NOVA SCOTIA
Gaming
CORPORATION

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026

Management Responsibilities for Financial Reporting

These consolidated financial statements are the responsibility of the management of Nova Scotia Gaming Corporation ("NSGC"). They have been approved by its Deputy Minister of the Finance and Treasury Board.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The financial information contained in the Summary of Results is consistent with the data presented in the consolidated financial statements.

The gaming activities of NSGC are undertaken by operators acting on its behalf. These gaming activities are audited by independent auditors. The Corporation relies on the audit opinions of these independent auditors. The responsibility of Doane Grant Thornton is to express an independent opinion on whether the consolidated financial statements of NSGC are stated fairly, in accordance with International Financial Reporting Standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

NSGC maintains books of accounts and systems of financial and management control, which provide reasonable assurance that accurate financial information is available, that assets are protected, and that resources are managed efficiently.

The Deputy Minister of the Finance and Treasury Board oversees audit activities through its audit committee. The committee reviews matters related to accounting, auditing and internal control systems, and the consolidated financial statements and audit reports of the auditors of the Corporation and its operators.

Brad Conrad
Executive Director

Allison Connors, CPA
Director, Finance

Doane Grant Thornton

Independent auditor's report

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To the Honourable John Lohr – Minister, Finance and Treasury Board

Opinion

We have audited the consolidated financial statements of the Nova Scotia Gaming Corporation ("the Corporation"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statement of net and comprehensive income, consolidated statements of changes in equity and consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Nova Scotia Gaming Corporation as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Doane Grant Thornton LLP

Halifax, Canada
June 22, 2026

Chartered Professional Accountants

NOVA SCOTIA GAMING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31 (IN THOUSANDS)

	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents *(Note 4)*	$ 15,194	$ 28,274
Cash – restricted *(Note 5)*	7,272	6,731
Cash – casino capital replacement reserve *(Note 11)*	15,744	19,127
Trade and other receivables *(Note 6)*	10,052	11,599
Prepaids	451	588
Inventories (Note 7)	3,579	4,255
Assets held for sale *(Note 8)*	26,361	-
	78,653	70,574
Non-current assets		
Property, plant and equipment *(Note 8)*	59,602	72,602
Intangible assets *(Note 9)*	1,537	1,701
Right-of-use assets *(Note 10)*	2,500	2,624
Disputed HST assessments *(Note 12)*	8,855	8,855
Investment in Atlantic Lottery Corporation Inc. *(Note 13)*	41,762	27,684
Investment in Interprovincial Lottery Corporation	1	1
	114,257	113,467
	$ 192,910	**$ 184,041**
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables *(Note 14)*	$ 21,937	$ 24,730
Provisions *(Note 15)*	3,999	1,811
Deferred revenue	876	835
Liabilities for unclaimed prizes *(Note 16)*	7,272	6,731
Due to Atlantic Gaming Equipment Limited *(Note 17)*	7,030	6,026
Current-portion of lease liability *(Note 10)*	316	279
Due to Province of Nova Scotia	43,705	60,839
	85,135	101,251
Non-current liabilities		
Due to Atlantic Gaming Equipment Limited *(Note 17)*	37,323	25,616
Long-term lease liability *(Note 10)*	2,301	2,421
	39,624	28,037
Equity		
Casino capital replacement reserve *(Note 11)*	26,389	27,069
Accumulated other comprehensive income	41,762	27,684
	68,151	54,753
	$ 192,910	**$ 184,041**

Contingencies (Note 21)

See accompanying notes to the consolidated financial statements

Approved by:

Kelliann Dean
Executive Deputy Minister

NOVA SCOTIA GAMING CORPORATION
CONSOLIDATED STATEMENT OF NET INCOME
FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2026	2025
Revenue (*Note 22*)	$ 370,751	$ 371,291
Cost of sales *(Note 22)*	147,994	150,559
Gross profit	222,757	220,732
Expenses		
Depreciation and amortization	(7,483)	(7,109)
Finance costs *(Note 18)*	(1,891)	(1,757)
Other expenses *(Note 19)*	(18,170)	(17,580)
Profit before the following	195,213	194,286
Share of overhead costs from equity method investee (*Note 13*)	(24,812)	(23,151)
Interest income	284	10,637
Other income	5,804	14,345
Net income	**$ 176,489**	**196,117**
Other comprehensive income		
Share of other comprehensive income of equity method investee (N*ote 13*)	14,078	3,488
Comprehensive income	**$ 190,567**	**$ 199,605**

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	Retained earnings	Accumulated other comprehensive income (loss)	Casino capital replacement reserve	Total
Balance at April 1, 2024	$ -	$ 24,196	$ 22,841	$ 47,037
Net income	196,117	-	-	196,117
Other comprehensive loss	-	3,488	-	3,448
Contributions or distributions				
Change in reserve	-	-	4,228	4,228
Profit to the Province	(196,117)	-	-	(196,117)
Balance at March 31, 2025	**$ -**	**$ 27,684**	**$ 27,069**	**$ 54,753**
Net income	176,489	-	-	176,489
Other comprehensive income	-	14,078	-	14,078
Contributions or distributions				
Change in reserve	-	-	(680)	(680)
Profit to the Province	(176,489)	-	-	(176,489)
Balance at March 31, 2026	**$ -**	**$ 41,762**	**$ 26,389**	**$ 68,151**

See accompanying notes to the consolidated financial statements

NOVA SCOTIA GAMING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

	2026	2025
OPERATING		
Net income	$ 176,489	$ 196,117
Share of overhead costs from equity method investee	24,812	23,151
Depreciation and amortization	7,483	7,109
Loss on disposal of property, plant and equipment	36	37
Net transfers of property, plant and equipment	(3,220)	(248)
Interest paid on lease liability	140	119
Changes in non-cash working capital balances		
Disputed HST assessments	-	57,282
Trade and other receivables	1,547	(768)
Other assets	137	42
Inventories	676	450
Trade and other payables	(2,792)	2,651
Provisions	2,188	15
Deferred revenue	41	259
	207,537	286,216
FINANCING		
Distribution of profit to the Province	(176,489)	(196,117)
Due to Province of Nova Scotia	(17,134)	(43,379)
Repayment of lease liability	(450)	(552)
Net change in Due to Atlantic Gaming Equipment Limited	12,711	5,256
	(181,362)	(234,792)
INVESTING		
Purchase of capital assets	(21,600)	(14,072)
Contributions to equity method investee	(24,812)	(23,151)
Change in Casino Capital Replacement Reserve, net of cash	7,157	3,573
	(39,255)	(33,650)
Net (decrease) increase in cash and cash equivalents	**(13,080)**	**17,774**
Cash and cash equivalents, beginning of year	**28,274**	**10,500**
Cash and cash equivalents, end of year	**$ 15,194**	**$ 28,274**

See accompanying notes to the consolidated financial statements

1. Reporting entity

The Nova Scotia Gaming Corporation was incorporated on February 15, 1995, by Chapter 4 of the Acts of 1994-95, the *Gaming Control Act*. The address of its registered office and principal place of business is 1723 Hollis Street, 5th Floor, Halifax, Nova Scotia, Canada. The consolidated financial statements comprise those of the individual entity, Nova Scotia Gaming Corporation, its subsidiaries and its interest in associates and jointly controlled entities (collectively referred to as "the Corporation").

The principal activities of Nova Scotia Gaming Corporation is to develop, undertake, organize, conduct and manage casinos, other lottery schemes and related businesses on behalf of the Province of Nova Scotia.

The Corporation is exempt from income tax under Section 149 of the *Income Tax Act*.

These consolidated financial statements were approved by the Executive Deputy Minister and authorized for issue on June 22, 2026.

2. Basis of presentation

A. Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

B. Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets at the time of acquisition.

C. Functional and presentation currency

The Corporation's presentation and functional currency is Canadian dollars. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

D. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation, and entities controlled by the Corporation from the date that control commences until the date whereby control ceases.

The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The entities controlled by the Corporation are as follows:

Nova Scotia Gaming Equipment Limited

Nova Scotia Gaming Equipment Limited is the Corporation's 100%-owned subsidiary and is fully consolidated in these statements.

Casino Nova Scotia

Casino Nova Scotia is the registered entity created as a result of the Amended and Restated Operating Contract with Metropolitan Entertainment Group (referred to as "MEG"), (now a partnership between 6364942 Canada Inc. and MEG Holdings Corp.) to operate casinos in Halifax and Sydney for a period expiring on June 30, 2035. Casino Nova Scotia is fully consolidated as the Corporation is the party with the authority to operate casinos in Nova Scotia under the *Criminal Code* (Canada) and *Gaming Control Act* (Nova Scotia), and the Amended and Restated Operating Contract provides the Corporation with the authority to set annual operating and capital budgets and to stipulate or review and/or approve other aspects of the casino operations.

All Casino Nova Scotia intra-Corporation transactions, balances, income and expenses are eliminated in full on consolidation.

Atlantic Lottery Corporation Inc. (“ALC”)

ALC was set up by the four Atlantic Provinces to operate lottery an gaming activities in the region. Each of the Corporation, Province of Newfoundland and Labrador, New Brunswick Lotteries and Gaming Corporation and Prince Edward Island Lotteries Commissions own 25% of ALC.

Deemed separate entity (“silo”)

Under the Agency Agreement with ALC, lottery operations in Nova Scotia are conducted through a separate pool of assets and liabilities specific to the Corporation and are deemed a separate entity or silo. The Corporation controls this arrangement and consolidates its share of the silo assets, liabilities, revenues and expenses. Under the Agency Agreement, ALC cannot make any material change relating to the conduct and management of lotteries in Nova Scotia without the approval of the Corporation.

A deemed separate entity arises when the specific assets of the investee are the only source of payment for specific liabilities of, or specified other interests in, the investee; parties other than those with the specified liability do not have rights or obligations related to the specified assets; none of the returns from the specified assets can be used by the remaining investees, and; none of the liabilities of the deemed separate entity are payable from the assets of the remaining investees.

Investment in an associate

The Corporation accounts for its 25% interest in ALC after accounting for the silo as described above as an investment in associate using the equity method. The carrying amount is adjusted for the Corporation’s share of ALC’s net earnings and distributions. The investment is assessed for impairment when indicators arise.

Interprovincial Lottery Corporation (“ILC”)

The Interprovincial Lottery Corporation owns and operates nation-wide lottery games (Lotto 6/49, Daily Grand, Lotto Max, various national instant games). Nova Scotia holds one of ten shares of this Corporation and appoints one of 21 directors to the Board of Directors of the ILC. The Corporation’s interest in ILC does not result in control or significant influence. Accordingly, the Corporation recognizes its share of revenues, expenses and net returns from national lottery activities in profit or loss as earned.

E. Critical accounting estimates and judgements

In the application of the Corporation’s accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities, income and expenses when such amounts are not readily apparent. The estimates and related assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and related assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and assumptions concerning the future that management has made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements are contained in the various notes to the statements as follows:

- accounting for arrangements with Atlantic Lottery Corporation (see Note 2D and 13).
- estimates of gaming revenue (see Note 3.1);
- useful lives of property, plant and equipment (see Note 3.4);
- impairment of property, plant and equipment (see Note 3.5);
- right-of-use assets and lease liability (see Note 3.2); and
- estimate of disputed HST assessments (see Note 12).

3. Material accounting policies

The accounting policies followed by the Corporation are summarized as follows:

3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and free tickets.

The Corporation generates revenue from gaming, lottery and betting activities through arrangements where it either takes positions against players, or administers games amongst players and retains a portion of the wagers.

Transactions in which the Corporation administers a game amongst players (‘Administered Games”), the Corporation recognizes the portion of the wagers retained, and not distributed as prizes, as revenue from operating the game, in accordance with IFRS 15, *Revenue from Contracts with Customers.*

Transactions in which the Corporation and players are wagering against a specific outcome of an event (“Wagered Games”) are accounted for as gains or losses, which are recognized in revenue, in accordance with IFRS 9, *Financial Instruments*.

Transactions in which the Corporation administers a game amongst players and may earn variable commission are accounted for under both IFRS 9 and IFRS 15. In these games the variable commission exposes the Corporation to a gain or loss depending on the actual amount of the payout versus the expected prize percentage. The amount outstanding is initially recorded as a financial liability, until the outcome is known and settled.

<u>Casino revenue</u>

Gaming revenues, all amounts wagered in casinos less amounts paid as winnings to players, and non-gaming revenues, all revenues generated from food, beverage, and other at the Corporation’s casinos are recognized in the same period in which the games are played and services provided. Revenue excludes the value of complimentary items and amounts related to the customer loyalty program.

<u>Lottery games and sports betting</u>

Revenue is recognized:

- at the date of the draw for lottery tickets or event settlement for sports betting.
- at the time of ticket activation or play for instant tickets, video lottery and digital games.

Amounts received in advance of draws or game play are recorded as deferred revenue.

<u>Prize liabilities and player incentives</u>

Prize obligations, are recognized as liabilities when earned by players and reduce revenue as applicable. All obligations for prizes are recorded as liabilities for unclaimed prizes on the consolidated statement of financial position. Estimates are used to determine expected payout amounts, including unclaimed prizes where appropriate.

Liabilities under loyalty/rewards programs are reported as deferred revenue due to their potential to be discharged through redemption of award credits that are accounted for as gains and losses under IFRS 9.

In addition to prize obligations, the Corporation also awards free tickets on both lottery and instant tickets. The value ascribed to these prizes is equal to the sale price.

<u>Interest income</u>

Interest income is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably, using the effective interest method.

3.2 Right of use ("ROU") assets and lease liabilities

The Corporation as lessor

Leases in which the Corporation does not transfer substantially all the risks and benefits of ownership are classified as operating leases. Income from these leases is recognized on a straight-line basis over the term of the related lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Corporation as lessee

The Corporation recognizes a ROU asset and a lease liability, at the lease commencement date, measured at the present value of future lease payments. Lease liabilities are discounted using the interest rate implicit in the lease or, where not readily determinable, the Corporation's incremental borrowing rate.

ROU assets are initially measured at cost and subsequently depreciated using the straight-line method over the lease term. Lease liabilities are measured at amortized cost using the effective interest method.

The lease term includes periods covered by renewal options where the Corporation is reasonably certain to exercise those options.

The Corporation has elected not to recognize ROU assets and lease liabilities for short-term leases and low-value (less than 12 months). Payments for these leases are recognized as an operating expense on a straight-line basis over the lease term.

3.3 Assets held for sale

Non-current assets or disposal groups are classified as held for sale when their carrying amount will be recovered principally through a sale rather than through continuing use.

Assets are classified as held for sale when: (i) they are available for immediate sale in their present condition; and (ii) the sale is highly probable within 12 months.

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, and depreciation is ceased upon classification.

3.4 Property, plant and equipment

Property plant and equipment are carried at cost, less accumulated depreciation and impairment losses. Cost includes directly attributable expenditures and, where applicable, capitalized borrowing costs. Assets under construction are recorded at cost and transferred to the appropriate asset category when available for use, at which point depreciation commences.

Subsequent costs are included in the asset's carrying amount when it is probable that the future economic benefits associated with the item will flow to the Corporation and its cost can be measured reliably. All other repair and maintenance costs are expensed as incurred.

Depreciation is recognized to allocate the costs of assets, other than land, on a straight-line basis over their estimated useful lives, less estimated residual value, as follows:

Casino assets	5 years
Lottery building	5 to 50 years
Lottery automotive	2 to 10 years
Operational and gaming equipment	3 to 25 years
Leasehold improvements	Over the remaining term of the lease

Estimates of useful lives, residual values and depreciation methods are reviewed annually.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of net and comprehensive income in the year in which the item is derecognized.

3.5 Impairment of long-lived assets

The Corporation assess at each reporting date whether there are any indicators that long-lived assets may be impaired. When such indicators exist, the recoverable amount of the asset or the related cash-generating unit ("CGU") is estimated. For assets that do not generate independent cash flows, recoverable amounts are determined at the CGU level. Corporate assets are allocated to CGUs where a reasonable and consistent basis can be identified.

An impairment loss is recognized when the carrying amount exceeds the recoverable amount and is recognized in profit or loss.

Impairment losses are reversed when there has been a change in estimates used to determine the recoverable amount, but only to the extent that the revised carrying amount does not exceed what it would have been had no impairment loss been recognized in prior years. Reversals are recognized immediately in profit or loss.

3.6 Intangible assets

Acquired Intangible assets

Intangible assets are primarily software, patents and technology licenses. These assets are measured at cost less accumulated amortization and impairment losses. Amortization is charged to the consolidated statement of net and comprehensive income on a straight-line basis over the assets' estimated useful lives as follows:

Computer software and licenses	3 – 15 years
Gaming software	3 – 7 years

The Corporation only has intangible assets acquired with a finite useful life. The estimated useful life and amortization methods are reviewed annually, with changes applied on a prospective basis. Gains or losses on disposal are recognized in the consolidated statement of net and comprehensive income as the difference between proceeds and the carrying amount.

If capitalization criteria are not met, costs are expensed as incurred.

3.7 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event; it is probable that the Corporation will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The Corporation records a provision for the fair value of asset decommissioning in the year during which it is incurred and can be reasonably estimated. This provision is associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Corporation also records a corresponding asset that is amortized over the life of the asset.

3.8 Financial instruments

Recognition and derecognition

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized when the contractual rights to the cash flows expire, or when the Corporation transfers its rights to receive cash flows from the assets. Financial liabilities are derecognized when the obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Classification and measurement

Financial assets and liabilities are classified at amortized cost and subsequently measured at fair value through profit or loss ("FVTPL"); amortized cost; or fair value through other comprehensive income ("FVTOCI") based on the business model and the contractual terms of the cash flows.

The Corporation's financial assets and liabilities are classified at amortized cost and include:

Cash and cash equivalents
Restricted cash
Trade and other receivables
Disputed HST assessment
Trade and other payables
Liabilities for unclaimed prizes
Due to Atlantic Gaming Equipment Limited
Due to Province of Nova Scotia

These instruments are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

Financial liabilities designated at FVTPL and derivatives, if any, are measured at fair value with changes recognized in profit or loss.

Impairment of financial assets

The Corporation recognizes expected credit losses ("ECL") on financial assets carried at amortized cost.

For trade receivables, lifetime ECL is recognized using a simplified approach. For other financial assets, credit risk is assessed to determine whether there has been a significant increase in credit risk since initial recognition.

ECL is estimated based on historical experience, current conditions, and forward-looking information, including assessment of collectability and past due status.

3.9 Taxes

Sales tax

As a prescribed registrant for HST, the Corporation makes HST remittances to the Government of Canada pursuant to the *Games of Chance Regulations* of the *Excise Tax Act* ("the Regulations"). The Corporation's net tax for a reporting period is comprised of net tax attributable to both gaming and non-gaming activities. Imputed tax on gaming expenses is calculated according to a formula set out in the Regulations resulting in the direct payment of additional HST at the applicable statutory rate. The net tax attributable to non-gaming activities is calculated similar to any other HST registrant.

Disputed HST assessment

Tax assessments that are disputed by the Corporation are accounted for as a non-current financial asset. Voluntary payments of self-assessed HST related to a dispute with the Canada Revenue Agency (Note 12) are accounted for as a non-current asset until resolution of the dispute and are fully recoverable by the Corporation.

3.10 Accounting standards issued but not yet effective

A number of new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee, the application of which is effective for periods beginning on or after April 1, 2025. The Corporation intends to adopt these standards when they become effective.

IFRS 18, Presentation and Disclosures in Financial Statements
In April 2025, the IASB issued IFRS 18, *Presentation and Disclosures in Financial Statements*, replacing IAS 1. IFRS 18 introduces new categories and a defined operating profit sub-total in the consolidated statement of net income and also requires disclosure of management defined performance measures in a single note in the financial statements. The standard also introduces new requirements for the location, aggregation and disaggregation of financial information.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and must be applied retrospectively. The Corporation is currently evaluating the impact of these amendments on its consolidated financial statements.

IFRS 9 and IFRS 7, Amendments Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments; Disclosures* to clarify the derecognition of financial liabilities settled using an electronic payment system and provide guidance on the disclosure requirement for financial instruments measured at fair value through other comprehensive income and amortized cost.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, and must be applied retrospectively. The Corporation is currently evaluating the impact of these amendments on its consolidated financial statements.

4. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

Under the Amended and Restated Casino Operating Contract, total casino revenues are the Corporation's revenue, and the casino bank accounts and Capital Reserve accounts are owned by the Corporation. The Corporation included $4,867 in cash from the casino accounts on the consolidated statement of financial position at March 31, 2026 (2025 - $4,771).

5. Cash – restricted

Cash is restricted for unclaimed prizes. Unclaimed prizes from regional lottery games are retained in a prize fund for 12 months from the announced beginning date of the draw and sports games are retained in the prize fund for 365 days from the last event on the ticket. Unclaimed prizes remaining after the respective periods are transferred to a special prize fund and are recorded as a reduction to prize expense and/or used for prizes in subsequent draws.

Prizes of national lottery games are funded by the Interprovincial Lottery Corporation, with the exception of prizes for free tickets, which are paid out of general prize funds as incurred. Unclaimed prizes of national games are administered by the Interprovincial Lottery Corporation.

Prizes from Scratch 'N Win lottery games have an expiry date of one year. For any prizes that expire, all unclaimed prizes will be retained for 12 months from the launch of the game. Unclaimed prizes remaining after the prize claiming period ends are transferred to a special prize fund and are recorded as a reduction to prize expense and/or used for prizes in subsequent draws.

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

6. Trade and other receivables

	2026	2025
Lottery retailers	$ 7,826	$ 9,282
Due from Operators		
ALC	1,760	1,832
MEG	94	97
Total due from operators	1,854	1,929
Other receivables	372	388
	$ 10,052	**$ 11,599**

Lottery retailers' receivables are collected on a weekly basis. During the year ended March 31, 2026, the Corporation had a bad debt expense of $34 (2025 - $nil) related to lottery retailer receivables.

7. Inventories

	2026	2025
Food, beverage and merchandise	$ 347	$ 234
Lottery tickets	3,232	4,021
	$ 3,579	**$ 4,255**

During the year, the Corporation recorded an expense of $135 (2025 - $155) in respect of write-downs of inventory to net realizable value, and was included in ticket printing and costs.

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

8. Property, plant and equipment

	Land & Leaseholds	Operational Equipment + Automobiles	Lottery Gaming Equipment	Casino Gaming Equipment	Casino Buildings	Not Ready for Use	Total
Cost							
Balance at March 31, 2024	$ 9,968	$ 648	$ 64,147	$ 86,266	$ 80,453	$ 1,367	$ 242,849
Additions	-	487	74	3,351	444	9,697	14,053
Disposals	-	(208)	(3,322)	-	-	-	(3,530)
Transfers	-	8	1,484	-	-	(1,393)	99
Balance at March 31, 2025	**$ 9,968**	**$ 935**	**$ 62,383**	**$ 89,617**	**$ 80,897**	**$ 9,671**	**$ 253,471**
Additions	-	128	229	5,490	776	14,977	21,600
Disposals	(38)	(70)	(15,273)	(9,776)	-	-	(25,157)
Transfers	(6,895)	(85)	12,922	-	(55,601)	(10,084)	(59,743)
Balance at March 31, 2026	**$ 3,035**	**$ 908**	**$ 60,261**	**$ 85,331**	**$ 26,072**	**$ 14,564**	**$ 190,171**
Accumulated depreciation and impairment							
Balance at March 31, 2024	$ 38	$ 367	$ 41,112	$ 79,624	$ 53,902	$ -	$ 175,043
Disposals	-	(158)	(3,306)	-	-	-	(3,464)
Transfers	-	-	-	-	-	-	-
Depreciation	-	95	4,517	2,574	2,104	-	9,290
Balance at March 31, 2025	**$ 38**	**$ 304**	**$ 42,323**	**$ 82,198**	**$ 56,006**	**$ -**	**$ 180,869**
Disposals	(38)	(55)	(15,253)	(9,776)	-	-	(25,122)
Transfers	-	(6)	(191)	-	(36,135)	-	(36,332)
Depreciation	-	136	5,169	3,607	2,242	-	11,154
Balance at March 31, 2026	**$ -**	**$ 379**	**$ 32,048**	**$ 76,029**	**$ 22,113**	**$ -**	**$ 130,569**
Net book value							
Balance at March 31, 2025	$ 9,930	$ 631	$ 20,060	$ 7,419	$ 24,891	$ 9,671	$ 72,602
Balance at March 31, 2026	**$ 3,034**	**$ 530**	**$ 28,213**	**$ 9,302**	**$ 3,959**	**$ 14,564**	**$ 59,602**

Transfers may include movement of assets from not-ready-for-use to in-use, between shareholders of ALC, and to assets held for sale.

During the year, certain non-current assets were classified as held for sale following management approval of plans to divest these assets. Management is committed to a plan to sell, the assets are available for immediate sale and completion of the sale is considered highly probable within 12 months. Depreciation ceased upon classification and no impairment was recognized. As at March 31, 2026, the net book value of assets classified as held for sale was $26,361.

During the year, the Corporation carried out an assessment for indicators of impairment of the recoverable amount of assets. This review led to no indicators of impairment or reversals of impairment identified.

As at March 31, 2026, assets classified as not ready for use included video lottery terminals $14,529 (2025: $9,557) and retail equipment $35 ($2025: $114).

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

9. Intangible assets

	Software Licenses	Gaming Software	Not Ready for Use	Total
Cost				
Balance at March 31, 2024	$ 3,585	$ 4,366	$ 67	$ 8,018
Disposals	-	(595)	-	(595)
Transfers	72	-	77	149
Balance at March 31, 2025	**$ 3,657**	**$ 3,771**	**$ 144**	**$ 7,572**
Disposals	-	(1,711)	-	(1,711)
Transfers	384	(34)	(117)	233
Balance at March 31, 2026	**$ 4,041**	**$ 2,026**	**$ 27**	**$ 6,094**
Accumulated amortization				
Balance at March 31, 2024	$ 1,555	$ 4,312	$ -	$ 5,867
Disposals	-	(593)	-	(593)
Transfers	-	-	-	-
Amortization	558	39	-	597
Balance at March 31, 2025	**$ 2,113**	**$ 3,758**	**$ -**	**$ 5,871**
Disposals	-	(1,710)	-	(1,710)
Transfers	6	(34)	-	(28)
Amortization	422	2	-	424
Balance at March 31, 2026	**$ 2,541**	**$ 2,016**	**$ -**	**$ 4,557**
Net book value				
At March 31, 2025	$ 1,544	$ 13	$ 144	$ 1,701
At March 31, 2026	**$ 1,500**	**$ 10**	**$ 27**	**$ 1,537**

Transfers may include movement of assets from not-ready-for-use to in-use and between shareholders of ALC.

During the year, the Corporation carried out an assessment for indicators of impairment of the recoverable amount of assets. This review led to no indicators of impairment or reversals of impairment identified.

10. Right-of-use assets and lease liability

The Corporation leases retail and casino premises. The leases typically run for periods between two and ten years, with an option to renew the lease after that date. Information about leases for which the Corporation is a lessee is presented below:

	Corporate Properties	Lottery Properties	Casino Properties	Total
Cost				
Balance at March 31, 2024	$ 888	$ 570	$ 1,634	$ 3,092
Additions	-	467	-	467
Disposals	(888)	(617)	-	(1,505)
Remeasurement	-	23	2,104	2,127
Balance at March 31, 2025	**$ -**	**$ 443**	**$ 3,738**	**$ 4,181**
Additions	-	233	-	233
Disposals	-	-	-	-
Balance at March 31, 2026	**$ -**	**$ 676**	**$ 3,738**	**$ 4,414**
Accumulated amortization				
Balance at March 31, 2024	$ 636	$ 460	$ 1,290	$ 2,386
Disposals	(725)	(617)	-	(1,342)
Amortization	89	198	226	513
Balance at March 31, 2025	**$ -**	**$ 41**	**$ 1,516**	**$ 1,557**
Disposals	-		-	-
Amortization	-	142	215	357
Balance at March 31, 2026	**$ -**	**$ 183**	**$ 1,731**	**$ 1,914**
Net book value				
At March 31, 2025	$ -	$ 402	$ 2,222	$ 2,624
At March 31, 2026	**$ -**	**$ 493**	**$ 2,007**	**$ 2,500**

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

During the year ended March 31, 2025, the Corporation remeasured the ROU assets to the extension of the lease terms based on the extension of the contract to June 30, 2035, which affected the lease held at the Sydney Casino. The Casino Properties are related to the property lease for the Sydney Casino.

Some leases contain extension options exercisable up to one year before the end of the non-cancellable contract period. Where practicable, the Corporation seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Corporation and not by the lessors.

The Corporation assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Corporation reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Lease liability

	2026	2025
Lease of property containing ROU assets payable monthly with leases ending at varying times. The last lease currently ends June 30, 2035.	$ 2,617	$ 2,700
Current portion of long-term lease	316	279
Non-current portion of long-term lease	**$ 2,301**	**$ 2,421**

The aggregate payment of long-term lease liability for each of the five years subsequent to March 31, 2026 are approximately as follows: 2027 - $316; 2028 - $429; 2029 - $734; 2030 - $676; 2031 - $461.

11. Cash – casino capital replacement reserve

The casino capital replacement reserve is intended to provide funds for replacement of casino capital assets. The approved budget shall estimate an appropriate amount for annual contribution to the Capital Reserve. Cash has been segregated on the consolidated statement of financial position in the amount of $15,744 (March 31, 2025 - $19,127) for this purpose. The balance in the casino capital replacement reserve represents the balance of the cash and net book value of the casino capital assets purchased from the fund.

	2026	2025
Cash balance, beginning of year	$ 19,127	$ 15,180
Funding	3,000	6,500
Interest	559	794
Capital asset purchases	(5,705)	(3,427)
Reimbursements to MEG for capital asset purchases	(648)	(226)
HST related to capital asset purchases and reimbursements	(611)	(342)
Capital assets purchased by MEG	22	648
Cash balance, end of year	**15,744**	**19,127**
Add: cumulative capital asset purchases	101,109	94,844
Less: accumulated depreciation	(90,440)	(86,202)
Less: HST payable	(2)	(52)
Less: capital assets purchased by MEG	(22)	(648)
Casino capital replacement reserve balance, end of year	**$ 26,389**	**$ 27,069**

12. Disputed HST assessments

ALC received Notices of Assessment from Canada Revenue Agency (“CRA”) for Harmonized Sales Tax in respect of the operation of video lottery terminals located on First Nation reserves in the province of Nova Scotia for the periods June 1, 2009, to October 31, 2013. Through ALC, the Corporation has remitted, on a without prejudice basis, the amount of the assessments solely to avoid the accumulation of interest and penalties. Remittances up to and including March 31, 2023, total $94,100. The CRA agreed to a settlement of 80 percent recovery of remittances during the year ended March 31, 2025. As a result, ALC adjusted periods beginning April 1, 2023, ensuring that no further recoveries would be required.

During the year ended March 31, 2025, amounts totaling $55,600 were received from CRA as recovery of amounts previously remitted for the periods June 1, 2009, to October 31, 2013, and some periods between November 1, 2013, to March 31, 2023. The total amount remitted with an expected recovery up to March 31, 2026, is $8,855 (2025: $8,855) and is presented on the consolidated statement of financial position as a non-current asset. $1,669 was presented on the consolidated statement of net income in cost of sales for March 31, 2025. Interest received from CRA on the recovery amounts totaled $10.4 million and was presented as interest income on the consolidated statement of net income for March 31, 2025. Settlement discussions are ongoing for the remaining periods.

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

13. Investment in ALC

In accordance with the Unanimous Shareholders Agreement of ALC, 30% of the profit (loss) shall be allocated to the Corporation and 30% of other comprehensive income shall be allocated on the same basis. In accordance with this agreement, the Corporation`s equity interest is representative of the 30%.

	2026	2025
Opening balance	$ 27,684	$ 24,196
Contributions by the Corporation – ALC overhead costs	24,812	23,151
Share of ALC overhead costs for the period	(24,812)	(23,151)
Share of ALC other comprehensive income	14,078	3,488
	$ 41,762	**$ 27,684**

The Corporation is responsible for funding overhead expenditures of ALC which are accounted for as contributions to ALC. Using the equity method accounting, the Corporation accounts for its equity interest in the share of ALC's loss, which is equivalent to the overhead expenses funded via the contributions.

The Corporation is also responsible for funding supplemental payments to ALC's pension plan to reduce the pension plan solvency deficit. The supplemental payments, and respective repayment schedules, are approved by the Board of Directors of ALC when required. The Corporation accounts for the supplemental pension payments as contributions to ALC. On an annual basis, management assesses whether the contributions, and therefore the investment in ALC, is recoverable. There were no amounts paid for special payments during the fiscal years ended March 31, 2026, and March 31, 2025.

The table below sets out summarized ALC balance sheet information:

	2026	2025
Non-current assets	$ 367,196	$ 288,721
Current assets *(i)*	96,102	92,258
Total assets	**$ 463,298**	**$ 380,979**
Non-current liabilities *(ii)*	$ 108,047	$ 71,293
Current liabilities *(iii)*	175,363	176,666
Total liabilities	**$ 283,410**	**$ 247,959**
Net assets	**$ 179,888**	**$ 133,020**
(i) Includes cash and cash equivalents	15,259	11,718
(ii) All financial liabilities		
(iii) Includes financial liabilities (excluding trade and other payables and provisions)	63,000	50,000

The table below sets out summarized ALC income statement and comprehensive income information:

	2026	2025
Revenue	$ 889,603	$ 890,863
Gross profit	727,423	729,564
Net profit	492,114	498,769
Other comprehensive income	46,928	11,628
Comprehensive income	539,042	510,397
Depreciation and amortization	30,125	27,596
Interest expense	5,963	5,619

No dividends were received from ALC during the fiscal years 2026 and 2025.
ALC is a private company; therefore, no quoted market prices are available for its shares.

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

14. Trade and other payables

	2026	2025
Trade payables	$ 5,748	$ 6,673
Harmonized Sales Tax	688	810
Due to Operators:		
ALC	14,288	15,499
MEG	1,213	1,748
	$ 21,937	**$ 24,730**

15. Provisions

During the year, the Company received a Notice of Violation and Administrative Monetary Penalty from the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) in the amount of $2,000, relating to alleged non-compliance with certain requirements of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

The issuance of the penalty gives rise to a present legal obligation as at March 31, 2026. Accordingly, the Company has recognized a provision of $2,000 in the consolidated statement of financial position, with a corresponding expense recognized in the consolidated statement of net income for the year ended March 31, 2026.

The ultimate resolution of the matter is subject to uncertainty and may result in a reduction, confirmation, or reversal of the assessed penalty. Any changes to the expected outcome will be recognized in profit or loss in the period in which new information becomes available.

The Corporation has recorded a decommissioning provision related to the retirement of tangible long-lived assets of $184 (2025: $109). In addition, progressive jackpot liabilities and outstanding casino gaming chips, which represent liabilities for which the amount or timing is uncertain, have been recorded as follows:

	2026	2025
Outstanding chips	$ 198	$ 196
Progressive jackpot liabilities	1,617	1,506
	$ 1,815	**$ 1,702**

16. Liabilities for unclaimed prizes

	2026	2025
Unclaimed prizes		
Current prizes	$ 7,261	$ 6,741
Special prize fund	11	(10)
Balance, end of year	**$ 7,272**	**$ 6,731**

	2026	2025
Special prize fund		
Balance, beginning of year	$ (10)	$ -
Unclaimed prizes expired during the year	1,647	1,835
Prize payouts	(1,626)	(1,845)
Balance, end of year	**$ 11**	**$ (10)**

17. Due to Atlantic Gaming Equipment Limited (“AGEL”)

	2026	2025
Unsecured – at amortized cost		
Current	$ 7,030	$ 6,026
Non-current	37,323	25,616
Total loans from AGEL	**$ 44,353**	**$ 31,642**

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

The amount due to AGEL, a wholly-owned subsidiary of ALC, is the amount owing for purchases of lottery gaming and other related equipment made on the Corporation's behalf. The amount owing has no fixed terms of repayment, is non-interest bearing, and is due on demand if the Corporation withdraws from the ALC Unanimous Shareholders Agreement. The current portion represents the budgeted amount to be repaid to AGEL in the next twelve months.

18. Finance costs

	2026	2025
Interest on bank overdrafts and loans	$ 1,891	$ 1,757

19. Other expenses

	2026	2025
Distributions to community programs	$ 11,177	$ 10,982
Healthy Play programs	6,993	6,598
	$ 18,170	**$ 17,580**

Other expenses include payments required by legislation, as follows:

19.1 Harness racing

The Corporation annually contributes to the Nova Scotia Harness Racing industry amounts as directed by the Minister of Finance and Treasury Board. During the year, the Minister approved a contribution of $1,350 in 2026 (2025 - $1,350) to support the harness racing industry in Nova Scotia.

19.2 Special payments

The Corporation is obligated to make direct payments annually to two provincial government bodies as follows:

	2026	2025
The Department of Communities, Culture, Tourism and Heritage		
(in support of the Cultural Federation of Nova Scotia)	$ 50	$ 50
(in support of Sport Nova Scotia)	100	100
The Department of Agriculture		
(in support of the Exhibition Association of Nova Scotia)	50	50
	$ 200	**$ 200**

These payments are special funds under the Provincial *Finance Act* established by the Minister of Finance and Treasury Board under Section 14(1) of the *Atlantic Lottery Regulations* as made under the *Gaming Control Act*.

19.3 Healthy Play payments

The Government of Nova Scotia approved a contribution to the Department of Health and Wellness as part of its 2005 Gaming Strategy to fund problem gambling treatment of $3,000 in 2026 (2025 - $3,000) and as part of its 2011 Gaming Strategy to fund youth gambling prevention of $500 in 2026 (2025 - $500).

20. Financial instruments

20.1 Capital risk management

The Corporation manages its capital to ensure that entities in the Corporation will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Corporation's overall strategy remains unchanged from the prior year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and bank balances) and equity of the Corporation, comprising capital replacement reserves (as disclosed in Note 11) and retained earnings. The Corporation is not subject to any externally imposed capital requirements.

The Corporation's objectives are to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk levels. The Corporation manages its capital structure in light of changes in economic conditions and the risk characteristics of the Corporation's operations. The Corporation's major capital allocation decisions include a comparison of whether the expected financial returns from those investments exceed its estimated weighted average cost of capital.

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

20.2 Financial risk management

The Corporation's activities expose it to a variety of financial risks including market (interest rate) risk, credit risk, and liquidity risk. The Corporation's overall risk management program recognizes the nature of these risks and seeks to minimize potential adverse effects on the Corporation's financial performance.

20.3 Interest rate risk management

Interest rate risk is the risk that the value of the Corporation's assets and liabilities will fluctuate due to changes in market interest rates. The Corporation currently does not have any interest-bearing debt; however, is indirectly exposed to interest rate risk through its investment in ALC who obtains debt financing to fund the purchase of specific assets on behalf of the Corporation.

20.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. In the normal course of business, the Corporation is subject to credit risk from trade debtors in the gaming and lotteries industry, and transactions with their operators. The Corporation applies standard credit practices, which limit exposure to credit risk. The Corporation does not have any significant concentrations of credit risk. Trade debtors are monitored closely for compliance with terms of trade. The Corporation does not expect the non-performance of any obligations at balance date. The maximum credit risk is the carrying values of accounts receivables, bank accounts and short-term deposits.

20.5 Liquidity risk management

Liquidity risk represents the Corporation's ability to meet its contractual obligations. The Corporation evaluates its liquidity requirements on an ongoing basis by monitoring its capital structure, regularly monitoring forecast and actual cash flows and managing the maturity profiles of financial assets and financial liabilities. In general, the Corporation generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

The table below summarizes the maturity profile of the Corporation's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 12 months	1 to 5 years	Over 5 years
Trade and other payables	$ -	$ 21,937	$ -	$ -
Liabilities for unclaimed prizes	-	7,272	-	-
Due to AGEL	-	7,030	37,323	-
Lease liabilities	-	316	2,301	-
Due to Province of Nova Scotia	43,705	-	-	-
	$ 43,705	**$ 36,555**	**$ 39,624**	**$ -**

20.6 Fair values of financial instruments

The fair values of the Corporation's financial instruments are considered to approximate the carrying amounts. The carrying values of the financial liabilities approximate their fair values due to the relatively short periods to maturity of these items.

The carrying value of amounts due to AGEL and due to Province of Nova Scotia approximates fair value as both are recorded at the amount that would be required to be paid to settle the obligation at the reporting date.

Levels 1 to 3 are defined based on the degree to which fair value inputs are observable or unobservable, as follows:

20.6.1 Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
20.6.2 Level 2 inputs are based on inputs which have a significant effect on fair value that are observable, either directly or indirectly from market data; and
20.6.3 Level 3 inputs are unobservable (supported by little or no market activity)

FOR THE YEAR ENDED MARCH 31 (IN THOUSANDS)

During the years ended March 31, 2026 and 2025, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities. The Corporation does not have any financial instruments classified as level 2 or 3.

21. Contingencies

From time to time the Corporation is involved in various legal proceedings of a character normally incidental to its business. The Corporation believes that the outcome of these outstanding claims will not have a material impact on its consolidated statement of financial position; however, due to the uncertainty of potential legal outcomes this cannot be predicted with any assurance. Estimates, where appropriate, have been included in the consolidated statement of financial position, however additional settlements, if any, concerning these contingencies will be accounted for as a charge to the consolidated statement of net and comprehensive income in the period in which the settlement occurs.

22. Segmented Statement of Operations

The Corporation identifies the operations of the casinos and lotteries as its operating segments. These segments are monitored by the Corporation's chief operating decision maker and strategic decisions are made on the basis of the segmented operating results summarized below.

For the fiscal year ended March 31, 2026

	Casinos	Lotteries	Corporate	Total
Revenue *(i), (ii)*	$ 91,989	$ 278,762	$ -	$ 370,751
Cost of sales	56,042	87,483	4,469	147,994
Gross profit	$ 35,947	$ 191,279	$ (4,469)	$ 222,757
Depreciation and amortization	(1,611)	(5,872)	-	(7,483)
Other expenses	-	-	(18,170)	(18,170)
Segment operating profit	$ 34,336	$ 185,407	$ (22,639)	$ 197,104
Finance costs	-	(1,891)	-	(1,891)
Equity method income (loss)	-	(24,812)	-	(24,812)
Interest income	-	-	284	284
Other income	-	5,804	-	5,804
Net income	$ 34,336	$ 164,508	$ (22,355)	$ 176,489

(i) Casinos' revenue is comprised of gaming revenue of $82,621 plus food, beverage, and other revenue.
(ii) Lotteries' revenue includes Ticket Lottery of $160,944 and Video Lottery $117,818.

For the fiscal year ended March 31, 2025

	Casinos	Lotteries	Corporate	Total
Revenue *(i), (ii)*	$ 94,509	$ 276,782	$ -	$ 371,291
Cost of sales	60,284	86,743	3,532	150,559
Gross profit	$ 34,225	$ 190,039	$ (3,532)	$ 220,732
Depreciation and amortization	(1,611)	(5,409)	(89)	(7,109)
Other expenses	-	-	(17,580)	(17,580)
Segment operating profit	$ 32,614	$ 184,630	$ (21,201)	$ 196,043
Finance costs	-	(1,754)	(3)	(1,757)
Equity method income (loss)	-	(23,151)	-	(23,151)
Interest income *(iii)*	-	-	10,638	10,638
Other income *(iv)*	9,103	5,331	-	14,344
Net income	$ 41,627	$ 165,056	$ (10,566)	$ 196,117

(i) Casinos' revenue is comprised of gaming revenue of $85,391 plus food, beverage, and other revenue.
(ii) Lotteries' revenue includes Ticket Lottery of $155,050 and Video Lottery $121,732.
(iii) Corporate interest income includes $10.3 million in interest revenue received from the recovery of First Nations HST.
(iv) Casinos' other income includes $9.0 million contribution received from the Casino Operator.

NOVA SCOTIA GAMING CORPORATION
SCHEDULE OF CASINO AND LOTTERY INCOME
AS AT MARCH 31 (IN THOUSANDS)

Schedule 1 – Casinos

The schedule below presents the reconciliation of the results from the Corporation's casinos segment to the amount paid to the Province for remittance of its profits.

	2026	2025
Revenue		
Gaming	$ 82,620	$ 85,391
Food, beverage, and other	9,369	9,118
	91,989	94,509
Expenses		
Lease and depreciation	1,611	1,611
Reserves	3,000	6,500
Operating expenses	854	344
Other income[1]	-	(9,013)
Harmonized sales tax	3,037	3,566
Operator fee	49,151	49,874
	57,653	52,882
Payment to Province	**$ 34,336**	**$ 41,627**

[1] $9.0 million contribution was received from the Casino Operator for the year ended March 31, 2025.

Schedule 2 - Lotteries

The schedule below presents the reconciliation of the results from the Corporation's lotteries before application of equity accounting (including share of special pension payments from equity method investee and presentation of share of overhead costs from equity method investee).

	Ticket	Video	Total 2026	Total 2025
Revenue	$ 160,944	$ 117,818	$ 278,762	$ 276,782
Retailer commissions	12,916	20,599	33,515	34,502
Ticket costs	15,132	49	15,181	12,639
	28,048	20,648	48,696	47,141
Gross profit	132,896	97,170	230,066	229,641
Operating expenses				
Salaries and benefits	10,304	5,621	15,925	15,551
Training and development	120	82	202	290
Meetings and travel	267	204	471	558
Employee services	184	132	316	315
Costs of premises	338	269	607	553
Fleet expense	135	112	247	271
Consumable supplies	21	16	37	61
Terminal maintenance	11	270	281	373
Telecommunications	645	75	720	592
Technology maintenance	4,584	1,976	6,560	6,229
Outsourced services	2,716	1,076	3,792	3,588
Technology infrastructure services	722	560	1,282	1,645
Marketing	7,882	523	8,405	7,857
Social responsibility/communications	455	365	820	824
Retailer training and support	477	50	527	645
Financial services	269	175	444	362
Lease, depreciation and amortization	3,431	6,512	9,943	9,587
Interest expense	732	1,423	2,155	2,064
Other distributions	12,476	6,152	18,628	18,552
Total operating expenses	45,769	25,593	71,362	69,917
Operating profit	87,127	71,577	158,704	159,724
Other income	776	5,028	5,804	5,332
Net income	**$ 87,903**	**$ 76,605**	**$ 164,508**	**$ 165,056**