



iGO Financial Statements - 2022-2023

**Financial Statements of
iGaming Ontario
Year ended March 31, 2023
and for the period from
July 6, 2021 (date of
incorporation) to
March 31, 2022**



iGaming Ontario

Management Statement of Responsibility for Financial Reporting

Responsibility for Financial Reporting:

The accompanying Financial Statements of iGaming Ontario (iGO) have been prepared in accordance with International Financial Reporting Standards (IFRS). The preparation of Financial Statements in conformity with IFRS requires management to make judgments, estimations, and assumptions (that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses). Estimations and underlying assumptions are reviewed on an ongoing basis.

Management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors, through the Finance, Audit and Risk Management Committee, is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls.

The Financial Statements have been audited by the Office of the Auditor General of Ontario. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly represented in accordance with International Financial Standards. The Independent Auditor's Report outlines the scope of the Auditor's examination and opinion.

Martha Otton
Executive Director
August 17, 2023

Jerry Zhang



Director, Strategic Business Services

August 17, 2023

INDEPENDENT AUDITOR'S REPORT

To iGaming Ontario

Opinion

I have audited the financial statements of iGaming Ontario, which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of income and comprehensive income, changes in equity (deficit) and cash flows for the year ended March 31, 2023 and for the period from July 6, 2021 to March 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of iGaming Ontario as at March 31, 2023 and 2022, and its financial performance and its cash flows for the year ended March 31, 2023 and for the period from July 6, 2021 to March 31, 2022 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audits in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of iGaming Ontario in accordance with the ethical requirements that are relevant to my audits of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 17 of the financial statements, which describes the notice of application between Mohawk Council of Kahnawà:ke and iGaming Ontario and the Attorney General of Ontario. This notice of application challenges the legality of Ontario's internet gaming framework. My opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial



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

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

Those charged with governance are responsible for overseeing iGaming Ontario's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of iGaming Ontario's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on iGaming Ontario's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial



statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause iGaming Ontario to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The audit of these financial statements is a group audit engagement. As such, I also obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit and I remain solely responsible for my audit opinion.

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

Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General
Toronto, Ontario
August 17, 2023

Box 105, 15th Floor
20 Dundas Street West
Toronto, Ontario
M5G 2C2
416-327-2381
fax 416-326-3812

B.P. 105, 15e étage
20, rue Dundas ouest
Toronto (Ontario)
M5G 2C2
416-327-2381
télécopieur 416-326-3812
www.auditor.on.ca

iGaming Ontario
 Statement of Financial Position

As at March 31, 2023 and 2022
(In thousands of dollars)

	Note	2023	2022
Assets			
Current Assets			
Cash		\$ 130,017	\$ 3
Restricted cash	5	9,802	-
Accounts receivable	6	35,749	-
Prepaid assets		121	-
Total current assets		175,689	3
Non-current assets			
Property and equipment	7	116	66
Total assets		\$ 175,805	\$ 69
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	8	42,353	161
Due to Alcohol and Gaming Commission of Ontario	10	2,703	7,884
Due to Government of Canada	13	18,162	621
Due to Gaming Operators	5	9,802	-
Derivative liabilities	14	15,130	-
Total current liabilities		88,150	8,666
Non-current liabilities			
Non-pension employee benefits	11	178	127
Total liabilities		88,328	8,793
Equity (deficit)			
Retained earnings (deficit)		87,477	(8,724)
Total equity (deficit)		87,477	(8,724)
Total liabilities and equity		\$ 175,805	\$ 69



Contingent Liabilities (Note 17)
Subsequent Events (Note 18)

See accompanying notes to financial statements.

On behalf of the Board:

Chair

Director

iGaming Ontario

Statement of Income and Comprehensive Income

Year ended March 31, 2023 and for the period from
July 6, 2021 (date of incorporation) to March 31, 2022
(In thousands of dollars)

	Note	2023	Period from July 6, 2021 to March 31, 2022
Gaming revenue	3(a), 9	\$ 1,259,865	\$ -
Operator payments	3(b)	(1,019,996)	-
Net gaming revenue		239,869	
Other income	3(m)	4,894	-
Expenses			
GST/HST expense	10, 13	133,721	1,241
Salaries and benefits	10, 11	8,768	3,328
General operating, administration and other	3(l), 10	4,719	1,739
Information technology and infrastructure services	10	1,104	2,054



Marketing and promotion	10	221	346
Depreciation	7	29	16
		148,562	8,724

Net income (loss) and comprehensive income (loss)	\$	96,201	\$	(8,724)
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See accompanying notes to financial statements.

iGaming Ontario

Statement of Changes in Equity (Deficit)

Year ended March 31, 2023 and for the period from
July 6, 2021 (date of incorporation) to March 31, 2022
(In thousands of dollars)

	2023	2022
Equity (deficit) at beginning of year	\$ (8,724)	\$ -
Net income (loss) for the period	96,201	(8,724)
Equity (deficit) at end of year	\$ 87,477	\$ (8,724)

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

iGaming Ontario



Statement of Cash Flows

Year ended March 31, 2023 and for the period from
July 6, 2021 (date of incorporation) to March 31, 2022
(In thousands of dollars)

			Period from July 6, 2021 to March 31, 2022
	2023		2022
Operating activities:			
Net income (loss) for the year	\$ 96,201	\$	(8,724)
Adjustments for:			
Depreciation	29		16
Interest income	(2)		-
Changes in working capital:			
Increase in accounts receivables	(35,749)		-
Increase in prepaid assets	(121)		-
Increase (decrease) in due to Alcohol and Gaming Commission of Ontario	(5,181)		7,884
Increase in due to Government of Canada	17,541		621
Increase in derivative liabilities	15,130		-
Increase in accounts payables and accrued liabilities	42,192		161
Increase in due to Gaming Operators	9,802		-
Increase in non-pension employee benefits	51		127
Cash provided by operating activities	139,893		85
Investing activities:			
Additions to property and equipment	(79)		(82)
Interest received	2		-
Cash used in investing activities	(77)		(82)
Net increase in cash and restricted cash during the year	139,816		3
Cash and restricted cash, beginning of year	\$ 3	\$	-
Cash and restricted cash, end of year	\$ 139,819	\$	3
Cash	130,017		3



Restricted cash	9,802	-
Cash and restricted cash, end of year	\$ 139,819	\$ 3

iGaming Ontario

Notes to Financial Statements

**Year ended March 31, 2023 and for the period from
July 6, 2021 (date of incorporation) to March 31, 2022
(In thousands of dollars)**

1. Reporting entity

iGaming Ontario (iGO or the Corporation) was established without share capital on July 6, 2021 as a subsidiary corporation of the Alcohol and Gaming Commission of Ontario (AGCO) pursuant to Ontario Regulation 517/21 under the *Alcohol, Cannabis and Gaming Regulation and Public Protection Act, 1996* and continued under Ontario Regulation 722/21 under the *Alcohol and Gaming Commission of Ontario Act, 2019* (the "Regulation").

The Corporation is responsible to develop, undertake and organize prescribed online gaming schemes, to promote responsible gambling on those schemes, and to conduct and manage the schemes in accordance with the *Criminal Code (Canada)* and the *Gaming Control Act, 1992*. iGO makes payments out of the revenue that it receives from all prescribed online gaming schemes and that it generates from its conduct and management of those schemes in priority established in the Regulation. iGO transfers most of its earnings to the Province's Consolidated Revenue Fund in the form of a dividend. Refer to subsequent event (Note 18).

The AGCO is responsible for overseeing iGaming Ontario's conduct and management of Internet gaming, and also recommendations regarding appointments to the board of iGaming Ontario to the Attorney General.

The Attorney General is responsible for appointing board members to iGaming Ontario



based on these recommendations. The Minister of Finance determines the timing of any cash or other resources from iGaming Ontario to the Province of Ontario. As a result, the financial results of iGaming Ontario are not consolidated into the AGCO's financial statements as iGaming Ontario is controlled by the Province of Ontario and is consolidated into the Province's financial statements.

Pursuant to the *Income Tax Act*, iGO is exempt from income taxes.

The Corporation's head office and corporate office, respectively, are located at: 90 Sheppard Avenue East, North York, Ontario, Canada, M2N 0A4.

On April 4, 2022, iGO launched the new market for online gaming in Ontario. On this date, private gaming companies ("Gaming Operators") that executed an operating agreement ("Operating Agreement") with iGO began to offer their games to players in Ontario. For the period July 6, 2021 to March 31, 2022, iGO earned no gaming revenue since the market was launched subsequent to March 31, 2022.

Under the Operating Agreements, iGO appoints Gaming Operators as its agents solely to operate websites that offer, on behalf of iGO, online games to players in the Province of Ontario. The Corporation conducts and manages the regulated Internet gaming market in Ontario, while the Gaming Operators provide their services, in accordance with the terms of the Operating Agreement.

The Corporation does not control these Gaming Operators and therefore, does not consolidate the financial position or results of operations of these Gaming Operators.

As at March 31, 2023, iGO has entered into Operating Agreements with 46 Gaming Operators.

These financial statements were authorized for issue by the Board of Directors of iGO on August 17, 2023.

2. Basis of presentation

a. Statement of compliance:

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

These financial statements are the first financial statements prepared by the Corporation under IFRS and, as such, are prepared in accordance with the provisions of IFRS 1 – First Time Adoption of International Financial Reporting Standards. Refer to Note 19 for information on how the Corporation adopted IFRS.



b. Basis of measurement:

These financial statements have been prepared on the historical cost basis except for the derivative liabilities measured at fair value through profit and loss (Note 3(f)).

c. Functional and presentation currency:

These financial statements are presented in Canadian dollars. The Canadian dollar is the Corporation's functional currency and the currency of the primary economic environment in which the Corporation operates.

d. Use of estimates and judgments:

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- Revenue (Note 3 (a))
- Due to the Government of Canada (Note 13)
- Contingencies (Note 17)

An area of significant estimation and uncertainty that may have a significant effect on the amounts recognized in the financial statements, and could result in a material adjustment within the next fiscal year is the fair value measurement of derivative liabilities as of March 31, 2023, which is discussed in Note 3(f).

3. Significant accounting policies

a. Gaming revenue:

The Corporation earns revenue from offering online games through a network of third-party Gaming Operators. These services, performed under Operating Agreements, are accounted for as a single performance obligation composed of a series of distinct services that are substantially the same and have the same pattern of transfer (i.e. distinct days of service). Gaming revenue generated from online games is



recorded in the same period the games are played. Gaming revenue is measured at the amount of the consideration received or receivable.

The Corporation's gaming revenue includes the gross amounts, or wagers collected by Gaming Operators from players less winnings paid to players and less eligible deductions. Wagers include rake fees, tournament fees and other fees. Eligible deductions are cashable payments to players derived from the wagering of promotional play funds such as free bets or bonuses dependant on conditions and up to a limit specified in Operating Agreements.

The Corporation has used significant judgment in determining that it should recognize revenue on a gross basis as it is the principal for the online lottery schemes. To determine that the Corporation is the principal, it considers whether it obtains control of the services before these are transferred to the players. In making this evaluation, several factors are considered, most notably whether the Corporation has primary responsibility for fulfilment to the players based on the terms of the Operating Agreements.

The Corporation disaggregates revenue into the following products and is shown in Note 9:

- *Casino* games includes slots, live and computer-based table games, and peer-to-peer bingo.
- *Betting* includes betting on sports, esports as well as proposition and novelty bets.
- *Peer-to-Peer Poker* includes cash games and tournaments where players play against each other.

Significant judgment is needed to determine whether gaming bets and online casino gaming transactions are within the scope of IFRS 9 – Financial Instruments (“IFRS 9”) or IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”).

Transactions where an Operator takes a position against a player and the revenue varies depending on the likelihood of the occurrence of a specified event meet definition of derivatives and are accounted for in accordance with IFRS 9. In such transactions, revenue is recorded as the gain or loss on betting transactions settled during the period plus fair value adjustments on open bets under IFRS 9. The Corporation accounts for Betting and Casino transactions in accordance with IFRS 9.

Transactions where Gaming Operators are only administering games without taking any position are accounted for in accordance with IFRS 15. The Corporation accounts for Peer-to-Peer Poker transactions in accordance with IFRS 15.

Gaming revenue includes the Corporation's net gains or net losses on derivative financial liabilities measured at fair value through profit and loss as discussed in Note



14.

b. Operator payments:

In accordance with the terms of each Operating Agreement, Gaming Operators accept, on behalf of and as agent for the Corporation, bets on eligible online games offered on Gaming Operators' websites. Gaming Operators are also required to pay, on behalf of and as agent for the Corporation, all winnings to players. Gaming Operators remit all wagers less winnings and eligible deductions to iGO. The Corporation remits 80% of the gaming revenue deposited back to each Gaming Operator as variable compensation for the online services they provide to players as iGO's agent, in accordance with the terms of the Operating Agreement and any related policies. The Corporation reflects the 80% Gaming Operator revenue share payment as a cost of earning gaming revenues.

The cost is recorded in the Statement of Income and Comprehensive Income simultaneously as the gaming revenue is earned.

c. Cash:

Cash is comprised of cash held with financial institutions and excludes restricted cash related to performance security received from Gaming Operators under Operating Agreements.

d. Restricted cash:

Restricted cash, represents the amounts of cash deposited into a segregated bank account from certain Gaming Operators to satisfy performance security requirements under their Operating Agreement (Note 5). These funds are held in accordance with the terms of the Operating Agreement and a separate agreement signed between iGO and the respective Gaming Operator.

e. Property and equipment:

i. Recognition and measurement:

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes an expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are



determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized on a net basis in the Statement of Income and Comprehensive Income.

ii. Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognized in the Statement of Income and Comprehensive Income on a straight-line basis over the estimated useful life of each component of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

- Computer equipment 3 years
- Video equipment 5 years

f. Financial instruments:

i. Financial assets:

Initial Recognition and Measurement:

The Corporation recognizes a financial asset when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss or through other comprehensive income are expensed in the Statement of Income and Comprehensive Income when incurred.

Classification and subsequent measurement:

On initial recognition, financial assets are classified as, and subsequently measured at, amortized cost, fair value through other comprehensive income or fair value through profit or loss. The Corporation determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost – Assets that are held for collection of contractual cash flows



where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, and derecognition are recognized in the Statement of Income and Comprehensive Income. Financial assets measured at amortized cost comprise of cash, restricted cash, and accounts receivable.

- Fair value through other comprehensive income – Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. All changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the Statement of Income and Comprehensive Income. The Corporation does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily or designated at fair value through profit or loss – Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in the Statement of Income and Comprehensive Income. The Corporation does not hold any financial assets mandatorily or designated measured at fair value through profit or loss.

Derecognition of financial assets:

The Corporation derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

ii. Financial liabilities:

Recognition and initial measurement:

The Corporation recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Corporation measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss ("FVTPL") for which transaction costs are immediately recorded in the Statement of Income and Comprehensive Income.

Classification and subsequent measurement:



Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method or FVTPL.

The Corporation's non-derivative financial liabilities measured at amortized cost are comprised of accounts payables and accrued liabilities, due to AGCO, due to Gaming Operators, and due to Government of Canada. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method, if applicable. Interest expense is recognized in the Statement of Income and Comprehensive Income.

The Corporation's derivative financial liabilities measured at FVTPL consist of unsettled betting transactions as at the financial reporting date. Subsequent to initial recognition, these financial liabilities are measured at fair value. Net gains or losses are recognized in gaming revenue on the Statement of Income and Comprehensive Income.

Derecognition of financial liabilities:

The Corporation derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

iii. Fair values measurement:

The Corporation, when applicable, provides disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities.
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and includes the derivative liability.
- Level 3 - inputs are not based on observable market data.

g. Offsetting:

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position only when the Corporation has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

h. Impairment:

i. Financial assets:



At each reporting date, the Corporation assesses whether financial assets carried at amortized cost are credit impaired. The Corporation applies the simplified approach for accounts receivables. Using the simplified approach, the Corporation records a loss allowance equal to the expected credit losses ("ECL") resulting from all possible default events over the assets' contractual lifetime.

The Corporation uses historic actual credit losses as the basis for estimating ECLs and uniformly applies this estimate to its gross balance (net of balances already fully impaired and written off) at each reporting date. The Corporation believes this amount to best reflect the ECL.

Loss allowances on financial assets measured at amortized cost are deducted from the gross carrying amount of the asset, and the related impairment loss is recorded in the Statement of Income and Comprehensive Income. The gross carrying amount of a financial asset is written off when the Corporation has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

i. Provisions:

Provisions are liabilities of uncertain timing and amount. A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount would be recognized on the Statement of Income and Comprehensive Income. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

j. Employee benefits:

i. Defined benefit pension plan:

A defined benefit plan is a post-employment benefit plan that requires entities to record their net obligation in respect of the plan and is not a defined contribution plan. The Corporation provides defined benefit pension plan through the Public Service Pension Fund (PSPF). The Corporation does not have a net obligation in respect of the defined benefit pension plan as the plan is a sole-sponsored defined benefit plan established by the Province of Ontario, and there is no contractual agreement or stated policy for charging the net defined benefit cost of the plan to the Corporation. The Province of Ontario controls all entities included in the pension plan.



The Corporation's contributions to the plan are accounted for on a defined contribution basis. Accordingly, the Corporation's contributions are charged to the Statement of Income and Comprehensive Income in the period the contributions become payable.

ii. Other long-term employee defined benefit plan:

Separation payment benefits:

The Corporation provides separation payment benefits to some of its employees. This benefit was grandfathered for eligible AGCO employees hired by iGO prior to June 30, 2022. These employees are entitled to separation payment in the event of retirement, resignation, or death.

Former full-time AGCO employees hired prior to April 1, 2015, and who have completed at least five years of continuous service as a permanent full-time employee with the AGCO as of April 1, 2015, are eligible for a separation payment equivalent to one week's base pay for each year of active service up to a maximum of 16 weeks upon retirement, resignation, or death.

Former full-time AGCO employees hired prior to April 1, 2015 and who had not completed five years of continuous service as a permanent full-time employee as of April 1, 2015, will only be eligible for a separation payment in the event of retirement, resignation, or death if they have completed at least 10 years of continuous service as a permanent full-time employee as of the date of their retirement, resignation, or death.

iii. Accumulated compensated leaves:

The Corporation also provides a facility to some of its employees for accumulating their annual earned leaves up to a cap of 125 days. Accumulated leaves can be encashed at the end of the employee's service.

The Corporation's obligation for the other long-term employee benefits are the amounts of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present values and are unfunded. The discount rate is the yield at the reporting date on AA/AAA credit-rated bonds that have maturity dates approximating the terms of the Corporation's obligations. The calculation is performed using the projected unit credit method. Any gains and losses are recognized in the Statement of Income and Comprehensive Income in the period in which they arise.

iv. Termination benefits:



Termination benefits are recognized as an expense at the earlier of when the Corporation can no longer withdraw the offer of those benefits and when the Corporation recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, they are discounted to their present value.

v. Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability and expense are recognized for the amount expected to be settled wholly within 12 months of the end of the reporting period if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Corporation also provides a facility to its employees to carry forward one year's vacation from one calendar year to the next. The annual cost of staff vacation is recognized as an expense in the financial statements on an accrual basis.

k. Shared resources costs:

AGCO provides certain resources to iGO including the provision of goods, services or advice by AGCO personnel and through any third-party that has been procured by the AGCO for that purpose ("Shared Resources"). The Shared Resources are charged back to iGO using an overhead rate or based on direct usage if the costs are directly attributable to iGO.

l. General operating, administration and other:

General operating, administration and other expenses are primarily comprised of office supplies and consumables, travel, telecommunication, office space rental, and other miscellaneous expenses.

m. Other income:

Other income represents interest income earned on bank account balances which is recognized when deposited, and a recovery of certain banking fees from Gaming Operators which is recognized when the recovery is charged.

n. Goods and services tax / Harmonized sales tax (GST/HST):

As a prescribed registrant, the Corporation is obligated to calculate and remit GST/HST to the Government of Canada for gaming related operations pursuant to the



Games of Chance (GST/HST) Regulations of the *Excise Tax Act*.

4. New accounting standards and interpretations issued but not yet effective

The Corporation has not yet applied the following new standards, interpretations and amendments to standards that have been issued but are not yet effective. Unless otherwise stated, the Corporation does not plan to early adopt any of these new or amended standards and interpretations.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the Statement of Financial Position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of “settlement” to make clear that settlement refers to the transfer to the counter-party of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The amendments are not expected to have a material impact on the Corporation.

Amendments to IAS 1 - Presentation of Financial Statements

In February 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The IASB also issued amendments to IFRS Practice Statement 2 Making Materiality Judgments (the PS) to support the amendments in IAS 1 by explaining and demonstrating the application of the four-step materiality process to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their significant accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023. The amendments are not expected to have a material impact on the Corporation.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors



Amendments to IAS 8, issued in February 2021, introduce a new definition of “accounting estimates” to replace the definition of “change in accounting estimates” and also include clarification intended to help entities distinguish changes in accounting policies from changes in accounting estimates.

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments are not expected to have a material impact on the Corporation.

5. Restricted cash

Restricted cash represents cash received from Gaming Operators as performance security and held by iGO in a segregated bank account (Note 3(d)). Pursuant to Operating Agreements, Gaming Operators are required to submit a performance security with the Corporation that may be in form of cash deposits, letter of credits, surety bonds or any other instrument acceptable to the Corporation. Under Operating Agreements, performance security serves as collateral and may be drawn upon by the Corporation to satisfy payments of debts and liabilities of Gaming Operators with the Corporation, losses for which the Gaming Operators are responsible, or for any winnings not paid by Gaming Operators as at March 31, 2023. Due to Gaming Operators represents the liability related to this restricted cash.

The Corporation recognizes the performance security held by iGO in a segregated bank account in the Statement of Financial Position. Performance security issued or maintained by Gaming Operators are not recognized by the Corporation.

6. Accounts receivable

Accounts receivable of \$35,749 (2022 – Nil) are due from Gaming Operators and consist of gaming revenues receivable and non-gaming related chargebacks as at March 31, 2023.

7. Property and equipment

Costs	Computer Equipment	Audio-video Equipment	Total
Balance at July 6, 2021	\$ -	\$ -	\$ -
Additions	82	-	82
Balance at March 31, 2022	82	-	82
Additions	60	19	79
Balance at March 31, 2023	\$ 142	\$ 19	\$ 161
Accumulated depreciation	Computer Equipment	Audio-video Equipment	Total



Balance at July 6,

2021	\$	-	\$	-	\$	-
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Depreciation for the
period

16	-	16
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Balance at March 31,

2022	16	-	16
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Depreciation for the

year	29	-	29
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Balance at March 31,

2023	\$	45	\$	-	\$	45
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Carrying amounts at

March 31, 2022	66	-	66
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Carrying amounts at

March 31, 2023	\$	97	\$	19	\$	116
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8. Accounts payable and accrued liabilities

	2023	2022
Accounts payable – Gaming Operators	\$ 40,155	\$ -
Accounts payable and accrued liabilities – general	1,938	-
Short-term employee benefits	260	161
	\$ 42,353	\$ 161

Accounts payable to Gaming Operators consists of \$29,679 (2022 – Nil) relating to the 80% revenue share of gaming revenue and eligible deductions of \$10,476 (2022 – Nil) as at March 31, 2023. The Corporation's accounting policy and exposure to liquidity risks related to accounts payable and accrued liabilities is disclosed in Note 15.

9. Gaming revenue

The following table details the disaggregation of the Corporation's gaming revenue by product for the year ended March 31, 2023:

	Casino	Betting	Peer-to-Peer Poker	Total
Wagers	\$ 27,582,415	\$ 6,969,460	\$ 992,369	\$ 35,544,244
Less: Winnings				



and eligible deductions Fair value of derivative	(26,727,629)	(6,586,185)	(955,435)	(34,269,249)
liabilities	-	(15,130)	-	(15,130)
Gaming revenue	\$ 854,786	\$ 368,145	\$ 36,934	\$ 1,259,865

10. Due to the Alcohol and Gaming Commission of Ontario

On April 1, 2022, AGCO and iGO entered into a Shared Resources Agreement (the "Agreement"), pursuant to which AGCO provides human resources, payroll, procurement, facilities, communication and information technology services on a cost recovery basis ("Shared Resources"). The total cost of these Shared Resources was \$1,808 (2022 - \$1,131), plus HST of \$235 (2022 - \$147), and is included within the related expense categories on the Statement of Income and Comprehensive Income. The Agreement expired on March 31, 2023 and was renewed on April 1, 2023 for another year.

The AGCO also paid direct expenses, including salaries and benefits of iGO employees and vendor invoices of \$7,666 (2022 - \$6,133), plus HST of \$38 (2022 - \$473), and these costs are fully recovered by AGCO.

As at March 31, 2023, \$2,703 (2022 - \$7,884) is outstanding, inclusive of HST, and is included in Due to the Alcohol and Gaming Commission of Ontario in the Statement of Financial Position.

11. Employee benefits

a) Defined benefit pension plan:

The Corporation's required contributions of \$464 (2022 - \$190) is included in salaries and benefits expenses on the Statement of Income and Comprehensive income.

b) Non-pension employee benefits (unfunded):

The present value of the Corporation's unfunded other post-employment benefit plans is \$178 (2022 - \$127).

The main assumptions underlying the valuation are as follows:

- The liability at year-end being the present value of future liability was determined using a discount rate of 3.5% to 4.2% (2022 - 3.1% to 3.2%) representing an estimate of the yield on high quality corporate bonds as at the valuation date. A 1% increase or decrease in the discount rate would result in a decrease of \$6 (2022 - \$13) or increase of \$8 (2022 - \$15) to the liability, respectively.



- Future general salary levels were assumed to increase at 3.5% (2022 – 3.5%) per
- Cost of living adjustments (“COLA”) were assumed to increase at 1.0% (2022 – 1.0%) per annum.

12. Related parties

The Corporation is a legal subsidiary of the AGCO and is also related to various other government agencies, ministries and Crown corporations. All transactions with these related parties are in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

Related party transactions include:

- Transactions with the AGCO (Note 10);
- Contributions to the Public Service Pension Fund (Note 3(j)(i) and Note 11(a));
- Key management personnel compensation; and
- Recovery of AGCO’s regulatory costs.

Key management personnel compensation

The Corporation’s key management personnel, consisting of its Board of Directors and senior leadership members including the Executive Director and their direct reports, have authority and responsibility for overseeing, planning, directing and controlling the activities of the Corporation.

Key management personnel compensation includes:

	2023	2022
Salaries and short-term employee benefits	\$ 1,804	\$ 987
Post employment benefits	138	92
Directors’ fees	14	13
	\$ 1,956	\$ 1,092

Recovery of AGCO’s regulatory cost relating to iGaming’s Internet Gaming Market

Under Section 12.1 of the AGCO Act, the AGCO is permitted to direct payment from the Corporation. The Operator Agreements between the Corporation and Gaming Operators establish that Gaming Operators are responsible for costs charged by the AGCO in



regulating the internet gaming market, regardless of whether the costs are initially billed to the Corporation by the AGCO or billed directly to Gaming Operators. For the year ended March 31, 2023, an amount of \$4,254 (2022 – Nil) was billed and collected from the Gaming Operators directly by the AGCO.

13. Due to the Government of Canada

The Corporation remits GST/HST to the Government of Canada on the basis it will be a Prescribed Registrant pursuant to the Games of Chance (GST/HST) Regulations of the *Excise Tax Act*. The Corporation's net tax for a reporting period is calculated using net tax attributable to online gaming activities.

The non-recoverable GST/HST payable to suppliers and the additional imputed tax payable to the Government of Canada on online gaming-related expenses were recognized as payments to the Government of Canada, which are recorded as GST/HST expense on the Statement of Income and Comprehensive Income.

The net tax attributable to online gaming activities results in a 26 per cent tax burden on most taxable online gaming expenditures incurred by the Corporation.

Gaming Operators qualify as distributors as defined in the *Excise Tax Act*. GST/HST of 13 per cent is self-assessed on the fees paid to Gaming Operators for services provided pursuant to Operating Agreements (see Note 3(n)).

14. Derivative liabilities

Derivative liability of \$15,130 represents the net liability position of all bets placed and open as of March 31, 2023. The derivative liabilities are carried at fair value through profit or loss determined using Level 3 fair value measurement inputs. Fair value is calculated by using appropriate historical hold percentage applied to the outstanding open bet balance. Fair value adjustment of \$15,130 was recorded in revenue on the Statement of Income and Comprehensive Income for the year ended March 31, 2023 (2022: Nil).

A 1% increase or decrease in hold percentage would result in \$161 decrease or increase in the fair value of derivative liability at March 31, 2023 and corresponding increase or decrease in net income (loss) and comprehensive income (loss) for the year ended March 31, 2023.

15. Financial Risk Management

The carrying values of cash, restricted cash, accounts receivables, due to AGCO, due to Government of Canada, due to Gaming Operators, and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments.



The Corporation's financial instruments expose it to a variety of risks. The Corporation has implemented a risk management program to identify and mitigate exposure to credit risk, and liquidity risk.

i. Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In the normal course of business, the Corporation is exposed to credit risk from its cash and accounts receivable. iGO holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. The accounts receivable represents the Corporation's maximum exposure to credit risk, however, this risk is mitigated by letters of credit or cash deposited by the Gaming Operators and held by iGO in a segregated bank account, as part of performance security pursuant to the Operating Agreement with each operator (Note 5). Historically, the Corporation also has not experienced any significant losses in accounts receivables.

ii. 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 maintaining sufficient balances in cash, and managing credit risk as outlined above. The Corporation is exposed to this risk mainly in respect of accounts payable and accrued liabilities, due to AGCO, due to Government of Canada, and due to Gaming Operators, which are all contractually due within one year.

The Corporation maintains the required balance in a segregated bank account for amounts due to Gaming Operators (Note 5).

16. Capital Management

The Corporation's objectives in managing capital are to ensure sufficient resources are available to fund future growth of its operations and to provide returns to the Province of Ontario.

The Board of Directors is responsible for the oversight of management, including the establishment of policies related to financial and risk management. The Corporation manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Corporation is not subject to any externally imposed capital requirements.

The Corporation defines capital as total equity. At March 31, 2023, capital under management was equity of \$87,477 (2022 – deficit of \$8,724).

17. Contingencies



- a. On November 28, 2022, the Mohawk Council of Kahnawa:ke ("MCK") served a notice of application with the Ontario Superior Court against the Corporation and the Attorney General of Ontario seeking 'a declaration that the Ontario government does not "conduct and manage" online lottery as required under s. 207(1)(a) of the Criminal Code" as well as challenging the legislative and constitutional authority which underpins the regulated internet Gaming market scheme in Ontario. The application is expected to be heard in February 2024. The Corporation believes that the outcome of this application is not determinable.
- b. The Corporation is, from time to time, involved in other various legal proceedings of a character normally incidental to its business. The Corporation believes either the probability of an outflow of resources is not determinable or it is not probable that the ultimate resolution of any of these proceedings and claims, individually or in total, will have a material adverse effect on the Corporation's business, financial results, or financial condition.

18. Subsequent events

In June and July 2023, the Corporation declared and paid dividends totalling \$85,000 to the Province of Ontario.

On April 5, 2023, the Corporation was directed by the Ministry of Finance and the Ministry of Indigenous Affairs to pay monthly revenue sharing payments to the Ontario First Nations Limited Partnership ("OFNLP"). The first monthly payment of \$1,400 was made in April 2023 and will continue every month thereafter until March 31, 2024, unless agreed to otherwise by the Corporation and OFNLP

The Corporation, the Ministry of Finance and the Ministry of the Attorney General are currently in discussions with OFNLP to establish a formal revenue sharing agreement with respect to the Corporation's gaming revenues.

19. First-time adoption of IFRS

These financial statements, for the year ended March 31, 2023, are the first the Corporation has prepared in accordance with IFRS. For periods up to and including the year ended March 31, 2022, the Corporation prepared its financial statements in accordance with Canadian Public Sector Accounting ("PSAS") for provincial reporting entities established by the Canadian Public Sector Accounting Board

