

**ANNUAL BUSINESS PLAN
FISCAL YEAR 2022-2023**



A NEW CHAPTER

CELEBRATING THE GOOD

At the NSLC, we take pride in providing Nova Scotians with exceptional customer service and responsible sales of beverage alcohol and cannabis in our retail network and online. Our legislated mandate for beverage alcohol has remained the same since we opened our doors in 1930 but the way we operate our business has evolved. This mandate was broadened to include cannabis on October 17, 2018 when the regulations under the federal Cannabis Act came into force.

Our anchor has always been our people. We strive to create exceptional employee experiences, which translates to exceptional customer service experiences across all our touchpoints. We work hard to be an employer of choice, a leader in corporate social responsibility, and a committed and innovative partner to business and local industry.

Our customers tell us that they are pleased with the service we provide, but we are striving for excellence. We are proud of what we have accomplished during our last five-year strategic plan and recognize that the 1800 Nova Scotians we employ are the heart of the business and the key to our success. They represent everything we are proud of and are responsible for generating all the good we do. For this reason, our current strategic plan and this annual business plan focuses on our people, as well as our commitment to corporate social responsibility and exceptional customer experiences. We are determined to take the good we do to the next level by collaborating, learning more about how to better serve our customers, partnering with local industry, and looking for ways to share the good we do with the people of Nova Scotia.

OUR LEGISLATIVE MANDATE

As a Crown Corporation, we support Nova Scotians and the priorities of the Government of Nova Scotia by working together to contribute to economic growth, offering support to our large base of employees, and by providing exceptional and responsible customer service. We do this with fiscal sustainability and service delivery top of mind, while directing 100% of our profits to the Province of Nova Scotia, as our Shareholder, to support key public services.

Our legislative mandate is outlined in the Nova Scotia Liquor Control Act and Cannabis Control Act (CCA). Our role, as outlined in the Liquor Control Act (LCA), includes responsibility for the receipt, distribution, regulation and control of beverage alcohol in Nova Scotia. Safe and responsible distribution and sale of beverage alcohol, including the prevention of alcohol sales to minors, is fundamental to our mandate. The CCA, gives us the authority purchase, possess, sell, and distribute cannabis.

LIQUOR CONTROL ACT (LCA) OBJECTIVES:

CUSTOMER: Attainment of acceptable levels of customer service

RESPONSIBILITY: Promotion of social objectives regarding responsible drinking

LOCAL: Promotion of industrial or economic objectives regarding the beverage alcohol industry in the province

FINANCIAL: Attainment of suitable financial revenues to government

PROVINCIAL CANNABIS CONTROL ACT (CCA) OBJECTIVES:

1. Promote social objectives respecting the responsible consumption of cannabis; and
2. Control and carry out the purchase, possession, distribution and sale of cannabis in accordance with the CCA

FEDERAL CANNABIS CONTROL ACT (CCA) OBJECTIVES:

1. Protecting the health of young persons by restricting their access to cannabis
2. Protecting individuals from inducements to use cannabis
3. Providing access to a quality-controlled supply of legal cannabis

OUR BRAND

This annual business plan represents the third year of our new Strategic Plan (2020 - 2025). Through our strategic planning process, our Purpose and Vision have been refined to capture the essence of the organization.

We support Nova Scotians by focusing our operations and efforts on fulfilling our mandated responsibilities, and by living our Purpose and Vision. As a Crown Corporation, we support Nova Scotians and the priorities of the Government of Nova Scotia: working together to contribute to economic growth, and providing opportunities for all Nova Scotians, all within an overall context of fiscal responsibility and service delivery.

OUR PURPOSE | OUR REASON FOR BEING

TO COME TOGETHER FOR
THE **GOOD** OF NOVA
SCOTIA.

OUR VISION | WHO WE ASPIRE TO BE

To be recognized as a trusted retailer, partner, employer and responsible industry steward that is helping create a stronger Nova Scotia.

OUR VALUES | HOW WE ACT

- Knowledgeable
- Optimistic
- Responsible
- Respectful
- Engaged

THIS IS HOW WE WILL
**COME TOGETHER
FOR THE GOOD OF
NOVA SCOTIA**

OUR STRATEGIC PRIORITIES

We are embarking on the third year of our Strategic Plan in fiscal 2022-2023. The last two years have been shaped by the COVID-19 pandemic, which saw our service approach shift to place an increased priority on safety. In this context, we continue to be committed to delivering consistent and exceptional experiences for our customers. As always, we take our role as a responsible steward of beverage alcohol and cannabis sales in Nova Scotia seriously.

External forces continue to shape our business and the purchasing decisions of our customers, including expectations of how product is accessed in an era of personalization and convenience. This adds increased complexity to our business and challenges the status quo. Nova Scotia is faced with changing demographics and the shifting consumer preferences that come with that. We are tasked with understanding the evolving customer journey and finding new ways meet our customers' expectations. COVID-19 has simply accelerated this reality. Importantly, our people are central to delivering on these expectations and upholding our social responsibility mandate. As a result, our focus will be to support our people through the lens of our service standards: safety, care, connection, and efficiency.

CUSTOMER

We will be steadfast in our commitment to become a truly customer-first organization by building on the foundation of trust we have established through authentic retail experiences and our focus on corporate social responsibility. We will put customers first and create moments of engagement across all channels while ensuring Nova Scotians can safely purchase the products they want, how they want. This starts with listening to our customers, our vendor partners, and each other and acting on what we hear. How we evolve the shopping experience to meet customers on their terms is a challenge with no one solution.

PEOPLE

We believe that the strength of our team will make it possible to deliver authentic, consistent, and exceptional customer experiences. We will empower our people to continue to build relationships with Nova Scotians by offering consistent, knowledgeable, reliable, safe, and responsible service. Supporting all employees through their entire employment life cycle will be a priority during the life of this plan. Ensuring our team members have the leadership, tools and support they need to work safely in the new context of COVID-19 will continue to be a top priority.

RESPONSIBILITY

Our corporate social responsibility mandate is at the heart of the organization, and we commit to taking our programs and initiatives to the next level through authentic integration of our plans throughout our organization. Our retail team challenges more than two million customers for ID every year, helping to keep our products out of the hands of minors. We will work hard to support our customers in their celebration of life's moments and help them choose products responsibly. We will continue to support our province through an enhanced community investment strategy and further our commitment to environmental and industry stewardship for Nova Scotia. We will continue developing programs and initiatives our employees are proud of and to celebrate the good we do for our province in new and different ways.

LOCAL

The buy-local movement continues to increase in popularity and demand by customers. We will continue to look for opportunities to collaborate and connect with local industry on an ongoing basis. By finding new and innovative ways to work together, sharing best practices, and leveraging expertise, we will support them in our capacity as a retailer and enable Nova Scotians to buy products they love.

FINANCIAL

We will remain steadfast in our commitment to supporting our focus areas and making a positive impact in the communities we serve through partnerships, environmental stewardship, volunteering, supporting local industry, and by our financial contribution.

There's so much good to celebrate with our employees, customers and business partners and we plan to keep the good going.

CUSTOMER

Deepen our customer focus through a customer-first approach across the organization

We will continue to look at ways to evolve to meet customer needs so that we can move from a great in-store shopping experience to a great shopping experience in our customers' preferred channel. Our customer-first approach will be anchored in continuously listening and basing our actions on meaningful insights and our service standards.

STRATEGIES	ACTIONS	TACTICS
Improving how our customers shop with us	1. Offer Nova Scotians their preferred shopping experience to buy the products they love	Channel Innovation and Improvements: Home Delivery, MyNSLC.com roadmap and Cannabis store expansion Fulfillment strategy assessment in support of an evolved channel strategy Retail shopper evaluation project Agency channel shopping experience assessment and enhancements
Engaging with our Customers and People	1. Actively listen and respond to our customers and people to improve their NSLC experience	Employee communication enhancements strategy Assessment of customer relationship management tool Retail process alignment initiative

PEOPLE

Create exceptional employee experiences to drive exceptional customer experiences

Our people are the heart of what we do, why we do it and the key to our ongoing success. We will look for ways to support them through their employment lifecycle to create increased engagement, enabling them to better serve our customers. We are striving to be the employer of choice in Nova Scotia that demonstrates its commitment to its values and people.

STRATEGIES	ACTIONS	TACTICS
Build programs and a culture that attracts, develops and retains talent & celebrates the contributions of our people	<ol style="list-style-type: none">1. Support consistency of Service Standards2. Build leadership framework at the NSLC3. Build a talent acquisition and retention strategy4. Provide HR tools to support a progressive people-centric organization	<p>Develop service standards roadmap and implement foundations training</p> <p>Establish leadership skills and training program</p> <p>Develop a talent marketing plan</p> <p>Continue SAP SuccessFactors implementation roadmap and stabilization, including learning module</p>
Create a Culture of Belonging	<ol style="list-style-type: none">1. Establish a vision and roadmap for Accessibility and Equity, Diversity and Inclusion (EDI)2. Implement Employee Engagement Strategy	<p>Build an Accessibility Plan in accordance with the Provincial Accessibility Act, including EDI action plan</p> <p>Develop and roll out action plans in support of the 2021 Employee Survey</p>

RESPONSIBILITY

Fully integrate corporate social responsibility (CSR) into our organizational DNA

We commit to enhancing our efforts and celebrating our commitment to our legislated mandate through continued engagement with our people, partners, and stakeholders across key areas of responsible consumption education, community investment and sustainability.

STRATEGIES	ACTIONS	TACTICS
Deepen CSR function across the organization and build ambassadorship among our people, customers, partners and stakeholders	1. Identify meaningful points of engagement with our partners and throughout the organization	Deepen our partnerships across the pillars of community, responsible retailing/consumption and sustainability
Celebrate the Good – demonstrate the value of the NSLC as a leading corporate citizen	1. Develop plan to share the good and execute, in alignment with our brand roadmap	Implement multi-year communication strategy
Balance social, environmental and business needs to create sustainable success	1. Define and align environmental sustainability commitment and goals and ensure integration into the organization	Environmental Sustainability Roadmap – define scope and establish vision
Clarify and evolve our role in the regulatory framework as a responsible steward of the Nova Scotia industry	1. Policy and Regulatory Modernization 2. Enhanced oversight	Continued policy review & evolution Full implementation of a new local producer compliance program with a focus on information sharing and insights gather to support policy development Evolution of product quality testing program

LOCAL

Engaging with our Local Industry

We commit to collaborating with local manufacturers and producers in a proactive and planned manner to help bring Nova Scotians the products they love.

STRATEGIES	ACTIONS	TACTICS
Enhance Local Partnerships	<ol style="list-style-type: none">1. Proactive and Planned Engagement2. Demystify the NSLC for Local Partners3. Ensure customers can purchase the products they love	<p>Implement Local Strategy and measurement framework</p> <p>Implement local classification plan</p> <p>Develop local product strategy plan</p>

FINANCIAL

Deliver consistent returns to the people of Nova Scotia, while balancing our legislative responsibilities

We commit to managing the business efficiently and effectively, maximizing investments in our key focus areas and controlling expenses to the best of our ability to deliver \$1.2B in earnings over the five years of the strategic plan.

STRATEGIES	ACTIONS	TACTICS
Invest strategically in our technology and retail network to support the foundations of our business and positive customer and employee experiences	<ol style="list-style-type: none">1. Execute IT Roadmap foundational items2. Implementation of retail network improvement/maintenance roadmap	Continued implementation
Balance investments in our key focus areas with operational efficiency to drive ease of doing business & ensure consistent returns	<ol style="list-style-type: none">1. Enhance process improvement culture	Focus on efficiency and process improvement for key initiatives
Enable business strategy across our key focus areas – Customer, People, Local and Responsibility	<ol style="list-style-type: none">1. Align our insights foundation and organizational focus on customer-first initiatives that drive sustainable profitability2. Invest in developing our people and support them to drive exceptional customer experiences3. Continue to strategically support Local industry through the NSLC's expertise4. Continue to support corporate social responsibility initiatives	Continued implementation

PERFORMANCE MEASURES

In order to manage our operations effectively, we monitor a core set of metrics - key performance indicators (KPIs), which ensure we stay focused on delivering on our business priorities. Our corporate KPI's and stated targets in our Five-Year Strategic Plan are shown below. We will be adding additional measures in support of Corporate Social Responsibility during the life of this plan to reflect a more holistic view of the business.

CUSTOMER

Customer Satisfaction:

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Ongoing Target
83%	85%	89%	87%	86%	88%	88%	88%	90%	90%	89%	89%	88%	90%	89%	90%

PEOPLE

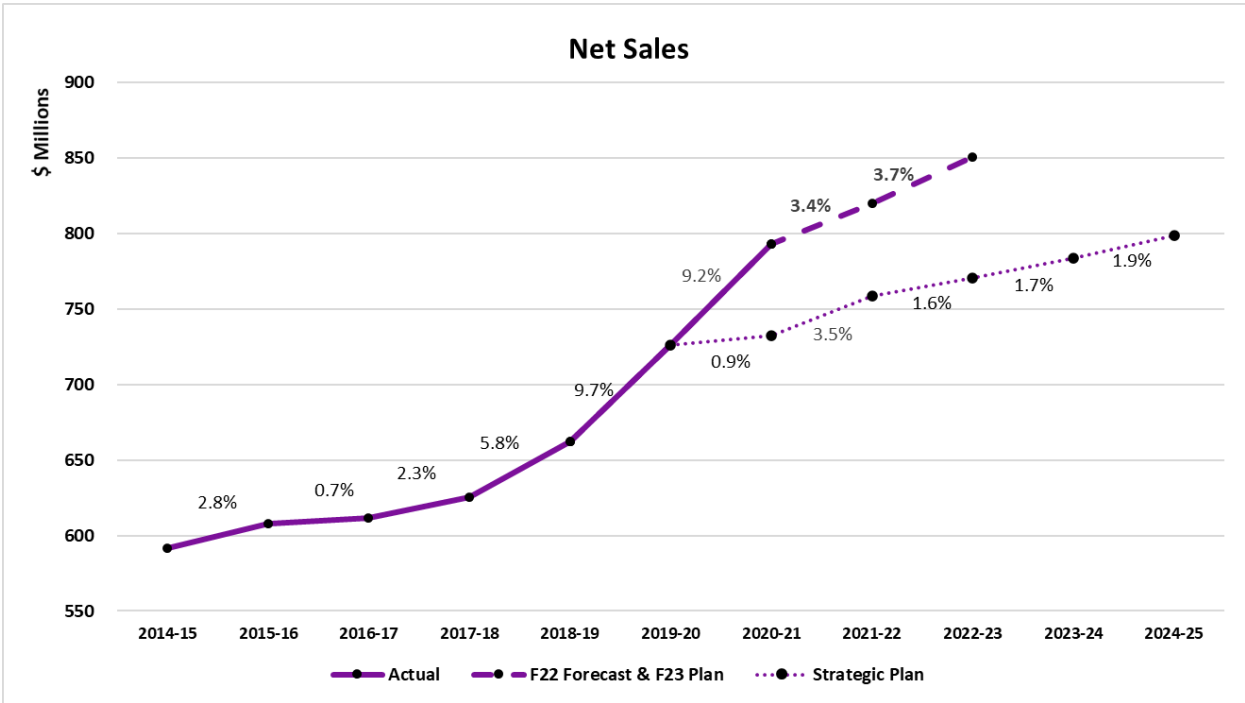
Employee Engagement:

2003	2005	2008	2011	2013	2015	2017	2019	Ongoing Target
75.8	76.6	73.7	72.8	76	76.3	76.1	76.1	80.0

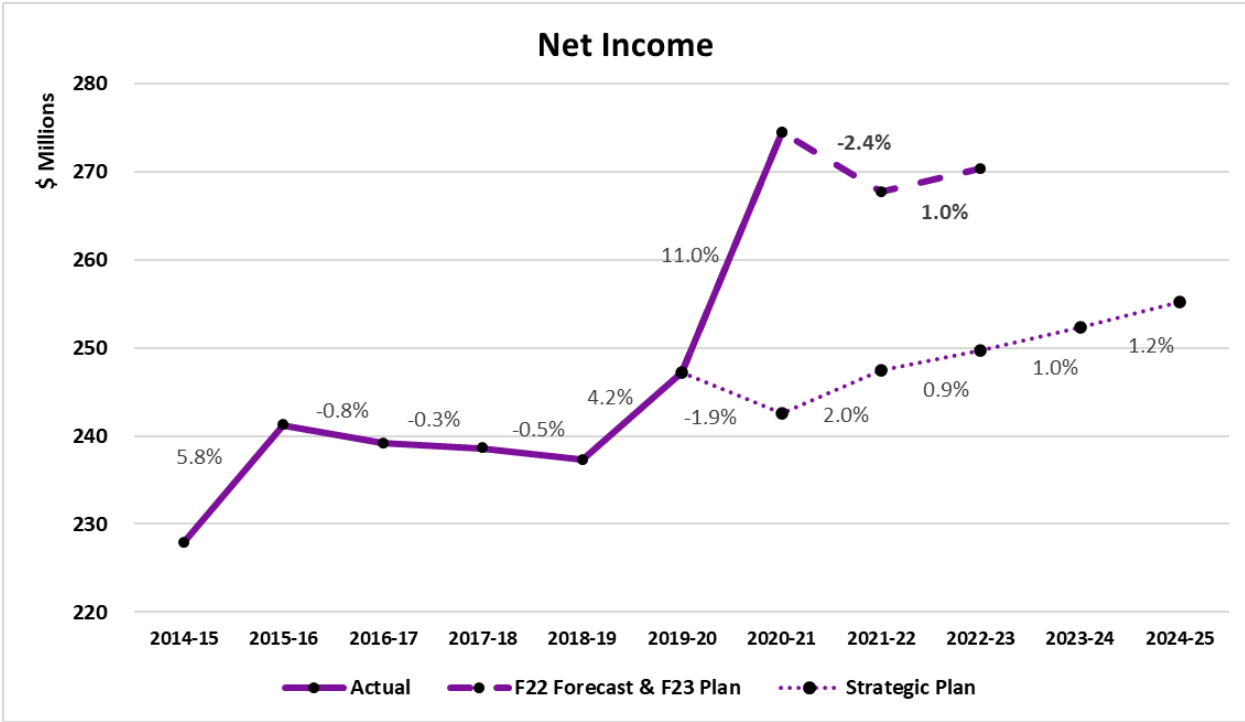
LOCAL INDUSTRY

New engagement measures are being defined to reflect consultations with industry.

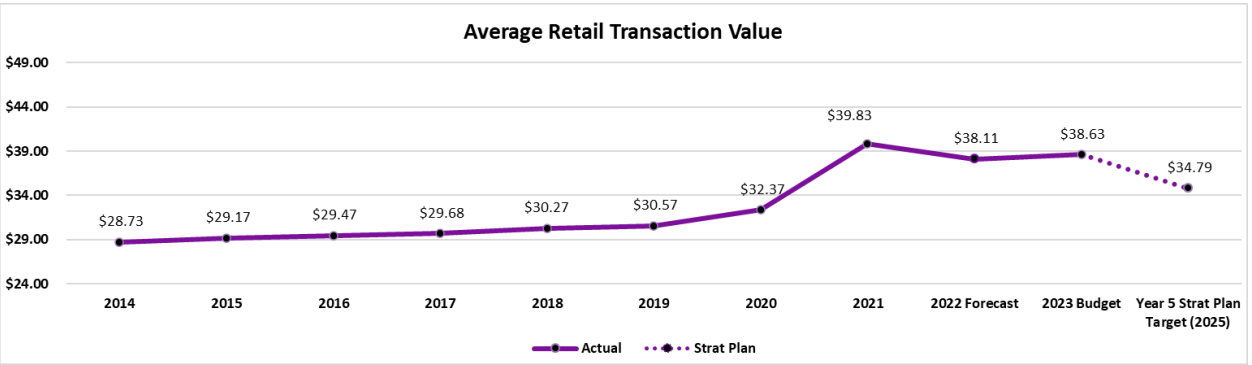
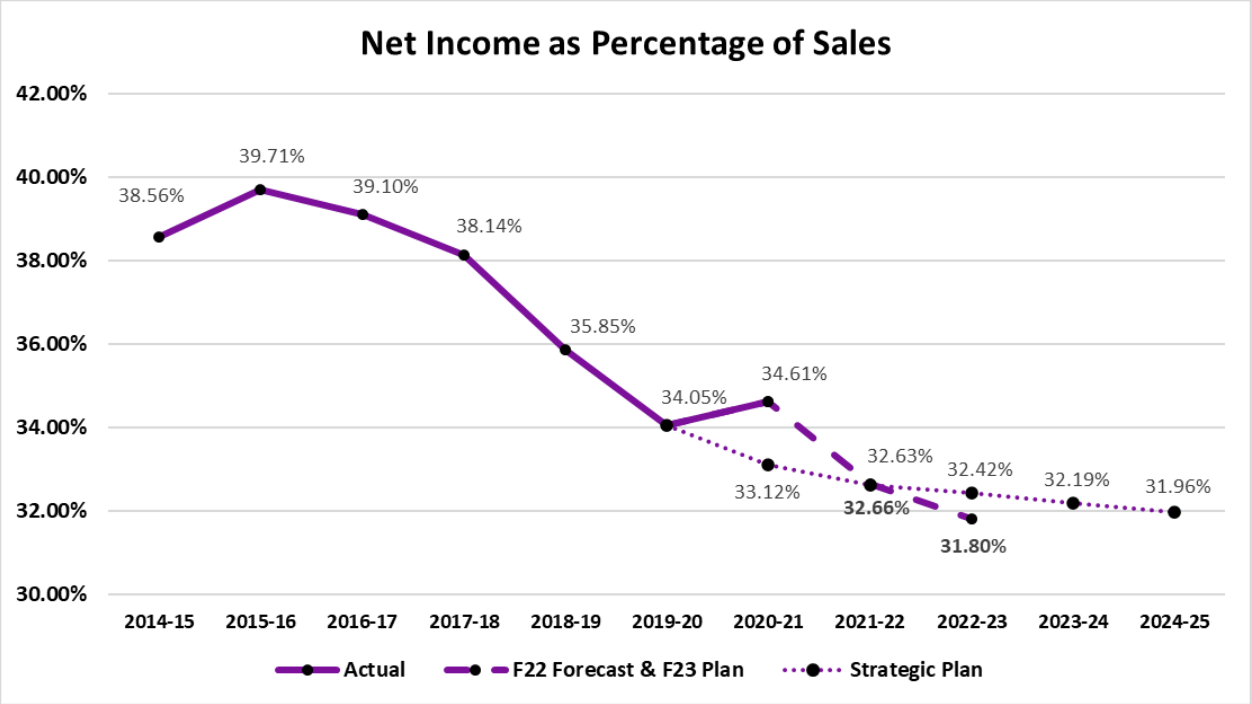
FINANCIAL



Percentage indicates the percentage change in Net Sales from previous year.



Percentage indicates the percentage change in Net Income from previous year.



BUDGET CONTEXT

	Actual 2017-18	Actual 2018-19	Actual 2019-20	Actual 2020-21	Forecast 2021-22	Sales (%)	Budget 2022-23	Change (%)
Spirits	\$ 168,645,797	\$ 168,613,116	176,635,246	195,122,469	\$ 196,786,343		194,960,287	
Wine	150,788,173	148,814,870	156,516,374	158,247,330	165,833,238		172,024,046	
Beer	282,066,202	279,800,490	279,469,116	281,323,873	278,976,334		281,323,668	
Ready-to-drink	37,700,822	45,145,429	56,692,947	87,669,577	95,237,150		108,196,272	
Non-liquor	136,211	116,991	105,531	94,966	117,216		117,711	
Cannabis	0	33,188,581	71,002,606	85,987,361	100,346,048		112,505,912	
Total Gross Sales	639,337,205	675,679,477	740,421,820	808,445,576	837,296,329	102.1%	869,127,895	3.8%
Less: Discounts	13,675,313	13,595,882	14,254,443	15,376,558	17,310,572	2.1%	18,695,936	
Net Sales	625,661,892	662,083,595	726,167,377	793,069,018	819,985,757	100.0%	850,431,959	
Cost of Sales	284,136,988	311,241,996	352,856,366	387,221,273	412,566,201	50.3%	431,430,683	
Gross Profit	341,524,904	350,841,599	373,311,011	405,847,745	407,419,556	49.7%	419,001,276	
Less: Operating Expenses	63,555,752	69,867,242	72,682,403	79,166,693	85,848,606	10.5%	89,268,939	
Gross Operating Profit	277,969,152	280,974,357	300,628,608	326,681,052	321,570,950	39.2%	329,732,336	
Less: Supply Chain	7,216,564	9,239,509	9,426,501	9,612,572	9,531,488	1.2%	9,569,456	
Corporate Services	23,877,917	28,305,539	28,093,462	29,655,208	32,456,548	4.0%	35,890,552	
Other Expenses	4,945,050	1,486,897	5,299,322	2,371,986	1,614,428	0.2%	1,657,000	
Add: Other Revenue	5,032,858	4,498,577	4,888,070	5,325,325	5,094,186	0.6%	4,507,702	
Total Expenses (excl. stores)	31,006,673	34,533,368	37,931,215	36,314,440	38,508,278	4.7%	42,609,306	
Operating Income before Depreciation	246,962,479	246,440,989	262,697,393	290,366,612	283,062,672	34.5%	287,123,030	
Less: Depreciation	8,356,789	9,068,302	15,418,918	15,883,908	15,289,300	1.9%	16,677,483	
Income from Operations	238,605,690	237,372,687	247,278,475	274,482,705	267,773,373	32.7%	270,445,547	1.0%
Actuarial Loss (Gain)	282,700	(1,487,300)	(1,428,500)	1,338,300	-	0.0%	-	
Comprehensive Income	238,322,990	238,859,987	248,706,975	273,144,405	267,773,373	32.7%	270,445,547	1.0%
Total Expenses (not depreciation)	94,562,425	104,400,610	110,613,618	115,481,133	124,356,884	15.2%	131,878,245	
Total Expenses	102,919,214	113,468,912	126,032,536	131,365,040	139,646,184	17.0%	148,555,728	

						Change (%)		Change (%)
Volume (hectolitres)								
Spirits	49,360	49,039	50,968	55,646	55,838	0.4%	53,858	-3.5%
Wine	100,354	97,634	101,708	103,103	102,939	-0.2%	102,943	0.0%
Beer	586,831	581,499	572,696	569,585	557,790	-2.1%	541,703	-2.9%
Ready-to-drink	51,817	61,851	77,762	120,829	132,264	14.7%	144,486	9.2%
Total	788,362	790,022	803,135	849,163	848,830	0.0%	842,990	-0.7%
Volume (Kilograms)								
Cannabis	-	3,279	6,531	10,449	14,735	65.6%	18,731	27.1%

NOVA SCOTIA LIQUOR CORPORATION

93 Chain Lake Drive, Halifax NS, B3S 1A3

Tel: 902.450.6752 | www.mynslc.com

