

2022 OASC Jurisdiction Report

Saskatchewan Liquor & Gaming Authority



Beverage Alcohol Financial Results*

\$000,000	Fiscal 2021/22	Fiscal 2020/21	\$ Δ	% Δ
Net Sales	667.2	691.0	(23.8)	(3.4)
Gross Margin	324.5	341.0	(16.5)	(4.8)
Total Expenses	61.1	62.4	(1.3)	(2.1)
Net Income	263.3	278.6	(15.3)	(5.5)
CAPEX	27.5	22.1	5.4	24.4

* Please do not include Cannabis Results

Product Details

9 Litre Equivalent Cases (000's)	Fiscal 2021/22	Fiscal 2020/21	Cases Δ	% Δ
Spirits	617,243.46	669,362.49	-52,119.02	-7.8%
Wines	857,458.34	941,004.46	-83,546.12	-8.9%
Beers	170,900.43	205,986.58	-35,086.16	-17.0%
Refreshments* (including Ciders)	1,432,534.55	1,518,086.60	-85,552.05	-5.6%
Liqueurs	103,207.74	112,983.66	-9,775.92	-8.7%

* 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	183.3	194.5	(11.2)	(5.8)
Wines	100.8	106.6	(5.8)	(5.4)
Beers	273.1	281.3	(8.2)	(2.9)
Refreshments*	82.1	78.5	3.6	4.6
Liqueurs	27.9	30.1	(2.2)	(7.3)

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



Fiscal 2022/23 YTD Beverage Alcohol Financial Results

(To Current Fiscal Year-to-Date)

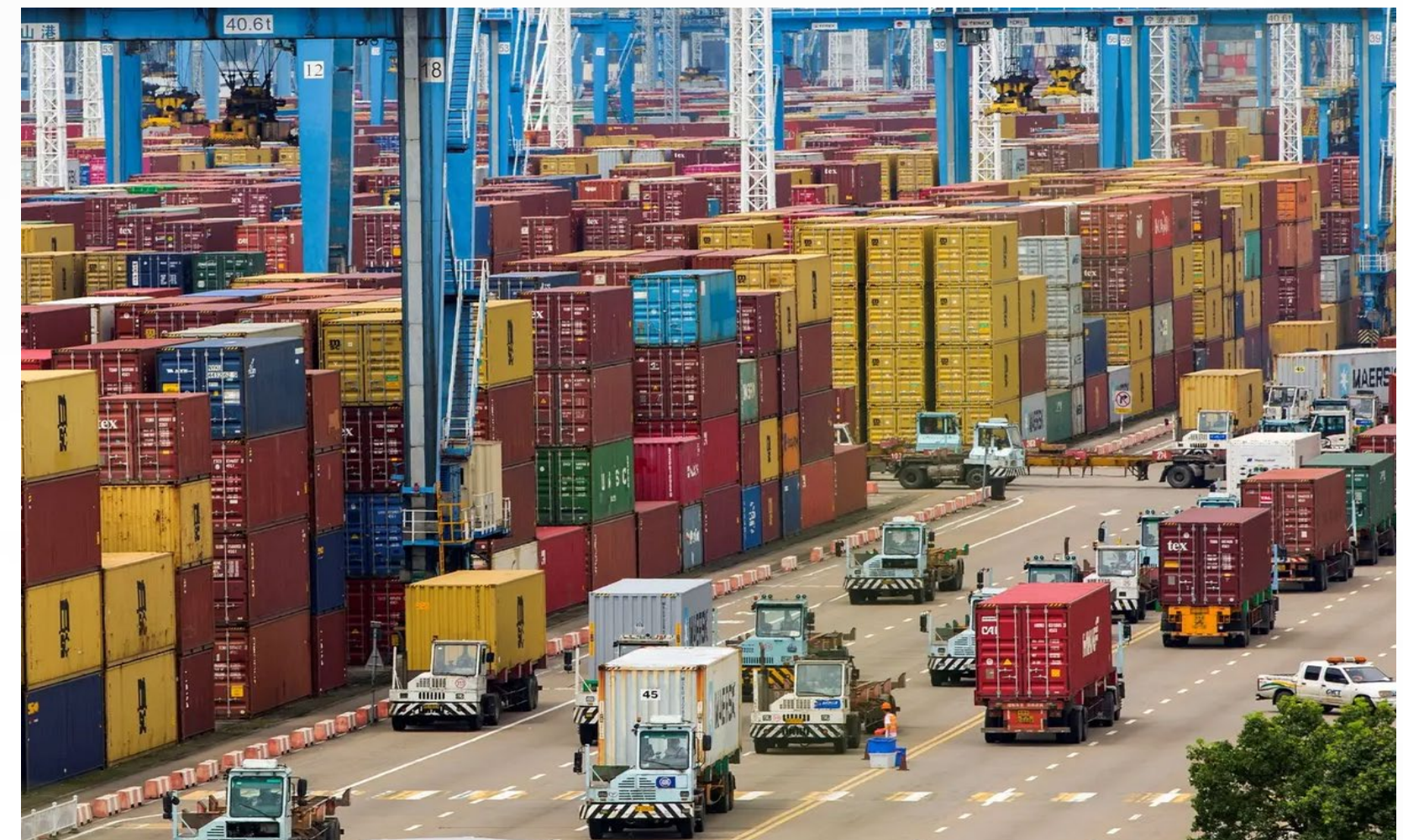
\$000,000	Fiscal 2022/23 (April-June)	Fiscal 2021/22 (April-June)	\$ Δ	% Δ
Net Sales	179.0	185.0	(6.0)	(3.2)
Gross Margin	84.6	89.2	(4.6)	(5.2)
Total Expenses	16.8	16.1	0.7	4.3
Net Income	67.8	73.1	(5.3)	(7.3)

Sales in 000,000	Fiscal 2022/23 (April-June)	Fiscal 2021/22 (April-June)	\$ Δ	% Δ
Spirits	44.8	46.7	(1.9)	(4.1)
Wines	25.7	24.8	0.9	3.6
Beers	77.2	79.8	(2.6)	(3.3)
Refreshments (including Cider Products)	25.2	27.5	(2.3)	(8.4)
Liqueurs	6.1	6.2	(0.1)	(1.6)



WHAT'S NEW – SLGA?

- A cyber attack on Christmas Eve brought many challenges across the organization; some issues still linger today. The following were some responses to the attack:
 - Manual order taking, case receiving, picking and shipping of limited skus **for 6 weeks** to ensure business continuity.
 - Controlled and limited (2x per week) updates to slga.com to ensure security. Continues today.
 - Limited access to eBill to ensure security. Continues today.
 - Delayed levy invoicing to SK Producers until systems could be rebuilt.
 - Updated and improved Business Continuity Plans.
- Supply chain challenges. (needs no mention)



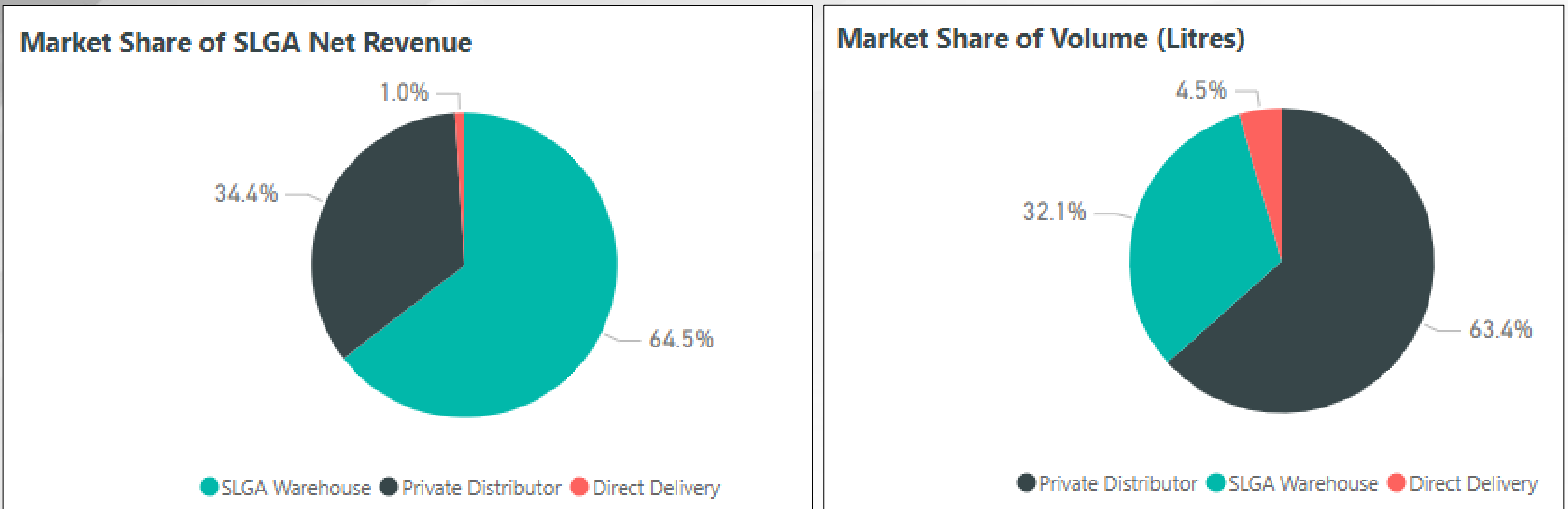
WHAT'S NEW – LIQUOR WHOLESALERS?

- A new branch (Product Management and Supplier Relations (PMSR)) within the SLGA liquor wholesale division now represents all agents and manufacturers, including those distributing via SLGA and Private Distributors, as well as Local Producers.
 - This includes PMSR-initiated marketing and programming to support producers and retailers.
- Two 3rd-party warehouses (privately-owned) have been licensed and opened since Government announced regulation changes to allow private warehouses in 2020:
 - Both are distributing via SLGA, although they are able to direct distribute to retailers.
 - Additionally, BDL and Sleeman are now approved to distribute RTDs to retailers.
- Completed the upgrade of Tecsys's Elite software across WMS, DMS and TMS modules.



WHAT'S NEW – LIQUOR WHOLESALE?

- SK Producers continue to see growth in the SK market, and some are now exporting to other jurisdictions.



Volume (Litres) by Category

Distributor Type	Current	Previous	% Change	Change (Litres)
Direct Delivery	3,562,567	3,214,733	10.8%	347,834
Wines	31,331	48,388	-35.3%	-17,057
Spirits & Liqueurs	953,072	673,481	41.5%	279,591
Refreshments	369,542	246,591	49.9%	122,950
Beers	2,208,622	2,246,272	-1.7%	-37,650
Total	92,502,928	84,939,408	8.9%	7,563,519



WHAT'S NEW – RETAIL?

- Starting in 2016, the GoS had goals of modernizing the province's retail liquor industry, without investing public money, specifically wanting:
 - increased price competition
 - increased convenience, and
 - increase product selection
- The impact of ongoing changes in the marketplace is SLGA Retail's foremost issue:
 - While the overall number of available RSP permits has not changed significantly since October 2016, the market has seen a major shift due to large grocers (Sobey, Coop, Loblaws, Costco) purchasing permits from small existing RSPs beginning in 2018
- The result is a significant increase in footprint, visibility, and advertising/marketing prowess
- Overall, the GoS is achieving its goal of liquor modernization



WHAT'S NEW – RETAIL?

- SLGA Retail has remained profitable since the modernization rules became effective in Oct 2016, however our NI declines each year
- Advertising, ancillary products, amount of chilled products, and overall décor and location are issues in a very competitive market
- SLGA Retail closed two stores over past two years due to lease issues. Stores were not relocated. Permit(s) sold via online auction
- Our e-flyer was introduced in 2021 and has become our most impactful marketing tool:
 - * Our e-flyer promotional campaigns prompted by saving \$10 on a \$100 spend have resulted in significant signups to the flyer, with positive results for suppliers, basket size, and our customers



Questions?

