u>267,328</u>	<u>263,910</u>
Non-Current Assets			
Property and equipment	7	346,375	291,614
Intangible assets	8	56,879	63,310
Investment properties	9	133,355	132,813
Lease receivables	10	231	3,563
Right-of-use assets	10	8,562	1,614
Net defined benefit pension asset	12	31,118	19,580
Investment in Western Canada Lottery Corporation	16	38,162	38,833
		<u>614,682</u>	<u>551,327</u>
TOTAL ASSETS		<u>\$ 882,010</u>	<u>\$ 815,237</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		\$ 288,561	\$ 247,978
Lease liabilities	10	5,191	5,120
		<u>293,752</u>	<u>253,098</u>
Non-Current Liabilities			
Due to General Revenue Fund	11	318,763	331,974
Lease liabilities	10	7,158	3,947
		<u>325,921</u>	<u>335,921</u>
EQUITY			
Retained surplus		186,600	161,600
Accumulated other comprehensive income	12	75,737	64,618
		<u>262,337</u>	<u>226,218</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 882,010</u>	<u>\$ 815,237</u>

The accompanying notes are an integral part of these financial statements.

Approved by
BOARD



Vincent Vavrek
Audit and Finance Committee Chair

MANAGEMENT



Kandice Machado
Chief Executive Officer

STATEMENT OF NET INCOME

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

	Note	2024	2023
Cannabis revenue		\$ 673,528	\$ 618,878
Cannabis cost of sales		(609,591)	(558,453)
Cannabis net revenue	13	63,937	60,425
Gaming net sales		2,078,231	1,924,636
Commissions, promotions and federal payments		(573,815)	(493,356)
Gaming net revenue	13	1,504,416	1,431,280
Liquor net revenue	13	823,205	850,412
Net Revenue		2,391,558	2,342,117
Operating expenses	14	(368,520)	(322,145)
Profit from Operations		2,023,038	2,019,972
Other revenue	15	24,343	23,857
Share of income from Western Canada Lottery Corporation	16	322,818	352,869
Net Income	13	2,370,199	2,396,698
Net income allocation to General Revenue Fund	11	(2,345,199)	(2,366,698)
Net Income after Allocation	11	\$ 25,000	\$ 30,000

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

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

	Note	2024	2023
Net income	13	\$ 2,370,199	\$ 2,396,698
Other Comprehensive Income			
Net actuarial gain	12	11,119	27,538
Comprehensive Income		\$ 2,381,318	\$ 2,424,236

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

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

	Note	2024	2023
Retained Surplus			
Retained surplus, beginning of year		\$ 161,600	\$ 131,600
Net income after allocation		25,000	30,000
Retained surplus, end of year		186,600	161,600
Accumulated Other Comprehensive Income			
Accumulated other comprehensive income, beginning of year		64,618	37,080
Other comprehensive income	12	11,119	27,538
Accumulated other comprehensive income, end of year		75,737	64,618
Total Equity		\$ 262,337	\$ 226,218

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

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

	2024	2023
Cash Flows from Operating Activities		
Comprehensive income	\$ 2,381,318	\$ 2,424,236
Share of income from Western Canada Lottery Corporation	(322,818)	(352,869)
Amortization	80,673	72,664
Decommissioning provision	(1,580)	-
Lease interest expense	279	157
Lease interest income	(74)	(124)
Loss on disposal of non-current assets	967	1,193
Decrease in net defined benefit pension liability	-	(7,164)
Increase in net defined benefit pension asset	(11,538)	(19,580)
Net change in non-cash working capital items:		
Increase in trade and other receivables	(27,842)	(5,728)
Decrease (increase) in inventories and prepaid expenses	1,633	(5,974)
Increase (decrease) in trade and other payables	40,583	(14,722)
	2,141,601	2,092,089
Transfers to General Revenue Fund	(2,358,410)	(2,378,943)
Net Cash Used in Operating Activities	(216,809)	(286,854)
Cash Flows from Investing Activities		
Purchase of property and equipment	(118,946)	(106,753)
Purchase of intangible assets	(4,255)	(12,149)
Additions to investment properties	(3,928)	(269)
Net proceeds on disposal of non-current assets	559	263
Rental payments received	3,975	3,922
Advances received from Western Canada Lottery Corporation	323,489	349,060
Net Cash Provided by Investing Activities	200,894	234,074
Cash Flows from Financing Activities		
Lease payments	(6,307)	(6,958)
Net Cash Used in Financing Activities	(6,307)	(6,958)
Net Decrease in Cash and Cash Equivalents during the year	(22,222)	(59,738)
Cash and Cash Equivalents, beginning of year	134,731	194,469
Cash and Cash Equivalents, end of year	\$ 112,509	\$ 134,731
Supplemental Cash Flow Information		
Interest received	\$ 5,444	\$ 3,974

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

1. Nature of Operations

The Alberta Gaming, Liquor and Cannabis Commission (AGLC) operates under the authority of the *Gaming, Liquor and Cannabis Act* (Act), Revised Statutes of Alberta 2000, Chapter G-1. Under the Act, AGLC was established as a provincial Crown corporation governed by the Board appointed by the Lieutenant General in Council.

The objectives of AGLC are:

- a) to administer the Act;
- b) to conduct and manage provincial lotteries (gaming activities) for the Government of Alberta;
- c) to carry out functions respecting gaming delegated to it by the Lieutenant Governor in Council under the *Criminal Code* (Canada) or conferred on it by this Act;
- d) to control, in accordance with the Act, the manufacture, import, sale, purchase, possession, storage, transportation, use and consumption of liquor;
- e) to control, in accordance with the Act, the import, purchase, giving, possession, storage, transportation and use of cannabis;
- f) to distribute, or control the distribution, of cannabis in accordance with this Act;
- g) to sell, or control the sale, of cannabis in accordance with this Act;
- h) to generate revenue for the Government of Alberta.

The registered office is located at 50 Corriveau Avenue, St. Albert, Alberta.

2. Basis of Presentation

a) Basis of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and related interpretations as issued by the IFRS Interpretation Committee (IFRIC).

These financial statements were authorized for issue by the Board on May 24, 2024.

b) Basis of Measurement

These financial statements have been prepared on a historical cost or amortized cost basis and are presented in Canadian dollars, the functional currency of AGLC. All values are rounded to the nearest thousand.

3. Significant Accounting Policies

a) Financial Instruments

Recognition and Measurement

Financial instruments are classified based on the business model for managing financial instruments and contractual cash flow characteristic of the financial instruments. They are recognized in the Statement of Financial Position when AGLC becomes a party to the contractual terms of the instrument, which represents its trade date.

All financial instruments are initially measured at fair value and are subsequently accounted for based on their classification. Transaction costs directly attributable to acquisition or issue of financial instruments (other than those at fair value through profit or loss) are added or subtracted from the fair value of financial instruments. Transaction costs directly attributable to acquisition or issue of financial instruments at fair value through profit or loss are recognized immediately in profit or loss.

AGLC's financial instruments are classified as following:

Cash and cash equivalents	Debt instrument at amortized cost
Trade and other receivables	Debt instrument at amortized cost
Trade and other payables	Other financial liabilities at amortized cost
Due to General Revenue Fund	Other financial liabilities at amortized cost

Derecognition

Financial assets are derecognized when the contractual cash flows from the assets expire or when AGLC transfers the right to receive the contractual cash flows of the assets. Financial liabilities are derecognized when the contractual obligation under the liability is discharged, cancelled, or it expires. Any differences in the carrying amounts of the financial instruments are recognized in the Statement of Net Income.

Impairment

Financial assets measured at amortized cost are assessed at each reporting date to determine whether there is objective evidence of impairment. An expected credit loss impairment model is applied, where expected credit losses are the present value of all cash flows that AGLC expects to receive over the expected life of the financial asset. AGLC recognizes lifetime expected credit losses for trade and other receivables.

b) Inventories

Gaming parts and supplies and cannabis products held for sale are measured at the lower of cost and net realizable value (NRV). The cost of inventories is determined on a weighted average basis and includes the purchase price, net of trade discounts received, plus other costs incurred in bringing the inventories to their present locations. Inventories are written down to their NRV when the cost of inventories is estimated not to be recoverable through sale or usage. Any write-down to NRV is recognized as expense in the period in which the write-down occurs.

Liquor inventory is held on behalf of liquor suppliers and/or agencies. As such, their value, as well as related duties and taxes, are not recorded in these financial statements.

c) Property and Equipment and Intangible Assets

Property and equipment and intangible assets are reported at cost less accumulated amortization. Where an asset is comprised of major components with different useful lives, the components are accounted for and amortized separately. Amortization begins when the asset is put into use, with no amortization calculated on assets under construction or development. Land is not amortized.

Costs related to software developed or obtained for internal use are capitalized if it is probable that future economic benefit will flow to AGLC and the cost can be reliability measured.

The estimated useful life of assets is reviewed annually for any changes in circumstances. The effects of any changes to the estimated useful life are accounted for on a prospective basis.

Gains and losses on the disposal of assets are recorded in the year of disposal.

Amortization is calculated on a straight-line basis over the estimated useful life of assets as follows:

Buildings	Up to 40 years
Leasehold improvements	Lease term
Equipment	Up to 15 years
Computer hardware	Up to 10 years
Gaming terminals	Up to 8 years
Software	Up to 15 years

d) Investment Properties

Investment properties are comprised of land, buildings or a combination of both and are held by AGLC to earn rental income. They include the liquor distribution and storage facility located at 2 Boudreau Road, leased to Connect Logistics Services Inc., and a warehouse located at 50 Corriveau Avenue. Both facilities are located in St. Albert.

Investment properties are initially recognized at cost and are subsequently carried at cost less accumulated amortization. Where an asset is comprised of major components with different useful lives, the components are accounted for and amortized separately. Amortization begins when the asset is put into use, with no amortization calculated on assets under construction or development. Land is not amortized.

The estimated useful life is reviewed on an annual basis for any changes in circumstances. The effects of any changes to the estimated useful life are accounted for on a prospective basis.

Gains and losses on the disposal of assets are recorded in the year of disposal.

Amortization is calculated on a straight-line basis over the estimated useful life of assets as follows:

Buildings	Up to 40 years
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e) Defined Benefit Pension Plan

AGLC participates in multi-employer defined benefit pension plans sponsored by the Province of Alberta: the Public Services Pension Plan (PSPP), the Management Employees Pension Plan (MEPP) and the Supplementary Retirement Plan (SRP) for Public Service Managers. The cost of providing benefits under the defined benefit plans is determined separately for each plan by independent actuaries based on applicable assumptions. An expense and associated liability for benefits earned are recognized in the period that employee services have been rendered. Under defined benefit pension plan accounting, AGLC must recognize its proportionate share, determined on an actuarial basis, of plan assets, obligations, remeasurement amounts and service costs.

For defined benefit pension plans, current benefit cost represents the actuarial present value of the benefits earned in the current period. Such cost is actuarially determined using the accrued benefit method prorated on service, a market interest rate, management's best estimate of projected costs, and the expected years of service until retirement. The liability is the present value of the defined benefit obligation, which is determined by discounting the estimated future cash flows using a discount rate based on market yields of high-quality corporate bonds having terms to maturity that approximate the duration of the related benefit liability. Interest expense represents the amount required in each year to form the liability over the projected period to its future value. Remeasurement changes in benefit liabilities, composed of actuarial changes in assumptions and experience gains and losses, are recognized in other comprehensive income.

The net defined benefit pension liability, including the underlying assumptions for future salary increases, inflation rates and discount rates, is reviewed annually.

f) Investment in an Associate: Western Canada Lottery Corporation

Western Canada Lottery Corporation (WCLC) was incorporated without share capital under Part II of the *Canada Corporations Act* on April 16, 1974 and was continued under the *Canada Not-for-profit Corporations Act* on June 30, 2014. WCLC is authorized to manage, conduct, and operate lottery and gaming-related activities for its members – the Governments of Alberta, Saskatchewan, and Manitoba. Yukon, the Northwest Territories and Nunavut participate as associate members.

AGLC has significant influence, but no control or joint control, over the financial and operating policy decisions of WCLC. As a result, AGLC's investment in WCLC (considered an associate) is accounted for using the equity method of consolidation.

Under the equity method, the investment in WCLC is reported in the Statement of Financial Position at cost, including post-acquisition changes in AGLC's share of net assets of WCLC.

The Statement of Net Income reflects AGLC's share of the results of WCLC's operations. Where there has been a change recognized directly in the equity of WCLC, AGLC recognizes its share of any changes and discloses this, when applicable, in due to General Revenue Fund. Unrealized gains and losses resulting from transactions between AGLC and WCLC are eliminated to the extent of the interest in WCLC.

The financial statements for WCLC are prepared in accordance with IFRS, for the same reporting period as AGLC. Where necessary, adjustments are made to bring the accounting policies into conformity with those of AGLC.

If there were indicators that the investment is impaired, the difference between the recoverable amount and carrying value would be recognized in the Statement of Net Income.

Upon any loss of significant influence over WCLC, AGLC would measure and recognize any remaining investment at its fair value. Any difference between the carrying amount, the fair value of the investment, and proceeds from disposal, would be recognized in the Statement of Net Income.

g) Impairment of Non-Financial Assets

The carrying amount of non-financial assets is reviewed for impairment whenever events, changes in circumstances or technical or commercial obsolescence, indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets would be grouped at the lowest level for which there are separately identifiable cash inflows, referred to as cash-generating units. An impairment loss is the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a cash generating unit's fair value less costs to sell and its value in use. Impairment losses would be recognized in the Statement of Net Income.

For impaired non-financial assets, an assessment is made annually to determine if there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, AGLC would estimate the recoverable amount. A previously recognized impairment loss would only be reversed if there has been a change in the assumptions used to determine the recoverable amount since the last impairment loss was recognized. An impairment loss would only be reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized in prior years. Such impairment loss reversal would be recognized in the Statement of Net Income, in a manner consistent with the originally recognized impairment loss.

h) Leases

As a Lessor

Leases in which AGLC assumes substantially all the risks and rewards of ownership are classified as financial leases, while all other leases are classified as operating leases. All leases with AGLC as a lessor (properties classified as investment properties) have been classified as operating leases, with lease income recognized in net income on a straight-line basis over the term of the lease. Expenses incurred in earning lease income are expensed as incurred.

As a Lessee

At inception of an arrangement, AGLC determines whether the arrangement is, or contains, a lease.

AGLC leases properties (offices, warehouses, and storage facilities) and vehicles. Contracts are typically made for fixed terms, but some may include extension options.

As a lessee, AGLC applies a single recognition and measurement approach for all leases, except for short-term leases, and recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to account for the present value of the future lease payments. Extension options are included in the assessment if AGLC is reasonably certain to exercise the options.

Right-of-use Assets

AGLC recognizes right-of-use assets at the commencement date of the lease when the underlying asset is available for use. Right-of-use assets are measured at cost, including the lease and non-lease components of the lease arrangement, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, as follows:

Properties	Up to 5 years
Vehicles	Up to 3 years

The right-of-use assets are also subject to impairment as described in Note 3g.

Lease Liabilities

At the commencement date of the lease, AGLC recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and incorporate the lease and non-lease components of the lease arrangement (including in-substance fixed payments).

In calculating the present value of lease payments, AGLC uses the interest rate implicit in the lease or its incremental borrowing rate (IBR) if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is reduced by the principal portion of the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments.

Short-term Leases and Leases of Low value Assets

AGLC applies the short-term lease recognition exemption to its short-term leases (leases with a term of up to 12 months) of gaming equipment. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense over the lease term.

Subleases

AGLC has several property contracts which have been subleased to third parties. In these cases, AGLC as the original lessee, accounts for the original lease (the head lease) as a lessee and for the sublease as the lessor (intermediate lessor).

AGLC, as the intermediate lessor, recognizes lease receivables in the Statement of Financial Position and accounts for the head lease liability in accordance with the lessee accounting model.

i) Revenue from Contracts with Customers

AGLC's revenue is generated primarily from gaming activities (including revenue from slot terminals, video lottery terminals and online gambling), as well as the selling of liquor and cannabis. Revenue is recognized when control of the goods or services is transferred to the customer. AGLC is the principal in its revenue arrangements for gaming activities and cannabis, and an agent for liquor transactions based on the control of goods or services before they are transferred to the customer.

The disclosures of significant accounting estimates, assumptions and critical judgments related to revenue from customers are provided in Note 4.

Gaming Revenue

Gaming revenue is comprised of one performance obligation which is honoring the outcome of the game played and making the appropriate payout. AGLC recognizes revenue from the gaming activities based on the net win or loss as it is determined since no further performance obligations exist. Payment from the customer is required to initiate the game play.

Player Engagement Program

AGLC administers and manages Winner's Edge, a Player Engagement Program (PEP), which allows players to accumulate loyalty points for slot terminal play that can be redeemed for free plays or additional ballots for designated promotional draws. PEP loyalty points give rise to a separate performance obligation, as they provide a material right to the player. A portion of the slot terminal transaction price is allocated to the PEP loyalty points awarded to customers, based on relative stand-alone selling price, and recognized as a contract liability until the PEP loyalty points are redeemed. Revenue is recognized upon redemption of PEP loyalty points by the customer.

When estimating the stand-alone selling price of the PEP loyalty points, AGLC considers the likelihood that the customer will redeem the loyalty points within the expiration period. AGLC updates its estimates of the points that will be redeemed and any adjustments to the liability balance are recognized against revenue.

Sale of Liquor

In most cases, AGLC purchases liquor products from liquor suppliers and registered agencies to warehouse and distribute based on a consignment model, however Alberta-based manufacturers are also permitted to warehouse and distribute liquor products. As warehousing and distribution is managed by third-party providers and Alberta-based manufacturers, AGLC is acting as an agent in these arrangements. Revenue is recorded on a net basis, recognized at the point in time when control for the goods is provided to the third-party providers or Alberta-based manufacturers. Payment is required before the goods are transferred.

Sale of Cannabis

AGLC purchases cannabis products from licensed producers and is responsible for warehousing and distributing recreational cannabis products to licensed retailers. AGLC maintains direct control of cannabis products and thus is a principal in the arrangement and records revenue on a gross basis. Revenue from the sale of cannabis is recognized at the point in time when control of the goods is transferred to the customer on delivery. Payment is required before the goods are transferred.

j) Goods and Services Tax

As a Government of Alberta entity, AGLC is exempt from paying Goods and Services Tax (GST) on purchases of taxable supplies and services related to liquor and cannabis operations.

As a provincial gaming authority, AGLC is a prescribed registrant under the Games of Chance (GST/HST) Regulations of the *Excise Tax Act*. AGLC is obligated to calculate and remit GST for gaming related operations pursuant to the *Excise Tax Act*.

k) Operating Expenses

Operating expenses are allocated against gaming, liquor and cannabis revenue sectors based on the nature of the expenses.

l) Allocation of Net Income

The Act requires AGLC to transfer the net income to the General Revenue Fund. Note 11 provides additional information regarding the amount due to the General Revenue Fund.

m) Contingent Liabilities and Provisions

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events or are present obligations that are not recognized because it is not probable that settlement will require an outflow of economic benefits or because the amount of the obligation cannot be reliably measured.

Provisions are recognized when it is probable that an outflow of economic resources will be required to settle a legal or constructive obligation arisen as a result of past events, and for which a reliable estimate of the amount of the obligation can be made. The expense relating to a provision is presented in the Statement of Net Income, net of any reimbursement.

n) Future Accounting Policy Changes

Future accounting policy changes are based on standards issued, but not yet effective, up to the date of the issuance of the financial statements. The following information is of standards and interpretations issued, which may be relevant and applicable at a future date.

IAS 1 Presentation of Financial Statements – amendments effective for annual reporting periods starting on or after January 1, 2024. The amendments provide clarity on the classification of liabilities with covenants as current or non-current and improve the disclosure of these covenants in the notes to the financial statements. Management is currently assessing the impact of the amendments.

IFRS 16 Leases – amendments effective for annual reporting periods starting on or after January 1, 2024. The purpose of the amendments is to clarify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability arising from a sale and leaseback transaction that qualifies under IFRS 15 *Revenue from Contracts with Customers*. It prevents a seller-lessee from recognizing any gain or loss that relates to the right of use it retains over an asset. Management is currently assessing the impact of the amendments.

4. Significant Accounting Estimates, Assumptions and Critical Judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of AGLC's accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

For property and equipment, intangible assets and investment properties, judgment is used to estimate the useful life of the assets. The estimate is based on analysis of pertinent factors including the expected use of the asset and asset category.

For the provision for pension liability, judgment is used to estimate the underlying assumptions for future salary increases, inflation rates and discount rates.

When accounting for leases where the interest rate implicit in the lease cannot be readily determined, AGLC uses its IBR to measure lease liabilities. The IBR is the rate of interest that AGLC would have to pay to borrow funds over a similar term, and with a similar security, necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects an estimated rate that AGLC 'would have to pay'.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described throughout these notes to the financial statements. AGLC based its assumptions and estimates on the best information available to management. Existing circumstances and assumptions about future development(s) may change due to market changes or circumstances, arising beyond the control of management. Such changes are reflected in the assumptions as they occur.

5. Cash and Cash Equivalents

Cash and cash equivalents consist of current balances in banks and demand deposits with the Government of Alberta, as well as funds under administration.

Demand deposits with the Government of Alberta are held in the Consolidated Liquidity Solution (CLS). Effective July 4, 2022, the CLS replaced the Consolidated Cash Investment Trust Fund (CCITF) as the Province's cash pooling structure, designed to enhance the effectiveness and efficiency of cash management. AGLC, as a CLS participant, is paid interest on monthly-basis on deposits at an interest rate based on a 12-week rolling average of the Province's 3-month cost of borrowing.

A total of \$19,651 (2023 - \$19,278) in funds under administration is comprised of proceeds from table games that AGLC holds on behalf of charities. AGLC manages the collection of these funds, as well as investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by AGLC and pooled by casino or region; these funds earn interest and are subject to administrative fees. At the end of the pooling period (quarterly), the net proceeds in each pool are distributed equally to each charity that held a licensed charitable casino event in the casino/region during the pooling period.

6. Inventories and Prepaid Expenses

	2024	2023
Gaming parts and supplies	\$ 12,249	\$ 11,861
Cannabis inventories	73,034	76,292
Total inventories	<u>85,283</u>	<u>88,153</u>
Prepaid expenses	5,924	4,687
	<u>\$ 91,207</u>	<u>\$ 92,840</u>

7. Property and Equipment

2024						
	Land	Buildings and Leasehold Improvements	Equipment	Computer Hardware	Gaming Terminals	Total
Cost, beginning of year	\$ 2,057	\$ 43,833	\$ 16,089	\$ 33,501	\$ 581,443	\$ 676,923
Classification adjustments	-	(27)	7,944	7,438	(15,355)	-
Additions	-	1,681	1,150	7,200	108,915	118,946
Changes in decommissioning liability(a)	-	378	-	-	-	378
Disposals	-	(505)	(2,325)	(1,874)	(96,302)	(101,006)
Cost, end of year	2,057	45,360	22,858	46,265	578,701	695,241
Accumulated amortization, beginning of year	-	(30,089)	(11,985)	(27,444)	(315,791)	(385,309)
Additions	-	(2,014)	(6,325)	(9,427)	(45,281)	(63,047)
Disposals	-	485	2,323	1,874	94,808	99,490
Accumulated amortization, end of year	-	(31,618)	(15,987)	(34,997)	(266,264)	(348,866)
Net book value, end of year	\$ 2,057	\$ 13,742	\$ 6,871	\$ 11,268	\$ 312,437	\$ 346,375

2023						
Cost, beginning of year	\$ 2,057	\$ 43,545	\$ 15,542	\$ 30,910	\$ 553,679	\$ 645,733
Additions	-	291	1,332	3,165	101,965	106,753
Disposals	-	(3)	(785)	(574)	(74,201)	(75,563)
Cost, end of year	2,057	43,833	16,089	33,501	581,443	676,923
Accumulated amortization, beginning of year	-	(27,786)	(11,152)	(25,657)	(339,499)	(404,094)
Additions	-	(2,305)	(1,618)	(2,361)	(49,038)	(55,322)
Disposals	-	2	785	574	72,746	74,107
Accumulated amortization, end of year	-	(30,089)	(11,985)	(27,444)	(315,791)	(385,309)
Net book value, end of year	\$ 2,057	\$ 13,744	\$ 4,104	\$ 6,057	\$ 265,652	\$ 291,614

(a) Decommissioning liability relates to the estimated costs required to decommission the building.

Total cost includes \$38,943 (2023 - \$41,251) of assets classified as work in progress (under construction or development).

8. Intangible Assets

	2024	2023
Cost, beginning of year	\$ 129,632	\$ 117,483
Additions	4,255	12,149
Disposals	(11,367)	-
Cost, end of year	122,520	129,632
Accumulated amortization, beginning of year	(66,322)	(56,777)
Additions	(10,680)	(9,545)
Disposals	11,361	-
Accumulated amortization, end of year	(65,641)	(66,322)
Net book value, end of year	\$ 56,879	\$ 63,310

Total cost includes \$nil (2023 - \$13,105) of assets classified as work in progress (under development).

9. Investment Properties

	2024		
	Land	Buildings	Total
Cost, beginning of year	\$ 22,746	\$ 152,756	\$ 175,502
Additions	-	3,928	3,928
Changes in decommissioning liability (a)	-	1,202	1,202
Disposals	-	(60)	(60)
Cost, end of year	22,746	157,826	180,572
Accumulated amortization, beginning of year	-	(42,689)	(42,689)
Additions	-	(4,584)	(4,584)
Disposals	-	56	56
Accumulated amortization, end of year	-	(47,217)	(47,217)
Net book value, end of year	\$ 22,746	\$ 110,609	\$ 133,355

	2023		
Cost, beginning of year	\$ 22,746	\$ 152,490	\$ 175,236
Additions	-	269	269
Disposals	-	(3)	(3)
Cost, end of year	22,746	152,756	175,502
Accumulated amortization, beginning of year	-	(37,764)	(37,764)
Additions	-	(4,928)	(4,928)
Disposals	-	3	3
Accumulated amortization, end of year	-	(42,689)	(42,689)
Net book value, end of year	\$ 22,746	\$ 110,067	\$ 132,813

(a) Decommissioning liability relates to the estimated costs required to decommission the building.

Total cost includes \$3,612 (2023 - \$1,026) of assets classified as work in progress (under construction).

Net loss from investment properties:

	2024	2023
Rental income derived from investment properties	\$ 3,810	\$ 3,810
Direct operating expenses (including repair and maintenance)	(5,200)	(4,633)
Net loss arising from investment properties	\$ (1,390)	\$ (823)

Currently monthly rental income for investment properties is \$318 (2023 - \$318).

Investment properties are recorded and reported at cost. On March 31, 2024, the estimated fair value of investment properties is \$200,335 (2023 - \$206,885). The fair value is based on a valuation performed by Bourgeois Brooke Chin Associates, an accredited independent valuator. Bourgeois Brooke Chin Associates has appropriate qualifications and recent experience in the valuation of similar properties. The fair value valuation was performed on the liquor distribution and storage facilities at 2 Boudreau Road and warehouse at 50 Corriveau Avenue using income, cost, and direct comparison approaches.

10. Leases

The carrying amounts of right-of-use assets during the period:

	2024	2023
Right-of-use assets, beginning of year	\$ 1,614	\$ 5,063
Additions	9,310	713
Adjustments	-	(1,293)
Amortization	(2,362)	(2,869)
Right-of-use assets, end of year	\$ 8,562	\$ 1,614

The carrying amounts of lease liabilities during the period:

	2024	2023
Lease liabilities, beginning of year	\$ 9,067	\$ 16,448
Additions	9,310	713
Adjustments	-	(1,293)
Lease payments	(6,307)	(6,958)
Interest expense	279	157
Principal component of lease payments	(6,028)	(6,801)
Lease liabilities, end of year	\$ 12,349	\$ 9,067
Current liabilities	\$ 5,191	\$ 5,120
Non-current liabilities	\$ 7,158	\$ 3,947

Undiscounted lease payments related to lease liabilities that are expected to be made over the next five fiscal years and thereafter are as follows:

2025		\$	5,191
2026			1,913
2027			2,035
2028			2,200
2029			912
Thereafter			98
		\$	<u>12,349</u>

The carrying amounts of lease receivables during the period:

	2024		2023	
Lease receivables, beginning of year		\$ 7,464		\$ 11,262
Rental payments received	(3,975)		(3,922)	
Interest income	74		124	
Principal component of lease receivables		<u>(3,901)</u>		<u>(3,798)</u>
Lease receivables, end of year		\$ 3,563		\$ 7,464
Current assets		\$ 3,332		\$ 3,901
Non-current assets		\$ 231		\$ 3,563

Undiscounted lease payments related to lease receivables that are expected to be received over the next five fiscal years and thereafter are as follows:

2025		\$	3,332
2026			32
2027			33
2028			34
2029			34
Thereafter			98
		\$	<u>3,563</u>

The following amounts were recognized in the Statement of Net Income:

	2024		2023	
Right-of-use assets: amortization		\$ (2,362)		\$ (2,869)
Interest expense		(279)		(157)
Interest income		74		124
Operating expenses: short-term leases		<u>(27,278)</u>		<u>(27,246)</u>
Component of net income		\$ (29,845)		\$ (30,148)

In 2024, AGLC had total cash outflows for all leases of \$33,585 (2023 - \$34,204), non-cash additions to right-of-use assets of \$9,310 (2023 - \$713) and non-cash additions to lease liabilities of \$9,310 (2023 - \$713).

11. Due to General Revenue Fund

The Act requires AGLC to transfer the net income, less allowance withheld for capital expenditures of \$25,000 (2023- \$30,000), as approved by the Minister of Service Alberta and Red Tape Reduction, to the General Revenue Fund. The amount below represents the portion of net income which has not been transferred to the General Revenue Fund.

	2024	2023
Due to General Revenue Fund, beginning of year	\$ 331,974	\$ 344,219
Net income allocation to General Revenue Fund	2,345,199	2,366,698
Transfers to General Revenue Fund	(2,358,410)	(2,378,943)
Due to General Revenue Fund, end of year	\$ 318,763	\$ 331,974

Amounts due to General Revenue Fund are unsecured, non-interest bearing and have no specific terms of repayment. AGLC does not expect to pay the total amount owing to General Revenue Fund during the next fiscal year.

12. Defined Benefit Pension Plan

Change in net defined benefit pension asset (liability)

	2024			
	PSP	MEPP	SRP	Total
Change in Fair Value of Plan Assets				
Fair value of plan assets, beginning of year	\$ 223,306	\$ 74,868	\$ 1,295	\$ 299,469
Employer contributions	6,554	2,164	95	8,813
Benefits paid	(9,362)	(3,950)	(100)	(13,412)
Interest income	10,429	3,477	62	13,968
Actuarial gain on plan assets	3,275	13,357	812	17,444
Fair value of plan assets, end of year	\$ 234,202	\$ 89,916	\$ 2,164	\$ 326,282
Change in Defined Benefit Obligation				
Defined benefit obligation, beginning of year	\$ 204,084	\$ 74,373	\$ 1,432	\$ 279,889
Current service cost	6,529	2,701	73	9,303
Benefits paid	(9,362)	(3,950)	(100)	(13,412)
Interest expense	9,525	3,466	68	13,059
Actuarial (gain) loss on defined benefit obligation	(4,537)	10,020	842	6,325
Defined benefit obligation, end of year	206,239	86,610	2,315	295,164
Net defined benefit pension asset (liability) (a)	\$ 27,963	\$ 3,306	\$ (151)	\$ 31,118

(a) The effect of asset limitation and IAS minimum funding requirements is nil.

2023

Change in Fair Value of Plan Assets

	PSPP	MEPP	SRP	Total
Fair value of plan assets, beginning of year	\$ 223,072	\$ 76,652	\$ 1,287	\$ 301,011
Employer contributions	7,118	2,057	52	9,227
Benefits paid	(8,916)	(3,555)	(62)	(12,533)
Interest income	8,887	3,036	51	11,974
Actuarial loss on plan assets	(6,855)	(3,322)	(33)	(10,210)
Fair value of plan assets, end of year	<u>\$ 223,306</u>	<u>\$ 74,868</u>	<u>\$ 1,295</u>	<u>\$ 299,469</u>

Change in Defined Benefit Obligation

Defined benefit obligation, beginning of year	\$ 225,737	\$ 80,887	\$ 1,551	\$ 308,175
Current service cost	6,957	2,719	48	9,724
Benefits paid	(8,916)	(3,555)	(62)	(12,533)
Interest expense	8,990	3,219	62	12,271
Actuarial gain on defined benefit obligation	(28,684)	(8,897)	(167)	(37,748)
Defined benefit obligation, end of year	<u>204,084</u>	<u>74,373</u>	<u>1,432</u>	<u>279,889</u>
Net defined benefit pension asset (liability) (a)	<u>\$ 19,222</u>	<u>\$ 495</u>	<u>\$ (137)</u>	<u>\$ 19,580</u>

(a) The effect of asset limitation and IAS minimum funding requirements is nil.

Employer's portion of the net defined benefit pension asset (liability) is included in the Statement of Financial Position. The portions attributable to AGLC are 50% for PSPP, 50% for MEPP and 73% for SRP.

Accumulated Other Comprehensive Income

2024

	PSPP	MEPP	SRP	Total
Actuarial gain on plan assets	\$ (3,275)	\$ (13,357)	\$ (812)	\$ (17,444)
Actuarial (gain) loss on defined benefit obligation	(4,537)	10,020	842	6,325
Net actuarial (gain) loss	(7,812)	(3,337)	30	(11,119)
Accumulated other comprehensive income, beginning of year	(49,023)	(15,307)	(288)	(64,618)
Accumulated other comprehensive income, end of year	<u>\$ (56,835)</u>	<u>\$ (18,644)</u>	<u>\$ (258)</u>	<u>\$ (75,737)</u>

2023

Actuarial loss on plan assets	\$ 6,855	\$ 3,322	\$ 33	\$ 10,210
Actuarial gain on defined benefit obligation	(28,684)	(8,897)	(167)	(37,748)
Net actuarial gain	(21,829)	(5,575)	(134)	(27,538)
Accumulated other comprehensive income, beginning of year	(27,194)	(9,732)	(154)	(37,080)
Accumulated other comprehensive income, end of year	<u>\$ (49,023)</u>	<u>\$ (15,307)</u>	<u>\$ (288)</u>	<u>\$ (64,618)</u>

Pension Expense

	2024			
	PSPP	MEPP	SRP	Total
Current service cost	\$ 6,529	\$ 2,701	\$ 73	\$ 9,303
Interest expense	9,525	3,466	68	13,059
Interest income	(10,429)	(3,477)	(62)	(13,968)
Pension expense	\$ 5,625	\$ 2,690	\$ 79	\$ 8,394

	2023			
	PSPP	MEPP	SRP	Total
Current service cost	\$ 6,957	\$ 2,719	\$ 48	\$ 9,724
Interest expense	8,990	3,219	62	12,271
Interest income	(8,887)	(3,036)	(51)	(11,974)
Pension expense	\$ 7,060	\$ 2,902	\$ 59	\$ 10,021

Key Assumptions, Sensitivities and Risks

The principal assumptions used in the actuarial determinations of projected benefit obligations and the related net benefit expense are as follows:

	2024			2023		
	PSPP	MEPP	SRP	PSPP	MEPP	SRP
Discount rate	4.8%	4.8%	4.9%	4.7%	4.7%	4.8%
Inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Average wage increases	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
AGLC's share of plan payroll	2.5%	2.7%	1.3%	2.6%	2.4%	0.8%
Date of the most recent actuarial valuation	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021
AGLC's expected contributions for the next period-all plans	\$ 9,452			\$ 8,941		

Additional assumptions are described in the valuation reports for each of the respective plans.

	2024			2023		
	PSPP	MEPP	SRP	PSPP	MEPP	SRP
Estimated sensitivity of liabilities to a 1% change in the discount rate	13.2%	13.3%	15.0%	13.0%	13.7%	15.1%
Estimated sensitivity of liabilities to a 1% change in the inflation rate	6.6%	6.6%	7.6%	6.4%	6.8%	7.7%

Economic Risk

Defined benefit plans are directly exposed to economic risks from plan assets invested in capital markets and indirectly with respect to measurement risk from assumptions based on economic factors, such as discount rates affected by volatile bond markets.

Demographic Risk

Demographic factors affect current and future benefit costs with respect to the amount and time horizon of expected payments due to factors such as workforce average age and earnings levels, attrition and retirement rates, mortality, and morbidity rates.

Multi-Employer Plan Funding Risk

In addition to economic and demographic risk factors, AGLC is exposed to funding risk in the multi-employer plans arising from:

- Legislative changes affecting eligibility for, and amount of, pension and related benefits; and
- Performance of plan assets affected by investment policies set by the responsible parties.

Because these plans are governed by legislation rather than contract, there is little flexibility for participants with respect to withdrawal from the plan, plan wind-up or amendments, and mandatory funding requirements.

13. Detailed Operating Results

Management monitors the operating results of the lines of business to make decisions about resource allocation and performance assessment.

	2024			
	Gaming (a)	Liquor	Cannabis	Total
Net revenue	\$ 1,504,416	\$ 823,205	\$ 63,937	\$ 2,391,558
Operating expenses	(264,414)	(45,705)	(58,401)	(368,520)
Profit from operations	1,240,002	777,500	5,536	2,023,038
Other revenue	5,961	13,094	5,288	24,343
Share of income from WCLC	322,818	-	-	322,818
Net income	\$ 1,568,781	\$ 790,594	\$ 10,824	\$ 2,370,199

	2023			
Net revenue	\$ 1,431,280	\$ 850,412	\$ 60,425	\$ 2,342,117
Operating expenses	(234,996)	(37,838)	(49,311)	(322,145)
Profit from operations	1,196,284	812,574	11,114	2,019,972
Other revenue	4,409	12,530	6,918	23,857
Share of income from WCLC	352,869	-	-	352,869
Net income	\$ 1,553,562	\$ 825,104	\$ 18,032	\$ 2,396,698

(a) includes slot terminals, video lottery terminals and online gambling.

Gaming net revenue is comprised of the following:

	2024	2023
Net sales	\$ 2,078,231	\$ 1,924,636
Commissions		
Operators/retailers	(350,396)	(298,616)
Charities	(181,065)	(166,911)
Federal tax expense (b)	(17,520)	(14,931)
Promotional bonuses (c)	(24,834)	(12,898)
Net revenue	\$ 1,504,416	\$ 1,431,280

(b) as prescribed by the Games of Chance (GST/HST) Regulations of the *Excise Tax Act* taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) based on a formula set out in the *Excise Tax Act*. This tax is in addition to the GST paid on the purchase of goods and services for which a credit is not allowed under the aforementioned formula.

(c) includes online gambling deposit bonuses and free game plays.

14. Operating Expenses

	2024	2023
Salaries and benefits	\$ 114,065	\$ 108,009
Supplies and services		
Hardware, software and cloud services	38,458	26,857
Professional services and management fees	36,608	28,040
Marketing and communications	32,564	25,375
Goods and Services Tax	11,831	10,089
Equipment and vehicles	7,025	7,038
Property	5,789	5,084
Network and data management	4,019	4,023
Insurance, security and bank services	3,894	3,715
Miscellaneous	3,720	1,153
Travel, training and conferences	1,781	1,433
Shipping and supplies	1,724	1,122
	<hr/> 147,413	<hr/> 113,929
Amortization	80,673	72,664
Leased gaming equipment	27,278	27,246
Net interest in net defined benefit pension plan	(909)	297
	<hr/> \$ 368,520	<hr/> \$ 322,145

15. Other Revenue

	2024	2023
Licences, fees and fines	\$ 12,415	\$ 14,062
Interest	5,444	3,974
Premises rentals	3,810	3,810
Miscellaneous	1,789	1,177
Liquor levies	1,257	1,330
Chargebacks and recoveries	595	697
Loss on disposal of non-current assets	(967)	(1,193)
	<hr/> \$ 24,343	<hr/> \$ 23,857

16. Investment in Western Canada Lottery Corporation

AGLC's interest in WCLC is based on Alberta's proportionate share of WCLC's revenues and expenses derived from the sale and operation of interprovincial lottery games.

The following tables present summarized financial information of AGLC's investment in WCLC.

	2024	2023
WCLC Statement of Financial Position		
Current assets	\$ 92,622	\$ 91,022
Property and equipment	33,126	37,020
Intangible assets	11,615	10,202
Employee benefits	7,842	7,591
	\$ 145,205	\$ 145,835
Current liabilities	\$ 127,183	\$ 128,249
Lease liability	1,234	2,793
Equity	16,788	14,793
	\$ 145,205	\$ 145,835

Alberta's Proportionate Share of Revenues and Expenses

Net Lottery sales (a)	\$ 960,205	\$ 1,007,817
Direct expenses (a)	(586,654)	(604,926)
Gross income	373,551	402,891
Operating expenses	(41,689)	(38,193)
Interest and other income	7,290	4,389
Net income from operations	339,152	369,087
Federal tax expense (a)	(5,406)	(5,667)
Payment to federal government (b)	(10,928)	(10,551)
Share of income from WCLC	\$ 322,818	\$ 352,869

(a) Ticket lottery revenues are recognized as of the date of the draw, with exception of ZING game revenues which are recognized at the date activated for sale by the retailer. Prizes, commissions, and federal tax expenses related to ticket revenues are recognized on the same basis as related revenues.

(b) Payment made to the federal government resulting from an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment made by WCLC on behalf of Alberta is based on current population statistics.

Statement of Change in Investment in WCLC

	2024	2023
Investment in WCLC, beginning of year	\$ 38,833	\$ 35,024
Share of income from WCLC	322,818	352,869
Advances received from WCLC	(323,489)	(349,060)
Investment in WCLC, end of year	\$ 38,162	\$ 38,833

17. Contractual Obligations

AGLC has various obligations under long-term contracts, including service contracts and operating leases. Undiscounted payments related to finance leases are disclosed in Note 10. The expected payments for these obligations for each of the next five fiscal years and thereafter are as follows:

2025	\$	44,291
2026		27,365
2027		19,313
2028		12,176
2029		10,674
Thereafter		26,270
	\$	<u>140,089</u>

18. Contingent Liabilities

AGLC has been named as a defendant in several legal actions and claims. While the outcome of these claims cannot be determined, management is of the opinion that the ultimate outcome is not expected to have material adverse effect in the financial position or operations of AGLC.

19. Salaries and Benefits

The following table discloses the amounts earned by the Board and Executive Members.

	Note	2024			2023	
		Base Salary (a)	Other Cash Benefits (b)	Other Non-Cash Benefits (c)	Total	Total
Chair of the Board		\$ 139	\$ -	\$ 4	\$ 143	\$ 155
Members of the Board	d	382	-	30	412	482
Chief Executive Officer		289	6	79	374	385
Executive Members						
Executive VP, Public Engagement & Chief Regulatory Officer		247	-	63	310	297
VP, Corporate Services & Chief Financial Officer		238	-	65	303	198
Executive VP, Business Development		225	4	55	284	186
VP, Regulatory Services		203	6	46	255	247
VP, Information Technology & Chief Information Officer		205	-	46	251	246
VP, Policy & Public Affairs		202	2	47	251	224
VP, Human Resources		203	1	44	248	234
VP, Liquor & Cannabis	e	197	3	45	245	14
VP, Gaming		199	4	41	244	225
VP, Liquor Services	f	-	-	-	-	399
VP, Gaming & Cannabis	g	-	-	-	-	5

- a) Consists of regular base pay. For Chair and members of the Board, it consists of remuneration paid, based on rates prescribed in the *Agencies, Boards and Commissions Compensation Regulation*, for time spent on the business of the Board.
- b) Consists of vacation payouts, personal spending and automobile benefits.
- c) Include AGLC's share of employee benefits and contributions/payments made on behalf of employees including pension, supplementary retirement plans, Workers Compensation Benefit, employment insurance, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships and tuition fees.
- d) At any given time, the Board consisted of no more than 8 members plus the Chair, whose remuneration is disclosed separately.
- e) Position created on March 13, 2023.
- f) Position eliminated on April 12, 2022. Total for 2023 includes \$337 of severance benefits paid.
- g) Position eliminated on April 12, 2022.

20. Financial Instruments and Risk Management

AGLC's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and payables to the General Revenue Fund. The carrying values of AGLC's financial instruments approximate their fair values, unless otherwise noted.

AGLC is exposed to credit and liquidity risks from financial assets and liabilities. AGLC actively manages the exposure to these risks.

Credit risk represents the loss that would be recognized if parties holding financial assets of AGLC fail to honor their obligations or pay amounts due causing a financial loss. Credit risk is minimized as AGLC does not have significant exposure to any individual retail entity.

Liquidity risk is the risk that AGLC would encounter difficulties in meeting its financial obligations as they become due. The risk is reduced as the majority of AGLC's operational activities involve cash sales and short-term accounts receivables. AGLC relies on the funds generated from its operations to meet operating requirements and to finance capital investments. The risk is further mitigated by forecasting and assessing actual cash flow requirements on an ongoing basis.

21. Related Party Transactions

Effective July 11, 2023, AGLC transitioned from reporting to the President of Treasury Board and Minister of Finance to the Minister of Service Alberta and Red Tape Reduction. AGLC is related to other government agencies, ministries, and Crown corporations under the common control of Government of Alberta. All transactions with these related parties are in the normal course of operations and are measured at terms equivalent to those that prevail in arm's length transactions.

WCLC, an associated entity as disclosed in Note 3f, is also a related party to AGLC. Details of transactions with WCLC are disclosed in Note 16. In addition to these transactions, AGLC received \$725 (2023 - \$741) in retailer service fees from WCLC.

Members of AGLC Board and Executive Members are related parties to AGLC; their compensation is disclosed in Note 19.

22. Approved Budget

AGLC includes its annual budget in its business plan. On recommendation from the Board, the budget received approval from the President of Treasury Board and Minister of Finance and became part of the fiscal plan of the Government of Alberta.

	2024
Cannabis revenue	\$ 653,288
Cannabis cost of sales	(592,890)
Cannabis net revenue	<u>60,398</u>
Gaming net sales	2,082,521
Commissions and federal payments	(590,634)
Gaming net revenue	<u>1,491,887</u>
Liquor net revenue	<u>863,243</u>
Net revenue	<u>2,415,528</u>
Operating expenses	(406,534)
Profit from operations	<u>2,008,994</u>
Other revenue	20,235
Share of income from Western Canada Lottery Corporation	319,532
Net income	<u>\$ 2,348,761</u>

23. Comparative Figures

Certain comparative figures have been reclassified to conform to the current presentation.



For Albertans

ANNUAL REPORT

2023-24

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ISBN 978-1-4601-6052-7
ISSN 2561-9632
Printed in Canada