

Yukon Liquor Corporation's

Annual report for cannabis

April 1, 2023 to March 31, 2024



Yukon Liquor Corporation





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Photos: Archbould Photography

Message from the President

It is with great pleasure that I present to you the Yukon Liquor Corporation's 2023-24 annual report for cannabis. As President, I am honored to share with you the progress and accomplishments of the corporation over the past year.

In the growing landscape of cannabis regulation and distribution, the corporation has remained committed to providing safe, regulated access to cannabis products.

As a relatively new industry, we continue to see significant growth in sales, reflecting not only the increasing acceptance and demand of cannabis, but also the corporation's success in displacing the illicit market and the illegal sale of cannabis products from criminal sources.

Throughout the year, we have navigated challenges and seized opportunities, all with the goal of advancing our commitment to service excellence to the Yukon community.

I am pleased to announce that during this fiscal year, we launched the five-year review of the Cannabis Control and Regulation Act to ensure our legislative framework remains responsive to the needs of Yukoners and continues to support the legal cannabis industry. This review will be completed in the next fiscal year and will offer valuable insights that will inform the Government of Yukon.

Another highlight of this year has been the corporation's continued efforts to expand our product offerings and enhance customer experience. We have worked closely with licensees and licensed producers to ensure a diverse and high-quality selection of cannabis products are available to the Yukon public, catering to a wide range of preferences and needs.

As we look ahead, we recognize the importance of continuing to adapt and evolve in response to the outcomes on the Cannabis Control and Regulation Act five-year review, market dynamics, and consumer preferences. The corporation remains steadfast in its commitment to upholding

the highest standards of integrity, safety, and professionalism regarding cannabis regulation and distribution in the Yukon.

I would like to extend my sincere appreciation to our dedicated staff at the Yukon Liquor Corporation, whose hard work and commitment have been instrumental in the corporation's success. I would also like to thank the Cannabis Licensing Board for their ongoing efforts to make licensing decisions for the Yukon's thriving cannabis industry.

Finally, I would like to thank our licensees, whose entrepreneurial spirit and dedication are the driving force behind this evolving industry. I am grateful for your commitment to social responsibility, especially on the front lines of promoting responsible cannabis consumption.

Together, I look forward to continuing our successful partnership in providing Yukoners with access to legal cannabis products in the year ahead.



Respectfully submitted,

A stylized, handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke that tapers to the right.

Dennis Berry
President,
Yukon Liquor Corporation

Letter of transmittal

Dear Honourable Minister Silver,

It is my pleasure to present you with the Yukon Liquor Corporation's annual report for cannabis for the fiscal year ending March 31, 2024.

Respectfully submitted,



Dennis Berry
President, Yukon Liquor Corporation



Message from the Board Chair

I am delighted to contribute to the Yukon Liquor Corporation's annual report for cannabis for the fiscal year 2023-24.

The board plays a crucial role in licensing decisions, ensuring that access to cannabis products is regulated in a safe and controlled manner. The board's work includes evaluating and approving licenses for cannabis retailers and producers, ensuring compliance with all legal and regulatory requirements. This process is vital in maintaining the integrity and safety of the cannabis market in the Yukon.

With a focus on innovation and sustainability, the Yukon's private cannabis retailers are well-positioned to drive growth and deliver value for Yukoners that choose to consume cannabis products.

I extend my gratitude to the corporation's dedicated employees for their continued support. Your passion, dedication, and commitment are the driving forces behind the corporation's achievements.



Sincerely,



David Sloan
Chair,
Cannabis Licensing Board

About the annual report

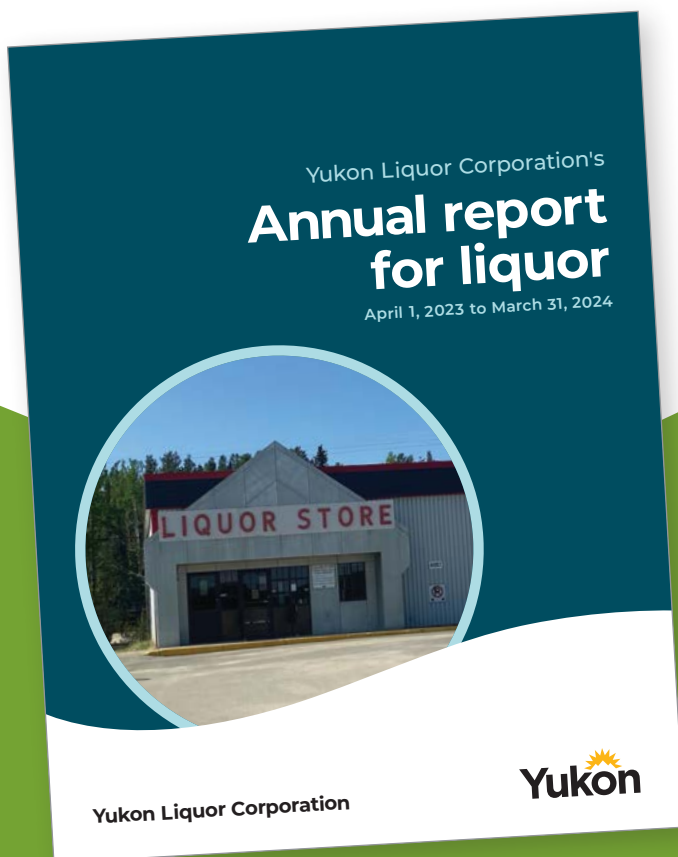
Each year, the corporation creates an annual report which outlines the nature and amount of business conducted over the year. This includes detailed financial statements that present the corporation's assets, liabilities, profits, and losses, to offer a clear picture of the year's operations.

Annual reporting is a requirement of the Cannabis Control and Regulation Act.

As the designated distributor corporation for cannabis, the Yukon Liquor Corporation must submit a report to the Minister that contains the following:

- ▶ the nature and amount of business the corporation conducted during the year;
- ▶ financial statements with assets and liabilities of the corporation, including profits and losses to show the result of the year's operations;
- ▶ measures the corporation has taken to reduce the risk of cannabis being diverted to the illicit market;
- ▶ measures the corporation has taken to facilitate responsible consumption of cannabis while not promoting cannabis;
- ▶ efforts the corporation has made to enhance public awareness of the health risks associated with consumption of cannabis use; and
- ▶ information regarding the laws relating to cannabis in the Yukon.

This annual report will be tabled during the fall sitting of the Yukon Legislative Assembly.



For more information regarding the Yukon Liquor Corporation's role in the Yukon's liquor industry, please see the 2023/24 annual report for liquor.

Vision, mission and strategic priorities

Vision

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

Mission

To offer 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 increasingly excellent service to clients, customers and communities.
- ▶ 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.



About the Cannabis Licensing Board

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

The Cannabis Licensing Board is responsible for granting, refusing to grant and renewing licences as well as reviewing decisions of the Yukon Liquor Corporation President to impose sanctions on licensees. The board works under the parameters of the Yukon Cannabis Control and Regulation Act.



David Sloan
Chair

from January 17, 2022 to
January 16, 2025



Mieke Leonard
Vice-chair

from January 17, 2022 to
January 16, 2025

*Resigned November 30, 2023



Cynthia James
Member

from January 17, 2022 to
January 16, 2025

*Appointed as vice-chair from
February 8, 2024, to January 16, 2025



Clarence Timmons
Member

from January 17, 2022 to
January 16, 2025



Eva Bidrman
Member

from February 8, 2024 to
February 7, 2027



John Farynowski
Member

from January 17, 2022 to
January 16, 2025

Find out more about the Cannabis Licensing Board members at
yukon.ca/en/your-government/boards-and-committees/cannabis-licensing-board

About the Yukon Liquor Corporation


Corporate structure

The Yukon Liquor Corporation is the designated distributor corporation for cannabis in the Yukon and is solely responsible for the purchase and distribution of both liquor and cannabis products. The corporation regulates liquor and cannabis products to be consumed in a legal and socially responsible manner.

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

As the designated distributor, the corporation prides itself on supporting the Yukon's privatized sales model by working directly with licensees on product selection. This ensures that each of the Yukon's six licensed retailers can customize their inventory to meet the specific demands of their customers.

The Yukon Liquor Corporation does not have a retail cannabis store or a retail website. Since October 2022, the cannabis retail market in the Yukon has been in the hands of licensed retailers.



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

Business overview

During the 2023/24 fiscal year, the Yukon Liquor Corporation established agreements with a number of additional licensed producers, bringing the total number of licensed producers that the corporation works with to 95. The corporation worked closely with both licensed producers and retailers to bring many new products to the Yukon market.

Additionally, in the past year, the corporation has continued to:

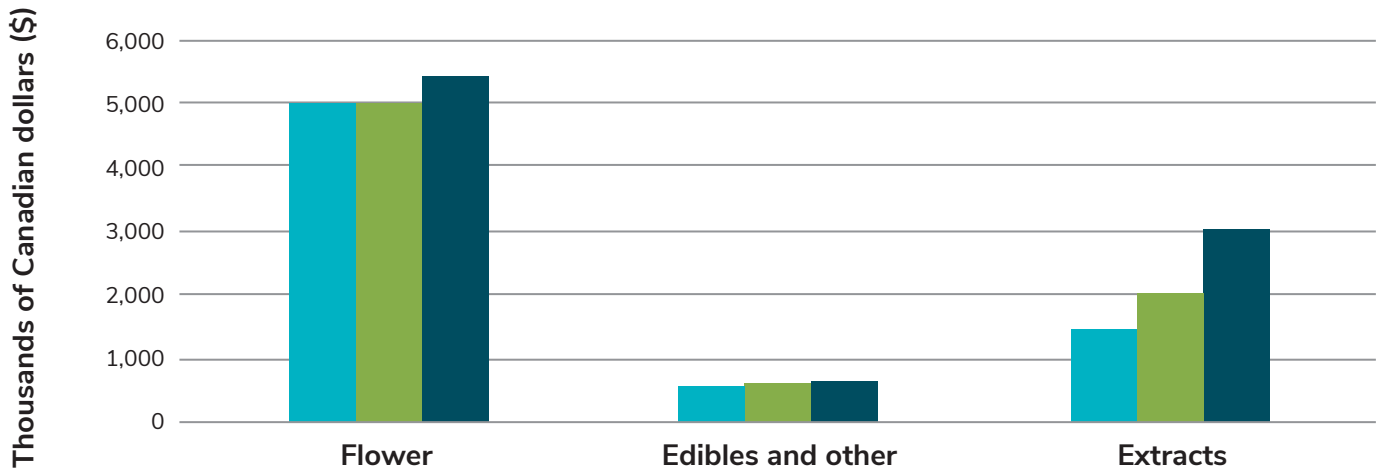
- ▶ conduct the corporation in a manner that supports public health, protects young persons from accessing cannabis, and displaces the illicit market;
- ▶ educate licensees by providing information about the *Cannabis Control and Regulation Act* and its Regulations to encourage compliance by all licensees;
- ▶ provide the mandatory Be A Responsible Server – Cannabis (BARS-C) training on Yukon.ca to the public. The BARS-C certification course is mandatory for everyone who sells cannabis. The course explains a licensee's responsibilities to their customers and helps them assist their customers in making informed and safer choices when purchasing, and later consuming, legal cannabis products;
- ▶ continue to work with licensees to prevent underage access and consumption;
- ▶ coordinate the cannabis supply chain from licensed producers to licensed retailers;
- ▶ maintain close communication with licensed retailers;
- ▶ find efficiencies to streamline service for licensees and producers;
- ▶ apply a risk-based approach to enforcement;
- ▶ provide training to support social responsibility efforts; and
- ▶ launched a new online application and license system for licensees.



**In 2023/2024,
the corporation issued
89 BARS-C certificates.**

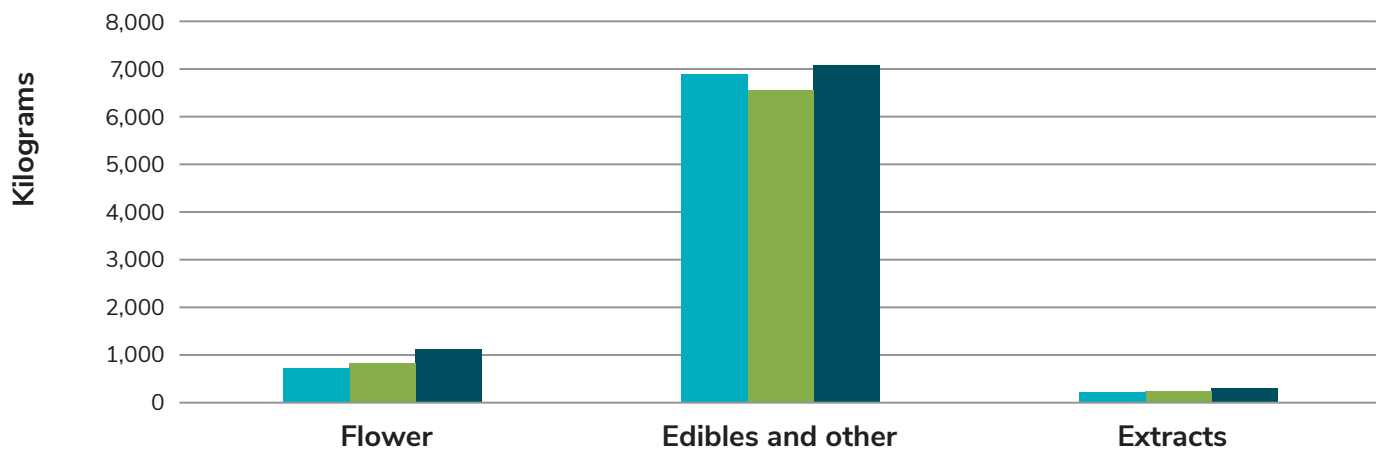
Financial overview

Sales by category – Thousands of Canadian dollars (\$)



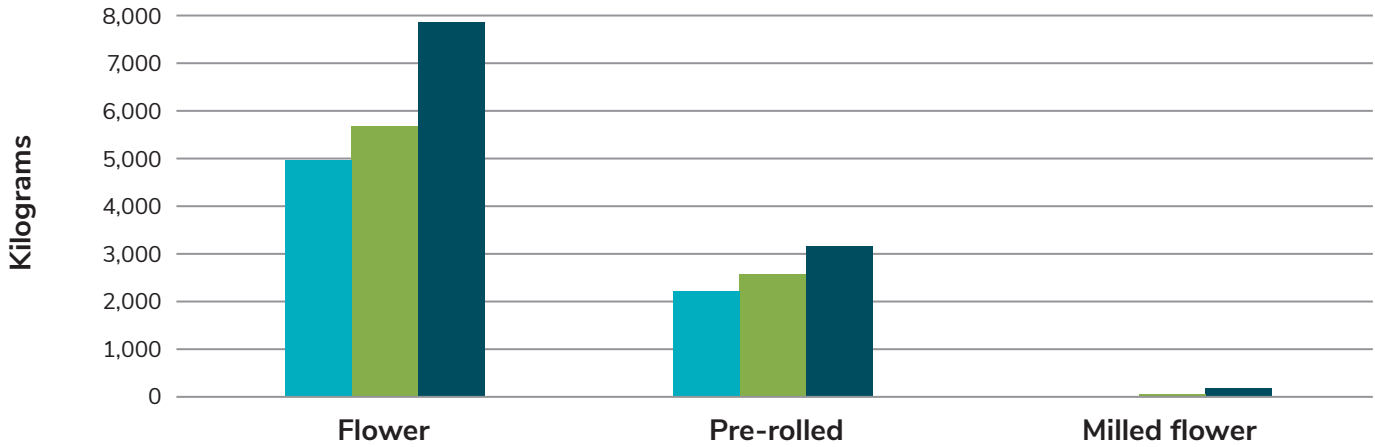
Year	Flower	Edibles and other	Extracts
2021/22	\$ 5,054,000	\$ 572,000	\$ 1,465,000
2022/23*	\$ 5,047,000	\$ 614,000	\$ 2,047,000
2023/24	\$ 5,487,000	\$ 652,000	\$ 3,059,000

Sales by category – Kg



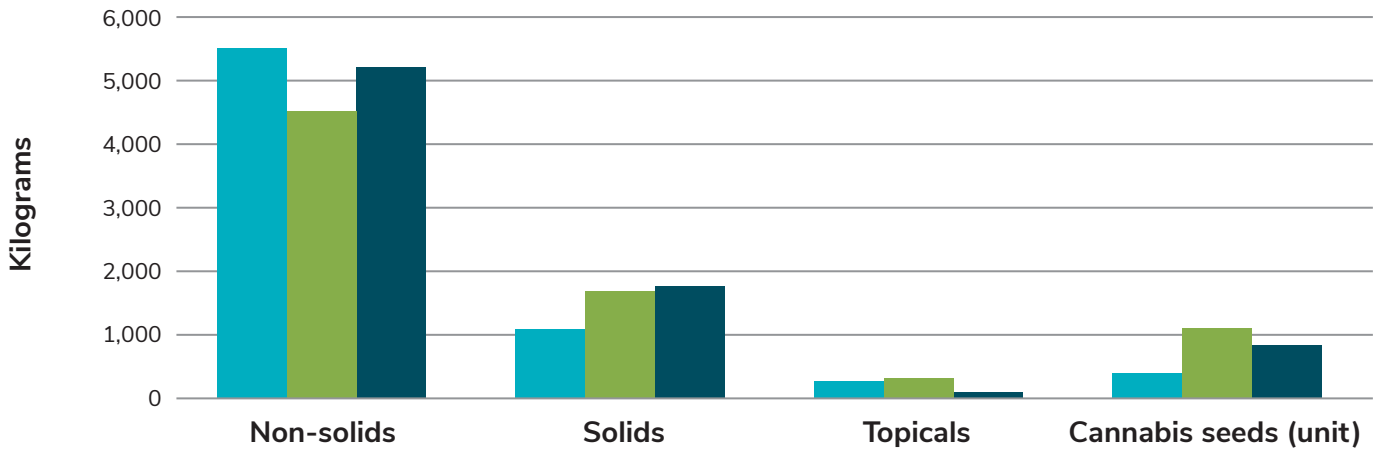
Year	Flower	Edibles and other	Extracts
2021/22	723 Kg	6,930 Kg	222 Kg
2022/23*	836 Kg	6,592 Kg	244 Kg
2023/24	1,128 Kg	7,120 Kg	307 Kg

Volume sold – Dried cannabis



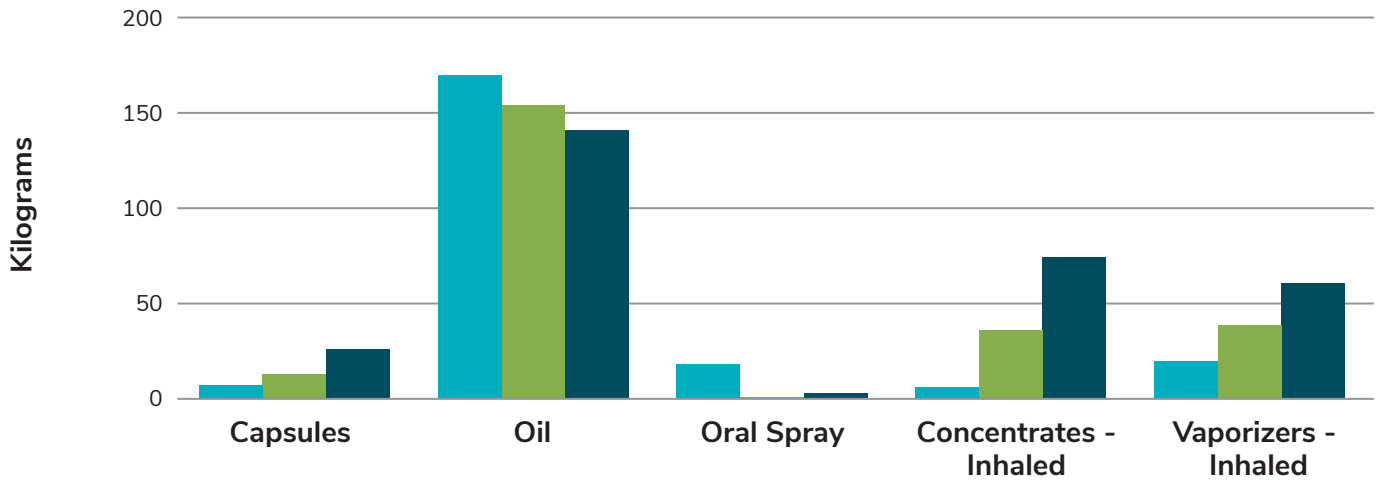
Year	Flower	Pre-rolled	Milled flower
2021/22	499 Kg	222 Kg	2 Kg
2022/23	572 Kg	258 Kg	6 Kg
2023/24	792 Kg	317 Kg	19 Kg

Volume sold – Edible and other



Year	Non-solids	Solids	Topicals	Cannabis seeds (unit)
2021/22	5,558 Kg	1,097 Kg	275 Kg	408 Kg
2022/23	4,557 Kg	1,706 Kg	329 Kg	1,108 Kg
2023/24	5,243 Kg	1,772 Kg	105 Kg	840 Kg

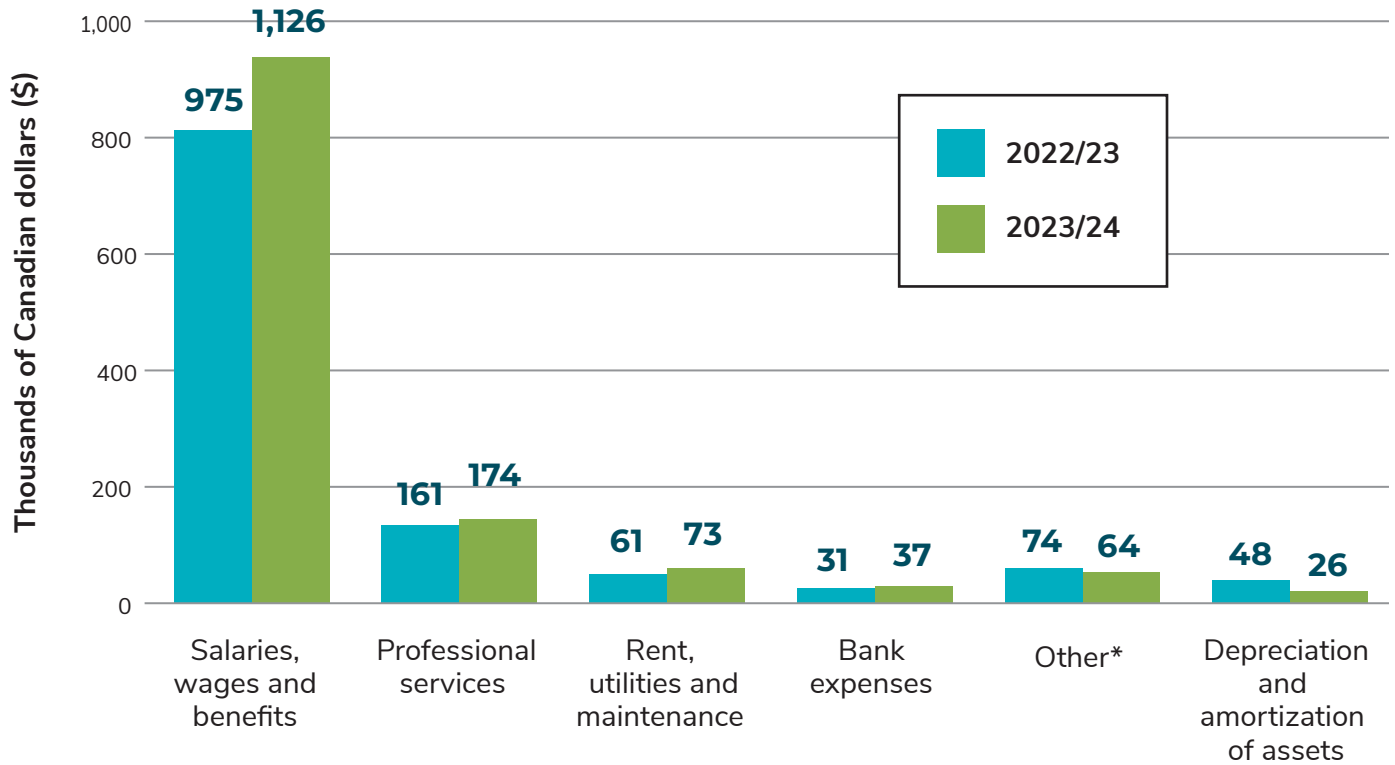
Volume sold – Extracts



2021/22	7 Kg	171 Kg	18 Kg	6 Kg	20 Kg
2022/23	13 Kg	155 Kg	1 Kg	36 Kg	39 Kg
2023/24	26 Kg	142 Kg	3 Kg	75 Kg	61 Kg



Operating expenses



*Travel, telecommunications, IT., bank charges, office supplies, board honoraria, e-commerce support





In 2023/2024, Yukon Liquor Corporation inspectors conducted **32 inspections of licensees** to ensure their premises and operational conditions comply with requirements. **No fines or suspensions** were required during this period.

Since April 2019, the Cannabis Licensing Board has **considered 16 licence applications**.

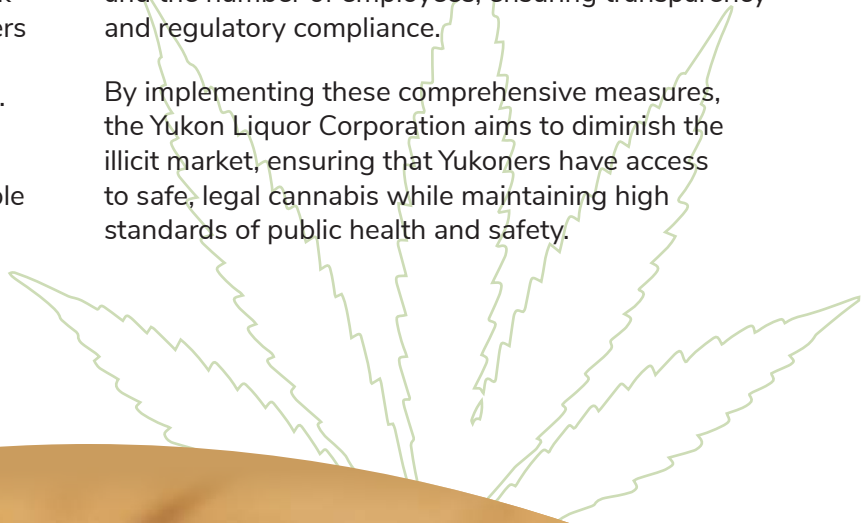
Reduction of the illicit market

The Yukon Liquor Corporation strives to reduce the illicit cannabis market through several strategic measures. Illicit cannabis products come from unregulated sources such as street dealers, unlicensed dispensaries, and illegal websites, and may contain harmful contaminants due to the lack of quality control. In contrast, only licensed retailers can legally sell cannabis in the Yukon, ensuring products meet strict safety and quality standards.

Legal cannabis products are distinguished by an excise stamp, ensuring they are easily recognizable and compliant with health and safety standards. This stamp indicates that the product has been tested and approved by regulatory authorities, providing consumers with confidence in its quality and safety.

The corporation regularly reports to Health Canada on cannabis sales and inventory, complying with the federal government's seed-to-sale tracking requirements. These reports include detailed summaries of inventory, sales, active retailers, and the number of employees, ensuring transparency and regulatory compliance.

By implementing these comprehensive measures, the Yukon Liquor Corporation aims to diminish the illicit market, ensuring that Yukoners have access to safe, legal cannabis while maintaining high standards of public health and safety.



Social responsibility and future outlook of cannabis regulation in the Yukon

In 2023/24, the Yukon Liquor Corporation demonstrated its commitment to social responsibility by continuing to facilitate responsible cannabis consumption and enhancing public awareness of the health risks associated with cannabis use. Key initiatives included launching the five-year review of the Cannabis Control and Regulation Act to gather public feedback on ensuring that Yukon's cannabis legislation remains responsive to Yukoners.

The insights gained from the review will be used to inform future social responsibility initiatives, along with ensuring the legislation and regulations continue to provide Yukoners with access to legal cannabis while prioritizing public health and safety.

Yukon's licensed retailers take on a pivotal role in social responsibility by ensuring the responsible and safe sale of cannabis to the public. They verify the age of purchasers to comply with legal restrictions, provide accurate information about cannabis products – including potency, effects, and safe consumption practices – to empower informed consumer choices. These measures also involve refusing sales to individuals who appear intoxicated or underage, and promoting responsible consumption.

Moreover, all retail staff are required to obtain BARS-C certification. This certification ensures they are equipped with responsible cannabis sales practices, including adherence to low-risk consumption guidelines and a comprehensive

understanding of the effects of cannabis in various forms and potencies. Such training is crucial for public health, mitigating overconsumption risks and fostering a safer environment for consumers.

The corporation also maintained the Check 30 initiative in private retail stores, encouraging staff to ask for ID from anyone who appears under 30, and issued 89 Be A Responsible Server-Cannabis (BARS-C) online training certificates. Additionally, the corporation funded the "Safe Grad" initiative, supporting substance-free graduation events to keep students safe from drugs, such as cannabis, and alcohol.

As we move into 2024/25, the corporation remains dedicated to fostering a responsible and thriving cannabis industry in the Yukon. Through our continued focus on social responsibility, education, and regulatory compliance, we are committed to ensuring the safe and legal access to cannabis products.



Department of Health and Social Services Report on Cannabis*

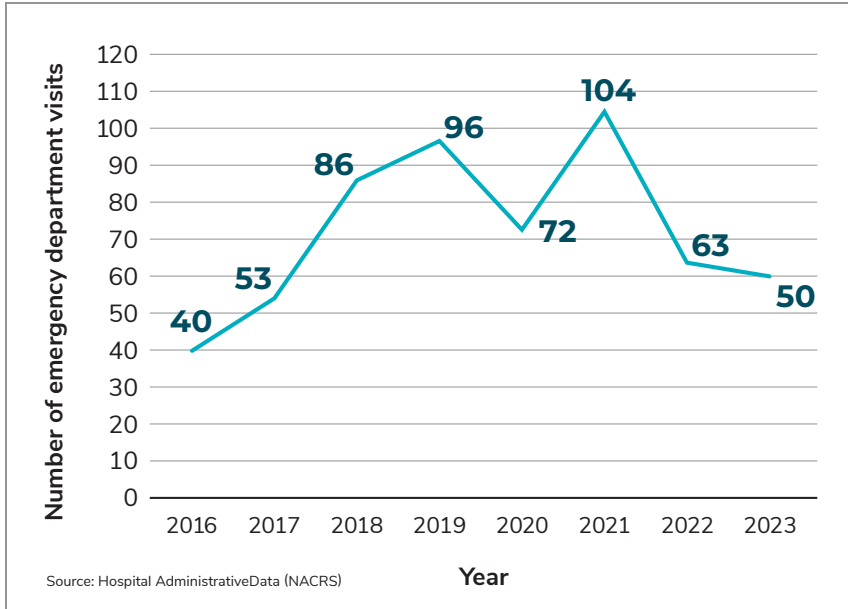
Disclaimer:

With the Government of Canada's decision to legalize cannabis in October 2018, the Government of Yukon has committed to measure whether the change in cannabis policy is having the intended effects to protect public health and safety. Please note that previous annual reports included additional indicators that were not updated in time for the Yukon Liquor Corporation's annual report for cannabis for 2023-24.

Health Indicator Collection for 2023/24 Fiscal

Indicator Category	Sub-category	Data Source	Results
Crime and law enforcement	# (and rate per 100,000) of illicit possession charges for cannabis for youth (12-17 years)	Statistics Canada (Incident-based crime statistics)	0 (0 per 100,000) (2022)
	# (and rate per 100,000) of illicit possession charges for cannabis 18 years and over	Statistics Canada (Incident-based crime statistics)	1 (2.28 per 100,000) (2022)
	# (and rate per 100,000) of distribution charges for cannabis	Statistics Canada (Incident-based crime statistics)	0 (0 per 100,000) (2022)
	# (and rate per 100,000) of sale charges for cannabis	Statistics Canada (Incident-based crime statistics)	9 (20.55 per 100,000) (2022)
	# (and rate per 100,000) of importation/exportation charges for cannabis	Statistics Canada (Incident-based crime statistics)	0 (0 per 100,000) (2022)
	# (and rate per 100,000) of production charges for cannabis	Statistics Canada (Incident-based crime statistics)	1 (2.28 per 100,000) (2022)

Cannabis-related emergency department visits (excluding poisoning) 2016-2023



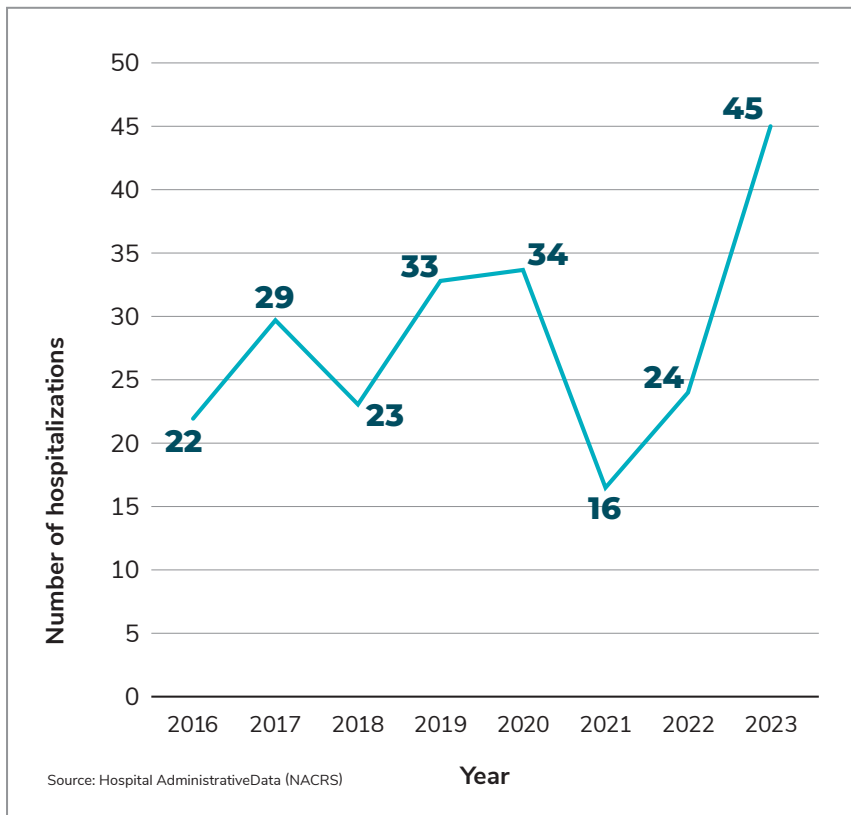
Emergency Room Visit Notes:

In 2023, 48 people visited a Yukon emergency department for reasons associated with cannabis use (excluding cannabis poisoning), for a total of 50 emergency department visits:

- ▶ Of the people who visited the emergency department, 44% (21) were females, and 56% (27) were males.
- ▶ In 2023, 40% (20) of cannabis-associated emergency department visits were for people under the age of 25. This is an important age group to monitor since they are most impacted by the negative effects of cannabis use and report using cannabis more than older populations.



Cannabis-related hospitalizations (excluding poisoning) 2016-2023



Hospitalization Notes:

In 2023, 39 people were hospitalized in the Yukon for reasons associated with cannabis use (excluding cannabis poisoning), for a total of 45 hospitalizations:

- ▶ Of the people who were hospitalized, 56% (22) were females, and 44% (17) were males.
- ▶ In 2023, 16% (7) of cannabis-associated emergency department visits were for people under the age of 25.
- ▶ Research confirms that individuals under the age of 25 are at a higher risk from cannabis use compared to older individuals. During adolescence and early adulthood, critical periods of brain development, cannabis use can disrupt neural development, leading to long-term cognitive and psychological impacts. Studies also show that adolescents who use cannabis regularly experience decreased motivation, poorer academic performance, and impaired cognitive functions more than those who start using cannabis later in life¹.



¹Roehler, D. R., & Hoots, B. E. (2020). Is the adolescent brain at greater vulnerability to the effects of cannabis? A narrative review of the evidence. *Frontiers in Psychiatry*, 11, 859. <https://doi.org/10.3389/fpsy.2020.00859>

YUKON LIQUOR CORPORATION
(CANNABIS DISTRIBUTOR CORPORATION FUND)

STATEMENT OF FINANCIAL RESULTS
UNAUDITED

Statement of Financial Position
as at March 31

(Tabular amounts in thousands of Canadian Dollars)

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 452	\$ 492
Accounts receivable	2	9
Inventories	831	764
	1,285	1,265
PROPERTY AND EQUIPMENT (Note 1)	76	69
INTANGIBLE ASSETS (Note 2)	7	16
	\$ 1,368	\$ 1,350
LIABILITIES AND EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 388	\$ 469
Deferred revenue	13	13
Due to Government of Yukon	331	213
Deferred government grant	47	66
	779	761
EQUITY	588	589
	\$ 1,368	\$ 1,350

Through Order-in Council 2018/107 of the *Cannabis Control and Regulation Act*, the Yukon Liquor Corporation is designated as the distributor corporation, to act as the principal supplier of cannabis for sale in the Yukon.

An unqualified audit opinion was expressed on the Yukon Liquor Corporation's financial statements by the Auditor General of Canada. A copy of these full financial statements, including the audit opinion, is available on Yukon.ca.

YUKON LIQUOR CORPORATION
(CANNABIS DISTRIBUTOR CORPORATION FUND)

STATEMENT OF FINANCIAL RESULTS
UNAUDITED

Statement of Comprehensive Income
for the year ended March 31

(Tabular amounts in thousands of Canadian Dollars)

	2024	2023
REVENUES		
Revenue	\$ 9,198	\$ 7,708
COST OF GOODS SOLD		
Purchases	7,162	5,911
Breakage and slippage	52	27
Postage and freight	191	150
	7,405	6,088
GROSS PROFIT	1,793	1,620
OTHER INCOME		
Government grant	19	30
Fees, permits and licenses	17	13
Miscellaneous	38	11
	74	54
EXPENSES		
Salaries, wages and benefits	1,126	975
Professional services	174	161
Rent, utilities and maintenance	73	61
Other operating expenses	64	74
Bank charges and interest	37	31
Depreciation of property and equipment	17	27
Amortization of intangible assets	9	15
	1,500	1,344
COMPREHENSIVE INCOME	\$ 367	\$ 330

YUKON LIQUOR CORPORATION
(CANNABIS DISTRIBUTOR CORPORATION FUND)
STATEMENT OF FINANCIAL RESULTS
UNAUDITED

Notes

for the year ended March 31

(Tabular amounts in thousands of Canadian dollars)

1. Property and equipment

<u>Cost</u>	2023 Balance	Additions	Transfers	2024 Balance
Buildings	\$ 57	\$ 24	\$ -	\$ 81
Operating equipment	58	-	-	58
Systems equipment	77	-	-	77
	<u>\$ 192</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 216</u>

<u>Accumulated Depreciation</u>	2023 Balance	Depreciation	Accumulated Depreciation on Transfers	2024 Balance
Buildings	\$ 12	\$ 2	\$ -	\$ 14
Operating equipment	44	4	-	49
Systems equipment	66	11	-	77
	<u>\$ 122</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 140</u>

<u>Net book value</u>	2024	2023
Buildings	\$ 67	\$ 45
Operating equipment	9	14
Systems equipment	-	10
	<u>\$ 76</u>	<u>\$ 69</u>

2. Intangible assets

	2024	2023
Systems development cost	\$ 86	\$ 86
Accumulated amortization	(79)	(70)
	<u>\$ 7</u>	<u>\$ 16</u>

Yukon Liquor Corporation

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**Yukon**