



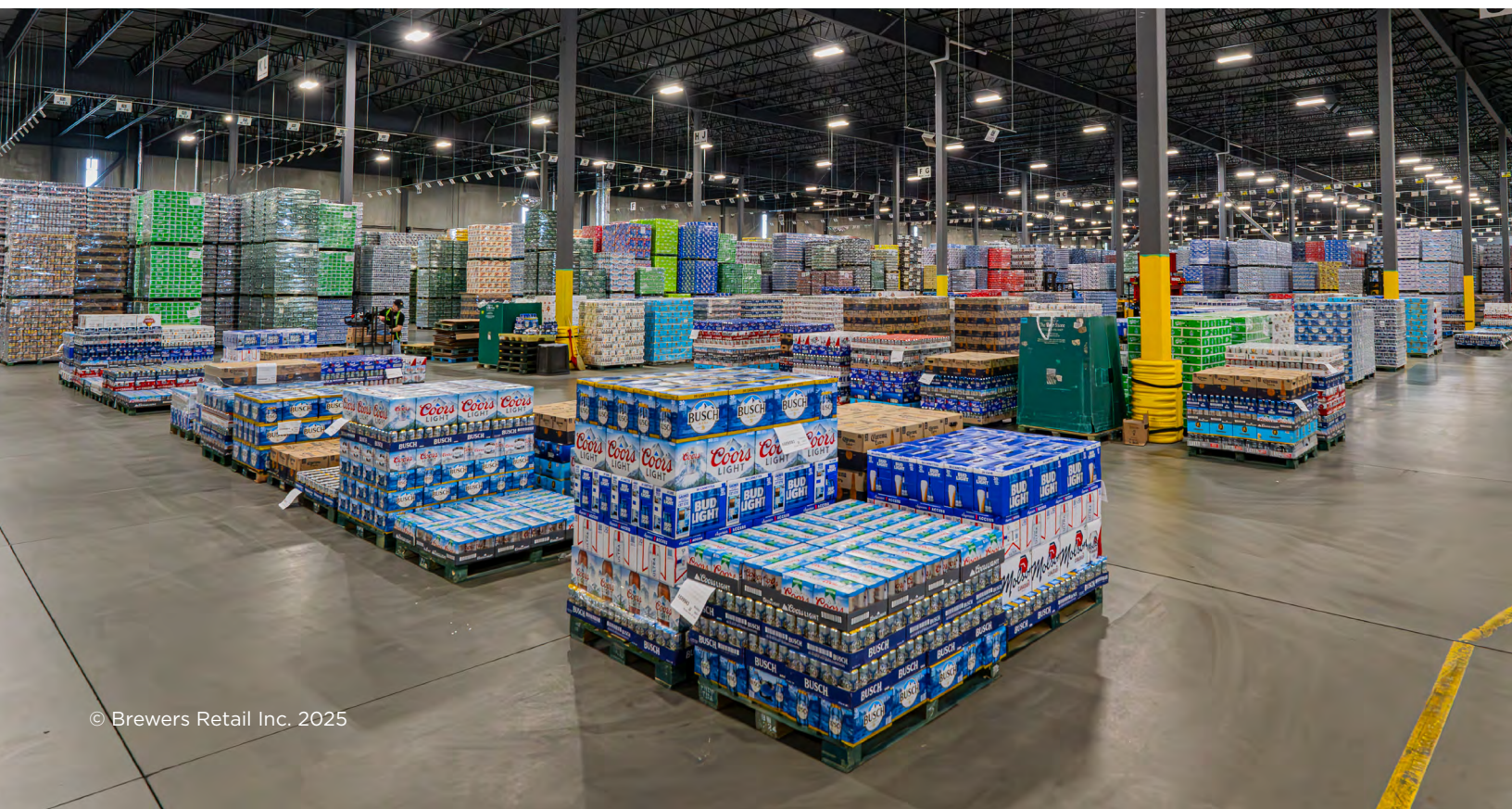
The Beer Store

Driving Efficiency, Sustainability, and Customer Excellence

2024 Operations Report

Contents

- 1 Message from the President**
- 3 By the Numbers: The Power of Our Collective Impact**
- 4 Driving Ontario: The Backbone of Beer Delivery**
- 6 Delivering Circular Solutions for Ontario**
- 10 How Our Retail Network Supports New Service Channels**
- 11 Rooted in Community: Giving Back Across The Province**
- 12 Responsible Sale**
- 13 The Year in Beer Sales**
- 16 Beer Tax Contributions**
- 19 2024 Audited Financial Statements**



Message from the President

For the last 98 years, The Beer Store has been an iconic brand that is part of the rhythm of Ontarian's everyday lives. Perhaps we're part of your weekend 'beer run' ritual—where you bring back your empty containers (including wine and spirit bottles), collect your deposit, and put it toward discovering a great selection of cold beer, all served with friendly customer service. In a way, The Beer Store has been part of numerous relaxing long weekends, family gatherings and evenings watching hockey. We also play a significant distribution role delivering beer to thousands of restaurants and bars, LCBO, Grocery and Convenience stores across the province. Whether you're celebrating at your favourite local restaurant or just grabbing a bite with an ice-cold beer—on draught, in a bottle, or from a can—we help to ensure the moment is special. These stories are all across Ontario, from Kenora to Kingston, Wawa to Windsor.

In 2024, the story of The Beer Store continued to evolve, and the pace of daily business accelerated. In an era of a new retail beer landscape, we put our focus squarely on areas of expertise and growth: logistics readiness, stewardship and reacting to changes in the retail marketplace.

Logistics

The Beer Store is the largest distributor of beer in the province. This expertise was leveraged to service over 5,000 additional convenience and grocery stores in 2024. We continue to evolve our business to put logistics excellence front and center across our operations. We evolved our delivery model to meet the unique needs of these new channels so we could fulfill our delivery promise. Open for ordering 24/7, The Beer Store efficiently serves customers across Ontario from 26 strategically located distribution points. Leveraging these points is key to innovation and keeping pace with accelerating change. New programs such as Distribution Process Optimization and Extended Warehouse Management are making the distribution network agile and more efficient. Amid changes, our products are always available for delivery wherever and whenever needed.

Stewardship

The Beer Store is a leader in sustainable operations and recycling. Our employees are working every day to champion a return-to-retail deposit system that demonstrates leadership in the collection and return of empty beverage alcohol containers. In fact, in 2024 we collected over 1.6 billion alcohol containers of beer and wine/spirit containers as part of the Ontario Deposit Return Program (ODRP) with the LCBO.

At The Beer Store, stewardship is about more than the circular economy, it is about the way the organization and our people give back to the community. In 2024 The Beer Store supported programs and charities addressing mental health, food insecurity, Pride, Black History Month and many more local, store sponsored initiatives. In

2024 alone, The Beer Store's longstanding partnership with the Leukemia & Lymphoma Society of Canada and the United Food and Commercial Workers local 12R24 raised more than \$1.3 million dollars to combat blood cancers.

Changing Retail Marketplace

The Beer Store is constantly changing – that's a hallmark of 98 years of successful operations. What makes 2024 different is the pace of change across different areas of business, starting in large part with changes in the beer marketplace in Ontario. There is more competition for beer in Ontario than ever before, that's where the launch of the successful Shop & Carry program in 2024 brought new service offering out of our retail stores. Now convenience store operators can get orders fulfilled anywhere in Ontario within 30 minutes of placing an order at most retail locations. Although consumers have more choices of where to purchase their beer, The Beer Store continues to offer a wide variety of cold beer in large, small and single pack formats in our conveniently located stores.

This annual Operations Report represents the work of thousands of people in every area of our business as well as the brewers and suppliers that we work with every day. The Beer Store is known for excellent customer service – that comes from our amazing people who are putting the needs of our retail and convenience store customers first every day. Animated by a commitment to continuous improvement, our people are leading the way and adapting to changes in the marketplace.

There is a lot to be proud about in 2024. Some highlights include:

- 3.1 million hectoliters of beer shipped
- Beers from over 200 Brewers – many brewed in Ontario
- 1.6 billion alcohol containers collected, including beer, wine and spirits
- 2.1 million age & sobriety challenges
- \$1.67 million raised for charity

2024 was a year of change, but it was also a year of safe operation. I want to thank our Health and Safety team, employees, vendors, contractors and brewers for working hard to protect each other and our customers.



After our success in 2024, I know my team and I are looking forward to 2025. The Beer Store is an icon with 98 years of change, growth and adaptation in Ontario. I can't wait to see what the next 98 years will bring.

Cheers!

Roy Benin

**PRESIDENT &
CHIEF EXECUTIVE OFFICER**

By the Numbers: Power of Our Collective Impact

LOGISTICS & DISTRIBUTION



3.1M hL

Beer distributed to over 13,000 customers across Ontario in 2024.



5,300+

New retailers added to The Beer Store's distribution network, including grocery stores, convenience stores, gas stations, and big box retailers.



1,400+

Logistics employees power TBS's province-wide beer delivery network with reliability and efficiency.

RETAIL



1,260

Shop & Carry pick-up orders fulfilled over two days (September 3rd & 4th, 2024) in preparation for marketplace expansion.



48 Hours

Turnaround time for flexible ordering, with fast pick-up or delivery from TBS distribution centres.



\$1.67 million+

Raised for charitable causes through efforts like empty container donations and in-store contributions.

ENVIRONMENTAL STEWARDSHIP



1.6B

Containers reused or recycled in 2024, diverting 176,818 tonnes of waste from landfills, waterways, and parks.¹



195,301 t CO₂

Emissions avoided—equivalent to removing 45,555 cars from the road for one year.¹

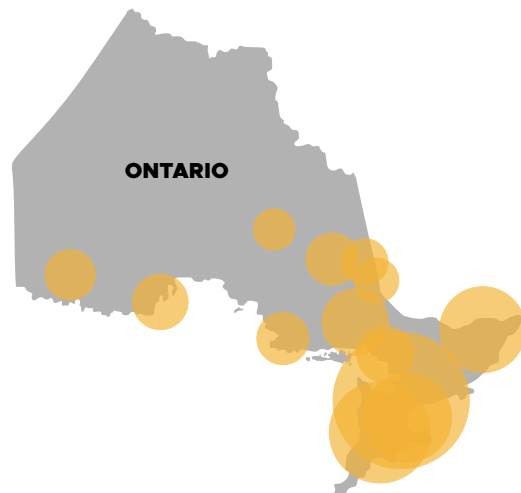
Driving Ontario: *The Backbone of Beer Delivery*

Our Distribution and Logistics Network is Second to None

The Beer Store (TBS) is a leader in logistics and distribution. TBS sets the benchmark for excellence in service quality, efficiency, and consistency building on a century of experience. With a robust infrastructure and a strong commitment to innovation, TBS Logistics remains at the forefront of the alcohol beverage distribution industry, ensuring the seamless delivery of beer across Ontario.

Scale & Efficiency

- **Workforce:** The backbone of TBS Logistics is its dedicated team of over 1,400 Logistics Operations Employees, each contributing to the successful distribution of beer throughout Ontario.
- **Fleet Network:** Supported by a fleet of 536 trucks, TBS operates a vast network, ensuring reliable and timely deliveries to all corners of the province.
- **Serviceable Areas:** With 26 strategically located points of distribution—comprising Distribution Centres (DCs), Cross Docks, and DCRs (Distribution Centre with Retail storefront)—TBS efficiently services all areas across Ontario, maintaining a comprehensive reach and ensuring products are always available where needed.



Warehouse Strength

- **Volume of Beer Distributed:** In calendar year 2024 (CY24), TBS delivered an impressive 3,145,896 hectoliters of beer, equating to approximately 38,442,849 cases of 24 bottles. This volume reflects the sheer scale of TBS Logistics' operations and its ability to meet the demands of Ontario's beer drinkers.
- **Modernization Efforts:** TBS continues to invest in the modernization of its infrastructure. This includes enhancing Distribution Centres, streamlining supply chain processes, and implementing advanced technologies to further increase operational efficiency.

Expansion

- Customer Base Growth: In 2024, TBS Logistics expanded its customer base by adding more than 5,300 new retailers across grocery and convenience channels. This expansion is part of the company’s ongoing efforts to diversify its reach and strengthen relationships with new and existing retail partners.
- Broader Service Impact: This growth underscores TBS’s ability to effectively cater to new markets while continuing to deliver consistent service to its established customer base.

Investment in Innovation

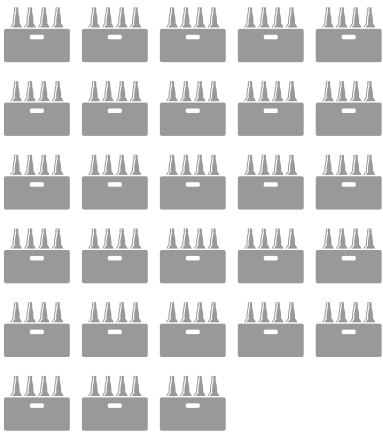
Key Initiatives: TBS is committed to maintaining its industry leadership by investing in key initiatives aimed at driving further efficiencies and innovations:

- DPO (Distribution Process Optimization): This initiative focuses on optimizing delivery routes and schedules to improve fuel efficiency, reduce delivery times, and minimize operational costs.
- EWM (Extended Warehouse Management): EWM technology is being integrated into TBS’s operations to enhance inventory management, improve order fulfillment accuracy, and increase overall warehouse efficiency.
- Process Improvements: Ongoing improvements in processes across the logistics and distribution network ensure that TBS remains agile and responsive to customer needs while maintaining the highest standards of service delivery.

TBS Logistics continues to build on its century-long legacy of operational excellence, making significant strides in scale, efficiency, and innovation. The expansion into new markets, investment in cutting-edge technologies, and dedication to continuous improvement have solidified TBS’s position as a leader in the alcohol beverage distribution industry. With a growing workforce, expanded service network, and a focus on future-ready operations, TBS Logistics remains committed to delivering unmatched service and reliability to its customers across Ontario.

3.1 MILLION
HECTOLITRES

IS EQUAL TO



38.4 MILLION
24-SIZED CASES OF BEER

Delivering Circular Solutions for Ontario

Since 1927, TBS has operated as a brewer cooperative in Ontario, demonstrating a strong commitment to stewardship and taking a leadership role in the collection and return of empty beverage alcohol containers.

From the beginning, TBS has championed a return-to-retail deposit system that exemplifies circularity in action—ensuring the responsible collection, recycling, and re-use of all alcohol containers and associated packaging sold through the TBS network and other retailers.

TBS’s deposit system provides a clear financial incentive, with \$0.10 and \$0.20-cent deposits encouraging Ontarians to return their empty containers and obtain their deposit.

2024 Results at a Glance

| Summary Results | The Beer Store Containers | Ontario Deposit Return Program Containers |
|--|---------------------------|---|
| Empty Containers Collected | 1,180,952,679 | 434,830,796 |
| Recovery Rate (%) | 76% | 74% |
| Glass Bottle Reuse by Brewers (Tonnes) | 51,234 | - |
| Weight of Material Recycled in 2024 (Tonnes) | 53,268 | 84,415 |
| Coloured Glass | 16,862 | 46,999 |
| Clear Glass | 10,185 | 32,953 |
| Metal (Aluminum & Steel Cans) | 13,093 | 3,619 |
| Corrugated Cardboard & Boxboard | 12,098 | - |
| PET Products | - | 843 |
| Mixed Plastic | 1,030 | - |
| Total Tonnes of Containers and Packaging Collected for Reuse or Recycling ¹ | 104,502 | 84,415 |

¹ Total figures may not add up due to rounding

Fast Facts

195,301 tonnes of avoided greenhouse gas emissions (GHG) is equivalent to¹:

- **Over 2 million** Avoided Energy Consumption (GJ) across all materials
- Energy use of **26,228 homes** for an entire year.
- Approximately **46k cars** taken off the roads in Ontario in one year.
- **176,818 tons** of waste recycled instead of landfilled

TBS's deposit system provides a clear financial incentive, with \$0.10 and \$0.20-cent deposits encouraging Ontarians to return their empty containers and obtain their deposit.



10¢ Deposit
Containers less than or equal to 630mL.



10¢ Deposit
Cans less than or equal to 1L.



20¢ Deposit
Containers more than 630mL.







20¢ Deposit
Cans more than 1L.

Table 1

The Beer Store Container Sales and Recovery by Container Type

January 1st, 2024 - December 31st, 2024

| Container Type | The Beer Store Sales (units) | LCBO Sales (units) | Returns (units) | System Recovery Rate (2024) | System Recovery Rate (2023) |
|---|---|---|---|---|-----------------------------|
| All Glass Bottles (Refillable and Non-Refillable) | 285,138,657 | 67,600,807 | 305,116,380 | 86% | 88% |
| Refillable Bottles (ISB and Non-Standard) | 212,802,211 | 28,829,450 | 214,628,733 | 89% | 98% |
| Non-Refillable Bottles | 72,336,446 | 38,771,358 | 90,487,647 | 81% | 72% |
| Metal Cans | 725,152,420 | 474,512,471 | 874,768,164 | 73% | 76% |
| Kegs ² | 1,046,127 | 0 | 1,068,135 | 102% | 109% |
| Total (by Units) | 1,011,337,204  | 542,113,278  | 1,180,952,679  | 76%  | 79% |

¹ Table 3 on Page 9 of The Beer Store Operations Report 2024

² Keg recovery rates sometimes exceed 100% due to a lag between collection and shipment, and/or due to direct brewery sales outside of the TBS network.

Ontario Deposit Return Program Results

Since 2007, TBS has been under contract with the Ontario government to facilitate the Ontario Deposit Return Program (“ODRP”). Consumers pay either a \$0.10 or \$0.20-cent deposit on containers purchased in Ontario, that is fully refundable when the container is returned through TBS’ return network. In accordance with our goal to reduce consumption and increase circular solutions, TBS also accepts any packaging associated with the sale of these containers. Under this program, TBS commits to ensuring all ODRP containers returned through our system are recycled through high-value streams.

Table 2

ODRP Containers: Sales & Recovery

January 1st, 2024 – December 31st, 2024

| Container Type | Sales in Units ³ | | Returns in Units | | Recovery Rate | | | | | |
|----------------|-----------------------------|------------------|------------------|------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------|-----------------|
| | Small Containers | Large Containers | Small Containers | Large Containers | Small Containers (2024) | Small Containers (2023) | Large Containers (2024) | Large Containers (2023) | Combined (2024) | Combined (2023) |
| Glass | 31,561,993 | 181,233,083 | 30,259,898 | 145,544,206 | 96% | 82% | 80% | 79% | 83% | 80% |
| PET | 19,309,179 | 10,984,529 | 6,954,285 | 5,502,863 | 36% | 35% | 50% | 55% | 41% | 42% |
| Tetra/BIB | 777,142 | 11,466,495 | 228,880 | 3,038,575 | 29% | 34% | 26% | 26% | 27% | 26% |
| Subtotal | 51,648,314 | 203,684,107 | 37,443,062 | 154,085,643 | 72% | 66% | 76% | 75% | 75% | 73% |
| Cans | 333,666,666 | | 243,302,091 | | | | | | 73% | 76% |
| Grand Total | 588,999,086 | | 434,830,796 | | | | | | 73.8% | 74.7% |

³ Domestic distillery container sales reporting no longer submitted to the LCBO.

Combined Environmental Performance Results

The following table demonstrates the avoided GHG emissions and energy consumption as a result of the containers reused or recycled through TBS' container collection program and the ODRP.⁴ The avoided emissions are equivalent to taking approximately 45,555 cars off of the road for an entire year!⁵

Table 3

The Beer Store & ODRP Disposal Diversion, Estimated Avoided GHG Emissions, & Avoided Energy Consumption (2024)⁴

January 1st, 2024 – December 31st, 2024

| | Glass Reuse | Clear Glass Bottle Recycling | Coloured Glass Bottle Recycling | Aluminum Recycling | Steel Recycling | PET Recycling | Mixed Plastic Recycling ⁶ | Total Diversion |
|---|-------------|------------------------------|---------------------------------|--------------------|-----------------|---------------|--------------------------------------|-----------------|
| The Beer Store Tonnes Diverted | 51,234 | 10,185 | 16,862 | 13,012 | 81 | 0 | 1,030 | 92,404 |
| ODRP Tonnes Diverted | 0 | 32,953 | 46,999 | 3,619 | 0 | 843 | - | 84,415 |
| TOTAL Tonnes Diverted | 51,234 | 43,138 | 63,861 | 16,631 | 81 | 843 | 1,030 | 176,818 |
| Avoided GHG Emissions (MTCO ₂ E) | 19,469 | 4,745 | 3,513 | 160,660 | 96 | 3,069 | 3,750 | 195,301 |
| Avoided Energy Consumption (GJ) | 348,389 | 72,471 | 69,609 | 1,452,921 | 1,019 | 71,937 | 87,886 | 2,104,232 |

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

⁴ Source for avoided energy and emissions multipliers: Determination of the Impact of Waste Management activities on Greenhouse Gas Emissions: 2005 Update Final Report, ICF Consulting for Environment Canada & Natural Resources Canada, October 2005 and GHG Calculator for Waste Management, Update Oct 2009, ICF Consulting for Environment Canada. Multipliers for avoided GHG Emissions (eCO₂/tonne) used were 0.38 for glass reuse and 9.66 for aluminum recycling. Avoided GHGs from glass bottle reuse (0.38) is not presented in the Determination of the Impact of Waste Management activities on Greenhouse Gas Emissions: 2005 Update Final Report. This multiplier was provided in the previous version of the report from 2004. Pollutant reductions associated with recycled versus virgin aluminum production and glass production from Weitz, Keith A. et al. 2003. Life-Cycle Inventory Data Sets for Materials Production of Aluminum, Glass, Paper, Plastic and Steel in North America. Report prepared by RTI International for the U.S. EPA, Office of Research and Development. EPA-600/Q-03-001. Research Triangle Park, NC.

⁵ Source for emissions equivalency: EPA Greenhouse Gas Equivalencies Calculator, February 2025.

⁶ "Avoided GHG" and "Avoided Energy" coefficients for PET Recycling used for Mixed Plastic figures.

BEER STORE

How Our Retail Network Supports New Service Channels

Shop & Carry

TBS was pleased to support the introduction of the Shop & Carry model, a service offering allowing convenience store operators to place an order and pick up at an assigned TBS retail store near them. The model first launched in the fall of 2024, in response to the marketplace expansion of alcohol beverage sale in Ontario. Shop & Carry is a convenient offering for operators as they can order the selection of products they wish and have it fulfilled after 30 minutes. This turnkey solution has seen great results to date and provides an alternative option for smaller orders. If convenience store operators wished, they could place orders at a larger scale and have them delivered from our logistics distribution centres across the province. Shop & Carry is a great way that TBS retail store network has evolved to better serve the growing needs of other new retailers in Ontario.

Retail Supporting Stewardship

TBS is proud of its long history in stewardship operations, annually collecting for reuse and recycling approximately 1.6 billion beverage alcohol containers, including beer, wine and spirits. The brand was green before green was cool, and at the core of our business we are focused on stewardship and the acceptance of all packaging and items we sell. Customers who take part in this system take meaningful action with every return, transforming what could have been relegated waste into valuable resources that can re-enter the production cycle and become new again. Customers look to TBS as stewards in the community and a destination for returning empty alcoholic beverage containers. In partnership with our brewers, TBS can effectively sort all bottle types allowing brewers a source of refillable bottles for their brands and business. Brewers rely on the TBS empty program to collect their reusable bottles as part of their circular system.

TBS' Empties Return Deposit program ensures the reuse or recycling of beverage alcohol containers while also providing financial incentive for the consumer who can either pocket their deposit or donate that return to the organization of their choice to further give back to their community.

Rooted in Community: Giving Back Across The Province

Giving Back

At the heart of our operations is a strong commitment to giving back. In 2024, we raised an outstanding \$1.67 million for charitable causes, much of it through environmentally conscious methods like empty container donations and cash contributions collected in-store. These initiatives not only support the communities we serve but also promote a more sustainable future.

Partnering with Purpose: Leukemia & Lymphoma Society of Canada (LLSC)

Our longest-standing and most impactful partnership remains with the Leukemia & Lymphoma Society of Canada (LLSC). Together, with all of our employees and proud members of the UCFW 12R24 we raised more than \$1.3 million dollars, with funds collected through:

- Empty bottle and can donations
- Cash contributions at checkout
- Peanut profits and empty return campaigns

These initiatives directly fund life-saving research, patient support programs, and public education campaigns — while also reinforcing our leadership in sustainable fundraising practices.

Supporting Local Communities

In addition to our national partnerships, we raised over \$290,000 for local charities and grassroots initiatives across Ontario, supporting:

- Equity and mental health programs
- Holiday assistance efforts
- Regional campaigns led by our stores and distribution centres

Empowering Black Communities

In recognition of Black History Month, we raised over \$65,000 through in-store donations for two important organizations: Black Mental Health Canada and the BlackNorth Initiative.

- Black Mental Health Canada delivers culturally safe, accessible, and affordable mental health care to Black communities.
- The BlackNorth Initiative focuses on dismantling systemic barriers and ending anti-Black racism through a business-first approach.

These contributions directly support inclusive programs that foster mental wellness, mentorship, and long-term success within Black communities.

Across all of these initiatives, many driven by returnable container donations, we've shown that giving back and sustainability go hand in hand — delivering real impact in communities across the province.



Responsible Sale

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

Responsible Sales Policy

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

Data with Retail Customer Counts

January 1st, 2024 – December 31st, 2024

| | Jan – Dec 2024 |
|----------------------------------|----------------|
| # Age Challenges | 2,116,719 |
| % Customers, Age Challenges | 4.61% |
| # Age Refusals | 20,075 |
| % Customers, Age Refusals | 0.04% |
| # Sobriety Challenges | 4,507 |
| % Customers, Sobriety Challenges | 0.01% |
| # Sobriety Refusals | 3,901 |
| % Customers, Sobriety Refusals | 0.01% |
| # Refusals/Transaction | 0.05% |
| Home Consumer Customer Count | 45,871,051 |



While arrive alive DRIVE SOBER shares messaging across the country, our best results are from right here in Ontario: the jurisdiction with the safest roads in all of North America for the past 20 years. We are proud of that fact, and gratefully acknowledge the consistent support of The Beer Store.

With responsible retailing and all Ontarians playing their part by planning ahead, drinking responsibly, using designated drivers, staying overnight, and using taxis/public transit, impaired driving has a seen significant decline for decades. All this is only possible through the support of partners like The Beer Store.

With funding from The Beer Store, we are able to run our annual conference, print and deliver free supplies to high schools across Ontario, and support police initiatives such as RIDE. Thank for your support!

PETE WYTKA, Executive Director,
arrive alive DRIVE SOBER

The Year in Beer Sales

Fig. 1

Beer Store Brewer Facts

I. PRODUCT SELECTION

The Beer Store has an open listing policy, meaning that any brewer in the world wanting to sell product approved by the LCBO in the retail and distribution chain can do so. In 2024, The Beer Store listed 1,051 brands from across the globe and listed 261 brewers.

| | 2024 | % of Sales |
|-----------------------------|------|------------|
| Ontario Based Brewers | 176 | 96% |
| Out of Province Brewers | 4 | 4% |
| Import Brewers | 81 | |
| Total Brewers | 261 | |
| Small Ontario Brewers* | 171 | |
| Brewery Countries of Origin | 26 | |

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

2024 Proportion of Brewers by Segment

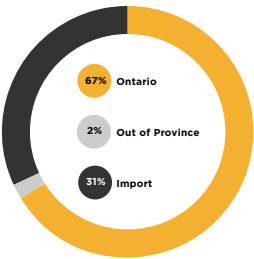


Fig. 2

2024 Proportion of Sales by Brewer Segment

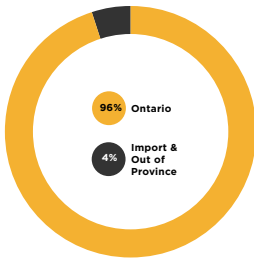
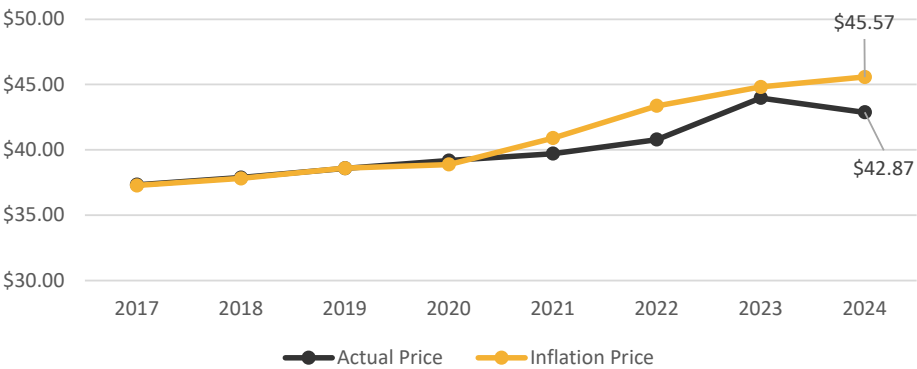


Fig. 3

II. SALES BY VALUE AND BEER PRICES

Average Beer Store Consumer Price Converted to Case Equivalent

Fig. 4



Actual price vs CPI adjusted price of a case.

III. BEER STORE SALES BY CHANNEL

The Beer Store operates as a retail and B2B business. TBS operates 407 stores (as of December 2024) in an Ontario alcohol beverage system that includes over 7,700 outlets where beer can be purchased.

Beer Store Home Consumer Retail Sales Volume

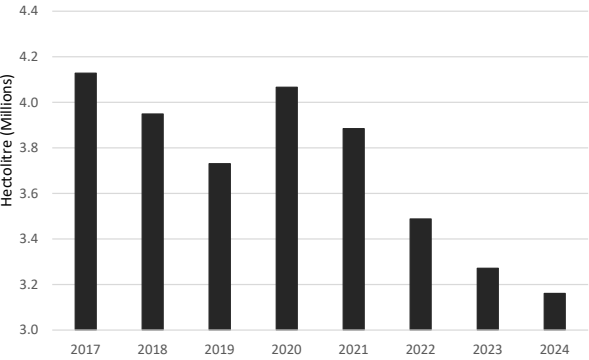


Fig. 5

IV. BEER STORE BUSINESS TO BUSINESS SALES

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

Beer Store Retail Partner/Agency/LCBO Convenience Outlet Sales

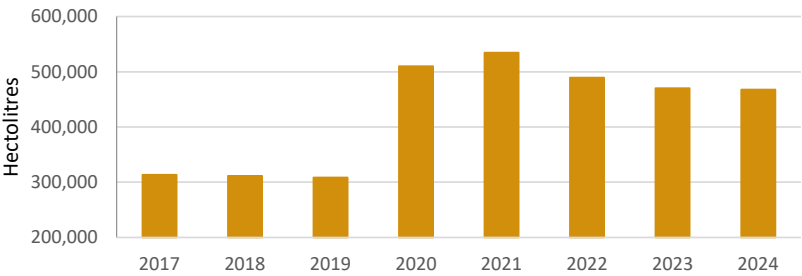


Fig. 6

Ontario Retail Beer Outlets

| | 2024 | 2023 | 2022 |
|---------------------------|-------|-------|-------|
| Beer Stores | 407 | 423 | 424 |
| TBS Mobile Trailers | 2 | 2 | 2 |
| LCBO Stores | 688 | 685 | 680 |
| LCO/Retail Partner/Agency | 384 | 389 | 394 |
| On-Site Brewery Stores | 388 | 373 | 367 |
| Grocery Stores | 884 | 449 | 450 |
| Convenience Stores | 5,027 | | |
| TOTAL | 7,780 | 2,321 | 2,317 |

Beer Store Volume Sales

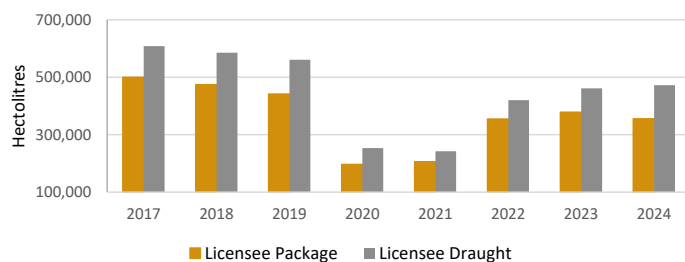
| | 2024 | 2023 | 2022 |
|---------------------------|--------|--------|--------|
| Home Consumer | 50.85% | 53.66% | 55.55% |
| Licensee | 13.41% | 13.86% | 12.43% |
| LCBO | 16.32% | 17.63% | 17.15% |
| LCO/Retail Partner/Agency | 7.53% | 7.72% | 7.80% |
| Grocery Stores | 7.63% | 6.73% | 6.70% |
| Convenience Stores | 3.87% | | |
| Other | 0.38% | 0.41% | 0.38% |

Beer Store Business to Business Logistics Delivery Volume Trends

- Overall Wholesale Sales in 2024 increased by **182,936 hl** or **6.5%** driven by deliveries to Convenience Stores of **193,299 hl**, net of **10,363 hls** decrease in combined deliveries to LCBO, Grocery and Agency/LCO stores.
- Licensee Sales decreased by **11,166 hl** or **1.3%**
- Licensee Packaged Beer Sales decreased by **22,706 hl** or **6.0%**
- Licensee Draught Beer Sales increased by **10,722 hl** or **2.3%**
- LCBO Sales decreased by **60,710 hl** or **5.61%**
- Retail Partner/Agency/LCO Sales declined by **2,562 hl** or **0.5%**
- Deliveries to Grocery Stores increased by **64,075 hl** or **15.6%**

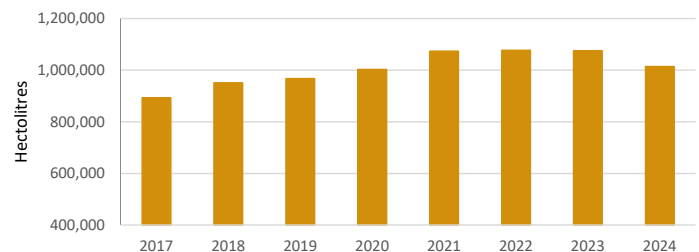
Beer Store Licensee Sales

Fig. 7



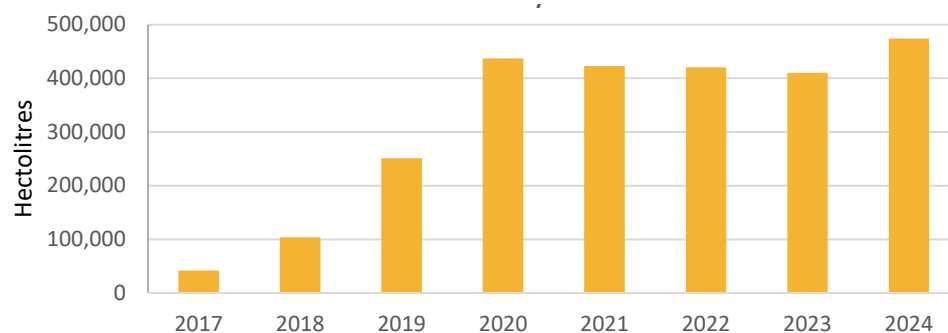
Beer Store LCBO Sales

Fig. 8



Beer Store Grocery Sales

Fig. 9



Beer Tax Contributions

The Beer Store emerges as a pivotal player in Ontario’s fast-paced economic landscape with a commitment to efficiency by keeping consumer prices low while providing significant revenue to the Province of Ontario and the Federal Government. Before tax, The Beer Store ensures that Ontarians enjoy some of the lowest beer prices in the country, while the province is also subject to some of the highest beer taxes in the country. The Beer Store sales contributed almost \$1 billion in estimated government tax revenues in 2024.

Tax Examples by Price Point 2024

Fig. 10

| | Retail Price | Federal Tax | Provincial Tax | Total Tax |
|--|--------------|-------------|----------------|-----------|
| 24 – 341 ml Bottles – Domestic Specialty | \$46.73 | 10.8% | 25.9% | 36.7% |
| 24 – 341 ml Bottles – Premium | \$43.05 | 11.3% | 27.5% | 38.8% |
| 24 – 341 ml Bottles – Value | \$41.83 | 11.5% | 28.1% | 39.6% |
| 24 – 341 ml Bottles – Ontario Craft | \$50.10 | 5.6% | 16.4% | 22.0% |
| 24 – 330 ml Bottles – Import | \$63.36 | 9.0% | 23.9% | 32.9% |
| 24 – 355 ml Cans (Average across categories) | \$50.62 | 10.5% | 29.4% | 39.9% |

Federal & Provincial Beer Tax Rates 2024

Fig. 11

| Federal Excise Tax | \$0.3623/litre (>75,000 HL, >2.5% ABV) ¹ | |
|--------------------|---|----------------------------|
| | Ontario Beer Taxes | |
| | Ontario Beer Manufacturer (\$/L) | Ontario Microbrewer (\$/L) |
| Draught Basic Tax | \$0.7245 | \$0.3596 |
| Packaged Basic Tax | \$0.8974 | \$0.3975 |
| Volume Levy | \$0.1760/litre | |
| Environmental Levy | \$0.0893/non-refillable container | |
| HST | 13% | |

**Rates at December 31, 2024*
¹This rate is the regular rate for more than 2.5% ABV.



Taxes Collected on TBS Beer Sales

Fig. 12

| Estimated Government Revenues Associated with TBS Beer Sales (Millions) | 2024 |
|---|----------|
| Provincial Beer Taxes | \$528.8M |
| Federal Excise Taxes | \$154.1M |
| Goods and Service Tax (Federal portion of HST) | \$102.1M |
| Provincial Sales Tax (Provincial portion of HST) | \$163.3M |
| Total Government Beer Taxes Associated with TBS Sales | \$948.3M |

Schedule C: BRI Rate SheetEffective August 15th, 2024

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

ELECTED SERVICES

| LISTING ADMINISTRATION FEE | Base Fee + | Per store, Per SKU, First 233 stores | All other stores above 233 | All "D" Stores |
|---|------------|--------------------------------------|----------------------------|-----------------------------|
| Packaged | \$3,781.03 | \$302.49 | \$71.09 | \$710.86 |
| Draught | \$7,562.07 | \$604.94 | | |
| Non-Alcoholic | \$3,781.03 | \$302.49 | \$71.09 | \$710.86 |
| ACCOUNTS RECEIVABLE RECOVERY | | | \$0.67 | per licensee hl only |
| TRANSFERS | | | | |
| Emergency | | | \$29.77 | per hl |
| Regular | | | \$24.62 | per hl |
| DELIVERY SERVICE TO LCBO | | | \$24.62 | per hl |
| DELIVERY SERVICE TO RETAIL PARTNERS | | | \$24.62 | per hl |
| DELIVERY SERVICE TO GROCERY | | | \$24.62 | per hl |
| DELIVERY SERVICE TO CONVENIENCE | | | \$40.53 | per hl |
| EMPTY CONTAINER DISPOSAL | | | | |
| Cans | | | \$4.99 | per hl |
| ONE-WAY KEG RECYCLING FEE This charge applies to recyclable kegs such as the Eco-Keg. | | | \$9.20 | per unit |
| VOUCHER ADMINISTRATION | | | 5% | of retail value |
| EMPTY CONTAINER PURCHASE This charge applies to Industry Standard Bottles only that are sold through the LCBO and Grocery where the empty container is redeemed by BRI. | | | \$13.78 | per hl |
| NON-STANDARD CONTAINERS Industry Standard Bottles and Kegs which do not require sorting or special handling are exempt from this charge. | | | | |
| Bottles | | | \$0.0803 | per unit |
| Draught | | | \$1.96 | per unit |
| KEG REPAIR SURCHARGE | | | \$0.77 | per usage |
| DIRECT DELIVERY KEG FEE | | | \$5.95 | per hl |
| GROCERY ADMIN FEE This charge applies where TBS is is vendor of record and brewer delivers to grocery. | | | \$2.57 | per hl |

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

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

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

2024

Financial Statements

The Company is a party to an Early Implementation Agreement (EIA) with the Province of Ontario dated May 23, 2024. Pursuant to the EIA, the Company entered into an amended and restated shareholders' agreement also dated May 23, 2024. Under the terms of the Shareholders Agreement, the Company operates on a self-sustaining basis. Due to differences in the timing of accounting revenue and expenses compared to net cash flows, the Company may report an operating loss for accounting purposes despite full funding of operating requirements.

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REPORT

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