

2022 OASC Jurisdiction Report

Alberta Gaming, Liquor and Cannabis



AGLC

Choices Albertans can trust.



Beverage Alcohol Financial Results*



\$000,000	Fiscal 2021/22	Fiscal 2020/21	\$ Δ	% Δ
Net Sales	\$ 2,764	\$ 2,783	\$ (19)	(1%)
Gross Margin	877	922	(45)	(5%)
Total Expenses	33	33	-	-
Net Income	854	897	(43)	(5%)
CAPEX	-	-	-	-

* Please do not include Cannabis Results

Note: in Alberta's fully privatized liquor retail model, net sales represents wholesale transactions from AGLC to licensees



Product Details

9 Litre Equivalent Cases (000's)	Fiscal 2021/22	Fiscal 2020/21	Cases Δ	% Δ
Spirits	3,371	3,480	(109)	(3%)
Wines	4,784	5,185	(401)	(8%)
Beers	24,813	26,136	(1,323)	(5%)
Refreshments* <i>(including Ciders)</i>	6,373	6,201	172	3%

* 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	\$ 909	\$ 907	\$ 2	-
Wines	637	647	(10)	(2%)
Beers	932	952	(20)	(2%)
Refreshments*	286	277	9	3%

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

Note: in Alberta's fully privatized liquor retail model, sales represents wholesale transactions from AGLC to licensees

Fiscal 2022/23 YTD Beverage Alcohol Financial Results

(To June 30)



\$000,000	Fiscal 2022/23 (April-June)	Fiscal 2021/22 (April-June)	\$ Δ	% Δ
Net Sales	\$ 727	\$ 712	\$ 15	2%
Gross Margin	224	230	(6)	(3%)
Total Expenses	8	7	1	14%
Net Income	219	225	(6)	(3%)

Sales in 000,000	Fiscal 2022/23 (April-June)	Fiscal 2021/22 (April-June)	\$ Δ	% Δ
Spirits	\$ 225	\$ 211	\$ 14	7%
Wines	157	151	6	4%
Beers	258	256	2	1%
Refreshments (including Cider Products)	87	94	(7)	(7%)



WHAT'S NEW?

- **Kandice Machado** formally appointed CEO of AGLC (September 2021)
- **Kathy Hibbs** serving as Acting Senior Director, Liquor Services
- AGLC Board now has full complement of **9 members**
- Corporate reorganization in 2022 created new roles:
 1. Executive Vice President, Public Engagement and Chief Regulatory Officer (Dave Berry)
 2. Executive Vice President, Business Development (Steve Lautischer)
- All lines of business (liquor, gaming and cannabis) within the same division to increase efficiencies
- Commitment to creating opportunities for business

WHAT'S NEW?

- **2022-2027 AGLC Strategic Plan** (Customer, Industry, Digital, People)
- Continued focus on the Government of Alberta's priority of **red tape reduction**:
 1. Completed a comprehensive review of all AGLC policy handbooks (and have begun a process to re-review each one)
 2. Corporate target exceeded (>38% reduction)
- **Process improvements**:
 1. New portal for small manufacturers to report self-distributed sales
 2. Increased payment frequency to expediate payment to manufacturers



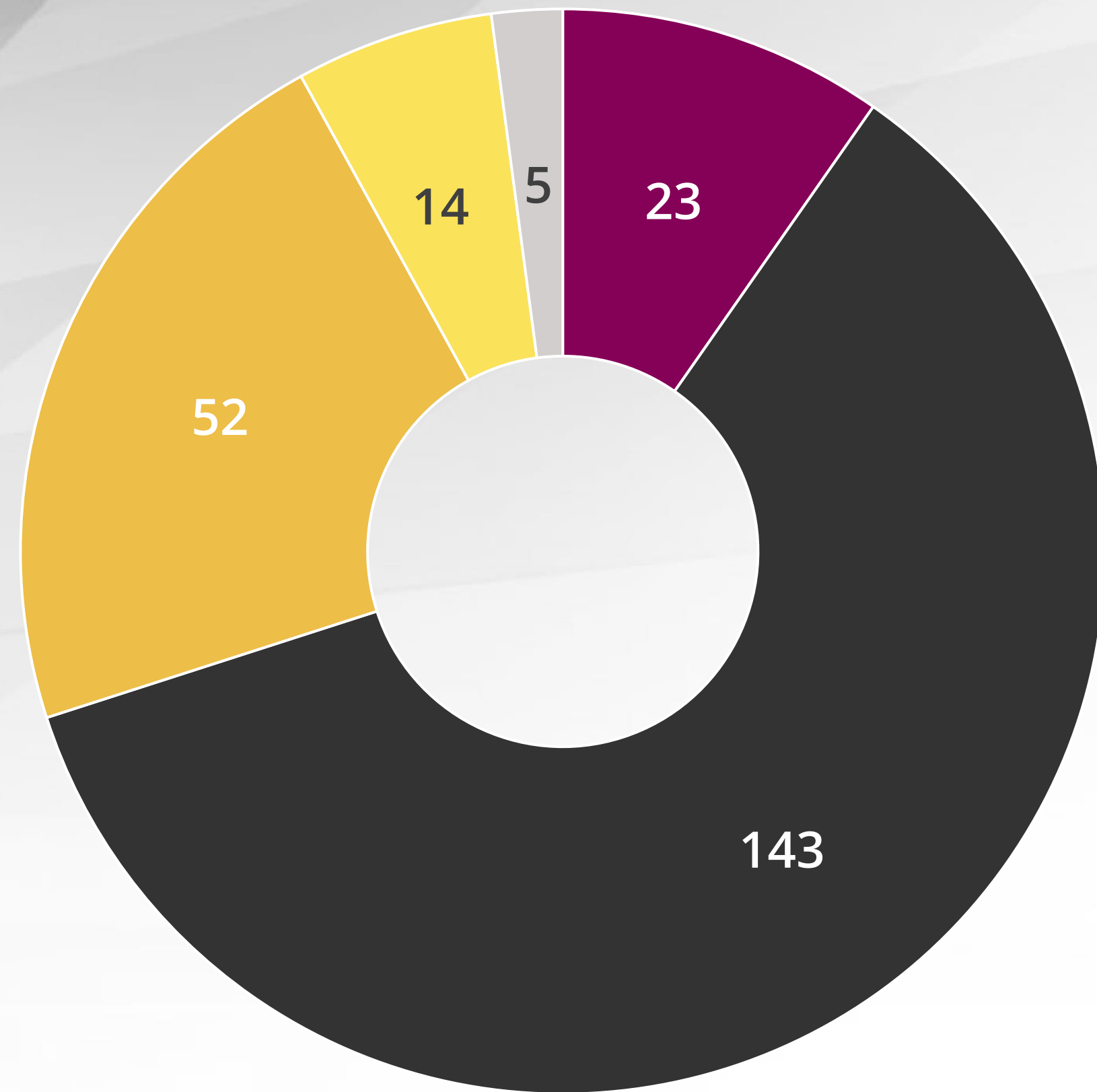
WHAT'S NEW?

Total Licensees as at March 31, 2022 = 10,622






WHAT'S NEW?

Continued growth of liquor manufacturing in Alberta



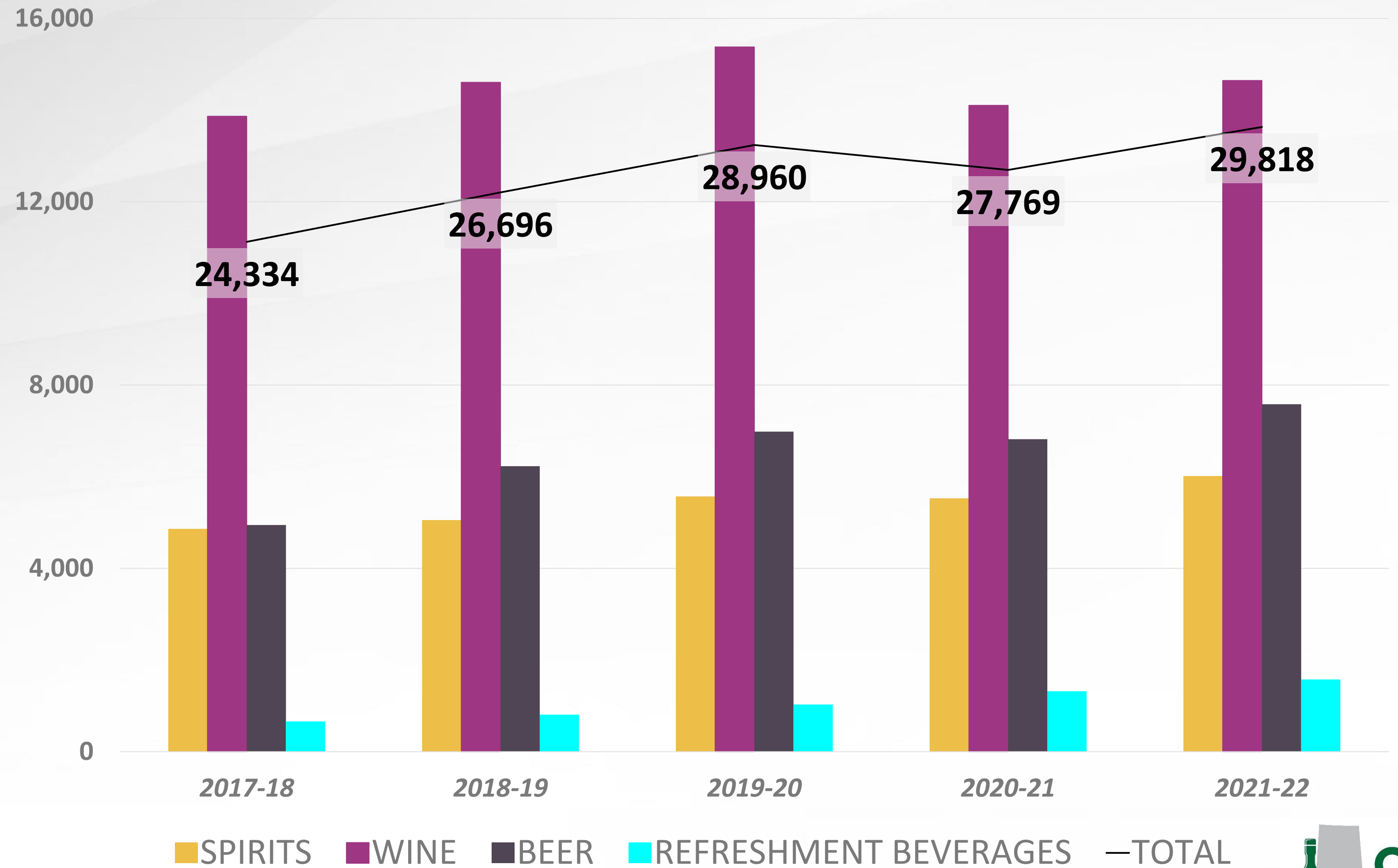
Total Class E Licensees as of March 31, 2022 = 237

-  Breweries
-  Estate Manufacturers (Winery/Meadery)
-  Distilleries
-  Refreshment Beverages (Coolers/Cideries/Kombucha/Ready-to-Drink)
-  Packaging

WHAT'S NEW?

Total number of SKUs available continued to grow in Alberta.

Current mid-year total of 32,077 is the highest ever.



WHAT'S NEW?

Liquor policy modernization – examples:

1. Off-site storage – small manufacturers may now use multiple locations for long-term storage (including aging) and distribution
2. More options for size of product samples to be given to individuals
3. Special Event Licence (SEL) updates: permission for homemade beer/wine/cider at private events; more options for hotel events
4. Exclusivity agreements – now based on product type, not category
5. Prohibited relationships – more options for brand-related educational experiences and online promotions for agencies and licensees



EMERGING ISSUES

- **Direct-to-Consumer (DTC)** liquor sales
- **Reducing barriers to inter-provincial trade** in alcoholic beverages
- **Beverage container management** for liquor products
- **Increased environmental focus** in the liquor industry (e.g., single-use plastics bans, extended producer responsibility; EPR)
- Evolving expectations for how Albertans access and consume liquor
- Red-zone: Alberta **provincial election** to be held between now and May 2023





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Questions?

