



The Beer Store

Delivering Convenience to Ontarians

2023 Operations Report

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Message from the *President*

Greetings and welcome to The Beer Store's ("TBS") 2023 Annual Operation's Report. I am personally thrilled that this is my first Annual Operations Report as the new President & CEO. Joining the Beer Store back in April 2023 was an easy decision for me. I grew up in Ontario and The Beer Store served my family and friends with a wide variety of cold beer with great customer service. I cannot thank our amazing employees, brewers, and suppliers enough for a very warm welcome and their patience with my onboarding plan. The Beer Store the business had a reputation for being a collaborative, values-based organization that has dealt with constant change in our 96 year history. I have been impressed by the passion of our employees and the openness to change to best serve the province of Ontario.

There is a lot to be proud about in 2023. The numbers in the report are impressive with

- 2.9 Million hectoliters of beer sold. Supporting over 272 brewers, large & small with greater than 90% of beers brewed right here in Ontario.
- 1.6 Billion alcohol containers collected. More containers than we sell resulting in 201,689 tonnes of avoided greenhouse gas emissions (GHG)
- 1.5 million age & sobriety challenges. 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.

Our employees have a lot to be proud about. This is WHAT happened but what is equally important is HOW we do it. A key differentiator is our collaborative culture and our commitment to our Core Values of Respect, Health & Safety, Excellence, Customer Experience & Sustainability Leadership. We live these values every day and they guide our decisions.

After all, we have been serving the province for over 96 years and have consistently delivered beer to retailers & licensees, being world class at recycling and container return program and unwavering in our commitment to responsible sale. In 2023, we made 727,868 deliveries to over 20,000 customers while achieving a 97% full-year divisional fill rate. Fueled by our proprietary Beer for Business ordering platform which is conveniently open 24 hours a day & 7 days per week. This means is that that retailers & licensees get their beer order on time and full.

What has also impressed me is the accomplishments with several new initiatives. In 2023, TBS expanded our online ordering and delivery with 3rd party partners like Skip the Dishes, Uber Eats & Door Dash in over 95% of our store network. Making it even more convenient for customers to order and receive ice cold beer delivered directly to their homes. This has been facilitated by the completion of the roll out of our Retail point of Sale technology. In addition, we have been testing various instore concepts to improve the shopping experience with our Bolton Store redesign with the ambition to promote overall category growth. I encourage you to go take a look and enjoy.

We are proud to be part of the communities we operate in and are fortunate to have so many passionate employees who come together with our generous customers to raise hundreds of thousands of dollars for local charities and non-profits. In 2023 over \$2 million was raised for Ontario non-profit organizations.

Last but not least, many thanks to our Health and Safety Teams and our employees across Ontario for working hard to protect each other and our customers. 2023 marked one of the safest years for The Beer Store, with fewer lost time accidents and lost days. As we look forward to 2024, we thank Ontarians for their patronage, and we salute our thousands of hard-working employees for our continued success.

Cheers!



Roy Benin

PRESIDENT &
CHIEF EXECUTIVE OFFICER



2023

Executive Summary

2.9+
million hL
OF BEER DISTRIBUTED

26
POINTS OF DISTRIBUTION

536 trucks
241 TRAILERS, 279 POWER UNITS,
16 VANS

420
STORES OPERATING

272
BREWERS LISTED

1,107
BRANDS LISTED

30-40
minutes
AVERAGE DELIVERY TIME
OF COLD BEER

397
STORES WITH AT LEAST ONE
3RD PARTY DELIVERY CHANNEL

95%
OF COVERAGE IN ONTARIO THROUGH TBS
AND 3RD PARTY DELIVERY CHANNELS

8
DRIVE THRU LOCATIONS

1.6+
billion
CONTAINERS COLLECTED

200+ tonnes
OF MATERIALS COLLECTED

1.5+ million
AGE & SOBRIETY CHALLENGES

20k+
AGE & SOBRIETY REFUSALS

No one can do it like The Beer Store can

Our Distribution and Logistics Excellence is Second to None



For nearly a century, The Beer Store has set the benchmark in excellence in logistics, distribution efficiency, and quality of service. This is possible with a robust infrastructure that includes 26 points of distribution, which includes Distribution Centres, Cross Docks, and DCRs (Distribution Centre with Retail storefront) across Ontario. The network is supported by a fleet of 536 trucks, a team of over 1,400 Logistics Operations Employees who all share the responsibility of beer distribution in the province. Our dedication and commitment to excellence is among the many factors that make TBS Logistics a leader in the alcohol beverage distribution industry. With 2,919,304 hectoliters delivered to Ontarians in CY23 (equivalent to 35,673,894 cases of 24 bottles), TBS Logistics has rightfully earned its reputation as “second to none in logistics”.

Warehousing Powerhouse and Efficiency Redefined

TBS Distribution and Logistics' success is based on its strong warehouse and transportation capabilities. With an extensive network of warehouses strategically located across key serviceable areas and managed by a dedicated team, TBS warehousing is designed to accommodate a large volume of goods efficiently, securely and effectively. This includes receiving from all member brewers and ensuring order picking and assembly for deliveries to all customer types, including Licensees, LCBO, Groceries, Northern Agencies, Retail Partners and TBS locations.

TBS Logistics consistently raises the bar for operational efficiency, ensuring that every aspect of its operations, from real-time



inventory management through dashboards to routing optimization and load tracking, is designed to provide maximum efficiency and cost effectiveness. In 2023 we executed 727,868 deliveries in the province. We ensure timely and reliable transportation of beer to all customer types, aiming to support volume growth. In 2023, we achieved a 97% full-year divisional fill rate.

TBS Logistics' fleet network demonstrates the commitment to further efficiency. As leaders in the distribution of beer in the province, we operate on a self-sustaining basis at a low cost by handling reverse logistics to distribute beer and collect empty containers, minimizing the number of empty trucks on the road.

Through its expansive footprint, TBS's Distribution and Logistics division provide seamless distribution across the province while supporting our collection and recycling system - getting beer to Ontarians more cost effective, faster and in the most environmentally responsible way possible.

Here to Serve our Brewer Partners

We are committed to serving our brewer partners by assisting with organic growth and direct delivery volume to our client list of more than 20,000 customers across Ontario. Thanks to our efficient real-time dashboard, we can manage inventory and monitor the availability of goods at all times, ensuring a high rate of fulfillment. We continue to improve our world-class distribution network and provide service opportunities for all brewers.



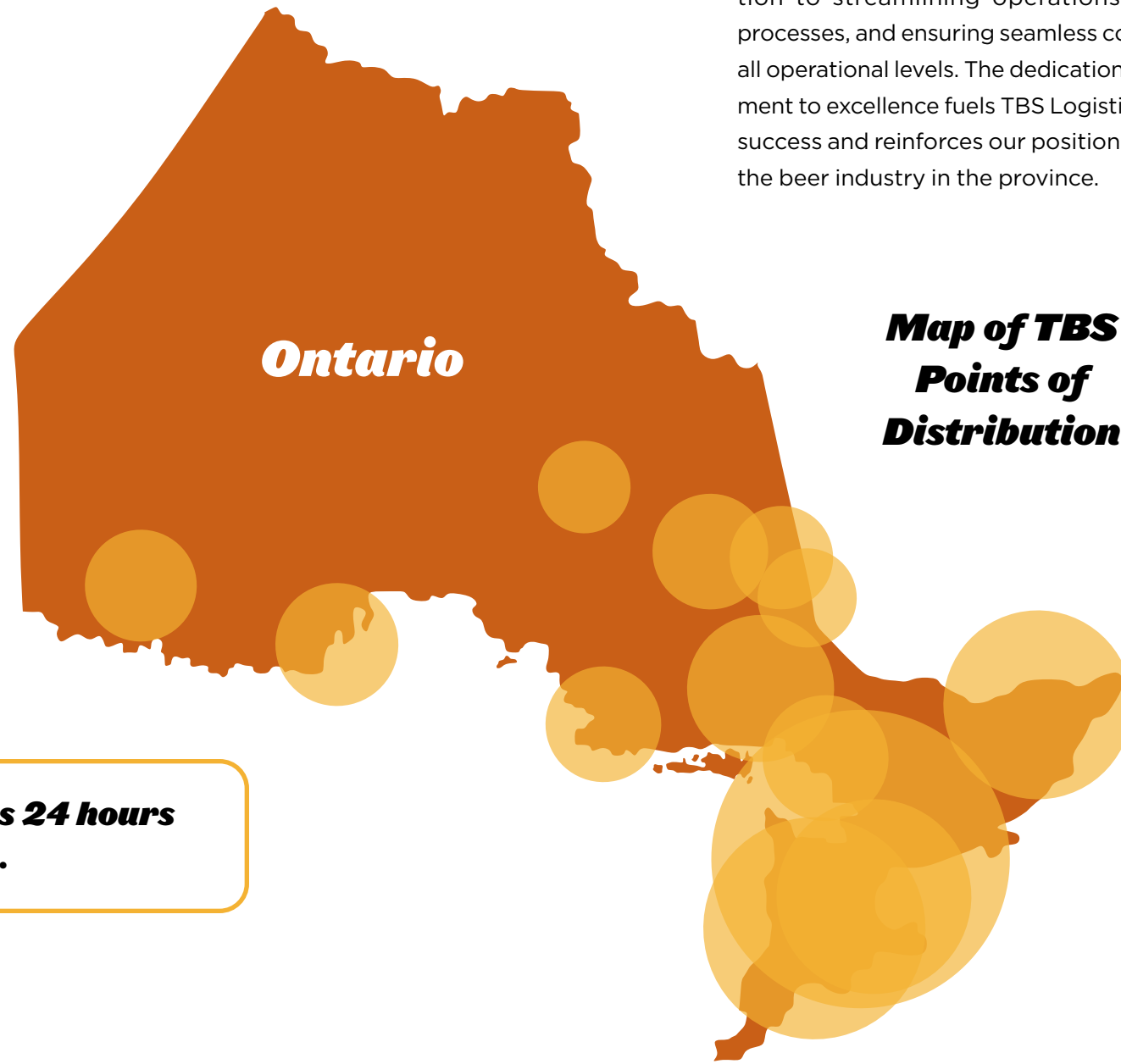
Beer for Business

At TBS, we understand the importance of convenience for Ontarians. 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. With over 20,000 services registered in B4B, The Beer Store stands as Ontario's largest B2B provider of beer and empty returns pick-up. This extensive network ensures that orders are fulfilled promptly and efficiently.

As valued customers of B4B, all Licensees, Retail Partners, Empty Bottle Depots and Liquor Convenience Outlets registered can place an order at their convenience 24 hours a day, 7 days a week. Customers can expect their order to arrive on time, at the right location, and in good condition. Also, customers have the option of creating and managing customized favourite lists, uploading orders, placing self-pickup orders, and placing return orders only. Account balances and credit limits are available as well as the ability to download and print order confirmations, invoices and statements using B4B. By leveraging the extensive B4B network, The Beer Store is enhancing the convenience of Ontarians while also making a tangible contribution to services within local communities. Through excellence, efficient distribution and reliable service, we are proud to provide support to services across the province.

Beer For Business Customers	
Licensees	18,317
Liquor Convenience Outlets	300
Empty Bottle Dealers	237
Government Customers	
LCBO	696
Grocery*	452
Northern Convenience Outlets	90

*Grocery customers place orders through LCBO, which is government-regulated. These orders are then processed through TBS system.



Business customers can place orders 24 hours a day, 7 days a week from anywhere.

Workforce Excellence

At the heart, TBS Distribution and Logistics' operational success is driven by its exceptional workforce. With a team of diverse and skilled individuals trained in all aspects of logistics management, our Logistics' employees serve as the company's cornerstone, demonstrating over 99% accuracy in picking and delivering customers' orders. Furthermore, TBS Logistics' employees play a key role in sorting empty containers for the Ontario Deposit Return Program, as well as kegs and industry standard bottles (ISBs).

We are proud of our 1,400+ employees, who contribute their collective expertise and dedication to streamlining operations, optimizing processes, and ensuring seamless coordination at all operational levels. The dedication and commitment to excellence fuels TBS Logistics' continued success and reinforces our position as a leader in the beer industry in the province.

There are three key aspects that contribute to The Beer Store's success and position as one of the leaders in the industry: our people, a world-class distribution and logistics network, and realtime technology.

Fast Facts

- **Over 727,868 orders** delivered across Ontario, equivalent to **2.9+ million hectolitres**
- Full province coverage with **26 points of distribution around the province**
- Customer satisfaction **NPS Score of 39 in 2023 (+6 points vs 2022)**



Digital & eCommerce

Ontario's largest online alcohol retailer & growing

We are Ontario's largest online alcohol retailer, making ordering beer fast, easy, and convenient. With multiple online ordering options, The Beer Store offers customers the convenience of ordering beer directly from their desktop or mobile device, picking up their beer at participating locations, or having it delivered to their homes.

Over 95% of TBS's network supports digital & eCommerce, enabling in-store pick up and/or beer delivery throughout the province

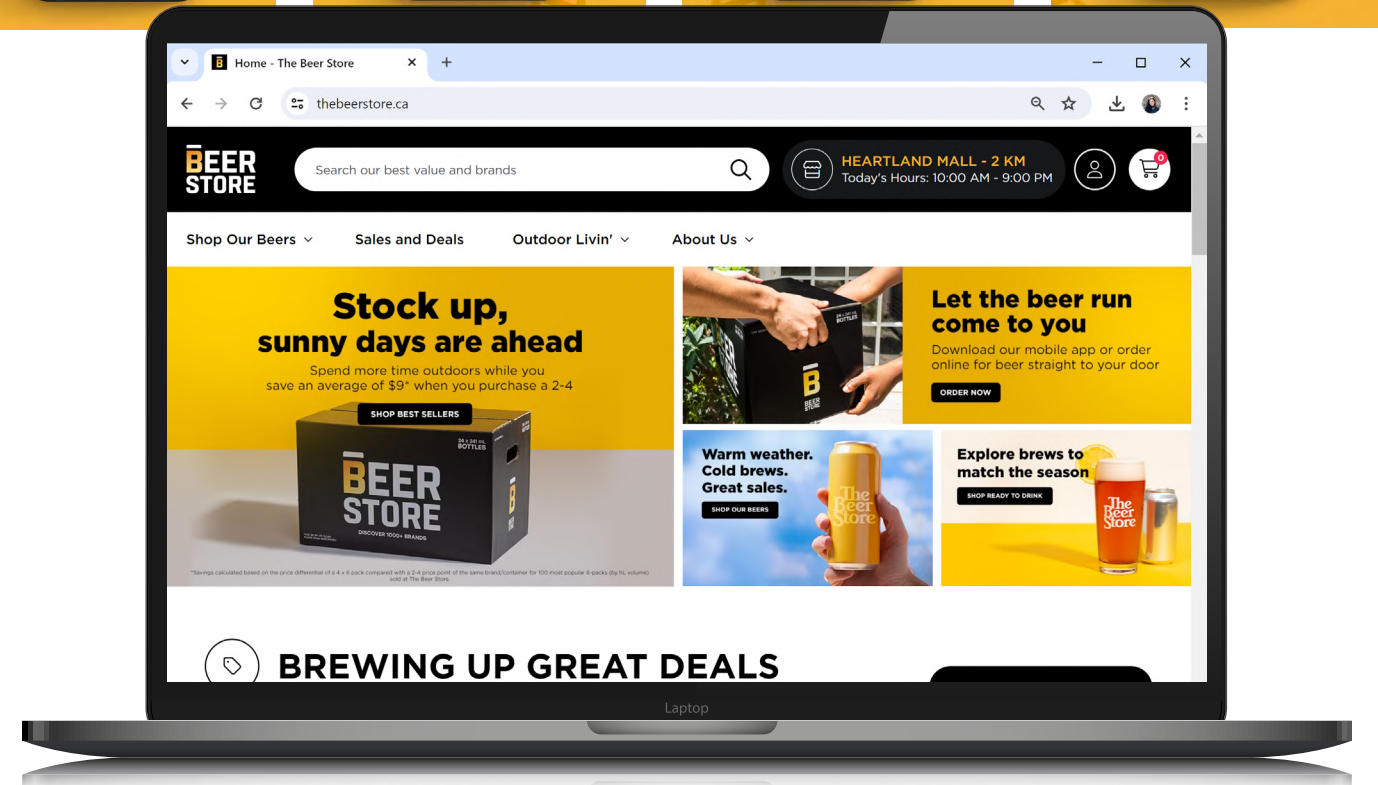
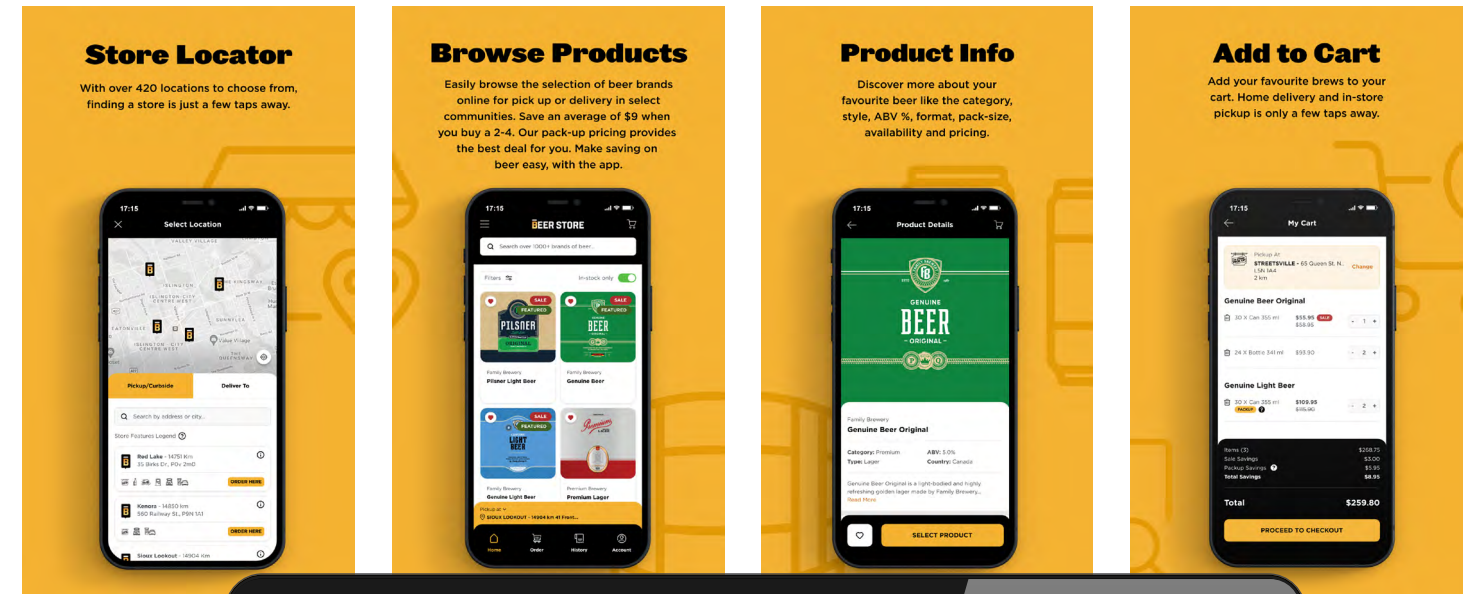
Our eCommerce performance and success have been made possible by:

- New Mobile App Launch, resulting in 49K downloads with an average order value increase of 12.80%.
- In 2023 we expanded our 3rd party partnership platform increasing presence on more marketplace channels. We expanded with our new partners Uber Eats, Instacart and Door Dash. Over 397 stores, or 95% of the network, had at least one third party home delivery program in 2023. Ontarians within the home delivery footprint could place an order for cold beer with delivery between 30 and 40 minutes. With an average of 15K orders every week, this number continues to climb.



To continue with growth on eCommerce platforms, developments include:

- Redesign to TheBeerStore.ca to make shopping for beer easier than ever
- Further expand home delivery service areas
- Continuous enhancement of the mobile app by integrating occasions and making it easier for customers to shop sales, deals, and place orders



Retail & Marketing



Retail is where we are able to make meaningful connections with Ontarians across the province. At The Beer Store, our goal is to provide consumers with excellent value through great deals, exclusive offers, and ease of shopping in store or online.

Bolton Pilot Experience, Store 2007

In 2023, we focused intently on principles to grow the beer category in Ontario. Category growth principles became our blueprint to enhance the shopper experience, attract new customers and drive growth. In September 2023, The Beer Store transformed the Bolton store, located at 150 McEwen Drive. Here are a few changes we made to make the beer category easier for customers to shop:

1. Bold communication of savings message:
 - Championing a value message at the exterior of the store
 - Displays articulating savings associated with different pack sizes
 - Simplified templates on our digital price tickets.
2. Improved wayfinding and stronger navigation of brands (and beer style/type):



- Digitized floor map to showcase categories within store
- Brand pylons to easily mark brand destination of top volume listings

3. Improved opportunity for impulse purchases with more moments display spaces and low-profile racking
4. Occasion-based marketing unlocked through brewer merchandising and brand promotion

The transformation provides shoppers with a lighter, brighter and more inviting experience. Integration of digital screens modernizes the journey. Brands are grouped together making your favourite brand easy to find, whether that's in cans, bottles, 2-4 packs or singles. With the introduction of impulse displays, customers can get inspired to try something new when passing new fixtures and displays

This pilot initiative at one retail store has afforded the business a testing environment, allowing us to trial new executions, presentation techniques, new ways of displaying promotions, all with a goal of enhancing the shopper experience.



Guelph Store Opening

In 2023, we were thrilled to open a new location in the Guelph community at 710 Woolwich St., Guelph. To celebrate the new store, we held a grand opening event welcoming customers to see the new store. Brewers got involved by elevating the event with sampling and giveaways.

- Molson Coors brought along the Pilsner Bunny Mascot, who greeted shoppers and encouraged them to spin to win a Pilsner-branded prize. Pilsner 30 pack cans were featured in an on-pack promotion during this time period.
- Labatt promoted their Bud Light brand by giving away branded wearables and promoting their product.
- Sleeman gave consumers a chance to learn more about Pabst Blue Ribbon brand, and hosted the 'Fo' Cheezu' Food Truck so customers could enjoy food at the event.
- With an exciting and engaging Landshark activation that included shark fin hats as giveaways, playing cornhole, and an in-store mini-brand installation, Waterloo Brewing introduced shoppers in the Guelph area to the 'vacation state of mind' wherever they are.



Brewer Programing

A primary focus at The Beer Store is being the best partner for our brewers. We want to understand our brewer partners and their business objectives and so in 2023 we collaborated closely with brewers via Joint Business Planning (JBP) sessions. These JBP meetings are a staple within the calendar year to help bring together industry and retail to grow the beer category. By joining forces and working together, we win together. In 2023, we explored key strategic initiatives including partnerships, innovative installations, taproom experiences, flyers and deals and hosting events to create meaningful experiences for our customers. These collaborative sessions helped tailor the framework for The Beer Store's Brewer Promotional & Advertising Opportunities Package.

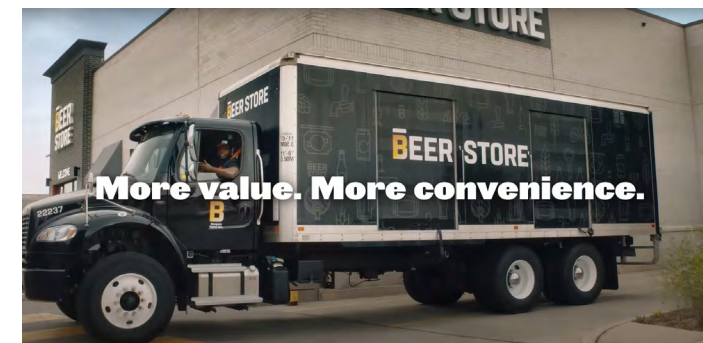
The 2024 package released in Q4 2023, included:

- Introduction of expanded omni channel opportunities
- Digital bundle options according to brand communication objectives
- Unlocking moments and occasions
- Introduction of external advertising opportunities, new retail opportunities and digital evolution
- New tap-room experience with a turn-key service offering



Marketing Summer Campaign

By celebrating our connections to communities throughout the province, we reinforced our value messaging last summer and bolstered our position as the best source for beer in Ontario. Several of the province's most unique towns were highlighted in the campaign titled 'The Best Value for Beer is Always Near'. Multiple static and video placements across a variety of platforms were used as part of this multichannel campaign.



CFL Sponsorship

Last fall, we celebrated an exciting collaboration between The Beer Store and the Canadian Football League (CFL).

This partnership allowed us to proudly stand as one of the CFL's sponsors for the 110th Grey Cup. The Beer Store emphasized the idea of 'Making Every Seat the Best Seat', ensuring that every seat felt like the best seat, including those at home. Throughout a regional contest offering upgrades to home viewing experiences or being able to win a whole in-stadium experience, we Our on-site activation featuring our 'case curling', which was transformed into a football-themed challenge for the occasion engaged attendees and offered them the chance to win exclusive merch to upgrade their experience during the game. Prior to the Grey Cup, Out of Home signage was strategically placed throughout the Hamilton region, while one of our stores in Hamilton proudly hosted the Grey Cup trophy giving fans the opportunity to see and take photos with the cup firsthand.

'Making Every Seat The Best Seat' proved to be an absolute touchdown in engaging beer enthusiasts and bringing them together for a celebration, while raising awareness and consideration for TBS.

Responsible Sale

We at The Beer Store are deeply committed to promoting responsible sales practices for Ontarians.

A key component of Responsible Sales is the identification checks we conduct through our 'WE ID' program, where staff requests identification from customers who appear to be 30 years of age and younger, as well as the refusal of service to individuals with any signs of potential intoxication. Upon hiring, all Beer Store employees undergo comprehensive training and retraining on Responsible Sales practices, emphasizing the importance of refusing service to underage Ontarian individuals to ensure the safety of our communities and staff.

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, 2023 – December 31st, 2023

	Jan - Dec 2023
# Age Challenges	1,522,940
% Customers, Age Challenges	3.29%
# Age Refusals	18,995
% Customers, Age Refusals	0.04%
# Sobriety Challenges	5,313
% Customers, Sobriety Challenges	0.01%
# Sobriety Refusals	3,424
% Customers, Sobriety Refusals	0.01%
# Refusals/Transaction	0.05%
Home Consumer Customer Count	46,271,424



“After three years of unusual times, 2023 was “back to normal” for our organization. We had great support from The Beer Store all along which allowed us to stay strong and function well during the pandemic era.

We hosted our 35th arrive alive DRIVE SOBER campaign and as part of it, we produced a remake of our “Do The Right Thing” Public Service Announcement (PSA) which was our signature PSA in 2008.

We continued to receive exceptional support for our PSAs from broadcasters (\$29 million+ in airtime annually) for which we are very grateful. In the fall, we hosted our annual conference in Guelph and worked closely with partners, local police and public health colleagues. We were pleased to have The Beer Store support over the Christmas Holidays with CP24 ad boxes for the season. Arrive alive DRIVE SOBER was also able to partner on Holiday RIDE sharing 50,000 RIDE cards with more than 30 police services across the province. We also rewarded participants through our social media giveaways which included themed gifts encouraging responsible hosting strategies.

Arrive alive DRIVE SOBER remains very appreciative of the support we receive from The Beer Store. Just as importantly, we are proud and grateful for their integrity and commitment to the safe and responsible retail of alcohol in Ontario. Ontario’s road safety record by jurisdiction is again the safest in North America and among the safest in the world.”

PETE WYTKA, Executive Director,
arrive alive DRIVE SOBER

Environmental Leadership

The Beer Store is one of Ontario’s greenest retailers, taking back everything it sells and then some

With nearly a century of commitment to sustainability, and thanks to our recycling and collection system, The Beer Store has played a key role in communities across Ontario. In collaboration with brewers, commodity buyers, and beer lovers, we ensure that our operations and retail distribution network uphold the highest standards of sustainability. We do this by promoting reverse logistics so that the environmental footprint of transportation is reduced and materials can be put back into the circular economy. Our world class recycling and container return program has demonstrated its success year after year. We continue to take back more than we sell through our container return program and the Ontario Deposit Return Program. 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. As a result, approximately 1.7 billion containers are returned each year, resulting in 201,689 tonnes of avoided greenhouse gas emissions (GHG) in 2023 alone. At TBS, sustainability isn’t just a goal—it’s a core value ingrained in every facet of our operations. By championing responsible environmental practices and encouraging community involvement, we continue to make a significant and positive impact on the environment and the communities we serve.

2023 Results at a Glance

Summary Results	The Beer Store Containers	Ontario Deposit Return Program Containers
Empty Containers Collected	1,218,656,731 ✓	448,811,772
Recovery Rate (%)	79% ✓	75%
Glass Bottle Reuse by Brewers (Tonnes)	59,512	—
Weight of Material Recycled in 2023 (Tonnes)	57,399	87,904
Coloured Glass	17,808	50,779
Clear Glass	13,655	32,539
Metal (Aluminum & Steel Cans)	13,239	3,728
Corrugated Cardboard & Boxboard	11,631	—
PET Products	—	858
Mixed Plastic	1,066	—
Total Tonnes of Containers and Packaging Collected for Reuse or Recycling¹	116,912	87,904

¹ Total figures may not add up due to rounding



Table 1

The Beer Store Container Sales and Recovery by Container Type

January 1st, 2023 – December 31st, 2023

Container Type	The Beer Store Sales (units)	LCBO Sales (units)	Returns (units)	System Recovery Rate (2023)	System Recovery Rate (2022)
All Glass Bottles (Refillable and Non-Refillable)	321,920,187	71,507,604	347,523,652	88%	89%
Refillable Bottles (ISB and Non-Standard)	229,859,304	20,629,830	244,261,024	98%	96%
Non-Refillable Bottles	92,060,883	50,877,774	103,262,628	72%	72%
Metal Cans	724,138,135	417,811,806	870,039,795	76%	75%
Kegs ⁴	1,002,729	—	1,093,284	109%	101%
Total (by Units)	1,047,061,051 ✓	489,319,410 ✓	1,218,656,731 ✓	79% ✓	79%



Ontario Deposit Return Program Results

Over the past 15 years, we have taken in more than we have sold through the Ontario Deposit Return Program (ODRP). The ODRP requires all beverage alcohol containers not part of TBS' return system to be sold with a 10-cent or 20-cent deposit that is fully refundable when returned through TBS' return network. The program covers all wine, spirit, and cooler containers over 100 ml sold at LCBO stores and Ontario winery retail outlets, as well as beer containers over 100 ml sold outside of The Beer Store system, including secondary packaging (tetra, bag in box, and case containers).

Table 2

ODRP Containers: Sales & Recovery

January 1st, 2023 – December 31st, 2023

Container Type	Sales in Units ¹		Returns in Units		Recovery Rate					
	Small Containers	Large Containers	Small Containers	Large Containers	Small Containers (2023)	Small Containers (2022)	Large Containers (2023)	Large Containers (2022)	Combined (2023)	Combined (2022)
Glass	40,237,478	193,157,940	32,948,685	153,107,078	82%	80%	79%	79%	80%	79%
PET	20,128,035	10,496,398	7,052,517	5,804,751	35%	37%	55%	59%	42%	45%
Tetra/BIB	795,370	12,103,099	274,044	3,120,144	34%	34%	26%	28%	26%	28%
Subtotal	61,160,883	215,757,438	40,275,246	162,031,973	66%	66%	75%	75%	73%	73%
Cans	323,543,661		246,504,553						76%	75%
Grand Total	600,461,982		448,811,772						74.7%	74.3%

¹ Domestic distillery container sales reporting no longer submitted to the LCBO.

Fast Facts

- **Over 2 million** Avoided Energy Consumption (GJ) across all materials
- **Over 200k** Avoided GHG Emissions (MTCO2E) across all materials

Combined Environmental Performance Results

The following table demonstrates the avoided GHG emissions and energy consumption as a result of the containers being 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 (2023)

January 1st, 2023 – December 31st, 2023

	Glass Reuse	Clear Glass Bottle Recycling	Coloured Glass Bottle Recycling	Aluminum Recycling	Steel Recycling	PET Recycling	Mixed Plastic Recycling*	Total Diversion
The Beer Store Tonnes Diverted	59,512	13,655	17,808	13,158	81	0	1,066	105,280
ODRP Tonnes Diverted	0	32,539	50,779	3,728	0	858	-	87,904
TOTAL Tonnes Diverted	59,512	46,193	68,587	16,886	81	858	1,066	193,184
Avoided GHG Emissions (MTCO2E)	22,615	5,081	3,772	163,120	97	3,124	3,879	201,689
Avoided Energy Consumption (GJ)	404,685	77,605	74,760	1,475,172	1,025	73,225	90,920	2,197,391

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.

Source for emissions equivalency: EPA Greenhouse Gas Equivalencies Calculator, January 2024.



Community Involvement

Proud to be part of the communities we operate in and grateful to be able to give back.

In partnership with Ontario charities and organizations, TBS contributes to the progress of research, provides support in communities, and raises awareness and funds for worthy causes. Customers across Ontario continue to generously donate their time, money and empty container deposits in order to help make a difference. Thanks to all supporters who wish to make a difference in their community.



Leukemia & Lymphoma Society of Canada

The Leukemia and Lymphoma Society of Canada ("LLSC") is Canada's largest registered charitable health organization dedicated to aiding the blood cancer community. The LLSC continues to be the charity of choice for TBS and its valued union partner, UFCW 12R24, which represents TBS' hourly employees. TBS supports the LLSC through fundraising events throughout the year and an annual bottle drive that has been conducted since 2006. To date, we have raised over \$23 million in support of the LLSC's important mission.

Fundraising for Local Hospitals and Foodbanks

For years, TBS has held dedicated fundraising efforts to support local hospitals and foodbanks in creating healthier communities and providing the necessary services to those most in need.

Rainbow Railroad

Rainbow Railroad is a global organization that helps 2SLGTQIA+ people who have been oppressed and violently treated in their home countries. Founded in 2006, Rainbow Railroad has assisted almost 10,000 2SLGBTQIA+ individuals with relocation, crisis response and cash assistance. Funds from the donations will enhance the safety of 2SLGBTQIA+ individuals.

Gord Downie & Chanie Wenjack Fund

During the month of October, our retail stores across Ontario collected donations for the Gord Downie & Chanie Wenjack Fund. As part of its mission, this fund seeks to promote cultural understanding and reconciliation between Indigenous and non-Indigenous Canadians. By building awareness, education, and connections between all Canadians, they aim to improve the lives of Indigenous peoples.

Ontario Shores

Our January fundraising partnership with Ontario Shores Center for Mental Health Sciences ("Ontario Shores") raised money for mental health sciences. An Ontario Shores teaching hospital provides assessment and treatment services for people living with complex and serious mental illness. Exemplary patient care is delivered through safe and evidence-based approaches where successful outcomes are achieved using best clinical practices and the latest advances in research.

Regional Fundraising

Every year, in the late summer and early fall, we participate in a regional fundraising campaign across the province. With this initiative, we raise monetary and empty donations for six charities that provide valuable support and resources to their communities.

BlackNorth Initiative and Black Mental Health Canada

From January 30th - February 27th, donations were collected in TBS stores to be shared between both BlackNorth Initiative and Black Mental Health Canada. Black Mental Health Canada provides culturally safe, accessible and affordable Mental Health Care to diverse Black communities in Canada. The BlackNorth Initiative is on a mission to end anti-Black systemic racism throughout all aspects of our lives by utilizing a business- first mindset and are committed to the removal of anti-Black systemic barriers negatively affecting the lives of Black Canadians.

● **TBS raised over \$2 million** across all charities in 2023

Charitable Organization(s)	Timeline	Total Donations
Ontario Shores	January 23 rd - January 29 th	\$13,374
BlackNorth Initiative and Black Mental Health Canada	January 30 th - February 26 th	\$66,922
Rainbow Railroad	June 1 st - June 25 th	\$88,775
Fundraising for Local Hospitals and Foodbanks	July 3 rd to August 27 th	\$278,056
Regional Fundraising:		
<ul style="list-style-type: none"> DEBRA (Dystrophic Epidermolysis Bullosa Research Association) Habitat for Humanity Juravinski Cancer Centre Niagara's Rankin Cancer Run Roger Neilson House Terry Fox Foundation 	August 28 th - September 24 th	\$140,474
Gord Downie & Chanie Wenjack Fund	October 9 th - October 15 th	\$44,260
Down Syndrome Association	October 9 th - October 15 th	\$24,527
International Day for the Elimination of Violence Against Women: Beedigen Women's Crisis Home, Interval House Hamilton, and Holiday Helpers.	November 20 th - December 3 rd	\$35,381
The Leukemia and Lymphoma Society of Canada	Throughout 2023	\$1,322,230
		\$2,013,999





We have experienced a 21% reduction in lost time accidents over the past four years.

Health & Safety

A leader in Ontario for Health & Safety

Our dedication and commitment to Health & Safety excellence is not just a goal but a relentless pursuit, demonstrated by our ongoing evaluation and goal of improvement of our Health & Safety Management System. We recognize that The Beer Store's system not only positively impacts our staff, but also supports the well-being of Ontarians across the province by providing a safe and enjoyable environment. Through engagement and effective communication with all key stakeholders, we tirelessly explore methods of improvement.

As a team, we work collaboratively across all our locations to enhance the organization and reduce risks. Input from salaried leaders, Joint Health and Safety Committee members, workplace inspections, comprehensive accident reporting, and involvement from our Provincial Joint Health and Safety Committee members continues to bring tangible benefits. The consistent support from all Senior Leaders fosters confidence in employees that safety is a key aspect of doing business. Our

safety performance continues to improve. With everyone's assistance and input we have experienced a 21% reduction in lost time accidents over the past four years. A truly remarkable achievement and confirmation of the commitment we all exhibit to safety.

The Beer Store Health & Safety strategy is not only intended to safeguard our staff. It serves as a pledge to cultivate a work environment that is inclusive, respectful, and free from discrimination and violence. It underscores our relentless pursuit of creating a culture where every individual feels valued and protected.

We will continue to demonstrate our unwavering desire to keep health and safety a visible and significant Core Value. We recognize that a robust safety strategy promotes a safe workplace, for the betterment of everyone! We invite everyone to join us as we continue to raise awareness around Health & Safety and embrace opportunities to continuously improve as we strive for excellence.

Human Resources

Diversity, Equity, Inclusion & Belonging

As we reflect on our journey through 2023, it is with immense pride that we share the strides made in our Diversity, Equity, Inclusion, and Belonging (DEIB) initiatives. At The Beer Store, embedding these values into every facet of our operations isn't just a commitment; it's a defining element of who we are.

Join us as we navigate through the highlights of our DEIB journey in 2023, a year that has been instrumental in reinforcing our resolve to make TBS a beacon of inclusion and equity. Together, we are building a legacy that future generations will look back on with pride, knowing that their paths were paved with the principles of diversity, equity, inclusion, and belonging.

Voluntary Self-ID Demographic Survey Results:

- Indigenous persons: 5%
- Racialized persons: 21%
- Persons with disabilities: 14%
- 2SLGBTQIA+ persons: 14%
- Women & non-binary, gender diverse persons: 50%

**Comprehensive figures may vary as participation in the survey was voluntary.*

Pride Parade Participation:

- Marched in the Toronto Pride Parade, Ottawa Capital Pride Parade, and participated at the Hamilton Pride at the Pier.

Inclusion Awareness Sessions:

- Conducted over 80 sessions, training leaders on allyship and DEIB foundations through real case studies in small group discussions.

Employee Resource Groups (ERGs):

- Witnessed a growth of approximately 135% in new memberships across our 4 company-wide ERGs: B Mindful, Women's Initiative Network, B Proud and Black, Indigenous, & People of Colour.

Pride at Work Canada Workplace Audit:

- Completed our first audit. Recognized for achievements and identified areas for improvement, notably praised for our Trans Inclusion Policy and ERG involvement.

DEIB Events:

- Hosted a variety of events including Let's Talk Day, International Women's Day (IWD) speakers panel, Fireside Chat with Rainbow Railroad, Sponsored ChutneyFest, The DEIB Championship Workshop, Lean-in with Win, and HoliGAY Trivia Night.



Learning & Development



High Potential Program

In 2023, we conducted two groups of the retail High Potential Program: Group 1 from April to July with 17 participants completing the program, and Group 2 from October 2023 to March 2024 with 19 participants completing it.

The program is a self-selection process, where candidates choose to apply to their direct store manager along with completing an application to be considered. Both sessions combined, we had a total of 36 individuals successfully complete the program.

Store Manager Training

For 2023, we enhanced our manager training program and incorporated increased in-person workshops, continuing with an overall hybrid model of in person

and virtual training. In 2023, 29 new store managers graduated the program and joined the retail team. We also brought in managers who were hired throughout the pandemic, where we had virtual sessions only, for an in-person workshop on core operational skills. Of the 45 managers hired throughout 2020-2021, we had 27 attend this session in person.

Retail Online Application Tool

In April of 2023 we launched our updated Retail Online Application tool across all districts. These updates include mobile functionality, allowing candidates to apply quickly with a simple application process and an updated dashboard for managers to view, organize, and contact candidates. Since launch, we've received over 13,000 retail applications.

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 2023, The Beer Store listed 1,107 brands from across the globe and listed 272 brewers.

	2023	% of Sales
Ontario Based Brewers	178	94%
Out of Province Brewers	5	6%
Import Brewers	89	
Total Brewers	272	
Small Ontario Brewers*	173	
Brewery Countries of Origin	26	

*Refers to Ontario Brewers whose annual production is less than 400,000hl

Fig. 2

2023 Brewer Segments

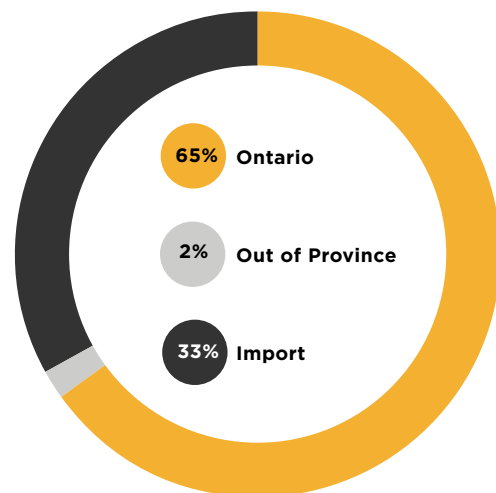
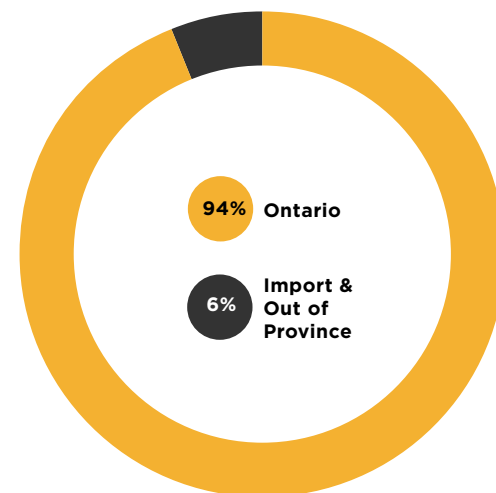


Fig. 3

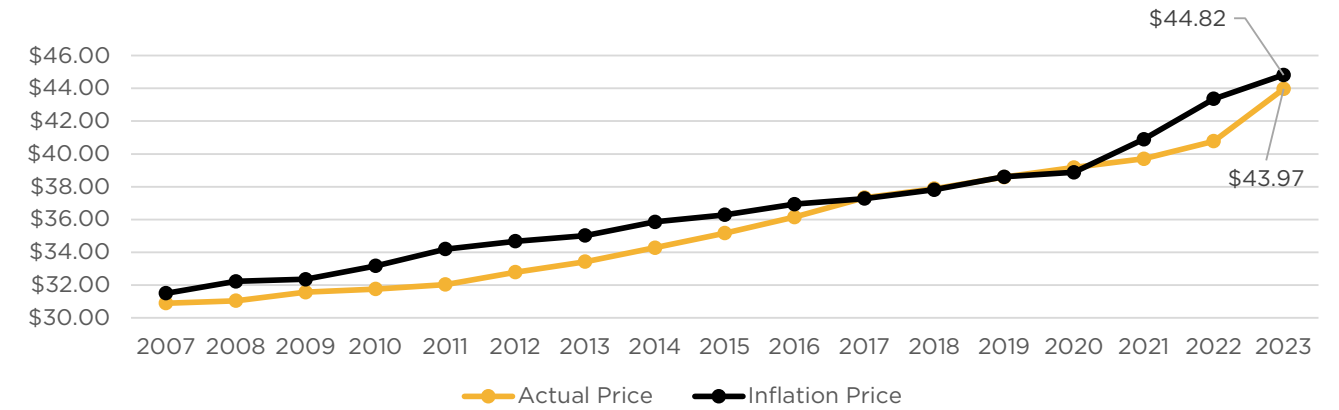
2023 Sales by Brewer



II. SALES BY VALUE AND BEER PRICES

Fig. 4

Average Beer Store Consumer Price Converted to Case Equivalent



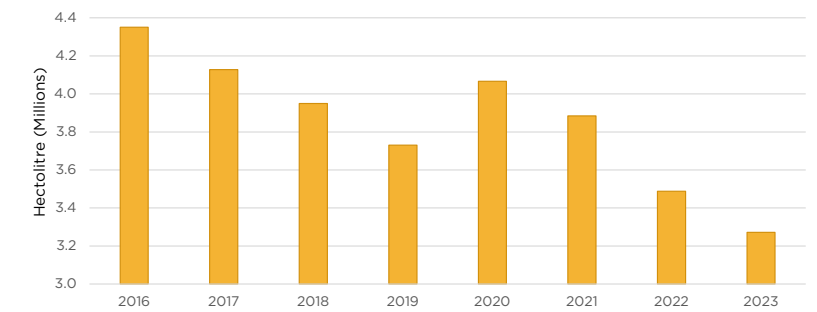
Actual price vs CPI adjusted price of a case.

Fig. 5

III. BEER STORE SALES BY CHANNEL

The Beer Store operates as a retail and B2B business. TBS operates 420 stores (as of December 2023) in an Ontario alcohol beverage system that includes over 2,300 outlets where beer can be purchased.

Beer Store Home Consumer Retail Sales Volume



Ontario Retail Beer Outlets

	2023	2022	2021
Beer Stores	420	424	424
TBS Mobile Trailers	2	2	2
LCBO Stores	685	680	677
LCO/Retail Partner/Agency	389	394	399
On-Site Brewery Stores	373	367	355
Grocery Stores	449	450	450
TOTAL	2,321	2,317	2,307

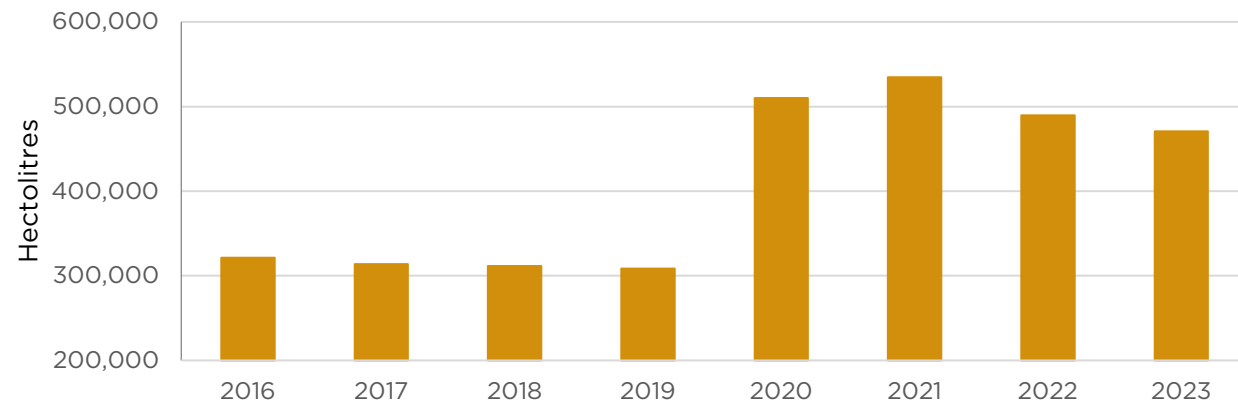
Beer Store Volume Sales

	2023	2022	2021
Home Consumer	53.66%	55.55%	60.97%
Licensee	13.86%	12.43%	7.09%
LCBO	17.63%	17.15%	16.85%
LCO/Retail Partner/Agency	7.72%	7.80%	8.39%
Grocery Stores	6.73%	6.70%	6.64%
Other	0.41%	0.38%	0.06%

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).

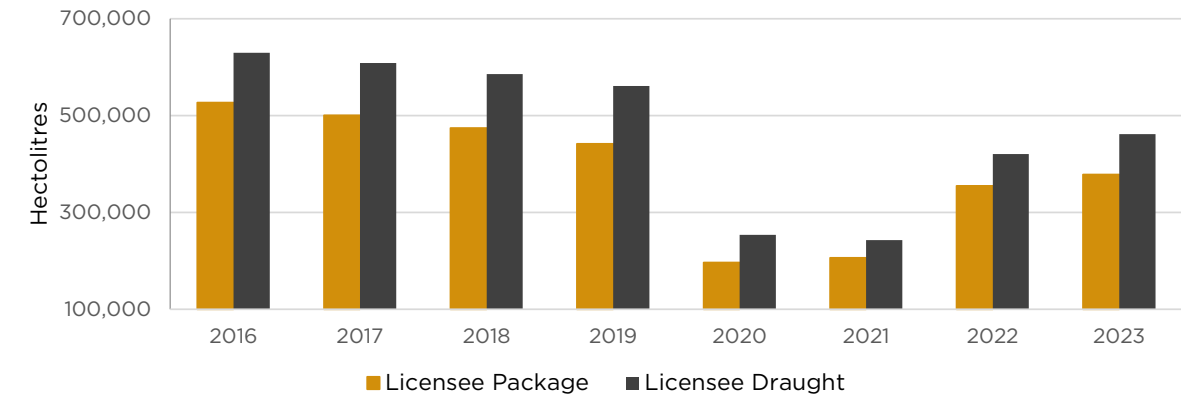
Beer Store Retail Partner/Agency/LCBO Convenience Outlet Sales Fig. 6



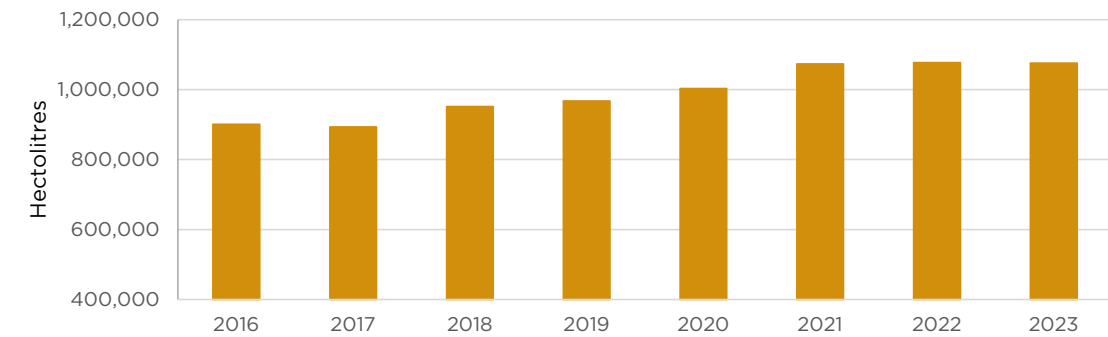
Beer Store Business to Business Volume Sales Trends

- Overall Wholesale Sales in 2023 increased by **33,666 hl** or **1.2%**
- Licensee Sales increased by **64,273 hl** or **8.2%**
- Licensee Packaged Beer Sales increased by **23,359 hl** or **6.6%**
- Licensee Draught Beer Sales increased by **40,827 hl** or **9.7%**
- LCBO Sales increased by **1,577 hl** or **0.1%**
- Retail Partner/Agency/LCO Sales declined by **18,856 hl** or **3.9%**
- Deliveries to Grocery Stores declined by **10,174 hl** or **2.4%**

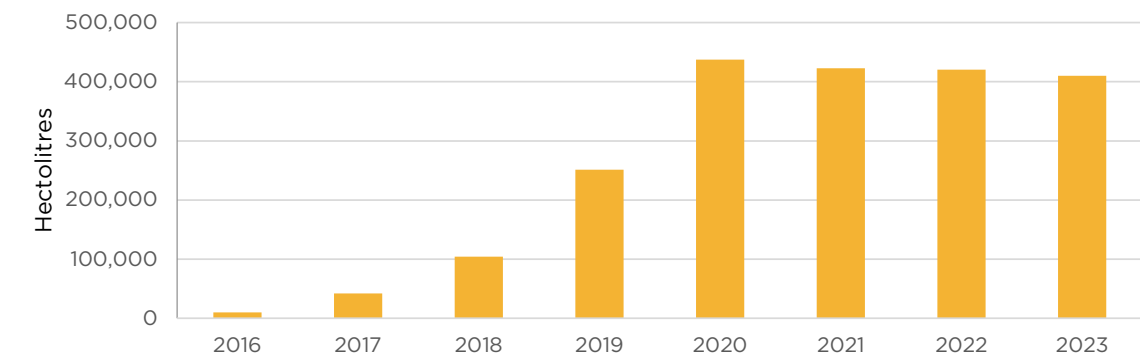
Beer Store Licensee Sales Fig. 7



Beer Store LCBO Sales Fig. 8



Beer Store Grocery Sales Fig. 9



Beer Tax Contributions

The Beer Store emerges as a pivotal player in Ontario’s fast-paced economic landscape with a commitment to efficiency by keeping consumer prices low while providing significant revenue to the Province of Ontario and the Federal Government. Before tax, The Beer Store ensures that Ontarians enjoy some of the lowest beer prices in the country, while the province is also subject to some of the highest beer taxes in the country. The Beer Store sales contributed almost \$1B in estimated government tax revenues in 2023.

Tax Examples by Price Point 2023

Fig. 10

	Retail Price	Federal Tax	Provincial Tax	Total Tax
24 - 341 ml Bottles - Domestic Specialty	\$46.78	10.6%	25.9%	36.5%
24 - 341 ml Bottles - Premium	\$41.91	11.4%	28.0%	39.4%
24 - 341 ml Bottles - Value	\$40.55	11.6%	28.7%	40.3%
24 - 341 ml Bottles - Ontario Craft	\$45.99	7.0%	17.3%	24.3%
24 - 330 ml Bottles - Import	\$62.24	8.9%	24.2%	33.1%
24 - 355 ml Cans (Average across categories)	\$48.62	10.6%	30.3%	40.9%

Federal & Provincial Beer Tax Rates 2023

Fig. 11

Federal Excise Tax	\$0.3552/litre (>75,000 HL, >2.5% ABV) ¹	
	Ontario Beer Taxes	
	Ontario Beer Manufacturer (\$/L)	Ontario Microbrewer (\$/L)
Draught Basic Tax	\$0.7245	\$0.3596
Packaged Basic Tax	\$0.8974	\$0.3975
Volume Levy	\$0.1760/litre	
Environmental Levy	\$0.0893/non-refillable container	
HST	13%	

¹Rates at December 31, 2023
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)	2023
Provincial Commodity Taxes	\$535.7M
Federal Excise Taxes	\$151.6M
Goods and Service Tax (Federal portion of HST)	\$107.2M
Provincial Sales Tax (Provincial portion of HST)	\$171.5M
Total Government Beer Taxes Associated with TBS Sales	\$966.0M

Schedule C: BRI Rate Sheet

Effective January 1st, 2024

BASIC SERVICES	Packaged	Draught
Lower Tier Fees per hl *	\$65.95	\$54.96
Basic Service Fees per hl	\$67.95	\$56.96

ELECTED SERVICES				
LISTING ADMINISTRATION FEE	Base Fee +	Per store, Per SKU, First 233 stores	All other stores above 233	All "D" Stores
Packaged	\$3,781.03	\$302.49	\$71.09	\$710.86
Draught	\$7,562.07	\$604.94		
Non-Alcoholic	\$3,781.03	\$302.49	\$71.09	\$710.86
ACCOUNTS RECEIVABLE RECOVERY			\$0.67	per licensee hl only
TRANSFERS				
Emergency			\$29.77	per hl
Regular			\$24.62	per hl
DELIVERY SERVICE TO LCBO			\$24.62	per hl
DELIVERY SERVICE TO RETAIL PARTNERS			\$24.62	per hl
DELIVERY SERVICE TO GROCERY			\$24.62	per hl
EMPTY CONTAINER DISPOSAL				
Cans			\$4.99	per hl
ONE-WAY KEG RECYCLING FEE This charge applies to recyclable kegs such as the Eco-Keg.			\$9.20	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.			\$13.78	per hl
NON-STANDARD CONTAINERS Industry Standard Bottles and Kegs which do not require sorting or special handling are exempt from this charge.				
Bottles			\$0.0803	per unit
Draught			\$1.96	per unit
KEG REPAIR SURCHARGE			\$0.77	per usage
DIRECT DELIVERY KEG FEE			\$5.95	per hl
GROCERY ADMIN FEE This charge applies where TBS is is vendor of record and brewer delivers to grocery.			\$2.57	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

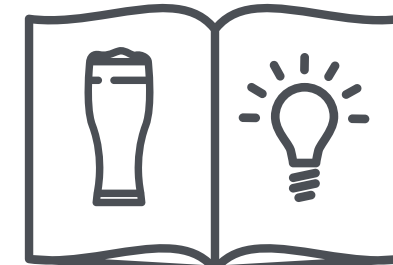


2023

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

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