

NLC

wine | spirits | beer



ANNUAL REPORT
2025 – 2026

NLC

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MESSAGE FROM THE CHAIRPERSON

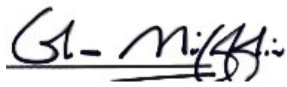
On behalf of the Board of Directors, I am pleased to present NLC's 2025–26 Annual Report, prepared in accordance with the **Transparency and Accountability Act** and the Guidelines for Annual Reports for Category Two Government Entities. This report details NLC's performance for the 2025–26 fiscal year, from April 6, 2025, to April 4, 2026, the final year of the corporation's 2023–2026 Business Plan. The Board is accountable for both the results achieved and the information presented.

As NLC concluded its 2023–26 Business Plan, the corporation delivered strong financial and operational results while continuing to adapt to evolving customer expectations, industry trends, and emerging opportunities. The Board is pleased with NLC's accomplishments over the past year, including record sales, a dividend of more than \$200 million to the Province, ongoing support for communities and local industry, and strategic investments that will strengthen the corporation's long-term sustainability. For the 2023–26 Business Plan period, the cumulative dividend provided to the Provincial Government was \$619.5 million. These results reflect the dedication of NLC's employees, the confidence of our partners, and the trust of our customers.

Throughout the year, the Board worked closely with NLC's management team to oversee the corporation's performance, monitor risk, and ensure that sound governance practices remain at the forefront of decision making. This stewardship is essential to maintaining public trust and positioning NLC for future success.

As NLC embarks on a new strategic planning cycle, the Board remains confident in the corporation's direction and its ability to navigate continued change, capitalize on new opportunities, and continue delivering value for the people of Newfoundland and Labrador.

I extend gratitude to my fellow Board members, NLC employees, the Honourable Craig Pardy, Minister Responsible for NLC, and to the Government of Newfoundland and Labrador. I look forward to the year ahead as we continue to carry out the first year of NLC's 2026–29 Business Plan.



Glenn Mifflin
Chairperson



MESSAGE FROM THE PRESIDENT AND CEO

Change is constant. It shapes our communities, our industries, and the expectations people have of the organizations that serve them. Success depends on our ability to adapt to it.

Throughout fiscal 2025–26, NLC operated in an environment defined by change. Consumer preferences continued to evolve, technology rapidly advanced, global and domestic trade conditions shifted, and the beverage alcohol and cannabis sectors faced new opportunities and challenges. Through it all, NLC remained focused on its mandate and committed to delivering value for the people of Newfoundland and Labrador.

This year also marked the conclusion of NLC's 2023–26 Business Plan. As we close one strategic chapter and prepare to begin another, I am proud of what we have accomplished together. NLC generated a record \$386 million in sales and returned \$202 million to the Government of Newfoundland and Labrador to help fund important public services throughout the province. This is the fifth consecutive year that we have exceeded \$200 million in proceeds to Government. At the same time, we continued to support local producers and businesses, communities, and industry partners across Newfoundland and Labrador while maintaining a strong financial position.

NLC's ability to adapt was a key reason for our success. Across the organization, our employees embraced change and helped advance technology modernization, develop our retail network, strengthen cyber security preparedness, launch a new brand identity, advance plans for a new Direct-to-Consumer sales channel, and support the continued modernization of our regulatory framework. These efforts are helping build a more agile, efficient, and resilient organization for the future.

We continued to make a positive difference in the communities we serve through responsible-use initiatives, charitable campaigns, community partnerships, and employee volunteer programs, and also committed \$1 million to the Community Food Sharing Association as part of our plan to sell off remaining U.S. inventory. Together, these initiatives reflect our belief that success should be measured not only by financial results, but also by the positive impact we have on the people and communities around us.

I want to thank our employees for their dedication to NLC and building trust in all we do, our Board of Directors for their guidance and leadership, the Government of Newfoundland and Labrador for its continued confidence and support, and our many industry and community partners throughout the province.

As we begin implementing our 2026–29 Business Plan, I am confident that NLC is well positioned for the future. Change will continue, but so too will our commitment to earning trust, embracing opportunity, and delivering value for the people and communities of Newfoundland and Labrador as we build the next chapter of NLC's success.



Bruce Keating

President & CEO



OVERVIEW

NLC is a Crown Corporation of the Government of Newfoundland and Labrador with responsibility through the **Liquor Corporation Act**, the **Liquor Control Act**, and the **Cannabis Control Act** for the importation, sale, distribution and management of beverage alcohol and cannabis.

NLC is one of the province's largest retailers, offering over 4,000 products annually. Its extensive retail distribution network includes 27 corporate Liquor Stores, 140 Liquor Express Stores, more than 550 Brewers' Agents, and approximately 1,300 licensed establishments including restaurants, lounges and other licensees. NLC also provides special order services.

In addition to alcohol, NLC regulates and distributes to 62 licensed cannabis retailers (LCRs) and operates a secure online platform for legal cannabis purchases at ShopCannabisNL.com

NLC runs a 77,000-square-foot distribution centre as well as a manufacturing facility which specializes in blending, bottling, and canning, with products exported to over 30 countries.

All profits from NLC are returned to the Government of Newfoundland and Labrador to be reinvested in the province by funding key public services. Through every product, partnership, and service, NLC is committed to earning public trust and delivering lasting value to Newfoundland and Labrador.

Mandate

NLC's legislative mandate, as outlined in the **Liquor Corporation Act**, the **Liquor Control Act**, and the **Cannabis Control Act**, is to manage and oversee the responsible importation, sale, and distribution of beverage alcohol and cannabis within Newfoundland and Labrador.

Mission

We are a customer-focused, responsible retailer, distributor, and regulator of beverage alcohol and cannabis, committed to delivering value to the people and communities of Newfoundland and Labrador.

Vision

To be a trusted retailer and collaborative community partner, providing elevated experiences through great people and great products.

CORPORATE GOVERNANCE

In accordance with the **Liquor Corporation Act**, NLC is governed by a Board of Directors, consisting of five to nine independent members and two non-voting members. The independent members are chosen and appointed for specific terms by the Lieutenant-Governor in Council following recommendation by the Independent Appointments Commission, an independent body established by Government to provide merit-based recommendations for appointments to approximately 160 agencies, boards and commissions. NLC's President and Chief Executive Officer as well as the Deputy Minister of the Department of Finance are members of NLC's Board of Directors, serving in a non-voting capacity.

The Board of Directors operates within a highly regulated environment. **The Liquor Corporation Act, Liquor Control Act and Regulations, the Cannabis Control Act and Regulations** and other similar legislation provide direction to the Board in guiding NLC's business affairs.

The corporation's by-laws, vision, mission statement, and values further direct both the Board and Executive in decision making. The Board's strategy, periodic three-year business plans, and annual operating plans and budgets are subject to the approval of Government. The corporation's annual financial statements are subject to audit by the Province's Office of the Auditor General, which also has the authority to examine specific areas of NLC's operations and activities through special audits.

The Board provides strategic leadership, governance, and oversight to ensure NLC fulfills its mandate in the public interest. In carrying out this responsibility, the Board oversees corporate strategy, organizational performance, risk management, financial stewardship, regulatory accountability, and executive leadership, while promoting transparency, ethical conduct, and long-term sustainability.

BOARD OF DIRECTORS

GLENN MIFFLIN
Chairperson

LYNN ZUREL
Vice-Chairperson

DIRECTORS

JANIS C. BYRNE

GEOFF DAVIS

KEVIN DUMARESQUE

JOSEPH GALIMBERTI

REX GOUDIE

KENDRA MACDONALD

DONNA RIDEOUT

DAVID DROVER
Deputy Minister, Department of Finance, Ex-officio

BRUCE KEATING
President & CEO, Ex-officio

COMMITTEES OF THE BOARD

The Board's standing committees engage and support its efforts in several governance responsibilities.

AUDIT COMMITTEE

The Audit Committee is mandated to assist the Board of Directors in overseeing financial and risk oversight processes. The committee oversees NLC's financial management, reporting, internal controls, information technology (IT), and audit processes. It also monitors financial performance against the budget and provides risk oversight for NLC's operating environment.

During the fiscal year, the committee worked closely with the Chief Financial & Information Officer and Corporate Secretary, and the Director of Internal Audit. Initiatives included:

- Review of quarterly financial results
- Oversight of the annual year-end audit and related findings
- Approval of the enterprise risk framework and review of quarterly enterprise risk reports

- Review of NLC's insurance program
- Approval of the annual internal audit plan
- Review of internal financial and operational audit findings
- Oversight and performance assessment of the internal audit function
- Oversight of NLC's cyber security risk mitigation strategies and plans
- Approval of NLC's Fraud Management Policy

GOVERNANCE AND HUMAN RESOURCES COMMITTEE

The Governance and Human Resources Committee supports the Board in overseeing corporate governance, strategic planning, and human resource management. Its mandate is to promote transparency and accountability, guide proactive strategy development and execution, and foster a culture aligned with NLC's vision and strategic goals.

During the fiscal year, the committee worked closely with the Vice President, People and Culture, and the Corporate Secretary. Initiatives included:

- Annual evaluation of board governance practices, processes and policies
- Implementation of development activities for the Executive and Board
- President and CEO performance management
- Guidance on strategies in recruitment and retention, classification and pay, labour relations, and organizational effectiveness
- Oversight of Health, Safety, and Wellness culture and performance
- Revisions to key policies relating to a respectful work environment, whistleblower reporting, and Code of Conduct
- Guidance on other measures to further establish NLC as a compelling workplace

REGULATORY COMMITTEE

The Regulatory Committee is part of NLC's broader program of governance reform to recognize the critical role of the Board of Directors in providing oversight and direction to NLC's legislated regulatory mandate for beverage alcohol and cannabis. The committee is mandated to provide direction and advice, with a focus on the strategy and objectives of Regulatory Services. It ensures that the division exercises its legislative authority appropriately, maintains appropriate independence from NLC's commercial operations to avoid real or perceived conflicts of interest, and prevents regulatory overreach beyond its legislative authority. The committee also oversees a regular legislative review process and, when appropriate, recommends legislative or regulatory changes to Government.

During the fiscal year, the committee worked closely with the Vice President of Regulatory Services and the Corporate Secretary. Initiatives included:

- Recommendations for legislative changes to the **Liquor Corporation Act** and **Liquor Control Act** and **Regulations**
- Contributions to the five-year Cannabis Statutory Review process
- Oversight of Regulatory Services practices, processes, and policies
- Oversight of Regulatory Services Board Assurance Framework, including an independent audit of NLC's licensing policies, processes, and practices
- Review of findings and recommendations of internal audits

LINEs OF BUSINESS



RETAIL BEVERAGE ALCOHOL

Owned and operated by NLC, our corporate Liquor Stores are the most visible component of our operations, offering a variety of beverage alcohol options to retail customers. Our corporate Liquor Stores carry an extensive selection of spirits, wine, beer, and ready-to-drink (RTD) alcoholic and non-alcoholic beverages, imported from other Canadian provinces and around the world. We also carry locally produced spirits, wine, beer, and RTD alcoholic beverages.

WHOLESALE BEVERAGE ALCOHOL

NLC's wholesale beverage alcohol operations supply Liquor Express Stores and licensees in the province. Liquor Express Stores are privately owned and operated businesses that have a contract with NLC to sell beverage alcohol, primarily serving consumers in rural areas. They earn a commission from NLC on the products they sell. Licensees include breweries, wineries, distilleries, lounges, and restaurants, licensed by NLC Regulatory Services to sell beverage alcohol.

CANNABIS

NLC is responsible for the regulation, importation, product selection, and distribution of cannabis in the province. We are also responsible for price setting and online retailing of cannabis in Newfoundland and Labrador. NLC's cannabis merchandising department ensures that a stable and reliable supply of safe and secure product is available in the province. Physical sales of cannabis are conducted through LCRs, which are privately owned entities that have entered into licensing agreements with NLC. To ensure province-wide access, consumers can also shop online through NLC's e-commerce cannabis website, [ShopCannabisNL.com](https://shopcannabisnl.com).

In the province, there are two tiers of LCRs: tier 1 and tier 4. A tier 1 LCR operates as a stand-alone cannabis store that only sells cannabis and cannabis accessories. A tier 4 LCR operates within an existing retail location where the sale and supply of cannabis and cannabis accessories occur behind the same counter used by the retail establishment in which it is located.

BEVERAGE ALCOHOL PRODUCTION

NLC's manufacturing operation develops formulations for spirits within its own portfolio, including the nationally renowned Screech Rum, and RTD products. In operation for over 70 years, the facility also blends, bottles, cans, and distributes spirits, beer, and RTD products on a collaborative basis with beverage alcohol partners from across North America. Customers range from emerging businesses to global leaders, including internationally acclaimed brands. Over 80% of products are exported to other provinces and over 30 countries.

REGULATORY SERVICES

Guided by the **Liquor Corporation Act, Liquor Control Act** and **Regulations, Cannabis Control Act** and **Regulations**, and the **Smoke-Free Environment Act, 2005**, and **Regulations**, NLC's Regulatory Services team enforces compliance across all licensed establishments, creating a framework that balances consumer access with public safety. NLC enforces

legislation to licensed establishments, including restaurants, lounges and similar establishments, Brewers' Agents, beverage alcohol producers, and LCRs across the province. Regulatory Services is structured into two divisions: Licensing and Regulatory Administration, which oversees licensing, renewals, and administrative processes for licensed establishments, and Regulatory Compliance and Enforcement which conducts inspections and investigations, enforces legislation, and supports responsible retailing across the beverage alcohol and cannabis sectors. These divisions work in tandem to ensure that NLC's regulatory framework is not only enforced but continuously improved, reflecting the evolving needs of communities, industry partners, and government stakeholders.



2025-26 AT A GLANCE

COMMUNITY IMPACT



\$1.5 million

contributed to local charities
and or registered non-profit
organizations

Supported over **30**
charities and/or registered
non-profits

685 EMPLOYEES



Female = **56%**
Male = **44%**

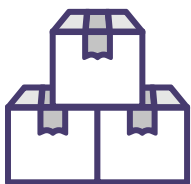
RESPONSIBILITY



436,000

transactions challenged

MANUFACTURING



300,000

cases of products bottled/canned,

80% of cases exported outside
the province


27 Corporate
Liquor Stores


140 Liquor
Express Locations


62 Licensed
Cannabis Retailers

DISTRIBUTION CENTRE



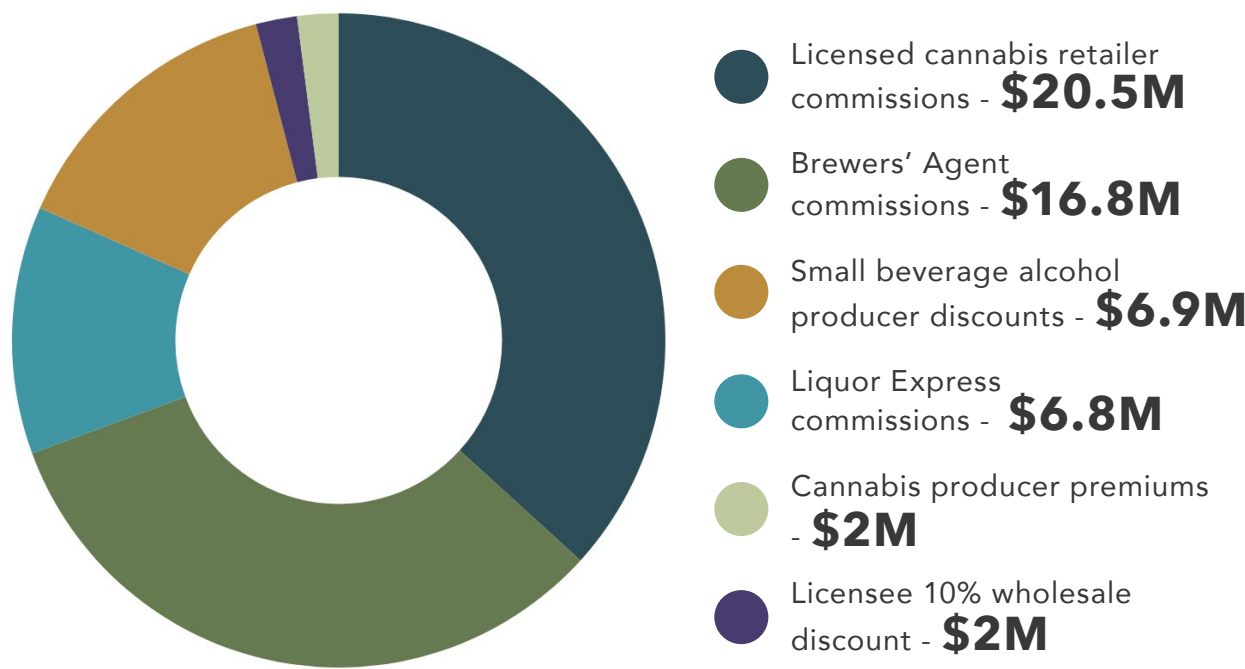
Shipped
1.7 MILLION
cases of beverage alcohol

And **275,000**
cases of cannabis

LOCAL SUPPORT



\$55 MILLION provided to local small alcohol producers, cannabis producers, and licensees



FINANCIAL PERFORMANCE

Gross Expenditures \$244.9 million		Government Remittances total \$264.4 million		
Sales & Commission \$435.6 million		Dividend \$202 million	HST \$42.9 million	Excise Tax and Customs Duties \$19.5 million

HIGHLIGHTS AND PARTNERSHIPS



In February 2026, NLC introduced an updated, modern brand identity, bringing all lines of our business together under one unified presence and better reflecting who we are today and how we serve the people of Newfoundland and Labrador.

As a regulator, manufacturer, distributor, and retailer, NLC's role has continued to evolve, making it increasingly important to provide customers with a clear and consistent understanding of who we are and the services we deliver. Our updated identity strengthens alignment across our organization, building on the trust we have established and making it easier for customers to connect with us and the services we provide.

Trust and responsibility are fundamental to NLC and embedded in our daily operations across every area of our business. We take our mandate seriously and remain committed to the safe and responsible sale, distribution, and regulation of beverage alcohol and cannabis throughout Newfoundland and Labrador. Responsible retailing is central to this mandate, and we continue to implement measures that help prevent alcohol sales to minors and individuals who are impaired. In fiscal 2025–26, our retail team members challenged more than 436,000 transactions by requesting identification and/or refusing sales, demonstrating our ongoing commitment to promoting responsible consumption and protecting local communities.

Throughout fiscal 2025–26, NLC partnered with major events across the province to promote responsible consumption and support public safety even further, including the 2025 Canada Games, East Coast Music Awards, Newfoundland and Labrador Folk Festival, and Churchill Park Music Festival. NLC also partnered with the 2025 Montana's Brier to promote our Safe Ride program. Through event messaging and on-site engagement, attendees were encouraged to "Enjoy Responsibly and Get Home Safely". NLC employees distributed taxi vouchers and bottled water to encourage moderation and provide greater access to safe transportation options.

As the province's regulator of beverage alcohol and cannabis, NLC continued to play an important role in supporting public safety and fostering a responsible marketplace. Throughout the year, NLC maintained strong partnerships with the Royal Newfoundland Constabulary, Royal Canadian Mounted Police, Canada Border Services Agency, municipal authorities, provincial government departments, Indigenous governments, and industry stakeholders. These collaborative relationships supported coordinated responses to compliance matters, public safety concerns, and emerging regulatory issues across Newfoundland and Labrador.

NLC also increased engagement with beverage alcohol and cannabis licensees through education,

outreach, and advisory initiatives designed to improve awareness of regulatory requirements and encourage voluntary compliance. In fiscal 2025–26, NLC launched new licensee training videos to further promote responsible service practices. The videos which include both beverage alcohol and cannabis scenarios are available online to all licensees to use as part of their regular training.

In addition, NLC’s Regulatory Services team provided strategic advice and operational expertise to support the continued modernization of Newfoundland and Labrador’s alcohol and cannabis regulatory framework, helping identify opportunities to improve regulatory processes while maintaining strong public safety protections.

Strengthening support for local businesses remained an important focus in fiscal 2025–26. NLC provided \$55 million in financial support to local small alcohol producers, cannabis producers, and licensees, reinforcing our continued commitment to local industry.

We continued to list products from local beverage alcohol and cannabis producers, providing customers with access to a diverse range of locally produced products. We also promoted locally made beverage alcohol offerings through product features and producer spotlights in stores and in Enjoy magazine, helping to increase awareness of Newfoundland and Labrador’s beverage alcohol industry among consumers.

NLC also continued to build partnerships with local producers to advance product development and expand market opportunities. During the fiscal, NLC entered into a two-year agreement with local producer Frozen in Time Ltd. to manufacture wine-based RTD products and expanded our partnership with Iceberg Vodka through the production of additional Iceberg RTD offerings.

Recognizing that organizational success begins with our people, NLC made significant workforce investments during fiscal 2025–26. We developed a three-year People Strategy to strengthen leadership, workforce planning, employee experience, inclusion, and culture, supporting employee growth and long-term organizational capacity. NLC also launched a three-year Occupational Health and Safety & Wellness Strategy shifting our focus beyond legislative compliance toward a proactive culture of safety, well-being, and accountability through enhanced leadership engagement and employee participation.

Inclusion efforts were further strengthened through the launch of EMBRACE, NLC’s Women’s Employee Resource Group, which supported networking, professional development, and dialogue on women’s leadership, health, and career growth.

Supporting the well-being of Newfoundland and Labrador communities also remained a priority throughout the year. In December 2025, the Government of Newfoundland and Labrador and NLC announced that net proceeds from the sale of remaining U.S.-produced inventory would be donated to the Community Food Sharing Association. An initial contribution of \$500,000 was made in December, with the total donation equating to \$1 million. This contribution will help address food insecurity throughout the province and reflects our commitment to creating a meaningful impact on the people and communities we serve. NLC also expanded our community giving and social responsibility efforts, contributing an additional \$539,000 which was distributed to over 30 charities and/or registered non-profits throughout the province, for a total contribution of over \$1.5 million in support of key causes including food security, mental health and community wellness, youth causes, environmental sustainability, and diversity, equity and inclusion.





REPORT ON PERFORMANCE

Fiscal 2025–26 marks the third and final year of NLC’s 2023–26 Business Plan. In accordance with the **Transparency and Accountability Act**, the plan includes strategic themes for the corporation, along with corresponding goals, objectives, and indicators for each of the three years for 2023–26. Within the plan, NLC’s strategic priorities focus on the following themes:

- #1 - Compelling Workplace
- #2 - Corporate Social Responsibility
- #3 - Exceptional Customer Service
- #4 - Operational Excellence
- #5 - Grow the Business



STRATEGIC THEME 1

COMPELLING WORKPLACE

NLC strives to promote a workplace that fosters diversity and inclusion, where employees feel valued, are encouraged to maintain a healthy and safe work life, are respected and appreciated for their work, and are provided opportunities to succeed.

GOAL

By April 4, 2026, NLC will be a more compelling workplace.

2026 OBJECTIVE

By April 4, 2026, NLC will have furthered improvements to employee health, safety, and well-being.

INDICATORS

- Average absenteeism rate of less than 9 days per year
- Occupational Health and Safety (OHS) inspection score of 95%
- Lost time injury rate of 0.84 (per 100 employees)
- Employee Satisfaction survey score of 75%

INDICATOR	25/26 ACTUAL
Average absenteeism rate of less than 9 days per year	10.1

NLC reports an average absenteeism rate of 10.1 days per year for the 2025–26 fiscal year, above the fiscal target.

Employee absenteeism continued to be influenced by a combination of illness-related absences, workplace injuries, and other approved leave. While attendance management processes remained in place, broader organizational factors continued to impact overall absenteeism levels. In addition, a pilot project initiated by Government that reduced documentation requirements for sick leave may have influenced sick leave use during the reporting period. To improve attendance

outcomes, NLC has incorporated several initiatives into its multi-year People Strategy and OHS & Wellness Strategy. These include strengthening workplace wellness programming, enhancing psychological health and safety, expanding disability management and return-to-work practices, improving leader capability to support employee well-being, and using workforce data to identify trends and proactively address attendance risks. These initiatives are intended to support healthier workplaces and contribute to a gradual reduction in absenteeism over the next three years.

INDICATOR	25/26 ACTUAL
OHS inspection score of 95%	96%

NLC is reporting another successful year of workplace inspections, with 96% of inspected areas/items meeting established occupational health and safety standards and requiring no corrective action.

This result reflects NLC's continued commitment to regular workplace inspections, timely corrective actions, and maintaining safe work environments across operations.

While inspection performance remains strong, NLC recognizes that inspection scores alone do not fully reflect overall safety performance. Through our new three-year OHS & Wellness Strategy, NLC will continue to strengthen our focus on hazard identification, supervisor accountability, employee engagement, and the effective implementation of safety programs to ensure strong inspection results translate into sustained reductions in workplace injuries and improved safety culture.

INDICATOR	25/26 ACTUAL
Lost time injury rate of 0.84 (per 100 employees)	1.82

NLC reports a lost time injury rate of 1.82 per 100 employees, above the fiscal target. Lost time injury rate is calculated by the number of lost time incidents multiplied by 100 and then divided by the number of employees.

While many foundational health and safety programs have been implemented, additional focus is required to strengthen day-to-day safety practices, hazard recognition, and organizational safety culture.

During fiscal 2025–26, NLC completed significant foundational work to strengthen our OHS framework, including the development and implementation of new policies, procedures, training, and governance processes. Building on this foundation, the 2026–29 OHS & Wellness Strategy shifts NLC’s focus from implementation to sustained adoption and continuous improvement. Key priorities include increasing leadership accountability for safety, strengthening hazard reporting and corrective action processes, enhancing safety training, improving the use of safety data to identify trends, and embedding safety into everyday operations. These initiatives are intended to reduce workplace injuries over time while building a stronger, more proactive safety culture.

INDICATOR	25/26 ACTUAL
Employee Satisfaction survey score of 75%	75%

NLC achieved the employee satisfaction target for the 2025–26 fiscal year, with an overall engagement score of 75%. This result reflects continued employee commitment to the organization while also identifying opportunities to strengthen the employee experience in several key areas.

Employee feedback serves as a key input into NLC’s three-year People Strategy. During fiscal 2026–27, NLC will introduce a more comprehensive employee listening framework that includes regular pulse surveys, action planning, and greater accountability for leaders to respond to employee feedback. Combined with initiatives focused on leadership development, inclusion, employee well-being, and organizational culture, these efforts are intended to improve engagement and strengthen the overall employee experience over the coming years.

NLC’s new Human Resource Management System (HRMS) also serves as a key enabler of NLC’s

People initiatives. By improving access to workforce data and enhancing employee scheduling and workforce planning, it supports more informed decision-making and operational effectiveness.

**We continue to
build a workplace where
our people feel
valued, supported
and have opportunities
to grow.**



2025–26 PERFORMANCE SUMMARY

GOAL INDICATORS

IMPROVED EMPLOYEE ENGAGEMENT INDEX SCORE

The Employee Engagement Index score provides NLC with a more consistent way to measure employee connection to the organization. The index captures key aspects of engagement, including employees' sense of pride, motivation, workplace commitment, and willingness to recommend NLC as a place to work. NLC's Employee Engagement Index increased from 73% in fiscal 2023–24 to 75% in fiscal 2025–26. This improvement reflects our steady progress in strengthening employee connection and creating a more responsive workplace culture. While the increase is modest, it establishes a stronger foundation for continued improvement through annual surveys, pulse checks, action planning, and targeted engagement initiatives. To stay more closely connected to employee needs and emerging issues, we have also moved from conducting employee surveys every second year to conducting them annually, enabling more timely feedback, stronger follow-up, and more responsive planning.

IMPROVED VOLUNTARY TURNOVER RATE

Voluntary turnover increased from 5.3% in fiscal 2023-24 to 7.1% in fiscal 2024-25 (previously reported as 5.1%), before declining to 6.6% in fiscal 2025-26. Following a detailed review and subsequent validation of workforce data, the fiscal 2024-25 rate was revised to 7.1%, providing a more accurate representation of voluntary turnover. The revised rate shows a 0.5 percentage-point decrease in voluntary turnover in fiscal 2025-26 from the previous year.

NLC's data identified a consistent concentration of turnover among part-time retail staff moving to full-time employment elsewhere. Among full-time employees, exit interviews identified compensation, benefits, and career growth as factors. As NLC moves into the 2026-29 business cycle, retention will remain an important measure of workplace effectiveness. Through our multi-year People Strategy, NLC will strengthen workforce planning, leadership development, employee experience, inclusion, and culture to support employee growth and connection. Continued use of employee feedback, workforce data, succession planning, and targeted engagement initiatives will also help identify retention risks proactively and guide actions that strengthen employee commitment and organizational capacity.

IMPROVED ABSENTEEISM RATE

While employee satisfaction targets were achieved, absenteeism and lost time injury performance remained above target, highlighting opportunities to further strengthen workplace wellness, leadership accountability, and proactive safety practices. Over the 2023–26 business cycle, NLC continued to support employee well-being through attendance management, OHS programming, and expanded wellness supports. The results indicate that further work is needed to achieve sustainable improvement. Absenteeism was influenced by illness-related absences, workplace injuries, approved leave, and broader workforce pressures. In response, NLC has embedded attendance, wellness, psychological health and safety, disability management, and return-to-work priorities into the 2026–29 People Strategy and OHS & Wellness Strategy to support earlier trend identification, stronger leader capability, and more consistent employee support.

IMPROVED OCCUPATIONAL HEALTH AND SAFETY INSPECTION SCORE

NLC exceeded the targeted OHS inspection score for all three years of the 2023–2026 period. Through this time foundational work was completed to modernize NLC’s OHS program, establishing the systems, training, and governance needed to support long-term improvements in safety performance. OHS governance was also strengthened through enhanced policies, procedures, workplace inspections, incident reporting, and legislative compliance, with inspection scores consistently meeting or exceeding targets.

Building on this foundation, NLC’s 2026–29 People Strategy and OHS & Wellness Strategy will shift our focus from establishing programs and ensuring compliance to embedding these initiatives into everyday operations. Continued emphasis will be placed on leadership capability, employee well-being, safety culture, employee listening, and data-informed decision making to improve organizational performance and create an even more compelling workplace.

2025 Safety and Health CHAMPIONS



Donna Paul
Committed to safe work, starts conversations, open to improvements.



Laura Hurley
Clean work environment, offers solutions, identifies trip hazards.



Mark Noseworthy
Encouraging, takes initiative, works safely.



Rebecca Harris
Works safely, takes initiative, leads by example.



Sara Ralph
Leader, participates, open to new ideas.



Rodney Gulliver
Engages in safe behaviors, starts conversations, recognizes risks.



Sonya Rose
Pre-work stretches, safe lifting, takes initiative.



Wanda Lane
Works safely, starts conversations, looks out for coworkers.



Brian O'Driscoll
Starts conversations, offers solutions, recognizes risks.

STRATEGIC THEME 2

CORPORATE SOCIAL RESPONSIBILITY

NLC aims to establish itself as a trusted corporate citizen through the implementation of initiatives embodying social responsibility, community giving, sustainability, workplace culture, and governance.

GOAL

By April 4, 2026, NLC will have improved corporate social responsibility.

2026 OBJECTIVE

By April 4, 2026, NLC will have furthered improvements to programs and standards to enhance public trust.

INDICATORS

- 9% of transactions challenged
- Public Trust Index score of 7 or greater
- Minimum of \$250,000 contributed through NLC's corporate social responsibility initiatives

INDICATOR	25/26 ACTUAL
9% of transactions challenged	11%

As a responsible retailer, NLC monitors our challenges and refusals rate, defined as the percentage of transactions at corporate Liquor Stores during which customers are asked to show identification. NLC's Check 25 Program mandates that corporate Liquor Store staff ID customers who look 25 years of age or younger to ensure they are of legal age to purchase beverage alcohol. The program also provides staff training on checking and verifying valid forms of ID and challenging and/or refusing service to anyone who appears to be under the influence.

To extend this responsibility further, NLC provided Check 25 training and marketing materials to Liquor Express Stores and LCRs throughout the province. In addition, Liquor Express and LCRs are required to provide NLC with monthly reports of their challenges and refusals.

In fiscal 2025–26, NLC staff challenged 436,000 transactions, an increase of 53,000 transactions from the previous fiscal year.



INDICATOR	25/26 ACTUAL
Public Trust Index score of 7 or greater	7.1

Public trust and confidence are fundamental to NLC's mandate. We are dedicated to the safe and responsible sale, distribution, and regulation of beverage alcohol and cannabis, guided by accountability, integrity, and service.

Throughout fiscal 2025–26, NLC continued to strengthen public trust through responsible retailing, transparency, regulatory oversight and compliance education, governance improvements, and investment in social responsibility initiatives.

To remain accountable, responsive to stakeholder needs, and aligned with the expectations of the

people and communities we serve, NLC measures public perception on a regular basis. Our 2025 Public Opinion survey placed great emphasis on public trust as it relates to NLC’s performance around overall transparency, fiscal responsibility, and customer service accountability.

NLC earned a Public Trust Index score of 7.1 out of 10, reflecting a high level of public trust based on industry benchmarks and exceeding the fiscal year target. This result underscores the confidence that stakeholders and the public place in NLC’s commitment to responsible stewardship, transparency, and service excellence.

INDICATOR	25/26 ACTUAL
Minimum of \$250,000 contributed through NLC’s corporate social responsibility initiatives	Over \$1.5 million

NLC is committed to operating responsibly and contributing to the well-being of the communities we serve. Throughout fiscal year 2025–26, NLC continued to advance positive change across the province through key corporate social responsibility initiatives.

Leveraging our retail presence across the province, we delivered four in-store fundraising campaigns that supported food security initiatives and programs benefiting youth in our communities. Together, these campaigns raised more than \$459,000 through the generosity of our customers, supplier partners, employees, and NLC corporate matching donations. In addition, \$1 million was committed in support of the Community Food Sharing Association through net profits received from remaining U.S. products placed back on store shelves in December 2025.

NLC’s employees play a vital role in advancing our commitment to community giving, contributing their time and generosity to initiatives that strengthen communities across the province. Through NLC’s Together We Give payroll deduction program, employees donated \$2,500 to the Single Parent Association of Newfoundland and Labrador’s back-to-school program and helped pack backpacks for families in need. They also donated \$2,500 to the Canadian Red Cross for provincial wildfire relief, which NLC matched. Our corporate

Liquor Stores in Carbonear and Bay Roberts further supported this cause by raising more than \$1,000 through in-store fundraising.

To further expand our support to all parts of the province, NLC’s Community Donations program provides funding to registered charities and non-profits working in five priority areas: food security, mental health and community wellness, social responsibility, diversity, equity and inclusion, and environmental sustainability. Last fiscal, NLC contributed \$20,000 through the program.

We continue to fund initiatives that encourage responsible choices and help reduce alcohol-related harm, providing \$30,000 in fiscal 2025–26 to organizations and initiatives focused on social responsibility, including impaired driving prevention and fetal alcohol spectrum disorder awareness. Through a partnership with the 2025 Canada Summer Games, NLC shared important social responsibility messaging to athletes and participants and donated a portion of sales from select products to the Canada Games Legacy Fund. Over \$10,000 was donated to help support the sustainability of sport in Newfoundland and Labrador.

NLC also believes in creating spaces where people feel included, respected, and free to be themselves. In support of diversity, equity and inclusion, NLC contributed \$11,500 to organizations doing meaningful work in this area last fiscal. This included continued support for Quadrangle NL to help provide safer spaces for 2SLGBTQIA+ communities, funding for Pride initiatives across the province, and a donation to the Association for New Canadians to support life-changing programs and services for newcomers.

**We are committed
to balancing purpose
and profit and
earning the trust of
the people we serve.**

2025–26 PERFORMANCE SUMMARY

GOAL INDICATORS

EFFECTIVE CHALLENGES AND REFUSALS PROGRAM

Throughout 2023–26 we strengthened awareness and training opportunities for our retail staff to reinforce our commitment to responsible retailing and public safety. In fiscal 2023–24, we relaunched our Check 25 campaign with updated awareness materials and an enhanced staff training program, including a new training video that better equips employees to know when to request identification, verify ID accurately, recognize signs of impairment, and confidently refuse service when appropriate. Over the three-year period, NLC staff challenged and/or refused 1.2 million transactions.

SATISFACTORY RISK-BASED ESTABLISHMENT INSPECTIONS

NLC's regulatory oversight, education, and advisory efforts continue to support a responsible, compliant, and well-managed marketplace for beverage alcohol and cannabis. The success rate for licensee inspections is defined as the percentage of inspections deemed satisfactory by NLC's Regulatory Services inspectors. When conducting inspections, licensees demonstrate whether their operations align with Government legislation and NLC guidelines, while inspectors apply consistent criteria to support accurate and measurable results. Across the 2023–26 period, NLC maintained a strong inspection success rate of 96% or higher each year, reflecting sustained compliance among licensees and the effectiveness of NLC's risk-based inspection approach.

DELIVERY AND EXECUTION OF CORPORATE RESPONSIBILITY PLAN

At the beginning of the 2023–26 business cycle, NLC implemented a new Corporate Social Responsibility plan encompassing three main pillars: social responsibility, community, and environmental sustainability, while also supporting greater governance and a compelling workplace.

Within our commitment to social responsibility, we launched various initiatives throughout the three-year business cycle, aimed at promoting responsible and safe consumption, including our End Impaired Driving, Mindful Moderation, Safe Ride, and Know the Risks (of illegal cannabis) campaigns, as well as licensee training videos promoting responsible service.

NLC saw continued growth through its community efforts, namely with our in-store campaigns. Over the span of three years, our in-store campaigns have raised nearly \$845,000 in support of food security, mental health, and/or youth causes. In fiscal 2024–25, we launched our Community Donations program which has since provided \$40,000 to local registered charities and non-profit organizations doing great work in their communities. In fiscal 2025–26, we launched our Dollars for Doers program, which aims to strengthen NLC's commitment to giving back while contributing to a compelling workplace by recognizing employees who go above and beyond in their communities.

We have also taken important steps to better understand and reduce our environmental impact. Over the past three years, we completed a Carbon Measurement and Climate Action Plan that established our greenhouse gas emissions baseline and identified both short-term and long-term actions to reduce our carbon footprint and support a more sustainable future for Newfoundland and Labrador. Building on this work, in the fourth quarter of fiscal 2025–26, we issued a Request for Proposals to develop a Green Procurement Policy and Implementation Plan, with completion expected in fiscal 2026–27. This initiative will help strengthen the integration of environmental considerations into our procurement practices and support more sustainable decision making across the organization.

As public expectations continue to evolve, we will strengthen our approach to corporate social responsibility to reflect a broader commitment to our social impact, while reinforcing trust through consistent, responsible practices throughout the 2026–29 business cycle.

INCLUSION OF PUBLIC TRUST INDEX

NLC introduced a Public Trust Index as a key component of our 2023 public survey to better understand how customers, stakeholders, and the broader public perceive the NLC's performance, accountability, transparency, and service. Over the three-year period, NLC received positive ratings of 6.9, 7, and 7.1 respectively, indicating a consistent and gradually improving level of trust in the corporation based on industry standards. The index provides a measurable way to assess whether our actions, decisions, and communications align with public expectations and helps identify opportunities to strengthen confidence in how we serve the people of Newfoundland and Labrador. As we move into the 2026–29 business cycle, NLC will continue to seek valuable feedback from customers, partners, and the public, and use those insights to support transparency, responsible decision making, and continued trust in everything we do.



STRATEGIC THEME 3

EXCEPTIONAL CUSTOMER EXPERIENCE

NLC aims to ensure enhanced customer satisfaction through relationships, greater communication, and quality products, programs, and services.

GOAL

By April 4, 2026, NLC will have provided an exceptional customer experience.

2026 OBJECTIVE

By April 4, 2026, NLC will have furthered improvements to customer satisfaction by increasing access to core products and services.

INDICATORS

- Corporate Liquor Store customer experience score of 8 or higher
- Liquor Express Store customer experience score of 8 or higher
- Corporate Liquor Store Mystery Shopper score of 85%

INDICATOR	25/26 ACTUAL
Corporate Liquor Store customer experience score of 8 or higher	8.8

NLC's 2025 Public Opinion survey indicated high customer experience and satisfaction with our corporate Liquor Stores with a score of 8.8 out of 10.

NLC continued our investment towards an exceptional customer experience in fiscal 2025–26 with the Graff Retail sales training program, Ready to Serve. The program, which is designed specifically for the beverage alcohol industry, provides staff with the expertise and knowledge needed to deliver professional quality service to customers.

We also continually assess the evolving needs of our customers to ensure our retail network delivers convenient access, exceptional service, and long-term value. As customer expectations and shopping

patterns change, we regularly evaluate our store footprint to ensure it remains responsive, efficient, and aligned with customer and community needs. At the same time, we refined and expanded our product selection to reflect changing consumer preferences and emerging trends. During the fiscal, NLC extended our product offerings to include a variety of low and non-alcoholic choices. From a corporate perspective, this aligns with our responsibility to promote moderation and highlights the importance of offering a wide selection of products that meet consumers where they are.

During fiscal 2025–26, NLC expanded our retail network with the opening of a new corporate Liquor Store in Churchill Square, enhancing access and service for customers in the East End of St. John's. At the same time, we closed two locations (Blackmarsh Road and Lake Avenue) as part of our ongoing retail network strategy. These decisions reflect a thoughtful approach to ensuring our network remains sustainable, financially responsible, and positioned to meet changing customer demand.

INDICATOR	25/26 ACTUAL
Liquor Express Store customer experience score of 8	8.4

NLC's 2025 Public Opinion survey indicated high customer experience and satisfaction with Liquor Express Stores with a score of 8.4 out of 10, above the fiscal target and an improvement from the previous fiscal.

NLC reviews our Standards Guidelines with Liquor Express Store operators on an annual basis to ensure consistency and the highest level of service. In June 2025, NLC held in-person meetings with Liquor Express Store operators from across the province to strengthen engagement and create an open forum for dialogue and feedback. Key topics included customer experience, beverage alcohol trends, NLC's Check 25 Program, merchandising standards, compensation structure, U.S. products, core product lists, and identifying areas of support to help grow the business.

INDICATOR	25/26 ACTUAL
Corporate Liquor Store Mystery Shopper score of 85%	56%

At NLC, we are committed to continuous improvement and holding ourselves to the highest standards while embracing new ways to understand our customers' evolving needs. By providing opportunities for feedback and leveraging new insights, we can continually improve the services and experiences we provide.

During fiscal 2025–26, NLC introduced a Mystery Shopper program to gain deeper insights into the customer experience within our corporate Liquor Stores. This program provided an objective assessment of service delivery by evaluating performance against fourteen key criteria, including areas that contribute to a consistent, welcoming, and high-quality customer experience.

As this was the first year of implementation, the program established an important baseline for measuring customer service performance and identifying opportunities for improvement. Initial results were below expectations, however, performance trends improved throughout the fiscal year as employees became more familiar with expectations, feedback was incorporated, and opportunities for enhancement were identified and addressed.

The insights gained through the Mystery Shopper program will continue to inform training, coaching, and operational improvements across our retail network. As we build on the learnings from the first year, we expect continued progress and stronger results in fiscal 2026–27, supporting our ongoing commitment to delivering exceptional service and a positive experience for our customers.

We are focused on understanding our customers' needs and evolving our services to meet them.



2025–26 PERFORMANCE SUMMARY

GOAL INDICATORS

CONTINUATION OF STORE RENOVATION PROGRAM

Over the three-year period, NLC completed our corporate Liquor Store renovation program, modernizing 21 of our 27 corporate locations. These renovations were designed to enhance the overall customer experience while supporting operational efficiency and brand consistency across our retail network. Improvements included the installation of energy-efficient lighting, expanded cold space, digital screens, aisle realignment, flooring upgrades, refreshed signage, interior painting aligned with NLC's brand identity, and enhanced store layout and design. Several locations also introduced dedicated Specialty Wines sections, increasing customer access to quality products from local, national, and international suppliers.

NLC's newest location in Churchill Square, which opened in February 2026, further reflects a commitment to inclusive and customer-focused design. The store features a range of accessibility enhancements, including automatic sliding doors, accessible staff washrooms, wider aisles, accessible emergency equipment, and signage that exceeds accessibility standards. Together, these features help create a more welcoming, safe, and convenient environment for both customers and employees. The recommendations and design decisions were informed by NLC's 2023–26 Accessibility Plan, which was developed in partnership with Empower NL.

INCREASED NUMBER OF LICENSED CANNABIS RETAILERS

To support safe access to a secure and regulated supply of cannabis across Newfoundland and Labrador, NLC expanded the LCR network by 21 locations over the 2023–26 business cycle. This growth included the addition of many tier 4 retailers in rural and smaller communities, improving customer access in areas that may otherwise have limited proximity to regulated cannabis products. The expanded footprint also strengthens NLC's ability to support responsible retailing, maintain regulatory oversight, and ensure cannabis access continues to evolve in a way that reflects community needs and public safety expectations.

CUSTOMER SATISFACTION SURVEY SCORES

Customer satisfaction remained strong throughout the 2023–26 business cycle, with corporate Liquor Store scores increasing from 8.7 in fiscal 2023–24 and 2024–25 to 8.8 in fiscal 2025–26. Liquor Express scores also remained high, moving from 8.6 in fiscal 2023–24 to 8.1 in fiscal 2024–25 and improving again to 8.4 in fiscal 2025–26. These results demonstrate consistently high levels of customer satisfaction across NLC's retail network, with customers continuing to value service quality, staff friendliness, safety, product access, and ease of shopping.

As we move into the 2026–29 Business cycle, NLC will continue to seek customer feedback to better understand changing expectations, identify opportunities for improvement, and ensure our retail programs, product offerings, services, and store environments remain responsive to customer and community needs. This ongoing feedback will support continuous improvement and help guide future decisions that strengthen the overall customer experience.

STRATEGIC THEME 4

OPERATIONAL EXCELLENCE

NLC strives to improve efficiency through greater investment in people, innovation, technology, and collaboration.

GOAL

By April 4, 2026, NLC will have improved operational excellence.

2026 OBJECTIVE

By April 4, 2026, NLC will have furthered improvements to operational efficiency through intelligent application of technology.

INDICATORS

- Improved inventory turns to 5
- Achieved net operating expenses as a percentage of sales of 16.1%
- Completed 100% of strategic initiatives as per plan

INDICATOR	25/26 ACTUAL
Improved inventory turns to 5	5.1

Improving inventory turns — the rate at which inventory is sold or used over a specific period — without limiting sales growth is key to increasing efficiency and profitability. As inventory turns improve, efficiencies are gained, freeing up cash for dividend payments.

During fiscal 2025–26, NLC improved inventory turns to 5.1 due to sales increases and operational efficiencies. Total inventory increased by \$3 million compared to the previous year, primarily due to U.S. products being placed back on shelves and increased international lead times.

INDICATOR	25/26 ACTUAL
Achieved net operating expenses as a percentage of sales of 16.1%	16.3%

Net operating expenses as a percentage of sales were 16.3%, slightly higher than our target by 0.2%.

This shortfall is primarily due to increased salary and benefit costs resulting from retroactive salary reclassification increases during the year. We remained focused on managing the expenses within our control, exercising responsible financial stewardship and disciplined cost management to help offset the impact where possible.

INDICATOR	25/26 ACTUAL
Completed 100% of strategic initiatives as per plan	30%

NLC identified ten strategic initiatives for fiscal 2025–26 to advance organizational effectiveness, operational performance, and long-term sustainability. During the year, we successfully completed initiatives focused on strategic communications, enhancements to HRMS, and strengthening safety performance and culture. While some initiatives continued past year end due to capacity constraints, NLC successfully launched a new brand, advanced our corporate store retail plan, initiated an enterprise-wide business continuity plan update, and implemented a fraud management program at the request of government.

Progress also continued on several multi-year initiatives, including the modernization of the private order process and the continued

development of HRMS modules. While these projects advanced significantly during the year, the scope and complexity of these and other projects required more time than originally anticipated. Future facility assessments and legislative modernization were deferred to fiscal 2026–27 as resources shifted to higher-priority initiatives, including cyber security improvements, as well as organization-wide upgrades to our supply chain and point-of-sale systems.

**We are finding
better ways to work,
adapt to change, and
strengthen how we
deliver on our mandate.**

2025–26 PERFORMANCE SUMMARY GOAL INDICATORS

IMPROVED INVENTORY TURNS

Over the three-year period, NLC demonstrated measurable improvement in operational efficiency, particularly through inventory turns, which increased from 4.6 in fiscal 2023–24 to 5.1 in fiscal 2025–26. Inventory performance improved despite external pressures, including supply chain delays, increased lead times, U.S. tariff impacts, and changes in product availability.

ACHIEVED COSTS AS A PERCENTAGE OF SALES TARGETS

Net operating expenses as a percentage of sales improved substantially in fiscal 2025–26, decreasing by 3.4 percentage points from the previous fiscal. Performance was above target in fiscal 2023–24 due to lower beverage alcohol sales and higher commission and premium expenses, while performance improved relative to target in 2024–25 due to stronger sales and lower-than-expected expenditures. Overall, the three-year trend indicates improved cost efficiency, with fiscal 2025–26 representing the strongest result of the period.

DELIVERY OF KEY TECHNOLOGY AND DATA SECURITY INITIATIVES

Despite the decline in the overall completion rate of our strategic initiatives as per plan, NLC completed or substantially completed several important initiatives over the three year-period, including enhancements to our cyber posture, various entity-wide system upgrades, updates to our IT strategy, price modelling software redevelopment, updates to the Electronic Promotional Application Calendar system, guest and corporate Liquor Store wi-fi access, a new budget and financial reporting system, strategic communications initiatives, HRMS enhancements, safety performance and culture improvements, and a fraud management program. As we continue to move forward, we will look to improve this area by prioritizing fewer, higher-impact initiatives, confirming resource capacity before targets are finalized, and distinguishing between annual deliverables and multi-year milestones. We will also evolve our approach by introducing changes and project management standards that better define expectations, strengthen accountability, and improve how we deliver initiatives.

STRATEGIC THEME 5

GROW THE BUSINESS

NLC remains committed to meeting or exceeding performance expectations while realizing new opportunities in beverage alcohol and cannabis.

GOAL

By April 4, 2026, NLC will have grown the business.

2026 OBJECTIVE

By April 4, 2026, NLC will have grown the business and expanded the customer base.

INDICATORS

- Achieved revenue targets of \$448.4 million
- Achieved sales targets of \$382.4 million
- Achieved net earnings of \$206.7 million
- Achieved dividend of \$206 million

INDICATOR	25/26 ACTUAL
Achieved revenue targets of \$448.4 million	\$444.5 million

Revenue for the year ended April 4, 2026, was \$444.5 million, below target by \$3.9 million. Revenue includes all sales of alcohol and cannabis, less Liquor Express commission expense, as well as commission income. NLC also earns commission on beer sold through Brewers' Agents and on cannabis product self-distributed to LCRs by local producers.

Sales for the year ended April 4, 2026, were above target by \$3.7 million. Commission income missed the target by \$6.5 million. Beer commissions were 8.8% lower than planned due to inventory right-sizing by breweries located in the province throughout the year. Cannabis commissions were 2.9% lower than target but 11.5% higher than prior year, mainly due to the continued growth of the cannabis industry.

INDICATOR	25/26 ACTUAL
Achieved sales targets of \$382.4 million	\$386.1 million

Sales for the year ended April 4, 2026, were \$386.1 million. Alcohol sales for fiscal 2025–26 were slightly higher than the prior year by \$1.4 million, which is a record high. Cannabis sales exceeded target by 7% and prior year by 13.1%.

When compared to fiscal 2024–25, there was growth in most alcohol product categories. Spirits increased by 0.9%, RTDs increased by 3.7%, and beer by 0.5%. The only category that saw a decline was wine at 2.1%. Alcohol sales through corporate Liquor Stores were lower than the prior year by 1.7%. Sales through Liquor Express Stores were higher by 4.6% and licensee sales saw an increase of 1.4% over the previous year.

Cannabis retail sales throughout the province were higher than fiscal year 2024–25 by 12.4%. Increased cannabis sales were due to increased retail locations established during the year as well as the continued growth of the cannabis industry.

INDICATOR	25/26 ACTUAL
Achieved net earnings of \$206.7 million	\$199.6 million

Net earnings for the year ended April 4, 2026, totalled \$199.6 million, a decrease of \$11.1 million from the prior year and \$7.1 million under target.

Fiscal 2025–26 did not meet the net earnings target, due to lower beer commissions, higher operating and administrative expenses, higher cannabis-related commission expenses resulting from increased cannabis sales, retroactive salary reclassification costs, and charitable contributions associated with U.S. product sales.

INDICATOR	25/26 ACTUAL
Achieved dividend of \$206 million	\$202 million

The total dividend achieved for the 2025–26 fiscal year was \$202 million, a decrease of \$4 million from target due to the decreased beer commission revenues received during the year.

We continue to create value for the Province, returning dividends that support public services Newfoundlanders and Labradorians depend on.

2025–26 PERFORMANCE SUMMARY GOAL INDICATORS

ACHIEVED REVENUE TARGETS

Over the 2023–26 business cycle, NLC’s revenue performance strengthened overall, increasing from \$432.3 million in fiscal 2023–24 to \$443.3 million in fiscal 2024–25 and \$444.5 million in fiscal 2025–26. While revenue was below target in two of the three years, NLC maintained a strong revenue base through stable beverage alcohol sales, continued cannabis market growth, and commission income from Brewers’ Agents and cannabis products self-distributed by local producers to LCRs.

Fiscal 2024–25 represented the strongest year relative to target, with revenue exceeding plan by \$17.5 million and sales above target by \$14.5 million. In fiscal 2025–26, revenue finished below target by \$3.9 million, however, sales still exceeded target by \$3.7 million, demonstrating continued strength in consumer demand. The shortfall was primarily linked to commission income, including lower beer commissions due to inventory right-sizing by breweries operating in the province.

Cannabis continued to be an important growth contributor throughout the period, with commission income exceeding target in 2023–24 and 2024–25 and remaining higher than the prior year in 2025–26. Although beverage alcohol sales remained more mature and relatively stable, growth in categories such as RTDs and the continued expansion of the regulated cannabis market supported NLC’s overall revenue performance.

ACHIEVED SALES TARGETS

Over the 2023–26 business cycle, NLC achieved consistent sales growth, with total sales increasing from \$364 million in fiscal 2023–24 to \$375.9 million in fiscal 2024–25 and \$386.1 million in fiscal 2025–26. Growth was driven by strong performance in the cannabis sector, continued demand across core beverage alcohol categories, and expansion of the retail network. Beverage alcohol sales reached record highs in each year of the business cycle, while cannabis sales consistently exceeded targets and delivered double-digit annual growth.

Cannabis remained the strongest contributor to overall sales growth throughout the three-year period. Increased access through additional LCRs, continued consumer migration to the regulated market, and the ongoing maturation of the cannabis industry contributed to annual sales increases of 17.9% in 2023–24, 14.2% in 2024–25, and 13.1% in 2025–26. Cannabis sales exceeded targets in all three years, demonstrating the continued strength and growth potential of the regulated cannabis market in Newfoundland and Labrador.

Across beverage alcohol, consumer preferences continued to evolve, with particularly strong growth in the RTD category. While individual product categories experienced year-to-year fluctuations, overall beverage alcohol sales remained stable and continued to set new records. Sales through licensees increased each year

of the business cycle, while performance across corporate Liquor Stores and Liquor Express locations reflected changing customer purchasing patterns and ongoing efforts to optimize our retail network.

The strong sales performance achieved during the 2023–26 Business Plan period reflects NLC’s ability to adapt to changing consumer preferences, expand access to regulated products, and balance growth opportunities across both beverage alcohol and cannabis.

ACHIEVED NET EARNINGS

While net earnings declined in fiscal 2025–26 due to lower beer commissions and higher operating costs, NLC’s overall business continued to evolve through cannabis growth, product innovation, export activity, and support for local producers.

Throughout the three-year business cycle for the 2023–26 Business Plan, cost increases and economic pressures resulted in declining net earnings this past year. NLC continued to focus on minimizing cost increases where possible and reducing discretionary spending where appropriate to maintain an annual dividend exceeding \$200 million in each of the three years. Targeted earnings were short by \$7.1 million in fiscal 2025–26 mainly due to lower beer commissions revenue.

ACHIEVED DIVIDEND

NLC delivered a dividend of \$202 million to the Government of Newfoundland and Labrador in fiscal year 2025–26, which helped fund public programs and services within the province. The dividend paid by NLC to Government for the three-year period totalled \$619.5 million, an increase of \$6.5 million over the previous three-year period.

Despite changing market conditions, NLC maintained strong financial performance and continued to provide significant dividends to the Government of Newfoundland and Labrador throughout the 2023–26 business cycle.



SALES BY PRODUCT CATEGORY (MILLIONS OF DOLLARS)

	2025–26 Actual	2025–26 Target	Var.	% Var.	2024–25 Actual	2024–25 Target	Var.	% Var.	2023–24 Actual	2023–24 Target	Var.	% Var.
Spirits	136.1	133.4	2.7	2.0%	135.2	137.8	(2.6)	-1.9%	139.6	140.7	(1.1)	-0.8%
Wine	81.8	84.3	(2.5)	-3.0%	83.5	80.9	2.6	3.2%	82.6	86.9	(4.3)	-4.9%
RTD	46.4	47.4	(1.0)	-2.1%	44.7	38.6	6.1	15.8%	37.9	38.6	(0.7)	-1.8%
Beer	40.8	41.0	(0.2)	-0.5%	40.6	40.0	0.6	1.5%	40.3	42.7	(2.4)	-5.6%

SPIRITS SALES (IN THOUSANDS OF LITRES)

	2026	2025	2024	2023	2022	2021	2020
Rum	1,227	1,260	1,371	1,419	1,527	1,593	1,602
Rye Whisky	809	814	842	846	876	878	861
Vodka	639	634	649	651	657	706	606
Liqueurs	346	357	373	377	375	363	307
Gin	84	84	90	97	92	91	90
Scotch - Other Whisky	69	68	71	72	78	79	79
Tequila	45	46	42	36	32	26	23
Brandy	14	14	15	15	18	18	17
Cognac	3	3	3	3	3	3	3
Miscellaneous	2	2	2	2	2	3	3
	3,238	3,282	3,458	3,518	3,660	3,760	3,591

WINE SALES (IN THOUSANDS OF LITRES)

	2026	2025	2024	2023	2022	2021	2020
Table Wine	3,648	3,697	3,758	3,802	3,893	3,898	4,001
Sparkling & Champagne	302	293	303	300	328	318	285
Fortified Wine	45	45	47	48	51	53	53
Low Alcohol Wine	1	-	-	-	-	8	10
	3,996	4,035	4,108	4,150	4,272	4,277	4,349

READY-TO-DRINK (RTD) AND CIDER SALES (IN THOUSANDS OF LITRES)

	2026	2025	2024	2023	2022	2021	2020
RTD	4,717	4,570	3,870	3,885	3,762	3,460	2,276
Cider	367	373	379	415	468	452	377
	5,084	4,943	4,249	4,300	4,230	3,912	2,653

BEER SALES (IN THOUSANDS OF LITRES)

	2026	2025	2024	2023	2022	2021	2020
Local Beer	3,573	3,485	3,522	3,423	3,282	2,808	3,509
Imported Beer	1,899	2,067	2,088	2,187	2,237	2,192	2,541
Low Alcohol Beer	42	10	14	15	16	15	22
	5,514	5,562	5,624	5,625	5,535	5,015	6,072

*CANNABIS SALES (MILLIONS OF DOLLARS)

	2025–26 Actual	2025–26 Target	Var.	% Var.	2024–25 Actual	2024–25 Target	Var.	% Var.
Dried Flower	67.5	64.8	2.7	4.2%	64.2	52.4	11.8	22.5%
Extracts and Concentrates	37.8	27.3	10.5	38.5%	29.7	24.0	5.7	23.8%
Ingestibles	9.8	17.7	(7.9)	-44.6%	8.6	8.9	(0.3)	-3.4%
Topicals	0.4	0.4	0	0.0%	0.2	0.3	(0.1)	-33.3%
	115.5	110.2	5.3	4.8%	102.8	85.6	17.2	20.1%

*Cannabis sales for product distributed by NLC's distribution centre and product self-distributed by local licensed producers.

OPPORTUNITIES AND CHALLENGES

MODERNIZING FOR A MATURING MARKET

The beverage alcohol industry continues to mature, with shifting consumer preferences influencing overall market performance and reinforcing the need for continued market modernization. While beverage alcohol consumption has generally declined, growth opportunities remain in categories such as RTDs, low and non-alcohol products, and locally produced products. These trends create opportunities for NLC to modernize how products are selected, promoted, distributed, and accessed, while supporting local producers, responding to changing customer expectations, and continuing to promote responsible consumption.

The cannabis market is also entering a more mature phase. Growth is anticipated to be driven by a continued decline in the illicit market, broader product selection, improved market access, and increased consumer confidence in the regulated market. As both regulator and distributor of legal cannabis, NLC is well positioned to support market modernization by strengthening safe and responsible access, improving data-informed oversight, streamlining processes for industry partners, and ensuring the regulatory framework remains responsive to evolving industry and consumer needs.

OPERATIONAL RESILIENCE AND SUPPLY CHAIN MANAGEMENT

Global instability, supply chain disruption, inflationary pressures, and Newfoundland and Labrador's dispersed geography continue to affect product availability, costs, and service delivery. These same pressures reinforce the importance of disciplined forecasting, inventory planning, vendor collaboration, and distribution efficiency. NLC's extensive operational footprint provides opportunities to strengthen resilience, protect service continuity, and support consistent access to regulated products.

TECHNOLOGY, DATA, AND CYBER SECURITY

Digital systems are increasingly becoming central to NLC's retail operations, licensing, compliance, customer service, and corporate decision making.

This creates exposure to more sophisticated cyber threats, including risks influenced by artificial intelligence (AI). As we carry out our 2026–29 Business Plan, NLC has an opportunity to advance the use of technology, including data analytics, while responsibly exploring the potential of AI-enabled tools under appropriate governance frameworks to improve operational efficiency, strengthen risk monitoring, support targeted compliance activities, and enhance customer and employee experiences.

REGULATORY MODERNIZATION AND RESPONSIBLE GROWTH

NLC operates in a dual role that requires strong commercial discipline and credible regulatory oversight. For beverage alcohol, NLC must support efficient retail, wholesale, distribution, and manufacturing operations while regulating licensees and maintaining public confidence in responsible service and consumption. For cannabis, NLC's role in regulation and distribution requires ongoing attention to safe access, compliant supply, product accountability, and the continued transition of consumers from the illicit to the legal market. Continued modernization of legislation, policies, and business processes can create opportunities to reduce administrative burden, improve transparency, apply data-informed risk management, and support a safe, legal, and responsible marketplace.

WORKFORCE SUSTAINABILITY AND ORGANIZATIONAL CAPACITY

Like many employers, NLC faces workforce challenges related to demographic change, competition for talent, changing employee expectations, and the need to build future leadership capacity. These challenges also create opportunities to modernize recruitment, strengthen succession planning, invest in leadership development, and support physical and psychological well-being. Through our People Strategy, NLC will continue building a resilient, engaged, and future-ready workforce capable of delivering on our mandate across beverage alcohol and cannabis.

FINANCIAL STATEMENTS

Financial statements

Newfoundland and Labrador Liquor Corporation

April 4, 2026



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Newfoundland and Labrador Liquor Corporation
St. John's, Newfoundland and Labrador

Opinion

I have audited the financial statements of the Newfoundland and Labrador Liquor Corporation (the Corporation), which comprise the statement of financial position as at April 4, 2026 and the statements of comprehensive income, changes in net assets and cash flows for the period then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at April 4, 2026 and its financial performance and its cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT (con't)

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

My 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 my 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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

INDEPENDENT AUDITOR'S REPORT (con't)

going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



Sandra Russell, CPA
Deputy Auditor General

June 26, 2026
St. John's, Newfoundland and Labrador

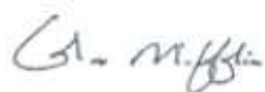
Newfoundland and Labrador Liquor Corporation
STATEMENT OF FINANCIAL POSITION

As at
[in thousands]

	April 4, 2026 \$	April 5, 2025 \$
ASSETS		
Current		
Cash and cash equivalents	16,739	19,579
Accounts receivable [note 4]	21,301	20,490
Inventories [note 5]	35,823	32,844
Prepaid expenses	812	703
Total current assets	74,675	73,616
Property, plant and equipment [note 6]	19,039	19,962
Intangible assets [note 7]	3,255	2,689
Right-of-use assets [note 8]	4,114	3,205
	101,083	99,472
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities [note 9]	41,632	38,837
Accrued vacation pay	5,788	5,459
Current portion obligation under lease liability [note 10]	865	843
Total current liabilities	48,285	45,139
Obligations under lease liability [note 10]	3,665	2,785
Employee future benefits [note 11]	1,825	1,875
Total liabilities	53,775	49,799
Net assets	47,308	49,673
	101,083	99,472

See accompanying notes

On behalf of the Board:

 Director

 Director

Newfoundland and Labrador Liquor Corporation

STATEMENT OF COMPREHENSIVE INCOME

Period ended
[in thousands]

	April 4, 2026 \$	April 5, 2025 \$
Sales <i>[note 12]</i>	359,585	352,129
Commission revenue on sale of beer	63,156	70,135
Commission revenue on sale of cannabis	12,898	11,564
	435,639	433,828
Cost of sales	182,890	174,887
Gross profit	252,749	258,941
Administrative and operating expenses <i>[note 13]</i>	61,962	57,727
Earnings from operations	190,787	201,214
Other income		
Finance income	826	1,628
Miscellaneous income	8,022	7,881
	8,848	9,509
Comprehensive income for the period	199,635	210,723

See accompanying notes

Newfoundland and Labrador Liquor Corporation

STATEMENT OF CHANGES IN NET ASSETS

Period ended
[in thousands]

	April 4, 2026	April 5, 2025
	\$	\$
Balance, beginning of period	49,673	53,495
Comprehensive income for the period	199,635	210,723
Distributions to the Province of Newfoundland and Labrador	(202,000)	(214,545)
Balance, end of period	47,308	49,673

See accompanying notes

Newfoundland and Labrador Liquor Corporation

STATEMENT OF CASH FLOWS

Period ended
[in thousands]

	April 4, 2026	April 5, 2025
	\$	\$
OPERATING ACTIVITIES		
Comprehensive income for the period	199,635	210,723
Adjustments for non-cash effects		
Depreciation and amortization	4,211	4,121
Loss on disposal of capital assets	5	
Increase in accrued vacation pay	329	449
Decrease in employee future benefits	(50)	(150)
	204,130	215,143
Changes in non-cash working capital balances		
(Increase) decrease in accounts receivable	(811)	935
Increase in inventories	(2,979)	(443)
Increase in prepaid expenses	(109)	(193)
Increase (decrease) in accounts payable and accrued liabilities	2,795	(1,988)
Cash provided by operating activities	203,026	213,454
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,616)	(2,065)
Purchase of intangible assets	(1,284)	(1,058)
Purchase of right-of-use assets	(1,868)	(383)
Cash used in investing activities	(4,768)	(3,506)
FINANCING ACTIVITIES		
Obligation under capital lease	1,868	383
Obligation under lease liability	(966)	(990)
Distributions to the Province of Newfoundland and Labrador	(202,000)	(214,545)
Cash used in financing activities	(201,098)	(215,152)
Net decrease in cash during the period	(2,840)	(5,204)
Cash and cash equivalents, beginning of period	19,579	24,783
Cash and cash equivalents, end of period	16,739	19,579

See accompanying notes

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

1. Nature of operations

Newfoundland and Labrador Liquor Corporation [the "Corporation" or "NLC"] is a Provincial Crown Corporation responsible for managing the importation, regulation, sale and distribution of beverage alcohol and cannabis throughout the Province of Newfoundland and Labrador [the "Province"] through its own Liquor Store locations, through Agency Store operators, through Licensed Cannabis Retail operators and through online sales for cannabis. As a Crown Corporation, the NLC is not subject to any Provincial or Federal taxation in relation to its income.

The corporate office is located at 90 Kenmount Road in St. John's, Newfoundland and Labrador.

The fiscal year of the Corporation ends on the first Saturday of April. As a result, the Corporation's fiscal year is usually 52 weeks in duration but includes a 53rd week every 5 to 6 years. The years ended April 4, 2026 and April 5, 2025 contained 52 weeks.

These financial statements were authorized for issue in accordance with a resolution of the Corporation's Board of Directors on June 25, 2026.

2. Basis of preparation

Statement of compliance

The financial statements of the Corporation have been prepared in accordance with IFRS Accounting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"].

Going concern and basis of measurement

These financial statements were prepared on a going concern basis, under the historical cost convention. The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand except when otherwise indicated. The financial statements provide comparative information in respect of the previous period.

3. Summary of significant accounting policies

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received [or receivable], excluding returns, rebates and sales taxes or duty. The Corporation assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Corporation has concluded that it is acting as a principal in all of its revenue arrangements with the exception of commission revenue.

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

The Corporation's major revenue streams include sales to retail and wholesale customers as well as commission revenue on the sale of beer and cannabis. The following specific recognition criteria apply before revenue is recognized:

Sales of goods

The Corporation generates and recognizes net sales of beverage alcohol to retail and licensee customers at the point of sale in its stores and upon delivery of products to Agency Stores. The commission paid to the Agency Store operators is deducted from the selling price of the products delivered. The commission paid to Agency Store operators for the period ended April 4, 2026 was \$6.8 million [period ended April 5, 2025 – \$6.4 million].

The Corporation generates and recognizes net sales of cannabis upon delivery of products to Licensed Cannabis Retail outlets and at the point of sale on its e-commerce platform. The commission paid to the Licensed Cannabis Retail operators is deducted from the selling price of the products delivered from the NLC warehouse. The commission paid to Licensed Cannabis Retail operators relating to product delivered from the NLC warehouse for the period ended April 4, 2026 was \$20.5 million [period ended April 5, 2025 - \$18.0 million].

Sales of gift cards are deferred and included in accounts payable and accrued liabilities as part of other payables on the statement of financial position at the time of the sale and subsequently recognized in the statement of comprehensive income when redeemed.

Sales exclude Harmonized Sales Tax and other taxes due.

Commission revenue on sale of beer and cannabis

The Corporation earns a commission on the sale of beer products in the Province sold through Agency Stores and brewer's agent stores. The Corporation earns commission only on the sale of cannabis products distributed directly from the Licensed Producers to related Licensed Cannabis Retailers. Commissions are recognized on an accrual basis, based upon beer and cannabis products distributed during the reporting period. The commission earned is presented within revenue as it is earned through the ordinary business activities of the Corporation.

Miscellaneous income

Miscellaneous income contains income related to merchandising and marketing of the Corporation's products. It is earned as promotions are executed and the related expenses are incurred.

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

Foreign currency translation

Transactions in foreign currencies are initially recorded by the Corporation at rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the functional currency spot rate of exchange ruling at the reporting date. Non-monetary assets are valued at the historical amount.

Current versus non-current classification

The Corporation presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Corporation classifies all other liabilities as non-current.

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost includes expenditures that are directly attributable to the acquisition of the items. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives as follows:

Building components	10–50 years
Leasehold improvements	5–20 years
Office furniture and equipment	5–10 years
Computer hardware	5–6 years
Plant and warehouse equipment	5–20 years
Store equipment and fixtures	5–20 years
Motor vehicles	3 years

Building components include building structure [50 years], building exterior [20 years], mechanical and electrical [20 years], roofing and paving [20 years], and interior finishes [10 years]. These components are combined and presented in these financial statements as building components.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Intangible assets consist of trademarks and computer software assets not considered integral to the operation of the related hardware. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any impairment losses. The Corporation capitalizes internally generated intangible assets that meet capitalization criteria. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Intangible assets with finite lives [including computer software] are amortized over periods of 5–9 years. New product research and development costs are expensed as incurred.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit ["CGU"] level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

change in useful life from indefinite to finite is made on a prospective basis. The Corporation considers the capitalized trademarks to have an indefinite life.

Impairment of non-financial assets

The Corporation assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

Cash and cash equivalents

Cash and cash equivalents are defined as short-term deposits with original maturities of three months or less. The Corporation holds cash in an interest-bearing bank account. The interest income earned on these deposits is recorded as finance income.

Inventories

Inventories are measured at the lower of cost and net realizable value and include raw materials and finished goods. Inventories held in the distribution centre, in transit and in retail stores are measured at landed cost, consisting of acquisition costs, freight, customs and excise duties. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Periodically, the Corporation reviews its inventory to investigate whether an inventory reserve is required, to reduce the carrying value of inventory for obsolescence and amounts required to value inventory at the lower of cost or net realizable value.

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

General provisions

General provisions are recognized when the Corporation has a present obligation [legal or constructive] as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee future benefits

Sick leave

Certain employees of the Corporation are entitled to sick leave benefits that accumulate but do not vest. The Corporation recognizes the liability for the future use of these benefits in the period in which the employee renders the service. The obligation is determined by management using assumptions based on their best estimates of the probability of use of accrued sick leave, salary changes and expectations on retention along with other relevant assumptions. Discount rates are based on the yield on high quality corporate bonds with cash flows similar to those of this liability. Actuarial gains or losses are recognized immediately in the statement of financial position, with a corresponding debit or credit to net assets through profit or loss in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Pension

The Corporation and its employees participate in the Province's Public Service Pension Plan ["PSPP"], a multi-employer defined benefit plan and the Government Money Purchase Pension Plan ["GMPP"], a multi-employer defined contribution benefit plan. The Corporation is however not able to obtain sufficient information from the plan administrator to account for PSPP as a defined benefit plan and therefore applies defined contribution accounting guidelines. The Corporation's contributions are expensed as incurred. The Corporation is neither obligated for any unfunded liability nor entitled to any surplus that may arise in this plan. The Corporation's share of future contributions is dependent upon the funded position of the PSPP.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible by the Corporation.

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted [unadjusted] market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Corporation determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization [based on the lowest level input that is significant to the fair value measurement as a whole] at the end of each reporting period.

Financial instruments

Financial assets

Financial assets are classified at initial recognition as financial assets at fair value through profit or loss ["FVTPL"], fair value through other comprehensive income ["FVOCI"], amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value through profit or loss.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value.

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

The Corporation has classified and subsequently measures financial assets/liabilities as follows:

Asset/Liability	Classification and Measurement
Accounts receivable	Amortized cost using Effective Interest Rate Method ["EIR"]
Accounts payable and accrued liabilities	Amortized cost using EIR

The carrying value of the Corporation's financial instruments approximates fair value due to their immediate or short-term maturity and normal credit terms.

Impairment of financial assets

The Corporation assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset [an incurred "loss event"] has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, the Corporation first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows [excluding future expected credit losses that have not yet been incurred]. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income.

Significant accounting judgments, estimates and assumptions

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures, and disclosure of contingent liabilities. Actual results could differ from those estimates.

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

The most significant estimates and assumptions were made as part of the sick leave obligation. The Corporation made assumptions regarding the discount rate, salary increase, annual usage rates and retention rates to estimate the amount of sick leave accrued as of the reporting date. There were no significant judgments used in the preparation of these financial statements.

4. Accounts receivable

	April 4, 2026	April 5, 2025
	\$	\$
Trade accounts receivable	8,977	5,724
Commission receivable	7,726	9,036
Other receivables	4,598	5,730
	21,301	20,490

Accounts receivable and commissions receivable are non-interest bearing and are generally on terms of 7 to 30 days.

As at April 4, 2026, approximately 90% [April 5, 2025 – 95%] of the trade accounts receivable balance is current. An allowance for doubtful accounts has been recorded in respect of certain non-current receivables in the amount of \$0.06 million [April 5, 2025 – \$0.07 million].

5. Inventories

	April 4, 2026	April 5, 2025
	\$	\$
Distribution centre	19,427	15,710
Branch stores	11,604	11,863
Inventory in transit	3,422	3,940
Raw materials	1,370	1,331
	35,823	32,844

The total value of inventory expensed to cost of sales for the period ended April 4, 2026 was \$127.9 million [April 5, 2025 – \$125.9 million]. The inventory value includes a reserve of \$0.3 million [April 5, 2025 – \$0.3 million]. Residual amounts included in cost of sales include manufacturing labour and overhead, and foreign exchange gains/losses.

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

6. Property, plant and equipment

	Land, buildings and leasehold improvements \$	Furniture and equipment \$	Computer equipment and vehicles \$	Total \$
Cost				
As at April 6, 2024	35,981	14,498	10,105	60,584
Additions	672	548	845	2,065
Disposals	(339)	(265)	(4,903)	(5,507)
As at April 5, 2025	36,314	14,781	6,047	57,142
Additions	548	287	781	1,616
Disposals	(82)	(160)	(133)	(375)
As at April 4, 2026	36,780	14,908	6,695	58,383
Accumulated depreciation				
As at April 6, 2024	(20,826)	(10,830)	(8,620)	(40,276)
Depreciation for the period	(1,135)	(638)	(638)	(2,411)
Disposals	339	265	4,903	5,507
As at April 5, 2025	(21,622)	(11,203)	(4,355)	(37,180)
Depreciation for the period	(1,151)	(655)	(731)	(2,537)
Disposals	82	159	132	373
As at April 4, 2026	(22,691)	(11,699)	(4,954)	(39,344)
Net book value				
As at April 5, 2025	14,692	3,578	1,692	19,962
As at April 4, 2026	14,089	3,209	1,741	19,039

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

7. Intangible assets

	Computer software	Trademark	Total
	\$	\$	\$
Cost			
As at April 6, 2024	19,814	254	20,068
Additions	1,058	—	1,058
Disposals	(12,616)	—	(12,616)
As at April 5, 2025	8,256	254	8,510
Additions	1,284	—	1,284
Disposals	(10)	—	(10)
As at April 4, 2026	9,530	254	9,784
Accumulated amortization			
As at April 6, 2024	(17,701)	—	(17,701)
Amortization	(736)	—	(736)
Disposals	12,616	—	12,616
As at April 5, 2025	(5,821)	—	(5,821)
Amortization	(715)	—	(715)
Disposals	7	—	7
As at April 4, 2026	(6,529)	—	(6,529)
Net book value			
As at April 5, 2025	2,435	254	2,689
As at April 4, 2026	3,001	254	3,255

8. Right-of-Use Assets

	April 4, 2026	April 5, 2025
	\$	\$
Opening Balance	3,205	3,796
Additions	1,868	383
Amortization	(959)	(974)
	4,114	3,205

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

The right-of-use assets represent the Corporation's right to use leased premises for its corporate stores. The Corporation does not recognize right-of-use assets or lease liabilities for short-term leases with a term of less than 12 months.

9. Accounts payable and accrued liabilities

	April 4, 2026	April 5, 2025
	\$	\$
Accrued liabilities	11,392	10,467
Trade payables	10,712	10,656
Excise duties	9,075	9,550
HST payable	4,158	3,106
Other	6,295	5,058
	41,632	38,837

Included in accrued liabilities is \$2.1 million [April 5, 2025 - \$2.0 million] in contractual obligations related to gift cards, net of breakage of \$0.8 million [April 5, 2025 - \$0.7 million].

10. Obligation under lease liability

	April 4, 2026	April 5, 2025
	\$	\$
Opening Balance	3,628	4,235
Additions	1,868	383
Interest	203	171
Lease Payments	(1,169)	(1,161)
	4,530	3,628

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

Annual obligations under lease liability are as follows:

	April 4, 2026	April 5, 2025
	\$	\$
Within one year	865	843
After one year but no more than five years	2,073	1,912
More than five years	1,592	873
	4,530	3,628

11. Employee future benefits

	April 4, 2026	April 5, 2025
	\$	\$
Accrued sick leave obligation, beginning of period	1,875	2,025
Current service cost	415	443
Interest cost	83	87
Actuarial (gain) ¹ due to Experience adjustment	(425)	(494)
	1,948	2,061
Benefits paid	(123)	(186)
Accrued sick leave obligation, end of period	1,825	1,875

¹ Actuarial losses/gains due to changes in assumptions on the sick leave obligation are recorded in profit or loss.

The significant assumptions used by the Corporation in calculating the provisions are as follows:

	April 4, 2026	April 5, 2025
	%	%
Salary increases	3.25	3.25
Discount rate – sick leave liability	4.00	3.85

Employee retention rates used vary depending on age and length of service.

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

The table below shows the sensitivities of the total employee benefits to a change in the key assumptions:

	Sick leave obligation	
	\$	%
Discount rate		
1% decrease	90	4.9
1% increase	(83)	(4.5)
Salary increase		
1% decrease	(83)	(4.5)
1% increase	90	4.9
Sick leave usage		
10% decrease in hours	(48)	(2.7)
10% increase in hours	44	2.4

Membership data as at April 4, 2026 was used for the valuation.

Pension plan

The Corporation's share of pension expense for the period ended April 4, 2026 is \$2.7 million [April 5, 2025 – \$2.5 million]. The anticipated contributions for the fiscal year ending April 3, 2027 are \$2.8 million.

12. Sales

	April 4, 2026	April 5, 2025
	\$	\$
Sales of beverage alcohol	299,499	298,650
Sales of cannabis	56,064	49,684
Other	4,022	3,795
	359,585	352,129

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

13. Administrative and operating expenses

	April 4, 2026	April 5, 2025
	\$	\$
Salaries and employee benefits	37,132	35,111
Depreciation and amortization	3,252	3,147
Freight charges	3,025	2,970
Rent and municipal taxes	2,822	2,580
Interest and bank charges	2,748	2,708
Marketing and royalties	1,826	1,665
Other	11,157	9,546
	61,962	57,727

14. Capital management

The Corporation defines capital that it manages as net assets. Due to its nature as a Crown Corporation, the Corporation's capital management is strongly influenced by the liquidity forecasts of the Province, and although the Corporation prepares its own budget, including proposed distributions, the Province may at any time decide to request an additional distribution or to increase the distributions as included in the budget. Generally, the Corporation aims at maintaining a net assets balance that ensures that the Corporation is able to fund its obligations as they fall due and has available a reserve to allow for unexpected expenditures. Annual budgets and distribution plans are set to accommodate the Corporation's expenditures in relation to planned investments in property, plant and equipment and intangible assets.

No changes were made in the objective, policies, or processes for managing capital during the periods ended April 4, 2026 and April 5, 2025.

15. Financial risk management objectives and policies

The Corporation's principal financial liabilities comprise trade and other payables. The Corporation's principal financial assets include trade and other receivables as well as cash and cash equivalents that derive directly from its operations. The primary risk to the Corporation is credit risk.

Credit risk

The Corporation is exposed to credit risk with respect to accounts receivable from customers. The Corporation provides products to a large customer base, which minimizes the concentration of credit

Newfoundland and Labrador Liquor Corporation

NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 4, 2026

risk. There were two customers that accounted for 25% or more of the Corporation's accounts receivable as at April 4, 2026 [April 5, 2025 – two customers]. The Corporation has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilizes internal processes for overdue accounts.

Accounts receivable balances related to Agency store operations are subject to insurance coverage. The Corporation also maintains provisions for potential credit losses that are assessed on an ongoing basis.

16. Related party transactions

The Corporation uses office and warehouse space in St. John's that is owned by the Department of Transportation and Infrastructure of the Province. The Corporation is not required to make any payments to the Department of Transportation and Infrastructure; no amount has been recorded in these financial statements. All operating, leasehold and maintenance costs related to the buildings are the responsibility of the Corporation.

During the period ended April 4, 2026, the Corporation made distributions of \$202.0 million [period ended April 5, 2025 – \$214.5 million] to the Province.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, being the members of the Executive Management. The total compensation [including salary and benefits] paid to key management personnel for the period ended April 4, 2026 was \$1.0 million [April 5, 2025 – \$1.1 million].

APPENDIX

BOARD COMPENSATION

NLC's Board of Directors earned the following compensation in fiscal year 2025-26.

DIRECTOR	BOARD/COMMITTEE(S)*	MEETINGS ATTENDED	COMPENSATION
Glenn Mifflin	Board/AC/GHRC/RC	17	\$8,565
Lynn Zurel	Board/GHRC/RC	14	\$4,370
Geoff Davis	Board/GHRC/RC	14	\$4,320
Janice C. Byrne	Board/GHRC/AC	10	\$3,370
Donna Rideout	Board/AC	10	\$3,185
Kendra MacDonald	Board/AC	9	\$2,585
Kevin Dumaresque	Board/AC	6	\$1,865
Joseph Galimberti	Board/RC	6	\$1,865
Rex Goudie	Board/GHRC	3	\$1,070

*Audit Committee (AC); Governance and Human Resources Committee (GHRC); and Regulatory Committee (RC)

Notes: Geoff Davis was re-appointed to the Board on August 26, 2025.

SALES BY CORPORATE STORE LOCATION

FISCAL YEAR 2025-26

(THOUSANDS OF DOLLARS)

Howley Estates	19,979
Topsail Road	14,198
Stavanger Drive	13,235
Corner Brook (Humber Gardens)	12,180
Kelsey Drive	11,584
Conception Bay South (Long Pond)	11,565
Mount Pearl (Pearlgate Plaza)	10,510
Gander	9,765
Paradise	9,701
Grand Falls-Windsor	8,960
Merrymeeting Road	8,432
Mount Pearl (Old Placentia Road)	8,241
Happy Valley-Goose Bay	7,550
Bay Roberts	7,500
Ropewalk Lane	7,018
Stephenville	6,681
Clarenville	6,209
Carbonear	6,118
Marystown	5,260
Labrador City	4,240
Blackmarsh Road*	3,387
Murphy's Square - Satellite Store	3,012
Port aux Basques	2,942
Placentia	2,406
Newfoundland Drive - Satellite Store	1,912
Centennial Square - Satellite Store	1,631
TD Place	1,571
Lake Avenue - Satellite Store*	1,132
Churchill Square*	586

*Blackmarsh Road closed October 25, 2025. Lake Avenue closed January 3, 2026. Churchill Square opened February 12, 2026.