

2024 – 2026



CANNABIS
— NB —

STRATEGIC PLAN





TABLE OF CONTENTS

03	INTRODUCTION
03	ABOUT OUR CUSTOMER
04	ABOUT OUR RESPONSIBILITY
05	ABOUT THE INDUSTRY
07	STRATEGIC PLAN
07	VISION
08	CORE VALUES
09	MISSION
09	BRAND PROMISE
10	FINANCIAL PILLAR
12	CUSTOMER EXPERIENCE PILLAR
14	OPERATIONAL EXCELLENCE PILLAR
16	TEAM ENGAGEMENT PILLAR
18	CORPORATE REPUTATION PILLAR



INTRODUCTION



ABOUT OUR CUSTOMER

Cannabis NB is considered a monopoly by some, but the reality is that the stores operate in a highly competitive market, and the playing field is not level. The illicit cannabis market is well established and has had years to build a customer base, and with legislative restrictions around product potency, packaging and advertising/communications, Cannabis NB faces some real challenges to shift that customer base to the legal market.

However, along with those challenges come some significant opportunities. There is a growing segment of cannabis consumers who place value on product quality and safety. This is something Cannabis NB can offer and stand behind, that the illicit market cannot. Related to this, many customers are looking for product details, information, traceability...again, this is an advantage the

legal market can leverage. Another opportunity is an untapped consumer base, who are not traditional cannabis consumers, and have no connection to the illicit market, but are beginning to seek out cannabis wellness products. While advertising and communication restrictions for legal cannabis retailers slow down access to these consumers, this opportunity will continue to grow.

Cannabis NB, the only current legal option, is likely approaching 50% share of the existing cannabis marketing in New Brunswick and the new customer segments have only just begun to be engaged. With geographically reliable and relevant customer segmentation data, well planned education, world class customer experience and expanding legal access points, there is a great deal of potential and value in this industry for the people of New Brunswick.



ABOUT OUR RESPONSIBILITY

While Cannabis NB is focused on growth, the team never loses sight of one of our most fundamental objectives: to ensure that the thriving cannabis industry that develops in New Brunswick is safe and responsible.

While cannabis legislation at the federal and provincial levels is highly restrictive and makes it difficult to compete with the illicit market, it also provides a framework for accountability and supports the safety and education message that we share with our customers. If there is an issue with the product, the store, or any aspect of the cannabis experience, customers have options and recourse to rectify the issue.

Beyond legislation, however, the commitment to safety and education is at the foundation of Cannabis NB's culture. It is embedded in the sales experience, training and performance management of the team and reinforced by leadership every day. The team at Cannabis NB has prioritized safety and education, and has become known for it with customers, vendors, and industry peers across the country.

For Cannabis NB, delivering for the people of New Brunswick means delivering revenue to support the province, but always doing so in a safe, responsible customer-focused way that leverages some of our key advantages, and this is reflected in our Mission, Vision, and Values.





ABOUT THE INDUSTRY

The legal cannabis industry in Canada has experienced challenges since launch. The biggest issue that observers focused on was the supply issues, with a number of factors driving those supply issues. Many of these factors were related to the tight timelines – suppliers having to rush packaging decisions, make regulatory assumptions and having limited time to focus on growing and quality production. The timelines and complexity of licensing also meant the Licensed Producer (LP) field was limited at launch, resulting in few options and little negotiating power for retailers. Many issues were related to incorrect assumptions in the industry. Customer “wants” were assumed in many cases. Comparisons were made to existing industries that drove decisions around product packaging, branding and quality that failed to recognize the uniqueness of the cannabis industry and the expectations of the existing consumers/customers. There was an assumption that customers would naturally flock to legal product...which dismissed the advertising restrictions, and the fact that the illicit sellers had no restrictions and were not held accountable to the accuracy of their product information. And there were operational mistakes, like a lack of understanding of how to grow this temperamental product at such an enormous scale, even with experienced illicit growers involved, and poor planning around supply chain and logistics.

All of these things combined at launch resulted in a disappointing customer experience and offering, and consumer confidence was damaged by limited options, high prices and lack of access. Once that first impression was made, drawing those customers back in for another chance became a much more difficult task.

Over the past four years since launch, the industry has evolved quickly, and changed extensively. Licensing has caught up with demand, and there are hundreds of LPs to choose from with a wide variety of products. Competition has brought prices down, and allowed retailers to expand their offering and pass those prices on to customers to be more competitive. Some of the largest LPs are struggling and trying to recover from over-investing in those incorrect assumptions, and some are still not using reliable customer data to address the challenges. But many new LPs and micro-producers are being licensed that have learned from the challenges at launch, and are approaching the industry with better information and a more sustainable plan.

Misinformation continues to be a significant challenge, but slowly the realities of product quality and safety guarantees are beginning to be believed and valued by customers and this education and safety focus helps mitigate advertising restrictions and attract those consumers back who are still skeptical about what the legal industry has to offer.

ABOUT THE INDUSTRY (CONTINUED)

In New Brunswick specifically we are well placed to navigate the rapid industry changes. In spite of our small size, we are an appealing customer to LPs because of our flexibility in listing, our merchandising opportunities, and our relatively large store network and provincial reach. The market in some larger provinces like Ontario and Alberta is much bigger but also more fragmented and competitive so many LPs are looking to New Brunswick to establish their products and brands. Where other markets are highly saturated with retail stores, NB still has much opportunity for strategic expansion, and this will support our objective of shifting existing consumers to safe, legal options.





CANNABIS NB STRATEGIC PLAN

(FISCAL YEARS 2024 - 2026)

Cannabis NB's future is built on a strong foundation anchored in an unwavering commitment to customer experience, education, and responsibility. Cannabis NB believes that these things cannot be delivered effectively without a truly aligned, passionate, and engaged team committed to delivering results to our stakeholders and communities. This foundation is what our mission, vision, and values are built on.



VISION

We provide the most innovative cannabis experience that offers choices that communities can trust.

CORE VALUES

At Cannabis NB, education and safety will always be the foundation of a customized, memorable customer experience focused on products, information, and guidance. The goal is to keep our customers returning with new products, great value, and a welcoming environment, while inspiring them to share their experiences in a positive way and consume responsibly.



ENGAGE

It is important that our team is engaged and cares about the business and where it is going. This makes them passionate about what they do every day and that in turn engages our customers effectively and authentically.



INFORM

Information and education will always remain core values, both for our team and our customers. Every customer has specific needs, experience, and expectations. Cannabis NB will always ensure that our team has the information they need to provide our customers with the right experience.



INSPIRE

We make a point of learning and understanding our customers' expectations and evolving our offering and information customized to individual customers needs. Our team strives to make a connection with our customers, get them excited about what the legal industry has to offer, and make them advocates for a positive and safe cannabis experience.



CHALLENGE

We will hold each other accountable to a higher standard of excelling in every interaction with co-workers, customers, vendors, partners, and stakeholders. Asking questions and challenging each other to do better; always being prepared to step up and ask the difficult questions to ensure everyone is held accountable for great results and experiences.



MISSION STATEMENT

We ensure every customer experience is positive, memorable, and built on a foundation of education and responsibility every time for the benefit of our communities.



BRAND PROMISE

To deliver the best experience every time.





THE FIVE STRATEGIC PILLARS



FINANCIAL PILLAR

Fiscal responsibility through expansion of private sector and exploration on non-traditional revenue opportunities.

1

EXPAND MODEL EVOLUTION

1.1 Expand/Optimize Private Retail Channel (PRC) via continued model evolution

Increase the opportunities for private sector participation in the legal cannabis market in New Brunswick.

1.2 On-Site Consumption Opportunities

Pursue all available avenues for providing consumers with the safe, responsible on-site consumption opportunities which increase legal access, and meet the needs of current and potential customers.

1.3 First Nations Opportunities

Cannabis NB will continue to be open and committed to having mutually beneficial discussions with First Nation communities and representatives regarding the legal recreational cannabis industry with the objective of continuously increasing access to safe, regulated products.

2

EXPLORE NON TRADITIONNAL REVENUE OPPORTUNITIES

Explore areas of opportunity to leverage existing successes and experience including, but not limited to, opening retail networks in other jurisdictions, providing paid consulting services, and other non-retailing or wholesaling of cannabis related opportunities which may arise.

4

GROW/OPTIMIZE CURRENT STORE NETWORK

Optimize and continue to grow sales in current store network through better customer understanding, education and offering/ considering unique needs of each community.

3

FINANCIAL ACCOUNTABILITY (FISCAL RESPONSIBILITY)

Cannabis NB culture drives team members to be focused on financial and business accountability no matter what their role is in the organization. They are committed to delivering the best customer experience, and driving bottom-line results of the business every day, for the benefit of all New Brunswickers.

5

MAINTAIN PROGRESSIVE PRICING STRATEGY WITH REVIEW AS INDUSTRY EVOLVES

Cannabis NB will continue to review and evaluate its pricing strategy with the ongoing objective of offering competitive pricing to customers, and variety in its portfolio.



CUSTOMER EXPERIENCE PILLAR

Continue to evolve the customer experience by ensuring the right experience at the right time in the right channel based on an understanding of different customer types and their expectations.

1

EVOLVE IN-STORE CORPORATE RETAIL EXPERIENCE

Provide team members with targeted training opportunities that will build on the highly rated customer service that exists at Cannabis NB today. Customer experience is paramount to the continued success and growth of business.

2

RIGHT EXPERIENCE, RIGHT PLACE RIGHT TIME - CHANNEL STRATEGY

2.1 Integrate Business Cases into a Channel Framework (or Profit Centres)

Develop a channel framework for:

- Corporate Retail Channel
- Private Retail Channel (PRC)
- Farmgate
- On site consumption
- Others (as determined)

2

RIGHT EXPERIENCE, RIGHT PLACE RIGHT TIME - CHANNEL STRATEGY (CONTINUED)

2.2 Establish Customer Experience Expectations for Each Channel (within Channel Strategy/Framework)

Develop a clear, data-based understanding of customer expectations by channel to ensure resources are directed appropriately, and varying customer expectations are always met in the right way.

2.3 Maintain Frameworks

Ongoing evaluation and evolution of the channel framework to align with a changing industry and new opportunities.

2.4 Maintain Business Ownership Mindset

Maintain the current culture of accountability and personal ownership of the corporate results. Team members feel a responsibility to continuously improve the business, increase sales, reduce costs and drive net income in order to deliver for the people of New Brunswick.

3

IMPROVE WEBSITE INFRASTRUCTURE & OPTIMIZE WEBSITE CUSTOMER EXPERIENCE

Improve user experience on the website.

4

INVESTIGATE LOYALTY PROGRAM

Investigate loyalty program options.



OPERATIONAL EXCELLENCE PILLAR

Rely on clear, documented standard operating procedures that are regularly assessed to ensure the needs of the evolving business are being met.

1

ESTABLISH OPERATIONS MANUAL / STANDARD OPERATING PROCEDURES (SOPS)

Standardize operating procedures (SOPs) and develop an operational manual for team members.

2

MAINTAIN OPERATIONAL MANUAL / SOPS

Maintain SOPs and operational manual.

3

ESTABLISH LOSS PREVENTION PROGRAM

Establish a comprehensive loss prevention program to reduce risk, ensure retail integrity and safety and protect the bottom line.

4

REFINE SHARED SERVICE & ESTABLISH RULES OF ENGAGEMENT

Establish and manage clear procedures and process for the ongoing Alcohol NB Liquor (ANBL) Shared Service relationship and ensuring efficiency and balance for both organizations.

5

ESTABLISH VENDOR FRAMEWORK INCLUDING OWNERSHIP OF RELATIONSHIPS

Develop and maintain a vendor relationship framework to ensure appropriate accountability and efficiency.



TEAM ENGAGEMENT PILLAR

Build bench strength through clear hiring objectives, strong onboarding, professional development, and leadership training.

1

BUILD BENCH STRENGTH

A key to the success of any organization is its people. Cannabis NB will work on three main areas to increase the strength of its people to ensure the continuation of a strong customer experience culture. These areas, outlined below are: Onboarding, Professional Development and Leadership Training.

1.1 Onboarding

A detailed and consistent process to onboard a team member will continue to be required to ensure consistency in messaging, understanding of best practices, values of the organization, accountabilities of each role to the success of business and to achieve alignment.

1.2 Professional development

Guidance and clarity around the professional development opportunities available to each role in the organization will be developed. The plan will outline the paths available to individuals for continued advancement in their careers at Cannabis NB.

1.3 Leadership training

A focus area of training will be on leadership competencies. Developing our leaders to advance and grow within the organization will provide a strong foundation to support the organization in the advancement and attainment of the many opportunities in this plan.

2

ORGANIZATIONAL DESIGN

A strategic review of the organizational design will be undertaken to ensure that the structure of Cannabis NB can support the opportunities and expansion outlined in this strategy.

3

HIRING GUIDELINES

Clear guidelines will be established to ensure consistency in the hiring process and alignment with the corporate culture.

4

TEAM GUIDELINES/HANDBOOK

Cannabis NB will develop a handbook to guide team members to ensure common understanding and alignment on accountabilities.

5

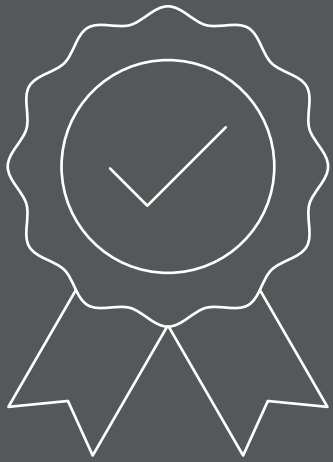
PULSE SURVEY /ENGAGEMENT SURVEY

Cannabis NB will continue to survey the organization regularly to understand and maintain the engagement of all team members as the business continues to change and evolve.

6

SELF-EMPOWERMENT VIA SHIFT SCHEDULING

Solutions will be explored and investigated to allowing team members online scheduling flexibility.



CORPORATE REPUTATION PILLAR

Establish a sound corporate governance framework and develop corporate social responsibility strategy.



ESTABLISH CORPORATE GOVERNANCE FRAMEWORK

Cannabis NB will establish and maintain a corporate governance framework that supports the evolution of the business and the industry as well as the delivery of this strategic plan.

2

ESTABLISH CORPORATE SOCIAL RESPONSIBILITY (CSR) STRATEGY

Cannabis NB will establish and maintain a corporate social responsibility strategy.

3

MAINTAIN MARKETING / COMMUNICATIONS STRATEGY

Cannabis NB will continue to understand and work within the rules and restrictions of the industry as it executes a marketing / communications strategy.

4

STAKEHOLDER OUTREACH

Cannabis NB will continue to engage the appropriate stakeholders at the right time as part of framework and business case development.



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