



**Speaking Notes for**

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**Royal Canadian Mint**

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***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 2021 financial results and our outlook for 2022.

Overall, the Mint delivered 53.7 million dollars of profit in 2021, up 16 million dollars from last year, which reflects tangible results of the success of the Mint's long-term strategy. Profit before taxes and other items, a non-GAAP measure that the Mint uses to measure its operational performance was 82.1 million dollars in 2021, up 54.6 million dollars from 2020.

For a large part of 2021, the Mint proactively managed the COVID-19 pandemic to prevent cases in its production facilities. The Mint focused its production capacity to support trade and commerce, and the essential mining and financial sectors in Canada and around the world. The Mint's Ottawa and Winnipeg manufacturing facilities operated normally throughout 2021, and with its agility, the Mint was able to capitalize on the exceptional increase in global bullion market demand and increased its total revenue 40% to 3.6 billion dollars.

Canadian Circulation revenue increased 2% in 2021 to 89.7 million dollars. The increase was mainly due to higher revenue from circulation coin sales partially offset by lower Alloy Recovery program volumes.

Overall demand for coins remained consistent at 1.9 billion coins in 2021 and 2020 as the pandemic continued to impact cash transactions in the retail and tourist segments.

The Mint leveraged its coin life cycle management expertise, as well as its visibility to deposits and recycling to prevent coin shortages and ensure coins were available to meet Canadians' trade and commerce needs throughout 2021.

Foreign Circulation business revenue was 112.9 million dollars, up 76% from 64.2 million dollars in 2020. The Mint shipped 1.2 billion coins and blanks to 9 countries in 2021, and the Mint was awarded two new production contracts for an aggregate of 6.5 million coins.

The Mint's agile workforce allowed it to adapt to the increase in global market demand for precious metal products in 2021 and the Mint was able to alternately prioritize gold or silver bullion production to quickly respond to shifting customer needs and market demand without disrupting Numismatic coin production.

Through increased collaboration with suppliers and partners, the Mint adopted advanced inventory strategies to forecast required volumes of raw materials and provide essential and reliable capacity for Canadian mines and North American financial markets.

The Bullion Products and Services business revenues increased from 2.3 billion dollars in 2020 to 3.2 billion dollars in 2021 and the Mint maintained its strong bullion market position. The increase in revenue was attributed to exceptional global market demand, and a planned pivot to focus on gold bullion products. Sales volumes for gold bullion products increased 50% while silver bullion product sales volumes increased 28%. The average price of gold increased 2% last year while silver increased 22%.

Numismatics revenue increased 22% from 91.9 million dollars in 2020 to 112.3 million dollars in 2021. The stronger sales of both gold and silver products was the main driver of the higher revenue.

Operating expenses increased 12% in 2021 to 110.8 million dollars, compared to 2020 due to planned investments in support of the Mint's business transformation including the digital program, and the Mint's security related initiatives, resulting in higher employee compensation, contingent workforce and professional services expenses.

Cash required to fund capital projects increased to \$11.9 million from \$9.1 million in 2020, driven by the ongoing assessment of capital expenditures. I am proud to announce that the Mint paid a dividend of \$78.9 million in 2021 to the Government of Canada. This increase in cash flow used in financing activities was partially offset by the proceeds of a \$30 million loan facility obtained in December 2021 to finance digital investments approved in the Corporate Plan.

Based on public accounts for the year ended March 31, 2021, the Mint supported the Government of Canada in earning more than 15 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 110 million and interbank coin sales of 485 million.

Looking forward, the Mint's financial goal for 2022 is profit before taxes and other items of 38.6 million dollars, revised from the 46.6 million dollars approved in the Mint's 2022-2026 Corporate Plan, due to the application of the International Financial Reporting Standards Interpretation Committee agenda decision issued in April 2021 relating to the accounting for configuration and customization cost for software as a service and platforms as a service arrangement. 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.

2021 was an exceptional year and we expect to see lower results in 2022. In the first quarter of 2022, the Mint's profit before taxes and other items was 15.8 million dollars compared to 26 million dollars in the first quarter of 2021, but was 5 million dollars higher than first quarter in 2019, which was the last normal first quarter pre-pandemic.

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.

Thank you.