



2021 - 2022
ANNUAL REPORT

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Letter from the Chair

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

Dear Minister Steeves,

As Chairman of the Board, and in accordance with the *New Brunswick Liquor Corporation Act* and the *Accountability and Continuous Improvement Act*, I am very pleased to deliver to you the fiscal 2021-2022 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.

During the past year, two board members were re-appointed for a second term and we are pleased to welcome Lori Stickles as President & CEO.

ANBL sales of \$520M exceeded the record results of 2020-2021 and are a testament to our team's focus on the customer in every part of the business. As we continued to navigate the COVID-19 pandemic during 2021-2022, the team at ANBL demonstrated resiliency and a commitment to continuing its growth and contributions to the province of New Brunswick. In the midst of this, we were very proud to work respectfully with our vested stakeholders to attain a fair collective agreement.

In 2021-2022 ANBL continued to invest in our team with a focus on safety and training. Enhancements to cost-effective online courses for employees in their language of choice improved accessibility and further accommodation of different learning styles. Health and Safety is one of three pillars of the 2020-2023 ANBL Strategic Plan, and we strive for continuous improvement in this area. During the 2021-2022 year, only 2% of the workforce was off work due to the pandemic.

With ongoing global supply chain challenges, ANBL continued to work closely with our valued supply partners to mitigate the impact and avoid significant disruptions in our supply chain. We thank all our suppliers for all their support to ANBL.

On behalf of the Board of Directors, I extend congratulations to ANBL for achieving the record-breaking results and delivering on the mission to responsibly manage a successful business for the people of New Brunswick. A heartfelt thank you for the individual and collective contributions that made it possible.



Respectfully submitted,

John Correia
Chair, Board of Directors



Board of Directors

**As of April 3, 2022*

John Correia
Chair

Cédric Laverdure
Director

Joanne Bérubé Gagné
Director

Kathryn Craig
Director

Kevin Berry
Director

Paul Elliott
Director

Bruce Wood
Director

Lori Stickles
President and Chief Executive Officer

Andrea Dewitt
Secretary

President's Message

Fiscal 2021-2022 was the second year of ANBL's three-year strategic plan. I am so very proud of the ANBL team for the results achieved and the team's ability to deliver on our strategic priorities of financial performance, establishing a high-performing customer-centric culture, and focusing on corporate social responsibility safely and professionally during these trying times.

The global supply chain disruptions and workforce challenges, coupled with environmental impacts and the conflict in Ukraine, have all resulted in impacts to our business, as well as those of our valued partners. Taking those into consideration, the stellar results ANBL achieved in 2021-2022 that exceeded the record-setting sales results attained in 2020-2021, are a testament to the team's focus and dedication to deliver results. The focus on our customers and the best practices demonstrated throughout our retail network resulted in record results being remitted to the province.

ANBL takes its corporate social responsibility very seriously. In 2021-2022, ANBL established a revised community strategy supported by feedback from our customers and our teams that will allow ANBL to focus efforts on food security and truly make a meaningful impact to our communities and the province. Although our focus is on food security, we still supported other causes as the need arose, which included various registered charities in New Brunswick and the Red Cross Ukraine Humanitarian Crisis Appeal. We are very proud of our contribution to the communities within our province and our team is passionate about the positive impact it has on our friends and neighbours right here at home.

During 2021-2022, ANBL also satisfied its provincial mandate to energize the private sector with the approval of nine new local craft alcohol producer contracts and four agency location contracts. We exercised due diligence, as the responsible retailer for alcohol in New Brunswick and updated the agency program policy to reflect better governance and opportunity for this growing part of the business. In addition, ANBL has partnered with Elsipogtog First Nation on a pilot program to establish the first-of-its-kind First Nations agency location. We are very proud of this new partnership opportunity with First Nation communities.

2021-2022 was a historic year for ANBL, and is one we will reflect upon with a sense of pride and achievement.



Lori Stickles
President and CEO

Executive Management

**As of April 3, 2022*

Lori Stickles

President & Chief Executive Officer

Jamie LeBlanc

*Vice-President &
Chief Financial Officer*

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

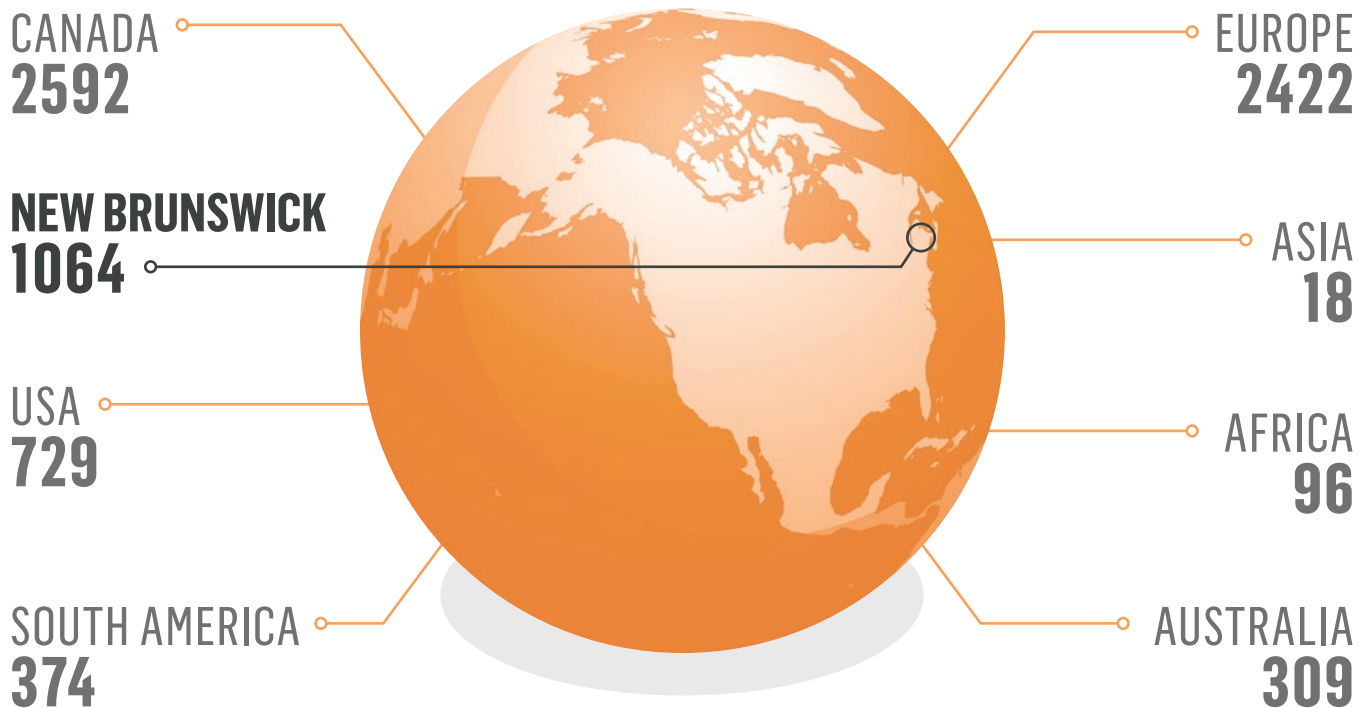


TRACKING YOUR INVESTMENT IN ANBL

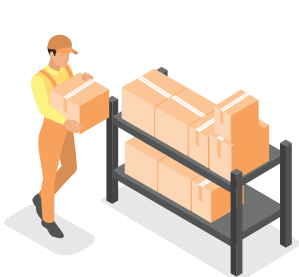
ANBL is responsible for the purchase, importation, distribution, and retailing of all beverage alcohol in New Brunswick. As a Provincial Crown Corporation, we serve the public and licensee community through a network of retail stores, private agency outlets, and grocery stores.

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

PRODUCTS FROM



EMPLOYMENT #S



WAREHOUSE
24



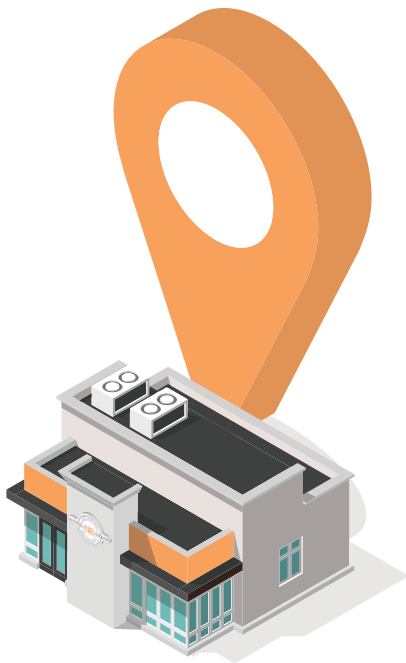
RETAIL
OPERATIONS CENTRE
134



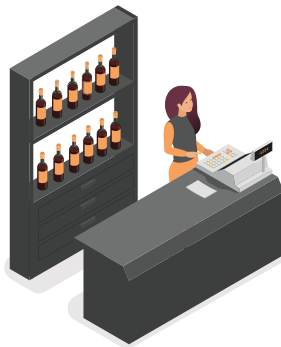
CORPORATE STORES
321

**Employment #s reflect active employees and employees on leave as at April 3, 2022. Casual employees are excluded from these totals.*

SALES TO



40
CORPORATE
STORES IN
29 COMMUNITIES



88
AGENT LOCATIONS



67
GROCERY STORES



+7.7 MILLION
PUBLIC TRANSACTIONS

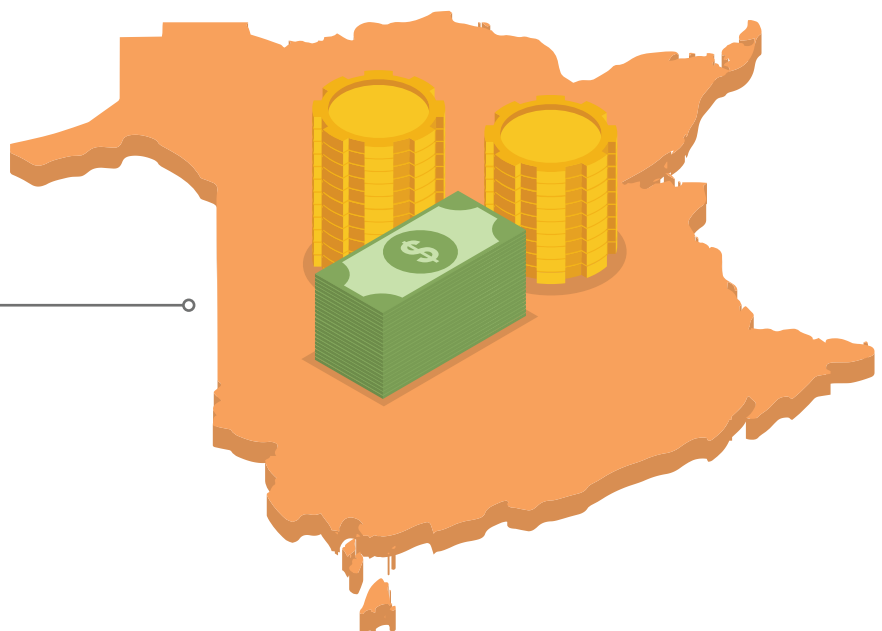


+1100
ACTIVE LICENSEES

RETURN TO NEW BRUNSWICKERS

**\$206.3
MILLION**

- ROADS
- SCHOOLS
- HOSPITALS
- COMMUNITIES
- HEALTH CARE

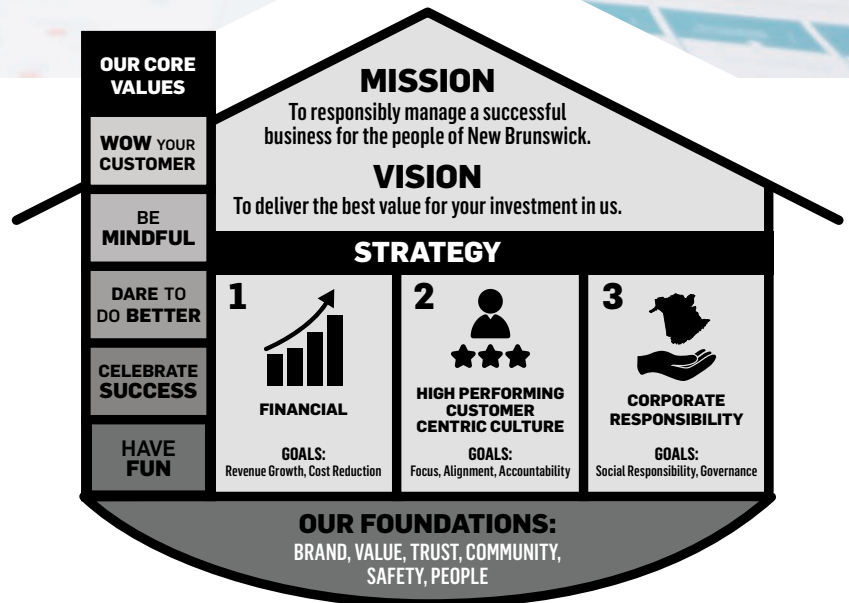




Strategic Plan

Fiscal 2019-2020 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 and was built 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 and stakeholders
- **Corporate Social Responsibility:** Heightened health and safety



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

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

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



2021-2022 Financial Year In Review

Following an accounting convention common to the retail industry, ANBL follows a 52-week reporting cycle that periodically necessitates a 53-week fiscal year due to the floating year-end date. The fiscal year ended April 3, 2022, was a 53-week year.

Throughout the year, ANBL continued to navigate the impacts of COVID-19, and the associated effects on the retail industry and consumer buying habits. Despite uncertain times, ANBL successfully generated net income of \$198.7M, exceeding its \$178.0M budget target by \$20.7M, and continued to return strong profits to the province and people of New Brunswick.

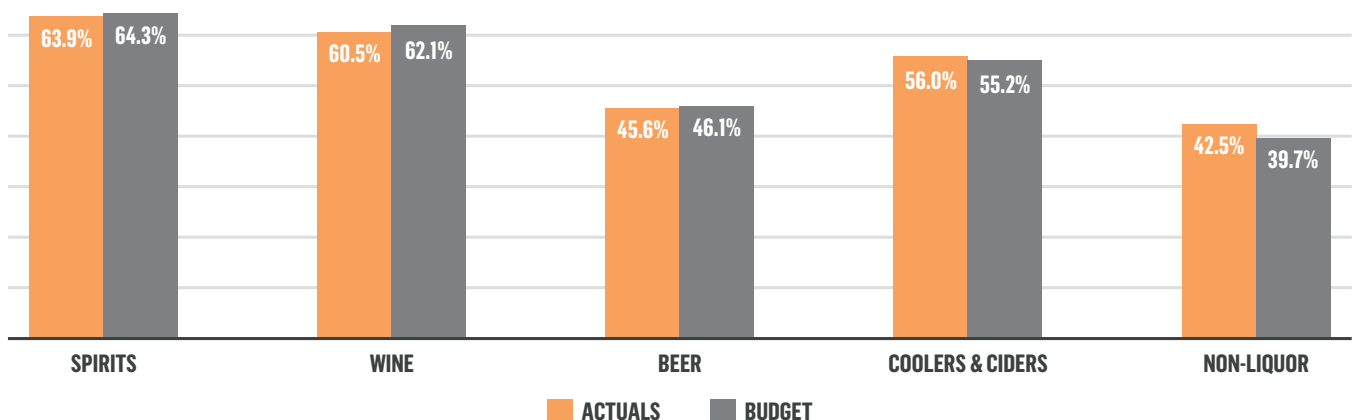
Total Sales exceeded budget targets across all categories, reaching a record result of \$519.9M, with Spirits, and Coolers & Ciders, exceeding sales targets by nearly \$15.0M; Beer by \$11.8M; and Wine by \$9.6M. The total cost of Commissions and Discounts delivered back to ANBL agency and licensee partners was higher than budgeted, driven by higher-than-expected sales to agency stores.

Cost of Sales exceeded budget targets by \$24.8M as our teams continued to increase purchases to meet consumer demand. Also impacting *Cost of Sales* was the less anticipated impact of the increase in supply chain costs.

ANBL's *Gross Profit* results remained positive at \$272.0M, approximating annual plan targets. The strong results reflected year-over-year growth of \$6.5M.

GROSS PROFIT %

ACTUALS to PLANS





ANBL exceeded budget for *Operating* and *Non-Operating Expenses*, driven by project-related reclassifications from capital to expense, and the final impacts of Collective Agreement negotiations.

STATEMENT OF OPERATIONS AND CAPITAL

\$ IN 000'S	ACTUALS	BUDGET	VARIANCE
<i>Total Sales – Products</i>	\$ 519,884	\$ 468,709	\$ 51,175
<i>Less: Commissions & Discounts</i>	\$ 11,320	\$ 10,231	(\$ 1,089)
Net Sales	\$ 508,564	\$ 458,478	\$ 50,086
<i>Total Cost of Sales – Products</i>	\$ 236,540	\$ 211,758	(\$ 24,782)
Gross Profit	\$ 272,024	\$ 246,720	\$ 25,304
<i>Other Income</i>	\$ 3,111	\$ 3,267	(\$ 156)
<i>Operating and Non-Operating Expenses</i>	\$ 76,435	\$ 71,985	(\$ 4,450)
Net Income	\$ 198,700	\$ 178,002	\$ 20,698
Capital	\$ 1,311	\$ 4,714	(\$ 3,403)



REMITTANCES TO GOVERNMENTS (\$000'S)

	2021-2022	2020-2021
PROVINCE OF NEW BRUNSWICK		
* Payments from net income	\$ 206,259	\$ 220,955
Environmental Trust Fund	3,655	3,719
Property taxes	234	249
	210,171	224,923
GOVERNMENT OF CANADA		
Harmonized Sales Tax	43,760	43,162
Excise tax and customs duties	23,265	19,565
	67,025	62,727
TOTAL	\$ 277,196	\$ 287,650

* 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.



Operational Improvement Highlights

OPERATIONS AND SAFETY

Property Management and Efficiency

As work patterns and Retail Operations Centre (ROC) traffic adjusted and adapted during COVID-19, the facilities team saw an opportunity to focus on optimizing ROC for new work patterns, safety, and environmental considerations. Several indoor and outdoor improvements were made over the course of the year. Apart from necessary repairs, innovative changes like a self-serve cafeteria and new collaboration spaces were created to meet the needs of a more remote workforce and changing usage patterns.

Environmental improvements were top of mind as well. ANBL continued to participate in the NB Power

Peak Rebate program and environmentally focused maintenance updates were completed in corporate stores to contribute in efforts to improve energy performance.

Safety at ANBL

ANBL continues to build on safety leadership. This year, COVID-19 protocols were still in effect and ANBL exceeded them for the benefit of our customers, suppliers, and teams. The teams were highly active and engaged to grow ANBL's safety performance by improved access to training, consistent communication about safety successes, and the integration of safety messaging into day-to-day operations to keep it top of mind and underline its importance across the team.

SUPPLY CHAIN AND WAREHOUSE

Over the fiscal year 2021-2022, ANBL supply chain team has continued to manage the global supply chain issues that began in the previous year. The worldwide increase in consumer good purchases led to a myriad of challenges including congested ports, shipping container

shortages, etc. To minimize the risk to ANBL and its customers, all ANBL departments were adaptable, flexible, and worked together in the face of constant change. By doing this successfully, ANBL was able to limit shortages and overall impacts to its customers while continuing to grow sales.

While working on safety and optimizing our warehouse, the team shipped 224,673 more cases than in the previous fiscal year for a total of 2,963,200.

The supply chain team completed the centralized ordering project that began in fiscal 2020-2021 by adding the last of the 39 stores in June 2021. All orders sourced from the central warehouse are now handled by a team in the supply chain unit enabling the corporate store teams to focus on coaching and selling. The right-sizing of inventory in our stores has also led to safer storage practices at store level.

INFORMATION TECHNOLOGY

The Information Technology (IT) team continued to support the development, implementation, and ongoing maintenance of ANBL's information systems and processes for both ROC and the retail network throughout the province. IT effectively adapted those systems to support an evolving work model which fluctuated between remote and in-person employee support.

ANBL was well positioned to adapt to the workforce changes but took the opportunity to evaluate all systems and make improvements to ensure continued readiness in the face of any changes. Investments in technology this year focused on the functionality of our systems in support of business objectives and technology system upgrades to keep our technology platforms current.





High-Performance Culture

LEARNING AND TRAINING

ANBL continues to be committed to professional development and learning. As COVID-19 restrictions impacted team members' ability to attend course and travel to training opportunities, ANBL continued to improve and leverage online learning to provide more cost-effective and safe opportunities.

Apart from providing team members with access to training in areas like product knowledge and software training, the improvements in access and the platform also allowed ANBL to efficiently and effectively train on regulatory topics such as privacy and occupational health and safety. In total, team members completed approximately 20,000 online learning hours.

EMPLOYEE ENGAGEMENT

The impact of the pandemic on the entire ANBL team made our focus on employee engagement even more important. ANBL conducted an employee engagement survey in September 2020 and again in February 2022

to get an honest assessment of how the team was doing. A participation rate of 83% was achieved in the February survey. Overall engagement scores decreased by 0.04 between surveys (from 4.06 to 4.02 out of a possible score of 5). Based on the specific answers and suggested areas for improvement, action plans were developed and will be carried out throughout 2022-2023.

CUSTOMER SERVICE AND COACHING

One of the greatest challenges this year was maintaining our in-store customer experience while navigating changing pandemic protocols. It was important for ANBL to adapt its training methods to address these barriers, so that coaching could continue even when travel and in-person meetings were restricted.

A key focus of ANBL's Retail Training Team was to create training videos and training resources to ensure continuity in coaching during restricted travel periods. The benefit of creating these videos was that they could be made available to any interested store team members, increasing the reach of the training.

These digital efforts allowed for continuous education when travel was restricted and helped to ensure continuity in coaching and reinforce a "customer service first" culture throughout the pandemic.



STORE SCORECARD AWARDS

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

The Service Excellence Awards were impacted by the pandemic; however, ANBL continued with its Scorecard Award. These were awarded based on team performance, value-add at the cash, mystery shops, and hot deal / bundle sales.

A-Banner

Dieppe, Regis St. - Gold
Corbett - Silver

C-Banner

Dieppe Blvd - Gold
Grand Falls - Silver

B-Banner

Edmundston - Gold
Riverview - Silver

D-Banner

Shippagan - Gold
Beresford - Silver



Product Highlights

The COVID-19 pandemic drove a great deal of change to ANBL's category management approach due to rapidly shifting consumer behaviours, changes to distribution networks, consumption habits and much more.

Consumers visited less but purchased more by selecting larger formats and trying different products across all categories. This meant that all ANBL teams supporting the supply chain had to pivot quickly to ensure the right products were in the right place at the right time.

The **Spirits category** had already been experiencing growth and it was accelerated this year. With the increase in selecting new and larger-format products, customers also showed an interest in more premium products.

The **Beer category** continued to see significant change in consumer buying habits this year, although the shift to large formats seems to have been maintained in the beer category. Beer also saw consumers shift to premium products.

ANBL remained a national leader in the **Cider & Cooler category**. Larger pack sizes were a driver here as well, along with an influx of new products and mixed pack options that resonated with customers. Ciders and Coolers continued to benefit from strong innovation and exceptional programming from our supplier partners.

Finally, the **Wine category** rounds out a successful year of category growth, driven in part by strong new premium products in the Experience program. A big factor was the launch of the best-selling 'Experience Essentials' portfolio. These 80 SKUs were an important contributor to the wine budget and accounted for 12,000 cases of premium wine sold.



Spotlight On Local Producers

While ANBL maintains a varied portfolio of international and national products to ensure we can always meet our customers expectations, we are proud of our partnerships with many New Brunswick producers, both craft and mainstream, who contribute to a vibrant and growing New Brunswick alcohol industry.

ANBL has always supported and invested in the local craft industry through favourable mark-ups, marketing support, business support, and other programs. This year, that support was estimated at \$9 million dollars.

With the tremendous growth of the local craft sector over the past few years, ANBL recognized the need to review our support of the industry to ensure it is consistently contributing in the right way to foster a strong, sustainable alcohol sector in New Brunswick. To clarify ANBL's role and support, ANBL has developed a three-year Local Producer Strategy in which we are committed to working collaboratively with the province's alcohol sector to execute. We are confident that this clear, longer-term strategy will contribute to the development of a sustainable industry that will balance the needs of all stakeholders and bring economic value to New Brunswickers.



LIST OF LOCAL PRODUCERS

**As of April 3, 2022*

13 Barrels Brewing, Bathurst

3Flip Brewing, Fredericton

Acadie-Broue Inc, Moncton

Appleman Farms Ltd., Gagetown

AWOL Brewery, Moncton

Bagtown Brewing Company Inc., Sackville

Belleisle Vineyards, Springfield

Big Axe Brewery Inc., Nackawic

Big Fiddle Still, Harvey

Black Galley Distilling, Fredericton

Blue Roof Distillers, Malden

Brasserie Chockpish, Dieppe

Brasserie Retro Brewing, Bertrand

Brasseux d'la Cote, Tracadie

Broue de Païen, Bouctouche

Brule Brewing Company (Flying Boats), Dieppe

Carroll's Distillery, Miramichi

CAVOK Brewing, Dieppe & Cap-Pelé

Celtic Knot, Riverview

Cross Creek Brewing, Woodstock

Devil's Keep Distillery, Hanwell

Distillerie Fils du Roy Inc, Paquetville

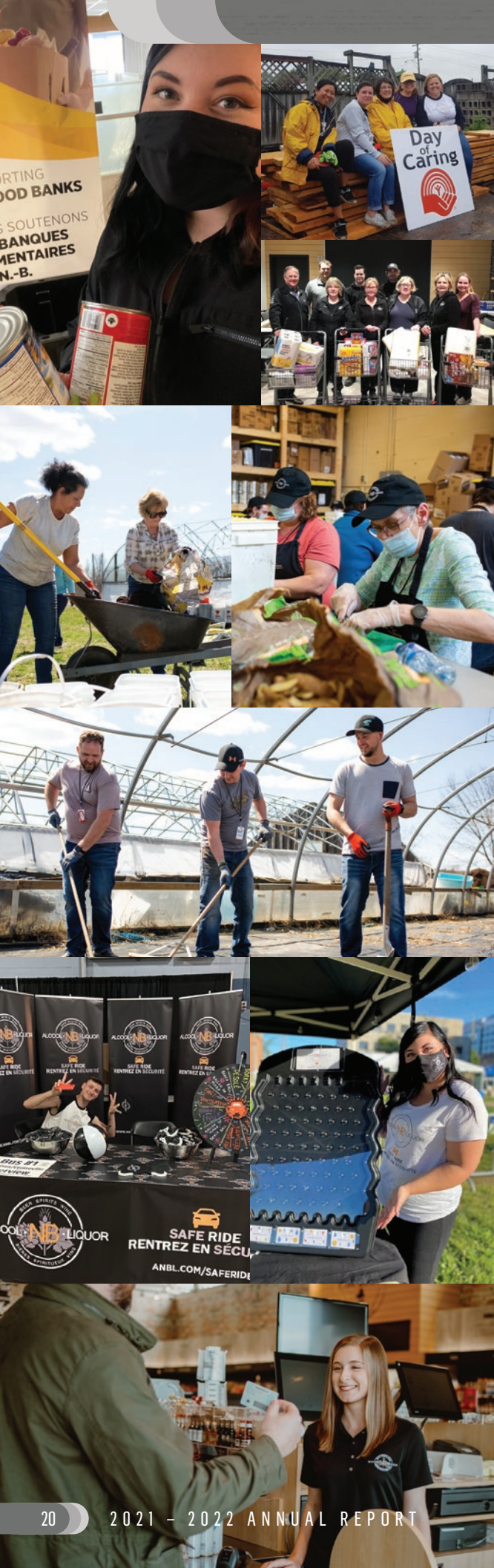
Dunham's Run Estate Winery, Kingston

Foghorn Brewing Company, Rothesay

Four Rivers Brewing, Bathurst

Gaëtan Lebel Inc., Saint Quentin

Gagetown Distilling & Cidery, Gagetown	O. G. Ales, Harvey
Gahan House, Moncton, Saint John & Fredericton	O'Creek Brewing, Dieppe
Gordon McKay & sons 1996 Ltd., Pennfield	Ole Foggy Distillery, Hampton
Grand Falls Brewing, Grand Falls	Picaroons, Fredericton, Saint John & St. Stephen
Granite Town Farms, St. George	Pioneer Mountain Estates, Moncton
Graystone Brewing, Fredericton	Pump House, Moncton & Shediac
Gridiron Brewing, Hampton	Red Rover Craft Cider, Fredericton
Grimross Brewing Corp., Fredericton	Richibucto River Wine Estates, Mundleville
Half Cut Brewing, Fredericton	Savoies Brewhouse, Charlo
Hammond River, Quispamsis	Seize The Day Distillery, Gagetown
Hampton Brewing, Hampton	Snow Fox, Moncton
Happy Craft Brewing, Moncton	Sunset Heights Meadery, McLeod Hill
Holy Whale Brewing Corp., Riverview & Alma	Sussex Ale Works, Sussex
Johnny Jacks, Oromocto	Sussex Cider Company, Sussex
King West Brewing Co., Fredericton	Sussex Craft Distillery, Sussex Corner
Kingston Creek Cider, Kingston	The Cap, Fredericton
La Ferme Maury, St-Edouard-de-Kent	Think Brewing Co., Harvey
La Framboise Francoeur, Notre-Dame-de-Lourde	Three Dog Distilling, Miramichi
Latitude 46 Estate Winery, Memramcook	Tide & Boar, Moncton
Les Brasseurs du Petit-Sault, Edmundston	Timbership Brewing, Miramichi
Long Bay Brewing, Rothesay	Tire Shack Brewing, Moncton
Loyalist City Brewing Co, Saint John	Tobique River Trading Company, Perth Andover
Magnetic Hill Winery, Moncton	Trailway Brewing, Fredericton & Saint John
Mama's Brew Pub, Fredericton	Tuddenham Farms, Oak Bay
Maybee Brewing Company, Fredericton	Twin Harbour Brewing, Saint Antoine
Microbrasserie Houblon-Pêcheur, Village-des-Poirier	Verger Belliveau Orchard (Scow Cider), Memramcook
Moonshine Creek Craft Distillery, Waterville	Vinerie DesFruits Winery, Saint-André
Moosehead Small Batch, Saint John	Waterside Farms Cottage Winery, Waterside
MorALE Brewsters, Oromocto	Winegarden Estate Ltd. Winery and Distillery, Baie-Verte
Motts Landing Vineyards, Cambridge Narrows	Yip Cider, Kingston
New Maritime Brewing, Miramichi	York County Cider, Fredericton
Novum Boreas Microbrasserie, Saint-Quentin	



Corporate Social Responsibility

ANBL balances a strong retail experience and sales mandate with a commitment to responsibility and community. The pillars of the strategy are designed to work together for the betterment of our province through education, safety, and financial support to our communities. As part of its commitment to transparency, ANBL will evaluate and establish appropriate targets to measure and report on the pillars' success.

Additionally, ANBL has established the achievement of CSR milestones as a performance measure in its annual plan. The success of the measure will be reported on in its fiscal 2022-2023 annual report.

COMMUNITY ENGAGEMENT

In fiscal 2021-2022, ANBL consolidated community support efforts to focus on food security, based on input from our team members, customers, and the public. Our food security focus is supported by a new partnership with NB Food Depot Alimentaire which will continue to enable ANBL to support partner organizations throughout the province.

Volunteering is another way ANBL supports communities. Volunteer recruitment exercises are conducted with the aim of increasing employee engagement in community support efforts, offering all full and part time employees one paid volunteer day. Finally, in an effort to still support other charitable organizations, ANBL manages a quarterly lottery program, allowing any registered charity to apply for funding.

PROMOTING RESPONSIBLE CONSUMPTION

ANBL promotes and sells alcohol, we maintain a strong commitment to educating customers on how to consumer responsibly. As part of our overall brand and marketing strategy, responsible consumption messages will be consistently integrated into ANBL's overall content strategy, providing consumers with guidance and reinforcing ANBL's position on responsible consumption. Also, a new program, ANBL Safe Ride, was developed to be the cornerstone of our event sponsorship, allowing us to provide opportunities to not only educate about the dangers of drinking and driving, but provide real-time, on-site alternatives for those consuming alcohol.

SAFE SELLING

ANBL is a leader in safe selling in our corporate stores and we strive to be a resource and support for our partners in all channels. Training and resources are offered for new hires and for new channel partners (agents, local producers, etc). The key focus areas of the training is offering excellent customer service in a responsible manner and properly using the “Check 30” program to ensure customers are the age of majority.

Governance

MANDATE LETTER TO THE BOARD OF DIRECTORS

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

LABOUR RELATIONS

ANBL signed a new collective bargaining agreement with CUPE 963 on December 2, 2021. This agreement applies to over 500 ANBL retail store and warehouse team members. This agreement is in effect from April 1, 2019 to March 31, 2024.

REPORT ON THE *OFFICIAL LANGUAGES ACT*

There were five (5) language complaints received in the 2021-2022 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, the chief executive shall prepare a report of any disclosures of wrongdoing that have been made to a supervisor or designated officer of the public service for which the chief executive is responsible. There were no complaints filed during the 2021-2022 fiscal year in this manner, pursuant to the policy.

There was one (1) complaint of alleged wrongdoing made in the course of a separate case outside of the *Public Interest Disclosure Act*. This is currently being processed.

RIGHT TO INFORMATION AND PROTECTION OF PRIVACY ACT

During the fiscal 2021-2022 year, there were nine (9) requests received under the *Right to Information and Protection of Privacy Act*. All requests were responded to during the fiscal year.

AUDITOR GENERAL PERFORMANCE AUDIT

In fiscal 2021-2022, the New Brunswick’s Auditor General (AG) engaged in a performance audit of ANBL, auditing the periods from April 2018 to March 2021. ANBL worked diligently with the AG’s team to provide requested documents, and responses to their recommendations. The final report was issued in June 2022, and recommendations will be assigned internally, with implementation progress tracked and reported on. ANBL will publicly update its implementation status in its annual report for the next five fiscal years.

As of the end of fiscal 2021-2022, ANBL had not received any Auditor General recommendations in the past five years.

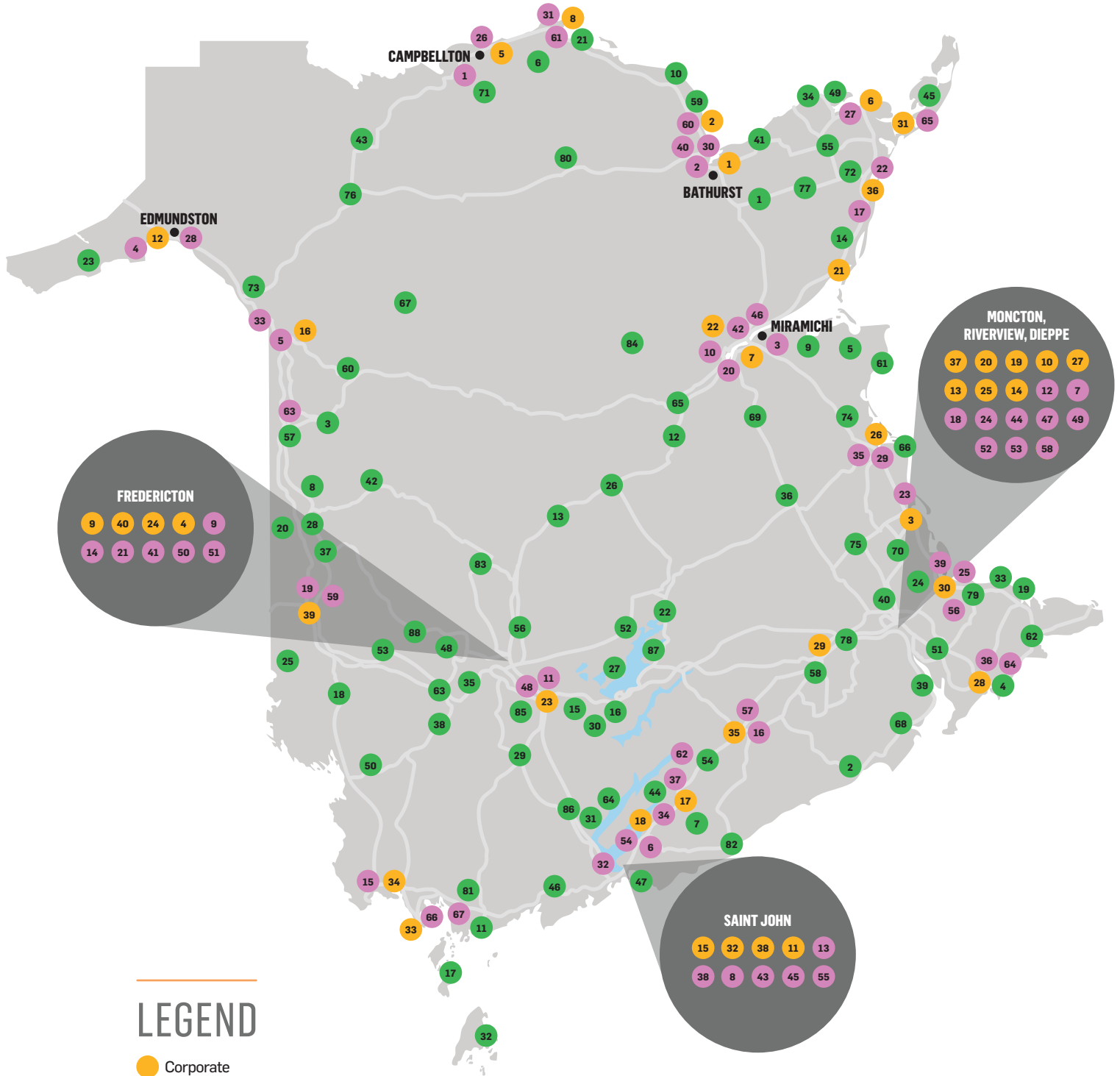
BOARD OF DIRECTOR’S SCHOLARSHIP/BURSARY PROGRAM

The ANBL Board of Director’s Scholarship and Bursary Program is open to all ANBL employees and their families. In 2021-2022, 10 scholarships or bursaries were awarded toward an eligible education program.

ACCESS POINTS

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

STORE LOCATIONS



LEGEND

- Corporate
- Grocery
- Agents

SALES BY LOCATION

LOCATION	2021-2022 (\$000'S)			2020-2021 (\$000'S)		LOCATION	2021-2022 (\$000'S)			2020-2021 (\$000'S)	
	PUBLIC	LICENSEE	TOTAL	TOTAL	PUBLIC		LICENSEE	TOTAL	TOTAL		
Bathurst (3)	\$ 10,230	\$ 954	\$ 11,184	\$ 10,606	Moncton City						
Beresford (2)	4,805	111	4,916	5,350	Elmwood Drive (2)	\$ 8,344	\$ 336	\$ 8,680	\$ 8,217		
Boucoucher (2)	3,494	227	3,721	3,439	Moncton North	11,794	782	12,576	11,208		
Campbellton (2)	4,265	436	4,701	5,771	Mountain Rd. (1)	8,210	1,295	9,505	9,169		
Caracquet (3)	5,309	500	5,809	5,467	Vaughan Harvey Blvd.	11,035	1,852	12,887	11,933		
Dalhousie (3)	2,600	110	2,710	3,072	Expérience**	2,423	552	2,975	2,551		
					Total Moncton Stores	41,806	4,817	46,623	43,078		
Dieppe City					Neguac	3,368	144	3,512	3,507		
Dieppe Blvd.	8,384	462	8,846	8,995	Oromocto (5)	8,640	456	9,096	8,386		
Regis St.	13,356	1,810	15,166	12,918	Perth Andover (4)	2,446	66	2,512	3,681		
Total Dieppe Stores	21,740	2,272	24,012	21,913	Richibucto (4)	5,480	397	5,877	5,494		
Edmundston (2)	12,721	1,223	13,944	14,360	Riverview (3)	9,680	772	10,452	9,967		
					Sackville (2)	4,962	254	5,216	4,996		
Fredericton City					Saint John City						
Brookside Mall (3)	9,336	1,311	10,647	9,945	East Point Center (4)	13,693	818	14,511	13,915		
Corbett Centre (3)	15,567	843	16,410	15,594	Fairville Blvd. (4)	10,384	883	11,267	10,837		
Devon Park (5)	8,928	421	9,349	9,238	Somerset St.	7,605	1,021	8,626	8,617		
York St.	13,169	1,601	14,770	13,501	Wellington Row	7,175	1,179	8,354	7,779		
Total Fredericton Stores	47,000	4,176	51,176	48,278	Total Saint John Stores	38,857	3,901	42,758	41,148		
Grand Falls (3)	6,969	265	7,234	7,136	Salisbury	12,049	15	12,064	10,727		
Hampton (1)	4,520	121	4,641	4,612	Shediac (4)	7,952	858	8,810	7,740		
Kennebecasis Valley (3)	15,855	683	16,538	15,590	Shippagan (1)	3,391	281	3,672	3,405		
					St. Andrews	2,829	793	3,622	3,193		
Miramichi City					St. Stephen (2)	7,273	166	7,439	7,067		
Chatham (3)	5,228	271	5,499	5,461	Sussex (3)	7,339	476	7,815	7,539		
Newcastle (3)	8,240	663	8,903	8,419	Tracadie (2)	7,060	531	7,591	7,128		
Total Miramichi Stores	13,468	934	14,402	13,880	Woodstock (6)	7,740	413	8,153	7,401		
					Warehouse *	159,796	9,888	169,684	172,028		
					TOTAL	\$ 483,644	\$ 36,240	\$ 519,884	\$ 505,959		

(#) Indicates number of agents at this location

* Includes web-based ordering for Licensees

** opened May 2019

AGENT STORE SALES BY LOCATION

AGENT STORE LOCATION	ANBL LOCATION	2021-2022 (\$000'S)	2020-2021 (\$000'S)	AGENT STORE LOCATION	ANBL LOCATION	2021-2022 (\$000'S)	2020-2021 (\$000'S)
		TOTAL	TOTAL			TOTAL	TOTAL
Allardville	Bathurst	\$ 895	\$ 981	Memramcook	Elmwood Drive, Moncton	\$ 2,514	\$ 3,006
Alma	Riverview	582	471	Minto	Devon Park, Fredericton	1,971	1,921
Arthurette	Perth-Andover	602	895	Nackawic	Woodstock	1,731	1,692
Aulac	Sackville	1,974	1,771	Norton	Sussex	3,098	3,439
Baie-Sainte-Anne	Chatham	836	863	Paquetville	Caraquet	2,223	2,503
Balmoral	Dalhousie	1,244	1,537	Penniac	Devon Park, Fredericton	1,730	1,991
Barnesville	Kennebecasis Valley	671	820	Perth Andover	Grand Falls	1,163	-
Bath	Perth-Andover	1,172	1,278	Petit Rocher	Beresford	2,887	2,980
Bay du Vin	Chatham	574	648	Petitcodiac	Sussex	2,453	2,481
Belledune	Beresford	970	1,170	Plaster Rock***	Perth-Andover	1,255	756
Black's Harbour	Fairville Blvd., Saint John	900	969	Pointe-Sapin	Richibucto	343	283
Blackville	Newcastle	1,149	1,168	Port Elgin	Sackville	2,118	1,798
Boisetown	Devon Park, Fredericton	864	782	Prince William	York Str, Fredericton	1,710	1,862
Brantville	Tracadie	1,927	2,177	Public Landing	Grand Bay	788	817
Burton	Oromocto	1,262	1,364	Renous	Newcastle	995	1,113
Cambridge Narrows	Sussex	1,043	982	Richibouctou Village	Richibucto	804	828
Campobello Island	St. Stephen	382	345	Riley Brook	Grand Falls	331	409
Canterbury	Woodstock	605	626	Riverside-Albert	Riverview	531	497
Cape Pele	Shediac	3,358	3,346	Rogersville	Chatham	1,766	1,706
Centerville	Woodstock	1,070	1,113	Saint-Arthur	Campbellton	504	809
Charlo	Dalhousie	1,016	1,319	Saint-Louis-de-Kent	Richibucto	1,821	1,954
Chipman	Devon Park, Fredericton	1,549	1,447	Saint-Paul-de-Kent	Bouctouche	400	418
Clair	Edmundston	1,026	1,364	Salisbury	Mountain Road, Moncton	3,078	3,446
Cocagne	Shediac	3,270	3,125	Shediac	Shediac	2,995	3,379
Debec	Woodstock	602	676	South Tetagouche	Bathurst	545	716
Doaktown	Devon Park, Fredericton	842	768	St. George	Fairville Blvd., Saint John	3,816	3,994
Douglas Harbour	Oromocto	709	727	St. Isidore	Tracadie	1,091	1,184
Florenceville	Perth-Andover	2,109	2,069	St. Leonard	Grand falls	1,462	1,977
Fredericton Junction	Oromocto	1,307	1,326	St. Martins	East Point, Saint John	803	863
Gagetown	Oromocto	607	612	Stanley	Brookside Mall, Fredericton	1,070	1,131
Grand Barachois	Shediac	1,940	1,996	Ste Anne De Madawaska	Edmundston	843	-
Grand Bay**	Grand Bay	5,344	5,630	St-Antoine	Bouctouche	1,936	2,413
Grand Manan	East Point, Saint John	2,245	2,166	St-Quentin	Grand Falls	2,086	2,275
Grande-Anse	Caraquet	953	962	Sunny Corner	Newcastle	1,407	1,474
Hanwell	Corbett Centre, Fredericton	4,942	5,151	Waasis	Oromocto	3,420	3,829
Harcourt	Richibucto	982	1,055	Welsford	Grand Bay	769	833
Hartland	Woodstock	1,898	1,947	Youngs Cove	Kennebecasis Valley	1,116	1,107
Harvey Station	Devon Park, Fredericton	1,440	1,488	Zealand	Brookside Mall, Fredericton	1,263	1,277
Hillsborough	Riverview	1,340	1,510	Manufacturer Agents	Head Office, Fredericton	338	505
Irishtown	Elmwood Dr., Moncton	2,718	3,405				
Janeville	Bathurst	540	613	TOTAL AGENT SALES		\$ 134,951	\$ 141,544
Juniper	Woodstock	291	293				
Kedgwick	Campbellton	1,437	1,545	GROCERY			
Kingston	Kennebecasis Valley	1,563	1,741	Kredl's Corner Market (2017) Ltd.	\$ 81	\$ 112	
Lameque	Shippagan	2,290	2,370	Loblaws Distribution Centre	12,015	12,143	
Lepreau	Fairville Blvd., Saint John	1,291	1,303	Sobeys Distribution Centre	16,029	16,526	
Loch Lomond	Kennebecasis Valley	4,215	4,674				
Mactaquac	Brookside Mall, Fredericton	2,032	2,107	TOTAL GROCERY SALES	\$ 28,125	\$ 28,781	
Maissonnette	Caraquet	608	593				
McAdam	St. Stephen	591	590				

* closed during the year ** closed in previous year ***new agent opened mid-2020

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
PRESIDENT
AND CEO



Jamie LeBlanc
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 April 3, 2022
- the statement of operations and comprehensive income for the 53-week period then ended
- the statement of changes in equity for the 53-week period then ended
- the statement of cash flows for the 53-week period then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at April 3, 2022, and its financial performance and its cash flows for the 53-week period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "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 ethical responsibilities in accordance with these requirements.

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

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.



Chartered Professional Accountants
Fredericton, Canada
July 8, 2022

2021-2022 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION (in thousands)

April 3, 2022, with comparative information for March 28, 2021

	April 3, 2022	March 28, 2021
Assets		
<i>Current Assets</i>		
Cash	\$ 189	\$ 193
Trade and other receivables	13,371	14,048
Due from Cannabis NB Ltd. (note 13)	-	15,488
Inventories	37,475	34,107
Prepaid expenses	1,597	2,014
	<u>52,632</u>	<u>65,850</u>
<i>Non Current Assets</i>		
Property and equipment (note 4)	12,215	12,819
Intangible assets (note 5)	3,277	6,593
Right-of-use assets (note 6)	46,878	50,984
	<u>62,370</u>	<u>70,396</u>
<i>Total Assets</i>	<u>\$ 115,002</u>	<u>\$ 136,246</u>
Liabilities		
<i>Current Liabilities</i>		
Trade and other payables	\$ 22,185	\$ 31,777
Lease liabilities due within one year (note 6)	6,578	6,434
	<u>28,763</u>	<u>38,211</u>
<i>Non Current Liabilities</i>		
Long-term lease liabilities (note 6)	45,334	49,450
Retiring allowances (note 7)	2,107	2,497
	<u>47,441</u>	<u>51,947</u>
<i>Total Liabilities</i>	<u>76,204</u>	<u>90,158</u>
Equity of the Province of New Brunswick		
Equity	38,529	46,088
Accumulated other comprehensive income	269	-
	<u>38,798</u>	<u>46,088</u>
<i>Total Liabilities and Equity</i>	<u>\$ 115,002</u>	<u>\$ 136,246</u>

Contingencies (note 12)

See accompanying notes to financial statements.

ON BEHALF OF THE BOARD:



Director



Director

2021-2022 FINANCIAL STATEMENTS

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (in thousands)

53 weeks ended April 3, 2022, with comparative information for the 52 weeks ended March 28, 2021

Statement of Operations	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Total sales (note 9)	\$ 519,884	\$ 505,959
Less: discounts	11,320	11,603
Net sales	508,564	494,356
Cost of sales	236,540	228,802
Gross profit	272,024	265,554
Other income	3,111	2,974
	275,135	268,528
Operating expenses (note 10)	76,435	69,162
Net income	\$ 198,700	\$ 199,366

Statement of Comprehensive Income	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Net income	\$ 198,700	\$ 199,366
<i>Other comprehensive income</i>		
Change in retirement allowance actuarial assumptions (note 7)	269	-
Other comprehensive income	269	-
Comprehensive income	\$ 198,969	\$ 199,366

See accompanying notes to financial statements.

2021-2022 FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY (in thousands)

53 weeks ended April 3, 2022, with comparative information for the 52 weeks ended March 28, 2021

	Accumulated other comprehensive income	Retained earnings	Total equity
<i>Balance at March 29, 2020</i>	\$ -	\$ 67,677	\$ 67,677
Net income	-	199,366	199,366
Other comprehensive income	-	-	-
Comprehensive income	-	199,366	199,366
Distributions to the Province of New Brunswick	-	(220,955)	(220,955)
<i>Balance at March 28, 2021</i>	<u>-</u>	<u>46,088</u>	<u>46,088</u>
Net income	-	198,700	198,700
Other comprehensive income	269	-	269
Comprehensive income	269	198,700	198,969
Distributions to the Province of New Brunswick	-	(206,259)	(206,259)
<i>Balance at April 3, 2022</i>	<u>\$ 269</u>	<u>\$ 38,529</u>	<u>\$ 38,798</u>

See accompanying notes to financial statements.

2021-2022 FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS (in thousands)

53 weeks ended April 3, 2022, with comparative information for the 52 weeks ended March 28, 2021

	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Operating		
Net income	\$ 198,700	\$ 199,366
Items not involving cash:		
Depreciation	8,575	9,025
Amortization of intangible assets	738	741
Loss on impairment of intangible	2,668	-
Loss on sale of property and equipment	-	22
Increase (decrease) in retiring allowances	(121)	274
Lease liabilities - interest portion (note 6)	1,692	1,836
Change in non-cash working capital (note 8)	(11,866)	1,919
Cash generated from operations	<u>200,386</u>	<u>213,183</u>
Investing		
Repayments (advances) from (to) Cannabis NB Ltd.	15,488	19,183
Additions to property and equipment	(1,221)	(1,348)
Additions to intangible assets	(90)	(1,726)
Proceeds from sale of property and equipment	8	14
Net cash available (used) for capital investments	<u>14,185</u>	<u>16,123</u>
Financing		
Lease payments (note 6)	(8,316)	(8,320)
Distributions to the Province of New Brunswick	(206,259)	(220,955)
Net cash used in financing activities	<u>(214,575)</u>	<u>(229,275)</u>
Increase (decrease) in cash	(4)	31
Cash at beginning of year	<u>193</u>	<u>162</u>
Cash at end of year	<u><u>\$ 189</u></u>	<u><u>\$ 193</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

1. Nature of Operations and Reporting Entity:

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

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

2. Basis of presentation:

(a) Statement of compliance:

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

The financial statements for the year ended April 3, 2022, were approved, and authorized for issue by the Board of Directors on July 8, 2022.

(b) Fiscal year:

The Corporation's fiscal year ends on the Sunday closest to March 31. All references to 2022 and 2021 represent the fiscal years ended April 3, 2022, and March 28, 2021, respectively. Under an accounting convention common in the retail industry, the Corporation follows a 52-week reporting cycle, which periodically necessitates a fiscal year of 53 weeks. The year ended April 3, 2022 contained 53 weeks and the year ended March 28, 2021 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 2028.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for post-employment benefits, which are measured as described below.

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3. Summary of significant accounting policies:

(a) Use of estimates and judgements:

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

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

Significant management judgements

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

Consolidation

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

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

Judgement is used in determining the aggregate grouping of assets identified as Cash Generating Units ("CGUs") for purposes of testing for impairment of property and equipment, right-of-use assets (ROU), and intangibles. Judgement is required in determining the lowest level at which independent cash inflows

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

3. Summary of significant accounting policies: (continued)

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

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

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

Significant estimations and assumptions

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

Useful lives of property and equipment and intangible assets

The Corporation is required to estimate the useful lives and depreciation method for property and equipment and intangible assets. Management determines the estimated useful lives based on

historical experience and the expected pattern of consumption of the future economic benefits of the asset. As this information is based on estimates and is subject to change, estimates are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Retiring allowances

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

(b) Cash:

Cash includes cash and bank deposits.

(c) Inventories:

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

(d) Property and equipment:

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

Derecognition

An item of property and equipment is derecognized when disposed of or when no future economic benefits are expected to arise from the continued use of the asset. A gain or loss arising on derecognition

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

3. Summary of significant accounting policies: (continued)

(d) Property and equipment: (continued):

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 \$484 (\$401 in 2021) of which \$159 (\$51 in 2021) is included in buildings,

\$284 (\$350 in 2021) is included in furniture, fixtures, and equipment, and \$41 (\$nil in 2021) is included in refrigeration equipment.

Impairment

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

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

Impairment losses recognized in prior periods are reversed if the recoverable amount in a later period exceeds the carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. At April 3, 2022, there were no indications of impairment.

(e) Intangible assets:

Intangible assets include purchased and in-house developed computer software which are recorded at cost and amortized on a straight-line basis over the estimated useful life, as these assets are considered to have finite useful lives. Useful lives are reviewed at each reporting date. The Corporation assesses the carrying value of intangible assets for impairment on an annual basis. At April 3, 2022, 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 \$90 (\$1,655 in 2021). No amortization is taken on these assets.

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

3. Summary of significant accounting policies: (continued)

(f) Leased assets:

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

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

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

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

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

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

option or if there is a revised in-substance fixed lease payment.

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

ROU assets are measured at cost comprising the following:

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

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

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

(g) Financial instruments:

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

(h) Classification and measurement of financial assets:

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

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

3. Summary of significant accounting policies: (continued)

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

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

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

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

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

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

Financial assets are not reclassified subsequent to their initial recognition unless the Corporation identifies changes in its business model in managing financial assets. The Corporation currently classifies its cash, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

3. Summary of significant accounting policies: (continued)

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

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

Presentation of allowance for ECL in the statement of financial position

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

- (i) Provisions:

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

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

- (j) Post-employment benefits:

Retiring allowances

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

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

	April 3, 2022	March 28, 2021
Discount rate	4.1%	2.9%
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. The Corporation has no direct liability to any unfunded liability, nor does it have any entitlement to any surplus, for the plan related to current or former employees. Contributions made by the Corporation during the year totaled \$3,180 (\$2,905 in 2021). Contributions made to the plan by the Corporation for 2023 are expected to approximate 12% of eligible salaries.

The Corporation also maintains a defined contribution plan for its part-time and seasonal employees. Contributions made by the Corporation during the year totaled \$37 (\$28 in 2021).

- (k) Revenue:

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

- (l) Vendor rebates:

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

- (m) Standards and interpretations not yet applied:

A number of new standards, amendments to standards and interpretations of standards have been issued by the IASB and the IFRIC, the application of which is effective for periods beginning on or after January 1, 2022. 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 (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

4. Property and equipment:

Cost	Land	Paving	Buildings	Leasehold Improvements	Furniture, Fixtures & Equipment	Automotive	Retail Equipment	Refrigeration Equipment	Total
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

Balance at March 28, 2021	\$ 23	\$ 450	\$ 11,424	\$ 6,214	\$ 26,515	\$ 443	\$ 1,350	\$ 3,766	\$ 50,185
Additions	-	4	593	12	566	-	-	46	1,221
Disposals	-	-	-	(20)	(290)	-	(7)	(43)	(360)
Balance at April 3, 2022	\$ 23	\$ 454	\$ 12,017	\$ 6,206	\$ 26,791	\$ 443	\$ 1,343	\$ 3,769	\$ 51,046

Accumulated Depreciation

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

Balance at March 28, 2021	\$ -	\$ 388	\$ 6,677	\$ 2,882	\$ 22,770	\$ 387	\$ 1,348	\$ 2,914	\$ 37,366
Depreciation	-	8	192	316	1,078	33	3	187	1,817
Disposals	-	-	-	(20)	(284)	-	(8)	(40)	(352)
Balance at April 3, 2022	\$ -	\$ 396	\$ 6,869	\$ 3,178	\$ 23,564	\$ 420	\$ 1,342	\$ 3,061	\$ 38,831

Carrying Amounts

At March 28, 2021	\$ 23	\$ 62	\$ 4,747	\$ 3,332	\$ 3,745	\$ 56	\$ 2	\$ 852	\$ 12,819
At April 3, 2022	\$ 23	\$ 58	\$ 5,148	\$ 3,028	\$ 3,227	\$ 23	\$ -	\$ 708	\$ 12,215

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

5. Intangible assets:

Software	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Cost		
Opening	\$ 14,706	\$ 12,980
Additions	90	1,726
Loss on impairment	(2,668)	-
Closing	<u>12,128</u>	<u>14,706</u>
Accumulated Amortization		
Opening	8,113	7,372
Amortization	738	741
Closing	<u>8,851</u>	<u>8,113</u>
Carrying Amount	<u>\$ 3,277</u>	<u>\$ 6,593</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.

<i>Right-of-use assets</i>	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Cost		
Opening	\$ 64,403	\$ 63,108
Additions	2,652	1,295
Closing	<u>67,055</u>	<u>64,403</u>
Accumulated Depreciation		
Opening	13,419	6,689
Depreciation	6,758	6,730
Closing	<u>20,177</u>	<u>13,419</u>
Carrying Amount	<u>\$ 46,878</u>	<u>\$ 50,984</u>

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

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

<i>Lease Liabilities</i>	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Opening	\$ 55,884	\$ 61,073
Additions	2,652	1,295
Lease payments	(8,316)	(8,320)
Interest expense on lease liabilities	1,692	1,836
Closing balance	<u><u>\$ 51,912</u></u>	<u><u>\$ 55,884</u></u>
Current	\$ 6,578	\$ 6,434
Long-term	45,334	49,450
	<u><u>\$ 51,912</u></u>	<u><u>\$ 55,884</u></u>

Maturity of lease liabilities

A maturity analysis of discounted payments are as follows:

	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Due within one year or less	\$ 6,578	\$ 6,434
Between one and five years	28,030	27,624
More than five years	17,304	21,826
	<u><u>\$ 51,912</u></u>	<u><u>\$ 55,884</u></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 program remains in effect for bargaining employees pending direction from the Province of New Brunswick. A full actuarial evaluation of the plan was performed as of April 3, 2022.

Information relating to the plan is as follows:

	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Opening balance	\$ 2,497	\$ 2,223
Employer current service cost	50	257
Interest cost	73	83
Benefit payments	(244)	(66)
Change in financial assumptions	(269)	-
Closing balance	<u><u>\$ 2,107</u></u>	<u><u>\$ 2,497</u></u>

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

8. Changes in non-cash operating working capital:

	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Trade and other receivables	\$ 677	\$ (4,322)
Inventories	(3,368)	2,946
Prepaid expenses	417	(253)
Trade and other payables	(9,592)	3,548
	<u>\$ (11,866)</u>	<u>\$ 1,919</u>

9. Sales

	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Beer	\$ 218,453	\$ 217,990
Spirits	122,849	119,133
Wine	114,094	109,889
Coolers and Cider	63,982	58,391
Non Liquor	506	556
	<u>\$ 519,884</u>	<u>\$ 505,959</u>

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

10. Operating expenses:

	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Salaries - stores	\$ 21,637	\$ 19,642
Employee benefits	9,100	8,187
Salaries - administration	8,274	7,927
Depreciation on ROU assets	6,758	6,730
Other	5,233	2,698
Beverage container redemption	3,527	3,486
Bank charges and fees	3,212	3,044
Depreciation on property and equipment	1,817	2,295
Electricity, heating fuel and telecommunications	1,752	1,556
Interest on lease liabilities	1,692	1,836
Professional fees	1,665	1,160
Salaries - warehouse	1,572	1,351
Information systems	1,443	1,103
Executory costs	1,166	1,261
Trucking	1,137	979
Advertising and publications	982	1,001
Repairs and maintenance	826	708
Shortages	758	668
Amortization of intangible assets	738	741
System maintenance	616	529
Salaries - maintenance	516	432
Supplies and minor equipment	450	456
Insurance	379	161
Property taxes	234	249
Other bonuses	229	217
Security	220	222
Donations	186	222
Travel	166	115
Training and development	89	112
Directors' remuneration	52	46
Tastings	9	28
	\$ 76,435	\$ 69,162

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

11. Financial Risk Management Objectives and Policies:

(a) Liquidity risk:

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

	April 3, 2022 (53 weeks)	March 28, 2021 (52 weeks)
Due within one year or less	\$ 8,114	\$ 8,095
Between one and five years	33,323	33,160
More than five years	18,900	24,038
	<u>\$ 60,337</u>	<u>\$ 65,293</u>

(b) Foreign currency risk:

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

(c) Credit risk:

Credit risk is the risk the Corporation will incur a loss because a customer fails to meet an obligation. The Corporation's exposure is related to the value of trade and other receivables. The Corporation has mitigated the exposure to this risk through limited extension of credit and contractual relationships with business partners. As at April 3, 2022, there are no significant financial receivables greater than 30 days, and no customer account amounts to more than 10% of total receivables.

(d) Capital management:

The Corporation does not have share capital or long-term debt. Its definition of capital is cash and equity.

The Corporation's main objectives for managing capital is to ensure sufficient liquidity in support of its financial obligations and to maximize returns to the Province of New Brunswick.

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; community and stakeholder relations, as well as the associated portion of benefits. In addition, the Corporation allocates occupancy costs to CNB for a share of space for CNB's employees. These transactions are recorded on a cost recovery basis and are recognized as a reduction to salaries-administration, employee benefits and rent expenses. During the year ended April 3, 2022, the Corporation

NOTES TO THE FINANCIAL STATEMENTS (IN THOUSANDS)

53 WEEKS ENDED APRIL 3, 2022

13. Related Party Transactions: (continued)

charged CNB \$1,024 (\$1,236 in 2021), comprised of \$912 (\$1,104 in 2021) for salaries-administration and \$112 (\$132 in 2021) in rent for occupancy costs.

The Corporation provided funds to CNB to fund its operations. At April 3, 2022, CNB had fully repaid all funds owed the Corporation \$nil (\$15,488 in 2021). Trade and other receivables include \$107 (\$88 in 2021) 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 \$1,682 (\$1,397 in 2021).