



2022-2023

ANNUAL REPORT



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Letter from the Chair

Honourable Ernie Steeves
Minister of Finance
Province of New Brunswick
Fredericton, NB

Dear Minister Steeves,

As Chairman of the Board, and in accordance with the *New Brunswick Liquor Control Act* and the *Accountability and Continuous Improvement Act*, I am very pleased to deliver to you the 2022–2023 annual report for Alcool NB Liquor (ANBL). Myself, and the entire Board of Directors are accountable for achieving the specific goals and objectives outlined in this report and this accountability is one that we take seriously and that we take great pride in.

ANBL's total sales of \$523.3 million and its net income of \$199.8 million exceeded the previous record results of 2021–2022 and are a reflection of the team's focus on customer service and having the right product at the right time in the right place.

In June 2022, the Auditor General issued the final report on its performance audit and recommendations were assigned internally with the implementation progress tracked and reported on. ANBL will publicly update its implementation status in its annual report for the next five fiscal years, starting with this report.

This year, ANBL launched a First Nations Agency Store Pilot Program, in partnership with the community of Elsipogtog, providing improved customer service and an enhanced shopping experience. Much like other agency stores, this store will follow the same guidelines, operational structure, retail standards and social responsibility requirements as existing ANBL agency stores across the province.

On behalf of the Board of Directors, I extend congratulations to the ANBL team for achieving the record-breaking results and delivering on the mission to responsibly manage a successful business for the people of New Brunswick.

A heartfelt thank you to our wonderful team for your individual and collective contributions that made it possible.



Respectfully submitted,

A handwritten signature in black ink that reads "John Correia". The signature is written in a cursive, flowing style.

John Correia
Chair, Board of Directors



Board of Directors

**As of April 2, 2023*

John Correia
Chair

Cédric Laverdure
Director

Joanne Bérubé Gagné
Director

Kathryn Craig
Director

Paul Elliott
Director

Kevin Berry
Director

Bruce Wood
Director

Lori Stickles
President and Chief Executive Officer

Andrea Dewitt
Secretary

President's Message

ANBL is proud to report another record year in fiscal 2022–2023. Our teams continued to stay focused on our customers and ensured we had the “Right Product, at the Right Place, at the Right Time”. In addition to focusing on our business, our teams have been preparing for a multi-year Enterprise Resource Planning (ERP) project, which will enable the future strategic direction of ANBL. On top of all that, I am so proud of the amazing work our teams have done for our communities through volunteering and giving back. I am extremely proud of ANBL's partnership with Food Depot Alimentaire to contribute towards food security in New Brunswick. Through our focus on food security, ANBL donated a total value of cash and food donations of \$260,000 this year. This truly is making an impact in all our communities.

Social Responsibility and responsible consumption continue to be a core pillar for us. Through our *Check 30* program, our store teams and our agent partners continue to stay diligent on I.D. checks, to ensure sales are to those who are of legal age to purchase beverage alcohol. In addition, our Safe Ride program was present at many festivals and events this year and provided approximately 18,000 safe rides to New Brunswickers to ensure they arrived home safely.

ANBL continued to focus on our channel strategy and working with our private partners in our convenience agency, grocery agency, and licensee channels, with a focus on aligning our priorities and being great partners. We welcomed new partners and suppliers to expand our product portfolio and continue to bring new and exciting products to New Brunswickers from around the world. We continued to work with local producers and partnered to form the Local Producer Advisory Committee that allowed a forum to share information and garner valuable input. During 2022–2023, ANBL also satisfied its provincial mandate to energize the private sector with the approval of 11 new local craft alcohol producer contracts and two new agency location contracts. ANBL continues to focus on governance to ensure we are operating a transparent and accountable retail and wholesale business for the people of New Brunswick.

I'm excited for ANBL's future, both in the immediate and in the long-term, and look forward to continuing to deliver on our purpose of giving back to our communities by enhancing occasions responsibly.



A handwritten signature in black ink that reads "Lori Stickles".

Lori Stickles
President and CEO

Executive Management

**As of April 2, 2023*

Lori Stickles
President & CEO

Jamie Leblanc
Vice President & Chief Financial Officer

Paul Henderson
Vice President of Category

Alan Sullivan
Vice President of Channel Sales

Erin Fullerton
Vice President of Human Resources

Craig Clark
Vice President of Information Technology

Lara Wood
Vice President of Marketing & Communications

Mike Harty
Vice President of Operations

Patti Douglass
Chief Executive Assistant

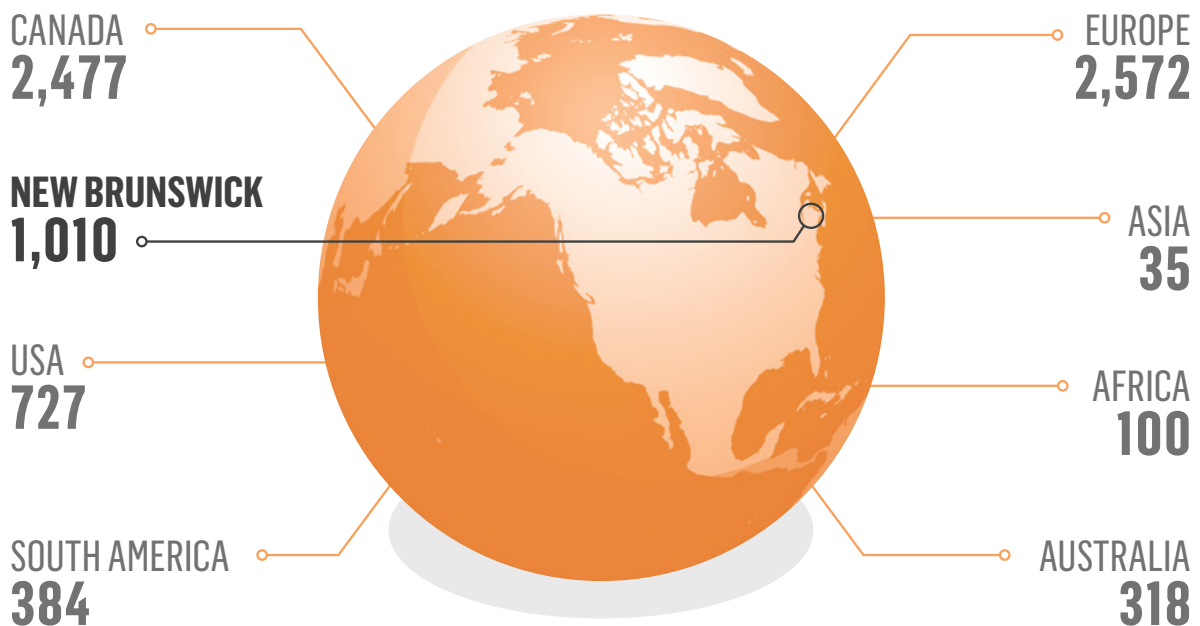


TRACKING YOUR INVESTMENTS

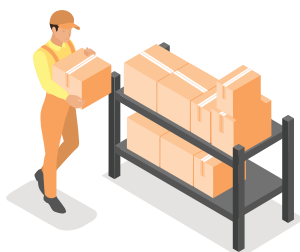
ANBL is responsible for the purchase, importation, distribution, and retailing of all beverage alcohol in New Brunswick. As a Provincial Crown Corporation, we serve the public and licensee community through a network of retail stores, agency outlets, and grocery stores.

Here are some of the key numbers that support those accountabilities and efforts.

PRODUCTS FROM



EMPLOYMENT #S



WAREHOUSE
19



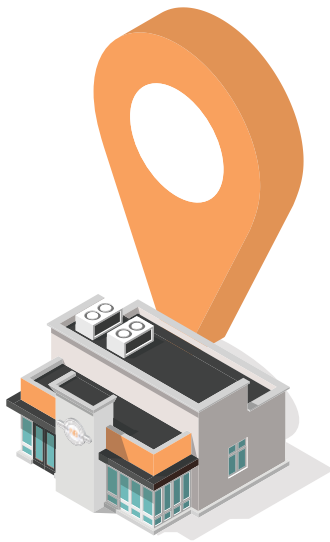
RETAIL
OPERATIONS CENTRE
160



CORPORATE
STORES
312

**Employment #s reflect active employees and employees on leave as of April 2, 2023. Casual employees are excluded from these totals.*

SALES TO



40
CORPORATE
STORES IN
29 COMMUNITIES



90
AGENT LOCATIONS



68
GROCERY STORES



+7.5 MILLION
PUBLIC TRANSACTIONS



+1,000
ACTIVE LICENSEES

SUPPORT FOR THE PRIVATE SECTOR

\$1.5M

ANBL provided licensees approximately \$1.5M through its Licensee Rebate Program.

\$9.8M

ANBL supported Local Producers with over \$9.8M in preferred mark up rates and reduced or waived fees.

\$10.3M

Agents received over \$10.3M in commissions from ANBL.

RETURN TO NEW BRUNSWICKERS



\$202.3 MILLION

100% of ANBL profits are returned to the province to be used for the benefit of New Brunswickers.

**Payments returned to the Province of NB differ from net income, as payments made are based on net cash available from operations during the fiscal year.*



Strategic Plan



Fiscal 2022–2023 represents the final year of the strategic plan for the organization. The 2020–2023 Strategic Plan was built keeping ANBL's mission, vision, and goals as main drivers. The three main areas of focus of the plan are:

- **Financial:** Deliver on net income target to the province, by focusing on revenue growth and cost reductions
- **High Performing Customer Centric Culture:** Optimize value for customers and stakeholders
- **Corporate Social Responsibility:** Heightened responsibility and safety

The strategic plan is also supported by ANBL's core values:

- **Wow your customer**
- **Be mindful**
- **Dare to do better**
- **Celebrate success**
- **Have fun**

The strategy is built on our steady foundation of brand, value, trust, community, safety and of course, our people.



2022 – 2023 Financial Year in Review

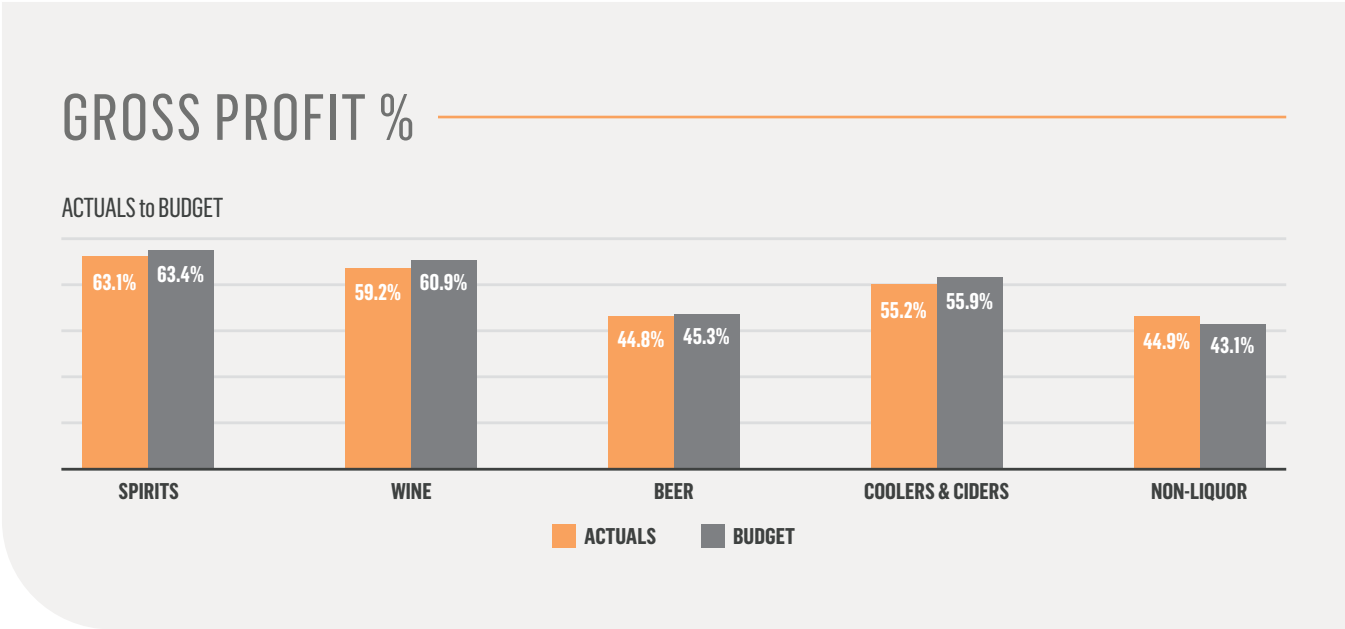
The below provides an overview of ANBL's financial position for the year ended April 2, 2023, and should be read in conjunction with ANBL's audited financial statements and note disclosures.

Following an accounting convention common to the retail industry, ANBL follows a 52-week reporting cycle that periodically necessitates a 53-week fiscal year due to the floating year-end date. The fiscal year ended April 2, 2023, was a 52-week year.

ANBL generated *Net Income* of \$199.8M, landing within a margin of budgeted net income of \$200.0M.

Total Sales exceeded budget targets by \$8.5M, and reached record levels delivering \$523.3M. Performance was driven by the Spirits, Beer, and Wine product categories. The average consumer transaction increased by \$0.02 to \$41.18 per transaction over prior year, and Beer benefited from an unbudgeted price increase. Consumers' continued preference for premium products contributed to growth in the Spirits category.

Strong sales led to *Gross Profit %* met or exceeded budgeted targets for all product categories. *Other Income* exceeded budget targets.



Strong sales and a favourable gross profit % to budget were not sufficient to fully offset a \$1.1M overspend in *Operating and Non-Operating Expenses*. The increase was driven by employee costs, including a full year of the newly signed collective agreement, greater than budgeted cost of living adjustments, and greater than planned initiation costs for Project Galileo, ANBL's recently approved business transformation project.



Throughout the fiscal, ANBL remained committed to its mission to *responsibly manage a successful business for the people of New Brunswick*, and to its three-year strategic plan in its final year. With a continued focus on its goals of *Revenue Growth & Cost Reduction; Focus, Alignment & Governance; and Corporate Social Responsibility*, the ANBL team was successfully able to meet or exceed five of its annual target measures. The remaining three measures missed targets by less than one percent each, driven by the above-mentioned overspend in *Operating Expenses*.

2022 – 2023 PERFORMANCE MEASURES

MEASURE	F22 ACTUAL	F23 TARGET	F23 ACTUAL
<i># of weeks</i>	53	52	52
REVENUE GROWTH & COST REDUCTION			
<i>Net income (\$ millions)</i>	\$ 198.7	\$ 200.0	\$ 199.8
<i>Total sales (\$ millions)</i>	\$ 519.9	\$ 514.7	\$ 523.3
Net income as % of sales	38.2%	38.9%	38.2%
<i>Operating expenses as a % of sales</i>	14.7%	13.8%	13.8%
<i>Labour costs as % of sales</i>	8.1%	lower than F22	8.4%
FOCUS, ALIGNMENT & GOVERNANCE			
Average transaction value	\$ 41.16	maintain or higher than F22	\$ 41.18
Employee engagement survey score	4.02 / 5	maintain or higher than F22	4.11 / 5
CORPORATE SOCIAL RESPONSIBILITY & GOVERNANCE			
Achieve framework/ program milestones on time	Achieved	Complete by end of Q3	Achieved



REMITTANCES TO GOVERNMENTS (\$'000'S)

	2022-2023	2021-2022
PROVINCE OF NEW BRUNSWICK		
* Distributions to the Province of New Brunswick	\$ 202,260	\$ 206,259
Environmental trust fund	3,872	3,655
Property taxes	254	257
	206,386	210,171
GOVERNMENT OF CANADA		
Harmonized sales tax	47,131	43,760
Excise tax and customs duties	22,714	23,265
	69,845	67,025
TOTAL	\$ 276,231	\$ 277,196

* Distributions to the Province of New Brunswick differ from net income as payments made are based on net cash available from operations during the fiscal year.



Operational Improvement Highlights

OPERATIONS AND SAFETY

Property Management and Efficiency

ANBL continued to participate in NB Power's Demand Response program by utilizing its backup generator during peak times to remove the entire ROC facility from the electrical grid. This allowed NB Power to assess the need for delivery of excess power to the grid.

On several occasions, ANBL also participated in NB Power's Business Rebate Program, an initiative to update equipment efficiencies.

Store Improvements

ANBL's new brand imaging continued to expand throughout the province, with modernized store renovations in three corporate locations: Bathurst, Mountain Road, and Oromocto. The rebranded facelift provides a more modern, relevant, and welcoming experience for customers. Additionally, fourteen stores also received a facelift of their street facing signs, which includes building signs and pylon signs.

Safety

ANBL continued to focus on occupational health and safety, with consistent and ongoing safety dialogue and coaching. The team demonstrated their motivation in creating a highly effective in-house training course on Violence in the Workplace, paired with a code of practice. Facility Emergency Response Plans were also updated and formatted for each store, along with increased participation numbers in first aid and forklift training.

Supply Chain & Warehouse

Over the fiscal year 2022–2023, ANBL Supply Chain has continued to focus on the global supply chain issues that have occurred over the last two years. Throughout the year, port congestion decreased and shipping started to become more stable. Plans and scenarios were created between the Supply Chain, Category Management, and Channel departments to minimize the risk to ANBL and its customers. From the execution of these plans, ANBL was able to limit stock outs to its customers and continue to grow sales.

ANBL's main warehouse installed an upgrade to its warehouse management system in September 2022. This upgraded system led to improved work processes, increasing efficiency within the warehouse and enabling growth within ANBL.

To further increase efficiency within ANBL's supply chain, some products experienced a route to market change. The large beer vendors have an established direct delivery model for their domestic products, and their imported beer was added to this model moving it out of ANBL's main warehouse. From this change, more NB craft products were able to be stored and shipped from the warehouse. This shift allowed ANBL to continue to support the NB craft producer partners by increasing distribution of their products to the corporate and agent partners across the province.

Safety continued to be top priority, with the warehouse finishing the year with 391 days of no lost time. This was achieved by reporting and following up on near miss incidents, discussing safety every morning with the team and installing a pallet stacker.

Information Technology

In the past year, the Information Technology (IT) team made excellent progress on many IT related initiatives that support business objectives, including the development of a new project management methodology and change intake process.

Efforts have begun and will continue with the objective of modernizing several of ANBL's systems, applications, and services by leveraging effective IT solutions where appropriate, making processes, systems, and teams more efficient and effective for customers.

There have been investments in software enhancements across many functional areas and applications, including the major upgrade to the warehouse management system application. This upgrade served to introduce new functionality for warehouse optimizations and improvements, while also ensuring the platform was modernized to a current version.

This past year was a year of growth within the IT department, as they continued to scale the team to align strategies, improve partnerships, and continue to deliver IT services in a more effective and coordinated way.





High Performance Culture

Learning and Training

ANBL is committed to professional development and learning, leveraging online learning opportunities to provide timely, quality development that can reach team members across the province. In total, team members completed approximately 14,157 online learning hours. During the 2022–2023 fiscal year, ANBL provided access to training in areas such as product knowledge, coaching, software training, occupational health and safety, mental health, and policy.

Employee Engagement

During the 2022–2023 fiscal year, ANBL's participation rate on the Employee Engagement Survey was 89%, up from last year's participation rate of 83%. Overall employee engagement increased by 0.09 to a score of 4.11 out of 5. Specifically, there was a significant increase in the areas of receiving feedback on employee progress, having opportunities to learn and grow, and having someone considered a trusted friend at work. Based on these results, and further information shared during team engagement sessions, action plans will be developed and executed throughout the 2023–2024 fiscal year.



STORE SCORECARD AWARDS

Awarded to corporate stores in each banner with the highest scores on their Balanced Scorecard.

ANBL continued with its Scorecard Awards this past fiscal year. These are based on team key performance indicators, sales, ticket, value add, bundles, and ID check.

A-Banner

Gold – Moncton North
Silver – Fredericton, Corbett

C-Banner

Gold – Sackville
Silver – Caraquet

B-Banner

Gold – Moncton, Elmwood Drive
Silver – Moncton, Mountain Road

D-Banner

Gold – Shippagan
Silver – Campbellton



Product Highlights

The Spirits category saw incredible performance when compared to budget targets throughout the year. Although the year over year trends were positive, they were more modest. Overall, the Spirits category grew revenue year over year while volume saw a slight decline. The positive revenue growth was driven by the whisky, liqueur, and tequila categories. Consumers opted to treat themselves to more premium product while consuming less volume. New Brunswick outperformed other jurisdictions against the trend throughout the fiscal year.

The Beer category followed the national trend, with a decline in volume driven largely by the domestic beer subcategory. Outside of the growth in microbreweries, the continued shift to premium product helped us keep revenue flat as compared to last year. The 24 pack can format continues to dominate, making up for just under half of all beer products sold.

The Cider & Cooler category missed its budget target, but did achieve year over year growth. Although

the national average saw a decline, New Brunswick managed to achieve growth over the previous year in this category. Larger pack sizes continue to drive results, along with a refreshed mix pack portfolio and expanded iced tea offerings. The anticipation around traditional cooler products has slowed, and it is expected to continue as such into next year.

The Wine Category saw some softening in keeping with trends across the rest of the country. In line with the national trend, there was a decline to year over year sales, but it finished slightly above budgeted revenue forecast. Domestic wine continued to account for the majority of sales by revenue and volume, with wines from Chile having the strongest growth in revenue year over year, mainly due to strong promotional activity. Trends in rosé and sparkling are beginning to slow and in keeping with previous years, the majority of customers are sticking to red and white options.

Spotlight On Local Producers

While ANBL maintains a diverse portfolio of international and national products to ensure that customers expectations can be met, ANBL recognizes the importance of strategic partnerships with many New Brunswick producers, both craft and mainstream, who contribute to a dynamic and evolving New Brunswick alcohol industry.

With the continued growth of the local craft sector over the past few years, ANBL recognized the need to review its support of the industry to ensure it is consistently contributing in the right way to foster a strong, sustainable alcohol sector in New Brunswick.

To amplify ANBL's role and support, ANBL has committed to regular engagement which led to the development of a local advisory committee. The committee has provided a forum to share information, and hear feedback from producers, government departments, and industry interest groups. Members share best practices, collaborate on opportunities, identify trends, and identify strategies for sustainability and barriers to growth.

ANBL is committed to working collaboratively with the province's alcohol sector and is confident that the ongoing strategy will contribute to the development of a sustainable industry, which will balance the needs of all stakeholders and bring economic value to New Brunswickers.





LIST OF LOCAL PRODUCERS

*As of April 2, 2023

13 Barrels Brewing, Bathurst

Acadie-Broue Inc, Moncton

Appleman Farms Ltd., Gagetown

AWOL Brewery, Moncton

Bagtown Brewing Company Inc., Sackville

Belleisle Vineyards, Springfield

Big Axe Brewery Inc., Nackawic

Big Fiddle Still, Harvey

Black Galley Distilling, Fredericton

Blue Roof Distillers, Malden

Brasserie Chockpish, Dieppe

Brasserie Retro Brewing, Bertrand

Brasseux d'la Cote, Tracadie

Broue de Paien, Bouctouche

Brule Brewing Company (Flying Boats), Dieppe

Carroll's Distillery, Miramichi

CAVOK Brewing, Dieppe & Cap-Pelé

Celtic Knot, Riverview

Cross Creek Brewing, Woodstock

Devil's Keep Distillery, Hanwell

Distillerie Fils du Roy Inc, Paquetville

Dunham's Run Estate Winery, Kingston

Foghorn Brewing Company, Rothesay

Four Rivers Brewing, Bathurst

Domaine des petits fruits., Saint Quentin

Gagetown Distilling & Cidery, Gagetown

Gahan House, Moncton, Saint John & Fredericton

Gordon McKay & sons 1996 Ltd., Pennfield

Grand Falls Brewing, Grand Falls

Granite Town Farms, St. George

Graystone Brewing, Fredericton
 Gridiron Brewing, Hampton
 Grimross Brewing Corp., Fredericton
 Half Cut Brewing, Fredericton
 Hammond River, Quispamsis
 Hampton Brewing, Hampton
 Happy Craft Brewing, Moncton
 Holy Whale Brewing Corp., Riverview & Alma
 Johnny Jacks, Oromocto
 King West Brewing Co., Fredericton
 Kingston Creek Cider, Kingston
 La Framboise Francoeur, Notre-Dame-de-Lourde
 Latitude 46 Estate Winery, Memramcook
 Les Brasseurs du Petit-Sault, Edmundston
 Long Bay Brewing, Rothesay
 Loyalist City Brewing Co, Saint John
 Magnetic Hill Winery, Moncton
 Mama's Brew Pub, Fredericton
 Maybee Brewing Company, Fredericton
 Microbrasserie Houblon-Pêcheur, Village-des-Poirier
 Moonshine Creek Craft Distillery, Waterville
 Moosehead Small Batch, Saint John
 MorALE Brewsters, Oromocto
 Motts Landing Vineyards, Cambridge Narrows
 New Maritime Brewing, Miramichi
 Novum Boreas Microbrasserie, Saint-Quentin
 O. G. Ales, Harvey
 O'Creek Brewing, Moncton
 Ole Foggy Distillery, Hampton
 Picaroons, Fredericton, Saint John & St. Stephen
 Pioneer Mountain Estates, Moncton
 Pump House, Moncton & Shediac
 Red Rover Craft Cider, Fredericton
 Richibucto River Wine Estates, Mundleville
 Seize The Day Distillery, Gagetown
 Snow Fox, Moncton
 Sunset Heights Meadery, McLeod Hill
 Sussex Ale Works, Sussex
 Woodfoot, Dutch Valley
 Sussex Craft Distillery, Sussex Corner
 The Cap, Fredericton
 Think Brewing Co., Moncton
 Three Dog Distilling, Miramichi
 Tide & Boar, Moncton
 Timbership Brewing, Miramichi
 Tire Shack Brewing, Moncton
 Tobique River Trading Company, Perth Andover
 Trailway Brewing, Fredericton
 Tuddenham Farms, Oak Bay
 Twin Harbour Brewing, Saint Antoine
 Verger Belliveau Orchard (Scow Cider), Memramcook
 Vinerie DesFruits Winery, Saint-André
 Waterside Farms Cottage Winery, Waterside
 Winegarden Estate Ltd. Winery and Distillery, Baie-Verte
 Yip Cider, Kingston
 York County Cider, Fredericton
 St Andrews Brewing Company, Saint Andrews
 Microbrasserie Ateepic, Edmundston
 Wasted Day Brewing, Saint John
 The Union House, Saint John
 The Brew D'la Baie, Charlo
 Cooperative Forestiere Du Nord-Ouest, Clair
 First Light Distillery, Fredericton
 Crooked River Distillery, Memramcook
 East Coast Collective, Noonan
 Maritime Moonshine, McLeod Hill
 Bogey Free Brewhouse, Moncton
 Hop To it Brewing, Irishtown
 Big Sky Ventures, Red Bank

Corporate Social Responsibility

ANBL's Corporate Social Responsibility (CSR) strategy has three key pillars: community engagement, promoting responsible consumption, and safe selling practices. The goal of the strategy is to have all internal and external stakeholders recognize there is a balance of strong retail experience and sales mandate, with a commitment to responsibility at every level in the organization. ANBL continues to effectively contribute to the betterment of the province through education, safety, and support of communities where best impact can be made.

Community Engagement

ANBL's community support focuses on food security as a means of poverty reduction. The decision to focus on food security was based on input from team members, customers, and members of the New Brunswick public. ANBL's continued partnership with Food Depot Alimentaire enables us to support partner organizations throughout the province, keeping donations in the communities where they are raised. In fiscal 2022–2023, ANBL and their customers contributed a total combined value of \$259,935 in food and cash donations.



ANBL team members further supported communities with over 350 employees volunteering around the province, contributing over 1,700 hours of volunteer time.





Promoting Responsible Consumption

ANBL supports a long list of 19+ public events throughout the province, promoting responsible consumption through the ANBL Safe Ride program. The program provides free transportation to and from events in an effort to ensure participants have safe options, which eliminate the need for drinking and driving. Feedback from patrons has been overwhelmingly positive, and when asked to rate their agreement with the statement “ANBL makes a valuable contribution to communities through sponsorship” respondents had an 11% increase in awareness from the previous year.

Driven by the CSR team and Marketing, responsible consumption messages are also integrated into ANBL’s overall content strategy, providing consumers with guidance, and reinforcing ANBL’s position on

responsible consumption. Customers can always find helpful hosting tips on [ANBL.com/celebratesafe](https://www.anbl.com/celebratesafe), as well as educational content on responsible consumption.

Safe Selling

ANBL is focused on safe selling, both in corporate stores and in channel partner stores, by offering the training and resources necessary to ensure safe selling practices. This is required training for all ANBL employees, and for all channel partners, and is a part of onboarding for all new hires at ANBL. The CSR Team also provides “Check 30” in-store materials to facilitate communication around safe selling practices with employees and customers.



Governance

Mandate Letter to the Board of Directors

The Government of New Brunswick's Mandate Letter continues to be a key component of governance for ANBL. The letter is a formal indication to the Board of Directors of the expectations the government has of ANBL. ANBL is central to the future economic platform of New Brunswick and through this letter, the government reinforces its strong and constructive relationship with ANBL's Board and management.

Report on the *Official Languages Act*

There were four (4) language complaints received in the 2022–2023 fiscal year at ANBL.

ANBL is working with the departments and the Office of the Commissioner of Official Languages for New Brunswick to implement appropriate remediating actions.

Right to Information and Protection of Privacy Act

During the fiscal 2022–2023 year, there were nine (9) requests received under the *Right to Information and Protection of Privacy Act*. One request was withdrawn, and the remaining eight (8) were answered and closed during the fiscal year.

Board of Directors Scholarship/Bursary Program

The ANBL Board of Directors' Scholarship and Bursary Program is open to all ANBL employees and their families. In 2022–2023, 10 scholarships or bursaries were awarded towards an eligible education program.

Report on the *Public Interest Disclosure Act*

As provided under section 18(1) of the *Public Interest Disclosure Act*, the Chief Executive shall prepare a report of any disclosures of wrongdoing that have been made to a supervisor or designate officer of the public service for which the Chief Executive is responsible. There were no complaints filed during the 2022–23 fiscal year, pursuant to the policy.

As an additional option, ANBL partnered with Clearview Connects in 2022 to offer a confidential and anonymous hotline to report wrongdoing or unethical behaviour. Employees can submit reports through the ClearView Connects secure website or toll-free telephone hotline.

During the 2022–2023 fiscal year, there was one (1) question submitted via ClearView Connects. This question was answered to the inquirer's satisfaction. This was the only inquiry via ClearView for the 2022–2023 fiscal year.

2022–2023 Report on the Status of Auditor General Findings

As outlined in its 2023–2024 mandate letter, ANBL is required to provide an update on the status of Auditor General of New Brunswick (AG) recommendations provided to the corporation in the past five years.

In June of 2022, the AG released its Volume I Performance Audit that included *Chapter 2 – Liquor Industry Development in New Brunswick-New Brunswick Liquor Corporation (AG Report)*. The purpose of the audit was to evaluate whether ANBL was effectively managing its participation in the liquor industry in the province, while providing financial revenues in line with its mandate. The audit focused on fiscal years 2019–2020 and 2020–2021. The report provided nineteen (19) recommendations to ANBL, for which a response and target date for implementation, were provided, and published.

ANBL takes its purpose, as outlined in the *New Brunswick Liquor Corporation Act*, "to participate in the development of the liquor industry in the province" seriously, and largely agreed with all recommendations. At the time of the report's issuance, many recommendations were already underway (6), or implemented (6). A summary of the status of the recommendations is outlined below, broken down by the initial target date set for implementation, and as reported in the AG Report:

RECOMMENDATION SUMMARY AG REPORT REFERENCE #	TARGET DATE FOR FULL IMPLEMENTATION	STATUS
INEFFECTIVE PLANNING AND ENGAGEMENT TO DEVELOP PROVINCE'S LIQUOR INDUSTRY		
2.35 – outcomes-based strategic plan	FY2023-2024	IN-PROGRESS
2.44 – local producer communications and engagement plan	FY2023-2024	IN-PROGRESS
2.51 – define and set clear financial targets	IMPLEMENTED	IMPLEMENTED
WEAKNESS IN PRODUCT LIFECYCLE MANAGEMENT		
2.59 – clearly document and retain decision rationale	IMPLEMENTED	IMPLEMENTED
2.65 – provide current information to all suppliers	IMPLEMENTED	IMPLEMENTED
2.70 – listing process improvements	FY2022-2023	IMPLEMENTED
2.74 – increase transparency	FY2022-2023	IMPLEMENTED
2.92 – complete a comprehensive review and update of pricing strategy and mark-up structure	FY2023-2024	<i>IN-PROGRESS *TIMING MAY BE DELAYED</i>
2.109 – enhance pricing practices	IMPLEMENTED	IMPLEMENTED
2.116 – review and update the Minimum Retail Pricing policy annually	IMPLEMENTED	IMPLEMENTED
2.119 – actively monitor liquor prices in agency stores	FY2023-2024	IN-PROGRESS
2.132 – delisting process improvements	FY2022-2023	IMPLEMENTED
2.141 – document process used to set sales thresholds for delisting purposes	FY2023-2024	IMPLEMENTED
DATA & DOCUMENT RETENTION ISSUES		
2.151 – review and update Bev Hub and sales data applications	FY2022-2023	IMPLEMENTED
OTHER AREAS OF CONCERN		
2.156 – retain all communications with suppliers supporting prices changed during price call process	IMPLEMENTED	IMPLEMENTED
2.169 – develop and implement a plan to address legislative requirement to promote the responsible consumption of liquor	FY2023-2024	IN-PROGRESS
2.170 – Board of Directors review of performance in promoting the responsible consumption of liquor	FY2022-2023	IMPLEMENTED
2.174 – undertake risk assessment to ensure pricing policies comply with applicable trade agreements	FY2022-2023	IMPLEMENTED
2.179 – Board of Directors review and update by-laws to address potential, perceived or actual situations that increase risk to its independence from government	FY2022-2023	IMPLEMENTED

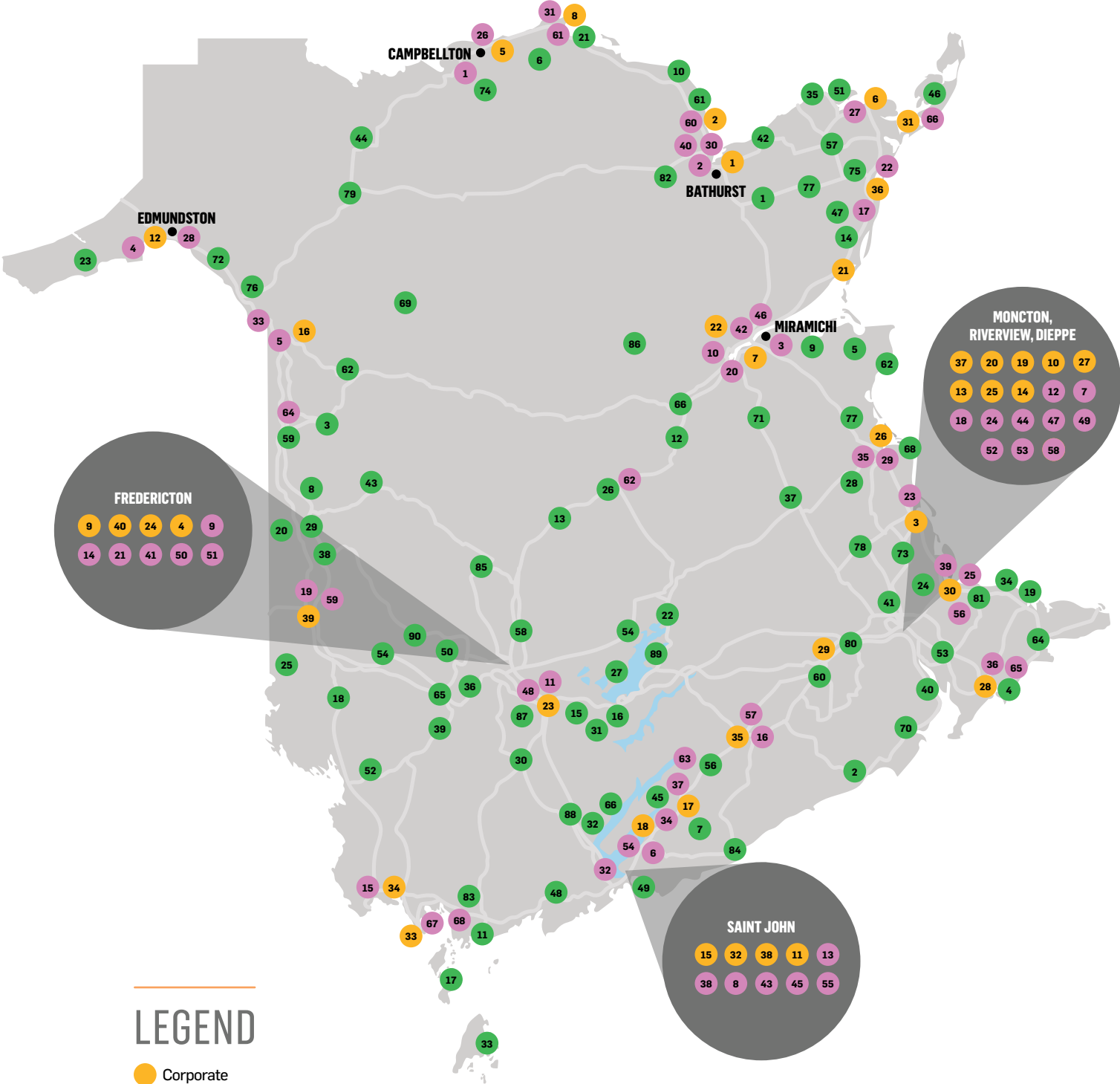
All implemented recommendations are subject to review, both internally and by the AG's office, before being confirmed as officially implemented by the AG. An update on progress is reported quarterly to ANBL's Board of Directors.

There were no other recommendations provided to the corporation in the past five years.

ACCESS POINTS

- | | | | |
|---|--|--|----------------------------|
| 1 Bathurst | 10 Atlantic Superstore Newcastle | 59 Sobeys Woodstock | 41 Irishtown |
| 2 Beresford | 11 Atlantic Superstore Oromocto | 60 Your Independent Grocer – Beresford | 42 Janeville |
| 3 Bouctouche | 12 Atlantic Superstore Riverview | 61 Your Independent Grocer – Dalhousie | 43 Juniper |
| 4 Brookside Mall, Fredericton | 13 Atlantic Superstore Rothesay Ave., Saint John | 62 Your Independent Grocer - Doaktown | 44 Kedgwick |
| 5 Campbellton | 14 Atlantic Superstore Smythe St., Fredericton | 63 Your Independent Grocer – Hampton | 45 Kingston |
| 6 Caraquet | 15 Atlantic Superstore St. Stephen | 64 Your Independent Grocer – Perth-Andover | 46 Lamèque |
| 7 Chatham | 16 Atlantic Superstore Sussex | 65 Your Independent Grocer – Sackville | 47 Leech |
| 8 Dalhousie | 17 Atlantic Superstore Tracadie | 66 Your Independant Grocer – Shippagan | 48 Lepreau |
| 9 Devon Park, Fredericton | 18 Atlantic Superstore Trinity Dr., Moncton | 67 Your Independant Grocer – St. Andrews | 49 Loch Lomond |
| 10 Dieppe Blvd., Dieppe | 19 Atlantic Superstore Woodstock | 68 Your Independent Grocer – St. George | 50 Mactaquac |
| 11 East Point, Saint John | 20 Co-Op – Beaubear – Miramichi | 1 Allardville | 51 Maisonnette |
| 12 Edmundston | 21 Co-Op – Fredericton | 2 Alma | 52 McAdam |
| 13 Elmwood Dr., Moncton | 22 Co-Op – Tracadie | 3 Arthurette | 53 Memramcook |
| 14 Expérience by/par ANBL Moncton | 23 Co-Op IGA – Bouctouche | 4 Aulac | 54 Minto |
| 15 Fairville Blvd., Saint John | 24 Co-Op IGA – Dieppe | 5 Baie-Ste-Anne | 55 Nackawic |
| 16 Grand Falls | 25 Co-Op IGA – Shediac | 6 Balmoral | 56 Norton |
| 17 Hampton | 26 Co-Op IGA Extra Campbellton | 7 Barnesville | 57 Paquetville |
| 18 Kennebecasis Valley | 27 Co-Op IGA Extra – Caraquet | 8 Bath | 58 Penniac |
| 19 Moncton North | 28 Co-Op IGA Extra – Edmundston | 9 Bay du Vin | 59 Perth-Andover |
| 20 Mountain Rd., Moncton | 29 Co-Op Tradition – Richibucto | 10 Belledune | 60 Petitcodiac |
| 21 Neguac | 30 Foodland – Bathurst | 11 Blacks Harbour | 61 Petit-Rocher |
| 22 Newcastle | 31 Foodland – Dalhousie | 12 Blackville | 62 Plaster Rock |
| 23 Oromocto | 32 Foodland – Grand Bay | 13 Boiestown | 63 Pointe-Sapin |
| 24 Corbett Centre, Fredericton | 33 Foodland – Grand Falls | 14 Brantville | 64 Port Elgin |
| 25 Regis St., Dieppe | 34 Foodland – Quispamsis | 15 Burton | 65 Prince William |
| 26 Richibucto | 35 Foodland – Rexton | 16 Cambridge Narrows | 66 Public Landing |
| 27 Riverview | 36 Foodland – Sackville | 17 Campobello | 67 Renous |
| 28 Sackville | 37 Kredl's Corner Market | 18 Canterbury | 68 Richibucto-Village |
| 29 Salisbury Depot | 38 No Frills – Saint John | 19 Cap-Pelé | 69 Riley Brook |
| 30 Shediac | 39 No Frills – Shediac | 20 Centerville | 70 Riverside-Albert |
| 31 Shippagan | 40 Sobeys Bathurst | 21 Charlo | 71 Rogersville |
| 32 Somerset St., Saint John | 41 Sobeys Brookside Mall, Fredericton | 22 Chipman | 72 Saint-Anne-de-Madawaska |
| 33 St. Andrews | 42 Sobeys Douglstown | 23 Clair | 73 Saint-Antoine |
| 34 St. Stephen | 43 Sobeys East Point, Saint John | 24 Cognition | 74 Saint-Arthur |
| 35 Sussex | 44 Sobeys Elmwood Dr., Moncton | 25 Debec | 75 Saint-Isidore |
| 36 Tracadie-Sheila | 45 Sobeys Lansdowne Ave., Saint John | 26 Doaktown | 76 Saint-Léonard |
| 37 Vaughan Harvey Blvd., Moncton | 46 Sobeys Miramichi | 27 Douglas Harbour | 77 Saint-Louis-de-Kent |
| 38 Wellington Row, Saint John | 47 Sobeys Mountain Rd., Moncton | 28 Elsipogtog | 78 Saint-Paul-de-Kent |
| 39 Woodstock | 48 Sobeys Oromocto | 29 Florenceville | 79 Saint-Quentin |
| 40 York St., Fredericton | 49 Sobeys Paul St., Dieppe | 30 Fredericton Junction | 80 Salisbury |
| 1 Atlantic Superstore Atholville | 50 Sobeys Prospect St., Fredericton | 31 Gagetown | 81 Shediac |
| 2 Atlantic Superstore Bathurst | 51 Sobeys Regent St., Fredericton | 32 Grand Bay | 82 South Tetagouche |
| 3 Atlantic Superstore Chatham | 52 Sobeys Regis St., Dieppe | 33 Grand Manan | 83 St. George |
| 4 Atlantic Superstore Edmundston | 53 Sobeys Riverview | 34 Grand-Barachois | 84 St. Martins |
| 5 Atlantic Superstore Grand Falls | 54 Sobeys Rothesay | 35 Grande-Anse | 85 Stanley |
| 6 Atlantic Superstore Kennebecasis | 55 Sobeys Saint John West | 36 Hanwell | 86 Sunny Corner |
| 7 Atlantic Superstore Main St., Moncton | 56 Sobeys Shediac | 37 Harcourt | 87 Waasis |
| 8 Atlantic Superstore Millidgeville, Saint John | 57 Sobeys Sussex | 38 Hartland | 88 Welsford |
| 9 Atlantic Superstore Nashwaaksis, Fredericton | 58 Sobeys Vaughan Harvey Blvd., Moncton | 39 Harvey | 89 Youngs Cove |
| | | 40 Hillsborough | 90 Zealand |

STORE LOCATIONS



LEGEND

- Corporate
- Grocery
- Agents

SALES BY LOCATION

LOCATION	2022 – 2023 (\$000'S)			2021 – 2022 (\$000'S)
	PUBLIC	LICENSEE	TOTAL	TOTAL
Bathurst (3)	\$ 9,685	\$ 1,254	\$ 10,939	\$ 11,184
Beresford (2)	4,577	169	4,746	4,916
Bouctouche (2)	3,526	443	3,969	3,721
Campbellton (2)	3,493	655	4,148	4,701
Caraquet (3)	5,044	635	5,679	5,809
Dalhousie (2)	2,223	173	2,396	2,710
Dieppe City				
Dieppe Blvd.	8,528	569	9,097	8,846
Regis St.	13,238	2,947	16,185	15,166
Total Dieppe Stores	21,766	3,516	25,282	24,012
Edmundston (2)	11,134	1,980	13,114	13,944
Fredericton City				
Brookside Mall (3)	8,276	1,920	10,196	10,647
Corbett Centre (1)	15,429	947	16,376	16,410
Devon Park (6)	9,528	518	10,046	9,349
York St. (1)	12,507	2,025	14,532	14,770
Total Fredericton Stores	45,740	5,410	51,150	51,176
Grand Falls (6)	7,095	459	7,554	7,234
Hampton	4,492	150	4,642	4,641
Kennebecasis Valley (4)	15,060	808	15,868	16,538
Miramichi City				
Chatham (3)	5,319	360	5,679	5,499
Newcastle (3)	7,988	924	8,912	8,903
Total Miramichi Stores	13,307	1,284	14,591	14,402

(#) Indicates number of agents at this location

*Includes web-based ordering for Licensees

**Corporate Store closed in November 2021

LOCATION	2022 – 2023 (\$000'S)			2021 – 2022 (\$000'S)
	PUBLIC	LICENSEE	TOTAL	TOTAL
Moncton City				
Elmwood Drive (2)	\$ 8,306	\$ 414	\$ 8,720	\$ 8,680
Moncton North	11,727	1,431	13,158	12,576
Mountain Rd. (1)	8,110	1,300	9,410	9,505
Vaughan Harvey Blvd.	10,984	2,975	13,959	12,887
Expérience	2,420	764	3,184	2,975
Total Moncton Stores	41,547	6,884	48,431	46,623
Neguac	2,854	265	3,119	3,512
Oromocto (5)	8,312	660	8,972	9,096
Perth Andover**	-	-	-	2,512
Richibucto (5)	5,069	489	5,558	5,877
Riverview (3)	9,823	953	10,776	10,452
Sackville (2)	5,185	330	5,515	5,216
Saint John City				
East Point Center (2)	12,890	1,201	14,091	14,511
Fairville Blvd. (3)	9,765	1,222	10,987	11,267
Somerset St. (3)	7,327	1,308	8,635	8,626
Wellington Row	7,323	1,620	8,943	8,354
Total Saint John Stores	37,305	5,351	42,656	42,758
Salisbury	12,807	63	12,870	12,064
Shediac (4)	7,714	1,108	8,822	8,810
Shippagan (1)	3,263	320	3,583	3,672
St. Andrews	2,713	879	3,592	3,622
St. Stephen (2)	7,097	244	7,341	7,439
Sussex (3)	7,364	578	7,942	7,815
Tracadie (3)	6,668	722	7,390	7,591
Woodstock (8)	7,510	629	8,139	8,153
Warehouse *	161,679	12,787	174,466	169,684
TOTAL	\$ 474,052	\$ 49,198	\$ 523,250	\$ 519,884

AGENT STORE SALES BY LOCATION

Agency Location	ANBL Location	2023 \$000's	2022 \$000's	Agency Location	ANBL Location	2023 \$000's	2022 \$000's
		SALES	SALES			SALES	SALES
Grand Bay	Somerset St.	\$ 5,203	\$ 5,344	St. Isidore	Tracadie	1,052	1,091
Hanwell	Corbett Centre, Fredericton	4,923	4,942	Stanley	Brookside Mall, Fredericton	1,026	1,070
Loch Lomond	Kennebecasis Valley	4,113	4,215	Charlo	Dalhousie	941	1,016
St. George	Fairville Blvd., Saint John	3,711	3,816	Boisetown	Devon Park, Fredericton	936	864
Waasis	Oromocto	3,370	3,420	Renous	Newcastle	931	995
Cape Pele	Shediac	3,335	3,358	Grande-Anse	Caraquet	927	953
Cocagne	Shediac	3,299	3,270	Black's Harbour	Fairville Blvd., Saint John	918	900
Shediac	Shediac	2,993	2,995	Cambridge Narrows	Sussex	916	1,043
Norton	Sussex	2,973	3,098	Harcourt	Richibucto	903	982
Aulac	Sackville	2,911	1,974	Richibouctou Village	Richibucto	875	804
Perth Andover	Grand Falls	2,901	1,163	Ste Anne De Madawaska	Edmundston	861	843
Salisbury	Mountain Road, Moncton	2,901	3,078	Belledune	Beresford	847	970
Petit Rocher	Beresford	2,785	2,887	St. Martins	East Point, Saint John	829	803
Port Elgin	Sackville	2,707	2,118	Allardville	Bathurst	811	895
Memramcook	Elmwood Dr., Moncton	2,590	2,514	Baie-Sainte-Anne	Chatham	784	836
Irishtown	Elmwood Dr., Moncton	2,510	2,718	Welsford	Somerset St.	781	769
Petitcodiac	Sussex	2,427	2,453	Doaktown	Devon Park, Fredericton	756	842
Lameque	Shippagan	2,266	2,290	Clair	Edmundston	750	1,026
Grand Manan	East Point, Saint John	2,211	2,245	Public Landing	East Point, Saint John	738	788
Florenceville	Woodstock	2,091	2,109	Douglas Harbour	Oromocto	655	709
Paquetville	Caraquet	2,088	2,223	Arthurette	Grand Falls	653	602
St-Quentin	Grand Falls	2,006	2,086	Gagetown	Oromocto	652	607
Mactaquac	Brookside Mall, Fredericton	1,986	2,032	McAdam	St. Stephen	644	591
Minto	Devon Park, Fredericton	1,974	1,971	Barnesville	Kennebecasis Valley	633	671
Hartland	Woodstock	1,942	1,898	Alma	Riverview	626	582
St-Antoine	Bouc touche	1,921	1,936	Canterbury	Woodstock	613	605
Grand Barachois	Shediac	1,901	1,940	Maissonnette	Caraquet	589	608
Rogersville	Chatham	1,805	1,766	Debec	Woodstock	557	602
Nackawic	Woodstock	1,795	1,731	Riverside-Albert	Riverview	538	531
Saint-Louis-de-Kent	Richibucto	1,759	1,821	Elsipogtog	Richibucto	533	-
Prince William	York St., Fredericton	1,748	1,710	Janeville	Bathurst	517	540
Brantville	Tracadie	1,716	1,927	Bay du Vin	Chatham	507	574
Chipman	Devon Park, Fredericton	1,565	1,549	South Tetagouche	Bathurst	484	545
Kingston	Kennebecasis Valley	1,535	1,563	Campobello Island	St. Stephen	407	382
Penniac	Devon Park, Fredericton	1,502	1,730	Saint-Paul-de-Kent	Bouc touche	399	400
Harvey Station	Devon Park, Fredericton	1,493	1,440	Saint-Arthur	Campbellton	354	504
Plaster Rock	Grand Falls	1,385	1,255	Pointe-Sapin	Richibucto	332	343
Sunny Corner	Newcastle	1,380	1,407	Riley Brook	Grand Falls	304	331
Hillsborough	Riverview	1,319	1,340	Juniper	Woodstock	286	291
Lepreau	Fairville Blvd., Saint John	1,307	1,291	Manufacturer Agents	Head Office, Fredericton	177	338
Fredericton Junction	Oromocto	1,279	1,307	Leech	Tracadie	155	-
St. Leonard	Grand Falls	1,270	1,462				
Kedgwick	Campbellton	1,222	1,437	TOTAL AGENT SALES		\$ 135,367	\$ 134,951
Burton	Oromocto	1,216	1,262				
Zealand	Brookside Mall, Fredericton	1,213	1,263	Grocery			
Bath	Woodstock	1,153	1,172	Sobeys Distribution Centre		15,553	16,029
Blackville	Newcastle	1,141	1,149	Loblaws Distribution Centre		11,863	12,015
Balmorat	Dalhousie	1,135	1,244	Kredl's Corner Market (2017) Ltd.		85	81
Youngs Cove	Kennebecasis Valley	1,119	1,116				
Centerville	Woodstock	1,075	1,070	TOTAL GROCERY SALES		\$ 27,501	\$ 28,125

MANAGEMENT AND AUDITOR'S REPORT

MANAGEMENT REPORT

The preparation of financial information is an integral part of management's responsibilities, and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgements and estimates consistent with International Financial Reporting Standards in Canada. Financial information presented elsewhere in this Annual Report is consistent with these financial statements.

The Corporation maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The Board of Directors is assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the financial statements and Annual Report, meets periodically with management, and the internal and external auditors, concerning internal controls and all other matters relating to financial reporting.

KPMG, the external auditors of the Corporation, have performed an independent audit of the financial statements of the Corporation in accordance with Canadian generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and the opinion expressed.



Lori Stickles
PRESIDENT AND CEO



Jamie LeBlanc
VICE PRESIDENT AND CFO

MANAGEMENT AND AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of New Brunswick Liquor Corporation

Opinion

We have audited the financial statements of New Brunswick Liquor Corporation (the Corporation), which comprise:

- the statement of financial position as at April 2, 2023
- the statement of operations and comprehensive income for the 52-week period then ended
- the statement of changes in equity for the 52-week period then ended
- the statement of cash flows for the 52-week period then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at April 2, 2023, and its financial performance and its cash flows for the 52-week period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

MANAGEMENT AND AUDITOR'S REPORT

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

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

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

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

MANAGEMENT AND AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, sans-serif font, followed by 'LLP' in a smaller, similar font. A horizontal line is drawn underneath the text.

Chartered Professional Accountants

Fredericton, Canada

June 23, 2023

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Statement of Financial Position
(In thousands)

April 2, 2023, with comparative information for April 3, 2022

	April 2 2023	April 3 2022
Assets		
<i>Current Assets</i>		
Cash	\$ 198	\$ 189
Trade and other receivables	13,009	13,371
Inventories	37,542	37,475
Prepaid expenses	2,398	1,597
	<u>53,147</u>	<u>52,632</u>
<i>Non Current Assets</i>		
Property and equipment (note 4)	12,333	12,215
Intangible assets (note 5)	2,744	3,277
Right-of-use assets (note 6)	41,599	46,878
	<u>56,676</u>	<u>62,370</u>
Total Assets	\$ 109,823	\$ 115,002
Liabilities		
<i>Current Liabilities</i>		
Trade and other payables	\$ 24,727	\$ 22,185
Lease liabilities due within one year (note 6)	6,845	6,578
	<u>31,572</u>	<u>28,763</u>
<i>Non Current Liabilities</i>		
Long-term lease liabilities (note 6)	39,753	45,334
Retiring allowances (note 7)	2,135	2,107
	<u>41,888</u>	<u>47,441</u>
Total Liabilities	73,460	76,204
Equity of the Province of New Brunswick		
Equity	36,079	38,529
Accumulated other comprehensive income	284	269
	<u>36,363</u>	<u>38,798</u>
Total Liabilities and Equity	\$ 109,823	\$ 115,002

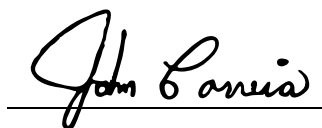
Contingencies (note 12)

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Statement of Operations and Comprehensive Income
(In thousands)

52 weeks ended April 2, 2023, with comparative information for the 53 weeks ended April 3, 2022

Statement of Operations

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Total sales (note 9)	\$ 523,250	\$ 519,884
Less: discounts	<u>11,792</u>	<u>11,320</u>
Net sales	511,458	508,564
Cost of sales	<u>242,769</u>	<u>236,540</u>
Gross profit	268,689	272,024
Other income	<u>3,224</u>	<u>3,111</u>
	271,913	275,135
Operating expenses (note 10)	<u>72,103</u>	<u>76,435</u>
Net income	<u><u>\$ 199,810</u></u>	<u><u>\$ 198,700</u></u>

Statement of Comprehensive Income

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Net income	<u>\$ 199,810</u>	<u>\$ 198,700</u>
<i>Other comprehensive income</i>		
Change in retirement allowance actuarial assumptions (note 7)	<u>15</u>	<u>269</u>
Other comprehensive income	<u>15</u>	<u>269</u>
Comprehensive income	<u><u>\$ 199,825</u></u>	<u><u>\$ 198,969</u></u>

See accompanying notes to financial statements.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Statement of Changes in Equity
(In thousands)

52 weeks ended April 2, 2023, with comparative information for the 53 weeks ended April 3, 2022

	Accumulated other comprehensive income	Retained earnings	Total equity
<i>Balance at March 28, 2021</i>	\$ -	\$ 46,088	\$ 46,088
Net income	-	198,700	198,700
Other comprehensive income	269	-	269
Comprehensive income	269	198,700	198,969
Distributions to the Province of New Brunswick	-	(206,259)	(206,259)
<i>Balance at April 3, 2022</i>	<u>\$ 269</u>	<u>\$ 38,529</u>	<u>\$ 38,798</u>
Net income	-	199,810	199,810
Other comprehensive income	15	-	15
Comprehensive income	15	199,810	199,825
Distributions to the Province of New Brunswick	-	(202,260)	(202,260)
<i>Balance at April 2, 2023</i>	<u>\$ 284</u>	<u>\$ 36,079</u>	<u>\$ 36,363</u>

See accompanying notes to financial statements.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Statement of Cash Flows
(In thousands)

52 weeks ended April 2, 2023, with comparative information for the 53 weeks ended April 3, 2022

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Operating		
Net income	\$ 199,810	\$ 198,700
Items not involving cash:		
Depreciation	8,524	8,575
Amortization of intangible assets	724	738
Loss on impairment of intangible	117	2,668
Loss on impairment of property and equipment	45	-
Gain on sale of property and equipment	(5)	-
Increase (decrease) in retiring allowances	43	(121)
Lease liabilities - interest portion (note 6)	1,554	1,692
Change in non-cash working capital (note 8)	2,036	(11,866)
Cash generated from operations	212,848	200,386
Investing		
Repayments from Cannabis NB Ltd.	-	15,488
Additions to property and equipment	(1,938)	(1,221)
Additions to intangible assets	(308)	(90)
Proceeds from sale of property and equipment	5	8
Net cash available (used) for investing activities	(2,241)	14,185
Financing		
Lease payments (note 6)	(8,338)	(8,316)
Distributions to the Province of New Brunswick	(202,260)	(206,259)
Net cash used for financing activities	(210,598)	(214,575)
Increase (decrease) in cash	9	(4)
Cash at beginning of year	189	193
Cash at end of year	\$ 198	\$ 189

See accompanying notes to financial statements.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements
(In thousands)

52 weeks ended April 2, 2023

1. Nature of operations and reporting entity:

The New Brunswick Liquor Corporation (the Corporation) is a Crown Corporation incorporated under the New Brunswick Liquor Corporation Act and is a Government Business Enterprise as defined by Public Sector Accounting Standards. The immediate parent and ultimate controlling party is the Province of New Brunswick. The Corporation's main office is located in Fredericton, New Brunswick and its primary business is the purchase, distribution and sale of alcoholic beverages throughout the Province of New Brunswick. The Corporation is exempt from Income Taxes under Section 149 of the Income Tax Act.

These separate financial statements do not include the financial statements of the Corporation's investee, Cannabis NB Ltd. (CNB), which was incorporated under the Business Corporations Act on July 3, 2018. The investment has been recorded at cost.

2. Basis of presentation:

(a) Statement of compliance:

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

The financial statements for the year ended April 2, 2023, were approved, and authorized for issue by the Board of Directors on June 23, 2023.

(b) Fiscal year:

The Corporation's fiscal year ends on the Sunday closest to March 31. All references to 2023 and 2022 represent the fiscal years ended April 2, 2023, and April 3, 2022, respectively. Under an accounting convention common in the retail industry, the Corporation follows a 52-week reporting cycle, which periodically necessitates a fiscal year of 53 weeks. The year ended April 2, 2023 contained 52 weeks and the year ended April 3, 2022 contained 53 weeks. Typically, the inclusion of an extra week occurs every fifth or sixth fiscal year due to the Corporation's floating year-end date. The next 53-week year will occur in fiscal 2028.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for post-employment benefits, which are measured as described below. These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

3. Summary of significant accounting policies:

(a) Use of estimates and judgements:

The preparation of financial statements requires management to make certain judgements, estimations and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised, and any future years affected.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Corporation that have the most significant effect on the financial statements.

Consolidation

The Corporation uses judgement in determining whether CNB is controlled and therefore consolidated. The Corporation controls an entity when the Corporation has the power over the investee, has exposure, or rights, to variable returns from its involvement with the investee, and has the ability to direct the activities that significantly affect the entity's returns. Judgement is applied in determining whether the Corporation has exposure, or rights, to variable returns from its involvement with CNB. The Corporation owns 100% of the common shares of CNB, has direct control over the operational activities that significantly affect CNB's returns, however does not have direct benefit or exposure to variable returns, therefore under IFRS 10, is not required to consolidate.

Impairment of property and equipment, right-of-use, and intangible assets

Judgement is used in determining the aggregate grouping of assets identified as Cash Generating Units ("CGUs") for purposes of testing for impairment of property and equipment, right-of-use assets (ROU), and intangibles. Judgement is required in determining the lowest level at which independent cash inflows are generated. The Corporation has defined CGUs as its retail stores. In addition, judgement is used to determine whether a triggering event has occurred requiring an impairment test to be conducted.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

3. Summary of significant accounting policies (continued):

(a) Use of estimates and judgements (continued):

Capitalization of internally developed software

Judgement is required in distinguishing the research and development phases of a new customized software project and determining whether the recognition requirements for the capitalization of development costs are met. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.

Right-of-use assets and lease liabilities

Judgement is required to determine whether an option to extend the lease term would be reasonably certain to be exercised. Management considers all facts and circumstances, including its past practice and any cost that will be incurred to improve or modify the leased asset if an option to extend is not taken, to help it determine the lease term.

Judgement is also required where the interest rate implicit in the lease is not readily available. Management uses the lessee's incremental borrowing rate to measure the present value of the remaining lease payments. Management's determination of the Corporation's incremental borrowing rate depends on relevant facts and circumstances, geographical location, and lease term duration of the lease property.

Significant estimations and assumptions

The following are areas where estimates and assumptions have the most significant effect on recognition and measurement of the assets, liabilities, income, and expenses of the Corporation. Actual results may be substantially different.

Useful lives of property and equipment and intangible assets

The Corporation is required to estimate the useful lives and depreciation method for property and equipment and intangible assets. Management determines the estimated useful lives based on historical experience and the expected pattern of consumption of the future economic benefits of the asset. As this information is based on estimates and is subject to change, estimates are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Retiring allowances

The Corporation makes estimates in recording costs and liabilities associated with retiring allowances. These are based on current information regarding cost, expected plans and discount rates. The accrued retiring allowances reflect the Corporation's best estimate of salary, escalation, and the retirement ages of employees. The calculations are sensitive to changes in the actuarial and economic assumptions made regarding future outcomes.

(b) Cash:

Cash includes cash and bank deposits.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

3. Summary of significant accounting policies (continued):

(c) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is defined as average cost. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses. Cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. The amount of inventories expensed during the year is shown as cost of sales on the statement of operations and comprehensive income.

(d) Property and equipment:

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition or construction of an asset, and costs directly attributable to bringing an asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and amortized separately. Depreciation is computed using the straight-line method based on the estimated useful life of the assets. Useful life is reviewed on an annual basis.

Derecognition

An item of property and equipment is derecognized when disposed of or when no future economic benefits are expected to arise from the continued use of the asset. A gain or loss arising on derecognition of an asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal and is included in the statement of operations and comprehensive income in the year in which the item is derecognized.

Subsequent costs

The Corporation recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is possible that the future economic benefits embodied with the item will flow to the Corporation and the cost of the item can be measured reliably. All other costs are recognized in the statement of operations and comprehensive income as expenses as incurred.

Depreciation

Depreciation of an asset begins when it is available for use. This means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged to the statement of operations and comprehensive income on a straight-line basis over the assets' estimated useful lives after considering their estimated residual value using the following rates per annum:

Paving	10 years
Buildings	40 years
Leasehold improvements	1-20 years
Furniture, fixtures, and equipment	5 years
Automotive	4 years
Retail equipment	5 years
Refrigeration equipment	10 years

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

3. Summary of significant accounting policies (continued):

(d) Property and equipment (continued):

Leasehold improvements are depreciated on the straight-line basis over the lesser of the estimated useful life and the lease term. Property and equipment include assets purchased or under construction, all, or a portion of which may not be in use at the end of the year. As a result, no depreciation is taken on these assets. Assets not in use totaled \$214 (\$484 in 2022) of which \$40 (\$159 in 2022) is included in buildings, \$105 (\$284 in 2022) is included in furniture, fixtures, and equipment, and \$69 (\$41 in 2022) is included in refrigeration equipment.

Impairment

The carrying amounts of the Corporation's non-financial assets (property and equipment, intangible assets and right of use assets) are reviewed at the end of each year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs.

Assets are grouped based on their CGUs which is the smallest group of assets which generate cash 'inflows' from their continuing use which are independent from cash inflows of other assets. The Corporation has defined CGUs as its retail stores.

The recoverable amount of a CGU is the greater of its value in use and its fair value less estimated costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses recognized in prior periods are reversed if the recoverable amount in a later period exceeds the carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. At April 2, 2023, impairment of \$45 has been recorded.

(e) Intangible assets:

Intangible assets include purchased and in-house developed computer software which are recorded at cost and amortized on a straight-line basis over the estimated useful life, as these assets are considered to have finite useful lives. Useful lives are reviewed at each reporting date. The Corporation assesses the carrying value of intangible assets for impairment on an annual basis. At April 2, 2023, impairment of \$117 has been recorded. Computer software is amortized on a straight-line basis over 10 years. Included in intangible assets are assets not in use of \$231 (\$90 in 2022). No amortization is taken on these assets.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

3. Summary of significant accounting policies (continued):

(f) Leased assets:

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation uses the definition of a lease in IFRS 16.

Leases are recognized as a ROU asset and a corresponding liability at the lease commencement date.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index (Consumer Price Index) or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortized cost using the effective interest method. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Corporation's incremental borrowing rate is used. The Corporation determines its incremental borrowing rate using the Province of New Brunswick's incremental borrowing rate over the lease terms.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, if the Corporation changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

3. Summary of significant accounting policies (continued):

(f) Leased assets (continued):

The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Corporation's ROU assets are buildings which are depreciated over 15 to 20 years depending on the lease period.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Financial instruments:

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of a financial instrument. A financial asset or financial liability is measured initially at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial instruments that are not classified as fair value through profit or loss.

(h) Classification and measurement of financial assets:

The classification and measurement approach for financial assets reflect the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on these categories: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit and loss ("FVTPL").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTPL unless it is measured at amortized cost or at FVOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Corporation identifies changes in its business model in managing financial assets. The Corporation currently classifies its cash and trade, and other receivables as assets measured at amortized cost.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

3. Summary of significant accounting policies (continued):

(h) Classification and measurement of financial assets (continued):

Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL. The Corporation currently classifies trade and other payables as financial liabilities measured at amortized cost.

Derecognition

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Corporation neither transfers nor retains substantially all risks and rewards of ownership and does not retain control of the financial assets. The difference between the carrying amount of the financial asset and the sum of the consideration received and receivable is recognized in income.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in income.

Impairment of financial assets

The Corporation recognizes loss allowances for expected credit losses (“ECL”) on financial assets that are not measured at FVTPL.

The Corporation measures loss allowances at an amount equal to lifetime ECL, except for the following for which they are measured as 12-month ECL:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Measurement of ECL

ECL are a probability weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Corporation expects to receive); and
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

3. Summary of significant accounting policies (continued):

(h) Classification and measurement of financial assets (continued):

At each reporting date, the Corporation assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets.

(i) Provisions:

A provision is recognized in the statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in provision due to the passage of time is recognized as an interest expense.

(j) Post-employment benefits:

Retiring allowances

Bargaining employees are entitled to a retirement allowance based on years of service and rate of pay in the year of retirement or death. This program is funded in the year the allowance is paid. The cost of the retirement allowance earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement age of employees.

Significant assumptions used in the calculation of the liability are as follows:

	April 2 2023	April 3 2022
Discount rate	4.9%	4.1%
Future salary increases	2.3%	2.3%
Retirement age	Varies depending on member's current age	

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

3. Summary of significant accounting policies (continued):

(j) Post-employment benefits (continued):

Pension plan

Employees of the Corporation are members of the New Brunswick Public Service Pension Plan, a multi-employer, shared risk pension plan. Contributions are made by both the Corporation and the employees. Since sufficient information is not readily available to account for the Corporation's participation in the plan using defined benefit pension plan accounting, these financial statements have been prepared using accounting for defined contribution pension plans. The Corporation has no direct liability to any unfunded liability, nor does it have any entitlement to any surplus, for the plan related to current or former employees. Contributions made by the Corporation during the year totaled \$3,269 (\$3,180 in 2022). Contributions made to the plan by the Corporation for 2024 are expected to approximate 12% of eligible salaries.

The Corporation also maintains a defined contribution plan for its part-time and seasonal employees. Contributions made by the Corporation during the year totaled \$61 (\$37 in 2022).

(k) Revenue:

Revenue is measured at the fair value of consideration received or receivable. The Corporation recognizes revenue when it transfers control over a good to a customer. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Corporation recognizes revenue at the time the point of sale is made or when goods are delivered to the customers.

(l) Vendor rebates:

The Corporation records cash consideration received from vendors as a reduction to the cost of related inventory or, if the related inventory has been sold, to the cost of producing revenue.

(m) Standards and interpretations not yet applied:

A number of new standards, amendments to standards and interpretations of standards have been issued by the IASB and the IFRIC, the application of which is effective for periods beginning on or after January 1, 2023. The Corporation does not expect the implementation of these new accounting pronouncements to have a significant impact on its accounting policies.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

4. Property and equipment:

Cost	Land	Paving	Buildings	Leasehold Improvements	Furniture Fixtures and Equipment	Automotive	Retail Equipment	Refrigeration Equipment	Total
Balance at March 28, 2021	\$ 23	\$ 450	\$ 11,424	\$ 6,214	\$ 26,515	\$ 443	\$ 1,350	\$ 3,766	\$ 50,185
Additions	-	4	593	12	566	-	-	46	1,221
Disposals	-	-	-	(20)	(290)	-	(7)	(43)	(360)
Balance at April 3, 2022	\$ 23	\$ 454	\$ 12,017	\$ 6,206	\$ 26,791	\$ 443	\$ 1,343	\$ 3,769	\$ 51,046
Balance at April 3, 2022	\$ 23	\$ 454	\$ 12,017	\$ 6,206	\$ 26,791	\$ 443	\$ 1,343	\$ 3,769	\$ 51,046
Additions	-	37	105	455	1,215	47	-	79	1,938
Disposals	-	-	-	-	(55)	(52)	-	-	(107)
Balance at April 2, 2023	\$ 23	\$ 491	\$ 12,122	\$ 6,661	\$ 27,951	\$ 438	\$ 1,343	\$ 3,848	\$ 52,877
Accumulated Depreciation									
Balance at March 28, 2021	\$ -	\$ 388	\$ 6,677	\$ 2,882	\$ 22,770	\$ 387	\$ 1,348	\$ 2,914	\$ 37,366
Depreciation	-	8	192	316	1,078	33	3	187	1,817
Disposals	-	-	-	(20)	(284)	-	(8)	(40)	(352)
Balance at April 3, 2022	\$ -	\$ 396	\$ 6,869	\$ 3,178	\$ 23,564	\$ 420	\$ 1,343	\$ 3,061	\$ 38,831
Balance at April 3, 2022	\$ -	\$ 396	\$ 6,869	\$ 3,178	\$ 23,564	\$ 420	\$ 1,343	\$ 3,061	\$ 38,831
Depreciation	-	10	203	333	1,021	27	-	181	1,775
Disposals	-	-	-	-	(10)	(52)	-	-	(62)
Balance at April 2, 2023	\$ -	\$ 406	\$ 7,072	\$ 3,511	\$ 24,575	\$ 395	\$ 1,343	\$ 3,242	\$ 40,544
Carrying Amounts									
At April 3, 2022	\$ 23	\$ 58	\$ 5,148	\$ 3,028	\$ 3,227	\$ 23	\$ -	\$ 708	\$ 12,215
At April 2, 2023	\$ 23	\$ 85	\$ 5,050	\$ 3,150	\$ 3,376	\$ 43	\$ -	\$ 606	\$ 12,333

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

5. Intangible assets:

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Software		
Cost		
Opening	\$ 12,128	\$ 14,706
Additions	308	90
Loss on impairment	(117)	(2,668)
Closing	<u>12,319</u>	<u>12,128</u>
Accumulated Amortization		
Opening	8,851	8,113
Amortization	724	738
Closing	<u>9,575</u>	<u>8,851</u>
Carrying Amount	<u>\$ 2,744</u>	<u>\$ 3,277</u>

6. Right-of-use assets and lease liabilities:

The Corporation leases various retail stores and certain leases contain extension options exercisable by the Corporation. At the commencement date, the Corporation concluded that it is not reasonably certain to exercise the options to extend the leases and therefore, renewal options have not been taken into consideration for measurement of ROU assets and lease liabilities.

Right-of-use assets

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Cost		
Opening	\$ 67,055	\$ 64,403
Additions	1,470	2,652
Closing	<u>68,525</u>	<u>67,055</u>
Accumulated Depreciation		
Opening	20,177	13,419
Depreciation	6,749	6,758
Closing	<u>26,926</u>	<u>20,177</u>
Carrying Amount	<u>\$ 41,599</u>	<u>\$ 46,878</u>

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

6. Right-of-use assets and lease liabilities (continued):

Lease liabilities

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Opening	\$ 51,912	\$ 55,884
Additions	1,470	2,652
Lease payments	(8,338)	(8,316)
Interest expense on lease liabilities	1,554	1,692
Closing	<u>\$ 46,598</u>	<u>\$ 51,912</u>
Current	\$ 6,845	\$ 6,578
Long-term	<u>39,753</u>	<u>45,334</u>
	<u>\$ 46,598</u>	<u>\$ 51,912</u>

Maturity of lease liabilities

A maturity analysis of discounted payments are as follows:

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Due within one year or less	\$ 6,845	\$ 6,578
Between one and five years	22,449	28,030
More than five years	17,304	17,304
	<u>\$ 46,598</u>	<u>\$ 51,912</u>

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

7. Retirement allowances:

Pursuant to the direction of the Province of New Brunswick and with the approval of the Board of Directors, the accumulation of retirement allowance benefits ceased for non-bargaining employees effective June 30, 2013. The program remains in effect for bargaining employees pending direction from the Province of New Brunswick. A full actuarial evaluation of the plan was performed as of April 2, 2023.

Information relating to the plan is as follows:

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Opening	\$ 2,107	\$ 2,497
Employer current service cost	115	50
Interest cost	88	73
Benefit payments	(160)	(244)
Change in financial assumptions	<u>(15)</u>	<u>(269)</u>
Closing	<u>\$ 2,135</u>	<u>\$ 2,107</u>

8. Changes in non-cash working capital:

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Trade and other receivables	\$ 362	\$ 677
Inventories	(67)	(3,368)
Prepaid expenses	(801)	417
Trade and other payables	<u>2,542</u>	<u>(9,592)</u>
	<u>\$ 2,036</u>	<u>\$ (11,866)</u>

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

9. Sales:

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Beer	\$ 218,059	\$ 218,453
Spirits	125,019	122,849
Wine	113,283	114,094
Coolers and ciders	66,424	63,982
Non Liquor	465	506
	<u>\$ 523,250</u>	<u>\$ 519,884</u>

10. Operating expenses:

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Employee costs	43,454	41,635
Depreciation and amortization	9,248	9,313
Financial services	6,555	6,197
Services	4,976	4,839
Occupancy costs and supplies	3,536	3,602
Technology	2,357	2,059
Other	1,977	8,790
	<u>\$ 72,103</u>	<u>\$ 76,435</u>

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

11. Financial Risk Management Objectives and Policies:

(a) Liquidity risk:

Liquidity risk is the risk the Corporation will be unable to meet its financial obligations as they become due. The Corporation manages this risk through monitoring of future cash flows to ensure it will have sufficient cash from operations to meet these obligations. The Corporation's trade and other payables are due within one year. The details of the Corporation's future lease liabilities, undiscounted, are as follows:

	April 2 2023 (52 weeks)	April 3 2022 (53 weeks)
Due within one year or less	\$ 8,210	\$ 8,114
Between one and five years	30,228	33,323
More than five years	18,900	18,900
	<u>\$ 57,338</u>	<u>\$ 60,337</u>

(b) Foreign currency risk:

In preparing the financial statements, transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the date of the transaction. The Corporation is exposed to foreign currency risk on purchases that are denominated in a currency other than the Canadian dollar. Currencies giving rise to this risk are primarily the U.S. dollars and Euros. Management has mitigated this risk by limiting the number of purchase transactions originating in foreign currency.

(c) Credit risk:

Credit risk is the risk the Corporation will incur a loss because a customer fails to meet an obligation. The Corporation's exposure is related to the value of trade and other receivables. The Corporation has mitigated the exposure to this risk through limited extension of credit and contractual relationships with business partners. As at April 2, 2023, there are no significant financial receivables greater than 30 days, and no customer account amounts to more than 10% of total receivables.

(d) Capital management:

The Corporation does not have share capital or long-term debt. Its definition of capital is cash and equity. The Corporation's main objectives for managing capital is to ensure sufficient liquidity in support of its financial obligations and to maximize returns to the Province of New Brunswick.

2022 – 2023 FINANCIAL STATEMENTS

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended April 2, 2023

12. Contingencies:

The Corporation is involved in various legal actions and other matters arising out of the ordinary course and conduct of business. The outcome and ultimate disposition of these actions are not determinable at this time. Accordingly, no provision for these actions is reflected in the financial statements. Settlements, if any, concerning these contingencies will be accounted for in the period in which the settlement occurs. Management has mitigated this risk by maintaining insurance coverage as required.

The Corporation indemnifies its Directors and Officers against any and all claims or losses reasonably incurred in the performance of their service to the Corporation.

13. Related Party Transactions:

The ultimate controlling party of the Corporation is the Province of New Brunswick. Distributions to the Province of New Brunswick are disclosed in the statement of changes in equity. The Corporation is related through common ownership with all provincial departments, agencies, and Crown Corporations. Transactions with these entities occur in the normal course of business and are recorded at the exchange amount unless disclosed in these financial statements.

The Corporation provides services to CNB, which are allocated through a shared service agreement. These services include human capital in the areas of executive management; corporate governance; property management; information technology services; strategic compliance; financial services; community and stakeholder relations, as well as the associated portion of benefits. In addition, the Corporation allocates occupancy costs to CNB for a share of space for CNB's employees. These transactions are recorded on a cost recovery basis and are recognized as a reduction to salaries-administration, employee benefits and rent expenses. During the year ended April 2, 2023, the Corporation charged CNB \$1,494 (\$1,024 in 2022), comprised of \$1,245 (\$912 in 2022) for salaries-administration and \$249 (\$112 in 2022) in rent for occupancy costs.

Trade and other receivables include \$194 (\$107 in 2022) which represents the current portion of the shared service allocation as described above. The total amount outstanding is non-interest bearing, unsecured, with no set term of repayment. The amounts due from CNB are considered current receivables and repayment is guaranteed under the terms of an agreement between CNB and Cannabis Management Corporation.

These transactions are recorded at the amount of consideration as established and agreed to by the related parties.

Compensation of key management personnel

Members of the Board of Directors and Executive Team are considered to be key management personnel. Total compensation and benefits amounted to \$1,725 (\$1,682 in 2022).