



## Annual Report 2022

# Inspiring Quebecers' pride



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The English-language version of the SAQ Annual Report 2022 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 26, 2022

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

	2022 <sup>1</sup>	2021 <sup>1</sup>	Change (%)
<b>Financial results</b>			
Sales	<b>3,854.1</b>	3,590.2	7.4
Gross margin	<b>1,934.0</b>	1,803.8	7.2
Net expenses <sup>2</sup>	<b>584.0</b>	584.7	(0.1)
Profit	<b>1,350.0</b>	1,219.1	10.7
Comprehensive income	<b>1,349.9</b>	1,217.7	10.9
<b>Financial position</b>			
Total assets	<b>1,442.9</b>	1,362.4	5.9
Property, plant and equipment and intangible assets	<b>201.4</b>	204.3	(1.4)
Net working capital	<b>(175.6)</b>	(176.9)	0.7
Long-term liabilities	<b>293.5</b>	288.0	1.9
Shareholder's equity	<b>38.5</b>	38.5	-
<b>Sales by network</b>			
Stores and specialized centres	<b>3,507.7</b>	3,197.9	9.7
Wholesale grocers	<b>346.4</b>	392.3	(11.7)
Total	<b>3,854.1</b>	3,590.2	7.4
<b>Net sales by product category</b>			
Wines	<b>2,674.2</b>	2,535.7	5.5
	<b>172.9 L</b>	176.6 L	(2.1)
Spirits	<b>1,037.4</b>	949.3	9.3
	<b>30.2 L</b>	28.2 L	7.1
Beers, ciders and coolers <sup>3</sup>	<b>142.5</b>	105.2	35.4
	<b>23.1 L</b>	17.5 L	32.0
Total	<b>3,854.1</b>	3,590.2	7.4
	<b>226.2 L</b>	222.3 L	1.8
<b>Additional financial data</b>			
Government revenue <sup>4</sup>	<b>2,581.0</b>	2,405.9	7.3

1. In fiscal 2021 and 2022, 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 the 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 dividend declared, sales taxes, the specific tax on alcoholic beverages, excise taxes and customs duties.

## Message from the Chair of the Board of Directors



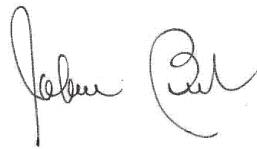
**As Chair of the Board of Directors, I have always been convinced of the importance of a strong, agile and effective Société des alcools du Québec. The uncertain environment of the last two years has only strengthened my belief that the company is a social and economic asset Quebec would be hard-pressed to do without. Throughout the year, the SAQ faced challenges that gave it the opportunity to demonstrate both its leadership and its ability to mobilize for the common good.**

Whether it be the dividend the company pays to the government or the support it provides to deserving organizations—most notably Food Banks of Quebec, whose largest donor it is—the SAQ creates value for its customers, its shareholder and all Quebecers. And in doing so, it has committed to the government’s environmental, economic and social aims.

The members of the Board of Directors are proud to have assisted the Management Committee in reaching the second-year objectives of the company’s Strategic Plan 2021-2023. Several promising parts of the plan will soon bear fruit, especially the transformation of the supply chain. This modernization project, one of the biggest in SAQ history, will enable the company to expand the selection of products available on SAQ.COM (including, for the first time, single-unit private imports), offer next-day delivery of online orders, automate order preparation and further improve the customer experience. Beyond overseeing this major project, the Board of Directors closely monitored the difficult situation in procurement and international shipping and played an active role in the search for solutions. It worked with management to implement an integrated risk-management process and policy better adapted to the challenges facing the company. As directors, we also took part in the planning that will culminate in the drafting of the SAQ Strategic Plan 2024-2026 and took a special interest in employee well-being, among other issues.

I want to thank the Board members for their discipline and commitment to the company. Their vast experience and sound advice guided the organization in carrying out its projects, fulfilling its mandates and staying focused on its strategic objectives. I also want to take advantage of this opportunity to note the contribution of Lucie Martel, whose third term ended in July 2021. To continue guiding the SAQ's business and maintain a diversity of viewpoints, we welcomed Roxanne Hamel and Stéphanie Raymond-Bougie on board following her departure.

In closing, on behalf of the members of the Board of Directors, I want to acknowledge the excellent work of the Management Committee and, indeed, of all SAQ employees, who have enabled the company to remain relevant and agile and, in so doing, have contributed to its mission and the pride that it inspires.

A handwritten signature in black ink, appearing to read 'Johanne Brunet', with a stylized flourish at the end.

**Johanne Brunet**  
Chair of the Board of Directors

## Message from the President and Chief Executive Officer



**For its 2021-2022 fiscal year, the SAQ will pay a dividend of \$1.350 billion to the Quebec treasury, up 10.7% from the preceding fiscal year. While our positive financial results position us as a 100%-made-in-Quebec economic engine in a thriving industry focused on pleasure and sharing, the initiatives we took during the year have further established our relevance in the community and rightly inspired Quebecers' pride.**

Neither the pandemic environment of recent years nor the problems facing wine producers around the globe, the disruption of international shipping and our supply chain or the ongoing labour shortage could get the better of our team of enthusiastic colleagues, who adroitly rose to the challenge. I offer them my warm thanks for their valued contribution. Though not all the products prized by our customers were available at all times, we still succeeded in assembling a large and varied offer for every palate and pocketbook and providing service both personalized and safe. I am especially proud of how we treated customers, who ranked us third in the 2021 WOW Index's In-store Experience category in Quebec and sixth in the Canada-wide Online Experience category.

Caring about the well-being, balance and mental health of our employees, we launched a major project focused on their health and safety. This drive to do better and do more for the people who form the core of our business had us rethinking the backstore areas of our retail outlets and upgrading equipment used daily. We also signed a new collective agreement with our warehouse employees, improved our employee training program and provided a flexible work environment for administrative employees.

On the social responsibility front, we upheld our commitment, playing an active role in the effort to develop a model for Quebec's soon-to-be-expanded deposit-return system. Determined to be an agent of change in this social initiative, we ran a pilot project at the SAQ Dépôt store in Terrebonne and shared our knowledge and expertise to help come up with the most effective, simple and accessible system for all Quebecers. Through our donations and sponsorships policy, we also maintained support for organizations and events Quebecers care about. In addition, we cultivated our partnership with Food Banks of Quebec, to which we channelled \$2.5 million this year. Lastly, our employees' know-how and community spirit enabled us to assist with the COVID-19 vaccination effort to protect the health of one and all.

This year once again, our results show that a company that is involved in the community, attentive to its customers and mindful of employees' everyday reality can be a vector of growth in the provincial economy. Focused on the future and looking forward to a new strategic plan, we are making every effort to remain a relevant, well-performing company. Our top project—transforming our supply chain—will ensure our success in the years to come. It opens the door to an SAQ that is even more modern and agile, an SAQ that will 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



**Édith Fillion**  
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.

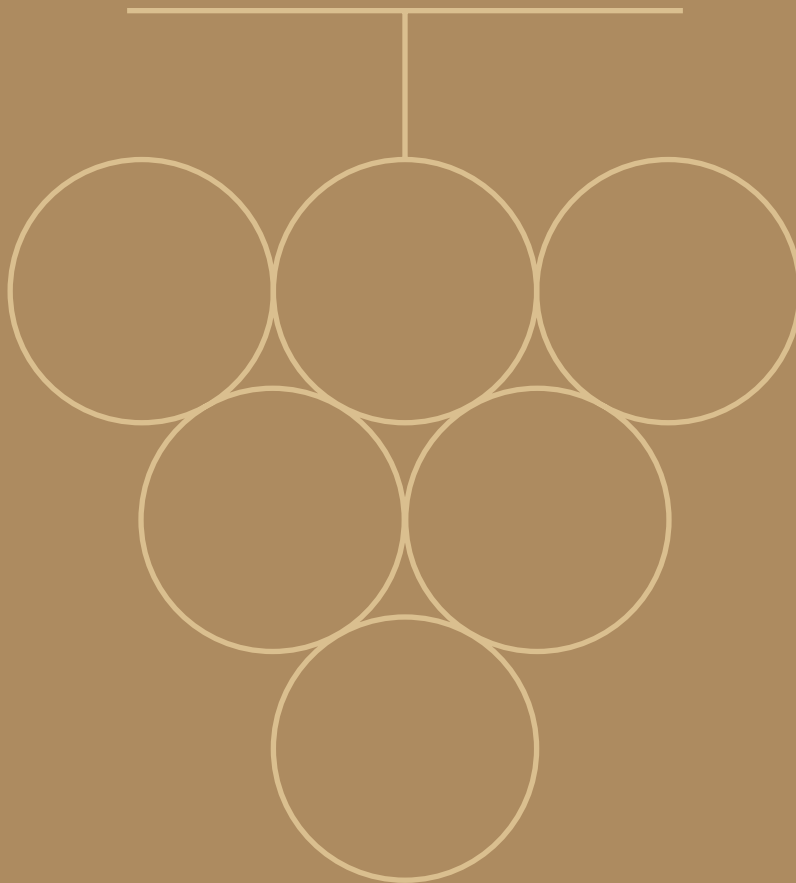
### Collaboration

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

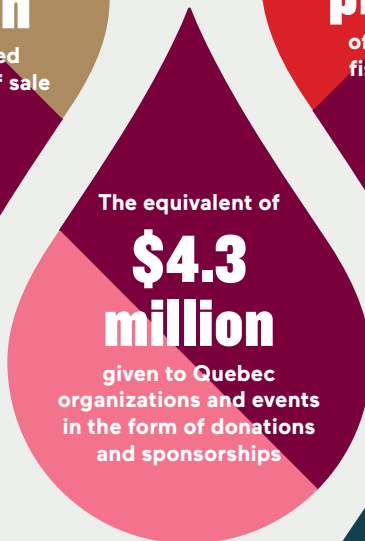
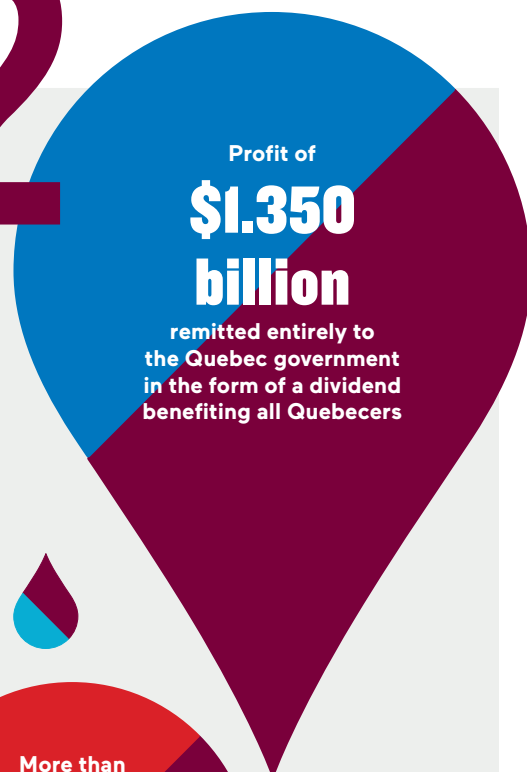
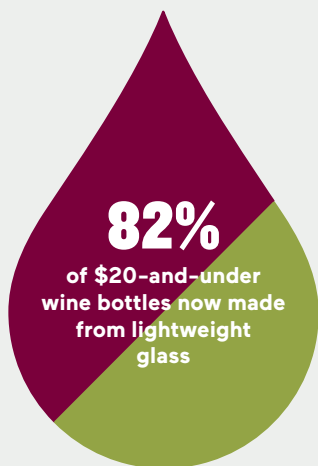
Because alcohol is no ordinary product, we are determined to have a positive impact on the world around us. It is this commitment to contribute to the public good that leads us to make enlightened, sustainable and responsible decisions.

# Review of Activities



# 2022

in a few figures



# 1

## Deliver an integrated, omnichannel customer experience

More than ever, listening, being empathetic and caring are central to our relationships. We keep these principles in mind when interacting with our customers and growing our company. Every day, we listen and are guided by who our customers are, what matters to them and what they want. Satisfying them is our prime motivation and biggest reward.

### From the world to you

Customers tell us that, whether at their local store or online, they want to discover the best products from wineries and distilleries around the world. They want to choose products within a range of flavours they enjoy and at prices they can afford. In fiscal 2021-2022, with the support of our some 3,700 partner producers in 76 countries, we carried a total of 15,900 products. Rounding out this offer were some 28,000 wines and spirits available on a private import basis, giving customers and restaurateurs access to an unrivaled variety. Many customers appreciate this breadth: 81% of those answering a recent survey acknowledged the quality of our product portfolio.

### Quebec in our glasses

Firm believers in the talent and enterprise of Quebec producers, our customers attach great importance to the diversity of our offer of local products. While Quebec wines and gins continue to win over palates, it was above all the popularity of locally crafted coolers, with their 61.5% jump in litre sales, that drove the category this year.

Last fiscal year, we offered 1,161 Quebec products for sale in our stores and online. More 200 of them were new to our catalogue. We not only expanded the variety of local product, we gave them a place of pride in our stores, promoted them on various media platforms and continued training our employees on how to suggest them for any and all occasions. We also posted weekly Quebec product features on the SAQ.COM home page and sold an exclusive selection of the products online. We introduced Quebec product discovery boxes, which flew off the shelves in hours. These initiatives helped drive sales of some 1.3 million litres of Origine Québec-designated products, nearly 2.4 million litres of Made in Québec products and 28.2 million litres of Bottled in Québec products.

### Encouraging responsible products

Because they are strongly committed to sustainable winemaking, many customers turned their attention to the organic and natural products we sell. Responding to this growing trend, our buyers sniffed out and brought to market nearly 2,600 organic products and more than 800 “natural” products. Litre sales for the two categories rose 29% and 148% respectively from the preceding fiscal year.

Encouraging awareness and more moderate alcohol consumption, alcohol-free products proved popular this year. To meet the rising demand, we carried more than 60 tasty versions of them, including gins, coolers and ciders, a 43% increase from last year. This diversification had a direct impact on litre sales in the category, which jumped 40% in a single year.



**Firm believers in the talent and enterprise of Quebec producers, our customers attach great importance to the diversity of our offer of local products.**



## Inspiration in all its forms

At the SAQ, we rely on the passion and professionalism of our some 5,800 store network employees to inspire customers and guide them in discovering new products. That customers appreciate this advice and expertise is clear, as nearly 90% of them express satisfaction with their in-store experience.

Many customers also turn to the SAQ's mobile app, social media platforms and newsletter as well as SAQ.COM to discover new products. To inspire them in their explorations, we create relevant, up-to-date content geared to their interests, including interviews with high-profile producers, useful advice and gourmet food ideas. Last year brought a new addition to this source of inspiration, a series of podcasts that gives subscribers unprecedented behind-the-scenes access to the retail beverage alcohol industry in the province. Listeners could learn more about wine and climate change, Quebec products, lightweight glass, alcohol-free products and the ins and outs of the supply chain.

It is impossible to talk about inspiration at the SAQ without also thinking of SAQ Inspire. Boasting nearly 1.9 million active members, our personalization program continues to shine a weekly spotlight on unmissable discoveries and products aligned with each customer's taste profile. Last fiscal year, 73.9% of our consumer sales were connected to an Inspire account. In addition, nearly 52% of Inspire members redeemed points at least once during the year, qualifying for a total of \$49.1 million in reductions on products they relish. A first this year was allowing customers to redeem Inspire points on SAQ.COM. The much-anticipated new feature proved popular, with nearly 36,000 members availing themselves of it. Overall, 83% of our customers say they are satisfied with their SAQ Inspire experience and the benefits they enjoy under the program, a satisfaction level closely related to its relevance and generosity.

With the COVID-19 pandemic continuing to put a damper on in-person gatherings, we held eight inspiring virtual events that featured producers from Quebec and the world over as well as their products. Inspire members who took part in these events gave them an average 85% satisfaction rating.

Our social media accounts provided yet another channel for maintaining direct contact, demystifying trends and stimulating interest in product categories like coolers, Origine Québec rosés, local organic products and Made-in-Québec spirits.

## Ready, willing and able!

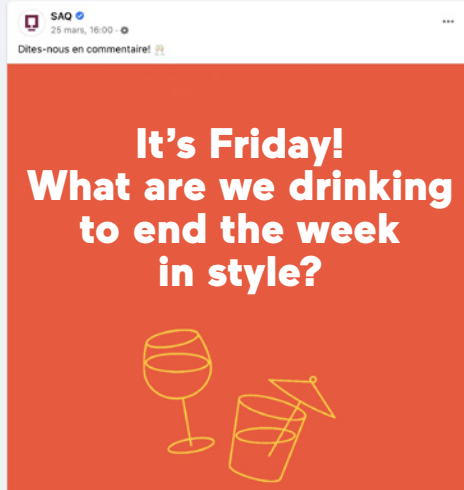
Whether just around the corner or a few mouse clicks away, the SAQ is always close to its customers and always ready to serve them. Our 410 stores and 426 SAQ agency stores across Quebec, our transactional website SAQ.COM and our mobile app ensure we're always there for customers. Beyond this closeness so characteristic of the SAQ, we want customers to feel welcome. That is why each year we review part of our retail building stock with an eye to improving the customer experience. Last year, we invested \$7 million in opening, relocating, expanding and renovating 28 stores. To make shopping even more convenient for customers, we opened two new stores inside grocery stores, one in Contrecoeur and the other in Sainte-Brigitte-de-Laval. As innovative as they are strategic, these locations mean customers in both municipalities can now one-stop shop for everything they need for a meal.

Online shopping is attracting a growing number of fans. Last fiscal year, more than 516,000 transactions were completed via our mobile app and on SAQ.COM. Sales on the transactional website totalled \$106.4 million, up 9.8% from the preceding year, while traffic rose 4.8% to 42.3 million visits. More than a few customers now take advantage of their visits to our website to share their opinion of the products they discover. In the 18 months since the feature was introduced, no fewer than 96,000 ratings and comments have been left.

Because we are determined to give customers the best possible experience whatever the point of contact, including online, we continued making improvements to SAQ.COM last fiscal year.

# sous le bouchon

The SAQ podcast



**It is impossible to talk about inspiration at the SAQ without also thinking of SAQ Inspire. Boasting nearly 1.9 million active members, our personalization program continues to shine a weekly spotlight on products aligned with each customer's flavour profile and unmissable discoveries.**





For example, faced with high demand for rare and niche products only available in limited quantities, we launched Prestige Arrivals, an online shopping module that ensures these coveted items are distributed fairly by lottery. Thanks to this new tool, which allocates limited-quantity in-demand products, a larger number of customers are able to acquire sought-after products. A total of 12 exclusive Prestige Arrivals operations were held this year, and demand exceeded supply in all of them.

### Celebrating 100 years of history

The year 2021 was special for the SAQ because it marked our 100th anniversary. Spread throughout the year, the festivities let Quebecers revisit the high points of our shared history. Quebecers could also take part in numerous celebratory events. A documentary titled *SAQ, 100 ans d'histoire* was produced for the occasion. It and dedicated exhibits at the Pointe-à-Callières and McCord museums showed Quebecers how Quebec and their SAQ have evolved over the years. Quebecers were also invited to embark on The Quebec Tour, an online tasting event with livestreams of local producers who gave webinars and led tastings of their products.

The year also saw the last print edition of our *The Spirit of Sharing* magazine. Filled with first-person accounts and historical photos, the 84-page souvenir issue told the SAQ's story and chronicled its growth since 1921. A total of 300,000 copies were distributed free to store customers.

Quebecers also had the opportunity to read articles and watch videos about the SAQ's centennial, including "100 Years of Good Advice" spotlighting our wine advisors, "Women in Wine and Spirits" featuring the women behind big brands and "The Prohibition Years" describing the period in the early 1900s when beverage alcohol was banned in the United States. A sparkling wine dubbed L'Effervescent was developed by a Quebec producer and sold specially to commemorate our 100th. Meanwhile, partners offered another 22 products in limited editions, all sporting labels in the event's colours and giving customers another way to raise a glass to the health of their SAQ.

Closing this festive loop was a Facebook Live event called SAQuiz that let Quebecers learn more about the Société des alcools du Québec and its 100 years of history while also having fun. Racking up 90,300 views, the initiative can be declared a success. Customers, suppliers, partners and employees were also encouraged to look into the future and share their vision of the SAQ of tomorrow. Producers and SAQ partners worldwide also paid tribute to Quebecers' curiosity, one of the factors driving the company to continuously improve its product offer over the last 100 years.

### A company that stands out

Last year, the SAQ took third place in the Quebec edition of the 2021 WOW Index in the In-store Experience category and sixth place in the Canadian index's Online Experience category. Run by the Léger firm, the WOW Index recognizes the top retailers among 180 Quebec companies. The WOW Digital index, for its part, evaluates nearly 200 websites and mobile apps in Canada. The awards show that Quebecers clearly appreciate how we have integrated an omnichannel experience into every aspect of our customer approach.

The SAQ won four prizes in the Idéa competition, which recognizes creative communication in Quebec. In the Social Responsibility category, we took gold in the Business Results and Strategy division and silver in the Creative Video and Media Strategy division for our Food Banks of Quebec campaign. We also took silver in the On-site Display and Advertising Discipline category and bronze in the Social Networking Application category for our "truthful labels" advertising campaign.

### Thoughtful support

When they have questions, customers don't hesitate to turn to our Customer Relations Centre (CRC). Last fiscal year, more than 180,000 contacted us by telephone or email. Our CRC colleagues helpfully answered questions about the SAQ Inspire experience, online orders and the measures put in place to minimize the spread of COVID-19, among other things.



limited  
edition  
100

one to add  
to your  
collection



Scannez pour en  
savoir plus sur les  
cuvées à collectionner  
Edition Limitée 100.



SAQUIZ

get more inspired

check out your exclusive  
offers to discover  
new products suited  
to your tastes.





# 2

## Improve our performance

Because the SAQ belongs to all Quebecers, we are committed to maximizing our contribution to the province's economy by improving our performance. Every day, our some 7,400 employees draw on their talent and know-how to benefit the community. We constantly rethink our work processes in our stores, warehouses and administrative centres to gain flexibility and agility. We are transforming our supply chain to be able to meet customers' changing needs and are upgrading our systems to provide the best possible digital experience.

### **\$1.350 billion that benefits all Quebecers**

In fiscal 2021-2022, the SAQ posted sales of \$3.854 billion, up \$263.9 million or 7.4% from the preceding fiscal year. Combined with our reasonable cost management efforts, the higher sales allowed us to remit a dividend of nearly \$1.350 billion to the Quebec government, a 10.7% increase. Totalling all the amounts paid to both levels of government, the operations of the government corporation generated revenue of \$2.581 billion, a 7.3% increase from fiscal 2020-2021. Of that amount, \$2.085 billion—the equivalent of \$40 million a week—will go to the Quebec government to the benefit of all Quebecers. These results were achieved due to the year-long rise in sales, which was influenced by the gradual reopening of the hospitality industry, loosening of public health measures related to the COVID-19 pandemic and maintaining of some restrictions on travel abroad.

December 23 was the day of the year with the highest sales and most traffic, specifically nearly \$28.3 million in sales and more than 355,250 transactions.

As our objective is to maximize the dividend paid to the Quebec government for every dollar of sales, we continued optimizing our operations. We succeeded in reducing our operating expenses by implementing procurement strategies and identifying initiatives for achieving recurring cost savings and gains that partly offset current price inflation. This gave us a 15.2% ratio of net expenses to sales, our best showing in the last 10 years.

### **Shipments on the rise**



In fiscal 2021-2022, rising sales in our stores combined with the resumption of permit holders' business to have an impact on the company's supply chain. Specifically, our employees delivered 24.9 million cases, 3.3% more than last year. Moreover, this figure was achieved despite the slowdowns caused by the labour dispute involving our distribution centre employees.

### The laboratory: globally recognized expertise



The SAQ laboratory is recognized worldwide for the excellence of its work. When bringing various beverage alcohol products to market, several countries and provinces that lack laboratories rely on the analyses made by the SAQ. That a product is sold at the SAQ is seen as a sign of quality around the globe. The laboratory's sterling reputation is not unrelated to the staff's efforts to remain a leader in the field. This year, their diligence ensured we could celebrate 20 years of ISO 17025 accreditation and retain our ISO 9001 quality management certification. In all, our laboratory and quality control teams tested nearly 45,500 product samples last year.

### Rollout and optimization of IT tools

One way to optimize how we work is by improving the many tools used every day by our employees and suppliers. Fiscal 2021-2022 was full of upgrades that, while mostly invisible to Quebecers, made a big difference to our employees. For example, we introduced a new delivery tool for our drivers. Driver's logs and the pre-departure checklist for trucks are now entirely electronic. Installed in our trucks, the new smart tool notifies permit holders of impending deliveries and allows the deliveries to be confirmed electronically, a significant gain in operating efficiency that reduces the amount of paper printed every day and streamlines business processes even as it raises the satisfaction level of customers and employees alike.

Our hospitality industry website was updated to simplify product ordering for the permit holder network. User-friendly and a breeze to navigate, the new site makes it easy for restaurant and bar staff to find the products they seek and to stay up-to-date on the SAQ's permit holder services. Over 1,500 hospitality establishments—slightly more than half of all our delivery customers—are now using the site.

Aware of the need to protect the safety of the personal information entrusted to it, the SAQ always adopts the best cybersecurity practices. To strengthen our protection against cyberattacks, we installed new, more powerful antivirus software on our devices and began real-time monitoring of the entire periphery of our technology ecosystem.

# 3

## Provide our employees with a rewarding, pride-inspiring experience

Employees who are happy and proud of the company they work for are that company's best ambassadors. They are also better performing, more creative and more accomplished. At the SAQ, our employees are the foundation of our success, and we support them every day so they can give their best. In fiscal 2021-2022, we focused on adding value to their role, providing a stimulating, healthy and safe work environment and encouraging a better work-life balance.

### The five pillars of the employee experience

At the SAQ, the employee experience is based on five priority pillars: **working conditions, professional development, communications, recognition** and the **work environment**. According to an independent survey conducted in September 2021 by the Ad hoc research firm, the average level of satisfaction of SAQ employees is 7.1 out of 10, a figure well in line with the average for major corporations, while the level of pride in working for the SAQ is 7.2 out of 10. Based on the survey results, we identified improvement paths and developed action plans for each division. In the months since, a number of initiatives to boost employee satisfaction have been launched.

### Outstanding working conditions

Last year, the SAQ and the Syndicat des travailleurs et des travailleuses de la Société des alcools du Québec (STTSAQ), the union representing our distribution centre employees, held bargaining sessions aimed at reaching a new collective agreement acceptable to both parties. The talks culminated in the signing of a new six-year (2021 to 2027) labour agreement that, among other things, makes us more

attractive to prospective employees and introduces measures to improve employees' work-life balance. Work schedules were expanded to facilitate the transformation of the supply chain and improve customer service. To enhance employees' health and safety at work, certain jobs were diversified so employees now perform a wider range of tasks, reducing repetitive tasks that could heighten the risk of injury. To pick the best possible ambassadors to lead training sessions on safe workplace practices, new trainer selection criteria were introduced.



The SAQ also reviewed its telework guidelines last fiscal year. Drawing on knowledge acquired during the COVID-19 pandemic and reassured by the strong performance of its office employees over the last two years of teleworking, the company decided to offer a flexible work environment to employees who work from home. Colleagues can now meet as a team, with their reporting officer, to discuss and collaboratively set a schedule for in-person work based on the organization's needs. An additional tool for balancing work and personal life, this solution was warmly welcomed by the employees concerned.

### Training and coaching for professional development

Because we care about our employees' development, we created several training modules in fiscal 2021-2022. Specifically, 16 training sessions were offered to company professionals on a variety of subjects, including how to manage stress, time and priorities.

Besides the many online training sessions on product categories that were offered to store employees, we innovated this year so employee product tastings could resume despite the COVID-19 pandemic. A new technique for bagging tasting-size wine samples let store employees attend—from the comfort of their own homes—an online tasting workshop on Quebec products. A total of 728 store employees were trained this way. In addition, once public health measures were loosened, 473 employees attended an in-person training event, a lecture-tasting on California wines. Always seeking to advise customers better, training sessions for wine advisors studying for accreditation by the Institut de tourisme et d'hôtellerie du Québec continued. Eight new wine advisors received their accreditation this year.

Meanwhile, new store managers could sign up for the Destination Leadership training program. Training on how to be an occupational health and safety leader was also offered to all store management employees.

All SAQ managers could also take training on the five behaviours to encourage in team members to improve the employee experience and on caring management. The 35 sessions trained 517 managers. For their part, administrative managers could attend workshops on how to better manage team members' workloads.

### Targeted, engaging communications

Our mandate can be carried out and strong performance achieved only if our corporate objectives and needs are understood. That is why we were in regular contact with employees throughout the year. Whether in our stores, in the Montreal or Quebec City distribution centres or at home, SAQ employees could use our collaborative platforms to take part in interesting discussions on a variety of work-related topics.

Last year, employees were also encouraged to take better care of themselves. To motivate them, we ran a communication campaign promoting healthy eating and physical activity. We also shared resources and tips from professionals so employees could adopt behaviours that favour a healthy balance when working from home.

## Recognizing employee contributions and talent

During this year marking the 100th anniversary of the founding of the Société des alcools du Québec, we expressed our appreciation to our employees for their work and spotlighted their contribution to this major corporation that belongs to all Quebecers by offering a series of 10 online encounters with inspiring individuals, such as Fabienne Colas, Gérard Bertrand, Jean-François Archambault, Nathalie Bonhomme and Nicolas Duvernois. Under the title *Passion Découverte*, 20 online training activities on wine and spirits were made available to employees interested in learning more on their own time. Employees could enter a number of draws to attend a preview of the SAQ : 100 ans d'histoire documentary in a theatre reserved for the purpose. Employees also shared their photographs and articles of SAQ clothing from days gone by and their ideas for the SAQ of the days to come.

This year, the SAQ's annual Millésime recognition event once again highlighted the outstanding contribution and enthusiasm of the company's employees. During this special, entirely online 100th anniversary event, besides receiving a trophy at home, the 100 award winners got to enjoy an evening hosted by a professional mixologist.

## A safer, more inclusive work environment

To thrive in their work environment, employees need to feel respected, accepted and safe. In fiscal 2021-2022, we worked on all three aspects.

To ensure ours is an inclusive corporate culture, we offered 10 training sessions to 91 managers responsible for hiring in the Sales and Supply Chain divisions. The goal was to make recruiters aware of unconscious biases that could impact hiring and to equip them to better ensure the successful integration of persons from diverse backgrounds into the SAQ.

Various communication initiatives were undertaken throughout the year to encourage discussion and further raise awareness. Besides creating a diversity page on the intranet and filling it with a variety of resources, including podcasts, training sessions and video clips, we renewed our partnership with the Fierté Montréal pride festival and, for the first time, sponsored the Haïti en folie event.

In addition, a new seasonal recruitment campaign positioned the company as a diverse and inclusive organization and encouraged members of ethnic communities to apply for a job at the SAQ. Featuring SAQ Sales and Supply Chain employees from diverse backgrounds, the campaign showed the multi-ethnic side of the company.

As always, the health and safety of all our employees remain a priority. Last fiscal year, we continued complying with all public health guidelines by offering safe and healthy workplaces. Besides providing regular training on, among other things, mobile equipment and the safe lifting of heavy loads, we expanded the initiatives aimed at raising awareness of these issues. Initially targeting employees who work at manual jobs, we presented real-life stories from colleagues who had suffered an occupational injury. Besides speaking about the consequences of their accident on every part of their lives, the employees encouraged others to adopt safe work habits every day. Also, to get employees involved in selecting the personal protective equipment they use, we ran a pilot project to choose the best cut-resistant work gloves. After trials lasting several weeks, the employees of the Trois-Rivières region stores picked a model that was then distributed to employees throughout the SAQ store network.

We took advantage of a store remodelling to adjust its layout to minimize the risk of occupational injury. Implemented mainly in the backstore storage area, the many changes, which, among other things, increased the spacing between rows and revamped the order receiving process, were made at the Chambly store. The improvements eliminated the need to adopt awkward postures, prevented over-exertion and reduced the manual handling of cases even as it helped lower the risk of future accident events involving employees. All this has made Chambly a model for other stores slated for renovation.





**DISCOVER  
A JOB TO  
YOUR TASTE**



**To ensure we provide an inclusive corporate culture, we offered 10 training sessions to 91 managers responsible for hiring in the Sales and Supply Chain divisions.**



# 4

## Place social responsibility at the centre of our activities

Because we are an agent of change and want to help make Quebec a green and prosperous society, we have long placed social responsibility at the centre of our activities. Every day we act on a series of initiatives aimed at enforcing responsible sales practices, reducing our environmental footprint, advancing the glass recycling effort and making a tangible contribution to the well-being of Quebec society. Our customers appear to approve of our actions, as 78% feel we are keeping our promise to be a socially responsible organization. We are proud of the accomplishments we made in this area last year.

### Greenhouse gases: paving the way for decarbonization

For Quebecers as for the citizens of the entire planet, the environment and the fight against climate change are a constant concern. To better grasp the scope of the actions we can adopt to reduce our environmental footprint, we took an inventory of our greenhouse gas (GHG) emissions. The results showed that around 4% come from sources we control (Scope 1 and 2), namely our vehicle fleet and the buildings we own and use to carry out our business activities. Sources of GHG that we can influence but not control (Scope 3) account for 96% of our emissions and are mainly related to our supply chain, which includes producing the containers, packaging and products we sell and shipping them to us overseas or overland. We are already committed to reducing our GHG emissions by requiring partners to use lighter containers and reduce packaging, by encouraging local bottling and by recognizing some 60 certificates of sustainable production or carbon neutrality. Updating our carbon balance will allow us to speed the decarbonization of our value chain. In fiscal 2021-2022, the level of GHG emissions produced by our internal delivery operations per litre of beverage alcohol sold was 15% lower than in fiscal 2009-2010<sup>1</sup>.

### Glass: a priority for the SAQ

Last fiscal year, the SAQ in collaboration with beverage industry partners joined the team running seven pilot projects in preparation for the planned expansion of Quebec's deposit-return system (DRS). Launched in August 2021 by the minister of the Environment and Fight Against Climate Change, the projects' first phase was an opportunity to test various types of recovery equipment, evaluate locations, measure citizen response and gather all the information needed to adopt an effective model in Quebec. Proud to be part of the solution and focused on finding ways to facilitate the recovery and recycling of the glass we sell, we hosted one of the seven expanded DRS pilot projects at the SAQ Dépôt store in Terrebonne. During the eight months it was running, the Terrebonne pilot project recovered more than 250,000 containers, 90% of them of the non-deposit variety. Of the customers who used the pilot's reverse vending machine, 96% said they were satisfied with the experience. Highly motivated by the project, the store's employees became its top ambassadors, answering customers' many questions and making sure the system was working and the premises were clean. The SAQ teams' level of involvement also meant we could, in collaboration with retailers' associations, propose an implementation plan for the future DRS model and, in a brief on the draft deposit-return regulations, share our knowledge and expertise to support the introduction of an effective expanded deposit-return system in the province.

1. To ensure the results are comparable, the reference year (2009-2010) figures were adjusted to reflect the fact that some formerly outsourced routes are now handled by the SAQ truck fleet.





**During the eight months it was running, the Terrebonne pilot project recovered more than 250,000 containers, 90% of them of the non-deposit variety.**



While recovering and adding value to the glass we sell is one of our priorities, reducing glass use at source is another. Focused on this goal for more than a decade, we work with suppliers so we can sell bottles that are as light in weight as possible. In fiscal 2021–2022, 82% of the \$20-and-under wines we sold came in lightweight glass bottles. Besides using less raw materials to make the bottles, the initiative has reduced the quantity of residual materials to be managed, cut greenhouse gas emissions related to bottle production, transformed bottle design and shipping, decreased our weight-based freight costs and lowered the risk of injury for employees. All these benefits are encouraging us to continue raising producers' awareness of the issue and pushing them to switch to lighter weight bottles for sparkling wines and spirits.

### Support for 241 festivals and organizations

Be it for on-site or online purposes, the SAQ provided \$4.3 million in support to 241 festivals and organizations last fiscal year. To increase our presence at some events, SAQ wine advisors hosted "online cocktails," which had the added benefit of giving more visibility to local products, some of whose producers were invited to come talk about them. We also note that, in fiscal 2021–2022, 100% of the products featured in our event sponsorships and 67% of those in our social sponsorships were local products. This presence at every event we are part of gives us yet another opportunity to spotlight the excellence of these products and the talent of the Quebec winemakers, cider producers, distillers and bottlers that are such a source of pride.

The SAQ also gave nearly \$315,000 to Entraide, around \$130,000 of which came from SAQ employees. A fundraising campaign aimed at working and retired Quebec public service employees, Entraide supports 34 organizations that provide assistance to persons in vulnerable situations across Quebec.

### Ongoing support for food assistance

Because, in the scheme of things, drinking well comes after getting enough to eat, the SAQ has partnered with the Food Banks of Quebec (FBQ) network for the last 13 years. In fiscal 2021–2022, our three campaigns raised \$2.5 million for the organization. Proud to make a difference in the lives of people for whom eating adequately is a daily challenge, we combined our main fundraising campaign with one promoting Quebec products: a meal was donated to the FBQ for each local product sold.

Because when it comes to supporting those in need, every action counts, we continued working with La Tablée des Chefs to donate leftovers from our cafeterias to local organizations. In all, 2,889 meal portions were delivered to the Groupe d'entraide Mercier-Ouest (GEMO) in Montreal and the Maison Hélène-Lacroix in Quebec City.

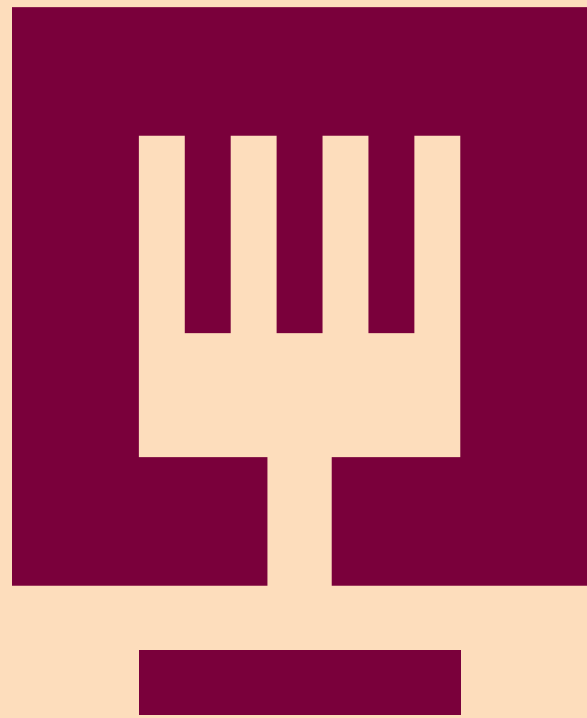
Even closer to home and as part of our ongoing effort to make a real difference in our community, we maintained the solidarity kitchen garden at our Montreal distribution centre for the eighth year running. The garden is tended by Y'a QuelQu'un l'aut'bord du mur (YAM), a community-based organization that works to develop and support food security in the Mercier-Hochelaga-Maisonneuve and Rosemont-La Petite-Patrie boroughs. From our plot, it harvested 562 kilograms of fresh fruit and vegetables. The produce was distributed through the Groupe d'entraide de Mercier-Ouest (GEMO), Chic Resto Pop and Bouffe Action Rosemont.

### 18 years and over: a rule applied across our network

However keen we are to introduce them to new discoveries, we always make a point of ensuring customers are of legal age. We also refuse to sell to anyone in a state of inebriation or anyone attempting to buy on their behalf. Last year, during the 740 visits made by underage mystery customers, 89.2% were prevented from purchasing beverage alcohol at SAQ stores. To keep employees focused on our duty to sell products responsibly and our customers informed about the law, a new awareness campaign titled "16 or 24? When in doubt, we ask for ID" that encouraged subscribers to our online platforms to guess the age of persons in photos. Users could also share their own photos, generating additional material for the game. The awareness campaign additionally provided an opportunity to update the content of the sale ethic training program for employees.

Because making our customers aware that drinking responsibly is a must, we continued supporting the activities of Éduc'alcool. In fiscal 2021–2022, we collected and remitted \$3.7 million to the organization.

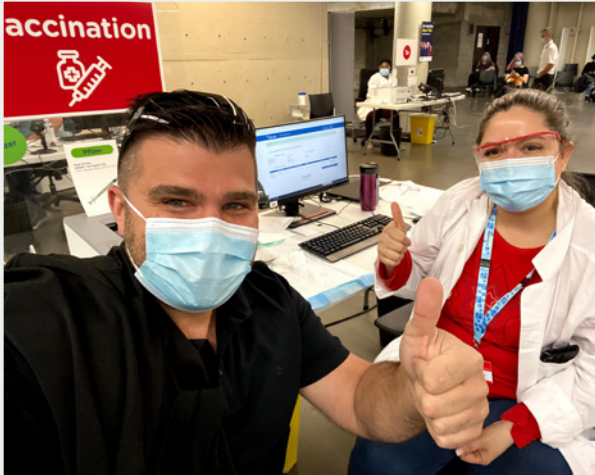




# BAOQ

Together for Food Banks  
of Quebec

## Vaccinating to slow the COVID-19 pandemic and be able to visit our stores



The SAQ's contribution to society goes well beyond selling beverage alcohol products responsibly. That is why, in cooperation with the clinic at Montreal's Olympic stadium, we answered the government's call and gave employees the option of assisting with the vaccination effort. Twenty-five employees volunteered to lend a hand as administrative officers, vaccine administrators and IT technicians, maintaining an SAQ presence at the stadium for 16 weeks, from May 9 to August 27. All told, more than 25,000 shots were administered by our five "syringe operators," while their colleagues stood out not only for their solid sense of customer service but also for their initiative when they created a reception station for remote consultation with an immunodeficient nurse to intercept problem cases that would otherwise slow the registration process. Hearing- and speech-impaired individuals were able to converse using sign language. It's a contribution we're rather proud of!

Between January 18 and February 16, 2022, the watchword of many customers visiting our SAQ stores was "legal age and vaccinated," referring to the requirement that they show proof of age and full vaccination in order to gain entry. For nearly a month, our teams rose to the occasion and complied with the government's directive to check the vaccination status of all visitors to our stores. To perform this duty in our more than 400 retail outlets, employees quickly established an implementation protocol for the entire network and pooled the material resources needed to handle the information swiftly and confidentially.

## Buildings and environmental management: commitments great and small

Every action matters when it comes to adopting environmental criteria for the stores we build and upgrade. Last fiscal year, all the store projects we completed met the following criteria: use recycled and FSC-certified wood; use low-mercury LED lighting; reuse existing furniture and equipment; and manage construction waste eco-responsibly. This year, we added a new clause to our plans and specifications requiring that the general contractors in charge of our projects work with sorting and recycling centres to ensure that most of the construction waste does not end up at a landfill site.

Keen to maximize the use of recycled glass in our buildings, we specify that, whenever possible, glass powder be included in the slabs and sidewalks for our new stores. This year, the equivalent of 9,296 glass bottles found a second life in the sidewalk and slabs of the Rock Forest store.

Managing our administrative buildings environmentally is equally important. That is why we continued to make it a focus last year, obtaining two certifications that testify to our commitment. The first was the BOMA BEST 3.0 Silver certification awarded to our Montreal distribution centre; this national program establishes common standards, evaluation tools and independent data validation for measuring the energy and environmental performance of buildings. The second certification obtained was the Clé Verte platinum level awarded to the machine shop at the Quebec City distribution centre, confirming the team's skill at adopting best practices in environmental compliance and equipment maintenance.

## Taking sustainable development into account

As a government corporation, the SAQ is called on to be closely aligned with the SQDD, the Quebec government's sustainable development strategy. To ensure we are, we adopted a sustainability evaluation grid last year to improve how we assess our environmental, social and governance (ESG) risks. This allowed us to integrate the SGDD's priority objectives into the Montreal automated distribution centre construction project in advance of the planning stage.

## Rethinking our operations to minimize residual materials

Every day, we think about our operations and seek ways to make them more environmentally efficient. Last year, we worked on several pilot projects to test a circular economy approach aimed at reducing both our production of waste and our use of raw materials.

A major importer of beverage alcohol, we are also indirectly a major importer of fiberboard cases from the four corners of the world. Last year, we focused on giving new life to the many we receive by running them through a quilting machine to transform them into fiberboard webbing. The webbing is then used to replace bubble wrap and sheets of corrugated fiberboard when shipping SAQ.COM orders. This not only has us consuming fewer packaging materials but also gives a second life to otherwise un reusable cases even as it reduces the quantity of residual materials we generate. Since September 2021, nearly all SAQ.COM shipments of one to three bottles have used fiberboard webbing to protect the containers.

Plastic shrink wrap was the focus of another SAQ pilot project last fiscal year. Used to secure product cases in shipping and the warehouse, the wrap is now recovered during collection rounds at the Montreal distribution centre and packaged in 500 kg bales. Around a dozen of the bales were taken by a local recycler for analysis and to determine the material's market potential. The outcome was the signing of an agreement with a local partner that will collect the wrap and transform it into plastic film, giving it a second life.

To replace the single-use ropes used in palletizing, we ran a pilot project to test reusable Velcro slings. The results were conclusive. The SAQ's new ecological initiative will eliminate the need for ropes, which can contaminate other materials when mixed with them, and reduce the amount of material sent to landfill.

Launched last year with great success, the pilot project to recover the insulating liners used to protect products in shipping containers we receive kept 260 of them out of landfill this year. The recovered liners found a second life in various types of insulating bags, including ones used to deliver food by the Cuisine collective Hochelaga-Maisonneuve, a community organization that serves the underprivileged.

So that our delivery teams could avoid using an average of 1,500 windshield-washer fluid containers a year, we installed filling stations at the Montreal and Quebec City distribution centres. As a result, existing containers are now reused.

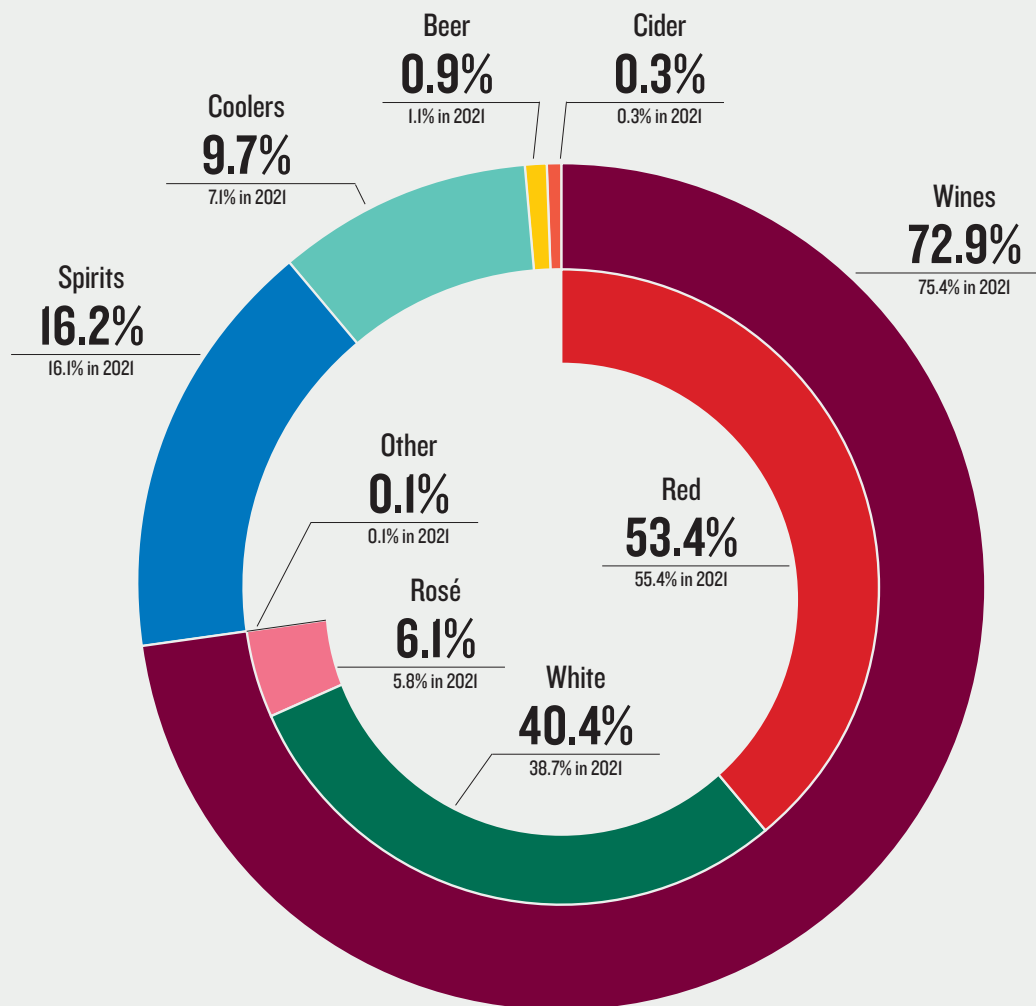
In March 2021, again with the aim of reducing at source, we announced to industry partners that we were banning all packaging not essential to the merchandising of new products, including plastic sleeves, decorative netting, twine and attached accessories. We also began discussions to make partners aware of overpackaging issues around products already on the market.

Lastly, in the fiscal year just ended, the team at the SAQ Restauration store in Montreal obtained Action-Réduction certification as part of the Rosemont-La Petite Patrie borough's Défi Zéro déchet challenge. To earn the recognition, employees had to review the store's waste management approach, reduce their energy footprint, encourage the use of reusable containers and have systems in place for collecting recyclables and food waste. Their success shows just how every action, even small ones, can make a difference.



# Trends 2022





**Litre Sales by Product Category and Wine Colour**  
(stores and specialized centres)

## Coolers: the big hit of 2022

In fiscal 2021–2022, nearly 73% of the litres of beverage alcohol sold at the SAQ were wine while 16% were spirits, 10% coolers and 1% beer. Though this appears to show a decline in interest for wine compared with last year, the opposite is actually true. Sales of all product categories, beer excepted, grew this year. That said, it was coolers that saw the sharpest rise in market share, stealing points from every other category. And understandably! With 52 new products, the selection of coolers was especially diverse last year.

## Red wine remains on top... but for how much longer?

Ever the favourite of Quebec consumers, red wine is part of our tradition and gastronomic culture. But although red wine continues to account for more than half of all still wine litre sales (53.4% to be precise), it once again lost market share, as it has every year since 2005, when it made up 77% of wine purchases. In contrast, white wine—increasingly appreciated for its freshness and lightness as an aperitif and all though the meal—continues the upward trend seen in recent years. Rosé wine also saw growth last year and now claims a 6.1% share of the market.

# A nod to Canadian wine

Sales figures show that customers remain devoted to French and Italian wines, which this year again constituted more than 55% of the wines Quebecers poured into their glasses. Though this ranking changes little from year to year, one development of note is that Canada outperformed Chile for the first time.

## Still Wines by Country of Origin

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

	2022
France	34.0%
Italy	22.7%
Spain	9.8%
United States	8.3%
Portugal	5.0%
Australia	4.5%
Canada	3.2%
Chile	2.8%
South Africa	2.4%
Argentina	2.2%
Other	5.1%

# Creams and tequilas over here!

While Quebecers continue buying base spirits like liqueurs, vodka and rum to make tasty cocktails, they also remain interested in products that complete their bar setup and delight their taste buds. The significant litre sales growth of creams (part of the Liqueur category) and tequilas (part of the Other Spirits category) are clear indicators of this curiosity and taste for exploration. Also noteworthy: after a surge in popularity in recent years, the Gin category remained relatively stable in fiscal 2021.

## Sales by Type of Spirits

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

	Market share	Growth in litre sales
Liqueur	23.0%	9.9%
Vodka	20.7%	8.2%
Rum	19.2%	5.0%
Gin	14.8%	1.3%
Whisky	12.8%	5.8%
Brandy	5.2%	0.1%
Other spirits	4.3%	32.2%

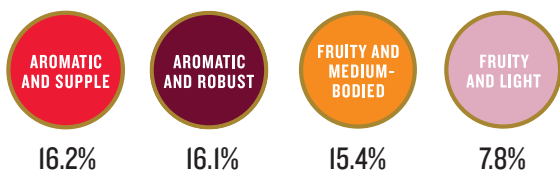
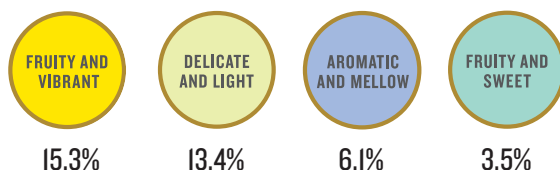
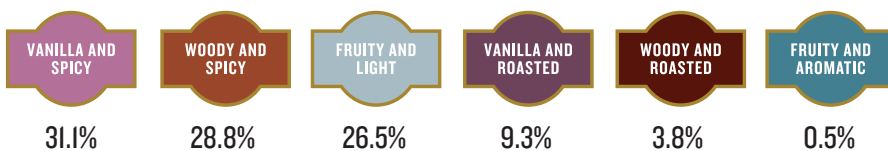
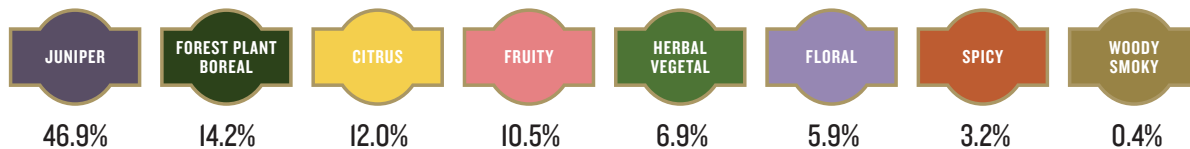
# Quebecers are loyal to their Taste Tags

If there's a major trend to be found in the Taste Tag statistics this year, it's that customers are loyal to their favourite styles. To put it another way, the Taste Tag rankings in every category simply haven't changed from last year. Though open to discovering products from many countries or grape varieties, customers tend to stay within their flavour profile.



**Litre Sales by Taste Tag**

(stores and specialized centres)

**Red wine****White wine****Rosé wine****Rum****Gin****Spirits**

## Origine Québec, Prepared in Québec and Bottled in Québec products under the microscope




Whether designated Origine Québec, Prepared in Québec or Bottled in Québec, it is coolers that are pushing local product sales upward. The spectacular rise in the product's popularity is due to new arrivals on the market, especially gin- and cider-based ready-to-drinks. The decline in sales of Origine Québec wines is related to availability, with supply failing to keep up with increased demand from the buy-local movement, while that of Bottled-in-Québec wines was attributable to Quebecers returning to SAQ stores after a year marked by the COVID-19 pandemic, during which wines available in grocery stores proved popular. Despite all these fluctuations, Quebec products saw significant overall growth on the order of 12.9% last year.

### Litre Sales by Identifier

(millions of litres)

(percentage growth in litre sales)

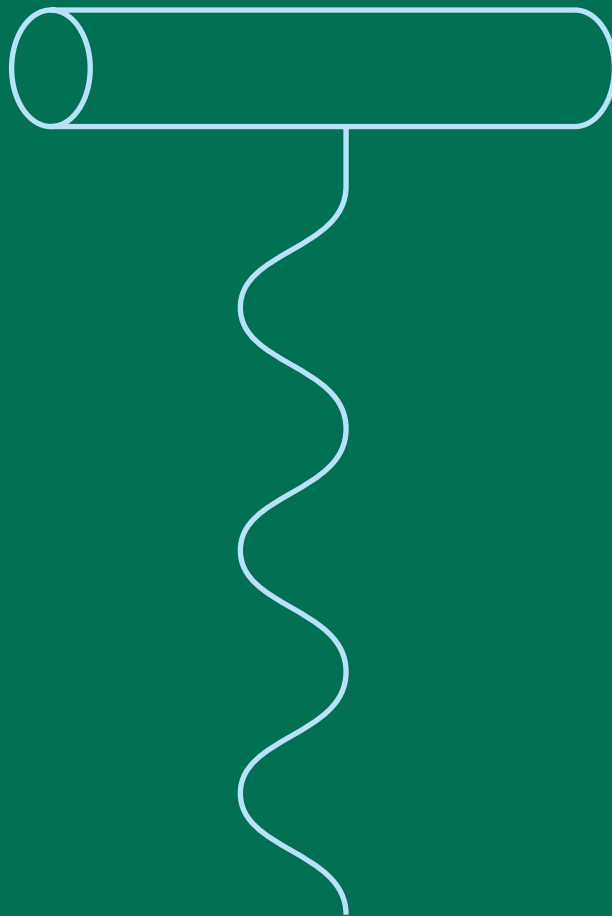
(stores and specialized centres)

	Wine	Spirits	Beer, cider and coolers	Total growth per identifier (%)
	606.1 (11.3)%	166.1 32.5%	539.5 10.9%	<b>1.3%</b>
	N/A	1,571.5 10.4%	800.4 31.8%	<b>16.8%</b>
	10,639.6 (0.6)%	10,395.8 7.5%	7,177.3 57.3%	<b>13.1%</b>
Total growth per product category (%)	<b>(1.3)%</b>	<b>8.1%</b>	<b>50.6%</b>	<b>12.8%</b>



# 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)

	2022 <sup>1</sup>		2021 <sup>1</sup>		2020		2019	
	Actual	Forecast <sup>2</sup>	Actual	Forecast <sup>2</sup>	Actual	Forecast <sup>2</sup>	Actual	Forecast <sup>2</sup>
Sales	<b>3,854.1</b>	3,658.0	3,590.2	3,489.0	3,488.7	3,355.0	3,293.9	3,244.0
Gross margin	<b>1,934.0</b>	1,842.0	1,803.8	1,763.0	1,762.0	1,693.0	1,670.8	1,647.0
Net expenses <sup>3</sup>	<b>584.0</b>	560.0	584.7	541.0	536.5	534.0	524.9	535.0
Net income <sup>4</sup>	<b>1,350.0</b>	1,282.0	1,219.1	1,222.0	1,225.5	1,159.0	1,145.9	1,112.0
Comprehensive income	<b>1,349.9</b>	1,282.0	1,217.7	1,222.0	1,225.7	1,159.0	1,144.5	1,112.0

- Operations in the 2021 and 2022 fiscal years 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.
- The forecasts are prepared at the beginning of the calendar year for use by the Quebec government in preparing its budget. The forecasts for the 2021 and 2022 financial years did not take into account all 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.
- Reflects the adoption of IFRS 16 on March 31, 2019.

### Investments in property, plant and equipment and intangible assets

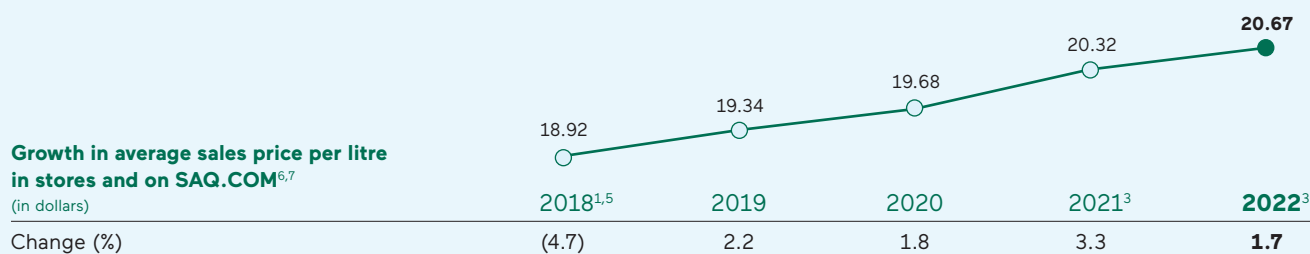
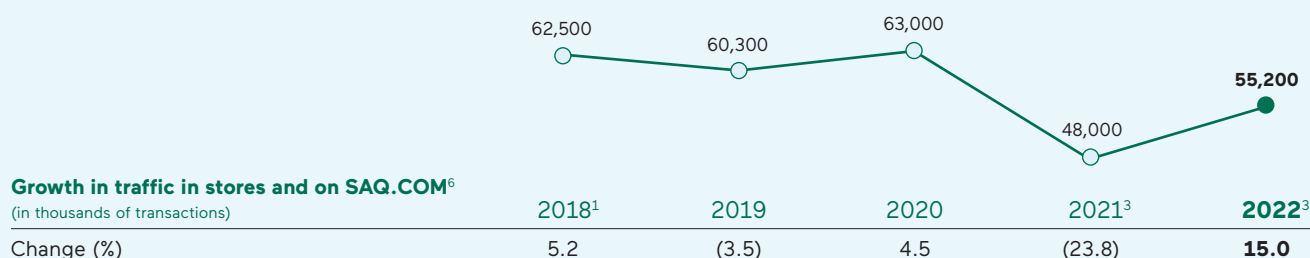
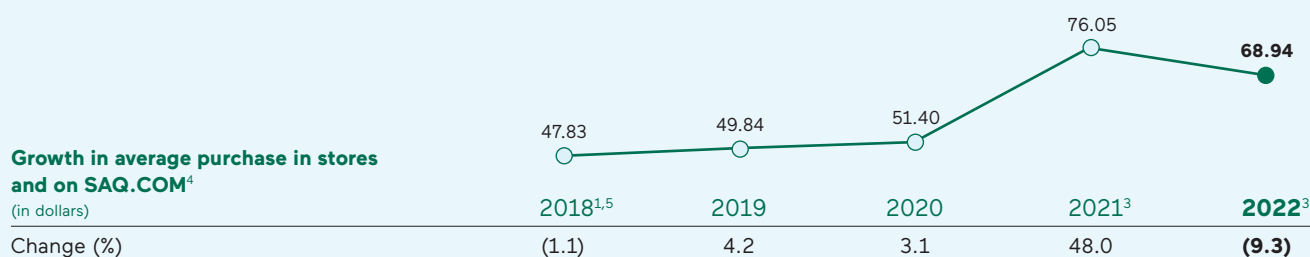
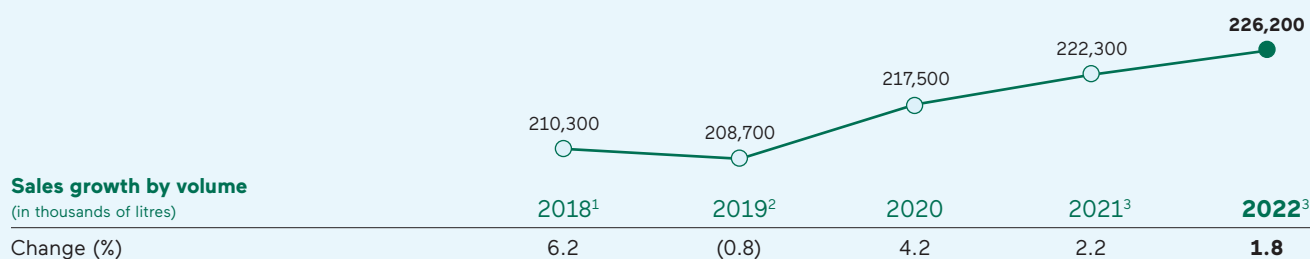
Fiscal years ended the last Saturday in March  
(in thousands of Canadian dollars)

	2022	2021	2020	2019
	Actual	Actual	Actual	Actual
Capital projects – distribution and administrative centres	<b>3,378.2</b>	4,074.6	2,663.3	2,587.9
Outlet network	<b>7,023.1</b>	5,161.3	6,534.3	5,900.2
Information systems development	<b>10,610.7</b>	19,466.7	16,844.0	9,710.0
Rolling stock and mobile equipment	<b>3,574.8</b>	4,289.0	1,983.7	3,573.0
Specific equipment	<b>698.9</b>	596.8	447.7	361.1
Total	<b>25,285.7</b>	33,588.4	28,473.0	22,132.2



## 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 and 2022 fiscal years 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.
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.

## Commercial Data

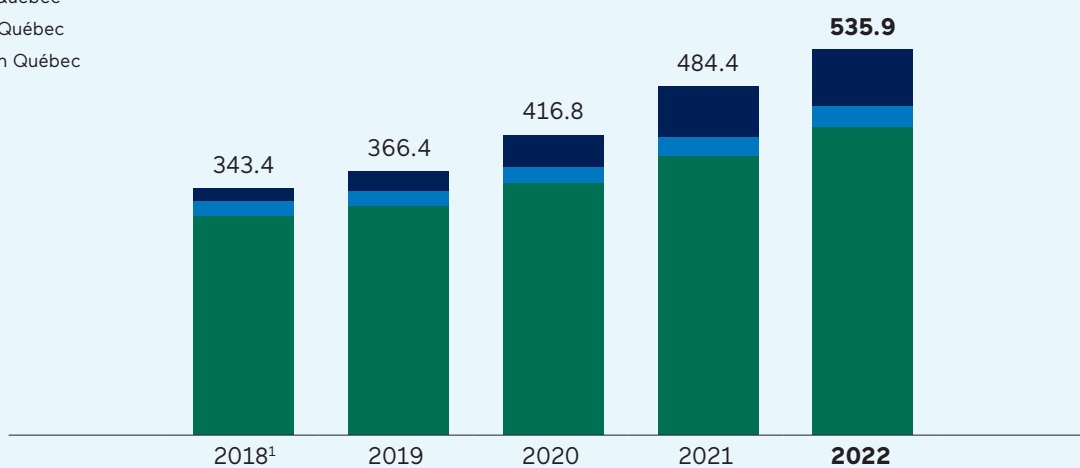
Changes in Quebec product sales



### Change in Quebec product sales by identifier

Stores and specialized centres  
(in millions of Canadian dollars)

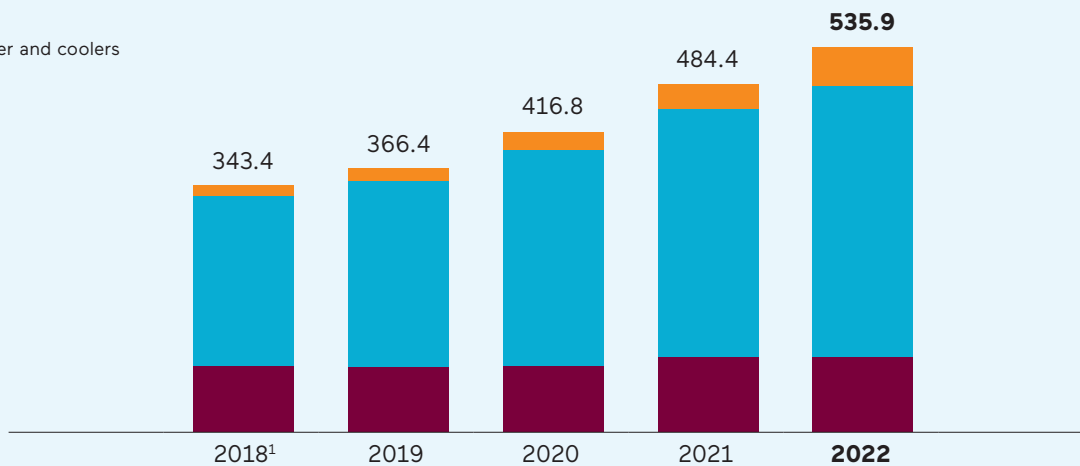
- Origine Québec
- Made in Québec
- Bottled in Québec



### Change in Quebec product sales by product category

Stores and specialized centres  
(in millions of Canadian dollars)

- Wine
- Spirits
- Beer, cider and coolers



1. 53-week fiscal year.

## 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 making it possible to track the organization’s achievement of its effectiveness and performance objectives.

### Fiscal 2021-2022 highlights

The strategies that were implemented allowed the SAQ to meet or exceed targets for 15 of the 26 indicators on its dashboard.

- › Seven targets among the 12 indicators that involve delivering an integrated omnichannel experience were met or exceeded. Public health measures remained in effect during the fiscal year and collective agreement negotiations affected the in-store customer experience, which are slightly reflected in customer appreciation and shopping behaviour. The targets for the other commercial performance indicators, including overall sales growth, Quebec product sales growth and online’s share of total consumer sales, were all exceeded.
- › Among the indicators measuring an improvement in performance, five of the eight targets were met. The productivity improvement indicators in the administrative divisions were exceeded as were the targets relating to financial performance, such as net income growth and the ratio of net expenses to sales. An increase in unit orders and worldwide disruptions affected operational performance, as can be seen in the supply chain indicators. Efforts to control expenses made it possible to end the fiscal year with a 15.2% ratio of net expenses to sales, beating the target 15.6% and an improvement over fiscal 2019-2020, the last fiscal year before the pandemic.
- › The SAQ also seeks to provide its employees with a rewarding, pride-inspiring experience. Targets for the two indicators related to attracting and retaining employees, namely the change in the engagement rate and maintaining a low turnover rate, were reached. The target to reduce work-related accidents was not reached. As the health and safety of its employees is a priority for the SAQ, an action plan to reduce occupational injuries is underway.
- › 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 instead of 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 created specific challenges in applying the sales ethic during the year. Because selling beverage alcohol responsibly remains a corporate priority, a communication and awareness plan aimed at strengthening store teams’ efforts to put the sales ethics into practice is ongoing.

## SAQ Dashboard Indicators

Includes the 17 indicators from the 2021-2023 Strategic Plan

Dashboard	Actual 2021-2022	Targets 2021-2022	Actual 2020-2021
<b>Offering an integrated omnichannel customer experience</b>			
Sales growth <sup>1</sup>	7.4%	3.7%	2.9%
Overall satisfaction rate	90%	92%	91%
<b>Discovery pillar</b>			
Rate of customer agreement with the discovery promise	63%	70%	67%
<b>Accessibility pillar</b>			
Rate of customer agreement with the accessibility promise	79%	80%	79%
<b>Choice pillar</b>			
Rate of customer agreement with the product choice promise	81%	81%	84%
<b>Price pillar</b>			
Rate of customer agreement with the fair-price promise	57%	56%	60%
Growth in sales of Quebec products <sup>2</sup>	5.9%	2%	28.7%
Traffic growth <sup>3</sup>	15.0%	21.3%	(23.8)%
Average purchase per transaction <sup>3</sup>	\$68.94	\$60.23	\$76.05
Average price per bottle <sup>3</sup>	\$16.88	\$17.30	\$17.31
Sales per square foot	\$2,708	\$2,500	\$2,491
Ratio of SAQ.COM sales to consumer sales	3.5%	3.4%	3.2%
<b>Improving our performance</b>			
Ratio of net expenses to sales <sup>1</sup>	15.2%	15.6%	16.3%
Growth in net income <sup>1</sup>	10.7%	10.0%	(0.5)%
Ratio of total supply chain costs to sales	3.0%	2.9%	3.0%
Ratio of bottles sold to in-store hours worked	45.1	41.6	42.1
Ratio of administrative expenses to sales	1.4%	1.5%	1.8%
Cumulative growth of core technology applications upgraded, retired or converted to hybrid cloud	26%	6%	16%
Cases shipped per hour worked in the distribution and delivery centres	28.4	29.2	33.2
Ratio of gross margin to sales <sup>1</sup>	50.2%	50.5%	50.2%
<b>Provide our employees with a rewarding, pride-inspiring experience</b>			
Annual change in engagement rates <sup>4</sup>	1.4%	≥ 1%	-%
Cumulative reduction rate in the number of lost-time accidents	3.9%	(7.0)%	(6.9)%
Employee turnover rate	2.8%	≤ 5.9%	1.8%
<b>Putting social responsibility at the core of our business</b>			
<b>Social responsibility pillar</b>			
Rate of customer agreement with the social responsibility promise <sup>2</sup>	78%	69%	82%
Reduction in our direct greenhouse gas emissions from internal transportation of goods <sup>5</sup> (versus 2009-2010), prorated to litres sold	(15)%	(21)%	(22)%
Refusal rate of mystery underage customers	89%	95%	89%

- The SAQ's results for these indicators compare with results from the comparable group of nine Canadian liquor boards, including the SAQ. Based on the financial results for fiscal 2020-2021, a year marked by public health measures that differed from province to province in Canada, four medians were calculated to assess the SAQ's performance in relation to that of its peers:
  - Median sales growth: 7.6%;
  - Median ratio of net expenses to sales: 15.8%;
  - Median growth in net income: 11.0%;
  - Median ratio of gross margin to sales: 50.8%.
- The indicator measures sales growth to consumers and agency stores.
- In-store and SAQ.COM consumers.
- The measurement tool for the indicator was implemented in 2020-2021. The initial results were available only for the 2021-2022 fiscal year.
- To ensure the results are comparable, the reference year (2009-2010) figures were adjusted to reflect the fact that some formerly outsourced routes are now handled by the SAQ truck fleet. The 2021-2021 results have been adjusted accordingly.

Some comparable figures have been restated to reflect the presentation adopted during the fiscal year.



# Financial Review

**This financial report reviews the operations of the Société des alcools du Québec (SAQ) for the fiscal year ended March 26, 2022, and its financial position as at that date. This report should be read in conjunction with the financial statements and related notes found in the French-language version of the report. The information contained in this analysis includes all significant events that have occurred up to May 26, 2022.**

## Overview of results

The SAQ reported net income of \$1.350 billion for the fiscal year ended March 26, 2022, a \$130.9 million or 10.7% increase from the preceding fiscal year. The entire amount was remitted 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 \$175.1 million to \$2.581 billion. Operations in the 2021-2022 fiscal year were impacted by the COVID-19 pandemic, with the various restrictive measures and suspension of some business activities resulting in lower business volumes for many of the company's partners. To better deal with the constraints stemming from the pandemic, the SAQ adapted its operations while also taking care to protect the health and safety of its customers and employees.

## Sales

In fiscal 2021-2022, sales rose to \$3.854 billion, compared with \$3.590 billion for the preceding fiscal year, an increase of \$263.9 million or 7.4%. The higher sales are partly attributable to the relaxing of public health measures and maintaining of certain restrictions on travel outside Quebec. Volume sales rose 3.9 million litres or 1.8% to 226.2 million litres in fiscal 2020-2021 compared with 222.3 million in the preceding fiscal year.

### By sales network

Sales in the store and specialized centre network totalled \$3.508 billion, compared with \$3.198 billion for fiscal 2020-2021, a \$309.8 million or 9.7% increase. Volume sales for the network grew 11.2 million litres or 6.4% to reach 186.3 million litres as opposed to 175.1 million litres for the preceding fiscal year. The gradual reopening of the restaurant and bar sector helped push permit holder sales upward by \$200.9 million. For their part, online sales totalled \$106.4 million versus \$96.9 million for the preceding fiscal year, a \$9.5 million or 9.8% increase. Online sales also constituted 3.5% of all consumer sales in fiscal 2021-2022. Sales of Quebec products rose \$51.5 million or 10.6% to total \$535.9 million compared with \$484.4 million for fiscal 2020-2021; they now make up 15.3% of consumer sales. Of that total, \$30 million were sales of Origine Québec products, which made up 5.6% of sales of all local products.

The average shopping cart of in-store customers fell to \$68.94 for the year, compared with \$76.05 for fiscal 2020-2021. The 9.3% decrease is mainly due to consumers' gradual resumption of their former shopping habits. As the 15% increase in store traffic shows, consumers are visiting stores more often; however, they are also buying less each visit. Overall, the average per-litre sales price in the store network rose 1.7% to \$20.67, compared with \$20.32 for the preceding fiscal year.

Sales in the wholesale grocer network fell \$45.9 million or 11.7% to \$346.4 million, compared with \$392.3 million for fiscal 2020-2021. Volume sales totalled 39.9 million litres, compared with 47.2 million litres for the preceding fiscal year, a 7.3 million litre or 15.5% decrease. Due largely to the COVID-19 pandemic, sales in this network rose sharply in fiscal 2020-2021; they are now returning to a level similar to that seen in pre-pandemic years.

### By product category

Wine sales totalled \$2.674 billion in fiscal 2021-2022 versus \$2.536 billion in the preceding fiscal year, an increase of \$138.5 million or 5.5%. At 172.9 million litres, volume sales for this category were down 3.7 million litres or 2.1% from the 176.6 million litres posted in fiscal 2020-2021. The lower volume is due to a decline in wine sales in the wholesale grocer network. Meanwhile, wine sales in the store and specialized centre network saw strong growth of \$186.7 million or 8.6% from the preceding year. Volume sales in this network totalled 135.8 million litres, an increase of 3.8 million or 2.9% from fiscal 2020-2021.

Sold only in the store and specialized centre network, spirits had sales of \$1.037 billion, compared with \$949.3 million in fiscal 2020-2021, an increase of \$88.1 million or 9.3%. The corresponding volume sales rose 2 million litres or 7.1% to 30.2 million litres as opposed to 28.2 million litres in the preceding fiscal year.

Sales of coolers, also known as RTDs or ready-to-drinks, rose \$36 million or 43.7% to \$118.4 million from the \$82.4 million for the preceding fiscal year. Volume sales stood at 20.7 million litres versus 14.7 million litres, an increase of 6 million litres or 40.8%. The category continues to gain popularity with consumers, which explains its strong performance.

Lastly, the beer, cider and related products category posted sales of \$24.1 million, compared with \$22.6 million for fiscal 2020-2021, a \$1.5 million or 6.6% increase. Volume sales for the category fell 0.3 million litres or 10.7% from the preceding year's 2.8 million litres to 2.5 million litres.

### Cost of sales and gross margin

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 2021-2022, the cost of sales stood at \$1.920 billion, compared with \$1.786 billion for the preceding fiscal year. This resulted in a gross margin of \$1.934 billion, an increase of \$130.2 million or 7.2% from the \$1.804 billion posted in fiscal 2020-2021. At 50.2%, the gross margin remained unchanged from last 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.

Defined thus, net expenses totalled \$584 million, a \$0.7 million or 0.1% decrease from the \$584.7 million of fiscal 2020-2021. Expressed as a percentage of sales, net expenses were 15.2% versus 16.3% in the preceding fiscal year. This year, the company decreased its COVID-19 pandemic-related spending from last year's levels while continuing to comply with all public health measures aimed at keeping customers and employees safe and sound.

Employee compensation, which is the SAQ's largest net expense category, totalled \$413 million, compared with \$409.9 million in fiscal 2020-2021, a \$3.1 million or 0.8% increase. The difference is partly due to the growth in sales volume, which was partially offset by lower pandemic-related costs. Expressed as a percentage of sales, employee compensation was 10.7%, compared with 11.4% for the preceding fiscal year, an improvement of 0.7%.

Building occupancy expenses constitute the second-largest net expense category. These expenses fell from \$96.7 million in fiscal 2020-2021 to \$94.5 million, a \$2.2 million or 2.3% decrease.

Expenses for equipment use and supplies totalled \$36.9 million, compared with \$38.9 million for the preceding fiscal year, a decrease of \$2 million or 5.1%.

Delivery and communications expenses amounted to \$4 million, down \$1.3 million from the preceding fiscal year.

Lastly, other expenses totalled \$35.6 million, compared with \$33.9 million for fiscal 2020-2021, an increase of \$1.7 million or 5%.

### Net income and comprehensive income

For the fiscal year ended March 26, 2022, the SAQ reported net income of \$1.350 billion, compared with \$1.219 billion for the preceding fiscal year, an increase of \$130.9 million or 10.7%. Net income amounted to 35% of sales as opposed to 34% in fiscal 2020-2021.

Comprehensive income rose \$132.2 million to reach \$1.350 billion by fiscal year-end.

## Government revenues

As a government corporation, the SAQ pays substantial amounts to both levels of government in the form of consumption taxes, excise taxes, customs duties and its net income from operations. In fiscal 2021-2022, government revenues from operations totalled \$2.581 billion, compared with \$2.406 billion in fiscal 2020-2021; this corresponds to an increase of \$175.1 billion or 7.3%.

### Government revenues from operations

(in millions of dollars)

	2022	2021
<b>Government of Quebec</b>		
Declared dividend	<b>1,350.0</b>	1,219.1
Provincial sales tax	<b>421.7</b>	402.0
Specific tax	<b>295.5</b>	301.2
Specific permit holder tax	<b>17.3</b>	6.2
	<b>2,084.5</b>	1,928.5
<b>Government of Canada</b>		
Excise taxes and customs duties	<b>285.2</b>	276.0
Goods and services tax	<b>211.3</b>	201.4
	<b>496.5</b>	477.4
<b>Total</b>	<b>2,581.0</b>	2,405.9

Payments to the Quebec treasury totalled \$2.085 billion, an increase of \$156 million or 8.1% from the \$1.929 billion for the preceding fiscal year. The increase results mainly from the higher net income earned during the fiscal year as well as the increased collection of consumption taxes due to higher sales.

Payments to the Government of Canada totalled \$496.5 million, a \$19.1 million or 4% increase. This change is due to increases in the federal sales tax generated by higher sales and in the excise tax and customs duty payments.

## Investments

Investments in capital assets amounted to \$25.3 million in the latest fiscal year. More specifically, the SAQ invested \$10.6 million in information systems development, \$10.4 million in improvements to its retail and administrative premises and \$4.3 million in upgrading rolling stock and equipment.

## Financial position

As at March 26, 2022, the SAQ had total assets of \$1.443 billion, compared with \$1.362 billion as at March 27, 2021, an increase of \$80.5 million. Since the start of the 2021-2022 fiscal year, the treasury saw growth of \$1.4 million. Trade and other accounts receivable increased \$3.8 million. The value of inventories, deposits and prepaid expenses rose \$67.2 million and \$3.9 million respectively. Non-current assets rose \$4.2 million since March 27, 2021.

Current liabilities stood at \$1.111 billion at the end of fiscal 2021-2022, compared with \$1.036 at the end of the preceding fiscal year, a \$75 million increase. This change is primarily due to increases of \$66.1 million in accounts payable, \$10.3 million in taxes and government duties to be paid, \$2.5 million in reserves and \$0.2 million in the current portion of capital lease obligations. These increases were partially offset by a \$4.1 million decrease in the dividend payment. Lastly, non-current liabilities rose \$5.6 million mainly due to capital lease obligations.

## Cash flows

In fiscal 2021-2022, the SAQ's operations generated \$1.5 million in cash and cash equivalents. In the preceding fiscal year, they absorbed \$4.2 million in cash and cash equivalents.

Cash flows related to operating activities increased \$160.8 million from the preceding fiscal year to reach \$1.430 billion. This increase is mostly due to the \$130.9 million increase in net income and the \$33.2 million rise in the net change in non-cash working capital items.

The company's investment activities entailed a cash outflow of \$24.1 million during the fiscal year, \$7 million less than in fiscal 2020--2021.

Meanwhile, financing activities required \$1.404 billion in cash in fiscal 2021-2022, compared with \$1.242 billion in the preceding fiscal year. This difference is primarily attributable to the \$162.6 million increase in the dividend paid to the shareholder.

As at March 26, 2022, the SAQ's statement of cash flows shows a cash and cash equivalent balance of \$329.6 million, compared with \$328.2 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 26, 2022, or at March 27, 2021.

Financing of the SAQ's money market activities resulted in net financial income of \$2.2 million, compared with \$1.9 million for the preceding fiscal year. The change is due to an increase in the average interest rate earned on bank surpluses during fiscal 2021-2022.

Interest under lease obligations totalled \$4.6 million as opposed to \$4.9 million in the preceding fiscal year. Net interest related to liabilities and assets arising from employee benefit plans amounted to \$0.8 million in fiscal 2021-2022, compared with \$1.1 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 26, 2022, 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 26, 2022, 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 begun implementing an organization-wide integrated risk management framework. This ongoing process is used to mitigate certain risks to which the SAQ is exposed in the normal course of business and which could have an impact on its operating results, financial position or cash flows. Support for attainment of business objectives and for decision-making are additional benefits of the process.

To provide a common reference framework, SAQ management collaborated with the Board of Directors to adopt an integrated risk management policy in fiscal 2021-2022. The policy describes the SAQ's approach and strategy for managing corporate risks and establishes a formal structure for the process. This structured and effective integrated risk management approach allows risks to be identified, assessed, managed and monitored to avoid situations of change or uncertainty and to take action when such situations arise by deploying appropriate measures to minimize their impact. The process is accompanied by surveillance of the internal and external environment and supplemented by information 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. The most significant of these are described below.

### Economy, market and performance

Beverage alcohol sales are dependent on, among other things, consumers' disposable income and the strength of the Quebec economy. 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 company must also contend with demographic factors related to the market it serves. Due to the ageing 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.

### Procurement and shipping

The products sold at the SAQ come from around the planet. Product prices are influenced by supply and demand and are subject to disruptions that may affect supply chains. When seeking products to sell, the SAQ is in competition with other buyers on global markets. Meanwhile, supply is often unable to keep up with demand, making some products difficult to obtain. Over the years, the SAQ has built solid relations with its suppliers, allowing it to mitigate this risk. The SAQ is also dependent on marine carriers and their lead times and freight costs. The company has adopted a procurement policy designed to minimize the risk of stockouts in its stores.

### Labour shortage

To carry out its business activities, the SAQ employs more than 7,000 individuals in its stores, distribution centres and administrative centres. The scarcity of labour related to demographic change and the strong economy is a risk that could interfere with the organization's activities. Initiatives making it easier to attract and retain personnel give the company a way to mitigate this risk and maintain its service offer.

### Product quality control

With a catalogue of more than 15,900 products from 3,700 suppliers worldwide, it is incumbent on the SAQ to ensure that the quality level of the products it sells is beyond reproach. This it does through its ISO 9001-certified laboratory. 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 an extensive 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 has been accorded in the company's successive Strategic Plans. Employee 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, campaign in support of Food Banks of Quebec or contribution—in combination with that of its employees—to the Entraide fundraising campaign.

Lastly, 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.

### **Outlook**

The SAQ is embarking on the last year of its 2021-2023 Strategic Plan. Despite the unusual environment created by the COVID-19 crisis, the SAQ continued its efforts to provide an even more personalized customer experience in stores and to increase the visibility of Quebec products. The SAQ plans to resume the in-store tasting activities much appreciated by customers. It will also give Quebec products a higher profile on its SAQ.COM website, under the Espace Québec tab.

Because employee health and safety are a priority area for the SAQ, steps were taken to transform related practices. In the coming fiscal year, initiatives will be introduced to, among other things, outfit selected stores with new work equipment designed to reduce the risk of accidents.

As the SAQ always aims to do more for its customers and all citizens of Quebec, continuous improvement of the organization's performance remains one of its key priorities, as does social responsibility. In fiscal 2022-2023, a number of projects will support these aims, most notably the ongoing expansion of the Montreal distribution centre and the projects to optimize the company's technological tools.

On the social responsibility front, introducing, in collaboration with the Quebec government and industry partners, an expanded deposit-return system, a major project that will mark a significant environmental shift across the province will be one of the SAQ's top priorities in fiscal 2022-2023. The SAQ will also continue its initiatives to encourage and support diversity in its teams and improve employee adherence to the sales ethic.

## Finance

### Sales by network

(in millions of Canadian dollars)

	2018 <sup>1</sup>	2019	2020	2021 <sup>2</sup>	2022 <sup>2</sup>
Stores and specialized centres	2,909.0	2,947.0	3,137.2	3,197.9	<b>3,507.7</b>
Wholesale grocers	342.7	346.9	351.5	392.3	<b>346.4</b>
Total	3,251.7	3,293.9	3,488.7	3,590.2	<b>3,854.1</b>

### Sales by product category

(in millions of Canadian dollars)

	2018 <sup>1</sup>	2019	2020	2021 <sup>2</sup>	2022 <sup>2</sup>
Wines	2,387.9	2,393.8	2,503.8	2,535.7	<b>2,674.2</b>
Spirits	787.3	816.6	890.8	949.3	<b>1 037.4</b>
Beers, ciders and coolers	76.5	83.5	94.1	105.2	<b>142.5</b>
Total	3,251.7	3,293.9	3,488.7	3,590.2	<b>3,854.1</b>

### Financial results

(in millions of Canadian dollars)

	2018 <sup>1</sup>	2019	2020	2021 <sup>2</sup>	2022 <sup>2</sup>
Sales	3,251.7	3,293.9	3,488.7	3,590.2	<b>3,854.1</b>
Cost of sales	1,598.8	1,623.1	1,726.7	1,786.4	<b>1,920.1</b>
Net expenses <sup>3,4</sup>	539.2	524.9	536.5	584.7	<b>584.0</b>
Net income <sup>4</sup>	1,113.7	1,145.9	1,225.5	1,219.1	<b>1,350.0</b>
Comprehensive income	1,113.6	1,144.5	1,225.7	1,217.7	<b>1,349.9</b>

### Government revenues from operations

(in millions of Canadian dollars)

	2018 <sup>1</sup>	2019	2020	2021 <sup>2</sup>	2022 <sup>2</sup>
Declared dividend	1,113.7	1,145.9	1,225.5	1,219.1	<b>1,350.0</b>
Taxes and duties paid to governments	1,077.8	1,088.2	1,147.1	1,186.8	<b>1,231.0</b>
Total	2,191.5	2,234.1	2,372.6	2,405.9	<b>2,581.0</b>

### Asset mix

(in millions of Canadian dollars)

	2018 <sup>1</sup>	2019	2020	2021 <sup>2</sup>	2022 <sup>2</sup>
Inventories	386.9	417.0	387.6	473.9	<b>541.1</b>
Property, plant and equipment and intangible assets	201.9	193.8	196.0	204.3	<b>201.4</b>
Other assets <sup>4</sup>	224.3	303.0	700.1	684.2	<b>700.4</b>
Total	813.1	913.8	1,283.7	1,362.4	<b>1,442.9</b>

1. 53-week fiscal year.

2. Operations in the 2021 and 2022 fiscal years 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.

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.

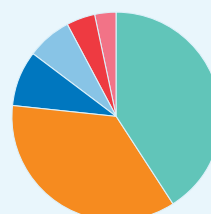
## Breakdown of the Sales Price

Imported wine<sup>1</sup>, 750 ml format

(in dollars and percentages)

March 26, 2022

- Markup<sup>2</sup>
- 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



	\$6.16	41.1%
	5.33	35.5
	1.30	8.7
	1.05	7.0
	0.65	4.3
	0.51	3.4

Retail price (per bottle)

\$15.00

100.0%

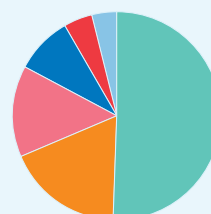
1. Continuous replenishment products
2. The markup covers selling, merchandising, distribution and administrative expenses and generates net income.

## Local spirits, 750 ml format

(in dollars and percentages)

March 26, 2022

- Markup<sup>1</sup>
- 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



	\$13.28	51.1%
	4.46	17.2
	3.82	14.7
	2.26	8.7
	1.13	4.3
	1.05	4.0

Retail price (per bottle)

\$26.00

100.0%

1. The markup covers selling, marketing, distribution and administrative expenses and generates net income.



## Quarterly Results

Fiscal years ended March 26, 2022, and March 27, 2021  
(unaudited figures)

	2022 <sup>1</sup>				
	Fiscal year 52	Q4 12	Q3 16	Q2 12	Q1 12

### Financial results

(in millions of Canadian dollars)

Sales	3,854.1	740.0	1,353.8	928.1	832.2
Gross margin	1,934.0	378.7	675.4	467.4	412.5
Net expenses <sup>2</sup>	584.0	146.1	179.7	129.7	128.5
Net income	1,350.0	232.6	495.7	337.7	284.0
Comprehensive income	1,349.9	232.5	495.7	337.7	284.0
Dividend paid	1,354.1	385.0	347.0	291.1	331.0

### Sales by network

(in millions of Canadian dollars)

Stores and specialized centres					
Consumers—Stores	2,935.7	560.2	1,029.5	693.0	653.0
Consumers—SAQ.COM	106.4	22.5	36.5	21.4	26.0
Consumers	3,042.1	582.7	1,066.0	714.4	679.0
Permit holders	302.8	51.6	116.2	102.0	33.0
Agencies and other customers	162.8	33.8	48.4	42.7	37.9
	3,507.7	668.1	1,230.6	859.1	749.9
Wholesale grocers	346.4	71.9	123.2	69.0	82.3
Total	3,854.1	740.0	1,353.8	928.1	832.2

### Volume sales by network

(in millions of litres)

Stores and specialized centres					
Consumers—Stores	157.4	28.1	52.6	39.6	37.1
Consumers—SAQ.COM	4.6	1.9	1.1	0.7	0.9
Consumers	162.0	30.0	53.7	40.3	38.0
Permit holders	12.5	2.1	4.6	4.4	1.4
Agencies and other customers	11.8	2.2	3.3	3.3	3.0
	186.3	34.3	61.6	48.0	42.4
Wholesale grocers	39.9	8.1	14.2	7.8	9.8
Total	226.2	42.4	75.8	55.8	52.2

### Volume sales by product category

(in millions of litres)

Wines	172.9	33.6	60.2	40.6	38.5
Spirits	30.2	5.9	10.7	7.4	6.2
Beers, ciders and coolers	23.1	2.9	4.9	7.8	7.5
Total	226.2	42.4	75.8	55.8	52.2

- Operations in the 2021 and 2022 fiscal years 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.
- 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 26, 2022, and March 27, 2021  
(unaudited figures)

	2021 <sup>1</sup>				
	Fiscal year	Q4	Q3	Q2	Q1
Number of weeks	52	12	16	12	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 <sup>2</sup>	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

For the footnotes, please see page 47.

# Ten-Year Historical Review

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

	2022 <sup>1</sup>	2021 <sup>1</sup>	2020
<b>Financial results</b>			
(in millions of Canadian dollars)			
Sales	<b>3,854.1</b>	3,590.2	3,488.7
Gross margin	<b>1,934.0</b>	1,803.8	1,762.0
Net expenses <sup>4,5</sup>	<b>584.0</b>	584.7	536.5
Net income <sup>4</sup>	<b>1,350.0</b>	1,219.1	1,225.5
Comprehensive income	<b>1,349.9</b>	1,217.7	1,225.7
<b>Financial position</b>			
(in millions of Canadian dollars)			
Total assets <sup>5</sup>	<b>1,442.9</b>	1,362.4	1,283.7
Property, plant and equipment and intangible assets	<b>201.4</b>	204.3	196.0
Net working capital <sup>5</sup>	<b>(175.6)</b>	(176.9)	(168.2)
Long-term liabilities <sup>5</sup>	<b>293.5</b>	288.0	289.5
Shareholder's equity	<b>38.5</b>	38.5	39.9
<b>Cash flows</b>			
(in millions of Canadian dollars)			
Cash flows related to operating activities	<b>1,429.9</b>	1,269.1	1,353.8
Acquisitions of property, plant and equipment and intangible assets	<b>24.1</b>	31.2	32.5
Dividend paid	<b>1,354.1</b>	1,191.5	1,171.9

1. Operations in the 2021 and 2022 fiscal years 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. 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 IRFS 16 at March 31, 2019.

Some comparable figures have been restated to reflect the presentation adopted during the year.

## Ten-Year Historical Review

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

2019	2018 <sup>2</sup>	2017	2016	2015	2014	2013 <sup>(3)</sup>
3,293.9	3,251.7	3,122.6	3,073.6	3,006.3	2,934.9	2,907.0
1,670.8	1,652.9	1,654.1	1,637.8	1,600.3	1,554.5	1,552.8
524.9	539.2	568.4	570.8	566.6	551.5	522.0
1,145.9	1,113.7	1,085.7	1,067.0	1,033.7	1,003.0	1,030.8
1,144.5	1,113.6	1,085.4	1,067.1	1,032.7	1,002.0	1,030.3
913.8	813.1	827.7	779.8	708.0	733.8	759.6
193.8	201.9	222.4	241.5	246.5	259.8	259.8
(118.4)	(129.6)	(150.8)	(164.1)	(169.5)	(186.9)	(191.6)
35.8	33.0	32.4	36.3	36.1	31.3	32.1
39.7	41.1	41.2	41.5	41.4	42.3	43.4
1,228.2	1,095.5	1,135.4	1,157.1	1,126.2	1,061.4	1,075.7
17.9	23.4	22.3	33.7	26.2	30.7	41.1
1,126.7	1,097.7	1,097.0	1,038.7	971.0	1,058.4	1,047.7

For the footnotes, please see page 49.



## Ten-Year Historical Review

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

	2022 <sup>1</sup>	2021 <sup>1</sup>	2020
<b>Sales by network</b>			
(in millions of Canadian dollars and in millions of litres)			
Stores and specialized centres			
Consumers—Stores	<b>2,935.7</b> <b>157.4 L</b>	2,834.5 154.6	2,528.3 143.3
Consumers—SAQ.COM	<b>106.4</b> <b>4.6 L</b>	96.9 3.8	42.0 1.4
	<b>3,042.1</b> <b>162.0 L</b>	2,931.4 158.4	2,570.3 144.7
Permit holders	<b>302.8</b> <b>12.5 L</b>	101.9 4.6	423.8 19.6
Agencies and other customers	<b>162.8</b> <b>11.8 L</b>	164.6 12.1	143.1 10.3
	<b>3,507.7</b> <b>186.3 L</b>	3,197.9 175.1	3,137.2 174.6
Wholesale grocers	<b>346.4</b> <b>39.9 L</b>	392.3 47.2	351.5 42.9
Total	<b>3,854.1</b> <b>226.2 L</b>	3,590.2 222.3	3,488.7 217.5

## Sales by product category

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

Wines	<b>2,674.2</b> <b>172.9 L</b>	2,535.7 176.6	2,503.8 174.8
Spirits	<b>1,037.4</b> <b>30.2 L</b>	949.3 28.2	890.8 27.3
Beers, ciders and coolers	<b>142.5</b> <b>23.1 L</b>	105.2 17.5	94.1 15.4
Total	<b>3,854.1</b> <b>226.2 L</b>	3,590.2 222.3	3,488.7 217.5

- Operations in the 2021 and 2022 fiscal years 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.

## Ten-Year Historical Review

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

2019	2018 <sup>2</sup>	2017	2016	2015	2014	2013
2,345.0	2,328.7	2,238.8	2,236.0	2,194.1	2,143.1	2,109.7
135.6	138.1	126.6	126.3	123.4	121.8	122.4
35.6	30.3	19.8	14.7	7.6	4.6	4.9
1.2	1.1	0.7	0.6	0.3	0.2	0.2
2,380.6	2,359.0	2,258.6	2,250.7	2,201.7	2,147.7	2,114.6
136.8	139.2	127.3	126.9	123.7	122.0	122.6
428.7	418.7	390.1	370.4	361.9	357.1	360.3
20.3	20.4	19.5	19.1	19.2	19.6	20.2
137.7	131.3	127.9	125.1	120.2	117.1	110.3
9.9	9.4	8.9	9.1	9.3	8.8	8.0
2,947.0	2,909.0	2,776.6	2,746.2	2,683.8	2,621.9	2,585.2
167.0	169.0	155.7	155.1	152.2	150.4	150.8
346.9	342.7	346.0	327.4	322.5	313.0	321.8
41.7	41.3	42.3	41.0	40.5	39.0	40.4
3,293.9	3,251.7	3,122.6	3,073.6	3,006.3	2,934.9	2,907.0
208.7	210.3	198.0	196.1	192.7	189.4	191.2
2,393.8	2,387.9	2,320.1	2,300.9	2,264.2	2,213.6	2,183.1
169.6	173.1	163.8	162.9	160.2	156.5	157.3
816.6	787.3	726.9	697.7	664.7	639.0	633.8
25.5	25.1	23.7	23.0	22.1	21.8	22.0
83.5	76.5	75.6	75.0	77.4	82.3	90.1
13.6	12.1	10.5	10.2	10.4	11.1	11.9
3,293.9	3,251.7	3,122.6	3,073.6	3,006.3	2,934.9	2,907.0
208.7	210.3	198.0	196.1	192.7	189.4	191.2

For the footnotes, please see page 51.

## Ten-Year Historical Review

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

	2022 <sup>1</sup>	2021 <sup>1</sup>	2020
<b>Net expenses<sup>4</sup></b>			
(in millions of Canadian dollars)			
Employee compensation <sup>5</sup>	<b>413.0</b>	409.9	383.4
Building occupancy expenses <sup>6,7</sup>	<b>94.5</b>	96.7	95.1
Equipment use and supply expenses <sup>6,7</sup>	<b>36.9</b>	38.9	35.3
Freight out and communications	<b>4.0</b>	5.3	3.4
Other expenses <sup>7,8</sup>	<b>35.6</b>	33.9	19.3
Total	<b>584.0</b>	584.7	536.5
<b>Operating ratios</b>			
(as a percentage of sales)			
Gross margin	<b>50.2%</b>	50.2%	50.5%
Net income <sup>7</sup>	<b>35.0%</b>	34.0%	35.1%
Net expenses <sup>4,7</sup>	<b>15.2%</b>	16.3%	15.4%
<b>Other information</b>			
(at fiscal year-end)			
Number of employees <sup>9</sup>	<b>5,584</b>	5,517	5,169
Number of stores	<b>410</b>	409	410
Number of agency stores	<b>426</b>	429	426
Number of products offered for sale <sup>10</sup>	<b>15,900</b>	15,800	15,700
<b>Surface area of business premises</b>			
(in thousands of square feet)			
Stores	<b>1,916.5</b>	1,934.1	1,947.8
Distribution centres and warehouses	<b>1,477.2</b>	1,477.2	1,477.2

- Operations in the 2021 and 2022 fiscal years 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 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.
- 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.
- Employee compensation includes payroll, employee benefits, pension plan-related costs and other employee benefit-related charges.
- Including amortization expenses and the amortization of right-of-use assets.
- Reflecting the adoption of IFRS 16 at March 31, 2019.
- Other expenses include an IFRS 16-related interest expense of \$4.6 million for 2022.
- The number of employees is determined on a full-time-equivalent basis.
- 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)

2019	2018 <sup>2</sup>	2017	2016	2015	2014	2013 <sup>3</sup>
371.7	380.9	392.3	388.2	389.5	369.1	358.4
96.5	99.2	98.6	97.8	94.6	93.6	89.9
39.8	42.1	48.8	47.6	45.7	42.5	40.6
3.2	2.8	7.0	7.5	7.7	7.5	7.4
13.7	14.2	21.7	29.7	29.1	38.8	25.7
524.9	539.2	568.4	570.8	566.6	551.5	522.0
50.7%	50.8%	53.0%	53.3%	53.2%	53.0%	53.4%
34.8%	34.2%	34.8%	34.7%	34.4%	34.2%	35.5%
15.9%	16.6%	18.2%	18.6%	18.8%	18.8%	18.0%
5,044	5,159	5,277	5,456	5,499	5,526	5 584
409	407	405	406	402	401	405
428	432	436	438	439	437	396
14,350	13,300	13,200	13,500	12,500	12,500	11,500
1,952.0	1,947.8	1,969.7	1,980.2	1,921.0	1,912.7	1,915.1
1,477.2	1,464.4	1,464.4	1,464.4	1,467.1	1,467.1	1,462.6

For the footnotes, please see page 53.



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