



Annual Report **2021**



100

THE SPIRIT OF SHARING
SINCE 1921



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The English-language version of the SAQ Annual Report 2021 does not include the Governance section or parts of the Finance section.

For the complete report, please see the French-language version. In the event of discrepancy between the French- and English-language versions, the French-language version shall prevail.

Highlights

Fiscal year ended March 27, 2021

(in millions of Canadian dollars and in millions of litres for volume sales)

	2021 ¹	2020	Change (%)
Financial results			
Sales	3,590.2	3,488.7	2.9
Gross margin	1,803.8	1,762.0	2.4
Net expenses ²	584.7	536.5	9.0
Profit	1,219.1	1,225.5	(0.5)
Comprehensive income	1,217.7	1,225.7	(0.7)
Financial position			
Total assets	1,362.4	1,283.7	6.1
Property, plant and equipment and intangible assets	204.3	196.0	4.2
Net working capital	(176.9)	(168.2)	(5.2)
Long-term liabilities	288.0,	289.5	(0.5)
Shareholder's equity	38.5,	39.9	(3.5)
Sales by network			
Stores and specialized centres	3,197.9	3,137.2	1.9
Wholesale grocers	392.3	351.5	11.6
Total	3,590.2	3,488.7	2.9
Net sales by product category			
Wines	2,535.7	2,503.8	1.3
	176.6 L	174.8 L	1.0
Spirits	949.3	890.8	6.6
	28.2 L	27.3 L	3.3
Beers, ciders and coolers ³	105.2	94.1	11.8
	17.5 L	15.4 L	13.6
	3,590.2	3,488.7	2.9
Total	222.3 L	217.5 L	2.2
Additional financial data			
Government revenue ⁴	2,405.9	2,372.6	1.4

1. In fiscal 2021, operations were impacted by the COVID-19 pandemic. These impacts had financial repercussions on the breakdown of sales to the various customer segments, on the related gross margin and on net expenses.

2. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income.

3. Also known as RTDs (ready-to-drinks), FABs (flavoured alcoholic beverages) and cocktails.

4. Includes the declared dividend, sales taxes, the specific tax on alcoholic beverages, excise taxes and customs duties.

Message from the Chair of the Board of Directors



Although the Société des alcools du Québec has been a feature of the province's landscape for a full century, it is today, more than ever, a pillar of the Quebec economy and an eloquent example of change, adaptation and resilience.

Over the last 100 years, the company has confirmed its relevance by fulfilling its role as a responsible retailer and paying an annual dividend to the Quebec government for use in providing services to Quebecers. A quality employer deeply involved in the community through its various causes, including food assistance, the SAQ works closely with its business partners and helps influence the industry to adopt more responsible practices. Beyond its role as a government corporation, the SAQ has kept pace with market trends and succeeded, over the years, in developing a broad and deep expertise in retailing and the beverage alcohol industry. Today, Quebecers can proudly turn to a company that not only offers them more than 15,800 products, accessible anywhere and at any time, but is also intent on providing them an ever more personalized service.

Fiscal 2020-2021 was marked by the COVID-19 pandemic. Despite the challenges, the SAQ adapted its operations in record time, complied with all public health guidelines and continued serving its customers safely and with professionalism.

Besides maintaining its activities throughout the crisis, the SAQ continued to shape its future by publishing a new strategic plan. Taking "Inspiring Quebecers' pride" as its vision, the company set its organizational objectives for 2021-2023. These focus on the customer experience, the company's performance, the employee experience and social responsibility. After contributing to this fundamental reflection process, the Board of Directors approved the three-year master plan.

Lastly, I want to thank the members of the Management Committee for their dedication and constant determination to take the SAQ further. This year marked by the COVID-19 pandemic, the company's 100th anniversary and the implementation of the new strategic plan was not lacking in major challenges. Your leadership and your skill at rallying personnel around shared objectives have enabled the Société des alcools du Québec to continue growing and be ever more present for its customers and its shareholder. I also thank all employees who contributed to last year's accomplishments. You definitely inspire my pride!

John Paul



Message from the President and Chief Executive Officer



Inspiring Quebecers' pride is the vision we have given ourselves for the coming three years. And yet I could hardly be more proud of each and every employee who put their shoulder to the wheel to move the SAQ forward or of the progress we have made together. Fiscal 2020-2021 was a year that shook every assumption and in which resilience, cooperation and perseverance were our best allies.

As was the case around the globe, the COVID-19 pandemic formed the backdrop for everything we did. At the SAQ, we were able to maintain our operations throughout the extended period of uncertainty. We rolled up our sleeves to find new ways of meeting Quebecers' expectations. We provided safe service to customers, kept up with skyrocketing demand on SAQ.COM, found solutions for our partners in a slowing economy, boosted sales of Quebec products and delivered support to people in need. And while doing all that and more, we also remitted a dividend of more than \$1.219 billion to the government to the benefit of all Quebecers.

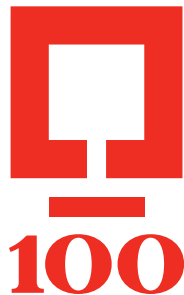
But COVID-19 was far from the only story at the SAQ in fiscal 2020-2021! We stayed on course and continued work on the forward-looking projects spawned by our Strategic Plan 2021-2023. Because today and especially tomorrow, the SAQ needs to be a solid, active player in Quebec's economic recovery. To prepare for the future, we upgraded our technology infrastructure and launched a project to expand our Montreal distribution centre. By maintaining our sustained involvement in modernizing the deposit-return system and working to become a more inclusive organization, we continued making the SAQ a responsible company that Quebecers can be proud of. In short, in fiscal 2020-2021, we gave the best of ourselves to make the SAQ an even better performing company.

The fiscal year just ended also saw the start of our 100th anniversary celebrations. We drew on our creativity to come up with festivities that were both pandemic-compatible and representative of our long history with Quebecers. Awareness of our shared history combined with our determination to continue bringing Quebecers the best in wines and spirits inspires confidence in our ability to take on the many challenges of the next 100 years!

In concluding, I want to express my gratitude to the members of the Board of Directors and those of the Management Committee as well as to all the managers, employees and suppliers who, through their involvement, do so much to keep the company strong, efficient and effective. Let me assure all of you that you do indeed inspire Quebecers' pride.



Catherine Dagenais
President and Chief Executive Officer



Management Committee



Catherine Dagenais
President
and Chief Executive
Officer



Carl Boucher
Vice-President
Information
Technology



Luc Bourdeau
Vice-President
Supply Chain



Sandrine Bourlet
Vice-President
Marketing and
Merchandising



Martine Comtois
Vice-President
Corporate Affairs and
Secretary General



Alexandre Côté
Vice-President
Talent and Employee
Experience



Jacques Farcy
Vice-President
Sales Network
Operations



Édith Filion
Vice-President
and Chief Financial
Officer



Marie-Hélène Lagacé
Vice-President
Public Affairs,
Communications and
Social Responsibility

Our mission

The SAQ's mission is to sell beverage alcohol by offering a broad range of quality products throughout Quebec. In conducting its business, the government corporation is respectful of communities and the environment, creates value for all Quebecers and provides an unmatched customer experience.

Our vision

Inspiring Quebecers' pride

- By delivering a memorable, personalized experience to all our customers
- By tapping into our employees' talent and creating an environment in which they can achieve their potential
- By applying the highest management and governance standards to give the most back to Quebecers
- By placing the public good at the centre of all our decision-making

Our values

Passion

We like exploring, tasting and discovering. We like the stories behind the products and those that customers tell us. Our passion for people and for what we do pushes us to improve and become the best we can be.

Collaboration

Because we go further together, collaboration, mutual aid and sharing are at the centre of our daily work. It is the relationships we cultivate—among ourselves and with the rest of the world—that drive us forward.

Responsibility

Because alcohol is no ordinary product, we are determined to have a positive impact on the world around us. It is this commitment to contribute to the public good that leads us to make enlightened, sustainable and responsible decisions.

100

THE SPIRIT OF SHARING
SINCE 1921

The first
delivery
trucks
→



PERMIS
D'ACHETER
DES
ALCOOLS ET
SPIRITUEUX

PERMIT TO
PURCHASE
ALCOHOL
AND
SPIRITS

Émis par la
COMMISSION
DES
LIQUEURS DE
QUÉBEC



Issued by
THE
QUEBEC
LIQUOR
COMMISSION

1921

Jules Desmarais C.R.
K.C.
Gérant—Manager.

Before 1921

Total prohibition... except in Quebec

In 1919, francophone Quebecers
vote in favour of legalizing the
sale of beer and wine.

May 1, 1921

Creation of the Commission des liqueurs

All types of beverage alcohol can now be
sold but only under government control.
An exception is made for domestic beer,
which can be purchased freely.

No products are visible in our stores!
Only a price list is posted on the wall.
All purchases are carefully wrapped
in brown paper.

Until the 1930s, buying more than one
bottle of "hard liquor" per visit is not allowed.
Customers can buy as much wine as they
like, however.

Quality control

The Commission has its own laboratory
and bottling plant.

23

brands of wine

39

brands of spirits





1931

1941



↑ Photograph of employees at the Commission's headquarters, the Pied-du-Courant, in 1943.

Heaven on earth for tourists

Business is booming at Quebec restaurants and hotels and especially at Commission stores. But the end of Prohibition in the United States combined with the economic crisis (the Great Depression) have an impact on the Commission's revenues.

1939-1944

To each their own wartime effort

Distilleries provide alcohol for use in manufacturing ammunition, tools, paint and medical supplies. Members of the public are called on to reduce their alcohol consumption. A ration coupon system is instituted, limiting alcohol purchases to 40 oz. per customer once every other week.

40 oz.

of alcohol
per customer
every other week



1961

↑ First semi self-serve store at Place Ville-Marie in Montreal

RÉGIE DES ALCOOLS DU QUÉBEC

April 13, 1961

Creation of the Régie des alcools du Québec

The era of caged stores is over. Customers can finally see the products they're interested in buying, though they still have to ask a clerk to fetch them.

1964

A first in Quebec history

The first government-recognized public sector unions are formed on July 31: the Syndicat des ouvriers de la Régie des alcools and the Syndicat des fonctionnaires de la Régie des alcools (CSN), predecessors of today's STTSAQ and SEMB.

1968

A step toward the SAQ: the Thinel Commission

On November 18, the Quebec cabinet creates the Commission d'enquête sur le commerce des boissons alcooliques, which recommends reviewing the Régie's role.

1970

The first "self-serve" store opens in Sherbrooke

Customers can actually touch the products!



↑ The store in Montreal's The Bay



Expo 67

The Régie supplies Expo 67 with an unprecedented selection of products from around the globe. This marks the beginning of wine culture in Quebec.

The Maison des vins

To satisfy customers' growing interest in wine, the SAQ inaugurates the first Maison des vins at Place Royale in Quebec City.



1971

1978

Now at a grocer near you

In September 1978, wine is offered for purchase at Roger Gaboury's grocery store on Rosemont Boulevard in Montreal.



1981

Agency stores created

Two small-town food stores are allowed to sell products otherwise available only at the SAQ.



SOCIÉTÉ DES ALCOOLS

September 1971

Creation of the Société des alcools du Québec



← Former SAQ store on Hochelaga Street in Montreal

1975

Nouveaux vins: a tradition is born

The first of some 200 cases of nouveaux wines arrive and customers are thrilled. By 1980, more than 8,000 cases will be sold in our stores.

1977



↑ A brand new distribution centre, where all receiving and distribution operations, the bottling plant and the laboratory are now located

1988

Everyone can be a connoisseur

Customers and employees can learn more about wine by taking the SAQ's Les Connaisseurs courses.

1989

Moderation is always in good taste

To raise awareness around responsible drinking, Éduc'alcool is created in collaboration with members of the industry.

1999

The new-concept SAQ Signature store opens its doors in Montreal.

2000

Big-box savings

Located in downtown Hull, the first SAQ Dépôt store opens.

2007

Good-bye, bags

The SAQ becomes the first Quebec retailer to discontinue single-use bags and the first public body to publish a sustainable development action plan.

2006

Cellier: the place for discovery

The Cellier Space is launched. Between 2006 and 2013, all specialty-product marketing activities, including publication of *Cellier* magazine, take place under the banner.



2001

AROMATIC AND SUPPLE

FRUITY AND VIBRANT

2002

Showcasing Quebec's terroirs

Opening of an SAQ Classique Terroirs store at Montreal's Atwater Market and of Terroirs d'ici agency stores. Also, Terroirs d'ici sections are found in all Sélection stores and the larger Classique stores.

On the right path

Acquisition of the company's first hybrid truck. Made in Quebec, it reduces greenhouse gas emissions between 25 and 35%.



2009

Are you more aromatic and supple or fruity and vibrant?

Taste Tags make their debut, helping customers choose wines, define their preferences and discover new products.

2004

Creation of the Chaire SAQ de valorisation du verre dans les matériaux at the Université de Sherbrooke to find uses for recovered glass, including as a cement additive in concrete.

Beginning of the SAQ's partnership with Food Banks of Quebec



FRUITY AND SWEET

AROMATIC AND ROBUST

DELICATE AND LIGHT

AROMATIC AND MELLOW

FRUITY AND MEDIUM-BODIED

2011

The SAQ has a social media presence for the first time.

\$1 billion

After 90 years in business, the company passes the \$1 billion mark in net income, remitted in full to the Quebec government.

2012

The SAQ adopts its first responsible procurement policy, incorporating environmental, social and ethical values into its goods and services acquisition process.

2014

The Origine Québec logo is created, increasing the visibility and offer of Quebec certified wines.

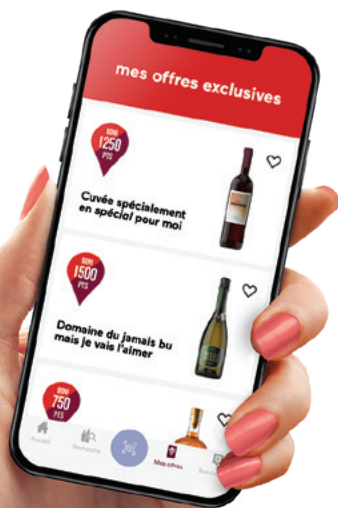


Opening of an eco-responsible store at Jean-Talon Market in 2015.

2011

2021

The SAQ is at your fingertips with the new mobile app.



2015

Launch of SAQ Inspire

A mere month after its launch, the program has more than 1 million members.

Click, Purchase, Pick up

Customers can now buy products on SAQ.COM and have them delivered to the store of their choosing.

2017

SAQ x Vignes en ville

The Laboratoire sur l'agriculture urbaine de Montréal (AU/LAB) is born and begins using ground glass as mulch and in potting soil.

2020-2021

A company evolving in pace with society

- Moving to a seamless, personalized and inspiring experience
- Greater fluidity between our various contact points
- Increased product availability online and in stores
- Social responsibility at the centre of our business

2022

Bringing the deposit-return system into the 21st century

New recovery operations plan to improve glass recycling

Review of Activities

In March 2020, Quebec along with the rest of the planet pressed pause in an attempt to slow the spread of COVID-19. It was under these exceptional circumstances that we were called on to maintain our business operations. Because we were determined to be present to support Quebecers and wanted to reduce the impact on our industry partners, we made every effort to adapt our activities.

Our desire to continue contributing to the Quebec economy, combined with our efforts to serve customers safely, allowed us to pay a dividend of \$1.219 billion. As a company that belongs to all Quebecers, the SAQ is proud to be part of the solution for Quebec's recovery.

Here is a summary of the initiatives specially put in place over the last year to support Quebecers in the thick of a public health crisis.

For our employees

To serve our customers well, we began by supporting our employees and ensuring our workplaces were safe. From the earliest days of the pandemic, our team of occupational health and safety specialists visited employees in their workplaces to check that all required safety measures were in place. We also developed a guide to help employees implement and maintain sound practices. The SAQ was proactive in managing employees who had been screened for or contracted the coronavirus. The latter group was provided guidance on what to do and not to do until they had recovered from the virus or returned to work. These actions surely help explain why no outbreaks occurred in SAQ stores or warehouses, with the sole exception of the Blainville/ Mirabel stores during the first lockdown in July 2020.

To allow employees to prepare the stores and provide a safe environment to customers, we reduced our opening hours and closed all stores on Sundays between March 21 and June 2, 2020. We also set up a free telemedicine service for employees and their families, the idea being to provide a source for medical advice at a time when health care professionals were often inaccessible. From the start of the pandemic, we also made arrangements for employees who are immunosuppressed or dealing with serious chronic disease so they could stay at home and better protect their health.

For their part, our office employees were encouraged to work from home when their positions and duties allowed it. The transition to telework was swift because our office automation infrastructure had already migrated to cloud computing and most employees already had access to portable equipment.

For our customers

From the first days of the pandemic, our store and warehouse teams worked proactively to provide safe and speedy service to all customers. Wearing masks, installing plexiglass barriers at checkout counters, disinfecting sales floors and warehouses, controlling store traffic and enforcing social distancing were some of the measures that were quickly put in place and have remained in effect since the start of the pandemic.

Alongside our initiatives for increasing employee and customer safety, we postponed – in cooperation with our suppliers – the planned spring 2020 price increase on our products and cancelled the fall increase in order to provide some relief to customers already dealing with the financial fallout of the pandemic. Also, between March and June 2020, to expedite order preparation as SAQ.COM orders were rising, we revised our digital experience to concentrate our online offer on the 500 best-selling products, including our entire catalogue of Quebec products. The earlier offer of 2,700 products was then gradually restored. In response to popular demand, we also added coolers to the product mix.



Net income of
**\$1.219
billion**

remitted in full
to the Quebec government,
in the form of a dividend,
to the benefit of all Quebecers



**A vital
contribution
under
exceptionally
challenging
circumstances**



As was true for all retailers, many of our customers stayed away from brick-and-mortar stores and turned to online shopping and home delivery for their provisions. As a result, we signed an agreement with a new delivery service provider. We also set up a temporary online order preparation site to handle the higher volume of customer purchases. Specifically, our Cash-and-Carry store on Saint-Patrick Street in Montreal, normally dedicated to serving the hospitality industry, changed vocations so we could handle the increase in online orders more efficiently. Lastly, to manage in-store traffic and encourage customers to do their holiday shopping early, we launched the *Come better prepared with Inspire* campaign. Customers were clearly paying attention: compared with last year, consumer sales were up 12% during the first two weeks of December and down 3% during the last two weeks.

For our partners

To support our restaurant partners, all severely affected by the pandemic, we implemented a new procedure to facilitate product returns. For some establishments, we also relaxed restrictions on take-out and delivery meals.

Eager to assist agencies and suppliers in the industry, we dedicated our Saint-Zotique Street Cash-and-Carry store to serving agents who pick up orders for their customers. We also developed packages they could use to satisfy specific customer segments and sell brands they represent on digital platforms.

Basically, by loosening the rules governing the sale of private import products, most notably by allowing “mixed” cases (cases containing several different products from the firm’s portfolio) to be sold, we allowed the agencies to offer consumers greater diversity and continue making sales during the lockdown. In two separate operations last fiscal year, agents submitted more than 1,100 orders for use in filling orders from some 12,000 customers. This initiative was much appreciated by an industry contending with a significant drop in business due to the shutting of restaurants.

We also implemented a visibility plan for Quebec products by maximizing the offer on SAQ.COM, increasing stocks in our distribution centres and switching Quebec products to automatic distribution for our stores.

For Quebecers

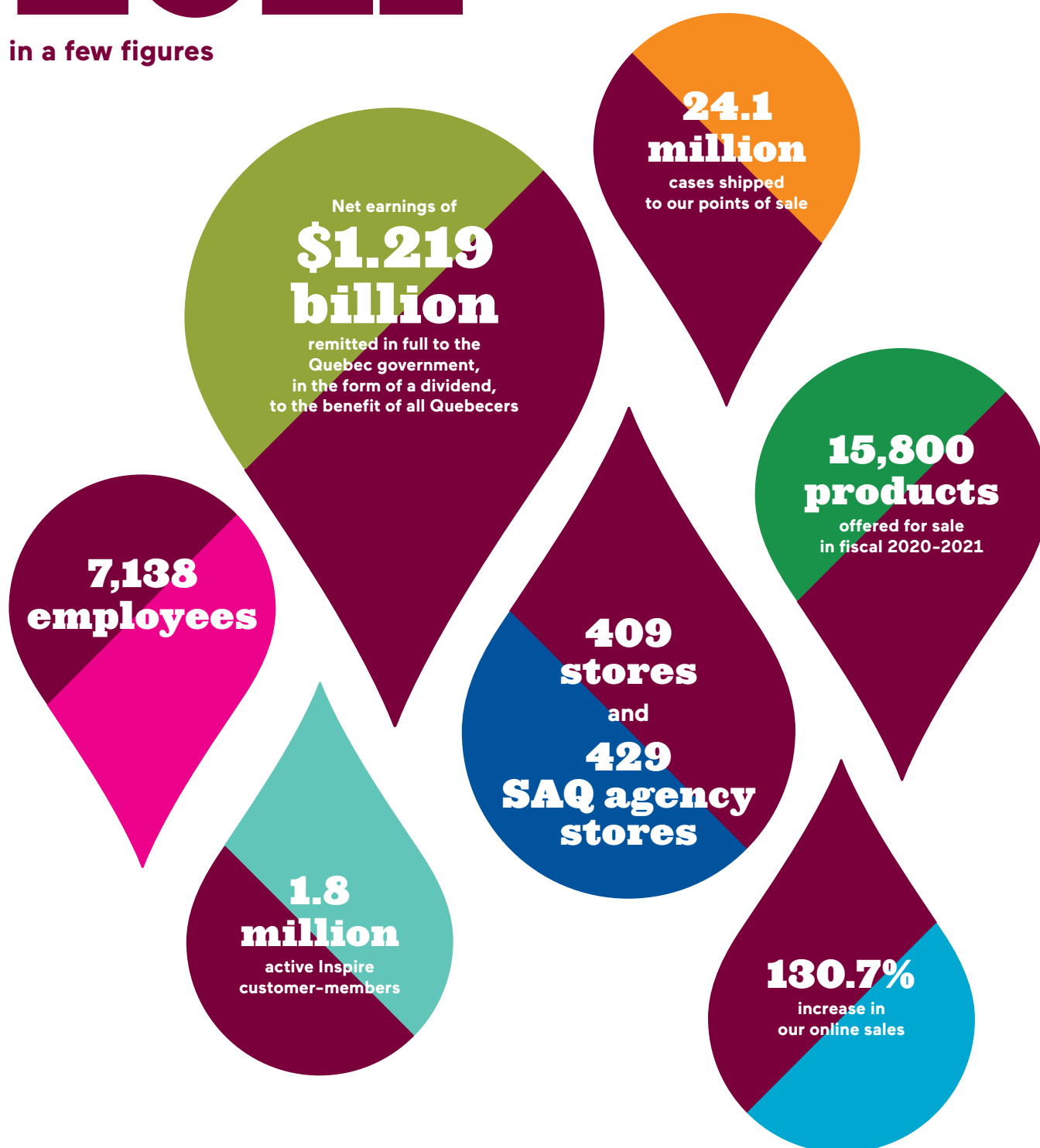
We maintained our contributions to several organizations and events hit hard by the health crisis. On top of our usual contribution to the Food Banks of Quebec (FBQ) network, we donated all the \$12 home delivery fees we collected for orders delivered between May 31 and July 11, 2020. Also, early in the pandemic, we made our entire stock of 94% ABV neutral alcohol available to health care establishments for use in creating disinfectant products, then in short supply. All told, more than 1,500 litres of neutral alcohol were delivered to Quebec hospitals.

Inspiring Quebecers’ pride... pandemic notwithstanding

At the SAQ, we are proud of who we are and what we do. This feeling of pride is something we want all Quebecers to share. And it is through our everyday acts, our capacity to meet customers’ needs and our ability to adapt to the changing world around us that we demonstrate our worth. As a government corporation, we want to inspire the pride of all Quebecers by being a well-performing, involved and responsible company that cares about the community and our employees. This aspiration motivates us and colours each of our decisions and all our actions.

2021

in a few figures



Deliver an integrated, omnichannel customer experience

Our customers are why, day after day, we strive to become better and be even more attentive and innovative. They are our inspiration. Their taste for learning, desire to explore and enthusiasm in telling us what they like are what drive us to knock on the doors of wineries around the globe in search of the best products at the best prices.

Although this search for sure-to-please wines and spirits continued last year, the ways we shared our discoveries changed considerably. We adapted the in-store experience in response to customers' concerns as the pandemic stretched on. Instead of offering the always-popular in-store tastings and usual contact with advisors, we provided a shopping experience that was welcoming and supportive but above all safe. We also adapted our offer on SAQ.COM to focus on the products customers sought and allow them to encourage local producers. Last but not least, we continued to inspire them through SAQ Inspire.

15,800 products for exploring the world through flavours

While travelling and gourmet getaways were put on hold during the pandemic, the 15,800 products we offered for sale in fiscal 2020-2021 allowed our customers to continue exploring the world through flavours. Another, nearly 28,000 private import wines and spirits rounded out our product offer, giving Quebecers access to an unrivaled selection. That this pleased customers is beyond a doubt, as 84% of those replying to a recent survey acknowledged the quality of our product portfolio.

This year we were once again able to count on the know-how of more than 3,700 suppliers in 82 countries in pursuing our quest to satisfy the curiosity of Quebecers ever more informed about wines and spirits.

Quebec products: more popular than ever

Like most local products, the creations of Quebec winemakers, distillers and cider makers experienced a wave of love last year. Encouraged to buy local in support of a Quebec economy hit hard by the pandemic, customers were keen to discover the products and talent of local producers. Litre sales of Quebec wines, spirits and ciders rose 27% in fiscal 2020-2021.

To slake this thirst for discovery and encourage solidarity with local artisans, our entire offer of 1,078 Quebec products, including 250 new ones, was made available online as well as on store shelves. New arrivals were also released monthly. According to our latest survey, 65% of customers said they appreciated our offer of Quebec products, a significant 12-percentage-point increase from last year.

The Gin category sustained its upward momentum, with volume sales rising 46% from the preceding fiscal year. Another standout performance was in the Creams category, where the arrival of several new products drove a 84% jump in litre sales. Thus boosted by the arrival of some 175 new products, the Quebec Spirits category ended the fiscal year with growth of 28%.



**15,800
products**

offered for sale
in fiscal 2020-2021

Litre sales
of Quebec wines,
spirits and ciders rose

27%

last year

until Sunday

15X
the base points*

ON ALL
QUEBEC
PRODUCTS

ADD A LITTLE QUEBEC
TO YOUR CHOICES

ORIGINE
QUÉBEC

MADE
QUÉBEC

BOTTLED
QUÉBEC

find them
in-store or
on SAQ.COM

take advantage

online and in-store

limited
edition

Domaine Bergeville
L'effervescent 2019





**NATURAL
WINE**



SANS ALCOOL



HAUT EN SAVEUR



**409
stores
and
429
SAQ agency
stores**



For their part, volume sales Origine Québec wines totalled 672,000 litres, a marked 41% increase driven in part by the popularity of rosé wines that charmed every palate. The Cider category enjoyed renewed popularity, seeing litre sales rise 30%. Still, it was the Coolers category, with a 75% increase in volume sales, that ended the fiscal year on top. Many Quebec distillers diversified their offer with a broad range of ready-to-drink products in fiscal 2020–2021. Forty-seven percent of all coolers offered for sale at the SAQ are now made in Quebec.

It is worth noting that customers' interest in Quebec products was already rising well before the pandemic. To assist customers with their choices and make local products even easier to find, we introduced two new identifiers: Made in Québec, reserved for products produced in Quebec with local and non-local ingredients, and Bottled in Québec, which identifies products blended and bottled in a Quebec-based company. These identifiers join the familiar Origine Québec logo, which spotlights products made by local artisans exclusively with local ingredients. Propelled by the launch of the new identifiers and by the "Add Quebec to your cart" advertising campaign, local products enjoyed good visibility on television, online and among our customers. In our latest awareness survey, 44% of our customers said they had heard of the three identifiers.

Given their own category for the very first time, Quebec-bottled products saw litre sales rise 25%.

Here's to a healthy planet... and a healthy us!

Increasingly concerned about the environmental impact of the products they buy, our customers want to encourage wine-making that is friendly to the environment. Aware that this trend has been gaining momentum for years, we offered a total of 2,108 certified organic products in fiscal 2020–2021. Customers' growing interest in organic products fueled a 29% rise in the category's litre sales last year.

Organic wines may have the wind in their sails, but natural wines aren't trailing far behind. These products, which contain little or no sulphur and no other additives, are increasingly sought by customers interested in the category. In response, we added 153 natural wines to our offer this year, bringing the total to 425 products. We also promoted a new identifier that makes it easy to spot and distinguish between the wines in the Organic Products category, which includes biodynamic as well as natural and organic wines.

Alcohol-free products? For sure!

Be it for reasons of health or lifestyle or simply a desire to cut back on their alcohol consumption, customers' interest in alcohol-free beverages grows unabated. Seen also in European countries, the trend has encouraged producers around the globe to develop new products. Last year, a selection of alcohol-free spirits, coolers and aperitif products was added to those already available in SAQ stores and online. The expanded offer spurred a 46% increase in litre sales for the category. To help customers easily spot these products, we created a section dedicated to them in more than 50 SAQ stores. An awareness campaign was also developed for social media and the SAQ Inspire newsletter to educate customers about alcohol-free products and encourage them to give them a try.

Products at every price point

Because the price customers pay can affect their satisfaction level and sense of getting a good deal, we gave them access to an attractive selection of quality products retailing for \$12 or less. Some 210 wines were sold in stores and online, to the joy of fans of good, low-priced wine. Very popular with customers, this category accounts for 21% of overall litre sales of wine.

In stores, SAQ agency stores and online to meet every need

At the SAQ, we have a huge sales network that we strengthen and improve all year long in order to meet the needs of our customers, wherever they are in Quebec. Quebecers' preferred point of contact, our 409 stores are designed to guide the customer and make the shopping experience intuitive, easy and inspiring. Each year, we revisit part of our real estate inventory to upgrade the experience. Last year, we invested \$5.2 million in redesigning or relocating 24 of our stores.

We also rely on a network of 429 SAQ agency stores, located in grocery and convenience stores outside of densely populated towns and cities. Last year, these partners proved a great added value for the many Quebecers who moved to second homes so they could enjoy the outdoors during the pandemic-related lockdown. As a result, the agency store network saw a 32% increase in litre sales in a single year.

While customers generally prefer to meet us in the flesh, several have also learned to shop online using the SAQ mobile app and SAQ.COM. As everywhere else in the world – in this, the SAQ was no exception – the COVID-19 pandemic accelerated the shift to online storefronts. Last fiscal year, 130,803 customers made their first purchase on our website, out of a total of 176,313 unique customers. SAQ.COM also posted sales of \$96.9 million, a 130.7% increase from the preceding fiscal year. Traffic on SAQ.COM grew 8% to 40.3 million connections. Because our customers like sharing their opinions of the products they discover, we added a ratings and comments function to the website. Customers can now rate products they've tasted from one to five stars and add comments and recommendations viewable by all visitors to the site. In the first six months, no fewer than 24,990 comments were posted! Our efforts to provide the best possible online experience to customers ended up earning us sixth place out of 173 Canadian transactional websites and mobile applications in the WOW Digital index.

The pandemic also increased the number of customers using our Click, Purchase, Pick Up (CPP) service. To improve their experience and let them pick up their package quickly and efficiently, we introduced an Express Pickup service. As a result, customers can now get their order without setting foot in a store.

Service that makes all the difference

At the SAQ, customers like to visit our stores because we provide friendly environments conducive to exploration and discovery and, most importantly, personalized assistance delivered by experienced advisors. Last year, we welcomed customers under different circumstances, complying with stricter public health rules and all distancing guidelines while maintaining our desire to provide sound advice and share our enthusiasm for our products. Many customers recognize and appreciate our professionalism and efforts to serve them safely. Specifically, despite the many constraints, 91% expressed satisfaction with the in-store experience.

Our Customer Relations Centre also did much to keep customers' satisfaction level high. Called on to assist customers with online shopping and finding solutions to problems, the centre strove to quickly answer more than 227,000 questions and comments, 63% of which were received by telephone. The volume of customer interactions grew 28% in the year just ended. The most common queries concerned SAQ Inspire, SAQ.COM orders and COVID-19 measures in stores.

Inspiring customers? Now and forever!

The pandemic may have forced us to put face-to-face encounters on hold but it didn't stop us from inspiring our customers. Far from it! We rethought our approach and organized events – both exclusive and community-building – in an virtual format. As a result, 854 wine and spirits lovers were able to attend captivating events on topics as varied as Quebec products, sparkling wines and famous brands of spirits. Our enthusiast customers enjoyed conference-tastings with some of the great names in wine, including Bernard Magrez, Alvaro Palacios, Pio Cesare and Albert Bichot, to name only those. Much appreciated, these wine-centred sessions garnered an average appreciation rating of 87%. Last year, we also held 22 contests, each targeting an average of nearly 40,000 persons. A total of 267 winners received prizes offered by our partners, including wine cellars, outdoor furniture and hotel stays with room service.

Inspiring also means informing, guiding and leading to discover. In fiscal 2020-2021, to assist our customers in exploring rums, we developed a set of six Taste Tags for this spirits category. The new tags – Fruity and Light, Fruity and Aromatic, Woody and Spicy, Woody and Roasted, Vanilla and Spicy, and Vanilla and Roasted – now orient customers toward discovering new products aligned with their preferred flavour profile.



Our Customer Relations
Centre team devoted itself
to providing prompt replies
to more than

227,000
questions
and comments



Wine-related events
obtained an average
appreciation rating of
87%



Our SAQ Inspire program was another valuable tool for continuing to provide personalized service to customers last year. Each week, our 1.8 active Inspire customer-members received a newsletter offering them products in line with their taste preferences and not-to-be-missed new discoveries. Enthusiastic and curious, they enjoyed exploring our new arrivals and earning Inspire points. Tellingly, 73.6% of overall sales were attached to an Inspire account in fiscal 2020-2021. Nearly 870,000 customers redeemed their points at least once during the year, enjoying reductions totalling some \$44.4 million. According to a survey conducted last year, 85% of customers say they are satisfied with their Inspire program experience and with the advantages enjoyed, a result clearly linked to its quality. Based on ten evaluation criteria, including generosity, transparency and privacy, consumer magazine *Protégez-Vous* recently ranked SAQ Inspire first among the 12 programs examined. Similarly, LoyalT, an annual study of the performance of loyalty programs in Quebec and Canada carried out by R3 Marketing and Léger, placed SAQ Inspire in the top ten.

Ad campaign gets noticed

In fiscal 2019-2020, to give people a clearer idea of the benefits of the Inspire experience, we ran a television and online advertising campaign that took a whimsical look at some of ways store customers behave when trying to decide which product to buy. The goal was to remind viewers to refer to and share their Inspire profile with their advisor to make a smart choice. Popular due to their humor, the commercials earned us gold in the public service category and silver in the products/retailer category in the Idea 2020 competition held in September of the same year. For its part, the Inspire Detector, set up at several festivals around Quebec in the summer of 2019, received the bronze award in the interactive commercial environment category at the same competition.

Celebrating customers' diversity

SAQ customers are as diverse as the Quebec they come from. To ensure that customers from the four corners of the globe can enjoy their community's cultural celebrations with the proper products, we have begun including such celebrations in our promotional calendars. Last year, between September 18 and 20, Rosh Hashana was marked in 22 selected stores, while Hanukkah, which ran from December 10 to 18, was a theme of the November 26th newsletter. Many kosher products were featured and customers were informed of our initiatives. These additions to our promotional calendar, the first in a long list of global celebrations, are yet another example of our desire to be responsive to customers' needs.

100 years of history to share

Established in 1921, the SAQ began celebrating its 100th anniversary this year. To mark this, a milestone event for Quebecers as well as the company, we kicked off the festivities during the popular *Bye Bye* year-end special with a commercial focused on our being part of Quebecers' lives through the decades. The spot was the fourth most appreciated commercial in the *Bye Bye de la pub* competition organized by Radio-Canada.

Besides inspiring Quebecers' pride in the history we share, we created four historical videos. Narrated by historian Laurent Turcot, they provide an overview of the SAQ's story built around four themes: from Prohibition to the Commission des liqueurs; the Quiet Revolution at the Société des alcools du Québec; the irresistible rise of wine; and valorizing our terroir. Much appreciated, the videos were viewed 18,541 times during the fiscal year just ended. This exclusive content, combined with that posted regularly on the 100th anniversary page on SAQ.COM in the form of interviews presenting highlights from our history, brought back to life key moments in the SAQ's development. We will continue celebrating this important anniversary throughout 2021.

Improve our performance

Because the SAQ's performance matters, we apply the highest standards of management and governance and set ambitious objectives. We are rethinking how we work at every level of the company and moving forward with the aim of doing better and doing more. Our assumed goal? To contribute to Quebec's economy, remain relevant to the community and inspire Quebecers' pride.

\$1.219 billion remitted to the Quebec government

In fiscal 2020–2021, the SAQ recorded sales of \$3.590 billion, up \$101.5 million or 2.9% from the preceding year. This will enable us to pay to the Quebec government a dividend totaling \$1.219 billion, which, despite the rise in our operating expenses, was 9% higher than forecast. Due to the pandemic, our ratio of net expenses to sales went from 15.4% last year to 16.3% in fiscal 2020–2021. Factors explaining the increase included the measures put in place to protect the health of our employees and customers, the replacement of employees off work for COVID-19-related reasons and the loss of business income. On top of the dividend it pays to the Minister of Finance, the SAQ remits to the federal and provincial governments the amounts it collects in excise and customs duties, sales taxes and specific taxes. All told, in fiscal 2020–2021, the SAQ generated \$2.406 billion in government revenues. Of that amount, \$1.929 will be transferred to the Quebec government, the equivalent of \$37.1 million a week. These results enable us to support the Quebec social safety net by contributing to a public treasury stretched to the limit by the pandemic.

Shopping behaviour influenced by the pandemic

Historically, December 23 and 24 have always been the busiest days in SAQ stores. Though the pandemic had an impact on customers' behaviour, the busiest day of fiscal 2020–2021 was still December 23, with some 304,910 transactions, down 42.1% from the busiest day of the preceding year. The value of customers' average shopping cart also changed, rising from \$51.40 to \$76.05. This suggests that customers decided to stock up at home and limit their outings, a hypothesis supported by the 23.8% decline in the number of in-store transactions in fiscal 2020–2021.

Optimizing the logistics flow and transport

The rise in sales in SAQ stores, SAQ agency stores and retail grocers and on SAQ.COM brought an increase in the number of cases that our supply chain employees needed to deliver from our Montreal and Quebec City distribution centres. Despite the decline in permit holder deliveries, a record number of cases – more than 24.1 million – of wine, beer and spirits were transported to the various points of sale, up 2.1% from the preceding fiscal year.

To be able to continue improving our customer service ratio and reducing our operating costs, we reviewed the logistics flux (how operations are organized) between the warehouses and our stores and between the Montreal and Quebec City distribution centres. We began by adding 813 products to the items stocked in Quebec City and increased the supplier deliveries made directly to the capital city warehouse. This eliminated the double-handling of 909,000 fewer cases than in fiscal 2019–2020.



Laboratory certified
ISO 17025
and
ISO 9001
for quality
management



**\$48.5
million**

to begin
construction of
an expansion to the
Montreal distribution
centre



We also reviewed the supply point for each SAQ store (either the Montreal or Quebec City warehouse) to minimize the number of kilometres driven. A benefit of this new division of stores between Quebec City and Montreal was that it enabled us to expand the delivery territory covered by our truck fleet and increase the number of stops we make at local artisanal producers to pick up their products.

Since January 2021, we have arranged for the shipping containers destined for our Quebec City distribution centre to be picked up directly at the Port of Montreal by our Quebec City drivers. This new initiative allowed us to maximize use of our truck fleet by keeping it in operation for two work shifts.

Lastly, seeking to further increase the density of our deliveries and reduce costs, we reviewed the frequencies and days of deliveries to our various customers

A new operating system for better performance

February brought the culmination of a major project: the upgrading of our technology infrastructure. Several years in the making, this enormous project is the foundation that will enable us to optimize our operations. Figuratively speaking, the upgrade could be compared to a heart transplant. We disconnected all our systems, replaced the company's heart and then rebooted. The software we installed allows integrated management of all our processes, from procurement to distribution, accounting and financial management to in-store and online sales. The upgrade brings us a step closer to our goal of providing a more fluid and personalized customer experience and increasing the availability of the products offered on SAQ.COM. This structuring project, which positions the SAQ well for the future, required that more than 8,000 hours of training be given to the 3,144 employees directly affected by the changes.

Expansion of our Montreal distribution centre

Because our technology upgrade now allows us to offer more products and increase their visibility and availability, we need the physical infrastructure necessary to manage this huge volume. Prior to the upgrade, we announced a \$48.5 million investment to begin construction on an expansion of the Montreal distribution centre. The 200,000-square-foot expansion and the installation of automated single-order pick/pack equipment will make operations much more efficient. Besides increasing the number of products available on SAQ.COM and to permit holders, with an offer of nearly 20,000 products, including private imports by the bottle, modernizing our facilities will bring all piece-picking activities under a single roof, offer next-day delivery for online orders in most regions and handle the growth anticipated for all our customer segments. Construction is slated to begin in 2022, with the order preparation equipment being commissioned in 2024.

Product quality: always a key concern

Since our founding, the quality and safety of the products we sell has been an integral part of our offer. Accordingly, our laboratory and quality control teams checked 40,100 product samples last year. The excellence of their processes and depth of their knowledge enabled the SAQ to retain ISO 17025 certification for its laboratory and ISO 9001 certification for its quality management.

A head office now complete

In fiscal 2020-2021, to repatriate our prized collection of products that had remained cellared at the Pied-du-Courant after our head office left the complex in April 2018, we built a storage cellar on the SAQ Campus. With a capacity of 200,000 bottles, the new cellar is specially designed to provide optimal conditions for storing these premium products. Besides centralizing all our products in our warehouse facility, the move will improve management of daily operations.

Provide our employees with a rewarding, pride-inspiring experience

Not only do we want our customers and all Quebecers to be proud of the SAQ, we want our employees to be even prouder. Every day, employees contribute to the success of the SAQ. They are our face, our public identity. At the SAQ, because we realize their importance, we want to tap into their talent and offer them an environment in which they can grow. We believe that supporting them, recognizing their role and offering them a stimulating, safe and healthy work environment makes them our best ambassadors.

Understanding what matters

In fiscal 2020–2021, for the first time ever, we made the employee experience a pillar of our strategic plan. To provide our employees with an experience that better reflects them and is based on what matters to them, we carried out a survey to understand their needs. Fifty-eight per cent of employees replied to the survey. Analysis of the results led us to define five priority areas to focus on to improve their experience: working conditions, professional development, communications, recognition and the work environment. All employees were informed of the results and commitments were made for each of the priorities.

Working conditions: beyond pay

At the SAQ, working conditions go beyond pay. Our employees enjoy access to a competitive compensation package, including group insurance, a pension plan and, if the nature of their work allows it, flexible schedules. Most of the conditions are enshrined in collective agreements. Speaking of which, last year we signed a new six-year (2019 to 2025) collective agreement with our employees in the Syndicat du personnel technique et professionnel that, among other things, enhances the conditions relating to work-life balance.

Communications: toward a better understanding of shared objectives

To ensure all our employees feel engaged with and motivated by our objectives, we increased their contact with senior management. Members of the Management Committee were present at virtual meetings and in-store visits and on warehouse tours, always ready to hear what employees had to say. They also provided clear explanations of the challenges facing the company and of management's expectations.

To make corporate information easier to access for store and warehouse employees who don't spend all day in front of a computer, we built a new intranet that employees can access anywhere at any time, whether using SAQ hardware or a personal device. We also launched the *Coup de cœur* newsletter to spotlight employee initiatives and the achievements of employees and the company as well as provide health and wellness information. In addition, employees could attend four virtual *On jase* SAQ information sessions. The series proved successful and was welcomed by employees, with no fewer than 85% of respondents to the satisfaction survey saying they found the meetings relevant and appreciated their quality.

Recognition makes for happier employees

In fiscal 2020–2021, we shone the spotlight on the enthusiasm and remarkable contribution of 56 of our employees as part of our annual recognition event, the Millésime gala. To underscore the extra efforts made by the entire SAQ team this year, especially our colleagues in the stores and warehouses, who have been exceptionally busy since the start of the pandemic, we launched a thank-you campaign that aimed to highlight each and everyone's contribution to maintaining the SAQ's operations in an environment that is safe for employees and customers alike. Among other things, employees could send personalized messages lauding the exceptional work done by their colleagues.

Employees appreciate being recognized not only for their outstanding contribution to the SAQ but also for their artistic talents and pursuits. That is why we sent 100% Quebec music soundtracks to all our stores and took advantage of the opportunity to include recordings made by some of our employees who also happen to be musicians. As a result, since September 2020, our colleagues have a new platform for getting their works heard. To further showcase our colleagues' artistic talents, we created a virtual Christmas market that gave all company employees the chance to acquire works and artisanal products made by SAQ people. Several employees turned to the market to buy original handmade holiday gifts.

A healthy, safe and open work environment

The health and safety of our employees are a priority at all times. That is why, beyond the many public health measures implemented to ensure employee and customer safety during the pandemic, we redoubled our efforts to provide all colleagues with a healthy and safe work environment. This year, in addition to the lifting-and-handling course given to all new hires, we intensified our training and support activities for 300 employees from 40 target stores. We also performed an ergonomic analysis of work areas in stores and warehouse order preparation units to recommend ergonomic design criteria appropriate for each; this, too, favoured employees' well-being.

In fiscal 2020–2021, stores with a high rate of accidental events were pinpointed so fast action could be taken with the teams concerned.

Alongside these prevention activities, we trained nearly 50 managers on due diligence requirements and their occupational health and safety responsibilities. The initial phase of the rollout of this training program is aimed mainly at occupational health and safety advisors and of the Supply Chain and Real Estate management teams.

To support employees adapting to the impacts of the pandemic, we set up a health and wellness committee that made a wide range of tools available to them. Above and beyond our mental health awareness program and our free assistance program for employees and their families, we gave all personnel access to a telemedicine service. We also encouraged administrative employees who had started working from home to adopt sound ergonomic practices and take from the office whatever equipment they needed to set up a functional and healthy home office.



Just as importantly, we worked on inclusion and diversity. We believe that to be happy in their work environment, our employees need to feel welcome, respected and valued. To ensure that all our employees have a positive experience at the company, we set ourselves the goal of making the SAQ even more open and inclusive. To that end, we created a multicultural work committee comprising members from across the organization. The committee's work in fiscal 2020-2021 allowed us to identify employees who report that they come from a diverse background, to start a dialogue, to determine the paths and barriers to diversity and inclusion and to sketch a portrait of diversity at the SAQ, besides developing an action plan focused on concrete initiatives to be implemented in the coming years.

A first inclusion initiative was taken last year. Run in collaboration with Action Main-d'œuvre and aimed at integrating a person with special needs, a five-month pilot project ended in a regular hire. Integrating the person into the team and providing support happened naturally and welcomingly. It was a success story we hope to see repeated in every part of the company.

Professional development

To support our employees in their professional development, we created and held many training sessions. Of course, some were held virtually, most notably the training/coaching course we provided to 57 employees transitioning from colleague to store manager. We also provided virtual training to some 400 managers, who acquired notions useful for improving store operations. Having made the shift to working from home, our office employees could watch videos on how to better conduct virtual meetings. Videos for our corporate managers provided guidance on remotely managing teams. In addition, because we recognize our employees' talent and believe in developing it, we have run a success program for various management positions for several years now. This year for the first time, some of our professional employees were evaluated on this basis, as all managers already are annually. Promotions and temporary assignments were offered to targeted individuals to continue their development in a real-world setting. We note, too, that our 61 employees in training for wine advisor, store operations coordinator and solo store coordinator were able to continue their training, as were our 10 new wine advisors accredited by the Institut de tourisme et d'hôtellerie du Québec.

Place social responsibility at the centre of our activities

In 1921, the Commission des liqueurs du Québec was created to be a vector of change in Quebec society. Its role at the time? To control the quality and selling of alcohol and to diminish its impact on the community. Today, the SAQ continues to distribute and sell beverage alcohol responsibly and is even more present in society. Quebecers expect us, a corporate citizen, to be involved and responsible and to demonstrate leadership in advancing this social project. It is a responsibility we take to heart.

Glass: from reduction to adding value

For nearly 40 years now, we have been concerned about the glass we put on the market. As a result, we have joined a number of initiatives aimed at reducing glass use, recovering glass and increasing its value. In fiscal 2020-2021, we remained as determined as ever to take action and find solutions. Fulfilling an earlier commitment, 62% of regular wines retailing for \$12 and less are now sold in lightweight glass bottles. Moreover, by December 2022, the lightweight glass requirement will have gradually been extended to all regular products, irrespective of price, and to the 1-litre and 1.5-litre containers we sell.

Expanding the deposit-return system was a major focus in fiscal 2020-2021. We continued working with industry partners to develop what could be the best glass recovery system for Quebecers. Delayed only a little by the pandemic, the pilot projects will soon be in place for testing the technology and various collection points, which need to be accessible, simple and efficient. Our participation in this project is ongoing and will remain so until the system is up and running.

At the SAQ, we believe not only in the importance of the deposit-return system but also in finding uses for the quality glass collected through it. In 2022, tons of returned glass will be available for use by industry. Before then, thought needs to be given to the circular glass economy so we are ready to implement innovative solutions for keeping the material out of landfill. That is why we renewed our association with the Chaire SAQ de valorisation du verre dans les matériaux at the Université de Sherbrooke for another five years. Launched in 2004, this partnership has led to the discovery that glass powder used as a cement additive in concrete improves the material's strength, durability and water resistance and reduces the greenhouse gasses emitted during manufacture. In fiscal 2020-2021, we had the good fortune to see a world first: the use of glass powder in the concrete for a road bridge. Located on Île-des-Sœurs in Montreal, the new Darwin Bridge quickly earned accolades from the American Concrete Institute, which gave it an Excellence in Concrete Construction award in the infrastructure category and honorable mentions in the durability and resilience and materials innovation categories. The bridge is also one of the finalists in the competition held by the Ordre des ingénieurs du Québec in the Honoris Genius engineering project category. The SAQ is pleased that glass powder appears to have such a promising future in the concrete industry. We are proud ambassadors for the practice and have glass powder-enriched concrete slabs and outdoor walkways at some of our stores. In fiscal 2020-2021, a total of 69,100 glass bottles were ground into powder and used in SAQ infrastructures.

WORLD FIRST



Here's to a healthy planet



A MONTREAL BRIDGE INCORPORATES GLASS POWDER!



LET'S MULTIPLY
OUR EFFORTS FOR
FOOD BANKS OF QUEBEC

**\$3.3
million**

contribution
to Food Banks
of Quebec



Fewer celebrations but heartfelt involvement

The popular events that have become an integral part of Quebecers' lives didn't happen in fiscal 2020-2021, but that didn't stop us from providing support to help ensure their survival. Several festivals and cultural, health care and education organizations were quick to adapt and offer appealing virtual events. Shows, interactive activities and fundraising dinners with home-delivered prepared meals are but a few examples of the activities that were held and to which we contributed. Though the number of sponsorship applications we received was down due to the pandemic, we maintained our involvement with 257 events and organizations, with contributions totalling \$4.9 million in fiscal 2020-2021.

Increased support for Food Banks of Quebec

During the fiscal year just ended, we channeled a total of \$3.3 million to Food Banks of Quebec (FBQ), which supports the 19 Moissons and 1,200 other organizations across Quebec in the fight against food insecurity. For the first time ever, our traditional spring campaign in support of the FBQ took place online. To avoid increasing in-store traffic during the pandemic, Quebecers were encouraged to watch the *See Hunger to Put an End to It* video on our Facebook page. More than 918,000 persons answered the call. Combined with in-store donations, the campaign raised more than \$1 million for the FBQ. Store customers were also invited to pitch in during our September campaign, which encouraged them to make a donation to Food Banks of Quebec at checkout. With the \$12 home delivery fee being remitted in full to the FBQ for all orders delivered between May 31 and July 11, 2020, this second campaign of the year allowed us to up the contribution to the organization by more than \$1.4 million. A final campaign, in December, raised nearly \$700,000. Customers could also contribute throughout the year by buying gift-packaging or a wood box, which alone generated more than \$187,000 for the FBQ.

In fiscal 2020-2021, we also supported – through donations totalling \$200,000 – the Les Cuisines Solidaires initiative, which brought together cooks from restaurants and catering services across Quebec, then closed due to the pandemic, to prepare 800,000 servings of shepherd's pie. The meals were distributed by the FBQ network.

Because every action counts when it comes to supporting people in need, we donated the leftovers from our cafeterias to local organizations with assistance from La Tablée des Chefs. As a result, more than 2,200 servings were delivered to the Groupe d'entraide Mercier-Ouest (GEMO) community organization in Montreal.

At a much more local level but always with the aim of making a real difference in our community, we grew our social kitchen garden at the Montreal distribution centre for the eighth year running. The garden is maintained by the Y'a QuelQu'un l'aut'bord du mur (YAM), a community organization dedicated to developing and supporting food security in Mercier-Hochelaga-Maisonneuve Borough. This year, YAM harvested more than 900 kilograms of fresh fruits and vegetables from the garden. The produce was distributed to the Groupe d'entraide de Mercier-Ouest (GEMO), Carrefour Parenfants, Entre mamans et papas and Chic Resto Pop.

We maintained our partnership with Alvéole to promote urban bee-keeping and increase employees' awareness of biodiversity issues.

The SAQ also gave nearly \$460,000 to Entraide, with half of the amount coming from employee donations. A fundraising campaign focused on working and retired Quebec public service employees, Entraide supports 36 organizations that assist people in a situation of vulnerability across Quebec.

Responsible sales

At the SAQ, refusing to sell alcohol to minors and persons in a state of intoxication or to anyone attempting to buy it on their behalf is an integral part of the work and responsibilities of each of our employees. In fiscal 2020-2021, 89% of underage mystery customers involved in 736 store visits were prevented from buying alcohol from the SAQ network, down 3.3 percentage points from the preceding year. This slight decline is a direct consequence of the pandemic, during which customers' mask wearing, among other things, made the sales ethic more difficult to enforce. To return to the excellent level we rightly felt proud of, an action plan was put in place by the teams of targeted stores. Also, because making customers aware that drinking responsibly is a must, we continued supporting the activities of Éduc'alcool for the 30th year in a row. In fiscal 2020-2021, we collected and paid \$3.8 million to the organization.

Sustainable building and environmental certification

For 10 years now, we have incorporated sustainable criteria in all our building and construction projects. When building a new store, upgrading or relocating an existing one or constructing an administrative building, no detail is left to chance. Our objective: apply the highest industry standards and minimize our environmental impact. Last year, our Chibougamau store was built eco-responsibly. In erecting it, we showcased local labour by using wood from the surrounding forest and incorporated nearly 10,000 bottles in the form of glass powder added to its concrete. The store also has Quebec's northernmost electric vehicle charging stations. To inform customers about our responsible building initiative, we developed a new logo to be affixed to the doors of qualifying stores. In all, 45 of our LEED stores will display the logo, including the De la Montagne store in Montreal, which received its certification in January 2021.

We also attach great importance to the exterior appearance of our buildings. Located in an industrial area alongside the major intersection formed by Autoroute 25 and Notre-Dame Street, the SAQ Campus is no exception to the rule. That is why, in collaboration with the city of Montreal, we contracted with Soverdi to green our sites. In all, 377 trees of various sizes and 195 shrubs will be added in the coming years. The phase completed last year saw the planned 93 large trees and 195 shrubs being planted. The initiative will reduce heat islands on the warehouse parking lot and help clean the air around the administrative centre. We also signed an agreement with the Centre de formation horticole de Laval that will allow the organization to use our work environments to perfect its techniques.

Transport efficiency

Improving the efficiency of our transport operations and reducing the greenhouse gases (GHG) emitted by our driving are goals that we have long been committed to achieving and that are included in our Strategic Plan 2021-2023. While we have, in recent years, closely followed trends and implemented many improvements, in fiscal 2020-2021 we decided to ask emissions quantification experts to review our GHG inventory process with reference to the ISO 14064-1:2018 standard. When completed, their report will give us a better tool for making decisions and monitoring the environmental performance of all our operations. Last year, we succeeded in cutting GHG emissions from our truck fleet by nearly 16% compared with fiscal 2009-2010, based on the number of litres of beverage alcohol sold.

Another initiative aimed at minimizing GHG emissions is our first heavy-duty electric truck. Assembly of the vehicle began recently. Several months of work with The Lion Electric Company in Saint-Jérôme were needed to design a vehicle that satisfied our charging requirements. The new truck should be on the road in fiscal 2021-2022 and will be the first of its kind in our fleet, slated to be gradually electrified in the coming years.

In our garages, we make it a point of honour to adopt best practices and adhere to the highest environmental standards. That is why our employees meet the requirements of the Clé Verte certification program, which covers not only sound environmental practices in vehicle maintenance but also the skills of the human resources involved. Last fiscal year, the Montreal distribution centre's garage team was awarded the Platinum level, the highest honour bestowed by Clé Verte – the kind of recognition that makes us proud!

Reducing residual materials: another step forward for the environment

To minimize our production of residual materials, we conducted an exhaustive study of the material flows in our distribution centres. We identified the most problematic materials and chose three that will soon be the focus of pilot projects.

The first was the insulating liners used to protect wines shipped in containers during the winter. Our first step was to find solutions for reducing their use. The resulting initiative cut use 6.6%, despite a 6.7% increase in the number of containers received. In addition, in collaboration with Synergie Montréal, a second life was found for more than 340 of the liners. Two not-for-profit organizations well established in the community were glad to take them. Les Ateliers d'Antoine incorporated them into their flower boxes for perennials and the Centre de ressources et d'action communautaire de la Petite-Patrie used them for their food boxes, allowing it to maintain its home delivery service to families in need.

The second material we targeted was wood. A pilot project at SAQ.COM saw us giving a second life to approximately 1.3 metric tons of wood from cases used to transport wine bottles. The recovered wood was given to a community organization, Les Ateliers d'Antoine, for use in teaching cabinetmaking to young people.

The third material targeted, plastic film, will soon be bundled due to a pilot project involving the lease of a special machine. We should be doing a better job recovering the material by 2023.

This year once again, 1,595 pieces of used or outdated SAQ clothing were sent to the CFER network of the Centres de formation en entreprise et récupération, where young people in a socioprofessional integration program depersonalized, repaired and transformed the textiles into new products.

Responsible procurement: every act counts

Now that our 20 responsible procurement guides are in use throughout the company and 82% of the contracts we award meet our responsible procurement criteria, we decided to refine our approach and start categorizing our purchases. This strategic breakdown allowed us to determine which purchase categories have the greatest environmental impact based on their allocated budgets or purchase volume. We could then set new targets and develop new indicators, with the overall aim of reducing our environmental impact. The categories to be targeted on a priority basis are transport, vehicle fleet maintenance, IT hardware and general maintenance services.

In addition, because buying local is a corporate priority, we updated our goods and services purchasing policy to include criteria designed to promote local buying, while also remaining in strict compliance with all laws applicable to our business.

In fiscal 2020-2021, we also took part in the Sustainable Procurement Barometer 2020 led by the Espace québécois de concertation sur les pratiques d'approvisionnement responsable (ECPAR). This pan-Canadian study aimed to survey the responsible procurement practices of 200 companies. Our participation meant we obtained a personalized results sheet showing our progress in the area. The SAQ qualified for the "maturity" level, the fourth of the five levels defined by the study.

Trends

Quebecers' drinking habits have changed a great deal in 100 years! While rums, gins and whiskies held centre stage from the 1920s to the 1970s, the Commission des liqueurs du Québec (CLQ) – followed by the Régie des alcools du Québec (RAQ) and now by the Société des alcools du Québec (SAQ) – have each done their part to change Quebecers' attitudes toward alcohol over the decades. From 1921 on, the CLQ encouraged consumers to choose wine over spirits, the former containing significantly less alcohol and being viewed as less harmful to the imbiber's health. Over the years, Quebecers have got to know wine better and discovered its many subtleties. Actually, they have made it one of their passions and now excel at the art of matching their dishes to the planet's best wines.



100

Here, in a few snapshots, is how alcohol consumption in Quebec has changed over the last 100 years.

1922

In terms of popularity, rum trails whisky and gin.

1928

During the interwar years, sparkling wine, including champagne, is all the rage.

1933

Sauternes, port, sherry and vermouth account for 84% of wine sales.

1950

Spirits and liqueurs remain the most popular products.

1967

Doing so directly from a store built on the site of the international exposition, the Régie supplies the restaurants and pavilions at Expo 67 with an unprecedented range of products from around the globe. This marks the beginning of wine culture in Quebec.

1973

Quebecers buy as much wine as spirits for the first time since 1940.

1985

This is the first year that more than 50% of the wine sold at the SAQ is white.

1993

As in the rest of the world, spirits consumption declines in Quebec. White wines remain the biggest sellers and by a considerable margin.

1996

The very first Quebec wine sold by the SAQ is the white from Vignoble de l'Orpailleur.

1997

Red wines retake the lead, with 52.1% of wine sales at the SAQ.

2000

Wine accounts for 80% of the SAQ's overall sales. *Nouveaux* wines set a record, with 40,000 cases flying off the shelves in two days. Port is also very popular. In fact, Quebec is the world's biggest buyer of the fortified wine.

2005

Red wines retain their popularity, now accounting for 77% of wine sales in the SAQ store network. The inroads made by products from so-called New World countries are appreciable and confirm Quebecers' interest in discovering not only new wines but also new terroirs.

2008

Quebecers' tastes are evolving, as is their shopping behaviour. The incredible diversity and enormous potential of New World wines give them undeniable appeal, and they now make up 33% of the wines sold at the SAQ.

2011

Although Quebecers rank first in wine consumption in Canada, they are in the middle of the pack when it comes to total consumption of absolute alcohol. That's because they are the country's lowest consumers of spirits. Stable for several years now, Quebecers' drinking patterns remain quite different from that found in Canada's other provinces and territories. Quebecers prefer – by far – the juice of the vine to spirits.

2014

Taste Tags make their debut at the SAQ. The Fruity and Medium-bodied tag for red wines, Fruity and Vibrant tag for white wines and Fruity and Sweet tag for rosé wines are Quebecers' favourites.

2017

Like consumers in general, SAQ customers are increasingly interested in organic products. Special signage is introduced in stores.

2019

Quebec becomes Canada's biggest gin retailer. The SAQ has 354 different gins on its shelves, including 24 new products from Quebec distilleries.

2021

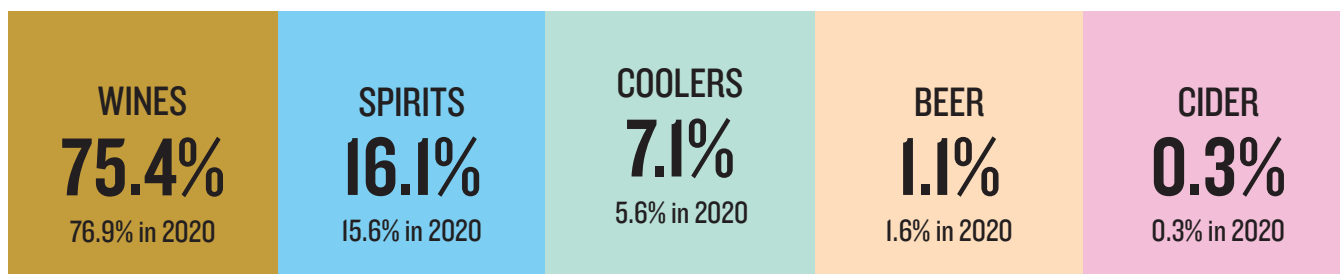
Curious about coolers

While interest in spirits, especially gins and liqueurs, continues to grow, it was the Coolers category that saw the highest proportional increase in litre sales. Many Quebec producers developed new ready-to-drink products that appealed to Quebecers' taste buds. That said, and despite a slight decline in their market share, wines continue to hold the biggest place in Quebecers' hearts.

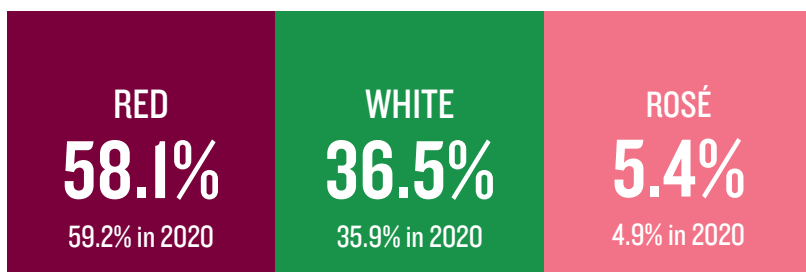
Rosés and whites continue to charm

Red wine has accounted for more than half of wine sales in Quebec for nearly 25 years, reaching 77% at its peak in 2005. However, the trend is for it to relinquish more and more of its market share to white and rosé wines. In fiscal 2020-2021, white and rosé wines claimed another 1.1% of red wine's former sales.

Litre Sales by Product Category (stores and specialized centres)



Litre Sales by Still Wine Colour (stores and specialized centres)



Gin and still more gin!

There's no letup in Quebecers' fascination with gin! And many Quebecers have a special craving for gins distilled in the province. Last year, the Gin category saw a nearly 16% increase in litre sales and continued grabbing market share from whiskies. The other category that continued to please and saw significant growth was liqueurs, with a more than 7% increase in litre sales.

Sales by Type of Spirits

(distribution of litre sales)
(stores and specialized centres)

	2021
Liqueurs	22.3%
Vodka	20.5%
Rum	19.5%
Gin	15.6%
Whisky	12.9%
Brandy	5.6%
Other spirits	3.6%

Even more Taste Tags for even more discoveries

Tools much appreciated by our customers, Taste Tags are an inducement to discovery, helping customers explore products with a flavour profile that matches their taste. Because rums are hugely popular and come in a wide range of flavours, we created six Taste Tags for the spirit this year. And we can now definitively say that spiced rums are trending upward. On the other hand, rums with the Vanilla and Spicy, Woody and Spicy and Fruity and Light tags didn't lag far behind, grabbing nearly 30% of sales.

When it came to gin, Quebecers aren't hesitant to explore new products. Even if they greatly prefer juniper-based gins, they remained open to discovering new flavours from time to time, as indicated by the changed rankings for the Fruity, Herbal Vegetal and Floral Taste Tags. For their part, customers' preferences among the fine spirits Taste Tags remained unchanged, with only slight differences noted in their respective market shares.

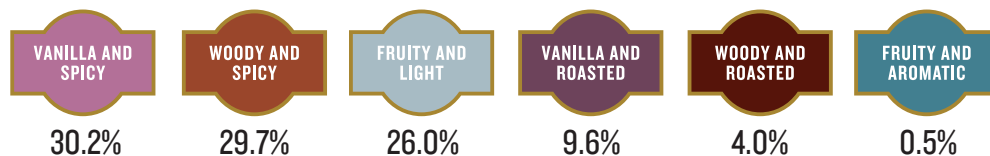
Lastly, the wine Taste Tags rankings remained unchanged for white and rosé wines. The red wine rankings changed slightly, however, allowing us to deduce that Quebecers who like fruity, medium-bodied wines shifted some of their purchases to whites and rosés.



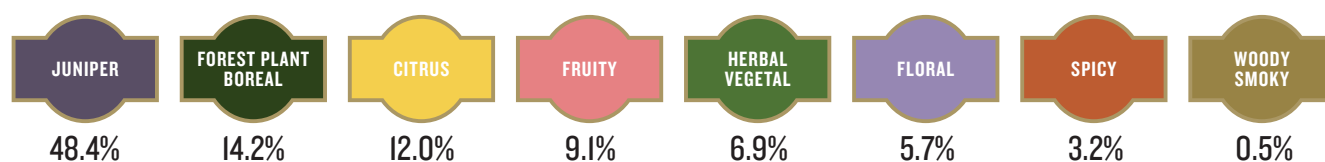
Trends

Litre Sales by Taste Tag (stores and specialized centres)

RUM



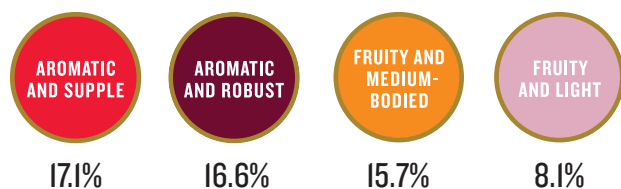
GIN



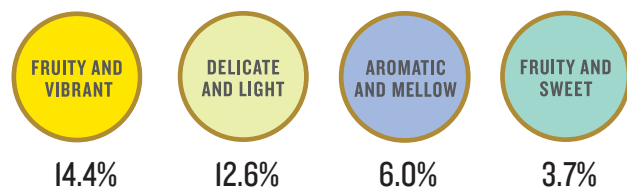
SPIRITS



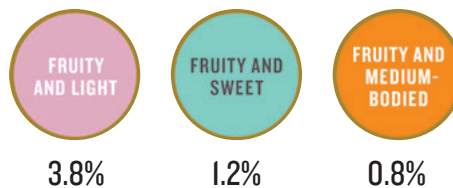
RED WINE



WHITE WINE



ROSÉ WINE



Cabernet Sauvignon and Chardonnay: still Quebecers' favourites

Cabernet Sauvignon and Merlot remain Quebecers' favourite red wine grapes, while Tempranillo climbed two percentage in popularity last year. Grenache, which didn't make it onto last year's chart, rejoined the six most purchased red grape varieties in Quebec last year.

As for white wines, the always fashionable Chardonnay and Sauvignon Blanc varieties continued to delight our customers' palates. Muscadet and Colombard both made their way onto the list of the six most appreciated white wine varieties, taking places held by Aligoté and Trebbiano in last year's ranking.

Most Popular Grape Varieties

(distribution of litre sales, still wines)
(SAQ stores)

Red wine grape variety	2021
Cabernet Sauvignon	22.3%
Merlot	10.1%
Tempranillo	8.8%
Sangiovese	8.5%
Grenache	7.4%
Syrah	6.9%
Other	36.0%
White wine grape variety	2021
Chardonnay	30.2%
Sauvignon Blanc	15.5%
Pinot Gris	14.9%
Chenin Blanc	5.8%
Muscat	2.9%
Colombard	2.3%
Other	28.4%

European countries are getting a lot of love

While the rankings of still wines by country of origin didn't change last year, sales of European products did make gains at the expense of New World wines. And what's up with Italy? It dropped below 24% for the first time in five years!

Still Wines by Country of Origin

(distribution of litre sales)
(stores and specialized centres)

	2021
France	33.1%
Italy	22.8%
Spain	9.6%
United States	8.6%
Portugal	5.2%
Australia	4.7%
Chile	3.2%
Canada	3.1%
Argentina	2.5%
South Africa	2.4%
Other	4.8%



Finance

The SAQ is a government corporation mandated to sell beverage alcohol, a mandate that involves importing, warehousing, distributing, marketing and retailing a wide variety of quality beverage alcohol products.



Accountability Report

Financial Results

Fiscal years ended the last Saturday in March
(in millions of Canadian dollars)

	2021 ¹		2020		2019		2018 ²	
	Actual	Forecast ³	Actual	Forecast ³	Actual	Forecast ³	Actual	Forecast ³
Sales	3,590.2	3,489.0	3,488.7	3,355.0	3,293.9	3,244.0	3,251.7	3,252.0
Gross margin	1,803.8	1,763.0	1,762.0	1,693.0	1,670.8	1,647.0	1,652.9	1,663.0
Net expenses ⁴	584.7	541.0	536.5	534.0	524.9	535.0	539.2	574.0
Net income ⁵	1,219.1	1,222.0	1,225.5	1,159.0	1,145.9	1,112.0	1,113.7	1,089.0
Comprehensive income	1,217.7	1,222.0	1,225.7	1,159.0	1,144.5	1,112.0	1,113.6	1,089.0

- Operations in the 2021 fiscal year were impacted by the COVID-19 pandemic. These impacts had financial repercussions on the breakdown of sales to the various customer segments, on the related gross margin and on net expenses.
- 53-week fiscal year.
- The forecasts are prepared at the beginning of the calendar year for use by the Quebec government in preparing its budget. The forecasts for 2021 did not take into account the impacts of the pandemic.
- Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income and the share in the profit of equity-accounted interests, which ended in 2018.
- Reflects the adoption of IFRS 16 on March 31, 2019.

Investments in property, plant and equipment and intangible assets

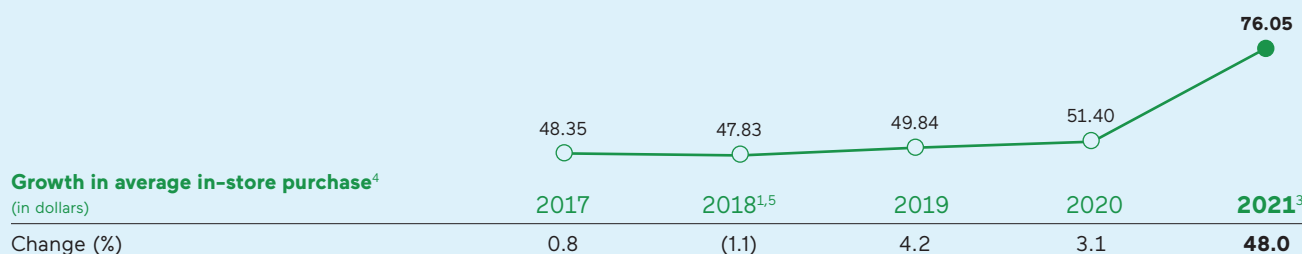
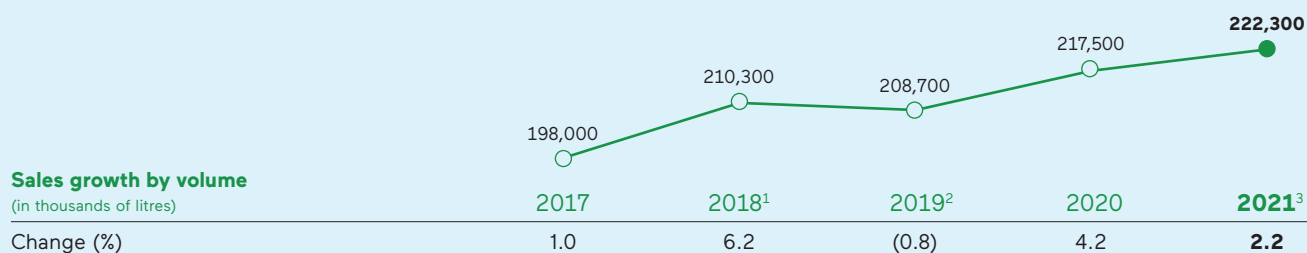
Fiscal years ended the last Saturday in March
(in thousands of Canadian dollars)

	2021	2020	2019	2018 ¹
	Actual	Actual	Actual	Actual
Capital projects – distribution and administrative centres	4,074.6	2,663.3	2,587.9	5,077.5
Outlet network	5,161.3	6,534.3	5,900.2	6,872.4
Information systems development	19,466.7	16,844.0	9,710.0	9,219.7
Rolling stock and mobile equipment	4,289.0	1,983.7	3,573.0	1,479.3
Specific equipment	596.8	447.7	361.1	870.5
Total	33,588.4	28,473.0	22,132.2	23,519.4

- 53-week fiscal year.

Commercial Data

Management indicators for the last five fiscal years



1. 53-week fiscal year
2. The decrease is due mainly to fiscal 2019 having one fewer week of sales than fiscal 2018.
3. Operations in the 2021 fiscal year were impacted by the COVID-19 pandemic. These impacts had financial repercussions on the breakdown of sales to the various customer bases, on the related gross margin and on net expenses.
4. Average expenditure by consumers (including sales taxes).
5. The decrease is due primarily to price reductions made on some 1,600 wines and coolers.
6. Consumers
7. Excluding sales taxes

Performance Data

Background

In accordance with the Act Respecting the Governance of State-Owned Enterprises, which requires the SAQ Board of Directors to adopt “measures to assess the effectiveness and performance of the enterprise, including benchmarking against similar enterprises,” the SAQ has prepared a corporate dashboard that includes a series of indicators that make it possible to track, on an annual basis, the organization’s achievement of its performance objectives.

Fiscal 2020–2021 highlights

The implementation of strategies enabled the SAQ to meet or exceed targets for 20 of the 26 indicators on its dashboard.

- › Nine targets among the 12 indicators that involve delivering an integrated omnichannel customer experience were met or exceeded. Public health measures affected the in-store customer experience, as slightly reflected by two indicators measuring customer appreciation. The targets for the other indicators measuring commercial performance, such as increased overall sales and a broader selection of Quebec products, were all exceeded, apart from a greater-than-expected decline in customer traffic, offset nevertheless by an increase in the average purchase per visit. This reflects a change in our customers’ buying habits, with a reduced number of outings during the pandemic.
- › Every target was met for the indicators measuring improvement in performance. Productivity improvement indicators in the operational and administrative divisions were exceeded, as were targets related to financial performance, such as growth in net income and the ratio of net expenses to sales. Efforts to control additional expenses made necessary in the context of the pandemic helped end the fiscal year with a 16.3% ratio of net expenses to sales, an improvement on the 17.3% target.
- › The SAQ also seeks to provide its employees with an experience that shows they are valued. Fulfilment of this goal is measured by three indicators: variation in the engagement rate, lower levels of work accidents and maintenance of a low turnover rate. Initial results for the engagement rate will not be known until 2021–2022, but the targets for the other two indicators were met.
- › Lastly, the targets for two of the three social responsibility indicators were not met. The increase in the number of deliveries made by the SAQ’s truck fleet rather than by private carriers accounts for the discrepancy with the target for greenhouse gas emissions from the internal transportation of goods. Also, the wearing of masks by customers raised specific challenges in sales ethics during the year. A communications and awareness plan aimed at strengthening sound practices by store teams in applying the sales ethics is still being rolled out.

SAQ Dashboard Indicators

Includes the 17 indicators from the 2021-2023 Strategic Plan

Dashboard	Actual 2020-2021	Targets 2020-2021	Actual 2019-2020
Offering an integrated omnichannel customer experience			
Sales growth ¹	2.9%	(2.6)%	5.9%
Overall satisfaction rate ²	91%	92%	92%
Discovery pillar			
Rate of customer agreement with the discovery promise ²	67%	69%	68%
Accessibility pillar			
Rate of customer agreement with the accessibility promise ²	79%	79%	79%
Choice pillar			
Rate of customer agreement with the product choice promise ²	84%	80%	80%
Price pillar			
Rate of customer agreement with the fair-price promise ²	60%	56%	56%
Growth in sales of Quebec products ³	28.5%	12%	14.3%
Traffic growth ⁴	(23.8)%	(17.9)%	4.5%
Average purchase per transaction ⁴	\$76.05	\$66.45	\$51.40
Average price per bottle ⁴	\$17.31	\$17.04	\$16.78
Sales per square foot	\$2,491	\$2,307	\$2,273
Ratio of SAQ.COM sales to consumer sales	3.2%	2.7%	1.6%
Improving performance			
Ratio of net expenses to sales ¹	16.3%	17.3%	15.4%
Growth in net income ¹	(0.5)%	(8.8)%	6.9%
Ratio of total supply chain costs to sales	3.0%	3.2%	3.0%
Ratio of bottles sold to in-store hours worked	42.1	41.1	40.3
Ratio of administrative expenses to sales	1.8%	1.9%	1.3%
Cumulative growth of core technology applications upgraded, retired or converted to hybrid cloud	16%	2%	–%
Cases shipped per hour worked in the distribution and delivery centres	33.2	32.5	27.3
Ratio of gross margin to sales ¹	50.2%	50.2%	50.5%
Providing our employees with an experience that values them			
Annual change in engagement rates ⁵	–%	–%	–%
Cumulative reduction rate in the number of lost-time accidents	(6.9)%	(3.5)%	–%
Employee turnover rate	1.8%	≤ 5.9%	2.3%
Putting social responsibility at the core of our business			
Social responsibility pillar			
Rate of customer agreement with the social responsibility promise ²	82%	67%	67%
Reduction in our direct greenhouse gas emissions from internal transportation of goods (compared to 2009-2010), prorated to litres sold	(16)%	(20)%	(19)%
Refusal rate of mystery underage customers (%)	89%	95%	92%

- The SAQ's results for these indicators compare favourably with results from the comparable group of nine Canadian liquor boards, including the SAQ. Based on the 2019-2020 financial results, four medians were calculated to assess the SAQ's performance in relation to that of its peers:
 - Median sales growth: 3.9% (SAQ: 5.9%)
 - Median ratio of net expenses to sales: 15.5% (SAQ: 15.4%)
 - Median growth in net income: 2.2% (SAQ: 6.9%)
 - Median ratio of gross margin to sales: 50.6% (SAQ: 50.5%)
 - A change in the way of reaching the customers to be surveyed and the addition of a new satisfaction pillar starting in 2020-2021 required a revision of the 2019-2020 data to obtain a comparable base.
 - A change in the categorization of Quebec products (Origine Québec, Made in Québec and Bottled in Québec) required a revision of the 2019-2020 data as published in last year's Annual Report.
 - Consumers
 - The measurement tool for the indicator was implemented in 2020-2021, and the initial results will be available starting in the 2021-2022 fiscal year.
- Some comparable figures have been restated to reflect the presentation adopted during the year.

Financial Review

This financial report reviews the operations of the Société des alcools du Québec (SAQ) for the fiscal year ended March 27, 2021, and its financial position at that date. This report should be read in conjunction with the financial statements and related notes found in the French-language version of this report. The information contained in this analysis includes all significant events that have occurred up to May 27, 2021.

Overview of results

The SAQ reported net income of \$1.219 billion for the fiscal year ended March 27, 2021, down \$6.4 million, or 0.5%, from the preceding year. The net income was remitted in its entirety in the form of a dividend to the company's sole shareholder, the Quebec Minister of Finance. Government revenues from operations, in the form of excise taxes, customs duties, consumption taxes and the dividend, rose \$33.3 million to \$2.406 billion. Operations in the 2020-2021 fiscal year were impacted by the COVID-19 pandemic. The various restrictive measures and the suspension of some business activities led to lower business volumes for many of the company's partners. Despite the various constraints stemming from the pandemic, the SAQ adapted its business practices, taking care to protect the health and safety of its customers and employees. Details of the impacts that the COVID-19 health crisis has had on operating results are analyzed in the following sections.

Sales

The sales and distribution networks together accounted for \$3.590 billion in sales, an increase of \$101.5 million, or 2.9%. Expressed in volume terms, sales in all product categories rose by 4.8 million litres, or 2.2%, reaching 222.3 million litres for the 2020-2021 fiscal year.

By sales network

The performance recorded over the fiscal year came primarily from the store and specialized centre network, which accounted for sales of \$3.198 billion, up \$60.7 million or 1.9%. Volume sales stood at 175.1 million litres, compared with 174.6 million litres for the 2019-2020 fiscal year, an increase of 0.3%.

The COVID-19 pandemic had a particular impact on restaurants and bars, resulting in a substantial decline in business. This led to a displacement of sales from permit holders to the network of stores, agencies and grocery stores. Combined with other COVID-19 impacts, such as restrictions on travel outside Quebec, this contributed to the \$361.1 million increase in direct sales to consumers and largely explains the \$321.9 million decrease in sales to permit holders. It is worth noting that online sales rose \$54.9 million to reach \$96.9 million, accounting for 3.3% of sales to consumers. The number of transactions and the volume of litres sold more than doubled during the same period.

The average in-store consumer shopping basket stood at \$76.05, compared with \$51.40 for the preceding fiscal year. The average per-litre selling price in the SAQ network rose to \$20.32, up from \$19.68 for fiscal 2019-2020. These results show the pandemic's impact on the shopping habits of consumers, who came to the stores less often – with traffic down 23.8% – but who bought more each visit.

Sales to the wholesale grocer network rose \$40.8 million, or 11.6%, reaching \$392.3 million. Sales by volume to this network grew by 4.3 million litres, or 10%, standing at 47.2 million litres. This sharp increase is due primarily to higher traffic in the grocery sector caused by the reduction in business at restaurants and bars.

By product category

The wine category recorded sales of \$2.536 billion during the 2020-2021 fiscal year, an increase of \$31.9 million, or 1.3%. Volume sales in this category were up 1.8 million litres or 1%, reaching 176.6 million litres. More specifically, wine sales in the store and specialized-centre network were down \$8 million or 0.4%, compared with the preceding fiscal year. Wine sales by volume through this network totalled 132 million litres, 2.3 million litres less than in the preceding fiscal year.

Sold only in the store and specialized-centre network, spirits posted a significant increase of \$58.5 million, or 6.6%, reaching \$949.3 million. Volume sales in this category rose to 28.2 million litres, up 0.9 million litres, or 3.3%.

Finally, sales in the beer, cider and cooler category rose \$11.1 million, or 11.8%, totalling \$105.2 million. Volume sales stood at 17.5 million litres, compared with 15.4 million litres in the preceding fiscal year, an increase of 13.6%.

Cost of sales and gross margins

The cost of sales includes acquisition costs, freight costs for shipment to distribution centres and the various points of sale and the related customs duties and excise taxes. In fiscal 2020–2021, the cost of sales stood at \$1.786 billion, compared with \$1.727 billion in the preceding fiscal year. This resulted in a gross margin of \$1.804 billion, compared with \$1.762 billion in fiscal 2019–2020, an increase of \$41.8 million or 2.4%. The gross margin was 50.2% for fiscal 2020–2021, versus 50.5% in the preceding fiscal year.

Net expenses

Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include net financial charges. In the 2020–2021 fiscal year, net expenses amount to \$584.7 million, compared with \$536.5 million in the preceding fiscal year, an increase of \$48.2 million or 9%. Costs related to the impacts of the pandemic are evaluated at \$39.6 million. These include the costs of replacing absent employees, additional expenses for ensuring the health and safety of our employees and customers and the decline in commercial revenues. The net expense ratio as a proportion of sales amounted to 16.3%, compared with 15.4% in the 2019–2020 fiscal year. This increase is due primarily to the rise in net expenses related to the COVID-19 pandemic.

Employee compensation, which is the SAQ's largest net expense category, totalled \$409.9 million, compared with \$383.4 million in fiscal 2019–2020, an increase of \$26.5 million or 6.9%. This increase is due primarily to the costs of replacing employees who were absent because of preventive measures made necessary by the pandemic and to growth in the volume of purchases by consumers in stores and on SAQ.COM.

Building occupancy expenses, including the related amortization, constitute the second-largest net expense category. These expenses grew from \$95.1 million to \$96.7 million at the end of the 2020–2021 fiscal year, up \$1.6 million or 1.7%. This increase is due primarily to the additional maintenance required to ensure the safety of our employees and customers.

Expenses for equipment use and supplies rose \$3.6 million to reach \$38.9 million. This increase is due primarily to additional expenses related to technology costs and to the use of sanitary supplies. Meanwhile, delivery and communications expenses totalled \$5.3 million, which is \$1.9 million more than in the preceding fiscal year. The growing popularity of online sales among consumers accounts for this change.

Other expenses totalled \$33.9 million, a \$14.6 million increase compared with fiscal 2019–2020. This rise is due primarily to the loss of business revenue, additional costs related to the volume of selective collection and the costs of using credit cards, a form of payment appreciated by consumers, especially during the pandemic.

Net income and comprehensive income

The SAQ's net income reached \$1.219 billion in the fiscal year ended March 27, 2021. This is down \$6.4 million or 0.5% from the preceding fiscal year. As a percentage of sales, net income amounted to 34%, as opposed to 35.1% for fiscal 2019–2020.

Comprehensive income was down \$8 million, amounting to \$1.218 billion at the end of the fiscal year.

Government revenues

As a government corporation, the SAQ pays substantial amounts to both levels of government in the form of consumption taxes, federal taxes and duties and its net income from operations. In fiscal 2020-2021, government revenues from operations totalled \$2.406 billion, an increase of \$33.3 million or 1.4% from the preceding fiscal year.

Government revenues from operations

(in millions of dollars)

	2021	2020
Government of Quebec		
Declared dividend	1,219.1	1,225.5
Provincial sales tax	402.0	390.8
Specific tax	301.2	272.7
Specific permit holder tax	6.2	27.1
	1,928.5	1,916.1
Government of Canada		
Excise taxes and customs duties	276.0	260.6
Goods and services tax	201.4	195.9
	477.4	456.5
Total	2,405.9	2,372.6

The amounts paid to the Quebec Treasury totalled \$1.929 billion, an increase of \$12.4 million, or 0.6%. This change is due primarily to the collection of an additional \$18.8 million in consumption taxes (provincial sales tax and the specific tax on alcoholic beverages) resulting from higher sales. The overall increase occurred despite the \$6.4-million decline in the declared dividend from the preceding fiscal year.

Payments to the Government of Canada amounted to \$477.4 million, a \$20.9 million increase. This change is due to collection of a higher amount in federal sales tax resulting from sales growth and to higher excise tax and customs duty payments.

Investments

Investments in capital assets amounted to \$33.6 million in the latest fiscal year. The SAQ invested \$5.2 million in its store network modernization program and \$4.1 million in its administrative and distribution centres. In addition, \$19.4 million was devoted to information systems development. Meanwhile, the upgrading of rolling stock and equipment required \$4.9 million in investments.

Financial position

At March 27, 2021, the SAQ had total assets of \$1.362 billion, up from \$1.284 billion at March 28, 2020, an increase of \$78.7 million. The value of inventories grew by \$86.3 million, reaching \$473.9 million. This increase results from the establishment of a contingency plan to mitigate various supply risks. Deposits and prepaid expenses rose \$1.6 million and totalled \$16.7 million. Meanwhile, the cash position fell by \$4.2 million, standing at \$328.2 million. Accounts payable and other payables declined by \$10.9 million and amounted to \$40.2 million. Non-current assets rose by \$5.8 million to total \$503.4 million.

Current liabilities stood at \$1.036 billion at the end of the fiscal year, compared with \$954.4 million at March 28, 2020, a \$81.5 million increase. This change is due primarily to a \$65.1-million increase in accounts payable and other accrued liabilities and a \$27.6-million dividend payment. Meanwhile, taxes and government duties to be paid declined by \$15.3 million. Non-current liabilities fell by \$1.5 million and stood at \$288 million at fiscal year-end.

Cash flows

In fiscal 2020-2021, the SAQ's activities absorbed \$4.2 million in cash and cash equivalents, whereas activities in the preceding fiscal year generated \$112.9 million in cash and cash equivalents.

Cash flows related to operating activities declined by \$84.7 million from the preceding fiscal year, to \$1.269 billion. This decrease is due primarily to an \$80.8 million reduction in the net change in non-cash working capital items, resulting largely from the increase in inventories and from taxes and government duties payable, as well as from the \$6.4 million decline in net income compared with the 2019–2020 fiscal year.

The company's investment activities entailed a cash outflow of \$31.1 million during the fiscal year, \$11.6 million more than in fiscal 2019–2020, when the SQDC repaid advances covering its start-up costs.

Meanwhile, financing activities required \$1.242 billion in cash in fiscal 2020–2021, compared with \$1.221 billion in the preceding fiscal year, due primarily to the \$19.6-million increase in the dividend paid to the shareholder.

At March 27, 2021, the SAQ's statement of cash flows show a cash and cash equivalent balance of \$328.2 million, compared with \$332.4 million at the end of the preceding fiscal year.

Financing of operations

The SAQ manages the financing of its operations within certain limits set by the Quebec government and by its Board of Directors, as specified in Note 20 to its financial statements. As dividend advances are paid periodically to its shareholder, the Quebec Minister of Finance, the SAQ relies on external sources to finance its operations. Consequently, the company is authorized to take out short-term loans up to a maximum amount outstanding of \$300 million. The company had no borrowings outstanding at March 27, 2021, or at March 28, 2020.

Financing of the SAQ's money market activities resulted in net financial income of \$1.9 million, against \$3.9 million for the preceding fiscal year. This change is due to a decline in the average interest rate earned on bank surpluses during the 2020–2021 fiscal year.

Interest under lease obligations totalled \$4.9 million, compared with \$5.3 million in the previous fiscal year. Net interest related to liabilities and assets arising from employee benefit plans amounted to \$1.1 million in fiscal 2020–2021, compared with \$1.2 million in the preceding fiscal year.

Future standards, amendments and interpretations

On the date that publication of these financial statements was authorized, new standards, amendments and interpretations of existing standards had been published but were not yet in force. The SAQ did not adopt them in advance but plans to adopt them as they come into effect. They are not expected to have a significant impact on the company's financial statements.

Disclosure controls and procedures

The SAQ's disclosure controls and procedures, under the supervision of the President and Chief Executive Officer and of the Vice-President and Chief Financial Officer, are designed to provide reasonable assurance that significant information about the company is communicated to management in a timely manner.

An evaluation of the design and effectiveness of these controls and procedures was performed on March 27, 2021, under management supervision and with management participation. Based on this evaluation, the President and Chief Executive Officer and the Vice-President and Chief Financial Officer concluded that the controls and procedures are adequately designed and operate effectively.

Internal control over financial reporting

The SAQ's internal control over financial reporting is designed to provide reasonable assurance that the financial information is reliable and that the financial statements were prepared, for financial reporting purposes, in accordance with International Financial Reporting Standards (IFRS).

Company management, including the President and Chief Executive Officer and the Vice-President and Chief Financial Officer, has evaluated the effectiveness of the internal controls over financial reporting using the framework and criteria set out in the Internal Control – Integrated Framework document issued by the Committee of Sponsoring Organizations (COSO 2013) of the Treadway Commission. Based on this evaluation, management concluded that, at March 27, 2021, the internal controls over financial reporting are adequately designed and are effective in providing reasonable assurance as to the reliability of the financial information and the presentation of the SAQ's financial statements in accordance with IFRS.

Risks and uncertainties

In recent years, SAQ management has embarked on a shift to incorporate an organization-wide integrated risk management framework into its operations. This ongoing process is used to mitigate certain risks to which the SAQ is exposed in the normal course of its operations and which could have an impact on its operating results, financial position and cash flows. Support for attainment of business objectives and decision-making are additional benefits of the process.

The integrated risk management governance used by the SAQ provides a common reference framework. It allows risks to be identified, assessed and ranked. Appropriate measures for minimizing their impact are then implemented and continuously re-evaluated. The process is accompanied by surveillance of the internal and external environment, supplemented with information shared from across the organization.

In addition to the financial risks outlined in Note 23 to the financial statements, the SAQ is exposed to business risks, which are the focus of special attention and the most significant of which are described below.

Economy, market and performance

Beverage alcohol sales are dependent on, among other things, the strength of the Quebec economy and consumers' disposable income. An extended economic slowdown in Quebec could have an adverse impact on the sale of products offered by the SAQ and, consequently, on the company's performance. The SAQ must also contend with demographic factors related to the market it serves. Due to the aging population, the growth in beverage alcohol sales in Quebec could slow in coming years. Moreover, the retail sector is constantly changing, and consumers are increasingly targeted by a wide range of offers of products and services.

The SAQ is always looking for innovations that will help it optimize how it does business and maintain its operational efficiency. The company constantly studies consumer shopping habits and trends in order to adapt its business strategies and provide an integrated shopping experience aligned with customers' needs.

Product quality control

With a catalogue of more than 15,800 products from 3,700 suppliers around the globe, the SAQ must ensure that an irreproachable level of quality of the products it sells is maintained. This it does through its ISO 17025-certified laboratory and ISO 9001-certified quality management process. Various measures have also been implemented to ensure compliance with Health Canada regulations.

Technological environment

As part of its operations, the SAQ has warehouses and a large network of stores and specialized centres that rely on a vast information technology infrastructure. The continuity of the company's operations could be interrupted if its information systems were to become unavailable for an extended period.

The SAQ is also aware of the risks related to the security of its information systems. The company has implemented robust controls and contingency plans to maintain the continuity of its operations and is constantly evaluating its protective measures to ensure the security and integrity of its data.

Social responsibility

Society's expectations of the SAQ are high with regard to its environmental, social and economic responsibilities. Failing to meet its obligations could expose the company to criticism, reprimands, demands and even lawsuits.

Social responsibility is one of the SAQ's key concerns, as can be seen in the central place it is accorded in the company's successive Strategic Plans. Employees' health and safety, responsible sales, glass recycling and climate change are constant preoccupations, not only for the SAQ but for society as a whole, and sustained efforts are made to reach ambitious goals.

The SAQ also plays an active role in community life by contributing to the economic and social well-being of Quebec society, be it through the company's Donations and Sponsorship Program, its campaign in support of Food Banks of Quebec or its contribution – along with that of its employees – to the Entraide fundraising campaign.

It should be noted that the SAQ faces various claims and lawsuits. In the opinion of management, no settlement arising from these claims would have a significant impact on the company's financial position. Should the company be required to pay any amount as a result of these lawsuits, the amount would be recorded in the period in which it becomes payable.

Outlook

With its 100 years of experience, the SAQ will pursue its strategic plan, adjusting responsibly to the unusual context created by the pandemic. It is prepared to move toward an even more personalized in-store experience once conditions allow for this. The SAQ also plans to provide greater visibility to Quebec products and will expand the selection of these products.

Given that its employees' health and safety is an SAQ priority, an action plan aimed at transforming practices in this area will be instituted during the next fiscal year.

Social responsibility will continue to be a key priority for the SAQ. During the next fiscal year, the company will be establishing an expanded deposit-return system for containers in collaboration with the Quebec government and the industry.

Continuous improvement of the company's performance will also remain a priority. The 2021-2022 fiscal year will mark the start of the project to expand the Montreal distribution centre, which will serve as the foundation for improving the supply chain.

Finance

Sales by network

(in millions of Canadian dollars)

	2017	2018 ¹	2019	2020	2021 ²
Stores and specialized centres	2,776.6	2,909.0	2,947.0	3,137.2	3,197.9
Wholesale grocers	346.0	342.7	346.9	351.5	392.3
Total	3,122.6	3,251.7	3,293.9	3,488.7	3,590.2

Sales by product category

(in millions of Canadian dollars)

	2017	2018 ¹	2019	2020	2021 ²
Wines	2,320.1	2,387.9	2,393.8	2,503.8	2,535.7
Spirits	726.9	787.3	816.6	890.8	949.3
Beers, ciders and coolers	75.6	76.5	83.5	94.1	105.2
Total	3,122.6	3,251.7	3,293.9	3,488.7	3,590.2

Financial results

(in millions of Canadian dollars)

	2017	2018 ¹	2019	2020	2021 ²
Sales	3,122.6	3,251.7	3,293.9	3,488.7	3,590.2
Cost of sales	1,468.5	1,598.8	1,623.1	1,726.7	1,786.4
Net expenses ^{3,4}	568.4	539.2	524.9	536.5	584.7
Net income ⁴	1,085.7	1,113.7	1,145.9	1,225.5	1,219.1
Comprehensive income	1,085.4	1,113.6	1,144.5	1,225.7	1,217.7

Government revenues from operations

(in millions of Canadian dollars)

	2017	2018 ¹	2019	2020	2021 ²
Declared dividend	1,085.7	1,113.7	1,145.9	1,225.5	1,219.1
Taxes and duties paid to governments	1,046.7	1,077.8	1,088.2	1,147.1	1,186.8
Total	2,132.4	2,191.5	2,234.1	2,372.6	2,405.9

Asset mix

(in millions of Canadian dollars)

	2017	2018 ¹	2019	2020	2021 ²
Inventories	358.9	386.9	417.0	387.6	473.9
Property, plant and equipment and intangible assets	222.4	201.9	193.8	196.0	204.3
Other assets ⁴	246.4	224.3	303.0	700.1	684.2
Total	827.7	813.1	913.8	1,283.7	1,362.4

1. 53-week fiscal year.

2. Operations in the 2021 fiscal year were impacted by the COVID-19 pandemic. These impacts had financial repercussions on the breakdown of sales to the various customer bases, on the related gross margin and on net expenses.

3. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income and the share in the profit of equity-accounted interests, which ended in 2018.

4. Reflects the adoption of IFRS 16 on March 31, 2019.

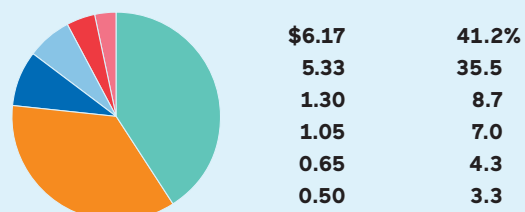
Breakdown of the Sales Price

Imported wine¹, 750 ml format

(in dollars and percentages)

March 27, 2021

- Markup²
- Supplier price, in Canadian dollars, including shipping
- Provincial sales tax
- Specific tax paid to the Government of Quebec
- Federal goods and services tax
- Excise taxes and customs duties paid to the Government of Canada



Retail price (per bottle)	\$15.00	100.0%
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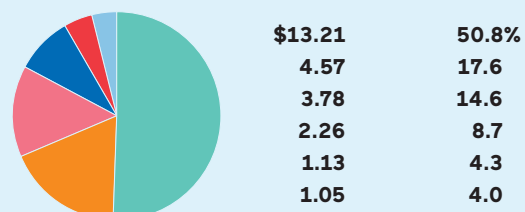
1. Continuous replenishment products
2. The markup covers selling, merchandising, distribution and administrative expenses and generates net income.

Local spirits, 750 ml format

(in dollars and percentages)

March 27, 2021

- Markup¹
- Supplier price, in Canadian dollars, including shipping
- Excise taxes and customs duties paid to the Government of Canada
- Provincial sales tax
- Federal goods and services tax
- Specific tax paid to the Government of Quebec



Retail price (per bottle)	\$26.00	100.0%
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1. The markup covers selling, marketing, distribution and administrative expenses and generates net income.

Quarterly Results

Fiscal years ended March 27, 2021, and March 28, 2020
(unaudited figures)

	2021 ¹				
	Fiscal year 52	Q4 12	Q3 16	Q2 12	Q1 12

Financial results

(in millions of Canadian dollars)

Sales	3,590.2	693.5	1,267.1	861.0	768.6
Gross margin	1,803.8	351.1	635.4	435.7	381.6
Net expenses ²	584.7	145.1	176.8	124.7	138.1
Net income	1 219.1	206.0	458.6	311.0	243.5
Comprehensive income	1 217.7	204.6	458.6	311.0	243.5
Dividend paid	1 191.5	340.0	267.0	244.5	340.0

Sales by network

(in millions of Canadian dollars)

Stores and specialized centres					
Consumers—Stores	2,834.5	561.6	1,003.6	660.0	609.3
Consumers—SAQ.COM	96.9	17.0	38.9	16.9	24.1
Consumers	2,931.4	578.6	1 042.5	676.9	633.4
Permit holders	101.9	10.4	23.6	62.1	5.8
Agencies and other customers	164.6	30.5	51.8	43.2	39.1
	3,197.9	619.5	1,117.9	782.2	678.3
Wholesale grocers	392.3	74.0	149.2	78.8	90.3
Total	3,590.2	693.5	1,267.1	861.0	768.6

Volume sales by network

(in millions of litres)

Stores and specialized centres					
Consumers—Stores	154.6	30.4	51.3	38.0	34.9
Consumers—SAQ.COM	3.8	0.7	1.3	0.7	1.1
Consumers	158.4	31.1	52.6	38.7	36.0
Permit holders	4.6	0.5	1.0	2.8	0.3
Agencies and other customers	12.1	2.2	3.7	3.2	3.0
	175.1	33.8	57.3	44.7	39.3
Wholesale grocers	47.2	9.4	17.6	9.1	11.1
Total	222.3	43.2	74.9	53.8	50.4

Volume sales by product category

(in millions of litres)

Wines	176.6	34.9	61.3	41.3	39.1
Spirits	28.2	5.5	9.8	6.8	6.1
Beers, ciders and coolers	17.5	2.8	3.8	5.7	5.2
Total	222.3	43.2	74.9	53.8	50.4

(1) Operations in the 2021 fiscal year were impacted by the COVID-19 pandemic. These impacts had financial repercussions on the breakdown of sales to the various customer bases, on the related gross margin and on net expenses.

(2) Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include net financial expenses.

Quarterly Results

Fiscal years ended March 27, 2021, and March 28, 2020
(unaudited figures)

	2020				
	Fiscal year	Q4	Q3	Q2	Q1
Number of weeks	52	12	16	12	12

Financial results

(in millions of Canadian dollars)

Sales	3,488.7	698.6	1,219.3	807.2	763.6
Gross margin	1,762.0	355.3	614.4	412.3	380.0
Net expenses ²	536.5	135.9	166.4	115.0	119.2
Net income	1,225.5	219.4	448.0	297.3	260.8
Comprehensive income	1,225.7	219.6	448.0	297.3	260.8
Dividend paid	1,171.9	355.0	290.0	196.9	330.0

Sales by network

(in millions of Canadian dollars)

Stores and specialized centres					
Consumers—Stores	2,528.3	513.4	897.2	576.1	541.6
Consumers—SAQ.COM	42.0	7.9	16.6	8.9	8.6
Consumers	2,570.3	521.3	913.8	585.0	550.2
Permit holders	423.8	67.3	139.1	107.9	109.5
Agencies and other customers	143.1	27.9	43.8	37.9	33.5
	3,137.2	616.5	1,096.7	730.8	693.2
Wholesale grocers	351.5	82.1	122.6	76.4	70.4
Total	3,488.7	698.6	1,219.3	807.2	763.6

Volume sales by network

(in millions of litres)

Stores and specialized centres					
Consumers—Stores	143.3	29.2	47.8	34.5	31.8
Consumers—SAQ.COM	1.4	0.3	0.5	0.3	0.3
Consumers	144.7	29.5	48.3	34.8	32.1
Permit holders	19.6	3.1	6.4	5.1	5.0
Agencies and other customers	10.3	1.9	3.0	2.8	2.6
	174.6	34.5	57.7	42.7	39.7
Wholesale grocers	42.9	10.5	14.8	9.0	8.6
Total	217.5	45.0	72.5	51.7	48.3

Volume sales by product category

(in millions of litres)

Wines	174.8	37.3	59.5	40.3	37.7
Spirits	27.3	5.5	9.6	6.3	5.9
Beers, ciders and coolers	15.4	2.2	3.4	5.1	4.7
Total	217.5	45.0	72.5	51.7	48.3

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

	2021 ¹	2020	2019
Financial results			
(in millions of Canadian dollars)			
Sales	3,590.2	3,488.7	3,293.9
Gross margin	1,803.8	1,762.0	1,670.8
Net expenses ^{4,5}	584.7	536.5	524.9
Net income ⁵	1,219.1	1,225.5	1,145.9
Comprehensive income	1,217.7	1,225.7	1,144.5
Financial position			
(in millions of Canadian dollars)			
Total assets ⁵	1,362.4	1,283.7	913.8
Property, plant and equipment and intangible assets	204.3	196.0	193.8
Net working capital ⁵	(176.9)	(168.2)	(118.4)
Long-term liabilities ⁵	288.0	289.5	35.8
Shareholder's equity	38.5	39.9	39.7
Cash flows			
(in millions of Canadian dollars)			
Cash flows related to operating activities	1,269.1	1,353.8	1,228.2
Acquisitions of property, plant and equipment and intangible assets	31.2	32.5	17.9
Dividend paid	1,191.5	1,171.9	1,126.7

(1) Operations in the 2021 fiscal year were impacted by the COVID-19 pandemic. These impacts had financial repercussions on the breakdown of sales to the various customer bases, on the related gross margin and on net expenses.

(2) 53-week fiscal year.

(3) The fiscal 2013 results have been restated to retroactively apply the changes to IAS 19 concerning employee benefits in accordance with the transition provisions. These changes had a positive impact of nearly \$0.4 million on net earnings and a negative impact of more than \$0.1 million on the consolidated statement of comprehensive income for fiscal 2013.

(4) Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial charges net of financial income, the writedown of an investment in a joint venture that ended in 2015 and the share of net income from an equity-accounted interest that ended in 2018.

(5) Reflecting the adoption of IFRS 16 at March 31, 2019.

Certain comparative figures have been reclassified to conform to the current year's presentation.

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

2018 ²	2017	2016	2015	2014	2013 ³	2012 ²
3,251.7	3,122.6	3,073.6	3,006.3	2,934.9	2,907.0	2,837.1
1,652.9	1,654.1	1,637.8	1,600.3	1,554.5	1,552.8	1,509.3
539.2	568.4	570.8	566.6	551.5	522.0	509.6
1,113.7	1,085.7	1,067.0	1,033.7	1,003.0	1,030.8	999.7
1,113.6	1,085.4	1,067.1	1,032.7	1,002.0	1,030.3	999.7
813.1	827.7	779.8	708.0	733.8	759.6	700.4
201.9	222.4	241.5	246.5	259.8	259.8	250.9
(129.6)	(150.8)	(164.1)	(169.5)	(186.9)	(191.6)	(186.7)
33.0	32.4	36.3	36.1	31.3	32.1	29.4
41.1	41.2	41.5	41.4	42.3	43.4	44.9
1,095.5	1,135.4	1,157.1	1,126.2	1,061.4	1,075.7	947.3
23.4	22.3	33.7	26.2	30.7	41.1	35.3
1,097.7	1,097.0	1,038.7	971.0	1,058.4	1,047.7	962.7

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

	2021 ¹	2020	2019
Sales by network			
(in millions of Canadian dollars and in millions of litres)			
Stores and specialized centres			
Consumers—Stores	2,834.5 154.6 L	2,528.3 143.3	2,345.0 135.6
Consumers—SAQ.COM	96.9 3.8 L	42.0 1.4	35.6 1.2
	2,931.4 158.4 L	2,570.3 144.7	2,380.6 136.8
Permit holders	101.9 4.6 L	423.8 19.6	428.7 20.3
Agencies and other customers	164.6 12.1 L	143.1 10.3	137.7 9.9
	3,197.9 175.1 L	3,137.2 174.6	2,947.0 167.0
Wholesale grocers	392.3 47.2 L	351.5 42.9	346.9 41.7
Total	3,590.2 222.3 L	3,488.7 217.5	3,293.9 208.7

Sales by product category

(in millions of Canadian dollars and in millions of litres)

Wines	2,535.7 176.6 L	2,503.8 174.8	2,393.8 169.6
Spirits	949.3 28.2 L	890.8 27.3	816.6 25.5
Beers, ciders and coolers	105.2 17.5 L	94.1 15.4	83.5 13.6
Total	3,590.2 222.3 L	3,488.7 217.5	3,293.9 208.7

(1) Operations in the 2021 fiscal year were impacted by the COVID-19 pandemic. These impacts had financial repercussions on the breakdown of sales to the various customer bases, on the related gross margin and on net expenses.

(2) 53-week fiscal year.

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

2018 ²	2017	2016	2015	2014	2013	2012 ²
2,328.7	2,238.8	2,236.0	2,194.1	2,143.1	2,109.7	2,042.2
138.1	126.6	126.3	123.4	121.8	122.4	119.9
30.3	19.8	14.7	7.6	4.6	4.9	5.2
1.1	0.7	0.6	0.3	0.2	0.2	0.2
2,359.0	2,258.6	2,250.7	2,201.7	2,147.7	2,114.6	2,047.4
139.2	127.3	126.9	123.7	122.0	122.6	120.1
418.7	390.1	370.4	361.9	357.1	360.3	369.7
20.4	19.5	19.1	19.2	19.6	20.2	21.3
131.3	127.9	125.1	120.2	117.1	110.3	107.3
9.4	8.9	9.1	9.3	8.8	8.0	7.7
2,909.0	2,776.6	2,746.2	2,683.8	2,621.9	2,585.2	2,524.4
169.0	155.7	155.1	152.2	150.4	150.8	149.1
342.7	346.0	327.4	322.5	313.0	321.8	312.7
41.3	42.3	41.0	40.5	39.0	40.4	39.8
3,251.7	3,122.6	3,073.6	3,006.3	2,934.9	2,907.0	2,837.1
210.3	198.0	196.1	192.7	189.4	191.2	188.9
2,387.9	2,320.1	2,300.9	2,264.2	2,213.6	2,183.1	2,124.7
173.1	163.8	162.9	160.2	156.5	157.3	155.2
787.3	726.9	697.7	664.7	639.0	633.8	621.8
25.1	23.7	23.0	22.1	21.8	22.0	21.8
76.5	75.6	75.0	77.4	82.3	90.1	90.6
12.1	10.5	10.2	10.4	11.1	11.9	11.9
3,251.7	3,122.6	3,073.6	3,006.3	2,934.9	2,907.0	2,837.1
210.3	198.0	196.1	192.7	189.4	191.2	188.9

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

	2021 ¹	2020	2019
Net expenses⁴			
(in millions of Canadian dollars)			
Employee compensation ⁵	409.9	383.4	371.7
Building occupancy expenses ^{6,7}	96.7	95.1	96.5
Equipment use and supply expenses ^{6,7}	38.9	35.3	39.8
Freight out and communications	5.3	3.4	3.2
Other expenses ^{7,8}	33.9	19.3	13.7
Total	584.7	536.5	524.9
Operating ratios			
(as a percentage of sales)			
Gross margin	50.2%	50.5 %	50.7 %
Net income ⁷	34.0%	35.1 %	34.8 %
Net expenses ^{4,7}	16.3%	15.4 %	15.9 %
Other information			
(at fiscal year-end)			
Number of employees ⁹	5,517	5,169	5,044
Number of stores	409	410	409
Number of agency stores	429	426	428
Number of products offered for sale ¹⁰	15,800	15,700	14,350
Surface area of business premises			
(in thousands of square feet)			
Stores	1,934.1	1,947.8	1,952.0
Distribution centres and warehouses	1,477.2	1,477.2	1,477.2

- (1) Operations in the 2021 fiscal year were impacted by the COVID-19 pandemic. These impacts had financial repercussions on the breakdown of sales to the various customer bases, on the related gross margin and on net expenses.
- (2) 53-week fiscal year.
- (3) The fiscal 2013 results have been restated to retroactively apply the changes to IAS 19 concerning employee benefits in accordance with the transition provisions. These changes had a positive impact of nearly \$0.4 million on net earnings and a negative impact of more than \$0.1 million on the consolidated statement of comprehensive income for fiscal 2013.
- (4) Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial charges net of financial income, the writedown of an investment in a joint venture that ended in 2015 and the share of net income from an equity-accounted interest that ended in 2018.
- (5) Employee compensation includes payroll, employee benefits, pension-plan-related costs and other employee benefit-related charges.
- (6) Including amortization expenses and the amortization of right-of-use assets.
- (7) Reflects the adoption of IFRS 16 on March 31, 2019.
- (8) Other expenses include an IFRS 16-related interest expense of \$4.9 million for 2021.
- (9) The number of employees is determined on a full-time-equivalent basis.
- (10) Number of products offered for sale during the fiscal year (excluding private imports).

Ten-Year Historical Review

Fiscal years ended the last Saturday in March
(unaudited figures)

2018 ²	2017	2016	2015	2014	2013 ³	2012 ²
380.9	392.3	388.2	389.5	369.1	358.4	344.3
99.2	98.6	97.8	94.6	93.6	89.9	89.0
42.1	48.8	47.6	45.7	42.5	40.6	39.6
2.8	7.0	7.5	7.7	7.5	7.4	8.3
14.2	21.7	29.7	29.1	38.8	25.7	28.4
539.2	568.4	570.8	566.6	551.5	522.0	509.6
50.8%	53.0%	53.3%	53.2%	53.0%	53.4%	53.2%
34.2%	34.8%	34.7%	34.4%	34.2%	35.5%	35.2%
16.6%	18.2%	18.6%	18.8%	18.8%	18.0%	18.0%
5,159	5,277	5,456	5,499	5,526	5,584	5,489
407	405	406	402	401	405	408
432	436	438	439	437	396	398
13,300	13,200	13,500	12,500	12,500	11,500	11,000
1,947.8	1,969.7	1,980.2	1,921.0	1,912.7	1,915.1	1,880.6
1,464.4	1,464.4	1,464.4	1,467.1	1,467.1	1,462.6	1,461.7

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