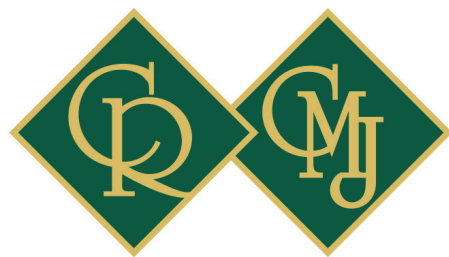


SaskGaming



2020-21 ANNUAL REPORT



PROFIT SHARING

SaskGaming's profits support people, programs and services throughout Saskatchewan. Half of the corporation's net income is paid to the General Revenue Fund (GRF) to support the provincial government's commitment to the First Nations Trust, Community Initiatives Fund and Clarence Campeau Development Fund.

In 2020-21, SaskGaming's operations were significantly impacted by the COVID-19 pandemic, resulting in the corporation recording net losses of \$13.4 million for the 12-month reporting year.

SASKGAMING
2020-21 Net Loss

\$(13.4)M

Dividend
to CIC
\$0*

Earnings
Retained
\$0

General Revenue Fund
50% of Income

\$0

0%

**Community
Initiatives Fund**

Clarence Campeau
Development Fund

0%

**First Nations
Trust**

FINANCIAL HIGHLIGHTS

REVENUE

\$30.9 MILLION

EXPENSES

\$44.3 MILLION

NET LOSS

\$(13.4) MILLION

PAYMENT

TO THE GRF

\$0

DIVIDEND DECLARED TO
CROWN INVESTMENTS CORPORATION

\$0

*SaskGaming's dividend payment to CIC is set each year at a percentage of the corporation's income after payment to the GRF. In 2020-21, the corporation did not pay a dividend to CIC due to the temporary closures of Casinos Regina and Moose Jaw.

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Vision, Mission, Values and Strategic Goals

Vision

We are the number one entertainment choice in our markets.

Mission

We offer an outstanding casino entertainment experience for our guests in a socially responsible manner, generating quality employment, economic benefit to the community, and profit for Saskatchewan people in partnership with First Nations.

Values

Diversity – We embrace diverse backgrounds. Together we respect our shared responsibilities to our guests, communities and each other.

Integrity – We are honest, fair and honour our commitments to our stakeholders and community. We accept responsibility for our actions, both personally and professionally.

Passion – We achieve our goals with enthusiasm, and we share in the fun experience we provide for our guests.

Creativity – We seek new ways to continuously improve our products, processes, skills and knowledge.

Strategic Goals

1. Guest Experience

SaskGaming knows its customers well and uses that knowledge to enhance the guest experience.

2. Employee Experience

SaskGaming hires, trains and supports a diverse team that delivers an excellent guest experience.

3. Responsible Corporation

SaskGaming will be a leader in its communities and operate with the highest standards of integrity.

4. Financial Sustainability

SaskGaming will continually reinvest in products, property and technology to maximize revenue opportunities.

Letter of Transmittal

Regina, Saskatchewan

July 5, 2021

To His Honour,
The Honourable Russ Mirasty, S.O.M., M.S.M.
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

Dear Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Gaming Corporation for the fiscal year ending March 31, 2021, in accordance with *The Saskatchewan Gaming Corporation Act*.

The Financial Statements included in this annual report are in the form approved by Crown Investments Corporation of Saskatchewan as required by *The Financial Administration Act, 1993* and have been reported on by the auditors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Don Morgan". The signature is fluid and cursive, with the first name "Don" and last name "Morgan" clearly distinguishable.

Honourable Don Morgan, Q.C.
Minister Responsible for Saskatchewan Gaming Corporation

Message from the Board Chair and President

The 2020-21 reporting year was one of great difficulty for SaskGaming due to the impacts of the COVID-19 pandemic. Ensuring our employees, guests and communities were safe drove the decision making process throughout this crisis. The first temporary closure of Casinos Regina and Moose Jaw occurred on March 16, 2020 – only a few weeks prior to the commencement of the 2020-21 fiscal year. This closure was initiated out of an abundance of caution, taking into consideration guidance from Saskatchewan public health and the Chief Medical Health Officer.



Following the re-opening of the casinos on July 9, 2020 at limited guest capacity, scaled-back gaming and food and beverage services, and with new health and safety measures, we were pleased to re-open felt play on many of our live table games in October 2020. However, rising case numbers across the province triggered a reduction in guest capacity in November 2020 and the eventual enactment of new public health restrictions that necessitated the closure of SaskGaming's casino properties for a second time on December 19, 2020.

Both temporary closures resulted in the temporary layoff of many of our permanent gaming floor, Show Lounge and back-of-house staff and management, as well as corporate employees. Although unfortunate, it was important the organization helped lessen the impacts of this decision. This included paying temporarily laid off employees for two weeks following the first temporary closure, in addition to fully subsidizing group health, dental, vision and life insurance benefits for a period of one year.

Despite being closed for two of the four quarters of 2020-21, the corporation managed to turn a modest profit of \$7 million between July 9 and November 27, 2020. During this period of time, the corporation was operating under restrictions that allowed for 318 guests at Casino Regina and 69 guests at Casino Moose Jaw. However, this was not enough to offset expenses and resulted in a total losses of \$13.4 million and zero dollars paid to the province's General Revenue Fund.

Operationally, the corporation made substantial progress on the refresh of its casino properties, while supporting the local sub-trades and construction industry throughout the pandemic. Over the course of the fiscal year, SaskGaming updated the east end and Central Hall areas of Casino Regina in anticipation of re-opening at some point in 2021-22. The renovation of Casino Regina, and eventual renovation of Casino Moose Jaw, is part of a multi-year Facilities Modernization Plan and reflects our commitment to offering an outstanding guest experience.

To further promote that guest experience, the corporation also completed a comprehensive Bally gaming technology upgrade to create on-screen player experience enhancements on its slot machines and allow for the downloading and transferring of promotional credits allocated through the Players Club program.

SaskGaming's Balanced Scorecard was modified in 2020-21 to include an Employee Wellness Index with the purpose of fostering a more holistic approach to employee mental and physical health and wellbeing initiated by the corporation's new Employee Wellness Strategy, as well as a Cumulative GHG Reduction measure which will support the reduction of SaskGaming's carbon footprint. Reporting of these new measures is set to begin in 2021-22.

Although Indigenous recruitment efforts were significantly hampered due to the COVID-19 pandemic, the corporation was still pleased to hire a permanent full-time Manager of Indigenous Strategy and Engagement, in addition to making progress on other training and community development efforts related to SaskGaming's Indigenous Employment Strategy.

On behalf of the Board of Directors and Executive Management team, we are confident in better days to come. Modern science has offered us a glimmer of hope as we look towards returning to full operations in 2021-22, the gaming floors being illuminated by hardworking employees and loyal guests, and Casinos Regina and Moose Jaw once again turning a significant profit for the benefit of the people of this province.

A stylized, handwritten signature in black ink, appearing to read 'BR' with a long horizontal flourish extending to the right.

Blair Ross
Chair of the Board of Directors

A stylized, handwritten signature in black ink, appearing to read 'Susan Flett' in a cursive script.

Susan Flett
President and CEO

SASKGAMING YEAR IN REVIEW

COVID-19

The Saskatchewan Gaming Corporation commenced the 2020-21 fiscal year two weeks into a nearly four month temporary closure of Casinos Regina and Moose Jaw as a result of the COVID-19 pandemic. This temporary closure, which was declared on March 16, 2020, continued through to July 9, 2020, at which point SaskGaming was given the green light by Saskatchewan public health and the Chief Medical Health Officer to re-open its properties.

Re-opening the casinos was contingent on limiting capacity (318 guests at Casino Regina and 69 at Casino Moose Jaw) and adopting new health and safety procedures as outlined in the casino and bingo hall guidelines in the Re-Open Saskatchewan plan. Some of the new health and safety procedures introduced at Casinos Regina and Moose Jaw included, but were not limited to:

- Reduced gaming offerings (every third slot machine open);
- Plexiglas barriers between slot machines and touch bet terminals;
- Reduced food and beverage services;
- No felt play on live table games;
- Increased cleaning of high-touch surfaces;
- On-demand cleaning of slot machines;
- COVID-19 decals and signage on the gaming floors and back-of-house areas;
- COVID-19 screening for employees and guests;
- One entrance and one exit at both properties;
- Suspension of 24-hour operations on weekends; and
- Cleaning of both properties with an electrostatic sprayer at the end of each business day.

The re-opening of Casinos Regina and Moose Jaw also initiated the incremental recall of approximately 300 permanent gaming floor, back-of-house management and employees who had been temporarily laid off on April 3, 2020. These temporary layoffs were made under the Public Emergency Provisions in *The Saskatchewan Employment Act*, which allowed for job security, the continuation of employee benefits and the ability to access government programs. In total, 549 permanent employees were placed on temporary layoff – 497 unionized and 52 non-unionized.

To further support the safe re-opening of its properties, SaskGaming developed a robust safety and exposure plan specific to COVID-19. This plan identified job-specific risks and mitigations to keep both employees and guests safe. Training on this plan, as well as the new health and safety procedures, was delivered to all existing and recalled employees prior to opening its doors.

On October 8, 2020, Casinos Regina and Moose Jaw were allowed to resume offering felt play on live tables with Plexiglas barriers and a restricted number of players at each table. Four blackjack tables in the west pit at Casino Regina were re-opened, with additional felt play on one roulette and one baccarat table used for the touch bet terminals. One blackjack and one roulette table were re-opened at Casino Moose Jaw. On the direction of Saskatchewan public health, the corporation was unable to re-open live table games where guests handle the cards, such as poker and poker derivatives.

Then, on November 5, 2020, a mandatory mask order was issued for Regina, Saskatoon and Prince Albert, requiring all employees and guests of Casino Regina to don a non-medical mask in all indoor public spaces. This mandatory mask order was expanded on November 15, 2020 to include all areas of the province, thus employees and guests of Casino Moose Jaw joined Casino Regina in masking up.

Also effective November 15, 2020 was a province-wide curfew on the consumption and sale of alcoholic beverages at licensed establishments. Alcohol service was to cease at 10 p.m., with the consumption of all alcoholic beverages to end by 11 p.m. Operating hours at Casinos Regina and

Moose Jaw remained the same (9 a.m. to 4 a.m. at Casino Regina and 9 a.m. to 2 a.m. at Casino Moose Jaw), and bartenders at both properties continued to serve non-alcoholic beverages to guests after last call.

New health and safety measures to help curb rising COVID-19 case numbers for customer-facing businesses and services throughout Saskatchewan were implemented on November 27, 2020. These included limitations on where food and beverages could be consumed, as well as new capacity limits of 30 guests per casino property. Food and drinks were no longer allowed on the gaming floors, with consumption moved to designated areas of the casinos to ensure compliance with the mandatory masking order.

SaskGaming continued to offer slot play, touch bet terminals and felt play on live table games at its properties until it was notified by public health of a new set of restrictions that would require Casinos Regina and Moose Jaw to temporarily close its doors for a second time at 12:01 a.m. on December 19, 2020. This second temporary closure precipitated the temporary layoff of 327 permanent employees effective December 28, 2020 – 238 unionized and 89 non-unionized, including corporate employees. This was in addition to the 251 employees who had remained on temporary layoff from April 3, 2020.

Casinos Regina and Moose Jaw remained temporarily closed throughout the fourth quarter of 2020-21. However, with the administration of COVID-19 vaccines across the province, SaskGaming remains hopeful its casino properties will be fully operational at some point in 2021-22.

Finally, it is important to note that for the 2020-21 reporting year, the corporation was notified of only two potential cases of COVID-19 exposure: one at Casino Regina on October 26, 2020 and one at Casino Moose Jaw on December 4, 2020. Neither instance resulted in community spread, which was a testament to the successful implementation and adherence to the corporation's health and safety procedures and accompanying safety plans.

Strategic Goals

Despite the two temporary closures and reduced operations of Casinos Regina and Moose Jaw, SaskGaming made headway in other areas of its business in support of its overarching strategic goals.

Guest Experience

Technology modernization is key to SaskGaming remaining on the cutting edge of the casino gaming market and delivering an outstanding guest experience.

In 2020-21, Casinos Regina and Moose Jaw made a number of upgrades to its gaming floor technology, including a comprehensive Bally gaming technology upgrade. This upgrade will introduce on-screen player experienced enhancements on slot machines, as well as allowing for credit downloads and transfers of promotional credits allocated through the Players Club program. It also sets up the corporation to be more nimble in reacting to market demands and creating personalized experiences for guests. Despite some minor setbacks due to the pandemic, full project completion has been adjusted to Q1 2021-22.

SaskGaming also made progress on an electronic funds transfer (EFT) project which began in June 2020 and is due to be completed in early 2021-22. EFT technology on slot machines at Casinos Regina and Moose Jaw will allow guests to transfer promotional credits from one slot machine to another, further modernizing technology on the gaming floors.

Employee Experience

Ensuring employees are healthy, engaged and in the workplace is key to meeting SaskGaming's corporate goals and delivering an 'Always Entertaining' experience to guests.

In 2019-20, the corporation developed a comprehensive Wellness Strategy for the purpose of fostering a more holistic approach to employee mental and physical health and wellbeing through targeted tools, resources and events. Components of the Wellness Strategy were introduced to employees in 2020-21, however, at a reduced pace due to the temporary closures of Casinos Regina and Moose Jaw. In order to demonstrate its commitment to employee wellness, SaskGaming also evolved its Balanced Scorecard measures in 2020-21 to include an Employee Wellness Index. Reporting of this new measure will begin in 2021-22.

Although COVID-19 resulted in many of the planned initiatives for the Indigenous Employment Strategy to be suspended in 2020-21, the corporation still hired a permanent full-time Manager of Indigenous Strategy and Engagement, adopted the Four Season of Reconciliation training program as SaskGaming's Indigenous Cultural Awareness training program and produced a list of Indigenous community resources in Regina and Moose Jaw.

Responsible Corporation

Offering an outstanding casino gaming experience in a socially responsible manner is key to SaskGaming's success.

On December 3, 2020, Casinos Regina and Moose Jaw were notified they had maintained their accreditation status as part of the Responsible Gambling Council of Canada's (RGC) RG Check program. The RGC is an independent non-profit organization dedicated to problem gambling prevention and the RG Check program provides gambling operators with an independent, objective review of internal responsible gambling policies and procedures.

Initiatives that support environmental sustainability are increasingly important in our evolving world, which is why in 2020-21 SaskGaming secured Greenwave Innovations Inc. to provide energy monitoring services at its properties. A Cumulative GHG Reduction measure was also added to the corporation's Balanced Scorecard this year, with reporting of this new measure set to begin in 2021-22. The introduction of this energy monitoring technology will support SaskGaming in reducing its carbon footprint, while measuring its energy consumption on an annual basis.

Financial Sustainability

SaskGaming manages its operations carefully to maximize its return to the people of Saskatchewan, while meeting the revenue challenges created by a mature gaming market and the COVID-19 pandemic.

In 2020-21, SaskGaming continued with Phase Two of its multi-year Facilities Modernization Plan. This included renovations to the east end and Central Hall areas of Casino Regina. The east end renovations were completed in February 2021, while the renovations to Central Hall were substantially completed by March 2021.

The changes honour historical elements of the property in each of the two zones, while adding unique features to each of the specific areas such as a large canopy structure in Central Hall and a meandering thoroughfare in the east end with updated lighting, columns, colours and ceiling features. Despite being closed for much of the reporting year, by continuing with renovations the corporation was able to support the Saskatchewan construction industry and local sub-trades.

Management's Discussion and Analysis

Introduction

This Management Discussion and Analysis (MD&A) highlights the primary factors that impacted SaskGaming's financial and operating results for the year ended March 31, 2021. For the purposes of this MD&A, results for the year ended March 31, 2021 will be compared to the year ended March 31, 2020.

This report should be read in conjunction with the audited financial statements and accompanying notes, which have been prepared in accordance with International Financial Reporting Standards (IFRS). Using the financial and performance results as its basis, the MD&A enables readers to view SaskGaming's past performance from the perspective of management. It also provides forward looking statements outlining SaskGaming's priorities. All forward looking statements reflect SaskGaming's best estimates and assumptions based on information available at the time the statements were made. However, actual results and events may vary significantly from those included in, contemplated by or implied by such statements.

Our Business

SaskGaming manages and operates Casinos Regina and Moose Jaw. The corporation was established to operate casinos in Saskatchewan, conduct and manage games of chance in casinos and to establish and operate, or to provide for establishment and operation of, any business or activity that it considers reasonably related to operating a casino.

SaskGaming operates in an industry that is in a mature market position, marked by lower annual revenue growth and operating costs increased by the cost of inflation. In addition to the challenges of operating in a mature market, SaskGaming also faces increased competition from gaming competitors in the province and impacts as a result of the COVID-19 pandemic and its recovery. SaskGaming is meeting these challenges by investing in technology, facilities and new initiatives, while continuing to focus on customer service and employee excellence, expense management and productivity.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Considering advice from Saskatchewan public health and the Chief Medical Officer, SaskGaming suspended operations and temporarily closed Casinos Regina and Moose Jaw at the end of gaming day on March 16, 2020. The casinos were closed for the first quarter and a net loss of \$9.3 million was recorded.

The casinos re-opened to the public on July 9, 2020 at reduced capacity. During the second quarter, SaskGaming generated \$18.7 million in revenue and \$5.1 million in net income. This revenue was mainly generated through slots and electronic table games and represented approximately 75 per cent of originally budgeted slots and electronic table games revenue.

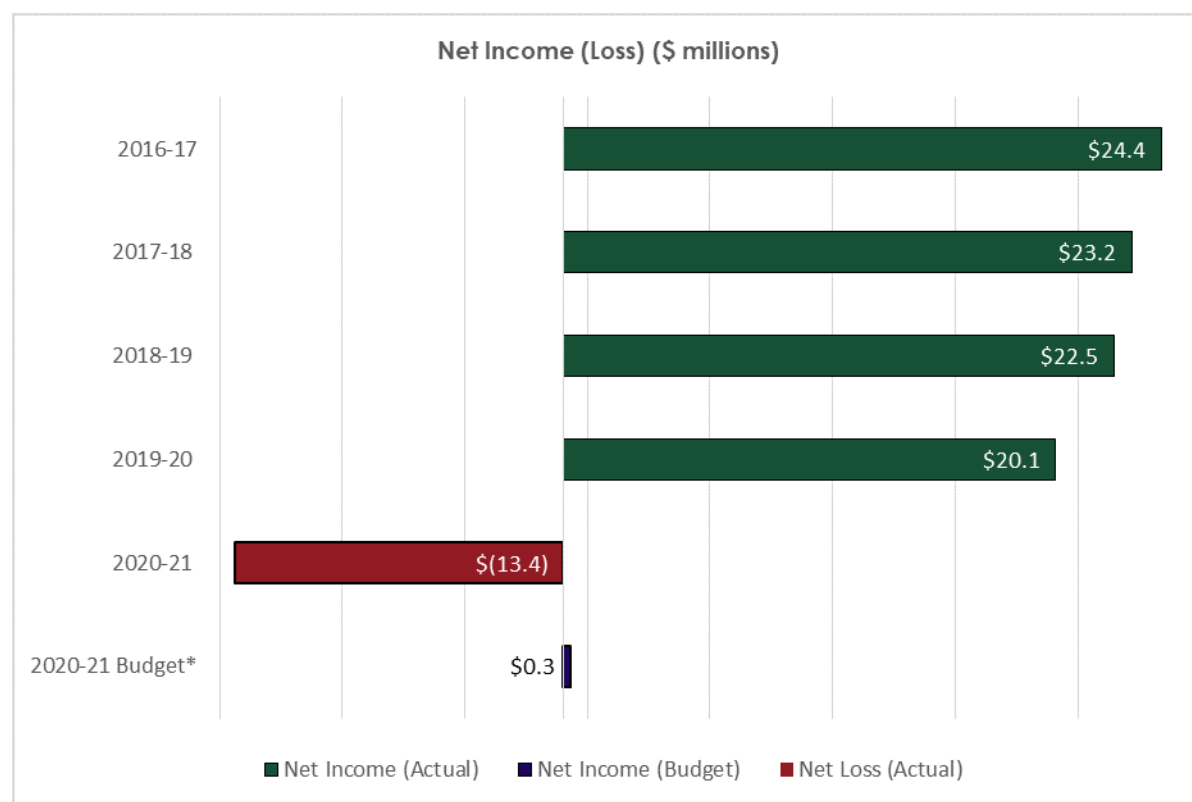
On November 27, 2020, capacity was further restricted from 318 guests at Casino Regina and 69 guests at Casino Moose Jaw to 30 guests at both properties. At this reduced capacity level, revenue dropped to about 15 per cent of originally budgeted slots and electronic table games revenue. The casinos operated at this level until 12:01 a.m. on December 19, 2020, when a new public health order again required the temporary closure of Casinos Regina and Moose Jaw. Due to the reduction of capacity and the second temporary closure on December 19, 2020 to the end of the fiscal year, SaskGaming accumulated net losses of \$1.6 million in the third quarter and \$7.6 million in the fourth quarter.

The temporary closures of Casinos Regina and Moose Jaw impacted 2020-21 actual results, with SaskGaming experiencing decreased revenues compared to the prior year, as well as compared to budget. SaskGaming's losses, compared to the 2020-21 original budget, were approximately \$91.0 million in revenue and \$34.7 million in net income for the fiscal year.

The situation is continually evolving and the ultimate duration and financial impact on SaskGaming's future revenues, operating results and overall financial performance is unknown at this time. Due to this uncertainty, 2021-22 budget figures have not been included in the following analysis.

Financial Results

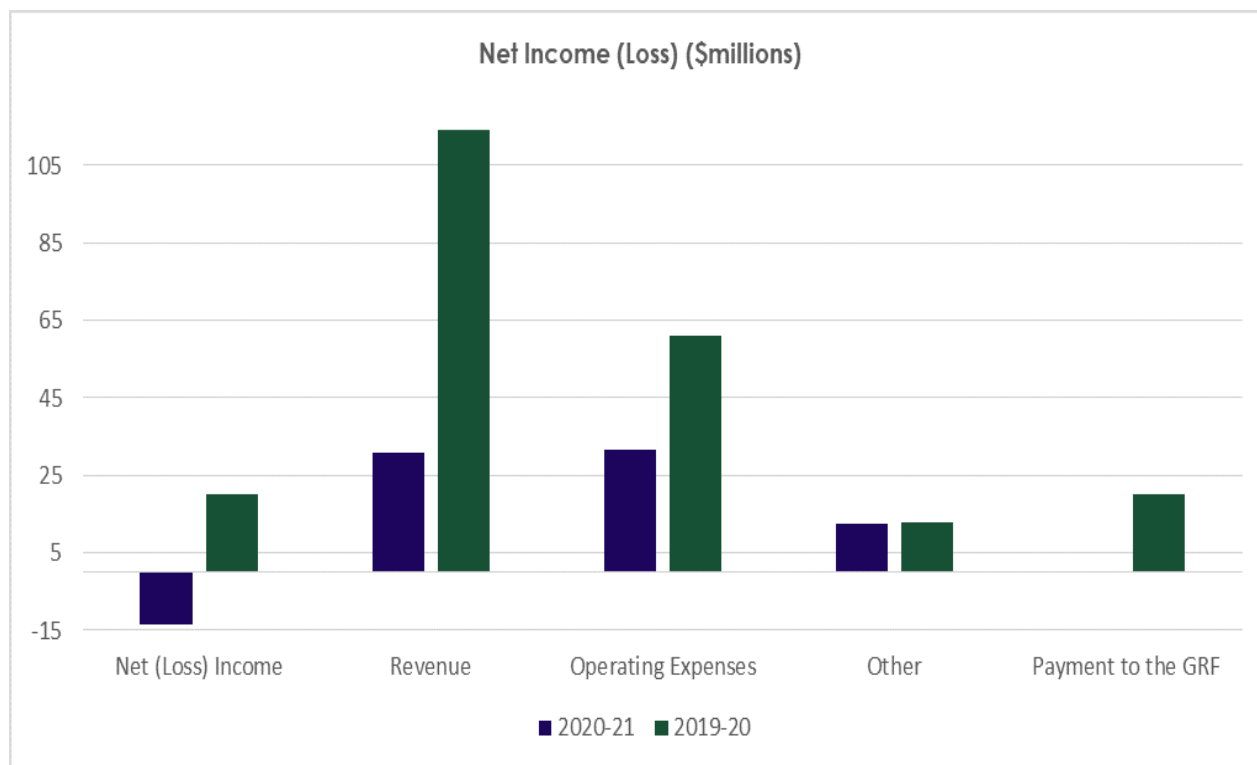
Net Income



SaskGaming's 2020-21 budget, developed before COVID-19 restrictions, was \$21.3 million after payment to the General Revenue Fund (GRF). On September 9, 2020, CIC's Board of Directors approved a revised budget of \$0.3 million after payment to the GRF based on capacity restrictions. The revised budget did not anticipate a second temporary closure of the casinos.

The gaming market in Saskatchewan is mature and has been characterized by declining net income trends. The decline in SaskGaming's net income stabilized between 2016-17 and 2019-20, primarily as a result of efficiencies implemented in operations and the strategic nature of investment decisions. This has allowed SaskGaming to meet the challenges of a mature gaming market, position itself for future growth opportunities and continue to deliver on an outstanding guest experience.

The temporary closure of Casinos Regina and Moose Jaw at the end of gaming day on March 16, 2020 led SaskGaming to focus on the development of re-opening strategies that were consistent with the casino and bingo hall guidelines in the Re-Open Saskatchewan plan. These strategies allowed the casinos to operate with effective health and safety procedures in place and support the overall guest experience.



The above chart reflects the year ended March 31, 2021 and highlights the significant changes compared to the year ended March 31, 2020.

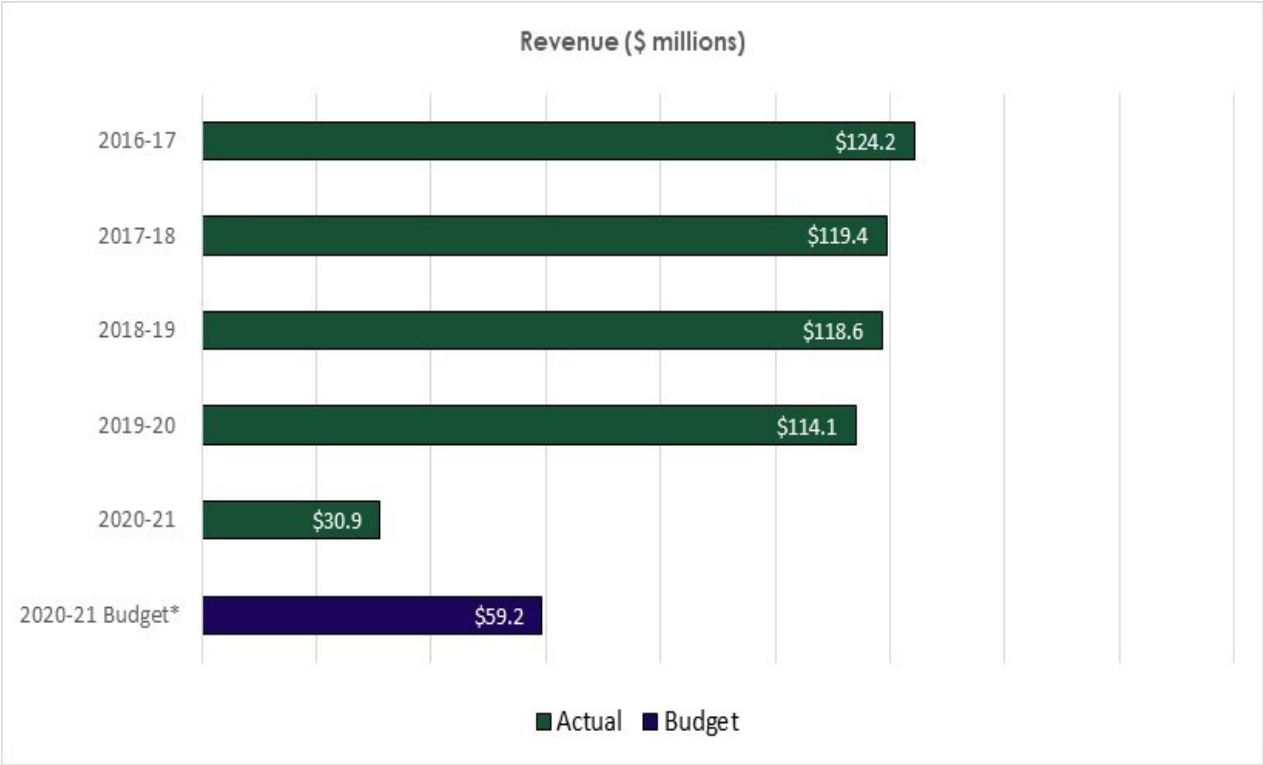
The 2020-21 budget was adjusted to factor in the impacts of the initial temporary closure of the casinos, as well as the new health and safety procedures in place upon re-opening. The revised budget was approved in August 2020 and estimated a net income after payment to the GRF for the year of \$0.3 million. The closure of Casinos Regina and Moose Jaw as of 12:01 a.m. on December 19, 2020 led to a net loss of \$13.4 million for the year.

The 2020-21 budget included an emphasis on capital investment, with multi-year property refresh and gaming modernization projects. While COVID-19 has led to uncertainty regarding operations and results, in 2021-22 SaskGaming will continue to deliver on the modernization of the guest experience, while looking forward to a return to normal operations.

As a result of the temporary closures of Casinos Regina and Moose Jaw during the first and fourth quarters of the year, the net loss for the year ended March 31, 2021 was \$13.4 million, a decrease of \$33.5 million (166.7 per cent) from the net income of \$20.1 million for the year ended March 31, 2020.

- Revenue declined by \$83.2 million (72.9 per cent) primarily as a result of the temporary casino closures. Revenue was also impacted by the restrictions in place when the casinos re-opened. These restrictions included limited capacity and physical distancing requirements.
- Operating expenses decreased by \$29.3 million (48.0 per cent) primarily due to reductions in spending across all expense categories implemented as a result of the temporary casino closures. The largest decrease was in salaries, wages and benefits, driven primarily by temporary layoffs during the temporary casino closures.
- Other expenses decreased by \$0.3 million (2.3 per cent) due largely to decreases in taxes as a direct result of lower overall spending.
- Payment to the GRF decreased by \$20.1 million (100.0 per cent) as a direct result of the net loss position at March 31, 2021.

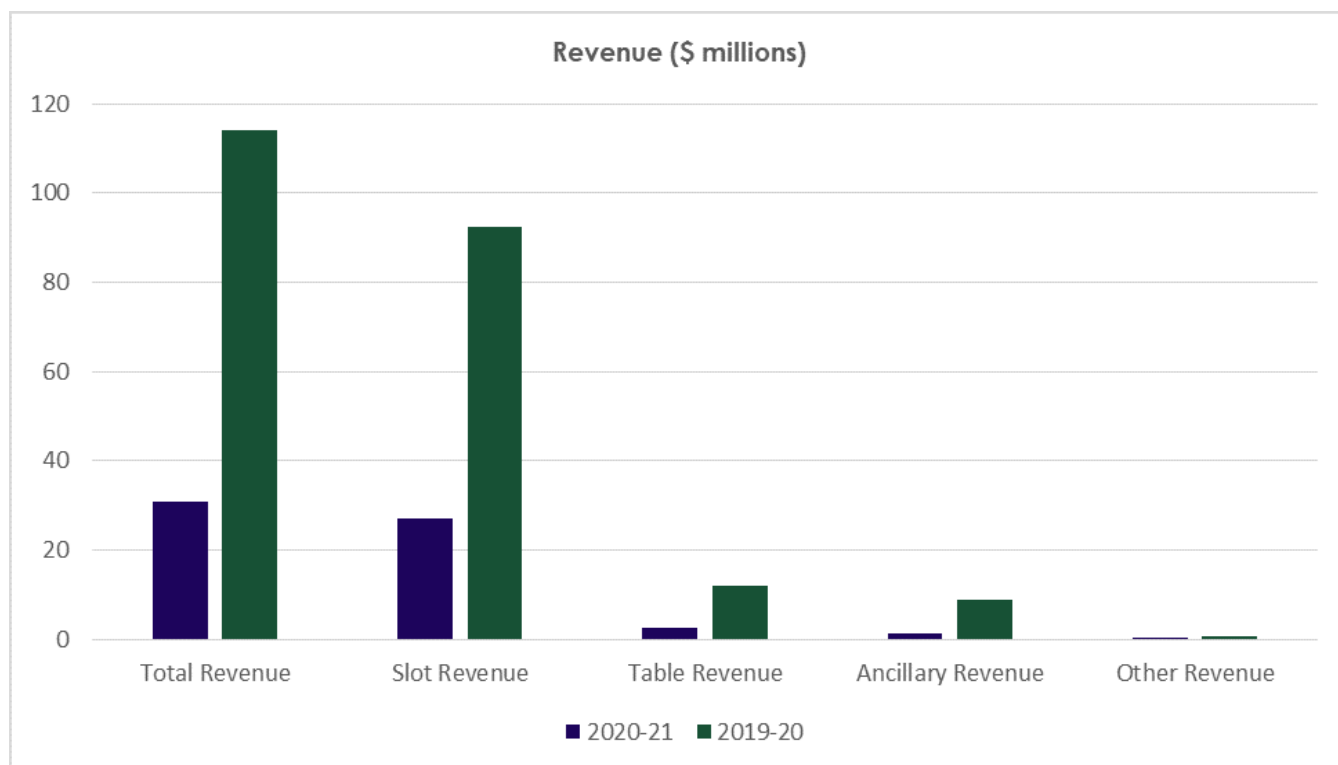
Revenue



SaskGaming's 2020-21 budget developed before COVID-19 restrictions anticipated total revenue of \$121.9 million. On September 9, 2020, CIC's Board of Directors approved a revised budget of \$59.2 million based on capacity restrictions. The revised budget did not anticipate a second temporary closure of the casinos.

Mature gaming markets generally reflect declining revenues. While SaskGaming continues to see a declining trend in revenues, some jurisdictions across Canada have introduced new gaming channels, which has led to increasing results. In recent years, the Saskatchewan economy has also been impacted by fluctuating commodity prices, international trade issues and uncertainty in the oil sector, which limits the amount of discretionary income available to spend on entertainment.

The declining trend in revenues deepened with the temporary closures of Casinos Regina and Moose Jaw during the first and fourth quarters of 2020-21 and reduced operations in the second and third quarters.

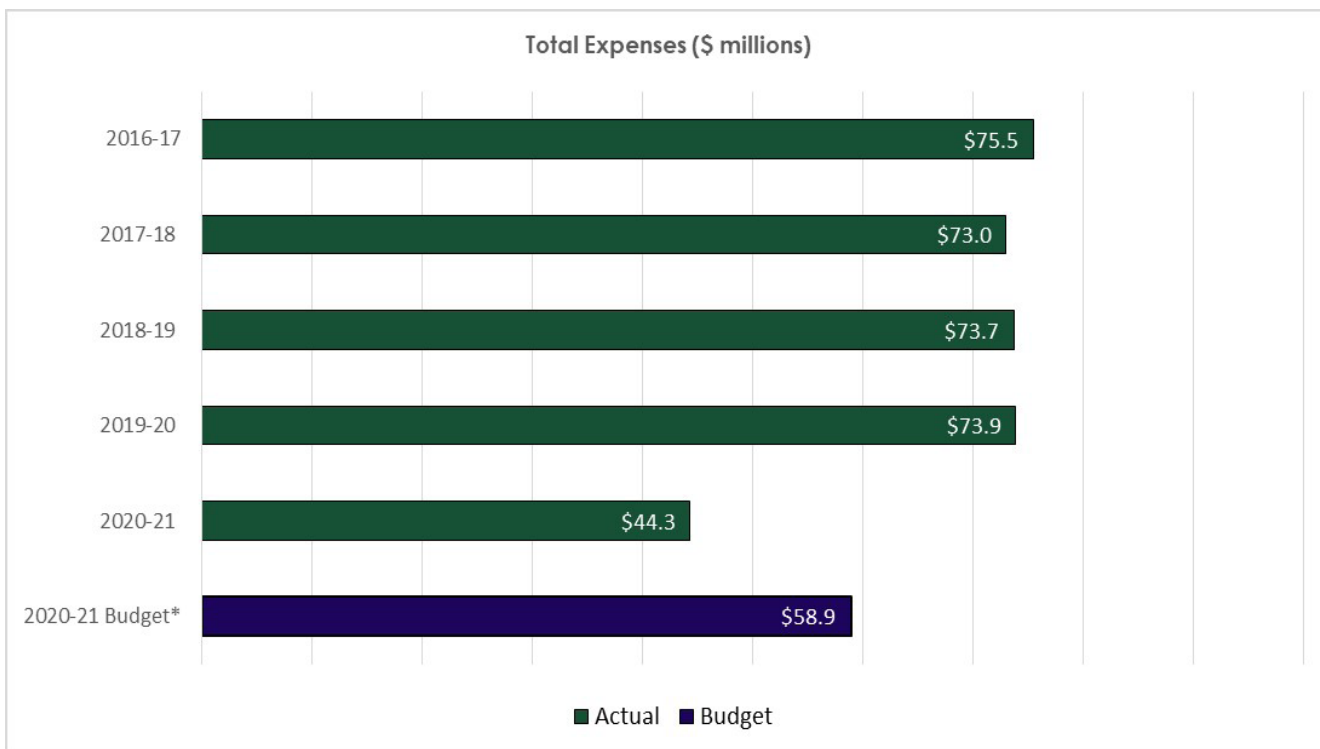


The above chart reflects revenue by line of business for the year ended March 31, 2021 and highlights the significant changes compared to the year ended March 31, 2020.

Revenues for the year ended March 31, 2021 were \$30.9 million, which was a decline of \$83.2 million (72.9 per cent) from the year ended March 31, 2020.

- Slot revenue decreased by \$65.4 million (70.8 per cent). The decrease in slot revenue was due to the temporary closure of Casinos Regina and Moose Jaw during the first and fourth quarters of the year. In addition, revenue was also impacted during the period the casinos were re-opened by capacity and social distancing requirements within the casino properties, as well as customer comfort level with being on site.
- Table revenue decreased by \$9.6 million (79.3 per cent), largely due to the temporary closures of the casinos during the year. Live felt play on table games did not immediately return with the re-opening of the casinos on July 9, 2020. However, touch bet terminals operating off of live table games were allowed to proceed. Felt play on live table games was allowed to re-open from October 8 to December 19, 2020. Poker, poker derivatives and poker tournaments were not allowed to operate during the reporting year.
- Ancillary revenue decreased by \$7.7 million (86.5 per cent). This decrease was primarily due to no entertainment events occurring during the year, as well as decreased food and beverage sales. Food and beverage offerings available when the casinos were re-opened was limited to grab and go options, with no available floor service. The restaurant, which underwent renovations in 2019-20, did not re-open during the fiscal year.
- Other revenue, consisting of several miscellaneous revenue sources, showed an overall decrease from the prior period of \$0.5 million (71.4 per cent).

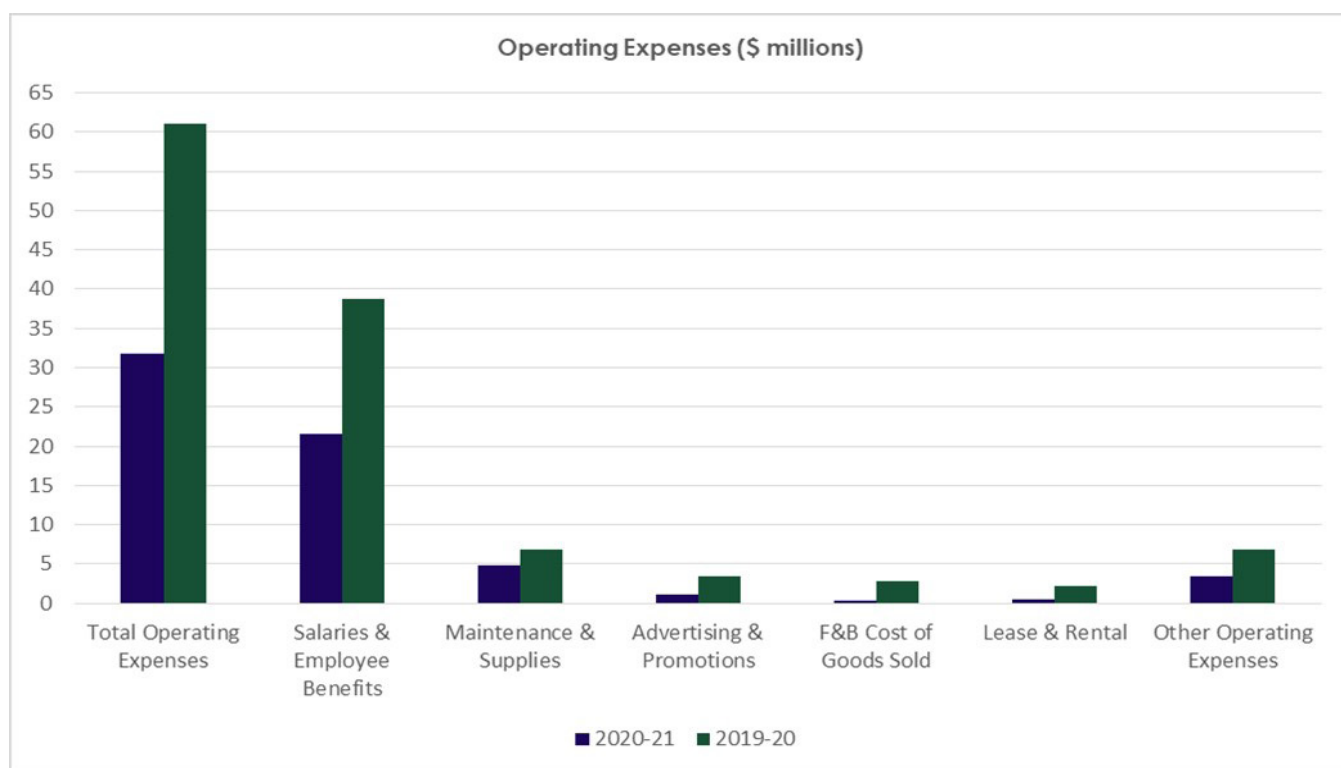
Operating Expenses



The above chart reflects total expenses for each year. These expense categories include: operating expenses, depreciation, contractual obligations, taxes and finance expense. SaskGaming's 2020-21 budget, developed before COVID-19 restrictions, anticipated total expenses of \$79.3 million. On September 9, 2020, CIC's Board of Directors approved a revised budget of \$58.9 million based on capacity restrictions. The revised budget did not anticipate a second temporary closure of the casinos.

In order to achieve a stabilized net income trend, SaskGaming has managed expenses in an effective and prudent manner to reflect SaskGaming's continued commitment to financial sustainability, while providing excellent customer service. Strategies include ensuring staffing levels are adjusted to meet customer demand, overtime is used effectively and expenses are incurred with a direct strategic impact. While cost restraint has been effective in mitigating the loss of revenue stemming from a mature and competitive market, SaskGaming has also prioritized investment in technology, facilities and new initiatives to stabilize and grow earnings.

The decline in earnings was partially offset by a reduction in total expenses of \$49.7 million. This decrease was due in part to SaskGaming making no payment to the GRF for 2020-21, as the corporation was in a net loss position. The remainder of the decrease in operating expenses was as a result of reductions in spending across all expense categories due to the temporary casino closures. These decreases included reduced salaries, wages and benefits driven primarily by the temporary layoff of employees during the temporary casino closures.



The above chart reflects expenses for the year ended March 31, 2021 and highlights the significant changes compared to the year ended March 31, 2020.

Expenses for the year ended March 31, 2021 were \$31.7 million, which was an overall decrease of \$29.3 million (48.0 per cent) from the year ended March 31, 2020.

- Salaries and employee benefits decreased by \$17.1 million (44.2 per cent) primarily due to the temporary layoff of employees during the temporary casino closures in the first and fourth quarters. This was slightly offset by merit and cost of living increases for employees, as well as increased cost of employee benefits.
- Maintenance and supplies decreased by \$2.1 million (30.4 per cent). This decrease was driven by lower requirements for facility and equipment maintenance due to reduced usage as a result of the temporary casino closures.
- Advertising and promotions decreased by \$2.4 million (68.6 per cent). This decrease was primarily as a result of the temporary casino closures, which resulted in limited advertising and promotional activity taking place during the year.
- Food and beverage cost of goods sold decreased by \$2.5 million (89.3 per cent). Consistent with the decreased food and beverage revenue, the decrease in cost of goods sold was as a result of the temporary casino closures, as well as limited food and beverage offerings upon re-opening.
- Lease and rental costs decreased by \$1.7 million (77.3 per cent), primarily as a result of gaming lease expenses only occurring when the casinos were re-open from July 9 to December 19, 2020.
- Other operating expense categories showed a collective decrease of \$3.5 million (50.7 per cent). This decrease is primarily as a result of no entertainment events occurring during the year and therefore no corresponding expenses. Other operating expense areas that decreased as a result of the temporary casino closures include cleaning services and supplies, equipment and supplies, printing and postage and uniform expenses. The decrease in cleaning and supplies due to the temporary casino closures was offset by increased costs related to enhanced cleaning protocols implemented during the pandemic.

Liquidity and Capital Resources

SaskGaming secures capital investment dollars through a combination of internally generated cash from operations and debt. SaskGaming's maximum debt level is determined by the Government of Saskatchewan through Order-in-Council. Through this process, SaskGaming may borrow up to \$56.2 million, which includes finance leases and temporary loans. SaskGaming also has an available line of credit of \$3.0 million at a financial institution.

SaskGaming has financing through the General Revenue Fund (GRF) in the form a promissory note for \$5.0 million (2020 - \$5.0 million) with a maturity date of March 17, 2022 and an interest rate of 0.24 per cent (2020 - 1.50 per cent).

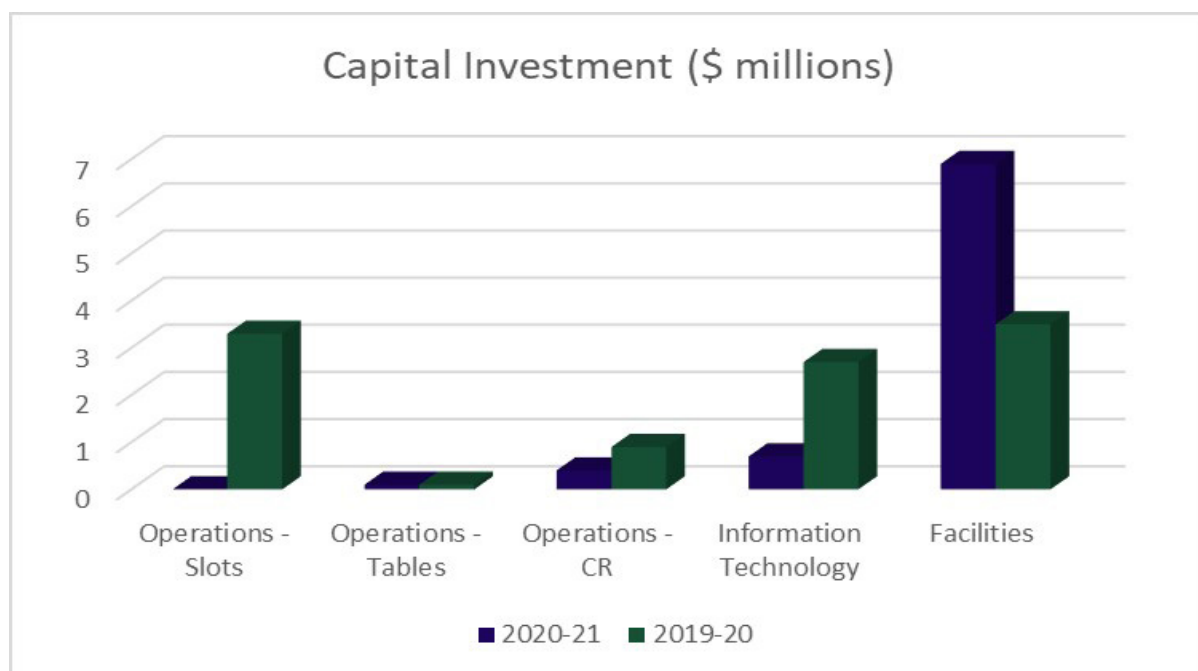
SaskGaming also leases the Casino Moose Jaw property and has an outstanding lease liability of \$4.5 million (March 31, 2020 - \$5.0 million).

SaskGaming does not have share capital, but has received equity advances from Crown Investments Corporation (CIC) to form its equity capitalization. SaskGaming received equity advances of \$4.0 million (2020 - nil) from CIC.

During the temporary closures of the casinos, and uncertainty that surrounds both the date of re-opening and related guest capacity, CIC will make available further equity advances to ensure the proper liquidity of SaskGaming.

Capital Infrastructure

For the period ending March 31, 2021, SaskGaming invested a total of \$8.1 million (March 31, 2020 - \$10.5 million) in capital infrastructure.



While Casinos Regina and Moose Jaw were temporarily closed during the year, capital investment in key areas continued to move forward. In 2019-20, SaskGaming began a multi-year property refresh project with the renovation of the restaurant at Casino Regina. This renovation was completed in April 2020, however the implications of the pandemic prevented its planned re-opening from occurring. SaskGaming plans to re-open the restaurant at some point in 2021-22.

The property refresh continued in 2020-21 with the renovation of the east and Central Hall areas of Casino Regina. The renovations took place while the casino was open and continued after the second temporary closure in December 2020, with efficiencies in timing of renovations and costs being realized.

In addition to property renovations, SaskGaming continued to invest in enhancing guest experience, which resulted in investments in information technology to further modernize gaming technology. SaskGaming also pursued initiatives to contribute to environmental sustainability, including the implementation of an electrical monitoring system to analyze electricity consumption and identify opportunities for new efficiencies. These efforts were further supported by upgrades to the boiler and heating and cooling systems.

Disbursements

SaskGaming is required to distribute 50 per cent (March 31, 2020 - 50 per cent) of its income to the GRF each year. As a result of the temporary casino closures due to COVID-19, SaskGaming is in a net loss position for the period ending March 31, 2021 and therefore had no distributions to the GRF (March 31, 2020 - \$20.1 million).

SaskGaming is also required to distribute 80 per cent (March 31, 2020 - 80 per cent) of income after payment to the GRF to its shareholder, CIC, in the form of a dividend. The impacts of the initial temporary closure of Casinos Regina and Moose Jaw in March 2020 resulted in the cancellation of the 2019-20 fourth quarter dividend, reducing this rate to 66.1 per cent. SaskGaming is in a net loss position for the period ending March 31, 2021 and as a result did not declare (March 31, 2020 - \$13.3 million) or pay dividends for the period (March 31, 2020 - \$17.8 million).

Strategic Scorecard Measures and Performance Management

Corporate Strategy

SaskGaming's vision is to be the number one entertainment choice in our markets. To achieve this vision, SaskGaming has four strategic priorities – Guest Experience, Employee Experience, Responsible Corporation and Financial Sustainability. These priorities align with the Saskatchewan Crown Sector Strategic Priorities:

- Customer Focus;
- Skilled Labour Force;
- Financial Sustainability;
- Priority Investments;
- Private Sector Engagement;
- Technology and Innovation; and
- Crown Collaboration.

Each year, as part of the performance management process, SaskGaming measures the progress towards achieving the corporation's strategic priorities through the Balanced Scorecard. The scorecard, including metrics and targets, is approved by SaskGaming's Board of Directors and CIC's Board of Directors. SaskGaming reports on its achievements against its Balanced Scorecard targets on a quarterly basis.

Balanced Scorecard Performance Measures

The following discussion outlines SaskGaming's performance relative to its Balanced Scorecard measures for the 12 months ended March 31, 2021.

In the tables below the results can be interpreted as follows:

- Exceeded = 121 per cent or greater than target
- Achieved = 95 per cent to 120 per cent of target
- Progressing = 80 per cent to 95 per cent of target
- Not Met = Less than 80 per cent of target

Guest Experience

BSC MEASURES	2019-20 Actual	2020-21 Target	2020-21 Actual	
Mystery Shopper	93.0%	95.0%	No Report	N/A
Guest Satisfaction	72.6%	79.0%	No Report	N/A
Satisfaction of Emerging Guests (%)	77.1%	85.0%	No Report	N/A

Strategy

Providing an engaging and entertaining Guest Experience is at the core of SaskGaming's business.

Knowledge of the expectations of both current and future guests is key to SaskGaming delivering on an experience that encourages guests to return. Extensive research into market trends, customer preferences and analysis of Players Club data informs decisions related to new product offerings, promotions and the introduction of new amenities.

The corporation continually monitors products and services using Guest Satisfaction Surveys and a Mystery Shopper program, and has ongoing dialogue with key guests.

Result

Casinos Regina and Moose Jaw were temporarily closed on two separate occasions in 2020-21 due to COVID-19. When re-opened briefly from July 9 to December 19, 2020, the casinos were under significant capacity restrictions to ensure the safety of guests and employees. As such, the guest intercept surveys and the Mystery Shopper program were deferred to 2021-22 as results would not yield comparable data or sufficient trends. Therefore, there are no results for these measures in 2020-21.

2021-22 Focus

SaskGaming's first priority is to ensure that when the casinos re-open, it is done in a manner that is safe for both guests and employees. To that end, SaskGaming has gone to great lengths to develop health and safety procedures.

As part of the renovation of Casino Regina, the number of slot machines on the gaming floor has been reduced which allows guests to have a more open, modern and welcoming space.

GameOn 2.0 is SaskGaming's customer service program and, in order to achieve the vision of being the number one entertainment choice in our markets, Casinos Regina and Moose Jaw must offer an outstanding entertainment experience and continue to enhance and improve offerings for customers.

In 2020-21 the revitalized version of the successful GameOn 2.0 customer service program, including enhanced training for all employees, was introduced to ensure that staff are equipped to meet our high expectations around guest interactions and engagement. When normal operations return in 2021-22, all staff will be retrained on GameOn 2.0..

Employee Experience

BSC MEASURES	2019-20 Actual	2020-21 Target	2020-21 Actual	
Employee Satisfaction	N/A	60th Percentile	No Report	N/A
Core Training	96.8%	95.0%	98.3%	Achieved
Employee Absenteeism	5.9%	5.5%	4.7%	Achieved
Indigenous Representation	41.2%	45.0%	39.9%	Progressing

Strategy

SaskGaming continues to invest in its people. Friendly, well-trained and informed staff are critical to achieving an outstanding guest experience and financial success.

SaskGaming is proud to have one of the most diverse workforces in the Saskatchewan public service, with approximately 40 per cent of staff being of Indigenous descent, 19 per cent being visible minorities and four per cent being persons with disabilities. This diversity greatly enriches our working environment. The corporation maintains an Indigenous Employment Strategy and an Indigenous Employees' Network to support recruitment and retention of Indigenous peoples, and promote First Nations, Métis and Inuit culture in the workplace.

The corporation also acts as a developmental employer where careers can begin and grow. Many employees, particularly Indigenous employees, have moved on to careers in the public and private sectors.

Result

The Employee Experience results were impacted by the temporary closures of Casinos Regina and Moose Jaw in March and again in December, which led to the temporary layoff of the majority of SaskGaming's workforce. As a result, the Employee Satisfaction survey was deferred until 2021-22, when the casinos have re-opened, employees have been recalled and normal operations have resumed.

In 2020-21, 98.3 per cent of the remaining employees completed the seven core training courses required by the corporation – slightly ahead of the target of 95.0 per cent.

SaskGaming's Employee Absenteeism was 4.6 per cent for 2020-21, ahead of the target of 5.5 per cent. However, this was significantly impacted by the temporary closures of the casinos and reflects primarily corporate staff working while closed.

Indigenous employment continues to be a priority for SaskGaming. The corporation remains absolutely committed to reaching its long-term goal of 50.0 per cent. While the percentage of Indigenous employment remained relatively stable at 39.9 per cent, challenges in meeting this target were due to extremely limited hiring in 2020-21 and the temporary closures of Casinos Regina and Moose Jaw due to COVID-19.

2021-22 Focus

The core focus in 2021-22 will be re-opening Casinos Regina and Moose Jaw and returning employees to the workplace in a safe and efficient manner.

Implementation of a Wellness Strategy continued in 2020-21, albeit at a slower pace than anticipated. When fully implemented in 2021-22, the strategy will provide additional tools and resources to employees, which will include mental health awareness education and resiliency, and improvements in the timely access to medical resources.

The implementation of a revised learning strategy and related training programs, courses and supports was deferred until 2021-22, when employees have been recalled from temporary layoff. The creation and support of a culture of learning needs to recognize and embrace a more dynamic and flexible approach, integrating more informal learning, coaching, mentoring, communities of practice, subject matter collaboration and timely, effective performance feedback. Flowing from the learning strategy will be a number of programs that will support success at each of these levels.

Responsible Corporation

BSC MEASURES	2019-20 Actual	2020-21 Target	2020-21 Actual	
Guest Awareness of Responsible Gambling	84.0%	84.5%	No Report	N/A
Public Opinion of Community Support	61.3%	62.0%	No Report	N/A

Strategy

SaskGaming is committed to providing gambling in a socially responsible manner and in compliance with the various regulatory requirements that support the highest standards of integrity.

Giving back to the local community is integral to the corporation's mandate. SaskGaming invests approximately one per cent of its Income Before Payment to the GRF to community sponsorships, in-kind support and donations, with 25 per cent of those investments allocated to Indigenous projects, programs and initiatives.

Participation in volunteer events is not only visible to the public, it also allows employees to give back to the community and assist local charities and non-profit organizations. As identified in SaskGaming's Indigenous Employment Strategy, being active and supporting the community is important in Indigenous culture and to Indigenous employees.

SaskGaming will look to strengthen partnerships in the communities in which it operates by promoting volunteer opportunities, including with Indigenous events and organizations.

Result

The GameSense responsible gambling program ensures players are making healthy and informed decisions about their play. In 2020-21, the survey to track Guest Awareness of Responsible Gambling was not completed due to the temporary closures of Casinos Regina and Moose Jaw.

Public Opinion of Community Support was similarly not recorded in 2020-21. The community support program operated while the casinos were open with a limited budget. Community giving activity was limited due to the financial impact of the temporary closures of the casinos. However, what few funds were available were endowed to organizations that were greatly in need.

Public health restrictions also resulted in several volunteer and charity events being cancelled.

2021-22 Focus

Ensuring it maintains the highest standards of integrity, SaskGaming will continue to improve the efficiency and effectiveness of its compliance regime through changes to policy, process and technology.

SaskGaming has partnered with the private sector to review its energy usage, including peak load, to identify inefficiencies in equipment before costly breakdowns or downtime and allow the corporation to reduce energy usage, save on power costs and reduce its carbon footprint. This ground work for this initiative was completed in 2020-21, with the measurement of Cumulative GHG Reduction to begin in 2021-22.

SaskGaming will continue to support a number of charitable initiatives across the province by establishing partnerships with major events, encouraging employee volunteerism and supporting local charities, as well as expanding the creation of community events to leverage charitable funds.

Financial Sustainability

BSC MEASURES	2019-20 Actual	2020-21 Target	2020-21 Actual	
Income (Loss) Before Payment to the GRF (000s of \$)	40,160	522	(13,428)	Not Met
EBITDA Margin	46.6%	22.9%	(2.5%)	Not Met
Debt/Equity Ratio	17.5%	24.3%	15.9%	Achieved
Payroll Percentage	34.0%	48.6%	70.0%	Not Met

Strategy

SaskGaming operates in a mature market highlighted by declining revenue and upward pressure on expenses. Despite these challenges, effective expense management has allowed the corporation to remain strong, profitable and efficient.

SaskGaming continually reinvests in products, property and technology to maximize revenue opportunities in order to generate profit for the people of Saskatchewan and enhance the guest experience.

In order to offset declining revenues, SaskGaming strives to find incremental revenue opportunities as well as operational and cost efficiencies. One component of these initiatives involves working in collaboration with other provincial Crown corporations to identify shared service opportunities.

Result

SaskGaming recorded losses of \$13.4 million, which was \$13.9 million below target due entirely to the approximately seven months of the 2020-21 fiscal year the casinos were temporarily closed due to COVID-19.

All other financial measures, with the exception of Debt/Equity Ratio, were also significantly off target due to the temporary closures of Casinos Regina and Moose Jaw.

2021-22 Focus

SaskGaming has developed a long-term plan that provides a path to sustainable growth for stakeholders by reinvesting capital into technology, infrastructure and facilities. The plan is financially sustainable and can be achieved, despite the losses in 2020-21, using modest borrowing while still maintaining its commitment to the people of Saskatchewan.

Risk Management and Disclosure

SaskGaming has an Enterprise Risk and Opportunities Management (EROM) policy and framework that defines the process and management of risks and opportunities for the corporation. The Board of Directors reviews the policy and framework every two years.

Annually, the Board of Directors also reviews a Risk and Opportunities Assessment report. The report contains the corporate risk register and an assessment of the processes and controls to mitigate the risks. SaskGaming conducts the following activities to complete the annual Risk and Opportunities Assessment Report:

- Revise the list of corporate risks and opportunities and update the risk and opportunity statements, where necessary;
- Conduct an inherent risk assessment and rate the likelihood and impact for new risks and opportunities or where statements were changed from the prior year;
- Conduct a residual risk assessment and rate the likelihood and impact of each risk and opportunity to identify the top residual corporate-wide risks; and
- Develop a prioritized corporate risk and opportunities register.

To actively manage and monitor corporate risks, all risks defined as top corporate-wide risks are reviewed and reported quarterly to the Executive Committee, Audit and Finance Committee and the Board of Directors. By policy, all EROM assessment reports provided to the Board of Directors are also provided to CIC. To ensure the EROM assessment reports remain accurate, a mid-year review of risks and mitigations is conducted.

The EROM assessment reports discussed above played a major role in the development of initiatives to support the corporation's goals and objectives in the 2020-21 Performance Management Plan.

Separated by risk category below are SaskGaming's six top corporate-wide risks, as well as the mitigation activities that address each risk.

Strategic Risk

Sustainable Income	
Risk	Mitigation Activities
The inability to take advantage of opportunities to grow or support the business as SaskGaming's ability to move beyond the traditional gaming market being outside the corporation's control. This could lead to a decline in income and not meeting the shareholder's dividend expectations.	Enhance revenue through the expansion of opening hours at Casinos Regina and Moose Jaw, including opening for limited hours on Christmas Eve and Christmas Day and remaining open 24 hours on weekends.
	Improve product offerings through the implementation of the PowerBucks progressive jackpot system.
	Development of a comprehensive plan to educate stakeholders on the need to modernize SaskGaming's business model in order to continue to be successful in the long term.

Operational Risk

Business Interruption	
Risk	Mitigation Activities
SaskGaming is unable to provide services due to a business interruption (situations including: accidents, labour disruption, loss of a key supplier, sabotage, weather, major technology failure, public health event) resulting in loss of revenue, dissatisfied guests, etc.	SaskGaming's Business Continuity Management Program (BCMP) includes an IT Disaster Recovery Plan, a pandemic plan, strike contingency plans, a crisis communications plan, as well as a business continuity plan. These plans are supported by business impact assessments, critical suppliers lists, departmental action plans and checklists, etc. The BCMP is reviewed and exercised annually and updated, as required, to ensure its accuracy.
	Emergency measures procedures have been developed and are available on the employee intranet to assist employees in responding to various emergency situations.
	SaskGaming's data center and all critical gaming applications are located and backed up off-site for protection.
	SaskGaming carries business interruption insurance.
	SaskGaming's video surveillance system has failover capabilities in the event of a disaster.
	SaskGaming's IT contractor has a disaster recovery plan for all of their managed hosting customers to support a quick recovery following a business interruption.
	Annual fire drills are conducted at both casinos.

Guest Experience	
Risk	Mitigation Activities
Failure to consistently meet guest expectations regarding facilities, safety and customer service results in a loss of business, declining revenues and loss of market share.	Implementation of the updated GameOn 2.0 customer service program to improve guest experience.
	Free parking at Casino Regina was implemented to improve the guest experience.
	The Slot Floor Response System provides guests more timely service as well as proactively identify slot machine issues.
	SaskGaming is in the midst of refreshing and renovating its casino properties to enhance the guest experience.
	Targeted surveys to assess guest experience are conducted to ensure the corporation knows what guests want.
	Creation of strategically directed food and beverage product offerings to provide an enhanced experience for select clientele.
	Implementation and evaluation of the Guest Experience Strategy to ensure all aspects of our guest experience are excellent.
	The Players' Club program supports the Guest Experience Strategy by rewarding guests for play at Casinos Regina and Moose Jaw.
	SaskGaming's GameOn 2.0 customer service program has been enhanced with new training to support the Guest Experience Strategy.
	The Diamond Lounge provides benefits to top-tiered Players' Club members.

Systems & Information Security	
Risk	Mitigation Activities
Loss or theft of revenue, proprietary information, unauthorized knowledge and use of confidential information resulting from inappropriate or unlawful access to data can result in litigation and/or a loss of guest and stakeholder confidence and, thereby have a negative financial impact.	Corporate Systems and Technology facilitates a semi-annual account audit to ensure access is correct. The audit includes contractors and external vendors. Privileged accounts are reviewed on a quarterly basis.
	There is a standardized process in place for assigning permissions within applications to enhance security.
	A third-party contractor performs daily data backups and has a Disaster Recovery System in case of emergencies.
	An IT Security and Acceptable Use of Technology policy was developed and, annually, all employees reaffirm they will abide by the policy.
	To enhance awareness, security information is prepared and distributed to staff.
	A third-party contractor monitors the managed hosting environment to investigate, remediate and report on suspicious activity.
	A third-party contractor monitors network activity to identify security incidents and recommend courses of action.
	SaskGaming utilizes anti-virus software to detect and remediate viruses and malware on desktop computers.
	Passive penetration testing is done on the network to identify security risks.
	To enhance education, Cybersecurity Awareness training is mandatory for all staff.

Talent Management	
Risk	Mitigation Activities
Not effectively developing and managing the culture, human resources and intellectual capital results in an unsatisfied workforce and the inability to sustain the capability of the corporation to achieve its business objectives, including Indigenous representation. This consists of attraction, training, retention, workforce planning, labour relations, safety and wellness.	The corporate Learning Hub is in place and operating to host eLearning training.
	Biennial employee surveys are conducted to identify issues impacting employee satisfaction.
	Employee Satisfaction Committees were established to review the employee survey results, discuss concerns and develop strategies to address root causes of employee dissatisfaction.
	Established the "Ask" program and structured staff meetings where "top five" issues are raised and addressed in a timely manner.
	The Succession Planning and Management Framework is in place. Annually, critical positions and key business processes are reviewed, identified and mitigation plans developed.
	The Attendance Support Program is in place, with quarterly reporting and dedicated resources to assist managers in the administration of the program.
	Social Committees are in place to organize and co-ordinate social events that are identified and suggested by employees and to contribute to employee satisfaction.
	Established communication plans and various mediums and channels to communicate information to employees.
	Kronos time and attendance system (including mobile) is in place.
	Situational Leadership and Coaching for Excellence Program training was completed to support leaders within the organization.
	Updated human resources-related policies and procedures to ensure they are current.
	The Indigenous Employment Strategy has been updated and initiatives continue to be implemented to improve employee satisfaction.
	Third-party contract in place to support employee workplace accommodations, return to work plan implementation and additional attendance supports for employees.
	Implementation of new applicant tracking system and staffing process to support the GameOn 2.0 customer service program.
	GameOn 2.0 customer service program training developed and implemented to support the Guest Experience Strategy.
	A Wellness Strategy was developed and is being implemented.
	A Learning Strategy was developed and is being implemented.

Physical Security	
Risk	Mitigation Activities
Failure to adequately safeguard SaskGaming's property, people and assets results in misappropriation/theft, financial loss and safety concerns.	Access levels exist for each staff position detailing their access to the facilities granted to ensure appropriate controls.
	Access to make changes to keys and access cards is limited and set out in policies and procedures.
	Notice of changes to access (e.g. promotions, terminations, etc.) are communicated through the completion of authorized forms or e-mail to ensure access remains up-to-date.
	Audits of access are conducted and/or facilitated regularly to ensure they are current.
	Floor Security, Control Room and Surveillance secure and monitor properties 24-hours a day.
	A management and inventory system is used to secure and monitor all keys.
	Insurance is carried to address potential liability from theft and loss.
	Casino Regina has Special Constables on-site to be able to issue summary offense tickets to banned guests who have re-entered the property.
	To enhance security, some doors at Casino Regina are locked from entry after midnight.
	Physical access security measures policy and awareness document is reviewed with new employees during the on-boarding process and all employees must sign off on the awareness and understanding of the policy annually as part of the performance assessment process.

Stakeholder Engagement

Public and Guest Communications

Communication with the general public and guests was of particular importance during COVID-19.

Using digital and online tools, as well as traditional print media, the corporation provided up-to-date information on the temporary closures of Casinos Regina and Moose Jaw, as well as any changes to operations as a result of public health orders.

SaskGaming published frequent updates on COVID-19 and its impacts to guests using its Twitter, Facebook and Instagram social media channels. The corporation also responded to all public inquiries received by email within two business days.

The Players Club program, when operating under normal circumstances, offered guests news and promotions using a monthly newsletter, as well as email offers. Despite the temporary casino closures, Players Club members were still able to access their profile on Casinos Regina and Moose Jaw's websites. When re-opened, members could make use of the Players Club kiosks on the gaming floors.

Comprehensive corporate information is made available on Casinos Regina and Moose Jaw's websites, including quarterly financial statements, annual reports and media releases. In 2020-21, this also included timely information on the temporary closures of the casinos and any changes to operations as a result of public health orders.

Casinos Regina and Moose Jaw utilize front-of-house electronic and print signage to inform guests of promotions, entertainment offerings, responsible gambling and recent winners. During COVID-19, this included public health and safety messaging.

SaskGaming normally conducts targeted advertising through television, radio, billboards, direct mail and online platforms. However, due to COVID-19, most advertising efforts were suspended.

The corporation also remained highly accessible to the media throughout the pandemic in order to provide important updates on operations to the general public and guests.

Guest Engagement and Feedback

Although temporarily closed for approximately seven months in 2020-21, SaskGaming remained committed to receiving guest feedback and continue to refine its products and services based on this feedback.

The corporation employs an online community forum to facilitate discussions with hundreds of committed guests. During COVID-19, utilization of the online community forum was scaled back significantly. It was, however, put to good use when the corporation was preparing its plans for re-opening. Using the online community forum, SaskGaming was able to ask guests important questions about health, safety and services, which were incorporated into its planning documents.

Although they were placed on hiatus during COVID-19, Guest Advisory Committees typically meet on a quarterly basis in order to make recommendations on how to improve the overall guest experience at Casinos Regina and Moose Jaw.

Employee Communications

Effective employee communication was of particular importance in ensuring staff were informed throughout COVID-19.

As employees had limited access to corporate email or a smartphone, remote access to corporate email and the employee intranet was key to providing employees with updates to the temporary closures of the casino properties, changes to public health orders, as well as plans for re-opening. This was in addition to utilizing the established range of mediums and channels to connect with employees, including memos, hardcopy correspondence sent by post and regular department meetings delivered by conference call and/or Microsoft Teams.

For those employees who remained in the workplace throughout the management of COVID-19, the majority of SaskGaming's internal communications channels remained in place. These included an "Ask" question-and-answer feature for employees to anonymously submit their questions to management, back-of-house electronic signage, printed signage, employee training modules on new health and safety procedures, and access to conference call and/or Microsoft Team technology.

Management's Report on Financial Statements

The accompanying financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial information included elsewhere in this annual report is consistent with that in the financial statements. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the period ended March 31, 2021 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority, assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records are maintained. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit and Finance Committee of the Board.

The corporation's independent auditors, KPMG LLP, on behalf of management have examined the corporation's financial statements as of March 31, 2021. The auditor's report, which follows, outlines the scope of their examination and sets forth their opinion.



Susan Flett
President and CEO



John Amundson
Sr. Vice President, Finance and IT

May 20, 2021

Management's Report on Internal Control over Financial Reporting

I, Susan Flett, the President and CEO of the Saskatchewan Gaming Corporation, and I, John Amundson, the Sr. Vice President, Finance and IT of the Saskatchewan Gaming Corporation, certify the following:

- a. That we have reviewed the financial statements included in the Annual Report of the Saskatchewan Gaming Corporation (SaskGaming). Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2021.
- b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of SaskGaming do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.
- c. That SaskGaming is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and SaskGaming has designed internal controls over financial reporting that are appropriate to the circumstances of SaskGaming.
- d. That SaskGaming conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, SaskGaming can provide reasonable assurance that internal controls over financial reporting as of March 31, 2021 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



Susan Flett
President and CEO



John Amundson
Sr. Vice President, Finance and IT

May 20, 2021

Independent Auditor's Report

To the Members of the Legislative Assembly, Province of Saskatchewan

Opinion

We have audited the consolidated financial statements of Saskatchewan Gaming Corporation ("the Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of comprehensive (loss) income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2021, and its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Annual Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the end.



Chartered Professional Accountants

Regina, Canada
May 20, 2021

Saskatchewan Gaming Corporation

Consolidated Statement of Financial Position

As at March 31

(Thousands of Dollars)	Note	2021	2020
ASSETS			
Current			
Cash		\$ 4,711	\$ 20,068
Accounts receivable		45	188
Inventory		58	147
Prepaid expenses		775	828
		5,589	21,031
Property, plant and equipment	4	84,518	83,103
		<u>\$ 70,105</u>	<u>\$ 84,133</u>
LIABILITIES AND EQUITY			
Current			
Trade and other payables		\$ 10,258	\$ 11,875
Short-term debt	5	4,888	5,000
Payable to the General Revenue Fund (GRF)	6	-	2,488
Current portion of lease liabilities	7	522	471
		15,768	19,844
Lease liabilities	7	3,883	4,505
		<u>19,748</u>	<u>24,349</u>
Equity advance	8	4,000	-
Retained earnings		48,358	59,784
		<u>50,358</u>	<u>59,784</u>
		<u>\$ 70,105</u>	<u>\$ 84,133</u>
Description of business	1		
Commitments and contingencies	9		
(See accompanying notes)			
On behalf of the Board:			
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  Director </div> <div style="text-align: center;">  Director </div> </div>			

Saskatchewan Gaming Corporation

Consolidated Statement of Comprehensive Income

For the year ended March 31

(Thousands of Dollars)	Note	2021	2020
Revenue	10	\$ 30,898	\$ 114,077
Operating expenses	11,18	31,672	60,974
Depreciation		6,702	6,623
Contractual obligations	9	3,015	3,015
Taxes	12	2,433	2,769
Finance expense	13	504	536
		44,326	73,917
(Loss) income before payment to GRF		(13,428)	40,160
Payment to GRF	6	-	20,080
Net (loss) income		(13,428)	20,080
Other comprehensive income		-	-
Comprehensive (loss) income		\$ (13,428)	\$ 20,080

(See accompanying notes)

Consolidated Statement of Changes in Equity

For the year ended March 31

(Thousands of Dollars)	2021			2020		
	Retained Earnings	Equity Advance	Total	Retained Earnings	Equity Advance	Total
Equity, beginning of year	\$ 59,784	\$ -	\$ 59,784	\$ 52,974	\$ -	\$ 52,974
Comprehensive (loss) income	(13,428)	-	(13,428)	20,080	-	20,080
Dividends	-	-	-	(13,270)	-	(13,270)
Equity advance	-	4,000	4,000	-	-	-
Equity, end of year	\$ 46,356	\$ 4,000	\$ 50,356	\$ 59,784	\$ -	\$ 59,784

(See accompanying notes)

Saskatchewan Gaming Corporation

Consolidated Statement of Cash Flows

(Thousands of Dollars)	2021	2020
Operating activities		
Net (loss) income	\$ (13,428)	\$ 20,080
Adjustments for:		
Finance expense	504	536
Depreciation	6,689	6,545
Loss on sale of property, plant and equipment	13	78
Changes in non-cash working capital balances		
Accounts receivable	143	(48)
Inventory	91	110
Prepaid expenses	(149)	167
Trade and other payables	(1,619)	1,277
Payable to GRF	(2,498)	(2,622)
	<u>(10,254)</u>	<u>26,123</u>
Investing activities		
Purchases of property, plant and equipment	<u>(8,117)</u>	<u>(10,448)</u>
	<u>(8,117)</u>	<u>(10,448)</u>
Financing activities		
Equity advance received	4,000	-
Dividends paid	-	(17,846)
Short-term debt received	-	5,000
Interest paid	(516)	(530)
Repayment of lease liabilities	<u>(471)</u>	<u>(425)</u>
	<u>3,013</u>	<u>(13,801)</u>
Change in cash	(15,358)	1,874
Cash, beginning of year	<u>20,069</u>	<u>18,195</u>
Cash, end of year	<u>\$ 4,711</u>	<u>\$ 20,069</u>

(See accompanying notes)

Saskatchewan Gaming Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

1. Description of Business

The Saskatchewan Gaming Corporation (SaskGaming) is a corporation domiciled in Canada. The address of SaskGaming's registered office and principal place of business is 1880 Saskatchewan Drive, Regina, SK, S4P 0B2.

SaskGaming manages and operates Casino Regina and Casino Moose Jaw. SaskGaming was established under *The Saskatchewan Gaming Corporation Act* to establish and operate casinos in Saskatchewan; conduct and manage games of chance in casinos; and to establish and operate or to provide for the establishment and operation of any business or activity that it considers reasonably related to operating a casino. SaskGaming must operate in accordance with statutory provisions established under Section 207 of the Criminal Code of Canada and *The Alcohol and Gaming Regulation Act, 1997*. Regulation of SaskGaming's operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority. SaskGaming is an agent of Her Majesty in Right of the Province of Saskatchewan, and, as a provincial Crown corporation, is not subject to provincial or federal income taxes. As well, SaskGaming is not subject to provincial capital taxes.

SaskGaming operates under the direction of its owner, Crown Investments Corporation of Saskatchewan (CIC). CIC is the Government of Saskatchewan's holding corporation for its commercial Crown corporations. The financial results of SaskGaming are included in the consolidated financial statements of CIC.

On March 11, 2020, the World Health Organization (WHO) declared the novel coronavirus disease (COVID-19) a global pandemic. The pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. On the advice of Saskatchewan Health Authority and the Chief Medical Health Officer, SaskGaming suspended operations at the close of the gaming day on March 16, 2020 until further notice. Under the Re-open Saskatchewan Plan, Casinos Regina and Moose Jaw reopened on July 9, 2020. The casinos operated following the public health guidelines and restrictions until December 19, 2020, when public health advice again required the closure of Casinos Regina and Moose Jaw. The closures have had a significant negative impact on both revenues and cash flows from operations.

The situation is dynamic and the ultimate duration and magnitude on the economy and the financial effect on SaskGaming's future revenues, operating results and overall financial performance is unknown at this time; however the impact could be material. The current events and conditions are expected to be temporary and SaskGaming has responded to these events by reducing employees except for those that are essential to the continued management of assets and continuation of corporate responsibilities. As of the date of issuance of these consolidated financial statements, a re-opening date for the casinos is not known. SaskGaming has access to financial support from CIC in the form of equity advances to support operations until such time that the casinos are able to re-open. SaskGaming also has available financing through the GRF of up to \$56.2 million.

2. Basis of Preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements were authorized for issue by the Board of Directors on May 20, 2021.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are classified as fair value through profit and loss, which are measured at fair value (Note 17).

c) Functional and presentation currency

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

d) Use of estimates and judgements

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

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

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

- Useful lives of property, plant and equipment (Note 3(e) and Note 4)
- Customer loyalty program (Note 3(c))

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by SaskGaming and its subsidiary.

a) Basis of consolidation

The consolidated financial statements include the accounts of SaskGaming and its wholly-owned subsidiary, SGC Holdings Inc. which is incorporated under *The Business Corporations Act (Saskatchewan)*. All intercompany transactions and accounts have been eliminated on consolidation.

b) Revenue

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and payouts by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots and liabilities under the Players Club Program.

Ancillary revenues include food, beverage, parking and Show Lounge revenue.

Food, beverage and parking revenue is recognized when the goods and services are provided. Show Lounge revenue is recognized when the event occurs.

Revenues exclude the retail value of food, beverage and other promotional allowances provided on a complimentary basis to guests. The cost of providing the complimentary items is included in direct operating expenses.

c) Customer loyalty program

As part of its customer loyalty initiative, SaskGaming offers a Players Club Program to patrons. Under the program, club members accumulate reward points based on a combination of average bet, theoretical hold percentage, game speed and length of play at slot machines and tables. Members can redeem their points for cash or vouchers for free or discounted goods or services. SaskGaming records the points earned as a reduction of gaming revenue. A liability is accrued for the estimated cost of the earned points balance at the end of the period under the Players Club Program. If the patron chooses to redeem their points for a voucher for free or discounted goods or services, the revenue is determined by the fair value of the undelivered goods and services and is deferred until the promotional consideration is provided.

d) Inventory

Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined using the most recent replacement cost.

e) Property, plant and equipment

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. SaskGaming ceases to capitalize borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

Assets are depreciated commencing in the year in which they are available for use, using the straight-line method over their useful lives as follows:

Building and renovations, including leased building	5 - 40 years
Furniture and equipment	3 - 20 years

Depreciation methods and useful lives are reviewed at each financial year end and adjusted if appropriate.

f) Leases

The lessee recognizes a right-of-use asset and a lease liability at the lease commencement date subject to recognition exemptions for certain short-term and low value leases, resulting in lease payments being expensed on a straight line basis. Short-term leases are leases with a lease term of 12 months or less that do not contain a purchase option. Upon recognition, the right-of-use asset is measured at cost, which includes the initial lease liability adjusted for any lease payments made at or before the commencement date of the lease less any lease incentives received, plus any direct costs incurred and estimated costs to dismantle and remove the asset, if any.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are also periodically assessed and adjusted for impairment.

The lease liability is initially measured at the present value of outstanding lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, SaskGaming's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method. If there is a change in the future lease payments the lease liability will be adjusted.

Leasing Activities

The major categories of leased items include:

- Gaming equipment leases (including slot machines);
- Other equipment.

SaskGaming leases certain gaming equipment, which primarily includes slot machines. SaskGaming utilizes a combination of purchased and leased slot machines to enable the continuous refreshment of the gaming experience for guests. As a result slot machines are leased on a short-term basis and replaced frequently. SaskGaming has elected to apply the recognition exemption for short-term leases.

Low value assets are generally office furniture, office equipment and information technology equipment.

For the year ended March 31, 2021, SaskGaming expensed \$436 thousand in short-term leases (2020 - \$2,115 thousand) and \$25 thousand in low-value leases (2020 - \$27 thousand).

SaskGaming leases the property where Casino Moose Jaw is located. This lease is accounted for as a finance lease. The right-of-use asset is included in property, plant and equipment and the lease liability is disclosed separately as "Lease liabilities".

g) Employee benefits

(i) Defined contribution plan

SaskGaming provides pension benefits to eligible employees through participation in a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the

consolidated statement of comprehensive (loss) income when services are rendered by employees.

(ii) Short-term employee benefits

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

h) Foreign currency

Transactions in foreign currencies are translated to the functional currency of SaskGaming at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. All gains and losses on translation of these foreign currency transactions are included in income in the current period.

i) Financial instruments

(i) Non-derivative financial assets and liabilities

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

Cash is classified as fair value through profit or loss and is recorded at fair value. Accounts receivable are classified as amortized cost. Financial assets classified as amortized cost are subsequently measured at amortized cost using the effective interest method, less any impairment.

SaskGaming has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, short-term debt, payable to the GRF and dividend payable. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

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

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

(ii) Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not held-for-

trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in net income.

SaskGaming had no contracts with embedded derivatives as at March 31, 2021 (March 31, 2020 - no embedded derivatives).

j) Impairment

i) Financial assets

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

When determining whether the credit risk of a financial asset has increased, SaskGaming performs a quantitative and qualitative analysis based on SaskGaming's historical experience and forward-looking information. SaskGaming assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due. SaskGaming considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to SaskGaming in full, without recourse by SaskGaming to actions such as realizing security.

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

ii) Non-financial assets

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

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

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

k) Finance income and finance costs

Finance income comprises interest income on bank balances. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

l) New standards and interpretations not yet adopted

SaskGaming has assessed the impact of new standards, interpretations and amendments to existing standards that were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after March 31, 2021. This includes:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments clarify the classification of liabilities as current or non-current and remove the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2023. SaskGaming does not expect any material impact with the adoption of these amendments.

Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates, which clarifies that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. SaskGaming does not expect any material impact with the adoption of these amendments.

Accounting Policies (Amendments to IAS 1)

The amendments require companies to disclose their material accounting policies rather than significant accounting policies and clarify that accounting policies related to immaterial transactions or events do not need to be disclosed. The amendments also clarify that not all accounting policies that relate to a material transaction or event are themselves material to the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023. SaskGaming does not expect any material impact with the adoption of these amendments.

4. Property, Plant and Equipment

(Thousands of Dollars)	Land	Buildings and Renovations	Furniture and Equipment	Right-of-Use Asset	Total
Cost					
Balance at April 1, 2019	\$ 15,154	\$ 46,551	\$ 42,736	\$ 8,791	\$ 113,232
Additions	-	3,316	7,118	14	10,448
Disposals	-	(678)	(3,706)	-	(4,384)
Balance at March 31, 2020	<u>\$ 15,154</u>	<u>\$ 49,189</u>	<u>\$ 46,148</u>	<u>\$ 8,805</u>	<u>\$ 119,296</u>
Balance at April 1, 2020	\$ 15,154	\$ 49,189	\$ 46,148	\$ 8,805	\$ 119,296
Additions	-	6,735	1,329	53	8,117
Disposals	-	(3,486)	(2,412)	-	(5,898)
Balance at March 31, 2021	<u>\$ 15,154</u>	<u>\$ 52,438</u>	<u>\$ 45,065</u>	<u>\$ 8,858</u>	<u>\$ 121,515</u>
Accumulated Depreciation					
Balance at April 1, 2019	\$ -	\$ 22,774	\$ 27,662	\$ 3,518	\$ 53,954
Depreciation	-	2,172	4,129	244	6,545
Disposals	-	(668)	(3,638)	-	(4,306)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 24,278</u>	<u>\$ 28,153</u>	<u>\$ 3,762</u>	<u>\$ 56,193</u>
Balance at April 1, 2020	\$ -	\$ 24,278	\$ 28,153	\$ 3,762	\$ 56,193
Depreciation	-	2,117	4,372	200	6,689
Disposals	-	(3,486)	(2,399)	-	(5,885)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 22,909</u>	<u>\$ 30,126</u>	<u>\$ 3,962</u>	<u>\$ 56,997</u>
Carrying Amounts					
At March 31, 2020	<u>\$ 15,154</u>	<u>\$ 24,911</u>	<u>\$ 17,995</u>	<u>\$ 5,043</u>	<u>\$ 63,103</u>
At March 31, 2021	<u>\$ 15,154</u>	<u>\$ 29,529</u>	<u>\$ 14,939</u>	<u>\$ 4,896</u>	<u>\$ 64,518</u>

SaskGaming leases building and land under a finance lease agreement. At March 31, 2021, the net carrying amount of leased building was \$3,720 thousand (March 31, 2020 - \$3,867 thousand) and the leased land was \$1,176 thousand (March 31, 2020 - \$1,176 thousand).

5. Short-term Debt

SaskGaming has a promissory note with a carrying value of \$4,988 thousand (2020 - Line of credit of \$5,000 thousand) through the General Revenue Fund with a maturity date of March 17, 2022 and a fixed interest rate of 0.24% (2020 - Line of credit with a maturity date of April 24, 2020 and interest at 1.50%).

6. Payment to the General Revenue Fund

SaskGaming pays monies to the GRF to the extent required to meet the Government's obligations under the *The Saskatchewan Gaming Corporation Act* to the First Nations Trust, the Community Initiatives Fund and the Métis Development Fund.

As a result of the net loss for the year-ended March 31, 2021, no payment to the GRF is required.

7. Lease Liabilities

Beginning in September 2002, SaskGaming leased the Casino Moose Jaw property for 25 years at an annual cost of \$900 thousand for the first ten years, and \$955 thousand annually thereafter. At the end of the lease, SaskGaming will acquire the property for the sum of one dollar.

(Thousands of Dollars)	2021	2020
Total future minimum lease payments	\$ 6,128	\$ 7,083
Less: future finance charges on lease	(1,623)	(2,107)
Present value of lease liabilities	4,505	4,976
Less: current portion of lease liabilities	(522)	(471)
Lease liabilities	<u>\$ 3,983</u>	<u>\$ 4,505</u>

As at March 31, 2021, scheduled future minimum lease payments and the present value of lease liabilities are as follows:

(Thousands of Dollars)	1 year	1 - 5 years	More than 5 Years
Future minimum lease payments	\$ 955	\$ 3,820	\$ 1,353
Present value of finance lease liabilities	522	2,719	1,264

8. Equity Advance

SaskGaming does not have share capital. However, SaskGaming has received equity advances from CIC to form its equity capitalization. The advances reflect an equity investment in SaskGaming by CIC. During the 2020-21 fiscal year, SaskGaming has received \$4,000 thousand (2020 - nil) in equity advances from CIC.

Subsequent to year-end, SaskGaming received additional an additional \$4,000 thousand in equity advances from CIC.

9. Commitments and Contingencies

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SaskGaming entered into an agreement with the Association to fulfill previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the termination provisions of the agreement, SaskGaming agreed to pay the Association monthly payments of \$235,417 for the first year following termination of the agreement and, subject to certain conditions, monthly payments of \$216,667 until 2027.

b) Agreement with Moose Jaw Exhibition Company Ltd. (MJEX)

On July 31, 2001, SaskGaming entered into an agreement with MJEX regarding the maintenance of a certain level of income upon the opening of Casino Moose Jaw. Under this agreement, SaskGaming agreed to pay MJEX \$34,583 monthly, subject to certain conditions, starting in 2003 and continuing until 2028.

c) Litigation and claims

SaskGaming is involved in litigation and claims that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies would not have a material impact on the consolidated financial position or the consolidated results of operations of SaskGaming.

10. Revenue

(Thousands of Dollars)	2021	2020
Gaming revenue	\$ 29,459	\$ 104,493
Ancillary revenue	1,240	8,896
Other	199	688
	<u>\$ 30,898</u>	<u>\$ 114,077</u>

Ancillary revenues include revenue from food and beverage, parking, Show Lounge and other non-gaming related activities.

11. Operating Expenses

(Thousands of Dollars)	2021	2020
Salaries and employee benefits	\$ 20,565	\$ 36,964
Employee future benefits	1,076	1,777
Maintenance and supplies	4,754	6,901
Advertising, promotions and sponsorships	1,118	3,549
Professional services	623	965
Printing and communication	613	1,090
Lease and rental	499	2,203
Food and beverage cost of goods sold	322	2,779
Entertainment	-	1,361
Other direct operating	2,102	3,385
	<u>\$ 31,672</u>	<u>\$ 60,974</u>

12. Taxes

SaskGaming is on the prescribed list of lottery corporations pursuant to Section 188 of *The Excise Tax Act*. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SaskGaming calculates and remits GST according to a formula prescribed by the Canada Revenue Agency (CRA). The formula requires SaskGaming to pay 10 per cent on the purchase of goods and services related to gaming activities.

GST and provincial sales tax on leased equipment is expensed over the term of the lease. Also included in taxes are grants in lieu of property tax.

As a provincial Crown corporation, SaskGaming is not subject to federal or provincial income or capital taxes.

13. Finance Expense

(Thousands of Dollars)	2021	2020
Interest on lease liabilities	\$ 484	\$ 530
Interest on short-term debt	20	6
	<u>\$ 504</u>	<u>\$ 536</u>

14. Pension Plan

Substantially all of SaskGaming's permanent employees participate in the Public Employees Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors. The Public Employees Pension Plan is registered under *The Income Tax Act (Canada)* and is governed by the Plan board in accordance with *The Public Employees Pension Plan Act*. SaskGaming's financial obligation is limited to making the employer's required contributions for current service. During the year ended March 31, 2021, SaskGaming expensed \$1,076 thousand (March 31, 2020 - \$1,777 thousand) for the employer's required contributions.

15. Bank Indebtedness

SaskGaming has established a line of credit of \$3 million with its financial institution. The line of credit is unsecured. Interest is charged on the line of credit at the bank's prime rate. SaskGaming did not have any amount owing on the line of credit at March 31, 2021 (March 31, 2020 - nil).

16. Capital Management

SaskGaming's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of SaskGaming, and to ensure adequate returns to CIC. During the year, as a result of the casino closures due to COVID-19, CIC did not require SaskGaming to declare a dividend (2020 - 66.1 per cent of net earnings).

SaskGaming funds its capital requirements through internal operating activities and debt. SaskGaming's maximum debt level is determined by the Government of Saskatchewan through Order-in-Council. Through this process, SaskGaming may borrow up to \$56.2 million, which includes finance leases and temporary loans. SaskGaming also has an available line of credit of \$3.0 million at a financial institution. SaskGaming carries \$4,988 thousand in financing through the General Revenue Fund in the form of a promissory note (2020 – Line of credit of \$5,000 thousand).

SaskGaming monitors capital on the basis of the debt ratio. The ratio is calculated as debt over debt plus equity. Total debt includes long and short term debt and finance lease obligations. Total equity is equal to equity advances and retained earnings.

For fiscal 2021, SaskGaming's goal is a debt to equity ratio of 19.4%.

The debt ratio is as follows:

(Thousands of Dollars)	2021	2020
Lease obligation	\$ 4,505	\$ 4,976
Short-term debt	4,988	5,000
Total debt	9,493	9,976
Equity advance	4,000	-
Retained earnings	46,356	59,784
Capitalization	\$ 59,849	\$ 69,760
Debt ratio	15.9%	14.3%

17. Financial Risk Management

SaskGaming has exposure to the following risks from its use of financial instruments: market risk (foreign currency risk), credit risk and liquidity risk.

a) Risk management

The Board of Directors has overall responsibility for the establishment and oversight of SaskGaming's risk management framework and is responsible for developing and monitoring SaskGaming's risk management policies.

SaskGaming's risk management policies are established to identify and analyze the risks faced by SaskGaming, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and SaskGaming's activities.

SaskGaming's Board of Directors oversees how management monitors compliance with SaskGaming's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by SaskGaming. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

b) Fair value

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

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

The fair value of the short-term debt is considered to approximate its carrying value due to its short-term nature.

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

(Thousands of Dollars)			2021		2020	
Financial Instruments	Classification ¹	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	\$ 4,711	\$ 4,711	\$ 20,069	\$ 20,069
Accounts receivable	AC	Level Two	45	45	188	188
Trade and other payables	AC	Level Two	10,256	10,256	11,875	11,875
Short-term debt	AC	Level Two	4,988	4,988	5,000	5,000
Payable to the GRF	AC	Level Two	-	-	2,498	2,498

Classification¹:

FVTPL - Fair value through profit and loss

AC - Amortized cost

c) Foreign exchange risk

SaskGaming faces exposure to the U.S./Canadian dollar exchange rate through the purchase of goods and services payable in U.S. dollars. The risk is not considered significant. There has been no change in the risk exposure from March 31, 2020.

d) Credit risk

SaskGaming does not extend credit to its gaming customers. Credit risk is limited to its accounts receivable balance which consists primarily of credit extended to business entities for business functions held at the Show Lounge. Credit risk is not considered significant. There has been no change in the risk exposure from March 31, 2020.

e) Liquidity risk

Liquidity risk is the risk that SaskGaming is unable to meet its financial commitments as they become due or can only do so at excessive cost. SaskGaming manages its cash resources based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities of SaskGaming's financial liabilities.

At March 31, 2021

(Thousands of Dollars)		Contractual Cash Flows					
Financial Liabilities	Carrying Amount	Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	More than 5 years
Trade and other payables	\$ 10,256	\$ 10,256	\$ 10,256	\$ -	\$ -	\$ -	\$ -
Short-term debt	4,988	4,988	-	4,988	-	-	-
Lease liabilities	4,505	6,128	478	478	955	2,865	1,352
	<u>\$ 19,749</u>	<u>\$ 21,372</u>	<u>\$ 10,734</u>	<u>\$ 5,466</u>	<u>\$ 955</u>	<u>\$ 2,865</u>	<u>\$ 1,352</u>

At March 31, 2020

(Thousands of Dollars)		Contractual Cash Flows					
Financial Liabilities	Carrying Amount	Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	More than 5 years
Trade and other payables	\$ 11,875	\$ 11,875	\$ 11,875	\$ -	\$ -	\$ -	\$ -
Short-term debt	5,000	5,000	5,000	-	-	-	-
Payable to the GRF	2,498	2,498	2,498	-	-	-	-
Lease liabilities	4,976	7,083	478	478	955	2,865	2,307
	<u>\$ 24,349</u>	<u>\$ 26,456</u>	<u>\$ 19,851</u>	<u>\$ 478</u>	<u>\$ 955</u>	<u>\$ 2,865</u>	<u>\$ 2,307</u>

Although the casinos are closed, SaskGaming has the ability to draw on additional funding in the form of a line of credit and equity advances from its shareholder, CIC, to meet these financial liabilities.

18. Related Party Transactions

SaskGaming is controlled by the Government of Saskatchewan through its ownership of SaskGaming's parent, CIC. Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SaskGaming by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the

Government of Saskatchewan (collectively referred to as “government-related entities”). SaskGaming has elected to take a partial exemption under IAS 24, *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

Routine operating transactions with related parties are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. For the year ending March 31, 2021, the aggregate amount of SaskGaming’s transactions with other government-related entities is approximately 7.4 per cent of direct operating expenses (March 31, 2020 - 5.1 per cent).

In addition, SaskGaming pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SaskGaming also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance.

Other amounts and transactions due to and from related parties are described separately in these consolidated financial statements and the notes thereto.

Key management personnel compensation

In addition to salaries, SaskGaming provides non-cash benefits to key management personnel, defined as the President, Vice Presidents and Board members of SaskGaming. Key management personnel compensation is comprised of:

(Thousands of Dollars)	2021	2020
Short term employee benefits	\$ 1,522	\$ 1,565
Post-employment benefits (defined contribution pension plan)	104	109
	<u>\$ 1,626</u>	<u>\$ 1,674</u>

19. Comparative Information

Certain comparative information has been reclassified to conform to the current year presentation.

GOVERNANCE

Mandate and Authority

The Saskatchewan Gaming Corporation (SaskGaming) was established as a Treasury Board Crown corporation under *The Saskatchewan Gaming Corporation Act* with the mandate to establish and operate casinos in Saskatchewan. Effective April 1, 2008, SaskGaming became a Crown corporation under the direction of Crown Investments Corporation (CIC), the holding company for Saskatchewan's statutory Crown corporations.

SaskGaming is accountable to the Government of Saskatchewan through a Board of Directors appointed by the Lieutenant Governor in Council. Through the Chair, the Board is accountable to the Minister Responsible for SaskGaming.

SaskGaming operates Casinos Regina and Moose Jaw under the regulatory authority of the Saskatchewan Liquor and Gaming Authority (SLGA). Day-to-day operating practices at the casinos are governed by provincial regulations. SaskGaming also operates in accordance with statutory provisions under the Criminal Code of Canada and *The Alcohol and Gaming Regulation Act, 1997*.

Profit Sharing

In a normal operating year, SaskGaming pays 50 per cent of its net income to the General Revenue Fund (GRF) to fulfill the government's legislated commitment to the First Nations Trust and the Community Initiatives Fund (CIF) as outlined in *The Saskatchewan Gaming Corporation Act*. Half of SaskGaming's commitment flows to the First Nations Trust and the other half flows to the CIF.

- The First Nations Trust distributes funding to all First Nations in the province and requires these funds to be spent on economic development, social development, justice, educational development, recreational facilities development and operation, senior and youth programs, cultural development, community infrastructure, health initiatives and other charitable purposes.
- The CIF is overseen by the Ministry of Parks, Culture and Sport and provides grants to initiatives that enhance human development and community vitality.
 - By agreement, a portion of the funds established for the CIF are allocated to the Métis Development Fund, also known as the Clarence Campeau Development Fund (CCDF). Its mission is to improve the economic circumstances of Saskatchewan's Métis people by providing funding for business development, community economic development, development of management skills and assistance to new and existing Métis-owned businesses.
 - This agreement specifies an 80/20 split (CIF/CCDF) on the first \$10.0 million and an equal share (50/50) of any remaining revenues.

The remaining 50.0 per cent of SaskGaming's net income is available for dividend distribution through CIC for other priorities of government. The unused portion remaining is retained by SaskGaming for future needs.

Shareholder Direction and Communications

As the shareholder of SaskGaming, CIC establishes the general strategic direction (as it does for all subsidiary Crowns) and, in turn, SaskGaming supports that strategic direction.

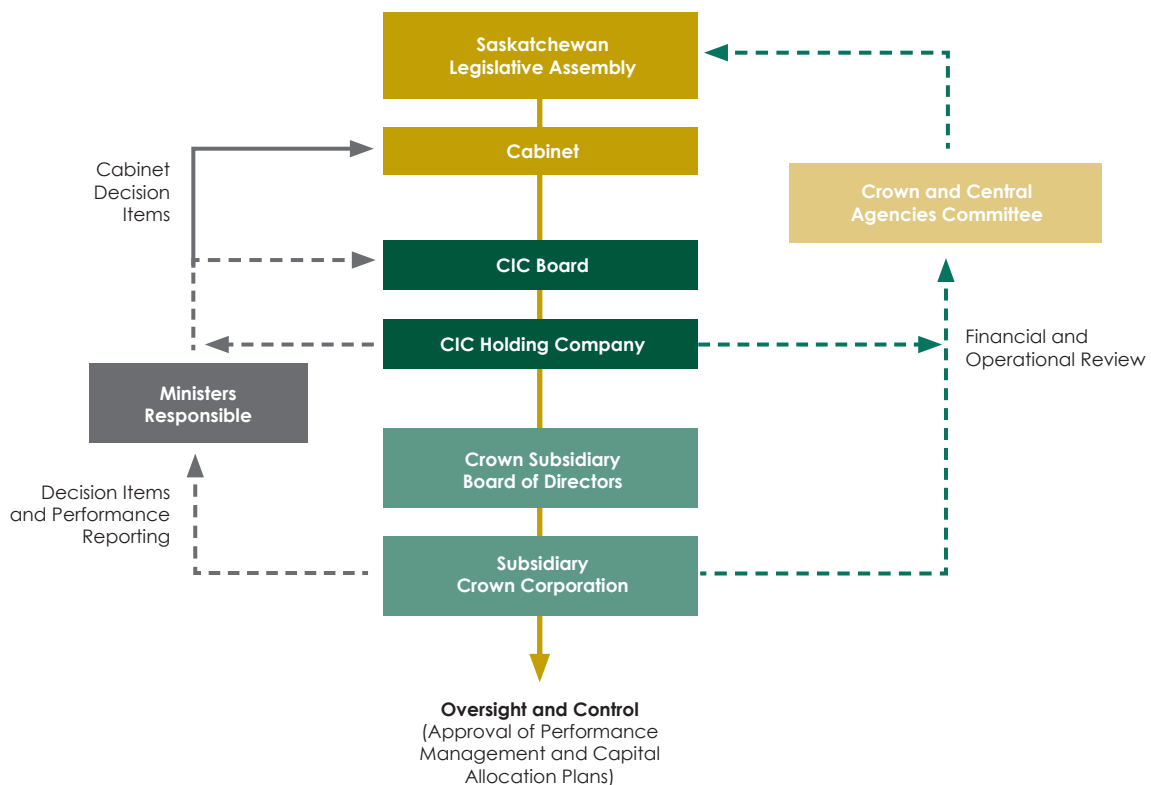
CIC communicates with SaskGaming through written policies or directives issued by CIC management or the CIC Board of Directors, and verbally through discussions with SaskGaming senior leaders. SaskGaming reports to CIC on a regular basis on matters such as Balanced Scorecard results, financial statements and budget forecasts, capital expenditures and other requested information on an ad hoc basis. Where required by legislation or directive, SaskGaming submits information and/or decision items for review and approval by CIC and Cabinet.

The President and CEO of SaskGaming reports to a Board of Directors appointed by the Lieutenant Governor in Council. The Board is comprised of seven members, three of whom are nominated by the Federation of Sovereign Indigenous Nations (FSIN).

Through the Chair, SaskGaming's Board of Directors is accountable to the Minister Responsible for SaskGaming. The Minister functions as a link between SaskGaming and Cabinet, as well as the Legislative Assembly of Saskatchewan.

The Legislative Assembly appoints members to the Standing Committee on Crown and Central Agencies at the beginning of each legislative session. This committee holds public hearings and is empowered to review the annual report, financial statements and operations of Crown corporations and related agencies. The Minister Responsible for SaskGaming and SaskGaming senior management are called before the committee to answer questions about the year(s) under review.

The following chart illustrates the accountability structure for Crown corporations:



Regulatory Compliance

The *Saskatchewan Gaming Corporation Casino Regulations, 2002* govern the day-to-day operating practices at Casinos Regina and Moose Jaw. SaskGaming is also subject to other acts and associated regulations including but not limited to *The Financial Administration Act*, *The Tabling of Documents Act*, *The Crown Corporations Act*, *The Freedom of Information and Protection of Privacy Act*, *The Heritage Property Act* and *The Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

SaskGaming has detailed policies and procedures in place to ensure compliance with all regulatory standards and a Risk and Compliance department tasked with ensuring we meet our obligations. SaskGaming representatives from Risk and Compliance and the Corporate Auditor meet quarterly with SLGA compliance investigators to discuss operational matters and to review new or existing policies and procedures. SaskGaming senior leaders are also in regular contact with SLGA through written and verbal interactions.

Role of the Board of Directors

The Board of Directors functions as a steward of the corporation and has a statutory authority and an obligation to manage the affairs and the business of the corporation. In satisfaction of this obligation, the Board provides oversight, while delegating to management the responsibility for day-to-day operations. The fundamental objective of the Board is to act in the best interests of SaskGaming, taking into account the public policy and business objectives of the corporation, with a view to enhancing shareholder value.

Visit casinoregina.com for the Board's Terms of Reference.

Board Composition

The composition of the Board of Directors is set out in SaskGaming's governing legislation. The Board consists of not more than seven members, all of who are appointed by the Lieutenant Governor in Council. Three members of the SaskGaming Board are nominated by the FSIN. Cabinet may fill any vacancy that occurs on the Board.

Board Appointment and Renewal

While the appointment of Directors is ultimately made by the Lieutenant Governor in Council, it follows recommendations provided by CIC and the SaskGaming Board of Directors.

The Governance and Human Resources Committee leads the process for assessing the skills and competencies of Board and committee members to support the strategic direction and the operational needs of the corporation. The Committee, in compliance with the CIC Board of Directors Appointment Policy, reviews potential candidates and recommends approval of qualified candidates to the SaskGaming Board for consideration by the CIC Board of Directors. Recommendations may also include appropriate mix of skills, qualifications and expertise required for new directors.

Compensation Practices

Compensation rates for directors are set by the CIC Board of Directors. Directors receive quarterly retainers when they are engaged in work for the corporation, including performance of any duties on behalf of the corporation or as a member of a Committee of the Board.

The CIC Board sets compensation rates according to the level of responsibility of the Board. In 2020-21, the quarterly retainer for members of the SaskGaming Board of Directors was \$5,000 for the Chair and \$3,500 per director.

Committee chairs also receive a quarterly retainer and members of committees receive a per diem for attendance at meetings. The Chair of the Audit and Finance Committee receives a \$650 quarterly retainer and the Chair of the Governance and Human Resources Committee receives a \$500 retainer. The maximum per diem for members of committees is \$650 for a full-day and \$350 for a half-day meeting.

Board expenses for the fiscal period ending March 31, 2021 were \$128,426.

Code of Conduct

Members of the SaskGaming Board of Directors are governed by SaskGaming's Code of Business Conduct and Ethics policy and the CIC Code of Conduct for Directors of subsidiary Crown corporations. The CIC Code assists the Boards of subsidiary Crowns to more effectively fulfill their statutory and fiduciary obligations, and maintain a reputation for the highest standards of public trust and confidence in serving the interests of all stakeholders. The Governance and Human Resources Committee serves as ethics advisor to the Board, administers and enforces the CIC Code and reports annually to the Board on compliance with the Code.

CEO Assessment and Executive Compensation

The Board monitors and evaluates the performance of the President and CEO on an ongoing basis. The Board Chair with input from Board members annually reviews and recommends to the Board the performance objectives, work plans and development plans for the President and CEO for the upcoming year. The Governance and Human Resource Committee, with the Board Chair, conducts an annual performance review of the President and CEO, based on agreed-upon objectives and developmental initiatives, which are approved by the Board and updated each year. The committee shares the results of the annual performance review with the Board.

The executive compensation plan for Crown corporations is defined by the shareholder, CIC. As a result, executive compensation at SaskGaming complies with the guidelines established by CIC's Crown Executive Compensation Policy, Procedures and Guidelines. Within the guidelines set by CIC, the Governance and Human Resources Committee monitors and annually reviews the compensation and benefit programs, policies and incentive compensation plans for executive and recommends to the Board, where appropriate, any changes to the compensation levels for the President and CEO or executive. Incentive compensation is tied to the achievement of corporate targets, and the extent to which the targets are achieved determines executive eligibility for performance compensation.

Direct reports of the President and CEO, including all executive members, are required by legislation to file and report the details of their compensation and benefits, and any changes to their compensation and benefits, to the Clerk of the Saskatchewan Legislature within 14 days of the change. In addition, the Crown and Central Agencies Committee of the Legislative Assembly requires all Crown corporations, including SaskGaming, to file an annual Crown Payee Disclosure Report which includes the total compensation of executive members. The report is available on the CIC website. The Governance and Human Resources Committee and the Board annually review the details of the report.

Succession Planning

SaskGaming has a workforce plan to ensure the corporation has the right people, competencies and skills needed to be successful. The workforce plan links to the Learning Strategy, which includes a competency framework.

The Governance and Human Resources Committee approves and/or recommends the corporation's human resources policies (that relate to the terms and conditions of employment and compensation), guidelines, procedures and systems, and reports changes in policies to the Board. The committee reviews annually the corporation's Succession Planning and Retention Framework, and makes recommendations to the Board where changes are required. The committee semi-annually reviews updates regarding identified critical positions and associated mitigation plans to ensure a robust plan is in place and to better manage risk associated with talent management.

The committee is also responsible for the succession plan for the President and CEO, and annually reviews and updates the succession plan as necessary and makes recommendations regarding the succession plan to the Board.

Board Committees

The Board has the authority to appoint any committees that it considers necessary for conducting the business of the corporation. The Board has developed Terms of Reference prescribing the scope, duties and responsibilities of the committees it has appointed to assist it in fulfilling its obligations.

Audit and Finance Committee

The mandate of the Audit and Finance Committee is to assist the Board in meeting its responsibilities by ensuring the adequacy and effectiveness of the corporation's financial reporting, internal controls, management information systems and risk management. The Committee is directly responsible for the corporate audit function, approving the corporate audit charter, plan and resources, and reviewing audit results. The committee has responsibility to:

- Oversee the work of the Corporate Auditor and External Auditor;
- Approve the Corporate Auditor's annual audit plan, including any significant mid-year changes to the plan;
- Resolve any disagreements regarding accounting, internal controls or auditing matters;
- Retain independent counsel, accountants or others to advise the committee as required or to assist in conducting an investigation; and
- Seek any information it requires from external parties or employees to conduct an investigation.

The Committee has the authority to authorize investigations into any matter referred to it by the Board, or any other matter within the committee's scope of responsibilities. The Committee meets in-camera with the corporation's Corporate Auditor, as necessary, to better understand the information presented by Corporate Audit or any other relevant issues. The Committee also meets regularly with the appointed External Auditor.

Key work of the Committee in 2020-21 included the review and recommend the corporation's External and Internal Audit Plans; the 2019-20 Consolidated Financial Statements; the Management Discussion and Analysis section of the 2019-20 Annual Report; the SaskGaming Payee Disclosure Reports; the public Quarterly Financial Reports; quarterly Performance Management Plan Reports; reports from the Internal Auditor; the appointment of the External Auditor; the quarterly Enterprise Risk Management Status Reports; and the CEO Compliance Certificate.

In 2020-21, the committee held a total of four meetings.

Members: Paul Pastor (Chair), Blair Ross (Ex Officio), Tim Bear, Ernest Standingready.

Governance and Human Resources Committee

The Governance and Human Resources Committee serves as an advisory body to the Board, providing leadership to the Board in relation to governance processes, policies and principles of the corporation and assisting the Board in nominating potential candidates for positions on the Board. The Committee oversees SaskGaming's overall employment environment and is responsible for the corporation's policies for human resource management, compensation and succession planning. The Committee also provides input annually to the Board on the performance objectives, work plans and development plans for the President and CEO. The Committee also provides input to the Board Chair's annual performance review of the President and CEO.

The Committee develops and reviews the effectiveness of the corporation's governance practices and biennially reviews the Terms of Reference of the Board and its Committees. The Committee annually reviews the corporation's diversity initiatives and monitors the corporation's Code of Business Conduct and Ethics Policy and other workplace policies. It serves as ethics advisor to the Board, administering and enforcing CIC's Code of Conduct and reporting annually to the Board on compliance with the Code.

Key work of the Committee in 2020-21 was to review and recommend the Annual Succession and Retention Plan and semi-annual updates; the summary of litigation pertaining to human resource matters; all of the compensation and benefits programs and, in particular, those that apply to the executive; the semi-annual Representative Workforce Reports and the Annual Diversity Initiatives; changes to the Executive Compensation in terms of the pay-at-risk plan and results for the previous performance year; performance targets for the executive; and to assist the Chair of the Board in the

completion of the annual performance review of the President and CEO.

In 2020-21, the committee held a total of four meetings.

Members: Eileen Libby (Chair), Blair Ross (Ex Officio), Chief Cadmus Delorme, Donna Strudwick.

Governance Practices

SaskGaming's approach to corporate governance is substantially consistent with the guidelines set out in the Canadian Securities Administrators (CSA) National Policy 58-201 – Corporate Governance Guidelines and National Instrument 58-101 – Disclosure of Corporate Governance Practices.

The National Policy and National Instrument address the key areas of responsibility for effective corporate governance, including responsibility for stewardship of the corporation, the Board's role in working with management and the functioning of the Board. Although SaskGaming is not legally obligated to comply with CSA governance guidelines, the corporation has benchmarked its corporate governance practices against the CSA National Policy and National Instrument Guidelines in the following corporate governance scorecard.

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
1. Board of Directors Composition The Board should have a majority of independent directors.	There are seven members on the SaskGaming Board appointed by the Lieutenant Governor in Council. The FSIN nominates three members and the provincial Cabinet appoints four members. All directors are independent.	Yes
Disclosure of significant shareholders (ability to exercise the majority of votes to elect directors).	Saskatchewan Gaming Corporation, as a statutory Crown corporation, does not have any issued share capital. Although CSA is reviewing governance of controlled companies, this feature is not applicable to SaskGaming.	Not Applicable

(a) Disclose the identity of
directors; and

Blair Ross, Board Chair: Independent, President and COO, Co-founder of SRG Security Resource Group.

Yes

(b) Describe who is
independent and the basis
for the determination of
independence.

Eileen Libby, Board Vice-Chair: Independent, Partner at MLT Aikins LLP.

Cadmus Delorme: Independent, Chief of the Cowessess First Nation, FSIN appointee.

Ernest Standingready: Independent, elected Councillor and Treaty 4 Headman for Ocean Man Nakota First Nation, FSIN appointee.

Donna Strudwick: Independent, Senior Office Inspector, Rural Board of Examiners.

Paul Pastor: Independent, Partner, Buckberger Baerg & Partners LLP.

Tim Bear: Independent, Community Navigator, Sakimay First Nation.

None of the directors or their "associates" work with or for the corporation, or have material contracts or relationships with the corporation, or have received remuneration from the corporation in excess of the fees and compensation as directors or committee members or as directors of subsidiaries of the corporation.

(c) Indicate whether directors
are directors of any other
issuer that is a reporting issuer.

SaskGaming does not have share capital, and therefore is not an issuer.

Not
Applicable

(d) Do directors hold regularly
scheduled in-camera
meetings to facilitate open
and candid discussion?
If so, how many meetings
were held in the previous
12 months?

At each regular meeting, the Board sets aside time on the agenda for an in-camera session where management is excused from the meeting. The Board held four meetings in 2020-21.

Yes

(e) The Chair should be
independent to provide
leadership for the directors.

The Board structure of SaskGaming is such that the Board Chair is independent.

Yes

(f) Disclose the attendance record of each Director for Board meetings held in the most recently completed financial year.

The following are the attendance statistics for Board meetings:

Director	Board	Audit & Finance	Governance & HR	Total
Delorme	4/4	-	3/4	7/8
Libby	3/4	-	3/4	6/8
Pastor	4/4	4/4	-	8/8
Ross	4/4	4/4	4/4	12/12
Standingready	4/4	4/4	-	8/8
Strudwick	3/4	-	4/4	7/8
Bear	4/4	4/4	1/4	9/12

For the purposes of this report, members who attended meetings in part were considered to be present.

2. Board Mandate

The Board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the corporation and which delineates its roles and responsibilities, including responsibility for:

The Board has written Terms of Reference that set out its responsibility to function as stewards of the corporation, and the obligation to manage the affairs and business of the corporation. While the fundamental objective of the Board is to act in the best interests of the corporation, the Board has a responsibility to ensure congruence among shareholder expectations, corporate plans and management performance. The Board Terms of Reference are available to the public on the corporate website.

Yes

The Board adopts an Annual Work Plan to ensure the duties and responsibilities identified in the Terms of Reference are scheduled to be achieved.

(a) Satisfaction regarding the integrity of the Chief Executive Officer (CEO) and executive and the creation of a culture of integrity;

The CEO and executive act in accordance with the governing legislation, the corporation's Code of Business Conduct and Ethics Policy and Board Terms of Reference which are available to the public on the corporate website. The Board has approved the Integrity Matters policy, which provides a mechanism for anonymous internal reporting of actual or potential business misconduct.

Yes

Each of the Committees established by the Board has its own Terms of Reference, which are available on the corporate website. Board members are also governed by the CIC's Code of Conduct for directors of subsidiary Crown corporations.

(b) The adoption of a strategic planning process and approval of a strategic plan that takes into account, among other things, the opportunities and risks of the business;

SaskGaming has an integrated strategic planning process using the Balanced Scorecard methodology to build clarity about the strategic direction, ensure alignment with shareholder priorities and to translate that direction into a results-focused, actionable performance plan.

Yes

(c) The identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks;

Management and the Board developed an Enterprise Risk Management Framework in 2009 that integrated the corporation's Risk Management Program into its annual planning process.

Yes

Risk is an important responsibility of the Board. It receives and discusses reports on corporate-wide risks and mitigation strategies quarterly, it receives a quarterly report on compliance with gaming regulations and instituted a quarterly compliance certificate process for the CEO and CFO in 2012.

(d) Succession planning, including appointing, training and monitoring senior management;

SaskGaming has a Workforce Plan to ensure the corporation has the right people, competencies and skills needed to be successful. The Workforce Plan links to the Corporate Learning and Development Plan, through which SaskGaming manages the development of desired competencies and evaluates these through the annual performance review process.

Yes

In support of SaskGaming's commitment to the training and development of employees, the Governance and Human Resources Committee approves and/or recommends the corporation's human resources policies, guidelines, procedures and systems, and reports changes in policies to the Board. The Committee reviews and makes recommendations to the Board regarding the corporation's Succession Planning Framework as necessary, which was developed in 2011 and amended from time to time to help SaskGaming meet its current and long-term needs and ensures it can meet its business plan goals. The Committee semi-annually reviews updates regarding identified critical positions and associated mitigation plans.

The Committee is also responsible for the succession plan for the President and CEO, annually updating the position description outlining primary duties, responsibilities and accountabilities and making recommendations regarding the succession plan to the Board.

(e) A communications policy for the corporation;

SaskGaming is committed to the principles of transparency, openness and timeliness in communications with its owner, employees, stakeholders and the public. The corporation complies with communication requirements set by the shareholder. The Board approved a non-partisan communications policy (2019) that the corporation continues to follow.

Yes

(f) The integrity of the corporation's internal control and information management systems;

The Board has appointed an Audit and Finance Committee to assist the Board in fulfilling its responsibilities with respect to the adequacy and integrity of the corporation's financial reporting, internal control systems, risk management and relationship with external auditors. These areas are also audited by the Internal Auditor as part of their annual work plan.

Yes

(g) Development of approach to corporate governance, principles and guidelines;

The Governance and Human Resources Committee is mandated through its Terms of Reference to be responsible to the Board for the development, review and effectiveness of SaskGaming's corporate governance practices. The Committee also serves as the ethics advisor to the Board.

Yes

(h) General mandate re: stakeholder relations, and expectations and responsibilities of directors.

The duties of directors are set out in legislation. A Code of Conduct applicable to the directors of all subsidiary Crown corporations also guides members of the Board.

Yes

The primary responsibility of the Board of Directors is to foster the long-term success of the corporation consistent with the Board's responsibility to its shareholder.

The Chair of the Board participates in a CIC Chairs forum conducted by the statutory shareholder, where feedback and communication is provided to all Crown corporation Board Chairs on the expectations of the holding company as representatives of the shareholder.

Building on the base of directors' duties outlined in legislation, the Terms of Reference for the Board and its committees are reviewed annually.

3. Position Descriptions

(a) The Board should develop position descriptions for the Board Chair and Chair of each Board Committee;

The Board has developed position descriptions for the Board Chair, the Committee Chairs and individual directors which set out the duties and responsibilities of each.

Yes

(b) Together with the CEO, develop a position description for the CEO delineating management's responsibilities and approving corporate goals and objectives that the CEO is responsible to meet.

The Board has developed the Board's Terms of Reference which outline the responsibilities of the Board and management.

Yes

The Board has approved a position description that sets out the primary duties, responsibilities and accountabilities of the President and CEO.

The Board has also approved policies for expenditure authorities for the President and CEO and executive officers. These policies clearly outline the limits of their authorities and the levels for which matters must receive Board approval.

The Board reviews and approves the annual Performance Management Plan, Balanced Scorecard targets and budget. The President and CEO is expected to deliver these outcomes.

4. Orientation and Continuing Education

The Board should ensure new directors receive comprehensive orientation and fully understand the role and the contribution they are expected to make; and, the Board should provide continuing education opportunities for all Directors.

The Governance and Human Resources Committee has responsibility to provide an appropriate orientation program for new Directors and a continuing education program for all directors.

Yes

Directors receive an orientation to the corporation and the industry from management. CIC delivers a comprehensive training program for Directors focusing on best governance practices and the Board's role and responsibilities. Some Directors also undertook governance training offered through CIC.

5. Code of Business Conduct and Ethics

(a) The Board should adopt a written Code of Business Conduct and ethics applicable to directors, officers and employees of the corporation which is designed to promote integrity and deter wrongdoing. The Code should address conflicts of interest, protection, proper use of corporate assets and opportunities, confidentiality, fair dealing, compliance with laws, rules and regulations and provide a mechanism to report illegal or unethical behaviour.

Directors of the corporation are required to abide by CIC's Code of Conduct for directors of subsidiary Crown corporations. The Governance and Human Resources Committee, as the ethics advisor to the Board, is required to administer, monitor and enforce the Code of Conduct, which includes reporting annually to the Board concerning compliance. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination of their independence.

The Governance and Human Resources Committee annually reviews the enforcement of and compliance with corporate policies related to employee conduct, harassment and violence in the workplace.

Yes

(b) The Board should monitor compliance with the Code and grant any waivers required for Directors and executive officers. Any waivers for a material departure from the Code for any Directors or officers should be granted by the Board.

The Governance and Human Resources Committee monitors and reports annually to the Board concerning compliance with the CIC's Code of Conduct for directors of subsidiary Crown corporations. The committee also advises Directors on conflicts of interest, including actions for avoiding a conflict or potential conflict of interest.

Yes

6. Nomination of Directors

(a) The Board should appoint a Nominating Committee composed of entirely independent Directors, with a written charter establishing the Committee's purpose, responsibilities, member qualifications, appointment, removal, structure and operations

SaskGaming does not have a separate Nominating Committee; however, SaskGaming's Governance and Human Resources Committee performs the function of a Nominating Committee.

As stated in the Terms of Reference, the Committee will, in compliance with the CIC Board of Directors Appointment Policy, review potential candidates and recommend approval of qualified candidates to the Board for consideration by the CIC Board of Directors. The Committee also reviews and recommends a candidate for appointment of Board Chair, reviews and makes recommendations regarding the composition of the Board and the Committees, and reviews and recommends appropriate committee structure.

All of the Governance and Human Resources Committee members are independent.

Yes

(b) The Board should adopt a nomination process which first considers the competencies and skills of the Board as a whole; assesses the competencies and skills possessed by each existing director; and, identifies competencies and skills each new nominee would bring to the Board, including the ability to devote sufficient time and resources to the job.

The Governance and Human Resources Committee is responsible for assessing the skills and competencies of Board and Committee members to support the strategic direction and the operational needs of the corporation. The Board may make recommendations to the CIC Board respecting the appropriate mix of skills, qualifications and expertise required for new Directors.

Yes

The Board has developed position descriptions for the Board Chair, the Committee Chairs and individual Directors which set out the duties, responsibilities and expectations of each position.

(For reference: *The Saskatchewan Gaming Corporation Act* requires appointment of directors through Order-in-Council, and limits the Board to recommend candidates only.)

7. Compensation

(a) The Board should appoint a Compensation Committee composed entirely of independent Directors, with a written charter to establish the Committee's purpose, responsibilities, member qualifications, appointment, removal, structure, operations and manner of reporting to the Board.

The Board has appointed a Governance and Human Resources Committee, which has the responsibility to make recommendations to the Board on human resources and compensation-related matters. Written Terms of Reference prescribe the scope, duties and responsibilities of the committee. The committee has been given the authority to retain any outside advisor it deems necessary.

Yes

The Board monitors and evaluates the performance of the President and CEO on an ongoing basis. The Governance and Human Resources Committee conducts an annual performance review of the President and CEO.

The Governance and Human Resources Committee is comprised of independent Directors.

b) The Compensation Committee should be responsible for reviewing and approving corporate goals and objectives relative to the CEO's compensation, the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on the evaluation; as well as reviewing executive compensation prior to public disclosure.

The Governance and Human Resources Committee annually reviews and recommends to the Board the performance objectives, work plans and development plans for the President and CEO for the upcoming year.

Yes

The Committee, with the Board Chair, conducts an annual performance review of the President and CEO, based on agreed upon objectives and developmental initiatives, which are approved by the Board and updated each year. The Committee shares the results of the annual performance review with the Board. The Committee reviews the President and CEO position profile as required, or at least every three years, and recommends any amendments to the Board for approval.

The executive compensation plan for Crown corporations is defined by CIC. As a result, executive compensation at SaskGaming aligns with the guidelines established by CIC. Within the guidelines set by CIC, the Governance and Human Resources Committee monitors and annually reviews the compensation and benefit programs, policies and incentive compensation plans for executive and recommends to the Board, where appropriate, any changes to the compensation levels for the President and CEO or executive. Incentive compensation is tied to the achievement of corporate targets and the extent to which the targets are achieved determines executive eligibility for performance compensation.

Direct reports of the CEO, including all executive members, are required by legislation to file and report the details of their compensation and benefits and any changes to the Clerk of the Saskatchewan Legislature within 14 days of the change. In addition, the Crown and Central Agencies Committee of the Legislative Assembly requires all Crown corporations, including SaskGaming, to file an annual Crown Payee Disclosure Report which includes the total compensation of executive members. The report is available on the CIC public website. The Governance and Human Resources Committee and the Board annually review the details of the report.

(c) The Compensation Committee should be responsible to make recommendations to the Board with respect to director compensation

Compensation levels for Directors, the Board Chair and committee Chairs are set by the CIC Board of Directors.

Yes

8. Other Board Committees

Identify Standing Committees other than audit, compensation and nominating, and describe their function.

The Board has the authority to appoint any Committee it considers necessary for the efficient conduct of the affairs and business of the corporation.

Yes

9. Board Assessments

The Board, its Committees and each individual Director should be regularly assessed with respect to their effectiveness and contribution in terms of the Board or Committee's terms of reference, or an individual Director's position description and competencies and skills.

The Board follows a process to evaluate the performance of the Board, Board Chair, committees, committee Chairs and individual Directors. Evaluations are conducted biennially. The Board and Board Chair are evaluated one year, and the Committees, Committee Chairs and Directors evaluated in the alternate year.

Yes

10. Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the issuer has adopted term limits for the Directors on its Board or other mechanisms of board renewal and, if so, include a description of those Director term limits or other mechanisms of Board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The SaskGaming Board is appointed by the Lieutenant Governor in Council. Three members of the SaskGaming Board are nominated by the FSIN. Cabinet may fill any vacancy that occurs on the Board.

Yes

11. Policies Regarding the Representation of Women on the Board

(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women Directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The corporation does not appoint or hire the Directors of the Board, so no policy relating to the identification and nomination of women directors exists. The SaskGaming Board is appointed by the Lieutenant Governor in Council. The FSIN nominates three members and the provincial Cabinet appoints four members. Currently, two out of seven Directors of the Board are women.

Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	SaskGaming's Corporate Governance Practices	Consistent with CSA Guidelines?
<p>(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:</p> <p>(i) a short summary of its objectives and key provisions,</p> <p>(ii) the measures taken to ensure that the policy has been effectively implemented,</p> <p>(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and</p> <p>(iv) whether and, if so, how the Board or its Nominating Committee measures the effectiveness of the policy.</p>	Not applicable.	Not applicable.
<p>12. Consideration of the Representation of Women in the Director Identification and Selection Process</p> <p>Disclose whether and, if so, how the Board or Nominating Committee considers the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. If the issuer does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, disclose the issuer's reasons for not doing so.</p>	The corporation does not appoint or hire the Directors of the Board, so no policy relating to the identification and nomination of women directors exists.	Yes
<p>13. Consideration Given to the Representation of Women in Executive Officer Appointments</p> <p>Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	The level of representation of women is considered when hiring at the executive officer level. Preference is given to qualified women during the hiring process.	Yes

14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's Board or in executive officer positions of the issuer by a specific date.

SaskGaming has no target regarding the representation of women on the Board and no target regarding the representation of women in executive officer positions.

Not applicable

(b) Disclose whether the issuer has adopted a target regarding women on the issuer's Board. If the issuer has not adopted a target, disclose why it has not done so.

SaskGaming has not adopted a target as the Board is appointed by the Lieutenant Governor in Council.

Yes

(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

SaskGaming has not adopted a target as the representation of women in executive level positions is already considered during the hiring process.

Yes

(d) If the issuer has adopted a target referred to in either (b) or (c), disclose:

Not applicable.

Not applicable

(i) the target, and

(ii) the annual and cumulative progress of the issuer in achieving the target.

15. Number of Women on the Board and in Executive Officer Positions

(a) Disclose the number and proportion (in percentage terms) of Directors on the issuer's Board who are women.

Twenty nine per cent, or two out of seven Directors on the Board, are women.

Provided

(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

Thirty three per cent, or two out of six executive officers are women (including the President and CEO).

Provided

Board of Directors

Blair Ross, Board Chair, of Pilot Butte, Saskatchewan is a co-founder of SRG Security Resource Group Inc. a Saskatchewan-based security firm providing security guard and patrol, 24 CCTV real-time monitoring and cyber security services across Canada. Mr. Ross has over 30 years' experience in business with the majority of his experience gained in the private security industry. In those years, he has built and managed security operations from the ground up and has managed the security personnel at large scale events (e.g. the Pan American Games) across Canada. Mr. Ross is a recipient of the Queen Elizabeth II Diamond Jubilee Medal for his community business and volunteerism. He is also a recipient of an Honourary Lifetime Big Brother award and has co-chaired the CTV Sandra Schmirler Charity Golf Classic.

Eileen Libby, Q.C., Board Vice-Chair, of Regina, Saskatchewan, is a partner at MLT Aikins LLP. She acts as counsel to unionized and non-unionized employers in the full range of labour relations and employment law matters, including collective bargaining negotiations, arbitrations, restructurings, labour relations board matters, human rights proceedings, and occupational health and safety matters. Ms. Libby also practices extensively in the areas of professional regulation and health law. She has appeared before all levels of courts in Saskatchewan, the Canada Industrial Relations Board, the Saskatchewan Labour Relations Board, boards of arbitration, human rights tribunals and professional regulatory bodies. She is the recipient of numerous awards and distinctions, including Administrative and Public Lawyer of the Year (2016, 2018 and 2020) and Labour and Employment Lawyer of the Year (2012) by Best Lawyers. Ms. Libby is also recognized as a leading practitioner in the Canadian Legal Expert Directory in the areas of Labour (Management), Employment (Employer) and Workplace Human Rights (Employer).

Tim Bear is a proud member of the Ochapowace First Nation, for which he has served as Headman for the past six years. During his two terms in this position, he has been Chairman of the Finance and Administration, Recreation and Lands, and Laws and Natural Resources departments. Mr. Bear has 16 years of gaming experience in both operations and management with the Saskatchewan Indian Gaming Authority and currently sits on the Federation of Sovereign Indigenous Nations' Gaming Commission and Treasury Board. He earned an Electronics Technician Certificate from the Saskatchewan Institute of Applied Science and Technology, as well as a Certificate in Gaming Management from the University of Nevada, Reno. Mr. Bear is an avid supporter of youth sports and has volunteered his time in numerous capacities, including Zone 1 Director of the Saskatchewan Hockey Association and Head Coach of Saskatchewan's National Aboriginal Hockey Championships team.

Chief Cadmus Delorme, Cree and Saulteaux heritage, is a citizen and current Chief of the Cowessess First Nation. Mr. Delorme has obtained his Institute of Corporate Director designation, a Master of Public Administration from the Johnson-Shoyama Graduate School of Public Policy and a Bachelor of Business Administration along with a Certificate in Hospitality, Tourism and Gaming Entertainment Management from the First Nations University of Canada (FNUUniv). In 2012, he was awarded the Queen Elizabeth II Diamond Jubilee Medal for his student leadership and the hospitality he showed Prince Charles and The Duchess of Cornwall when they visited FNUUniv. Chief Delorme has also been named one of CBC Saskatchewan's Future 40, which celebrates the province's new generation of leaders, builders and change-makers under the age of 40. Chief Delorme worked as the Student Recruitment Officer for FNUUniv from 2013 to 2016, when he was elected Chief. He was re-elected to a second term as Chief of the Cowessess First Nation in April 2019.

Paul Pastor, CPA, CA, CBV (Chair, Audit and Finance Committee), graduated from the University of Saskatchewan in 2006. He obtained his Chartered Professional Accountant designation in 2008 and his Chartered Business Valuator designation in 2014. Mr. Pastor is a founding partner at Buckberger Baerg & Partners LLP, a Saskatoon-based professional accounting firm. Mr. Pastor brings a diverse and unique skill set through his extensive experience in assurance services, business valuations, litigation

support, transaction support and business consulting. His experience serving a wide variety of clients in a number of different industries gives Mr. Pastor a clear vision of western Canada's business landscape and a clear understanding of his clients' needs.

Ernest Standingready is a citizen of the Ocean Man Nakota First Nation and brings a wealth of knowledge in the areas of general management, administration, operations and strategic development. He is a 20 year veteran of the Saskatchewan gaming industry, having worked in many roles from the front line to executive management with the Saskatchewan Indian Gaming Authority. Mr. Standingready has a Bachelor of Business Administration from the University of Regina, a Certificate in Project Management from the University of Regina and a Certificate in Hospitality, Tourism and Gaming Entertainment Management from the First Nations University of Canada. He is a past elected Councillor and Treaty 4 Headman for the Ocean Man Nakota First Nation and sits on many other boards and committees. Ernest is currently the Director of Operations for the Peepeekisis Cree Nation located in the Treaty Four territory. Mr. Standingready is committed to enhancing the lives of Indigenous and non-Indigenous peoples in the Treaty relationship. He believes in positive cooperative partnerships and understands the strength they can deliver for everyone.

Donna Strudwick has extensive experience in municipal administration. She has served on the Rural Municipal Administrators' Association of Saskatchewan's Board of Directors and is currently the Senior Office Inspector for the Rural Board of Examiners. In 2013, Ms. Strudwick was the recipient of the Lou Jacobs Award, acknowledging her service in the field of local government administration in Saskatchewan. She has held several board and committee positions and is a past Show Chairman of the Western Canada Farm Progress Show. Ms. Strudwick resides in Balgonie, Saskatchewan and remains actively involved in her community and the family's grain farming operation.

Executive Team

Susan Flett **President and CEO**

Susan joined SaskGaming in 2000 as Director of Player Relations and went on to become Director of Marketing in 2004. She was appointed Vice President of Marketing in 2010 and became Chief Marketing Officer in 2013. In 2015, Susan was appointed President and CEO of the corporation.

Before joining SaskGaming, Susan held positions at Crown Life Canada, Crown Investments Corporation and Saskatchewan Transportation Company. In 1999, she was honoured with the Lieutenant Governor's Medal for Outstanding Public Service in Saskatchewan as a part of the Crown Investments Corporation of Saskatchewan's Strategic Management Team and Corporate Secretariat.

Susan's previous community service includes serving as a director on the boards of the Regina Downtown Business Improvement District, Moose Jaw Multiplex and Regina Symphony Orchestra.

Susan completed her Bachelor of Administration at the University of Regina. She also holds a Certificate in Human Resource Management from Queen's University and has completed the Executive Program at Queen's University.

In 2020, she completed the Chartered Director Education Program through Edwards School of Business at the University of Saskatchewan.

John Amundson, FCPA, FCA **Senior Vice President of Finance and Information Technology**

John joined SaskGaming in January 2016 following more than 22 years in financial management positions with Crown Investments Corporation. Prior to joining Saskatchewan's public service, John worked at Ernst & Young and KPMG.

John graduated from the University of Saskatchewan with a Bachelor of Commerce in 1988. He subsequently went on to earn the Chartered Accountant, Fellow Chartered Accountant and Fellow Chartered Professional Accountant (CPA) designations.

During his career, John was highly involved in the Institute of Chartered Accountants of Saskatchewan, serving the association and its membership in various leadership roles including chair of the Professional Conduct Committee, chair of the Registration Committee, member of the Practice Appraisal Committee and member of council for both CPA Saskatchewan and the Institute of Chartered Accountants. He was also involved in the merger of Saskatchewan's accounting community into one organization, CPA Saskatchewan.

Currently, John is a member of the disciplinary committee for CPA Saskatchewan.

Dallas Ferguson
Senior Vice President of Operations

Dallas originally joined SaskGaming in 1996, serving in several operational roles and as Vice President of Human Resources and Aboriginal Affairs until 2007. After working in senior roles at the St. Eugene Golf Resort & Casino, Wal-Mart Canada and The Salvation Army, he returned to the corporation in January 2016 as Senior Vice President of Operations.

Dallas has completed a number of undergraduate programs in the hospitality and human resource management fields through Queen's University, the University of Guelph and the University of Nevada, Reno.

In his spare time Dallas is an avid golfer, hunter and fisherman. He is also a member of the Métis Nation - Saskatchewan, Local 13.

Blaine Pilatzke
Vice President of Corporate Services

Blaine attended the University of Saskatchewan and graduated from the University of Regina.

Blaine spent 17 years working in the labour relations field before taking on the role of Director of Labour Relations at SaskGaming in 2004. He was appointed Vice President of Human Resources in 2007 and became Vice President of Corporate Services in 2015.

Blaine completed his Masters of Human Resource Management at the Kenneth Levene Graduate School of Business in 2018.

Tara Kucher
Vice President of Risk and Compliance

Tara joined SaskGaming in 2002 as Director of Internal Audit before becoming Director of Risk and Compliance in 2015. She was promoted to the role of Executive Director of Risk and Compliance in 2017 and was named Vice President of Risk and Compliance in 2018.

Prior to her tenure at SaskGaming, Tara worked in the auditing field at Canada Life and at the Office of the Provincial Auditor of Saskatchewan.

In addition to over 20 years of experience in her field, Tara holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Chartered Professional Accountant, Certified Internal Auditor, Certified Fraud Examiner and maintains certification in Risk Management Assurance.

Steve Tunison**Vice President of Marketing and Strategic Planning**

Steve has over 20 years of marketing and business experience in both the public and private sectors. He originally joined SaskGaming in 2010 as Director of Marketing and held that role until 2014 when he moved over to SaskTel as Director of Corporate Sales.

Steve rejoined SaskGaming in April 2019 as Vice President of Marketing. In January 2019, his portfolio expanded to include Strategic Planning.

He holds a Bachelor of Physical Activity Studies from the University of Regina, an Advanced Graduate Diploma and an MBA from Athabasca University.

Steve is also a Certified Management Consultant.

Appendix

Balanced Scorecard Reference Table

Measure	Description	Purpose	Methodology
Guest Experience			
Mystery Shopper Measured: At least once per year Lead: Marketing and Strategic Planning; Operations	<p>Mystery Shopper rates casino employees' ability to provide customer service related to following the four standards of the GameOn 2.0 customer service program, weighted as follows:</p> <ul style="list-style-type: none"> • Greeting guests (20 per cent); • Anticipate/Ask how you can help (20 per cent); • Meeting guest needs (20 per cent); and • Engage/Enjoy/Entertain guests (40 per cent). 	<p>Objectively measures service quality provided by casino employees in the opinion of service quality experts.</p>	<p>Measured at least once per year, an external consultant conducts a series of transactions with employees to quantitatively and qualitatively measure their service experience against the four service dimensions of the GameOn 2.0 customer service program using a five-point scale. The consultant uses a pre-planned checklist of service actions and behaviors to rate each dimension.</p> <p>The Mystery Shopper survey assesses specific staff positions at both casinos.</p> <p>The scores from Casinos Regina and Moose Jaw are weighted on an 80/20 basis to generate an overall score for SaskGaming. This rule of thumb reflects the relative scale of operation of each location.</p>

Measure	Description	Purpose	Methodology
Guest Experience			
Guest Satisfaction Measured: At least once per year Lead: Marketing and Strategic Planning	Measures the overall satisfaction of guests during their visit to Casinos Regina and Moose Jaw.	Objectively measures guests' overall satisfaction with their casino experience.	<p>Exit surveys are conducted at least once a year by an external consultant as guests are leaving the properties.</p> <p>Guests are asked to rate their satisfaction on a scale of one to 10 on a series of questions on employee service, product delivery and property attributes.</p> <p>The Guest Satisfaction score is based on guests response to the question "Overall, how satisfied are you with your casino visit today?" The score is based on the percentage of respondents that rated each casino between seven and 10.</p> <p>The scores from Casinos Regina and Moose Jaw are weighted on an 80/20 basis to generate an overall score for SaskGaming. This rule of thumb reflects the relative scale of operation of each location.</p>
Satisfaction of Emerging Guests Measured: At least once per year Lead: Marketing and Strategic Planning	This measure is a subset of the Guest Satisfaction Survey, using only responses from the guests aged 35 to 49.	Objectively measures the overall satisfaction of "emerging" guests aged 35 to 49 on their casino experience.	<p>Exit surveys are conducted at least once a year by an external consultant as guests are leaving the properties.</p> <p>Guests are asked to rate their satisfaction on a scale of one to 10, on a series of questions on employee service, product delivery and property attributes.</p> <p>This measure looks at the overall satisfaction of the 35 to 49 age group that visited Casinos Regina and Moose Jaw, based on their response to the question "Overall, how satisfied are you with your casino visit today?"</p> <p>The score is based on the percentage of respondents that rated each casino between seven and 10.</p>

Measure	Description	Purpose	Methodology
Employee Experience			
Employee Satisfaction Industry Percentile Measured: Biennially Lead: Marketing and Strategic Planning	This measures SaskGaming employees' level of satisfaction with their work environment.	The purpose of the survey is to confirm or discover what motivates employees, what drives loyalty and what genuinely keeps employees engaged in order to increase staff retention and reduce turnover.	<p>SaskGaming implements the survey every second year. The results are reviewed by an internal committee to determine the responses and actions that are required to address opportunities to improve.</p> <p>The Employee Satisfaction Survey is based on the National Business Research Institute's employee survey.</p> <p>The score is an industry percentile. For example, 50 per cent would mean an average level of employee satisfaction among similar North American casinos.</p>
Core Training Measured: Quarterly Lead: Corporate Services	<p>This measure indicates an average percentage of core training completion across all employees on the core training modules within SaskGaming's Core Learning Program:</p> <ul style="list-style-type: none"> • New Employee Orientation; • Workplace Health/ Safety; • Diversity and Inclusion; • Respectful Workplace Program; • Responsible Gaming – GameSense Level I; • Code of Business and Ethics Policy; and • Cybersecurity Awareness. 	Objectively measure the percentage of core training completion across all of SaskGaming's workforce.	<p>Core Training is calculated as an average across all employees per quarter.</p> <p>Core Training % = total modules completed / # of employees / number of core modules x 100.</p> <p>Employees who are on leaves of absence, and casual lighting and sound employees are not counted as part of this measure.</p>

Measure	Description	Purpose	Methodology
Employee Experience Excellence			
Employee Absenteeism Measured: Quarterly Lead: Corporate Services	<p>This measure indicates the share of employees who are absent from work due to illness, injury, leave with pay and pressing necessity that are less than 30 days.</p> <p>This measure excludes the impact of long-term absenteeism such as leave hours covered by the Workers' Compensation Board, leave without pay, sick leave without pay and sick leave extended above 30 days.</p>	<p>Excessive absenteeism leads to higher labour costs from increased overtime and/or staffing levels.</p> <p>This measure will be used to track the corporation's progress in reducing absenteeism.</p>	<p>Employee Absenteeism is a weighted average of absenteeism rates by unionized and non-unionized staff.</p> <p>Employee Absenteeism Rate = $\frac{[(\text{Absence Hours} / \text{Total Actual Work Hours})]}{x 100}$.</p>
Indigenous Representation Measured: Quarterly Lead: Corporate Services	<p>This measure focuses SaskGaming's employee attraction and retention efforts to achieve 50 per cent Indigenous representation as per The Gaming Framework Agreement with the FSIN.</p>	<p>A measure of Indigenous representation of SaskGaming's workforce.</p>	<p>The percentage is calculated using the number of self-declared Indigenous people, relative to the total number of employees.</p> <p>Note: This calculation does not include casual employees who have not worked in the past three months.</p>

Measure	Description	Purpose	Methodology
Responsible Corporation			
Guest Awareness of Responsible Gambling Measured: At least once per year Lead: Marketing and Strategic Planning; Risk and Compliance	A measure of casino visitors' awareness of the responsible gambling information and support programs offered by SaskGaming.	SaskGaming is committed to offering casino entertainment in a socially responsible manner. This includes providing all guests with information and education about the casino environment so they can make informed, responsible choices about their play.	<p>An external consultant prompts respondents by asking if they can recall specific GameSense-related programs or initiatives as they are leaving the properties.</p> <p>The score is based on the percentage of respondents that could recall at least one of the components of the GameSense program.</p> <p>The scores from Casinos Regina and Moose Jaw are weighted on an 80/20 basis. This rule of thumb reflects the relative scale of operation of each location.</p>
Public Opinion of Community Support Measured: Annually Lead: Marketing and Strategic Planning	A measure of public opinion in Regina and Moose Jaw of SaskGaming's performance in supporting and giving back to the community.	<p>SaskGaming, through Casinos Regina and Moose Jaw, is committed to enhancing the quality of life for Saskatchewan people. This includes reaching out to communities with support, volunteerism and sponsorship of worthwhile events and organizations. Community support is a pillar of SaskGaming's Corporate Social Responsibility Framework.</p> <p>SaskGaming is committed to contributing one per cent of its Net Income before Payment to the General Revenue Fund to community support along with planned community support initiatives.</p>	<p>As part of an online, web-based omnibus provincial poll, focusing only on residents of Regina and Moose Jaw, respondents are asked: "How well is Casino Regina/Moose Jaw doing at giving back to the community through charitable or community donation and sponsorships?"</p> <p>Respondents answer using a five-point Likert Scale answer format (i.e. respondents choose an answer from 'very well', 'well', 'somewhat well', 'not well' and 'unsure'). The measure sums all the respondents who indicated that the casinos do somewhat well, well or very well.</p>

Measure	Description	Purpose	Methodology
Responsible Corporation			
Indigenous Sponsorship Measured: Quarterly Lead: Marketing and Strategic Planning	<p>The percentage of SaskGaming's sponsorship expenditures that are directed to Indigenous individuals, organizations or programs.</p>	<p>SaskGaming is targeting a specific percentage of its annual sponsorship expenditures toward Indigenous people. The corporation's Community Giving Strategy states that it will place a priority on supporting initiatives that positively influence the lives of Indigenous people, and/or support improved education and pre-employment training for Indigenous people who reside near its core communities.</p>	<p>Percentage of SaskGaming's total sponsorship through its Community Giving program that are directed to Indigenous individuals, organizations or programs.</p> <p>Organizations or programs applying for sponsorships will be asked to identify whether their project/ event targets or benefits Indigenous people.</p>

Measure	Description	Purpose	Methodology
Financial Sustainability			
Income Before Payment to the GRF Measured: Quarterly Lead: Finance and Information Technology	A measure of profitability over a period of time.	This measure shows Income Before Payment to the GRF since the GRF payment is a distribution of income, similar to dividends being paid by a private corporation, and does not reflect SaskGaming's operations.	Revenue – (operating expenses + interest expense + depreciation + taxes).
EBITDA Margin Measured: Quarterly Lead: Finance and Information Technology	SaskGaming has chosen to use Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) as an operational efficiency measure.	EBITDA margin is used by investors and lenders as a determination of the firm's profitability.	$(\text{Revenue} - \text{Direct operating expenses}) / \text{Revenue} * 100$ per cent
Debt/Equity Ratio Measured: Annually Lead: Finance and Information Technology	SaskGaming has chosen Debt/Equity ratio as a measure of financial flexibility of the capital structure of the corporation.	Debt/Equity Ratio is used by investors and lenders as a determination of the firm's financial leverage.	$(\text{Debt}/\text{Equity}) * 100$
Payroll Percentage Measured: Quarterly Lead: Finance and Information Technology	Measures the ratio of payroll to revenue.	Payroll is a significant operating cost for SaskGaming. Payroll margin indicates if the use of payroll is efficient and effective, ensuring the financial success of the corporation.	$\text{Payroll Margin} = \text{Total Payroll (Salaries, Wages and Benefits)} / \text{Revenue} * 100$

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SaskGaming

