



ANNUAL REPORT

2021-2022





NSLC
PAM
MANAGER

NOVA
SCOTIA

HIGHLIGHTS

CUSTOMER

PG. 7

- **13 NEW** cannabis stores
- **\$9.2M INVESTED** in our store network to improve customer experience
- **11.4M** cases of product processed by our Distribution Centre team

RESPONSIBILITY

PG. 17

Responsibility

2.4M ID REQUESTS

with 21,364 refusals

Community

\$1.2M DONATED, 100+ charities helped with support from our people, partners, and customers

Environment

Greenhouse gas emissions

DOWN 22.4% compared to 2010

OUR PEOPLE

PG. 23

- **1,800+ TEAM MEMBERS** safely serving our customers in communities across the province through COVID-19, while executing on key initiatives
- **727 HOURS** volunteered to support 25 charities

LOCAL

PG. 29

- **\$26.4M** in Beer sales
- **\$15.5M** in Wine sales
- **\$12.6M** in Spirits sales
- **\$30M** in Ready To Drink sales (largely ciders and coolers)
- **\$23.6M** in Cannabis sales

FINANCIAL HIGHLIGHTS

PG. 37

- **\$820.5M** total sales
- **\$718.7M** Beverage Alcohol sales
- **\$101.7M** Cannabis sales
- **\$268.7M** returned to our Shareholder



THE IMPORT

ITALY

INTERNATIONAL

INTERNATIONAL

FRANCE

FRANCE

TASTE STATION

SPAIN

SPARKLING

WINE

WINE



**BOARD CHAIR
PRESIDENT &
CEO'S LETTER**

This has been an exceptional year as we delivered on our strategic priorities while continuing to juggle the impacts of the COVID-19 pandemic on our business.

THROUGHOUT IT ALL, we lived our values and supported each other and our communities through what have been some very challenging times. We did some amazing work together, nimbly adapting to situations to support our people and serve our customers.

Every single day, the safety of our people and of our customers were at the forefront of every decision we made. We were able to stay open, drive our business forward and serve our customers, keeping everyone as safe as possible. That was accomplished due to the strong and empathetic people we have across the NSLC, willing to adapt and evolve to address any challenge that came our way.

At the NSLC, we are committed to fostering a culture of belonging to support our people, partners, and communities. We do this through our standards of safety, care, connection and efficiency. Nova Scotians are caring people and that became crystal clear as our teams, our customers, and our suppliers continued to support one another this past year, helping to create stronger communities.

We navigated a changing landscape together, enhancing our business as we implemented key initiatives focused on improving the service we offer to our valued customers. We are proud of what we accomplished while providing a strong return to the province.

This included the addition of 13 new cannabis locations, major renovations to beverage alcohol stores in smaller communities, the launch of home delivery for beverage alcohol, and a new community investment program.

We delivered on our strategic priorities to support the growth of local industry and ensured we expanded access to a safe and secure supply of cannabis with sales of local product experiencing strong growth.

Corporate social responsibility is foundational to who we are. Our diligent front-line employees asked customers who appeared to be under the age of 30 for valid photo ID more than 2.4 million times, a 9% increase over the previous year, and refused service 21,364 times. Our people have an unwavering commitment to our mandate to ensure the responsible sale of the products we offer.

The NSLC has a long history of giving back to our communities by making meaningful social and economic contributions. Through our new community investment program, and together with our teams, partners, and customers, we invested close to \$1.2 million dollars in more than 100 charities and causes across the province.

As part of the program, employees volunteered their time which was matched by a corporate donation that was given to 25 non-profit organizations.

BACK ROW FROM LEFT

Ken Cusack, VP Customer Operations; **Caroline Duchesne**, SVP - Finance; **Greg Hughes**, President & CEO; **John Francis**, VP Insights & Customer Engagement; **Paul Rapp**, SVP - Customer Operations

MIDDLE ROW FROM LEFT

Jennifer Gray, Corporate Secretary; **Brad Doell**, VP Network Development, Procurement & Facilities; **Dave DiPersio**, SVP - Corporate Services; **Ryan Embrett**, SVP, Human Resources

FRONT ROW FROM LEFT

Carolyn McCormack, VP Communications, Brand & Responsibility; **Heather Bennett**, VP Information Technology



We continued to invest in our store network across the province. Our \$9.2 million investment last year focused on extensive renovations to four beverage alcohol stores outside urban areas and the addition of cannabis stores across Nova Scotia.

Our Information Technology team had an extremely busy year with the investment of \$2.4 million in key initiatives including the launch of home delivery, enhancements to the website, and core IT system upgrades that support store operations. The team was involved in more than two dozen projects focused on improving service for our employees and our customers.

Our customers are a key focus of our business initiatives which this year included home delivery of beverage alcohol and the implementation of a product testing program to ensure the quality and safety of the products we offer our customers. More than 140 people across our business came together to develop and implement home delivery with our delivery partners Micco and MBW Courier. We were pleased to partner with Acadia Laboratory for Agri-Food and Beverage in Wolfville to seamlessly implement the product testing program.

Teams across the business continued our focus on supporting local producers with 99 formal and informal engagements with the industry throughout the year as we work to understand the challenges they face and make changes that assist them. We continue to modernize our policies when it comes to supporting local manufacturers and suppliers and undertook research to better understand what 'Local' means to Nova Scotians. We also evolved our Hyper Local beer program into the Community Listing Program, increasing access to stores by increasing shelf space in our top stores and bringing all single serve Nova Scotia beers together into the newly created Nova Scotia Craft Beer section.

We were pleased to see customers respond to these initiatives and continue to support our local industry partners with sales of local beverage alcohol increasing 12.0% to \$84.6 million. We see this same passion for supporting local cannabis producers with local sales increasing 40.1% to \$23.6 million.

Our cannabis team is working hard to secure the products our customers want with an 18.2% increase in cannabis sales to \$101.7 million.

Local listings now represent 23.2% of all cannabis listings as customers appreciate the quality and the economic impact local producers have in their communities. The average price per gram reduced a further 15.3% this fiscal year to \$6.37 from \$7.52 a year earlier, making this safe supply of cannabis more attractive to customers as we work to make an impact on illicit sales.

We had a year of extraordinary sales with increases in both beverage alcohol and cannabis. We returned \$268.7 million to our Shareholder, with the money used to fund key programs and public services. We were pleased to see licensee sales start returning to more normal levels as Nova Scotians supported bars, pubs, and restaurants that had been deeply impacted by the pandemic. Sales to licensees were up 45.1% as COVID-19 restrictions lifted during the year.

The team in the Distribution Centre (DC) did an amazing job working around supply chain challenges to keep products on our store shelves, shipping and receiving 11.4 million cases throughout the year. The DC team is critical to supporting our retail teams in achieving a customer satisfaction score that trends between 92% to 94%.

In a year of record-breaking sales, our people supported our new community investment strategy and employee giving program. NSLC employees made it a priority to live our values of creating good connections with our people, our customers, and our business partners. They volunteered 727 hours to support 25 charities. With the \$1.2 million raised with the support of our generous vendors and customers, we were able to assist more than 100 non-profit organizations across Nova Scotia. This included a \$460,000 commitment to the IWK Foundation, \$14,000 to Make-A-Wish Canada, enough money for Feed Nova Scotia to deliver 278,000 meals and for the Mental Health Foundation of Nova Scotia to provide grants to 58 non-profit organizations.

We are deeply proud of our people across the business and all they accomplished to move our business forward as they continued to support our communities and our customers and responsibly deliver on our mandate in an evolving landscape.

We lived our values and supported each other through the most challenging of times. At our core, we respect one another, we are accountable, and we strive to

lead by example. We followed all public health advice and protocol, adapted our operations, and pivoted as required. Our people have proven time and again that we do rise to the challenge and work together to best serve our customers.

We look forward to continuing to foster a culture of belonging across our operations and delivering on our mandate to responsibly offer beverage alcohol and cannabis while supporting the communities we serve.



George McLellan
Board Chair

Greg Hughes
President & CEO



Alex Henderson, Store Clerk, Truro West

OUR VISION

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



Customer

INTRODUCTION

Our customers come first in everything we do. They are the focus of each day, each shift, and each decision we make.

WE TAKE PRIDE in providing Nova Scotians with excellent customer service and ensuring the responsible sale of beverage alcohol and cannabis in our retail network and online. We do that by asking our customers what they think, listening to them, and responding to their needs.

We implemented many changes to our business this year based on what our customers told us. We are proud of these accomplishments, undertaken while we were still operating in the pandemic. These changes include new service offerings, expanding our store network, and strengthening our commitments to communities across Nova Scotia.

IMAGE LEFT: Emmanuel (Manny) MacKinlay, Store Clerk, Larry Uteck

EVOLVED CHANNEL STRATEGY

Home Delivery

More than 140 people across our business came together over the fiscal year to develop our new Home Delivery service for beverage alcohol. The service, which initially launched in the Halifax Regional Municipality and Bridgewater in February 2022, was available to most Nova Scotians by spring.

Initially we offered more than 400 different products, with 20% of those products made right here in Nova Scotia and are continuing to evolve the assortment over time.

“Our customers told us they are impressed with how easy the service is to use and by our high service standards,” said Project Manager Gordon MacEwen.

We wanted to offer Home Delivery as another channel for our customers and took a phased approach to

ensure we implemented the service carefully and responsibly.

The following measures were put in place to ensure this service was offered as safely as possible:

- Mandatory responsible delivery training for all drivers to prevent deliveries to underage or impaired persons
- No delivery before 10 a.m. or after 8 p.m., with shorter hours on Sunday and no deliveries on holidays when our stores are closed
- Delivery program monitoring, enforcement, and reporting
- Providing responsible consumption messaging with each delivery
- Requiring our delivery partner to track service refusals due to impairment or age verification issues

Offering Home Delivery represented a large initiative for our team. As we prepared for the launch of our new service, we expanded on the existing online solution to include better payment management, shipping options, and order management across the store network. We also created an order processing and tracking method with our delivery partner. Enhancements to our ecommerce site, myNSLC.com, included improving the data to provide a smoother online shopping customer journey.

Store Network Development

With a network of 108 retail stores across the province, we’re continually investing to enhance the shopping experience.

“We invested \$9.2 million in our stores this year,” said Andrew Stenhouse, Manager – Network Development, which included renovating our beverage alcohol stores and adding more cannabis stores to our network. We ended the year with 37 cannabis stores in total, up from 12 at legalization more than three years ago.

“We opened 13 new cannabis locations, highlighting our commitment to offer increased access to a safe supply of legal cannabis and divert illicit cannabis sales

across the province,” said Brad Doell, Vice-President, Network Development, Procurement & Facilities.

The cannabis additions were modular units that fit into the footprint of our existing beverage alcohol stores, ranging in size from 200 to 400 square feet. There was minimal disruption to the store and the average installation period of the modular units was six weeks or less.

NEW CANNABIS STORES

Bayers Lake Park	Mahone Bay
Berwick	New Waterford
Bible Hill	Novalea
Dominion	Porters Lake
Eastern Passage	Sydney (Welton Street)
Larry Uteck	Sydney Mines
Lunenburg	

We also carried out major renovations to the interior and exterior of four of our beverage alcohol stores. The interior renovations included installing new fixtures and finishes and refreshing the staff areas. The exterior renovations included upgrades to building cladding, parking lots, and roofing where needed while improvements in accessibility and sustainability were implemented at the same time.

To further improve the shopping experience and product selection in our largest Cool Zones, we expanded the enhancement program to an additional 14 stores, for a total of 28 stores in Fiscal Year 2022 to receive updated merchandising fixtures and an increased assortment. As a result, we were able to offer an additional 50 new Refreshment products in these stores via new General Listings or seasonal offerings. All stores remained open while the renovations were underway.

Agency Stores

In addition to our 108 corporate stores, we have a network of 63 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. Last year, Agency stores achieved \$63 million in sales. Three new locations opened this year – Clark’s Harbour, Woods Harbour and Upper Musquodoboit.

“Agency stores are an important part of our network. It doesn’t make business sense for us to provide a corporate store in smaller communities, so Agency stores are a convenient option for customers in rural areas who want to support local businesses,” said Karen Skerry, Manager – Agency Store Network.

It is exciting to see Agency stores now participate in our Community Listing program, formerly known as Hyper Local. This initiative profiles single serve Nova Scotia beer products by providing additional and better community access for local and small brewers.

We are also proud to partner with business owners who share our commitment to supporting and creating stronger communities. Agency stores participated with the NSLC in corporate fundraisers including for the IWK Foundation, Feed Nova Scotia, and the Mental Health Foundation of Nova Scotia. We are grateful to them for their efforts, especially given these fundraisers are above and beyond the regular fundraisers they carry out to support events and people in their own communities.

Wholesale

We were pleased to see a resurgence in business for bars, pubs, and restaurants hit hard by pandemic measures that had them operating at reduced hours and capacity and, for a while, closed altogether. Sales were up 45.1% to \$33.9 million compared to the previous year.

In Fiscal Year 2021 we implemented a new convenient delivery service to the 30 busiest licensees within the downtown core of Halifax as a pilot project. The objective was to better support licensees in providing customers with the products they want. This service remained in effect throughout Fiscal Year 2022.

With this improved service, licensees can access a more premium assortment of products from The Port, our premium store which offers a unique assortment of wine, beers, and spirits from around the world. Deliveries are available six days a week at no additional fee.

Key Account Manager Dave Pieroway further supports licensees with a concierge service to meet the needs of our top licensees, who despite the pandemic, had continued demand for premium products in all categories.

“My role is to provide a consistent perspective regarding product knowledge, trends and inventory and to support staff training,” Dave said. “In a year in which we saw COVID restrictions loosen, we saw increased purchases from licensees.



Karen Skerry
Manager, Agency Store Network

I'm looking forward to seeing where the coming year will take us given this evolving environment."

We also offer a Special Orders service to both retail customers and licensees so that they can order an item we do not regularly stock. Last year, our Service Excellence Centre team processed 150 such orders. We have a dedicated Special Orders webpage and online submission form with pre-screening questions that support efficiently processing the request.

Private Wine and Specialty Stores

There are four independently-owned Private Wine and Specialty Stores (PWSS), all located within HRM. We appreciate a strong connection with our PWSS partners, and in Fiscal Year 2022, our sales to PWSS increased 26.7% to \$18.6 million.

Service Excellence Team

Our Service Excellence Centre (SEC) supports our retail stores, Head Office, Agency stores, licensees, and external retail customers. Team members answer questions and address issues that range from printers not working to locating a unique whisky that a customer cannot find in Nova Scotia. Last year, they handled 67,631 inquiries. We are pleased to say that while the industry standard for handling customer inquiries is six minutes, our Service Excellence Team (SET) average handling time is 4:41.

Marie MacLeod is Manager of the SEC and came up with the unique idea last year to have members of other departments job shadow the team. "It was a great opportunity to raise awareness of the different calls we take and customers we interact with. It was also an opportunity for my team to relate with colleagues across our business units," she said. "What better way to truly understand what the SEC team does than to stand in their shoes?"

"It was a great opportunity to raise awareness of the different calls we take and customers we interact with."

MARIE MACLEOD
MANAGER, SERVICE EXCELLENCE CENTRE

Karen Matthews Strickland, Manager – Talent Acquisition, found the experience extremely valuable. "I learned so much! I had no idea about the volume of licensee orders that come in, or the breadth of calls/ emails/tickets, or also the wide range of knowledge you need to have from a technical perspective," she said.



Marie MacLeod
 Manager, Service Excellence Centre

PRODUCT DISCOVERY

Product Testing

Safety is a cornerstone of our service standards, and we were pleased to initiate a product testing program in Fiscal Year 2022. This new program ensures the products we offer our customers are safe for consumption.

We formalized a partnership with the Acadia Laboratory for Agri-Food & Beverage (ALAB) in Wolfville to conduct product tests on our behalf. We began with a pilot to make sure we had the necessary controls and processes in place.

During the pilot, we randomly selected products and forwarded them to ALAB for testing. The focus of these initial tests was to understand how we would work with ALAB and to benchmark the test results against a control group.

With the pilot complete, we began incorporating the safety program into our listing process. We developed a timeline that allowed us to learn, adapt, and respond to make this program sustainable.

Every week, we select products from our DC and package and ship them to the lab to be tested for everything from alcohol content and sorbic acid to methanol and heavy metals. The lab then provides the results to us in the form of a Certificate of Analysis (COA).

We worked closely with suppliers and local producers to keep them informed of the program and how it works. This included a presentation on the testing process with included guidance documents we developed in partnership with Perennia Food and Agriculture Inc. and ALAB, as well as a training video to assist with any questions.

“We’re pleased to support the success of producers by providing education and support to ensure they are making high quality and safe products,” said Dave DiPersio, Senior Vice President – Corporate Services and executive sponsor of the program.

Dave joined the project team in the spring on a tour of the lab to see first-hand how the intricate testing

is done. “It was clear the ALAB team is dedicated to the integrity of their work for their clients,” he said. “We are fortunate to have ALAB as our partner in this program, as they are key in supporting our supplier community through the integration of this product testing program.”

Customer Education

We continued to adapt our approach to deliver educational initiatives considering COVID restrictions impacting in-person events. Customer education is an important part of what we do, and we were pleased to develop some new opportunities.

OUR PICKS PROGRAM

Our people are well educated on the products we offer and take pride in making recommendations to our customers. Whether they are looking for low-calorie, low-alcohol options or bold, rich red wines, our people have some great suggestions. We reinvigorated the Our Picks program this year by engaging our Product Specialist team to participate in a campaign that connected our stores with our online community.

Activities included geotargeted social media posts on Instagram and Facebook with the Retail Product Specialist, highlighting recommendations from that team member, and having store teams create dynamic Our Picks displays in our stores.

We also launched a pilot in two stores with a wall display of Our Picks that had signs on which team members wrote and described their product selections. It proved extremely popular with our customers, so we are rolling it out to other stores in the upcoming Fiscal Year.

PARTNERSHIP WITH ANDY

We teamed up with local influencer Andy Hay to create a campaign called A Night with Andy. The goal was to bring Nova Scotians together to celebrate the holiday season safely, while amplifying and integrating such priorities as product discovery, community, responsibility, and support for our local producers.



Andy Hay
Andy's East Coast Kitchen

We worked with Andy to do a cook-along on Instagram Live in which he made a holiday meal, paired it with some of our popular local products, and integrated tips for responsible consumption. For each live view, we donated \$2 to our holiday community partners.

The event was supported by a live stream on Andy Hay's Instagram channel, and promoted on our social media channels, and through neck tags for products in our stores that were highlighted in the live event.

Beverage Alcohol

Customer purchasing patterns changed during the height of the pandemic with customers purchasing more larger pack sizes to make fewer trips to our stores. That purchasing behaviour began returning to pre-pandemic patterns with customers moving back to smaller pack sizes. Sales of the 750 ml size bottle of wine, for example, grew 7.3% while the 4L size declined in sales by 5.1%. The spirits category saw a similar change with a 2.9% increase in sales for the 750 ml size bottle and a 3.4% decline in sales of the 1140 ml size.

WINE

Rosé – We released 61 rosé wines last year from both local and international suppliers, 20 more than the previous year, as customer interest in this trending category continued to increase. This promotional release, along with a hot summer, resulted in a 42.5% increase in sales over the previous year.

Specialty Wines – We supplemented our General List selection with 78 specialty wines by means of the Buyer's Picks promotion. Several of these unique wines proved so popular with customers that we have added them to our General List for next year.

Canned Wines – There was an influx of wine in a canned format from international suppliers and, most prominently, from local wineries. Benjamin Bridge's Nova 7, Pet-Nat, and Piquette, along with Jost Vineyards' Lüvo L'Acadie Pinot Grigio, Lüvo Sparkling Rosé, and Lüvo Muscat + Mint were best sellers among wine customers. These products were so popular they attracted some customers from the Ready to Drink category.

READY TO DRINK

We added 86 new General List RTD products in this popular and growing category. These products were carefully selected with the view of providing innovative and trending products from brands our customers love.

Locally produced, full-flavoured taste profiles remained popular with exciting product launches such as Coldstream Lemonade 2.0 Mixer and Blue Lobster Tropical Punch. Tea and lemonade flavoured products were also well-liked. We added local products like Coldstream Peach Mango Tea and Blue Lobster Tea which proved to be customer favourites, along with products like Truly Lemonade Mixer and Twisted Tea.

We also listed new products from North American industry leaders like White Claw 2.0 Mixer, Mike's Hard Playback Pack, and Mike's Sour Watermelon.

SPIRITS

We introduced a number of innovative spirit products, supporting a variety of trends as we endeavoured to provide customers with the products they were seeking.

Tequila had the largest growth in spirits last year, up 33.9%. This growth was driven by the launch of the Teremana brand with Blanco and Reposado, which accounted for 30% of tequila's dollar growth in the year.

Flavoured spirits – Our liqueur category saw significant sales growth of 26.3%, with cream liqueur leading the trend with the highest growth. Several product launches quickly found their place as top spirit brands, including JD Shore After Eightish.

Specialty Spirits – The spirits team curated a list of 53 specialty products that lived on the Buyer's Picks program in 36 stores throughout the province. Several of those specialty items were very popular with our customers and we are pleased to reoffer them this coming year.

Cannabis

We have continued to evolve and grow our cannabis offerings since legalization in October 2018. This fiscal

year we had 34 format offerings compared to six at legalization. We also carry more products, with 417 active listings compared to 320 when we first began offering cannabis.

Teams in our 37 cannabis stores all receive formal training and are excited to share their product knowledge with customers, answering questions about terpenes, formats, hybrids, and THC and CBD levels.

We doubled the number of local suppliers we carry this fiscal year, now offering products from 16 Nova Scotia suppliers. "Local suppliers now represent 28% of all of our cannabis listings as customers continue to support local businesses that provide good quality and fresh products," said Stephen Ford, Associate Category Manager.

As the industry continues to mature, cannabis prices were down with the average price per gram almost half what it was in the first full year of legalization. In Fiscal Year 2022 the average price per gram for dried flower and pre-rolls was \$6.37 a gram compared to \$12.08 in Fiscal Year 2020.

While we carry more formats with the second phase of legalization in 2019, dried flower continues to be the most popular with our customers, accounting for 53.2% of cannabis sales. Vapes are the second most popular format at 17.2%, and pre-rolls rank third at 13.7% of sales.

Information Technology

With the launch of new services and programs as well as enhancements and updates, our Information Technology team has worked diligently behind the scenes to support our business and ensure everything rolled out smoothly for our customers.

The IT team was involved in more than two dozen projects throughout the year focussed on improving service for our employees and our customers. They included an updated system for our stores' fulfillment and inventory management processes called SAP Fiori, which is used for placing and receiving orders and managing inventory. The team upgraded other key systems including those that support point of sale transaction processing, shelf management, and customs clearing.

Distribution Centre

The Distribution Centre (DC) was not immune to the supply chain challenges this past year. Steve Power, Director – Supply Chain, has been in the supply chain business for 39 years. “I have never seen the sector experience such a transition as in the past 18 months,” he said. Delivery times of overseas orders more than doubled, freight costs shot up more than 30% and management of freight agreements was complicated.

To manage much longer lead times for imported product, we had to increase significantly the size of each international shipment to ensure we had more inventory on hand given the uncertainty of the next delivery date, and manage our available space in the DC very carefully.

Steve said the situation put a lot of pressure on the Replenishment Team because they had no buffer. “They did an amazing job,” he added.

“The DC team did an incredible job of adapting to the sudden arrival of large shipments,” said Peter MacDonald, Director – DC Operations. For example, in late March, after receiving nothing from Australia for four months, 19 container loads suddenly arrived all at once. No further deliveries from the region were expected for several more months.

“It was a year of constant fluctuation. Some weeks we had very little inbound from imports and the next week it was extremely high with an influx of orders coming in,” Peter said.

“With the support of our retail teams and taking into account what we were dealing with when they placed their orders, we had an exceptional year.”

Despite the many challenges, it was the DC’s second busiest year on record with 11.4 million cases of product coming into and going out of our warehouse doors – just under 24,000 fewer than the record-breaking year before.

Greg Craig

Warehouse Worker, Distribution Centre





SPERONE
L.21 160/02
MARSALA
DRY

DOMAINE DE GRAND PÈRE
GP
ANNAPOLIS VALLEY, MS

COA.000046 6 LITERS

AMARONE

PIO CESARE

SPERONE

MARSALA
DRY

12 - BOTTLES (9 LITERS)
+044
Kg. 4

Product SPERONE MA

GLAS

LE

End Prod

BOLD
COMPLEX
OAK



Responsibility

INTRODUCTION

Responsibility informs every business decision we make at the NSLC, every customer interaction we have, and the ways in which we support our employees and the community.

IT IS INGRAINED in the very culture and mindset of our organization.

We are mandated by the Liquor and Cannabis control acts to responsibly retail the products we are entrusted to sell. We are committed to striving for customer service excellence while promoting a culture of moderation and celebrating responsible choices.

IMAGE LEFT: Raman Kumar, Store Clerk, Bayers Lake

FOR THE GOOD OF NOVA SCOTIA

RESPONSIBLE RETAILING

Keeping beverage alcohol and cannabis out of the hands of minors and refusing to serve impaired customers is far more than our mandate, it is the right thing to do. Responsible retailing is at the core of who we are and what we do, and we take this responsibility very seriously. An integral part of that responsibility is to play a role in educating our customers on responsible consumption. Members of our retail teams, as well as our Authorized Agents, Private Wine and Specialty Stores (PWSS) and Home Delivery partners, all receive training to ensure our customers celebrate good choices and host responsible get togethers.

ID CHALLENGES

Last year, our diligent frontline employees asked customers who looked to be under the age of 30 for valid photo ID more than 2.4 million times. They refused service 21,364 times because they could not provide adequate identification.

We are pleased to work closely with our Agency and PWSS partners to ensure the responsible sale of the products they offer. Last year, 100% of Agency stores completed our Responsible Retailing course to keep beverage alcohol out of the hands of minors or customers who are impaired. We introduced our age verification process, ID Check, with our PWSS partners which requires all employees to complete the ID Check training course provided by the NSLC every year.

MYSTERY SHOPS

We conduct mystery shops as one tool we use to ensure our people are meeting our standards for responsible sales.

The compliance rate across our retail network was 87% this year. While this demonstrates our deep commitment to keep beverage alcohol out of the wrong hands, we will not be satisfied until that figure is 100 per cent.

We follow up the Responsible Retailing training we provide to our corporate stores, Agency partners and PWSS with mystery shops to ensure compliance with our responsible sales requirements. Last year, 84% of the Agency network successfully challenged customers for ID who looked under 30, a 5% increase over the year before. The compliance rate for PWSS was 87%, a clear indication of their commitment to responsible retailing.

KEEP IT SOCIAL

Keep It Social is a student-led, post-secondary and NSLC endorsed partnership promoting responsible alcohol and cannabis consumption, personal choice, and a culture of moderation.

The NSLC is the corporate sponsor and industry champion of Keep It Social, providing funding, program activation materials, and access to digital educational

assets to all participating post-secondary schools annually. Eight post-secondary schools in Nova Scotia participate in the program.

Keep It Social student ambassadors are the champions of the Keep It Social program. They are expected to provide innovative student engagement ideas and promote the program on campus throughout the school year. Student ambassador responsibilities include:

- Acting as a point of contact for students and sharing what it means to Keep It Social
- Promoting responsible consumption to students through campus and event activations
- Sharing authentic social media content that aligns with the Keep It Social brand strategy

This year, Keep It Social and its student ambassadors continued to face limitations for attending events and capturing content for social media due to COVID-19 restrictions, but we were excited to have the opportunity to sponsor the 2022 Atlantic University Sport Basketball Championships. Student ambassadors attended the tournament, shared swag, and promoted what it means to Keep It Social. With easing public health restrictions, we look forward to increased opportunities for engagement in the coming year.

CHEERS TO GOOD CHOICES

We continued to promote responsible consumption through our Cheers to Good Choices campaign. It includes a commercial, which features our team members, and was shared across television and digital media as well as through in-store initiatives. The campaign ran throughout the year, with high levels of amplification during the summer and holiday seasons. Cheers to Good Choices also continues to be the most mentioned sponsor for responsible consumption ads in the Nova Scotia market today.

Throughout the year, our team shared Good Tips related to responsible consumption, hosting, and getting home safely through digital media channels. They also provided mocktail and low-alcohol cocktail recipes, food pairing suggestions, and snack recipes that focused on high-protein foods to satisfy hunger and encourage moderation.

We also implemented a Know Your Pour tool that outlines Nova Scotia standard drink guidelines. In addition to this tool, we had responsible consumption signs and decals in our stores, in-store radio ads, and our teams wore t-shirts promoting Cheers to Good Choices.

SHARE THE CHEER

Our December holiday program focused on supporting our community and increasing education and awareness around responsible consumption. We celebrated this by connecting our product discovery program with three community donation weekends.

As part of the campaign, we leveraged our holiday marketing program and provided the opportunity for our generous supplier partners to buy-in. Participating suppliers received additional profile in our holiday gift guide, as well as online and through in-store signage. All proceeds from the marketing program were donated directly to our three community partners.

Together with our team, customers and partners, we donated \$350,000 to the Mental Health Foundation of Nova Scotia, MADD Canada, and Feed Nova Scotia. These donations supported food security, mental health initiatives, and bringing greater awareness to responsible consumption and sober driving over the holiday season.

FOR THE GOOD OF THE COMMUNITY

COMMUNITY CARING

As Nova Scotians, we are known for our resilience, resourcefulness, and our way of coming together to celebrate all of life’s moments, big and small. These moments of care and connection are critical to fostering a sense of belonging and overall well-being. We support organizations and initiatives that work to build healthy and sustainable communities in our province. Our goal is to help everyone find moments of positive care and connection to help create a stronger Nova Scotia.

IWK CAMPAIGN

The IWK is a long-standing partner with the NSLC and has been our employee charity of choice for more than 35 years. Our people are incredibly engaged in fundraising initiatives to support this cause. As of Fiscal Year 2022, we had contributed over \$4.1 million together with our customers, employees, and supplier partners. These efforts helped the IWK serve 237,000 outpatients, treat over 22,000 children and youth in the emergency department, and support over 4,000 births in 2020 and 2021.

We came together in May for our annual IWK Health Centre Campaign, our largest annual fundraising effort for the IWK. Our retail teams hit the ground running with a full month of at-cash and in-store fundraising efforts, in which they wore community branded t-shirts and IWK stickers. We also promoted the month-long effort in our stores with banners and posters, aired the message over our in-store radio, and placed advertisements on our social media accounts.

Employee fundraising initiatives included an online silent auction and fun events such as Friday dress-up theme days and 50/50 draws.

We were also thrilled to welcome a group of Agency and Private Wine and Specialty Store partners who collected donations on our behalf for the second year in a row.

We surpassed our goal of raising \$300,000 with a donation of over \$460,000 to the IWK Foundation in support of the critical care needs of women, children, and families in the Maritimes.

COMMUNITY INVESTMENT

We launched our new Community Investment Program which refocused our giving efforts to ensure we support causes that are important to our team and our province.

Our goal is to help everyone find moments of positive care and connection as we help create a stronger Nova Scotia by supporting organizations and initiatives that work to build healthy and sustainable communities.

We decided to support three focus areas: community wellbeing (including food and housing security and mental health), our environment (conservation and green space restoration efforts), and responsibility stewardship (including education and community events).

We also implemented some new giving programs this past year to increase our impact. In addition to continuing to support our larger strategic partnerships, such as IWK Foundation and Feed Nova Scotia, we now also support smaller groups working for the good in communities across our province. We do this through our new Regional Giving and Employee Giving program, Together for Good.

All employees are eligible for Volunteer Matching and Fundraising Matching once each year. Last year we had 727 hours recorded of employees volunteering, with \$6,000 of that time and effort matched by the NSLC and given back to 25 different non-profits. One group that benefited was the scouting troupe that Kevin Mattson, Manager – HR Continuous Improvement, leads.

The scouting program in Kevin’s community had shut down due to the pandemic. With his experience in scouting and his son’s desire to be in the program, “I needed to step up and restart the program again,” he said. “The cubs couldn’t fundraise due to the pandemic, so I applied to have the hours I volunteered matched by a corporate donation which helped pay for uniforms, badges, and other supplies. It makes a real difference to these kids. It’s a good program that helps them develop leadership and outdoors skills.”

Our Employee Community Advisory Committee, comprised of 14 employees from across the province, helps us ensure we are giving to the right causes that are important to our team and communities. Matt Conrad, Manager of our Wyse Road store, volunteers on the committee.

“I wanted to be a part of this committee because working at the NSLC for the last nine years gave me the ability to feed my family and put a roof over our heads. I feel like it’s only right to give back. I want to help the NSLC give to others in our community the same basic needs that have been afforded to me, such as food, shelter, and overall wellbeing,” Matt said.

The committee approved donations to almost 30 charities, including such causes as the Berwick Mural Society which is carrying out community restoration work, and the Dollywood Foundation, created by country singer Dolly Parton, which gave free books for a year to 22 children in Cumberland County.

“I wanted to be a part of this committee because working at the NSLC for the last nine years gave me the ability to feed my family and put a roof over our heads. I feel like it’s only right to give back. I want to help the NSLC give to others in our community the same basic needs that have been afforded to me, such as food, shelter, and overall wellbeing.”

MATT CONRAD
STORE MANAGER

Through these programs, and together with our teams, partners, and customers, we invested \$1.2 million in more than 100 charities and causes right across the province. That includes delivering wishes at \$14,000 each to three critically ill children through Make-A-Wish Canada, enabling the Mental Health Foundation to provide grants to 58 non-profit organizations, and our support to the IWK Foundation.

Nearly half of those dollars came from our incredibly generous customers, and those donations would not have been made without the commitment of our retail teams collecting at-cash donations.

We’re deeply grateful to our supplier partners, authorized Agency stores, and team members in

supporting initiatives this past year that included a Feed Nova Scotia Pop-up, Make-A-Wish Heroes Challenge, and the Red Cross Ukraine at-cash fundraiser.

FEED NOVA SCOTIA

Together with our longstanding partner Feed Nova Scotia, we work to build healthy and sustainable communities. Through our strategic focus area of community well-being, we believe that investing in food security helps reduce the likelihood of mental and physical health challenges.

We supported Feed Nova Scotia through volunteer days, at-cash donations for the September long-weekend, banners and posters in our stores, and advertisements on social media supporting the fundraiser. As a result, Feed Nova Scotia delivered 278,000 meals with our funding.

FOR THE GOOD OF THE PLANET

We believe reducing our environmental footprint and stewarding the preservation of our natural resources contributes to healthy and sustainable communities.

Given shipping and trucking are a necessity of our business as we purchase customer favourites from around the world, it is important to measure and report on our environmental footprint, holding ourselves accountable to our team, customers, and shareholder.

An independent agency measures our greenhouse gas emissions every year and provides us with a report on the emissions caused by our daily business operations. This report assesses both direct and indirect emissions, including third party trucking, marine shipping, our warehouse, stores, and head office.

We are pleased with our progress. We reduced greenhouse gas emissions by 22.4% this fiscal year compared to the base year of 2010 and 10% compared to the previous year. This reduction was driven by reduced electricity consumption, third party trucking, employee vehicle and air travel and the use of natural gas.

Our buildings accounted for three-quarters of GHG emissions, followed by ground and marine distributor shipping at 21%. Third party shipping, vehicle and air travel, and waste contributed to the remaining five per cent of emissions.

ZERO WASTE

We have an ambitious goal to divert 95% of our solid waste materials from Nova Scotia landfills. That commitment applies to our Head Office, Distribution Centre and all 108 stores.

We reduced waste generated by our facilities by a marked 65% from the previous fiscal year. That was in part due to an increase a year earlier due to the use of such items as sanitizing products and disposable masks and gloves. Use of those items declined last year as pandemic measures relaxed.

GREENHOUSE GAS EMISSIONS 2021 VS 2010



CENTRAL
BLACKVILLE
SCOTIA

G-H

HEP



NSLC
DARREN
STORE MANAGER

Our People

INTRODUCTION

The approximately 1,800 Nova Scotians we employ are the heart of our business and the key to our success. We empower them to build relationships with our customers so that they can deliver authentic and consistent customer experiences across all our retail touchpoints.

WITH EVOLVING PANDEMIC MEASURES, we continued to support COVID-19 safety measures and messaging with our people and our customers to ensure a safe workplace and in-store shopping experience. Our marketing team produced signage for our store

IMAGE LEFT: Darren Smith, Store Manager, Downsview Plaza

network and communicated important updates via our website, social media, and in-store radio. We took our direction from Public Health and were diligent in adhering to the measures we implemented to keep each other safe.

During this evolving pandemic, we continued to work together to protect each other and our customers while supporting every aspect of our business. Teams across the business adapted to changing public health

guidelines while implementing new services, building on employee education, and training as we live our commitment to providing meaningful customer service.

Our Service Commitment

It is the responsibility of every NSLC employee to ensure that every customer who enters our stores discovers a vibrant and memorable retail experience. Our goal is to provide customers with a diversity of products, an exciting retail environment, and exceptional customer service.

That service is rooted in our four customer service standards:

- **Safety:** We ensure everyone's safety is a top priority
- **Care:** We take our role in our communities seriously
- **Connection:** We create meaningful relationships
- **Efficiency:** We mind the details to keep everything running smoothly

While customer feedback tells us our retail teams provide fantastic customer service, we wanted to dig deeper this year to find out why so that we can ensure consistent community-tailored experiences across Nova Scotia.

"Our teams are great and have been consistently providing quality service; our customers continue to tell us that," said Christy Pippy, Manager – Organizational Learning & Development. "So, we embarked on research to understand why. What are those elements that make our customers say that their experience is great? How can we understand who's doing what best and teach everybody else to do it too?"

The Human Resources and Insights & Customer Engagement teams worked together to assess, qualify, and quantify what our customers think of the service we offer. We will use that data to develop a standard approach to providing superb service while supporting the genuine experiences for which our retail teams are known.

This research validated our four Service Standards of Safety, Care, Connection and Efficiency which will now be brought to life through integrated employee training

and interactive tools to bolster our commitment to customer service. We've been systematically updating current offerings and developing new to ensure we provide employees a strong start to our service delivery model while continuing to engage existing employees.

"Strong employee education will ensure these behaviours are executed in a really meaningful way," Christy said, supporting existing behaviours that have seen great success and employing them across our business.

Customer Satisfaction

Despite operating in a difficult environment with pandemic restrictions and precautions, we maintained very high scores when it came to customer satisfaction. This reflects the deep commitment our people have to ensuring a positive shopping experience for customers. Everyone from our category management teams to our DC and retail teams wants to make sure we offer the products our customers are looking for. These efforts across the business translated into an overall customer satisfaction score of 92%.

Customers gave us very high marks on everything from the availability of new and of local products, to our employees' product knowledge and helpfulness, and speed of check out. Our customers are our reason for being, and we will always strive to provide excellent service while delivering on our commitments not to serve minors or intoxicated customers.

Inclusivity and Accessibility

We value and respect a diverse workplace and believe it is important to recognize and celebrate the diversity of our people through special events, the way we treat each other every day, and policy.

We were pleased to take concrete steps to develop new programs and initiatives that support diversity, inclusion, and accessibility by hiring a Manager of Inclusivity and Accessibility. This person is responsible for developing and implementing an accessibility plan that will follow provincial legislation. The plan will be the essential foundation for educational campaigns on accessibility and inclusivity. It will increase our knowledge and culture regarding accessibility and

facilitate the implementation of diversity and inclusion practices.

Health and Safety

We believe it is important to focus on the health and wellness of our employees and their families. Our Human Resources team takes a leadership role in supporting our people in learning about and leading healthier lives. Those efforts include keeping our teams informed of how they can work to ensure their own good health and that of their co-workers and community.

Throughout the year, our employees are provided with information on everything from mental health resources and dealing with depression to physical activity, safe work practices, and ensuring our workplace is free from bullying behaviour. We are committed to helping our employees and their families maximize their mental and physical health and stay safe at work and at home.

Employee Education

Our people undergo regular education and training to support positive experiences for our customers. Our retail teams need to have a wealth of product knowledge to answer the vast range of questions they get from customers. The Learning and Development team developed enhanced retail store training this past year, including product knowledge, to improve our customers' experiences.

The team also created a development training program for the Distribution Centre, providing our warehouse employees with insights and opportunities during a year in which they dealt with immense challenges due to supply chain impacts of the pandemic.

Connecting with Beverage Alcohol

Product education is key to giving our teammates the confidence to deliver informed and engaging customer experiences. This year we focused on adding to the foundation of product knowledge for all our product categories.

In the spring, we launched the Connecting with Beverage Alcohol site for employees. This is where our people find quick-read blog posts from our Learning and Development team, or videos featuring Education Specialist Evan Fougere, in-store Product Specialists, supplier partners, or category managers. Every promotional period has new blogs and videos that are connected to the season, our marketing programs, and our category goals.

The goal of our Connecting with Beverage Alcohol site is to offer bite-sized education content available with the click of a desktop shortcut or a tap of the SharePoint app.

"We believe it is important to have a variety of ways to learn," Evan said. "We have relied heavily in the past on formal e-learning courses via our NSLC Academy. That was great for building foundational knowledge, however, the way we as humans consume information has evolved."

He said there has been an increase in self-learning as knowledge becomes more and more accessible and the NSLC has adapted to support these readily consumable ways of learning.

Product Specialists

This year we looked to support our Product Specialists in several ways. First, we created a hub with different operational resources and product education resources. We also created a seasonal education-focused aid to offer support and direction in educating store teammates.

Food pairing is a common conversation topic between our Product Specialists and customers, though it had not been the subject of focused education. We worked with our friends in the Culinary and Tourism program at Nova Scotia Community College to create advanced courses rooted in food pairing with our product offering.

New Listing Guide

We identified a need to better communicate new product information to our people in a more effective and user-friendly format, which led to the launch of a new publication for our employees. The Listing

Guide is a magazine-style guide published when new products are introduced to market. The goal is to educate store team members on new products and provide alternative recommendations for products that we no longer carry so that our teams can provide the best customer experience possible.

Cannabis Training

We added 13 cannabis stores to our network this past year for a total of 37 stores. Ensuring employees who work in those stores are educated on the products we offer is as critical as ensuring the store itself is ready on opening day.

As a result, we are continually expanding the information that we provide to employees who take our cannabis education offerings. “We need to ensure we develop and widen their knowledge base around everything cannabis while keeping abreast of the evolving industry,” said Sherrian Garcia, Education Specialist.

Education for our cannabis employees continuously expands with information that develops and enhances our employees’ knowledge base, she said, while keeping up to date on the evolving industry. “We ensure the language we use supports responsible retailing and industry regulations.”

In addition, the Learning and Development team has evolved and enhanced a standardized store opening process that guarantees consistency in process,

procedures, and training for new cannabis teams across the business.

Each employee is assigned Cannabis Product Knowledge Training and Cannabis Retail Operations Training. “Our people are supported by having a manager coach and a support clerk who has worked in cannabis within the network to provide peer support and training to the new cannabis team,” Sherrian said.

To assist in this additional support, the team developed a coaching guide that the support clerk uses to provide guidance and advice in peer-support and training.

Distribution Centre Training

When Robert Fougere joined the HR team as a Learning and Development Coordinator this fiscal year, he focused on creating a development training program for the valued members of our Distribution Centre team.

“That included a consistent onboarding and orientation process for all new team members and a clear explanation of the responsibilities of each role,” Robert said.

He also developed a guide for new hires to support their success and a process for skills development and progression. “Supporting employees achieve success in their role is top of mind for us,” he said, “and efforts have been extremely well received by the team.”



Sherrian Garcia
Education Specialist



Sandesh Jayaram
Warehouse Worker

Jason McDonald
Manager, Distribution Centre Operations

Steve Penney
Warehouse Worker

WINE

NOVA SCOTIA



Local

INTRODUCTION

Local is important to our customers and they are seeking out Nova Scotia-made products on our shelves. These producers contribute significantly to local economies across Nova Scotia, and it is important that we continue to build strong relationships to foster their growth.

WE CONTINUED TO STRENGTHEN our commitment to support local industry through working closely with Nova Scotia producers to provide new and exciting products that our customers love and will love. We carried 410 general list local beverage alcohol

products last year, a 10% increase over the previous year, and 144 local cannabis products, which was a 25% over the previous year.

Throughout Fiscal Year 2022, we continued formal discussions with the Local Industry Committee and Small Brewery Engagement Committee and had many informal conversations. We also expanded a program formerly called Hyper Local which increased access to our stores for Nova Scotia craft beer.

IMAGE LEFT: Andrew Bridson, Store Clerk, Portland Street

We worked closely with the industry on issues that affect them and provided informational events virtually due to COVID. These efforts helped support strong sales growth in every local product category this fiscal year, a period in which we carried products from 103 local beverage alcohol suppliers compared to 52 four years earlier.

Sales

BEVERAGE ALCOHOL

While the overall volume of beverage alcohol sold last year was down slightly, Nova Scotia products saw strong growth in all categories. Purchasing locally made products is engrained in customer behaviour as Nova Scotians show their support for companies that are vested in their communities.

Nova Scotia producers continue to introduce creative products to the market. New local products such as Coldstream Lemonade 2.0 Mixer and Blue Lobster Tropical Punch soon became customer favourites, as did JD Shore After Eightish, Coldstream Peach Mango Tea, and Blue Lobster Lemon Iced Tea.

We expect this innovative spirit will result in more new products being brought to the market and continued growth for these local producers.

Nova Scotia craft beer led the growth in local beverage alcohol sales with an 18.7% increase to \$26.4 million. That growth was driven by the popularity of 12-packs. Nine Locks Dirty Blonde is a well-established consistently strong performer in this category, which added a new 12-pack size this year.

Local wine experienced strong growth of 15.3% to \$15.5 million as some customers who had turned to Ready to Drink products in the past couple of years came back to this category. We also saw a growth in the popularity of the 3L pack size which supported Jost L'Acadie Pinot Grigio 3L in becoming our second best-selling Nova Scotia wine. Nova 7 by Benjamin Bridge, which celebrated its 15th vintage this past year, continues to be our top selling 750ml Nova Scotia and premium wine.

Customers truly appreciated the traditional quality spirits they were familiar with as well as new product offerings in the spirits category. Sales grew 12.2% to

\$12.6 million, with two different bottle sizes of Nova Scotia Spirit Company's Blue Lobster vodka in our top sellers, followed by JD Shore Canadian Rum Cream. These three products have consistently been in the top five local spirits products for the past couple of years.

After experiencing explosive growth in recent years, growth in the sales of RTD products slowed to 5.1%. However, due to incredible growth in the past few years, local RTD sales were greater than in any other product category at \$30.0 million. Top selling products included Coldstream's Peach Iced Tea and Blue Lobster Lemon Lime soda – both produced by companies with well-established brands in Nova Scotia. In fact, Coldstream is our largest RTD supplier overall – not just locally – and is our sixth largest refreshment brand in terms of sales.

CANNABIS

In just three short years, sales of local cannabis product have increased dramatically. In fact, at \$23.6 million in sales, Nova Scotia cannabis represents 23.2% of all cannabis sales.

Nova Scotia cannabis sales grew an impressive 40.1% last fiscal year as our cannabis team worked hard to support local producers getting their products on our shelves. It paid off with the number of local suppliers doubling to 16 compared to eight the year before. Local cannabis listings now represent 28% of listings compared to 17% a year earlier.

"We believe customers associate local with quality and freshness," said Associate Category Manager Stephen Ford, "and they make a point of supporting businesses that provide economic development in their communities."

When it comes to dried flower, our top three selling products are High Seas 7 gram produced by Reef Organic of Queens County, Breakers 7 gram of Breathing Green in Wentworth Valley, and Antigonish-based Highland Grow's Sensi Wizard 3.5 gram.

For pre-rolls, Msiku White Wedding 3 x 0.5 gram produced in Lower Sackville, Wentworth Valley-produced Skosha Storm 3 x 0.5 gram, and Ritual Sticks Lemon Haze 3 x 0.5 gram produced in Windsor, are most popular with our customers.

Other popular products include Truro's CBD Softgels, Bubble Hash, and Topical Cream; Reef Organic's Kanha Watermelon THC Gummies and CBD Oil; and Vape Breton Grape Bret Kush 510 Cartridge.

LOCAL ENGAGEMENT

We have a number of avenues and opportunities to engage with our local producers resulting in 99 formal and informal engagements with local industry in Fiscal Year 2022.

One of those avenues included the Local Industry Committee, with representatives from across the industry as well as each local association, which provides a formal opportunity to engage on policy, regulatory, and commercial topics that may impact them.

As Senior Manager – Local Engagement, Chrissy Leonard is the liaison between the NSLC and the local supplier community.

"Our teams have been engaging more frequently with local industry in both formal and informal ways to listen and to understand challenges they are facing, and when we seek to make changes that impact them," Chrissy said. "Love for local products is an embedded customer behaviour that is driving growth in our business. It makes good sense to apply more focus here so we can better facilitate working with our local

suppliers and provide access to those local products that customers want to buy."

Some of the engagement areas we focused on this year included:

- Ongoing policy modernization – We updated our policies to better reflect the current state of local industry and developed a guide book for local manufacturers and suppliers.
- Nova Scotia Beer Industry Engagement – We met with the Small Brewery Engagement group, in addition to our Local Industry Engagement Committee, to understand the unique needs of small breweries which resulted in positive changes for the Nova Scotia beer industry.
- Local Classification – We undertook research to better understand and define what Local means to our customers. While buying local is a global trend, we believe it is an established customer behaviour in Nova Scotia.

Sam Weir works closely with Nova Scotia's breweries as the Associate Category Manager for Craft Beer and RTD. "It's been great to work with so many of our local suppliers and support getting their innovative products on NSLC shelves. It's a rapidly evolving and eclectic scene and it's rewarding to implement new opportunities to support even greater growth," Sam said.



Chrissy Leonard
Senior Manager – Local Engagement



Community Beer Section

COMMUNITY BEER

We made changes to the Hyper Local Program following engagements with Nova Scotia's craft brewing community. It is now called the Community Listing Program and brings all single serve Nova Scotia beer products together into a single destination called the Nova Scotia Craft Beer section.

In almost all our 108 stores, both General Listings and Community Listings are now shelved in the Nova Scotia Craft Beer Section with small producers displayed first in the flow to draw the customer's attention.

The program also increased access to stores by increasing shelf space for Nova Scotia craft beer in our top 43 corporate stores and improving Nova Scotia single serve fridge space.

"This is about providing community access to these local single serve products while also providing small brewers with additional, better access," Sam Weir said. Through it, we've created 13 net new spaces for Nova Scotia Craft Single Serve beer. The program is open to province-wide participation, increasing access for local producers to both community assortment and the top selling craft beer stores in the province.

LOCAL CLASSIFICATION

We have done our due diligence in asking Nova Scotians how they define Local, considering such factors as ingredients, processing, and head office location. With purchasing Local embedded in customer behaviour, we look forward to progressing with this project.

Customer and Team Education

LOCAL PRODUCER FEATURES

We continued to highlight Nova Scotia's beverage alcohol industry through our Local Producer Feature program. With this program, we highlight local producers across our social media channels through paid and organic support. We also provide a dedicated website landing page that tells the story behind the brand and connects Nova Scotians to their local producers.

We highlighted a total of 13 local producers last year while further refining the level of support and tactics we used to ensure optimum engagement for each local producer.

NOVA SCOTIA CRAFT BEER MONTH

We were pleased to partner with the Craft Brewers' Association of Nova Scotia to deliver a supporting program for their annual Nova Scotia Craft Beer Month. This included funding an in-store AIR MILES® Mix and Match offer on all local multi-pack beers to draw attention to these local products.

This support extended across all channels with prominent in-store displays and signage, homepage web support, paid digital flyers, and paid and organic social media support. This was fully funded by the NSLC.

A highlight of this program was a four-week Meet the Brewer Instagram Live series hosted by our category team. It was a dynamic opportunity to introduce Nova Scotians to the teams behind some of their favourite craft breweries. These initiatives were supported by several educational opportunities for our retail store team members, who work each day to share product information and stories with our customers about diverse local offerings.

NOVA 7 DAY

We continued to support our partners at Benjamin Bridge with their annual Nova 7 Day in early April. This support came to life across all of our channels with a strong in-store presence reinforced by extensive web and social media support, both leading up to and following Nova 7 Day.

Our store teams supported Nova 7 through creative in-store displays that they built proudly, which led to strong engagement with our customers. Our retail teams seized the opportunity to learn about this year's vintage – the 15th year of Nova Scotia's favourite wine – through Benjamin Bridge's staff tastings, as well as through information shared via the NSLC's Connecting Beverage Alcohol employee learning platform.

TIDAL BAY

We featured Tidal Bay as a priority product throughout summer 2021, showcasing the new vintage of Tidal Bay, as well as highlighting Nova Scotia winemakers to both our store teams and our customers.

This program was completed in partnership with Wine Growers of Nova Scotia and featured a variety of in-store and out of store support.

The NSLC funded in-store support including a network-wide display contest, prominent in-store visibility and signage, and a Mix and Match savings offer on 14 Tidal Bay products. These efforts helped drive awareness and sales of Nova Scotia's appellation.

This in-store support was supplemented with high visibility digital support including web presence on both our homepage and a customer education-focused landing page, paid and organic social media support, and digital flyer inclusion. In addition, our retail teams received education on Tidal Bay through internal learning and development opportunities.



Harvest Helpers



TIDAL BAY
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TIDAL BAY

HARVEST HELPERS

Our local wine industry partners experienced a labour shortage last year and were concerned about their ability to harvest their crops.

At the NSLC, we are known for our resourcefulness, and our way of coming together for the good of our community. Given the challenge faced by local grape growers, we created a program called Harvest Helpers in which 90 of our team members volunteered to help harvest grapes at six different wineries across Nova Scotia.

In exchange for being a Harvest Helper, our people received hands-on orientation and experience of the grape harvest and learned about the grape varieties they picked and the wines they would be used to create.

Education Specialist Evan Fougere leapt at the chance to help organize Harvest Helpers. "I believe it's very important for us to support our local producers in any way we can," he said. "In my role overseeing education on our beverage alcohol products, I know how impactful hands-on experiences like this can be."

After relying on virtual education for so long with the pandemic, Evan felt our people would be thirsty for another way of learning. "I am glad so many of our people were able to experience first-hand the harvesting process of the grapes that create the local wines we love."

Chandler White of the Service Excellence Centre helped out at Lightfoot & Wolfville. "My experience was fantastic. I was able to see the product beyond the bottle," he said. "I gained first-hand experience of the manual labour associated with the harvesting of wine grapes. I also got to see the passion the growers at Lightfoot & Wolfville have for their products."

It may have been a little out of the ordinary, Chandler said, but stepping up in this way was definitely the right thing to do.



Financial Highlights

OUR EARNINGS



■ Cost of Product	\$412.8 M
■ Salaries and Benefits	\$85.7 M
■ Operating Costs	\$53.3 M
■ Returned to Province	\$268.7 M

SALES BY CHANNEL



(IN MILLIONS)

■ NSLC Stores	\$702.1 M
■ Agency Stores (INDEPENDENTLY OWNED)	\$63.0 M
■ Licensees (BARS/RESTAURANTS/PUBS)	\$33.9 M
■ Private Wine and Specialty Stores	\$18.6 M
■ Other Wholesale	\$0.7 M
■ Online	\$2.1 M

BUSINESS HIGHLIGHTS

CATEGORY	TOTAL SALES (IN MILLIONS)	% VARIANCE	VOLUME (HL)	% VARIANCE
Beer	\$273.8 M	▼ -0.9%	558,020	▼ -2.0%
Spirits	\$193.5 M	▲ +0.7%	54,963	▼ -1.2%
Wine	\$158.4 M	▲ +3.8%	103,435	▲ +0.3%
Cannabis	\$101.7 M	▲ +18.2%	N/A	N/A
Ready to Drink	\$93.0 M	▲ +8.1%	131,840	▲ +9.1%

NET INCOME

\$268.7 M

BEVERAGE ALCOHOL SALES

\$718.7 M

CANNABIS SALES

\$101.7 M

VOLUME OF BEVERAGE ALCOHOL SALES

▼ 0.1%

LOCAL PRODUCT SALES

\$108.2 M
+17.1%

Local products experienced another year of very strong growth across all categories as customers continued to discover quality and innovative products made here in Nova Scotia.



CANNABIS

\$23.6 M | **+40.1%**

Nova Scotia cannabis accounted for 23.2% of all cannabis sales in FY22 as we added more local products to our shelves and opened more cannabis stores.



CRAFT BEER

\$26.4 M | **+18.7%**

Nova Scotia beer saw the strongest growth of all local beverage alcohol categories. We listed products from 34 local breweries up from 13 five years ago with 12-packs our largest selling pack size.




SPIRITS

\$12.6 M | **+12.2%**

Nova Scotia spirits experienced a year of good growth with customers appreciating locally made traditional favourites along with unique products entering the market.

LOCAL PRODUCT SALES



WINE

\$15.5 M | +15.3%

Nova Scotia wine had a year of impressive growth due in part to customers who have moved to purchase more Ready to Drink products returning to the wine category.




READY TO DRINK

\$30.0 M | +5.1%

The rapid growth of Nova Scotia Ready to Drink products slowed somewhat this past year with some customers returning to wine. Lemonade and iced teas were particularly popular taste profiles this year.

RESPONSIBILITY AND INVESTMENT




WeID

2.4 million asks | 9% ↑

21,364 refusals | 6% ↓

* This decrease is due to fewer transactions.



INVESTMENTS IN 23 STORES

13 New Cannabis Stores

4 Major Store Renovations

DEMAND

BEVERAGE ALCOHOL RETAIL TRANSACTIONS	15,731,457	+2.9% ▲
DOLLAR VALUE OF AVERAGE BASKET	\$38.37	-2.6% ▼
CANNABIS RETAIL TRANSACTIONS	2,565,974	+29.5% ▲
DOLLAR VALUE OF AVERAGE BASKET	\$39.62	-8.7% ▼

TOP TEN STORE SALES BY CATEGORY

SPIRITS

#	STORE		#	STORE	
1	Bayers Lake Park	\$5,488,659	6	Wyse Road	\$4,165,921
2	Tacoma	\$5,044,223	7	Tantallon	\$4,070,693
3	Forest Hills	\$4,617,962	8	Sydney River	\$3,998,004
4	Downsview Plaza	\$4,526,201	9	Bridgewater	\$3,912,064
5	Portland St	\$4,350,226	10	Antigonish	\$3,893,500

WINE

#	STORE		#	STORE	
1	Bayers Lake Park	\$5,868,076	6	Tacoma	\$3,590,359
2	Tantallon	\$4,623,991	7	Mill Cove	\$3,430,842
3	The Port	\$4,481,825	8	Forest Hills	\$3,301,435
4	Portland St	\$4,162,683	9	Fall River	\$3,121,036
5	Larry Uteck	\$3,907,924	10	Antigonish	\$3,037,859

BEER

#	STORE		#	STORE	
1	Downsview Plaza	\$6,234,296	6	Tantallon	\$5,313,106
2	Tacoma	\$6,210,455	7	Bayers Lake Park	\$5,312,367
3	Forrest Hills	\$5,589,185	8	Spryfield	\$5,510,135
4	Wyse Road	\$5,513,033	9	Elmsdale	\$5,014,764
5	Sydney River	\$5,334,800	10	Glace Bay	\$4,979,446



READY TO DRINK (RTD)

#	STORE		#	STORE	
1	Downsview Plaza	\$2,396,860	6	Elmsdale	\$1,944,142
2	Bayers Lake Park	\$2,205,736	7	Forrest Hills	\$1,911,276
3	Antigonish	\$2,197,756	8	Sydney River	\$1,865,867
4	Tacoma	\$1,990,671	9	New Minas	\$1,860,483
5	Tantallon	\$1,956,850	10	Truro West	\$1,838,469

CANNABIS

#	STORE		#	STORE	
1	Joseph Howe Dr	\$8,775,138	6	Bridgewater	\$4,814,095
2	Clyde Street	\$8,606,447	7	Sydney River	\$4,750,282
3	Downsview Plaza	\$7,394,531	8	New Glasgow	\$4,084,142
4	New Minas	\$6,915,745	9	Tacoma	\$3,993,375
5	Portland St.	\$6,411,089	10	Yarmouth	\$3,857,496

IMAGE BELOW: **Jason Simmonds**, Store Clerk, Portland Street | **Andrew Bridson**, Store Clerk, Portland Street





**CANNABIS
NEED
TO KNOW**

19+

You must be 19 or older to shop online or enter the cannabis section.

LOW & SLOW

Cannabis effects everyone differently. Begin with low THC and learn how you react.

SEPARATE IS BEST

Alcohol and cannabis both impair judgement. They should be consumed separately.

STORE SECURELY

Store cannabis somewhere that's locked and out of reach and sight of minors.

GET HOME SAFELY

Cannabis can impair your ability to operate a vehicle. Make other plans for transportation and get home safely.

NSLC
myNSLC.com/cannabis



TE
ON

ould like to try,
happy to host you.

- 1 SWIRL
- 2 SNIFF
- 3 SIP

Pilsener

Financial Statements

NOVA SCOTIA LIQUOR CORPORATION

MARCH 31, 2022

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Independent auditor's report

TO THE MEMBERS OF THE BOARD OF THE NOVA SCOTIA LIQUOR CORPORATION

OPINION

We have audited the financial statements of the Nova Scotia Liquor Corporation ("the Corporation"), which comprise the statement of financial position as at March 31, 2022, and the statements of earnings, comprehensive earnings, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Corporation as at March 31, 2022, and

its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the Annual Report. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting Standards (IFRSs), 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 these 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.
- 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.

We 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.

Grant Thornton LLP

Chartered Professional Accountants

Halifax, Canada
June 10, 2022



MIZUNO

KAIYO
WHISKY

GOVERNMENT WARNING: (1) ACCORDING TO THE SURGEON GENERAL, WOMEN WHO PREGNANT DRINK ALCOHOLIC BEVERAGES CAN PROBABLY HARM THEIR UNBORN CHILDREN. (2) ALCOHOLIC BEVERAGES IMPAIR YOUR ABILITY TO DRIVE A CAR OR OPERATE MACHINERY AND MAY BE CAUSING HEALTH PROBLEMS.

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NOVA SCOTIA LIQUOR CORPORATION STATEMENTS OF EARNINGS

YEAR ENDED MARCH 31 (IN THOUSANDS)	2022	2021
Sales (note 11)	\$ 820,453	\$ 793,069
Cost of sales	412,774	387,221
Gross margin	407,679	405,848
Operating expenses (note 12)	142,759	134,352
Other income	5,559	4,875
Earnings from operations	270,479	276,371
Finance costs (note 7)	1,826	1,889
Earnings for the year	\$ 268,653	\$ 274,482

See accompanying notes to the financial statements.

NOVA SCOTIA LIQUOR CORPORATION STATEMENTS OF COMPREHENSIVE EARNINGS

YEAR ENDED MARCH 31 (IN THOUSANDS)	2022	2021
Earnings for the year	\$ 268,653	\$ 274,482
Other comprehensive earnings Items that will not be reclassified subsequently to earnings: Actuarial (losses) gains on defined benefit plans (note 9)	5,810	(1,338)
Comprehensive earnings for the year	\$ 274,463	\$ 273,144

See accompanying notes to the financial statements.

NOVA SCOTIA LIQUOR CORPORATION STATEMENTS OF FINANCIAL POSITION

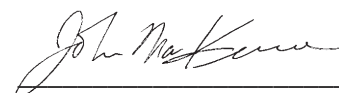
MARCH 31 (IN THOUSANDS)	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 29,092	\$ 31,326
Receivables	4,059	3,729
Inventories	72,489	69,097
Prepays	2,762	3,237
	108,402	107,389
Intangibles (note 5)	9,072	8,918
Property and equipment (note 6)	93,515	89,305
	\$ 210,989	\$ 205,612
Liabilities		
Current		
Payables and accruals	\$ 59,801	\$ 59,449
Lease liabilities (note 8)	5,133	5,034
Employee future benefit obligations (note 9)	2,603	1,484
	67,537	65,967
Non-current		
Lease liabilities (note 8)	34,567	31,412
Employee future benefit obligations (note 9)	23,661	29,472
	125,765	126,851
Equity	85,224	78,761
	\$ 210,989	\$ 205,612

See accompanying notes
to the financial statements.

On behalf of the Board



Mr. George McLellan
Chair, Board of Directors



Mr. John MacKinnon
Audit Committee Chair

NOVA SCOTIA LIQUOR CORPORATION STATEMENTS OF CHANGES IN EQUITY

MARCH 31 (IN THOUSANDS)			
	OTHER COMPONENTS OF RETAINED EQUITY	RETAINED EARNINGS	TOTAL
Balance at March 31, 2021	\$ 2,231	\$ 76,530	\$ 78,761
Remittances to Minister of Finance	-	(268,000)	(268,000)
Earnings for the year	-	268,653	268,653
Other comprehensive income	5,810	-	5,810
Comprehensive earnings for the year	5,810	268,653	274,463
Balance at March 31, 2022	\$ 8,041	\$ 77,183	\$ 85,224
Balance at April 1, 2020	\$ 3,569	\$ 85,048	\$ 88,617
Remittances to Minister of Finance	-	(283,000)	(283,000)
Earnings for the year	-	274,482	274,482
Other comprehensive loss	(1,338)	-	(1,338)
Comprehensive earnings for the year	(1,338)	274,482	273,144
Balance at March 31, 2021	\$ 2,231	\$ 76,530	\$ 78,761

See accompanying notes to the financial statements.

NOVA SCOTIA LIQUOR CORPORATION STATEMENTS OF CASH FLOWS

YEAR ENDED MARCH 31 (IN THOUSANDS)	2022	2021
Operating		
Earnings for the year	\$ 268,653	\$ 274,482
Depreciation and amortization	15,560	15,884
Loss on disposal of property and equipment	(140)	241
Employee future benefit obligations	1,118	1,616
	285,191	292,223
Change in non-cash operating working capital	(2,893)	(690)
Interest paid	801	852
	283,099	292,385
Financing		
Remittances to Minister of Finance	(268,000)	(283,000)
Investing		
Purchase of intangibles	(1,856)	(4,294)
Purchase of property and equipment	(9,892)	(9,198)
Proceeds on sale of property and equipment	263	4
Payment of lease liabilities	(5,848)	(5,815)
	(17,333)	(19,303)
Net change in cash and cash equivalents	(2,234)	(9,918)
Cash and cash equivalents, beginning of year	31,326	41,244
Cash and cash equivalents, end of year	\$ 29,092	\$ 31,326

See accompanying notes to the financial statements.

NOVA SCOTIA LIQUOR CORPORATION NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022 (IN THOUSANDS)

1. Nature of operations

The Nova Scotia Liquor Corporation (the “Corporation”) administers the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989 and through the Nova Scotia Cannabis Control Act passed in the Nova Scotia Legislature on April 17, 2018. The Corporation is a government business enterprise as defined by Public Sector Accounting Board recommendations. The Corporation is Nova Scotia’s largest retailer of liquor and cannabis product and its network includes over 100 retail stores, e-commerce, 63 agency stores, four private wine & specialty stores (PWSS) and one standalone cannabis store. The Corporation serves as a wholesaler to more than 2,000 bars and restaurants across the province. The immediate parent and ultimate controlling party of the Corporation is the Province of Nova Scotia. The Corporation is exempt from income tax under Section 149 of the Income Tax Act. The Corporation’s principal place of business is 93 Chain Lake Drive, Halifax, Nova Scotia.

2. Basis of financial statement preparation

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 (IASB). The financial statements for the year ended March 31, 2022 (including comparatives) were approved and authorized for issue by the Board of Directors on June 10, 2022.

BASIS OF MEASUREMENT

The Corporation’s financial statements are prepared on the historical cost basis, except for employee future benefits which are measured as described in note 9 and leases which are measured as described in note 8. The financial statements are presented in Canadian

dollars and all values are rounded to the nearest thousand.

3. Summary of significant accounting policies

USE OF ESTIMATES AND JUDGMENTS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgment

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

Cash generating units

The Corporation uses judgment in determining the grouping of assets to identify its Cash Generating Units (“CGUs”) for purposes of testing for impairment of property and equipment and intangible assets. The Corporation has determined that its retail CGUs comprise individual stores. Corporate and distribution centre assets are allocated on a rational basis to the CGUs or group of CGUs as appropriate for the purposes of performing impairment testing if needed.

Impairment

The carrying values of property and equipment, intangible assets, and CGUs are reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in earnings.

Capitalization of internally developed software

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 requires judgment. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.

Leases

When the entity has the option to extend a lease, management uses its judgment to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances, including their 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 them determine the lease term.

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.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

Management estimates the recoverable amount of an asset (or CGU) in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Useful lives of property and equipment and intangibles

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected pattern of consumption of the future economic benefits embodied in the assets. Uncertainties in these estimates relate to technical obsolescence that may change the expected consumption pattern of certain software and IT equipment.

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices.

Defined benefit obligations (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Estimation uncertainties exist particularly with these assumptions. Variation in these assumptions may significantly impact the DBO amounts and the annual defined benefit expenses.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized at the point of sale when goods are sold to the customer, exclusive of sales tax. Licensee, Agency, PWSS, and online sales are recognized when the product is shipped to the customer.

CUSTOMER LOYALTY PROGRAM

An AIR MILES® loyalty program is used by the Corporation. AIR MILES® are earned by certain customers based on purchases. The Corporation pays a per point fee under the terms of the agreement with AIR MILES®. Income from the program is recognized

in the period in which it is earned with the associated cost of points offsetting the revenue. The net cost is recorded in other income as the NSLC is acting as agent in the arrangement with AIR MILES®.

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. Certain exceptions apply where the cash consideration received is either a reimbursement of incremental costs incurred by the Corporation or a payment for assets or services delivered to the vendor, in which case the cost is reflected as a reduction in operating expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash on hand and demand deposits.

INVENTORIES

Inventories are valued at the lower of cost and net realizable value using the weighted average moving cost method. Cost includes product costs, standard freight costs and customs with excise included when product is released for sale. The amount of inventory expensed during the year is shown as cost of goods sold on the statement of earnings.

INTANGIBLE ASSETS

Intangible assets include the development and implementation of the enterprise resource planning system which are recorded at cost and amortized on a straight-line basis over their estimated useful lives, 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 the intangible assets for impairment when events or circumstances warrant such a review.

Intangible assets are amortized on a straight line basis at the following rates per annum:

Enterprise resource planning	10 years
Other intangible assets	5 years

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost, less depreciation and any recognized impairment loss. Depreciation commences when the assets are ready for their intended use. Construction in progress is stated at cost. Cost includes expenditures directly attributable to the acquisition or construction of the item.

Depreciation is provided to write off the cost of property and equipment other than land over their estimated useful lives and after taking into account their estimated residual value using the straight-line method at the following rates:

Furniture, fixtures, other equipment, capital and leasehold improvements	10 years
Computers, software and hardware	3–5 years
Buildings	10–40 years
Materials Handling Equipment	20 years
Right-of-use assets	2–20 years

Leasehold improvements are depreciated over 10 years which is considered the life of the asset rather than the term of the lease to reflect periodic store upgrades.

Any gains or losses arising on disposals of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount) are included in the statement of earnings in the year in which disposed.

Impairment of non-financial assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and

intangible assets to determine whether there is an indication of an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss (if any). Where 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 assets belong. The recoverable amount of any asset (or a cash-generating unit) is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in earnings. There are no impairment losses as at March 31, 2022 and 2021.

LEASES

At the 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, it is assessed whether:

- the contract involves the use of an identified asset;
- the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- the Corporation has the right to direct the use of the asset.

Measurement and recognition of leases as a lessee

Qualifying leases are recognized as a right-of-use asset and a corresponding lease liability.

Lease payments included in the measurement of the lease liability include the net present value of the following:

- fixed payments (including in-substance fixed

payments), less any lease incentives receivable;

- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantee;
- 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 payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the lessee would have to pay to borrow at prevailing interest rates, market precedents and the Corporation's specific credit spread, on similar terms and security. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

Right-of-use assets are initially measured at cost and are included in property and equipment on the statement of financial position. Cost of right-of-use assets is comprised of the following:

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

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term consists of:

- the non-cancellable period of the lease;
- periods covered by options to extend the lease,

where the Corporation is reasonably certain to exercise the option; and

- periods covered by options to terminate the lease, where the Corporation is reasonably certain not to exercise the option.

If the Corporation expects to obtain ownership of the leased asset at the end of the lease, the right-of-use asset is depreciated over the underlying asset's estimated useful life. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Corporation has elected to account for short term leases and leases of low-value assets using the available practical expedients; as such the related payments are recognized as an expense in the statement of earnings on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

A liability is recognized for wages and benefits accruing to employees when it is probable that settlement will be required and is capable of being measured reliably. Liabilities recognized in respect of employee benefits expected to be settled within twelve months are measured at the expected settlement amount using the remuneration rate expected to apply at the time of settlement.

Liabilities recognized in respect of employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Corporation in respect of services provided by employees up to reporting date.

Defined benefit plans and other long term employee benefits

For defined benefit plans, including the Public Service Award Program, the post retirement health care plan and the sick leave plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses for the Public Service Award Program and the post retirement

health care plan are recognized immediately within other comprehensive earnings. The actuarial gains and losses related to the sick leave plan are recognized in profit and loss. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The defined benefit obligations recognized on the balance sheet represent the present value of the defined benefit obligations.

FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value and adjusted for transaction costs (where applicable). Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The Corporation has classified its financial instruments as follows:

Asset/liability	Classification
Cash and cash equivalents	Amortized cost
Receivables	Amortized cost
Payables and accruals	Amortized cost

The classification is determined by both the Corporation's business model for managing the

financial asset and the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets are measured at amortized cost if the assets meeting the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Corporation's cash and receivables fall into this category.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'.

Receivables

The Corporation makes use of a simplified approach in accounting for the loss allowance for receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Corporation uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Corporation assesses impairment of receivables on a collective basis. As they possess shared credit risk characteristics, they have been grouped based on the days past due. Lifetime expected credit loss is less than 0.1%.

Classification and measurement of financial liabilities

The Corporation's financial liabilities include payables and accruals and are measured at amortized cost. Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Corporation designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

PROVISIONS

Provisions are recognized when the Corporation has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount. There are no provisions as at March 31, 2022 and 2021.

Foreign currency translation

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. At each balance sheet date, monetary items denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Any gain or loss is recognized in other income.

4. Future accounting pronouncements that are not yet effective and have not been adopted early by the Corporation

At the date of authorization of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB, but are not yet effective and have not been adopted early by the Corporation. There is nothing that would be considered material to the financial statements as at the date of authorization of the financial statements.

5. Intangibles

	Enterprise Resource Planning (ERP)	Other Intangibles	Assets under Development	Total
Cost				
At March 31, 2021	\$ 26,637	\$ 6,422	\$ 1,749	\$ 34,808
Additions	1,815	777	(736)	1,856
Transfers	439	402	(843)	(2)
Disposals	(19)	1	1	(17)
At March 31, 2022	28,872	7,602	171	36,645
Amortization				
At March 31, 2021	(20,881)	(5,009)	-	(25,890)
Amortization expense	(1,158)	(542)	-	(1,700)
Disposals	18	(1)	-	17
At March 31, 2022	(22,021)	(5,552)	-	(27,573)
Carrying amount				
At March 31, 2021	\$ 5,756	\$ 1,413	\$ 1,749	\$ 8,918
At March 31, 2022	\$ 6,851	\$ 2,050	\$ 171	\$ 9,072

Amortization of intangibles is reported as an operating expense in the statement of earnings. The intangible assets under development are not impaired as at March 31, 2022.

Cost				
At March 31, 2020	\$ 23,667	\$ 8,482	\$ 3,216	\$ 35,365
Additions	2,184	360	1,750	4,294
Transfers	3,068	89	(3,217)	(60)
Disposals	(2,282)	(2,509)	-	(4,791)
At March 31, 2021	26,637	6,422	1,749	34,808
Amortization				
At March 31, 2020	(22,597)	(5,935)	-	(28,532)
Amortization expense	(566)	(1,583)	-	(2,149)
Disposals	2,282	2,509	-	4,791
At March 31, 2021	(20,881)	(5,009)	-	(25,890)
Carrying amount				
At March 31, 2020	\$ 1,070	\$ 2,547	\$ 3,216	\$ 6,833
At March 31, 2021	\$ 5,756	\$ 1,413	\$ 1,749	\$ 8,918

6. Property and equipment

	Furniture & Fixtures	Other Equipment	Materials Handling Equipment	Small Computers	Software & Hardware	Land	Buildings	Capital & Leasehold Improvements	Assets under Construction AUC or WIP	Right of Use Assets	Total
Cost											
At March 31, 2021	\$ 18,706	\$ 16,360	-	\$ 8,805	\$ 1,478	\$ 744	\$ 45,155	\$ 58,198	\$ 2,433	\$ 45,170	\$ 197,049
Additions	1,370	102	111	442	35	-	2,614	2,323	2,895	8,300	18,192
Transfers	159	(3,393)	3,666	12	11	-	782	1,081	(2,316)	-	2
Disposals	(117)	(150)	(35)	(92)	1	(55)	(1,571)	(1,108)	(2)	(193)	(3,322)
At March 31, 2022	20,118	12,919	3,742	9,167	1,523	689	46,980	60,494	3,012	53,277	211,921
Depreciation											
At March 31, 2021	(12,971)	(11,929)	-	(6,691)	(1,129)	-	(29,777)	(34,907)	-	(10,340)	(107,744)
Depreciation expense	(863)	1,511	(2,473)	(789)	(208)	-	(1,559)	(4,120)	-	(5,359)	(13,860)
Disposals	117	150	35	85	(1)	-	1,569	1,060	-	193	3,198
At March 31, 2022	(13,717)	(10,268)	(2,438)	(7,395)	(1,338)	-	(29,777)	(37,967)	-	(15,506)	(118,406)
Carrying amounts											
At March 31, 2021	\$ 5,735	\$ 4,431	-	\$ 2,114	\$ 349	\$ 744	\$ 15,378	\$ 23,291	\$ 2,433	\$ 34,830	\$ 89,305
At March 31, 2022	\$ 6,401	\$ 2,651	\$ 1,304	\$ 1,772	\$ 187	\$ 689	\$ 17,203	\$ 22,527	\$ 3,012	\$ 37,771	\$ 93,515

Depreciation of property and equipment is reported as an operating expense in the statement of earnings. No depreciation has been recorded on assets under construction. Management undertook a review of the NSLC's assets and have written off assets that are fully depreciated and no longer in use in the current year.

6. Property and equipment (continued)

	Furniture & Fixtures	Other Equipment	Small Computers	Software & Hardware	Land	Buildings	Capital & Leasehold Improvements	Assets under Construction AUC or WIP	Right of Use Assets	Total
Cost										
At March 31, 2020	\$ 18,798	\$ 16,554	\$ 9,999	\$ 1,563	\$ 753	\$ 47,573	\$ 58,081	\$ 2,677	\$ 40,985	\$ 196,983
Additions	1,085	392	119	178	-	2,090	2,946	2,388	4,352	13,550
Transfers	653	124	532	69	-	344	968	(2,632)	-	58
Disposals	(1,830)	(710)	(1,845)	(332)	(9)	(4,852)	(3,797)	-	(167)	(13,542)
At March 31, 2021	18,706	16,360	8,805	1,478	744	45,155	58,198	2,433	45,170	197,049
Depreciation										
At March 31, 2020	(13,708)	(11,683)	(7,626)	(1,234)	-	(33,187)	(34,687)	-	(5,185)	(107,310)
Depreciation expense	(1,092)	(955)	(817)	(227)	-	(1,305)	(4,017)	-	(5,322)	(13,735)
Disposals	1,829	709	1,752	332	-	4,715	3,797	-	167	13,301
At March 31, 2021	(12,971)	(11,929)	(6,691)	(1,129)	-	(29,777)	(34,907)	-	(10,340)	(107,744)
Carrying amounts										
At March 31, 2020	\$ 5,090	\$ 4,871	\$ 2,373	\$ 329	\$ 753	\$ 14,386	\$ 23,394	\$ 2,677	\$ 35,800	\$ 89,673
At March 31, 2021	\$ 5,735	\$ 4,431	\$ 2,114	\$ 349	\$ 744	\$ 15,378	\$ 23,291	\$ 2,433	\$ 34,830	\$ 89,305

7. Finance costs

	2022	2021
Interest expenses – lease liabilities	\$ 801	\$ 853
Post employment benefit costs (note 9)	1,025	1,036
Total Finance costs	\$ 1,826	\$ 1,889

8. Leases

The Corporation leases properties for its retail stores. Lease contracts are typically made for fixed periods of 2 to 20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

LEASE LIABILITIES

Lease liabilities are presented in the financial statement of financial position as follows:

	2022	2021
Current	\$ 5,133	\$ 5,034
Non-current	34,567	31,412
	\$ 39,700	\$ 36,446

EXTENSION OPTIONS

The use of extension and termination options gives the Corporation added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Corporation's network development strategy and the economic benefits of exercising the option exceeds the expected overall cost.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at March 31 2022 is as follows:

	Minimum lease payments due					Total
	Within 1 year	1–5 years	5–10 years	10–15 years	Over 15 Years	
March 31, 2022						
Lease Payments	\$ 6,074	\$ 27,009	\$ 8,983	\$ 2,351	-	\$ 44,417
Finance charges	(941)	(2,885)	(810)	(81)	-	(4,717)
Net present values	\$ 5,133	\$ 24,124	\$ 8,173	\$ 2,270	-	\$ 39,700

LEASE PAYMENTS NOT RECOGNIZED AS A LIABILITY

The Corporation has elected not to recognize a lease liability for short term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. Payments made under such leases are expensed on a straight-line basis and totaled \$57.

9. Employee remuneration

RETIREMENT BENEFIT PLAN

The Corporation contributes to the Nova Scotia Public Service Superannuation Plan, which is a defined benefit plan. The Corporation accounts for these contributions as a defined contribution plan. The actuarial and investment risk is administered by Public Service Superannuation Plan Trustee Inc. The Corporation matches the contributions of employees' calculated as 8.4% on eligible earnings up to the year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP), and 10.9% on eligible earnings that is in excess of YMPE. The Corporation is not responsible for any unfunded liability with respect to the Public Service Superannuation Plan.

The total expense recognized in the statement of earnings is \$4,845 (2021 - \$4,455) and represents

contributions paid or payable by the Corporation at rates specified in the plans.

DEFINED BENEFIT PLANS AND OTHER LONG TERM EMPLOYEE BENEFITS

The Public Service Award (PSA) plan is a defined benefit plan covering substantially all of the Corporation's permanent unionized employees, as well as all full time non-union employees hired before August 1, 2005. Previous to fiscal year 2016, the actuarial assumptions in the financial statements in regards to the PSA had been based on the number of years of service and the employee's compensation during the final year of employment. Under the management of the Corporation's parent, the Province of Nova Scotia, the PSA plan has been closed effective April 1, 2015, for union employees, such that services earned toward this benefit are frozen as of that date and August 11, 2015 for non-union employees. This program remains to be funded in the year of retirement of eligible employees.

The Corporation pays 65% of the cost of health care plans for substantially all retirees or surviving spouses of retirees. This is funded each year by the payment of the required premiums.

The Corporation also provides an accumulating non-vesting sick leave entitlement program. This program

allows for the accumulation of unused sick time entitlements to cover short term absences for health-related issues in lieu of a short term disability plan. This program is funded each year as employees utilize their sick time entitlement.

The Corporation is responsible for paying the employer portion of health, dental, and life insurance premiums, and both the employer and employee pension contributions for members qualifying for Long Term Disability. They will also continue to pay the employer portion of health, dental, and life insurance premiums, pension contributions, and Long Term Disability insurance premiums for employees who qualify for Workers' Compensation Benefits, but are not yet eligible for Long Term Disability.

The Corporation is self insured and is responsible for paying workers compensation to employees approved by the Workers Compensation Board. Total expenses recognized in the statement of earnings is \$1,279 (2021 - \$1,201). Any future benefit obligation is included in the financial statements of the Province of Nova Scotia. The Corporation is not responsible for unfunded liability claims.

DEFINED BENEFIT PLANS AND OTHER LONG TERM EMPLOYEE BENEFITS

An independent actuary carried out the most recent actuarial valuation utilizing plan membership data up to December 31, 2021 (for the Retiree Health, Service Awards, Sick Leave benefits, and LTD benefits). The present value of the benefit obligations were then calculated by extrapolating these valuations out to March 31, 2022. The next actuarial valuations will be performed as of December 31, 2023.

The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The principle assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at							
	31-Mar-22				31-Mar-21			
	Retiree health	Service award	Sick leave	Disability	Retiree health	Service award	Sick leave	Disability
Discount rate(s)								
Expected rate(s) of salary increase	3.50%	2.35%	2.80%	2.35%	3.85%	3.25%	3.50%	3.20%
Ultimate weighted average health care trend rate	n/a	2.50%	2.50%	2.50%	n/a	2.50%	2.50%	2.50%
	4.00%	n/a	n/a	n/a	4.50%	n/a	n/a	n/a

Amounts recognized in the statements of earnings and comprehensive earnings in respect of these benefit plans are as follows:

	2022	2021
Current service cost	\$ 2,603	\$ 1,484
Interest on obligation	1,025	1,036
Actuarial losses (gains)	(6,566)	2,765
	\$ (2,938)	\$ 5,285

Movements in the present value of the benefit obligations in the current period were as follows:

	2022	2021
Benefit obligations, beginning of year	\$ 30,956	\$ 28,001
Current service cost	2,603	1,484
Interest cost	1,025	1,036
Actuarial (gain) loss	(6,566)	2,765
Benefits paid	(1,754)	(2,330)
Benefit obligations, end of year	\$ 26,264	\$ 30,956

The effect of the change in the assumed health care cost trend rates:

	2022	2021
Effect on aggregate of current service cost and interest cost		
One percentage point increase	\$ 306	\$ 422
One percentage point decrease	(313)	(433)
Effect on accrued benefit obligation		
One percentage point increase	2,742	3,861
One percentage point decrease	(2,143)	(2,971)

EMPLOYEE FUTURE BENEFIT OBLIGATIONS

Employee future benefit obligations are presented in the financial statement of financial position as follows:

	2022	2021
Current	\$ 2,603	\$ 1,484
Non-current	23,661	29,472
	\$ 26,264	\$ 30,956

10. Related party transactions

The immediate parent and ultimate controlling party of the Corporation is the Province of Nova Scotia. Remittances to the Province of Nova Scotia are disclosed in the statements of changes in equity. Other transactions with the Province of Nova Scotia are deemed to be collectively insignificant to these financial statements.

Compensation of key management personnel

Members of the Board of Directors and Executive Team are deemed to be key management personnel. It is the Board of Directors and Executive Team who have the responsibility for planning, directing and controlling the activities of the Corporation.

The following is compensation expense for key management personnel:

	2022	2021
Short term benefits	\$ 1,885	\$ 1,668
Post-employment benefits	134	122
Other long term benefits	48	38
Total compensation	\$ 2,067	\$ 1,828

11. Revenue

	2022						
Channel	Spirits	Wine	Beer	Ready to Drink	Non-Liquor	Cannabis	Total
Retail	\$ 168,359	\$ 131,826	\$ 222,603	\$ 78,731	\$ 56	\$ 100,561	\$ 702,136
Licensee	7,224	5,833	18,561	2,215	22	-	33,855
Agency	15,638	6,329	30,689	10,267	21	-	62,944
Private wine & specialty	1,685	13,402	1,847	1,708	-	-	18,642
Other							
Wholesale	166	486	73	24	-	-	749
Online	427	525	47	18	-	1,110	2,127
Total	\$ 193,499	\$ 158,401	\$ 273,820	\$ 92,963	\$ 99	\$ 101,671	\$ 820,453

2021

Channel	Spirits	Wine	Beer	Ready to Drink	Non-Liquor	Cannabis	Total
Retail	\$ 168,482	\$ 130,422	\$ 227,873	\$ 72,245	\$ 64	\$ 84,099	\$ 683,185
Licensee	3,984	3,748	14,107	1,484	17	-	23,340
Agency	17,517	6,897	33,035	10,451	14	-	67,914
Private wine & specialty	1,606	10,281	1,085	1,743	-	-	14,715
Other							
Wholesale	139	413	33	35	-	-	620
Online	442	838	65	61	-	1,889	3,295
Total	\$ 192,170	\$ 152,599	\$ 276,198	\$ 86,019	\$ 95	\$ 85,988	\$ 793,069

12. Operating expenses

	2022	2021
Salaries and employee benefits	\$ 85,695	\$ 79,035
Depreciation and amortization	15,560	15,884
Service contracts and licenses	9,046	8,916
Debit, credit and gift card fees	6,220	5,651
Occupancy	3,903	3,733
Supplies and sundry	3,156	2,807
Freight	2,943	2,593
Utilities	2,913	2,988
Maintenance and repairs	2,754	2,732
Post employment current service costs (note 9)	2,603	1,484
Legal, audit and consulting	2,373	1,366
Marketing and merchandising	1,221	1,468
Travel, training and meetings	965	856
Corporate/social responsibility	957	1,055
Insurance	719	509
Waste diversion	671	601
Other	385	(432)
Guard services	292	495
Market surveys	261	162
Industry support	225	166
Postage and courier	222	260
Memberships and subscriptions	178	200
Telephone	115	117
Bank charges and armoured car	105	109
Publications	33	169
Actuarial (gain) loss on other employment benefit (note 9)	(756)	1,428
	\$ 142,759	\$ 134,352

13. Capital management

The Corporation does not have share capital or long term debt. Its definition of capital is cash and retained earnings. The Corporation's main objectives for managing capital are to ensure sufficient liquidity in support of its financial obligations to achieve its business plans and to continue as a self-sufficient going concern entity in order to provide continuous remittances to the Province of Nova Scotia.

14. Financial instruments risk

The Corporation is exposed to credit and market risk in relation to financial instruments. The Corporation is exposed to the same risks in the current year as it was exposed to in the prior year, however due to certain global and environmental factors, inflation continues to impact the Corporation's cost of goods sold.

CREDIT RISK

Credit risk is the risk that a counterparty fails to discharge an obligation to the Corporation. The Corporation is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits. The Corporation's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the end of the reporting period, as summarized below:

Classes of financial assets – carrying amounts	March 31, 2022	March 31, 2021
Cash and cash equivalents	\$ 29,092	\$ 31,326
Trade and other receivables	4,059	3,729

CREDIT RISK MANAGEMENT

The credit risk is managed on a group basis based on the Corporation's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks are managed by only using major reputable financial institutions.

The Corporation does not specifically assess the credit quality of clients based on a credit rating but through an informal process while onboarding for service. Invoice terms are payable within seven days. The ongoing credit risk is managed through regular review of aging analysis.

MARKET RISK

Foreign currency sensitivity

The Corporation has purchases of inventory from suppliers outside of Canada. Exposure to fluctuations in currency exchange rates subjects the Corporation to foreign exchange risk as significant fluctuations impact the cost of the inventory to the Corporation.

The Corporation's main exposure is to the EURO and USD. The Corporation holds funds in US dollars to help mitigate the exposure to significant fluctuations in the US dollar exchange rate. As at March 31, 2022, the Corporation held US\$199 (2021 – US\$559) in US dollar denominated bank accounts. Amounts payable in other currencies other than CAD were not significant.

Sensitivity to a plus or minus 5.0% change in the EURO or US dollar exchange rate would not have a material impact on the Corporation's results from operations.

Commodity price sensitivity

Through the normal course of business the Corporation is exposed to price risk due to global fluctuation of commodity and service prices, specifically on freight and shipping costs, and increasing inflation impacting the Corporation's cost of goods acquired and sold.

15. COVID-19 impact

Since December 31 2019, the spread of COVID-19 has severely impacted many local economies around the globe. Many businesses are being forced to cease or limit operations for long or indefinite periods of time. On March 22, 2020, the Province of Nova Scotia declared a state of emergency to help contain the spread of COVID-10, in addition to travel bans, quarantines, social distancing, and closures of non-essential services. The state of emergency continued through fiscal 2022, but was lifted on March 21, 2022.



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