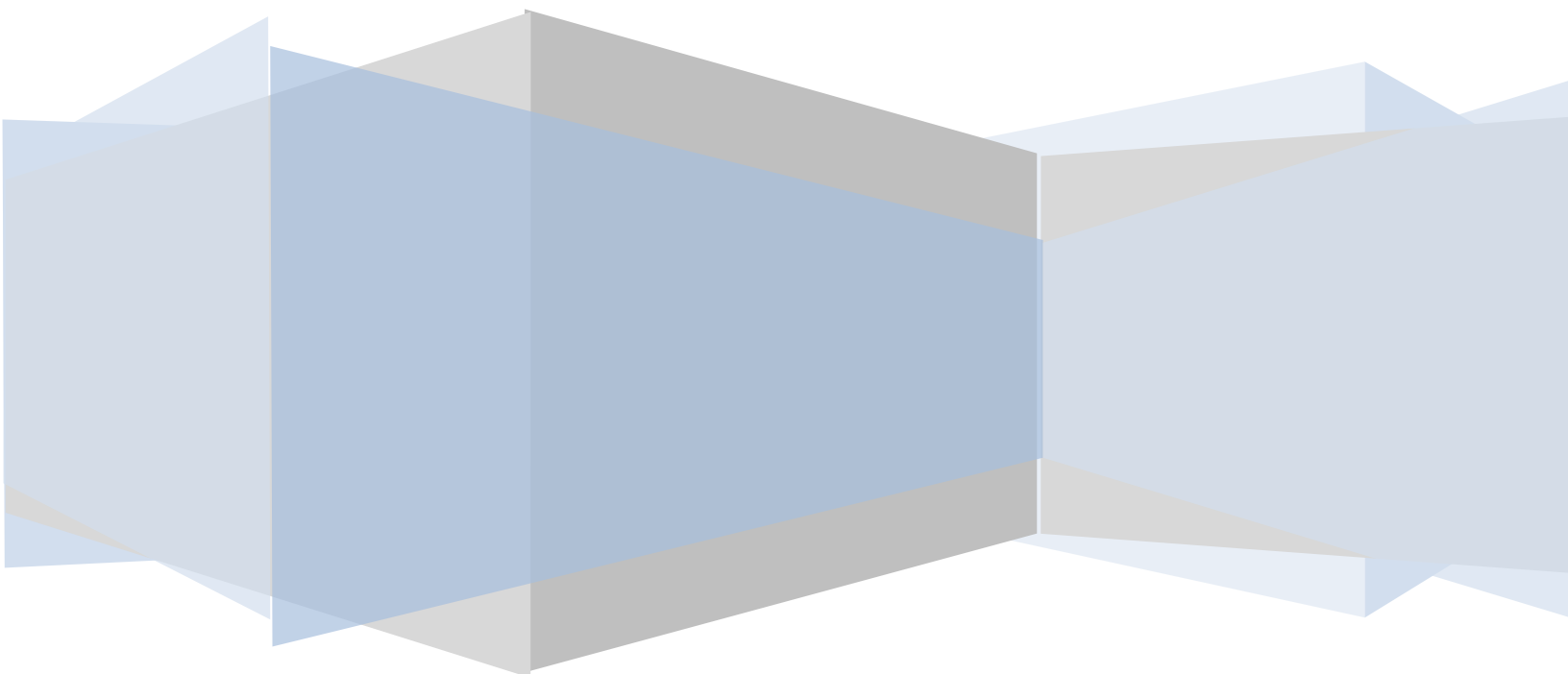


# Quarter 2 Financial Report

For the period ended September 30, 2022

<b>INTRODUCTION .....</b>	<b>1</b>
<b>CIC CONSOLIDATED MANAGEMENT DISCUSSION &amp; ANALYSIS .....</b>	<b>3</b>
<b>CIC CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS .....</b>	<b>9</b>
<b>CIC SEPARATE MANAGEMENT DISCUSSION &amp; ANALYSIS.....</b>	<b>22</b>
<b>CIC CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS.....</b>	<b>26</b>



## Introduction

Crown Investments Corporation of Saskatchewan (CIC) is the Provincial Government's holding corporation for its commercial Crown corporations. CIC has invested equity in its subsidiary corporations and collects dividends from these corporations.

The purpose of the following discussion is to provide users of CIC's financial statements with an overview of its financial health. This narrative on CIC's 2022-23 second quarter financial results should be read in conjunction with the March 31, 2022 audited consolidated and separate financial statements. The accounting policies and methods of computation used in the preparation of the unaudited condensed separate and consolidated interim financial statements are consistent with those disclosed in CIC's March 31, 2022 audited separate and consolidated financial statements.

To facilitate greater transparency and accountability, CIC prepares two different sets of financial statements: CIC's consolidated financial statements that report on the commercial Crown sector; and CIC's separate financial statements that reflect its role as a holding corporation for the Province.

## CIC Consolidated Financial Statements

CIC's consolidated financial statements include CIC's results consolidated with the results of its subsidiary corporations. The unaudited condensed consolidated interim financial statements (herein after referred to as the "consolidated financial statements") are prepared in accordance with International Financial Reporting Standards (IFRS) and include:

Financial results of subsidiary Crown corporations:

SaskEnergy Incorporated (SaskEnergy)  
Saskatchewan Gaming Corporation (SGC)  
Saskatchewan Government Insurance (SGI CANADA)  
Saskatchewan Water Corporation (SaskWater)

Saskatchewan Power Corporation (SaskPower)  
Saskatchewan Telecommunications  
Holding Corporation (SaskTel)

Financial results of CIC Asset Management Inc. (CIC AMI), a wholly owned subsidiary share capital corporation;  
Dividends paid by CIC to the General Revenue Fund (GRF); and,  
CIC's operating costs, public policy expenditures, interest earned on cash and cash equivalents, and equity earnings on equity accounted investees.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-group transactions (i.e., revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

## CIC Separate Financial Statements

CIC's separate financial statements represent CIC's earnings as the shareholder of the Saskatchewan commercial Crown sector. They assist CIC in determining its capacity to pay dividends to the Province's GRF. The unaudited condensed separate interim financial statements have been prepared in accordance with IAS 27 - *Separate Financial Statements* and IAS 34 - *Interim Financial Reporting* at the request of the Saskatchewan Legislative Assembly. These financial statements are intended to isolate CIC's cash-flow, capital support for certain subsidiary corporations, and public policy expenditures. These financial statements include:

- Dividends from subsidiary Crown corporations;
- Dividends from the Corporation's investment in Information Services Corporation; and
- CIC's operating results and public policy expenditures.

# CIC CONSOLIDATED FINANCIAL STATEMENTS

---

# CIC Consolidated Management Discussion & Analysis

## Preface

Management's Discussion & Analysis (MD&A) highlights the primary factors that have an impact on the consolidated financial results and operations of CIC. It should be read in conjunction with CIC's condensed consolidated financial statements and supporting notes for the period ended September 30, 2022. These consolidated financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*.

The consolidated financial statements do not include all the disclosures included in CIC's annual audited consolidated financial statements. Accordingly, these consolidated financial statements should be read in conjunction with CIC's March 31, 2022 audited consolidated financial statements. The accounting policies and methods of computation used in the preparation of these consolidated financial statements are consistent with those disclosed in CIC's March 31, 2022 audited consolidated financial statements.

For purposes of CIC's consolidated MD&A, "CIC" and "the Corporation" refers to the consolidated entity.

## Forward-Looking Information

Throughout the quarterly report, and particularly in the following discussion, forward-looking statements are made. These statements can be recognized by terms such as "outlook," "expect," "anticipate," "project," "continue," or other expressions that relate to estimations or future events. By their nature, forward-looking statements require assumptions based on current information, management experience and historical performance. Forward-looking information is subject to uncertainties, and, as a result, forward-looking statements are not a guarantee about the future performance of CIC and its subsidiary Crown corporations.

Readers should not place undue reliance on forward-looking statements, as several factors could cause actual results to differ materially from estimates, predictions and assumptions. Factors that can influence performance include, but are not limited to: global pandemics, weather conditions, commodity markets, general economic and geo-political conditions, interest and exchange rates, competition and the regulatory environment. Given these uncertainties, assumptions contained in the forward-looking statements may or may not occur.

## A Closer View of CIC's Holdings

CIC is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are associates and joint operations, held through CIC's wholly-owned subsidiaries.

The following table lists significant wholly owned subsidiaries, including the respective business line, which CIC consolidates in its financial statements:

Type	Investment	Major Business Line
Utilities	Saskatchewan Power Corporation (SaskPower)	Electricity
	Saskatchewan Telecommunications Holding Corporation (SaskTel)	Information and Communications Technology
	SaskEnergy Incorporated (SaskEnergy)	Natural Gas Storage and Delivery
	Saskatchewan Water Corporation (SaskWater)	Water and Wastewater Management
Insurance	Saskatchewan Government Insurance (SGI CANADA)	Property and Casualty Insurance
Entertainment	Saskatchewan Gaming Corporation (SGC)	Entertainment
Investment and Economic Growth	CIC Asset Management Inc. (CIC AMI)	Investments

## Consolidated Net (Loss) Earnings

Subsidiary Corporation (Loss) Earnings (millions of dollars) (unaudited)	For the six months ended	
	September 30 2022	September 30 2021
SaskTel	\$ 54.2	\$ 56.1
SaskEnergy	24.8	27.3
SGC	10.9	3.1
SaskWater	5.8	5.9
CIC AMI	1.1	-
SOCO <sup>1</sup>	-	0.7
SGI CANADA	(70.3)	51.8
SaskPower	(96.9)	12.8
CIC (Separate)	45.9	66.9
Consolidation adjustments <sup>2</sup>	(45.7)	(71.2)
<b>Net (loss) earnings</b>	<b>\$ (70.2)</b>	<b>\$ 153.4</b>

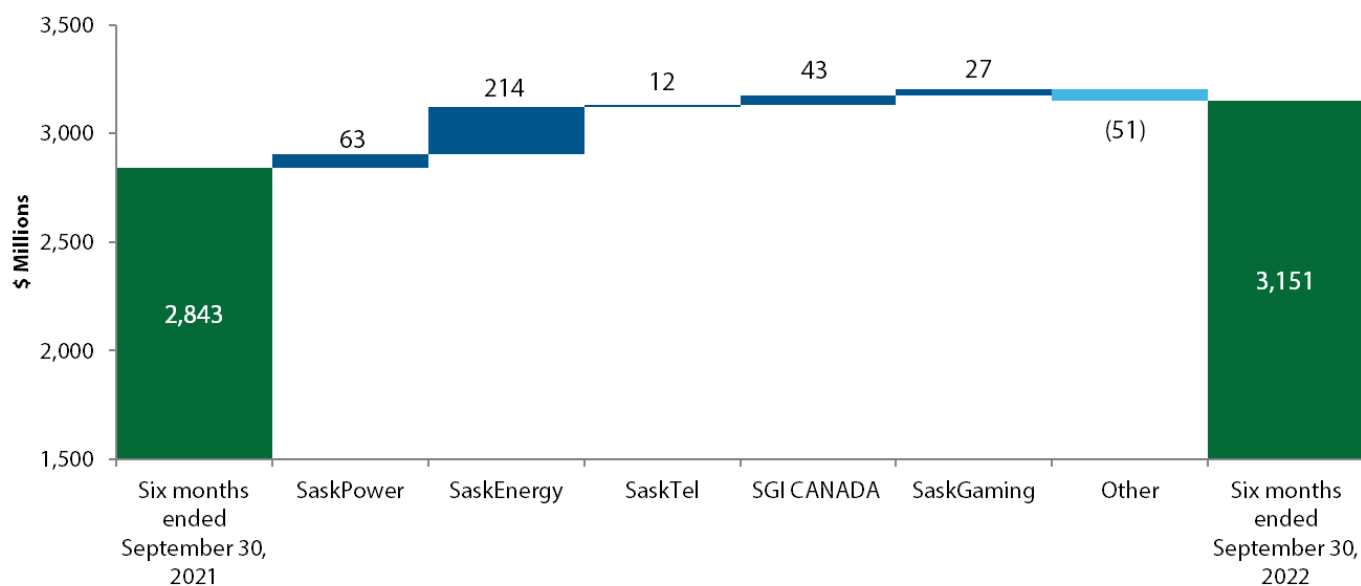
<sup>1</sup> On March 23, 2022, the Government of Saskatchewan announced the creation of a single innovation agency in the province by moving SOCO under the authority of Innovation Saskatchewan. The change was effective April 1, 2022 and SOCO's assets, liabilities, and equity were transferred.

<sup>2</sup> Consolidation adjustments reflect the elimination of all inter-entity transactions, such as revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC.

The Corporation's consolidated net loss for the six months ended September 30, 2022, was \$70.2 million (2021 - \$153.4 million earnings), a decrease of \$223.6 million compared to the same period in 2021. Lower earnings were experienced at SGI CANADA and SaskPower. A more detailed discussion of net loss is included on the pages following.

## Analysis of Consolidated Revenues and Expenses

### Changes in Revenue



Revenue for the six months ended September 30, 2022, was \$3,150.6 million (2021 - \$2,842.7 million excluding SOCO), a \$307.9 million increase over the same period in 2021 primarily related to increases at SaskPower, SaskEnergy, and SGI CANADA.

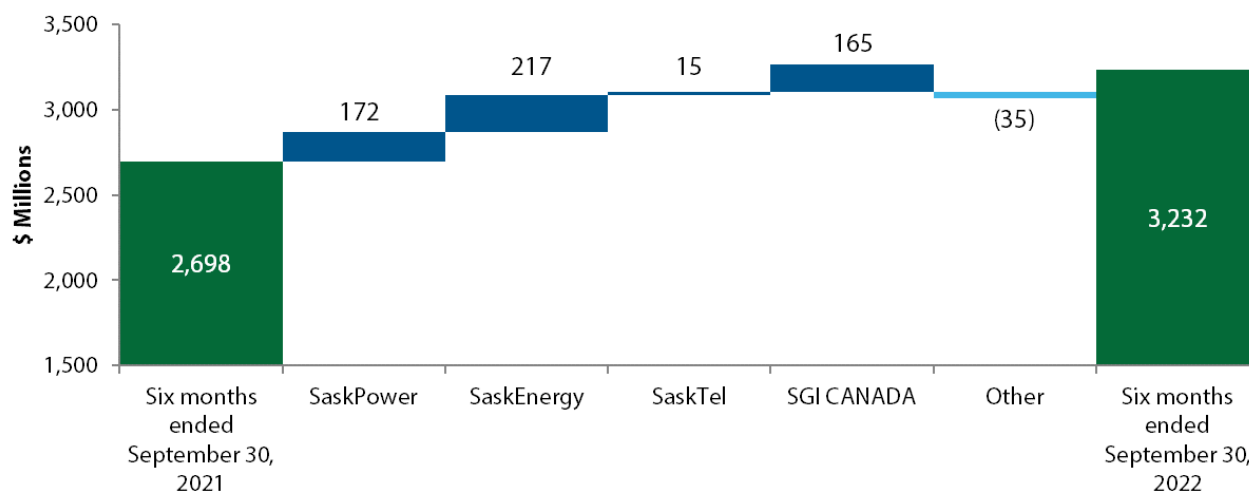
SaskPower revenue increased \$62.6 million primarily due to higher Saskatchewan electricity sales. This was primarily due to increased demand from the pipeline sector, as well as a 4.0 per cent system average rate increase effective September 1, 2022.

## Analysis of Consolidated Revenues and Expenses *(continued)*

SaskEnergy revenue increased by \$214.0 million primarily due to more opportunities to purchase and sell natural gas in the market to generate earnings. SaskEnergy utilizes its off-peak transportation and storage capacity to find opportunities in the market to take advantage of natural gas pricing differentials. Also contributing to the increase was favourable non-cash market value adjustments on natural gas contracts.

SGI CANADA revenue increased \$43.0 million primarily due to customer growth in jurisdictions outside of Saskatchewan, as well as inflationary rate increases on Saskatchewan policies, consistent with industry.

### Changes in Total Operating Expenses and Net Finance Expense



Total operating expenses and net finance expenses for the six months ended September 30, 2022, were \$3,231.7 million (2021 - \$2,697.5 million excluding SOCO), a \$534.2 million increase from the same period in 2021 primarily related to increases at SaskPower, SaskEnergy, and SGI CANADA.

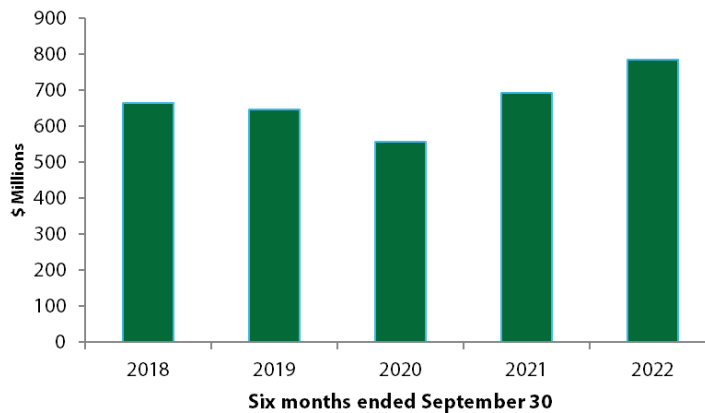
Total operating and net finance expenses increased at SaskPower by \$172.3 million primarily due to higher natural gas and coal prices and increased generation volumes to meet higher demand. A greater proportion of generation was also from more expensive renewable fuel sources to help reduce the federal carbon charge (the carbon charge is costlier than the incremental cost of generating with renewables) and meet long-term emission goals. Increased maintenance due to the timing of overhaul activities and storm activity also contributed to the increase.

Total operating and net finance expenses increased at SaskEnergy by \$216.5 million primarily due to more opportunities to purchase and sell natural gas in the market to generate earnings. SaskEnergy utilizes its off-peak transportation and storage capacity to find opportunities in the market to take advantage of natural gas pricing differentials. Unfavourable non-cash market value adjustments on natural gas contracts also contributed to the difference.

Total operating and net finance expenses increased at SGI CANADA by \$165.1 million. Net finance expense includes investment earnings and losses. Year over year investment earnings have declined and therefore have less of an impact on offsetting finance expenses. Equity returns were negative this year, while increases in interest rates generated losses on fixed income investments. Higher claims also contributed to the increase, largely due to higher Saskatchewan storm claims and more drivers on the road in jurisdictions outside of Saskatchewan as COVID-19 restrictions lift.

## Analysis of Consolidated Capital Resources

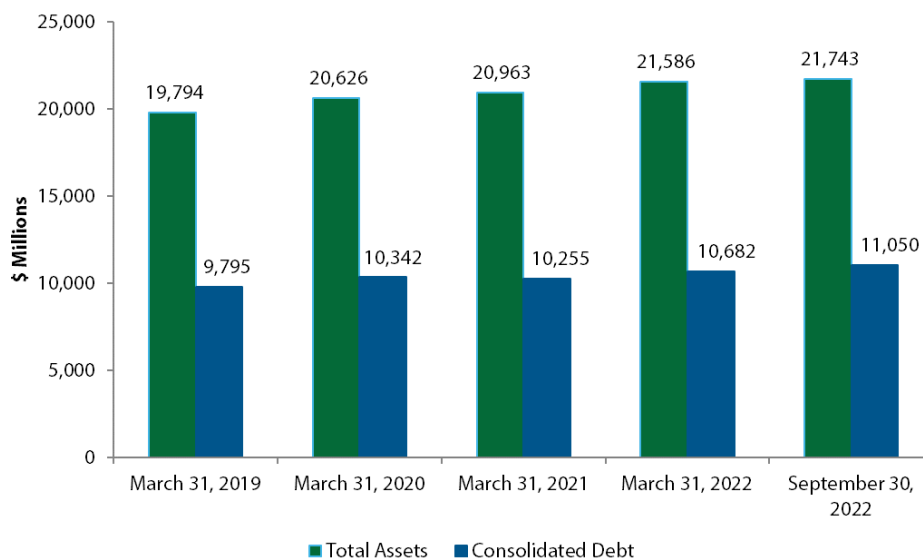
### Capital Spending



For the six months ended September 30, 2022, property, plant and equipment, intangible asset and investment property purchases were \$784.0 million (2021 - \$692.6 million), a \$91.4 million increase from the same period in 2021. Major capital expenditures included:

- \$496.2 million at SaskPower related to its Logistics Warehouse Complex and the Great Plains Power Station in Moose Jaw, connecting customers to the electricity system, increasing capacity, and sustaining transmission and distribution infrastructure;
- \$172.9 million at SaskTel on Fibre to the Premises, 5G network modernization, wireless network enhancements, and basic network growth and enhancements; and
- \$96.1 million at SaskEnergy primarily related to customer connections, system expansions to meet customer growth including the Moose Jaw supply project and spending to ensure the safety and integrity of its extensive distribution and transmission systems.

### Consolidated Debt



Consolidated debt at September 30, 2022, was \$11,050.3 million (March 31, 2022 - \$10,682.2 million), a \$368.1 million increase from March 31, 2022. The increase is primarily due to additional debt used to fund most of the Crown capital expenditures during the period.

## Analysis of Consolidated Capital Resources *(continued)*

### Liquidity and Capital Resources

CIC and its subsidiary Crowns finance capital requirements through internally generated cash flow and borrowing. The GRF borrows in capital markets on behalf of Crowns. The GRF has sufficient access to capital markets for anticipated borrowing requirements.

#### Province of Saskatchewan Credit Ratings on Long-Term Debt as at September 30, 2022

Moody's Investor Service	Aa1
Standard & Poor's	AA
Dominion Bond Rating Service	AA (low)

### Operating, Investing and Financing Activities

Cash Flow Highlights (millions of dollars) (unaudited)	For the six months ended	
	September 30 2022	September 30 2021
Net cash from operating activities	\$ 465.4	\$ 777.6
Net cash used in investing activities	(765.9)	(747.6)
Net cash from financing activities	<u>255.9</u>	<u>46.0</u>
Net change in cash and cash equivalents	<u>\$ (44.6)</u>	<u>\$ 76.0</u>

Net cash from operating activities for the six months ended September 30, 2022, was \$465.4 million (2021 - \$777.6 million). The \$312.2 million decrease is primarily due to lower Crown earnings, unfavourable changes in non-cash working capital balances, and higher interest costs due to increasing debt balances and higher interest rates.

Net cash used in investing activities for the six months ended September 30, 2022, was \$765.9 million (2021 - \$747.6 million). The \$18.3 million increase in cash used is primarily due to higher capital spending as the economy continues to recover from the COVID-19 pandemic, partially offset by the receipt of a \$93.5 million payment from Innovation Saskatchewan for the transfer of SOCO.

Net cash from financing activities for the six months ended September 30, 2022, was \$255.9 million (2021 - \$46.0 million). The \$209.9 million increase is primarily due to increased net borrowing for capital requirements as well as lower dividends paid to the GRF due to lower Crown earnings. This was partially offset by CIC's \$93.5 million equity repayment to the GRF from proceeds on the transfer of SOCO to Innovation Saskatchewan.

### Debt Management

CIC and its subsidiary Crowns prudently manage debt to maintain and enhance financial flexibility. The CIC Board has approved debt ratio targets for CIC and its commercial subsidiaries that take into account their individual circumstances and industry benchmarks.



## Outlook and Key Factors Affecting Performance

The Corporation's outlook for net earnings is highly dependent upon the performance and management of the subsidiary corporations. Earnings expectations are also subject to many variables including global pandemics, weather conditions, commodity markets, general economic and geopolitical conditions, interest and exchange rates, competition, and regulatory environments. Earnings are largely driven by utility Crowns that have stable or growing customer demand and rates that are set in accordance with commercial principles. The Corporation anticipates significant ongoing challenges including maintaining and expanding utility infrastructure at SaskPower, SaskEnergy and SaskWater as well as adapting to any regulatory changes; keeping pace with industry technological change and competition at SaskTel and SGI CANADA; and claims related to severe storms at SGI CANADA. Significant capital expenditures in these companies are expected in the medium term.

In addition, continued volatility in financial markets may further affect valuation of pension liabilities, provisions, portfolio investments, and natural gas price management instruments and inventory.

**Crown Investments Corporation of Saskatchewan**  
**Condensed Consolidated Interim Statement of Financial Position**  
**(thousands of dollars)**

	Note	(Unaudited) September 30 2022	(Audited*) March 31 2022
<b>ASSETS</b>			
Current			
Cash and cash equivalents	\$	145,690	\$ 173,442
Short-term investments		110,635	89,386
Short-term investments under securities lending program		106,890	107,137
Accounts receivable		1,131,044	1,085,208
Derivative financial assets		168,901	157,679
Inventories		430,840	321,896
Prepaid expenses		286,650	277,479
Contract assets and costs		89,394	96,368
Assets held-for-sale	6	2,237	190,172
		<b>2,472,281</b>	2,498,767
Investments		1,692,172	1,944,706
Investments under securities lending program		467,487	253,894
Contract assets and costs		77,293	83,608
Investments in equity accounted investees		117,615	114,223
Property, plant and equipment		15,789,423	15,525,452
Right-of-use assets		563,479	594,187
Intangible assets		536,766	550,147
Other assets		26,300	21,194
		<b>\$ 21,742,816</b>	\$ 21,586,178
<b>LIABILITIES AND PROVINCE'S EQUITY</b>			
Current			
Trade and other payables	\$	1,146,770	\$ 1,122,950
Derivative financial liabilities		33,144	48,859
Notes payable		1,332,782	1,143,752
Deferred revenue		702,978	620,060
Provisions		377,289	339,530
Lease liabilities		62,090	58,564
Long-term debt due within one year		150,000	256,320
Contract liabilities		99,121	87,663
Liabilities held-for-sale	6	-	60,933
		<b>3,904,174</b>	3,738,631
Provisions		917,282	939,894
Lease liabilities		942,158	967,042
Long-term debt		9,567,491	9,228,180
Contract liabilities		155,543	158,661
Employee future benefits		125,363	157,609
Other liabilities		53,538	45,994
		<b>15,665,549</b>	15,236,011
Equity advances		538,389	631,889
Retained earnings		5,334,527	5,511,486
Accumulated other comprehensive income	8	204,351	206,792
		<b>6,077,267</b>	6,350,167
		<b>\$ 21,742,816</b>	\$ 21,586,178

Commitments and contingencies 9  
(See accompanying notes)

\*As presented in the audited March 31, 2022 consolidated financial statements.

**Crown Investments Corporation of Saskatchewan**  
**Condensed Consolidated Interim Statement of Comprehensive (Loss) Income**  
**For the Period**  
**(thousands of dollars)**  
**(unaudited)**

Note	July 1 to September 30 2022	July 1 to September 30 2021	April 1 to September 30 2022	April 1 to September 30 2021
<b>INCOME FROM OPERATIONS</b>				
Revenue	\$ 1,592,570	\$ 1,438,435	\$ 3,150,591	\$ 2,842,693
Other income	1,979	1,507	5,011	2,504
	<b>1,594,549</b>	<b>1,439,942</b>	<b>3,155,602</b>	<b>2,845,197</b>
<b>EXPENSES</b>				
Operating	933,081	745,112	1,848,719	1,427,968
Salaries, wages and short-term employee benefits	220,679	213,975	460,960	437,580
Employee future benefits	18,027	15,830	34,748	32,170
Depreciation and amortization	246,537	250,735	493,241	497,861
(Gain) loss on disposal of property, plant and equipment	(997)	8,988	6,693	13,459
Impairment (reversals) losses	(852)	222	(799)	225
(Recovery of) provision for decommissioning and environmental remediation	(2,160)	12	(2,160)	12
Saskatchewan taxes and fees	49,692	45,268	99,085	87,563
	<b>1,464,007</b>	<b>1,280,142</b>	<b>2,940,487</b>	<b>2,496,838</b>
	<b>130,542</b>	<b>159,800</b>	<b>215,115</b>	<b>348,359</b>
<b>RESULTS FROM OPERATING ACTIVITIES</b>				
Finance income (loss)	9,343	28,181	(21,634)	65,507
Finance expenses	(136,143)	(138,429)	(269,598)	(266,170)
	<b>(126,800)</b>	<b>(110,248)</b>	<b>(291,232)</b>	<b>(200,663)</b>
<b>NET FINANCE EXPENSES</b>				
Share of net earnings from equity accounted investees	2,392	2,999	5,888	5,003
	<b>6,134</b>	<b>52,551</b>	<b>(70,229)</b>	<b>152,699</b>
<b>NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS</b>				
Net earnings from discontinued operations	6	-	98	687
	<b>6,134</b>	<b>52,649</b>	<b>(70,229)</b>	<b>153,386</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Defined benefit plan actuarial (losses) gains	(2,110)	19,747	31,054	22,750
Unrealized gains (losses) on sinking funds	6,322	(15,258)	(34,049)	2,930
Unrealized gains on cash flow hedges	428	24,422	42	39,808
Amounts amortized to net earnings and included in net finance expenses	115	115	230	229
	<b>4,755</b>	<b>29,026</b>	<b>(2,723)</b>	<b>65,717</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>				
<b>ATTRIBUTABLE TO THE PROVINCE</b>				
<b>OF SASKATCHEWAN</b>	<b>\$ 10,889</b>	<b>\$ 81,675</b>	<b>\$ (72,952)</b>	<b>\$ 219,103</b>

(See accompanying notes)

**Crown Investments Corporation of Saskatchewan**  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**For the Period**  
**(thousands of dollars)**  
**(unaudited)**

**Attributable to the Province of Saskatchewan**

	<b>Equity Advances</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Note 8)</b>	<b>Total Equity</b>
<b>Balance at April 1, 2021</b>	\$ 808,889	\$ 5,300,447	\$ 121,318	\$ 6,230,654
Total comprehensive income	-	153,386	65,717	219,103
Dividends to GRF	-	(110,000)	-	(110,000)
<b>Balance at September 30, 2021</b>	\$ 808,889	\$ 5,343,833	\$ 187,035	\$ 6,339,757
<b>Balance at October 1, 2021</b>	\$ 808,889	\$ 5,343,833	\$ 187,035	\$ 6,339,757
Total comprehensive income	-	207,653	19,757	227,410
Dividends to GRF	-	(40,000)	-	(40,000)
Equity repayments to the GRF	(177,000)	-	-	(177,000)
<b>Balance at March 31, 2022</b>	\$ 631,889	\$ 5,511,486	\$ 206,792	\$ 6,350,167
<b>Balance at April 1, 2022</b>	\$ 631,889	\$ 5,511,486	\$ 206,792	\$ 6,350,167
Transfer of SOCO to Innovation Saskatchewan (Note 6)	-	(34,730)	282	(34,448)
Total comprehensive loss	-	(70,229)	(2,723)	(72,952)
Dividends to GRF	-	(72,000)	-	(72,000)
Equity repayments to the GRF	(93,500)	-	-	(93,500)
<b>Balance at September 30, 2022</b>	\$ 538,389	\$ 5,334,527	\$ 204,351	\$ 6,077,267

(See accompanying notes)

**Crown Investments Corporation of Saskatchewan**  
**Condensed Consolidated Interim Statement of Cash Flows**  
**For the Period**  
**(thousands of dollars)**  
**(unaudited)**

Note	April 1 to September 30 2022	April 1 to September 30 2021
<b>OPERATING ACTIVITIES</b>		
Net (loss) earnings	\$ (70,229)	\$ 153,386
Adjustments to reconcile net earnings to cash from operating activities	10 <b>749,094</b>	653,281
	<b>678,865</b>	806,667
Net change in non-cash working capital balances related to operations	<b>74,321</b>	230,453
SOCO cash transferred to Innovation Saskatchewan	6 <b>(16,812)</b>	-
Interest paid	<b>(262,184)</b>	(257,012)
Income taxes paid	<b>(8,751)</b>	(2,471)
<b>Net cash from operating activities</b>	<b>465,439</b>	777,637
<b>INVESTING ACTIVITIES</b>		
Interest received	<b>13,054</b>	12,180
Dividends received	-	170
Purchase of investments	<b>(754,722)</b>	(559,677)
Proceeds from sale and collection of investments	<b>759,351</b>	523,724
Purchase of property, plant and equipment	<b>(763,657)</b>	(653,229)
Proceeds from (costs related to) the sale of property, plant and equipment	<b>359</b>	(2,333)
Purchase of intangible assets	<b>(20,297)</b>	(36,514)
Purchase of investment property	-	(2,832)
Decrease (increase) in other assets	<b>47</b>	(29,104)
<b>Net cash used in investing activities</b>	<b>(765,865)</b>	(747,615)
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in notes payable	<b>189,030</b>	(64,065)
Increase (decrease) in other liabilities	<b>8,278</b>	(956)
Debt proceeds from the GRF	<b>491,716</b>	301,527
Debt repayments to the GRF	<b>(256,320)</b>	-
Debt repayments to other lenders	<b>(282)</b>	(254)
Principal repayments of lease liabilities	<b>(23,592)</b>	(20,605)
Sinking fund instalments	<b>(59,302)</b>	(59,669)
Sinking fund redemptions	<b>71,834</b>	-
Equity repayments	<b>(93,500)</b>	-
Dividends paid	<b>(72,000)</b>	(110,000)
<b>Net cash from financing activities</b>	<b>255,862</b>	45,978
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD</b>	<b>(44,564)</b>	76,000
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>190,254</b>	334,332
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 145,690</b>	\$ 410,332
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ <b>145,690</b>	\$ 411,037
Bank indebtedness	-	(705)
	<b>\$ 145,690</b>	\$ 410,332

(See accompanying notes)

**Crown Investments Corporation of Saskatchewan**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**September 30, 2022**  
**(unaudited)**

## **1. General information**

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 – 2400 College Avenue, Regina, SK, S4P 1C8. The condensed consolidated interim financial statements of CIC comprise CIC and its subsidiaries (collectively referred to as "CIC" or "the Corporation") and CIC's interest in associates and joint operations with principal activities as described in Note 4 (a).

The results included in these condensed consolidated interim financial statements should not be taken as indicative of the performance to be expected for a full fiscal year due to the seasonal nature of corporate operations.

## **2. Basis of preparation**

### **a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and accordingly should be read in conjunction with the March 31, 2022 audited consolidated financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on December 6, 2022.

### **b) Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Canadian dollars, which is CIC's functional currency.

## **3. Application of revised accounting standards**

Certain new standards, interpretations, and amendments to existing standards, effective for annual periods beginning on or after January 1, 2022, have been applied in preparing these interim condensed consolidated financial statements.

There was no material impact to the interim financial statements upon adoption of these new standards, interpretations, and amendments.

## **4. Significant accounting policies**

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those disclosed in CIC's March 31, 2022 audited consolidated financial statements, except as described in Note 3.

#### **4. Significant accounting policies** *(continued)*

The accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements and have been consistently applied by CIC's subsidiaries.

##### **a) Basis of consolidation**

###### **Subsidiaries**

Saskatchewan provincial Crown corporations are either designated as subsidiary Crown corporations of CIC or created as CIC Crown corporations under *The Crown Corporations Act, 1993 (The Act)*. *The Act* assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, the Corporation also consolidates the accounts of a wholly-owned share capital subsidiary CIC Asset Management Inc. (CIC AMI), which is domiciled in Canada.

Unaudited condensed separate interim financial statements for CIC have been prepared to show the financial position and results of operations of the corporate entity. In addition, condensed interim financial statements for each of the undernoted Crown corporations, which are consolidated in these financial statements, are prepared and released publicly:

###### **Wholly-owned subsidiaries domiciled in Canada**

Saskatchewan Power Corporation (SaskPower)  
 Saskatchewan Telecommunications Holding Corporation (SaskTel)  
 SaskEnergy Incorporated (SaskEnergy)  
 Saskatchewan Water Corporation (SaskWater)  
 Saskatchewan Government Insurance (SGI CANADA)  
 Saskatchewan Gaming Corporation (SGC)<sup>1</sup>

###### **Principal activity**

Electricity  
 Information and communications technology  
 Natural gas storage and delivery  
 Water and wastewater management  
 Property and casualty insurance  
 Entertainment

<sup>1</sup> On October 27, 2022, the Government of Saskatchewan announced it will be establishing a new commercial crown corporation to oversee lotteries and gaming in the province. Lotteries and Gaming Saskatchewan (LGS) is expected to launch on April 1, 2023, consolidating the management oversight for casinos, video lottery terminals, lotteries, and online gaming. As part of the new Crown corporation, SGC will be reconfigured as a wholly owned subsidiary of LGS, while continuing to operate casinos Regina and Moose Jaw.

###### **Associates (investments in equity accounted investees)**

Associates are those entities in which CIC has significant influence, but not control, over strategic financial and operating decisions. Significant influence is presumed to exist when CIC holds between 20.0 and 50.0 per cent of the voting power of another entity. CIC has classified its investment in Information Services Corporation as an associate.

Associates are accounted for using the equity method and are recognized initially at cost. CIC's investment includes any goodwill identified at acquisition, net of accumulated impairment losses. The condensed consolidated interim financial statements include CIC's share of the total comprehensive income and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of CIC, from the date that significant influence commences until the date that significant influence ceases. When CIC's share of losses exceeds its interest in equity accounted investees, the carrying amount of that interest is reduced and the recognition of further losses is discontinued except to the extent that CIC has an obligation or has made payments on behalf of the investee.

#### 4. Significant accounting policies (continued)

##### Joint operations

Joint operations are those entities over whose activities CIC has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions; and provide CIC with rights to the assets and obligations for the liabilities, related to the arrangement. The condensed consolidated interim financial statements include CIC's proportionate share of joint operation assets, incurred liabilities, income and expenses.

CIC has classified its 50.0 per cent interest in the Totnes Natural Gas Storage Facility as a joint operation.

##### Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the condensed consolidated interim financial statements. Unrealized gains arising from transactions with investments in equity accounted investees are eliminated against the investment to the extent of CIC's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

##### b) New standards not yet adopted

The following standard is not yet effective for the period ended September 30, 2022 and has not been applied in preparing these condensed consolidated interim financial statements.

##### IFRS 17, Insurance Contracts

IFRS 17, *Insurance Contracts* was issued in May 2017 and will replace IFRS 4. The intent of the standard is to establish consistent recognition, measurement, presentation and disclosure principles to provide relevant and comparable reporting of insurance contracts across jurisdictions.

The standard requires entities to measure insurance contract liabilities as the risk-adjusted present value of the cash flows plus the contractual service margin, which represents the unearned profit the entity will recognize as future service is provided. This is referred to as the general model. Expedients are specified, provided the insurance contracts meet certain conditions. If, at initial recognition or subsequently, the contractual service margin becomes negative, the contract is considered onerous and the excess is recognized immediately in net earnings. The standard also includes significant changes to the presentation and disclosure of insurance contracts within entities' financial statements.

IFRS 17 applies to annual periods beginning on or after January 1, 2023. The standard is to be applied retrospectively unless impracticable, in which case a modified retrospective approach or fair value approach is to be used for transition. The standard represents a comprehensive IFRS accounting model for insurance contracts and is expected to have a significant impact on financial reporting on the Corporation's property and casualty insurance segment. The Corporation is evaluating the impact this standard will have on the consolidated financial statements.



**Crown Investments Corporation of Saskatchewan**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**September 30, 2022**  
**(unaudited)**

## 5. Status of CIC

CIC was established by Order in Council 535/47 dated April 2, 1947 and is continued under the provisions of *The Crown Corporations Act, 1993*. CIC is an agent of His Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain associates, joint operations and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

## 6. Assets and liabilities held-for-sale and discontinued operations

On March 23, 2022, the Government of Saskatchewan announced the creation of a single innovation agency in the province by moving SOCO under the authority of Innovation Saskatchewan. The change was effective April 1, 2022 and SOCO's assets, liabilities, and equity were transferred. CIC received \$93.5 million for its investment and no gain was recognized on the transaction. CIC provided the \$93.5 million to the GRF as an equity repayment. SOCO's prior year assets and liabilities are classified as held-for-sale on the Statement of Financial Position and its prior year earnings are classified as discontinued operations on the Statement of Comprehensive Income.

CIC also has \$2.2 million in assets held-for-sale at September 30, 2022 (March 31, 2022 - \$0.8 million), that are unrelated to the SOCO transfer.

Assets and liabilities classified as held-for-sale are comprised of the following (thousands of dollars):

	<b>September 30</b>		March 31
	<b>2022</b>		<b>2022</b>
Cash and cash equivalents	\$ -	\$	16,812
Accounts receivable	-		1,886
Inventories	-		31
Prepaid expenses	-		532
Long-term investments	-		5,317
Property, plant and equipment	<b>2,237</b>		1,768
Right-of-use assets	-		566
Investment property	-		162,502
Other assets	-		758
<b>Assets held-for-sale</b>	<b>\$ 2,237</b>	<b>\$</b>	<b>190,172</b>

	<b>September 30</b>		March 31
	<b>2022</b>		<b>2022</b>
Trade and other payables	\$ -	\$	4,183
Notes payable	-		17,240
Deferred revenue	-		2,261
Current portion of lease liabilities	-		304
Long-term portion of lease liabilities	-		261
Long-term debt	-		36,684
<b>Liabilities held-for-sale</b>	<b>\$ -</b>	<b>\$</b>	<b>60,933</b>

Crown Investments Corporation of Saskatchewan  
Notes to Interim Condensed Consolidated Financial Statements  
September 30, 2022  
(unaudited)

## 6. Assets and liabilities held-for-sale and discontinued operations (continued)

The impact of discontinued operations on net earnings was comprised of the following (thousands of dollars):

	April 1 to September 30 2022	April 1 to September 30 2021
Revenue	\$ -	\$ 18,326
Operating expenses	-	5,632
Salaries, wages and short-term employee benefits	-	4,229
Employee future benefits	-	291
Depreciation and amortization	-	4,409
Saskatchewan taxes and fees	-	2,292
	-	16,853
<b>Results from operating activities</b>	-	1,473
Finance income	-	101
Finance expenses	-	(887)
<b>Net finance expenses</b>	-	(786)
<b>Net earnings from discontinued operations</b>	-	687
Unrealized gain on sinking funds	-	13
<b>Total comprehensive income from discontinued operations attributable to the Province of Saskatchewan</b>	<b>\$ -</b>	<b>\$ 700</b>

The impact of discontinued operations on cash flows was comprised of the following (thousands of dollars):

	April 1 to September 30 2022	April 1 to September 30 2021
Cash used in operating activities	\$ (16,812)	\$ 535
Cash from (used in) investing activities	93,500	(2,683)
Cash used in financing activities	(93,500)	(1,427)
<b>Net change in cash and cash equivalents</b>	<b>\$ (16,812)</b>	<b>\$ (3,575)</b>

**Crown Investments Corporation of Saskatchewan**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**September 30, 2022**  
**(unaudited)**

## 7. Equity advances and capital disclosures

CIC does not have share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF.

Due to its ownership structure, CIC has no access to capital markets for equity. Equity advances in CIC are determined by the shareholder on an annual basis. Dividends to the GRF are determined through the Saskatchewan provincial budget process on an annual basis.

CIC closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in CIC's capital structure. CIC uses this measure in assessing the extent of financial leverage and in turn, its financial flexibility. Too high a ratio relative to target indicates an excessive debt burden that may impair CIC's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the period.

CIC reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure consistency with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the CIC Board. CIC uses targeted debt ratios to compile a weighted average debt ratio for the CIC Crown sector.

CIC raises most of its capital requirements through internal operating activities and long-term debt through the GRF. This type of borrowing allows CIC to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

CIC made no changes to its approach to capital management during the period.

The debt ratio is as follows:

	<b>September 30 2022</b>	March 31 2022
Total debt (a)	\$ 11,050,273	\$ 10,682,176
Less: Sinking funds	<b>(939,605)</b>	(998,156)
Net debt	<b>10,110,668</b>	9,684,020
Equity	<b>6,077,267</b>	6,350,167
Capitalization	<b>\$ 16,187,935</b>	\$ 16,034,187
Debt ratio	<b>62.5%</b>	60.4%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

**Crown Investments Corporation of Saskatchewan**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**September 30, 2022**  
**(unaudited)**

## 8. Accumulated other comprehensive income

	<b>September 30</b>		March 31
	<b>2022</b>		<b>2022</b>
Items that may be subsequently reclassified to net earnings:			
Unrealized losses on sinking funds	\$ (91,273)	\$	(57,506)
Unrealized gains on cash flow hedges	55,643		55,601
Realized losses on cash flow hedges	<b>(10,088)</b>		<b>(10,318)</b>
	<b>(45,718)</b>		<b>(12,223)</b>
Items that will not be reclassified to net earnings:			
Impact of changes in defined benefit plan actuarial assumptions	<b>250,069</b>		219,015
	<b>\$ 204,351</b>	<b>\$</b>	<b>206,792</b>

## 9. Commitments and contingencies

CIC has various legal matters pending which, in the opinion of management, will not have a material effect on CIC's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to CIC's financial position or results of operations could result.

## 10. Condensed consolidated interim statement of cash flows

	<b>April 1 to</b>		April 1 to
	<b>September 30</b>		September 30
	<b>2022</b>		<b>2021</b>
<b>Adjustments to reconcile net earnings to cash provided from operating activities</b>			
Depreciation and amortization	\$ 493,241	\$	502,270
Share of earnings from investments in equity accounted investees	<b>(5,888)</b>		(5,003)
Defined benefit pension plan expense	2,652		1,778
(Recovery of) provision for environmental remediation liabilities	<b>(2,160)</b>		12
Unrealized gains on derivative financial instruments	<b>(16,492)</b>		(51,387)
Inventory impairments (recoveries)	1,678		(3,241)
Loss on disposal of property, plant and equipment	6,693		13,459
Impairment (reversals) losses	<b>(799)</b>		225
Net finance expenses	<b>291,232</b>		201,449
Other non-cash items	<b>(21,063)</b>		<b>(6,281)</b>
	<b>\$ 749,094</b>	<b>\$</b>	<b>653,281</b>

**Crown Investments Corporation of Saskatchewan**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**September 30, 2022**  
**(unaudited)**

## 11. Fair value of financial instruments

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Unadjusted quoted prices for identical assets or liabilities are readily available from an active market.

The Corporation defines an active market based on the frequency of valuation, any restrictions or illiquidity on disposition of the underlying asset or liability, and trading volumes.

Level 2 - Inputs, other than quoted prices included in level 1 that are observable either directly or indirectly.

Level 3 - Inputs are not based on observable market data.

CIC's financial instruments at fair value are categorized within this hierarchy as follows:

	<b>September 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 145,690	\$ -	\$ -	\$ 145,690
Notes payable	1,332,782	-	-	1,332,782
Investments – fair value through profit or loss	235,917	911,470	233,043	1,380,430
Investments – fair value through other comprehensive income	-	939,605	-	939,605
Investments – amortized cost	-	57,148	-	57,148
Long-term debt	-	9,039,487	-	9,039,487
Physical natural gas contracts – net	-	101,371	-	101,371
Natural gas price swaps – net	-	32,328	-	32,328
Foreign exchange forward contracts – net	-	2,058	-	2,058

March 31, 2022 (including SOCO)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 190,254	\$ -	\$ -	\$ 190,254
Notes payable	1,160,992	-	-	1,160,992
Investments – fair value through profit or loss	267,912	859,120	224,474	1,351,506
Investments – fair value through other comprehensive income	-	998,156	-	998,156
Investments – amortized cost	-	50,778	-	50,778
Long-term debt	-	9,905,047	-	9,905,047
Physical natural gas contracts – net	-	84,879	-	84,879
Natural gas price swaps – net	-	24,440	-	24,440
Foreign exchange forward contracts – net	-	(499)	-	(499)

# CIC SEPARATE FINANCIAL STATEMENTS

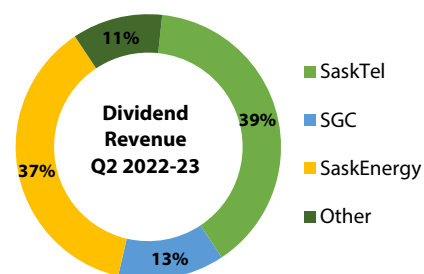
---

# CIC Separate Management Discussion & Analysis

## Analysis of CIC Separate Financial Results

CIC is the Provincial Government’s holding company for its commercial Crowns. CIC has invested equity in its subsidiary Crown corporations and collects dividends from these corporations. Dividends are based on the overall financial health of the subsidiary Crown and its need for capital investment and debt reduction, if required.

This narrative on CIC’s separate September 30, 2022, second quarter results should be read in conjunction with the March 31, 2022, audited separate financial statements. For the purposes of this narrative on CIC’s separate financial results, “CIC” refers to the holding company.



## Financial Results

CIC Separate Second Quarter Net Earnings (millions of dollars) (unaudited)	For the six months ended	
	September 30 2022	September 30 2021
Dividend revenue	\$ 51.8	\$ 63.0
Add: Net finance and other income	0.2	0.4
Impairment recovery	-	8.6
Less: Operating, salaries and other expenses	(6.1)	(5.0)
CIC Separate net earnings	\$ 45.9	\$ 67.0

## Net Earnings

CIC Separate net earnings for the six months ended September 30, 2022, were \$45.9 million (2021 - \$67.0 million), \$21.1 million lower than the same period in 2021. The decrease in net earnings is primarily due to lower dividend revenue of \$11.2 million in the first half of 2022-23 compared to the same period last year. As well, CIC recorded an impairment recovery in 2021-22 of \$8.6 million on the loan to CIC Asset Management Inc. (CIC AMI)<sup>1</sup> (formerly a loan to First Nations and Métis Fund Inc. (FNMF)) as it had financial capacity, following amalgamation, to repay the loan due to CIC. A more detailed discussion of net earnings is included on the following pages.

## Dividend Revenue

For the first six months of this fiscal year, dividends from subsidiary Crown corporations are based on 50.0 per cent of budgeted dividends for the year. The dividend is typically based on a percentage of operating earnings; however, various factors may lead to an amount being set on an alternate basis. Operating earnings excludes any non-cash fair market value adjustments on items such as financial instruments and inventory. Dividend targets are based on the overall financial health of the subsidiary Crown and its infrastructure reinvestment and debt reduction requirements. These targets are subject to change during the year if there is a significant change in circumstances.

<sup>1</sup> On April 1, 2021, FNMF, Saskatchewan Immigrant Investor Fund Inc. (SIIF) and CIC AMI amalgamated. All assets, liabilities and obligations were amalgamated, and the entity continued to operate as CIC AMI.

## **Analysis of CIC Separate Financial Results** *(continued)*

### **Dividend Revenue** *(continued)*

Dividend revenue for the six months ended September 30, 2022, was \$51.8 million (2021 - \$63.0 million). The \$11.2 million decrease is primarily due to lower dividends from SaskTel (\$22.0 million) and SGI CANADA (\$10.0 million) partially offset by higher dividends from SaskEnergy (\$13.4 million) and SaskGaming (\$6.7 million).

SaskTel's lower dividend is primarily due to the decrease in its dividend payout rate. For 2022-23, the payout rate was set at 40.0 per cent of operating earnings whereas in 2021-22 the rate was 90 per cent. SaskTel experienced higher revenues due to growth in wireless network services and equipment in 2022-23, compared to the same period of 2021-22, however with the change to the dividend payout rate to redirect cash to rural fibre rollout, the result was a decrease in its dividend to CIC.

SGI CANADA did not declare a dividend in the second quarter of 2022-23 compared to \$10.0 million in the same period of 2021-22. The decrease is primarily due to higher claim costs due to customer growth, inflationary pressures and investment market declines (downturn in equity and bond markets). SGI CANADA is not forecasting to pay a dividend for 2022-23 to help ensure it maintains a sufficient level of capital to offset the potential for future claims.

SaskPower did not declare a dividend in the first and second quarters as it is forecasting a net loss for 2022-23 largely due to rising natural gas prices and a lower hydro generation forecast resulting in increased fuel and purchased power costs.

SaskEnergy's dividend in the second quarter of 2022-23 increased from the same period of 2021-22 as revenues were positively impacted by increased natural gas sales due to colder than normal weather as well as customers' unplanned service alterations, increased opportunities to buy and sell excess natural gas not required for customers at profitable margins and a delivery rate increase in August 2022.

SaskGaming declared a dividend of \$6.7 million in the first half of 2022-23 compared to no dividend in the same period of 2021-22. The increase was primarily due to gaming tables and slots performing better than expected due to no pandemic related restrictions in place.

### **Impairment Recovery**

On April 1, 2021, CIC AMI, FNMF, and SIIF amalgamated and continued to operate as CIC AMI. In 2021-22, as a result of the amalgamation, CIC reversed its impairment losses of \$8.6 million on its investment in the previous FNMF entity as CIC AMI had the financial capacity to repay the loan in the future.

### **Operating, Salaries and Other Expenses**

Operating, salaries and other expenses for the six months ended September 30, 2022, were \$6.1 million (2021 - \$5.0 million), \$1.1 million higher than the same period last year. In 2022-23, CIC has continued to take on a more enhanced role in coordinating Crown collaboration across government and leading several policy-driven Crown initiatives. These initiatives required additional staff which increased salaries and benefit costs and office expenses, as well as higher professional fees resulting from the additional projects.



**Crown Investments Corporation of Saskatchewan**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**September 30, 2022**  
**(unaudited)**

**Liquidity and Capital Resources**

<b>Cash Flow Highlights</b> (millions of dollars) (unaudited)	<b>For the six months ended</b>	
	<b>September 30 2022</b>	<b>September 2021</b>
Net cash from operating activities	\$ 75.1	\$ 124.2
Net cash from (used in) investing activities	97.7	(11.4)
Net cash used in financing activities	<u>(165.7)</u>	<u>(110.2)</u>
Net change in cash	<u>\$ 7.1</u>	<u>\$ 2.6</u>

**Liquidity**

CIC finances its capital requirements through internally generated cash flow and, infrequently, through borrowing from the GRF. The GRF borrows on CIC's behalf in capital markets.

**Operating, Investing and Financing Activities**

Net cash from operating activities for the six months ended September 30, 2022, was \$75.1 million (2021 - \$124.2 million), a decrease of \$49.1 million. Cash from operating activities decreased primarily due to unfavourable changes in non-cash working capital balances as a result of Crown dividend payments being significantly less than the same period in 2021-22.

Net cash from investing activities for the six months ended September 30, 2022, was \$97.7 million (2021 - \$11.4 million used in), an increase in cash of \$109.1 million. In the first quarter of 2022-23, CIC received a \$93.5 million payment for CIC's investment in SOCO (equity advance) when CIC transferred SOCO to Innovation Saskatchewan, a provincial government agency. In the second quarter of 2022-23, SaskGaming provided CIC a \$4.0 million equity repayment after experiencing an increase in revenue primarily driven by slots and table games performing better than expected now that the global pandemic closures and restrictions have lifted.

Net cash used in financing activities for the six months ended September 30, 2022, was \$165.7 million (2021 - \$110.2 million), an increase in cash used of \$55.5 million. In June 2022, CIC provided an equity repayment to the GRF of \$93.5 million, equal to the amount received from the transfer of SOCO to Innovation Saskatchewan. Offsetting the increase in cash used was a \$38.0 million decrease in the dividend paid to the GRF at the end of Q2. CIC paid a \$72.0 million dividend to the GRF compared to \$110.0 million in the same period last year. This decrease was due to the lower Crown dividends discussed above.

**Debt Management**

CIC as a legal entity has no debt. Currently, CIC does not expect to borrow in 2022-23.

## **Outlook and Key Factors Affecting Performance**

The level of earnings of subsidiary Crown corporations is the key factor affecting CIC's earnings as a holding company, and thus CIC's ability to pay dividends. The CIC Board determines dividend levels after considering medium term reinvestment needs within each Crown corporation to sustain operations, to grow and diversify, and for debt reduction if necessary.

The Crown earnings and dividend levels are impacted by, but not limited to, global pandemics, weather conditions, commodity markets, general economic and geopolitical conditions, interest rates, performance, competition, regulatory environment and technology changes. Market variability, any potential restrictions or business challenges from the pandemic and the continued recovery of economic activity may impact the Crowns for the remainder of 2022-23.

CIC regularly assesses the appropriateness of the carrying value of its investments and adjusts the value of investments if it judges them to have other than a temporary increase or decline in carrying value.

**Crown Investments Corporation of Saskatchewan**  
**Condensed Separate Interim Statement of Financial Position**  
**As at**  
**(thousands of dollars)**

	(Unaudited) September 30 2022	(Audited*) March 31 2022
<b>ASSETS</b>		
Current		
Cash	\$ 26,099	\$ 19,004
Interest and accounts receivable	16	8
Dividends receivable	20,374	49,853
	<b>46,489</b>	68,865
Equity advances to Crown corporations	5 951,931	1,049,431
Investments in share capital corporations	8,956	8,956
Property, plant and equipment	150	121
Right-of-use assets	3,226	3,432
	<b>\$ 1,010,752</b>	<b>\$ 1,130,805</b>
<b>LIABILITIES AND PROVINCE'S EQUITY</b>		
Current		
Interest and accounts payable	\$ 1,702	\$ 1,987
Lease liabilities	395	400
	<b>2,097</b>	2,387
Lease liabilities	2,859	3,053
	<b>4,956</b>	5,440
Equity advances	538,389	631,889
Retained earnings	467,407	493,476
	<b>1,005,796</b>	1,125,365
	<b>\$ 1,010,752</b>	<b>\$ 1,130,805</b>

(See accompanying notes)

\*As presented in the audited March 31, 2022 Separate Statement of Financial Position.

**Crown Investments Corporation of Saskatchewan**  
**Condensed Separate Interim Statement of Comprehensive Income**  
**For the Period**  
**(thousands of dollars)**  
**(unaudited)**

	Note	July 1 to September 30 2022	July 1 to September 30 2021	April 1 to September 30 2022	April 1 to September 30 2021
<b>INCOME FROM OPERATIONS</b>					
Dividend revenue	6	\$ 20,374	\$ 30,610	\$ 51,819	\$ 62,983
Other income		-	73	-	73
		<b>20,374</b>	<b>30,683</b>	<b>51,819</b>	<b>63,056</b>
<b>EXPENSES</b>					
Operating		666	881	1,752	1,333
Salaries and short-term employee benefits		1,990	1,562	3,879	3,230
Employee future benefits		118	113	225	217
Impairment recovery	7	-	-	-	(8,642)
Depreciation		121	125	242	249
		<b>2,895</b>	<b>2,681</b>	<b>6,098</b>	<b>(3,613)</b>
<b>EARNINGS FROM OPERATIONS</b>		<b>17,479</b>	<b>28,002</b>	<b>45,721</b>	<b>66,669</b>
Finance income		132	221	230	332
Finance expense		(10)	(11)	(20)	(22)
<b>NET FINANCE INCOME</b>		<b>122</b>	<b>210</b>	<b>210</b>	<b>310</b>
<b>NET EARNINGS</b>		<b>17,601</b>	<b>28,212</b>	<b>45,931</b>	<b>66,979</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN</b>		<b>\$ 17,601</b>	<b>\$ 28,212</b>	<b>\$ 45,931</b>	<b>\$ 66,979</b>

(See accompanying notes)

**Crown Investments Corporation of Saskatchewan**  
**Condensed Separate Interim Statement of Changes in Equity**  
**For the Period**  
**(thousands of dollars)**  
**(unaudited)**

**Attributable to the Province of Saskatchewan**

	<b>Equity Advances</b>		<b>Retained Earnings</b>		<b>Total Equity</b>
Balance at April 1, 2021	\$ 808,889	\$	456,993	\$	1,265,882
Total comprehensive income	-		66,979		66,979
Dividend to the GRF	-		(110,000)		(110,000)
<b>Balance at September 30, 2021</b>	<b>\$ 808,889</b>	<b>\$</b>	<b>413,972</b>	<b>\$</b>	<b>1,222,861</b>
Balance at October 1, 2021	\$ 808,889	\$	413,972	\$	1,222,861
Total comprehensive income	-		119,504		119,504
Dividends to the GRF	-		(40,000)		(40,000)
Equity repayments to the GRF	(177,000)		-		(177,000)
<b>Balance at March 31, 2022</b>	<b>\$ 631,889</b>	<b>\$</b>	<b>493,476</b>	<b>\$</b>	<b>1,125,365</b>
<b>Balance at April 1, 2022</b>	<b>\$ 631,889</b>	<b>\$</b>	<b>493,476</b>	<b>\$</b>	<b>1,125,365</b>
<b>Total comprehensive income</b>	<b>-</b>		<b>45,931</b>		<b>45,931</b>
<b>Dividend to the GRF</b>	<b>-</b>		<b>(72,000)</b>		<b>(72,000)</b>
<b>Equity repayments to the GRF</b>	<b>(93,500)</b>		<b>-</b>		<b>(93,500)</b>
<b>Balance at September 30, 2022</b>	<b>\$ 538,389</b>	<b>\$</b>	<b>467,407</b>	<b>\$</b>	<b>1,005,796</b>

(See accompanying notes)

**Crown Investments Corporation of Saskatchewan**  
**Condensed Separate Interim Statements of Cash Flows**  
**For the Period**  
**(thousands of dollars)**  
**(unaudited)**

<b>Note</b>	<b>April 1 to September 30 2022</b>	<b>April 1 to September 30 2021</b>
<b>OPERATING ACTIVITIES</b>		
Net earnings	\$ 45,931	\$ 66,979
Items not affecting cash from operations		
Depreciation	242	249
Impairment recovery	7	(8,642)
Net finance income	(210)	(310)
	<b>45,963</b>	<b>58,276</b>
Net change in non-cash working capital balances related to operations	8	65,948
Interest paid	(20)	(22)
<b>Net cash from operating activities</b>	<b>75,129</b>	<b>124,202</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	230	332
Equity repayments from Crown Corporations	5	-
Equity advances to Crown corporations	-	(11,700)
Purchase of property, plant and equipment	(64)	-
<b>Net cash from (used in) investing activities</b>	<b>97,666</b>	<b>(11,378)</b>
<b>FINANCING ACTIVITIES</b>		
Equity advance repaid to the GRF	(93,500)	-
Dividend paid to the GRF	(72,000)	(110,000)
Principal repayment of lease liabilities	(200)	(197)
<b>Net cash used in financing activities</b>	<b>(165,700)</b>	<b>(110,197)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD</b>	<b>7,095</b>	<b>2,627</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>19,004</b>	<b>82,965</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 26,099</b>	<b>\$ 85,592</b>

(See accompanying notes)

**Crown Investments Corporation of Saskatchewan**  
**Notes to Interim Separate Financial Statements**  
**September 30, 2022**  
**(unaudited)**

## **1. General information**

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. CIC was established to act as a holding corporation for the Province's commercial Crown sector. CIC develops broad corporate policy, directs investments for its subsidiaries and provides dividends to the Province's General Revenue Fund (GRF). A list of CIC's subsidiaries is contained in Note 4.

## **2. Basis of preparation**

### **a) Statement of compliance**

The condensed separate interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - *Interim Financial Reporting*. The policies set out have been consistently applied to all the periods presented unless otherwise noted. CIC's condensed separate interim financial statements are prepared at the request of the Legislative Assembly of Saskatchewan. The condensed separate interim financial statements do not include all the information required for full annual financial statements, and accordingly should be read in conjunction with the March 31, 2022, audited separate financial statements.

The condensed separate interim financial statements were authorized for issue by the CIC Board of Directors on December 6, 2022.

### **b) Functional and presentation currency**

These condensed separate interim financial statements are presented in Canadian dollars, which is CIC's functional currency.

## **3. Summary of significant accounting policies**

The accounting policies and methods of computation used in the preparation of these condensed separate interim financial statements are consistent with those disclosed in CIC's March 31, 2022, audited separate financial statements.

CIC's condensed separate interim financial statements do not consolidate the activities of its subsidiaries.

CIC prepares condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements were authorized by the CIC Board of Directors on December 6, 2022. CIC's condensed consolidated interim financial statements should be referenced for further information.

## **4. Status of Crown Investments Corporation of Saskatchewan**

CIC was established by Order in Council 535/47 dated April 2, 1947 and is continued under the provisions of *The Crown Corporations Act, 1993 (the Act)*. CIC is an agent of His Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain jointly controlled enterprises and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

**Crown Investments Corporation of Saskatchewan**  
**Notes to Interim Separate Financial Statements**  
**September 30, 2022**  
**(unaudited)**

**4. Status of Crown Investments Corporation of Saskatchewan (continued)**

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following wholly-owned Crown corporations have been designated or created by Order in Council:

SaskEnergy Incorporated (SaskEnergy)	Saskatchewan Power Corporation (SaskPower)
Saskatchewan Gaming Corporation (SGC)	Saskatchewan Telecommunications
Saskatchewan Government Insurance (SGI CANADA)	Holding Corporation (SaskTel)
Saskatchewan Water Corporation (SaskWater)	

In addition to the above Crown corporations, CIC is the sole shareholder of CIC Asset Management Inc. (CIC AMI), a wholly-owned share capital subsidiary which is domiciled in Canada. On March 23, 2022, the Government of Saskatchewan announced the creation of a single innovation agency in the province by moving SOCO under the authority of Innovation Saskatchewan. The change was effective April 1, 2022. In the first quarter of 2022-23, CIC received \$93.5 million for its investment in SOCO. The alignment of SOCO and Innovation Saskatchewan into a single agency strengthens the province's mandate and programs and helps maximize the economic potential of its research infrastructure assets.

**5. Equity advances to Crown corporations**

	<b>September 30 2022</b>		March 31 2022
SaskPower	\$ 593,000	\$	593,000
SaskTel	237,000		237,000
SGI CANADA	80,000		80,000
SaskEnergy	21,531		21,531
SGC (a)	11,700		15,700
SaskWater	8,700		8,700
SOCO (b)	-		93,500
	<b>\$ 951,931</b>	<b>\$</b>	<b>1,049,431</b>

- a) On September 28, 2022, CIC received \$4.0 million from SaskGaming as an equity advance repayment.  
b) On April 1, 2022, CIC transferred SOCO, at book value, to Innovation Saskatchewan, a provincial government agency. CIC received \$93.5 million from Innovation Saskatchewan as a payment for CIC's investment in SOCO (equity advance).

**6. Dividend revenue**

	<b>April 1 to September 30 2022</b>		April 1 to September 30 2021
SaskTel	\$ 20,090	\$	42,076
SaskEnergy	19,287		5,903
SaskGaming	6,745		-
SaskWater	3,201		2,672
Information Services Corporation	2,496		2,170
SGI CANADA	-		10,000
SOCO	-		162
	<b>\$ 51,819</b>	<b>\$</b>	<b>62,983</b>



**Crown Investments Corporation of Saskatchewan**  
**Notes to Interim Separate Financial Statements**  
**September 30, 2022**  
**(unaudited)**

**7. Impairment recovery**

On April 1, 2021, CIC AMI, the First Nations and Métis Fund Inc. (FNMF), and the Saskatchewan Immigrant Investor Fund Inc. (SIIF) amalgamated and continued to operate as CIC AMI. As a result of the amalgamation, CIC's investment in the previous FNMF entity, that had been impaired by \$8.6 million in previous periods, was reversed as CIC AMI had the financial capacity to repay the loan.

**8. Net change in non-cash working capital balances related to operations**

	<b>April 1 to September 30 2022</b>	April 1 to September 30 2021
(Increase) decrease in interest and accounts receivable	\$ (8)	\$ 76
Decrease in dividends receivable	<b>29,479</b>	66,379
Decrease in interest and accounts payable	<b>(285)</b>	(507)
	<b>\$ 29,186</b>	\$ 65,948