

BC Liquor Distribution Branch

2024/25 Annual Service Plan Report

August 2025



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General Manager and CEO's Accountability Statement



The BC Liquor Distribution Branch 2024/25 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2024/25 – 2026/27 Service Plan published in 2024. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'R. Blain Lawson'. The signature is stylized and fluid, with a long horizontal stroke at the end.

R. Blain Lawson
General Manager and Chief Executive Officer
August 12, 2025

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Letter from the General Manager and CEO

During the 2024/25 fiscal year, the BC Liquor Distribution Branch (LDB) continued to face the challenges of ongoing adverse economic conditions and changing consumer behaviour. Additional uncertainty and disruption were brought on by tariffs imposed by the United States (U.S.) government in the last quarter of the fiscal. Through it all, the LDB continued to deliver on its priorities and remained committed to providing excellent service to its customers and industry stakeholders.

The LDB generated \$3.90 billion in revenue and \$1.09 billion in net income in fiscal 2024/25 – which helps to fund vital public services that support the people living in and communities of British Columbia (B.C.). Despite slower economic growth and lower discretionary consumer spending, the LDB was able to offset downward pressure on sales through revenue generation initiatives and expense reduction, enabling it to meet its financial performance targets.

With the current economic outlook expected to continue, the LDB has updated its net income targets for the coming fiscal years. These forecasts reflect lowered revenue expectations and the ongoing need to invest in capital projects that support long-term revenue growth, business modernization, and competitiveness. The impacts of tariffs on consumer discretionary spending and revenue have not yet been considered in the revised financial targets.

As part of the spending and strategy review across the BC Public Service, the LDB initiated its own review process to ensure it continues to deliver the services its customers and industry partners rely on, and to meet its commitments to the Province.

The LDB works closely with industry stakeholders to support sustainable growth of the liquor industry while balancing its responsibilities to government. As such, the LDB has continued to make progress on the refreshed liquor policy priorities identified in January 2024 with input from the Business Technical Advisory Panel (BTAP). In fiscal 2024/25, this work included undertaking extensive industry consultation as part of a review of the B.C. liquor manufacturer sales agreements to ensure they continue to align with government policy objectives.

The LDB also focused efforts on fulfilling the provincial government's [commitment](#) announced in July 2024 to provide temporary, targeted support to B.C. wineries impacted by the catastrophic freeze event in January 2024 that destroyed most of the grape crop across the Okanagan wine region. This included making temporary policy amendments that allowed impacted wineries to produce 2024 vintage replacement wines using inputs from non-B.C. sources while maintaining their current classification and related benefits.

In last quarter of fiscal 2024/25 the LDB took immediate actions as part of the provincial government's response to U.S. tariffs to [halt the importation of and remove all U.S.-made liquor products from BCLIQUOR \(BCL\) store shelves](#). The LDB and BCL further enhanced [support of B.C. and Canadian manufacturers](#) and took steps to add more locally made products to empty shelves following the removal of U.S.-made products.

As the non-medical cannabis (cannabis) sector continues to mature, the LDB remains committed to working closely with cannabis industry partners and government counterparts to support sustainable growth of the industry while supporting government's goal to eliminate the illicit market. This includes supporting Indigenous and small-scale producers through the [direct delivery program](#), improving the customer service experience in BC Cannabis Stores (BCCS) and online store, and making it easier to do business with the LDB. In fiscal 2024/25, this work included upgrading BC Cannabis Wholesale's and BCCS' e-commerce platforms and reducing the reporting frequency for B.C. producers participating in the direct delivery program.

The LDB takes pride in its positive impact on the people of British Columbia. This impact comes not just through financial contributions to support vital public services, but also through the LDB's collective commitment to social and environmental responsibility, focusing on reducing environmental impacts, promoting responsible use of alcohol and cannabis, giving back to communities, and supporting diversity and inclusivity. In 2024/25, thanks to the concerted efforts of LDB employees and the outstanding generosity of BCL and BCCS customers, the LDB raised over \$1.7 million for [community partners and charitable organizations](#).

In February 2025, the LDB launched [Multiply the Good](#)—a shared brand/platform that unifies its approach to supporting social and environmental initiatives. As Multiply the Good evolves, the LDB will explore new opportunities for engaging and supporting its employees, empowering its communities, sustaining the environment, and collaborating with industry partners.

As we move forward in these evolving times, the LDB will continue to deliver on its mandate to generate income for the Province and support government's goals of making life better for people in B.C.



R. Blain Lawson
General Manager and Chief Executive Officer
August 12, 2025

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the [2021/22 Mandate Letter](#) from the Minister Responsible and the most recent Minister's Letter of Direction (see [Appendix A](#)), shaped the goals, objectives, performance measures and financial plan outlined in the BC Liquor Distribution Branch's [2024/25 – 2026/27 Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

In B.C., the LDB is one of two branches of government that provide oversight for the beverage alcohol and non-medical cannabis (cannabis) industries; the other is the Liquor and Cannabis Regulation Branch (LCRB). The LDB is responsible for the wholesale distribution and retail sale of beverage alcohol and cannabis. The LCRB oversees the regulation and licensing of private retail sales of liquor and cannabis and events.

The [Liquor Distribution Act](#) (LDA) gives the LDB the sole right to purchase beverage alcohol both within B.C. and from outside the province, in accordance with the federal [Importation of Intoxicating Liquor Act](#). The LCRB licenses private liquor stores, restaurants, pubs and manufacturers, and enforces regulations under the [Liquor Control and Licensing Act](#).

The [Cannabis Distribution Act](#) (CDA) establishes a government wholesale distribution model for cannabis, public cannabis retail stores, and a publicly run e-commerce retail channel. The LCRB licenses private cannabis stores and enforces some aspects of the regulations under the [Cannabis Control and Licensing Act](#).

In 2024/25, the LDB was accountable to the Minister of Public Safety and Solicitor General. On July 17, 2025 the LDB and LCRD were moved to the Ministry of Agriculture and Food. The LDB:

- Has a General Manager and Chief Executive Officer who is responsible for administering the LDA and the CDA, subject to direction from the Minister of Public Safety and Solicitor General;
- Oversees a province-wide mixed public-private retail and public wholesale beverage alcohol and cannabis business model;
- Distributes liquor products through two distribution centres in Delta and Kamloops and cannabis products through a distribution centre in Richmond;

- Provides online ordering systems for wholesale customers of beverage alcohol and cannabis;
- Operates 198 BCLIQUOR stores (BCL) and 39 BC Cannabis Stores (BCCS);
- Operates an e-commerce retail channel for cannabis under the BCCS brand; and,
- Employs approximately 5,600 full- and part-time staff.

As part of B.C.'s mixed public-private retail and public wholesale beverage alcohol and cannabis business model, the LDB is committed to focusing on customer needs, which includes providing an expansive product selection and offering exceptional customer service.

The LDB and LCRB have a shared mandate to encourage the responsible consumption of beverage alcohol and cannabis and work closely together to coordinate policies and programs to that end.

The LDB is committed to government's goals of making life better for people in B.C., improving services, and ensuring a sustainable province for future generations. The revenue generated by the LDB helps fund essential public services like health care, education, and other community programming.

The LDB will continue to help government advance lasting and meaningful reconciliation. For example, the LDB will continue supporting Indigenous Nations' participation in the cannabis industry through the [cannabis direct delivery program](#) and the [BC Indigenous Cannabis Product program](#), which promote greater visibility of Indigenous cannabis producers and their products to both wholesale and retail customers.

Operating Environment

Shift in consumer trends

In 2024/25, the LDB continued to experience escalating adverse economic factors and changes in consumer behaviour seen in recent years. Slower economic growth is impacting discretionary consumer spending across all sectors, including liquor and cannabis. These circumstances are due in part to the rising cost of living and increasing supply chain costs. Younger people continue to consume less alcohol than previous generations, partly due to increased conversations and awareness around the risks of alcohol misuse. In addition to these issues, the implementation of new U.S. tariffs and subsequent provincial and federal government actions in response to the tariffs, is driving increased interest among B.C. consumers in supporting local, including B.C.-produced liquor products.

In the meantime, demand for legal cannabis products continued to rise, with LDB's cannabis revenue increasing 8.6 per cent compared to the prior year. This growth is attributed to the opening of new private stores and a higher volume of sales. Notably, the extracts and concentrate category experienced the highest increase in sales compared to the prior year, possibly indicating continuing shifting consumer preferences. While the total number of transactions through BCCS and e-commerce sales increased, the average retail transaction value decreased, due to continued competition, and reflecting the industry-wide declining price per gram.

Business Technical Advisory Panel (BTAP)

As part of BTAP's refreshed liquor priorities identified in January 2024, the LDB initiated a review of its manufacturer sales agreements to ensure they continue to align with government policy objectives, including promoting the use of B.C. agricultural inputs, supporting agri-tourism, encouraging the growth of small B.C. businesses and fostering employment and economic activity. During fiscal 2024/25, the LDB invited the participation of B.C. liquor manufacturers and industry associations to help inform this review and provide feedback on key challenges in the changing environment. Consultations with brewers and distillers were completed but the winery sales agreement review was put on hold as government responded to the January 2024 freeze event.

2024 vintage replacement

In the summer of 2024, government responded to the devastating loss of grapes and damage to vines due to extreme freezing weather in January 2024. Temporary policy changes were made that allowed B.C. land-based and commercial wineries to source non-B.C. grape and grape juice and unfinished wine to produce a replacement 2024 vintage. Wine producers can sell their authorized 2024 vintage replacement wines until March 31, 2028. The support is designed to provide flexibility for wineries and maximize the production of 2024 replacement wines within B.C. in alignment with the policy intent of securing jobs. The administration of the 2024 vintage replacement support requires a coordinated response between different branches of government and key stakeholder groups.

Interprovincial trade

In July 2024, the provinces of Alberta and British Columbia signed a [Memorandum of Understanding](#) to allow B.C. wineries to ship their products directly to consumers in Alberta. The one-year agreement ended a temporary ban that had been placed on direct sales of B.C. wines to customers in Alberta. During the 2024/25 fiscal year, the B.C. government also joined federal, provincial and territorial governments across Canada in discussions about reducing trade barriers, including direct-to-consumer sales of liquor. This collaborative, cross-jurisdictional work continued into fiscal 2025/26 and details were made available as they were confirmed. Working with partners across government, the LDB has been taking a careful approach to this work to align priorities with broader policy objectives.

U.S. tariffs

In early 2025, the announcement and implementation of U.S. tariffs on Canadian products prompted the B.C. provincial government to remove all U.S.-made liquor products off the shelves of BCL stores and halt their importation into the province. U.S.-made products continue to be available for purchase through LDB wholesale distribution channels (i.e., for purchase by private liquor stores, restaurants, bars and pubs) until existing inventory in British Columbia sells through.

As part of government's response to the U.S. tariffs, the LDB further enhanced its support of B.C. and Canadian manufacturers and took immediate action to stock more locally produced products in its stores.

Cannabis industry

The LDB continued to take conscious steps to improve the customer experience and make it easier for industry partners to do business with the LDB as the legal cannabis industry continues to grow. In the fall of 2024, the LDB transitioned its cannabis wholesale and retail e-commerce platforms to Shopify's global platform to ensure continued improvements to performance and service.

To support the continued development of a successful and sustainable cannabis industry for all stakeholders while supporting government's mandate to eliminate the illicit market, the LDB introduced the direct delivery program in 2022. The direct delivery program promotes B.C.-based smaller-scale producers and cultivators to customers in the province and has grown to over 100 participating cultivators making over \$10.2 million in direct sales in fiscal 2024/25. During 2024/25, the LDB made further policy changes to ease the administrative burden on direct delivery reporting for cannabis producers and announced in March 2025 the reporting frequency requirement would move from bi-weekly to monthly as of May 1, 2025. The action is part of the LDB's continuing support of the development of a successful and sustainable legal cannabis industry.

Economic Statement

After several years of strong growth, economic activity in British Columbia moderated in 2024 amid high interest rates, persistent price pressures, and ongoing global economic uncertainty. B.C.'s real GDP increased by 1.2 per cent in 2024 and ranked 8th (tied with Ontario) among the provinces following growth of 2.4 per cent in 2023. Last year, economic growth was driven by B.C.'s service-producing industries such as real estate, rental and leasing; health care and social assistance services; transportation and warehousing; public administration; and educational services. Output for goods-producing industries declined in 2024 due to lower construction and manufacturing activity, which was partly offset by growth in the mining, quarrying and oil and gas extraction; utilities; and agriculture, forestry, fishing and hunting sectors.

B.C.'s labour market continued to expand in 2024. Employment in B.C. increased by 66,100 jobs (+2.3 per cent), supported by high immigration, and wages and salaries rose by 6.3 per cent. B.C.'s unemployment rate averaged 5.6 per cent in 2024, up from 5.2 per cent in 2023 as strong population and labour force growth outpaced job gains. Elevated interest rates, rising construction costs, and ongoing labour shortages weighed on the construction sector last year. Housing starts totaled 45,828 units in 2024, down 9.2 per cent from the record high in 2023, but remained above the ten-year historical average. B.C. home sales increased by 2.1 per cent and the average home sale price increased by 1.0 per cent compared to 2023. Price pressures in B.C. continued to broadly moderate last year, but shelter price growth remained elevated. Overall, B.C.'s inflation rate averaged 2.6 per cent in 2024, down from 3.9 per cent in 2023. Despite strong population growth, nominal retail sales increased by just 0.6 per cent in 2024, following a 0.1 per cent decline in 2023. On the trade front, weak global demand and lower commodity prices (primarily natural gas and coal prices) last year contributed to a 2.7 per cent decline in B.C.'s merchandise exports relative to 2023 despite increased exports to non-U.S. destinations including China, South Korea, and Australia.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2024/25 – 2026/27 service plan. For forward-looking planning information, including current and future performance targets, please see the [2025/26 – 2027/28 Service Plan](#).

Goal 1: Sustain net returns to the Province of B.C.

Objective 1.1: Optimize LDB's financial performance

The success of the LDB's wholesale and retail lines of business are key to this objective.

Key results

- Exceeded net income target by \$4.5 million, despite a continued decline in liquor sales.
- Maintained wholesale in-stock performance of liquor and cannabis products through inventory management, collaboration with suppliers, and a diverse product assortment.
- Increased sales, reduced product losses, and controlled expenses, leading to improved net income at BCL.
- Closely managed slow-moving products, inventory margins, and operating costs that led to increased sales, gross margin, and year-over-year net income at BCCS.

Summary of progress made in 2024/25

The LDB's net income for the fiscal year was \$1,094.2 million, exceeding the target by \$4.5 million. This result was achieved despite revenue falling short of the service plan target as well as the prior year, due to economic uncertainty and declining liquor sales. Effective management of operating expenses allowed the LDB to slightly exceed the targeted net return to the Province.

In fiscal 2024/25, the liquor wholesale division focused on maintaining service levels while responding to changes in the supply chain and market conditions. Progress was made in refining inventory management practices by increasing the frequency of stock keeping unit- (SKU) level reviews and making more regular changes to in-stock levels. These efforts helped maintain product availability and order fulfillment, ultimately supporting financial performance. Vendor management practices to support product on-boarding and off-boarding processes were strengthened through enhanced internal coordination and more direct, data-driven communication with suppliers.

The cannabis wholesale division completed several initiatives that contributed to effective inventory management in the LDB's cannabis distribution centre. Updates to storage

thresholds reduced the holding period for products which improved product freshness for customers and aided in removing aged inventory. Additionally, the completion of an optimization review of the racking and storage at the distribution centre resulted in an increase to the number of storage locations.

BCL improved net income through a combination of targeted product strategies and operational improvements. This included optimization of product assortment, sales initiatives, and improved forecasting to enhance sales across all product categories. These efforts contributed to better year-to-year flash sales results, leading to additional promotional opportunities with suppliers and improved on-hand inventory levels. As part of its inventory integrity initiative, BCL engaged store-level specialists to implement stronger inventory management practices which reduced errors. BCL store managers and assistant managers also continued to focus on strengthening operational excellence and financial management, including optimizing staffing schedules and store hours to control operating expenses.

Product assortment at BCCS was managed closely to optimize margins. Retail operations regularly reviewed pricing and competitively priced products based on market evidence and thorough analysis to improve margins, while also maintaining market share. This enabled BCCS to plan its product assortment effectively and maximize net income. Additionally, aged inventory in stores was routinely monitored to mitigate obsolete inventory write-offs. BCCS decreased operating expenses year-over-year by closely managing costs as a result of effective staff scheduling practices.

Performance measure(s) and related discussion

Performance Measure	2023/24 Actual	2024/25 Target	2024/25 Actual
1.1a Net income (in \$ millions) ^{1, 2}	\$1,148.2	\$1,089.7	\$1,094.2
1.1b Liquor distribution centres inventory turnover per year ^{3, 4}	12.7	13.1	12.4
1.1c Cannabis distribution centre inventory turnover per year ^{5, 6}	9.6	9.0	10.4
1.1d BCL sales per square foot ^{7, 8}	\$1,471	\$1,487	\$1,420
1.1e BCCS sales per square foot ^{9, 10}	\$965	\$800	\$1,018

¹Data source: BCL and BCCS sales data are collected from point-of-sale cash register systems and stored in head office databases. Sales made directly to customers by authorized representatives on behalf of the LDB are transmitted to the LDB and stored in databases. LDB financial statements are audited annually by an independent auditor contracted by the LDB under the oversight of the Office of the Auditor General. LDB expense data is captured, stored, and reported by the LDB's financial system.

²PM 1.1a targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as \$1,092.6 and \$1,101.3, respectively, and revised in the latest service plan.

³Data source: Inventory data is collected from applications at LDB's liquor distribution centres in Delta and Kamloops designed for this purpose and stored in head office databases. Inventory turnover is calculated by dividing the duty paid cost of shipments from LDB's liquor distribution centres to customers (including BCL) by the average inventory in the same period.

⁴PM 1.1b targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as 13.2 and 13.3, respectively.

⁵Data source: Inventory data is collected from applications at LDB's cannabis distribution centre designed for this purpose and stored in head office databases. Inventory turnover is calculated by dividing the duty paid cost of shipments from LDB's

cannabis distribution centre to customers (including BCCS and BCCannabisStores.com) by the average inventory in the same period.

⁶PM 1.1c targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as 9.0 and 9.0, respectively, and revised in the latest service plan.

⁷Data source: BCL sales data is collected from point-of-sale cash register systems and stored in head office databases.

⁸PM 1.1d targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as \$1,501 and \$1,509, respectively, and revised in the latest service plan.

⁹Data source: BCCS sales data is collected from point-of-sale cash register systems and stored in head office databases. It is based on total square footage, not sales floor space.

¹⁰PM 1.1e targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as \$850 and \$850, respectively, and revised in the latest service plan.

1.1a Net income

Net income refers to the contribution made by the LDB to the Province through sales of beverage alcohol and non-medical cannabis and serves as a significant source of revenue for the provincial government.

In fiscal 2024/25, the LDB achieved a net income of \$1,094.2 million, exceeding its target by \$4.5 million (0.4 per cent). Compared to the prior year, net income declined by \$53.9 million (4.7 per cent). This decline occurred due to a continued decline in revenue amidst economic uncertainty and a continued reduction in alcohol consumption, which led to lower liquor sales.

To offset revenue shortfall, the LDB reduced its operating expenses by reducing warehouse and merchandising expenses, delaying fulfillment of vacant positions, and reducing spending on consulting services. This decrease in both operating expenses and overall revenue allowed the LDB to maintain an operating expense ratio of 15.0 per cent, which was 0.6 per cent below the targeted level of 15.6 per cent.

1.1b and 1.1c Inventory turnover

Liquor

In fiscal 2024/25, the liquor distribution centre turnover rate was 12.4, slightly below the target of 13.1. The decrease in inventory turnover was mainly driven by a decline in wholesale sales volumes, combined with an intentional increase in inventory. The LDB strategically built-up inventory levels throughout the summer months to mitigate risks associated with potential rail labour disruptions and an active forest fire season impacting transportation routes. In addition, the LDB expanded its vendor on-boarding offering to increase its assortment of non-stock wholesale products, which contributed to higher inventory levels. These proactive measures were taken to ensure continued product availability for wholesale customers and to minimize potential service interruptions during critical periods.

Cannabis

The LDB achieved 10.4 inventory turns at its cannabis distribution centre for the fiscal year, exceeding target. The increase demonstrates improved efficiency of inventory management by the LDB and reflects a maturing market, where suppliers continue to refine their product offerings.

Regular monitoring of slow-moving and aged inventory and ongoing communication with suppliers, contributed to the increase in inventory turns. The target has been revised upwards for future years. It is important to note that the target is set with consideration for maintaining adequate stock levels of supply-constrained SKUs. This approach supports consistent product availability for wholesale customers and helps maximize potential revenue opportunities.

1.1d and 1.1e Sales per square foot

Liquor

BCL sales per square foot reached \$1,420, which was \$67 below the target of \$1,487, partly due to the government directive in the final quarter of fiscal 2024/25 to remove U.S.-made products from store shelves in response to U.S. tariffs on Canadian goods.

Additional factors contributing to this shortfall included a decline in the number of customers and units sold in BCL, particularly in the beer and wine categories. Overall, BCL continued to experience shifts in consumer behaviour, possibly influenced by factors such as inflation, reduced discretionary income, health-conscious lifestyle trends, resulting in lower alcohol consumption, and the growth of non-alcoholic beverage options.

Cannabis

BCCS achieved sales per square foot of \$1,018, surpassing its target by \$218. This result is attributed to driving increased sales in maturing key markets and a strong focus on enhancing the in-store shopping experience through improved merchandising and customer engagement.

Goal 2: Improve customer experience with the LDB

Objective 2.1: Improve retail and wholesale customer satisfaction

Delivering a high standard of service and maintaining customer satisfaction are critical priorities for the LDB.

Key results

- Improved operational effectiveness and customer service through continued employee training across BCL stores and liquor distribution centres.
- Exceeded on-time and accurate delivery targets in wholesale liquor and cannabis through new and ongoing operational initiatives.
- Improved the online shopping experience and system functionality by completing the migration of cannabis operations wholesale and retail e-commerce platforms.
- Advanced BCL's multi-year brand modernization strategy by completing store renovations and expanding new BCL brand to digital marketing assets.
- Improved the in-store shopping experience for BCCS customers by implementing visual merchandising standards in stores.

Summary of progress made in 2024/25

In fiscal 2024/25, the LDB advanced several employee training initiatives to improve the service standards of its liquor lines of business. BCL launched a new module within its GREAT (Greet, Rapport, Evaluate, Action, Thank) service model focused on improving associates' sales behaviours when interacting with customers. In addition, BCL increased learning and certification opportunities of its associates with the [Wine and Spirit Education Trust](#). The LDB expanded its New Employee Training program at its liquor distribution centres to include additional content on order accuracy and quality control.

The liquor wholesale division strengthened overall service delivery by expanding new initiatives and building on improvements introduced in the prior fiscal year. This included launching a new self-serve pricing application that gives suppliers direct access to update product pricing information. It simplifies data entry and improves efficiency, accuracy, and the LDB's responsiveness to cost changes. Other initiatives included adjusting quality assurance processes for the Wholesale Customer Centre for a more consistent customer experience. The secondary freight carrier model of augmenting primary freight services, introduced in the previous fiscal year, increased flexibility in delivery times and improved timeliness.

The cannabis wholesale division continued the use of scorecards to monitor carrier performance and identify challenges affecting delivery timelines. Furthermore, the standardization of order picking and quality assurance processes contributed to increased accuracy in cannabis customer orders.

In its cannabis operations, the LDB migrated its wholesale and retail e-commerce platforms to Shopify's global platform. The transition included technical and payment processing updates, which ensures ongoing compliance with Payment Card Industry Data Security Standards. These updates helped improve website stability and service continuity for customers.

BCL continued its multi-year brand modernization by expanding its brand standards and consistency to its online presence. This meant interactive, digital elements, such as promotional videos and various motion graphic assets, that appeal to its customer base were made with BCL's brand style. BCL also continued to renovate and upgrade stores to align with its modernization strategy and enhance the customer shopping experience.

The standardization of visual merchandising in BCCS stores led to operational efficiencies, allowing store employees to focus on serving customers. This included updating visual merchandising standards for dried flower, creating a more consistent store presentation and shopping experience for customers. BCCS also implemented standards for acrylic displays and digital price display screens. These changes to in-store displays improved product visibility for customers and uniformity of store layout.

Performance measure(s) and related discussion

Performance Measure	2023/24 Actual	2024/25 Target	2024/25 Actual
2.1a Liquor Wholesale on-time delivery ^{1, 2}	96.5%	95.0%	97.3%
2.1b Cannabis Wholesale on-time delivery ^{3, 4}	97.8%	98.5%	99.1%
2.1c Liquor Wholesale accurate delivery ^{5, 6}	99.6%	98.8%	99.5%
2.1d Cannabis Wholesale accurate delivery ^{7, 8}	95.1%	96.0%	96.7%
2.1e BCL retail customer satisfaction ^{9, 10}	74.7%	74.0%	75.0%

¹Data source: Delivery data is collected by LDB's own fleet of freight vehicles and third-party freight carriers and audited against bill of lading documents signed by the customer, confirming arrival times for accuracy of data.

²PM 2.1a targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as 95.0% and 95.0%, respectively, and revised in the latest service plan.

³Data source: Delivery data is collected by third-party freight carriers through their proof of delivery systems and audited against reports of late deliveries made by customers to LDB's Customer Care Centre.

⁴PM 2.1b targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as 99.0% and 99.0%, respectively.

⁵Data source: Based on an audit of four per cent of orders and shipments processes by the LDB's liquor distribution centres.

⁶PM 2.1c targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as 98.8% and 98.8%, respectively, and revised in the latest service plan.

⁷Data source: Based on reports of order inaccuracy made by customers to LDB's Customer Care Centre compared to all orders and shipments processed by LDB's cannabis distribution centre.

⁸PM 2.1d targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as 97.0% and 97.5%, respectively.

⁹Data source: The LDB contracts a professional, third-party company to conduct market research. Data from insights shared by an online panel are shared with BCL via a dashboard that includes high-level graphs.

¹⁰PM 2.1e target for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as 75.0% and 75.0%, respectively.

2.1a and 2.1b Wholesale on-time delivery

Liquor

Wholesale on-time delivery performance exceeded target, achieving 97.3 per cent. This result reflects the ongoing optimization of delivery operations, including refinements to the secondary freight carrier model, which increased transportation capacity and scheduling flexibility during periods of high demand.

Cannabis

The continued use of scorecards by the cannabis wholesale division to monitor carrier performance and identify challenges affecting delivery timelines supported an on-time delivery rate of 99.1 per cent, exceeding the target.

The scorecards tracked key metrics such as on-time delivery and service reliability. This enabled the cannabis wholesale logistics team to assess carrier performance and work collaboratively to address issues—such as road closures and extreme weather events—that could impact delivery schedules.

2.1c and 2.1d Wholesale accurate delivery

Liquor

Wholesale order accuracy rate remained high at 99.5 per cent, surpassing the target this fiscal. Employee coaching and the reinforcement of best practices across order picking, assembly, quality assurance, and shipping processes supported order accuracy.

Cannabis

In fiscal 2024/25, the cannabis wholesale division achieved an order accuracy rate of 96.7 per cent, exceeding the target of 96.0 per cent.

Work is ongoing to define and implement a process that uses data-driven analysis to identify areas for further improvement. The LDB expects to meet its out-year targets because of process improvements introduced in fiscal 2024/25, along with an improved employee coaching and training program.

2.1e BCL retail customer satisfaction

BCL achieved a customer satisfaction rate of 75.0 per cent, surpassing its target of 74.0 per cent by one per cent. This result is attributed to customer engagement with BCL's modernized brand and continued application of its GREAT service model.

Goal 3: Create positive social impact

Objective 3.1: Minimize the impact of LDB operations on the environment

Aligned with the [CleanBC Roadmap to 2030](#) and government's legislated target to reduce greenhouse gas emissions by 40.0 per cent below 2007 levels by 2030, the LDB is taking solid steps to move towards net zero emissions from its fleet and buildings and eliminate waste and single-use plastics from entering landfills.

Key results

- Increased waste diversion across all LDB worksites by 81 metric tonnes compared to prior fiscal.
- Expanded the number of zero emission vehicles (ZEVs) in LDB's light-duty fleet vehicles by adding two for a total of eight ZEVs.
- Delivered employee educational and engagement activities to promote environmentally sustainable practices.

- Expanded annual emissions reporting to include uncontrolled emissions, such as fugitive emissions from refrigerants, in support of [B.C.'s Carbon Neutral Government Program](#).
- Implemented emissions reduction initiatives, including the use of higher recycled content paper, installation of energy-efficient light-emitting diode (LED) lighting, and the introduction of ethanol-blended fuels for non-ZEV, light-duty fleet vehicles.

Summary of progress made in 2024/25

In fiscal 2024/25, the LDB continued efforts to reduce the environmental impact of its operations. While total waste output increased, waste diversion improved, rising from 2,640 metric tonnes in 2023/24 to 2,721 metric tonnes. This was supported by the introduction of new recycling streams, such as the pilot program of paper recycling in select BCL stores in the Lower Mainland. Based on the success of the pilot, the expansion of the paper recycling program to more BCL locations is underway.

The LDB continued its progress toward fleet electrification, increasing the proportion of ZEVs in its light-duty fleet to 29 per cent (eight of 28). The LDB will reassess further ZEV expansion in fiscal 2025/26 based on market availability, operational needs, and budget considerations, and will align its medium- and heavy-duty ZEV transition plans with updated provincial regulations and phased targets when they are announced by the [BC Ministry of Energy and Climate Solutions](#).

Throughout the fiscal year, the LDB organized a series of employee education and engagement activities focused on promoting environmental sustainability practices across the organization. For example, during Waste Reduction Week employees were encouraged to reduce dependency on single-use plastics. Earth Day activities focused on sustainable and plant-based food sources, supporting the global theme of “Foodprints for the Future.” During Go-by-Bike Week, employees collectively biked 144 kilometres, preventing an estimated 31 kilograms of greenhouse gas emissions. The LDB also continued its urban beekeeping initiative, completing its sixth annual honey harvest, and producing 81.6 kilograms of honey which was donated to the Greater Vancouver Food Bank.

Since 2010, the LDB has measured its greenhouse gas emissions and purchased B.C.-based carbon offsets to maintain annual carbon neutrality. In calendar year 2024, reporting was expanded to include fugitive refrigerant emissions, in alignment with [B.C.'s Carbon Neutral Government Program](#) requirements. Excluding refrigerants, emissions from buildings, fleet, and office paper decreased by 417 tonnes—a 10.5 per cent reduction from the previous year. This was achieved through initiatives such as switching to paper with more post-consumer recycled content, upgrading to LED lighting at several BCL stores, and using ethanol-blended fuels in passenger and light-duty fleet vehicles.

Objective 3.2: Encourage the responsible use of beverage alcohol and non-medical cannabis

The LDB continues to support government's mandate of prioritizing public health and safety and promote responsible consumption and awareness of the risks associated with consuming liquor and cannabis.

Key results

- Continued to update and deliver annual ID-checking training for BCL and BCCS employees to prevent sales to minors.
- Reinforced social responsibility and responsible consumption through campaigns within BCL and BCCS stores and online.

Summary of progress made in 2024/25

In fiscal 2024/25, BCL and BCCS continued to strengthen employee training to support consistent ID-checking practices. BCL focused on compliance by improving training materials and reminding employees during shift starters. BCCS used its quarterly Mystery Shopper program to monitor how well stores followed ID-checking rules. Mystery shoppers were asked to confirm whether staff requested two pieces of ID from customers who appeared under 30, helping to assess how often and how well stores followed ID-checking requirements. BCCS also continued to promote the use of its 2ID Toolkit—a manual covering legal requirements, staff responsibilities, and practical tips—as a core part of employee training.

Both BCL and BCCS continued to promote social responsibility and responsible consumption in fiscal 2024/25 through refined campaigns and efforts. For example, BCCS rolled out monthly themes highlighting responsible consumption with consistent messaging and visuals across its customer e-newsletters, retail website, and inside stores. BCL also launched a new [webpage](#) that brings together key resources and information for customers, making it easier for them to find support for responsible drinking.

Objective 3.3: Increase positive social impact

The LDB delivers several social impact activities across the organization to affect social, environmental, and economic change and to benefit all people living in B.C.

Key results

- Launched [Multiply the Good](#), LDB's new corporate impact platform that brings together its existing social impact and environmental sustainability efforts under one unified program.
- Raised a total of \$1.7 million for charitable organizations through four fundraising campaigns across BCL and BCCS, fostering engagement and awareness among our customers of the social impact causes that the LDB supports.
- Developed a three-year Reconciliation, Equity, Diversity and Inclusion (REDI) strategy and roadmap.

- Developed and released new e-learning for all staff as part of the LDB's multi-year Indigenous Learning Journey.

Summary of progress made in 2024/25

In early 2025, Multiply the Good, LDB's new corporate impact platform, was introduced to employees and customers of both BCL and BCCS. Multiply the Good is the next step in the LDB's commitment to giving back to the communities it serves and protecting the environment. It creates a shared vision for how its people, its customers, and its industry partners can work together to increase positive impact for people living in B.C. and for the environment more broadly. Multiply the Good focuses on four key pillars: people, communities, the environment, and partners, which will serve as a framework for existing social impact campaigns and will help the organization evaluate new initiatives in the future.

Aligned with its new corporate impact platform, the LDB continued to support in-store charitable campaigns across its BCL and BCCS network and raised over \$1.7 million in donations for community partners and charitable organizations. In 2024/25, the LDB ran two [Food Banks BC](#) campaigns (i.e., spring and winter), raising over \$1.4 million. The winter campaign alone raised a record-breaking \$1.1 million in support of local food banks across the province. In addition, the LDB's [Do You Proud](#) campaign ran for its third year and raised \$62,230 in support of [QMUNITY](#), B.C.'s 2SLGBTQIA+ resource centre. The campaign's central theme of "Proud is Something You Do", celebrated the stories of the people who make up the LDB community, including team members from across its various workplaces and retail customers. BCL also raised \$229,007 in support of [Dry Grad](#), which helps fund supervised alcohol- and drug-free celebrations for graduating high school students across B.C. 2024 also marked the 35th anniversary of the LDB's annual [Share-A-Bear](#) campaign where customers were invited to purchase one bear to take home while its twin is donated by the store staff to a shelter, hospital, or other worthwhile charity in their community. Over 13,000 bears were donated in 2024.

Over the past year, the LDB's Reconciliation and Equity, Diversity and Inclusion (REDI) department undertook an extensive assessment of current state and strategic planning related to REDI at the LDB. This included visioning and engagement sessions with senior leadership, visits to its stores and distribution centre workplaces across the province, benchmarking of internal REDI activities, and an employee survey to capture the perspectives and workplace experiences of employees with respect to REDI and accessibility. The findings informed a report that laid the foundation for the organization's three-year REDI strategic plan and implementation roadmap. In addition to developing the strategy, the REDI department began delivering education to executive leadership and consulting with business units on reconciliation and equity, diversity, and inclusion, leading to policy and process updates that support a more inclusive and accessible workplace.

Building on its multi-year Indigenous Learning Journey Framework, the LDB developed and released five of the planned 12 online episodes on Indigenous learning in fiscal 2024/25. These episodes promote continuous learning and support the LDB's commitment to reconciliation, the [Declaration on the Rights of Indigenous People's Act](#), and the [Truth and Reconciliation Calls to Action](#). The released episodes cover topics such as story, language, music, art, and

creativity in Indigenous cultures; the importance of building respectful relationships with Indigenous communities; and confronting biases and stereotypes. The remaining seven episodes are scheduled for release in fiscal 2025/26.

Performance measures and related discussion

Performance Measure	2023/24 Actual	2024/25 Target	2024/25 Actual
3.1a Waste diversion rate ^{1, 2}	86.3%	90.0%	86.4%
3.2a BCL and BCCS compliance with ID-checking requirements ^{3, 4}	94.1%	100.0%	89.7%
3.3a Consumer stakeholder awareness of LDB's corporate social impact ⁵	n/a	n/a	n/a

¹Data source: Diversion rates are determined based on measured weights reported by contracted waste and recycling service providers.

²PM 3.1a targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as 91.0% and 91.0%, respectively, and revised in the latest service plan.

³Data source: The LCRB administers an ID-checking compliance program and provides the results of BCL and BCCS compliance to the LDB.

⁴PM 3.2a targets for 2025/26 and 2026/27 were stated in the 2024/25 – 2026/27 service plan as 100.0% and 100.0%, respectively.

⁵Data source and target for 2024/25 are yet to be established.

3.1a Waste diversion rate

In 2024/25, the LDB continued its waste collection and processing of recyclables at worksites supported by contracted waste and recycling service providers. Materials collected and diverted from the landfill include cardboard, wood, mixed containers, organics, paper, electronics, Styrofoam, metal, and clear soft plastics, such as shrink wrap.

The LDB fell short of its 90 per cent waste diversion target, primarily due to challenges in collecting waste diversion rates at BCL and BCCS with landlord-managed services. Future targets have been revised to reflect these constraints, and the LDB anticipates meeting its target in 2025/26.

The LDB's waste diversion rate performance measure captures all LDB worksites, including distribution centres, BCL, BCCS, and head office. In fiscal 2024/25, the overall diversion rate improved to 86.4 per cent and was sustained by its three distribution centres in Delta, Kamloops, and Richmond that achieved diversion rates exceeding 90 per cent. These results demonstrate the impact of ongoing improvements to recycling programs and employee education initiatives across LDB operations.

3.2a BCL and BCCS compliance with ID-checking requirements

Under the Minors as Agents Program, the LCRB has the authority to issue a contravention notice when an establishment being inspected for ID-checking does not take reasonable steps to verify the age of the minor employed by the LCRB to purchase liquor and cannabis.

In fiscal 2024/25, the LCRB performed 25 ID-compliance checks at BCL and four at BCCS locations. Collectively, BCL and BCCS reached 89.7 per cent store compliance with ID-checking requirements, which was short of the target of 100 per cent. To address this result, both BCL and BCCS continued to strengthen training to support the consistent enforcement of ID-checking requirements. Throughout the year, BCL and BCCS staff received regular communication to reinforce the importance of asking for two pieces of ID from customers who appear under 30 years of age.

3.3a Consumer stakeholder awareness of LDB's corporate social impact

The LDB launched its Multiply the Good platform in BCL and BCCS throughout the province featuring visual materials highlighting four pillars: people, community, the environment and partners. Messaging and links encourage customers to visit the LDB's corporate website to learn more and watch a [video](#) that introduces the Multiply the Good platform, and helps customers understand its importance, while also educating customers on some of the key achievements the LDB has already made in this area.

Similarly, the websites for BCL and BCCS have been updated to feature information on the corporate impact platform, and BCL's social media channels also ran stories supporting its launch.

A performance measure result was not available at the time of writing the LDB's 2024/25 annual service plan report. The LDB will develop a performance measurement framework for Multiply the Good to support effective measurement and communication of its corporate impact to customers and external stakeholders.

Financial Report

For the auditor's report and audited financial statements, see [Appendix D](#). These documents can also be found on the [LDB website](#).

Discussion of Results

In fiscal 2024/25, the LDB's net income and contribution to the Government of B.C. amounted to \$1,094.2 million. This represented a decrease of \$53.9 million or 4.7 per cent compared to the previous year.

The continued decline of alcohol consumption driven by reduced discretionary income and a generational behavioural shift toward healthier lifestyles, as well as significant economic uncertainty, has caused a noticeable decrease in alcohol revenues. The drop is experienced across all sales channels and product categories.

The LDB experienced healthy revenue growth in both its retail and wholesale cannabis operations. Its e-commerce retail channel experienced weaker performance than expected mostly due to job action by Canada Post workers that temporarily disrupted mail service in late 2024. E-commerce retail sales are also sensitive to increased competition as more private retailers enter the marketplace. The net income of cannabis operations amounted to \$23.9 million and is included in the total LDB net income of \$1,094.2 million.

Capital

For fiscal 2024/25, the total capital expenditures were \$21.9 million, which were \$12.1 million lower than planned but \$3.6 million higher than the previous year. The budget variance was due to delayed spending on projects beyond the control of the LDB. Looking ahead, the LDB will continue reducing capitalized expenditures for Information Technology systems as it shifts its focus towards cloud and software-as-a-service solutions.

The spending of \$10.0 million included technology upgrades, furniture, fixtures, and mobile equipment. Investments in retail stores continued with \$11.9 million spent on tenant improvements.

Financial Summary

(\$millions)	2023/24 Actual	2024/25 Budget	2024/25 Actual	2024/25 Variance
Revenues				
Revenue	3,939.5	3,970.1	3,898.4	(71.7)
Cost of Sales	2,237.0	2,277.6	2,238.6	(39.0)
Gross Profit	1,702.5	1,692.5	1,659.8	(32.7)
Expenses				
Operating Expenses – Employment	350.8	371.5	361.3	(10.2)
Operating Expenses – Amortization	67.5	66.8	66.9	0.1
Operating Expenses – Administration	68.6	93.0	71.9	(21.1)
Operating Expenses – Bank Charges	41.8	43.5	42.2	(1.3)
Operating Expenses – Facilities ¹	33.5	36.1	34.6	(1.5)
Operating Expenses – Lease Financing	6.8	6.9	7.1	0.2
Total Expenses	569.0	617.8	584.0	(33.8)
Other Income	14.7	15.0	18.4	3.4
Net Income	1,148.2	1,089.7	1,094.2	4.5
Gross Margin (%)	43.2%	42.6%	42.6%	0.0%
Total Expenses to Revenue (%)	14.4%	15.6%	15.0%	-0.6%
Net Income to Revenue (%)	29.1%	27.4%	28.1%	0.7%
Capital Expenditures	18.3	34.0	21.9	(12.1)
Debt²	233.0	287.1	233.1	(54.0)
Retained Earnings	-	-	-	-

The above financial information was prepared based on current International Financial Reporting Standards.

¹Facilities costs consist of common area maintenance, property taxes, utilities, repairs and maintenance.

²The LDB does not have any loans. Debt consists of lease liabilities as of March 31.

Variance and Trend Analysis

British Columbia beverage alcohol and cannabis marketplace

The LDB operates in a mixed public/private retail model where consumers can purchase products from a variety of sources. As of March 31, 2025, there were 1,991 locations in B.C. selling beverage alcohol and 536 licensed locations where non-medical cannabis could be purchased.

Beverage alcohol sales in the province continued to decline, with volumes down 4.5 per cent compared to the previous year. Beer remained the top-selling category by volume, followed by refreshment beverages, wine, and spirits. All categories experienced a volume decline year-over-year. These trends are influenced by several factors, including evolving consumer preferences such as health-conscious lifestyle trends and growing interest in refreshment beverages, weather variability (which affects beer and refreshment beverage sales, as well as local wine production), and consumer confidence (which impacts demand for value-priced products). Sales through BCL stores and LDB wholesale operations accounted for 57.7 per cent of total beverage alcohol volume sold in the province, with the remainder of the volumes distributed through direct delivery channels.

Cannabis sales in the province reached 154,408-kilogram equivalent, representing a 14.1 per cent increase over the previous year and underscoring the sector's continued growth. Sales through BCCS stores, LDB e-commerce, and wholesale operations made up 98.6 per cent of cannabis gram equivalent sold, with the remainder of the volumes distributed through direct delivery channels.

As sales shift between product categories with different mark-up rates and between the LDB wholesale and retail channels, it impacts the LDB's gross margin and its contribution to government.

Table 1: Provincial sales by major category in litres (000s)/gram equivalent (000s)

For the five fiscal years ended March 31, 2025

						Change vs. Previous Year (2024/25 vs. 2023/24)	
	2020/21	2021/22	2022/23	2023/24	2024/25	Change	%
Liquor							
Spirits	29,835	30,427	30,955	29,299	28,226	(1,073)	(3.7)
Wine	79,758	77,345	73,194	68,747	65,581	(3,166)	(4.6)
Refreshment	85,170	88,764	85,116	84,105	80,850	(3,255)	(3.9)
Beer	270,542	269,811	267,083	252,955	240,721	(12,234)	(4.8)
Other	368	495	482	708	928	220	31.1
Total Liquor (litres)	465,673	466,842	456,830	435,814	416,306	(19,508)	(4.5)
Cannabis							
Flower	33,706	44,821	46,044	54,181	57,582	3,401	6.3
Pre-roll	8,066	15,459	19,772	24,756	28,180	3,424	13.8
Extracts & Concentrates ¹	5,405	11,623	26,994	45,487	56,318	10,831	23.8
Other ¹	6,794	12,409	13,667	10,924	12,328	1,404	12.9
Total Cannabis (gram equivalent)	53,971	84,312	106,477	135,348	154,408	19,060	14.1

Data Source: LDB Oracle Financial System.

Note 1: Gram equivalents have been restated to correct for conversion rates on liquid cannabis products.

LDB revenue¹

In fiscal year 2024/25, the LDB revenue amounted to \$3,898.4 million, representing a decrease from previous year of \$41.1 million (1.0 per cent). The decrease was driven solely by lower liquor revenue, which was partially offset by growth in cannabis.

¹ Revenue includes sales from LDB channels and a blend of sales/margin from non-LDB channels.

Beverage alcohol

The LDB's beverage alcohol revenue was \$3,274.5 million in fiscal 2024/25, showing a drop of \$90.4 million (2.7 per cent) compared to prior year. The decline was due to lower litre volumes across all product categories.

The LDB's sales channels include sales through BCL stores, LDB wholesale operations, and direct delivery from B.C. manufacturers and third-party warehouses. Retail sales through BCL stores remain the largest sales channel and represent 46.0 per cent of total LDB sales. BCL's share of sales was 0.4 per cent lower than prior year.

During 2024/25, the transaction count at BCL decreased by 3.0 per cent, from 34.8 million transactions in the prior year to 33.8 million. This decline can be attributed to decreased consumption. The average retail customer transaction value at BCL also decreased 0.7 per cent, from \$45.29 to \$44.99. This lower average transaction value, combined with a decrease in the number of transactions, indicates that BCL customers are spending slightly less per visit and are visiting less frequently on average. See [Appendix C](#) for information on BCL operating results before head office expenses.

Cannabis

The LDB's cannabis revenue reached \$623.9 million in fiscal year 2024/25, representing an increase of \$49.4 million (8.6 per cent) compared to the prior year. This growth was attributed to the opening of new private stores and a higher volume of sales. Dried flowers, pre-rolls, and extracts and concentrates accounted for 91.8 per cent of all cannabis revenue. Notably, the extracts and concentrate category experienced the highest increase of \$29.7 million (13.8 per cent) compared to the prior year, possibly indicating continuing shifting consumer preferences.

In fiscal 2024/25, there were 3.0 million transactions through BCCS and e-commerce sales, marking an 8.8 per cent increase compared to the 2.8 million transactions in the prior year. The average retail transaction value in fiscal 2024/25 was \$43.79, a decrease of 3.6 per cent compared to the average transaction value of \$45.42 in the prior year. This decrease can be attributed to continued competition and reflects the industry-wide declining price per gram. The LDB remains focused on being competitive with the illicit market and encouraging purchases from the legal market.

Operating expenses

The LDB maintains diligent expense management by monitoring its discretionary and staffing expenses across all operational areas.

Total operating expenses, including finance costs, amounted to \$584.0 million in fiscal 2024/25. This figure was \$33.8 million lower than budget but \$15.0 million higher than the expenses incurred in fiscal 2023/24. The expense rate for 2024/25 stood at 15.0 per cent of revenue, higher than the 14.4 percentage rate of the prior year.

The majority of the LDB's operating expenses consist of labour, amortization, bank charges, and other administrative costs. The \$15.0 million increase in expenses compared to fiscal 2023/24 was primarily driven by higher employment costs. Employment expenses increased by \$10.5 million from the prior year, mainly due to wage rate increases as per the collective agreement. However, employment costs were \$10.2 million (2.8 per cent) below budget primarily due to unfilled vacancies.

Amortization expenses decreased by \$0.6 million from the prior year, resulting from assets that became fully amortized during the prior and current fiscal years.

Administrative expenses were \$3.3 million higher than the prior year, largely driven by higher data processing and professional fees. Compared to the budget, the LDB spent \$21.2 million less than planned in administrative expenses, with most savings in professional fees.

Remittances to Government agencies

During fiscal 2024/25, the LDB paid \$1,523.0 million to various government agencies.

Table 2: Remittances to Government agencies (\$000s)

	2020/21	2021/22	2022/23	2023/24	2024/25
FEDERAL GOVERNMENT					
Custom Duties and Excise Tax	200,462	196,627	199,814	195,637	193,782
GST	85,336	88,641	88,313	89,226	66,751
Total	285,798	285,268	288,127	284,863	260,533
PROVINCIAL GOVERNMENT					
LDB Net Income	1,160,916	1,189,309	1,198,299	1,148,153	1,094,238
Provincial Sales Tax	171,702	172,212	167,008	168,638	165,805
Liquor Control and Licensing	426	429	480	429	429
Total	1,333,044	1,361,950	1,365,787	1,317,220	1,260,473
MUNICIPAL GOVERNMENT					
Property Taxes	770	1,499	1,471	1,347	1,904
Business Licenses	69	108	90	95	109
Total	839	1,607	1,561	1,442	2,013
Total Remittances	1,619,681	1,648,825	1,655,475	1,603,525	1,523,019

Risks and Uncertainties

The LDB diligently monitors the evolving cannabis and liquor sectors to address government policy changes, market dynamics, and associated risks.

In the latter part of 2024/25 economic uncertainty surrounding U.S.-Canada trade escalated, notably the implementation of U.S. tariffs on Canadian goods. Canada's retaliatory tariffs on \$30 billion of U.S. goods have directly impacted the LDB and prompted the suspension of imports and removal of U.S.-made liquor from its BCL store shelves as a countermeasure. These tariffs, combined with a moderating inflation rate (with the Canadian Consumer Price Index at 2.8 per cent year-over-year in March 2025), have heightened consumer price sensitivity, thereby driving demand for value-driven products. Supply chain disruptions, exacerbated by tariff-related trade barriers and job action disruptions in various sectors, may impact the LDB's ability to ensure timely product delivery.

External risks beyond the LDB's control, such as climate change, global supply chain volatility, and potential public health crises (e.g., pandemics), remain significant. Emerging trends, including increased consumer preference for low-alcoholic beverages and reduced overall consumption, are regularly evaluated, with mitigation strategies considered. The LDB's response to tariffs includes supporting provincial efforts to promote local and Canadian products and other strategies to navigate trade disruptions.

The LDB's Enterprise Risk Management (ERM) framework, aligned with international and Provincial standards, ensures proactive risk oversight. Risks are reviewed quarterly, with targeted actions to address political, economic, and operational challenges. The LDB is committed to embedding risk management practices into its processes, continually strengthening its resilience against evolving uncertainties.

Appendix A: Minister's Letter of Direction



VIA EMAIL

Ref: 655915

August 18, 2023

R. Blain Lawson
General Manager and Chief Executive Officer
BC Liquor Distribution Branch
Ministry of Public Safety and Solicitor General
3383 Gilmore Way
Burnaby BC V5G 4S1

Dear Blain Lawson:

I would like to extend my thanks to you and your executive leadership team for your dedication, expertise, and service to the people of British Columbia.

This letter, which I am sending in my capacity as Minister responsible for the BC Liquor Distribution Branch (LDB), sets out overarching principles relevant to the public sector and specific direction on priorities and expectations for the LDB for the remainder of Government's term.

Government must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity. In doing so, you will continue working towards lasting and meaningful reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are building together and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

As required by the *Climate Change Accountability Act*, please ensure the LDB implements targets and strategies for minimizing greenhouse gas emissions and managing climate risk, including achieving carbon neutrality each year and aligning with the CleanBC target of a 50 per cent reduction in public sector building emissions and a 40 per cent reduction in public sector fleet emissions by 2030. As a branch of government, the LDB is expected to report out on these plans and activities.

Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical

.../2

responsibility to tackle systemic discrimination in all its forms – and every branch of government has a role in this work. The adoption of the Gender-Based Analysis Plus (GBA+) lens is required to ensure gender equity is reflected in your operations and programs.

British Columbians expect that government operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The LDB must also demonstrate continued diligence and education to maintain an effective fraud risk management strategy, including, for example, strategies for minimizing large cash transactions.

In addition to continuing to make progress on your 2021 mandate letter, and working with the Crown Agencies Secretariat in the Ministry of Finance, I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices of your organization and develop plans to address the following continuing priorities within your approved net income targets:

- Strengthening the LDB's focus on corporate social impact/responsibility through initiatives that align with government's social and environmental priorities;
- Continuing commitment to improve organizational effectiveness and management practices by building on existing strengths to enhance a productive work culture and bolster overall performance; and,
- Working with other government partners to refresh and refocus the LDB's work with the Business Technical Advisory Panel on areas that are mutually beneficial and straightforward to advance.

I look forward to continuing to work with you to meet the high standards set for us by all British Columbians.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Farnworth", with a stylized flourish at the end.

Mike Farnworth
Minister of Public Safety and Solicitor General
and Deputy Premier

pc: Mary Sue Maloughney
Associate Deputy Minister, Crown Agencies Secretariat
Ministry of Finance

Appendix B: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 Mandate Letter from the Minister Responsible and the most recent Minister's Letter of Direction (see [Appendix A](#)).

2021/22 Mandate Letter Priority	Status as of March 31, 2025
Continue to work with government and the Business Technical Advisory Panel (BTAP) members to evaluate and implement permanent and temporary policy and regulatory changes to support sectors impacted by the COVID-19 pandemic.	<ul style="list-style-type: none">In response to the COVID-19 pandemic and in consultation with BTAP, government introduced several temporary and permanent policy reforms. As previously reported, the LDB provided a range of support to the liquor manufacturing and hospitality industries, including wholesale pricing of liquor products for hospitality customers and temporary authorization of liquor manufacturers in B.C. to produce, sell and donate hand sanitizer.

2021/22 Mandate Letter Priority	Status as of March 31, 2025
<p>Continue to identify and deliver greater benefits to consumers and industry by implementing the approved recommendations from the BTAP report received by government on April 30, 2018, and by finding efficiencies at LDB liquor distribution centres.</p>	<ul style="list-style-type: none"> • Since BTAP presented its initial 24 liquor policy recommendations to government in April 2018, the LDB and its cross-government partners have completed over half of the recommendations as well as emergency recommendations brought forward to support industry during the COVID-19 pandemic. • In April 2023, in response to a changing liquor landscape and evolving industry priorities, government closed off the 2018 report and worked with BTAP members to establish a new set of shared policy priorities for the liquor industry moving forward. • In January 2024, government confirmed the list of new policy priorities with BTAP, including cross ministry initiatives such as, sharing hospitality concerns raised in BTAP discussions across government, and supporting information sharing and collaboration with industry and public health. • Work subsequently began on most of the refreshed BTAP priorities; for the LDB this includes modernizing LDB's technology systems and undertaking comprehensive stakeholder engagement as part of the review of the LDB's liquor manufacturer sales agreements across breweries, distilleries, and wineries. • As part of the review of the LDB's sales agreements and related policies, the LDB completed an extensive consultation process with B.C.'s brewery and distillery sectors in Fall 2024. What We Heard Reports summarizing the feedback received from each sector were shared with Minister of Public Safety and Solicitor General and industry in January 2025. Further work on the sales agreement review was put on hold as LDB policy resources were reallocated to the U.S. tariff response in the latter part of fiscal 2024/25.

2021/22 Mandate Letter Priority	Status as of March 31, 2025
<p>Continue to establish LDB Cannabis Operations' wholesale and retail lines of business and support government's key priorities of protecting public health and safety, promoting social responsibility and eliminating the illicit market.</p>	<ul style="list-style-type: none"> Continued to expand the direct delivery program first launched in August 2022 to enable eligible small-scale and Indigenous licensed cannabis producers to directly deliver their products to licensed cannabis retail stores in B.C. and reduced the reporting requirement from bi-weekly to monthly to ease administrative burden. Continued to on-board new private licensed cannabis retail stores that opened in the province to the BC Cannabis Wholesale platform. There are approximately 496 private licensed cannabis stores on the platform. Maintained a monthly calendar of social responsibility campaigns focused on educating customers about the importance of responsible consumption. Campaigns featured strategic messaging about keeping cannabis away from youth, the risks of drug impaired driving, safe consumption practices and fire safety. Social responsibility campaign materials are displayed in prominent, high-traffic areas in all BCCS and are promoted via BCCS' digital channels (website and social media). See Goal 3, Objective 3.2 for more information. Continued a seasonal social responsibility campaign aimed at educating customers on the risks of drug impaired driving. The campaign was launched in 2022 in partnership with the Policing and Security Branch.

2021/22 Mandate Letter Priority	Status as of March 31, 2025
<p>In collaborating with stakeholders, continue to reinforce BC Liquor Stores' focus on corporate social responsibility by promoting awareness of the risks associated with alcohol misuse.²</p>	<ul style="list-style-type: none"> • Maintained a monthly calendar of social responsibility campaigns focused on educating customers about the importance of moderation and responsible consumption practices. Campaigns featured strategic messaging about the risks associated with underage drinking, drinking and driving, binge-drinking, Fetal Alcohol Spectrum Disorder, and alcohol consumption and summer/winter activities. See Goal 3, Objective 3.2 for more information. • BCL runs dedicated seasonal awareness campaigns highlighting different responsible use topics. Social responsibility campaign materials are displayed in prominent, high-traffic areas in all BCL stores and are promoted via BCL's digital channels (website and social media). See Goal 3, Objective 3.2 for more information.
<p>Optimize the LDB's financial performance and sustain net returns to the province of British Columbia in accordance with government policy, Treasury Board directives and the appropriate legislation and regulation.</p>	<ul style="list-style-type: none"> • The LDB successfully met its net income target of \$1.09 billion for fiscal 2024/25 to help fund vital public services. • LDB net income projections have been adjusted to reflect current economic conditions and consumer spending trends. • See Goal 1, Objective 1.1 for more information. • The LDB lines of business continued to achieve set objectives to support sales growth and increase efficiencies. Key highlights and discussion of results are included in the "Report on Performance" sections of this annual report.

² The LDB began modernizing its chain of liquor stores with the BCLIQUOR brand in fiscal 2021/22 after receiving the Mandate Letter.

2023 Minister's Letter of Direction	Status as of March 31, 2025
<p>Strengthening the LDB's focus on corporate social impact/responsibility through initiatives that align with government's social and environmental priorities.</p>	<ul style="list-style-type: none"> • With the launch of Multiply the Good, the LDB's new corporate impact platform, the LDB further enhanced its commitment to giving back to the communities it serves. Multiply the Good creates a shared brand and unified vision for shared vision for how our people, our customers, and our industry partners can work together to enhance the good we do for the people living in British Columbia. The platform focuses on four key pillars: people, communities, the environment, and partners - and serves as a unifying framework for existing campaigns and an evaluation framework for new initiatives in the future. • The LDB also continued its support of four in-store charitable campaigns in fiscal 2024/25. At the LDB's network of BCL and BCCS stores, Spring and Holiday campaigns for Food Banks BC combined to raise more than \$1.4 million for food banks across the province (a record-breaking total), while the Do You Proud campaign raised \$62,230 for QMUNITY, B.C.'s 2SLGBTQIA+ resource centre. A BCL store campaign for Dry Grad raised \$229,007 in support of B.C. school districts' organization of alcohol and drug-free high school graduation celebrations.
<p>Continuing commitment to improve organizational effectiveness and management practices by building on existing strengths to enhance a productive work culture and bolster overall performance.</p>	<ul style="list-style-type: none"> • Exceeded on-time and accurate delivery targets in wholesale liquor and cannabis through new and ongoing operational initiatives focused on proactive employee training and collaboration with external vendors and partners. • BCL exceeded its target for customer satisfaction, attributed to customer engagement with BCL's modernized brand and continued application of its GREAT service model. • Key highlights and discussion results are included in the "Report on Performance" sections of this annual report (e.g., see Goal 2, Objective 2.1).

2023 Minister's Letter of Direction	Status as of March 31, 2025
<p>Working with other government partners to refresh and refocus the LDB's work with the Business Technical Advisory Panel on areas that are mutually beneficial and straightforward to advance.</p>	<ul style="list-style-type: none"> • Work was initiated in fiscal 2024/25 on most of the refreshed BTAP priorities; for the LDB, this included comprehensive stakeholder engagement as part of the LDB's review of its liquor manufacturer sales agreements and modernizing LDB's technology systems. Also, in response to BTAP's request, the LDB reviewed and expanded single bottle picks in 2023 and has continued to refresh the single bottle pick selection seasonally. • The LDB has continued to respond to evolving challenges. In response to the severe freezing conditions in January 2024 that caused significant damage to British Columbia's vineyards, the LDB has introduced temporary measures to support the production of a 2024 vintage and help preserve jobs within B.C.'s wine industry and ancillary sectors. • In line with the province's three-pronged approach in response to the implementation of U.S. tariffs (respond with counteractions, strengthen B.C.'s economy, and diversify trade markets), the LDB reallocated resources to focus its policy efforts on new government priorities. This includes work related to removing barriers to interprovincial trade and exploring options to address requests from industry to support local manufacturers. • Additionally, the LDB continues to implement programs to support local industries, including stocking and promoting B.C. and Canadian-made products in BCL.

Appendix C: Subsidiaries and Operating Segments

Table 1 provides an overview of BCL's operating results, considering it as a customer of LDB Wholesale Operations, like other private store operators. To avoid double counting, all internal transactions between BCL and LDB Wholesale Operations have been excluded from LDB's financial results. In fiscal 2024/25, BCL's net income decreased by \$15.3 million compared to the prior year. The net income rate declined by 70 basis points, reaching 9.4 per cent of sales.

Table 1: BCL financial results

(Unaudited \$millions)	2023/24		2024/25	
	Actual	% sales	Actual	% sales
Sales	1,575.3	100.0	1,521.3	100.0
Gross Profit	375.5	23.8	366.7	24.1
Expenses	218.9	13.9	225.2	14.8
Other Income	2.3	0.1	2.1	0.1
Net Income	158.9	10.1	143.6	9.4

BCL sales include all customer transactions that occur in the stores. However, sales and the associated gross profit from licensed establishments (hospitality customers) are excluded from the BCL results since those sales are attributed to LDB Wholesale Operations. Consequently, the costs related to these hospitality sales are also removed from the BCL results.

The gross profit reflects the retail markup applied to the wholesale price of product sold by LDB Wholesale Operations to BCL.

It is important to note that the financial results presented do not include any allocation of head office expenses.

Appendix D: Auditor's Report and Audited Financial Statements

Financial Statements of

**BC LIQUOR
DISTRIBUTION BRANCH**

And Independent Auditor's Report thereon

For the year ended March 31, 2025



KPMG LLP

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Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
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INDEPENDENT AUDITOR'S REPORT

To the Minister of Public Safety and Solicitor General, Province of British Columbia

Opinion

We have audited the accompanying financial statements of British Columbia Liquor Distribution Branch, which comprise:

- the statement of income and comprehensive income for the year then ended
- the statement of due to the Province of British Columbia for the year then ended
- the statement of financial position for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditor’s Responsibilities for the Audit of the Financial Statements**” section of our auditor’s report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Vancouver, Canada
May 22, 2025

BC LIQUOR DISTRIBUTION BRANCH

Statement of Income and Comprehensive Income
(in thousands of dollars)

For the year ended March 31, 2025, with comparative information for 2024

	Note	2025	2024
Revenue	4	\$ 3,898,403	\$ 3,939,482
Cost of sales		(2,238,577)	(2,237,005)
Gross profit		1,659,826	1,702,477
Expenses:			
Administration	5, 11, 15	565,172	550,153
Marketing	5	10,715	11,015
Transportation	5	1,055	1,078
		576,942	562,246
Profit before other income and finance costs		1,082,884	1,140,231
Other income		18,410	14,676
Finance costs	11	(7,057)	(6,754)
Total Income and comprehensive income		\$ 1,094,237	\$ 1,148,153

The accompanying notes are an integral part of these financial statements.

BC LIQUOR DISTRIBUTION BRANCH

Statement of Due to the Province of British Columbia
(in thousands of dollars)

For the year ended March 31, 2025, with comparative information for 2024

	Note	2025	2024
Balance, beginning of year		\$ 115,074	\$ 71,098
Total income and comprehensive income		1,094,237	1,148,153
Net payments to the Province of British Columbia	13	(1,121,212)	(1,104,177)
Balance, end of year		\$ 88,099	\$ 115,074

The accompanying notes are an integral part of these financial statements.

BC LIQUOR DISTRIBUTION BRANCH

Statement of Financial Position
(in thousands of dollars)

For the year ended March 31, 2025, with comparative information for 2024

	Note	2025	2024
Assets			
Current:			
Cash		\$ 3,690	\$ 34,976
Accounts receivable	6	16,015	24,676
Prepaid expenses and deposits	7	9,615	6,393
Inventories	8	248,035	239,636
		277,355	305,681
Non-current:			
Prepaid expenses and deposits	7	2,140	5,330
Intangible assets	9	2	9
Property and equipment	10	86,300	85,550
Right-of-use assets	11	210,220	210,419
		298,662	301,308
Total assets		\$ 576,017	\$ 606,989
Liabilities			
Current:			
Accounts payable and accrued liabilities	12, 15	\$ 198,723	\$ 206,847
Current portion of lease liabilities	11	47,651	46,553
Due to the Province of British Columbia	13	88,099	115,074
		334,473	368,474
Non-current:			
Non-current portion of lease liabilities	11	185,457	186,478
Other long-term liabilities	14	56,087	52,037
		241,544	238,515
Total liabilities		\$ 576,017	\$ 606,989

Commitments and contingencies 16, 17

The accompanying notes are an integral part of these financial statements.

Approved for issue on May 22, 2025 by:



R. Blain Lawson
General Manager and Chief Executive Officer



Julia Aspinall, BA, CPA, CMA
Chief Financial Officer

BC LIQUOR DISTRIBUTION BRANCH

Statement of Cash Flows
(in thousands of dollars)

For the year ended March 31, 2025, with comparative information for 2024

	Notes	2025	2024
Cash provided by (used in):			
Operating:			
Total income and comprehensive income		\$ 1,094,237	\$ 1,148,153
Items not involving cash:			
Depreciation and amortization	9, 10, 11	66,906	67,503
Loss (gain) on disposal of property and equipment		15	(91)
Finance costs	11	7,057	6,754
Accrued employee benefits		4,050	4,255
Changes in non-cash operating items:			
Non-current assets		3,190	(4,083)
Working capital		(11,084)	(23,304)
		1,164,371	1,199,187
Investing:			
Acquisition of property and equipment	10	(21,864)	(18,345)
Proceeds from disposal of property and equipment		84	82
		(21,780)	(18,263)
Financing:			
Payment of lease liabilities	11	(52,890)	(51,919)
Lease incentives		225	170
Net payments to the Province of British Columbia	13	(1,121,212)	(1,104,177)
		(1,173,877)	(1,155,926)
Increase (decrease) in cash		(31,286)	24,998
Cash, beginning of year		34,976	9,978
Cash, end of year		\$ 3,690	\$ 34,976
Supplementary information:			
Non-cash operating and finance activities:			
Addition of lease liabilities	11	\$ 45,918	\$ 35,659

The accompanying notes are an integral part of these financial statements.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

1. Description of operations

The British Columbia Liquor Distribution Branch (“the LDB”) is one of two branches of the Province of British Columbia (“the Province”) responsible for the beverage alcohol and cannabis industry in British Columbia and reports to the Ministry of Public Safety and Solicitor General effective April 1, 2023 (previously reporting to the Ministry of Finance).

The LDB obtains its authority for liquor operations from the British Columbia Liquor Distribution Act (“the Act”). As stated in Section 2 of the Act, the LDB has the exclusive right to purchase liquor for resale and reuse in the Province in accordance with the provisions of the Importation of Intoxicating Liquors Act (Canada).

The General Manager and Chief Executive Officer of the LDB are also appointed as the administrator for the wholesale distribution, the operation of retail stores, and the on-line sales system of cannabis products under the Cannabis Distribution Act.

The LDB is reported in the public accounts on a modified equity basis, in a manner similar to a commercial Crown corporation. The LDB does not reflect any equity on its statement of financial position as all income is owned and payable to the Province of British Columbia.

The LDB is exempt from Canadian federal and British Columbia provincial income taxes.

2. Basis of accounting

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements were authorized for issuance by those charged with governance on May 22, 2025.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis. The accounts have been prepared on a going concern basis.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the LDB’s functional currency. All financial information has been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting judgments, estimates and assumptions that could materially affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from those estimates.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

2. Basis of accounting (continued)

(d) Use of estimates and judgments (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In determining and applying accounting policies, judgment is often required where the choice of specific policy, assumption or account estimate to be followed could materially affect the reported results or net position of the LDB, should it later be determined that a different choice would be more appropriate. Management considers the following to be areas of judgment and estimation for the LDB due to greater complexity and/or being particularly subject to the exercise of judgment:

(i) Property and equipment and intangible assets

The determination of the useful economic life of property and equipment and intangible assets is subject to management estimation. The LDB regularly reviews all of its depreciation and amortization rates and residual values to take account of any changes in circumstances or that could affect prospective depreciation, amortization charges, and asset carrying values.

(ii) Leases and right-of-use assets - renewals

Management exercises judgment in determining the appropriate lease term on a lease-by-lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, store performances, past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the retail industry may impact management's assessment of lease terms, and any changes in management's estimate of lease terms may have a material impact on the LDB's statement of financial position and statement of comprehensive income.

(iii) Leases and right-of-use assets - discount rates

In determining the carrying amount of right-of-use assets and lease liabilities, the LDB is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using a base risk-free interest rate estimated by reference to the Government of Canada bond yield with an adjustment that reflects the LDB's credit rating, the security, lease term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change due to changes in the business and macroeconomic environment.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies

The accounting policies below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

(a) Foreign currency translation

The LDB, in the normal course of business, purchases product in foreign currency. Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the date of the statement of financial position. The resulting foreign currency gains or losses are recognized on a net basis within administrative expenses in the statement of comprehensive income.

(b) Financial instruments

(i) Recognition and initial measurement

Trade receivables and trade payables are initially recognized when they originate. All other financial assets and financial liabilities are initially recognized when the LDB becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and measurement of financial assets and financial liabilities

Financial Assets

On initial recognition, a financial asset is classified and measured at: amortized cost, fair value through other comprehensive income ("FVOCI") - debt instrument, FVOCI - equity instrument, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the LDB changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and measurement of financial assets and financial liabilities (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the LDB may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized costs or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For the purposes of assessing whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the LDB considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that this would not meet this condition.

In making this assessment, the LDB considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features;
- terms that limit the LDB's claim to cash flows from specified assets (e.g., non-recourse features).

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and measurement of financial assets and financial liabilities (continued)

A prepayment feature is consistent with the payments solely of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The following accounting policies apply to subsequent measurement of financial assets:

- Financial assets at FVTPL: these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- Financial assets at amortized cost: these assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Debt investments at FVOCI: these assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognized in profit or loss. Other net gains are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(b) Financial instruments (continued)

(iii) Derecognition

The LDB derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the LDB neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The LDB derecognizes a financial liability when its contractual obligations are discharged, or cancelled, or expire. The LDB also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the LDB currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(c) Property and equipment

Property and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the LDB and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Construction in process is carried at cost less any impairment loss. Cost includes professional fees, materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(c) Property and equipment (continued)

When these assets are ready for their intended use, they are transferred into the appropriate category. At this point, depreciation commences on the same basis as the other property and equipment.

Depreciation and amortization of non-financial assets.

No depreciation is provided on land or assets in the course of construction. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their net book values over their estimated useful lives, as follows:

Asset	Rate
Buildings and building improvements	2.5 - 5% per annum
Leasehold improvements	Shorter of term of lease or estimated useful lives
Furniture, fixtures, vehicles and equipment	10 - 25% per annum
Information systems	25% per annum
Intangible assets - computer software development costs	25% per annum

The assets' net book values and useful lives are reviewed and adjusted, if appropriate, at each date of the statement of financial position.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income.

(d) Intangible assets

Acquired intangible assets

Where purchased computer software is not an integral part of a related item of property and equipment, the software is capitalized as an intangible asset. Acquired computer software licenses for which the LDB has control are capitalized on the basis of the costs incurred to acquire and bring them into use.

Intangible assets acquired by the LDB that have finite lives are measured at cost less accumulated amortization and accumulated impairment losses.

Internally generated intangible assets

Direct costs associated with the production of identifiable and unique internally generated software products controlled by the LDB that will generate economic benefits exceeding costs beyond one year are capitalized. Direct costs include software development employment costs including those of contractors used.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(d) Intangible assets (continued)

Internally generated intangible assets (continued)

Development expenditures incurred are capitalized only if the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale as intended by management;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenditures that do not meet these criteria are recognized as an expense as incurred.

Assets that are under construction over a period of time and not available for use, are carried at cost, less any impairment loss, in a development in progress account until put into use. When completed and ready for intended use these assets are amortized on the same basis as other acquired intangible assets.

Costs associated with the implementation of Software as a Service ("SaaS") solutions and maintenance of existing software programs are recognized as an expense as incurred.

(e) Leases and right-of-use assets

At the inception of a contract, the LDB assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the LDB assess whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly and, should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the LDB has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(e) Leases and right-of-use assets (continued)

- the LDB has the right to direct the use of the asset. The LDB has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the LDB has the right to direct the use of the asset if either:
 - the LDB has the right to operate the asset; or
 - the LDB designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassignment of a contract that contains a lease component, the LDB allocates the consideration of the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which LDB is a lessee, the LDB has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee, the LDB recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located where a contractual obligation exists, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Incremental borrowing rate	2025	2024
Buildings	4% per annum	4% per annum
Office equipment	1% per annum	1% per annum

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the LDB's incremental borrowing rate. Generally, the LDB uses its incremental borrowing rate as the discount rate.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(e) Leases and right-of-use assets (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the LDB is reasonably certain to exercise, lease payments in an optional renewal period if the LDB is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the LDB is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the LDB's estimate of the amount expected to be payable under a residual value guarantee, or if the LDB changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The LDB has applied the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, which includes computer equipment. The LDB recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Inventories

The LDB's inventories are valued at the lower of cost and net realizable value. Inventories are determined on a weighted average cost basis. Cost of inventories comprises of cost of purchase to bring inventories to an LDB distribution centre and includes supplier invoiced value, freight, duties, and non-recoverable taxes. Net realizable value represents the estimated selling price for inventories less the estimated costs to sell.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence or damage. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down previously recorded is reversed.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(g) Impairment

The LDB recognizes loss allowances for expected credit loss ('ECL') on financial assets measured at amortized cost and contract assets. The financial assets at amortized cost consist of accounts receivable.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the LDB considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the LDB's historical experience and informed credit assessment, which includes forward-looking information.

Allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The LDB assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The LDB considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the LDB in full.

Lifetime ECLs are the those amounts that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the LDB expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the LDB assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the debtor; a breach of contract such as a default; or being more than 30 days past due.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

If the LDB has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof, the gross carrying amount of the financial asset is written off.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(g) Impairment (continued)

(i) Financial assets

Assets that are subject to depreciation and amortization are reviewed at each statement of financial position date to determine whether there is any indication that assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (the "cash-generating unit"), which are based on the LDB's individual stores.

(ii) Non-financial assets

Non-financial assets that suffered an impairment loss are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized. This reversal would be recognized immediately in the statement of comprehensive income.

(h) Employee benefit plans

The LDB and its employees contribute to the Public Service Pension Plan in accordance with the Public Service Pension Plans Act. Defined contribution plan accounting is applied to the jointly trustee pension plan because sufficient information is not available to apply defined benefit accounting. Accordingly, contributions are expensed as they become payable. Employees are also entitled to specific retirement benefits as provided for under collective agreements and terms of employment. These benefits are accounted for as an expense and a liability in the period incurred based on the allocation of liability from the Province.

(i) Provisions

Provisions are recognized if, as a result of a past event, the LDB has a legal or constructive obligation upon which a reliable estimate can be made, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount. The unwinding of the discount is recognized as a finance cost.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(j) Revenue recognition

Revenue is measured based on the consideration to which LDB expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. For direct delivery programs where LDB accounts for the transactions as an agent, the revenue represents only the net margin charged on direct delivery sales. The LDB recognizes revenue when performance obligations are satisfied. Revenue from the sale of goods are measured at the amount that reflects the best estimate of the consideration expected to receive in exchange for those goods.

Revenue is stated net of discounts, commission, estimated returns and excludes provincial sales tax, federal goods and services tax, container recycling fees and container deposits.

(k) Other income

Revenue that is ancillary to the sales of beverage alcohol is recognized as other income. Other income includes revenue from beverage container handling fees, border point collections and customs clearing administrative fees.

(l) Changes in accounting standards

(i) *New standards, interpretations, and amendments adopted*

- *IAS 1 (Presentation of financial statements) amendment*

The amendment issued in 2020 affects only the presentation of liabilities in the statement of financial position as current or non-current. There are no changes to the amount or timing of recognition of any asset, liability income or expense, or the information that the entities disclose about those items. These amendments did not have any significant impact on the LDB's financial statements.

(ii) *New standards, interpretations and amendments not adopted yet*

Effective date: April 1, 2025

- *IAS 21 (The Effects of Changes in Foreign Exchange Rates) lack of exchangeability*

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

3. Material accounting policies (continued)

(i) Changes in accounting standards (continued)

(ii) *New standards, interpretations and amendments not adopted yet*

Effective date: April 1, 2026

- *IFRS 9 (Financial Instruments and IFRS 7 Financial Instruments: Disclosures) Amendments to the Classification and Measurement of Financial Instruments*

- Annual Improvements to IFRS Accounting Standards – Amendments to:

IFRS 9 Financial Instruments;

IAS 7 Statement of Cash flows

Effective date: January 1, 2027

- *IFRS 18 Presentation and Disclosure in Financial Statements*

Other than the upcoming disclosure requirement relating to IFRS 18, the LDB does not anticipate a material impact on the LDB's financial statements in relation to the other amendments.

IFRS 18 is expected to have a significant impact on the structure and comparability of the financial statements and enhance disclosures on management-defined performance measures. The standard will amend the presentation of the income statement to improve consistency. There will be no impact on total income and comprehensive income.

4. Revenue

Total sales of liquor and cannabis include sales to various customers including retail customers, licensed establishments, licensee retail stores, and agency stores. These amounts do not include subsequent resale by hospitality establishments, licensee retail stores, and agency stores.

	2025	2024
Retail customers	\$ 1,636,668	\$ 1,687,548
Licensee retail stores and independent wine stores	1,720,748	1,713,006
Hospitality customers	405,646	400,635
Agency stores	99,212	102,949
Other customers	36,129	35,344
Total sales	\$ 3,898,403	\$ 3,939,482

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

5. Operating expenses

The LDB's operating expenses are comprised of:

	2025	2024
Administration costs	\$ 565,172	\$ 550,153
Marketing	10,715	11,015
Transportation	1,055	1,078
	\$ 576,942	\$ 562,246
Salaries, wages and benefits	\$ 361,300	\$ 350,788
Depreciation and amortization	66,906	67,503
Bank charges	42,197	41,848
Other administrative expenses	26,137	26,859
Rents and property taxes	20,234	19,698
Data processing	16,902	15,566
Professional services	16,013	13,644
Marketing	10,715	11,015
Repairs and maintenance	11,483	10,327
Loss prevention	4,000	3,920
Transportation	1,055	1,078
Total operating expenses	\$ 576,942	\$ 562,246

6. Accounts receivable

	2025	2024
Trade accounts receivable and other items	\$ 18,560	\$ 27,430
Provision for doubtful accounts	(2,545)	(2,754)
Accounts receivable	\$ 16,015	\$ 24,676

Receivables past invoice due date but not impaired are \$3.7 million (2024 - \$4.0 million). During the year the LDB expensed \$1.1 million (2024 - \$1.6 million) as bad debts expense.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

7. Prepaid expenses and deposits

Prepaid expenses and deposits include insurance, software maintenance, and cash paid pertaining to wine to be received in subsequent periods. The LDB purchases select wine products up to three years in advance to secure future delivery of these products as part of its ongoing business practices. These products are normally purchased in foreign currency and are translated to Canadian dollars at the spot exchange rate in effect at the transaction date. At March 31, 2025, the LDB has recorded \$7.5 million (2024 - \$8.6 million) of prepaid wine futures for delivery

	2025	2024
Non-refundable deposit of wine futures	\$ 7,464	\$ 8,611
Other prepaid expenses	4,291	3,112
	11,755	11,723
Less: long term portion	(2,140)	(5,330)
Current portion	\$ 9,615	\$ 6,393

8. Inventories

	2025	2024
Store inventory	\$ 90,891	\$ 94,117
Warehouse inventory	157,144	145,519
Total inventory	\$ 248,035	\$ 239,636

During the year, inventories that were recognized as cost of sales amounted to \$2.2 billion (2024 - \$2.2 billion).

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements (Tabular
amounts in thousands of dollars)

For the year ended March 31, 2025

9. Intangible assets

	Software development
March 31, 2024	
Opening net book value	\$ 3,514
Amortization charge	(3,505)
Net book value	\$ 9
Cost	\$ 94,712
Accumulated amortization	(94,703)
Net book value	\$ 9
March 31, 2025	
Opening net book value	\$ 9
Amortization charge	(7)
	\$ 2
Cost	\$ 94,712
Accumulated amortization	(94,710)
Net book value	\$ 2

BC LIQUOR DISTRIBUTION BRANCH

Notes to Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

10. Property and equipment

	Land & land improvements	Buildings & building improvements	Leasehold improvements	Furniture fixtures vehicles and equipment	Information systems	Construction in process (CIP)	Total
March 31, 2024							
Opening net book value	\$ 628	\$ 1,058	\$ 63,148	\$ 12,129	\$ 7,023	\$ 2,586	\$ 86,572
Additions	273	404	979	4,654	3,931	8,104	18,345
CIP capitalization (transfer)	-	-	4,751	714	-	(5,465)	-
Disposals (cost)	-	-	(15,533)	(5,296)	(3,325)	-	(24,154)
Disposals (accumulated depreciation)	-	-	15,533	5,273	3,325	-	24,131
Depreciation charge	(5)	(101)	(11,468)	(4,581)	(3,189)	-	(19,344)
	\$ 896	\$ 1,361	\$ 57,410	\$ 12,893	\$ 7,765	\$ 5,225	\$ 85,550
March 31, 2025							
Opening net book value	\$ 896	\$ 1,361	\$ 57,410	\$ 12,893	\$ 7,765	\$ 5,225	\$ 85,550
Additions	-	275	1,372	6,019	3,708	10,490	21,864
CIP capitalization	-	-	8,862	2,042	-	(10,904)	-
Disposals (cost)	-	-	(6,384)	(4,826)	(946)	-	(12,156)
Disposals (accumulated depreciation)	-	-	6,300	4,789	946	-	12,035
Depreciation charge	(23)	(123)	(11,784)	(5,192)	(3,871)	-	(20,993)
	\$ 873	\$ 1,513	\$ 55,776	\$ 15,725	\$ 7,602	\$ 4,811	\$ 86,300
Cost	\$ 920	\$ 7,365	\$ 163,478	\$ 73,548	\$ 53,417	\$ 4,811	\$ 303,539
Accumulated depreciation	(47)	(5,852)	(107,702)	(57,823)	(45,815)	-	(217,239)
Net book value	\$ 873	\$ 1,513	\$ 55,776	\$ 15,725	\$ 7,602	\$ 4,811	\$ 86,300

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

11. Leases and right-of-use assets

The LDB has various real estate (property) leases for retail stores, office space and warehouses. The leases have varying terms, escalation clauses, and renewal rights. The leases for retail stores, office space and warehouses typically run for a period of five to ten years. Some leases also require the LDB to make payments related to property taxes levied on the lessor and insurance payments made by the lessor. These amounts are generally determined annually.

The LDB also leases office equipment with terms of five years.

(a) Right-of-use assets

	Property	Equipment	Total
March 31, 2024			
Opening net book value	\$ 218,141	\$ 1,273	\$ 219,414
Additions	35,659	-	35,659
Disposals (cost)	(1,651)	-	(1,651)
Disposals (accumulated depreciation)	1,651	-	1,651
Depreciation charge	(44,381)	(273)	(44,654)
	\$ 209,419	\$ 1,000	\$ 210,419
Cost	\$ 420,452	\$ 2,310	\$ 422,762
Accumulated depreciation	(211,033)	(1,310)	(212,343)
Net book value	\$ 209,419	\$ 1,000	\$ 210,419
March 31, 2025			
Opening net book value	\$ 209,419	\$ 1,000	\$ 210,419
Additions	45,918	-	45,918
Disposals (cost)	(1,950)	-	(1,950)
Disposals (accumulated depreciation)	1,739	-	1,739
Depreciation charge	(45,633)	(273)	(45,906)
	\$ 209,493	\$ 727	\$ 210,220
Cost	\$ 464,420	\$ 2,310	\$ 466,730
Accumulated amortization	(254,927)	(1,583)	(256,510)
Net book value	\$ 209,493	\$ 727	\$ 210,220

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements
(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

11. Leases and right-of-use assets (continued)

(b) Amounts recognized in statement of comprehensive income

	2025	2024
Depreciation on right-of-use assets	\$ 45,906	\$ 44,654
Interest expense on lease liabilities	7,057	6,754
Rent expense related to short-term leases	28	388

(c) Amounts recognized in statement of cash flows

	2025	2024
Total cash outflow for leases	\$ 52,890	\$ 51,919

(d) Lease liabilities

Undiscounted cash flow of future lease payments

	2025	2024
Less than one year	\$ 54,323	\$ 53,101
Between one to five years	152,777	150,402
More than five years	49,366	54,163
	\$ 256,466	\$ 257,666

Lease liabilities included in the statement of financial position

	2025	2024
Current	\$ 47,651	\$ 46,553
Non-current	185,457	186,478
	\$ 233,108	\$ 233,031

The weighted-average incremental borrowing rate applied for leases that are 10 years or more is 4.0% (2024 – 3.9%). Leases that are less than 10 years use a discount rate of 3.0% (2024 - 3.4%).

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements
(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

12. Accounts payable and accrued liabilities

	2025	2024
Trade payables	\$ 120,451	\$ 126,363
Accrued liabilities	71,353	73,737
Other payables	6,919	6,747
	\$ 198,723	\$ 206,847

13. Due to Province of British Columbia

The LDB uses the Province's financial and banking systems to process and record its transactions. The amount due to the Province represents the accumulated net financial transactions with the Province. During the year, the total receipts from the Province were \$3.30 billion (2024 - \$3.33 billion) and the total payments to the Province were \$4.42 billion (2024 - \$4.43 billion) for a net repayment to the Province of \$1.12 billion (2024 - \$1.10 billion).

14. Other long-term liabilities

The LDB's other long-term liabilities are comprised of:

	2025	2024
Retirement benefit obligation (note 15(b))	\$ 22,215	\$ 21,864
WorkSafe BC claims accruals (note 15(c))	30,700	27,800
Other	3,172	2,373
	\$ 56,087	\$ 52,037

15. Employees' benefit plans and other employment liabilities

(a) Public Service Pension Plan

The LDB and its employees contribute to the Public Service Pension Plan, a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. At March 31, 2024, the plan has about 76,000 active members and approximately 57,000 retired members.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

15. Employees' benefit plans and other employment liabilities (continued)

(a) Public Service Pension Plan (continued)

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The latest actuarial valuation as at March 31, 2023, indicated a funding surplus of \$4.491 billion for basic pension benefits on a going concern basis.

LDB paid \$24.0 million (2024 - \$22.9 million) for employer contributions to the plan in fiscal 2025 which was recorded in administration expenses. The next valuation will be as at March 31, 2026.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

(b) Retirement benefits

Employees are entitled to specific non-pension retirement benefits as provided for under collective agreements and terms of employment. The future liability for this obligation amounts to \$22.2 million (2024 - \$21.9 million), which represents future employees' retirement benefits outside of the Plan and is included in other long-term liabilities. The amount expensed in the current year was \$0.4 million (2024 - \$0.4 million).

(c) WorkSafe BC outstanding claims

The LDB self-funds worker's compensation claims. The LDB recognizes a liability and an expense for claims that are in progress at the year-end. This liability of \$30.7 million (2024 - \$27.8 million) is valued by independent actuaries.

16. Contractual commitments

(a) BC Liquor store and BC Cannabis store license fees

The LDB pays the Liquor Control and Licensing Branch an annual license fee for each LDB retail store. The BC Liquor store fee is based on annual store sales. The BC Cannabis fee is annual fixed fee. The LDB paid \$0.5 million (2024 - \$0.5 million) for license fees during the year.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements
(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

16. Contractual commitments (continued)

(b) Payroll processing

The LDB has an agreement with the BC Public Service Agency for payroll processing. The LDB paid \$1.2 million (2024 - \$1.2 million) for processing services. The agreement expires in July 2025.

Other contractual commitments have been disclosed elsewhere in the notes to the financial statements.

17. Contingent items

(a) The LDB is the sole importer of beverage alcohol in the Province. The LDB, as the importer of record, has the future liability for customs duty on import beer of \$0.5 million (2024 - \$0.5 million) based upon the value of the agents' inventories at March 31, 2025.

(b) The LDB in the normal course of operations is the defendant in various legal actions and it is not expected that the ultimate outcome of these claims will have a material effect on the financial position or operating results of the LDB.

18. Capital management

The LDB does not retain any equity. Net income is returned to the Province. The LDB has no externally imposed capital requirements.

19. Related party transactions

(a) Province of British Columbia

All transactions with the Province of BC and its ministries, agencies, and Crown corporations occurred in the normal course of business and are recorded at the exchange amount, which is representative of fair value unless otherwise disclosed in these notes.

(b) Key management compensation

The LDB's executive management committee is defined as key management. At March 31, 2025 there were 10 (2024 - 10) members on the executive committee.

	2025	2024
Salaries and short-term benefits	\$ 2,123	\$ 1,919
Post-employment benefits	169	138
	\$ 2,292	\$ 2,057

Other related party transactions have been disclosed elsewhere in the notes to the financial statements.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

20. Fair value of financial instruments

Fair value measurements recognized in the statement of financial position are categorized in accordance with the following levels:

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

All of the LDB's financial instruments are classified within Level 1 or Level 2, apart from the Worksafe BC liabilities (Level 3), because these instruments are valued using quoted market prices or alternative pricing sources and models utilizing observable market inputs.

The LDB's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due to the Province of British Columbia.

The carrying amounts for cash, accounts receivable, accounts payable and accrued liabilities and due to the Province of British Columbia approximate their fair values due to the short-term nature of these items.

21. Financial risk factors

The LDB is exposed to the following risks related to its financial assets and liabilities:

- Credit risk
- Liquidity risk
- Market risk

It is management's opinion that the LDB is not exposed to significant credit, liquidity or market risk arising from these instruments.

The LDB does not have any financial instruments to be disclosed with actuarial value.

(a) Credit risk

Credit risk is the risk of financial loss to the LDB due to customer inability to pay for product or a counterparty to a financial instrument failing to meet its contractual obligations. The LDB's exposure to credit risk is related only to the value of accounts receivable in its normal course of business, and the LDB manages this risk by minimizing the amount of transactions which require recovery.

Credit risk is the risk of financial loss to the LDB arising from its cash held at financial institutions and the failure of another party to meet its contractual obligations related to lease agreements, including future lease payments. See accounts receivable note 3(b) and 6 for further disclosure on credit risk.

As at March 31, 2025, the cash balances are held with a major Canadian bank and therefore not exposed to significant credit risk.

BC LIQUOR DISTRIBUTION BRANCH

Notes to the Financial Statements

(Tabular amounts in thousands of dollars)

For the year ended March 31, 2025

21. Financial risk factors (continued)

(b) Liquidity risk

Liquidity risk is the risk that the LDB will not be able to meet its financial obligations as they fall due.

The LDB manages liquidity risk primarily by monitoring cash flows and by maintaining the ability to borrow funds through the Province.

(c) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the LDB's income or the value of its financial instruments.

While the majority of the LDB's transactions are in Canadian dollars, the LDB also transacts in Euros and US dollars. These transactions are in the normal course of business. The LDB's exposure to foreign currency risk could impact the accounts payable of the LDB. A 10% movement in the exchange rate between the Canadian dollar and the other currencies listed above would not have a material impact on the LDB.

The LDB currently does not hold any debt or equity securities and as such is not exposed to interest rate risk. As the LDB has no significant interest-bearing assets and liabilities, the LDB's income and operating cash flows are substantially independent of changes in market interest rates.