



ANNUAL REPORT

2022-2023



Our Purpose

We come together for the good of Nova Scotians.

Our Vision

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

Our Values:

Knowledgeable - We learn and share what we know.

Optimistic - We celebrate and contribute to the good we do.

Respectful - We take care of ourselves, each other and our communities.

Engaged - We make a positive impact and create meaningful connections.

Our Service Standards:

Safety - We ensure everyone's safety is a top priority.

Inclusion - We welcome and respect everyone to create belonging.

Responsibility - We keep our purpose at the centre of our business.

Connection - We create meaningful relationships with all our customers.

Efficiency - We mind the details to keep everything running smoothly.

LAND ACKNOWLEDGMENT

At the NSLC, we acknowledge that the land on which we operate is located in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq People. This territory is covered by the "Treaties of Peace and Friendship." Employees, visitors, and leaders of the NSLC are honoured to live and be on this land, and are committed to the reconciliation, decolonization, healing and building of relationships in our communities and spaces.



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Above: Sue Slaunwhite, Manager, Timberlea Store.





Grand Cru
TIDAL BAY
2021

KEEP

Letter from the Board Chair and President & CEO

As we reflect on 2022-2023, we can say without a doubt that it was a much different year than the previous few.

AFTER TWO YEARS FILLED WITH UNCERTAINTY AND CHALLENGES, many aspects of life returned to normal.

In 2022-2023, we reported a 6.0% increase in earnings, despite seeing the trend of declining volume of beverage alcohol sold since the peak of the pandemic.

As Nova Scotians looked to enjoy more social occasions outside of their homes, which included visiting bars, restaurants and pubs, we saw a 52.4% increase in sales to licensees over the previous year. With 100% of our profits returned to the Province of Nova Scotia, we were pleased to return \$284.7 million to support key public services.

Executing on our strategic priorities over the past year included a few significant firsts and some key initiatives to ensure that we are well positioned to fulfill our mandate as the responsible retailer for beverage alcohol and cannabis in Nova Scotia while remaining focused on our people and our customers.

We were proud to open our Eskasoni store in September 2022 – our first corporate store within a First Nations community – and to contribute to the economic development in this growing community, providing access to a safe supply of beverage alcohol and cannabis.

We also took some important steps internally, as we continued to foster a culture of belonging for our NSLC team. We hired our first Manager of Inclusivity and Accessibility, formed an Accessibility Advisory Committee, and developed the NSLC's first *Accessibility Plan* – all important steps in our inclusivity and accessibility journey at the NSLC, as we support the province's goal of becoming fully accessible by 2030.

We remained steadfast in our commitment to providing exceptional customer experiences throughout the year, and customer satisfaction scores of 92% tell us that our customers are pleased with the shopping experience we provide.

With our customers top of mind, we made improvements to our beverage alcohol home delivery model, making the service available to 97% of Nova Scotians and expanding the offering to more than 2,300 products.

Local also remained a priority as we continued to look for new ways to showcase local products in our stores, increase shelf space and engage with local producers. Our customers demonstrated how local products continue to be important to them through increased sales across all local beverage alcohol and cannabis categories last year.

In addition to our Eskasoni store, our continued investment in our retail network included the opening of one other new location in Timberlea, seven completed store renovations, and 11 new cannabis locations, bringing our total to 48 cannabis stores across Nova Scotia at the end of the fiscal year. These new locations reinforce our commitment to combatting illicit cannabis sales and providing Nova Scotians with expanded access to a safe and secure supply of cannabis.

Most importantly, however, through all of this work, responsibility remained at our core, and our teams worked hard to ensure the responsible sale of the products we offer. Last year, our diligent frontline teams asked customers who appeared to be under the age of 30 for valid identification more than 2.2 million times, resulting in more than 19,000 service refusals, keeping our products out of the hands of minors and people who were impaired.

Our teams work hard every day to contribute to a stronger Nova Scotia, and some of our proudest moments come from giving back to our communities.

Last year, through our community investment initiatives, we proudly contributed \$1.27 million in donations to non-profit and charitable organizations

across the province, thanks to the generous support of our suppliers, partners, employees and customers. This included a record-breaking \$500,000 donation to the IWK, our long-standing employee charity of choice.

As we look to the year ahead, we are proud of all that we accomplished last year, and we know that none of this would be possible without the passion and commitment of our dedicated 1,800 employees. They truly are the heart of the NSLC, the key to our success, and they continue to go above and beyond for the good of all Nova Scotians.




David Pace
 Board Chair




Greg Hughes
 President & CEO

THANK YOU TO GEORGE MCLELLAN

AFTER FIVE YEARS, GEORGE MCLELLAN'S TERM AS BOARD CHAIR CAME TO AN END in October 2022.

The NSLC achieved many significant milestones throughout George's time as Chair, including cannabis legalization, extensive investment in our store network, the launch of home delivery, and the challenges and opportunities that came with being Nova Scotia's responsible retailer for beverage alcohol and cannabis during a pandemic.

George also served as Acting President & CEO for a few months in 2019. With his people-first approach, George certainly had a lasting impact on the NSLC team, and we thank him for his dedication, commitment, and service throughout his time with the NSLC.



Above: NSLC President & CEO Greg Hughes (middle) and David Pace, Board Chair (right), thank outgoing Board Chair George McLellan (left) for his commitment at a reception in December 2022.

Board of Directors



Back Row (Left to Right):
Susan MacDougall, Director,
Mark Boudreau, Director,
Kiki Kachafanas, Director,
Greg Hughes, President & CEO
 and Non-Voting Director,
David Pace, Chair

Front Row (Left to Right):
Jennifer Abbey, Director,
Colleen Keyes, Director,
John MacKinnon, Director

Missing: **Kelliann Dean**,
 Deputy Minister, Finance
 and Treasury Board and
 Non-Voting Director,
George McLellan, Chair, Board
 of Directors (until October
 2022), **Cathie O’Toole**,
 Director, **Keith Dexter**, Director
 (until November 2022),
Rick Emberley, Director
 (until October 2022)

Thank you to our current and outgoing Board members for their efforts to set the strategic direction and oversee the NSLC’s governance and financial performance.

Executive Team

Left to Right: Greg Hughes,
 President & CEO,
Dave DiPersio, Senior Vice
 President - Corporate Affairs,
Caroline Duchesne, Senior
 Vice President - Finance
 and Risk, **Heather Bennett**,
 VP Information Technology,
John Francis, VP Insights
 & Customer Engagement,
Ryan Embrett, Senior Vice
 President - People & Culture,
Ken Cusack, VP Customer
 Operations, **Brad Doell**,
 VP, Network Development,
 Procurement & Facilities,
Jennifer Gray, Corporate
 Secretary, **Paul Rapp**, Senior
 Vice President – Customer
 Operations





ALWAYS HAVE YOUR ID READY

It's our responsibility to ask
for ID if you look under 30

Responsibility

Corporate social responsibility is at the heart of who we are. Our people are driven by the good we do and our commitment to having a positive impact on the communities we serve.

AS A RESPONSIBLE RETAILER, WE BELIEVE IN OFFERING THE PRODUCTS WE HAVE BEEN ENTRUSTED to sell safely and working to help customers choose products responsibly.

DEMONSTRATING RESPONSIBILITY & STRENGTHENING OUR IMPACT THROUGH PARTNERSHIPS

Responsibility lies at the foundation of everything we do at the NSLC. It is a pillar in our strategic plan, and a factor in every decision we make.

“There is nothing more important that we do than be a responsible retailer. It is the reason we exist,” explains Dave DiPersio, Senior Vice President, Corporate Affairs. “Responsibility applies to all NSLC-owned channels, and for all beverage alcohol and cannabis that is sold across the province by the NSLC.”

We take our role as a responsible retailer seriously. Responsibility is much more than just checking IDs at our stores or making sure that we do not sell to anyone impaired. Responsible retailing includes ensuring that all our retail channels, and our third-party distribution partners receive and adhere to responsible retail training. We ID anyone who looks younger than 30, backed up by Mystery Shops in our retail stores, Agency Stores, and Private Wine and Specialty Stores.

NEW RESPONSIBILITY ADVERTISING POLICY INTRODUCED

In January 2023, the NSLC’s new Responsible Advertising Policy came into effect. The policy ensures all advertisements, including our own advertising, producer advertisements and product labelling meet a consistent set of standards that align with our responsible consumption position. Our team at the NSLC are experts in ensuring beverage alcohol and cannabis advertising meets these responsible retailing standards throughout the province.

GROWING COMMUNITY PARTNERSHIPS AND PROGRAMS

“Over the past few years, we have opened ourselves up for new opportunities as the responsible industry steward through partnerships, community investment, and now sustainability,” explains Marley MacDonald, Director, Responsibility and Sustainability.

Cheers to Good Choices, our social responsibility platform, and *Keep It Social*, our student-led, post-secondary partnership, both work to promote responsible consumption, moderation, and safe choices.

We launched a number of new free-ride partnerships throughout last year, in both rural and urban communities, to help Nova Scotians plan for a safe ride home. This included a new partnership with Halifax Transit where we provided free rides to more than 32,000 riders over the holiday season.

COMING TOGETHER FOR THE GOOD OF OUR COMMUNITIES

“Our goal is to support organizations and initiatives that work to build healthy and sustainable communities, increasing everyone’s ability to find moments of positive connection to create a stronger Nova Scotia,” Marley says.

The NSLC invests in our communities through partnerships, charitable donations, corporate sponsorships, and employee giving. Last year, thanks to the generous support of our customers, suppliers, partners, and teams, we donated \$1.27 million to programs and initiatives to support Nova Scotians. Feed Nova Scotia, Habitat for Humanity, and MADD Canada are a few of the long-standing community partners that we support and partner with to make an impact.

Our longest-standing charitable partnership is the IWK Foundation, in support of the IWK Health Centre. The IWK Foundation has been the NSLC team members’ charity of choice for more than 35 years. In Spring 2022, we were recognized by the IWK through their *Partners with Purpose Changemakers for the IWK* campaign, leading up to our month-long fundraising campaign in May. Several of our team members were profiled to speak about their own connections to the cause and the importance of our customers and partners to our collaborative fundraising efforts.

“Our goal is to support organizations and initiatives that work to build healthy and sustainable communities, increasing everyone’s ability to find moments of positive connection to create a stronger Nova Scotia.”

MARLEY MACDONALD

DIRECTOR, RESPONSIBILITY AND SUSTAINABILITY

Thanks to the generous support of our team members, customers, and suppliers, we raised a record-breaking \$500,775. Our team members also volunteered their time to answer calls at the 38th annual IWK Telethon.

Team members also invest their personal time to give back to non-profit organizations and causes important to them through employee giving programs and a volunteer benefit day. In 2022-2023, 285 NSLC employees volunteered more than 3,100 hours, supporting 34 organizations through our *Together for Good* program.

One initiative that our team supported was Harvest Helpers. Team members volunteered to help local wine producers across the province harvest their crops.



Above: Mallory Rae, Digital Content Coordinator volunteering as part of Harvest Helpers.

FOR THE GOOD OF OUR COMMUNITY FUND

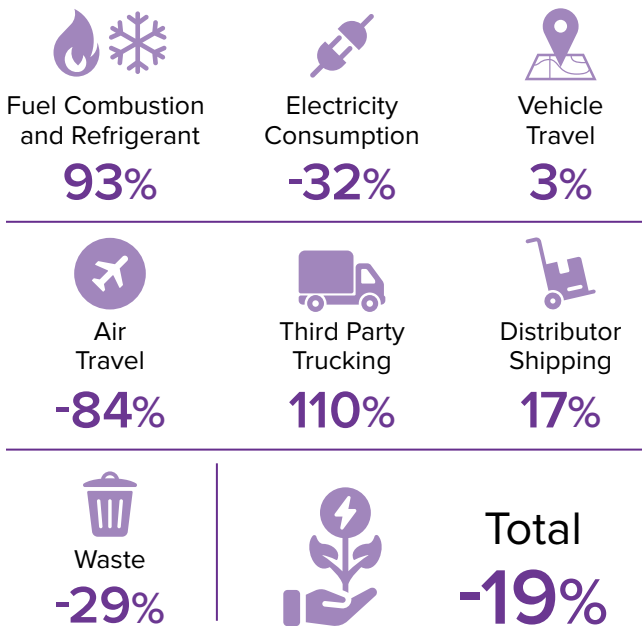
In Spring 2022, we awarded \$140,000 to 13 Nova Scotia based organizations through the first year of our *For the Good of Our Community Fund*. The fund provides financial support to organizations that help build healthy and sustainable communities, and the recipients included Adsum House, the Nova Scotia SPCA, the Cape Breton Regional Hospital Foundation, the QEII Hospital Foundation, and Farm to Feast Café.

“With more than 1,800 employees and locations all over the province, we are in a position to make a difference and have a real local community impact,” shares Laura Graves, Community Relations Advisor. “It’s more than just being the retailer and regulator, giving back to the communities we serve is core to who we are.”

FOR THE GOOD OF THE PLANET

We know that we have a role to play in reducing our environmental footprint as part of our sustainability journey. To remain accountable to our team, shoppers, and shareholder, we continue to measure and report on our environmental footprint. An independent agency measures and reports on our greenhouse gas emissions every year, caused by our daily business operations.

GREENHOUSE GAS EMISSIONS 2023 VS 2011



* Some data for waste and fuel consumption is unavailable; the missing data was estimated using store averages.

SPOTLIGHT

BUILDING OUR SUSTAINABILITY JOURNEY

IN 2021, THE NSLC SIGNALLED OUR INTENTION TO EVOLVE OUR APPROACH to Corporate Social Responsibility (CSR) aligning to broader sustainability trends and the integration of CSR themes into an overall comprehensive Environmental, Social, Governance (ESG) framework. An audit of our CSR program identified a number of key opportunities, including identifying material ESG priorities and measures, and aligning our teams to drive an ESG focus.




In January 2023, a new role of Director, Responsibility and Sustainability was created to lead the development of an ESG strategy and the internal materiality assessment. Through research and cross-functional workshops, we laid the foundation for the development of the NSLC’s ESG framework, which will continue into next fiscal year.

“Evolving the NSLC’s corporate social responsibility efforts to an embedded sustainability and ESG framework is not only good for our team, shoppers, and communities, but it is the right thing to do,” explains Marley MacDonald, Director, Responsibility and Sustainability.

Responsibility Highlights

RESPONSIBLE RETAILING

The retail team continues to be vigilant with responsible sales.

-  Asked more than **2.2M** customers for identification
-  Refused more than **19,000** sales
-  WeID Mystery Shops are completed regularly for both beverage alcohol and cannabis in our own retail network, Agency and Private Wine and Specialty Stores (PWSS). This allows us to monitor compliance with our ID verification requirements which call for ID verification in cases where customers appear to be under 30 years of age. In 2023, WeID scores were:
 - **90%** for Retail Stores
 - **85%** for Agency Stores
 - **63%** for PWSS



Above: Christina Van Herk, Manager, Truro East Store.

COMING TOGETHER FOR THE GOOD OF NOVA SCOTIANS

-  Together with our teams, supplier partners, and customers, we invested **\$1.27 million** in more than **100 charities** and causes across the province.
-  Donated more than **\$175,000** to Feed Nova Scotia, which is equivalent to **263,849 meals**, with the help of our customers and supplier partners.
-  Donated more than **\$500,000** to the IWK Foundation supporting the critical care of women and children with the help of our teams, customers and supplier partners.
-  Partnered with MADD Canada to support their school assembly program to create awareness of the dangers of drinking and driving, reaching **8,126** students.
-  Together with our partners, and the generous support of Nova Scotia Government Employee Union Local 470, contributed more than **\$45,000** to the *Make A Wish Heroes Challenge*.
-  **285 NSLC employees** volunteered more than **3,100 hours** supporting **34 non-profit organizations** and causes important to them through the *Together for Good* program.
-  Awarded **\$140,000** through our *For the Good of our Community Fund*, with the support of our supplier partners, to **13 Nova Scotia based organizations** that support community wellbeing, the environment and responsibility stewardship.
-  Donated **\$310,365** to support three community partners – MADD Canada, Feed Nova Scotia and Habitat for Humanity – as part of our holiday campaign.
-  In partnership with Halifax Transit, provided free rides to more than **32,000 riders** during the busy holiday season.

Customer

We put our customers first and create moments of engagement across all our channels, ensuring Nova Scotians can purchase the products they want, from where they want.

WE CONTINUE TO BUILD ON THE FOUNDATION OF TRUST THAT WE HAVE ESTABLISHED through authentic retail engagements and our focus on corporate social responsibility to ensure we continue to deliver a positive experience for our shoppers.

“Any expansion of the NSLC’s footprint, or the number of stores we have, is a topic that is approached with great care and consideration,” explains Andrew Stenhouse, Director, Network Development and Facilities.

EXPANDING OUR NETWORK TO INCREASE ACCESS

With 110 corporate stores across the province, it’s important to us that our customers have a positive shopping experience, whether they are shopping in our Inverness, Shelburne, Joseph Howe or Springhill locations.

To remain a relevant retailer and improve safe access to our products, we have been on a journey to upgrade our existing stores and expand our network to better serve all Nova Scotians. An undertaking of this size has required a great deal of strategic planning from the team.

The building of the Timberlea store, for example, was to meet the demand created by population growth, and to ease the pressure on neighbouring stores.

CREATING MORE OPPORTUNITIES FOR SAFE ACCESS TO CANNABIS

In the past year, we opened 11 new cannabis stores within existing NSLC stores, bringing the total to 48 stores. This approach of opening cannabis stores within existing NSLC stores allows us to minimize any expansion of our ecological footprint, while still striving to meet the needs of customers and furthering our commitment to combatting the illicit sale of cannabis.

With the expansion, we saw an increase of 12.7% in cannabis transactions. Increasing access also means that we are working to be more competitive with the illicit market. In 2023, we saw the average basket size decrease by 3.1% to \$38.40, partly reflective of a 2.8% reduction in the average price per gram to \$6.19.





Previous page: Raman Kumar, Manager, Port Hawkesbury.

Above: The Eskasoni store is the first NSLC corporate store within a First Nations community.

Left: The Eskasoni team on opening day, September 2022.

FIRST NSLC CORPORATE STORE OPENS WITHIN A FIRST NATIONS COMMUNITY

In September 2022, the NSLC saw a historic first, with the opening of our store on the Eskasoni First Nation, marking the first NSLC corporate store within a First Nations community.

The store is fully managed and run by members of the community and features signage in both English and the Mi'kmaq language. The NSLC team worked with the Chief, Council, and the community in the months leading up to the store opening, who recognized the importance of having an accessible supply of beverage alcohol and cannabis for community members. Prior to the store opening, the closest access point for beverage alcohol was 22 kilometres away, and the closest cannabis store was in Sydney River, close to 40 kilometres away.

“I’m so proud to be part of this,” says Moe Young, Store Clerk at the Eskasoni Store. “The community has been looking forward to having a local NSLC for some time. It’s important that customers know what is in the products they purchase and that it’s safe.”

When opening the Eskasoni store, we relied on the expertise of team members from our neighbouring Sydney River store to train the new team. This process of opening a new store and expanding the NSLC’s retail network also presented an opportunity to demonstrate our commitment to responsibility, our customers, and our communities.

WORKING TOGETHER TO SERVE OUR CUSTOMERS

As a Crown Corporation, the NSLC returns 100% of our profits to the Province of Nova Scotia to support key public services. Last year, we returned \$284.7 million to provincial revenue, a 6.0% increase in earnings over the previous year. Total sales for the year were \$860.7 million, with beverage alcohol sales of \$749.5 million and cannabis sales of \$111.1 million.

These sales results are all made possible thanks to the commitment and drive of teams from across the entire organization.

SPOTLIGHT

ENGAGING OUR CUSTOMERS & SUPPLIER PARTNERS

- Completed the implementation of online ordering/home delivery for beverage alcohol, making the service available to all Nova Scotians, and continued to expand the assortment of products available. Customers can now purchase most products that are available in-store, online.
- Completed and analyzed retail shopper evaluation research to guide future initiatives to improve the customer experience.
- Implemented a new streamlined keg ordering process for our licensee customers.

- Launched three new in-store merchandising programs:

- **NSLC's "Hero Display" program** allowed our suppliers to better showcase their products through more prominent in-store displays, as well as promotion of the applicable products through the NSLC's digital and social media channels during specified promotional periods.
- **"For the Good of Our Community" in-store display program** allowed suppliers to contribute to our community grants program in exchange for prominent in-store product displays and promotion through our digital and social media channels.
- **Enhanced AIR MILES® program** allowed participating suppliers to have their products more prominently displayed during the AIR MILES® promotion, supported through promotion on our digital and social media channels.

On an average day, the teams operate like a well-oiled machine to ensure NSLC products are on shelves and available for purchase. On not-so-average days, such as the lead up to Canada Day and Easter, or the week leading up to Christmas – our busiest times of the year – that well-oiled machine is able to turn it up a notch.

From start to finish, from our Category Teams selecting products based on customer data and other insights, to our Retail Teams placing products on shelves, the journey can take upwards of nine months.

"Close to 98% of our team members are involved in meeting our customers' needs as they are going to our stores," says Paul Rapp, Senior Vice President, Customer Operations. "Category teams leverage data and insights to select products and promotional activities. The Promotions Team enters it into the system. Supply Chain ensures we have the correct products available, and Customer Operations executes at a store level."

That doesn't even begin to cover the tremendous amount of work done by our Distribution Centre (DC), or the many other teams that work behind the scenes.

"It takes a highly coordinated effort to meet the needs of customers," Paul explains.

For cannabis products, the turnaround is much tighter, due to the changing nature of the product and shorter shelf life. The NSLC looks at trends to determine the supplies needed in store months in advance, while leaving room for flexibility.

THE DISTRIBUTION CENTRE IS THE HUB AND AN ESSENTIAL PIECE OF THE OPERATION

The DC team works tirelessly, 24 hours a day, five days a week, to ensure the NSLC receives and ships supplies to our stores.

In an average week, the DC team moves 110,000 cases of product. In the weeks leading up to holidays, this number increases significantly, and the DC plans well in advance to adjust their schedule accordingly.

Last year marked the largest year of case shipment in DC history, with team members handling more than 11.5 million cases of product during the fiscal year.

Careful work and consideration go into planning, with constant communication between the DC, Supply Chain, Category and Retail Teams to ensure our stores have the products they need, and our supplies are replenished at a pace that meets demand and continues to allow the DC to operate efficiently.

“It’s about balance and communication,” explains Peter MacDonald, Director, DC Operations. “The key is ensuring that communication is going between all parties, and making sure details are executed and followed up. Balance, flow, and movement of goods is absolutely critical.”



Right: Greg Craig, Warehouse Worker, Distribution Centre, makes sure each pick is accurate and on-time.

SPOTLIGHT

BREAKING SALES RECORDS

In December 2022, the Bayers Lake team **sold \$1,028,429** in product in the six days leading up to Christmas, surpassing their own previous record from 2017 and marking the second time in the NSLC’s history that sales hit the \$1 million mark in a week of business.



Right: The Bayers Lake team celebrating their achievement.

Sales Highlights

SALES BY CHANNEL	SALES	CHANGE
NSLC Stores	\$722.8M	▲ \$20.7M (2.9%)
Licensees (bars/restaurants/pubs)	\$51.6M	▲ \$17.7M (52.4%)
Agency Stores (independently owned)	\$64.1M	▲ \$1.2M (1.9%)
Private Wine and Specialty Stores	\$19.6M	▲ \$1.0M (5.4%)
Other Wholesale	\$0.8M	▲ \$0.01M (2.0%)
Online	\$1.8M	▼ \$0.4M (-17.6%)

CATEGORY	TOTAL SALES	% VARIANCE	VOLUME	% VARIANCE
Spirits	\$201,156,872	▲ 4.0%	54,360 HL	▼ 1.1%
Wine	\$164,463,454	▲ 3.8%	101,431 HL	▼ 1.9%
Beer	\$285,167,150	▲ 4.1%	557,511 HL	▼ 0.1%
Ready to Drink	\$98,737,505	▲ 6.2%	132,533 HL	▲ 0.5%
Cannabis	\$111,082,602	▲ 9.3%	15,707 KG	▲ 7.3%

CANNABIS SALES

\$111.1 M

VOLUME OF CANNABIS SALES

▲ **7.3%**

BEVERAGE ALCOHOL SALES

\$749.5 M

VOLUME OF BEVERAGE ALCOHOL SALES

▼ **0.3%**

RETAIL TRANSACTIONS

BEVERAGE ALCOHOL
RETAIL TRANSACTIONS

15,909,019

+1.1% ▲

DOLLAR VALUE OF
AVERAGE BASKET

\$38.62

+0.7% ▲

CANNABIS RETAIL
TRANSACTIONS

2,892,580

+12.7% ▲

DOLLAR VALUE OF
AVERAGE BASKET

\$38.40

-3.1% ▼

STORE NETWORK EXPANSION

The NSLC is committed to combatting the sale of illicit cannabis by making strategic investments to expand our store network and increase access across the province. We also work to modernize and update our stores to ensure our shoppers have a positive in-store experience.

KEY HIGHLIGHTS:

- **\$10.8 million** investment in our Retail Store Network.
- **2 new stores:** Eskasoni and Timberlea.
- **11 new cannabis locations**, including 7 store renovations in Meteghan, Spryfield, Windsor, Springhill, New Germany, Guysborough, Eskasoni, North Sydney, Inverness, Timberlea, and Oxford.
- **77%** of Nova Scotians live within 10 kilometres of a safe and legal supply of cannabis.

SERVICE EXCELLENCE CENTRE

Our Service Excellence Centre (SEC) supports our Retail Stores, Head Office, Agency stores, licensees, and external retail customers. SEC members answer a vast array of questions addressing issues from computer and tech issues to helping customers locate a unique bottle of wine that cannot be found in Nova Scotia.

KEY HIGHLIGHTS:

- **67,631** total customer interactions.
- **86%** chat positivity rating.

SPOTLIGHT

SALES CHANNELS

AGENCY STORES

In addition to our **110 corporate stores**, we have a network of **62 Agency stores** operated by retailers in smaller communities around the province. They enable us to have a presence in communities where the population does not support an NSLC corporate store.

PRIVATE WINE & SPECIALTY STORES (PWSS)

We are pleased to support **four independently owned Private Wine and Specialty Stores (PWSS)**, all located within HRM.

WHOLESALE

Our team works to support over **2,000 bars, restaurants, and pubs** across the province.

KEY HIGHLIGHTS:

- Serve **over 2,000 licensees**.
- **Free Key Account Delivery Service** continues to assist our metro based key licensees with Port Exclusive product selection, dedicated teams, and a local delivery company delivering six days a week.

SPECIAL ORDERS

To meet the diverse needs of our customers, we accommodate special orders for those seeking unique products not available in our stores or online.

The demand for special orders has grown exponentially within the retail and licensee community. We continue to work with our customers, and the agents that represent the products, to help customers find rare and exciting new products.

KEY HIGHLIGHTS:

- Retail Special Orders **up 50%** from previous year, finishing the fiscal year at **\$99,403.01**.
- Licensee Special Orders **up 15%** from previous year, finishing the fiscal year at **\$247,416.31**.

HOME DELIVERY

Customers expect to be able to shop for products online and have products delivered directly to their homes. Through home delivery, customers can purchase the largest selection of safe and legal beverage alcohol and cannabis online.

KEY HIGHLIGHTS:

- Expanded our assortment to offer **over 2,300** beverage alcohol products available for delivery.
- **Over 300** cannabis products available for delivery.

People

We believe that the strength of our team makes it possible to deliver authentic, consistent, and exceptional customer experiences. We work to empower our people to continue to build relationships with Nova Scotians by offering consistent, knowledgeable, and reliable service. Supporting all employees through their entire employment life cycle is our priority.

CREATING A CULTURE OF BELONGING

Creating a culture of belonging is not the job of one person, one team, or one special event.

“Creating a culture of belonging is about moving the NSLC toward a decentralized, collective accountability. Everyone has a role to play, and success comes from all of us,” says Jen Christofi, Manager, Inclusivity and Accessibility.

The NSLC made a foundational internal change in early 2023, with the renaming of the Human Resources team to the People and Culture team. This change signified the first of more to come.

“This is more than just a change in name, it’s a reflection of how we look at what’s important to our people,” explains Ryan Embrett, Senior Vice President, People and Culture. “We’re helping to create positive employee experiences and to create a culture where people feel like they belong and can be their authentic selves.”

Throughout the year, the NSLC also focused on laying the groundwork and execution for improving accessibility across the organization.

An Accessibility Advisory Committee (AAC) was formed, consisting of more than 20 team members from across the organization, along with John Smith, a community member representative. Half of the committee seats are held by team members who self-identified as individuals with a disability. The purpose of the AAC was to identify barriers, work to remove them in a strategic way, and develop solutions that create a universally accessible experience for our teams and customers.

“I’m elated with the level of insightful input, organizational skills, collaboration, and professionalism of the AAC. My input was always welcomed and discussed with respect, which I appreciated since I was the only non-employee member,” John shares. “I hope to see more diverse employment opportunities for persons with disabilities, and a better understanding that disabilities can be both visible and invisible through training.”

The AAC's recommended solutions were ultimately used to guide the development of the *NSLC Accessibility Plan 2023-2026*. The plan outlines a collaborative approach to how we will contribute to the Province's goal of being fully accessible by 2030, by creating inclusive and accessible environments across the NSLC and building awareness with our teams and customers.

“I hope to see more diverse employment opportunities for persons with disabilities, and a better understanding that disabilities can be both visible and invisible through training.”

JOHN SMITH

COMMUNITY MEMBER REPRESENTATIVE,
ACCESSIBILITY ADVISORY COMMITTEE

The People and Culture team can already see the benefit of all the hard work. “It’s easy to think about what stands in the way,” Jen explains. “It’s hard to take a chance and implement changes. We know that by continuing to take chances and take risks to become more inclusive and more accessible, everyone will benefit.”



Above: John Smith, NSLC Accessibility Advisory Committee community representative, at the NSLC Bridgetown Store.

Photo Credit: Province of Nova Scotia

SPOTLIGHT

DEVELOPING OUR PEOPLE

- Developed a new leadership framework, along with core competencies for self-leaders and leaders of people, and implemented a pilot leadership apprenticeship program for our future store leaders.
- Launched in-person orientation sessions for new Head Office and Distribution Centre employees to improve the onboarding experience.
- Developed an onboarding program for new retail store employees covering our products, our service standards, our polices and our operating procedures.
- Implemented the Learning module in SAP SuccessFactors and improved content to improve our overall training experience, and to better monitor and manage training completion.
- Upgraded training programs for our Distribution Centre employees.



Above: Matt Long, Warehouse Worker, Distribution Centre.

Local

Our customers tell us local is important, and they are looking to find Nova Scotia-made products on our shelves. We continue to build and strengthen our relationships with local producers to ensure continued growth with local industry.

LISTENING TO WHAT MATTERS MOST

As the responsible retailer for beverage alcohol and cannabis in Nova Scotia, the NSLC works closely with local industry to ensure that our local producers have access and representation because we know that local is important to our customers.

Nova Scotians continue to demand local products, and the NSLC is constantly evolving and improving how we collaborate and work with local producers. We understand that local producers are a key part of the community.

“Local is no longer a trend,” explains John Francis, VP Insights & Customer Engagement. “It’s an expectation of our shoppers, and we are continuously looking for ways to showcase local products in our stores and engage with local producers.”

In addition to steadily increasing shelf space dedicated to local beverage alcohol products, the NSLC’s three major promotional channels for promoting products — Hero, New, and Proudly Nova Scotian — have specific opportunities to highlight and promote local products embedded within.

LOCAL ENGAGEMENT

To support customer preferences and help Nova Scotia’s local producers grow, the NSLC has team members dedicated to working with local producers. Amanda Scarff, Manager, Local Engagement, meets regularly with associations across the province.

“They are a huge part of our community. I meet with each Industry Association regularly to understand their strategic initiatives and share this information back with the NSLC teams. Our local suppliers should have someone dedicated who is going to think of them first, and at the NSLC, that’s me,” Amanda says. “My job is to connect with them and to make sure they are in front of the right people. It’s important that the NSLC knows what is important to them, so that we can consider them in our long-term planning.”

NUMBER OF BEVERAGE ALCOHOL PRODUCERS

Nova Scotia Cider and/or Mead (non-grape wine)	29
Nova Scotia Brewery	61
Nova Scotia Winery	24
Nova Scotia Distillery	24
Nova Scotia Cannabis	41
Total.....	179

(Up from 178 in 2021-2022)



THE PORT

PROUDLY
NOVA
SCOTIAN

NOVA
SCOTIAN

PROUDLY
NOVA
SCOTIAN

TIDAL BAY

Nova Scotia's signature wine style is a crisp and aromatic white that pairs perfectly with local seafood.

Local Product Sales Highlights

Nova Scotia products experienced strong growth in all categories, and the NSLC works collaboratively with industry to help bring their products to market.

BEVERAGE ALCOHOL

NOVA SCOTIA BEER SALES

▲ 8.3% to **\$28.6 million**.

NOVA SCOTIA WINE SALES

▲ 7.8% to **\$16.8 million**.

NOVA SCOTIA SPIRIT SALES

▲ 2.3% to **\$12.9 million**.

NOVA SCOTIA READY TO DRINK SALES

▲ 9.8% to **\$33.0 million**.

TOP THREE SELLING LOCAL BEER PRODUCTS

(in terms of sales) for 2022-2023

1. **Nine Locks Dirty Blonde**
2. **Kitchen Party Pale Ale**
3. **Tata Brew Deception Bay IPA**

TOP THREE SELLING LOCAL WINES

(in terms of sales) for 2022-2023

1. **Nova 7 (by Benjamin Bridge – 750ml)**
2. **Jost L’Acadie Pinot Grigio (3000ml)**
3. **Jost Tidal Bay (750ml)**

CANNABIS

NOVA SCOTIA CANNABIS SALES

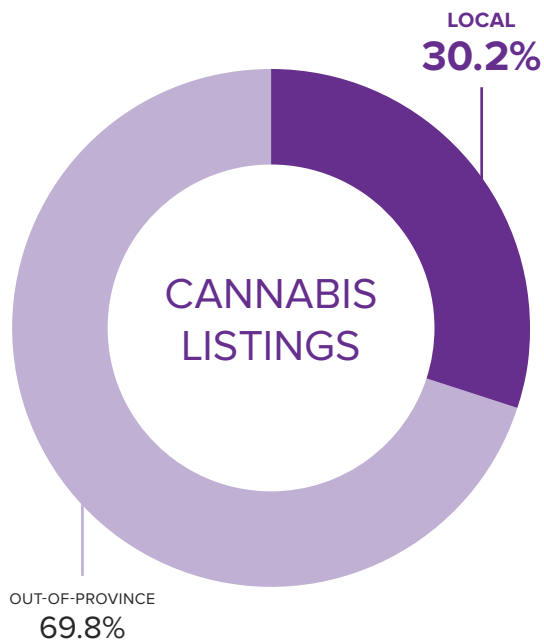
▲ 41.8% to **\$33.5 million**.

TOP THREE SELLING LOCAL CANNABIS PRODUCTS

(in terms of sales) for 2022-2023

1. **Breakers Indica Milled (7g)**
2. **Current Growers Pick Sativa Milled (7g)**
3. **Eastcann Animal Z (3.5g)**

Local cannabis listings now represent **30.2%** of active listings ▲ 6.0%, compared to last year.



Previous page: Pam Wong, Manager, Braemar Express Store (left) and Jason Simmonds, Store Clerk, Portland Street Store (right).



Financial

Our team is focused on our commitment to Nova Scotians by providing a sustainable return for our province.

TURNING THREATS INTO OPPORTUNITIES

Cybersecurity breaches represent an ever-increasing threat in today’s modern world. We have seen recent cybersecurity attacks hitting other retailers and government entities across the country, and it has become more critical for organizations to take measures to reduce the risk of their systems and data being inappropriately accessed and compromised. The NSLC is no exception.

To better address this ever-increasing threat — from phishing attempts to access our systems and data to potential attempts to install ransomware that could prevent us from accessing our systems and files — last year, we commenced an organization-wide cybersecurity program to enhance our cybersecurity posture. The objectives are to further reduce the risk of a cyberbreach from occurring and to ensure we can recover quickly, should an event occur.

The NSLC is focused on three primary areas to reduce the risk: technology improvements, employee awareness and education, and governance.

TECHNOLOGY IMPROVEMENTS

This includes implementing new or enhanced tools to reduce cybersecurity risks, as well as managing external service providers who are engaged by the NSLC to reduce risk and assist with incident response, should a cyberbreach occur.

EMPLOYEE AWARENESS AND EDUCATION

Employee awareness and education are critical. Many cybersecurity breaches occur due to successful phishing attempts when employees click on malicious links and either enter credentials or allow someone to access an organization’s systems and install malware. It is critical that all employees are trained to remain diligent for cybersecurity threats, especially suspicious emails, and this requires knowledge on how to identify and report them.

“Our employees are our biggest source of protection, as well as our biggest risk,” says Heather Bennett, VP, Information Technology. “Clicking links in phishing emails continues to be the biggest threat and most common starting point for an attack. Educating our employees also protects them in their personal lives, where there isn’t a team of professionals prepared to respond.”

SPOTLIGHT

IMPROVING OUR CYBERSECURITY

- Launched an organization-wide cybersecurity team and developed a roadmap focused on technology improvements, employee awareness and education, governance, and incident response.
- Completed a simulation “tabletop” exercise with the Executive Team and Board of Directors.
- Onboarded a new Managed Security Services provider.
- Implemented new and updated technology to reduce the risk of unauthorized access to our systems.

GOVERNANCE

Cybersecurity governance activities include cyber-risk assessments performed by qualified individuals, Board and Executive team oversight, information security and other policies, as well as business continuity plans to ensure the NSLC can successfully recover, should an incident occur.

“We have been investing in cybersecurity for a number of years, and our work this year has made us even more resilient,” Heather says. “We will continue our efforts in fiscal 2024 and beyond.”

PROTECTING OUR PEOPLE, CUSTOMERS & PROFITS

Between Fiscal Years 2019 and 2022, the NSLC saw a dramatic increase in thefts and inventory losses throughout our NSLC store network, including an increase in losses due to beverage alcohol thefts.

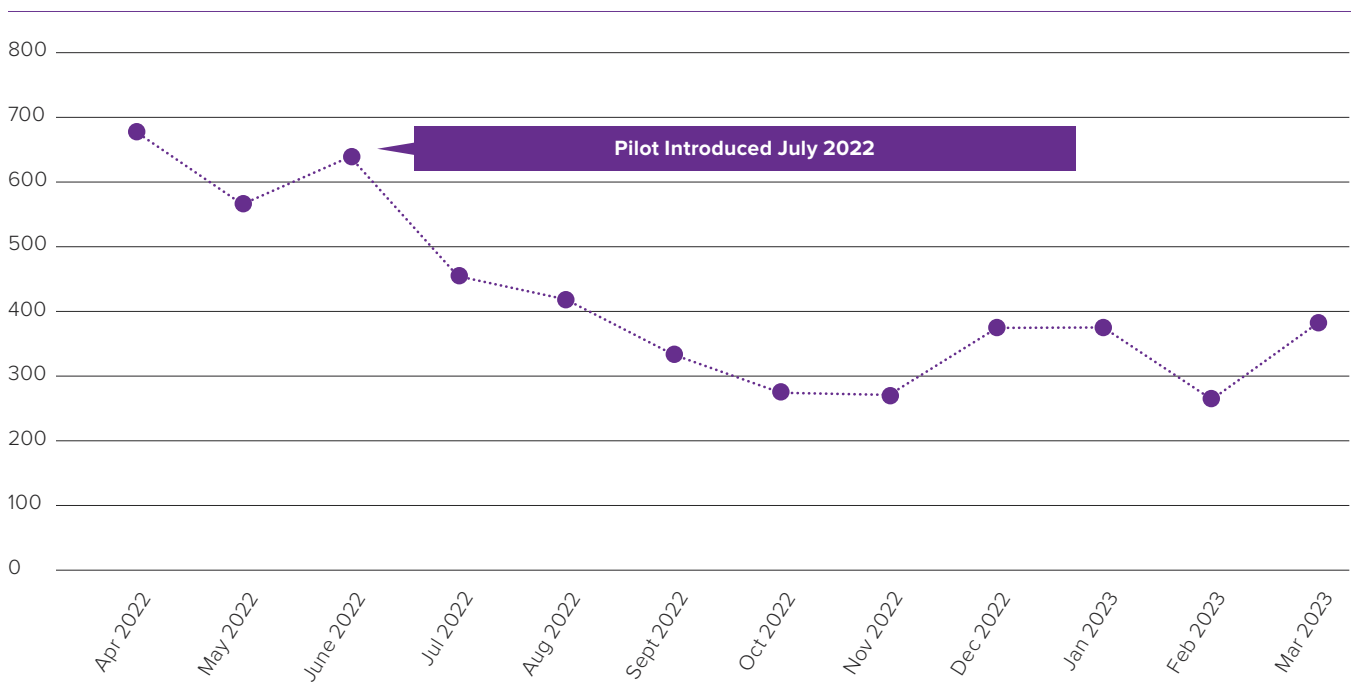
In addition to increasing financial losses, our security team noticed new trends. There was a shift from opportunistic offenders to prolific offenders, stealing in increased quantities, and with links to broader organized crime. There were cases of multiple thefts in the same day from the same perpetrator, with an increase in violence, threats, and aggression to store and security teams.

These thefts and activities placed increased pressure on our store teams, regional leaders, and corporate security, and we knew we had to do things differently.

In Fiscal Year 2023, we implemented a pilot project that significantly increased the security presence in selected stores through a combination of additional NSLC Loss Prevention Associates (LPAs), and Extra Duty municipal police officers, focusing on high-risk stores. Halifax Regional Municipality (HRM) stores contributed to most of the inventory losses and accordingly were our focus.

The enhanced security program evolved during the year, and while the use of Extra Duty police officers on a regular basis was phased out, the NSLC maintained its enhanced security presence and continued to educate our people on tactics to reduce the number of thefts in a manner that does not put them or our customers at risk.

THEFTS PER MONTH



SPOTLIGHT

OTHER TECHNOLOGY INITIATIVES

- Completed enhancements to our wholesale ordering process to simplify the process for licensees to order kegs, improving the experience for our wholesale customers and creating efficiencies for our Service Excellence Team.
- Implemented the Learning Module in SAP SuccessFactors and improved content to improve our training experience, better monitor and manage training completion, improve integration with other human resource applications, and reduce the number of independent IT systems being managed.
- Moved our SAP hosting from Europe to Canada. In addition to the benefit of having our data in Canada, it also realized a significant amount of savings.
- With safety and security of our people and customers top of mind, completed upgrades to our security systems, including cameras and access control systems.
- Upgraded software that manages where product is placed on store shelves.
- Upgraded software that facilitates beverage alcohol importation to maintain compliance with the Canada Border Services Agency.
- Implemented a digital signature solution to improve internal efficiencies.
- Completed necessary replacements to servers and other infrastructure at our primary data centre.
- Commenced a Point-of-Sale hardware replacement project across the entire store network to remain current and improve systems security.

Financial Highlights

NET INCOME (EARNINGS)

▲ \$16.0 million or 6.0% for a total of **\$284.7 million**.

TOTAL SALES

▲ \$40.2 million or 4.9% to **\$860.7 million**.

CANNABIS SALES

▲ 9.3% to **\$111.1 million**.

BEVERAGE ALCOHOL SALES

▲ 4.3% to **\$749.5 million**.

SALES TO LICENSEES

▲ **52.4%** as Nova Scotians and tourists returned to bars, pubs and restaurants.

SALES TO PRIVATE WINE & SPECIALTY STORES

▲ 5.4% to **\$19.6 million**.

SALES TO AGENCY STORES

▲ 1.9% to **\$64.1 million**.

RETAIL CUSTOMER BEVERAGE ALCOHOL TRANSACTIONS

▲ **1.1%**, and the average dollar value of each transaction increased by **0.7%** to \$38.62.

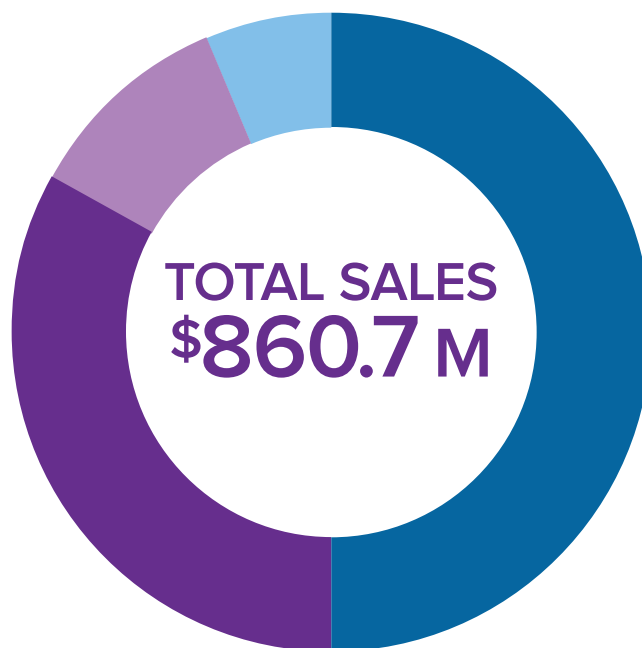
▼ **0.3%** in the total volume of beverage alcohol sold.

RETAIL CUSTOMER CANNABIS TRANSACTIONS

▲ **12.7%**, and the average dollar value of each transaction decreased by 3.1% to \$38.40.

▲ Cannabis experienced the strongest growth of all categories with a **9.3%** increase over last year.

OUR EARNINGS



Cost of Product	\$432.6 M
Salaries and Benefits	\$89.8 M
Operating Costs	\$53.6 M
Returned to Province	\$284.7 M

100% of net profits go back to the province to fund essential services and infrastructure.

STORE SALES BY REGION

METRO

LOCATION	NET SALES FY23	LOCATION	NET SALES FY23
Agricola Street	5,619,862	Mill Cove	12,543,176
Alderney Landing	1,765,342	Nova Centre	2,269,257
Barrington Street	6,845,643	Novalea	6,749,510
Bayers Lake Park	22,380,919	Park Lane Express	2,265,602
Bedford Superstore	7,636,618	Queen Street	6,034,691
Clyde Street Cannabis	8,788,329	Quinpool Road	8,517,297
Downsview Plaza	24,585,001	Scotia Square Express	1,214,143
Dunbrack Express	2,092,217	Spryfield	15,307,973
First Lake Express	2,533,663	Tantallon	18,851,180
Hubbards	3,123,097	The Port	7,307,007
Joseph Howe Drive	19,558,325	Timberlea	2,846,421
Kearney Lake	6,808,927	West End	9,143,650
Kingswood Express	2,255,597	Wyse Road	13,505,487
Larry Uteck	12,663,419	Young Street	6,463,527
Lower Sackville	4,711,968		

STORE SALES BY REGION

CENTRAL

LOCATION	NET SALES FY23	LOCATION	NET SALES FY23
Amherst	13,373,899	Porters Lake	10,039,394
Amherst Express	1,304,218	Portland Street	19,805,322
Bible Hill	5,267,883	Pugwash	1,870,235
Braemar Express	3,818,206	River John	1,121,101
Eastern Passage	6,493,876	Sheet Harbour	2,069,493
Elmsdale	16,137,770	Springhill	3,269,315
Fall River	10,152,165	Stewiacke	5,030,848
Forest Hills	15,576,263	Tacoma	21,554,817
Head of Jeddore	3,174,664	Tatamagouche	5,035,199
Kennetcook	1,142,353	Truro East	7,184,093
Middle Musquodoboit	1,191,397	Truro West	15,708,571
Oxford	1,494,457	Wilkinson Express	2,700,961
Parrsboro	2,078,299		

STORE SALES BY REGION

NORTH-EASTERN

LOCATION	NET SALES FY23	LOCATION	NET SALES FY23
Antigonish	17,131,490	New Glasgow West	8,057,521
Arichat	1,557,540	New Waterford	6,326,079
Aulds Cove	2,064,600	North Sydney	9,732,611
Baddeck	4,583,030	Pictou	5,641,681
Canso	1,172,013	Port Hawkesbury	8,583,382
Cheticamp	2,814,338	Port Hood	1,487,371
Dominion	3,381,969	Prince Street	9,549,997
Eskasoni	1,325,431	Sherbrooke	860,899
Glace Bay	12,463,918	St. Peters	2,603,805
Guysborough	1,868,836	Stellarton	4,486,996
Ingonish	1,678,178	Sydney Mines	5,987,433
Inverness	2,542,830	Sydney River	18,185,220
Louisbourg	952,086	Welton Street	8,675,591
Mulgrave	403,737	Westville	2,884,532
New Glasgow	12,372,367	Whitney Pier	3,530,862

STORE SALES BY REGION

SOUTH-WESTERN

LOCATION	NET SALES FY23	LOCATION	NET SALES FY23
Annapolis	4,742,227	Lockeport	915,266
Barrington Passage	5,611,076	Lunenburg	6,578,715
Berwick	8,948,785	Mahone Bay	5,523,008
Bridgetown	2,318,511	Meteghan	3,907,116
Bridgewater	18,196,320	Middleton	3,869,456
Bridgewater Mall	4,250,901	New Germany	2,897,213
Caledonia	961,364	New Minas	18,723,879
Chester	6,036,673	Shelburne	4,140,760
Digby	6,443,957	West Pubnico	1,097,877
Hantsport	1,492,163	Weymouth	1,667,439
Kentville	8,090,303	Windsor	9,474,914
Kingston	10,300,247	Wolfville	6,316,440
Liverpool	7,710,769	Yarmouth	15,746,920



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