



2020 - 2021
ANNUAL REPORT

Table of Contents

- 03 | LETTER FROM THE CHAIR
- 04 | PRESIDENT'S MESSAGE
- 06 | TRACKING YOUR INVESTMENT IN ANBL
- 09 | 2020-2021 YEAR IN REVIEW
- 12 | ADAPTING TO CHALLENGES
- 14 | MAINTAINING A HIGH-PERFORMANCE CULTURE
- 18 | LIST OF LOCAL PRODUCERS
- 20 | CORPORATE RESPONSABILITY
- 21 | GOVERNANCE
- 22 | STORE LOCATIONS
- 24 | SALES BY LOCATION
- 26 | FINANCIAL STATEMENTS

170 Wilsey Road, PO Box 20787
Fredericton, NB, E3B 5B8

anbl.com

ISSN: 070 425 74
ISBN: 978-1-4605-2880-8



Letter from the Chair

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

Dear Minister Steeves,

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

In 2020-2021 New Brunswick was affected by the global COVID-19 pandemic, however ANBL's commitment to safety matched the commitment to customer service excellence, and both were demonstrated in the agility and creativity of our service delivery models at all points of sale. Recognizing the pandemic impact to licensees and restaurants in the province, ANBL was able to assist by implementing a new rebate program, and in fact made the responsible choice to double the rebate in two quarters to support our partners during a time of inability to remain open. I would also like to acknowledge the contributions of our valued supply partners locally, nationally, and internationally. Together, challenges of the pandemic were mitigated such that there were no significant disruptions in our supply chain.

As a Crown Corporation, ANBL's mandate letter outlines government's expectations of ANBL to New Brunswick as the responsible retailer of beverage alcohol. Our Board of Directors is extremely engaged to support and guide the team in all facets of the business. ANBL takes great pride in the ability to provide government the means to provide infrastructure improvements evident in our communities. This contribution to the economy of our province is possible through the efforts of the team throughout the corporation. When everything is streamlined, the results are phenomenal and in 2020-2021, ANBL reported the highest sales result to date: \$506 million and a net income of \$199 million. Congratulations, TEAM!

On behalf of the Board of Directors, I extend congratulations to the ANBL team for achieving the record-breaking results in 2020-2021, and a heartfelt thank you for your individual and collective contributions that made it possible. We recognize 2020-2021 will be a year to remember and one to reflect on with pride.



Respectfully submitted,

A handwritten signature in black ink that reads "John Correia". The signature is fluid and cursive.

John Correia
Chair, Board of Directors

Board of Directors

at March 28, 2021

John Correia
Chair of the Board

Joanne Bérubé Gagné
Director

Paul Elliott
Director

Kevin Berry
Director

Kathryn Craig
Director

Cédric Laverdure
Director

Bruce Wood
Director

Lori Stickles
President and Chief Executive Officer

Andrea Dewitt
Secretary of the Board

President's Message 2020-2021

In 2020-2021 ANBL launched the first year of a three-year strategic plan. This plan, in parallel with the mission, vision and core values of ANBL, will ensure that we deliver on our strategic priorities of financial performance; establishing a high-performing customer-centric culture; and focusing on corporate social responsibility, while delivering on our mandate from the Province of NB.

The strategic plan also was set with a strong foundation of governance and safety, which served us well when the global COVID-19 pandemic reached our province and changed the way we operated as a retailer.

During fiscal 2020-2021, the efforts and contributions of every individual on the team was paramount for ANBL achieving a \$505.9 million sales result – the highest result in the history of the corporation, as well as a record net income of \$199.4 million. Our frontline team had to pivot multiple times as we maintained excellent customer service, while never losing a focus on social responsibility and safety. We thank our customers and our stakeholders for their patience and cooperation as the necessary pandemic protocols were implemented throughout the year, and for their support to our team during these unprecedented times.

One of our core values at ANBL is to “Celebrate Success”. I was very impressed with our team’s motivation and feeling of pride in what we have been able to contribute to the province’s economic stability, and to the communities that we all work and live in. During the year ANBL was very proud to be able to give back and provide support to homeless shelters, restaurants and licensees, community charities, and our major partners for national charity campaigns.

When I accepted the role of Acting President & CEO at the beginning of the fourth quarter of 2021 I was fully aware of the challenges and successes of ANBL through my tenure as Vice President and CFO. I was happy to take on this new role, and excited about the many opportunities ahead of ANBL. I look forward to being in our stores to greet our customers, to hearing directly from the team at all levels of the corporation, and to optimizing value and efficiencies associated with responsibly managing a successful business for the people of New Brunswick.



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

Lori Stickles
President and CEO

Executive Management

at March 28, 2021

Lori Stickles
President and CEO

Eitan Dehtiar
*Interim Vice-President
& CFO*

Paul Henderson
*Vice-President of Category
Management & Supply Chain*

Alan Sullivan
Vice-President of Channel Sales

Erin Fullerton
Vice-President of Human Resources

Craig Clark
*Vice-President of Information
Technology*

Lara Wood
*Vice-President of Marketing &
Communications*

Mike Harty
Vice-President of Operations

Patti Douglass
Chief Executive Assistant



TRACKING YOUR IN

PRODUCTS FROM

CANADA
2611

NEW BRUNSWICK
990

USA
801

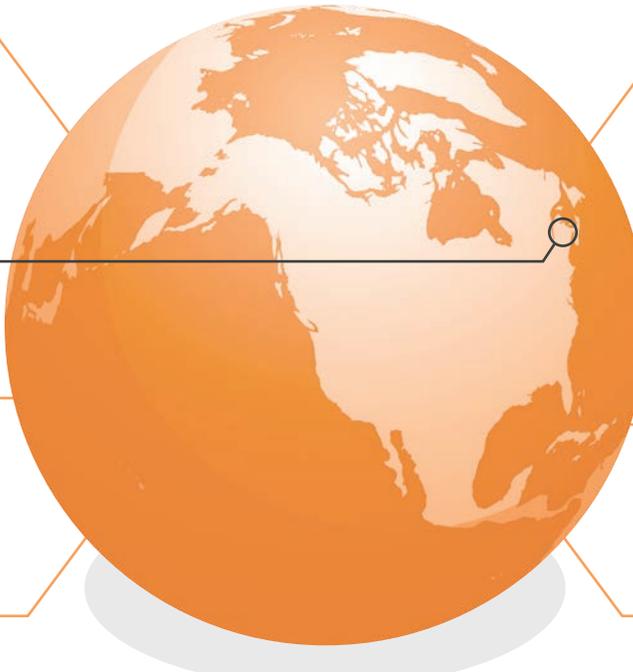
SOUTH AMERICA
483

EUROPE
2709

ASIA
22

AFRICA
106

AUSTRALIA
376



EMPLOYMENT #S



WAREHOUSE
22



RETAIL
OPERATIONS CENTRE
124



CORPORATE STORES
IN 30 COMMUNITIES
228

VESTMENT IN ANBL

SALES TO



87
AGENT LOCATIONS



67
GROCERY STORES



+7 MILLION
PUBLIC
TRANSACTIONS

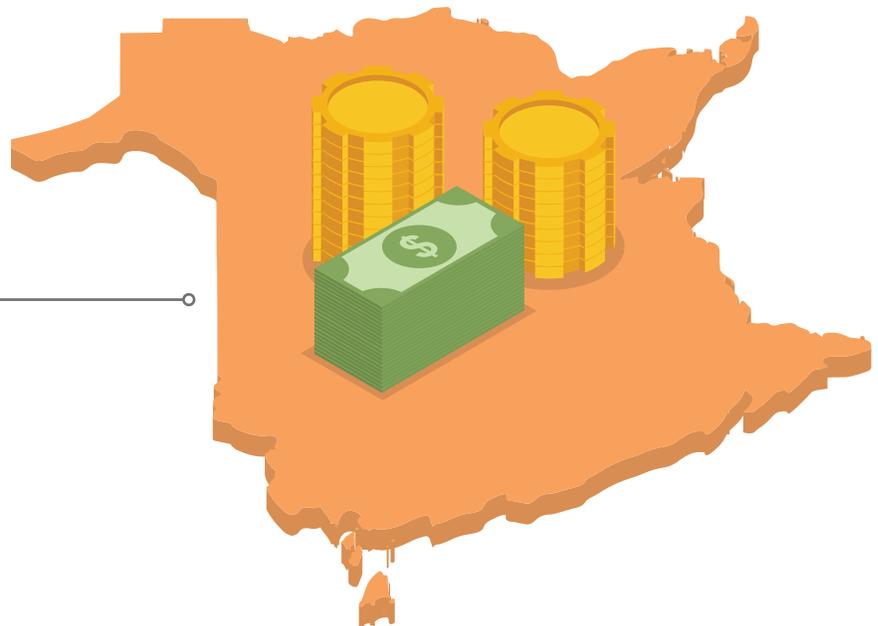


963
ACTIVE
LICENSEES

RETURN TO NEW BRUNSWICKERS

**\$220.9
MILLION**

- ROADS
- SCHOOLS
- HOSPITALS
- COMMUNITIES
- HEALTH CARE





INTRODUCTION

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

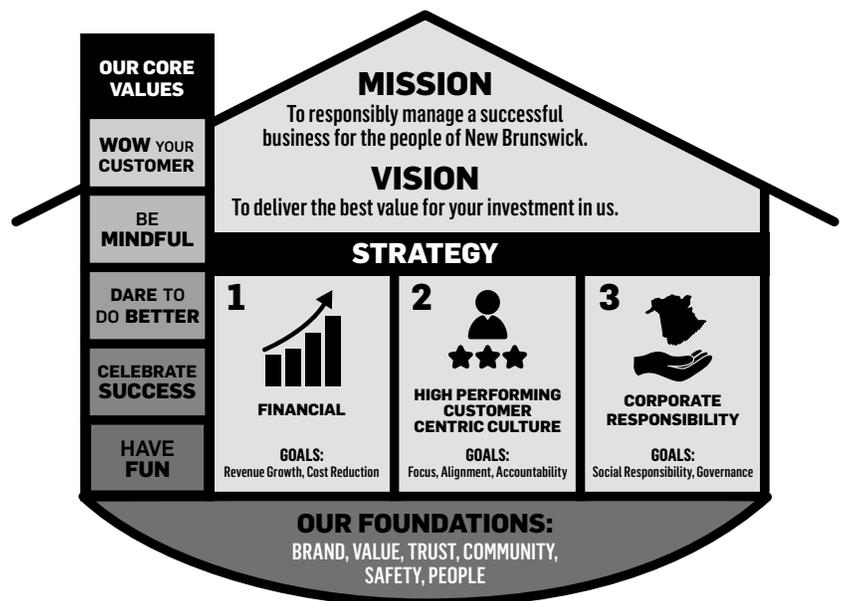
STRATEGIC PLAN

2020 represented the first full year of the latest Strategic Plan for the organization. The 2020–2023 Strategic Plan was built on the successes of the previous plan keeping the mission, vision and goals as main drivers. The three main areas of focus of the plan are:

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

The strategic plan is also supported by ANBL's Core Values:

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



2020-2021 Year in Review

RECORD PERFORMANCE

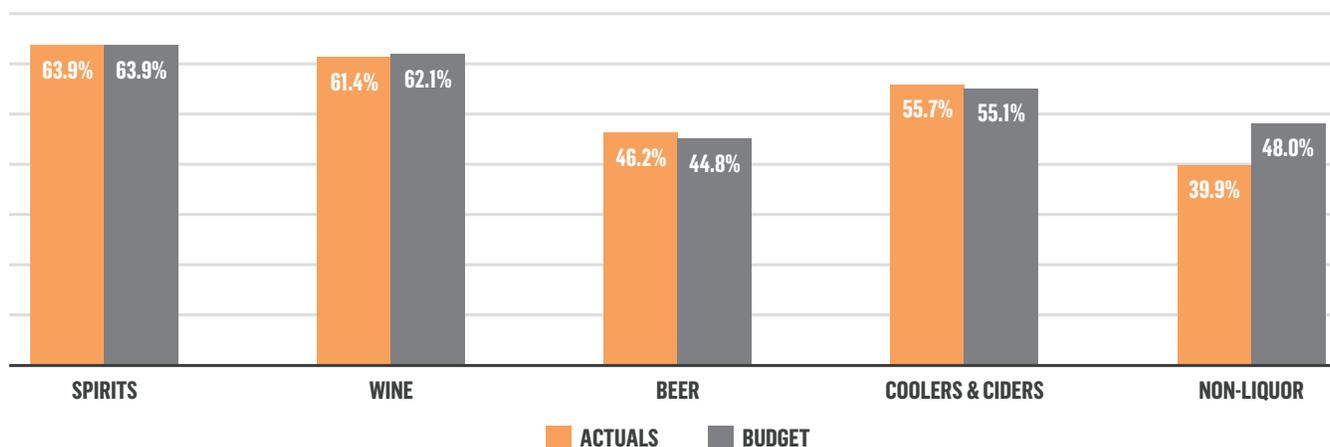
As COVID-19 impacted the retail industry in general, customers spent less time in store, resulting in less transactions however, on average they had a bigger basket size. In 2020-2021, ANBL recorded important growth in sales driven by the impacts of the pandemic. This led to a net profit of \$199.4M, far exceeding the budget target of \$169.3M.

Total sales surpassed budget targets across all categories, throughout the pandemic. Coolers & Ciders exceeded sales targets by \$17M, with both Spirits and Beer exceeding by \$15M, and Wine by \$6M. Commissions and discounts overspent due to an increase in sales to agency stores.

Cost of sales exceeded budget targets, a direct correlation to the increase in Sales. *Gross profit* targets, excluding discounts, were met or exceeded for Spirits, Beer, and Coolers & Ciders, with Wine missing target by less than 1%.

GROSS PROFIT %

ACTUALS to PLANS



LITRES

CATEGORY	2020-2021	2019-2020	CHANGE	%
Spirits	3,489,058	3,144,883	344,175	10.9%
Wine	7,618,709	7,083,222	535,487	7.6%
Beer	50,628,602	46,377,982	4,250,620	9.2%
Coolers & Ciders	8,190,496	5,408,151	2,782,345	51.4%
TOTALS	69,926,865	62,014,238	7,912,627	12.8%

SALES PER LITRE

CATEGORY	2020-2021	2019-2020	CHANGE
Spirits	\$ 34.14	\$ 33.89	\$ 0.25
Wine	\$ 14.42	\$ 14.49	\$ (0.07)
Beer	\$ 4.31	\$ 4.35	\$ (0.04)
Coolers, Ciders	\$ 7.13	\$ 7.00	\$ 0.13

SALES BY PRODUCTS

SALES	2020-2021 (\$000'S)	2019-2020 (\$000'S)	CHANGE (%)
Spirits	119,133	106,580	11.8%
Wine	109,889	102,651	7.1%
Beer	217,990	201,593	8.1%
Coolers, Ciders and Non-Alcohol	58,947	38,481	53.2%
TOTAL SALES	505,959	449,305	12.6%

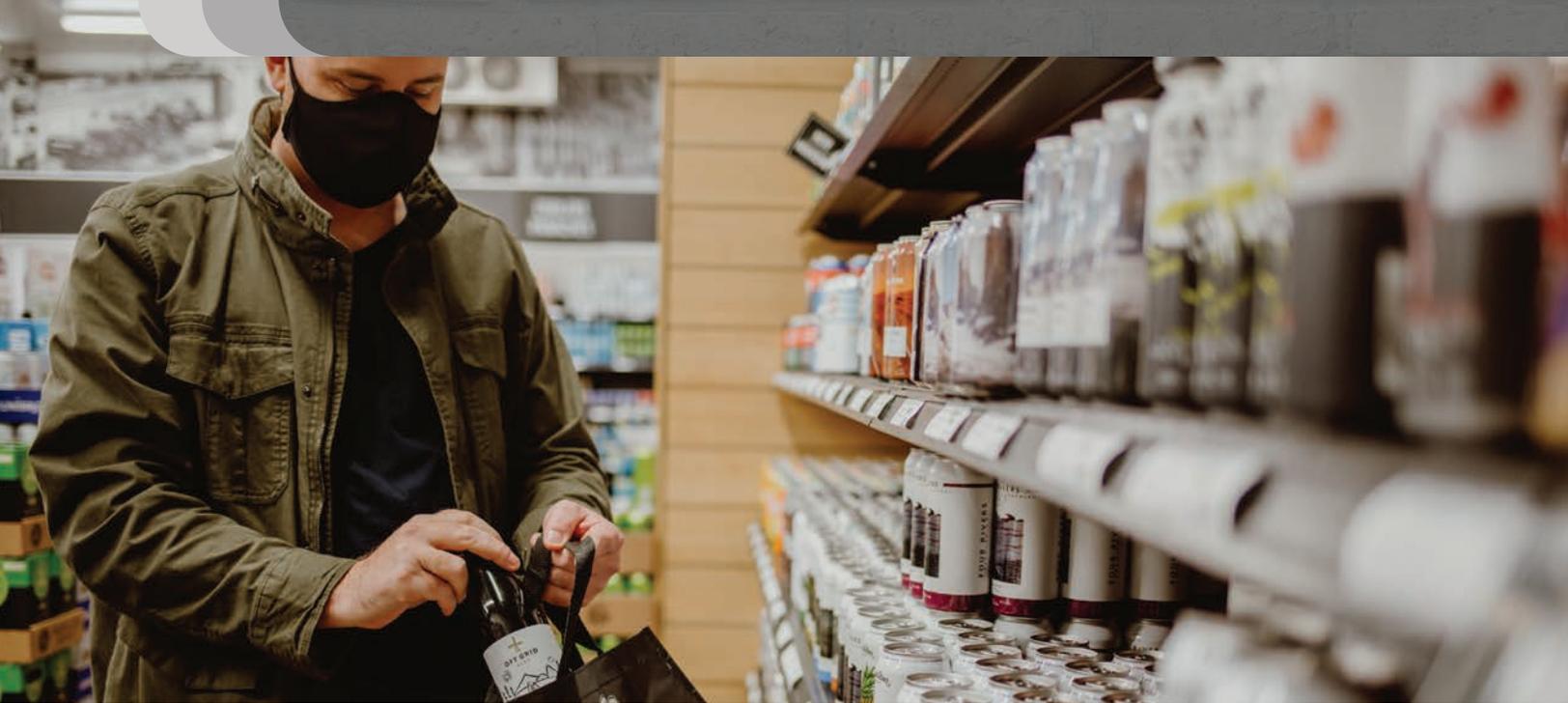
SALES BY SOURCE

CHANNEL	2020-2021 (\$000'S)	% OF SALES	2019-2020 (\$000'S)	% OF SALES
Public	312,547	61.8%	280,465	62.4%
Licensee	23,006	4.5%	44,933	10.0%
Convenience	141,544	28.0%	106,715	23.8%
Grocery	28,781	5.7%	15,939	3.5%
Other	81	0.0%	1,253	0.3%
TOTAL	505,959	100.0%	449,305	100%

REMITTANCES TO GOVERNMENTS

	2020-2021 (\$000'S)	2019-2020 (\$000'S)
PROVINCE OF NEW BRUNSWICK		
* Payments from net income	\$ 220,955	\$ 162,556
Environmental Trust Fund	3,719	3,408
Property taxes	249	279
	224,923	166,243
GOVERNMENT OF CANADA		
Harmonized Sales Tax	43,162	38,116
Excise tax and customs duties	19,565	19,456
	62,727	57,572
TOTAL	\$ 287,650	\$ 223,815

* Payments to the Province from net income represent net cash available from operations for the fiscal year, and fluctuate year over year based on cash available.



Adapting To Challenges

HEALTH AND SAFETY COVID-19 RESPONSE

Early in the COVID-19 pandemic, ANBL was deemed an essential service for our province, and the Corporation promptly made it a top priority to ensure the continued health and safety of our front-line team, customers and clients. ANBL worked closely with the provincial Public Health authorities to ensure compliance to public health directives, that proper operational plans were put into place, continuously revisited, and communicated to stores, the Retail Operating Centre (ROC), and the warehouse through the various phases of the New Brunswick COVID-19 Mandatory Order.

Extensive protocols and measures were taken to help navigate the safety practices. ANBL secured an adequate supply of personal protection equipment to disperse to retail stores and ROC. Signage was also added in stores to ensure proper levels of communications with customers regarding the new protocols as well as security personnel were deployed to stores to assist with health screening and customer flow, while protective shields were installed at the cash lanes.

Workstations, traffic flow, and the cafeteria were reconfigured to support employees remaining on site at ROC and the warehouse.

Special consideration was taken to address store HVAC systems to ensure proper filter changes, increased fresh air intake, monitor humidity levels and create a daily building flush out. Corporate vehicles were outfitted with adequate cleaning supplies and cleaning procedures.

Close communication with teams when health zones across the province fluctuated between Yellow, Orange, Red and Lockdown Alert Levels was critical. This ensured proper operational guidance was implemented. When needed, WorksafeNB was engaged to make adequate adjustments to the respective operational plans.

As masks became commonly used, a Workplace Mask Standard Operating Procedure was created to include instructions on mask requirements and wear, as well as tips to address compliance from customers and how to perform ID checks at the stores. ANBL ensured that all team members were outfitted in a timely manner with multiple masks.

As ROC began to reopen in various capacities, education was provided and available for those visiting and returning to the office part time or permanently. An operational plan was developed by consulting guidelines from Government of New Brunswick (GNB) and WorkSafeNB regarding opening and operating businesses safely throughout the pandemic.



When store traffic increased during the holiday season, additional barriers were installed throughout the network to allow all cash lanes to open to help serve more customers and improve traffic flow, all while maintaining physical distancing requirements.

As Public Health and GNB announces the various stages of the COVID-19 recovery plan and vaccination roll out, ANBL continued to send up to date communication to all teams. Team members were also supported by allowances given for adequate time to get vaccines as they became available.

SUPPLY CHAIN AND WAREHOUSE

In 2019-2020, the team began work on a Warehouse Optimization Project and continued this work into 2020-2021. In the previous year, the warehouse added new technology hardware to forklifts, made improvements to processes, and further analyzed overstock products. These changes resulted in improved pick productivity, improved reporting and increased inventory turns.

The team also continued creating and maintaining a safety culture within the warehouse. The team engaged in a daily safety share, lights were installed to the forklift equipment and mandatory safety vests are worn during working hours.

While implementing COVID-19 protocols and other safety processes and optimizing our warehouse, the team shipped an additional 414,429 cases representing a 17.8% over the previous year while reducing overtime and sick time. Additionally, the team achieved a record of 475 days of no lost time in the warehouse by March 28, 2021.

The Supply Chain team began a centralized ordering project in 2019-2020 and continued it into 2020-2021. Rather than having a corporate store ordering products directly, a team within Supply Chain would now ensure ordering for products sources from the warehouse. By the end of the fiscal year, 21 stores were part of the centralized ordering project. Results so far have shown improved inventory management, reduction in time spent creating orders and increased understanding of data inputs.

As the pandemic continued, and with an increase in consumer goods purchases worldwide, shipping ports became congested, and resulted in container shortages. In the fall, ANBL started to experience shipping delays for products arriving through the Port of Halifax. This caused a decrease in the stock position for the central warehouse and stores. Plans and scenarios were created and executed between Supply Chain, Category Management and Channels to minimize the risk to ANBL, and its customers. This work will continue into the next year.



Maintaining A High-Performance Culture

LEARNING AND TRAINING

ANBL continues to be committed to professional development opportunities using online learning, which allows ANBL to provide training in both official languages to every corner of the province. Online learning courses are designed and developed to meet the various learning styles and accessibility needs of all team members and vary in topics from software skills to product knowledge. This capability became even more valuable during the COVID-19 pandemic. Several new courses, which aligned with the “High Performing Customer-centric Culture” pillar in the ANBL Strategic Plan, were offered this past fiscal year. Over 3,127 online courses and thousands of hours of online learning were completed throughout the year.

Last year, ANBL offered an additional learning opportunity to support employees with their career goals. Launched in July 2020, the KEG portal (Knowledge, Experience, Growth) is an online learning platform licensed through Skillsoft, offering a variety of professional development courses in French and

English. Courses are primarily video-based, and focus on competency development, leadership, and business skills. In 2020-2021, there were 222 employees enrolled in the KEG portal, and 96 completed Learning Paths.

Accelerated Leadership Development Program

ANBL also continued its Accelerated Leadership Development Program (ALDP) and 27 team members began their personal leadership development journey through the program this year. The ALDP program provides leadership development for participants who are seeking out or have been promoted to leadership roles.

EMPLOYEE ENGAGEMENT

The Employee Engagement Survey was conducted in September 2020. Almost all team members responded, achieving a 91% participation rate. Engagement results decreased slightly, by 0.07, from 4.13 to 4.06 (out of a possible score of 5.00). Action plans included:

- Providing coaching and training on increasing team engagement to all managers.
- Collaborating with managers and their teams to develop impactful action plans to drive engagement.
- Continuing to celebrate organizational, team and individual success!

BOARD OF DIRECTORS' SCHOLARSHIP/BURSARY PROGRAM

In 2020-2021 this program, which was open to all ANBL employees and their families, resulted in 10 individuals receiving \$2,500 towards an education program of their choice.

INFORMATION TECHNOLOGY

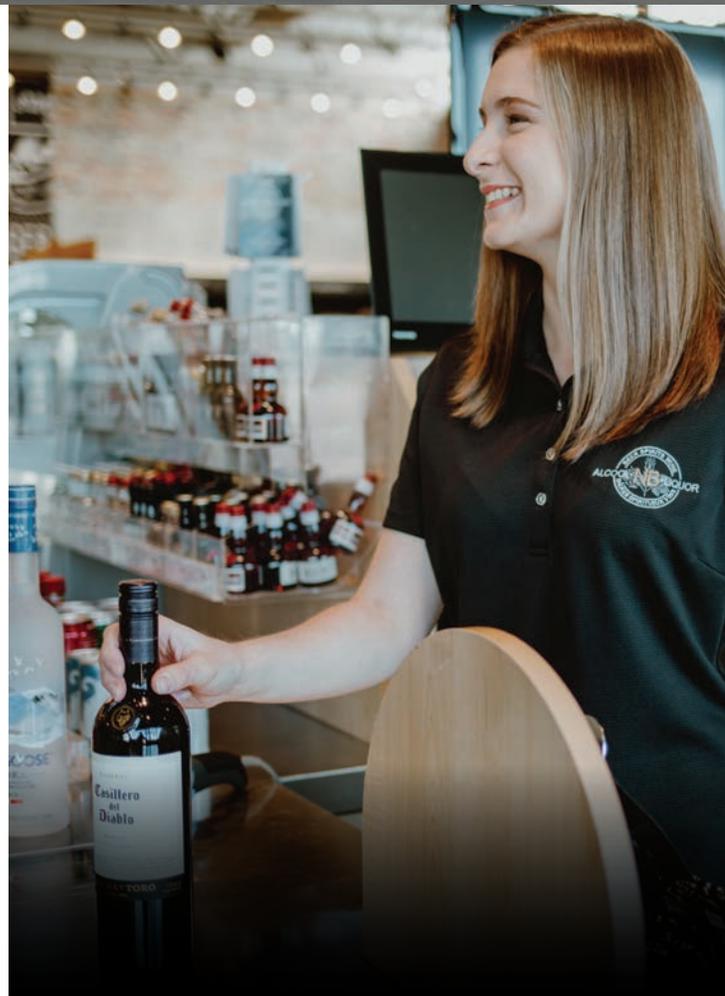
The Information Technology (IT) team continued to support the development, implementation, and maintenance of ANBL's information systems and processes for both ROC and the retail network around the province. As the entire organization felt the impacts of the COVID-19 pandemic, the Information Technology team was able to ensure a rapid response as many team members from ROC began to work remotely. IT was well positioned and had the right systems in place to help move and source resources for employees to set up home workstations.

CUSTOMER SERVICE/ COACHING

ANBL was quick to adapt its Service Excellence and Coaching Program to correspond with COVID-19 protocols and changing consumer trends. The focus was to create a safe shopping environment for customers, while maximizing their experience with the knowledge that they were spending less time in stores because of the pandemic. All of the new temporary changes to our service model were supported through training videos that were produced in-house by our Retail Sales Coaching team.

The pandemic also impacted the ability for Retail Sales Coaches to travel to stores for coaching and training services. In order to maintain a regular training schedule, Retail Sales Coaches offered virtual Service Excellence orientation training for all new store team members and coaching training sessions for store coaches.

Store team members adapted well to these changes, which made for a successful year. As time goes on and Public Health restrictions are reduced, ANBL will slowly transition back to its regular Service Excellence and Coaching model.



STORE SCORECARD AWARDS

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

A-Banner

East Point, Saint John – Gold

Moncton North – Silver

B-Banner

Edmundston – Gold

Riverview – Silver

C-Banner

Tracadie – Gold

Grand Falls – Silver

D-Banner

Neguac – Gold

Campbellton – Silver

CATEGORY MANAGEMENT

The pandemic drove a great deal of change to ANBL's category management due to rapidly shifting consumer behaviours, changes to distribution networks, consumption habits and much more. Consumers visited less but purchased more driving larger formats and trial of different products. These changes are a common thread through all categories.



Wine

The wine category, like most others, saw an increase in sales during the pandemic. There was relatively consistent growth throughout the year apart from a slight decrease in the summer which is mainly attributable to the growing trend in refreshment beverages and a customer shift to those products in the summer months. The category exceeded budget targets by over 5% and delivered an increase of 7% over sales in the previous year.

Some specific contributors to the growth include a consumer shift to larger formats, successful bundling promotions and growth at convenience channels.

ANBL's specialty wine program, the Expérience Program, continued to see strong growth finishing the year with increases in both revenue and volume over the previous year. The growth in Expérience Program sales continue to be driven primarily by wines from France, Italy and USA.



Spirits

Prior to the pandemic the spirits category at ANBL was already leading markets across Canada in terms of growth. Consumer behavior changes during the pandemic further contributed to that growth.

Specific changes in behavior that impacted the spirits category include a shift from consumption at bars and restaurants to home consumption, an increase in large format purchases, and home participation in virtual events – such as Zoom drinks with friends.

The Spirits categories that provide the most growth during the fiscal year were Liqueurs, Rum, Vodka, and Whiskies. The consumer trend towards increased at home consumption appears to have led to more sampling and experimentation with cocktails and mix drinks at home than in previous years.



Local Craft Alcohol

Over the course of this fiscal year, ANBL added additional resources to the dedicated team that support the local craft producer category. These team members work closely with New Brunswick local craft alcohol producers (NBCAPs) to provide portfolio guidance and assist them with listings and promotional strategies. ANBL's goal is to support local craft alcohol producers in its capacity as the retailer in New Brunswick. The goal is to strengthen the industry, while meeting the expectations of customers and other stakeholders and maximizing the financial contribution to the Province of New Brunswick.

ANBL is developing an overall strategy to achieve this goal, which includes a number of process improvements, distribution opportunities and marketing initiatives intended to be mutually beneficial to ANBL and to industry. The team looks forward to continuing to advance this work in the next fiscal year.



Beer

In addition to the same shift to larger package sizes that other categories experienced, the beer category also experienced an acceleration of premiumization within the beer category. The increase in large pack consumption contributed to this.

The increase in large pack formats extended to both mainstream and premium beer led by the 24 can pack size. The 24 can pack size grew 28% year over year and now represents 22% of total ANBL sales across all categories.



Coolers & Ciders

Although ANBL was already a national leader for growth in this category, the pandemic built on that momentum. The category ended the year 42% above budget, and 53% over the previous year. Apart from a shift to larger package sizes, some key factors in the success of this category include innovation in the seltzer/soda category and the implementation of a price band structure designed to maintain consistent pricing across the category.



List Of Local Producers

13 Barrels Brewing, Bathurst	Gahan House Port City, Saint John
Airfield Wines, Pennfield	Gahan House Riverside, Fredericton
Appleman Farms Ltd., Gagetown	Gordon McKay & sons 1996 Ltd., Pennfield
Bagtown Brewing Company Inc., Sackville	Grand Falls Brewing, Grand Falls
Belleisle Vineyards, Springfield	Granite Town Farms, St. George
Big Axe Brewery Inc., Nackawic	Gray Stone Brewing, Fredericton
Big Fiddle Still, Harvey	Gridiron Brewing, Hampton
Big Sky Ventures, Chipman	Grimross Brewing Corp., Fredericton
Big Tide Brewing, Saint John	Hammond River, Quispamsis
Black Galley Distilling, Fredericton	Hampton Brewing, Hampton
Blue Roof Distillers, Malden	Holy Whale Brewing Corp., Alma
Bootstrap Brew Pub, Quispamsis	Holy Whale Brewing Corp River, Riverview
Brasserie Retro Brewing, Bertrand	Johnny Jacks, Oromocto
Brasseux d'la Cote, Tracadie	Kingston Creek Cider, Kingston
Brule Brewing Company (Flying Boats), Dieppe	La Ferme Maury, St-Edouard-de-Kent
Carroll's Distillery, Miramichi	La Framboise Francoeur, Notre Dame de Lourde
Cavok Brewing, Dieppe	Latitude 46 Estate Winery, Memramcook
Celtic Knot, Riverview	Les Brasseurs du Petit-Sault, Edmundston
Devil's Keep Distillery, Hanwell	Long Bay Brewing, Rothesay
Distillerie Fils du Roy Inc, Paquetville	Loyalist City Brewing Co, Saint John
Dunham's Run Estate Winery, Kingston	Magnetic Hill Winery, Moncton
Foghorn Brewing Company, Rothesay	Mama's Brew Pub, Fredericton
Four Rivers Brewing, Bathurst	Maybee Brewing Company, Fredericton
Gaetan Lebel Inc. , Saint Quentin	Miel-N-Bee Honey, Charlo
Gagetown Distilling & Cidery, Gagetown	Moonshine Creek Craft Distillery, Waterville
Gagetown Fruit Farms, Gagetown	Moosehead Breweries Limited, Saint John
Gahan House Hub City, Moncton	Moosehead Small Batch, Saint John
	Motts Landing Vineyards, Cambridge Narrows
	New Maritime Brewing, Miramichi
	Northampton Brewing (Picaroon's), Fredericton - Queen Street



Northampton Brewing (Picaroon's),
St. Stephen

Northampton Brewing (Picaroon's),
Fredericton - Union Street

Northampton Brewing (Picaroon's), Saint John

Pioneer Mountain Estates, Moncton

Pump House, Moncton - Orange Lane

Pump House, Moncton - Mill Street

Railcar Brewing Company, Perth-Andover

Red Rover Craft Cider, Fredericton

Richibucto River Wine Estates, Mundleville

Rustico Fredericton, Fredericton

Savoies Brewhouse, Charlo

Seize The Day Distillery, Gagetown

Shiretown Beer Inc, Dalhousie

Sunset Heights Meadery, McLeod Hill

Sussex Ale Works, Sussex

Sussex Cider Company, Sussex

Sussex Craft Distillery, Sussex Corner

The Cap, Fredericton

Think Brewing Co., Harvey

Three Dog Distilling, Miramichi

Tide & Boar, Moncton

Tire Shack Brewing, Moncton

Tobique River Trading Company, Perth Andover

TrailWay Brewing, Fredericton

Tuddenham Farms, St. Stephen (Oak Bay)

Twin Harbour Brewing, Saint Antoine

Valonray Farmhouse Brewery, MacDougall
Settlement

Verger Belliveau Orchard (Scow Cider),
Memramcook

Vinerie DesFruits Winery, Saint Andre

Waterside Farms Cottage Winery, Waterside

Winegarden Estate Ltd. Distillery, Baie Verte

Winegarden Estate Ltd. Winery, Baie Verte

Yip Cider, Kingston

York County Cider, Fredericton

Brasserie Chockpish, Dieppe

Cross Creek Brewing, Woodstock

3Flip Brewing, Fredericton

Acadie - Broue Inc, Moncton

Broue de Paien, Bouctouche

Microbrassier Houblon - Pecheur, Caraquet

MorALE Brewsters, Oromocto

O'Creek Brewing, Dieppe

Off Grid Brewing, Harvey

Timbership Brewing, Miramichi

Corporate Responsibility

SOCIAL RESPONSIBILITY FRAMEWORK

The newly formed Corporate Social Responsibility (CSR) department developed a social responsibility framework aimed at gathering information to build a long-term CSR strategic plan. Highlights of the framework include the following:

Jurisdictional Scan – a thorough examination of CSR practices in other Canadian liquor jurisdictions around the country to see what they are doing, what are best practices and what can we learn from others.

Training Plan – a new social responsibility training platform was launched on our internal learning platform, SmarterU, and offered to all ANBL employees and channel partners (agency stores, grocery stores and local producers).

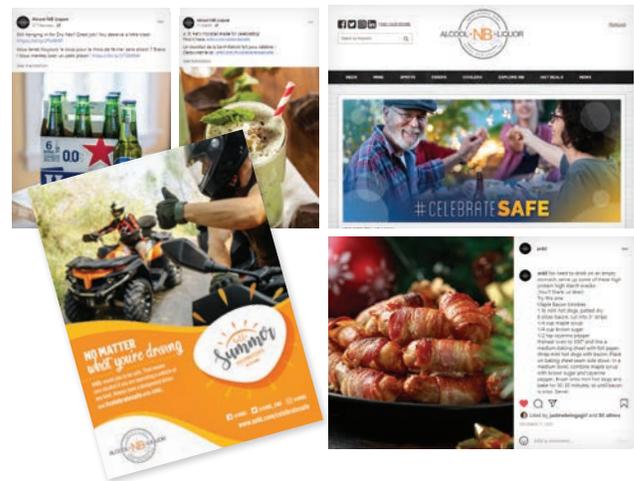
Research – three research projects were launched to learn from ANBL customers, ANBL team members and members of the general public. Insights were gained with respect to how ANBL is perceived from the perspective of social responsibility and community engagement.

Social Responsibility Policy – a policy was developed around social responsibility principles within ANBL.

registered NB charitable organizations on behalf of ANBL customers.

ANBL team members give back to communities in New Brunswick, not only in donations and fundraising efforts, but also with their time. In 2020-2021, team members logged nearly 7,000 hours of volunteerism and acts of kindness in only six months. Every year, eligible ANBL employees are also given a paid day of leave to volunteer within the non-profit sector.

ANBL is a motivating partner behind social responsibility programs in New Brunswick. The corporation encourages responsible use of beverage alcohol by initiating a continued conversation around making educated decisions, responsible consumption and hosting, and ending impaired driving. ANBL's socially responsible business practices focus on responsible selling practices, moderation campaigns, ongoing education (internal and external), and operating in an environmentally safe manner.



CELEBRATE SAFE

To ensure consistency of messaging, and ensure it resonates with consumers ANBL established an umbrella campaign under the tag line “Celebrate Safe”. Through advertising campaigns, social media messaging and our website, anbl.com/celebratesafe, ANBL strives to educate our customers on safe use practices, moderation techniques, mocktail recipes and hosting responsibly.



ANBL CARES

The vision of ANBL is to be the partner of choice in community development and improving lives in New Brunswick. In addition to volunteerism and employee driven campaigns, ANBL invests in several New Brunswick community organizations and programs. In 2020-2021, over \$200,000 was donated back to



FESTIVALS

The events and festivals sector were highly impacted by the pandemic in 2020-2021. Public Health guidelines prohibited large in-person events and gatherings from taking place. As a result, ANBL dedicated dollars typically allocated towards event sponsorships, and made charitable donations of over \$50,000 to various community organizations.

ANBL is also proud to have launched a new and improved event sponsorship policy. The policy has a standard evaluation and assessment process to ensure fairness and transparency in the application process. This provides additional clarity to existing and potential partners regarding the requirements for sponsorship and the expectations going forward once a sponsorship has been granted.

Governance

BOARD OF DIRECTORS' MANDATE LETTER

The Government of New Brunswick's Mandate Letter continues to be a key component of governance of ANBL. This mandate letter is formalized for the Board of Directors of the New Brunswick Liquor Corporation to inform them of the government's current intentions and expectations. ANBL is central to the future economic platform of New Brunswick and through this letter the government reinforces its strong and constructive relationship with ANBL's Board and Management.

NOTICES OF MOTIONS – LEGISLATIVE ASSEMBLY

There was one motion naming ANBL during the 2020-2021 fiscal year related to all information regarding a request for proposal for a single private entity to operate, distribute and sell recreational cannabis in New Brunswick.

RIGHT TO INFORMATION AND PROTECTION OF PRIVACY ACTS REQUESTS

In 2020-2021, there were nine requests received under the *Right to Information and Protection of Privacy Act*. One request was abandoned and later re-submitted, six requests were answered and closed, and two were ongoing at the end of the fiscal year.

OFFICIAL LANGUAGES

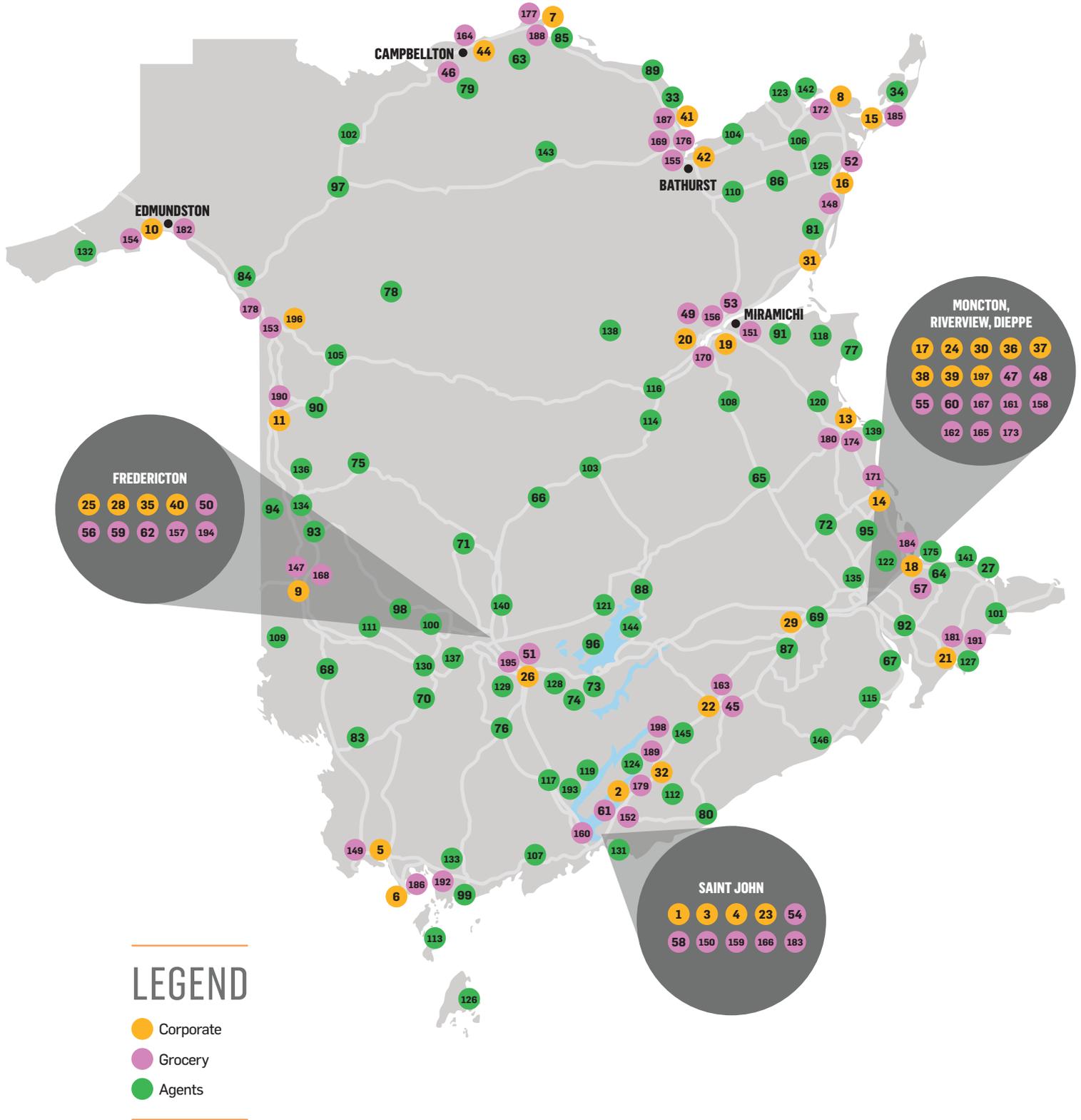
There were three language complaints received in the 2020-2021 fiscal year at ANBL. ANBL is working with the Office of the Commissioner of Official Languages for New Brunswick to implement appropriate remediating actions.

REPORT ON THE PUBLIC INTEREST DISCLOSURE ACT

As provided under section 18(1) of the *Public Interest Disclosure Act*, Chief Executive Officer shall prepare a report of any disclosures of wrongdoing that have been made to a supervisor or designated officer of the portion of the public service for which the Chief Executive Officer is responsible. There were no disclosures made during the 2020-2021 fiscal year pursuant to the policy.

- 42 Bathurst
- 41 Beresford
- 14 Bouctouche
- 40 Brookside Mall, Fredericton
- 44 Campbellton
- 8 Caraquet
- 19 Chatham
- 7 Dalhousie
- 25 Devon Park, Fredericton
- 36 Dieppe Blvd., Dieppe
- 23 East Point, Saint John
- 10 Edmundston
- 38 Elmwood Dr., Moncton
- 197 Expérience by/par ANBL Moncton
- 1 Fairville Blvd., Saint John
- 196 Grand Falls
- 32 Hampton
- 2 Kennebecasis Valley
- 30 Moncton North
- 24 Mountain Rd., Moncton
- 31 Neguac
- 20 Newcastle
- 26 Oromocto
- 11 Perth-Andover
- 35 Corbett Centre, Fredericton
- 39 Regis St., Dieppe
- 13 Richibucto
- 37 Riverview
- 21 Sackville
- 29 Salisbury Depot
- 18 Shediac
- 15 Shippagan
- 3 Somerset St., Saint John
- 6 St. Andrews
- 5 St. Stephen
- 22 Sussex
- 16 Tracadie-Sheila
- 17 Vaughan Harvey Blvd., Moncton
- 4 Wellington Row, Saint John
- 9 Woodstock
- 28 York St., Fredericton
- 46 Atlantic Superstore Atholville
- 155 Atlantic Superstore Bathurst
- 151 Atlantic Superstore Chatham
- 154 Atlantic Superstore Edmundston
- 153 Atlantic Superstore Grand Falls
- 152 Atlantic Superstore Kennebecasis
- 48 Atlantic Superstore Main St., Moncton
- 150 Atlantic Superstore Millidgeville, Saint John
- 49 Atlantic Superstore Miramichi
- 50 Atlantic Superstore Nashwaaksis, Fredericton
- 51 Atlantic Superstore Oromocto
- 47 Atlantic Superstore Riverview
- 54 Atlantic Superstore Rothesay Ave., Saint John
- 56 Atlantic Superstore Smythe St., Fredericton
- 149 Atlantic Superstore St. Stephen
- 45 Atlantic Superstore Sussex
- 148 Atlantic Superstore Tracadie
- 55 Atlantic Superstore Trinity Dr., Moncton
- 147 Atlantic Superstore Woodstock
- 170 Beaubear Co-Op - Miramichi
- 171 Co-Op IGA - Bouctouche
- 172 Co-Op IGA Extra - Caraquet
- 173 Co-Op IGA - Dieppe
- 174 Co-Op Tradition - Richibucto
- 175 Co-Op IGA - Shediac
- 176 Foodland - Bathurst
- 177 Foodland - Dalhousie
- 178 Foodland - Grand Falls
- 179 Foodland - Quispamsis
- 180 Foodland - Rexton
- 181 Foodland - Sackville
- 62 Fredericton Co-op
- 182 IGA Extra - Edmundston
- 198 Kredl's Corner Market
- 183 No Frills - Saint John
- 184 No Frills - Shediac
- 185 Save Easy - Shippagan
- 186 Save Easy - St. Andrews
- 169 Sobeys Bathurst
- 157 Sobeys Brookside Mall, Fredericton
- 164 Sobeys Campbellton
- 53 Sobeys Douglstown
- 159 Sobeys East Point, Saint John
- 167 Sobeys Elmwood Dr., Moncton
- 160 Sobeys Grand Bay
- 58 Sobeys Lansdowne Ave., Saint John
- 156 Sobeys Miramichi
- 60 Sobeys Mountain Rd., Moncton
- 195 Sobeys Oromocto
- 161 Sobeys Paul St., Dieppe
- 59 Sobeys Prospect St., Fredericton
- 194 Sobeys Regent Fredericton
- 158 Sobeys Regis St., Dieppe
- 162 Sobeys Riverview
- 61 Sobeys Rothesay
- 166 Sobeys Saint John West
- 57 Sobeys Shediac
- 163 Sobeys Sussex
- 165 Sobeys Vaughan Harvey Blvd., Moncton
- 168 Sobeys Woodstock
- 52 Tracadie Co-op
- 187 Your Independent Grocer - Beresford
- 188 Your Independent Grocer - Dalhousie
- 189 Your Independent Grocer - Hampton
- 190 Your Independent Grocer - Perth Andover
- 191 Your Independent Grocer - Sackville
- 192 Your Independent Grocer - St. George
- 110 Allardville
- 146 Alma
- 90 Arthurette
- 127 Aulac
- 118 Baie-Ste-Anne
- 63 Balmoral
- 112 Barnesville
- 136 Bath
- 91 Bay du Vin
- 89 Belledune
- 99 Blacks Harbour
- 114 Blackville
- 66 Boiestown
- 81 Brantville
- 128 Burton
- 73 Cambridge Narrows
- 113 Campobello
- 68 Canterbury
- 27 Cap-Pelé
- 94 Centerville
- 85 Charlo
- 88 Chipman
- 132 Clair
- 122 Cocagne
- 109 Debec
- 103 Doaktown
- 96 Douglas Harbour
- 134 Florenceville
- 76 Fredericton Junction
- 74 Gagetown
- 193 Grand Bay
- 126 Grand Manan
- 141 Grand-Barachois
- 123 Grande-Anse
- 137 Hanwell
- 65 Harcourt
- 93 Hartland
- 70 Harvey
- 67 Hillsborough
- 135 Irishtown
- 104 Janeville
- 75 Juniper
- 102 Kedgwick
- 124 Kingston
- 34 Lamèque
- 107 Lepreau
- 131 Loch Lomond
- 100 Mactaquac
- 142 Maisonnette
- 83 McAdam
- 92 Memramcook
- 121 Minto
- 111 Nackawic
- 145 Norton
- 106 Paquetville
- 140 Penniac
- 87 Petitcodiac
- 33 Petit-Rocher
- 105 Plaster Rock
- 77 Pointe-Sapin
- 101 Port Elgin
- 130 Prince William
- 119 Public Landing
- 116 Renous
- 139 Richibucto-Village
- 78 Riley Brook
- 115 Riverside-Albert
- 108 Rogersville
- 95 Saint-Antoine
- 79 Saint-Arthur
- 125 Saint-Isidore
- 84 Saint-Léonard
- 120 Saint-Louis-de-Kent
- 72 Saint-Paul-de-Kent
- 97 Saint-Quentin
- 88 Saint-Sauveur
- 69 Salisbury
- 64 Shediac
- 143 South Tetagouche
- 133 St. George
- 80 St. Martins
- 71 Stanley
- 138 Sunny Corner
- 128 Waasis
- 117 Welsford
- 144 Youngs Cove
- 98 Zealand

STORE LOCATIONS



SALES BY LOCATION

LOCATION	2020-2021 (\$000'S)			2019-2020 (\$000'S)		LOCATION	2020-2021 (\$000'S)			2019-2020 (\$000'S)	
	PUBLIC	LICENSEE	TOTAL	TOTAL	PUBLIC		LICENSEE	TOTAL	TOTAL		
Bathurst (3)	\$ 9,941	\$ 665	\$ 10,606	\$ 9,843	Moncton City						
Beresford (2)	5,277	73	5,350	4,250	Elmwood Drive (2)	\$ 7,990	\$ 227	\$ 8,217	\$ 8,021		
Boucoucher (2)	3,354	85	3,439	3,161	Moncton North	10,833	375	11,208	11,639		
Campbellton (2)	5,582	189	5,771	3,298	Mountain Rd. (1)	8,260	909	9,169	9,644		
Caraquet (3)	5,112	355	5,467	4,893	Vaughan Harvey Blvd.	10,912	1,021	11,933	14,549		
Dalhousie (3)	3,030	42	3,072	1,961	Expérience**	2,280	271	2,551	1,681		
Dieppe City					Total Moncton Stores	<u>40,275</u>	<u>2,803</u>	<u>43,078</u>	<u>45,534</u>		
Dieppe Blvd.	8,716	279	8,995	8,009	Neguac	3,390	117	3,507	2,583		
Regis St.	11,887	1,031	12,918	14,255	Oromocto (5)	8,093	293	8,386	8,731		
Total Dieppe Stores	<u>20,603</u>	<u>1,310</u>	<u>21,913</u>	<u>22,264</u>	Perth Andover (3)	3,615	66	3,681	3,653		
Edmundston (1)	13,616	744	14,360	10,507	Richibucto (4)	5,171	323	5,494	4,840		
Fredericton City					Riverview (3)	9,349	618	9,967	8,023		
Brookside Mall (3)	9,145	800	9,945	9,492	Sackville (2)	4,870	126	4,996	5,722		
Corbett Centre (3)	15,001	593	15,594	14,627	Saint John City						
Devon Park (5)	8,950	288	9,238	9,232	East Point Center (4)	13,401	514	13,915	13,170		
York St.	12,603	898	13,501	13,675	Fairville Blvd. (4)	10,328	509	10,837	9,379		
Total Fredericton Stores	<u>45,699</u>	<u>2,579</u>	<u>48,278</u>	<u>47,025</u>	Somerset St.	7,940	677	8,617	9,135		
Grand Bay-Westfield ***	(194)	194	-	2,881	Wellington Row	6,928	851	7,779	9,047		
Grand Falls (3)	7,049	87	7,136	6,325	Total Saint John Stores	<u>38,597</u>	<u>2,551</u>	<u>41,148</u>	<u>40,731</u>		
Hampton (1)	4,178	434	4,612	4,167	Salisbury	10,714	13	10,727	9,677		
Kennebecasis Valley (3)	15,590	-	15,590	14,624	Shediac (4)	7,249	491	7,740	7,795		
Miramichi City					Shippagan (1)	3,190	215	3,405	3,271		
Chatham (3)	4,994	467	5,461	5,586	St. Andrews	2,677	516	3,193	3,174		
Newcastle (3)	8,419	-	8,419	7,900	St. Stephen (2)	6,975	92	7,067	6,398		
Total Miramichi Stores	<u>13,413</u>	<u>467</u>	<u>13,880</u>	<u>13,486</u>	Sussex (3)	7,207	332	7,539	7,239		
					Tracadie (2)	6,801	327	7,128	6,221		
					Woodstock (6)	7,171	230	7,401	7,149		
					Warehouse *	165,006	7,022	172,028	129,880		
					TOTAL	\$ 482,600	\$ 23,359	\$ 505,959	\$ 449,305		

(#) Indicates number of agents at this location * Includes web-based ordering for Licensees ** opened May 2019 *** closed Jan 2020

AGENT STORE SALES BY LOCATION

AGENT STORE LOCATION	ANBL LOCATION	2020-2021 (S000'S)	2019-2020 (S000'S)	AGENT STORE LOCATION	ANBL LOCATION	2020-2021 (S000'S)	2019-2020 (S000'S)
		TOTAL	TOTAL			TOTAL	TOTAL
Allardville	Bathurst	\$ 981	\$ 590	Memramcook	Elmwood Drive, Moncton	\$ 3,006	\$ 2,129
Alma	Riverview	471	554	Minto	Devon Park, Fredericton	1,921	1,713
Arthurette	Perth-Andover	895	694	Nackawic	Woodstock	1,692	1,517
Aulac	Sackville	1,771	3,044	Norton	Sussex	3,439	2,431
Baie-Sainte-Anne	Chatham	863	843	Paquetville	Caraquet	2,503	1,828
Balmoral	Dalhousie	1,537	775	Penniac	Devon Park, Fredericton	1,991	1,132
Barnesville	Kennebecasis Valley	820	527	Petit Rocher	Beresford	2,980	2,159
Bath	Perth-Andover	1,278	993	Petitcodiac	Sussex	2,481	2,070
Bay du Vin	Chatham	648	475	Plaster Rock***	Perth-Andover	756	284
Belledune	Beresford	1,170	696	Pointe-Sapin	Richibucto	283	278
Black's Harbour	Fairville Blvd., Saint John	969	796	Port Elgin	Sackville	1,798	2,066
Blackville	Newcastle	1,168	979	Prince William	York Str, Fredericton	1,862	1,489
Boisetown	Devon Park, Fredericton	782	717	Public Landing	Grand Bay	817	758
Brantville	Tracadie	2,177	1,407	Renous	Newcastle	1,113	851
Burton	Oromocto	1,364	1,028	Richibouctou Village	Richibucto	828	604
Cambridge Narrows	Sussex	982	861	Riley Brook	Grand Falls	409	312
Campobello Island	St. Stephen	345	343	Riverside-Albert	Riverview	497	419
Canterbury	Woodstock	626	502	Rogersville	Chatham	1,706	1,542
Cape Pele	Shediac	3,346	2,825	Saint-Arthur	Campbellton	809	244
Centerville	Woodstock	1,113	857	Saint-Louis-de-Kent	Richibucto	1,954	1,570
Charlo	Dalhousie	1,319	803	Saint-Paul-de-Kent	Boucrouche	418	320
Chipman	Devon Park, Fredericton	1,447	1,239	Saint-Sauveur*	Tracadie	0	213
Clair	Edmundston	1,364	502	Salisbury	Mountain Road, Moncton	3,446	2,423
Cocagne	Shediac	3,125	2,684	Shediac	Shediac	3,379	2,341
Debec	Woodstock	676	431	South Tetagouche	Bathurst	716	425
Doaktown	Devon Park, Fredericton	768	691	St. George	Fairville Blvd., Saint John	3,994	3,247
Douglas Harbour	Oromocto	727	491	St. Isidore	Tracadie	1,184	781
Florenceville	Perth-Andover	2,069	1,899	St. Leonard	Grand falls	1,977	1,197
Fredericton Junction	Oromocto	1,326	1,023	St. Martins	East Point, Saint John	863	633
Gagetown	Oromocto	612	538	Stanley	Brookside Mall, Fredericton	1,131	899
Grand Barachois	Shediac	1,996	1,493	St-Antoine	Boucrouche	2,413	1,798
Grand Bay**	Grand Bay	5,630	1,015	St-Quentin	Grand Falls	2,275	1,693
Grand Manan	East Point, Saint John	2,166	1,893	Sunny Corner	Newcastle	1,474	1,137
Grande-Anse	Caraquet	962	826	Waasis	Oromocto	3,829	3,077
Hanwell	Corbett Centre, Fredericton	5,151	4,305	Welsford	Grand Bay	833	735
Harcourt	Richibucto	1,055	592	Youngs Cove	Kennebecasis Valley	1,107	891
Hartland	Woodstock	1,947	1,502	Zealand	Brookside Mall, Fredericton	1,277	974
Harvey Station	Devon Park, Fredericton	1,488	1,290	Manufacturer Agents	Head Office, Fredericton	505	435
Hillsborough	Riverview	1,510	1,183				
Irishtown	Elmwood Dr., Moncton	3,405	1,862	TOTAL AGENT SALES		\$ 141,544	\$ 106,715
Janeville	Bathurst	613	411				
Juniper	Woodstock	293	266	GROCERY			
Kedgwick	Campbellton	1,545	1,040	Fredericton Coop Limited		\$ -	\$ 63
Kingston	Kennebecasis Valley	1,741	1,315	Kred'l's Corner Market (2017) Ltd.		112	-
Lameque	Shippagan	2,370	1,894	Loblaws Distribution Centre		12,143	7,826
Lepreau	Fairville Blvd., Saint John	1,303	1,102	Sobeys Distribution Centre		16,527	8,050
Loch Lomond	Kennebecasis Valley	4,674	3,676				
Mactaquac	Brookside Mall, Fredericton	2,107	1,622	TOTAL GROCERY SALES		\$ 28,781	\$ 15,939
Maissonnette	Caraquet	593	454				
McAdam	St. Stephen	590	550				

* closed during the year ** closed in previous year

MANAGEMENT AND AUDITOR'S REPORT

MANAGEMENT REPORT

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

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

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

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



Lori Stickle
ACTING
PRESIDENT
AND CEO

Eitan Dehtiar
INTERIM VICE
PRESIDENT
AND CFO

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of New Brunswick Liquor Corporation

Opinion

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

- the statement of financial position as at March 28, 2021
- the statement of operations and comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 28, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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 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.

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

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

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

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

Auditors' 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 auditors' report that includes our opinion.

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

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

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

We also:

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

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

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

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for KPMG LLP, featuring the letters 'KPMG' in a large, bold, black font, with 'LLP' in a smaller, black font to the right. A horizontal line is drawn underneath the text.

Chartered Professional Accountants
Fredericton, Canada
July 9, 2021

2020-2021 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION (in 000'S)

As at	March 28, 2021	March 29, 2020
Assets		
<i>Current Assets</i>		
Cash	\$ 193	\$ 162
Trade and other receivables	14,048	9,726
Due from Cannabis NB Ltd. (note 13)	15,488	34,671
Inventories	34,107	37,053
Prepaid expenses	2,014	1,761
	<u>65,850</u>	<u>83,373</u>
<i>Non Current Assets</i>		
Property and equipment (note 4)	12,819	13,802
Intangible assets (note 5)	6,593	5,608
Right-of-use assets (note 6)	50,984	56,419
	<u>70,396</u>	<u>75,829</u>
<i>Total Assets</i>	<u>\$ 136,246</u>	<u>\$ 159,202</u>
Liabilities		
<i>Current Liabilities</i>		
Trade and other payables	\$ 31,777	\$ 28,229
Lease liabilities due within one year (note 6)	6,434	6,320
	<u>38,211</u>	<u>34,549</u>
<i>Non Current Liabilities</i>		
Long-term lease liabilities (note 6)	49,450	54,753
Retiring allowances (note 7)	2,497	2,223
	<u>51,947</u>	<u>56,976</u>
<i>Total Liabilities</i>	<u>90,158</u>	<u>91,525</u>
Equity of the Province of New Brunswick		
Equity	<u>46,088</u>	<u>67,677</u>
<i>Total Liabilities and Equity</i>	<u>\$ 136,246</u>	<u>\$ 159,202</u>

Contingencies (note 12)

See accompanying notes to the financial statements

APPROVED ON BEHALF OF THE BOARD:



Director



Director

2020-2021 FINANCIAL STATEMENTS

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (in 000'S)

Year ended	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Total sales (note 9)	\$ 505,959	\$ 449,305
Less: discounts	11,603	8,221
Net sales	494,356	441,084
Cost of sales	228,802	202,327
Gross profit	265,554	238,757
Other income	2,974	3,029
	268,528	241,786
Operating expenses (note 10)	69,162	67,865
Net income and comprehensive income	\$ 199,366	\$ 173,921

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN EQUITY (in 000'S)

Year ended	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Balance at beginning of year	\$ 67,677	\$ 56,312
Net income and comprehensive income	199,366	173,921
Distributions to the Province of New Brunswick	(220,955)	(162,556)
Balance at end of the year	\$ 46,088	\$ 67,677

See accompanying notes to the financial statements

2020-2021 FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS (in 000'S)

Year ended	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Operating		
Net income and comprehensive income	\$ 199,366	\$ 173,921
Items not involving cash:		
Depreciation	9,025	8,961
Amortization of intangible assets	741	741
Loss on sale of property and equipment	22	150
Increase (decrease) in retiring allowances	274	(118)
Lease liabilities - interest portion (note 6)	1,836	2,002
Change in non-cash working capital (note 8)	1,919	1,700
Cash available from operations	<u>213,183</u>	<u>187,357</u>
Investing		
Repayments (advances) from (to) Cannabis NB Ltd.	19,183	(15,689)
Additions to property and equipment	(1,348)	(2,774)
Additions to intangible assets	(1,726)	(1,540)
Proceeds from sale of property and equipment	14	10
Net cash available (used) for capital investments	<u>16,123</u>	<u>(19,993)</u>
Financing		
Decrease in beverage container redemptions	-	(529)
Lease payments (note 6)	(8,320)	(8,289)
Distributions to the Province of New Brunswick	(220,955)	(162,556)
Net cash used in financing activities	<u>(229,275)</u>	<u>(171,374)</u>
Increase (decrease) in cash	31	(4,010)
Cash at beginning of year	<u>162</u>	<u>4,172</u>
Cash at end of year	<u><u>\$ 193</u></u>	<u><u>\$ 162</u></u>

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS (000'S)

1. Nature of Operations and Reporting Entity

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

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

Impact of Coronavirus COVID-19 Pandemic

In March 2020, the global outbreak of the novel coronavirus (COVID-19) was declared a pandemic by the World Health Organization. In response to the outbreak, governmental authorities globally introduced various recommendations and measures to try to limit spread of the pandemic, including non-essential business closures, quarantines, travel restrictions, self-isolation, social and physical distancing, and shelter-in-place. These measures caused disruptions to businesses globally, resulting in an economic slowdown.

The Corporation, through its purchase, distribution and sale of alcoholic beverages, experienced an increase in sales, which can in part be attributed to the pandemic. The Corporation also incurred additional costs to mitigate the risks of the outbreak. These additional costs were comprised primarily of security services, modifications to the retail space, personal protective equipment, and cleaning supplies. The ultimate duration and magnitude of the impact on the economy and consequential financial effect on the Corporation, is unknown at this time.

2. Basis of Presentation

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. Certain comparative figures

have been reclassified to conform to the current year's presentation.

The financial statements for the year ended March 28, 2021, were approved, and authorized for issue by the Board of Directors on July 9, 2021.

Fiscal year

The Corporation's fiscal year ends on the Sunday closest to March 31. All references to 2021 and 2020 represent the fiscal years ended March 28, 2021 and March 29, 2020 respectively. Under an accounting convention common in the retail industry, the Corporation follows a 52-week reporting cycle, which periodically necessitates a fiscal year of 53 weeks. Both the year ended March 28, 2021 and the year ended March 29, 2020 contained 52 weeks. Typically, the inclusion of an extra week occurs every fifth or sixth fiscal year due to the Corporation's floating year-end date. The next 53-week year will occur in fiscal 2022.

Basis of measurement

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

3. Summary of Significant Accounting Policies

Use of estimates and judgements

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

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

Significant management judgements

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

NOTES TO THE FINANCIAL STATEMENTS (000'S)

3. Summary of Significant Accounting Policies (continued)

Use of estimates and judgements (continued)

Consolidation

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

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

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

Capitalization of internally developed software

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

Right-of-use assets and lease liabilities

Judgement is required to determine whether or not an option to extend beyond the lease term would be reasonably certain to be exercised. Management

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

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

Significant estimations and assumptions

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

Useful lives of property and equipment and intangible assets

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

Retiring allowances

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

Cash

Cash includes cash and bank deposits.

NOTES TO THE FINANCIAL STATEMENTS (000'S)

3. Summary of Significant Accounting Policies (continued)

Inventories

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

Property and equipment

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

Derecognition

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

Subsequent costs

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

Depreciation

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

Paving	10 years
Buildings	40 years
Furniture, fixtures and equipment	5 years
Automotive	4 years
Retail equipment	5 years
Refrigeration equipment	10 years

Leasehold improvements are depreciated on the straight-line basis over the lesser of the estimated useful life and the lease term. Property and equipment include assets purchased or under construction, all or a portion of which may not be in use at the end of the year. As a result, no depreciation is taken on these assets. Assets not in use totaled \$401 (\$322 in 2020) of which \$51 (\$Nil in 2020) is included in buildings, \$Nil (\$53 in 2020) is included in leasehold improvements, \$350 (\$268 in 2020) is included in furniture, fixtures and equipment, and \$Nil (\$1 in 2020) is included in refrigeration equipment.

Impairment

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

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

The recoverable amount of a CGU is the greater of the CGU's value in use and its fair value less estimated costs

NOTES TO THE FINANCIAL STATEMENTS (000'S)

3. Summary of Significant Accounting Policies (continued)

Property and equipment (continued)

to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses recognized in prior periods are reversed if the recoverable amount in a later period exceeds the carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. At March 28, 2021 there were no indications of impairment.

Intangible assets

Intangible assets include purchased and in-house developed computer software which are recorded at cost and amortized on a straight-line basis over the estimated useful life, as these assets are considered to have finite useful lives. Useful lives are reviewed at each reporting date. The Corporation assesses the carrying value of intangible assets for impairment on an annual basis. At March 28, 2021 there were no indicators of impairment. Computer software is amortized on a straight-line basis over 10 years. Included in intangible assets are assets not in use of \$1,655 (\$1,232 in 2020). No amortization is taken on these assets.

Leased assets

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

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

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

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

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

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

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

ROU assets are measured at cost comprising the following:

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

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 Corporation's ROU assets are buildings which are depreciated over 15 to 20 years depending on the lease period.

NOTES TO THE FINANCIAL STATEMENTS (000'S)

3. Summary of Significant Accounting Policies (continued)

Leased assets (continued)

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

Financial instruments

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

Classification and measurement of financial assets

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

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

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

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

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

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

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

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

Derecognition

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

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

Impairment of financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (000'S)

3. Summary of Significant Accounting Policies (continued)

Classification and measurement of financial assets (continued)

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

Measurement of ECL

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Provisions

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

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

Post-employment benefits

Retiring allowances

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

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

	March 28, 2021	March 29, 2020
Discount rate	2.9%	3.6%
Future salary increases	2.3%	2.3%
Retirement age	Varies depending on member's current age	

Pension plan

Employees of the Corporation are members of the New Brunswick Public Service Pension Plan, a multi-employer, shared risk pension plan. Contributions are made by both the Corporation and the employees. Since sufficient information is not readily available to account for the Corporation's participation in the plan using defined benefit pension plan accounting, these financial statements have been prepared using accounting for defined contribution pension plans. Contributions made by the Corporation during the year totaled \$2,905 (\$2,889 in 2020).

The Corporation also maintains a defined contribution plan for its part-time and seasonal employees. Contributions made by the Corporation during the year totaled \$28 (\$Nil in 2020).

Revenue

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

NOTES TO THE FINANCIAL STATEMENTS (000'S)

3. Summary of Significant Accounting Policies (continued)

Revenue (continued)

point of sale is made or when goods are delivered to the customers.

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.

Standards and interpretations not yet applied

A number of new standards, amendments to standards and interpretations of standards have been issued by the IASB and the IFRIC, the application of which is effective for periods beginning on or after January 1, 2021. The Corporation does not expect the implementation of these new accounting pronouncements to have a significant impact on its accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (000'S)

4. Property and Equipment

Cost	Land	Paving	Buildings	Leasehold Improvements	Furniture, Fixtures & Equipment	Automotive	Retail Equipment	Refrigeration Equipment	Total
Balance at March 31, 2019	\$ 23	\$ 450	\$ 10,993	\$ 6,604	\$ 24,553	\$ 439	\$ 1,379	\$ 3,717	\$ 48,158
Additions	-	-	-	839	1,791	44	-	100	2,774
Disposals	-	-	-	1,229	339	22	29	50	1,669
Balance at March 29, 2020	\$ 23	\$ 450	\$ 10,993	\$ 6,214	\$ 26,005	\$ 461	\$ 1,350	\$ 3,767	\$ 49,263

Balance at March 29, 2020	\$ 23	\$ 450	\$ 10,993	\$ 6,214	\$ 26,005	\$ 461	\$ 1,350	\$ 3,767	\$ 49,263
Additions	-	-	431	-	917	-	-	-	1,348
Disposals	-	-	-	-	407	18	-	1	426
Balance at March 28, 2021	\$ 23	\$ 450	\$ 11,424	\$ 6,214	\$ 26,515	\$ 443	\$ 1,350	\$ 3,766	\$ 50,185

Accumulated Depreciation

Balance at March 31, 2019	\$ -	\$ 366	\$ 6,323	\$ 3,337	\$ 20,478	\$ 309	\$ 1,348	\$ 2,537	\$ 34,698
Depreciation	-	13	176	297	1,481	71	16	218	2,272
Disposals	-	-	4	1,069	335	22	29	50	1,509
Balance at March 29, 2020	\$ -	\$ 379	\$ 6,495	\$ 2,565	\$ 21,624	\$ 358	\$ 1,335	\$ 2,705	\$ 35,461

Balance at March 29, 2020	\$ -	\$ 379	\$ 6,495	\$ 2,565	\$ 21,624	\$ 358	\$ 1,335	\$ 2,705	\$ 35,461
Depreciation	-	9	182	317	1,518	47	13	209	2,295
Disposals	-	-	-	-	372	18	-	-	390
Balance at March 28, 2021	\$ -	\$ 388	\$ 6,677	\$ 2,882	\$ 22,770	\$ 387	\$ 1,348	\$ 2,914	\$ 37,366

Carrying Amounts

At March 29, 2020	\$ 23	\$ 71	\$ 4,498	\$ 3,649	\$ 4,381	\$ 103	\$ 15	\$ 1,062	\$ 13,802
At March 28, 2021	\$ 23	\$ 62	\$ 4,747	\$ 3,332	\$ 3,745	\$ 56	\$ 2	\$ 852	\$ 12,819

NOTES TO THE FINANCIAL STATEMENTS (000'S)

5. Intangible Assets

Software	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Cost		
Opening	\$ 12,980	\$ 11,440
Additions	1,726	1,540
Closing	<u>14,706</u>	<u>12,980</u>
Accumulated Amortization		
Opening	7,372	6,631
Amortization	741	741
Closing	<u>8,113</u>	<u>7,372</u>
Carrying Amount	<u>\$ 6,593</u>	<u>\$ 5,608</u>

6. Right-of-Use Assets and Lease Liabilities

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

Right-of-use assets	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Cost		
Opening	\$ 63,108	\$ 63,108
Additions	1,295	-
Closing	<u>64,403</u>	<u>63,108</u>
Accumulated Depreciation		
Opening	6,689	-
Depreciation	6,730	6,689
Closing	<u>13,419</u>	<u>6,689</u>
Carrying Amount	<u>\$ 50,984</u>	<u>\$ 56,419</u>

NOTES TO THE FINANCIAL STATEMENTS (000'S)

6. Right-of-Use Assets and Lease Liabilities (continued)

Lease Liabilities

	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Cost		
Opening	\$ 61,073	\$ 67,360
Additions	1,295	-
Lease payments	(8,320)	(8,289)
Interest expense on lease liabilities	1,836	2,002
Closing balance	<u>55,884</u>	<u>61,073</u>
Current	6,434	6,320
Long-term	49,450	54,753
	<u>\$ 55,884</u>	<u>\$ 61,073</u>

Maturity of lease liability

A maturity analysis of discounted payments are as follows:

	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Due within one year or less	\$ 6,434	\$ 6,320
Between one and five years	27,624	28,116
More than five years	21,826	26,637
	<u>\$ 55,884</u>	<u>\$ 61,073</u>

7. Retirement Allowances

Pursuant to the direction of the Province of New Brunswick and with the approval of the Board of Directors, the accumulation of retirement allowance benefits ceased for non-bargaining employees effective June 30, 2013. The program remains in effect for bargaining employees pending direction from the Province of New Brunswick. The last full actuarial valuation of the plan was completed as at March 31, 2019. An extrapolation of the plan was performed as of March 28, 2021.

Information relating to the plan is as follows:

	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Opening balance	\$ 2,223	\$ 2,341
Employer current service cost	126	130
Interest cost	83	73
Benefit payments	(66)	(228)
Change in financial assumptions	131	(93)
Closing balance	<u>\$ 2,497</u>	<u>\$ 2,223</u>

NOTES TO THE FINANCIAL STATEMENTS (000'S)

8. Changes in Non-Cash Operating Working Capital

	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Trade and other receivables	\$ (4,322)	\$ (1,913)
Inventories	2,946	(2,083)
Prepaid expenses	(253)	(668)
Trade and other payables	3,548	6,364
	<u>\$ 1,919</u>	<u>\$ 1,700</u>

9. Sales

	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Beer	\$ 217,990	\$ 201,593
Spirits	119,133	106,580
Wine	109,889	102,651
Coolers and Cider	58,391	37,863
Non Liquor	556	618
	<u>\$ 505,959</u>	<u>\$ 449,305</u>

NOTES TO THE FINANCIAL STATEMENTS (000'S)

10. Operating Expenses

	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Salaries - stores	\$ 19,642	\$ 19,781
Employee benefits	8,187	8,251
Salaries - administration	7,927	6,996
Depreciation on ROU assets	6,730	6,689
Beverage container redemption	3,486	3,318
Bank charges and fees	3,044	3,039
Other	2,698	1,512
Depreciation on property and equipment	2,295	2,272
Interest on lease liabilities	1,836	2,002
Electricity, heating fuel and telecommunications	1,556	1,881
Salaries - warehouse	1,351	1,234
Executory costs	1,261	1,088
Professional fees	1,160	1,482
Information systems	1,103	882
Advertising and publications	1,001	1,135
Trucking	979	995
Amortization of intangible assets	741	741
Repairs and maintenance	708	846
Shortages	668	811
System maintenance	529	267
Supplies and minor equipment	456	850
Salaries - maintenance	432	281
Property taxes	249	279
Security	222	205
Donations	222	-
Other bonuses	217	174
Insurance	161	116
Travel	115	327
Training and development	112	278
Directors' remuneration	46	42
Tastings	28	91
	\$ 69,162	\$ 67,865

NOTES TO THE FINANCIAL STATEMENTS (000'S)

11. Financial Risk Management Objectives and Policies

Liquidity risk

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

	March 28, 2021 (52 weeks)	March 29, 2020 (52 weeks)
Due within one year or less	\$ 8,095	\$ 8,146
Between one and five years	33,160	34,477
More than five years	24,038	29,618
	<u>\$ 65,293</u>	<u>\$ 72,241</u>

Foreign currency risk

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

Credit risk

Credit risk is the risk the Corporation will incur a loss because a customer fails to meet an obligation. The Corporation's exposure is related to the value of trade and other receivables. The Corporation has mitigated the exposure to this risk through limited extension of credit and contractual relationships with business partners. As at March 28, 2021 there are no significant financial receivables greater than 30 days, and no customer account amounts to more than 10% of total receivables.

Capital Management

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

12. Contingencies

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

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

13. Related Party Transactions

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

The Corporation provides services to CNB, which are allocated through a shared service agreement. These services include human capital in the areas of executive management; corporate governance; property management; information technology services; strategic compliance; financial services; human resources; community and stakeholder relations, as well as the associated portion of benefits. In addition, the Corporation allocates occupancy costs to CNB for a share of space for CNB's employees. These transactions are recorded on a cost recovery basis and are recognized as a reduction to salaries-administration, employee

NOTES TO THE FINANCIAL STATEMENTS (000'S)

13. Related Party Transactions (continued)

benefits and rent expenses. During the year ended March 28, 2021 the Corporation charged CNB \$1,236 (\$2,252 in 2020) (comprised of \$1,104 (\$1,969 in 2020) for salaries-administration and \$132 (\$283 in 2020) in rent for occupancy costs).

The Corporation provided funds to CNB to fund its operations. At March 28, 2021, CNB owed the Corporation \$15,488 (\$34,671 in 2020). Trade and other receivables include \$88 (\$169 in 2020) which represents the current portion of the shared service allocation as described above. The total amount outstanding is non-interest bearing, unsecured, with no set term of repayment. The amounts due from CNB are considered current receivables and repayment is guaranteed under the terms of an agreement between CNB and Cannabis Management Corporation.

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

Compensation of key management personnel

Members of the Board of Directors and Executive Team are considered to be key management personnel. Total compensation and benefits amounted to \$1,397 (\$1,108 in 2020).