



ANNUAL REPORT  
2024 - 2025

\*On cover Nikola Keough - Gander



Ethan Mackey, Manufacturing Coordinator - Rock Spirits

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Glenn Mifflin, *Chairperson*  
Petty Harbour, NL

## THE CHAIRPERSON

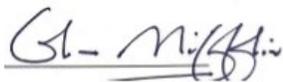
On behalf of the Board of Directors for Newfoundland and Labrador Liquor Corporation (NLC), I am pleased to submit the 2024-25 Annual Report, which has been prepared in accordance with the **Transparency and Accountability Act**, and the Guidelines for Annual Performance Reporting for Category Two Government entities. This Annual Report includes highlights, objectives, and measurable outcomes from fiscal year 2024-25 and performance results for the corporation covered in the second year of NLC's 2023-26 Business Plan. The Board of Directors is accountable for the contents and results provided herein.

Throughout fiscal 2024-25, NLC remained focused on its mandate while delivering meaningful progress across key areas: workplace culture, social responsibility, customer service, operational excellence, and business growth.

This past year also underscored the continued strength and integrity of NLC's governance framework. It has been an honour to work alongside my fellow Board members and NLC's Executive Management team in upholding accountability and advancing the corporation's long-term strategic priorities, with the best interests of the people of our province in mind.

Owing to the dedication and professionalism of NLC's employees, the corporation once again achieved strong financial performance, returning a dividend of \$210 million to its shareholder for fiscal 2024-25. I extend my sincere congratulations to the Executive Management team and the entire organization for their commitment and the results attained.

I would also like to express my appreciation to the Honourable Siobhan Coady, Minister responsible for NLC and to the Government of Newfoundland and Labrador for their continued guidance and support. I look forward to working together in the year ahead as we complete the final year of NLC's 2023-26 Business Plan.



**Glenn Mifflin**  
*Chairperson*



Bruce Keating, *President & CEO*  
Petty Harbour, NL

## THE PRESIDENT & CEO

It is always an honour to report to you as NLC's President and CEO, and especially so this year as we celebrated NLC's 100th anniversary. While much has changed over the past century, our focus has remained constant: earning the trust of Newfoundlanders and Labradorians.

In 2024-25, NLC delivered record sales and net earnings, providing a \$210 million dividend to help fund health care, education, transportation, and other vital public services in our province—the fourth year in a row we have contributed over \$200 million. We also supported local economic activity, directing \$51.2 million to Liquor Express operators, Brewers' Agents, bars, restaurants and other licensees, as well as beverage alcohol producers, licensed cannabis retailers, and cannabis producers across the province, while NLC's Rock Spirits manufacturing team shipped products to more than 30 countries.

Our retail transformation has created modern, premium shopping experiences, supported by trained staff and user-friendly, intuitive websites. We expanded the cannabis retail network to 59 locations, while maintaining strong, fair regulation of both cannabis and beverage alcohol industries.

Corporate responsibility remained a priority and a reflection of our organizational values, demonstrated by a \$300,000 contribution through our community campaigns, the expansion of social responsibility programs, and the reinforcement of responsible alcohol and cannabis use. Our Information Technology team strengthened cyber security, and we successfully managed unique operational challenges such as the GST/HST relief program rollout, and the removal of U.S. produced product in support of the province and the country in its trade negotiations.

The results speak for themselves: 97% customer satisfaction, 81% public approval, and one of the strongest reputations among Atlantic Canadian retailers.

As we close our first century, I am proud of our exceptional team, confident in our long-term strategy, and excited to begin NLC's next 100 years. Thank you to our distinguished Board for their guidance. Thank you also to Minister Coady and our Government partners for your unwavering confidence, and industry stakeholders for your continued support. Together, we will keep building a trusted, successful, and people-centered NLC to be the very best it can be.



**Bruce Keating**

*President & CEO*

# OVERVIEW



Port Rexton Brewing Co, Port Rexton, NL

## *Mandate*

As outlined in the **Liquor Corporation Act**, the **Liquor Control Act**, and the **Cannabis Control Act**, NLC's legislative mandate 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.

## ABOUT NLC

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 from more than 20 countries. Its extensive retail distribution network includes 28 corporate Liquor Stores, over 140 Liquor Express locations, more than 550 Brewer's Agent outlets, and approximately 1,300 licensed establishments including restaurants, lounges and other licensees. NLC also provides private order services.

In addition to alcohol, NLC regulates and distributes to 59 licensed cannabis retailers and operates a secure online platform for legal cannabis purchases at [ShopCannabisNL.com](https://ShopCannabisNL.com).

NLC runs a 77,000-square-foot distribution centre as well as a manufacturing facility, Rock Spirits, which specializes in blending, bottling, and canning. In operation for over 70 years, Rock Spirits exports 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.

# 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.

NLC's Board of Directors provides oversight and strategic direction to NLC's Executive Management team, which in turn is responsible for the day-to-day activities of the corporation. The Board of Directors and Executive Management team work together to uphold best practices in regulating, retailing, and wholesaling beverage alcohol and cannabis. Their efforts are guided by a strong commitment to corporate responsibility, transparency, and accountability to the people of the province.

As a corporate member of the Institute of Corporate Directors, NLC's Board of Directors participates in knowledge sharing, professional development, and thought leadership to strengthen governance and promote excellence in directorship.

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 must give prudent fiscal direction and guidance to the Executive Management team, including effective budgeting and financial management, and enterprise risk management. These processes fulfill the Board's commitment to provide overall governance.

## BOARD MEMBERS

**GLENN MIFFLIN**  
*Chairperson*

**LYNN ZUREL**  
*Vice-Chairperson*

**JANIS C. BYRNE**  
*Director,  
Chair of Regulatory Committee*

**GEOFF DAVIS**  
*Director, Chair of Governance &  
Human Resources Committee*

**KEVIN DUMARESQUE**  
*Director*

**JOSEPH GALIMBERTI**  
*Director*

**REX GOUDIE**  
*Director*

**KENDRA MACDONALD**  
*Director*

**DONNA RIDEOUT**  
*Director, Chair of Audit Committee*

**MICHELLE JEWER**  
*Deputy Minister, Finance,  
Director, Ex-officio*

**BRUCE KEATING**  
*President & CEO,  
Director, 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, 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 and Information Officer, the Director of Internal Audit and the Vice President, Human Resources, Strategy and Risk, in several areas including:

- Review of quarterly financial results
- Oversight of the annual year-end audit and related findings
- 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
- Assessment of the internal audit function
- Review of NLC's cyber security and disaster recovery plans as well as risk mitigation strategies and plans

### GOVERNANCE & 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 of Human Resources, Strategy and Risk 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
- Oversight of Health, Safety and Wellness culture and performance
- Revisions to key policies relating to a respectful work environment, Whistleblower Policy, and Code of Conduct
- Oversight of Human Resource Management System optimization
- Guidance on other measures to further establish NLC as a compelling workplace

### REGULATORY COMMITTEE

The Regulatory Committee was established as 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 to guide the strategy and objectives of Regulatory Services. It ensures that the division maintains appropriate independence from NLC's commercial operations to avoid real or perceived conflicts of interest and prevent regulatory overreach beyond its legislative authority. The committee also oversees a regular 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
- Implementation of a Regulatory Services Board Assurance Framework, including an independent audit of NLC's licensing policies, processes, and practices

## LINES OF BUSINESS



Screech Creamsicle - Rock Spirits manufacturing plant

With a workforce of over 600 employees, NLC's commitment to service excellence can be found in almost every community throughout the province. We take pride in our efforts to provide convenient, authentic, and exceptional experiences for our customers through every line of our business – our retail locations, corporate office, Rock Spirits manufacturing plant, distribution centre, and Regulatory Services.

Our primary clients include retail and wholesale customers. We also work directly with local producers, suppliers, and agents, as well as liquor jurisdictions across Canada. Within Rock Spirits, we are a co-packaging partner with beverage alcohol brand owners from across the globe.

### RETAIL BEVERAGE ALCOHOL

Owned and operated by NLC, our retail Liquor Store locations are the most visible component of our operations, offering a variety of beverage alcohol options to retail customers. Our retail stores, including 24 corporate Liquor Store locations and four satellite stores, carry an extensive selection of spirits, wine, beer, and ready-to-drink (RTD) alcoholic beverages, imported from other Canadian provinces and around the world. We also carry locally produced spirits, wine, beer, and RTD alcoholic beverages. Retail Liquor Store locations are responsible for 63% of NLC's beverage alcohol sales.

## WHOLESALE BEVERAGE ALCOHOL

NLC's wholesale operations supply over 140 Liquor Express locations and approximately 1,300 licensees.

Liquor Express locations 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 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 licensed cannabis retailers (LCRs), which are privately owned entities that have entered into licensing agreements with NLC. Currently there are 59 LCRs throughout Newfoundland and Labrador. 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 occurs behind the same counter used by the retail establishment in which it is located.

Online cannabis sales are conducted through NLC's e-commerce enabled cannabis website, [ShopCannabisNL.com](https://ShopCannabisNL.com).

## PRODUCTION OF BEVERAGE ALCOHOL

Rock Spirits is NLC's manufacturing operation, which develops formulations for spirits within its own portfolio, including the nationally renowned Screech Rum, and RTD products. 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.

Rock Spirits has developed strong relationships with alcohol suppliers from across the globe to source the best quality neutral grain spirit, rum, and whisky, and enhance the natural flavor characteristics of the distilled spirits with blending and flavouring techniques. Customers range from start-up entrepreneurs to some of the biggest names in the global market, including several brands that have received awards on the international stage.

In operation for over 70 years, Rock Spirits exports over 80% of its products to other provinces and over 30 countries.

## REGULATORY SERVICES

Regulatory Services plays a pivotal role in upholding NLC's commitment to public trust, operational excellence, and social responsibility, by ensuring the safe, responsible, and equitable access to alcohol and cannabis across the province.

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**, the Regulatory Services team enforces compliance across all licensed establishments—creating a framework that balances consumer access with public safety.

NLC enforces regulation 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, each aligned with NLC's strategic themes: 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.

# 2024-2025 AT A GLANCE

## EMPLOYEE HEALTH AND SAFETY



**99%** of managers completed Incident Reporting and Investigation Training

685 EMPLOYEES



390 Female 295 Male

## COMMUNITY IMPACT



Over **\$300,000** donated to local charities and/or registered non-profits

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

## PUBLIC TRUST



**81%** of customers have a positive opinion of NLC\*

**28** Corporate Liquor Stores

**140** Liquor Express Locations

**59** Licensed Cannabis Retailers  
up 4 LCRs from previous fiscal

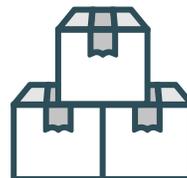
## DISTRIBUTION CENTRE



Shipped **1.7 MILLION** cases of beverage alcohol

And **249,000** cases of cannabis

## ROCK SPIRITS



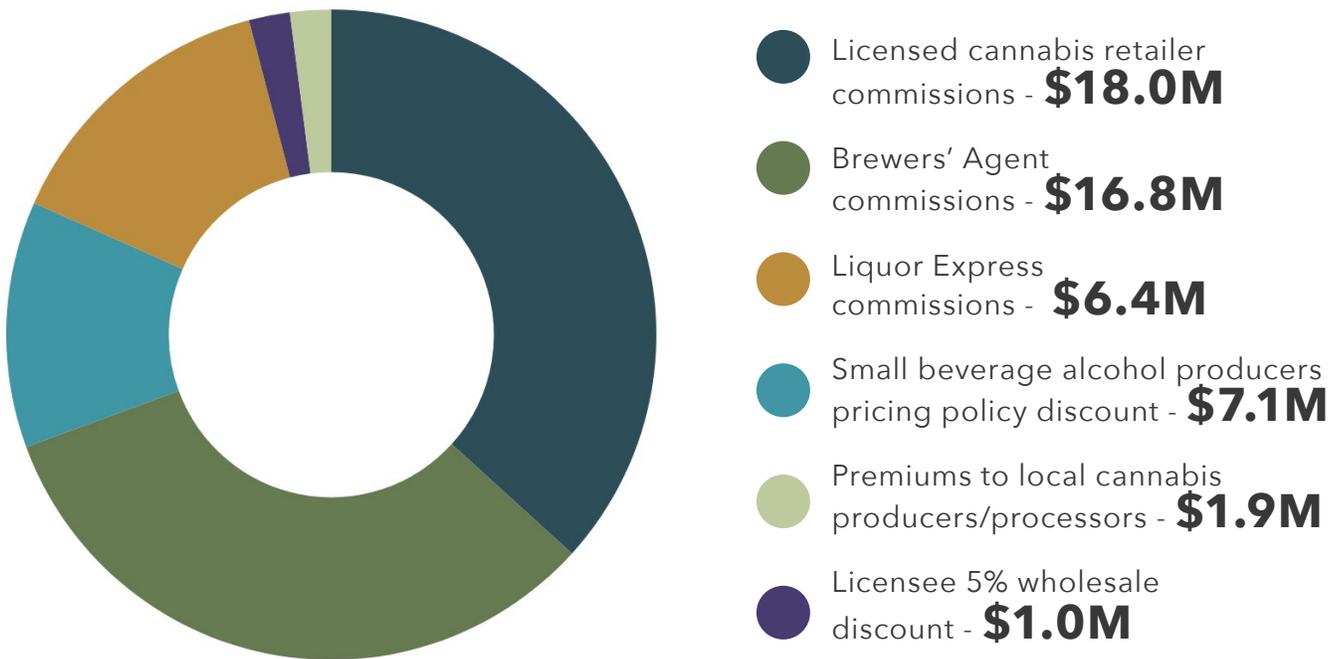
Produced **286,000** cases of spirits, beer, and RTDs

\*Source: 2024 Public Opinion Survey

## LOCAL SUPPORT



**\$51.2 MILLION** provided to local small alcohol producers, cannabis producers, and licensees



## FINANCIAL PERFORMANCE

Gross Expenditures  
**\$232.6 million**

Sales & Commission  
**\$433.8 million**

Government Remittances  
total **\$269.2 million**

Dividend <b>\$210.0 million</b>	HST <b>\$40.1 million</b>	Excise tax and customs duties <b>\$19.1 million</b>
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# HIGHLIGHTS & PARTNERSHIPS



NLC is committed to fostering a culture where our employees and customers feel respected, valued, and have a real sense of belonging. During fiscal 2024-25, NLC made meaningful progress in creating a more inclusive, accessible, and future-ready organization. In collaboration with Diversity NL, we developed a strategic Diversity, Inclusion, and Belonging Plan, reinforcing our commitment, and establishing a clear roadmap towards a more inclusive future.

We partnered with Empower NL to implement NLC's Accessibility Plan and formed a dedicated Accessibility Steering Committee to oversee the plan moving forward. This cross-functional team representing all aspects of the organization is tasked with actively identifying and removing barriers to ensure fair and equitable access for all employees and stakeholders.

Through our Corporate Social Responsibility

platform, *Together with Purpose*, NLC worked collaboratively with both internal and external stakeholders to invest in our communities in ways that are more meaningful. During Q4, we held a new corporate giving campaign in support of the Canadian Mental Health Association - Newfoundland and Labrador. With the help of customers, supplier partners, and employees, \$44,932 was raised in just three days, helping to provide essential mental health support and services throughout the province. We also continued our partnership with Quadrangle NL to provide essential funding towards their mental health programs for 2SLGBTQIA+ community members and held campaigns in support of Ronald McDonald House Charities NL and the Community Food Sharing Association. In total, over \$300,000 was provided to charities and non-profit organizations through NLC's community campaigns and social responsibility partnerships in fiscal 2024-25.

Our commitment to our communities includes upholding the highest ethical standards and working with vendors and partners who share those values. In fiscal 2024-25, NLC introduced new measures to comply with Bill S-211, An Act to Enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act. This included launching a new policy on forced labour and child labour, along with training for senior management and Human Resources staff. We also updated our Employee Code of Conduct to address these issues and engaged an external consultant to conduct supplier mapping and risk screening. NLC's report on Forced Labour and Child Labour in Supply Chains Act can be found on our corporate website.

Investing in the growth and success of local businesses was also a key focus in fiscal 2024-25. NLC provided financial support to local small alcohol producers, cannabis producers, and licensees which totalled \$51.2 million. Upon the removal of U.S. produced products in response to tariffs imposed on imported goods from Canada to the U.S., NLC developed a plan to further highlight local products in our corporate Liquor Stores. We also continue to promote the Government of Newfoundland and Labrador's Buy NL campaign in all corporate Liquor Stores and Liquor Express locations, as well as on our retail website.

Rock Spirits developed new partnerships with both local and international suppliers in fiscal 2024-25. During the year, Rock Spirits signed a three-year agreement with Atlantic Spirits and Wines Limited to represent Rock Spirits' products in the province. Five-year agreements were signed with Globefill Incorporated and The Newfoundland Distillery Company (NDC) to continue the production of Crystal Head Vodka and NDC products in Newfoundland and Labrador. Rock Spirits also added to its own portfolio with the launch of a new RTD, Screech Creamsicle.

NLC continued to place emphasis on open and timely communications with Liquor Express operators and licensees to strengthen both customer excellence and public safety. Over 30% of beverage alcohol sales were through Liquor Express locations in fiscal 2024-25. During Q1, NLC hosted Liquor Express operators throughout

the province to provide an opportunity for open conversation and present the tools and support needed for them to improve customer experience and ensure further business growth. Throughout November, NLC's Regulatory Services team held six educational sessions for beverage alcohol and cannabis licensees across the province. The sessions were attended by over 200 representatives from local bars, restaurants, LCRs and other licensees, and provided key knowledge and training to help ensure the safe, legal, and socially responsible retailing of alcohol and cannabis throughout the industry.

We are proud to have delivered a dividend of \$210 million to Government to help fund key public services across the province. This was the fourth consecutive year in which the dividend exceeded \$200 million – an incredible accomplishment which was made possible thanks to the ongoing commitment and drive of our employees to meet our mandate and ensure a stronger Newfoundland and Labrador.





NLC staff at the Red Shoe Crew Walk for Families in support of Ronald McDonald House Charities NL.

# PERFORMANCE REPORT



# PERFORMANCE REPORT

Fiscal 2024-25 marks the second 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:

- Compelling Workplace
- Corporate Social Responsibility
- Exceptional Customer Service
- Operational Excellence
- Grow the Business



NLC Marketing Team

# 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.

### 2025 OBJECTIVE

By April 5, 2025, NLC will have continued improvements to employee health, safety, and well-being.

### INDICATORS

- Voluntary turnover rate of less than 6%
- Average absenteeism rate of less than 9 days per year
- Occupational health and safety inspection score of 95%
- Lost time injury rate of 1.12 (per 100 employees)

INDICATOR	24/25 ACTUAL
Voluntary turnover rate of less than 6%	5.1%

During fiscal 2024-25, NLC met its goal with a voluntary turnover rate of 5.1%, which is defined as permanent employees who voluntarily left the organization, excluding retirements. Voluntary turnover continued to decrease over the last two fiscal years, reflecting both market stabilization as well as continued internal efforts towards employee engagement and retention.

Providing employees with the opportunity for greater work-life stability was an important focus for this past fiscal year. NLC adopted flexible work arrangements

in our manufacturing facility and distribution centre which also helped improve staff morale.

Phase 2 of NLC's Human Resource Management System (HRMS) was successfully implemented during the fiscal year, significantly enhancing and modernizing the employee experience. The upgrade introduced a user-friendly mobile application which enables employees to access pay stubs, request time off, and complete training courses. The improvements have helped streamline HR processes and empower our workforce due to greater flexibility and convenience.

NLC also reviewed and updated our Code of Conduct, Respectful Workplace Policy, and Whistleblower Policy to further demonstrate our pledge to provide a welcoming, inclusive and respectful work environment that is free of discrimination, harassment and intimidation. This was supplemented by the delivery of Respectful Workplace training to all staff.

INDICATOR	24/25 ACTUAL
Average absenteeism rate of less than 9 days per year	11.5

NLC reports an average absenteeism rate of 11.5 days per year for the 2024-25 fiscal year, above the fiscal target.

During Q4 of the fiscal year, NLC introduced trial changes to the Sick Leave Policy, including documentation requirements for a one-year period. The updated policy provided employees with greater entitlement to sick leave without the provision of medical documentation. NLC will evaluate this change following the end of the trial period to determine any impact on the absenteeism rate and will continue to monitor sick leave use on an ongoing basis.

In continuing to support employee mental health and wellness, NLC introduced a new text option to help improve access to Employee and Family Assistance Program services. In addition, NLC continues to support employees recovering from injury or illness through in-house case management.

INDICATOR	24/25 ACTUAL
Occupational health and safety inspection score of 95%	97%

NLC is reporting another successful year of workplace inspections, with 97% of inspected areas/items found to be in satisfactory condition and requiring no corrective action. In alignment with NLC’s values, we continue to monitor workplace inspections as a leading indicator of Occupational Health and Safety (OHS) performance and compliance with PRIME, Workplace NL’s employer incentive program.

INDICATOR	24/25 ACTUAL
Lost time injury rate of 1.12 (per 100 employees)	1.31

NLC reports a lost time injury rate of 1.31 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.

We are proud to report that Rock Spirits, the distribution centre, and our corporate offices have maintained a record of zero workplace lost time incidents for four consecutive quarters. This achievement reflects NLC’s strong commitment to fostering a culture of safety and our ongoing dedication to continuous improvement in OHS practices. While these results are commendable, we recognize that there is still progress to be made across the broader organization. As such, we have intensified our focus on OHS in our retail store locations, where lost time incident rates have historically been higher. Through targeted training, improved reporting, and regular safety audits, we are working to align all areas of the business with the same high safety standards demonstrated at our other facilities. Our goal is to foster a safe working environment for all employees, across all departments, as we continue our efforts to reduce workplace incidents organization wide.

During Q3 of the fiscal year, NLC began the implementation of a multi-year OHS Plan to enhance safety performance and strengthen internal safety

culture. The OHS Plan was based on the results of NLC’s Safety Climate Assessment completed by Workplace NL, which identified key areas of strength and opportunities for improvement. This strategic initiative leverages existing processes and further develops and enhances NLC’s OHS Program with the goal of improving performance indicators, preventing injuries, and streamlining processes.

## 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
- OHS inspection score of 95%
- Lost time injury rate of 0.84 (per 100 employees)
- Employee Satisfaction survey score of 75%



Wanda Lane, Safety and Health Champion - Bay Roberts

# 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.

### 2025 OBJECTIVE

By April 5, 2025, NLC will have continued improvements to programs and standards to enhance public trust.

### INDICATORS

- Public Trust Index score of 7 or greater
- 9% of transactions challenged
- 95% of risk-based licensed establishments inspected satisfactorily
- 100% of strategic Corporate Social Responsibility initiatives completed

INDICATOR	24/25 ACTUAL
Public Trust Index score of 7 or greater	6.9

Public trust and confidence in NLC's operations is vital. We take our mandate seriously and are committed to ensuring the safe and responsible sale, distribution, and regulation of beverage alcohol and cannabis.

Fiscal responsibility is imperative and always top of mind in ensuring that we can deliver the highest dividend possible to Government to reinvest back into the province and support economic sustainability, while also continuing to provide customer excellence.

Open and transparent communication with external stakeholders is also key to strengthening trust. In

addition to publishing quarterly and annual reports on our financial and operational performance, NLC seeks regular feedback from customers and the public to not only gain a better understanding of public opinion, but to also strive to continually do better.

NLC's 2024 Public Opinion survey provided a comprehensive understanding on how NLC is perceived regarding public trust. In addition to scoring their overall level of trust with NLC from 1-10, participants were also asked to score secondary statements to make up the public trust index score:

- NLC operates in an ethical manner
- NLC is open and transparent with the public
- NLC spends its money wisely
- NLC acknowledges customer concerns

The survey results, although slightly below target, showed a high level of trust in the corporation based on industry standards with a score of 6.9. NLC is proud to have this level of trust from the public and will continue to hold each other accountable to strengthen this trust even further.

INDICATOR	24/25 ACTUAL
9% of transactions challenged	9.7%

As a responsible retailer, NLC monitors its 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 check identification of 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.

NLC provides its **Check 25** training and marketing materials to Liquor Express locations and LCRs throughout the province. In addition, Liquor Express locations and LCRs are required to provide NLC with monthly reports of their challenges and refusals.

In fiscal 2024-25, NLC staff challenged 383,000 transactions.

INDICATOR	24/25 ACTUAL
95% of risk-based licensed establishments inspected satisfactorily	97%

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 need to demonstrate that they are operating in line with Government legislation and NLC guidelines. In addition, inspectors follow a standard set of criteria to provide accurate and measurable results for each inspection.

Of all visits conducted by our Regulatory Services inspectors in fiscal 2024-25, 97% of them were deemed satisfactory. This high compliance rate demonstrates the strong relationship between licensees and Regulatory Services staff, and a unified responsibility in achieving positive results within the applicable laws.

INDICATOR	24/25 ACTUAL
100% of strategic Corporate Social Responsibility initiatives completed	100%

NLC identified seven strategic Corporate Social Responsibility initiatives for completion during fiscal 2024-25. Initiatives were developed and carried out in alignment with NLC’s three main Corporate Responsibility pillars: Social Responsibility, Community, and Environmental Sustainability. Our Corporate Social Responsibility platform, **Together with Purpose**, represents our collaborative effort towards each of the three pillars in ensuring positive social and environmental change in the communities in which we live and work.

Within Social Responsibility, NLC continued to carry out important programs and messaging to help customers make informed and responsible beverage alcohol and cannabis consumption choices. Throughout fiscal 2024-25, NLC expanded our **End Impaired Driving** campaign to the community level by installing campaign messaging in hockey arenas throughout the province. We also extended our **Check 25** campaign and launched our new **Mindful Moderation** campaign. During Q3, we were proud to pilot our **Safe Ride** Program at the Newfoundland and Labrador Craft Beer Festival’s 12 Beers of Christmas event to promote important social responsibility messaging leading up to the holidays. NLC staff provided water and taxi vouchers to participants to help them stay hydrated and ensure that they had a safe ride home at the end of the night. In extending our commitment to public safety and education, we invested over \$45,000 during fiscal 2024-25 towards partnerships with various organizations including Mothers Against Drunk Driving and Fetal Alcohol Spectrum Disorder NL.

Through NLC’s Community pillar, we aim to give back in ways that are more meaningful, championing causes that reflect our corporate values, and supporting partnerships that address existing and emerging needs in the communities we serve. During fiscal 2024-25, we carried out quarterly corporate giving campaigns, providing over \$239,000 with the help of our customers and supplier partners to support charitable causes in the areas of mental health, community wellness, food security, and diversity, inclusion and belonging. To further support communities at the local level, NLC launched our **Community Donations** Program, contributing an additional \$20,000 to charities and non-profit organizations throughout the province.

NLC is committed to operating in an environmentally responsible manner and advancing our practices to better serve our customers and the planet. In fiscal 2024-25, NLC implemented an internal Waste Management Policy and plan for our office spaces, Rock Spirits manufacturing facility, and distribution centre to help reduce our impact and improve efficiency. We also completed a high-level measurement of our carbon impact within our key operations, which provided us with key climate action planning for the next three to five years, and a benchmark for future assessments and goal planning. NLC will continue to look towards continued measures to reduce its carbon footprint and help build a more sustainable future in the province.

## 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



IMPAIRED DRIVING IMPACTS  
MORE THAN JUST YOU.

**END IMPAIRED  
DRIVING.**



# 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 enhanced the customer experience.

### 2025 OBJECTIVE

By April 5, 2025, NLC will have continued 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 customer experience score of 8 or higher
- Completion of 100% of planned store renovations
- Maintain a minimum of 55 LCRs to allow access to legal cannabis throughout the province

INDICATOR	24/25 ACTUAL
Corporate Liquor Store customer experience score of 8 or higher	8.7

NLC's 2024 Public Opinion survey indicated high customer experience and satisfaction with our corporate Liquor Stores with a score of 8.7 out of 10. Survey respondents rated various customer experience aspects, with the highest ratings given to customer safety, staff friendliness, and quality of customer service. These three factors were also identified as the most important to customers when shopping at a corporate Liquor Store. Respondents' assessments were also positive regarding store appearance, checkout line speed, and staff product knowledge.

NLC's investment towards an enhanced customer experience in fiscal 2024-25 included the continued rollout of 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.

INDICATOR	24/25 ACTUAL
Liquor Express customer experience score of 8 or higher	8.1

NLC's Public Opinion survey indicated moderate to high customer experience and satisfaction with Liquor Express stores with a score of 8.1 out of 10. Respondents gave the highest rating for the quality of customer service followed by store appearance. The most important factors for customers when shopping at a Liquor Express store include product price and ease of finding products.

NLC reviews its Standards Guidelines with Liquor Express operators on an annual basis to ensure consistency and the highest level of service. In June 2024, NLC held in-person meetings with Liquor Express operators from across the province to strengthen engagement and create an open forum for dialogue and feedback. Key topics included beverage alcohol trends, NLC's *Check 25* Program, merchandising standards, compensation structure, and identifying areas of support to help grow the business.

INDICATOR	24/25 ACTUAL
Completion of 100% of planned store renovations	100%

During fiscal 2024-25, NLC renovated five corporate Liquor Stores including Labrador City, Placentia and three stores in St. John’s at Kelsey Drive, Ropewalk Lane, and Stavanger Drive. Renovations included energy efficient lighting, digital screens, realignment of aisles, flooring improvements, new signage, interior paint to reflect NLC’s branding, and enhanced store layout and design. In addition, a Specialty Wines section was added to the Kelsey Drive location, providing customers with greater access to quality products from local, national, and international suppliers. NLC has now completed its renovation program with 21 corporate Liquor Stores renovated in the past four years.

INDICATOR	24/25 ACTUAL
Maintain a minimum of 55 LCRs to allow access to legal cannabis throughout the province	59 LCRs

In an effort to further disrupt the illicit market and provide safe access to a secure supply of cannabis in the province, NLC expanded its LCR footprint in fiscal 2024-25. During the year, four new LCRs

opened within the province, with tier 1 stores opening in Bay Roberts, Corner Brook and Placentia and a tier 4 store opening in Port Hope Simpson. In addition, a tier 4 store was converted to a tier 1 store in Carbonear. At the end of fiscal 2024-25, there were 59 LCRs, compared to 55 LCRs one year prior.

NLC continues to work with local cannabis producers in the province to help grow the industry. In addition to providing support through our product listing process, NLC provides local cannabis producers with premiums for product sold in the province. In fiscal 2024-25, the total support provided to local cannabis producers was \$1.9 million.

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



Mount Pearl Retail Team



Glenn Kelly - Marystown

# 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.

## 2025 OBJECTIVE

By April 5, 2025, NLC will have continued improvements to operational efficiency through intelligent application of technology.

## INDICATORS

- Improved inventory turns to 4.7
- Achieved net operating expenses as a percentage of sales of 20.5%
- Completed 100% of strategic Information Technology initiatives as per plan

INDICATOR	24/25 ACTUAL
Improved inventory turns to 4.7	4.8

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 2024-25, NLC improved its inventory turns to 4.8 due to sales increases and operational efficiencies.

Total inventory increased by \$0.4 million compared to the previous year, primarily due to the return of U.S. products from Liquor Express stores in response to U.S. tariffs announced in March 2025.



NLC store staff removing U.S. product from shelves

INDICATOR	24/25 ACTUAL
Achieved net operating expenses as a percentage of sales of 20.5%	19.7%

Net operating expenses as a percentage of sales were 19.7%, which is 0.8% better than our target. This improvement is primarily due to increased sales levels for the year combined with lower-than-expected salaries and benefits, operating expenditures as well as Liquor Express commissions, which offset the increase in LCR commission expenses.

INDICATOR	24/25 ACTUAL
Completed 100% of strategic Information Technology initiatives as per plan	57%

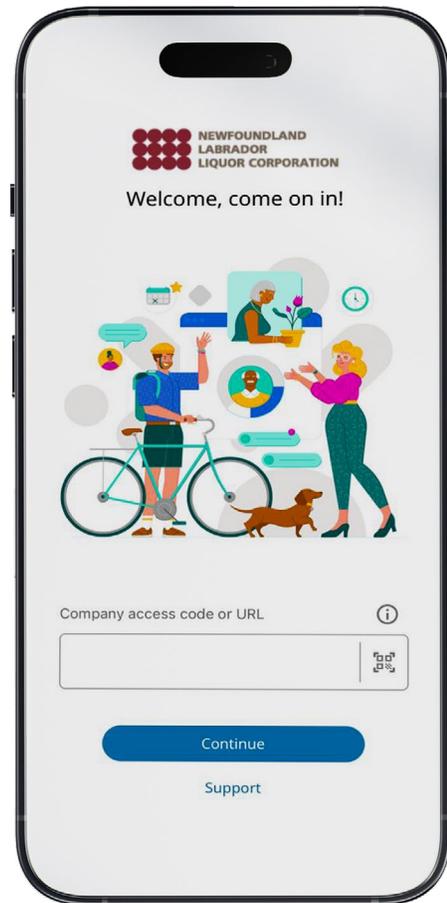
NLC identified five significant strategic Information Technology (IT) initiatives for completion during fiscal 2024-25, including a new budget and financial reporting system, and workflow improvements relating to the Private Order Process overhaul which were both successfully completed. NLC also implemented 12 of 14 modules during Phase 2 of our HRMS project during the year. NLC furthered the modernization of our disaster recovery environment to protect the corporation against cyber security threats with completion in June 2025. NLC had planned to design and develop a new electronic product application system for the beverage alcohol listing process, but the project was deferred to fiscal 2025-26 due to competing priorities for our IT team. Our two most significant projects, the disaster recovery environment upgrade and the HRMS project modules took more time than expected to execute. NLC also needed to implement system changes to accommodate the unexpected GST/HST holiday.

## 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



# 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.

### 2025 OBJECTIVE

By April 5, 2025, NLC will have grown the business and expanded the customer base.

### INDICATORS

- Achieved revenue targets of \$425.8 million
- Achieved sales targets of \$361.4 million
- Achieved net earnings of \$200.2 million
- Achieved dividend of \$200 million

INDICATOR	24/25 ACTUAL
Achieved revenue targets of \$425.8 million	\$443.3 million

Revenue for the year ended April 5, 2025, was \$443.3 million, which was above target by \$17.5 million. Revenue includes all sales of alcohol and cannabis, less agency 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 5, 2025, were above target by \$14.5 million. Commission income exceeded the target by \$4.3 million. Beer commissions were 3.3% higher than planned but lower than the prior year by 1.3%. Cannabis commissions were 22.2% higher than target and 17.1% higher than prior year, mainly due to the continued growth of the cannabis industry.

INDICATOR	24/25 ACTUAL
Achieved sales targets of \$361.4 million	\$375.9 million

Sales for the year ended April 5, 2025, were \$375.9 million. Alcohol sales for fiscal 2024-25 were higher than the prior year by 1.1% in fiscal 2024-25, which is a record high. Cannabis sales exceeded target by 14.3% and prior year by 14.2%.

When compared to fiscal 2023-24, there was growth in most alcohol product categories. Wine increased by 1.1%, RTDs by 18.1%, and beer by 0.9%. The only category that saw a decline was spirits at 3.1%. Alcohol sales through corporate Liquor Stores were higher than the prior year by 2.2%. Sales through Liquor Express stores were lower by 1.1%. However, there was an increase in licensee sales of 3.6% over the previous year.

Cannabis sales through the LCRs were higher than fiscal year 2023-24 by 17.6%. Increased cannabis sales were due to increased retail locations established during the year as well as the continued growth of the cannabis industry.

INDICATOR	24/25 ACTUAL
Achieved net earnings of \$200.2 million	\$210.7 million

Net earnings for the year ended April 5, 2025, totalled \$210.7 million, an increase of \$2.6 million from the prior year and \$10.5 million over target.

INDICATOR	24/25 ACTUAL
Achieved dividend of \$200 million	\$210 million

The total dividend achieved for the 2024-25 fiscal year was \$210 million. As of April 5, 2025, \$214.5 million was recognized in the audited financial statements, of which \$4.5 million related to the 2023-24 dividend amount.

## 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



Penney's Pitstop,  
Port Hope Simpson

### SALES BY PRODUCT CATEGORY (MILLIONS OF DOLLARS)

	2024-25		Var.	% Var.	2023-24		Var.	% Var.	2022-23		Var.	% Var.
	Actual	Target			Actual	Target			Actual	Target		
Spirits	135.2	137.8	(2.6)	-1.9%	139.6	140.7	(1.1)	-0.8%	136.9	138.6	(1.7)	-1.2%
Wine	83.5	80.9	2.6	3.2%	82.6	86.9	(4.3)	-4.9%	81.0	84.6	(3.6)	-4.3%
RTD	44.7	38.6	6.1	15.8%	37.9	38.6	(0.7)	-1.8%	36.8	36.4	0.4	1.1%
Beer	40.6	40.0	0.6	1.5%	40.3	42.7	(2.4)	-5.6%	38.7	36.7	2.0	5.4%

### SPIRITS SALES (IN THOUSANDS OF LITRES)

	2025	2024	2023	2022	2021	2020	2019
Rum	1,260	1,371	1,419	1,527	1,593	1,602	1,606
Rye Whisky	814	842	846	876	878	861	807
Vodka	634	649	651	657	706	606	589
Liqueurs	357	373	377	375	363	307	311
Scotch - Other Whisky	68	71	72	78	79	79	119
Gin	84	90	97	92	91	90	84
Tequila	46	42	36	32	26	23	20
Brandy	14	15	15	18	18	17	17
Cognac	3	3	3	3	3	3	3
Miscellaneous	2	2	2	2	3	3	1
	3,282	3,458	3,518	3,660	3,760	3,591	3,557

### WINE SALES (IN THOUSANDS OF LITRES)

	2025	2024	2023	2022	2021	2020	2019
Table Wine	3,697	3,758	3,802	3,893	3,898	4,001	3,998
Sparkling & Champagne	293	303	300	328	318	285	284
Fortified Wine	45	47	48	51	53	53	54
Low Alcohol Wine	-	-	-	-	8	10	14
	4,035	4,108	4,150	4,272	4,277	4,349	4,350

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

	2025	2024	2023	2022	2021	2020	2019
RTD	4,570	3,870	3,885	3,762	3,460	2,276	2,041
Cider	373	379	415	468	452	377	371
	4,943	4,249	4,300	4,230	3,912	2,653	2,412

### BEER SALES (IN THOUSANDS OF LITRES)

	2025	2024	2023	2022	2021	2020	2019
Local Beer	3,485	3,522	3,423	3,282	2,808	3,509	3,524
Imported Beer	2,067	2,088	2,187	2,237	2,192	2,541	2,630
Low Alcohol Beer	10	14	15	16	15	22	32
	5,562	5,624	5,625	5,535	5,015	6,072	6,186

### \*CANNABIS SALES (MILLIONS OF DOLLARS)

	2024-25 Actual	2024-25 Target	Var.	% Var.	2023-24 Actual	2023-24 Target	Var.	% Var.
Dried Flower	64.2	52.4	11.8	22.5%	57.9	48.0	9.9	20.6%
Extracts and Concentrates	29.7	24.0	5.7	23.8%	21.1	22.0	(0.9)	-4.1%
Ingestibles	8.6	8.9	(0.3)	-3.4%	8.3	7.3	1.0	13.7%
Topicals	0.2	0.3	-	0.0%	0.3	0.3	-	0.0%
	102.8	85.6	17.2	20.1%	87.6	77.6	10.0	12.9%

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

# OPPORTUNITIES AND CHALLENGES

## ADVANCEMENTS IN TECHNOLOGY

As cyber threats grow in complexity, especially with the rapid evolution of artificial intelligence, organizations face increasing risks that demand constant vigilance. Recognizing this, NLC has continued to build and strengthen its cyber security framework by modernizing outdated technology, addressing system vulnerabilities, and proactively reducing exposure to threats. Our efforts also extend to cultivating a security-aware culture by training NLC staff to recognize, respond to, and report potential security threats.

NLC also made substantial technology upgrades to drive greater operational efficiency. We carried out Phase 2 of our HRMS rollout, successfully launching 12 new modules. This modernization has transformed our practices by streamlining recruitment and talent management, expanding employee self-service options, and enhancing overall efficiency, transparency, and user experience across the organization. Other operational improvements included the development of an internal workflow to better track private orders and the launch of a modern budgeting and financial reporting system. This new platform streamlines processes and creates year-round efficiencies across all departments.

## GROWTH OF MATURE BEVERAGE ALCOHOL INDUSTRY

Evolving social norms and shifting consumer preferences continue to be determining factors in relation to growth of beverage alcohol. Younger generations including Millennials and Gen Z are drinking less overall than previous generations. They are also more likely to engage in mindful drinking including experimenting with periods of abstaining from alcohol entirely or looking for products with low to no alcohol.

To better serve all customers where they are, NLC developed a plan in fiscal 2024-25 to introduce low alcohol and non-alcoholic products in our corporate Liquor Stores, with the first products to be launched in Q1 of fiscal 2025-26. This also aligns with NLC's greater emphasis on balancing purpose with profit, in working to reduce the negative consequences of alcohol consumption and promote a culture of moderation for both alcohol and cannabis.

In 2024-25, NLC launched our *Mindful Moderation* Program which provides practical tips on how to stay mindful when consuming alcohol, along with important resources regarding safe consumption and support.

Other opportunities for growth in fiscal 2024-25 included a higher demand for premium products and new opportunities for Rock Spirits due to the addition of a local agent representing Rock Spirits brands.

## WORLD AFFAIRS

The unpredictability of world affairs is another significant factor influencing the beverage alcohol and cannabis industries. NLC faced both ongoing and emerging challenges related to this issue in fiscal 2024-25.

Economic uncertainty, inflation and higher costs of living continue to have an impact on sales volume. During the fiscal year, the Federal GST/HST holiday provided the opportunity for additional discretionary spending in some instances, which was reflected in higher sales during the same period. Global instability also continues to affect other essential operations, including supply chain disruptions. NLC's ability to plan ahead, predict changes, and adapt quickly remains essential.

Tariffs imposed by the U.S. resulted in U.S. produced beverage alcohol products being removed from shelves of NLC's corporate Liquor Stores and Liquor Express locations. NLC staff did a tremendous job overseeing this process while maintaining the same level of service to customers. While this ongoing issue has provided an opportunity for promoting both local and Canadian products, NLC will also be met with challenges surrounding the continued uncertainty of tariff measures, along with interprovincial trade barriers.

Political or economic instability can support growth of an illicit cannabis market. In fiscal 2024-25, NLC expanded our efforts to targeting the illicit cannabis market, by increasing the number of LCRs in the province from 55 to 59. Through these efforts, along with the expertise and hard work of our Regulatory Services team, we estimate that approximately 84% of the illicit cannabis market has been captured. NLC will continue to introduce additional LCRs within the province to ensure greater access to secure, legal cannabis.

# FINANCIAL STATEMENTS



Financial statements

**Newfoundland and Labrador Liquor Corporation**

April 5, 2025



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 5, 2025 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 5, 2025 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 (IASB).

### 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 International Financial Reporting 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.

## INDEPENDENT AUDITOR'S REPORT (con't)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If 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.



**DENISE HANRAHAN, CPA, MBA, ICD.D**  
**Auditor General**

June 26, 2025  
St. John's, Newfoundland and Labrador

Newfoundland and Labrador Liquor Corporation  
**STATEMENT OF FINANCIAL POSITION**

As at  
[in thousands]

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	19,579	24,783
Accounts receivable [note 7]	20,490	21,425
Inventories [note 8]	32,844	32,401
Prepaid expenses	703	510
<b>Total current assets</b>	<b>73,616</b>	<b>79,119</b>
Property, plant and equipment [note 4]	19,962	20,308
Intangible assets [note 5]	2,689	2,367
Right-of-use assets [note 6]	3,205	3,796
	<b>99,472</b>	<b>105,590</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities [note 10]	38,837	40,825
Accrued vacation pay	5,459	5,010
Current portion obligation under lease liability [note 15]	843	968
<b>Total current liabilities</b>	<b>45,139</b>	<b>46,803</b>
Obligations under lease liability [note 15]	2,785	3,267
Employee future benefits [note 9]	1,875	2,025
<b>Total liabilities</b>	<b>49,799</b>	<b>52,095</b>
<b>Net assets</b>	<b>49,673</b>	<b>53,495</b>
	<b>99,472</b>	<b>105,590</b>

See accompanying notes

On behalf of the Board:

 Director

 Director

Newfoundland and Labrador Liquor Corporation  
**STATEMENT OF COMPREHENSIVE INCOME**

Period ended  
[in thousands]

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
<b>Sales</b> <i>[note 11]</i>	<b>352,129</b>	342,186
Commission revenue on sale of beer	<b>70,135</b>	71,049
Commission revenue on sale of cannabis	<b>11,564</b>	9,876
	<b>433,828</b>	423,111
Cost of sales	<b>174,887</b>	167,760
<b>Gross profit</b>	<b>258,941</b>	255,351
Administrative and operating expenses <i>[note 12]</i>	<b>57,727</b>	56,463
<b>Earnings from operations</b>	<b>201,214</b>	198,888
<b>Other income</b>		
Finance income	<b>1,628</b>	1,798
Miscellaneous income	<b>7,881</b>	7,389
	<b>9,509</b>	9,187
<b>Comprehensive income for the period</b>	<b>210,723</b>	208,075

*See accompanying notes*

Newfoundland and Labrador Liquor Corporation  
**STATEMENT OF CHANGES IN NET ASSETS**

Period ended  
[in thousands]

	<b>April 5, 2025</b>	April 6, 2024
	<b>\$</b>	<b>\$</b>
<b>Balance, beginning of period</b>	<b>53,495</b>	48,420
Comprehensive income for the period	<b>210,723</b>	208,075
Distributions to the Province of Newfoundland and Labrador	<b>(214,545)</b>	(203,000)
<b>Balance, end of period</b>	<b>49,673</b>	53,495

*See accompanying notes*

Newfoundland and Labrador Liquor Corporation

**STATEMENT OF CASH FLOWS**

Period ended  
[in thousands]

	<b>April 5, 2025</b>	April 6, 2024
	<b>\$</b>	\$
<b>OPERATING ACTIVITIES</b>		
Comprehensive income for the period	<b>210,723</b>	208,075
Adjustments for non-cash effects		
Depreciation and amortization	<b>4,121</b>	4,694
Increase in accrued vacation pay	<b>449</b>	47
Decrease in employee future benefits	<b>(150)</b>	(400)
	<b>215,143</b>	212,416
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable	<b>935</b>	(2,694)
(Increase) decrease in inventories	<b>(443)</b>	226
(Increase) decrease in prepaid expenses	<b>(193)</b>	5
(Decrease) increase in accounts payable and accrued liabilities	<b>(1,988)</b>	582
<b>Cash provided by operating activities</b>	<b>213,454</b>	210,535
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(2,065)</b>	(2,859)
Purchase of intangible assets	<b>(1,058)</b>	(905)
Purchase of right-of-use assets	<b>(383)</b>	(711)
<b>Cash used in investing activities</b>	<b>(3,506)</b>	(4,475)
<b>FINANCING ACTIVITIES</b>		
Obligation under capital lease	<b>383</b>	711
Obligation under lease liability	<b>(990)</b>	(1,356)
Distributions to the Province of Newfoundland and Labrador	<b>(214,545)</b>	(203,000)
<b>Cash used in financing activities</b>	<b>(215,152)</b>	(203,645)
<b>Net (decrease) increase in cash during the period</b>	<b>(5,204)</b>	2,415
Cash and cash equivalents, beginning of period	<b>24,783</b>	22,368
<b>Cash and cash equivalents, end of period</b>	<b>19,579</b>	24,783

See accompanying notes

## NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 5, 2025

### 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 Liquor Express 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 year ended April 5, 2025 contained 52 weeks and the year ended April 6, 2024 contained 53 weeks.

These financial statements were authorized for issue in accordance with a resolution of the Corporation's Board of Directors on June 26, 2025.

### 2. Basis of preparation

#### Statement of compliance

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting 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

Newfoundland and Labrador Liquor Corporation

**NOTES TO FINANCIAL STATEMENTS**

[tabular amounts in thousands]

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is acting as a principal in all of its revenue arrangements with the exception of commission revenue. 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 Liquor Express outlets. The commissions paid to the Liquor Express operators is deducted from the selling price of the products delivered. The commissions paid to Liquor Express operators for the period ended April 5, 2025 was \$6.4 million [period ended April 6, 2024 – \$6.5 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 commissions paid to the Licensed Cannabis Retail operators is deducted from the selling price of the products delivered from NLC warehouse. The commissions paid to Licensed Cannabis Retail operators relating to product delivered from NLC warehouse for the period ended April 5, 2025 was \$18.0 million [period ended April 6, 2024 - \$15.8 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 Liquor Express outlets 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 5, 2025

### 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.

## NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 5, 2025

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

## NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 5, 2025

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 5, 2025

### 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 5, 2025

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

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[tabular amounts in thousands]

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

<b>Asset/Liability</b>	<b>Classification and Measurement</b>
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

Newfoundland and Labrador Liquor Corporation

**NOTES TO FINANCIAL STATEMENTS**

[tabular amounts in thousands]

April 5, 2025

and the accompanying disclosures, and disclosure of contingent liabilities. Actual results could differ from those estimates.

The most significant estimates and assumptions were made as part of the sick leave account balances. 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. Property, plant and equipment**

	Land, buildings and leasehold improvements	Furniture and equipment	Computer equipment and vehicles	Total
	\$	\$	\$	\$
<b>Cost</b>				
As at April 1, 2023	33,987	14,301	9,619	57,907
Additions	1,999	374	486	2,859
Disposals	(5)	(177)	—	(182)
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)
<b>As at April 5, 2025</b>	<b>36,314</b>	<b>14,781</b>	<b>6,047</b>	<b>57,142</b>
<b>Accumulated depreciation</b>				
As at April 1, 2023	(19,654)	(10,327)	(7,959)	(37,940)
Depreciation for the period	(1,177)	(680)	(661)	(2,518)
Disposals	5	177	—	182
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
<b>As at April 5, 2025</b>	<b>(21,622)</b>	<b>(11,203)</b>	<b>(4,355)</b>	<b>(37,180)</b>
<b>Net book value</b>				
As at April 6, 2024	15,155	3,668	1,485	20,308
<b>As at April 5, 2025</b>	<b>14,692</b>	<b>3,578</b>	<b>1,692</b>	<b>19,962</b>

Newfoundland and Labrador Liquor Corporation

**NOTES TO FINANCIAL STATEMENTS**

[tabular amounts in thousands]

April 5, 2025

**5. Intangible assets**

	<b>Computer software</b>	<b>Trademark</b>	<b>Total</b>
	\$	\$	\$
<b>Cost</b>			
As at April 1, 2023	18,910	254	19,164
Additions	905	—	905
Disposals	(1)	—	(1)
As at April 6, 2024	19,814	254	20,068
Additions	1,058	—	1,058
Disposals	(12,616)	—	(12,616)
<b>As at April 5, 2025</b>	<b>8,256</b>	<b>254</b>	<b>8,510</b>
<b>Accumulated amortization</b>			
As at April 1, 2023	(16,877)	—	(16,877)
Amortization	(825)	—	(825)
Disposals	1	—	1
As at April 6, 2024	(17,701)	—	(17,701)
Amortization	(736)	—	(736)
Disposals	12,616	—	12,616
<b>As at April 5, 2025</b>	<b>(5,821)</b>	<b>—</b>	<b>(5,821)</b>
<b>Net book value</b>			
As at April 6, 2024	2,113	254	2,367
<b>As at April 5, 2025</b>	<b>2,435</b>	<b>254</b>	<b>2,689</b>

**6. Right-of-Use Assets**

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
Opening Balance	<b>3,796</b>	4,436
Additions	<b>383</b>	711
Amortization	<b>(974)</b>	(1,351)
	<b>3,205</b>	3,796

**NOTES TO FINANCIAL STATEMENTS**

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The right-of-use assets represent the area that is leased for 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.

**7. Accounts receivable**

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
Commission receivable	<b>9,036</b>	8,857
Trade accounts receivable	<b>5,724</b>	7,098
Other receivables	<b>5,730</b>	5,470
	<b>20,490</b>	21,425

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

As at April 5, 2025, approximately 95% [April 6, 2024 – 94%] 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 \$0.07 million [April 6, 2024 – \$0.06 million].

**8. Inventories**

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
Distribution centres	<b>15,710</b>	14,610
Branch stores	<b>11,863</b>	12,036
Inventory in transit	<b>3,940</b>	4,554
Raw materials	<b>1,331</b>	1,201
	<b>32,844</b>	32,401

The total value of inventory expensed to cost of sales for the period ended April 5, 2025 was \$125.9 million [April 6, 2024 – \$124.4 million]. The inventory value includes a reserve of \$0.3 million [April 6, 2024 – \$0.3 million]. Residual amounts included in cost of sales include manufacturing labour and overhead, and foreign exchange gains/losses.

Newfoundland and Labrador Liquor Corporation

**NOTES TO FINANCIAL STATEMENTS**

[tabular amounts in thousands]

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**9. Employee future benefits**

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
<b>Accrued sick leave obligation, beginning of period</b>	<b>2,025</b>	2,410
Current service cost	<b>443</b>	385
Interest cost	<b>87</b>	108
Actuarial (gain) <sup>1</sup> due to Experience adjustment	<b>(494)</b>	(700)
	<b>2,061</b>	2,203
Benefits paid	<b>(186)</b>	(178)
<b>Accrued sick leave obligation, end of period</b>	<b>1,875</b>	2,025

<sup>1</sup> 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:

	<b>April 5, 2025</b>	April 6, 2024
	%	%
Salary increases	<b>3.25</b>	3.25
Discount rate – sick leave liability	<b>3.85</b>	4.15

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 5, 2025

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

	<b>Sick leave obligation</b>	
	\$	%
Discount rate		
1% decrease	92	4.9
1% increase	(85)	(4.5)
Salary increase		
1% decrease	(85)	(4.5)
1% increase	92	4.9
Sick leave usage		
10% decrease in hours	(37)	(2.0)
10% increase in hours	39	2.1

Membership data as at April 5, 2025 was used for the valuation.

**Pension plan**

The Corporation's share of pension expense for the period ended April 5, 2025 is \$2.5 million [April 6, 2024 – \$2.5 million]. The anticipated contributions for the fiscal year ending April 4, 2026 are \$2.7 million.

**10. Accounts payable and accrued liabilities**

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
Trade payables	<b>10,656</b>	11,613
Accrued liabilities	<b>10,467</b>	11,171
Excise duties	<b>9,550</b>	9,854
HST payable	<b>3,106</b>	3,317
Other	<b>5,058</b>	4,870
	<b>38,837</b>	40,825

Included in accrued liabilities is \$2.0 million [April 6, 2024 - \$2.0 million] in contractual obligations related to gift cards, net of breakage of \$0.7 million [April 6, 2024 - \$0.6 million].

Newfoundland and Labrador Liquor Corporation

**NOTES TO FINANCIAL STATEMENTS**

[tabular amounts in thousands]

April 5, 2025

**11. Sales**

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
Sales of beverage alcohol	<b>298,650</b>	294,696
Sales of cannabis	<b>49,684</b>	43,436
Other	<b>3,795</b>	4,054
	<b>352,129</b>	342,186

**12. Administrative and operating expenses**

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
Salaries and employee benefits	<b>35,111</b>	34,167
Depreciation and amortization	<b>3,147</b>	3,342
Freight charges	<b>2,970</b>	2,911
Interest and bank charges	<b>2,708</b>	2,623
Rent and municipal taxes	<b>2,580</b>	2,612
Marketing and royalties	<b>1,665</b>	1,576
Other	<b>9,546</b>	9,232
	<b>57,727</b>	56,463

In the prior year, freight charges were included within the other category. Due to the significance of the amount, freight charges have been presented separately, and comparative figures have been restated accordingly. The amount previously included in other for fiscal 2024 was \$12,143.

## NOTES TO FINANCIAL STATEMENTS

[tabular amounts in thousands]

April 5, 2025

### 13. 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 5, 2025 and April 6, 2024.

### 14. 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 risk. There were two customers that accounted for 25% or more of the Corporation's accounts receivable as at April 5, 2025 [April 6, 2024 – 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 Liquor Express store operations are subject to insurance coverage. The Corporation also maintains provisions for potential credit losses that are assessed on an ongoing basis.

Newfoundland and Labrador Liquor Corporation

**NOTES TO FINANCIAL STATEMENTS**

[tabular amounts in thousands]

April 5, 2025

**15. Obligation under lease liability**

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
Opening Balance	<b>4,235</b>	4,880
Additions	<b>383</b>	711
Interest	<b>171</b>	200
Lease Payments	<b>(1,161)</b>	(1,556)
	<b>3,628</b>	4,235

Annual obligations under lease liability are as follows:

	<b>April 5, 2025</b>	April 6, 2024
	\$	\$
Within one year	<b>843</b>	968
After one year but no more than five years	<b>1,912</b>	2,242
More than five years	<b>873</b>	1,025
	<b>3,628</b>	4,235

**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 5, 2025, the Corporation made distributions of \$214.5 million [period ended April 6, 2024 – \$203.0 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 5, 2025 was \$1.1 million [April 6, 2024 – \$1.0 million].

# APPENDIX



ST. JOHN'S, NEWFOUNDLAND

**WOODEN WALLS**  
DISTILLING

Bonavista  
Coffee Liqueur

20%  
alc/vol 750 mL

ST. JOHN'S, NEWFOUNDLAND

**WOODEN WALLS**  
DISTILLING

WORLD SPIRITS COMPETITION SILVER

Walsh's Welsh Gin

43% alc/vol 750 mL

ST. JOHN'S, NEWFOUNDLAND

**WOODEN WALLS**  
DISTILLING

Southside Citrus Gin

43.5% alc/vol 750 mL

# BOARD COMPENSATION

NLC's Board of Directors earned the following compensation in fiscal year 2024-2025.

DIRECTOR	BOARD/COMMITTEE(S)*	MEETINGS ATTENDED	COMPENSATION
Glenn Mifflin	Board/AC/GHRC/RC	47	\$8,230
Geoff Davis	Board/GHRC/AC	19	\$3,542
Lynn Zurel	Board/GHRC/RC	13	\$3,335
Donna Rideout	Board/AC	15	\$3,142
Janis C. Byrne	Board/GHRC/RC	13	\$3,027
Kevin Dumaresque	Board/AC	11	\$2,527
Kendra MacDonald	Board/AC	13	\$2,527
Joesph Galimberti	Board/RC	11	\$2,455
Rex Goudie	Board/GHRC	6	\$1,665

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

Notes: Janis C. Byrne, Kevin Dumaresque, Kendra MacDonald, and Lynn Zurel were re-appointed to the Board on August 1, 2024.

# SALES BY CORPORATE STORE LOCATION

## FISCAL YEAR 2024-2025

(THOUSANDS OF DOLLARS)

Howley Estates	21,448
Stavanger Drive	13,455
Topsail Road	12,974
Corner Brook (Humber Gardens)	12,286
Conception Bay South (Long Pond)	11,943
Kelsey Drive	11,733
Mount Pearl (Pearlgate Plaza)	10,613
Paradise	10,098
Gander	9,447
Grand Falls – Windsor	8,981
Merrymeeting Road	8,606
Mount Pearl (Old Placentia Road)	8,245
Happy Valley – Goose Bay	7,557
Bay Roberts	7,428
Clarenville	6,955
Stephenville	6,752
Blackmarsh Road	6,483
Ropewalk Lane	6,272
Carbonear	6,006
Marystown	5,147
Labrador City	4,259
Murphy’s Square - Satellite Store	2,995
Port aux Basques	2,898
Placentia	2,449
Newfoundland Drive - Satellite Store	1,845
Centennial Square - Satellite Store	1,606
TD Place	1,545
Lake Avenue - Satellite Store	1,497