Yukon Liquor Corporation's

# Annual report for liquor

April 1, 2025 to March 31, 2026




Yukon Liquor Corporation

Yukon



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# Letter of transmittal

Dear Honourable Minister Gehmair,

It is my pleasure to present you with the Yukon Liquor Corporation's Annual Report for Liquor for the fiscal year ending March 31, 2026.

Respectfully submitted,

**Philippe Mollet**
***President, Yukon Liquor Corporation***



# Message from the Board Chair

I am pleased to contribute to the Yukon Liquor Corporation's 2025–26 Annual Report for Liquor.

As Board Chair, it is my privilege to reflect on another year of constructive collaboration between the Yukon Liquor Board and the Yukon Liquor Corporation in supporting the responsible regulation of liquor throughout the territory.

The board's mandate is to ensure the safe and responsible oversight of liquor licensing and distribution in the Yukon. This includes administering legislation and making informed licensing decisions to support a balanced approach to regulation that promotes both public safety and responsible consumption. Throughout the year, the board has continued to uphold these responsibilities in a changing social and economic environment.

In closing, the board remains committed to safety, social responsibility, and effective regulatory oversight. I am confident that through continued collaboration and a focus on evidence-based decision-making, our work will continue to meet the evolving needs of Yukoners now and into the future.

Sincerely,

**Eva Bidrman**
*Chair, Yukon Liquor Board*

# Message from the President

It is my pleasure to present the Yukon Liquor Corporation's 2025–26 Annual Report for Liquor.

This past year brought continued change across the retail and economic landscape, while also creating opportunities to strengthen our role in serving Yukoners. Amid shifting consumer preferences, broader market trends, and an election year, we remained focused on providing reliable service, supporting responsible retail practices, and maintaining public confidence in the Yukon's liquor authority.

Nationally and internationally, liquor sales have continued to show signs of decline as consumer behaviours evolve. Within this context, we have remained committed to balancing customer service with our regulatory responsibilities and attention to socially responsible sales, while also supporting the long-term sustainability of local businesses and communities.

This commitment is particularly important in rural Yukon, where our local liquor stores often play a role that extends beyond retail. In many communities, they serve as territorial agents, providing residents with access to essential government services. This important function strengthens community connectivity and highlights the broader value our stores bring to the communities they serve.

Furthermore, we continue to prioritize the sustained profitability of our operations, enabling us to generate responsible and reliable revenues that support essential government programs and services. All profits are remitted to the Government of Yukon's General Revenue Fund and reinvested into programs that benefit Yukoners. This work reflects our commitment to operating with financial discipline while delivering meaningful value to the people and communities we serve.

This past year, the Yukon Liquor Corporation was directed to maintain the liquor-related measures put in place in response to continued Canada-US trade tensions. In March 2025, direction was provided to remove all U.S.-made products from Yukon Liquor Corporation stores and cease purchasing new products, with approval to sell any remaining inventory to licensees. In many instance, Canadian alternatives have replaced U.S.-made products on our shelves as demand for these Canadian-made products has grown.

As we move forward, we remain committed to working collaboratively with partners, supporting responsible consumption, advancing government mandate priorities, and ensuring we continue to meet the evolving needs of Yukoners.

Sincerely,

**Philippe Mollet**
*President, Yukon Liquor Corporation*



# About the annual report

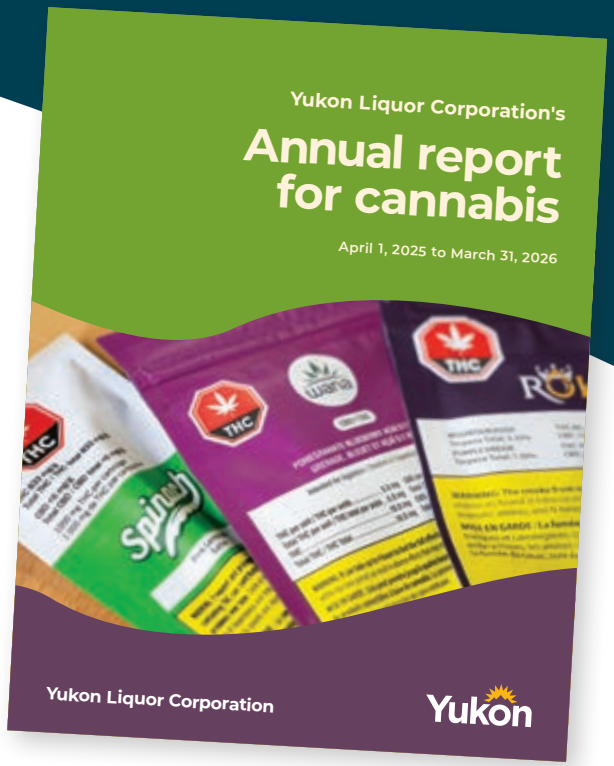
In the annual report for liquor, the Yukon Liquor Corporation provides a detailed overview of its efforts to ensure that access to liquor products is safe, legal, and controlled. As stipulated by the *Liquor Act*, the corporation is required to submit an annual report to the Minister.

While financial information for the cannabis fund is included, this report covers liquor operations in detail. Specifics about the cannabis fund, cannabis financials, and cannabis regulation are provided in a separate annual report dedicated to cannabis.

This report encompasses several critical components, including:

- A statement detailing the nature and amount of liquor business conducted throughout the year. This includes a comprehensive statement of assets and liabilities, along with a profit and loss account, and any other necessary accounts to illustrate the results of the corporation's liquor operations for the year; and
- Specific details around liquor sales, liquor licensing, permits, and other regulatory activities related to liquor.

A copy of this annual report will be presented during the fall sitting of the Yukon Legislative Assembly, offering legislators and the public a thorough account of the corporation's liquor-related activities and financial statements over the past year.




**For more information regarding the corporation's role in the Yukon's cannabis industry, please see the 2025-26 Yukon Liquor Corporation's Annual Report for Cannabis.**



# Vision, mission and strategic priorities

## Vision

Service excellence that supports a healthy, vibrant and prosperous Yukon.

## Mission

To offer our customers legal access to a variety of liquor and cannabis products while considering the wellbeing and economic prosperity of the Yukon.

## Strategic priorities

### Serve the Yukon

- We sustain net profitability through responsible liquor and cannabis sales.
- We support initiatives targeting the responsible supply and consumption of our products.
- We work collaboratively with producers and licensees.

### Advance the corporation

- We invest in employees, empowering them to deliver excellent client service.
- We develop legislation, policies and processes that meet current and future needs.
- We ensure effective and on-going development and use of systems.

### Work together

- We focus energy and actions on mutually agreed upon goals.
- We work as one, seeking to understand, appreciate and support the good of the corporation, its branches and the team.
- We promptly address challenges with honesty and creativity.

# Yukon Liquor Board

The Yukon Liquor Board operates at arm's length from the Yukon Liquor Corporation and has independent decision-making authority as a quasi-judicial body.

The board is responsible for making liquor licensing decisions, including whether an application for a licence should be granted. The board hears appeals against the Yukon Liquor Corporation regarding licence suspensions, cancellations and permit denials as outlined in the *Liquor Act* and regulations.

The board members meet regularly with additional meetings scheduled as required.

The President of the Yukon Liquor Corporation supports the board in discharging its responsibilities and maintains effective communication between the corporation and the board.



**Eva Bidrman**
Member and Chair
**from April 1, 2024 to March 31, 2027**



**Kelly Proudfoot**
Member
**from January 23, 2025 to January 22, 2028**
Vice-chair
**from August 28, 2025 to January 22, 2028**



**Clarence Timmons**
Member
**from June 27, 2024 to June 26, 2027**



**Haley Mitander**
Member
**from September 11, 2025 to September 10, 2028**

# About the Yukon Liquor Corporation

## Corporate structure

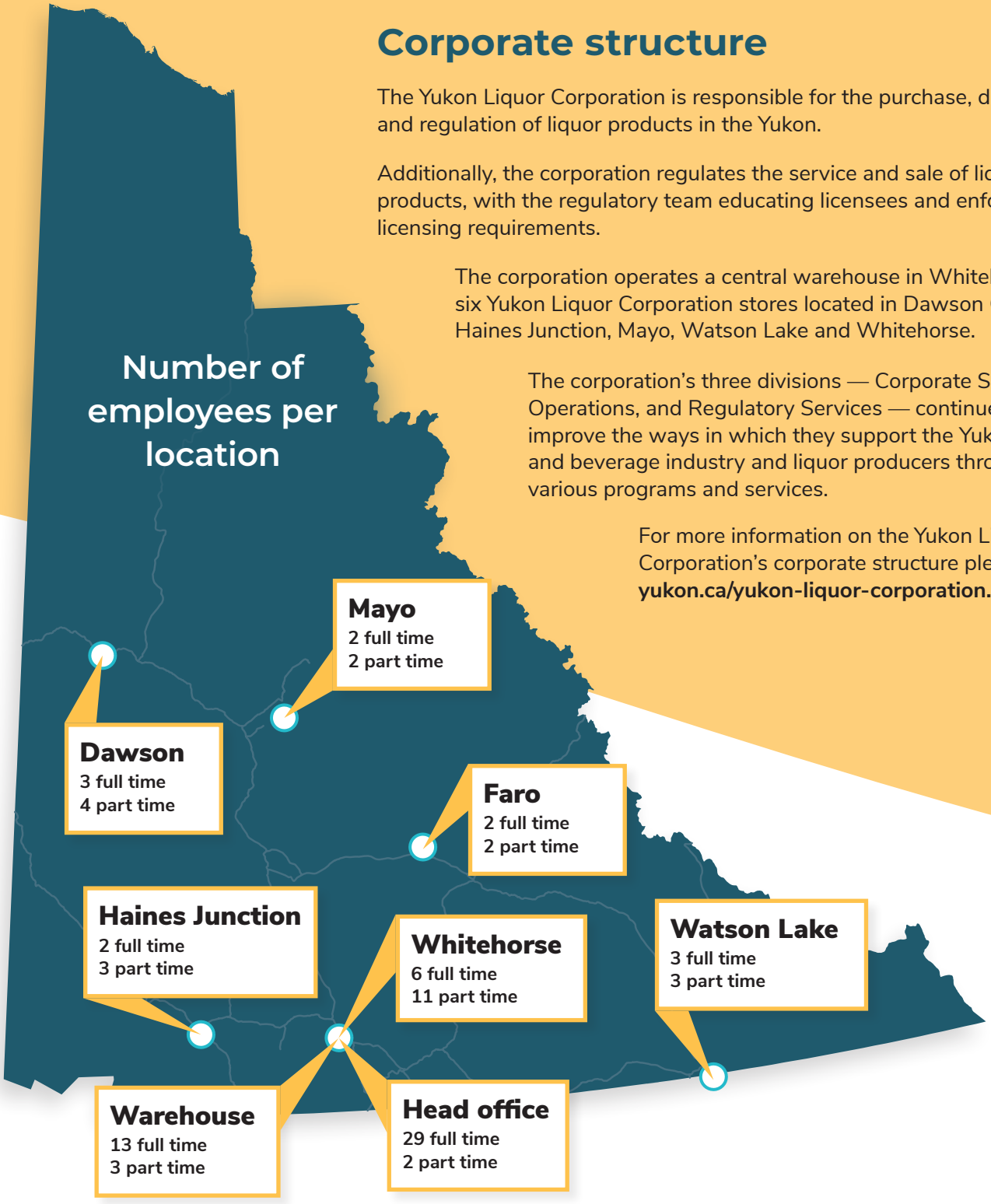
The Yukon Liquor Corporation is responsible for the purchase, distribution, and regulation of liquor products in the Yukon.

Additionally, the corporation regulates the service and sale of liquor products, with the regulatory team educating licensees and enforcing licensing requirements.

The corporation operates a central warehouse in Whitehorse and six Yukon Liquor Corporation stores located in Dawson City, Faro, Haines Junction, Mayo, Watson Lake and Whitehorse.

The corporation's three divisions — Corporate Services, Operations, and Regulatory Services — continue to improve the ways in which they support the Yukon's food and beverage industry and liquor producers through various programs and services.

For more information on the Yukon Liquor Corporation's corporate structure please visit **yukon.ca/yukon-liquor-corporation.**



# Year at a Glance: Liquor



Over **1,500 products** in regular inventory.



Approximately **6,000 special order products** available to order by licensees and retail consumers.



**79 vendors**, including the British Columbia Liquor Distribution Branch (BCLDB) and Alberta Gaming, Liquor and Cannabis (AGLC), supply liquor products to the corporation.



The Regulatory Services branch issued **347 Special occasion** Permits, **165 reception** Permits, and **9 new liquor licences** territory-wide, while supporting **143 liquor licensees** in the fiscal year 2025–26.

Additionally, **215 inspections** were conducted to ensure compliance with operational requirements. During the same period, **239 BARS-L** courses were completed and certificates issued.

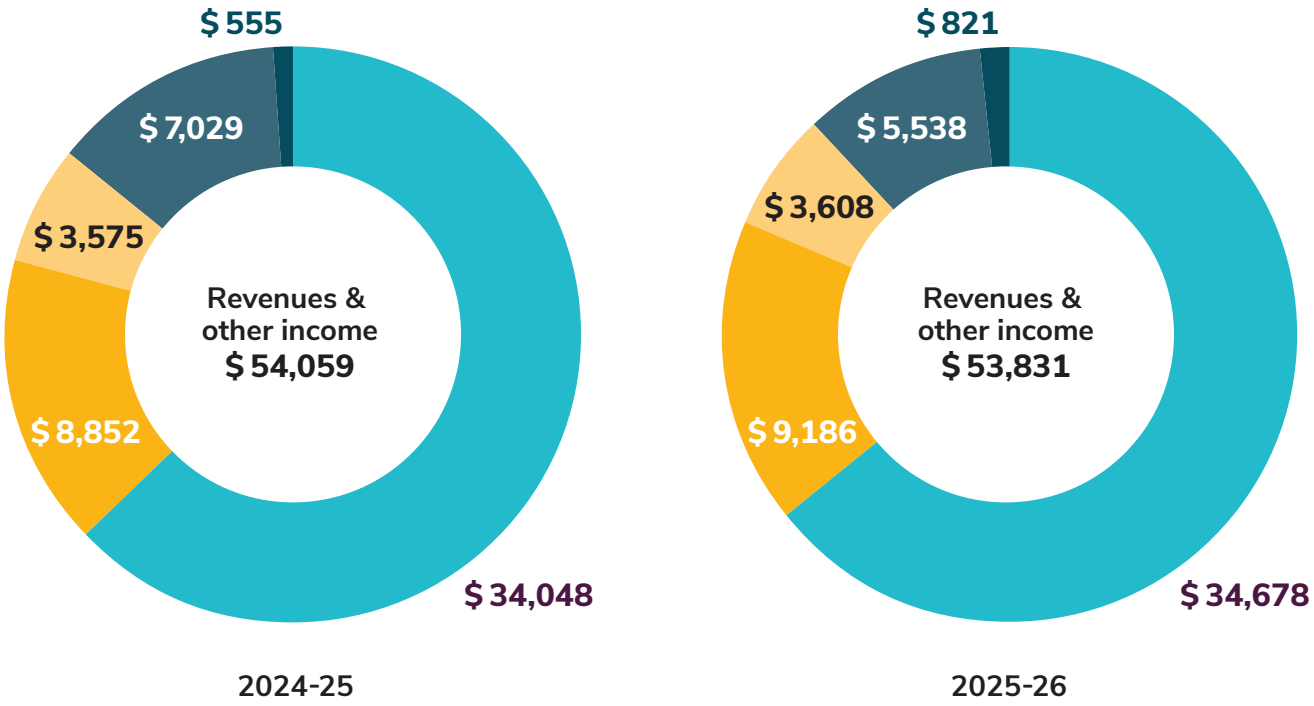
## What is BARS-L?

The "Be A Responsible Server – Liquor" (BARS-L) trains servers of their obligations according to the *Liquor Act* and regulations. BARS-L training is free for staff of the Yukon's licensed establishments.

# Financial and sales overview

## Revenues, expenses and comprehensive income

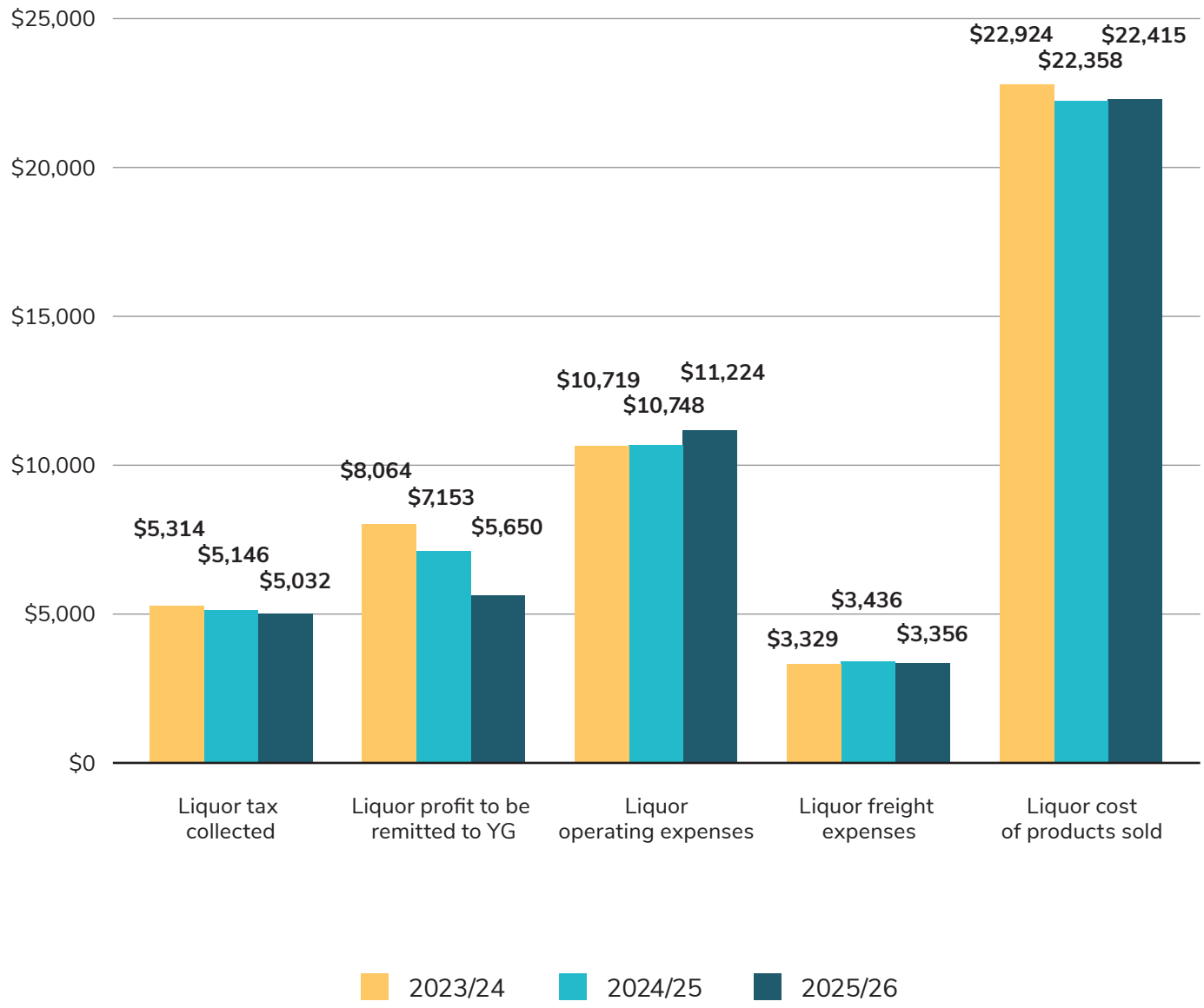
**($,000) (per financial statements)**




*Revenues & Other Income also includes actuarial gain.

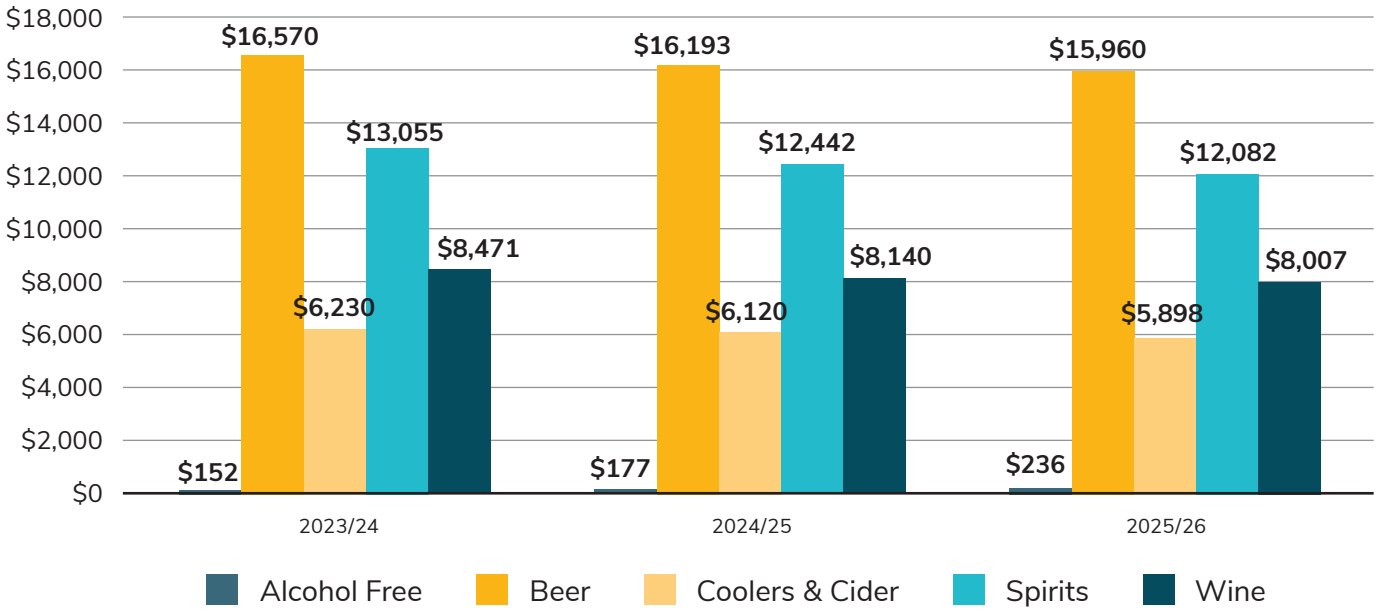
## Expenses and remittances trends

**Spending & Yukon government remittance trends ($,000)**



## Liquor net sales by class*

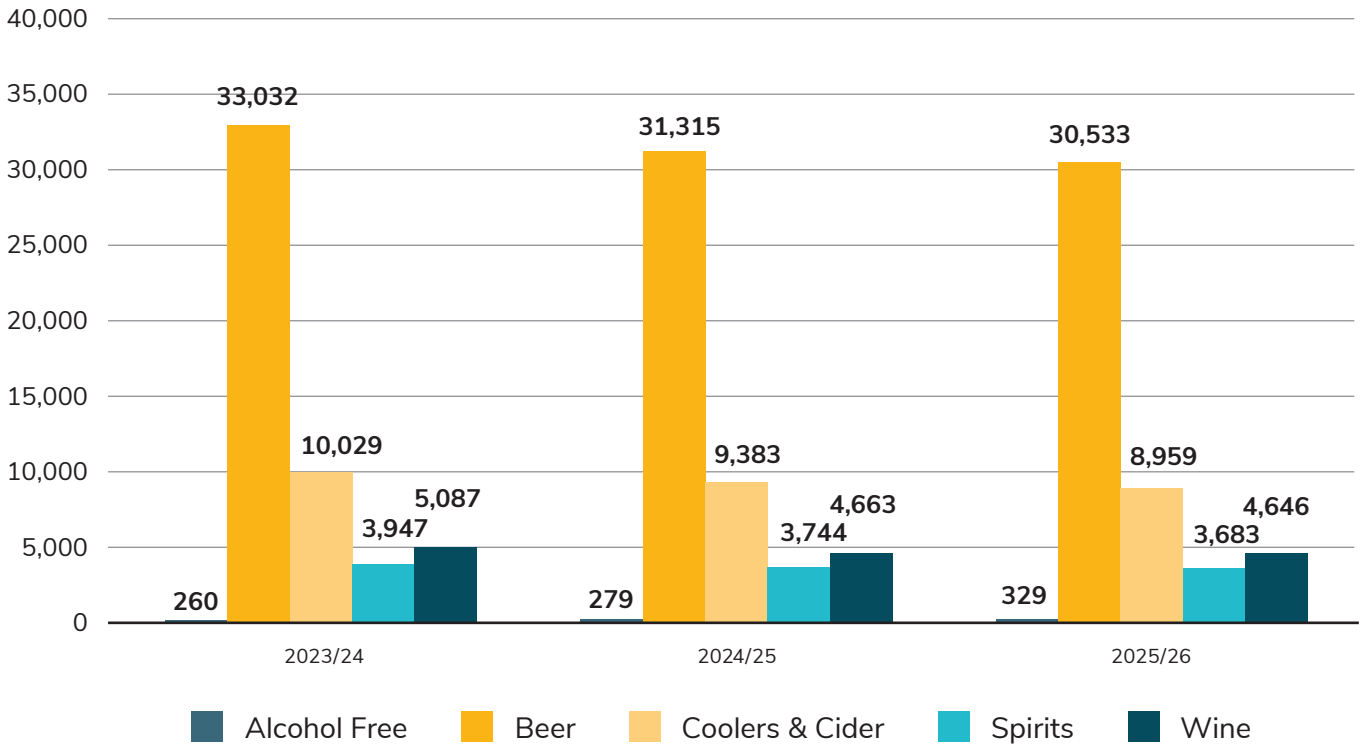
**(excluding taxes) ($,000)**




*Liquor sales by class have been further disaggregated from that presented in the financial statements.

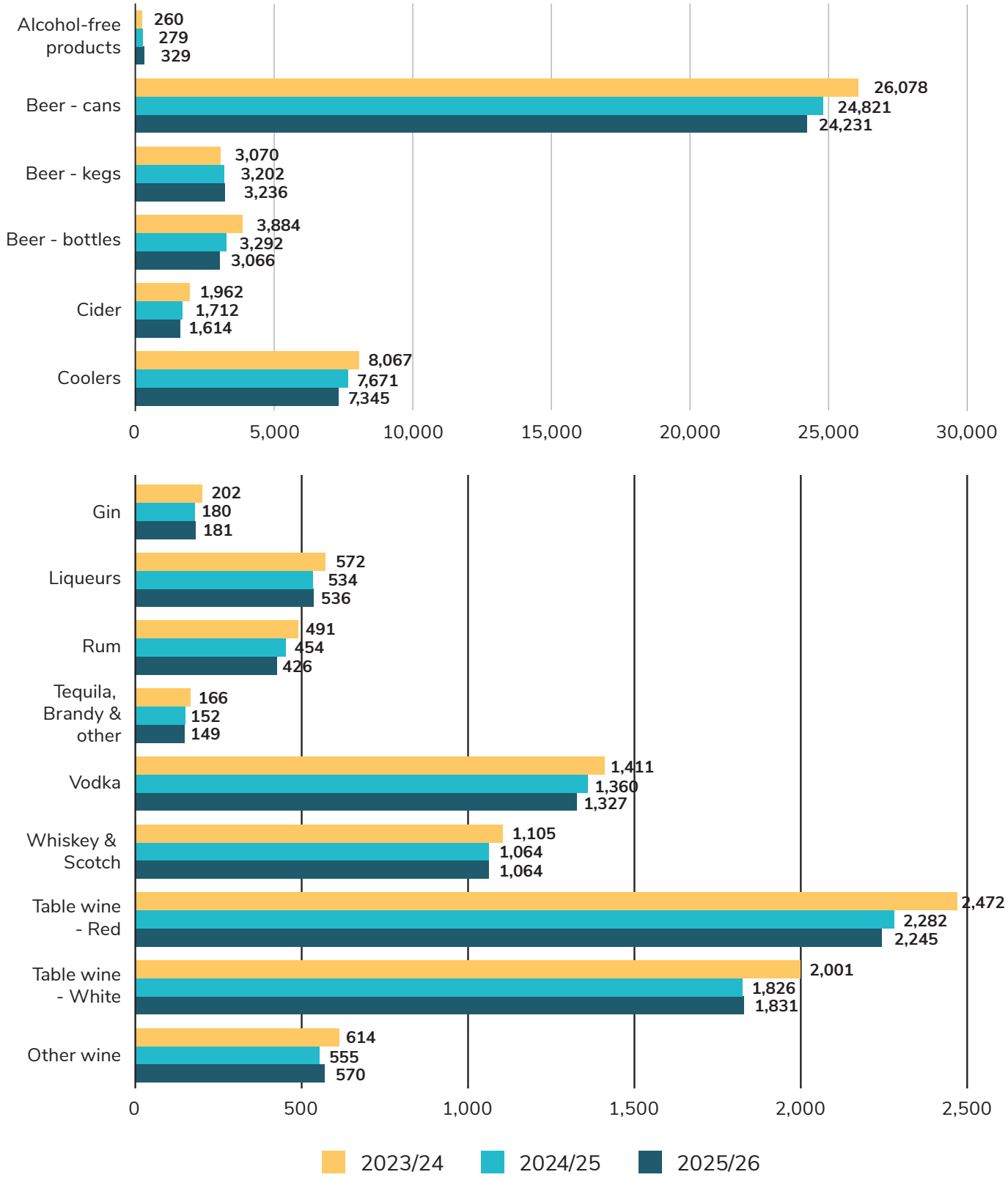
## Volume sold by class

**(Hectolitres)**



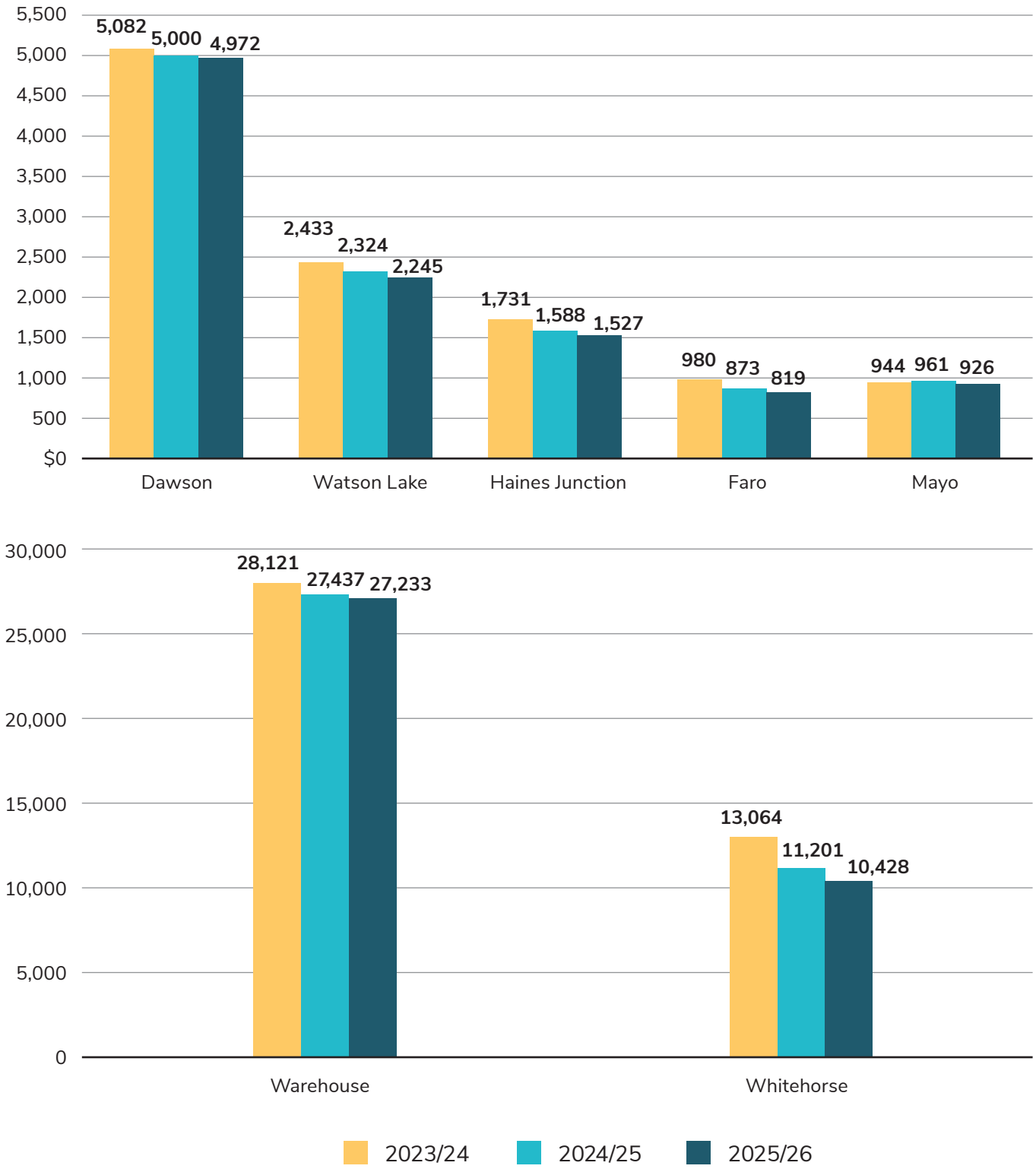
## Volume sold by product type

**(Hectolitres)**



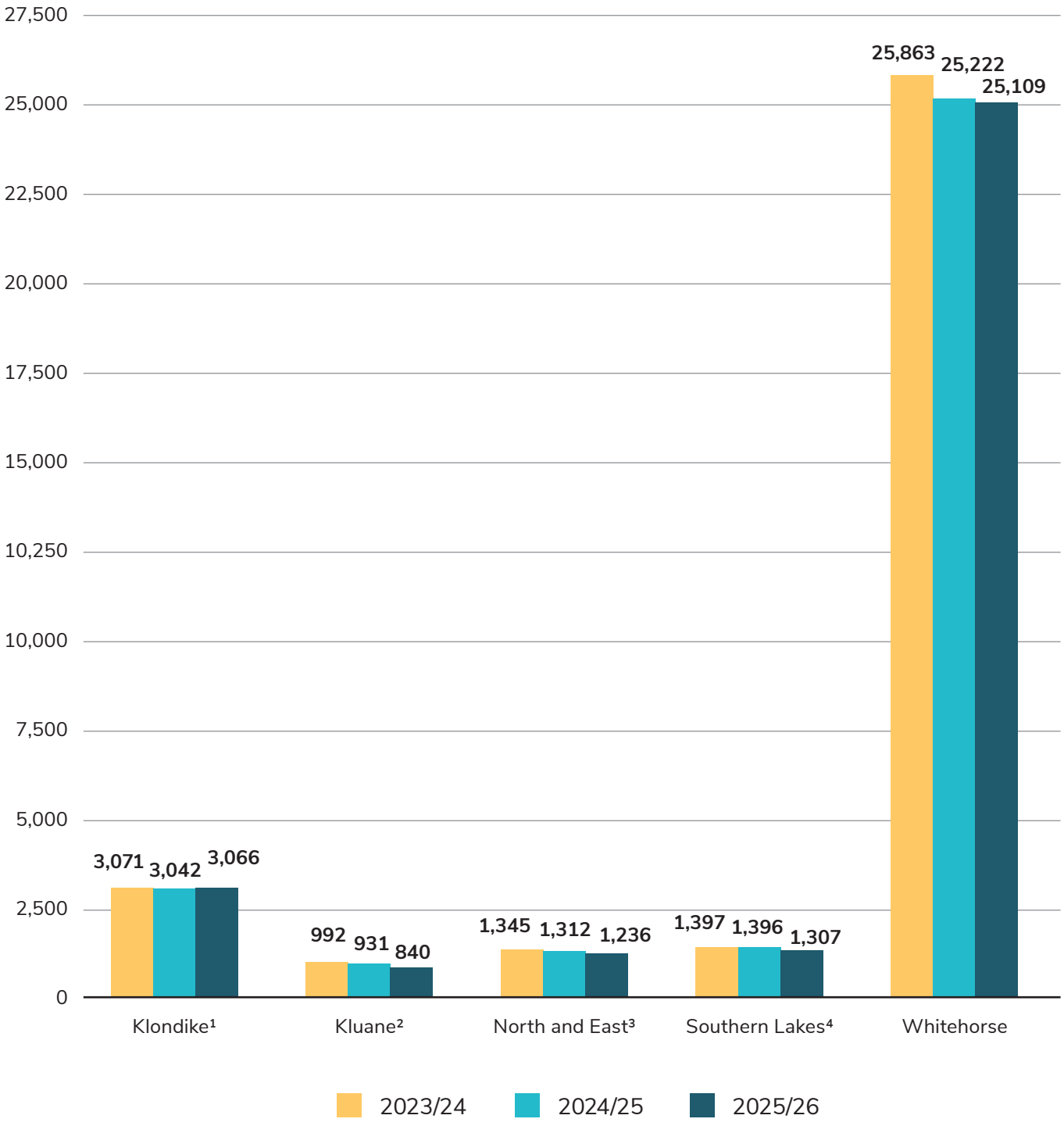
## Volume sold by store

**(Hectolitres)**



## Volume sold to licensees at wholesale

**(Hectolitres)**




¹ includes licensees operating in Dawson City, Carmacks and Braeburn
² includes licensees operating in Haines Junction, Beaver Creek, Burwash Landing and Destruction Bay
³ includes licensees operating in Eagle Plains, Faro, Mayo, Keno and Watson Lake
⁴ includes licensees operating in Carcross, Tagish, Marsh Lake, Johnson's Crossing and Teslin

## Sales by channel

**(Hectolitres)**





# Social responsibility

**In 2025–26, the Yukon Liquor Corporation continued to advance its commitment to social responsibility through education, community partnerships, and initiatives aimed at reducing harm and promoting public safety across the territory.**

Through the annual Teddy Bear program, the corporation supports local organizations and services that assist individuals in distress. Recipients included FASSY, Kaushee's Place, Mothers Against Drunk Driving (MADD), as well as Yukon Emergency Medical Services, Income Support Services, and Community Health Centres through the Department of Health and Social Services. These donations help provide comfort and support to children and families experiencing difficult circumstances.

Supporting youth safety and wellbeing remained a priority in 2025–26. The corporation once again funded Safe Grad celebrations to encourage substance-free graduation events for Yukon students. During the fiscal year, the corporation provided $13,060 in funding from the cannabis and liquor funds to schools across eight Yukon communities, helping graduates celebrate safely with their peers and families.

The corporation also supported efforts to reduce impaired driving during major public events. During the 2026 Yukon Rendezvous Festival, funding was provided to the Rendezvous Society to offer a free shuttle service for festival attendees, helping encourage safe transportation options and reduce the risk of impaired driving. In addition, the corporation continued to participate alongside other government agencies in roadside check stop initiatives organized by Mothers Against Drunk Driving (MADD), helping reinforce public awareness around the risks of impaired driving.

In March 2026, the corporation launched a new awareness initiative in Yukon Liquor Corporation stores aimed at improving awareness of mental health supports. QR codes were placed alongside liquor products directing customers to mental health resources available in both English and French. The campaign will remain in place through spring 2026, with the potential for renewal or expansion in the future.

Looking ahead, the corporation will continue working with community organizations, government partners, and public health stakeholders to support harm reduction, encourage informed decision-making, and promote the health and safety of Yukoners through education and responsible retail practices.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

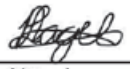
The management of the Yukon Liquor Corporation (the Corporation) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation contained in this annual report. The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and include amounts based on management's best estimates as determined through experience and judgement. Other financial information included in the annual report is consistent with these financial statements.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and the audit report is included in this annual report.



Philippe Mollet
President



Luzelle Nagel
Chief Financial and Information Officer

**July 9, 2026**

Office of the Auditor General of Canada

Bureau du vérificateur général du Canada

## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Liquor Corporation

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of the Yukon Liquor Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2026, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards 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 report. We are independent of the Corporation 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.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*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 Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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 these 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 Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

**Report on Compliance with Specified Authorities**

*Opinion*

In conjunction with the audit of the financial statements, we have audited transactions of the Yukon Liquor Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Liquor Act* and regulations, the *Liquor Tax Act* and regulations, the *Cannabis Control and Regulation Act* and regulations, and the by-laws of the Yukon Liquor Corporation.

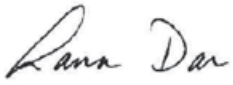
In our opinion, the transactions of the Yukon Liquor Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Liquor Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Liquor Corporation and the financial statements are in agreement therewith.

*Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for the Yukon Liquor Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Liquor Corporation to comply with the specified authorities.

*Auditor's Responsibilities for the Audit of Compliance with Specified Authorities*

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
9 July 2026

**YUKON LIQUOR CORPORATION**
**Statement of Financial Position**
**As at March 31**
(Tabular amounts in thousands of Canadian dollars)

| | 2026 | 2025 |
|---|---|---|
| **ASSETS** | | |
| CURRENT | | |
| Cash | $ 2,231 | $ 3,021 |
| Accounts receivable | 19 | 30 |
| Inventories *(Note 5)* | 4,363 | 4,849 |
| Prepaid expenses | 40 | 59 |
| | 6,653 | 7,959 |
| Property and equipment *(Note 6)* | 1,418 | 1,501 |
| Intangible assets *(Note 7)* | 33 | 46 |
| Right-of-use assets *(Note 16)* | 702 | 778 |
| **TOTAL ASSETS** | **$ 8,806** | **$ 10,284** |
| **LIABILITIES AND EQUITY** | | |
| CURRENT | | |
| Accounts payable and accrued liabilities *(Note 8)* | $ 1,688 | $ 2,576 |
| Deferred revenue | 104 | 102 |
| Due to the Government of Yukon *(Notes 9, 13)* | 2,293 | 2,834 |
| Current portion of lease liabilities *(Note 16)* | 347 | 242 |
| Current portion of non-pension benefit liability *(Note 10)* | 249 | 210 |
| Deferred government grant | 42 | 44 |
| | 4,723 | 6,008 |
| Non-pension benefit liability *(Note 10)* | 1,772 | 1,688 |
| Lease liabilities *(Note 16)* | 376 | 536 |
| **TOTAL LIABILITIES** | **6,871** | **8,232** |
| **Equity** *(Note 12)* | 1,935 | 2,052 |
| **TOTAL LIABILITIES AND EQUITY** | **$ 8,806** | **$ 10,284** |

Commitments *(Note 17)*

**APPROVED FOR ISSUE ON July 9, 2026**

President

Chief Financial and Information Officer

The accompanying notes and schedule are an integral part of these financial statements

**YUKON LIQUOR CORPORATION**
**Statement of Comprehensive Income**
**For the year ended March 31**
(Tabular amounts in thousands of Canadian dollars)

| | 2026 | 2025 |
|---|---|---|
| Revenue *(Note 14)* | $ 53,431 | $ 53,493 |
| Cost of goods sold *(Note 14)* | 34,678 | 34,048 |
| **GROSS PROFIT** | **18,753** | **19,445** |
| **OTHER INCOME** | | |
| Miscellaneous | 134 | 198 |
| Fees, permits and licenses | 153 | 161 |
| Recoveries from related parties *(Note 13)* | 108 | 80 |
| Government grant | 2 | 4 |
| | **397** | **443** |
| **EXPENSES** | | |
| Salaries, wages and benefits | 9,186 | 8,852 |
| Rent, utilities and maintenance | 1,093 | 958 |
| Bank charges and interest | 781 | 767 |
| Professional services | 595 | 599 |
| Other operating expenses *(Note 15)* | 589 | 763 |
| Depreciation of right-of-use assets *(Note 16)* | 328 | 268 |
| Depreciation of property and equipment | 168 | 183 |
| Interest on lease liabilities | 41 | 4 |
| Amortization of intangible assets *(Note 7)* | 13 | 23 |
| Loss on disposal of intangible assets | - | 8 |
| Bad debts | - | 2 |
| | **12,794** | **12,427** |
| **INCOME FROM OPERATIONS** | **6,356** | **7,461** |
| **OTHER COMPREHENSIVE INCOME, NOT TO BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME** | | |
| Actuarial gain *(Note 10)* | 3 | 123 |
| **COMPREHENSIVE INCOME** | **$ 6,359** | **$ 7,584** |

The accompanying notes and schedule are an integral part of these financial statements

**YUKON LIQUOR CORPORATION**
**Statement of Changes in Equity**
**For the year ended March 31**
(Tabular amounts in thousands of Canadian dollars)

| | 2026 | 2025 |
|---|---|---|
| **EQUITY - BEGINNING OF YEAR** | **$ 2,052** | **$ 2,189** |
| Income from operations before other comprehensive income | 6,356 | 7,461 |
| Other comprehensive income | 3 | 123 |
| Profit to be remitted to the Government of Yukon *(Note 12)* | (6,476) | (7,721) |
| **EQUITY - END OF YEAR** | **$ 1,935** | **$ 2,052** |

The accompanying notes and schedule are an integral part of these financial statements

**YUKON LIQUOR CORPORATION**
**Statement of Cash Flows**
**For the year ended March 31**
(Tabular amounts in thousands of Canadian dollars)

| | 2026 | 2025 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Income from operations | $ 6,356 | $ 7,461 |
| Items not affecting cash: | | |
| Depreciation of property and equipment | 168 | 183 |
| Depreciation of right-of-use assets | 328 | 268 |
| Amortization of intangible assets | 13 | 23 |
| Loss on disposal of intangible assets | - | 8 |
| Bad debts | - | 2 |
| | 6,865 | 7,945 |
| Changes in non-cash working capital: | | |
| Accounts receivables, inventories and prepaid expenses | 516 | (274) |
| Accounts payable and accrued liabilities | (861) | 1,463 |
| Non-pension benefit liability | 123 | 48 |
| | (222) | 1,237 |
| **Cash flow from operating activities** | **6,643** | **9,182** |
| **INVESTING ACTIVITY** | | |
| Purchases of property and equipment | (85) | (68) |
| **Cash flow used by investing activities** | **(85)** | **(68)** |
| **FINANCING ACTIVITIES** | | |
| Cannabis fund profit remitted to the Government of Yukon *(Note 13)* | (687) | (459) |
| Liquor fund profit remitted to the Government of Yukon *(Note 13)* | (6,354) | (7,574) |
| Principal payments of lease liabilities | (307) | (277) |
| **Cash flow used by financing activities** | **(7,348)** | **(8,310)** |
| **(DECREASE) INCREASE IN CASH FLOW** | **(790)** | **804** |
| Cash - beginning of year | 3,021 | 2,217 |
| **CASH - END OF YEAR*** | **$ 2,231** | **$ 3,021** |
| **CASH FLOWS SUPPLEMENTARY INFORMATION** | | |
| Interest received | $ 122 | $ 186 |
| Interest paid | $ 41 | $ 4 |

*Cash, end of year is comprised of bank account balances maintained for liquor and cannabis operations with end of year balances (in thousands of Canadian dollars) of $1,406 (2025 - $2,106) and $825 (2025 - $915) respectively.

The accompanying notes and schedule are an integral part of these financial statements

**YUKON LIQUOR CORPORATION**
**Notes to Financial Statements**
**March 31, 2026**
(Tabular amounts in thousands of Canadian dollars)

## 1. Authority and operations

Yukon Liquor Corporation (the Corporation) was established in 1977 under the *Liquor Act* by the Government of Yukon in Canada. The Corporation is a government entity and is significantly influenced by the Government of Yukon. As a government entity, the Corporation is exempt from income taxes under Section 149(1)(d) of the *Canadian Income Tax Act*.

The Corporation's registered office is 9031 Quartz Road, Whitehorse, Yukon, Canada Y1A 4P9.

*Liquor Fund*
The Corporation is responsible for the purchase, distribution and sale of liquor within Yukon, controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Liquor Act*. The Corporation operates a central warehouse and distribution centre in Whitehorse and six liquor stores. The rural liquor stores also provide specific government services on behalf of the Government of Yukon (Note 13).

In accordance with the *Liquor Act*, the profit from liquor operations for the year, before depreciation and amortization, less amounts expended on capital (Note 12), is remitted to the Government of Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of Yukon and to remit these taxes on a monthly basis. The current rate is 12% (2025 - 12%) and is applied to selling prices of all liquor products.

In accordance with the provisions of the Beverage Container Regulations under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Government of Yukon on a monthly basis.

*Cannabis Fund*
The Corporation is responsible for the purchase, distribution and sale of cannabis within Yukon through licensees. The *Cannabis Control and Regulation Act* received assent on April 24, 2018 and governs the distribution, retail, consumption, personal cultivation and possession of non-medical cannabis in Yukon. Through Order-in-Council 2024/29, the Corporation is designated as the distributor corporation, to act as the principal supplier of cannabis for sale in Yukon.

In accordance with the *Cannabis Control and Regulation Act*, the profit from cannabis operations for the year, before depreciation and amortization, less amounts expended on capital and other assets, is remitted to the Government of Yukon on a monthly basis.

## 2. Basis of presentation

The financial statements were prepared on a historical cost basis, except where otherwise indicated in the notes below, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The financial statements are presented in Canadian dollars and are rounded to the nearest thousand ($000) where indicated.

## 3. Material accounting policy information

The material accounting policies summarized below have been applied to all periods presented in these financial statements.

Use of estimates

The preparation of financial statements in accordance with IFRS Accounting Standards as issued by the IASB requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used when accounting for matters such as depreciation based on management's estimate of the useful lives of property and equipment, and the non-pension benefit liability based on the actuarial valuation. Actual results could differ materially from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Financial instruments

*Financial assets*
The Corporation's financial assets include cash and accounts receivable and are initially measured at fair value.

After initial recognition, cash is measured at amortized cost and accounts receivable are measured at amortized cost using the effective interest method, less a provision for impairment when applicable. Accounts receivable are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. For accounts receivable, the Corporation applies the simplified approach which requires expected lifetime losses to be recognized froom initial recognition of the receivables. The accounts receivable carrying amount is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income.

A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired, or when the asset and all substantial risks and rewards are transferred.

*Financial liabilities*
The Corporation's financial liabilities include accounts payable and accrued liabilities, and due to the Government of Yukon which are initially measured at fair value.

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

The Corporation's financial liabilities includes lease liabilities.

Inventories

Inventories are comprised of alcoholic beverages and cannabis for resale and are valued at the lower of cost and net realizable value. Inventry costs are determined on a first-in, first-out basis. Cost is comprised of supplier-invoiced value and freight. Net realizable value represents the estimated selling price for inventories less the cost to sell.

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**3. Material accounting policy information *(continued)***

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis and is based on the estimated useful lives of the asset as follows:

| | |
|---|---|
| Land | Indefinite |
| Buildings | 50 years |
| Leasehold improvements | 5 years |
| Furniture and office equipment | 5 years |
| Operating equipment | 7 years |
| Heavy equipment | 15 years |
| Systems equipment | 5 years |

The assets' residual values, estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Assets are assessed for indications of impairment at each reporting date. 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 indentifiable cash flows (cash-generating units), which are based on the Corporation's individual stores and the central warehouse.

At each reporting date, assets are assessed for indications that prior impairment losses should be reversed. 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, if no impairment loss had been recognized. This reversal would be recognized immediately in the statement of comprehensive income.

Intangible assets

Intangible assets are comprised of purchased software and internally developed software systems. They are carried at cost less accumulated amortization and impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives of 3 to 5 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses from re-recognition on an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the statement of comprehensive income.

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**3. Material accounting policy information *(continued)***

Employee benefits

*Pension benefits*
Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

*Non-pension benefits*
Under their conditions of employment, employees may qualify for and earn employment benefits for vacation, sick, and special leave, as well as severance benefits. The benefit obligation is determined on an actuarial basis. The cost of these benefits are accrued as employees render the services required to earn them and are calculated using the projected benefit method pro-rated on service. Actuarial gains and losses are recognized immediately in other comprehensive income.

Revenue recognition

Revenue is generated from sales to customers through wholesale and retail stores for liquor products as well as through wholesale for cannabis products. Revenue is recognized when the customer obtains control of the asset which is when the Corporation's performance obligations are satisfied. For retail transactions, this is at the point of sale and for wholesale transactions, this is at the time of shipment. Revenue does not include beverage container recycling fees which are remitted to the Government of Yukon in accordance with the Beverage Container Regulations under the *Environment Act*. Revenue also excludes liquor tax which is remitted to the Government of Yukon in accordance with the *Liquor Tax Act*.

License revenue is initially recognized as deferred revenue and recognized to revenue over the term of the related licence.

Sales of liquor and cannabis products include a right of return. A refund liability is recognized if it is expected that consideration will be refunded to customers. This liability is updated at the end of each reporting period for changes in circumstances. Revenue is stated net of estimated returns. Historically, the return rate for products sold is nominal.

Expense recognition

Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

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**3. Material accounting policy information *(continued)***

Leases

For any new contracts entered into, the Corporation considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Corporation assesses whether the contract meets three key evaluations which are whether:

a) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation;

b) the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;

c) the Corporation has the right to direct the use of the identified asset throughout the period of use. The Corporation assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

At lease commencement date, the Corporation recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is comprised of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Corporation depreciates the right-of-use asset on a a straight-line basis from the lease 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 Corporation also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Corporation's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments, variable payments based on an index or rate amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets and lease liabilities have been disclosed separately.

The Corporation has elected to account for short-term leases (leases with an expected term of 12 months or less) and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

*(continues)*

**3. Material accounting policy information *(continued)***

Accounting standards and amendments issued but not yet effective

Amendments to the classification and measurement of financial instruments

The amendments to IFRS 9 Financial Instruments and to IFRS 7 Financial Instruments: Disclosures clarifies the dates of recognition and derecognition date of certain financial assets and liabilities and the classification of certain financial assets. In addition, there are new disclosure requirements related to equity instruments designated as fair value through other comprehensive income as well as introduction and credit risk disclosure.

The amendments will be effective for annual periods beginning on or after January 1, 2026. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

Presentation and disclosure in financial statements - Introduction to IFRS 18

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements and accompanies limited amendments to other standards which will be effective upon the adoption of the new standard.

The standard impacts the presentation of the primary financial statements and notes, including the required classification of income and expenses into three categories: operating, investing and financing, with defined subtotals, including operating profit. IFRS 18 will also require management-defined performance measures to be disclosed in a separate note to the financial statements.

This standard will be effective for annual periods beginning on or after January 1, 2027, with the requirement to restate comparative financial periods. The Corporation is currently assessing the impact of adopting this standard on its financial statements.

## 4. Financial instruments

The Corporation, through its financial assets and liabilities, is exposed to the following risks from its use of financial instruments: credit risk and liquidity risk. The Corporation manages these risk exposures on an ongoing basis. The Corporation has no significant exposure to interest rate risk or foreign exchange risk. The Corporation is not party to any derivative financial instruments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant other price risks from its financial instruments. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2026.

*Credit risk*

Credit risk on financial instruments arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash and accounts receivable represents the maximum credit risk exposure. The risk on cash is minimized as these assets are held with a Canadian chartered bank. The Corporation's accounts receivable has a carrying value of $19,000 as of March 31, 2026 (2025 - $30,000). There is a 30.5% (2025 - 43.5%) concentration of accounts receivable with one customer.

The following table provides information about the exposure to credit risk for trade accounts receivable by days the receivable is outstanding:

| | 2026 | 2025 |
|---|---|---|
| Current | $ 19 | $ 30 |
| 91 days or greater | - | - |
| Total trade accounts receivable | **$ 19** | **$ 30** |

The Corporation measures the loss allowance at an amount equal to the lifetime Expected Credit Loss (ECL) for its accounts receivable. For the years ended March 31, 2026 and 2025, the Corporation has estimated the ECL to be nominal. Accounts written off could still be subject to enforcement activities. As at March 31, 2026 and 2025, the loss allowance was nil. During the year, the Corporation wrote off $nil (2025 - $2,000) of trade receivables.

*Liquidity risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements by regularly checking bank balances and accounts payable reports. The carrying amount of accounts payable and accrued liabilities and due to the Government of Yukon represents the maximum exposure to liquidity risk.

The Corporation's accounts payable and accrued liabilities had a carrying value of $1,688,000 as at March 31, 2026 (2025 - $2,576,000). As at March 31, 2026, approximately 1.29% (2025 - 0.85%) of accounts payable were over 90 days past due. Due to the Government of Yukon had a carrying value of $2,293,000 as of March 31, 2026 (2025 - $2,834,000). As at March 31, 2026, 0% (2025 - 0%) of due to the Government of Yukon were over 90 days past due.

## 5. Inventories

| | 2026 | 2025 |
|---|---|---|
| Liquor - Retail Stores | $ 1,340 | $ 1,214 |
| Liquor - Warehouse | 2,327 | 2,811 |
| Cannabis - Warehouse | 696 | 824 |
| | **$ 4,363** | **$ 4,849** |

## 6. Property and equipment

| | Cost | Accumulated amortization | 2026 Net book value | 2025 Net book value |
|---|---|---|---|---|
| Land | $ 202 | $ - | $ 202 | $ 202 |
| Buildings | 5,524 | 4,775 | 749 | 767 |
| Leasehold improvements | 430 | 405 | 25 | 37 |
| Furniture and office equipment | 1,033 | 1,001 | 32 | 53 |
| Operating equipment | 560 | 422 | 138 | 145 |
| Heavy equipment | 570 | 407 | 163 | 200 |
| Systems equipment | 826 | 717 | 109 | 97 |
| | **$ 9,145** | **$ 7,727** | **$ 1,418** | **$ 1,501** |

At March 31, 2026 there was work-in-progress of $34,000 (2025 - $nil) included in the cost of operating equipment.

## 7. Intangible assets

| | 2026 | 2025 |
|---|---|---|
| Systems development cost | $ 585 | $ 585 |
| System development accumulated amortization | (552) | (539) |
| | **$ 33** | **$ 46** |

There were no additions for the year (2025 - $nil). Amortization for the year amounted to $13,000 (2025 - $23,000).

There were no intangible assets retired during the year (2025 - intangible assets with a cost of $20,000 and a net book value of $8,000 were retired).

## 8. Accounts payable and accrued liabilities

| | 2026 | 2025 |
|---|---|---|
| Trade payable | $ 1,108 | $ 2,049 |
| Accrued liabilities | 580 | 527 |
| | **$ 1,688** | **$ 2,576** |

## 9. Due to the Government of Yukon

| | 2026 | 2025 |
|---|---|---|
| Reimbursement for payroll and other costs paid on behalf of the Corporation | $ 1,871 | $ 1,842 |
| Remittances (from) due to the Government of Yukon pursuant to: | | |
| *Liquor Act* (Note 13) | (350) | 354 |
| *Cannabis Control and Regulation Act* (Note 13) | 316 | 177 |
| *Liquor Tax Act* (Note 13) | 365 | 369 |
| *Environment Act* (Note 13) | 91 | 92 |
| | **$ 2,293** | **$ 2,834** |

## 10. Employee benefits

*Pension plan*

Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was $1.01 (2025 - $1.01) for every dollar contributed by the employee, and $5.04 (2025 - $5.09) for every dollar contributed by the employee for the portion of the employee's salary above $220,000 (2025 - $210,200). For new employees who are participating in the Plan on or after January 1, 2013, the Corporation contributes $1.00 (2025 - $1.00) for every dollar contributed by the employee, and $5.04 (2025 - $5.09) for every dollar contributed by the employee for the portion of the employee's salary above $220,000 (2025 - $210,200). Total contributions to the Plan of $1,077,012 (2025 - $1,081,829) were recognized in salaries, wages and benefits; of which $531,064 (2025 - $531,833) were contributed by employees and $545,948 (2025 - $549,996) by the employer.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

*(continues)*

**10. Employee benefits *(continued)***

*Non-pension benefits*

The Corporation provides non-pension benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers; these employees are eligible to receive severance payouts based on service accrued up to December 31, 2019.

The discount rate used to determine the present value of the non-pension accrued benefit obligation is based on interest rates of high-quality corporate bonds of the same currency and with similar terms to maturity.

The following table summarizes non-pension benefits by type:

| | 2026 | 2025 |
|---|---|---|
| Severance benefit | $ 979 | $ 912 |
| Vacation and special leave | 707 | 670 |
| Sick leave | 335 | 316 |
| Accrued benefit obligation, end of year | **$ 2,021** | **$ 1,898** |

The results measured at March 31 are summarized as follows:

| | 2026 | 2025 |
|---|---|---|
| Reconciliation of accrued benefit obligation | | |
| Accrued benefit obligation, beginning of year | $ 1,898 | $ 1,848 |
| Components recognized in salaries, wages and benefits | | |
| Current service cost | 182 | 173 |
| Past service cost | (18) | (54) |
| Interest cost on accrued benefit obligation | 91 | 94 |
| Actuarial gain recognized in other comprehensive income | (3) | (123) |
| Benefits paid | (129) | (40) |
| Accrued benefit obligation, end of year | **$ 2,021** | **$ 1,898** |

| | 2026 | 2025 |
|---|---|---|
| Classification of accrued benefit obligation | | |
| Current portion of non-pension benefit liability | $ 249 | $ 210 |
| Non-pension benefit liability | 1,772 | 1,688 |
| Total accrued benefit obligation | **$ 2,021** | **$ 1,898** |

*(continues)*

**10. Employee benefits *(continued)***

| | 2026 | 2025 |
|---|---|---|
| Reconciliation of actuarial gains recognized in Other Comprehensive Income (OCI) | | |
| Cumulative actuarial gain recognized in OCI, beginning of year | $ (597) | $ (474) |
| Actuarial (gain) loss from member experiences | 38 | (168) |
| Actuarial (gain) loss from economic assumption changes | (41) | 45 |
| Cumulative actuarial gain recognized in OCI, end of year | **$ (600)** | **$ (597)** |

The significant assumptions used in the actuarial valuation of the obligation were as follows:

| | 2026 | 2025 |
|---|---|---|
| Discount rate | 4.90% | 4.60% |
| Salary escalation rate per annum | 2.00% | 2.00% |

A quantitative sensitivity analysis as at March 31, 2026 shows the impact of the change in the significant actuarial assumptions on the non-pension benefit obligation:

| | 1% increase | 1% decrease |
|---|---|---|
| Discount rate | $ (136) | $ 153 |
| Salary escalation rate per annum | 149 | (134) |

The most recent full actuarial valuation in respect of the non-pension benefits plan was prepared as of December 31, 2025, and extrapolated results to March 31, 2026. The weighted average of the maturity plan as at March 31, 2026 is 7.1 years.

**11. Capital management**

The Corporation manages its capital in order to purchase a range of liquor and cannabis products and make them available to consumers, and to regulate the sale and consumption of these products, while optimizing the net proceeds to the Government of Yukon realized from the sale and control of liquor and cannabis.

The Corporation defines capital as net assets. It is subject to the financial management and accountability provisions of the *Financial Administration Act* of Yukon, the *Corporate Governance Act*, the *Liquor Act*, and the *Cannabis Control and Regulation Act*, which specifies that net assets of the Corporation are the property of the Government of Yukon.

The Corporation manages its net assets through its five year capital plan and as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings to ensure that its objectives are achieved effectively. The five year capital plan and revenue projections are approved annually by the Management Board of the Government of Yukon. The Corporation is required to provide regular variance reporting to the Government of Yukon.

The Corporation is not subject to external capital requirements. There has been no change to its capital management during the year.

## 12. Equity

The following table summarizes the composition of equity as at year-end:

| | 2026 | 2025 |
|---|---|---|
| Property and equipment | $ 1,418 | $ 1,501 |
| Intangible assets | 33 | 46 |
| Right-of-use assets | 702 | 778 |
| Lease liabilities | (723) | (778) |
| Section 12.3(b) adjustment (1) | 505 | 505 |
| | **$ 1,935** | **$ 2,052** |

(1) Under Section 12.3(b) of the *Cannabis Control and Regulation Act* remittance of profit to the Government of Yukon for the year ended March 31, 2019 was reduced.

The change in equity is comprised of comprehensive income for the year less profit to be remitted to the Government of Yukon. In accordance with the *Liquor Act* and the *Cannabis Control and Regulation Act* the Corporation remits adjusted profits to the Government of Yukon. The calculation of the adjusted profit due to the Government of Yukon for the year is as follows:

| | *Liquor Act* | *Cannabis Control and Regulation Act* | 2026 Total |
|---|---|---|---|
| Comprehensive income for the year | $ 5,538 | $ 821 | $ 6,359 |
| Depreciation of property and equipment | 163 | 5 | 168 |
| Amortization of intangible assets | 13 | - | 13 |
| Additions to property and equipment | (85) | - | (85) |
| Depreciation of right-of-use assets | 328 | - | 328 |
| Principal replayments of lease liabilities | (307) | - | (307) |
| Profit to be remitted for the year (Note 13) | **$ 5,650** | **$ 826** | **$ 6,476** |

| | *Liquor Act* | *Cannabis Control and Regulation Act* | 2025 Total |
|---|---|---|---|
| Comprehensive income for the year | $ 7,029 | $ 555 | $7,584 |
| Depreciation of property and equipment | 177 | 6 | 183 |
| Amortization of intangible assets | 21 | 2 | 23 |
| Additions to property and equipment | (68) | - | (68) |
| Loss on disposal of intangible assets | 3 | 5 | 8 |
| Depreciation of right-of-use assets | 268 | - | 268 |
| Principal repayments of lease liabilities | (277) | - | (277) |
| Profit to be remitted for the year (Note 13) | **$ 7,153** | **$ 568** | **$ 7,721** |

## 13. Related party balances and transactions

*Amount due (from) to the Government of Yukon pursuant to the Liquor Act*

| | 2026 | 2025 |
|---|---|---|
| Current year's profit to be remitted (Note 12) | $ 5,650 | $ 7,153 |
| Balance due at the beginning of the year | 354 | 775 |
| Less: remitted during the year | (6,354) | (7,574) |
| Due (from) to the Government of Yukon at the end of the year | **$ (350)** | **$ 354** |

*Amount due to the Government of Yukon pursuant to the Cannabis Control and Regulation Act*

| | 2026 | 2025 |
|---|---|---|
| Current year's profit to be remitted (Note 12) | $ 826 | $ 568 |
| Balance due at the beginning of the year | 177 | 68 |
| Less: remitted during the year | (687) | (459) |
| Due to the Government of Yukon at the end of the year | **$ 316** | **$ 177** |

*Amount due to the Government of Yukon pursuant to the Liquor Tax Act*

| | 2026 | 2025 |
|---|---|---|
| Balance due at the beginning of the year | $ 369 | $ 417 |
| Liquor tax collected during the year | 5,032 | 5,146 |
| Less: remitted during the year | (5,036) | (5,194) |
| Due to the Government of Yukon at the end of the year | **$ 365** | **$ 369** |

*Amount due to the Government of Yukon pursuant to the Beverage Container Regulations under the Environment Act*

| | 2026 | 2025 |
|---|---|---|
| Bottle deposits collected | $ 692 | $ 717 |
| Environment fees collected | 581 | 595 |
| Other claims and fees | - | 1 |
| Less: remitted during the year | (1,182) | (1,221) |
| Due to the Government of Yukon at the end of the year | **$ 91** | **$ 92** |

*(continues)*

**13. Related party balances and transactions *(continued)***

*Transactions with the Government of Yukon without compensation*

The Government of Yukon and the Corporation provide services to each other without compensation. These transactions are not recorded in the financial statements of the Corporation.

The Government of Yukon provides rent-free occupation of certain government buildings and land to the Corporation with an estimated value of $1,018,000 (2025 - $1,010,000). The Government of Yukon also provides mail services with an estimated value of $29,000 (2025 - $12,670).

The Corporation provides Territorial Agent services in rural community liquor stores on behalf of the Government of Yukon with an estimated value of $777,000 (2025 - $730,000).

The Corporation reimburses the Government of Yukon on a monthly basis for salaries and benefits expense paid on its behalf and administered by the Government of Yukon. During the year, other retirement benefits, such as extended health care and life insurance, paid to retired Corporation employees by the Government of Yukon without compensation totalled $30,000 (2025 - $32,188).

*Agreements with related parties*

The Corporation has lease agreements for the Haines Junction and Mayo community liquor stores and service level agreements for the three owned community liquor stores. During the year the payments totalled $305,000 (2025 - $292,000) to the Government of Yukon for these agreements.

The Corporation has service agreements with the Government of Yukon for the provision of information, communication and technology services. During the year the Corporation was charged $177,000 (2025 - $227,000) for these services.

The Corporation has service agreements with the Government of Yukon for the provision of human resources' services. During the year the Corporation was charged $263,000 (2025 - $263,000) for these services.

The Corporation had personnel sharing arrangements with certain related parties during the year. Recoveries for compensation paid to personnel on behalf of these related parties were $108,000 (2025 - $80,000).

*Key management compensation*

The remuneration of key management personnel, which includes the members of the executive committee, recognized as an expense during the period was:

| | 2026 | 2025 |
|---|---|---|
| Salaries and short-term employee benefits | $ 1,083 | $ 1,051 |
| Post-employment benefits | 190 | 212 |
| Other long-term employee benefits | 25 | 76 |
| | **$ 1,298** | **$ 1,339** |

## 14. Gross Profit

| | 2026 | 2025 |
|---|---|---|
| Revenue | | |
| Liquor - Retail Stores | $ 20,517 | $ 21,627 |
| Liquor - Warehouse | 21,666 | 21,445 |
| Cannabis - Warehouse | 11,248 | 10,421 |
| | 53,431 | 53,493 |
| Cost of goods sold | | |
| Liquor - Retail Stores | 10,167 | 10,646 |
| Liquor - Warehouse | 15,604 | 15,148 |
| Cannabis - Warehouse | 8,907 | 8,254 |
| | 34,678 | 34,048 |
| Gross Profit | | |
| Liquor - Retail Stores | 10,350 | 10,981 |
| Liquor - Warehouse | 6,062 | 6,297 |
| Cannabis - Warehouse | 2,341 | 2,167 |
| **Total Gross Profit** | **$ 18,753** | **$ 19,445** |

## 15. Other operating expenses

| | 2026 | 2025 |
|---|---|---|
| Computer systems and telecommunications | $ 205 | $ 256 |
| Other expenses | 116 | 104 |
| Program materials and supplies | 114 | 123 |
| Travel and training | 84 | 81 |
| Office supplies | 47 | 96 |
| Contributions | 23 | 103 |
| | **$ 589** | **$ 763** |

## 16. Leases

The Corporation has leases that relate to the Whitehorse, Haines Junction and Mayo liquor stores with lease terms from 1 year up to 3 years. The Corporation does not have an option to purchase the buildings at the expiry of the lease periods. The Mayo lease agreement is a short-term lease therefore no right-of-use asset and no lease liability is recognized. The Corporation has arrangements with the Government of Yukon that allow the Corporation to lease the warehouse in Whitehorse and the Dawson liquor store land for no compensation (Note 13). Because there is no compensation for the use of the building and land, no right-of-use asset and no lease liability are recognized.

*(continues)*

**16. Leases *(continued)***

Each lease generally imposes a restriction that, unless there is a contractual right for the Corporation to sublet the asset to another party, the right-of-use asset can only be used by the Corporation. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Corporation is prohibited from selling or pledging the underlying leased assets as security.

The table below describes the nature of the Corporation's leasing activities by type of right-of-use assets recognized on the statement of financial position.

| Right-of-use asset | No. of right-of-use assets leased | Range of remaining term | Average remaining lease term | No. of leases with extension options | No. of leases with options to purchase | No. of leases with variable payments linked to an index | No. of leases with termination options |
|---|---|---|---|---|---|---|---|
| Retail stores | 2 | 24 months | 24 months | 0 | 0 | 0 | 0 |

| | 2026 | 2025 |
|---|---|---|
| Right-of-use assets: Land and buildings | | |
| Opening Balance | $ 778 | $ 289 |
| Depreciation | (328) | (268) |
| Effect of modifications to lease terms | - | 757 |
| Additions | 252 | - |
| Carrying amount | **$ 702** | **$ 778** |

| | 2026 | 2025 |
|---|---|---|
| Lease liabilities | | |
| Opening Balance | $ 778 | $ 298 |
| Interest on lease liabilities | 41 | 4 |
| Effect of modifications to lease terms | - | 757 |
| Additions | 252 | - |
| Lease payments | (348) | (281) |
| Lease liabilities at March 31 | 723 | 778 |
| Less: current portion | (347) | (242) |
| Non-current portion | **$ 376** | **$ 536** |

| | 2026 | 2025 |
|---|---|---|
| Maturity Analysis | | |
| Less than one year | $ 375 | $ 275 |
| One to five years | 378 | 558 |
| Total cash outflow for lease liabilities | **$ 753** | **$ 833** |

| | 2026 | 2025 |
|---|---|---|
| Amounts recognized in the statement of comprehensive income | | |
| Expense relating to short-term leases | $ 74 | $ 141 |

**17. Commitments**

In the normal course of operations, the Corporation enters into multi-year agreements for the provision of freight and other goods and services. The total of these commitments as at March 31, 2026 for future years is $8,256,000 (March 31, 2025 - $6,927,407).

Included in these commitments is $258,000 (2025 - $nil) for the acquisition of property and equipment.

**YUKON LIQUOR CORPORATION**

**Schedule of Property and Equipment** ***(Schedule 1)***
**For the year ended March 31**
(Tabular amounts in thousands of Canadian dollars)

| | Land | Buildings | Leasehold improvements | Furniture and office equipment | Operating equipment | Heavy equipment | Systems equipment | **2026 Total** | 2025 Total |
|---|---|---|---|---|---|---|---|---|---|
| Cost, beginning of year | $ 202 | $ 5,524 | $ 430 | $ 1,033 | $ 526 | $ 570 | $ 786 | $ 9,071 | $ 9,003 |
| Acquisitions | - | - | - | | 34 | | 51 | 85 | 68 |
| Disposals | - | - | - | - | - | - | (11) | (11) | |
| Cost, end of year | $ 202 | $ 5,524 | $ 430 | $ 1,033 | $ 560 | $ 570 | $ 826 | $ 9,145 | $ 9,071 |
| Accumulated depreciation, beginning of year | $ - | $ 4,757 | $ 393 | $ 980 | $ 381 | $ 370 | $ 689 | $ 7,570 | $ 7,387 |
| Depreciation | - | 18 | 12 | 21 | 41 | 37 | 39 | 168 | 183 |
| Disposals | - | - | - | - | - | - | (11) | (11) | |
| Accumulated depreciation, end of year | $ - | $ 4,775 | $ 405 | $ 1,001 | $ 422 | $ 407 | $ 717 | $ 7,727 | $ 7,570 |
| **Net book value** | **$ 202** | **$ 749** | **$ 25** | **$ 32** | **$ 138** | **$ 163** | **$ 109** | **$ 1,418** | **$ 1,501** |

The accompanying notes and schedule are an integral part of these financial statements

## Yukon Liquor Corporation

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