



Earnings Release

ROYAL CANADIAN MINT REPORTS PROFITS AND PERFORMANCE FOR Q2 2020

OTTAWA, ONTARIO – August 20, 2020 – The Royal Canadian Mint (the “Mint”) is pleased to announce its financial results for the second quarter of 2020 that provide insight into our activities, the markets influencing our businesses and our expectations for the next 12 months.

“At the outset of the pandemic, the Royal Canadian Mint made a decision to prioritize the health and safety of employees by modifying the workplace, and adopting rigorous new health and safety protocols while continuing to deliver critical services in support of the financial and mining sectors without interruption”, said Marie Lemay, President and CEO. “Over the last several months, the Mint has continued to respond to unprecedented global bullion market conditions resulting in exceptional financial results from our Bullion Products and Services business.”

The financial results should be read in conjunction with the Mint’s 2020 second quarter report available at www.mint.ca. All monetary amounts are expressed in Canadian dollars, unless otherwise indicated.

Financial and Operational Highlights

- The Mint continued to serve the critical financial and mining sectors throughout the second quarter of 2020. The Mint was able to increase its revenue by 90% as a result of strong global market demand for bullion.
- Consolidated profit before income tax and other items was \$1.7 million for the quarter (2019 – \$8.0 million). The Mint’s profit margin was negatively impacted by the COVID-19 pandemic as incremental costs were incurred and the Mint modified production and operations for most of the second quarter to ensure the safety of its employees.
- Consolidated revenue increased to \$529.5 million in the second quarter of 2020 (2019 - \$278.4 million). Overall, global market demand for bullion, due to the economic uncertainty surrounding COVID-19, led to higher bullion volumes.
 - Gold volumes were 196.5 thousand ounces (2019 – 84.6 thousand), while silver volumes were 7.2 million ounces (2019 – 4.3 million).
 - Sales of numismatic products were behind 2019, having decreased \$19.8 million or 62% due mainly to the modified production as a result of COVID-19 and a planned smaller, more resonant product portfolio in 2020.
 - Foreign circulation revenue decreased 41% quarter over quarter with production and shipment of 192 million foreign coins and blanks, compared to 286 million coins in 2019.
 - Canadian circulation coins sold to the Department of Finance were 12 million pieces in the quarter (2019 – 114 million pieces).
- Overall operating expenses decreased 3% quarter over quarter to \$23.5 million.
- Cash and cash equivalents increased to \$80.6 million at June 27, 2020 (December 31, 2019 - \$65.5 million).

Consolidated results and financial performance

(in CAD \$ millions)

	13 weeks ended				26 weeks ended			
	June 27, 2020	June 29, 2019	Change		June 27, 2020	June 29, 2019	Change	
			\$	%			\$	%
Revenue	\$ 529.5	\$ 278.4	\$ 251.1	90%	\$ 1,027.9	\$ 629.1	\$ 398.8	63%
Profit before income tax and other items ⁽¹⁾	\$ 1.7	\$ 8.0	\$ (6.3)	(79%)	\$ 8.3	\$ 19.1	\$ (10.8)	(57%)
Profit before income tax and other items margin	0.3%	2.9%			0.8%	3.0%		
Profit for the period	\$ 7.6	\$ 4.8	\$ 2.8	58%	\$ 9.3	\$ 12.5	\$ (3.2)	(26%)

(1) A reconciliation from Profit for the period to Profit before income tax and other items is included on page 10 of the Mint's 2020 Second Quarter Report.

	As at			
	June 27, 2020	December 31, 2019	\$ Change	% Change
Cash and cash equivalents	\$ 80.6	\$ 65.5	\$ 15.1	23%
Inventories	\$ 55.3	\$ 94.9	\$ (39.6)	(42%)
Capital assets	\$ 165.7	\$ 173.9	\$ (8.2)	(5%)
Total assets	\$ 388.2	\$ 429.9	\$ (41.7)	(10%)
Working capital	\$ 115.4	\$ 102.5	\$ 12.9	13%

The Mint returned to full production on May 25 after it implemented additional safety measures to allow for a higher number of employees in its production facility per shift and increased the number of shifts to accommodate the entire workforce. As part of its business continuity plan, the Mint continues to actively monitor its global supply chain and logistics networks in support of its continued operations. Despite its best efforts, the Mint expects COVID-19 to continue to affect its performance over the balance of 2020.

To read more of the Mint's Second Quarter Report for 2020, please visit www.mint.ca.

About the Royal Canadian Mint

The Royal Canadian Mint is the Crown corporation responsible for the minting and distribution of Canada's circulation coins. The Mint is recognized as one of the largest and most versatile mints in the world, offering a wide range of specialized, high-quality coinage products and related services on an international scale. For more information on the Mint, its products and services, visit www.mint.ca. Follow the Mint on [Twitter](#), [Facebook](#) and [Instagram](#).

FORWARD LOOKING STATEMENTS

This Earnings Release contains forward-looking statements that reflect management's expectations regarding the Mint's objectives, plans, strategies, future growth, results of operations, performance, and business prospects and opportunities. Forward-looking statements are typically identified by words or phrases such as "plans", "anticipates", "expects", "believes", "estimates", "intends", and other similar expressions. These forward-looking statements are not facts, but only estimates regarding expected growth, results of operations, performance, business prospects and opportunities (assumptions). While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results are subject to a number of risks, uncertainties and other factors that could cause actual results to

differ materially from what the Mint expects. These risks, uncertainties and other factors include, but are not limited to, those risks and uncertainties set forth in the Risks to Performance section of the Narrative Discussion, as well as in Note 10 – Financial Instruments and Financial Risk Management to our Audited Consolidated Financial Statements for the year ended December 31, 2019. The forward-looking statements included in this Earnings Release are made only as of August 20, 2020, and the Mint does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or for any other reason after this date.

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