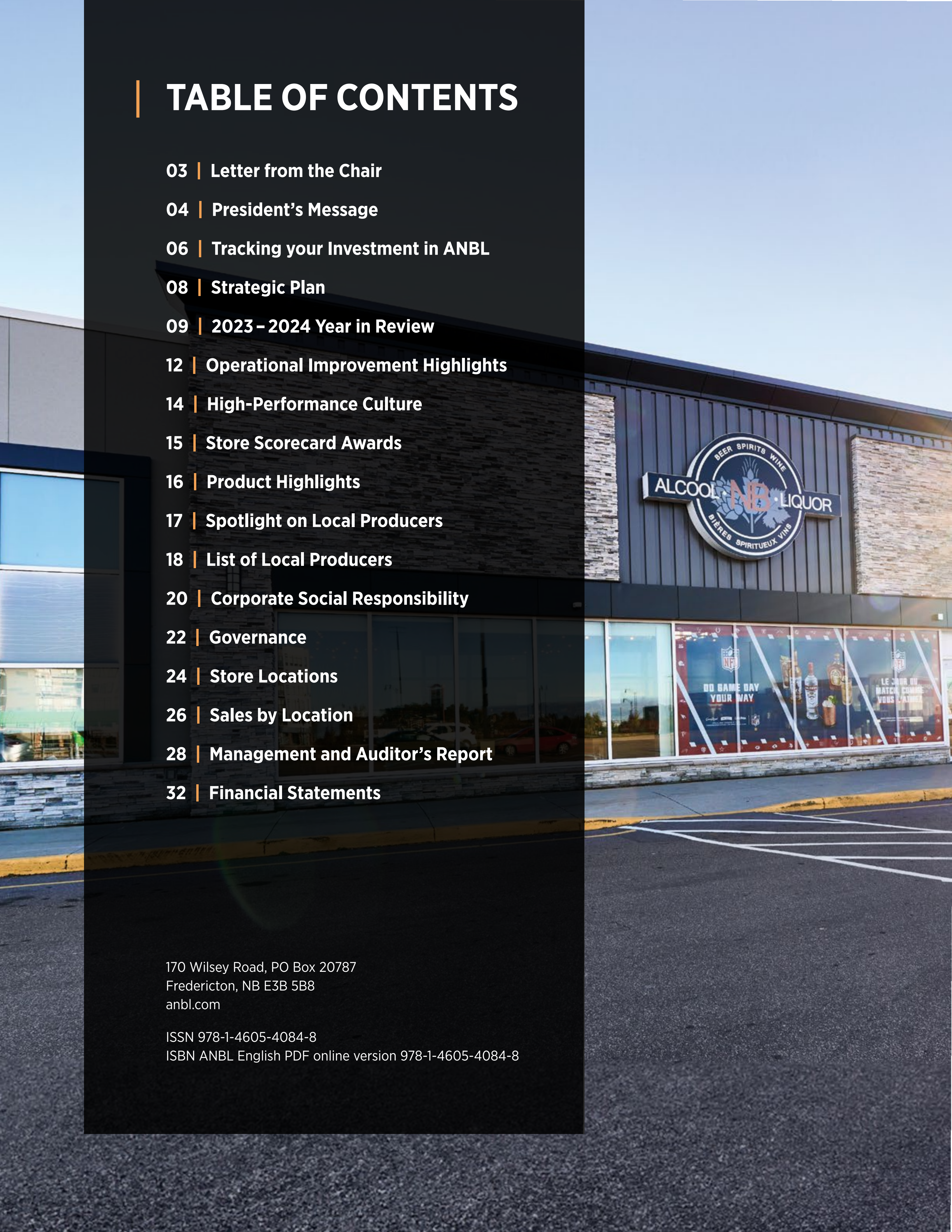
ALCOOL · NB · LIQUOR

2023 – 2024
ANNUAL REPORT



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ISSN 978-1-4605-4084-8
ISBN ANBL English PDF online version 978-1-4605-4084-8

LETTER FROM THE CHAIR

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

Minister Steeves,

As Chairman of the Board, and in accordance with the *New Brunswick Liquor Control Act* and the *Accountability and Continuous Improvement Act,* I am very pleased to deliver to you the 2023 – 2024 annual report for Alcool NB Liquor (ANBL). The Board of Directors and I are accountable for achieving the specific goals and objectives outlined in this report and this accountability is one that we take great pride in.

This past year, ANBL delivered record financial results, with sales of $533.0 million and net income of $200.8 million, which reflect the team's focus on customer service and having the right product in the right place at the right time.

ANBL also celebrated 500 days without a lost time injury in our warehouse in September, an achievement that shows the team's dedication to ANBL's Environmental Health & Safety Program and operational excellence. ANBL continued after achieving this milestone to end the fiscal year with over 640 days with no lost time injuries.

We have also made major progress on ANBL's multi-year business transformation project, laying the foundation for future success.

I am proud to say that ANBL has also been recognized as a Finalist for the Retail Council of Canada Excellence in Retailing awards in 2023 and in 2024 for our corporate social responsibility work. Being recognized among major national retailers is a true testament to the hard work, passion, and dedication of our team. None of this success would have been possible without ANBL's hard work and commitment to excellence.

On behalf of the Board of Directors, I extend congratulations to the ANBL team for achieving the record-breaking results and for their great customer service and look forward to seeing how we continue our commitments to community support, through strong financial performance and the responsibility mindset.

A heartfelt thank you to our wonderful team for their individual and collective contributions that made it possible.

Respectfully submitted,

John Correia
Chair, Board of Directors

BOARD OF DIRECTORS

*As of March 31, 2024

John Correia, Chair

Cédric Laverdure, Director

Joanne Bérubé Gagné, Director

Kathryn Craig, Director

Paul Elliott, Director

Kevin Berry, Director

Bruce Wood, Director

Lori Stickles, President and CEO

Andrea Dewitt, Secretary

PRESIDENT'S MESSAGE

ANBL has achieved yet another record-setting year in fiscal 2023 – 2024. Our unwavering focus on our customers and dedication to operational excellence continues to yield outstanding results.

This year, ANBL's overall sales reached a record $533.0 million, and we proudly returned $200.8 million in net income to the province. These achievements underscore our commitment to meeting the needs of our customers and responsibly enhancing their occasions.

Our commitment to a positive community impact has also remained strong. Addressing food security remains a top priority for ANBL. This year, our combined food and cash donations amounted to $315,411. These contributions significantly support those in need in communities throughout New Brunswick.

Social responsibility and responsible consumption continue to be a core pillar of ANBL. Our Check 30 program helps our store teams and agent partners stay diligent on I.D. checks, ensuring sales are to those who are of legal age to purchase beverage alcohol. We also had a presence at many festivals and 19+ events around the province this year through our Safe Ride program, helping over 16,000 patrons arrive home safely.

Operationally, we have made significant strides. We awarded a record 42 agency store tenders, further enhancing customer convenience. Through the continued focus on customer experience at our corporate stores, and our strong relationships we have with our agency partners, ANBL continues to fulfill its mandate of supporting the development the alcohol industry in the province. Our multi-year Enterprise Resource Planning (ERP) project, Project Galileo, is now underway, with the successful onboarding of our system implementation partner, marking a key milestone in our journey towards greater efficiency and innovation.

We also unveiled a new three-year strategic plan designed to align ANBL with a customer and channel focus, ensuring we continue to have the right products in the right place at the right time. This strategic direction will drive our efforts to better serve our customers and streamline our operations.

Safety and security are paramount in our operations. I am proud to report our warehouse ended the fiscal year on March 31, 2024 with 644 days without any lost time incident, demonstrating our commitment to a safe working environment.

As we reflect on this past year, I am incredibly proud of what we have accomplished together. Our successes are a testament to the hard work and dedication of our entire team. I am excited about ANBL's future and confident that we will continue to deliver exceptional value to our customers and communities.

Lori Stickles
President and CEO

EXECUTIVE MANAGEMENT

*As of March 31, 2024

Lori Stickles, President & CEO

Craig Clark, Senior Vice President of People, Process & Technology

Jamie Leblanc, Senior Vice President & Chief Financial Officer

Alan Sullivan, Senior Vice President of Channels & Supply Chain

Lara Wood, Senior Vice President of Marketing, Category & Communications

Erin Fullerton, Vice President of Human Resources

Mike Harty, Vice President of Operations

Paul Henderson, Vice President of Special Projects and Initiatives




SPIRITS

SAFE RIDE
RENTREZ EN SÉCURITÉ
VIP

ALCOOL NB LIQUOR


STONELEIGH
SAUVIGNON BLANC

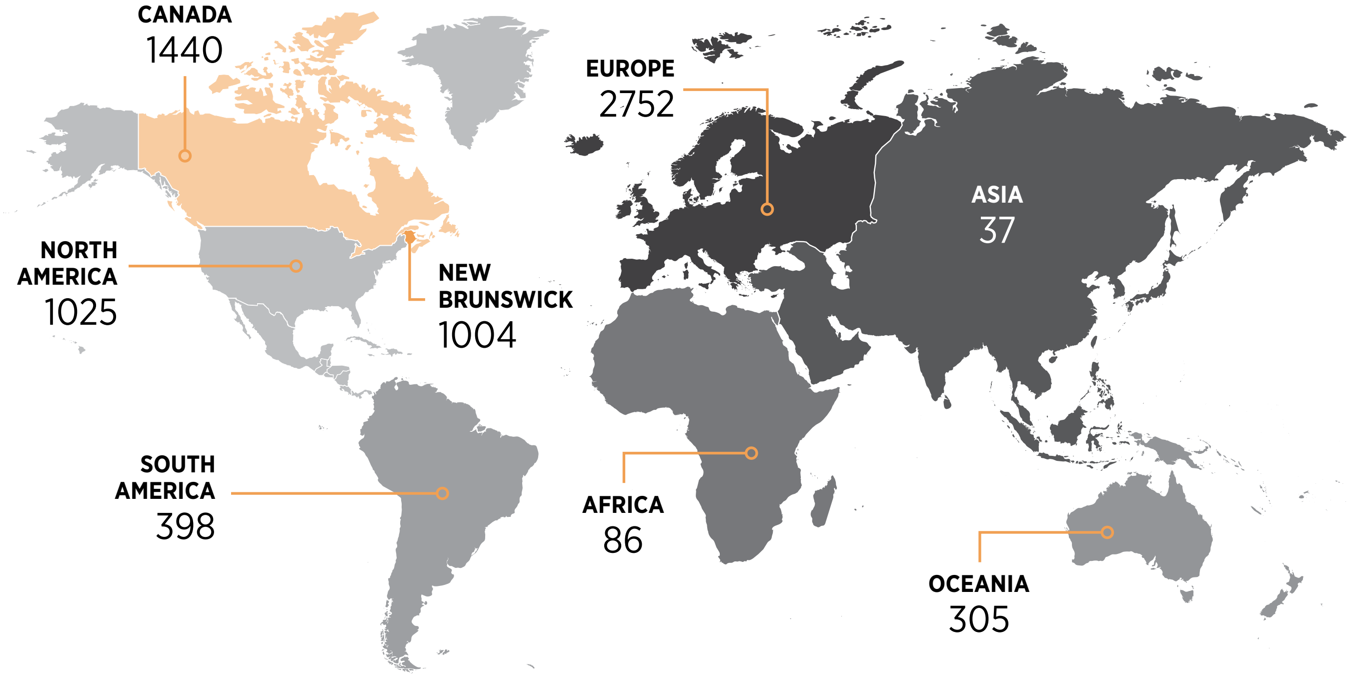

OLE FOGGY MOONSHINE
SMALL BATCH
CRAFT MOONSHINE
GIFT SHOP
OPEN


TRACKING YOUR INVESTMENTS

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.

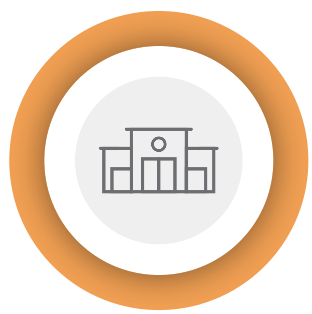
OF PRODUCTS FROM



EMPLOYMENT #'S

WAREHOUSE
22

RETAIL OPERATIONS CENTRE
205



CORPORATE STORES
317

** Employment #s reflect active employees and employees on leave as at March 31, 2024. Casual employees are excluded from these totals.*

SALE TO

40 CORPORATE STORES IN
29 COMMUNITIES

AGENT LOCATIONS
91

GROCERY STORES
67

PUBLIC TRANSACTIONS
+7.4 MILLION

ACTIVE LICENSEES
+1,000

RETURN TO NEW BRUNSWICKERS

100% of ANBL profits are returned to the province to be used for the benefit of New Brunswickers.

$203.8M

** Payments returned to the Province of NB differ from net income, as payments made are based on net cash available from operations during the fiscal year.*

STRATEGIC PLAN

2023 – 2024 represented a bridge year between ANBL's previous strategic plan (2020 – 23) and its new strategic plan (2025 – 2027). During the year, ANBL's operational focus continued in the three main areas identified in the previous plan:

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 responsibility and safety

While that work continued, ANBL also undertook the significant planning process to develop the new strategic plan for fiscal years 2025 through 2027. Much of that work included defining and communicating the corporate purpose, vision and values. ANBL's purpose, vision and values reflect who we are, how we work and where we want to take the business. They are the guideposts of this strategic plan.

ANBL, will become a truly customer centric company that is focused on optimizing the business across all channels, and ensuring we have the right product in the right place at the right time. This will unlock the most value for our customers, our team and all our stakeholders, mitigate risk across operations, and drive stronger financial results. We recognize while we undertake the changes in our new strategic plan, we must also focus on continuing foundational work, and seeking excellence in day-to-day operations.

As we move into fiscal 2024 – 2025, our new strategic plan will ensure we are achieving our goals and evolving our business responsibly to ensure the best results for all our stakeholders.

2023 – 2024
FINANCIAL YEAR IN REVIEW

The below provides an overview of ANBL's financial position for the year ended March 31, 2024, and should be read in conjunction with ANBL's audited financial statements and note disclosures.

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 March 31, 2024, was a 52-week year.

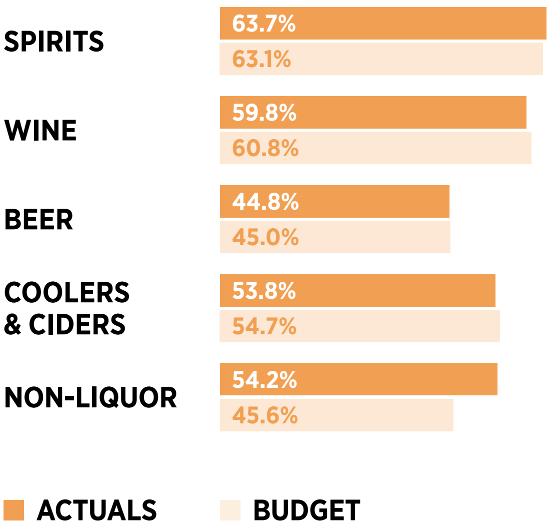
ANBL remained committed to its strategic goal of revenue growth and cost reduction, generating $200.8M in Net income.

Total sales exceeded prior year by $9.8 million and reached record levels delivering $533.0 million. With strong performance realized across all product categories, the biggest year-over-year growth, at 6.4%, was driven by the Coolers and Ciders category from a strong focus on eliminating category seasonality through new occasions. While year-over-year traffic in ANBL's Corporate stores was down, the average consumer transaction increased by $0.67 to $41.85 over the prior year.

Strong top line sales translated into strong Gross profit %, approximating targets across all categories.

Operating expenses saw an 8.0% year-over-year increase, driven by employee costs from cost-of-living adjustments, and ANBL's business transformation project. The launch of the project will result in incremental spend for the organization, for the duration of the project. The transformation will modernize its ageing systems and better support having the right product, in the right place, at the right time to meet customer expectations across all sales channels.

GROSS PROFIT %



2023 – 2024
PERFORMANCE MEASURES

Throughout fiscal 2023 – 2024, ANBL remained committed to its mission to responsibly manage a successful business for the people of New Brunswick. With a continued focus on its goals of Revenue Growth & Cost Reduction; Focus, Alignment & Governance; and Corporate Social Responsibility, the ANBL team was successfully able to meet or exceed seven (7) of its annual target measures. ANBL will continue its focus and commitment to a positive work environment and strong employee engagement in fiscal 2024 – 2025.

MEASURE	F23 Actual	F24 Target	F24 Actual
# of weeks	52	52	52
Revenue Growth & Cost Reduction			
Net income ($ millions)	$199.8	$184.0	$200.8
Total sales ($ millions)	$523.3	$523.5	$533.0
Net income as % sales	38.2%	35.1%	37.7%
Operating expense as % of sales	13.8%	12.3%	14.6%
Labour costs as a % of sales	8.4%	8.5%	8.6%
Focus, Alignment & Accountability			
Average Transaction Value	$41.18	$41.40	$41.85
Employee Engagement score	4.11 / 5	Maintain or Higher than F23	4.03 / 5
Corporate Social Responsibility & Governance			
Achieve framework/program milestones on time	Progressing Well	On Track	Progressing Well

REMITTANCES TO GOVERNMENTS ($000'S)

REMITTANCES TO GOVERNMENTS	**2023 – 2024 ($000's)**	**2022 – 2023 ($000's)**
Province of New Brunswick		
* Payments from net income	$203,846	$202,260
Environmental Trust Fund	3,472	3,872
Property taxes	256	254
	207,574	206,386
Government of Canada		
Harmonized Sales Tax	46,567	47,131
Excise tax and customs duties	22,669	22,714
	69,236	69,84
	$276,810	**$276,231**

** Distributions to the Province of New Brunswick differ from net income as payments made are based on net cash available from operations during the fiscal year.*

OPERATIONAL IMPROVEMENT HIGHLIGHTS

OPERATIONS AND SAFETY

ENVIRONMENT, SOCIAL AND GOVERNANCE

During fiscal 2023 – 2024 ANBL embarked on an initiative to better understand its current strategies and how they correlate to an Environmental, Social and Governance (ESG) framework. The goal of ESG is to capture non-financial risks and opportunities inherent to a company's day-to-day activities: looking at how we treat the environment, treat people and make decisions. Some of this information is contained throughout this report. ANBL, as part of this exploratory work, performed a benchmarking exercise to better understand the scope of work in similar fields of retail (beverage alcohol) and general retail (grocery and mixed retail). In the future ANBL will be positioned better to communicate associated work under the ESG umbrella.

SUPPLY CHAIN ACT

During fiscal 2023 – 2024, the federal government passed into law the *Supply Chain Act,* the *"Fighting Against Forced Labour and Child Labor in Supply Chains Act".* This new Canadian law is intended on raising industry awareness and transparency and improving business practices. It requires ANBL, as an entity, to file annual public reports on the steps they have taken to prevent the use of forced labour and child labour in their supply chains. Since the law came into effect in January 2024, ANBL has brought awareness to the business of the act and has begun collaboration with neighbouring jurisdictions on plans moving forward. A copy of the initial report can be found on the ANBL website.

SAFETY

ANBL maintains a concentration on occupational health and safety, consistently engaging in safety discussions and coaching. This year, ANBL introduced the Health & Safety Index to benchmark and track leading safety indicators, culminating in an overall safety health score for the organization. This initiative aims to enhance awareness of preventative measures and provide a broader view of the safety culture as a key performance indicator (KPI). Consequently, the organization has seen improvements in the number of safety incidents and lost time injuries. Furthermore, demonstrating ANBL's commitment to health and safety, ANBL installed five AEDs in select stores throughout the network to improve public access to lifesaving devices.

PROPERTY MANAGEMENT

Alignment of ANBL brand and design continued to expand throughout the province with modernized store renovations at four corporate locations: Dieppe Blvd, Sussex, Somerset, and Tracadie. The rebranded facelift provides a more consistent, modern, relevant, and welcoming experience for our customers. ANBL has also invested in store cold room refrigeration maintenance and upgrade projects, as well as ROC head office and warehouse structural building maintenance. With such capital investments, ANBL remains active in NB Power's Business Rebate Program, an initiative with funding support from the Government of Canada and the Province of New Brunswick, to upgrade to energy-efficient equipment. Also, ANBL continues to participate in the NB Power Peak Rebate program by utilizing its backup generator during peak demand times to remove the entire ROC facility from the electrical grid. This allows NB Power to assess the need for delivering excess power to the grid.

SUPPLY CHAIN & WAREHOUSE

Over fiscal 2023 – 2024, ANBL Supply Chain has made significant strides in addressing ongoing global shipping challenges while improving our operational efficiency. The past year has seen disruptions in the Red Sea due to geopolitical tensions and delays in the Panama Canal due to drought. These disruptions have caused increases in transit times and shipping costs. Despite these challenges, our team implemented strategic plans and scenarios in collaboration with Category Management and Channel departments to minimize risks to ANBL and its customers.

A major milestone this year was the onboarding of a new international freight forwarder, which has taken over half of our global shipping operations. This strategic move has enhanced ANBL's shipping resilience and provided more reliable logistics solutions during these turbulent times.

Through the execution of these plans, ANBL successfully limited stock outs and continued to drive sales growth.

Key Metrics:

Total Cases Shipped Outbound: ANBL shipped a total of 2,720,118 cases over the last fiscal year, reflecting its robust operational capacity.

Average Pick Rate: The warehouse team achieved an impressive average pick rate of 134 cases per hour, demonstrating efficiency and productivity in our operations.

Days Without a Lost Time Accident: Safety remains a top priority, and ANBL is proud to report a record breaking 644 days without a lost time accident and counting, showcasing a commitment to a safe working environment.

These metrics underscore ANBL's dedication to operational excellence and our continuous efforts to optimize the supply chain and warehouse processes.

PROJECT GALILEO: ANBL'S BUSINESS TRANSFORMATION PROJECT

ANBL has undertaken a multi-year business transformation project, called Project Galileo. Along with the implementation of a new Enterprise Resourcing Planning (ERP) system, Project Galileo will update and adapt the organization to better respond to and align with market trends, customer needs, and competitive advantages.

Project Galileo will unlock the potential of ANBL through adjusting, streamlining, and automating business processes based on best practices, and improving how it operates to source, supply, and sell beverage alcohol. This will ensure that it has the right product in the right place at the right time to meet customer expectations across New Brunswick.

During fiscal 2023 – 2024 ANBL identified and trained the project team while sourcing a System Integration partner. In January 2024, as a result of a competitive procurement process, Ernst & Young LLP was selected as the System Integrator to assist in managing and integrating all essential business functions into a single, centralized platform (Microsoft Dynamics 365).

Project Galileo has multiple phases and is expected to continue into fiscal 2027.

HIGH PERFORMANCE CULTURE

LEARNING AND DEVELOPMENT

ANBL is committed to providing professional development and learning opportunities to team members across the province in their official language of choice. In total, team members completed approximately 13,576 online learning hours. During fiscal 2023 – 2024, ANBL provided access to training in areas such as product knowledge, digital literacy, and occupational health and safety. We also provided specialized technical training and competency based training in support of large corporate projects.

EMPLOYEE ENGAGEMENT

During fiscal 2023 – 2024, ANBL had an impressive 86% response rate, surpassing the Gallup average of 82%, demonstrating our organization's strong commitment to employee engagement. A relatively low percentage of employees (10%) are actively disengaged, reflecting a healthy work culture where the majority of employees are highly involved in and enthusiastic about their work, drive performance, innovation, and move the organization forward. Additionally, 78% of employees rate their work environment as excellent or good, demonstrating high satisfaction. Despite undergoing significant change due to a business transformation project, the overall engagement mean experienced minimal fluctuations, highlighting the resilience of our workforce. Specifically, the strongest areas were in employee recognition and employee progress. Based on these results, and further information shared during team engagement sessions, action plans will be developed and executed throughout fiscal 2024 – 2025.

BOARD OF DIRECTORS SCHOLARSHIP/BURSARY PROGRAM

The ANBL Board of Directors' Scholarship and Bursary Program is open to all ANBL Employees and their families. In 2023 – 2024, 10 bursaries were awarded towards an eligible education program.

STORE SCORECARD AWARDS

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

ANBL continued with its Scorecard Awards this past fiscal year. These accolades celebrate outstanding performance across various critical metrics, including key performance indicators, sales, average ticket value, value-added, bundle offerings, and ID check verification practices.

A-BANNER

Gold-Moncton North
Silver-Fredericton, York Street

B-BANNER

Gold-Moncton, Elmwood Drive
– TIE –
Gold-Fredericton, Devon

C-BANNER

Gold-Sackville
Silver-Sussex

D-BANNER

Gold-Hampton
Silver-St. Andrews

PRODUCT HIGHLIGHTS

The Spirits category saw growth year over year in revenue (1.3%), outpacing the majority of Canadian markets, however that growth was not significant enough to reach the budget target set at the beginning of the year. The positive revenue growth was driven by the Whisky, Liqueur and Tequila Categories. Volume saw a continued decline year over year as has been the trend nationally for two years. The national trend towards premiumization has started to slow, and consumers are shifting their behaviour in, what is for many, tough economic times. This is evident in the slower rate of growth of the premium portfolio segment of ANBL Spirits as compared to recent years.

The Beer category was ahead of national trends in volume, but volume reduction in the domestic beer still drives decline in the overall category. Significant growth was seen once again in Premium beer as well as an extremely strong performance in Import product, which helped ANBL grow revenue year-over-year and exceed its budget target. The 24-pack can format continues to dominate, making up for half of all beer products sold.

The Cider & Cooler category exceeded sales budget target, while also producing another year of growth. While the national average fluctuated regionally, New Brunswick stayed ahead of the curve, especially through the back half of the year. Larger pack sizes continue to drive positive results, through a strong variety pack portfolio. The Iced tea sub-category saw a strong year of continued growth through extended offerings. Traditional cooler products had a slight rebound this year, which is expected to continue into next year through strong performance on mainstay SKUs.

The Wine category finished the year up nearly 2.0% on both the budgeted revenue target and year over year performance. Volume continued to decline in keeping with national trends at -1.3%. Domestic wine continued to account for most sales by revenue and volume alongside a strong 4% growth in Australian wine. Volume declined in Red, Rose and Sparkling wines, while White options saw slight growth in volume, pointing towards an overall shift in consumption habits that ANBL will continue to track.

SPOTLIGHT ON LOCAL PRODUCERS

While ANBL maintains a diverse portfolio of international and national products to ensure customers' expectations can be met, it also recognizes the importance of strategic partnerships with many New Brunswick producers, both craft and mainstream, who contribute to a dynamic and evolving New Brunswick alcohol industry.

Over the past year, ANBL has seen continued growth within certain local craft sectors, and it is innovative products entering the market that are driving these results. ANBL continues to recognize the need to review its support of the local industry to ensure it is consistently contributing in the right way to foster a strong, sustainable alcohol sector in New Brunswick.

To amplify ANBL's role and support, ANBL has fostered regular engagement, annual joint business planning, regular trade visits, and various external working groups to continue with the transparency of changes coming in our business.

In addition to the two category management team members, ANBL has added a third dedicated resource within the channel team (the Local Producer Channel Lead) to conduct regular site visits, ensure contracts and agreements are up-to-date, and fold in regular audit functions when visiting local retail sites to ensure all aspects of the store follow the provincial guidelines.

ANBL is working very closely to share information and hear feedback from producers, government departments, and industry interest groups to help move the industry forward in a positive way. This gives ANBL the ability to share with the industry best practices, collaborate on new opportunities, identify trends, and share strategies for sustainability and overcoming barriers to growth to keep the industry thriving and flourishing.

ANBL is committed to working collaboratively with the province's alcohol sector and is confident that the ongoing strategy will contribute to the development of a sustainable industry, which will balance the needs of all stakeholders and bring economic value to New Brunswickers.

LIST OF LOCAL PRODUCERS

*As of March 31, 2024

13 Barrels Brewing, Bathurst

Acadie-Broue Inc, Moncton

Appleman Farms Ltd., Gagetown

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 Paien, 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

Foghorn Brewing Company, Rothesay

Four Rivers Brewing, Bathurst

Domaine des petits fruits., Saint Quentin

Gagetown Distilling & Cidery, Gagetown

Gahan House, Moncton, Saint John & Fredericton

Gordon McKay & sons 1996 Ltd., Pennfield

Grand Falls Brewing, Grand Falls

Granite Town Farms, St. George

Graystone Brewing, Fredericton

Gridiron Brewing, Hampton

Grimross Brewing Corp., Fredericton

Half Cut Brewing, Fredericton

Hampton Brewing, Hampton

Happy Craft Brewing, Moncton

Holy Whale Brewing Corp., Riverview & Alma

Johnny Jacks, Oromocto

King West Brewing Co., Fredericton

Kingston Creek Cider, Kingston

La Framboise Francoeur, Notre-Dame-de-Lourde

Latitude 46 Estate Winery, Memramcook

Les Brasseurs du Petit-Sault, Edmundston

Long Bay Brewing, Rothesay

Loyalist City Brewing Co, Saint John

Magnetic Hill Winery, Moncton

Mama's Brew Pub, Fredericton

Maybee Brewing Company, Fredericton

Microbrasserie Houblon-Pêcheur, Village-des-Poirier

Moonshine Creek Craft Distillery, Waterville

Moosehead Breweries, Saint John

MorALE Brewsters, Oromocto

New Maritime Brewing, Miramichi

Novum Boreas Microbrasserie, Saint-Quentin

O. G. Ales, Harvey

O'Creek Brewing, Moncton

Ole Foggy Distillery, Hampton

Picaroons, Fredericton, Saint John & St. Stephen

Pioneer Mountain Estates, Moncton

Pump House, Moncton & Shediac

Red Rover Craft Cider, Fredericton

Richibucto River Wine Estates, Mundleville

Snow Fox, Moncton

Sunset Heights Meadery, McLeod Hill

Sussex Ale Works, Sussex

Sussex Craft Distillery, Sussex Corner

The Cap, Fredericton

Three Dog Distilling, Miramichi

Tide & Boar, Moncton

Timbership Brewing, Miramichi

Tire Shack Brewing, Moncton

Tobique River Trading Company, Perth Andover

Trailway Brewing, Fredericton

Tuddenham Farms, Oak Bay

Twin Harbour Brewing, Saint Antoine

Verger Belliveau Orchard (Scow Cider), Memramcook

Vinerie DesFruits Winery, Saint-André

Waterside Farms Cottage Winery, Waterside

Winegarden Estate Ltd. Winery and Distillery, Baie-Verte

Yip Cider, Kingston

York County Cider, Fredericton

St Andrews Brewing Company, Saint Andrews

Microbrasserie Ateepic, Edmundston

Wasted Day Brewing, Saint John

The Union House by Trailway, Saint John

The Brew D'la Baie, Charlo

Cooperative Forestiere Du Nord-Ouest, Clair

First Light Distillery, Fredericton

Crooked River Distillery, Memramcook

East Coast Collective, Noonan

Bogey Free Brewhouse, Moncton

Hop To it Brewing, Irishtown

Big Sky Ventures, Red Bank

Cask & Kettle Brewing, Saint John

Microbrasserie Nectar, Bertrand

Artisan Brewing, Campbellton

Union Brewing, Oromocto

Happy Knight, Hampton

Big Tide Brewing, Saint John

CORPORATE SOCIAL RESPONSIBILITY

ANBL's Corporate Social Responsibility (CSR) strategy has three key pillars: community engagement, responsible consumption, and responsible retailing. The goal of the strategy is to have all internal and external stakeholders recognize the balance of ANBL's strong retail experience and sales mandate, with a commitment to responsibility at every level in the organization. ANBL continues to effectively contribute to the betterment of the province through education, safety, and community support.

COMMUNITY ENGAGEMENT

ANBL's efforts in community engagement focuses on food security as a means of poverty reduction. The continued partnership with Food Depot Alimentaire enables ANBL to support partner organizations throughout the province, keeping donations in the communities where they are raised. In fiscal 2023–2024, ANBL and their customers contributed a total combined value of $315,411 in food and cash donations – an increase of over 20% over last year.

ANBL FOOD SECURITY IMPACT REPORT

HOW ANBL IS GETTING MORE FOOD TO THOSE WHO NEED IT

FY2023-2024

MEASUREMENT	Q1	Q2	Q3	Q4	TOTAL
# OF FOOD DONATIONS	1,324	1,226	2,955	354	5,859
$ VALUE OF FOOD DONATIONS	$ 2,118	$ 1,962	$ 5,635	$686	$10,401
$ IN CASH DONATIONS	$ 71,412	$ 116,145	$ 40,226	$77, 225	$305,008
TOTAL VALUE OF FOOD + CASH DONATIONS	$ 73,530	$ 118,107	$ 45,862	$77, 912	$315,411

2930 POUNDS

Food donations by ANBL team members

TOTAL DOLLAR VALUE OF ANBL TEAM AND CUSTOMER DONATIONS

$315,411

PROMOTING RESPONSIBLE CONSUMPTION

ANBL sponsored over 20 events in fiscal 2023 – 2024 throughout the province, promoting responsible consumption through the ANBL Safe Ride program. The program provides free transportation from events for ages 19+ where alcohol is served, in an effort to ensure participants have safe ride home, minimizing the possibility of impaired driving. Having ANBL representatives onsite allowed them to interact with over 90,000 patrons, explaining the Safe Ride program. This has resulted in overwhelmingly positive feedback, and 17% of event patrons used the Safe Ride option.

Driven by the CSR team and Marketing, responsible consumption messages are also integrated into ANBL's overall content strategy, providing consumers with guidance, and reinforcing ANBL's position on responsible consumption. Customers can always find helpful hosting tips on **ANBL.com/celebratesafe**, as well as educational content on responsible consumption.

ALCOOL NB LIQUOR
SAFE RIDE
RENTREZ EN SÉCURITÉ
IMPACT REPORT

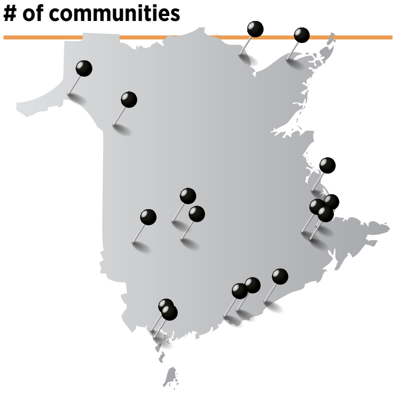
What is Safe Ride?

A transportation service offered at ANBL-sponsored events throughout New Brunswick that provides a safe ride to patrons for **FREE**.

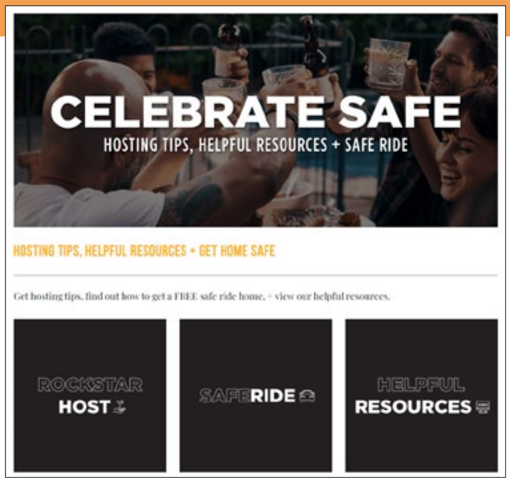
We're proud to be your designated driver at ANBL-sponsored events throughout New Brunswick.

ANBL.COM/SAFERIDE

of communities



Fiscal 2023-24	Q1	Q2	Q3	Q4	TOTAL
Event attendance	7,289	71,154	11,122	2,425	91,990
# of Safe Ride passengers	1,395	10,139	3,218	1,375	16,127
% of total attendees	19.1%	14%	29%	56%	17%
Staff hours	120.5	169.5	54.5	20.5	365
Volunteer hours	31	225	52	12	320
# of Communities	4	9	3	2	12



RESPONSIBLE RETAILING

ANBL is focused on responsible retailing, both in corporate stores and in channel partner stores, by offering the training and resources necessary to ensure safe selling practices. This is required training for all ANBL employees, and for all channel partners, and is a part of onboarding for all new hires at ANBL. The CSR Team also provides "Check 30" in-store materials to facilitate communication around safe selling practices with employees and customers.

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.

REPORT ON THE *OFFICIAL LANGUAGES ACT*

There were six (6) language complaints received in fiscal 2023 – 2024 at ANBL. ANBL continues to work with the departments and the Office of the Commissioner of Official Languages for New Brunswick to implement appropriate remediating actions. All six complaints have been resolved.

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 fiscal 2023 – 2024 pursuant to the policy.

RIGHT TO *INFORMATION AND PROTECTION OF PRIVACY ACT*

During fiscal 2023 – 2024, there were two (2) requests received under the *Right to Information and Protection of Privacy Act.* One request was answered and closed during the fiscal year, with the other one in progress at the end of the fiscal year.

2023 – 2024 REPORT ON THE STATUS OF AUDITOR GENERAL FINDINGS

As outlined in its FY2023 – 24 mandate letter, ANBL is required to provide an update on the status of Auditor General of New Brunswick ("AG") recommendations provided to the corporation in the past five years.

In June of 2022, the AG released its Volume I Performance Audit that included Chapter 2 – Liquor Industry Development in New Brunswick-New Brunswick Liquor Corporation (AG Report). The purpose of the audit was to evaluate whether ANBL was effectively managing its participation in the liquor industry in the Province, while providing financial revenues in line with its mandate. The audit focused on fiscal years 2019, 2020 and 2021. The report provided nineteen (19) recommendations to ANBL, for which a response and target date for implementation, were provided, and published.

ANBL takes its purpose, as outlined in the *New Brunswick Liquor Corporation Act,* to participate in the development of the liquor industry in the Province seriously, and largely agreed with all recommendations. At the time of the report's issuance, many recommendations were already underway (6), or implemented (6). A summary of the status of the recommendations is outlined below, broken down by the initial target date set for implementation, and as reported in the AG Report:

Recommendation Summary AG Report Reference #	Target Date for Full Implementation	Status
Ineffective Planning and Engagement to Develop Province's Liquor Industry		
2.35 – outcomes-based strategic plan	FY2023 – 24	Implemented
2.44 – local producer communications and engagement plan	FY2023 – 24	In-Progress
2.51 – define and set clear financial targets	Implemented	Implemented
Weakness in Product Lifecycle Management		
2.59 – clearly document and retain decision rationale	Implemented	Implemented
2.65 – provide current information to all suppliers	Implemented	Implemented
2.70 – listing process improvements	FY2022 – 23	Implemented
2.74 – increase transparency	FY2022 – 23	Implemented
2.92 – complete a comprehensive review and update of pricing strategy and mark-up structure	FY2023 – 24	In-Progress
2.109 – enhance pricing practices	Implemented	Implemented
2.116 – review and update the Minimum Retail Pricing policy annually	Implemented	Implemented
2.119 – actively monitor liquor prices in agency stores	FY2023 – 24	Implemented
2.132 – delisting process improvements	FY2022 – 23	Implemented
2.141 – document process used to set sales thresholds for delisting purposes	FY2023 – 24	Implemented
Data & Document Retention Issues		
2.151 – review and update Bev Hub and sales data applications	FY2022 – 23	Implemented
Other Areas of Concern		
2.156 – retain all communications with suppliers supporting prices changed during price call process	Implemented	Implemented
2.169 – develop and implement a plan to address legislative requirement to promote the responsible consumption of liquor	FY2023 – 24	Implemented
2.170 – Board of Directors review of performance in promoting the responsible consumption of liquor	FY2022 – 23	Implemented
2.174 – undertake risk assessment to ensure pricing policies comply with applicable trade agreements	FY2022 – 23	Implemented
2.179 – Board of Directors review and update by-laws to address potential, perceived or actual situations that increase risk to its independence from government	FY2022 – 23	Implemented

ANBL has assessed all but two of the recommendations as being implemented at the end of fiscal 2023 – 2024. Advancement has been made for recommendation 2.44, and full implementation remains in-progress. In its new 3-year plan, ANBL will develop and implement a new pricing strategy, that will address recommendation 2.92.

All implemented recommendations are subject to review, both internally and by the AG's office, before being confirmed as officially implemented by the AG. An update on progress is reported quarterly to ANBL's Board of Directors.

There were no other recommendations provided to the corporation in the past five years.

STORE LOCATIONS

LEGEND

Corporate · Grocery · Agents

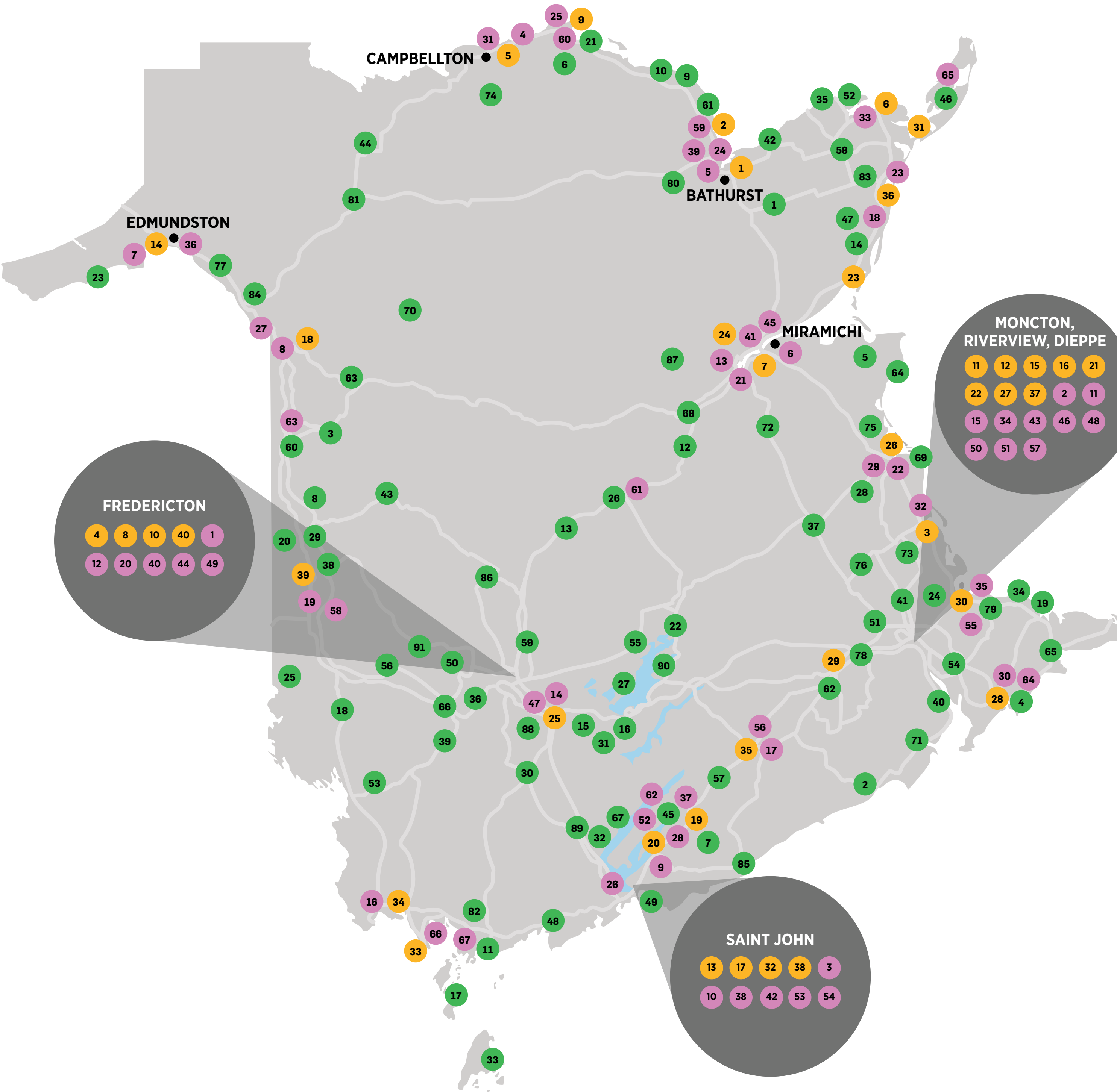
1 Bathurst
2 Beresford
3 Bouctouche
4 Brookside Mall, Fredericton
5 Campbellton
6 Caraquet
7 Chatham
8 Corbett Centre, Fredericton
9 Dalhousie
10 Devon Park, Fredericton
11 Dieppe
12 Dieppe Blvd
13 East Point, Saint John
14 Edmundston
15 Elmwood Drive, Moncton
16 Experience by ANBL
17 Fairville Blvd, Saint John
18 Grand Falls
19 Hampton
20 Kennebecasis Valley
21 Moncton North
22 Mountain Road, Moncton
23 Neguac
24 Newcastle
25 Oromocto
26 Richibucto
27 Riverview
28 Sackville
29 Salisbury
30 Shediac
31 Shippagan
32 Somerset St, Saint John
33 St. Andrews
34 St. Stephen
35 Sussex
36 Tracadie-Sheila
37 Vaughan Harvey Blvd, Moncton
38 Wellington Row, Saint John
39 Woodstock
40 York Street, Fredericton

1 Atlantic Superstore Fredericton
2 Atlantic Superstore Moncton Trinity
3 Atlantic Superstore Saint John
4 Atlantic Superstore Atholville
5 Atlantic Superstore Bathurst
6 Atlantic Superstore Chatham
7 Atlantic Superstore Edmundston
8 Atlantic Superstore Grand Falls
9 Atlantic Superstore Kennebecasis
10 Atlantic Superstore Millidgeville Saint John
11 Atlantic Superstore Moncton Main St
12 Atlantic Superstore Nashwaaksis
13 Atlantic Superstore Newcastle
14 Atlantic Superstore Oromocto
15 Atlantic Superstore Riverview
16 Atlantic Superstore St. Stephen
17 Atlantic Superstore Sussex
18 Atlantic Superstore Tracadie
19 Atlantic Superstore Woodstock
20 Co-op Fredericton Doak Road
21 Co-op Miramichi Beaubear
22 Co-op Trad Richibucto
23 Coopérative Régional de la Baie (Tracadie)
24 Foodland Bathurst
25 Foodland Dalhousie
26 Foodland Grand Bay-Westfield
27 Foodland Grand Falls
28 Foodland Quispamsis
29 Foodland Rexton
30 Foodland Sackville
31 IGA Campbellton
32 IGA coop Bouctouche
33 IGA coop Caraquet
34 IGA coop Dieppe
35 IGA coop Shediac
36 IGA extraEdmundston
37 Kredl's Corner Market Ltd.
38 No Frills Saint John
39 Sobeys Bathurst
40 Sobeys Brookside
41 Sobeys Douglastown
42 Sobeys Eastpoint Saint John
43 Sobeys Elmwood Moncton
44 Sobeys Fredericton Prospect St
45 Sobeys Miramichi
46 Sobeys Moncton NW Center
47 Sobeys Oromocto
48 Sobeys Paul Dieppe
49 Sobeys Regent Fredericton
50 Sobeys Regis Dieppe
51 Sobeys Riverview
52 Sobeys Rothesay Hampton Road
53 Sobeys Saint John Lansdowne Ave
54 Sobeys Saint John West
55 Sobeys Shediac
56 Sobeys Sussex
57 Sobeys Vaughn Harvey Moncton
58 Sobeys Woodstock
59 YIG Beresford
60 YIG Dalhousie
61 YIG Doaktown
62 YIG Hampton
63 YIG Perth-Andover
64 YIG Sackville
65 YIG Save Easy Shippagan
66 YIG Save Easy St. Andrews
67 YIG St. George

1 Allardville
2 Alma
3 Arthurette
4 Aulac
5 Baie-Ste-Anne
6 Balmoral
7 Barnesville
8 Bath
9 Bay du Vin
10 Belledune
11 Black's Harbour
12 Blackville
13 Boiestown
14 Brantville
15 Burton
16 Cambridge Narrows
17 Campobello Island
18 Canterbury
19 Cap Pele
20 Centreville
21 Charlo
22 Chipman
23 Clair
24 Cocagne
25 Debec
26 Doaktown
27 Douglas Harbour
28 Elsipogtog
29 Florenceville
30 Fredericton Junction
31 Gagetown
32 Grand Bay
33 Grand Manan
34 Grand-Barachois
35 Grande-Anse
36 Hanwell
37 Harcourt
38 Hartland
39 Harvey Station
40 Hillsborough
41 Irishtown
42 Janeville
43 Juniper
44 Kedgwick
45 Kingston
46 Lameque
47 Leech
48 Lepreau
49 Loch Lomond
50 Mactaquac
51 Magnetic Hill
52 Maissonnette
53 McAdam
54 Memramcook
55 Minto
56 Nackawic
57 Norton
58 Paquetville
59 Penniac
60 Perth Andover
61 Petit Rocher
62 Petitcodiac
63 Plaster Rock
64 Pointe-Sapin
65 Port Elgin
66 Prince William
67 Public Landing
68 Renous
69 Richibouctou Village
70 Riley Brook
71 Riverside-Albert
72 Rogersville
73 Saint-Antoine
74 Saint-Arthur
75 Saint-Louis-de-Kent
76 Saint-Paul-de-Kent
77 Sainte-Anne-de-Madawaska
78 Salisbury
79 Shediac
80 South Tetagouche
81 St-Quentin
82 St. George
83 St. Isidore
84 St. Leonard
85 St. Martins
86 Stanley
87 Sunny Corner
88 Waasis
89 Welsford
90 Youngs Cove
91 Zealand

STORE LOCATIONS

LEGEND Corporate Grocery Agents



SALES BY LOCATION

LOCATION	PUBLIC	LICENSEE	2023 – 2024 $000's TOTAL	2022 – 2023 $000's TOTAL
Warehouse *	$168,829	$13,220	$182,049	$174,466
Regis St.	13,284	3,151	16,435	16,185
Corbett Centre (1)	15,157	1,034	16,191	16,376
Kennebecasis Valley (4)	15,243	831	16,074	15,868
York St. (1)	12,144	2,123	14,267	14,532
Vaughan Harvey Blvd.	11,013	3,238	14,251	13,959
East Point Center (2)	12,856	1,147	14,003	14,091
Salisbury	13,623	88	13,711	12,870
Edmundston (2)	11,145	2,077	13,222	13,114
Moncton North (1)	11,594	1,510	13,104	13,158
Fairville Blvd. (3)	9,825	1,355	11,180	10,987
Riverview (3)	10,116	927	11,043	10,776
Bathurst (3)	9,605	1,331	10,936	10,939
Brookside Mall (3)	9,014	1,614	10,628	10,196
Devon Park (6)	9,498	519	10,017	10,046
Mountain Rd. (1)	8,401	1,382	9,783	9,410
Shediac (4)	8,137	1,167	9,304	8,822
Oromocto (5)	8,586	639	9,225	8,972
Dieppe Blvd.	8,594	565	9,159	9,097
Newcastle (3)	8,181	974	9,155	8,912
Elmwood Drive (2)	8,628	462	9,090	8,720
Wellington Row	7,311	1,765	9,076	8,943
Somerset St. (3)	7,276	1,122	8,398	8,635
Woodstock (8)	7,537	700	8,237	8,139
Sussex (3)	7,589	563	8,152	7,942
Grand Falls (6)	6,917	460	7,377	7,554
St. Stephen (2)	6,950	247	7,197	7,341
Tracadie (3)	5,874	675	6,549	7,390
Caraquet (3)	4,944	793	5,737	5,679
Sackville (2)	5,380	337	5,717	5,515
Chatham (3)	5,217	388	5,605	5,679
Richibucto (5)	4,675	334	5,009	5,558
Hampton	4,586	195	4,781	4,642
Beresford (2)	4,611	164	4,775	4,746
Bouctouche (2)	3,578	546	4,124	3,969
Campbellton (2)	3,347	645	3,992	4,148
St. Andrews	2,664	940	3,604	3,592
Shippagan (1)	3,184	339	3,523	3,583
Neguac	2,847	242	3,089	3,119
Expérience	2,182	704	2,886	3,184
Dalhousie (2)	2,134	239	2,373	2,396
TOTAL	**$ 482,276**	**$ 50,752**	**$ 533,028**	**$ 523,250**

(#) Indicates number of agents at this location
**Includes web-based ordering for Licensees*

AGENT SALES BY LOCATION

AGENCY LOCATION	ANBL LOCATION	2024 $000's SALES	2023 $000's SALES
Grand Bay	Somerset St.	$5,284	$5,203
Hanwell	Corbett Centre, Fredericton	4,996	4,923
Loch Lomond	Kennebecasis Valley	4,154	4,113
Perth Andover	Grand Falls	3,943	2,901
St. George	Fairville Blvd., Saint John	3,767	3,711
Cape Pele	Shediac	3,430	3,335
Waasis	Oromocto	3,369	3,370
Cocagne	Shediac	3,263	3,299
Norton	Sussex	3,130	2,973
Aulac	Sackville	3,034	2,911
Salisbury	Mountain Road, Moncton	2,983	2,901
Shediac	Shediac	2,890	2,993
Petit Rocher	Beresford	2,807	2,785
Port Elgin	Sackville	2,787	2,707
Petitcodiac	Sussex	2,611	2,427
Irishtown	Elmwood Dr., Moncton	2,556	2,510
Memramcook	Elmwood Dr., Moncton	2,540	2,590
Lameque	Shippagan	2,395	2,266
Grand Manan	East Point, Saint John	2,194	2,211
Paquetville	Caraquet	2,150	2,088
St-Quentin	Grand Falls	2,090	2,006
Minto	Devon Park, Fredericton	2,069	1,974
Rogersville	Chatham	2,062	1,805
Hartland	Woodstock	2,018	1,942
Grand Barachois	Shediac	1,984	1,901
St-Antoine	Bouctouche	1,974	1,921
Mactaquac	Brookside Mall, Fredericton	1,903	1,986
Nackawic	Woodstock	1,846	1,795
Florenceville	Woodstock	1,788	2,091
Saint-Louis-de-Kent	Richibucto	1,754	1,759
Prince William	York Str, Fredericton	1,703	1,748
Chipman	Devon Park, Fredericton	1,676	1,565
Kingston	Kennebecasis Valley	1,594	1,535
Elsipogtog	Richibucto	1,557	533
Brantville	Tracadie	1,557	1,716
Harvey Station	Devon Park, Fredericton	1,512	1,493
Penniac	Devon Park, Fredericton	1,479	1,502
Sunny Corner	Newcastle	1,453	1,380
Hillsborough	Riverview	1,391	1,319
Plaster Rock	Grand Falls	1,383	1,385
Leech	Tracadie	1,371	155
St. Leonard	Grand Falls	1,322	1,270
Fredericton Junction	Oromocto	1,318	1,279
Bath	Woodstock	1,254	1,153
Lepreau	Fairville Blvd., Saint John	1,239	1,307
Kedgwick	Campbellton	1,235	1,222
Zealand	Brookside Mall, Fredericton	1,227	1,213
Blackville	Newcastle	1,226	1,141
Burton	Oromocto	1,184	1,216
Youngs Cove	Kennebecasis Valley	1,170	1,119
Stanley	Brookside Mall, Fredericton	1,122	1,026
Balmoral	Dalhousie	1,118	1,135
St. Isidore	Tracadie	1,100	1,052
Centerville	Woodstock	1,082	1,075
Black's Harbour	Fairville Blvd., Saint John	1,018	918
Cambridge Narrows	Sussex	1,006	916
Renous	Newcastle	1,005	931
Charlo	Dalhousie	969	941
Grande-Anse	Caraquet	957	927
Boisetown	Devon Park, Fredericton	921	936
Ste Anne De Madawaska	Edmundston	897	861
Richibouctou Village	Richibucto	863	875
Allardville	Bathurst	850	811
Belledune	Beresford	822	847
Doaktown	Devon Park, Fredericton	808	756
Welsford	Somerset St.	803	781
St. Martins	East Point, Saint John	792	829
Harcourt	Richibucto	791	903
Public Landing	East Point, Saint John	763	738
Clair	Edmundston	722	750
Barnesville	Kennebecasis Valley	687	633
Baie-Sainte-Anne	Chatham	686	784
Douglas Harbour	Oromocto	669	655
Magnetic Hill	Moncton	651	–
McAdam	St. Stephen	639	644
Alma	Riverview	604	626
Canterbury	Woodstock	598	613
Gagetown	Oromocto	592	652
Debec	Woodstock	588	557
Riverside-Albert	Riverview	567	538
Maissonnette	Caraquet	560	589
Janeville	Bathurst	545	517
Bay du Vin	Chatham	520	507
Arthurette	Grand Falls	470	653
South Tetagouche	Bathurst	458	484
Saint-Paul-de-Kent	Bouctouche	416	399
Campobello Island	St. Stephen	407	407
Saint-Arthur	Campbellton	405	354
Pointe-Sapin	Richibucto	295	332
Riley Brook	Grand Falls	294	304
Juniper	Woodstock	283	286
Manufacturer Agents	Head Office, Fredericton	99	177
TOTAL AGENT SALES		**$ 141 064**	**$ 135 367**

GROCERY	2024	2023
Sobeys Distribution Centre	16,580	15,553
Loblaws Distribution Centre	12,476	11,863
Kredl's Corner Market (2017) Ltd.	83	85
TOTAL GROCERY SALES	**$ 29 139**	**$ 27 501**

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.

[signed by]

Lori Stickles
PRESIDENT AND CEO

[signed by]

Jamie LeBlanc
SENIOR VICE PRESIDENT AND CFO

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of New Brunswick Liquor Corporation

Opinion

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

- the statement of financial position as at March 31, 2024
- the statement of operations and other comprehensive income for the 52-week then ended
- the statement of changes in equity for the 52-week then ended
- the statement of cash flows for the 52-week then ended
- and notes to the financial statements, including a summary of material accounting policy information.

(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 end of March 31, 2024, and its financial performance and its cash flows for the 52-week period then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's 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 Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants

Fredericton, Canada

June 26, 2024

NEW BRUNSWICK LIQUOR CORPORATION

Statement of Financial Position
(In thousands)

March 31, 2024, with comparative information for April 2, 2023

	March 31 2024	April 2 2023
Assets		
Current Assets		
Cash	$ 218	$ 198
Trade and other receivables	15,591	13,009
Inventories	39,554	37,542
Prepaid expenses	2,600	2,398
	57,963	53,147
Non Current Assets		
Property and equipment (note 4)	13,221	12,333
Intangible assets (note 5)	2,276	2,744
Right-of-use assets (note 6)	36,288	41,599
	51,785	56,676
Total Assets	**$ 109,748**	**$ 109,823**
Liabilities		
Current Liabilities		
Trade and other payables	$ 33,148	$ 24,727
Lease liabilities due within one year (note 6)	6,905	6,845
	40,053	31,572
Non Current Liabilities		
Long-term lease liabilities (note 6)	34,172	39,753
Retiring allowances (note 7)	2,194	2,135
	36,366	41,888
Total Liabilities	76,419	73,460
Equity of the Province of New Brunswick		
Equity	33,052	36,079
Accumulated other comprehensive income	277	284
	33,329	36,363
Total Liabilities and Equity	**$ 109,748**	**$ 109,823**

Contingencies (note 12)

See accompanying notes to financial statements.

On behalf of the Board:

[signed by]
John Correia
Chair of the Board

[signed by]
Cédric Laverdure
Chair of the Audit Committee

NEW BRUNSWICK LIQUOR CORPORATION

Statement of Operations and Comprehensive Income
(In thousands)

52 weeks ended March 31, 2024, with comparative information for the 52 weeks ended April 2, 2023

Statement of Operations

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Total sales (note 9)	$ 533,028	$ 523,250
Less: discounts	12,252	11,792
Net sales	520,776	511,458
Cost of sales	246,454	242,769
Gross profit	274,322	268,689
Other income	4,342	3,224
	278,664	271,913
Operating expenses (note 10)	77,845	72,103
Net income	**$ 200,819**	**$ 199,810**

Statement of Comprehensive Income

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Net income	$ 200,819	$ 199,810
Other comprehensive income		
Change in retirement allowance actuarial assumptions (note 7)	(7)	15
Other comprehensive income (loss)	(7)	15
Comprehensive income	**$ 200,812**	**$ 199,825**

See accompanying notes to financial statements.

NEW BRUNSWICK LIQUOR CORPORATION

Statement of Changes in Equity
(In thousands)

52 weeks ended March 31, 2024, with comparative information for the 52 weeks ended April 2, 2023

	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at April 3, 2022	$ 269	$ 38,529	$ 38,798
Net income	-	199,810	199,810
Other comprehensive income	15	-	15
Comprehensive income	15	199,810	199,825
Distributions to the Province of New Brunswick	-	(202,260)	(202,260)
Balance at April 2, 2023	**$ 284**	**$ 36,079**	**$ 36,363**
Net income	-	200,819	200,819
Other comprehensive income	(7)	-	(7)
Comprehensive income (loss)	(7)	200,819	200,812
Distributions to the Province of New Brunswick	-	(203,846)	(203,846)
Balance at March 31, 2024	**$ 277**	**$ 33,052**	**$ 33,329**

See accompanying notes to financial statements.

NEW BRUNSWICK LIQUOR CORPORATION

Statement of Cash Flows
(In thousands)

52 weeks ended March 31, 2024, with comparative information for the 52 weeks ended April 2, 2023

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Operating		
Net income	$ 200,819	$ 199,810
Items not involving cash:		
Depreciation	8,822	8,524
Amortization of intangible assets	746	724
Loss on impairment of intangible	-	117
Loss on impairment of property and equipment	-	45
Gain on sale of property and equipment	(6)	(5)
Increase (decrease) in retiring allowances	52	43
Lease liabilities - interest portion (note 6)	1,380	1,554
Change in non-cash working capital (note 8)	3,625	2,036
Cash generated from operations	215,438	212,848
Investing		
Additions to property and equipment	(2,925)	(1,938)
Additions to intangible assets	(278)	(308)
Proceeds from sale of property and equipment	31	5
Net cash used for investing activities	(3,172)	(2,241)
Financing		
Lease payments (note 6)	(8,400)	(8,338)
Distributions to the Province of New Brunswick	(203,846)	(202,260)
Net cash used for financing activities	(212,246)	(210,598)
Increase in cash	20	9
Cash at beginning of year	198	189
Cash at end of year	**$ 218**	**$ 198**

See accompanying notes to financial statements.

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 IFRS Accounting Standards ("IFRS").

The financial statements for the year ended March 31, 2024, were approved, and authorized for issue by the Board of Directors on June 26, 2024.

(b) Fiscal year:

The Corporation's fiscal year ends on the Sunday closest to March 31. All references to 2024 and 2023 represent the fiscal years ended March 31, 2024, and April 2, 2023, 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 March 31, 2024 contained 52 weeks and the year ended April 2, 2023 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.

(d) Changes in accounting policies and disclosures:

The Corporation has applied amendments to IAS 1 – *Disclosure of Accounting Policies* which is effective January 1, 2023. The amendments require the Corporation to disclose its material accounting policies, rather than its significant accounting policies. This change did not result in any additional accounting policies being disclosed.

3. Summary of material 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 material 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 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.

3. Summary of material accounting policies (continued):

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

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.

<u>Significant estimations and assumptions</u>

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.

3. Summary of material accounting policies (continued):

(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 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
Leasehold improvements	1-20 years
Furniture, fixtures, and equipment	5 years
Automotive	4 years
Retail equipment	5 years
Refrigeration equipment	10 years

3. Summary of material accounting policies (continued):

(d) Property and equipment (continued):

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 $154 ($214 in 2023) of which $154 ($40 in 2023) is included in buildings, nil ($105 in 2023) is included in furniture, fixtures, and equipment, and nil ($69 in 2023) 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 CGUs 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 March 31, 2024, there were no indicators 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. Computer software is amortized on a straight-line basis for 4 to 10 years. The Corporation assesses the carrying value of intangible assets for impairment on an annual basis. At March 31, 2024, there were no indicators of impairment. Included in intangible assets are assets not in use of $167 ($231 in 2023). No amortization is taken on these assets.

3. Summary of material 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.

3. Summary of material accounting policies (continued):

(f) Leased assets (continued):

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 the lease period up to a maximum of 20 years.

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”).

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 and trade and other receivables as assets measured at amortized cost.

3. Summary of material accounting policies (continued):

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

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.

3. Summary of material 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:

	March 31 2024	**April 2 2023**
Discount rate	4.85%	4.90%
Future salary increases	2.30%	2.30%
Retirement age	Varies depending on member's current age	

3. Summary of material accounting policies (continued):

(j) Post-employment benefits (continued):

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 $3,586 ($3,269 in 2023). Contributions made to the plan by the Corporation for 2024 are expected to approximate 11.25% 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 $78 ($61 in 2023).

(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, 2024. The Corporation does not expect the implementation of these new accounting pronouncements to have a significant impact on its accounting policies.

Presentation and Disclosure in Financial Statements IFRS 18:

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted.

NEW BRUNSWICK LIQUOR CORPORATION

Notes to Financial Statements (continued)
(In thousands)

52 weeks ended March 31, 2024

4. Property and equipment:

	Land	Paving	Buildings	Leasehold Improvements	Furniture Fixtures and Equipment	Automotive	Retail Equipment	Refrigeration Equipment	Total
Cost									
Balance at April 3, 2022	$ 23	$ 454	$ 12,017	$ 6,206	$ 26,791	$ 443	$ 1,343	$ 3,769	$ 51,046
Additions	-	37	105	455	1,215	47	-	79	1,938
Disposals	-	-	-	-	(55)	(52)	-	-	(107)
Balance at April 2, 2023	$ 23	$ 491	$ 12,122	$ 6,661	$ 27,951	$ 438	$ 1,343	$ 3,848	$ 52,877
Balance at April 2, 2023	$ 23	$ 491	$ 12,122	$ 6,661	$ 27,951	$ 438	$ 1,343	$ 3,848	$ 52,877
Additions	-	50	212	510	1,614	287	103	149	2,925
Disposals	-	-	-	-	(4)	(35)	-	-	(39)
Balance at March 31, 2024	$ 23	$ 541	$ 12,334	$ 7,171	$ 29,561	$ 690	$ 1,446	$ 3,997	$ 55,763
Accumulated Depreciation									
Balance at April 3, 2022	$ -	$ 396	$ 6,869	$ 3,178	$ 23,564	$ 420	$ 1,343	$ 3,061	$ 38,831
Depreciation	-	10	203	333	1,021	27	-	181	1,775
Disposals	-	-	-	-	(10)	(52)	-	-	(62)
Balance at April 2, 2023	$ -	$ 406	$ 7,072	$ 3,511	$ 24,575	$ 395	$ 1,343	$ 3,242	$ 40,544
Balance at April 2, 2023	$ -	$ 406	$ 7,072	$ 3,511	$ 24,575	$ 395	$ 1,343	$ 3,242	$ 40,544
Depreciation	-	15	207	502	1,080	19	17	172	2,012
Disposals	-	-	-	-	(4)	(10)	-	-	(14)
Balance at March 31, 2024	$ -	$ 421	$ 7,279	$ 4,013	$ 25,651	$ 404	$ 1,360	$ 3,414	$ 42,542
Carrying Amounts									
At April 2, 2023	$ 23	$ 85	$ 5,050	$ 3,150	$ 3,376	$ 43	$ -	$ 606	$ 12,333
At March 31, 2024	$ 23	$ 120	$ 5,055	$ 3,158	$ 3,910	$ 286	$ 86	$ 583	$ 13,221

(In thousands)

5. Intangible assets:

Software	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Cost		
Opening	$ 12,319	$ 12,128
Additions	278	308
Loss on impairment	-	(117)
Closing	12,597	12,319
Accumulated Amortization		
Opening	9,575	8,851
Amortization	746	724
Closing	10,321	9,575
Carrying Amount	**$ 2,276**	**$ 2,744**

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 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Cost		
Opening	$ 68,525	$ 67,055
Additions	1,499	1,470
Closing	70,024	68,525
Accumulated Depreciation		
Opening	26,926	20,177
Depreciation	6,810	6,749
Closing	33,736	26,926
Carrying Amount	**$ 36,288**	**$ 41,599**

(In thousands)

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

Lease liabilities

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Opening	$ 46,598	$ 51,912
Additions	1,499	1,470
Lease payments	(8,400)	(8,338)
Interest expense on lease liabilities	1,380	1,554
Closing	**$ 41,077**	**$ 46,598**

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Current	$ 6,905	$ 6,845
Long-term	34,172	39,753
	$ 41,077	**$ 46,598**

Maturity of lease liabilities

A maturity analysis of discounted payments are as follows:

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Due within one year or less	$ 6,905	$ 6,845
Between one and five years	24,231	22,449
More than five years	9,941	17,304
	$ 41,077	**$ 46,598**

(In thousands)

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. A full actuarial evaluation of the plan was performed as of March 31, 2024.

Information relating to the plan is as follows:

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Opening	$ 2,135	$ 2,107
Employer current service cost	109	115
Interest cost	106	88
Benefit payments	(163)	(160)
Change in financial assumptions	7	(15)
Closing	**$ 2,194**	**$ 2,135**

8. Changes in non-cash working capital:

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Trade and other receivables	$ (2,582)	$ 362
Inventories	(2,012)	(67)
Prepaid expenses	(202)	(801)
Trade and other payables	8,421	2,542
	$ 3,625	**$ 2,036**

(In thousands)

9. Sales:

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Beer	$ 219,921	$ 218,059
Spirits	126,638	125,019
Wine	115,356	113,283
Coolers and ciders	70,670	66,424
Non Liquor	443	465
	$ 533,028	**$ 523,250**

10. Operating expenses:

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Employee costs	$ 44,720	$ 43,454
Depreciation and amortization	9,568	9,248
Financial services	6,490	6,555
Projects and other	6,267	1,977
Services	5,000	4,976
Occupancy costs and supplies	3,582	3,536
Technology	2,218	2,357
	$ 77,845	**$ 72,103**

(In thousands)

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:

	March 31 2024 (52 weeks)	April 2 2023 (52 weeks)
Due within one year or less	$ 8,098	$ 8,210
Between one and five years	27,501	30,228
More than five years	10,676	18,900
	$ 46,275	**$ 57,338**

(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 March 31, 2024, 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.

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 March 31, 2024, the Corporation charged CNB $2,070 ($1,494 in 2023), comprised of $1,894 ($1,245 in 2023) for salaries-administration and $176 ($249 in 2023) in rent for occupancy costs.

Trade and other receivables include $398 ($194 in 2023) 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 $1,870 ($1,725 in 2023).