

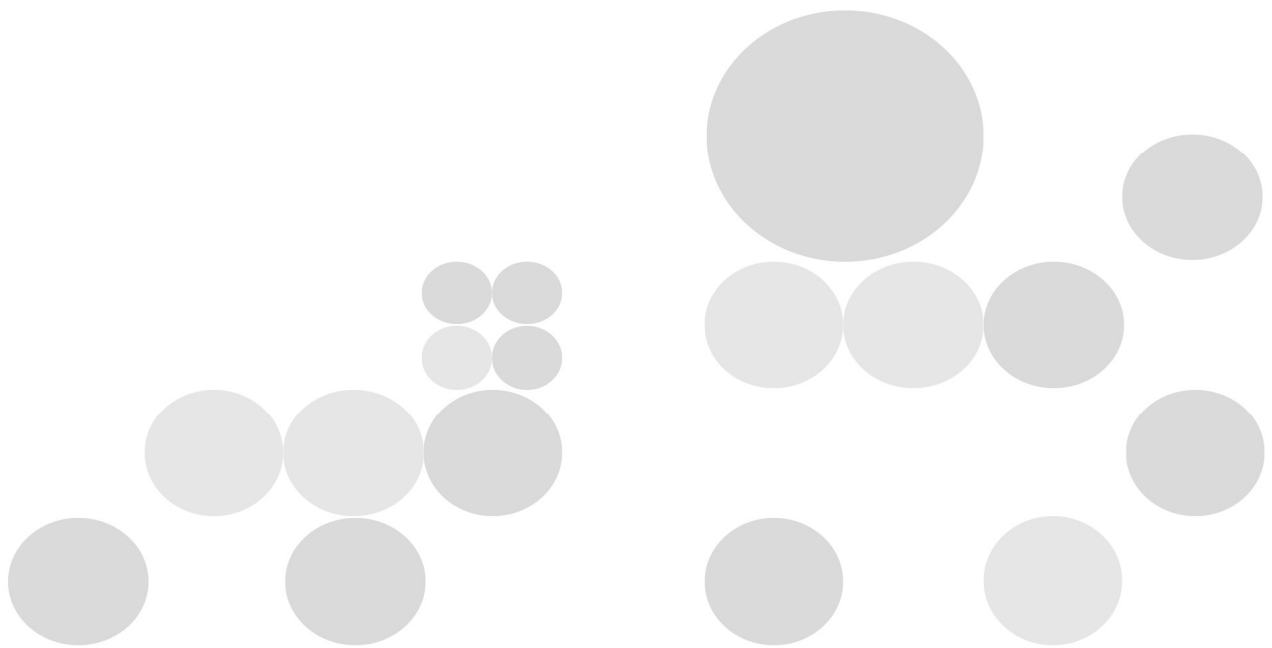


# FIRST QUARTER FINANCIAL REPORT

**FISCAL 2021**

NARRATIVE DISCUSSION.....PAGE 2

FINANCIAL STATEMENTS AND NOTES.....PAGE 16



## 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*<sup>1</sup> 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 3, 2021 and March 28, 2020 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 2021, the first 13 weeks included 93 days compared to 88 days in the first 13 weeks of 2020. 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 20, 2021, 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 MD&A.

### **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.

---

<sup>1</sup> Financial Administration Act, R.S.C., 1985, c. F-11

## **OVERVIEW OF THE CORE MANDATE AND THE BUSINESS**

The Royal Canadian Mint is Canada's national mint and a global leader in circulation, bullion, and collectible coin products and services. As part of its core mandate, the Mint manages the life cycle of Canada's circulation 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 corporate social responsibility (CSR) 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 issued ETRs under its Canadian Gold Reserves (TSX: MNT/MNT.U) and Canadian Silver Reserves (TSX: MNT/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

ROYAL CANADIAN MINT  
**MANAGEMENT REPORT**

13 weeks ended April 3, 2021  
(Unaudited)

---

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 2021, as well as through dealers and partners, both domestically and internationally. The Winnipeg boutique opened for retail sales on April 9<sup>th</sup>, 2021 and the Mint plans to relaunch sales through its Ottawa boutique, when permitted to do so under the provincial COVID-19 guidelines.

## **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 the first quarter of 2021. The Ottawa boutique and tour operations remained closed while the Winnipeg boutique opened on April 9<sup>th</sup>, 2021 for retail sales on recommendations from public health authorities. At the date of this narrative, the Ottawa boutique remains closed.

### **National Capital Region's Top Employers (2021)**

On February 1, the Mint was selected as one of the National Capital Region's Top Employers (2021). Its maternity and parental leave top up policies, flexible work arrangements and compassionate leave top up policy were highlighted in this recognition.

ROYAL CANADIAN MINT  
**MANAGEMENT REPORT**

13 weeks ended April 3, 2021  
(Unaudited)

**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 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 3, 2021	March 28, 2020	\$ Change	% Change	
Revenue	\$ 902.8	\$ 498.4	404.4	81	
Profit before income tax and other items <sup>1</sup>	\$ 26.0	\$ 6.5	19.5	300	
Profit before income tax and other items margin	2.9%	1.3%			
Profit for the period	\$ 13.8	\$ 1.7	12.1	712	

<sup>1</sup>A reconciliation from profit for the period to profit before income tax and other items is included on page 11

Profit before income tax and other items for the 13 weeks ended April 3, 2021 increased 300% to \$26.0 million compared to \$6.5 million during the same period in 2020. The Mint continued 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 continued to be strong in the first quarter of 2021. This resulted in an 83% increase in revenue from the Mint's Precious Metals businesses, mainly due to an increase in revenue from gold and silver bullion products. The Circulation businesses also contributed to the increased revenue and profit before income tax and other items in the period, driven mainly by the 162% increase in revenue in the Foreign Circulation business.

	As at				
	April 3, 2021	December 31, 2020	\$ Change	% Change	
Cash and cash equivalents	\$ 91.1	\$ 67.3	23.8	35	
Inventories	\$ 60.8	\$ 57.6	3.2	6	
Capital assets	\$ 159.1	\$ 161.1	(2.0)	(1)	
Total assets	\$ 408.8	\$ 379.4	29.4	8	
Working capital	\$ 134.2	\$ 112.9	21.3	19	

Working capital remained strong having increased 19% from December 31, 2020. Cash and cash equivalents increased 35% from December 31, 2020 due to higher revenue and the favourable timing of cash collected from customers and payments made to suppliers.

ROYAL CANADIAN MINT  
**MANAGEMENT REPORT**

13 weeks ended April 3, 2021  
(Unaudited)

**Revenue by program and business**

	13 weeks ended			
	April 3, 2021	March 28, 2020	\$ Change	% Change
Canadian Circulation program	\$ 20.9	\$ 21.8	(0.9)	(4)
Foreign Circulation business	29.9	11.4	18.5	162
<b>Total Circulation</b>	<b>\$ 50.8</b>	<b>\$ 33.2</b>	<b>17.6</b>	<b>53</b>
Bullion Products and Services business	\$ 820.5	\$ 443.9	376.6	85
Numismatics business	31.5	21.3	10.2	48
<b>Total Precious Metals</b>	<b>\$ 852.0</b>	<b>\$ 465.2</b>	<b>386.8</b>	<b>83</b>
<b>Total revenue</b>	<b>\$ 902.8</b>	<b>\$ 498.4</b>	<b>404.4</b>	<b>81</b>

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 3, 2021, revenues from the Canadian Circulation program decreased 4% to \$20.9 million compared to \$21.8 million in the same period in 2020. The decrease is mainly due to lower Alloy Recovery Program revenue due to reduced volumes sold and US coin deposit revenue.

**Coin supply**

<i>(in millions of coins)</i>	13 weeks ended			
	April 3, 2021	March 28, 2020	Change	% Change
Financial institutions deposits	329	601	(272)	(45)
Recycled coins	22	42	(20)	(48)
New coins sold to financial institutions and others	7	13	(6)	(46)
<b>Total coin supply</b>	<b>358</b>	<b>656</b>	<b>(298)</b>	<b>(45)</b>

ROYAL CANADIAN MINT  
**MANAGEMENT REPORT**

13 weeks ended April 3, 2021  
(Unaudited)

**Department of Finance Inventory**

<i>(in millions of dollars)</i>	As at			
	<b>April 3, 2021</b>	March 28, 2020	\$ Change	% Change
Opening inventory	\$ <b>82.5</b>	\$ 102.0	(19.5)	(19)
New coins produced	<b>17.7</b>	26.2	(8.5)	(32)
New coins sold to financial institutions and others	<b>(7.8)</b>	(22.2)	14.4	(65)
Ending inventory	\$ <b>92.4</b>	\$ 106.0	(13.6)	(13)

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. The supply for Canadian circulation coins decreased 45% for the 13 weeks ended April 3, 2021, when compared to the same period in 2020. Reduced in-person economic activity due to the COVID-19 pandemic has decreased the overall demand for coins and, at the same time, decreased the supply of coins. This decrease in supply has been partly due to the reduced ability for consumers to use coins in a retail environment.

The Mint actively manages inventory levels in response to changes in demand, financial institution deposits and recycling volumes to ensure coinage demand is met throughout the year. The face value of the Department of Finance owned inventory at April 3, 2021 was \$92.4 million, which was within the inventory limit outlined in the Mint's memorandum of understanding with the Department of Finance, with no coin shortages during the 13 weeks ended April 3, 2021. To replenish inventories held on behalf of the Department of Finance, the Mint produced 77 million coins in the first quarter of 2021 compared to 76 million for the same period in 2020.

**Foreign Circulation**

Revenue from the Foreign Circulation business increased by 162% for the 13 weeks ended April 3, 2021 to \$29.9 million compared to \$11.4 million in the same period in 2020. This increase reflected higher volumes and changes in the mix of contracts which consisted of shipments of

319 million (2020 – 265 million) coins and blanks to 7(2020 – 5) countries. During the first 13 weeks of 2021, the Mint secured 2 new production contracts for an aggregate of 6.5 million coins.

ROYAL CANADIAN MINT  
**MANAGEMENT REPORT**

13 weeks ended April 3, 2021  
(Unaudited)

**Bullion Products and Services**

	13 weeks ended			
	April 3, 2021	March 28, 2020	\$ Change	% Change
Gross revenue	\$ 1,228.4	\$ 647.9	580.5	90
Less: Customer inventory deals	(407.9)	(204.0)	(203.9)	100
Net revenue	\$ 820.5	\$ 443.9	376.6	85

	13 weeks ended			
(thousands of ounces)	April 3, 2021	March 28, 2020	Change	% Change
Gold	328.5	198.1	130.4	66
Silver	9,991.4	6,565.6	3,425.8	52
Gross ounces	10,319.9	6,763.7	3,556.2	53
Less: ounces from customer inventory deals	(1,784.3)	(951.0)	(833.3)	88
Net ounces	8,535.6	5,812.7	2,722.8	47

Bullion Products and Services net revenue for the 13 weeks ended April 3, 2021 increased 85% compared to the same period in 2020. The increase in revenue of 66% for gold and 52% in silver bullion products was mainly attributable to an increase in global market demand. In addition, higher gold and silver market prices and higher gold and silver premiums contributed to an increase quarter over quarter.

**Numismatics**

Numismatics revenue increased 48% during the 13 weeks ended April 3, 2021 to \$31.5 million compared to \$21.3 million in the same period of 2020. The increase in revenue was largely attributable to an increased focus on gold numismatic products resulting in higher sales, along with increased numismatic production capacity in 2021 due to the suspension of numismatic coin production in mid-March 2020 to prioritize production capacity to serve the mining and financial sectors in Canada and around the world as a result of the COVID-19 pandemic.

	13 weeks ended			
	April 3, 2021	March 28, 2020	\$ Change	% Change
Gold	\$ 13.9	\$ 6.6	7.3	111
Silver	12.9	11.6	1.3	11
Other revenue <sup>1</sup>	4.7	3.1	1.6	52
Total revenue	\$ 31.5	\$ 21.3	10.2	48

<sup>1</sup>Other revenue includes base metal coins, medals and other related revenue



ROYAL CANADIAN MINT  
**MANAGEMENT REPORT**

13 weeks ended April 3, 2021  
(Unaudited)

**Expenses, other income and income tax**

<b>Expenses (income)</b>	13 weeks ended			
	<b>April 3, 2021</b>	March 28, 2020	\$ Change	% Change
Cost of sales	\$ 858.9	\$ 479.9	379.0	79
Operating expenses:				
Marketing and sales	\$ 5.8	\$ 6.4	(0.6)	(9)
Administration	\$ 19.8	\$ 15.9	3.9	25
Net foreign exchange loss (gain)	\$ 0.3	\$ (5.1)	5.4	
Income tax expense (recovery)	\$ 4.6	\$ (0.1)	4.7	

Cost of sales for the 13 weeks ended April 3, 2021 increased to \$858.9 million compared to \$479.9 million during the same period in 2020. The overall increase in cost of sales was mainly due to higher gold and silver bullion volumes sold which increased 47%, combined with higher precious metal market pricing in 2021.

Overall, operating expenses for the 13 weeks ended April 3, 2021 increased 15% to \$25.6 million from \$22.3 million in the same period in 2020. Administration expenses increased 25% mainly due to higher contingent workforce, consulting, professional services expenses in support of the Mint's business transformation. Marketing and sales expenses decreased 9% due to lower travel, hospitality and conferences expenses as a result of the COVID-19 pandemic and a decrease in compensation expenses due to lower headcount.

Net foreign exchange losses increased \$5.4 million for the 13 weeks ended April 3, 2021 when compared to the same period in 2020. The net foreign exchange loss in the first quarter of 2021 was mainly due to a stronger Canadian dollar in relation to the US dollar and the resulting negative impact on the translation of the Mint's US dollar balances.

Income tax expense for the 13 weeks ended April 3, 2021 increased \$4.7 million, when compared to the same period in 2020, mainly due to an increase in taxable income as a result of higher operating income.

ROYAL CANADIAN MINT  
**MANAGEMENT REPORT**

13 weeks ended April 3, 2021  
(Unaudited)

---

## LIQUIDITY AND CAPITAL RESOURCES

### Cash flows

---

	13 weeks ended		
	April 3, 2021	March 28, 2020	\$ Change
Cash and cash equivalents, at the end of the period	\$ 91.1	\$ 83.1	8.0
Cash flow from operating activities	\$ 28.0	\$ 18.6	9.4
Cash flow used in investing activities	\$ (3.1)	\$ (2.5)	(0.6)
Cash flow used in financing activities	\$ (0.6)	\$ (0.7)	0.1

---

Cash from operating activities for the 13 weeks ended April 3, 2021 increased \$8.0 million compared to the same period in 2020 primarily due to the timing of cash receipts from customers and payments to suppliers as well as higher inventory purchases during the period.

Cash used in investing activities increased \$0.6 million for the 13 weeks ended April 3, 2021, as compared to the same period in 2020, mainly due to investments in production equipment for both Ottawa and Winnipeg plants and investments in digital transformation information technology projects.

### Borrowing facilities

See note 17 in the December 31, 2020 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 \$6.0 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 1:28 and closed the period with a long-term debt-to-equity ratio of 1:30.

ROYAL CANADIAN MINT  
**MANAGEMENT REPORT**

13 weeks ended April 3, 2021  
(Unaudited)

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

A reconciliation from profit for the period to profit before income tax and other items was as follows:

	13 weeks ended	
	April 3, 2021	March 28, 2020
Profit for the period	\$ 13.8	\$ 1.7
Add (deduct):		
Income tax expense (recovery)	4.6	(0.1)
Net foreign exchange loss (gain) <sup>1</sup>	2.5	(5.1)
Face Value revaluation <sup>2</sup>	5.1	10.0
Profit before income tax and other items	\$ 26.0	\$ 6.5

<sup>1</sup> Net foreign exchange loss in 2021 excludes a gain of \$2.2 million related to the mitigation of the foreign exchange risk for a specific contract.

<sup>2</sup> 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.

## 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 2020 Annual Report. There have been no material changes to the key corporate level risks since the filing of the 2020 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, 2020 for a discussion of key sources of estimation uncertainty and critical judgements, as well as note 3 in the accompanying unaudited condensed consolidated financial statements for the 13 weeks ended April 3, 2021 for a discussion regarding the adoption of new accounting standards.

### **OUTLOOK**

The financial goal for 2021, as approved in the Mint's 2021-2025 Corporate Plan, is a profit before tax and other items of \$47.6 million. In 2021, the Mint is focused on the implementation of its "One Mint" strategic vision while continuing to work diligently to mitigate the impacts of COVID-19 on its business performance and following government guidance and prioritizing the health and safety of its employees. As part of its business continuity plan, the Mint continues to actively monitor its global supply chain and logistics networks in support of its continued operations. The Mint is also making investments in 2021 as it plans and starts the implementation of its business transformation.

Circulation businesses

#### *Canadian circulation*

As Canada continues to address the impact of a global pandemic, the prolonged duration of COVID-19 has changed the personal and professional lives of Canadians. The type of merchandise, how they are purchased, and frequency of trade and commerce activities have altered the circulation patterns of coin through the ecosystem. As the flow of coins is disrupted, the appropriate level and location of coin inventories becomes more challenging to maintain.

The uncertainty in coin activity as a result of the pandemic is anticipated to continue throughout 2021, requiring the Mint, as the manager of the nation's coin distribution system to identify and be ready to manage multiple situations. Although the Mint will be prepared to produce new coin to meet demand, it will predominantly leverage the efficient and effective re-distribution of the approximately 2-3 billion coins that already flow into the regional coin centres. With its coin

management system, the Mint can analyze inventory, determine surplus coin, and transfer coin inventories between financial institutions which further increases the fluidity of the system and mitigates the disruption to Canadians.

As Canada moves to a cash-light environment, it becomes even more critical to understand how Canadians are using their coins and to continue gathering insights from multiple data sources so the Mint can deliver effective coin management services in the years ahead. Over the course of 2021, the Mint will be investing to increase the resiliency of its coin management system, taking steps to broaden and deepen its information network through domestic and international stakeholder engagement activities, and conducting regular surveys with Canadians.

#### *Foreign circulation*

The ongoing COVID-19 pandemic has created unpredictable coin demand in many countries. However, the Mint expects cash usage and coin demand in emerging economies to remain consistent going forward. The Mint has a strong international contract position for 2021, and anticipates 2022 to reflect similar performance. The Mint continues work to identify coin technology trends and opportunities, and to align future capabilities accordingly. The Mint estimates that despite the unprecedented circumstances, central banks will continue to issue tenders for four billion coins and coin blanks over the next 12 months.

#### 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 2021, the Mint continues to focus on customer and market strategies in support of its strong market share, including a renewed focus on gold refining and coin products, while selectively pursuing additional storage opportunities and carefully managing operating costs to mitigate the impact of uncertainty in the global bullion coin market.

##### *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 smaller, more focused product plan for 2021 is in response to customer feedback. The Mint's direct sales, including e-commerce, are expected to continue to be consistent with e-commerce trends as the COVID-19 pandemic continues.

## **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 estimates regarding expected growth, results of operations, performance, business prospects and opportunities (assumptions). While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Mint expects. These risks, uncertainties and other factors include, but are not limited to, those risks and uncertainties set forth above in the Risks to Performance, 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 20, 2021, 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.

ROYAL CANADIAN MINT  
**MANAGEMENT REPORT**

13 weeks ended April 3, 2021  
(Unaudited)

---

**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 *Standard on Quarterly Financial Reports for Crown Corporations* 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.

To the best of 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

Ottawa, Canada

May 20, 2021



Jennifer Camelon, CPA, CA  
Senior Vice-President, Finance and  
Administration and Chief Financial Officer

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

	Notes	As at	
		April 3, 2021	December 31, 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 91,141	\$ 67,306
Trade receivables, net and other receivables	5	28,795	20,749
Income tax receivable		-	3,584
Prepaid expenses		3,194	2,209
Inventories	6	60,830	57,617
Contract assets	7	27,484	31,116
Derivative financial assets	8	9,568	6,901
<b>Total current assets</b>		<b>221,012</b>	<b>189,482</b>
<b>Non-current assets</b>			
Trade receivables, net and other receivables	5	185	253
Prepaid expenses		347	412
Derivative financial assets	8	-	1,678
Deferred income tax assets		28,128	26,408
Property, plant and equipment	9	148,575	150,131
Investment property		236	236
Intangible assets	9	5,131	5,102
Right-of-use assets	10	5,156	5,648
<b>Total non-current assets</b>		<b>187,758</b>	<b>189,868</b>
<b>Total assets</b>		<b>\$ 408,770</b>	<b>\$ 379,350</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables, other payables and accrued liabilities	11	\$ 58,809	\$ 46,321
Provisions	12	1,456	3,183
Income tax payable		1,476	172
Face Value redemptions liability	13	493	527
Contract liabilities	7	15,390	17,156
Loan payable		3,006	3,005
Lease liabilities	10	2,025	2,268
Employee benefit obligations		3,913	3,905
Derivative financial liabilities	8	290	48
<b>Total current liabilities</b>		<b>86,858</b>	<b>76,585</b>
<b>Non-current liabilities</b>			
Trade payables, other payables and accrued liabilities	11	139	140
Provisions	12	973	1,151
Face Value redemptions liability	13	119,326	113,459
Loan payable		3,000	2,999
Lease liabilities	10	3,987	4,306
Employee benefit obligations		13,423	13,423
Derivative financial liabilities	8	96	117
<b>Total non-current liabilities</b>		<b>140,944</b>	<b>135,595</b>
<b>Total liabilities</b>		<b>227,802</b>	<b>212,180</b>
<b>Shareholder's equity</b>			
Share capital (authorized and issued 4,000 non-transferable shares)		40,000	40,000
Retained earnings		141,040	127,258
Accumulated other comprehensive loss		(72)	(88)
<b>Total shareholder's equity</b>		<b>180,968</b>	<b>167,170</b>
<b>Total liabilities and shareholder's equity</b>		<b>\$ 408,770</b>	<b>\$ 379,350</b>

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)**

	Notes	13 weeks ended	
		April 3, 2021	March 28, 2020
Revenue	15	\$ 902,847	\$ 498,371
Cost of sales	16, 17	858,909	479,872
<b>Gross profit</b>		<b>43,938</b>	18,499
Marketing and sales expenses	16,17	5,751	6,356
Administration expenses	16, 17, 18	19,805	15,926
<b>Operating expenses</b>		<b>25,556</b>	22,282
Net foreign exchange loss (gain)		262	(5,068)
<b>Operating profit</b>		<b>18,120</b>	1,285
Finance income, net		232	270
Other income		1	1
<b>Profit before income tax</b>		<b>18,353</b>	1,556
Income tax (expense) recovery	19	(4,571)	143
<b>Profit for the period</b>		<b>13,782</b>	1,699
Net unrealized gain (loss) on cash flow hedges		16	(148)
<b>Other comprehensive gain (loss), net of income tax</b>		<b>16</b>	(148)
<b>Total comprehensive income</b>		<b>\$ 13,798</b>	\$ 1,551

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 3, 2021**

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

<sup>1</sup>Amounts are net of income tax

**13 weeks ended March 28, 2020**

	<b>Notes</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Accumulated other comprehensive income (loss) (Net gains on cash flow hedges)</b>	<b>Total</b>
Balance as at December 31, 2019		\$ 40,000	\$ 110,179	\$ 27	\$ 150,206
Profit for the period		-	1,699	-	1,699
Other comprehensive loss, net <sup>1</sup>		-	-	(148)	(148)
Balance as at March 28, 2020		\$ 40,000	\$ 111,878	\$ (121)	\$ 151,757

<sup>1</sup>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)**

		<b>13 weeks ended</b>	
	Notes	<b>April 3, 2021</b>	March 28, 2020
<b>Cash flows from operating activities</b>			
Profit for the period		\$ 13,782	\$ 1,699
Adjustments to reconcile profit to cash flows from operating activities:			
Depreciation and amortization	16	5,120	5,161
Income tax expense (recovery)	19	4,571	(143)
Finance income, net		(232)	(270)
Other income		(1)	(1)
Net foreign exchange loss (gain)		504	(6,834)
Adjustments to other (revenue) expenses, net	20	(9,080)	(7,055)
Changes in Face Value redemptions liability		4,978	9,770
Net changes in operating assets and liabilities	20	9,768	18,692
Cash from operating activities before interest and income tax		29,410	21,019
Income tax paid		(1,455)	(2,441)
Interest received, net of interest paid	20	2	(10)
<b>Net cash from operating activities</b>		<b>27,957</b>	<b>18,568</b>
<b>Cash flows used in investing activities</b>			
Acquisition of property, plant and equipment		(2,482)	(2,143)
Acquisition of intangible assets		(614)	(398)
<b>Net cash used in investing activities</b>		<b>(3,096)</b>	<b>(2,541)</b>
<b>Cash flows used in financing activities</b>			
Lease principal payments	10	(618)	(742)
<b>Net cash used in financing activities</b>		<b>(618)</b>	<b>(742)</b>
Effect of changes in exchange rates on cash and cash equivalents		(408)	2,263
<b>Increase in cash and cash equivalents</b>		<b>23,835</b>	<b>17,548</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>67,306</b>	<b>65,506</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>\$ 91,141</b>	<b>\$ 83,054</b>

The accompanying notes are an integral part of these 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 July 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 on travel, hospitality, conference and event expenditures 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, and has implemented all subsequent amendments to the Treasury Board's Directive on Travel, Hospitality, Conference and Event Expenditures.

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

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

---

statements, and should be read in conjunction with the Corporation's audited consolidated financial statements for its fiscal year ended December 31, 2020.

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 20, 2021.

## **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 3, 2021 were consistent with those disclosed in Note 3 of the Corporation's audited consolidated financial statements for the year ended December 31, 2020.

#### **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 3, 2021.**

There were no new or revised accounting pronouncements that were issued and had mandatory effective dates of annual periods beginning on or after January 1, 2021.

##### **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 a possible 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.

###### *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.

###### *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.

#### *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.

#### *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

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

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.

**5. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES**

	As at	
	<b>April 3, 2021</b>	December 31, 2020
Receivables and accruals from contracts with customers	\$ 27,223	\$ 19,352
Receivables from contracts with related parties (Note 21)	-	237
Allowance for expected credit losses	(97)	(34)
Trade receivables, net	\$ 27,126	\$ 19,555
Lease receivables	269	266
Other current financial receivables	1,275	917
Other receivables	125	11
Total current trade receivables, net and other receivables	\$ 28,795	\$ 20,749
Non-current lease receivables	185	253
Total non-current trade receivables, net and other receivables	\$ 185	\$ 253
<b>Trade receivables, net and other receivables</b>	<b>\$ 28,980</b>	<b>\$ 21,002</b>

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	
	<b>April 3, 2021</b>	December 31, 2020
Opening balance	\$ 519	\$ 770
Interest income	4	22
Sublease payments received	(69)	(273)
Closing balance	\$ 454	\$ 519

Total cash inflow for leases included in lease receivables for the 13 weeks ended April 3, 2021 was \$0.1 million (13 weeks ended March 28, 2020 - \$0.1 million).



ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

## 6. INVENTORIES

	As at	
	April 3, 2021	December 31, 2020
Total inventories	\$ 60,830	\$ 57,617

The Corporation recognized write-downs of inventory to net realizable value of \$0.3 million for the 13 weeks ended April 3, 2021 (13 weeks ended March 28, 2020 - \$0.7 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 3, 2021. The Corporation reviewed its credit risk exposure related to contract assets as at April 3, 2021 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 3, 2021	
	Contract Assets	Contract Liabilities
Opening balance	\$ 31,116	\$ 17,156
Revenue recognized <sup>1</sup>	-	(3,827)
Cash received, excluding amounts recognized during the period	-	1,514
Transfers from contract liabilities to payables	-	(1,587)
Foreign exchange revaluation	(430)	(43)
Transfers from contract assets to receivables	(30,744)	-
Increases resulting from changes in the measure of progress <sup>1</sup>	27,542	2,177
Closing balance	\$ 27,484	\$ 15,390

<sup>1</sup> 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).

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

	As at December 31, 2020	
	Contract Assets	Contract Liabilities
Opening balance	\$ 11,778	\$ 64,294
Revenue recognized <sup>1</sup>	-	(58,037)
Cash received, excluding amounts recognized during the period	-	9,326
Transfers from contract liabilities to payables	-	(3,358)
Foreign exchange revaluation	(698)	72
Transfers from contract assets to receivables	(41,068)	-
Increases resulting from changes in the measure of progress <sup>1</sup>	61,104	4,859
Closing balance	\$ 31,116	\$ 17,156

<sup>1</sup> Revenue recognized includes \$1.5 million and increases resulting from changes in the measure of progress in contract liabilities includes \$1.0 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 3, 2021, approved short-term borrowings for working capital needs within this limit were not to exceed \$25 million (13 weeks ended March 28, 2020 - \$25 million) or the US dollar equivalent.

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 3, 2021 or December 31, 2020.

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 3, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 91,141	\$ 91,141	\$ 67,306	\$ 67,306
Trade receivables, net and other receivables	\$ 28,401	\$ 28,401	\$ 20,472	\$ 20,472
Derivative financial assets:				
Foreign currency forwards	\$ 9,568	\$ 9,568	\$ 8,579	\$ 8,579
<b>Financial Liabilities</b>				
Trade payables, other payables and accrued liabilities	\$ 57,997	\$ 57,997	\$ 44,452	\$ 44,452
Loan payable	\$ 6,006	\$ 6,000	\$ 6,004	\$ 6,000
Derivative financial liabilities:				
Foreign currency forwards	\$ 290	\$ 290	\$ 48	\$ 48
Interest rate swap	\$ 96	\$ 96	\$ 117	\$ 117

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 and cash equivalents are classified as level 1 of the fair value hierarchy as at April 3, 2021 and December 31, 2020. 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 3, 2021 and December 31, 2020. There were no transfers of financial instruments between levels for the 13 weeks ended April 3, 2021.

### **8.2.3 Classification and fair value techniques of financial instruments**

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

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

- i) The carrying amounts of cash and cash equivalents, trade receivables, net and other receivables and trade payables, other payable 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 loan 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.

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

*(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 3, 2021	December 31, 2020
<b>Derivative financial assets</b>		
Foreign currency forwards	\$ 9,568	\$ 8,579
	<b>\$ 9,568</b>	<b>\$ 8,579</b>
<b>Derivative financial liabilities</b>		
Foreign currency forwards	\$ 290	\$ 48
Interest rate swap	96	117
	<b>\$ 386</b>	<b>\$ 165</b>

### 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 responsibility for the establishment and oversight of the Corporation's financial risk management framework. The Audit Committee assists 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 cash equivalents 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 3, 2021 and December 31, 2020 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 financial trade receivables 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 financial trade receivables and other financial receivables by geographic regions was as follows:

	As at	
	April 3, 2021	December 31, 2020
Asia and Australia	\$ 17,037	\$ 12,302
Latin America and Caribbean	6,001	6,825
United States	4,066	612
Canada	1,151	688
Europe, Middle East and Africa	146	45
Total financial trade receivables, net and other financial receivables	\$ 28,401	\$ 20,472

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 3, 2021	December 31, 2020
Central and institutional banks	\$ 21,413	\$ 14,141
Consumers, dealers and others	6,661	5,075
Governments (including governmental departments and agencies)	327	1,256
Total financial trade receivables, net and other financial receivables	\$ 28,401	\$ 20,472

The Corporation established an allowance for ECLs based on a provision matrix that reflected the estimated impairment of financial trade receivables 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 3, 2021, the Corporation's rate of credit losses was less than 1% (2020 – less than 1%) of total financial trade receivables 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 and cash equivalents. 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 3, 2021	December 31, 2020
Cost	\$ 443,172	\$ 440,759
Accumulated depreciation and impairment	(294,597)	(290,628)
Net book value	\$ 148,575	\$ 150,131

### Net book value by asset class

	As at	
	April 3, 2021	December 31, 2020
Land and land improvements	\$ 3,057	\$ 3,058
Buildings and improvements	81,618	82,740
Equipment	62,300	63,302
Capital projects in process	1,600	1,031
Net book value	\$ 148,575	\$ 150,131

During the 13 weeks ended April 3, 2021, the Corporation acquired \$2.6 million (13 weeks ended March 28, 2020 - \$0.9 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 3, 2021 is a total accrual of \$1.2 million (December 31, 2020 - \$1.1 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 3, 2021.

### Intangible assets

	As at	
	April 3, 2021	December 31, 2020
Cost	\$ 38,076	\$ 37,477
Accumulated amortization and impairment	(32,945)	(32,375)
Net book value	\$ 5,131	\$ 5,102

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

During the 13 weeks ended April 3, 2021, the Corporation acquired \$0.6 million (13 weeks ended March 28, 2020 - \$0.4 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 3, 2021 is a total accrual of \$0.2 million (December 31, 2020 - \$0.2 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 3, 2021	December 31, 2020
Cost	\$ 9,753	\$ 9,753
Accumulated depreciation	(4,597)	(4,105)
Net book value	\$ 5,156	\$ 5,648

### Net book value by right-of-use asset class

	As at	
	April 3, 2021	December 31, 2020
Buildings	\$ 3,908	\$ 4,127
Equipment	1,248	1,521
Net book value	\$ 5,156	\$ 5,648

### Lease liabilities

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

As at April 3, 2021

	Buildings	Equipment	Total
Opening balance, January 1, 2021	\$ 5,003	\$ 1,571	\$ 6,574
Interest expense	43	13	56
Lease payments	(329)	(289)	(618)
Closing balance	\$ 4,717	\$ 1,295	\$ 6,012

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

As at December 31, 2020

		Buildings	Equipment	Total
Opening balance, January 1, 2020	\$	6,952	\$ 2,646	\$ 9,598
Interest expense		204	72	276
Lease payments		(2,012)	(1,175)	(3,187)
De-recognition		(141)	-	(141)
Renewal		-	28	28
Closing balance	\$	5,003	\$ 1,571	\$ 6,574

	As at	
	April 3, 2021	December 31, 2020
Buildings	\$ 1,164	\$ 1,159
Equipment	861	1,109
Current	\$ 2,025	\$ 2,268
Buildings	3,553	3,844
Equipment	434	462
Non-Current	\$ 3,987	\$ 4,306
Total lease liabilities	\$ 6,012	\$ 6,574

Total cash outflow for leases included in lease liabilities for the 13 weeks ended April 3, 2021 is \$0.6 million (13 weeks ended March 28, 2020 - \$0.8 million).

## 11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES

	As at	
	April 3, 2021	December 31, 2020
Trade payables	\$ 8,210	\$ 5,895
Employee compensation payables and accrued liabilities	26,334	24,616
Other current financial liabilities <sup>1</sup>	22,892	13,801
Other accounts payable and accrued liabilities	951	2,009
Payables from contracts due to related parties (Note 21)	422	-
Total current trade payables, other payables and accrued liabilities	\$ 58,809	\$ 46,321
Other non-current financial liabilities <sup>1</sup>	139	140
Total non-current trade payables, other payables and accrued liabilities	\$ 139	\$ 140
Trade payables, other payables and accrued liabilities	\$ 58,948	\$ 46,461

<sup>1</sup> Other financial liabilities include payables that are not trade in nature, as well as various operating and capital accruals.

ROYAL CANADIAN MINT  
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
13 WEEKS ENDED APRIL 3, 2021

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

## 12. PROVISIONS

The following table presents the changes in the provisions:

	As at	
	April 3, 2021	December 31, 2020
Opening balance	\$ 4,334	\$ 3,291
Additional provisions recognized	596	2,646
Payments	(438)	(499)
De-recognition of provisions	(2,226)	(870)
Revaluation loss (gain)	163	(234)
Closing balance	\$ 2,429	\$ 4,334

Provisions include the following:

	As at	
	April 3, 2021	December 31, 2020
Sales returns and warranty	\$ 1,691	\$ 3,548
Other provisions	738	786
Total provisions	\$ 2,429	\$ 4,334

	As at	
	April 3, 2021	December 31, 2020
Current portion	\$ 1,456	\$ 3,183
Non-current portion	973	1,151
Total provisions	\$ 2,429	\$ 4,334

## 13. FACE VALUE REDEMPTIONS LIABILITY

	As at	
	April 3, 2021	December 31, 2020
Face Value redemptions liability	\$ 177,461	\$ 177,685
Precious metal recovery	(57,642)	(63,699)
Face Value redemptions liability, net	119,819	113,986
Less: Current portion	(493)	(527)
Non-current Face Value redemptions liability, net	\$ 119,326	\$ 113,459

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

	As at	
	April 3, 2021	December 31, 2020
Opening balance	\$ 113,986	\$ 134,115
Redemptions, net	(146)	(658)
Revaluation	5,979	(19,471)
Closing balance	\$ 119,819	\$ 113,986

As at April 3, 2021 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 increase of \$6.0 million for the 13 weeks ended April 3, 2021 (13 weeks ended March 28, 2020 – an increase of \$6.3 million).

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.

#### **14. EMPLOYEE COMPENSATION AND BENEFITS**

##### **Pension benefits**

The Corporation made total contributions of \$2.1 million in the 13 weeks ended April 3, 2021 (13 weeks ended March 28, 2020 - \$1.9 million).

See Note 18 in the audited consolidated financial statements for the year ended December 31, 2020 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.

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

## 15. REVENUE

### 15.1 Revenue by performance obligation

	13 weeks ended	
	April 3, 2021	March 28, 2020
<b>Performance obligations satisfied at a point in time</b>		
Sale of goods	\$ 838,910	\$ 457,648
Rendering of services	10,642	5,525
Total revenue recognized at a point in time	\$ 849,552	\$ 463,173
<b>Performance obligations satisfied over time</b>		
Sale of goods	27,542	11,076
Rendering of services	25,753	24,122
Total revenue recognized over time	\$ 53,295	\$ 35,198
Total revenue	\$ 902,847	\$ 498,371

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 3, 2021	March 28, 2020
Gross revenue from the sale of goods	\$ 1,274,348	\$ 672,706
Less: Customer inventory deals	(407,896)	(203,982)
Net revenue from the sale of goods	\$ 866,452	\$ 468,724

### 15.2 Disaggregation of Revenue

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

Primary Geographic Regions	13 weeks ended	
	April 3, 2021	March 28, 2020
North America	\$ 588,715	\$ 263,106
Europe, Middle East and Africa	245,426	200,742
Asia and Australia	68,319	32,374
Latin America and Caribbean	387	2,149
Total revenue	\$ 902,847	\$ 498,371

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

<b>Program and Businesses</b>	13 weeks ended	
	<b>April 3, 2021</b>	March 28, 2020
Canadian Circulation program	\$ 20,927	\$ 21,746
Foreign Circulation	29,847	11,380
Total Circulation	50,774	33,126
Bullion Products and Services	820,538	443,928
Numismatics	31,535	21,317
Total Precious Metals	852,073	465,245
Total revenue	\$ 902,847	\$ 498,371

For the 13 weeks ended April 3, 2021 four (13 weeks ended March 28, 2020 – four) customers each made up 10% or more of the Corporation's revenue.

### 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 3, 2021:

	2021	2022	2023	Total
Total revenue	\$163,690	\$98,093	\$228	\$262,011

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	
	<b>April 3, 2021</b>	March 28, 2020
Depreciation of property, plant and equipment	\$ 4,058	\$ 3,726
Amortization of intangible assets	570	914
Depreciation of right-of-use assets	492	521
Total depreciation and amortization expenses	\$ 5,120	\$ 5,161

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

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

	13 weeks ended	
	April 3, 2021	March 28, 2020
Cost of sales	\$ 3,371	\$ 3,090
Marketing and sales expenses	626	743
Administration expenses	1,123	1,328
Total depreciation and amortization expenses	\$ 5,120	\$ 5,161

## 17. EMPLOYEE COMPENSATION EXPENSES

	13 weeks ended	
	April 3, 2021	March 28, 2020
<b>Included in cost of sales:</b>		
Salaries and wages including short-term employee benefits	\$ 7,889	\$ 7,454
Pension costs	1,214	1,068
Other long-term employee and post-employment benefits	643	583
Termination benefits	5	-
<b>Included in marketing and sales expenses:</b>		
Salaries and wages including short-term employee benefits	3,342	3,559
Pension costs	276	293
Other long-term employee and post-employment benefits	122	123
<b>Included in administration expenses:</b>		
Salaries and wages including short-term employee benefits	10,106	9,182
Pension costs	804	669
Other long-term employee and post-employment benefits	489	428
Termination benefits	22	149
Total employee compensation and benefits expense	\$ 24,912	\$ 23,508



ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

**18. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENSES, NET**

	13 weeks ended	
	April 3, 2021	March 28, 2020
Scientific research and experimental development expenses	\$ 1,236	\$ 1,225
Scientific research and experimental investment tax credit	(88)	(113)
Scientific research and experimental development expenses, net	\$ 1,148	\$ 1,112

The net expenses of scientific research and experimental development are included in the administration expenses in the condensed consolidated statement of comprehensive income.

**19. INCOME TAXES**

	13 weeks ended	
	April 3, 2021	March 28, 2020
Current income tax expense	\$ 6,297	\$ 2,602
Deferred income tax recovery	(1,726)	(2,745)
Income tax expense (recovery)	\$ 4,571	\$ (143)

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% (2020 – 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 3, 2021	March 28, 2020
Expenses		
Employee benefits expenses	\$ 2,294	\$ 2,019
Employee benefits paid	(2,087)	(1,933)
Inventory obsolescence adjustment	228	(755)
Provisions	(1,906)	40
Prepaid expenses	-	(451)
Loss on disposal of assets	130	-
Other non-cash expenses, net	(25)	153
Revenue		
Foreign circulation revenue	(5,143)	(2,661)
Bullion service revenue	(2,571)	(3,467)
Adjustments to other (revenue) expenses, net	\$ (9,080)	\$ (7,055)

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

*(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 3, 2021	March 28, 2020
Trade receivables, net and other receivables	\$ 23,145	\$ 17,081
Inventories	(24,659)	(12,574)
Prepaid expenses	(920)	(1,051)
Trade payables, other payables and accrued liabilities	11,126	5,186
Contract liabilities	1,514	10,036
Provisions	(438)	14
Net change in operating assets and liabilities	\$ 9,768	\$ 18,692

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

	13 weeks ended	
	April 3, 2021	March 28, 2020
Interest paid	\$ (30)	\$ (137)
Interest received	32	127
Interest received, net of interest paid	\$ 2	\$ (10)

## 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

ROYAL CANADIAN MINT  
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 13 WEEKS ENDED APRIL 3, 2021

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

governed by the terms outlined in the memorandum of understanding which is effective from January 1, 2018 to December 31, 2021.

The transactions with Department of Finance were as follows:

	13 weeks ended	
	April 3, 2021	March 28, 2020
Revenue	\$ 19,963	\$ 19,453

	As at	
	April 3, 2021	December 31, 2020
Trade receivable (Note 5)	\$ -	\$ 237
Trade payable (Note 11)	\$ 422	\$ -
Contract liability (Note 7)	\$ 450	\$ 174

During the 13 weeks ended April 3, 2021 and March 28, 2020, 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. As at April 3, 2021, the Corporation had \$21.6 million in outstanding precious metal purchase commitments (December 31, 2020 – \$21.0 million).

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

Ounces	As at	
	April 3, 2021	December 31, 2020
Gold	418,561	397,030
Silver	7,371,931	7,202,296
Platinum	7,512	9,211

The fees for these leases are based on the market value. The precious metal lease payments expensed for the 13 weeks ended April 3, 2021 were \$2.7 million (March 28, 2020 - \$0.5 million). The value of the metals under these leases is not reflected in the Corporation's condensed

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

consolidated financial statements as stated in note 3.2.5 of the audited consolidated financial statements for the year ended December 31, 2020.

## 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 up to one year depending on the applicable contract, while warranty guarantees can last up to five years. Bid bonds generally have a term of less than three 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 3, 2021, under the guarantees and bid bonds, the maximum potential amount of future payments was \$18.2 million (December 31, 2020 - \$16.3 million).

## 22.3 Other commitments and contingencies

As at April 3, 2021, the total estimated minimum remaining future commitments were as follows:

	2021	2022	2023	2024	2025	2026 and thereafter	Total
Other commitments	\$ 52,466	\$ 18,231	\$ 1,470	\$ 435	\$ 335	\$ 458	\$ 73,395
Base metal commitments	24,029	7,502	-	-	-	-	31,531
Capital commitments	5,769	-	-	-	-	-	5,769
Total	\$ 82,264	\$ 25,733	\$ 1,470	\$ 435	\$ 335	\$ 458	\$ 110,695

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 \$5.8 million as at April 3, 2021 (December 31, 2020 - \$4.3 million) in 2021 on capital projects.

ROYAL CANADIAN MINT  
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
13 WEEKS ENDED APRIL 3, 2021

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

---

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 \$0.7 million provision for potential legal obligations is included in other provisions (Note 12) as at April 3, 2021 (December 31, 2020 - \$0.8 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, 2020.