



Speaking Notes for

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Royal Canadian Mint

2024 Annual Public Meeting

Ottawa, Ontario

June 13, 2024

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I would like to advise everyone that certain comments being made today may contain forward-looking statements about the Mint's strategy and expected financial and operational results. Forward-looking statements are based on the assumption that there will be no change to the Mint's current mandate. The main risks are described in the Mint's Annual Report. These factors could cause actual results to differ materially from the expectations expressed or implied by the forward-looking statements.

I am pleased to provide highlights of our 2023 financial results, the evolution of our operating expenses and our outlook for 2024.

Overall, the Mint delivered 16.6 million dollars of profit in 2023, a decrease of 18.3 million dollars from last year. This was due to a significant decline in global demand for bullion products in the second half of 2023, combined with a planned higher level of operating expenses to support the Mint's on-going operations, including collective bargaining agreement outcomes, and digital program and business transformation initiatives. Profit before taxes and other items, a non-GAAP measure that the Mint uses to measure its operational performance, was 24.1 million dollars in 2023, coming in only 1.4 million dollars from the financial goal for 2023 as outlined in the Mint's 2023-2027 Corporate Plan.

So, now, let's look at how each line of business fared during the year.

Canadian Circulation revenue decreased 8% in 2023 to 88.3 million dollars. The decrease was mainly from lower volumes of circulation coins sold to the Department of Finance as less coins were required to replenish inventories and ensure an adequate supply. In fact, this is due to an increase in deposits with the financial institutions and an increase in recycled coins from the coin recycling programs.

Overall demand for coins remained constant at 2.1 billion coins.

Foreign Circulation business revenue was 27.6 million dollars, down 56% from 62.6 million dollars in 2022 which reflects an 18% decrease in volumes produced and shipped year over year. Foreign circulation contract opportunities were limited in 2023 as a result of high inflation placing downward pressure on the procurement budgets of Central Banks.

Other than circulation coins, the Mint also operates in the Precious Metals sector.

In the precious metals space, the Mint's collaboration across the mining and financial sectors helped it achieve sustained growth and profitability. In spite of market volatility affecting demand for bullion products, the Mint broke a record for the total volume of gold refined at its Ottawa facility. Partly the result of maintaining strategic support to Canada's mining and financial sectors, it was also the outcome of proactive efforts to engage with new, like-minded refining customers who value responsible metal sourcing and share common ESG values.

The Bullion Products and Services business revenues decreased from 3.0 billion dollars in 2022 to 2.0 billion dollars in 2023. Net sales volumes for gold bullion products decreased 34%, while silver bullion product sales net volumes decreased 37%. The average market price of gold increased 8% compared to 2022, while silver increased 7%.

Numismatics revenue increased 20% from 117.7 million dollars in 2022 to 140.7 million dollars in 2023. The increase in revenue was attributable to the great interest in the late *Queen Elizabeth II's Reign* and His Majesty *King Charles III Coronation* products, which contributed to the sharpest revenue growth of the last two years.

In addition, operating expenses increased 8% to 135.0 million dollars, compared to 2022 due to planned increases to support the digital program and business transformation as well as employee compensation to support on-going operations.

At this point, I want to say that the Mint met the prescribed 5% reduction in consulting, professional services and travel expenses, as requested by the Department of Finance as part of the government spending reductions announced in 2023.

Cash used to fund capital projects increased to 32.0 million from 22.5 million in 2022, driven by the ongoing strategic investments in production equipment for the Winnipeg and Ottawa plants. I am proud to announce that in January 2024, the Mint declared and paid a dividend of 4 million dollars to the Government of Canada with respect to 2023.

Based on public accounts for the year ended March 31, 2023, the Mint also supported the Government of Canada in earning more than 36 million dollars in seigniorage, on its sales of coins to financial institutions, through the efficient management of the coin supply.

Now, that I have presented our 2023 results, I will provide some insights on 2024.

Looking forward, the Mint's financial goal for 2024 is profit before taxes and other items of 8.8 million dollars. The Mint is also committed to meeting the required government spending reductions in its 2024 operating expenses, including a 15% reduction in consulting, professional services and travel expenses, and a 0.8% reduction in all other operating expenses. In the first quarter of 2024, the Mint's profit before taxes and other items was 4.8 million dollars compared to 17.3 million dollars in the first quarter of 2023.

In 2024, the Mint will continue to evolve its circulation business, ensuring Canada's coin ecosystem remains tightly connected and able to support Canadians' trade and commerce needs into the future, while capitalizing on international demand for higher value bi-metallic coins through its foreign opportunities. The Mint is also focusing on investments to enhance its precious metals capacity while maintaining focused numismatic offerings.

In all areas, the Mint aims to deliver sustainable economic value for Canada in ways that are both socially and environmentally responsible, from its training practices and operational controls to its research and development investments. The Mint continues to monitor events around the globe and their impact on the global supply chain and logistics network. To that effect, the Mint identifies contingency plans when required in order to support the business.

Thank you.