



The Beer Store
2022 Operations
Report

Contents

1	Message from the President
3	The Year at a Glance
5	Responsible Sale
7	Retail & Marketing
11	Logistics
13	Environmental Leadership
17	Beer for Business
18	Community Involvement
20	Health & Safety
21	Human Resources
25	The Year in Beer Sales
29	Beer Tax Contributions
32	2022 Audited Financial Statements



Message from the *President*

Greetings and welcome to The Beer Store's ("TBS") 2022 Annual Operation's Report. This year we reached a significant milestone, celebrating our 95th anniversary! Looking back on the past 95 years, while much has changed in our business and around the world, there are many ways in which we've remained consistent. These include our commitment to offering a wide array of products to Ontario consumers, keeping our communities safe through responsible sales, fostering a safe and inclusive workplace for our team members, and acting as environmental leaders. Our commitment to our core values and allowing ourselves to be guided by our core values truly makes every Ontarian a stakeholder of the Beer Store. All Ontarians, whether they are beer drinkers or not, rely on TBS to hold up the highest standards of responsible sale and not sell to intoxicated persons or to people under the age of majority. Ontarians rely on TBS to not pollute and in several ways, many Ontarians are beneficiaries of the many charities that we and our customers support.

After two years of operating within the confines of the global pandemic, we finally started to emerge from those barriers earlier on in 2022 and business conditions slowly returned to the pre-pandemic situation or what many call the "new normal." Restaurants slowly returned to business and soon Ontarians were once again enjoying summer patio weather and Beer Festivals were back on. After two long summers without beer events, the TBS Events Team was back out on the road supporting the various summer festivals in communities throughout Ontario. One thing that the pandemic did not affect at TBS was the excellent selection available for home consumers and restaurants as the total number of brewers that sell at TBS grew to a record number of 258 from all around the world.

In 2022, TBS initiated a major launch of online ordering and delivery with Skip the Dishes at 250 Beer Stores. This major initiative proved to be quite successful as more than 85,000 Ontarians took advantage of this new service, purchasing over 16,000 hectolitres or the equivalent of almost 200,000 two-fours. TBS looks forward to expanding its online delivery services with other partners in 2023.

Our dedication to the environment has allowed us to establish and maintain a more circular beer industry in Ontario for almost a century and that term "circular economy" is widely

accepted as a solution to challenges such as climate change, waste, and pollution. Much conversation is had today around how society can transition from a linear economy, where product is created, consumed, and discarded, to a circular economy, where materials can be recirculated into production to reduce waste. 2022 was another year of success for The Beer Store's Deposit Return and Recycling Program as we took back more than 1.26 billion containers for reuse or recycling. 2022 was also the 15th successful year of the Ontario Deposit Return Program that saw The Beer Store take back its 5 billionth wine or spirit container since beginning the program in 2007.

Our commitment to health and safety continues to expand and improve. Many thanks to our Health and Safety Teams and our employees across Ontario for working hard to protect each other and our customers. 2022 marked the safest year ever for The Beer Store, with the fewest lost time accidents and lost days ever in the history of TBS.

Every year, and 2022 was no exception, we are fortunate to have so many Beer Store employees come together with our generous customers to raise hundreds of thousands of dollars for local charities and non-profits. In 2022 over \$1.5 million was raised for over 130 Ontario non-profit organizations.

As we look forward to 2023, we thank Ontarians for their patronage and we salute our thousands of hard-working employees for our continued success.

Cheers to 95 years!



Ted Moroz

PRESIDENT



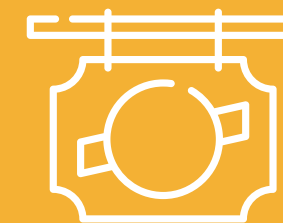
**The Year
At a Glance**



1,154
BRANDS
listed in 2022



258
BREWERS
listed in 2022



424
STORES
operating in 2022

Responsible Sale

Upon hiring, and annually thereafter, all TBS staff are trained and re-trained to identify and investigate signs of potential intoxication and how to handle refusal of service in a sensitive manner while protecting the safety of our communities and each other.

Responsible Sales Policy

- Request ID from anyone who appears to be 30 years old or under
- Refuse service to anyone who appears to be intoxicated
- Mandatory training on responsible service for all sales staff
- Ensure compliance through a Mystery Shopper program
- Measure results and incorporate into store manager performance reviews

Data with Retail Customer Counts

January 1st, 2022 – December 31st, 2022

	Jan - Dec 2022
# Age Challenges	1,387,351
% Customers, Age Challenges	2.93%
# Age Refusals	18,093
% Customers, Age Refusals	0.04%
# Sobriety Challenges	5,718
% Customers, Sobriety Challenges	0.01%
# Sobriety Refusals	3,946
% Customers, Sobriety Refusals	0.01%
# Refusals/Transaction	0.05%
Retail Customer Count	47,338,312



"The year 2022 got off to a strong start. We produced the first ever national anti-impaired driving television public service announcement that focused on impaired operation of snowmobiles entitled "Happy Trails," which encourages snowmobilers to take the same precautions as we expect automobile drivers to take. This spot was produced in English and French. In the fall, we held our annual conference in Aurora with the help of York Regional Police. To close out the year, we partnered with The Beer Store and Waze to conduct a unique Holiday Campaign to raise awareness about impaired driving, including an article published on The Beer Store's website and our social media channels to help educate the public and encourage all Ontarians to "Do The Right Thing." These efforts would not be possible without the strong and consistent support that arrive alive DRIVE SOBER receives from The Beer Store. Their support, effort, and professionalism in the impaired driving issue is a strong factor in Ontario's roads continuing to be among the safest in North America."

PETE WYTKA, Executive Director,
arrive alive DRIVE SOBER

Retail & Marketing

Store Openings

The Beer Store opened 4 new redevelopment stores in 2022. These store layouts provide self-serve shopping, empty returns in a separate room and the opportunity to explore a variety of pack sizes from single cans to 2-4s and more.



Avenue Road, Toronto #2357

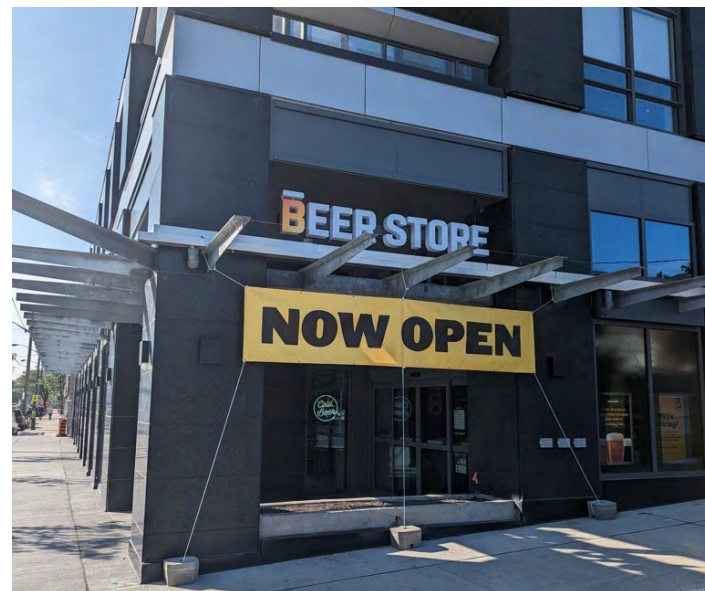
The Beer Store near the corner of Avenue Rd and Lawrence Located at 1580 Avenue Road opened on September 21st 2022. This location includes our first elevator with immediate access to underground parking.

Queensway, Toronto #2309

In February 2022, Store #2309 opened its doors for business. This was a re-development project as condos were constructed at this location. The Beer Store now resides as the base of the condominium with a modern shopping experience includes self-service, a separate returns area and a fresh interior.

Bank Street, Ottawa #4609

On March 7th, 2022, the brand new Beer Store in Ottawa officially opened its doors. Similar to the Queensway location, this store was a re-development project with the retail store situated at the base of a condominium. This store represents a modern look and has a new high-efficiency layout improving the overall experience for both employees and customers alike.



Gerrard Street, Toronto #2417

The Beer Store is now open near the corner of Gerrard St and Logan. Located at 794 Gerrard St E in Toronto, this store includes self-serve shopping, easy empty returns, an impressive selection of single cans and an eye catching window display to help drive awareness of the store opening.

Marketing

Summer Campaign

The reason we have a great perspective on beer is because we have a great perspective on life. And no matter where you are, who you're with, or what situations you find yourself in, we have a cold one that's right for you— whatever the case may be.

The 'Whatever the Case May Be' platform launched in 2022 and was created to be ownable and contextual for any audience in any location for years to come.

We portrayed groups of people from different walks of life and showcased Beer Store employees as product experts, in a clean and organized retail environment. The integrated campaign was led by a series of four 15-second videos and is supported by contextual ads across social, digital, and in-store that serve to reach audiences with messages like “When was the last time you drank something for the first time?”, “Searching for cold singles in your area?” and “Find the beer you didn't know you were looking for.”

It was important to remind Ontarians that our selection of over 1,000+ beers now include seltzers, radlers, and hard teas available in everything from single cans to 2-4s, and value when you pack up.

The 2022 Campaign was an effective campaign amongst Ontario beer drinkers, due to strong performance in Identification and Brand Impact. The campaign generated 99M impressions and saw a 3% increase in positive brand impact.

After a two-year hiatus due to the pandemic, our events team traveled across Ontario to a variety of events. The engagement tactics catered to event goers and drove awareness of The Beer Store's assortment and value to increase consideration of the brand.



Social Media Highlights

Strategy for social and email drove high engagement and growth on our platforms.

- Growth in new content, lead generation, and marquee summer contesting (see example above now closed) grew email subscriber base and performance
- Notable growth in Q3 for email subscribers, as our total subscriber list grew to +77K, up 16% from Q2
- We drove engagement through: polls and quizzes, stories and reels, recipes, environmental stewardship and nostalgic content- especially that around 95th anniversary
- In the fall we celebrated 95 years in the business and acknowledged the milestone both in store and online with a flash giveaway
- As part of our social engagement, we asked customers what their fondest memories were of The Beer Store and received some great responses.

Digital & eCommerce

In 2022, there was huge growth in ecommerce performance that can be attributed to website enhancements, search engine optimization (SEO) and always on improvements, expanded service offering and strategic partnerships. Overall, TBS digital produced 16,554 HL of volume in 2022, compared to 5,809.70 HL in 2021 - a 244% increase in online HL volume sales. Continued strategic enhancements to the website allows us to better understand the digital customer life cycle and optimize where needed to provide online users information for what they're looking for and direct them to purchase.

Skip The Dishes

Building on the success of a March 2022 pilot, SkipTheDishes and The Beer Store has expanded delivery across the province, allowing customers access to pack sizes and menu offerings exclusively found at The Beer Store. Through this partnership, customers have access to all pack sizes carried by TBS, such as singles, 12s and 24s, and a wide assortment of beer flavours, types, and styles through the SkipTheDishes app or website.

Available at over 250 locations, this partnership will allow customers across Ontario access to the widest variety of our products delivered directly to their door.

Since the launch, Skip and The Beer Store have activated 4 campaigns.

- Our Out of Home Campaign delivered 10,868,629 impressions
- 85,601 customers have shopped on the platform
- 43% of customers come back and place 1 or more orders with TBS through the Skip the Dishes app, 27% come back and place 2 or more orders



Digital Menu Boards

The Introduction of Digital Menu Boards was set to improve visibility of brands at store level. The menu screens are positioned in high visibility locations, and communicate product details, environmental stewardship & charitable messaging. This unit will provide additional opportunity for dedicated brewer messaging. This pilot was launched in key concept locations including Conventional, Ice & Palletized Self-Serve with an objective to expand in 2023.

2023 Key Priorities

To continue the growth trajectory, 2023 key priorities include:

- Additional 3rd Party Expansion
- Launch of a new Mobile App along with a new eCommerce Order Management System updates to in-store electronic self-serve kiosks
- Launch Salesforce Customer Management System
- Expand Digital Signage Program
- Website, Mobile and OMS evolution to focus on User Experience (UX/UI) Strategic Tactics
- Optimize and expand Curbside Pickup and in-store pickup
- Enhance digital analytics capabilities
- Back End/Security Updates to help mitigate any risk of an unwanted attack and protect customer information

Space Planning

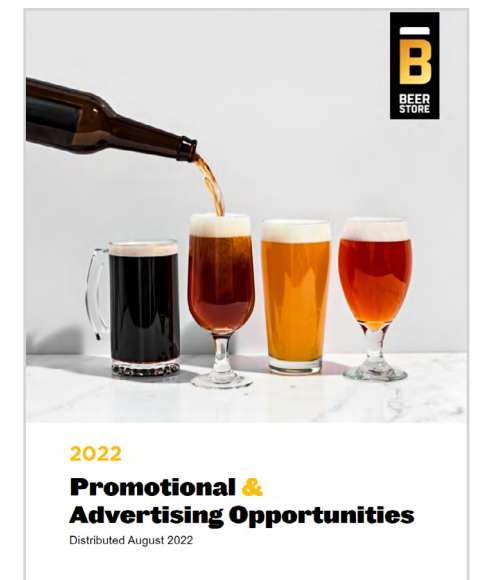
- Space Planning executes two major resets per year while minor planograms are updated every two months. In 2022, the team maintained and executed 4,346 planograms and floor plans.
- Space planning worked closely with the Retail and Distribution teams to support the 4 new store openings in 2022. This involved engaging with all brewers to promote new listings in each of these new locations. Once listings were in place, we developed the planograms and floor plans with the Retail team for them to set up the store prior to opening.
- During the holiday season of 2022, the Space Planning Team worked on the implementation and execution of our Holiday Gift Program in 110 retail locations across Ontario with 13 participating brewer partners. Our goal was to enhance the customer shopping experience during the holiday season and present them with the opportunity to purchase unique products not typically found at the Beer Store.



In 2022, we introduced a new category named "International". The objective is to create a more cohesive consumer shopping experience that unites brand families while promoting assortment. Also, introducing an International category allows us to streamline the organization of brands, heighten the perceived value of this section, showcase our wide assortment and provide our customers with a more consistent, organized shopping experience.

Brewer Promotional Advertising Program

In 2022, we continued to offer opportunities for brewers to drive consideration and conversion. The Beer Store's goal is to inspire and show brewers a connected strategy between in store and online shopping experience. Programs provide extended visibility to brands and heightened the overall customer experience on our digital platforms and in store. Integration of digital advertising allows for a connected strategy between in store and online shopping experiences. These programs were designed to offer promotional space yet importantly drive conversion and sales. Programs included cart ads, campaign landing pages, beer feature sponsorships, email sponsorships and so much more.





Logistics



Network Changes

As the year began, our Logistics team put plans in place to combat the growing global resourcing concerns that were being seen in every industry. Strategies were implemented to ensure that the division would be successful in the summer of 2022 and beyond. Job fairs, and utilization of third party resourcing groups were leveraged to bring in new employees in preparation for the volume increases. The team moved the Kitchener Cross Dock to be serviced out of the London DC which saw success in the summer of 2022. Procuring an additional layer picker for our Bolton DC allowed the team to add more products to this productive assembly method. System development was added to allow the Bolton DC to bulk pick orders for the cross docks to leverage our resources in Oshawa and Belleville. Logistics also worked with our TBS Retail team to identify the products that could be ordered in full rows at specific stores in order to reduce the amount of manual assembly and further leverage the productivity of the layer picker.

In April 2022, the team continued to drive efficiency by developing a new KPI (Key Performance Indicator) dashboard using Power BI. All members of the Logistics leadership team have access to the KPI dashboard and utilize it to manage costs and have increased visibility to metrics that support the critical success factors of the business. The team meets twice weekly to review actuals vs. set benchmarks. The tool has provided the team more opportunities to drill down on trends and take action to course correct where required. This visibility drove great success in areas such as overtime control, warehouse and transportation productivity, and fleet utilization planning, to name a few. Most recently, the period DOS (Detailed Operating Statements) have been integrating with Power BI to have better visibility to specific accounts. With graphical monthly presentation, our operators and senior leadership, can quickly take action early in the fiscal year.

Initiatives

In late 2021, the team put plans in place to move the transportation routing to a centralized location. Prior to centralized routing, it was the logistics team of resources who completed routing each day. Today the team has been centralized to focus on efficiency, allowing Logistics team members to prioritize customer service and operational excellence within our distribution centres. This initiative improved efficiency through reduced kilometers and fuel consumption across the division. The team continues to optimize the routing through data management and route optimization.

Utilizing our KPI dashboard, the team has continued to review our fleet utilization across the division. Understanding where the fleet has ability to expand has assisted with conversations with other business partners. The logistics team has begun discussions with many business partners to explore opportunities for off-hour deliveries. This again, will allow us to mitigate traffic delays, complete deliveries during off-peak time and turn fleet around to be used multiple times per day.

Business Operations

Our Logistics business continues to change and with that, we constantly are adapting the way we do business keeping our customers in mind. With the great work put in by the entire Logistics team, our world class distribution network continues to improve and offer opportunities to all brewers who use the services of our company. We continue to pursue new business opportunities with brewers and in turn, with our wide logistics network, we continue to add more direct delivery volume for our customers.

The Beer Store continues to work and cooperate with our partners in growing supply chain efficiencies and improving customer service. We strive for fleet efficiency including the reduction of our carbon footprint. Consolidation of goods in one network and on one truck is our guiding principle. To that end, we are working with our partners to explore and expand how we are currently doing work.

Our Draught Services division felt, as we all did, the impact from the COVID lockdowns on our licensee channel. The first two months in 2022, we were still experiencing these impacts. As the year went on, we were seeing a level of normalcy that we hadn't experienced since before the pandemic. The future remains positive with our customers serving draught products and our Draught Services division is there to support them in tap installations as well as routine line cleaning in order for customers to enjoy the product the way the brewer intended.

With Operational Excellence in mind, we are leveraging our internal technologies to continue to drive efficiencies, both in our warehouses and in our trucking lanes. Multiple business channels have been excited to look at these opportunities and want to capitalize where possible.

Customer Relations

In 2022, the team continued to prioritize customer service and looked for feedback from our customer base. Customer service feedback provided valuable insight into our operations, showing successful net promoter scores (NPS) across customers. We were pleased to receive the feedback as well as seeing our NPS elevate. With that, our focus this year will be to visit our customers on a more regular basis to improve two-way communication as well as offer additional customer-focused training for our delivery teams. We are a service industry and with that, it remains a top priority.

Environmental Leadership

TBS acts as the steward for the containers and packaging sold within our system, meaning we accept all this material back from consumers and ensure that it is either re-used or recycled for high-value use. A deposit-return system has been instrumental in achieving high recovery rates for these containers. A 10-cent or 20-cent deposit is applied to the sale of all bottles and cans sold within our system, and a \$20 or \$50 deposit is applied to the sale of kegs. Once empty, consumers can return these containers to TBS to receive the full deposit back through one of the many redemption sites across the province.

TBS has been in business since 1927, which means in 2022 we reached our 95th anniversary! Based on our available records, approximately 170 billion empty containers have been returned through the TBS return system since 1927.

Summary Results	Beer Store Containers	Ontario Deposit Return (ODRP) Containers
Empty Containers Collected	1,268,845,011	452,085,810
Recovery Rate (%)	79%	74%
Glass Bottle Reuse by Brewers (Tonnes)	69,483	—
Weight of Material Recycled in 2022 (Tonnes)	59,074	91,415
Coloured Glass	20,054	54,749
Clear Glass	12,719	32,213
Metal (Aluminum & Steel Cans)	13,134	3,557
Corrugated Cardboard & Boxboard	12,077	-
PET Products	-	896
Mixed Plastic	1,090	-
Total Tonnes of Containers and Packaging Collected for Reuse or Recycling	128,557	91,415



Table 1

The Beer Store Container Sales and Recovery by Container Type January 1st, 2022 – December 31st, 2022

Container Type	Beer Store Sales (units)	LCBO Sales (units)	Returns (units)	System Recovery Rate (2022)	System Recovery Rate (2021)
All Glass Bottles (Refillable and Non-Refillable)	359,178,979	76,279,202	385,438,726	89%	90%
Refillable Bottles (ISB and Non-Standard)	269,188,841	25,952,216	284,172,521	96%	98%
Non-Refillable Bottles	89,990,138	50,326,986	101,266,205	72%	72%
Metal Cans	751,705,415	423,804,738	882,483,512	75%	75%
Kegs ³	917,089	—	922,773	101%	102%
Total (by Units)	1,111,801,483 ✓	500,083,940 ✓	1,268,845,011 ✓	79% ✓	79%

Ontario Deposit Return Program Results

2022 marked our 15th year of facilitating the ODRP on behalf of the Province of Ontario. The ODRP requires all beverage alcohol containers that are not part of TBS’ return system to be sold with a 10-cent or 20-cent deposit that is fully refundable when the container is returned through TBS’ return network. TBS also accepts any packaging associated with the sale of these containers. Under this program, TBS commits to ensuring all ODRP containers returned through our system are recycled through high-value streams.

Table 2

ODRP Containers: Sales & Recovery January 1st, 2022 – December 31st, 2022

Container Type	Sales in Units ⁹		Returns in Units		Recovery Rate					
	Small Containers	Large Containers	Small Containers	Large Containers	Small Containers (2022)	Small Containers (2021)	Large Containers (2022)	Large Containers (2021)	Combined (2022)	Combined (2021)
Glass	42,995,450	204,223,261	34,268,053	160,932,607	80%	74%	79%	74%	79%	74%
PET	18,916,303	10,013,656	6,956,242	5,952,605	37%	38%	59%	60%	45%	46%
Tetra/BIB	602,516	11,360,960	205,339	3,136,169	34%	17%	28%	26%	28%	25%
Subtotal	62,514,269	225,597,878	41,429,634	170,021,381	66%	64%	75%	70%	73%	69%
Cans	320,537,032		240,634,796						75%	75%
Grand Total	608,649,179		452,085,810						74.3%	72.0%

Combined Environmental Performance Results

The following table demonstrates the avoided GHG emissions and energy consumption as a result of the containers reused or recycled through TBS’ container collection program and the ODRP.

Table 3

The Beer Store & ODRP Disposal Diversion Estimated Avoided GHG Emissions & Avoided Energy Consumption (2022)

January 1st, 2022 – December 31st, 2022

	Glass Reuse	Clear Glass Bottle Recycling	Coloured Glass Bottle Recycling	Aluminum Recycling	Steel Recycling	PET Recycling	Mixed Plastic Recycling*	Total Diversion
Beer Store Tonnes Diverted	69,483	12,719	20,054	13,044	90	-	1,090	116,480
ODRP Tonnes Diverted	-	32,213	54,749	3,557	-	896	-	91,415
TOTAL Tonnes Diverted	69,483	44,932	74,804	16,601	90	896	1,090	207,895
Avoided GHG Emissions (MTCO2E)	26,403	4,943	4,114	160,362	107	3,262	3,968	203,159
Avoided Energy Consumption (GJ)	472,482	75,486	81,536	1,450,230	1,132	76,439	92,993	2,250,299

Figures in table may not add to the total due to rounding.

* "Avoided GHG" and "Avoided Energy" coefficients for PET Recycling used for Mixed Plastic figures.

Source for avoided energy and emissions multipliers: Determination of the Impact of Waste Management activities on Greenhouse Gas Emissions: 2005 Update Final Report, ICF Consulting for Environment Canada & Natural Resources Canada, October 2005 and GHG Calculator for Waste Management, Update Oct 2009, ICF Consulting for Environment Canada. Multipliers for avoided GHG Emissions (eCO2/tonne) used were 0.38 for glass reuse and 9.66 for aluminum recycling. Avoided GHGs from glass bottle reuse (0.38) is not presented in the Determination of the Impact of Waste Management activities on Greenhouse Gas Emissions: 2005 Update Final Report. This multiplier was provided in the previous version of the report from 2004. Pollutant reductions associated with recycled versus virgin aluminum production and glass production from Weitz, Keith A. et al. 2003. Life-Cycle Inventory Data Sets for Materials Production of Aluminum, Glass, Paper, Plastic and Steel in North America. Report prepared by RTI International for the U.S. EPA, Office of Research and Development. EPA-600/Q-03-001. Research Triangle Park, NC.



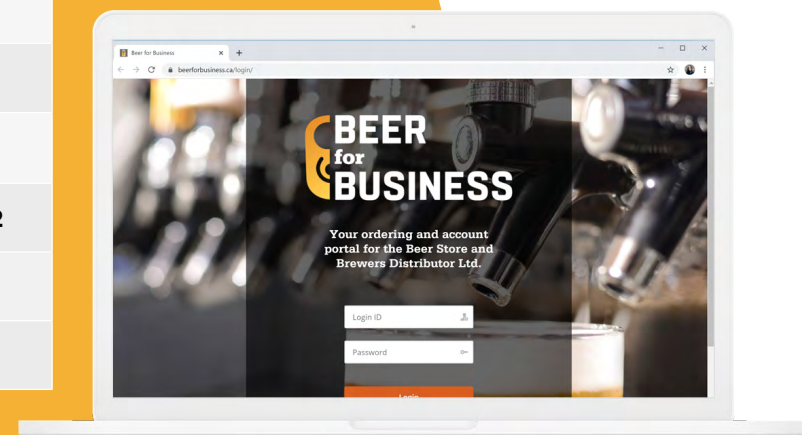
Beer For Business

Beer for Business (B4B) is our user-friendly online ordering platform with easy to navigate steps available to all Licensees, Retail Partners, Empty Bottle Depots and Liquor Convenience Outlets. Customers can place an order at their convenience 24 hours a day, 7 days a week. Customers are also able to create and manage customized favourites lists, upload orders, place self-pickup orders and place return only orders. B4B provides access to account balances and credit limits as well as the ability to download and print order confirmations, invoices and statements with a few clicks.

Contact Centre Statistics

The Customer Contact Centre continues to be the central point of contact for all business-to-business customer inquiries, B4B support, and retail customer service.

Customer Contact Centre Volumes in 2022	
Penetration Rate	79%
Sustainability Rate	76%
Total Inbound Calls	111,014
Total Outbound Calls	69,970
CSR Orders Processed	151,024
Web Orders Transmitted	301,802
Electronic Orders Transmitted	121,532
Handled Inquiries	41,480



Community Involvement

Throughout 2022, our Beer Store employees, customers, and communities worked hard to raise funds for worthy causes across the province. This year, we supported over 130 charities and not-for-profit organizations.

Leukemia & Lymphoma Society of Canada

With the challenges of COVID-19 throughout 2022, we could not hold our traditional Returns for Leukemia Bottle Drive. However, our hard-working employees came together, and still managed to raise \$1,056,855 throughout 2022 for the Leukemia and Lymphoma Society of Canada (LLSC).

Local Hospitals & Foodbanks

From July 4th - August 28th, our Retail and Logistics sites raised \$328,239 for over 100 local hospitals and foodbanks across the province. Funds were raised through monetary donations, as well as \$0.10 and \$0.20 empty container deposits returned by our customers. Our employees hand selected local hospitals and foodbanks, making this fundraising initiative

so much more personal. We are extremely proud of the efforts and give thanks to our dedicated employees across the province and customers within these communities. The Beer Store has always been deeply involved and connected to community, and we saw this as an opportunity to give back.



Health & Safety

Additional Community Involvement

Charitable Organization(s)	Timeline	Total Funds Raised
100+ Local Hospitals and Foodbanks	July 4 th - August 28 th	\$328,239
Amherstburg Freedom Museum	February 14 th - February 27 th	\$21,638
Assaulted Women's Helpline	November 21 st - December 4 th	\$22,753
BlackNorth Initiative	February 14 th - February 27 th	\$21,638
DEBRA Canada	August 29 th - September 25 th	\$3,707
Downie Wenjack Fund	October 17 th - 30 th	\$51,086
Habitat for Humanity	August 29 th - September 25 th	\$65,551
Holiday Helpers	November 21 st - December 4 th	\$22,753
Juravinski Cancer Centre	August 29 th - September 25 th	\$15,960
LLSC	Throughout 2022	\$1,056,855
Niagara's Rankin Cancer Run	August 29 th - September 25 th	\$21,666
Ontario Shores	January 24 th - January 30 th	\$23,142
Rainbow Railroad	June 1 st - June 26 th	\$94,675
Roger Neilson House	August 29 th - September 25 th	\$39,861
Terry Fox Foundation	August 29 th - September 25 th	\$4,866



TBS continues to forge new paths and consistently achieves new milestones in Health and Safety. A variety of contributing factors amalgamate to make this happen. Within our organization we see evident demonstrations of outstanding safety leadership. Unitedly our site leaders along with conscientious employees at each location strive to keep safety paramount in day-to-day activities. Collectively we strive to ensure that this number one core value receives our full commitment.

This admirable and worthwhile endeavour transcends to all aspects of the business due to the safety resolve of our President and Senior Leaders. Through speech and actions, everyone is aware of the leadership exhibited to keep safety a priority. Effective safety leadership challenges the status quo, seeks new opportunities to improve and confirms to all employees that their safety and well-being is the predominant guiding principle within our organization. This was abundantly evident in 2022 and will continue in the years to follow.

Our combined efforts in Health and Safety have contributed to a stellar year. 2022 witnessed the best safety results achieved at TBS.

- Retail – 8 lost time accidents, 43 lost time days. This represents a 53% LTA improvement compared to the previous year.
- Logistics – 9 lost time accidents, 130 lost time days. This represents a 25% LTA reduction compared to the previous year.

We encourage everyone to continue taking the lead in safety. Structurally we have embedded safety into all facets of our activities. We will continue to invest in safety improvements, thereby proving it is truly a Core Value. We recognize that a robust safety strategy promotes a safe workplace, for the betterment of everyone! Please join us as we continue to generate awareness in Health & Safety and seek opportunities to continuously improve.



Human Resources

Learning & Development



High Potential Program

In 2022, we conducted 2 groups of the retail High Potential Program which provides existing unionized employees with the training and the skills on what is required to be a Store Manager. The program continues to be a self-selection process, where candidates choose to apply to their current Store Manager along with completing an application to be considered. Throughout 2022, we had a total of 54 candidates enter the program with 48 successfully completing the program.

Store Manager Training

For 2022, we developed a hybrid program for our new manager training. This consisted of in-person training as well as virtual information sessions. We brought on a team of Retail Field Trainers, developing workshops for the group to be better prepared for their new positions. These workshops include operational topics,

coaching, leadership, and communication training sessions. New Managers continue to work with training Managers in their district to get one-on-one support as they prepare to take over their stores.

In 2022, 21 new Store Managers graduated from the program and joined the retail team.

Employee Resource Centre

In 2022, we continued to update the resource centre for all TBS employees to access via our online platform. These included up to date documents, resources, and videos from various departments such as the payroll system The Pub, Mental Health resources and Diversity, Equity, Inclusion and Belonging (DEIB) initiatives. The resource center continues to grow with additional information specifically directed to employee's current role and division whether in Retail, Logistics, Contact Center or Corporate.

Tap Chat Suggestion Box

Our new Tap Chat Suggestion Box allows for feedback and ideas to be collected from TBS employees. This allows visibility of what's top of mind collectively across the company and to have an open channel for communication. These submissions are collected and reviewed monthly on a senior management team level, for discussion or through other communication platforms. With over 100 comments to date, we continue to have the field bring up suggestions and feedback to help make our business better.

Wellness & Mental Health

Throughout the year, we provided a variety of Mental Health & Wellness resources, tip sheets, educational guides, community resources, apps, and websites for our team members and their families. These resources were shared in a dedicated Mental Health & Wellness section within our internal company intranet "The Hub", as well as on our internal training site for bargaining unit employees to access.

- Working with our provider LifeWorks, we offered twelve virtual Lunch-and-Learn Sessions throughout the year for individual contributors and managers on a variety of mental health and wellness related topics.
- Our communication was improved on our programs by publishing a monthly HeartBeat newsletter through our employee intranet, The Hub to increase awareness and adoption of our Employee & Family Assistance Program for non-union employees.
- The e-learning course "Understand Mental Health & Mental Illness" was updated and relevant educational content including an emphasis on the Mental Health Continuum model.
- As part of the Retail Store Manager program, we conducted training sessions with a greater focus on

fostering Psychological Safety with their team members.

- In January of 2022, we supported Bell Let's Talk Day by providing our team members with educational resources and activities to support their mental health & wellbeing.
- As part of our continued allyship with the Ontario Shores Centre for Mental Health Sciences, from January 24th to 30th we collected in-store donations and raised over \$23,000 to help patients with complex mental health needs in Ontario.
- During "Active April", we hosted a "Step it up Challenge" for our all-Team Members. We encouraged employees to get outside and get as many steps in per day as possible throughout the month. We had a total of 152 participants and selected 24 winners to receive a custom wellness prize worth \$50.
- Implemented the MS Teams LifeWorks plug-in to enable employees to easily access EFAP resources and participate in Wellness initiatives.
- In May, we honored Canadian Mental Health Week by providing information sessions, tools and resources for all employees across Ontario. We also conducted a Mental Health Index Survey to all employees from May 2nd - 18th and received feedback from 800 employees. The feedback provided insights on how we can better support our team and have leveraged this data for 2023 planning.
- DEIB boards were implemented in all locations for Mental Health and Wellness updates. Monthly new signage is distributed; the focus for much of the year was on Psychological Safety.
- A new Employee Resource Group (ERG) was





created for Mental Health and Wellness in September and an internal employee contest was rolled out to name the new ERG. The contest closed on October 3rd and we received over 90 submissions. In October, we acknowledged World Mental Health Day by announcing the name of our new ERG and inviting employees to participate. The selected name was B|Mindful.

- We further acknowledged October 10th by providing our team members with educational content and resources related to the signs and symptoms of mental health challenges, the cultural and ethnic stigmas surrounding mental health, how to deal with cultural differences in the workplace, and the mind-body connection. We also provided printable guides on how to help someone who may be suffering from depression or considering suicide.
- In November we launched the Culture Connect Buddy program to connect with and help onboard our new hires and ensure that they are welcomed into the organization and develop a sense of belonging.
- November 12th the BMind|ful ERG hosted a lunch and learn with a Tibetan Monk that led us through a meditation session. The event was attended by over 100 employees and received excellent feedback. This session was also recorded and uploaded to our employee intranet.
- On November 29th we had 25 business leaders from Operations complete Mental Health First Aid training in London, Ontario. The session was facilitated by the Mental Health Commission of Canada and the goal was to increase the level of awareness and competence of the front line supervisors and leaders from Retail and Logistics so that we can better support our employees and one another.
- An employee information session was held on

December 8th with our Customer Success Manager from Lifeworks with approximately 100 attendees. The focus of the session was to educate our employees on the overall features of the LifeWorks EFAP, the services available, how individuals can access support and included a demo LifeWorks platform. This session was recorded and posted onto our employee intranet, The Hub.

Diversity, Equity, Inclusion & Belonging 2022

At the Beer Store, our commitment to Diversity, Equity, Inclusion and Belonging (DEIB) remains unwavering. In 2022, we continued to make significant strides towards creating a more diverse, equitable, inclusive, and welcoming workplace for all of our employees. By making DEIB a core value, the Beer Store demonstrates a commitment to creating a workplace that is welcoming, supportive, and inclusive of individuals from all backgrounds, regardless of their race, ethnicity, gender, sexual orientation, age, religion, or ability. We recognize that DEIB is not just a moral imperative but also a strategic business imperative that drives innovation, enhances employee engagement and retention, and fosters a strong workplace culture.

Throughout the year, we implemented several initiatives to advance our DEIB goals, including training programs, policy changes and increased education and awareness programs.

- The shift from using the term “diversity and inclusion” (D&I) to Diversity, Equity, Inclusion & Belonging (DEIB) reflects a more holistic approach to promoting a more diverse and inclusive workplace. It recognizes that creating a welcoming and inclusive environment requires

not only removing barriers, but also highlights the importance of creating fair and just opportunities for all individuals and actively fostering a culture of belonging and support.

- Having diversity, equity, inclusion and belonging as a core value is crucial to demonstrate our commitment to promoting fairness, respect, and equal opportunities for all our employees, and helping us build our reputation as an inclusive and socially responsible organization.
- Distributed over 450 DEIB communications boards to all retail & logistic sites. They serve as a visual aid that helps to improve education and awareness and increase efficiency.
- Launched a voluntary Self-ID survey to provide a demographic baseline. 852 respondents shared their valuable information to help us track progress in our diversity and inclusion efforts and where to focus our efforts to develop targeted initiatives to address specific diversity-related issues.
- Piloted DEIB representatives in three retail districts to help raise awareness and gaining real time feedback on the effectiveness of DEIB initiatives and identify areas for improvement, while promoting transparency and building trust with employees.
- Our ERGs held 4 “Virtual Awareness Sessions” open to all employees throughout the year.
 - Tour of Amherstburg Freedom Museum to honour and celebrate Black History Month
 - Fireside Chat with Rainbow Railroad to learn more about how our donations save LGBTQ2S+ individuals around the world.
 - Tour of Mohawk Institute- Canada’s First Residential School, to learn the true impact that the residential school system has had on Indigenous communities.

- Pride Trivia Night to celebrate LGBTQ2S+ culture, history and achievements, promoting celebration of LGBTQ2S+ identities.
- Marched in Toronto Pride Parade & Ottawa Pride Parade. Over 200 employees attended the events to help showcase our commitment to the LGBTQ2S+ community, promoting our workplaces as safe spaces for all.
- Inclusion Awareness Sessions trained over 500 Managers/ Supervisors on Microaggressions and Cultural Humility in small group sessions to allow for intimate conversations to happen.
- Launched B|Mindful employee resource group with a focus on mental health and aim to take away the stigma, while fostering a safe, friendly respectful environment that supports positive well-being. This marks our fourth ERG.
- Held our first in-person DEIB Champions Workshop with all members from ERGs, DEIB reps and DEIB Council. The meeting had over 40 people attend the one-day event to share experiences and help build our 2023 DEIB strategy.

Total raised for charitable events: \$236,542

- BlackNorth Initiative: \$21,639
- Amherstburg Freedom Museum-\$21,639
- Rainbow Railroad: \$94,673
- Downie Wenjack Fund: \$51,086
- Holiday Helpers: \$23,754
- Assaulted Women’s Hotline: \$23,754

The Year in Beer Sales

Fig. 1

Beer Store Brewer Facts

I. PRODUCT SELECTION

The Beer Store has an open listing policy, meaning that any brewer in the world wanting to sell product approved by the LCBO in the retail and distribution chain can do so. In 2022, The Beer Store listed 1,154 brands from across the globe and listed 258 brewers.

	2022	% of Sales
Ontario Based Brewers	165	93%
Out of Province Brewers	7	7%
Import Brewers	86	
Total Brewers	258	
Small Ontario Brewers*	160	
Brewery Countries of Origin	27	

*Refers to Ontario Brewers whose annual production is less than 40,000hl

Fig. 2

2022 Brewer Segments

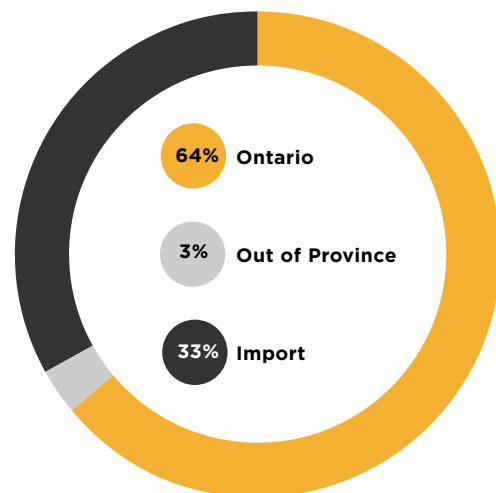
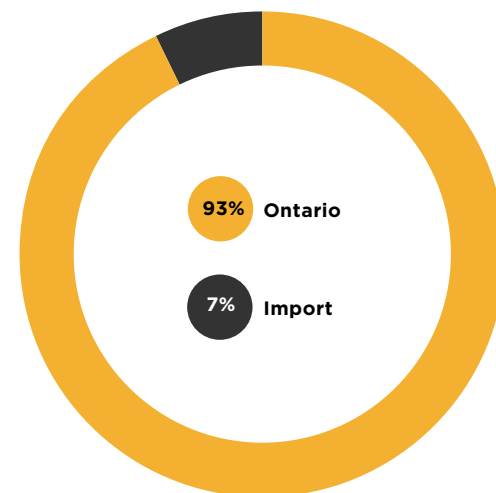


Fig. 3

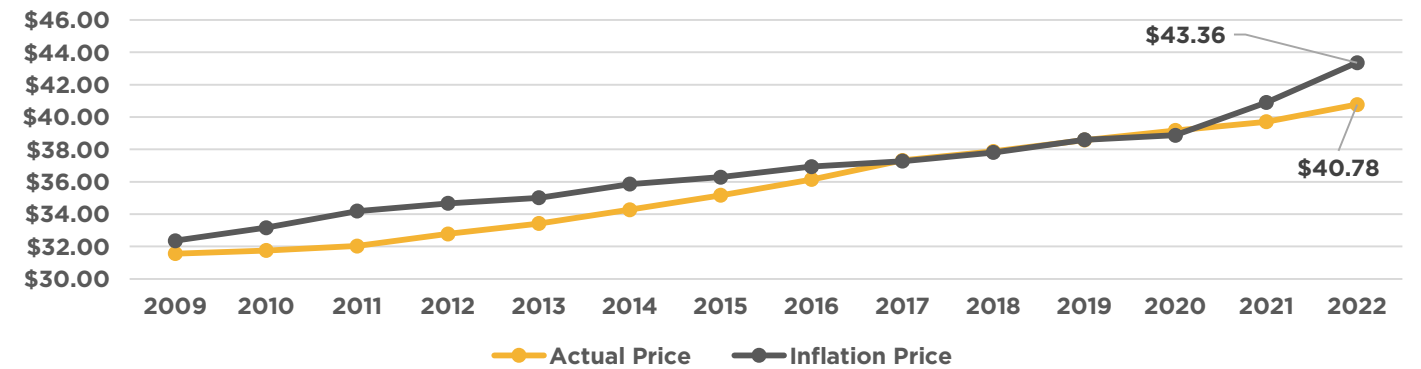
2022 Sales by Brewer



II. SALES BY VALUE AND BEER PRICES

Fig. 4

Average Beer Store Consumer Price Converted to Case Equivalent



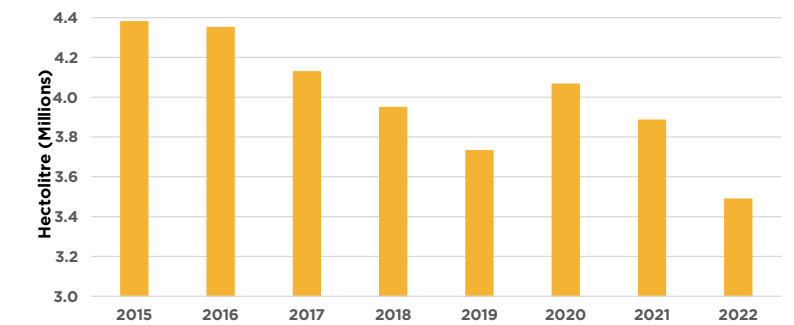
Actual price vs CPI adjusted price of a case.

Fig. 5

Beer Store Home Consumer Retail Sales Volume

III. BEER STORE SALES BY CHANNEL

The Beer Store is both a retail and business to business. TBS operates 424 stores (as of December 2022) in an Ontario alcohol beverage system that includes over 2,300 outlets where beer can be purchased.



Ontario Retail Beer Outlets

	2022	2021	2020
Beer Stores	424	424	433
TBS Mobile Trailers	2	2	2
LCBO Stores	680	677	669
LCO/Retail Partner/Agency	394	399	369
On-Site Brewery Stores	367	355	320
Grocery Stores	450	450	439
TOTAL	2,317	2,307	2,232

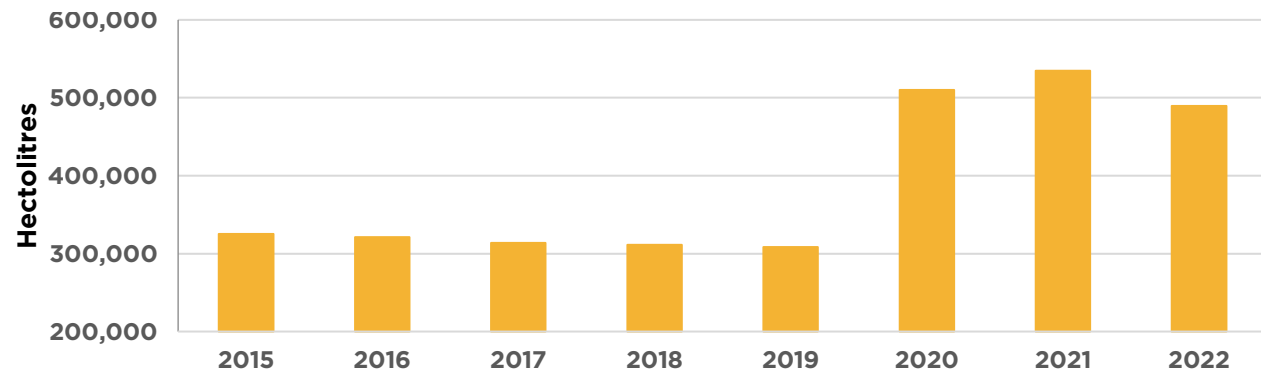
Beer Store Volume Sales

	2022	2021	2020
Home Consumer	55.55%	60.97%	62.81%
Licensee	12.43%	7.09%	7.01%
LCBO	17.15%	16.85%	15.50%
LCO/Retail Partner/Agency	7.80%	8.39%	7.88%
Grocery Stores	6.70%	6.64%	6.75%
Other	0.38%	0.06%	0.05%

IV. BEER STORE BUSINESS TO BUSINESS SALES

In addition to selling beer to the public through its retail stores, The Beer Store also distributes and sells beer to the LCBO, grocery and agency stores, as well as Retail Partner stores and LCBO Convenience Outlets (LCO).

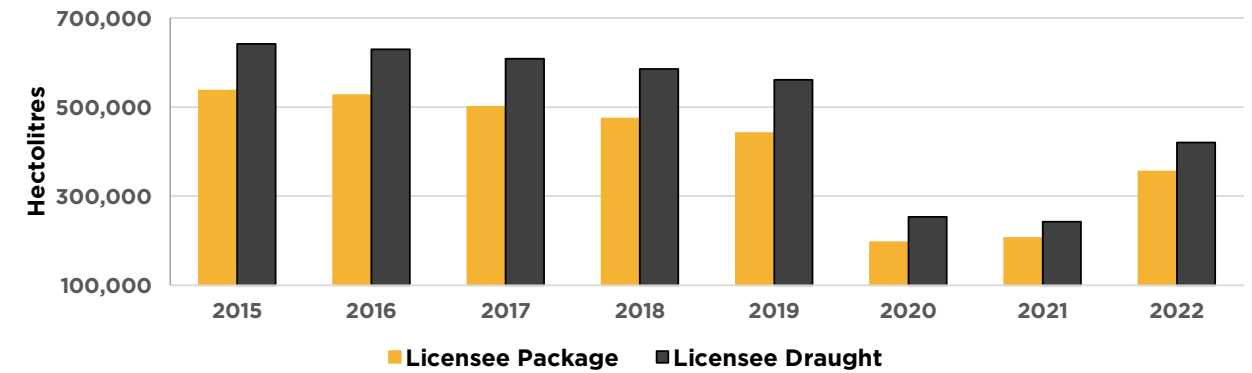
Beer Store Retail Partner/Agency/LCBO Convenience Outlet Sales Fig. 6



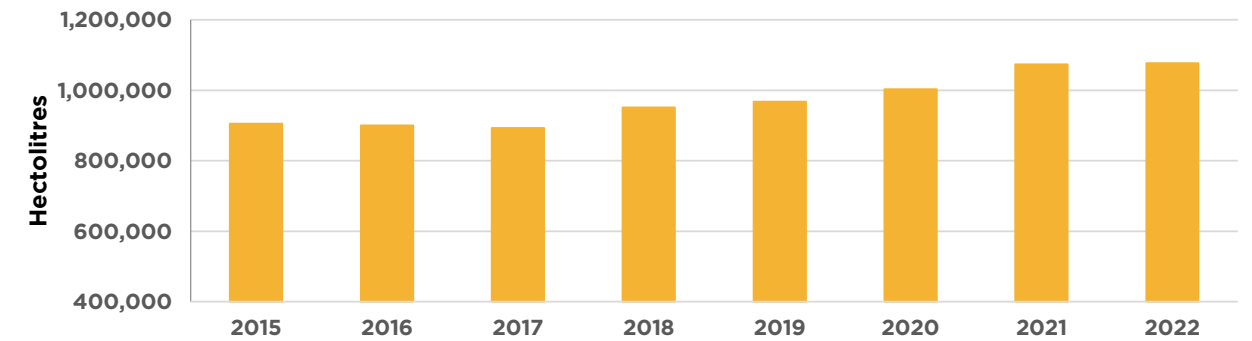
Beer Store Business to Business Volume Sales Trends

- Overall Business to Business Sales in 2022 increased by **284,339 hl** or **11.5%**
- Licensee Sales increased by **328,887 hl** or **72.8%**
- Licensee Packaged Beer Sales increased by **148,773 hl** or **72.2%**
- Licensee Draught Beer Sales increased by **180,114 hl** or **73.3%**
- LCBO Sales increased by **3,206 hl** or **0.3%**
- Retail Partner/Agency/LCO Sales declined by **45,156 hl** or **8.4%**
- Deliveries to Grocery Stores declined by **2,598 hl** or **0.6%**

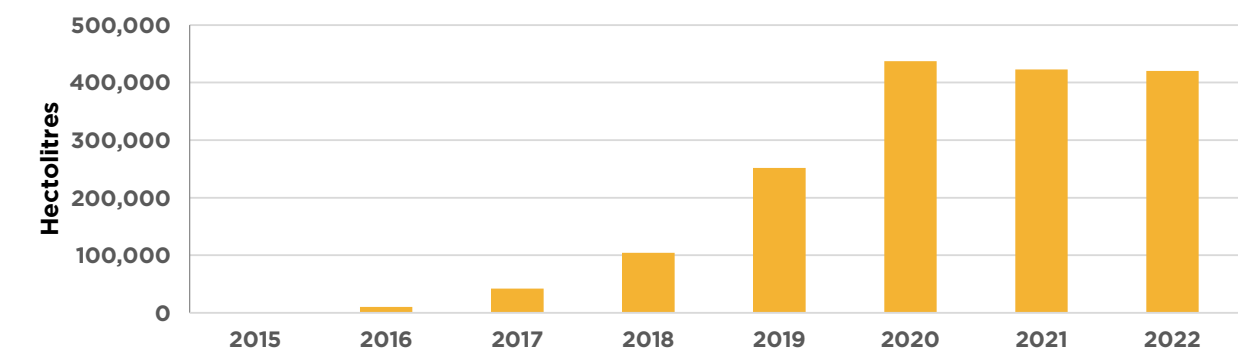
Beer Store Licensee Sales Fig. 7



Beer Store LCBO Sales Fig. 8



Beer Store Grocery Sales Fig. 9



Beer Tax Contributions

TBS efficiencies keep consumer prices low while providing significant tax revenues to the Province of Ontario and the Federal Government. Before tax, Ontario has among the lowest beer prices in Canada, while also having among the highest tax rates on beer. TBS beer sales contributed almost \$1B in estimated government tax revenues in 2022.

Tax Examples by Price Point 2022

Fig. 10

	Retail Price	Federal Tax	Provincial Tax	Total Tax
24 - 341 ml Bottles - Domestic Specialty	\$45.96	10.6%	26.2%	36.8%
24 - 341 ml Bottles - Premium	\$41.30	11.3%	28.4%	39.7%
24 - 341 ml Bottles - Value	\$40.05	11.5%	29.0%	40.5%
24 - 341 ml Bottles - Ontario Craft	\$45.26	6.9%	17.4%	24.3%
24 - 330 ml Bottles - Import	\$57.94	9.2%	25.5%	34.7%
24 - 355 ml Cans (Average across categories)	\$47.57	10.7%	30.8%	41.5%

Federal & Provincial Beer Tax Rates 2022

Fig. 11

Federal Excise Tax	\$0.3482/litre ¹	
	Provincial Taxes / LCBO Mark-ups	
	Ontario Beer Manufacturer	Ontario Microbrewer
Draught Basic Tax	\$0.7245/litre	\$0.3596/litre
Packaged Basic Tax	\$0.8974/litre	\$0.3975/litre
Volume Levy	\$0.1760/litre	
Environmental Levy	\$0.0893/non-refillable container	
HST	13%	

¹Rates at December 31, 2022
¹This rate is the regular rate for more than 2.5% ABV.



Taxes Collected on TBS Beer Sales

Fig. 12

Estimated Government Revenues Associated with TBS Beer Sales (Millions)	2022
Provincial Commodity Taxes	\$546.4M
Federal Excise Taxes	\$149.6M
Goods and Service Tax (Federal portion of HST)	\$106.1M
Provincial Sales Tax (Provincial portion of HST)	\$169.8M
Total Government Beer Taxes Associated with TBS Sales	\$971.9M

Schedule C: BRI Rate Sheet

Effective January 1st, 2023

BASIC SERVICES	Packaged	Draught
Lower Tier Fees per hl *	\$60.60	\$50.51
Basic Service Fees per hl	\$62.60	\$52.51

ELECTED SERVICES				
LISTING ADMINISTRATION FEE	Base Fee +	Per store, Per SKU, First 233 stores	All other stores above 233	All "D" Stores
Packaged	\$3,635.61	\$290.86	\$68.36	\$683.52
Draught	\$7,271.22	\$581.67		
Non-Alcoholic	\$5,953.36	\$290.86	\$68.36	\$683.52
ACCOUNTS RECEIVABLE RECOVERY			\$0.64	per licensee hl only
TRANSFERS				
Emergency			\$27.78	per hl
Regular			\$22.98	per hl
DELIVERY SERVICE TO LCBO			\$22.98	per hl
DELIVERY SERVICE TO RETAIL PARTNERS			\$22.98	per hl
DELIVERY SERVICE TO GROCERY			\$22.98	per hl
EMPTY CONTAINER DISPOSAL				
Cans			\$4.66	per hl
ONE-WAY KEG RECYCLING FEE This charge applies to recyclable kegs such as the Eco-Keg.			\$8.85	per unit
VOUCHER ADMINISTRATION			5%	of retail value
EMPTY CONTAINER PURCHASE This charge applies to Industry Standard Bottles only that are sold through the LCBO and Grocery where the empty container is redeemed by BRI.			\$12.57	per hl
NON-STANDARD CONTAINERS Industry Standard Bottles and Kegs which do not require sorting or special handling are exempt from this charge.				
Bottles			\$0.0753	per unit
Draught			\$1.88	per unit
KEG REPAIR SURCHARGE			\$0.74	per usage
DIRECT DELIVERY KEG FEE			\$5.72	per hl
GROCERY ADMIN FEE This charge applies where TBS is is vendor of record and brewer delivers to grocery.			\$2.47	per hl

NOTE: HST OR EQUIVALENT WILL BE ADDED TO ALL FEES WHERE APPLICABLE

OTHER FEES

Other fees include (but are not limited to) Liability Insurance required by the government and special services which the Brewer may engage BRI to perform from time to time. Deposits for the use of BRI pooled assets (e.g. kegs and pallets) will be levied as appropriate. Deposits will be refunded as the assets are returned.

* Applicable to Brewers (inclusive of Affiliates) with worldwide production of less than 1,000,000 hl's per year on first 50,000 hl's of volume sold

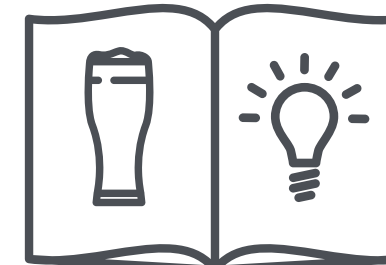
2022

Financial Statements



The Company is a party to a Master Framework Agreement (MFA) with the Province of Ontario dated September 22, 2015. Pursuant to the MFA, the Company entered into a shareholders' agreement dated January 1, 2016. Under the terms of the Shareholders Agreement, the Company operates on a self-sustaining, break-even cash flow basis. Due to differences in the timing of accounting revenue and expenses compared to net cash flows, the Company may report an operating loss for accounting purposes despite full funding of operating cash requirements. Any excess or shortfall of the Company's cash revenue versus cash costs is refunded or charged on a pro rata basis to all brewers that sell product through the Company. The Board of Directors of the Company determines the amount and timing of payments brewers are entitled to receive from or refund to the Company to maintain cash flow neutrality.

CLICK HERE TO READ



REPORT

THE BEER STORE

Phone

(905) 361 1005

1 800 387 1314

Fax

(905) 361 4289

Customer Contact Centre

1 888 948 2337

Website

thebeerstore.ca