

2022 OASC Jurisdiction Report



NSLC Financial Results*



\$000,000	Fiscal 2021/22	Fiscal 2020/21	\$ Δ	% Δ
Net Sales	\$820.5	\$793.1	\$27.4	3.5%
Gross Margin	\$407.7	\$405.9	1.8	0.5%
Total Expenses	\$139.0	\$131.4	\$7.7	5.8%
Net Income	\$268.7	\$274.5	(\$5.8)	2.1%
CAPEX	\$11.7	\$13.5	(\$1.8)	(13.4%)

* Includes cannabis:

Retailing of cannabis at the NSLC is not treated as a separate entity but as another category and therefore reports one P&L to the shareholder. Corporate functions and expenses are shared and not specifically segregated between beverage alcohol & cannabis.



Beverage Alcohol Financial Results*



\$000,000	Fiscal 2021/22	Fiscal 2020/21	\$ Δ	% Δ
Net Sales	\$718.7	\$707.0	\$11.7	1.7%
Gross Margin	\$379.1	\$381.6	(\$2.5)	(0.7%)
Total Expenses	\$120.5	\$115.2	\$5.3	4.6%
Net Income	\$258.6	\$266.4	(\$7.8)	(2.9%)
CAPEX	\$9.5	\$11.0	(\$1.5)	(13.9%)

* Excluding cannabis sales, gross margin and estimated cannabis expenses based on cannabis sales as percent of total sales.



Product Details



9 Litre Equivalent Cases (000's)	Fiscal 2021/22	Fiscal 2020/21	Cases Δ	% Δ
Spirits	529.9	542.2	(12.3)	(2.3%)
Wines	1,149.3	1,145.6	3.7	0.3%
Beers	6,200.2	6,328.7	(128.5)	(2.0%)
Refreshments* (including Ciders)	1,464.9	1,342.6	122.3	9.1%
Liqueurs	80.8	76.1	4.7	6.2%

* Include all Ready to Drink products including Cider and Seltzer Products



Product Details



Sales in 000,000	Fiscal 2021/22	Fiscal 2020/21	\$ Δ	% Δ
Spirits	\$165.9	\$166.6	(\$0.7)	(0.4%)
Wines	\$158.4	\$152.6	\$5.8	3.8%
Beers	\$273.8	\$276.2	(\$2.4)	(0.9%)
Refreshments*	\$93.0	\$86.0	\$6.9	8.1%
Liqueurs	\$27.6	\$25.6	\$2.0	7.9%

* Include all Ready to Drink products including Cider and Seltzer Products



Fiscal 2022/23 YTD NSLC Financial Results (To Current Fiscal Year-to-Date)



NSLC (including Canabis):

\$000,000	Fiscal 2022/23 (April-June)	Fiscal 2021/22 (April-June)	\$ Δ	% Δ
Net Sales	\$219.4	\$211.8	\$7.6	3.6%
Gross Margin	\$108.4	\$105.5	\$3.0	2.8%
Total Expenses	\$36.3	\$33.7	\$2.2	7.5%
Net Income	\$72.2	\$71.7	\$0.7	0.6%

Beverage Alcohol Only:

\$000,000	Fiscal 2022/23 (April-June)	Fiscal 2021/22 (April-June)	\$ Δ	% Δ
Net Sales	\$192.1	\$187.1	\$5.0	2.7%
Gross Margin	\$100.4	\$98.6	\$1.8	1.8%
Total Expenses	\$4.9	\$4.2	\$0.7	16.7%
Net Income	\$95.5	\$94.4	\$1.1	1.1%



Fiscal 2022/23 YTD Beverage Alcohol Sales Results (To Current Fiscal Year-to-Date)



Sales in 000,000	Fiscal 2022/23 (April-June)	Fiscal 2021/22 (April-June)	\$ Δ	% Δ
Spirits	\$42.4	\$41.6	\$0.8	1.9%
Wines	\$40.9	\$38.1	\$2.9	7.6%
Beers	\$75.8	\$75.1	\$0.7	0.9%
Refreshments (including Cider Products)	\$26.6	\$26.9	(\$0.2)	(0.9%)
Liqueurs	\$6.4	\$5.5	\$0.9	15.6%



WHAT'S NEW?



Customer Insights

- Test store -living lab to implement “test, learn and measure”
- Retail shopper evaluation – customer qualitative and quantitative research to determine our ownable service and work to align training and MAPS to support the customer
- Developing a segmentation model rooted in customer behaviours/occasions to impact MAPS & Marketing
- New annual tracking tool to measure customer sentiment and intent in key trend areas to drive innovation opportunities

MAPS(Merchandising, Assortment, Pricing & Shelf)

- Pursue less supplier paid promotion –root programming in data and customer needs – supplier revenue vs. turns
- Moving away from seasonal promo to fixed promotions
- Segmenting marketing channels based on customer needs
- Focus on a store first approach and amplify out – not focus our efforts on pre-shop
- Improving store communication –pushing the “how” and supporting the “why”



WHAT'S NEW?



Retail Network

- Home Delivery
- Continued cannabis modular installations throughout the network
- Eskasoni – First Nations partnership
- Fulfillment model exploration

Corporate

- HRIS – Payroll Module go live March 2021; LMS launched July 2022
- New role hired - Manager of Inclusivity & Accessibility
- CSR – Community Investment Program



EMERGING ISSUES



- Recruitment & Retention
- Increased external theft at stores (Pilot with HRP showing promise)
- Cyber Security Program
- Cannabis continued price compression
- Increased expenses – payroll & operating
- Continued supply chain challenges (freight, fuel surcharge)



Questions?