



Speaking Notes for

Francis Mensah

Vice-President Finance and Administration and Chief Financial Officer

Royal Canadian Mint

2023 Annual Public Meeting

Ottawa, Ontario

June 15, 2023

Check against delivery

I would like to advise everyone that certain comments being made today may contain forward-looking statements about the Mint's strategy and expected financial and operational results. Forward-looking statements are based on the assumption that there will be no change to the Mint's current mandate. The main risks are described in the Mint's Annual Report. These factors could cause actual results to differ materially from the expectations expressed or implied by the forward-looking statements.

I am pleased to provide highlights of our 2022 financial results and our outlook for 2023.

Overall, the Mint delivered 34.9 million dollars of profit in 2022, a decrease of 18.8 million dollars from last year as expected, given the exceptional performance seen in 2021, and planned operational maintenance in 2022. Profit before taxes and other items, a non-GAAP measure that the Mint uses to measure its operational performance was 45.0 million dollars in 2022, up 6.4 million dollars from the financial goal for 2022 as outlined in the Mint's 2022-2026 Corporate Plan.

In 2022, the Mint continued to put the health and safety of our people first. The Mint introduced new measures when and where they were needed as new COVID-19 variants emerged which were sufficient in keeping the Ottawa and Winnipeg facilities operating normally throughout the year. A hybrid workplace arrangement was implemented in January 2023 which allows teams to collaborate both in-person and remotely.

Canadian Circulation revenue increased 7% in 2022 to 95.6 million dollars. The increase was mainly from updated pricing in the new Memorandum of understanding with the Department of Finance, an increase in sales of the \$1 denomination and higher Alloy Recovery Program (ARP) metric tons processed in 2022.

These increases were partially offset by lower circulation coin volumes and program fees.

Overall demand for coins increased slightly in 2022 to 2.1 billion coins compared to 1.9 billion coins in 2021 as Canada and the world emerged post-pandemic. As pandemic restrictions began lifting and the economy started to open back up, the Mint continued to expertly oversee the national circulation coin management system, ensuring there were no shortages of coins. The Mint's unique expertise continues to support Canada and Canadians who want or need to use coins in a payment landscape that is increasingly digital.

Foreign Circulation business revenue was 62.6 million dollars, down 45% from 112.9 million dollars in 2021 which reflects a 60% decrease in volumes produced and shipped year over year.

Foreign circulation contract opportunities were limited in 2022 due to the slower than expected re-opening of foreign economies post-pandemic and the rising geopolitical and economic uncertainties on the global economy.

In the precious metals space, responsibility comes with new expectations from customers for greater transparency in how precious metals are sourced and from where. In 2022, the Mint was proud to manufacture a first bullion coin composed of pure gold sourced entirely from a single Canadian mine. This new process allows the gold used to be traced from start to finish through every step of the production process in our Ottawa facility from mine to mint.

The Bullion Products and Services business revenues decreased from 3.2 billion dollars in 2021 to 3.0 billion dollars in 2022 and the Mint maintained its strong bullion market position.

The decrease in revenue was mainly attributable to lower bullion product net volumes and lower silver pricing partially offset by higher gold premiums and a stronger US dollar favourably impacting the translation of our US dollar denominated revenue. Sales net volumes for gold bullion products decreased 8% while silver bullion product sales net volumes decreased 1%. The average price of gold remained consistent with last year while silver decreased 14%.

Numismatics revenue increased 5% from 112.3 million dollars in 2021 to 117.7 million dollars in 2022. The increase in revenue was largely attributable to sales related to the Mint's successful launch of its luxury Opulence collection as well as higher resales of coins from international mints, and premium bullion products.

Operating expenses increased 13% in 2022 to 125.3 million dollars, compared to 2021 due to planned increases in employee compensation and consulting expenses to support on-going operations, foundational governance and the digital program and business transformation, higher corporate donations driven by Shareholder directed donations, higher marketing campaign costs consistent with higher sales of numismatic products, as well as increases in travel related expenses with the return to in-person meetings in 2022.

Cash required to fund capital projects increased to 16.4 million from 11.9 million in 2021, driven by the ongoing strategic investments in production equipment for the Winnipeg and Ottawa plants, the Ottawa building and the Mint's website platform. I am proud to announce that the Mint paid a dividend of 40.7 million in 2022 to the Government of Canada.

Based on public accounts for the year ended March 31, 2022, the Mint supported the Government of Canada in earning more than 57 million dollars in seigniorage, on its sales of coins to financial institutions, through the efficient management of the coin supply, including new coin production balanced with recycling volumes of 133 million and interbank coin sales of 556 million.

Looking forward, the Mint's financial goal for 2023 is profit before taxes and other items of 25.5 million dollars. The Mint continues to focus its production capacity to serve the mining and financial sectors in Canada and around the world as global market demand for bullion products continues to be strong.

In the first quarter of 2023, the Mint's profit before taxes and other items was 17.3 million dollars compared to 15.8 million dollars in the first quarter of 2022, but was 6.4 million dollars higher than first quarter in 2019, which was the last normal first quarter pre-pandemic.

In 2023, the Mint will continue to manage the lifecycle of Canada's coins and will aim to seize the best foreign circulation opportunities. The Mint will also continue its focus on responsible and transparent sourcing of precious metals, focus its numismatic offerings, and pursue operational efficiencies.

The Mint will continue to invest in its digital capabilities, ESG and DEI initiatives to continue to build its agility and resiliency as it continues to add value for Canada. The Mint is closely monitoring the impact of ongoing challenges around the globe, including macro-economic conditions (e.g. high inflation, higher interest rates), geopolitical tension as well as other external events around the globe, including the impact on the global supply chain and logistics network. To that effect, the Mint identifies contingency plans when required in order to support the business.