FIRST QUARTER FINANCIAL REPORT

FISCAL 2022

NARRATIVE DISCUSSION

BASIS OF PRESENTATION

The Royal Canadian Mint (the "Mint") prepared this report as required by section 131.1 of the *Financial Administration Act*[1] using the standard issued by the Treasury Board of Canada Secretariat. This narrative should be read in conjunction with the unaudited condensed consolidated financial statements.

The Mint prepared these unaudited condensed consolidated financial statements for the 13 weeks ended April 2, 2022 and April 3, 2021 in compliance with International Financial Reporting Standards (IFRS). Although the Mint's year end of December 31 matches the calendar year end, the Mint's quarter end dates do not necessarily coincide with calendar year quarters; instead, each of the Mint's quarters contains 13 weeks. In 2022, the first 13 weeks included 92 days compared to 93 days in the first 13 weeks of 2021. Financial results reported in this narrative are presented in Canadian dollars and rounded to the nearest million, unless otherwise noted. The information in this narrative is current to May 19, 2022, unless otherwise noted.

MATERIALITY

In assessing what information to provide in this MD&A, management applies the materiality principle as guidance for disclosure. Management considers information material if its omission or misstatement could reasonably be expected to influence decisions that the primary users make based on the financial information included in this narrative.

FORWARD LOOKING STATEMENTS

Readers are advised to refer to the cautionary language included at the end of this MD&A when reading any forward-looking statements.

[1] Financial Administration Act, R.S.C., 1985, c. F-11

NON-GAAP FINANCIAL MEASURES

This MD&A includes non-GAAP financial measures which are clearly denoted where presented. Non-GAAP financial measures are not standardized under IFRS and might not be comparable to similar financial measures disclosed by other corporations reporting under IFRS.

OVERVIEW OF THE CORE MANDATE AND THE BUSINESS

The Royal Canadian Mint is Canada's national mint and a global leader in circulation coinage and precious metals. As part of its core mandate, the Mint manages the circulation of Canada's coinage from its weekly forecasting and world-class production to eventual retirement. This end-to-end responsibility, along with oversight of inventories across the nation, enables the Mint to effectively deliver a reliable and inclusive payment option for Canadians. Integrating environmental, social and corporate governance (ESG) as a foundation for its coin lifecycle management practices, the Mint recycles and re-distributes coins which reduces the need to produce more coins and extends the life span and usage of those coins already circulating.

On behalf of the Government of Canada, the Mint operates a Commemorative Coin Program (CCP) to celebrate Canada's history, diversity, culture and values. In addition to its core mandate, the Mint is also responsible for the Alloy Recovery Program (ARP) which removes older-composition Canadian coins from the coin pool system and replaces them with multi-ply plated steel (MPPS) coins that are more durable and secure.

The Foreign Circulation business produces and supplies finished coins, coin blanks and tokens to customers around the world, including central banks, mints, monetary authorities and finance ministries. The Mint also produces high technology dies for international customers allowing countries to strike their own coins. These contracts leverage the infrastructure and industry-leading expertise in the Mint's Winnipeg manufacturing facility.

The Bullion Products & Services business provides critical support to the essential Canadian mining and financial sectors through its market-leading precious metal investment coin and bar products, supported by integrated precious metal refining, storage and exchange traded receipts (ETR) capabilities. These products include the Maple Leaf family of gold and silver coins, as well as other precious metal products and services for investment and manufacturing purposes. As a market leader in the industry with bullion coins of the highest quality and security, the Mint is well positioned to capture a leading share of any increase in demand while sustaining volumes during softer markets. The Mint has, in the past, issued ETRs under its Canadian Gold Reserves (TSX: MNT/MNT.U) and Canadian Silver Reserves (TSX: MNS/MNS.U) programs, which provide retail and institutional investors direct legal title and beneficial ownership in physical bullion held in the custody of the Mint at its facilities on an unallocated basis. These programs contribute to the efficient operation of the Mint's production facilities.

The Numismatics business designs, manufactures and sells collectible coins to a loyal customer base in Canada and around the world. The medals division proudly provides medals to many Canadian public institutions to recognize and celebrate outstanding accomplishments of Canadians. The Mint's global leadership in the art and science of minting is consistently recognized around the world. This recognition is largely earned by innovative technology enhancements, such as glow in the dark paint, selective plating and the use of vibrant colour that allow the Mint to create unique and compelling products. The Mint principally sold numismatic products through its outbound sales and e-commerce platforms in Q1 2022, as well as through dealers and partners, both domestically and internationally.

SIGNIFICANT CORPORATE EVENTS

COVID-19 Pandemic

The Mint continues to take all necessary precautions to safeguard employee health and safety, while prioritizing critical manufacturing operations to support trade and commerce, and the essential mining and financial sectors. The Ottawa and Winnipeg manufacturing facilities operated normally throughout Q1 2022. With the continuing pandemic, the Mint's boutiques in Ottawa and Winnipeg were closed from the beginning of January to late February 2022 when both boutiques were re-opened to the public.

Environmental, Social and Corporate Governance Initiatives

Donation of net proceeds from the sale of pysanka-themed collector coins

For the past seven years, the Mint has issued pysanka-themed collector coins, a spring tradition that pays tribute to Ukrainian culture and artistry in Canada. In light of the invasion of Ukraine, the Mint donated the net proceeds from the sale of its 2022 gold and silver pysanka coins to the Canadian Red Cross Ukraine Humanitarian Crisis Appeal. Funds raised through this appeal will help the Red Cross respond to humanitarian needs emerging from the current conflict faced by Ukraine.

Charitable Medal Program

On November 9, 2021, the Mint launched a new Mental Health Medal which can be worn to signal your willingness to listen or given to show support for mental health. In the first 13 weeks of 2022, the Mint commenced donating the net proceeds from this medal to the Kids Help Phone to help ensure young people in Canada have access to mental health support in any moment of crisis or need.

National Capital Region's Top Employers (2022)

On February 1, 2022, the Mint was selected as one of the National Capital Region's Top Employers (2022). Its coverage for mental health services, maternity and parental leave top up policies, flexible work arrangements and compassionate leave top up policy were highlighted in this recognition.

Organizational update

The Mint's Senior Vice-President, Finance and Administration and Chief Financial Officer, Jennifer Camelon, announced her resignation from the Mint effective April 13, 2022. Starting April 13, 2022, Lenard Cheung, Senior Director of Canadian Circulation will serve as acting Vice President Finance and Administration and Chief Financial Officer until the role is fulfilled. In addition, Jana Fritz, Senior Director, Finance and Chief Accountant has been added as a signatory on the Statement of Management Responsibility by Senior Officials included in this management report.

Effective May 2, 2022, the Mint appointed its first Vice-President Corporate Security, James Malizia. In this role Mr. Malizia will have oversight for both the physical and cyber security portfolios.

OPERATING HIGHLIGHTS AND ANALYSIS OF RESULTS

To achieve its objectives, the Mint strives to continually improve profitability through prudent financial management and efficient operations. The Mint measures its performance by using metrics meaningful to its Shareholder, customers, business partners and employees. The measures below allow the Mint to monitor its capacity to improve performance and create value for its Shareholder and for Canada.

	13 weeks ended			
	April 2, 2022	April 3, 2021	$ Change	% Change
Revenue	**$ 865.0**	$ 902.8	(37.8)	(4)
Profit for the period	**$ 14.4**	$ 13.8	0.6	4
Profit before income tax and other items[1]	**$ 15.8**	$ 26.0	(10.2)	(39)
Profit before income tax and other items margin[2]	**1.8%**	2.9%		

[1]Profit before income tax and other items is a non-GAAP financial measure. A reconciliation from profit for the period to profit before income tax and other items is included on page 11.
[2] This is a non-GAAP financial measures and its calculation is based on profit before income tax and other items

Profit for the 13 weeks ended April 2, 2022 was consistent with the same period in 2021 as lower costs of sales were in line with reductions in revenue across both the Mint's Precious Metal and Circulation businesses. Profit before income tax and other items was $10.2 million lower quarter over quarter, as expected given the mix of Foreign Circulation contracts in 2022 as compared to 2021, the exceptional demand for bullion products in 2021 and a planned higher level of operating expenses to support the Mint's on-going operations and business transformation initiatives.

	As at			
	April 2, 2022	December 31, 2021	$ Change	% Change
Cash	**$ 88.6**	$ 69.3	19.3	28
Inventories	**$ 79.3**	$ 86.5	(7.2)	(8)
Capital assets	**$ 153.5**	$ 154.2	(0.7)	-
Total assets	**$ 414.1**	$ 405.5	8.6	2
Working capital	**$ 134.2**	$ 122.5	11.7	10

Working capital increased 10% from December 31, 2021. Cash increased 28% from December 31, 2021 due to strong cash flows from operations and the lower inventory purchases, partially offset by income tax payments of $19.3 million.

Revenue by program and business

	13 weeks ended			
	April 2, 2022	April 3, 2021	$ Change	% Change
Canadian Circulation	**$ 21.7**	$ 20.9	0.8	4
Foreign Circulation	**17.9**	29.9	(12.0)	(40)
Total Circulation	**$ 39.6**	$ 50.8	(11.2)	(22)
Bullion Products and Services	**$ 795.1**	$ 820.5	(25.4)	(3)
Numismatics	**30.3**	31.5	(1.2)	(4)
Total Precious Metals	**$ 825.4**	$ 852.0	(26.6)	(3)
Total revenue	**$ 865.0**	$ 902.8	(37.8)	(4)

The Mint takes an integrated and agile approach to managing the Circulation and Precious Metals businesses. This approach allows the Mint to allocate resources within these businesses in order to respond to customer and market demands.

Canadian Circulation

During the 13 weeks ended April 2, 2022, revenues from the Canadian Circulation Program increased 4% to $21.7 million compared to $20.9 million in the same period in 2021. The increase is mainly due to a higher volume of circulation coins sold in the period.

Coin supply

	13 weeks ended			
(in millions of coins)	**April 2, 2022**	April 3, 2021[1]	Change	% Change
Financial institutions deposits	**375**	335	40	12
Recycled coins	**32**	22	10	45
New coins sold to financial institutions and others	**14**	7	7	100
Total coin supply	**421**	364	57	16

[1]Restated to correspond with the Mint's quarter end dates as opposed to calendar year quarters.

Department of Finance Inventory

	As at			
(in millions of dollars)	**April 2, 2022**	April 3, 2021	$ Change	% Change
Opening inventory	**$ 84.9**	$ 82.5	2.4	3
New coins produced and sold to Department of Finance	**20.8**	17.7	3.1	18
New coins sold to financial institutions and others	**(4.8)**	(7.8)	3.0	(38)
Ending inventory	**$ 100.9**	$ 92.4	8.5	9

Demand is met through the three main sources of supply outlined in the above table and is subject to variability across regions of the country and seasonality depending on the time of the year. In the first 13 weeks of 2022, demand increased 13% from 2021 even though the pandemic continued to impact cash transactions in the retail and tourist segments. As restrictions on in-person shopping continued to be eased nationwide an increase in demand was observed.

Financial institution deposits are the primary coin supply channel that fulfills coin demand. During the pandemic, financial institution deposits (which are typically made up of coins from transit, parking, vending, etc.) have been slow to re-circulate back to the ecosystem due to restrictions implemented across the country. Due to the gradual lifting of restrictions in the retail environment, supply was 16% higher than the same period last year, but still lower when compared to pre-pandemic levels.

The Mint actively manages inventory supply levels from financial institution deposits, recycling kiosk volumes, and new coin production to ensure coinage demand is met efficiently and cost effectively throughout the year. The face value of the Department of Finance owned inventory at April 2, 2022 was $100.9 million, which was within the inventory limit outlined in the Mint's memorandum of understanding with the Department of Finance.

Foreign Circulation

Revenue from the Foreign Circulation business decreased by 40% for the 13 weeks ended April 2, 2022 to $17.9 million compared to $29.9 million in the same period in 2021. This decrease was expected and reflected lower volumes and changes in the mix of contracts which consisted of shipments of 288 million (2021 – 319 million) coins and blanks to 4 (2021 – 7) countries. During the first 13 weeks of 2022, the Mint secured 3 new production contracts for an aggregate of 41 million coins.

Bullion Products and Services

	13 weeks ended			
	April 2, 2022	April 3, 2021	$ Change	% Change
Gross revenue	**$ 1,272.3**	$ 1,228.4	43.9	4
Less: Customer inventory deals	**(477.2)**	(407.9)	(69.3)	17
Net revenue	**$ 795.1**	$ 820.5	(25.4)	(3)

	13 weeks ended			
(thousands of ounces)	**April 2, 2022**	April 3, 2021	Change	% Change
Gold	**366.9**	328.5	38.4	12
Silver	**8,932.5**	9,991.4	(1,058.9)	(11)
Gross ounces	**9,299.4**	10,319.9	(1,020.5)	(10)
Less: ounces from customer inventory deals	**(1,371.4)**	(1,784.3)	412.9	(23)
Net ounces	**7,928.0**	8,535.6	(607.6)	(7)

Bullion Products and Services net revenue for the 13 weeks ended April 2, 2022 decreased 3% compared to the same period in 2021. The decrease in revenue was mainly attributable to an increase in customer inventory deals and lower silver bullion volumes sold which were partially offset by higher gold bullion volumes sold and higher gold pricing.

Numismatics

Numismatics revenue decreased 4% to $30.3 million during the 13 weeks ended April 2, 2022 from $31.5 million in the same period of 2021. The decrease in revenue was largely attributable to decreased sales of gold and custom products.

	13 weeks ended			
	April 2, 2022	April 3, 2021	$ Change	% Change
Gold	**$ 13.0**	$ 13.9	**(0.9)**	(6)
Silver	**14.7**	12.9	**1.8**	14
Other revenue[1]	**2.6**	4.7	**(2.1)**	(45)
Total revenue	**$ 30.3**	$ 31.5	**(1.2)**	(4)

[1]Other revenue includes base metal coins, medals and other related revenue

Expenses, other income and income tax

	13 weeks ended			
Expenses (income)	**April 2, 2022**	April 3, 2021	$ Change	% Change
Cost of sales	**$ 818.0**	$ 858.9	(40.9)	(5)
Operating expenses:				
Marketing and sales	**$ 6.1**	$ 5.8	0.3	5
Administration	**21.5**	19.8	1.7	9
Total operating expenses	**$ 27.6**	$ 25.6	2.0	8
Net foreign exchange losses	**$ 0.1**	$ 0.3	(0.2)	
Income tax expense	**$ 4.8**	$ 4.6	0.2	

Cost of sales for the 13 weeks ended April 2, 2022 decreased to $818.0 million compared to $858.9 million during the same period in 2021. The overall decrease in cost of sales was in line with the 4% decrease in overall revenue, excluding the $8.9 million increase in the revaluation gain on the Face Value redemptions liability which is recognized in cost of sales.

Overall, operating expenses for the 13 weeks ended April 2, 2022 increased 8% to $27.6 million from $25.6 million in the same period in 2021. Administration expenses increased 9% mainly due to planned increases in the number of employees to support the Mint's on-going operations and business transformation initiatives which drove higher employee compensation costs.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

	13 weeks ended		
	April 2, 2022	April 3, 2021	$ Change
Cash and cash equivalents, at the end of the period	**$ 88.6**	$ 91.1	(2.5)
Cash flow from operating activities	**$ 24.4**	$ 28.0	(3.6)
Cash flow used in investing activities	**$ (4.4)**	$ (3.1)	(1.3)
Cash flow used in financing activities	**$ (0.4)**	$ (0.6)	0.2

Cash from operating activities for the 13 weeks ended April 2, 2022 decreased $3.6 million compared to the same period in 2021 primarily due to income tax payments of $19.3 million partially offset by higher cash generated from operations.

Cash used in investing activities increased $1.3 million for the 13 weeks ended April 2, 2022, as compared to the same period in 2021, mainly due to investments in production equipment for the Winnipeg plant and the Ottawa building.

Borrowing facilities

See note 17 in the December 31, 2021 audited consolidated financial statements for details on the Mint's borrowing facilities. The Mint entered and closed the period with total outstanding long-term loans of $33 million, which is within the Mint's approved borrowing limit as prescribed by the *Royal Canadian Mint Act*. The Mint entered the period with a long-term debt-to-equity ratio of 1:04 and closed the period with a long-term debt-to-equity ratio of 1:05.

RECONCILIATION FROM PROFIT FOR THE PERIOD TO PROFIT BEFORE INCOME TAX AND OTHER ITEMS

Profit before income tax and other items is a non-GAAP financial measure used by management and other stakeholders to compare the Mint's financial results before the impact of non-cash changes in valuations, taxes and other items. A reconciliation from profit for the period to profit before income tax and other items is as follows:

	13 weeks ended	
	April 2, 2022	April 3, 2021
Profit for the period	**$ 14.4**	$ 13.8
Add (deduct):		
Income tax expense	**4.8**	4.6
Net foreign exchange loss[1]	**0.4**	2.5
Face Value revaluation[2]	**(3.8)**	5.1
Profit before income tax and other items	**$ 15.8**	$ 26.0

[1] Net foreign exchange loss in 2022 excludes a gain of $0.3 million (2021 - $2.2 million gain) related to the mitigation of the foreign exchange risk for a specific contract.
[2] Face Value revaluation is the non-cash impact of the change in the valuation of the precious metal component of the Face Value redemptions liability which excludes the impact of a foreign exchange loss of $0.8 million (2021 - $0.9 million loss).

RISKS TO PERFORMANCE

Management considers risks and opportunities at all levels of decision making. The Mint's performance is influenced by many factors, including: economic conditions, financial and commodity market volatility, and competitive pressures. Also, as a Crown corporation governed under a legislative framework, the Mint's performance could be impacted by changes to Shareholder objectives or to the directions given by governing bodies. Under the guidance of the Board of Directors, the Mint's enterprise risk management process is undertaken by the

Mint's Leadership Team. It focuses on the identification, assessment and management, within the risk appetite of the Board of Directors, of the key risks, that could impact the achievement of the Mint's strategic objectives. As part of its oversight process, the Board of Directors approves risk appetite statements, reviews the Mint's corporate risk profile and has input into the broader risk management approach.

The Mint's enterprise risk management framework and practices are consistent with guidance issued by the Treasury Board and is subject to periodic review by its internal auditor. Guidance in relation to risk awareness and risk management is provided to staff where necessary. Appropriate risk management requirements are embedded in staff responsibilities.

A register of key corporate risks is maintained, together with a series of operational risk registers covering each of the Mint's business/support areas. These registers are updated regularly and evolve as new risks are identified and existing ones are mitigated.

The key corporate level risks that could materially impact the Mint's ability to achieve its strategy are identified in the Mint's 2021 Annual Report. There have been no material changes to the key corporate level risks since the filing of the 2021 Annual Report.

CRITICAL ACCOUNTING ESTIMATES, ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING POLICY DEVELOPMENTS

See note 3 in the audited consolidated financial statements for the year ended December 31, 2021 for a discussion of critical accounting estimates, as well as note 3 in the accompanying unaudited condensed financial statements for the 13 weeks ended April 2, 2022 for a discussion regarding the adoption of new accounting standards and accounting policy developments.

OUTLOOK

The financial goal for 2022 is a profit before tax and other items of $38.6 million, revised from $46.6 million as approved in the Mint's 2022-2026 Corporate Plan due to the application of the IFRS Interpretation Committee (IFRIC) agenda decision issued in April 2021 relating to configuration and customization costs for software as a service and platforms as a service arrangements.

Continuing with the implementation of its One Mint Strategy which was approved in 2020, in 2022, the Mint will continue to evolve its domestic circulation coin lifecycle management practices and will aim to seize the best foreign circulation opportunities. The Mint will continue to build its precious metals capacity, focus on its numismatic offerings, and pursue operational efficiencies. The Mint is also making investments in its digital capabilities and ESG 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 the evolving situation of the pandemic, as well as other external events around the globe, including the impact on its global supplier network, and identifies contingency plans when required in order to support the business.

Circulation businesses

Canadian circulation

Although the global pandemic is expected to endure into 2022, provincial restrictions began to ease at varying rates across Canada during the first quarter. This trend of reduced restrictions is expected to drive an incremental increase in coin activity in 2022 and 2023 as Canadians return to recreational activities, in-person shopping, and places of work.

As the situation continues to stabilize across the country, and coinage recirculates more naturally throughout the system, the Mint anticipates that there will be less need to supply extra amounts of new coin to satisfy demand. However, as the ecosystem continues to operate fluidly, the Mint and its distribution system partners are ready to respond in the event there are unexpected demand fluctuations or disruptions to the supply chain.

This outlook is partially based upon traditional consumer and merchant behaviours, which continue to evolve. To make sure it remains on top of key trends, the Mint is investing in market sensing activities, including consumer surveys, researching domestic and international payment trends, and engaging with coin intensive business like vending, parking and transit.

Foreign circulation

The ongoing COVID-19 pandemic continues to create unpredictable coin demand in many countries, as retail and transit activities have not fully regularized and Central Banks continue to monitor cash usage and coin demand. However, in the first quarter of 2022, the number of circulation coin tenders being issued picked up, driving a sense of cautious optimism for continued improvement of demand. The Mint anticipates that as economies continue to reopen and stabilize, cash usage and coin demand in general will rebound in emerging economies. However, in certain markets a decrease in coin demand could be seen due to the accelerated adoption of digital payment methods.

Precious metals businesses

Bullion products and services

The Mint continues to monitor bullion coin market and supply conditions closely and will work to position itself to be able to meet demand relating to continued strong market conditions for gold and silver bullion coins. In 2022, the Mint will continue to focus on customer and market strategies in support of its strong market share, including a renewed focus on gold refining and coin products and selective storage opportunities, while carefully managing operating costs to mitigate the impact of uncertainty in the global bullion coin market. During the year, we will undertake some equipment maintenance to enhance the resiliency of our operations that will have a minor short term impact on volumes.

Numismatics

The Mint continues to prioritize being a customer-centric organization focused on enhancing the customer experience and improving the long-term performance of the Numismatics business. The Mint continues to implement and pursue product strategies intended to reach new customers in new and emerging markets.

FORWARD LOOKING STATEMENTS

The unaudited condensed consolidated financial statements and the narrative, contain 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 assumptions regarding expected growth, results of operations, performance, business prospects and opportunities. While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These assumptions 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 above in the Risks to Performance in this MD&A, as well as in Note 8 – Financial Instruments and Financial Risk Management to the Mint's unaudited condensed consolidated financial statements.

To the extent the Mint provides future-oriented financial information or a financial outlook, such as future growth and financial performance, the Mint is providing this information for the purpose of describing its expectations. Therefore, readers are cautioned that this information may not be appropriate for any other purpose. Furthermore, future-oriented financial information and financial outlooks, as with forward-looking information generally, are based on the assumptions and subject to the risks.

Readers are urged to consider these factors carefully when evaluating these forward-looking statements. In light of these assumptions and risks, the events predicted in these forward-looking statements may not occur. The Mint cannot assure that projected results or events will be achieved. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements included in the unaudited condensed consolidated financial statements and narrative are made only as of May 19, 2022, 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.

Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these unaudited condensed consolidated financial statements in accordance with *IAS 34 Interim Financial Reporting* and requirements in the Treasury Board of Canada's Directive on Accounting Standards: *GC 5200 Crown Corporations Quarterly Financial Reports* and for such internal controls as management determines are necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the unaudited condensed consolidated financial statements.

Based on our knowledge, these unaudited condensed consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Royal Canadian Mint, as at the date of and for the periods presented in the unaudited condensed consolidated financial statements.

Marie Lemay

President and Chief Executive Officer

Jana Fritz, CPA, CA

Senior Director, Finance and Chief Accountant

Ottawa, Canada

May 19, 2022

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited (CAD$ thousands)

	Notes	As at April 2, 2022	As at December 31, 2021
Assets			
Current assets			
Cash		**$ 88,643**	$ 69,303
Trade receivables, net and other receivables	5	**29,323**	19,152
Income tax receivable		**1,094**	-
Prepaid expenses		**3,076**	3,677
Inventories	6	**79,325**	86,530
Contract assets	7	**27,221**	40,631
Derivative financial assets	8	**2,555**	2,611
Total current assets		**231,237**	221,904
Non-current assets			
Prepaid expenses		**232**	178
Deferred income tax assets		**29,124**	29,250
Property, plant and equipment	9	**143,450**	144,040
Investment property		**236**	236
Intangible assets	9	**4,916**	4,738
Right-of-use assets	10	**4,875**	5,136
Total non-current assets		**182,833**	183,578
Total assets		**$ 414,070**	$ 405,482
Liabilities			
Current liabilities			
Trade payables, other payables and accrued liabilities	11	**$ 62,573**	$ 56,300
Provisions	12	**2,145**	2,043
Income tax payable		**488**	13,978
Face Value redemptions liability	13	**401**	434
Contract liabilities	7	**17,474**	12,894
Loans payable		**9,200**	9,042
Lease liabilities	10	**1,257**	1,388
Employee benefit obligations		**3,434**	3,302
Derivative financial liabilities	8	**16**	23
Total current liabilities		**96,988**	99,404
Non-current liabilities			
Trade payables, other payables and accrued liabilities	11	**81**	95
Provisions	12	**939**	966
Face Value redemptions liability	13	**118,320**	121,472
Loan payable		**24,000**	24,000
Lease liabilities	10	**4,156**	4,394
Employee benefit obligations		**12,653**	12,653
Total non-current liabilities		**160,149**	163,580
Total liabilities		**257,137**	262,984
Shareholder's equity			
Share capital (authorized and issued 4,000 non-transferable shares)		**40,000**	40,000
Retained earnings		**116,933**	102,515
Accumulated other comprehensive loss		**-**	(17)
Total shareholder's equity		**156,933**	142,498
Total liabilities and shareholder's equity		**$ 414,070**	$ 405,482

Commitments, contingencies and guarantees (Note 22)
The accompanying notes are an integral part of these condensed consolidated financial statements

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Unaudited (CAD$ thousands)

		13 weeks ended	
	Notes	**April 2, 2022**	April 3, 2021
Revenue	15	**$ 864,991**	$ 902,847
Cost of sales	16, 17, 18	**817,984**	858,909
Gross profit		**47,007**	43,938
Marketing and sales expenses	16,17	**6,076**	5,751
Administration expenses	16, 17, 18	**21,522**	19,805
Operating expenses		**27,598**	25,556
Net foreign exchange loss		**110**	262
Operating profit		**19,299**	18,120
Finance (costs) income, net		**(84)**	232
Other income, net		**1**	1
Profit before income tax		**19,216**	18,353
Income tax expense	19	**(4,798)**	(4,571)
Profit for the period		**14,418**	13,782
Net unrealized gain on cash flow hedges		**17**	16
Other comprehensive income, net of income tax		**17**	16
Total comprehensive income		**$ 14,435**	$ 13,798

The accompanying notes are an integral part of these condensed consolidated financial statements

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited (CAD$ thousands)

13 weeks ended April 2, 2022

	Notes	**Share capital**	**Retained earnings**	**Accumulated other comprehensive (loss) income (Net gain on cash flow hedges)**	**Total**
Balance as at December 31, 2021		$ 40,000	$ 102,515	$ (17)	$ 142,498
Profit for the period		**-**	**14,418**	**-**	**14,418**
Other comprehensive income, net[1]		**-**	**-**	**17**	**17**
Balance as at April 2, 2022		**$ 40,000**	**$ 116,933**	**$ -**	**$ 156,933**

[1]Amounts are net of income tax

13 weeks ended April 3, 2021

	Notes	Share capital	Retained earnings	Accumulated other comprehensive (loss) income (Net gain on cash flow hedges)	Total
Balance as at December 31, 2020		$ 40,000	$ 127,258	$ (88)	$ 167,170
Profit for the period		-	13,782	-	13,782
Other comprehensive income, net[1]		-	-	16	16
Balance as at April 3, 2021		$ 40,000	$ 141,040	$ (72)	$ 180,968

[1]Amounts are net of income tax

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

ROYAL CANADIAN MINT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited (CAD$ thousands)

	Notes		13 weeks ended April 2, 2022		April 3, 2021
Cash flows from operating activities					
Profit for the period		**$**	**14,418**	$	13,782
Adjustments to reconcile profit to cash flows from operating activities:					
Depreciation and amortization	16		**4,709**		5,120
Income tax expense	19		**4,798**		4,571
Finance costs (income), net			**84**		(232)
Other income, net			**(1)**		(1)
Net foreign exchange loss			**2,127**		504
Adjustments to other (revenue) expenses, net	20		**(5,434)**		(9,080)
Changes in Face Value redemptions liability			**(3,952)**		4,978
Net changes in operating assets and liabilities	20		**26,814**		9,768
Cash from operating activities before interest and income tax			**43,563**		29,410
Income tax paid			**(19,306)**		(1,455)
Interest received, net of interest paid	20		**120**		2
Net cash from operating activities			**24,377**		27,957
Cash flows used in investing activities					
Acquisition of property, plant and equipment			**(3,664)**		(2,482)
Acquisition of intangible assets			**(692)**		(614)
Net cash used in investing activities			**(4,356)**		(3,096)
Cash flows used in financing activities					
Lease principal payments	10		**(411)**		(618)
Net cash used in financing activities			**(411)**		(618)
Effect of changes in exchange rates on cash and cash equivalents			**(270)**		(408)
Increase in cash and cash equivalents			**19,340**		23,835
Cash and cash equivalents at the beginning of the period			**69,303**		67,306
Cash and cash equivalents at the end of the period		**$**	**88,643**	$	91,141

The accompanying notes are an integral part of these condensed consolidated financial statements

1. NATURE AND DESCRIPTION OF THE CORPORATION

The Royal Canadian Mint (the Mint or the Corporation) was incorporated in 1969 by the *Royal Canadian Mint Act* to mint coins and carry out other related activities. The Corporation is an agent corporation of Her Majesty named in Part II of Schedule III to the *Financial Administration Act*. It produces all of the circulation coins used in Canada and manages the Canadian circulation coin life cycle for the Government of Canada.

In 2015, the Corporation was issued a directive (P.C. 2015-1107) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments in a manner that is consistent with its legal obligations. The directive also requires the Corporation to report on the implementation of this directive in its Corporate Plan. The Corporation has complied with this directive.

The Corporation produces coins for Canadian trade and commerce, manages the country's coin system for optimum efficiency and cost, and is a world-renowned manufacturer of precious metals investment products and collectibles. It is also one of the largest gold refiners in the world. The addresses of its registered office and principal place of business are 320 Sussex Drive, Ottawa, Ontario, Canada, K1A 0G8 and 520 Lagimodière Blvd, Winnipeg, Manitoba, Canada, R2J 3E7.

The Corporation is a prescribed federal Crown corporation for income tax purposes and is subject to federal income taxes under the *Income Tax Act*.

While not subject to United States of America federal income taxes, the Corporation is subject in some states to state income taxes.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These condensed consolidated financial statements were prepared in accordance with *IAS 34 Interim Financial Reporting ("IAS 34")* of the *International Financial Reporting Standards ("IFRS")* and the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada. As permitted under these standards, these condensed consolidated financial statements do not include all of the disclosure requirements for annual consolidated financial statements, and should be read in conjunction with the Corporation's audited consolidated financial statements for its fiscal year ended December 31, 2021.

These condensed consolidated financial statements have not been audited or reviewed by an external auditor.

2.2 Basis of presentation

These condensed consolidated financial statements were prepared in accordance with IFRS.

Although the Corporation's year end of December 31 matches the calendar year end, the Corporation's quarter end dates do not necessarily coincide with calendar year quarters; instead, each of the Corporation's quarters contains 13 weeks.

These condensed consolidated financial statements were approved for public release by the Board of Directors of the Corporation on May 19, 2022.

2.3 Consolidation

These condensed consolidated financial statements incorporate the financial statements of the Corporation and its wholly-owned subsidiary RCMH-MRCF Inc. The subsidiary adopted IFRS at the same time as the Corporation and its accounting policies are in line with those used by the Corporation. RCMH-MRCF Inc. has been operationally inactive since December 31, 2008. All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

2.4 Foreign currency translation

Unless otherwise stated, all figures reported in these condensed consolidated financial statements and disclosures are reflected in thousands of Canadian dollars (CAD$), which is the functional and presentation currency of the Corporation.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

The preparation of these condensed consolidated financial statements requires management to make critical judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period.

Actual results may differ significantly from the estimates and assumptions. The estimates and underlying 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.

Significant judgements and estimates as at April 2, 2022 were consistent with those disclosed in Note 3 of the Corporation's audited consolidated financial statements for the year ended December 31, 2021.

4. APPLICATION OF NEW AND REVISED IFRS

4.1 New and revised IFRS pronouncements affecting amounts reported and/or disclosed in the condensed consolidated financial statements for the 13 weeks ended April 2, 2022.

The Corporation reviewed the new and revised accounting pronouncements that were issued and had mandatory effective dates of annual periods beginning on or after January 1, 2022. The following amendments were adopted by the Corporation on January 1, 2022 and did not have an impact on the consolidated financial statements.

Property, Plant and Equipment — Proceeds before Intended Use

In May 2020, the IASB issued amendments to IAS 16 – Property, Plant and Equipment (IAS 16). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022.

Onerous Contracts — Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (IAS 37). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual periods beginning on or after January 1, 2022.

Annual Improvements to IFRS Standards 2018–2020

In May 2020, the IASB issued the pronouncement that contains amendments to four IFRS Standards. The amendment to IFRS 9 – *Financial Instruments* clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The other three amendments were assessed as not having an impact on the Corporation's consolidated financial statements. The amendment is effective for annual periods beginning on or after January 1, 2022.

4.2 New and revised IFRS pronouncements issued, but not yet effective

The Corporation reviewed the revised accounting pronouncements that have been issued, but are not yet effective. The adoption of the following IFRS pronouncements may have an impact on the Corporation's consolidated financial statements in the future. The Corporation will continue to assess the possible impact through the effective date of each pronouncement.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 – *Income Taxes*. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023.

Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements* (IAS 1) and IFRS Practice Statement 2. The amendments require that an entity disclose only its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023.

Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates and clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual periods beginning on or after January 1, 2023.

Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. In June 2020, the IASB issued amendments to IFRS 17 targeted to address implementation concerns and challenges raised by stakeholders. IFRS 17 as amended is effective for annual periods beginning on or after January 1, 2023.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 – Presentation of Financial Statements (IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual periods beginning on or after January 1, 2023.

5. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

		As at		
		April 2, 2022		December 31, 2021
Receivables and accruals from contracts with customers	**$**	**27,180**	$	18,065
Receivables from contracts with related parties (Note 21)		**1,432**		403
Allowance for expected credit losses		**(3)**		(3)
Trade receivables, net	**$**	**28,609**	$	18,465
Lease receivables		**185**		253
Other current financial receivables		**471**		388
Other receivables		**58**		46
Trade receivables, net and other receivables	**$**	**29,323**	$	19,152

The Corporation does not hold any collateral in respect of trade and other receivables.

The following represents a reconciliation of the opening and closing balance of the lease receivable balance:

		As at		
		April 2, 2022		December 31, 2021
Opening balance	**$**	**253**	$	519
Interest income		**2**		14
Sublease payments received		**(70)**		(280)
Closing balance	**$**	**185**	$	253

Total cash inflow for leases included in lease receivables for the 13 weeks ended April 2, 2022 was $0.1 million (13 weeks ended April 3, 2021 - $0.1 million).

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

6. INVENTORIES

	As at	
	April 2, 2022	December 31, 2021
Total inventories	**$ 79,325**	$ 86,530

The Corporation recognized write-downs of inventory to net realizable value of $0.2 million for the 13 weeks ended April 2, 2022 (13 weeks ended April 3, 2021 - $0.3 million).

7. CONTRACT ASSETS AND LIABILITIES

The contract assets related to the Corporation's rights to consideration for work completed, but not billed as at April 2, 2022. The Corporation reviewed its credit risk exposure related to contract assets as at April 2, 2022 and evaluated the risk to be minimal as each related contract is subject to a contract specific risk assessment process. The contract liabilities related to the consideration received in advance from customers for which revenue has not yet been recognized and accrued expenses related to contract assets, as well as amounts relating to customer loyalty programs.

Significant changes in the contract asset and liability balances were as follows:

	As at April 2, 2022	
	Contract Assets	**Contract Liabilities**
Opening balance	**$ 40,631**	**$ 12,894**
Revenue recognized[1]	**-**	**(734)**
Cash received, excluding amounts recognized during the period	**-**	**5,653**
Transfers from contract liabilities to payables	**-**	**(1,210)**
Foreign exchange revaluation	**(417)**	**(46)**
Transfers from contract assets to receivables	**(29,539)**	**-**
Increases resulting from changes in the measure of progress[1]	**16,546**	**917**
Closing balance	**$ 27,221**	**$ 17,474**

[1] Revenue recognized includes $0.5 million related to the Corporation's memorandum of understanding with the Department of Finance (Note 21).

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

	As at December 31, 2021	
	Contract Assets	Contract Liabilities
Opening balance	$ 31,116	$ 17,156
Revenue recognized[1]	-	(7,315)
Cash received, excluding amounts recognized during the period	-	528
Transfers from contract liabilities to payables	-	(6,054)
Foreign exchange revaluation	(139)	(3)
Transfers from contract assets to receivables	(85,414)	-
Increases resulting from changes in the measure of progress[1]	95,068	8,582
Closing balance	$ 40,631	$ 12,894

[1] Revenue recognized includes $0.5 million and increases resulting from changes in the measure of progress in contract liabilities includes $0.7 million, both of which are related to the Corporation's memorandum of understanding with the Department of Finance (Note 21).

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

8.1 Capital risk management

The Corporation may borrow money from the Consolidated Revenue Fund, subject to the approval of the Minister of Finance with respect to the term and conditions. Since March 1999, following the enactment of changes to the *Royal Canadian Mint Act*, the aggregate of the amounts loaned to the Corporation and outstanding at any time shall not exceed $75 million. For the 13 weeks ended April 2, 2022, approved short-term borrowings for working capital needs within this limit were not to exceed $25 million (13 weeks ended April 3, 2021 - $25 million) or the US dollar equivalent. The approved aggregate principal in new long-term borrowings to fund planned digital investments were not to exceed $30 million (13 weeks ended April 3, 2021 - $30 million).

To support such short-term borrowings, as may be required from time to time, the Corporation has various commercial borrowing lines of credit, made available to it by Canadian financial institutions. These lines are unsecured and provide for borrowings up to 364 days in term based on negotiated rates. No amounts were borrowed under these lines of credit as at April 2, 2022 or December 31, 2021.

The Corporation employs a dividend framework to calculate dividends payable to its Shareholder. The calculated dividend amount represents projected excess year end cash over a pre-determined cash reserve requirement and is generally paid in the fourth quarter of each year.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

8.2 Classification and fair value measurements of financial instruments

8.2.1 Carrying amount and fair value of financial instruments

The carrying amount and fair value of the Corporation's financial assets and financial liabilities are presented in the following table:

	As at			
	April 2, 2022		December 31, 2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**$ 88,643**	**$ 88,643**	$ 69,303	$ 69,303
Trade receivables, net and other receivables	**$ 29,080**	**$ 29,080**	$ 18,853	$ 18,853
Derivative financial assets:				
Foreign currency forwards	**$ 2,555**	**$ 2,555**	$ 2,611	$ 2,611
Financial Liabilities				
Trade payables, other payables and accrued liabilities	**$ 62,472**	**$ 62,472**	$ 55,918	$ 55,918
Loans payable	**$ 33,200**	**$ 33,091**	$ 33,042	$ 33,931
Derivative financial liabilities:				
Foreign currency forwards	**$ 16**	**$ 16**	$ -	$ -
Interest rate swap	**$ -**	**$ -**	$ 23	$ 23

The Corporation did not have any held-to-maturity or available-for-sale financial assets at the end of the reporting periods presented.

8.2.2 Fair value hierarchy

Financial instruments, other than those that are not subsequently measured at fair value and for which fair value approximates carrying value, whether or not they are carried at fair value in the condensed consolidated statement of financial position, must be disclosed at their fair value and be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value measurement of cash is classified as level 1 of the fair value hierarchy as at April 2, 2022 and December 31, 2021. The fair value measurements of all other financial instruments held by the Corporation were classified as level 2 of the fair value hierarchy as at April 2, 2022 and December 31, 2021. There were no transfers of financial instruments between levels for the 13 weeks ended April 2, 2022.

8.2.3 Classification and fair value techniques of financial instruments

The Corporation holds financial instruments in the form of cash, trade receivables, net and other receivables, derivative assets, trade payables, other payables and accrued liabilities, loans payable and derivative liabilities.

The Corporation estimated the fair values of its financial instruments as follows:

i) The carrying amounts of cash, trade receivables, net and other receivables and trade payables, other payables and accrued liabilities approximate their fair values as a result of the relatively short-term nature of these financial instruments.

ii) The fair value of the loans payable is estimated based on a discounted cash flow approach using current market rates.

iii) The fair values of the Corporation's foreign currency forward contracts and interest rate swap are based on estimated credit-adjusted forward market prices. The Corporation takes counterparty credit risk and its own credit risk into consideration for the fair value of financial instruments.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

The table below details the types of derivative financial instruments carried at fair value:

	As at	
	April 2, 2022	December 31, 2021
Derivative financial assets		
Foreign currency forwards	**$ 2,555**	$ 2,611
	$ 2,555	$ 2,611
Derivative financial liabilities		
Foreign currency forwards	**$ 16**	$ -
Interest rate swap	**-**	23
	$ 16	$ 23

8.3 Financial risk management objectives and framework

The Corporation is exposed to credit risk, liquidity risk and market risk from its use of financial instruments.

The Board of Directors has overall accountability for the establishment and oversight of the Corporation's financial risk management framework. The Audit Committee is mandated by the Board of Directors and is responsible for the review, approval and monitoring of the Corporation's financial risk management policies. The Audit Committee reports regularly to the Board of Directors on its activities.

8.3.1 Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's receivables from customers, cash and derivative instruments. The Corporation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored.

The carrying amount of financial assets recorded in the condensed consolidated financial statements as at April 2, 2022 and December 31, 2021 represents the Corporation's maximum credit exposure.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

8.3.1.1 Credit risk management of receivables from customers

The Corporation's exposure to credit risk associated with trade receivables, net and other financial receivables is influenced mainly by the individual characteristics of each customer, however the Corporation also considers the demographics of its customer base, including the risk associated with the type of customer and country in which the customer operates.

The Corporation manages this risk by monitoring the creditworthiness of customers and obtaining prepayment or other forms of payment security from customers with a high level of credit risk. The Corporation has established processes over contracting with foreign customers in order to manage the risk relating to these customers. The Corporation's management reviews the detailed trade receivable listing on a regular basis for changes in the factors that impact a customer's ability to pay outstanding receivable balances, including changes in a customer business and the overall economy. An allowance for expected credit losses (ECL) is provided for customer accounts that could present collectability issues.

The Corporation's maximum exposure to credit risk for trade receivables, net and other financial receivables by geographic regions was as follows:

	As at	
	April 2, 2022	December 31, 2021
Asia and Australia	**$ 10,259**	$ 10,787
Europe, Middle East and Africa	**9,028**	1,882
Canada	**7,867**	5,424
United States	**1,349**	422
Latin America and Caribbean	**577**	338
Trade receivables, net and other financial receivables	**$ 29,080**	$ 18,853

The maximum exposure to credit risk for financial trade receivables, net and other financial receivables by type of customer was as follows:

	As at	
	April 2, 2022	December 31, 2021
Central and institutional banks	**$ 19,749**	$ 13,528
Consumers, dealers and others	**7,452**	3,761
Governments (including governmental departments and agencies)	**1,879**	1,564
Trade receivables, net and other financial receivables	**$ 29,080**	$ 18,853

The Corporation established an allowance for ECLs based on a provision matrix that reflected the estimated impairment of trade receivables, net and other financial receivables at the end of the reporting period. The provision matrix was based on historical observed default rates and was adjusted for forward-looking estimates. The Corporation sets different payment terms depending on the customer and product, and excluding prepayments, the Corporation's standard payment terms are generally 30 days. As at April 2, 2022, the Corporation's rate of credit losses was less than 1% (2021 – less than 1%) of trade receivables, net and other financial receivables.

8.3.2 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk by continuously monitoring actual and forecasted cash flows to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

8.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or commodity price changes will affect the Corporation's income or the fair value of its financial instruments.

The Corporation uses, from time to time, derivative instruments, such as foreign currency forward contracts, interest rate exchange agreements and commodity swap and forward contracts to manage its exposure to fluctuations in cash flows resulting from foreign exchange risk, interest rate risk and commodity price risk. The Corporation buys and sells derivatives in the ordinary course of business and all such transactions are carried out within the guidelines set out in established policies. In accordance with the Corporation's policies, derivative instruments are not used for trading or speculative purposes.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk on sales and purchase transactions and short -term cash management requirements that are denominated in foreign currencies, primarily in US dollars. The Corporation manages its exposure to exchange rate fluctuations between the foreign currency and the Canadian dollar by entering into foreign currency forward contracts. The Corporation also uses such contracts in managing its overall cash requirements.

Interest rate risk

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. There is no interest rate risk related to cash. The Corporation's Bankers Acceptance interest rate swap loan instruments expose the Corporation to cash flow interest rate risk. The Corporation has fully hedged the exposure to fluctuations in interest rates related to the instrument by entering into a corresponding interest rate swap, where the Corporation pays a fixed interest rate in exchange for receiving a floating interest rate. The interest rate swap is designated as a hedging instrument under the cash flow hedge accounting model.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Corporation's interest rate swap exposes the Corporation to fair value interest rate risk.

Commodity price risk

The Corporation is exposed to commodity price risk on its purchase and sale of precious metals including gold, silver, platinum and palladium and base metals including nickel, copper and steel.

The Corporation is not exposed to precious metal price risk related to its bullion sales program because the purchase and sale of precious metals used in this program are completed on the same date, using the same price basis in the same currency. For numismatic sales the Corporation enters into short term lease or fixed-price purchase commitments for precious and base metals to mitigate the commodity price risk (Note 22).

For contracts that are entered into for the purpose of procuring commodities to be used in production, the Corporation applies the normal purchases classification.

The impact of commodity price risk fluctuation on the condensed consolidated financial statements is not significant because the Corporation's un-hedged commodity volume is not significant.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

9. PROPERTY, PLANT AND EQUIPMENT

The composition of the net book value of the Corporation's property, plant and equipment, is presented in the following tables:

	As at	
	April 2, 2022	December 31, 2021
Cost	**$ 449,771**	$ 446,935
Accumulated depreciation and impairment	**(306,321)**	(302,895)
Net book value	**$ 143,450**	$ 144,040

Net book value by asset class

	As at	
	April 2, 2022	December 31, 2021
Land and land improvements	**$ 3,144**	$ 3,135
Buildings and improvements	**77,145**	78,194
Equipment	**55,779**	57,252
Capital projects in process	**7,382**	5,459
Net book value	**$ 143,450**	$ 144,040

During the 13 weeks ended April 2, 2022, the Corporation acquired $3.7 million (13 weeks ended April 3, 2021 - $2.6 million) worth of building and improvements and equipment. No capital assets were transferred to different categories within property, plant and equipment.

Included in property, plant and equipment additions for the 13 weeks ended April 2, 2022 is a total accrual of $1.9 million (December 31, 2021 - $1.9 million).

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

No asset is pledged as security for borrowings as at April 2, 2022.

Intangible assets

	As at	
	April 2, 2022	December 31, 2021
Cost	**$ 39,529**	$ 38,846
Accumulated amortization and impairment	**(34,613)**	(34,108)
Net book value	**$ 4,916**	$ 4,738

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

During the 13 weeks ended April 2, 2022, the Corporation acquired $0.7 million (13 weeks ended April 3, 2021 - $0.6 million) worth of software. No capital assets were transferred to different categories within intangible assets.

Included in intangible asset additions for the 13 weeks ended April 2, 2022 is a total accrual of $0.1 million (December 31, 2021 - $0.1 million).

10. LEASES

Right-of-use assets

The composition of the net book value of the Corporation's right-of-use assets, is presented in the following table:

	As at	
	April 2, 2022	December 31, 2021
Cost	**$ 11,224**	$ 11,224
Accumulated depreciation	**(6,349)**	(6,088)
Net book value	**$ 4,875**	$ 5,136

Net book value by right-of-use asset class

	As at	
	April 2, 2022	December 31, 2021
Buildings	**$ 4,407**	$ 4,630
Equipment	**468**	506
Net book value	**$ 4,875**	$ 5,136

Lease liabilities

The following represents a reconciliation of the opening and closing balance of the lease liability balance:

As at April 2, 2022

	Buildings	**Equipment**	**Total**
Opening balance, January 1, 2022	**$ 5,253**	**$ 529**	**$ 5,782**
Interest expense	**38**	**4**	**42**
Lease payments	**(369)**	**(42)**	**(411)**
Closing balance	**$ 4,922**	**$ 491**	**$ 5,413**

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

As at December 31, 2021

	Buildings	Equipment	Total
Opening balance, January 1, 2021	$ 5,003	$ 1,571	$ 6,574
Interest expense	174	37	211
Lease payments	(1,316)	(1,158)	(2,474)
Renewal	1,392	79	1,471
Closing balance	$ 5,253	$ 529	$ 5,782

	As at	
	April 2, 2022	December 31, 2021
Buildings	**$ 1,127**	$ 1,252
Equipment	**130**	136
Current	**$ 1,257**	$ 1,388
Buildings	**3,795**	4,001
Equipment	**361**	393
Non-Current	**$ 4,156**	$ 4,394
Total lease liabilities	**$ 5,413**	$ 5,782

Total cash outflow for leases included in lease liabilities for the 13 weeks ended April 2, 2022 is $0.4 million (13 weeks ended April 3, 2021 - $0.6 million).

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES

	As at	
	April 2, 2022	December 31, 2021
Trade payables	**$ 11,011**	$ 8,925
Employee compensation payables and accrued liabilities	**32,413**	30,948
Other current financial liabilities[1]	**18,967**	15,950
Other accounts payable and accrued liabilities	**182**	477
Total current trade payables, other payables and accrued liabilities	**$ 62,573**	$ 56,300
Other non-current financial liabilities[1]	**81**	95
Total non-current trade payables, other payables and accrued liabilities	**$ 81**	$ 95
Trade payables, other payables and accrued liabilities	**$ 62,654**	$ 56,395

[1] Other financial liabilities include payables that are not trade in nature, as well as various operating and capital accruals.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

12. PROVISIONS

The following table presents the changes in the provisions:

	As at	
	April 2, 2022	December 31, 2021
Opening balance	**$ 3,009**	$ 4,334
Additional provisions recognized	**714**	1,290
Payments	**-**	(503)
De-recognition of provisions	**(606)**	(2,312)
Foreign exchange revaluation	**(33)**	200
Closing balance	**$ 3,084**	$ 3,009

Provisions include the following**:**

	As at	
	April 2, 2022	December 31, 2021
Sales returns and warranty	**$ 2,018**	$ 2,241
Employee compensation	**304**	-
Other provisions	**762**	768
Total provisions	**$ 3,084**	$ 3,009

	As at	
	April 2, 2022	December 31, 2021
Current portion	**$ 2,145**	$ 2,043
Non-current portion	**939**	966
Total provisions	**$ 3,084**	$ 3,009

13. FACE VALUE REDEMPTIONS LIABILITY

	As at	
	April 2, 2022	December 31, 2021
Face Value redemptions liability	**$ 176,792**	$ 176,980
Precious metal recovery	**(58,071)**	(55,074)
Face Value redemptions liability, net	**118,721**	121,906
Less: Current portion	**(401)**	(434)
Non-current Face Value redemptions liability, net	**$ 118,320**	$ 121,472

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

	As at	
	April 2, 2022	December 31,2021
Opening balance	**$ 121,906**	$ 113,986
Redemptions, net	**(127)**	(476)
Revaluation	**(3,058)**	8,396
Closing balance	**$ 118,721**	$ 121,906

As at April 2, 2022 the Corporation determined that it continues to be unable to reliably estimate the redemptions of Face Value coins.

The Face Value redemptions liability represents the expected cash outflows if all Face Value coins are redeemed, including the costs of redemptions offset by the precious metal content that will be reclaimed by the Corporation when the coins are redeemed. The precious metal recovery component of the liability is based on the market value of silver as at the end of each reporting period. The impact of the revaluation of the precious metal component of the liability was an decrease of $3.1 million for the 13 weeks ended April 2, 2022 (13 weeks ended April 3, 2021 – increase of $6.0 million). Based on the Face Value redemptions liability as at April, 2022, and assuming that all other variables remain constant, a hypothetical 10% appreciation in the market value of silver in Canadian dollars would increase profit for the year by $5.8 million (April 3, 2021 - $5.8 million). A hypothetical 10% weakening in the market value of silver in Canadian dollars would have the equal, but opposite effect.

The current portion of the Face Value redemptions liability is based on the redemptions for the last 12 months, as the Corporation determined that it continues to be unlikely that all outstanding Face Value coins will be redeemed in the next 12 months as Face Value coins are widely held and the redemption process takes time to complete.

The Corporation continues to monitor the redemption levels of Face Value coins to ensure requisite funding for future redemptions is maintained.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

14. EMPLOYEE COMPENSATION AND BENEFITS

Pension benefits

The Corporation made total contributions of $2.1 million in the 13 weeks ended April 2, 2022 (13 weeks ended April 3, 2021 - $2.1 million).

See Note 18 in the audited consolidated financial statements for the year ended December 31, 2021 for details of the Corporation's pension and other post-employment benefit plans, including the sensitivity analysis of the impact of changes in the discount rate on the employee benefit liabilities.

15. REVENUE

15.1 Revenue by performance obligation

	13 weeks ended	
	April 2, 2022	April 3, 2021
Performance obligations satisfied at a point in time		
Sale of goods	**$ 814,584**	$ 838,910
Rendering of services	**11,113**	10,642
Total revenue recognized at a point in time	**$ 825,697**	$ 849,552
Performance obligations satisfied over time		
Sale of goods	**$ 16,546**	$ 27,542
Rendering of services	**22,748**	25,753
Total revenue recognized over time	**$ 39,294**	$ 53,295
Total revenue	**$ 864,991**	$ 902,847

Revenue from the sale of goods is presented net of cost of sales in cases where the Corporation is not the principal in the transaction ("Customer inventory deals"). The following is a reconciliation of the gross revenue from the sale of goods and the net revenue presented:

	13 weeks ended	
	April 2, 2022	April 3, 2021
Gross revenue from the sale of goods	**$ 1,308,335**	$ 1,274,348
Less: Customer inventory deals	**(477,205)**	(407,896)
Net revenue from the sale of goods	**$ 831,130**	$ 866,452

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

15.2 Disaggregation of Revenue

The following table shows revenue disaggregated by primary geographical region and program or business:

	13 weeks ended	
Primary Geographic Regions	**April 2, 2022**	April 3, 2021
North America	**$ 584,818**	$ 588,715
Europe, Middle East and Africa	**271,166**	245,426
Asia and Australia	**8,675**	68,319
Latin America and Caribbean	**332**	387
Total revenue	**$ 864,991**	$ 902,847

	13 weeks ended	
Program and Businesses	**April 2, 2022**	April 3, 2021
Canadian Circulation program	**$ 21,654**	$ 20,927
Foreign Circulation	**17,949**	29,847
Total Circulation	**39,603**	50,774
Bullion Products and Services	**795,053**	820,538
Numismatics	**30,335**	31,535
Total Precious Metals	**825,388**	852,073
Total revenue	**$ 864,991**	$ 902,847

For the 13 weeks ended April 2, 2022 two (13 weeks ended April 3, 2021 – four) customers each made up 10% or more of the Corporation's revenue.

The revenue earned from significant customers was reported in the Precious Metals business for the 13 weeks ended April 2, 2022 and April 3, 2021, and in the primary geographic regions North America and Europe, Middle East and Africa for the 13 weeks ended April 2, 2022 and April 3, 2021.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

15.3 Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that were unsatisfied, or partially unsatisfied) as at April 2, 2022:

	2022	2023	2024	2025	Total
Total revenue	**$ 98,334**	**$ 64,476**	**$ 61,118**	**$ 60,431**	**$ 284,359**

The Corporation has other contracts with terms longer than 12 months that include unsatisfied performance obligations that are dependent on volumes. These contracts, as well as any volume dependent components in other contracts, are excluded from the table above as the Corporation cannot reliably measure the unsatisfied performance obligations. Under these contracts, customers have the option to increase or decrease the volume over the terms of their respective contracts and therefore, the unsatisfied performance obligation, would be impacted by this decision.

16. DEPRECIATION AND AMORTIZATION EXPENSE

	13 weeks ended	
	April 2, 2022	April 3, 2021
Depreciation of property, plant and equipment	**$ 3,942**	$ 4,058
Amortization of intangible assets	**506**	570
Depreciation of right-of-use assets	**261**	492
Total depreciation and amortization expenses	**$ 4,709**	$ 5,120

Depreciation and amortization expense were allocated to the following expense categories:

	13 weeks ended	
	April 2, 2022	April 3, 2021
Cost of sales	**$ 3,053**	$ 3,371
Marketing and sales expenses	**443**	626
Administration expenses	**1,213**	1,123
Total depreciation and amortization expenses	**$ 4,709**	$ 5,120

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

17. EMPLOYEE COMPENSATION EXPENSES

	13 weeks ended	
	April 2, 2022	April 3, 2021
Included in cost of sales:		
Salaries and wages including short-term employee benefits	**$ 8,405**	$ 7,889
Pension costs	**1,178**	1,214
Other long-term employee and post-employment benefits	**654**	643
Termination benefits	**-**	5
Included in marketing and sales expenses:		
Salaries and wages including short-term employee benefits	**3,579**	3,342
Pension costs	**306**	276
Other long-term employee and post-employment benefits	**114**	122
Included in administration expenses:		
Salaries and wages including short-term employee benefits	**11,333**	10,106
Pension costs	**853**	804
Other long-term employee and post-employment benefits	**506**	489
Termination benefits	**-**	22
Total employee compensation and benefits expense	**$ 26,928**	$ 24,912

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18. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET

	13 weeks ended	
	April 2, 2022	April 3, 2021
Scientific research and experimental development expenses	**$ 1,075**	$ 1,236
Scientific research and experimental investment tax credit	**(125)**	(88)
Scientific research and experimental development expenses, net	**$ 950**	$ 1,148

The net expenses of scientific research and experimental development were allocated to the following expense categories:

	13 weeks ended	
	April 2, 2022	April 3, 2021
Cost of sales	**$ 435**	$ -
Administration expenses	**515**	1,148
Scientific research and experimental development expenses, net	**$ 950**	$ 1,148

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

19. INCOME TAXES

	13 weeks ended	
	April 2, 2022	April 3, 2021
Current income tax expense	**$ 4,677**	$ 6,297
Deferred income tax expense (recovery)	**121**	(1,726)
Income tax expense	**$ 4,798**	$ 4,571

The Corporation's effective income tax expense on profit before income tax differs from the amount that would be computed by applying the federal statutory income tax rate of 25% (2021 – 25%). The difference in the tax expense is due to temporary differences between accounting and taxable income.

20. SUPPLEMENTAL CASH FLOW INFORMATION

Adjustments to other (revenue) expenses, net, were comprised of the following:

	13 weeks ended	
	April 2, 2022	April 3, 2021
Expenses		
Employee benefits expenses	**$ 2,231**	$ 2,294
Employee benefits paid	**(2,061)**	(2,087)
Inventory write downs	**9**	228
Provisions	**75**	(1,906)
Loss on disposal of assets	**334**	130
Other non-cash expenses, net	**(125)**	(25)
Revenue		
Foreign circulation revenue	**(3,055)**	(5,143)
Bullion service revenue	**(2,842)**	(2,571)
Adjustments to other (revenue) expenses, net	**$ (5,434)**	$ (9,080)

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

The net change in operating assets and liabilities shown in the condensed consolidated statement of cash flow was comprised of the following:

	13 weeks ended	
	April 2, 2022	April 3, 2021
Trade receivables, net and other receivables	**$ 18,938**	$ 23,145
Inventories	**(3,481)**	(24,659)
Prepaid expenses	**547**	(920)
Trade payables, other payables and accrued liabilities	**5,157**	11,126
Contract liabilities	**5,653**	1,514
Provisions	**-**	(438)
Net change in operating assets and liabilities	**$ 26,814**	$ 9,768

Interest received, net of interest paid was comprised of the following:

	13 weeks ended	
	April 2, 2022	April 3, 2021
Interest received	**$ 136**	$ 32
Interest paid	**(16)**	(30)
Interest received, net of interest paid	**$ 120**	$ 2

21. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada owned entities. The Corporation enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties. In accordance with the disclosure exemption regarding “government related entities”, the Corporation is exempt from certain disclosure requirements of *IAS 24 – Related Party Disclosures* relating to its transactions and outstanding balances with:

- a government that has control, joint control or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Transactions with related parties that are considered to be individually or collectively significant, include transactions with the Government of Canada, and departments thereof and all federal Crown corporations.

The majority of transactions with the Government of Canada were with the Department of Finance related to the production, management and delivery of Canadian circulation coins which are governed by the terms outlined in the memorandum of understanding which is effective from January 1, 2022 to December 31, 2025 (2021 - January 1, 2018 to December 31, 2021).

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

The transactions with Department of Finance were as follows:

	13 weeks ended	
	April 2, 2022	April 3, 2021
Revenue	**$ 20,830**	$ 19,963

	As at	
	April 2, 2022	December 31, 2021
Trade receivable (Note 5)	**$ 1,432**	$ 403
Contract liabilities (Note 7)	**$ -**	$ 456

During the 13 weeks ended April 2, 2022 and April 3, 2021, the majority of transactions with Crown corporations were for the sale of numismatic products.

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES

22.1 Precious metal commitments

In order to facilitate the production of precious metal coins and manage the risks associated with changes in metal prices, the Corporation may enter into firm fixed-price purchase commitments, as well as precious metal leases and supply arrangements for precious metal bullion products. As at April 2, 2022, the Corporation had $20.4 million in outstanding firm fixed-price precious metal purchase commitments and firm commitments for precious metal bullion product supply arrangements (December 31, 2021 – $24.7 million).

At the end of the period, the Corporation had entered into precious metal leases as follows:

	As at	
Ounces	**April 2, 2022**	December 31, 2021
Gold	**570,153**	591,186
Silver	**14,709,588**	10,470,977
Platinum	**12,050**	22,076

The fees for these leases are based on the market value. The precious metal lease payments expensed for the 13 weeks ended April 2, 2022 were $3.6 million (April 3, 2021 - $2.7 million). The value of the metals under these leases is not reflected in the Corporation's condensed consolidated financial statements as stated in note 3.2.5 of the audited consolidated financial statements for the year ended December 31, 2021.

(Unaudited) (In thousands of Canadian dollars, unless otherwise indicated)

22.2 Trade finance bonds and bank guarantees

The Corporation has various outstanding bank guarantees and trade finance bonds associated with the production of foreign circulation coin contracts. These were issued in the normal course of business. The guarantees and bonds are delivered under standby facilities available to the Corporation through various financial institutions. Performance guarantees generally have a term of up to two years depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than six months, depending on the length of the bid period for the applicable contract. The various contracts to which these guarantees or bid bonds apply generally have terms ranging from one to two years. Any potential payments that might become due under these commitments would relate to the Corporation's non-performance under the applicable contract. The Corporation does not anticipate any material payments will be required in the future. As at April 2, 2022, under the guarantees and bid bonds, the maximum potential amount of future payments was $19.3 million (December 31, 2021 - $19.8 million).

22.3 Other commitments and contingencies

As at April 2, 2022, the total estimated minimum remaining future commitments were as follows:

	2022	2023	2024	2025	2026	2027 and thereafter	Total
Other commitments	$ 46,655	$ 4,277	$ 1,641	$ 1,181	$ 780	$ 244	$ 54,778
Base metal commitments	7,943	-	-	-	-	-	7,943
Capital commitments	4,625	1	-	-	-	-	4,626
Total	$ 59,223	$ 4,278	$ 1,641	$ 1,181	$ 780	$ 244	$ 67,347

Other commitments include firm contracts with suppliers for goods and services, excluding precious metals commitments, as well as the non-lease components of leases of right-of-use assets.

Base metal commitments are firm fixed-price purchase commitments that are entered into in order to facilitate the production of circulation and non-circulation coins for Canada and other countries, and to manage the risks associated with changes in metal prices.

The Corporation committed to spend approximately $4.6 million as at April 2, 2022 (December 31, 2021 - $4.9 million) in 2022 and 2023 on capital projects.

In addition, there are various legal claims against the Corporation. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's condensed consolidated financial statements. A $0.6 million provision for potential legal obligations is included in other provisions (Note 12) as at April 2, 2022 (December 31, 2021 - $0.6 million). The amount and timing of the settlement of the provision is uncertain.

Other than the changes noted above, there have been no other material changes to the Corporation's commitments, contingencies and guarantees since December 31, 2021.